

PART VI

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

The Public Utility Holding Company Act of 1935 provides for the regulation by the Commission of interstate public-utility holding company systems engaged in the electric utility business or in the retail distribution of gas. The matters dealt with embrace intricate and complex questions of law and fact, and generally involve one or more of three major areas of regulation. The first of such areas covers those provisions of the act, contained principally in section 11(b) (1), which require the physical integration of public-utility companies and functionally related properties of holding company systems, and those provisions, contained principally in section 11(b) (2), which require the simplification of intercorporate relationships and financial structures of holding company systems. The second area of regulation covers the financing operations of registered holding companies and their subsidiaries, the acquisition and disposition of securities and properties, and certain accounting practices, servicing arrangements and intercompany transactions. The third area of regulation includes the exemptive provisions of the act, the provisions covering the status under the act of persons and companies, and those regulating the right of a person affiliated with a public-utility company to acquire securities resulting in a second such affiliation.

The staff functions under the act are performed in the Branch of Public Utility Regulation of the Division of Corporate Regulation.

COMPOSITION OF REGISTERED HOLDING COMPANY SYSTEMS— SUMMARY OF CHANGES

On June 30, 1959, there were 21 registered holding company systems subject to regulation under the act. Of these, 3 systems, namely, (1) Cities Service Company, (2) Electric Bond and Share Co., and (3) Standard Gas and Electric Co., do not own as much as 10 percent of the voting securities of any public-utility company operating within the United States. The remaining 18 systems are referred to herein as "active registered systems."

Included in the 18 active registered systems there were 19 registered holding companies of which 13 function solely as holding companies and 6 function as operating companies as well as holding companies.¹

¹ In one of these systems there are two registered holding companies.

In addition, in these systems there are 99 electric and gas utility subsidiaries, 42 nonutility subsidiaries, and 16 inactive companies, totaling 176 system companies.

The following tabulation shows the number of holding companies, electric and gas utility companies and nonutility companies in each of the 18 active registered systems as at June 30, 1959, and their aggregate assets, less valuation reserves, as of December 31, 1958:

Classification of companies as of June 30, 1959

| System | Solely registered holding companies | Registered holding operating companies | Electric and gas utility subsidiaries | Non-utility subsidiaries | In-active companies | Total companies | Aggregate system ¹ assets, less valuation reserves at Dec. 31, 1958 |
|---|-------------------------------------|--|---------------------------------------|--------------------------|---------------------|-----------------|--|
| 1. American Electric Power Co., Inc. | 1 | ----- | 12 | 10 | 1 | 24 | \$1,390,897,233 |
| 2. American Natural Gas Co. | 1 | ----- | 2 | 5 | 0 | 8 | 693,121,304 |
| 3. Central and South West Corp. | 1 | ----- | 6 | 0 | 1 | 8 | 628,684,284 |
| 4. Columbia Gas System, Inc., The | 1 | ----- | 9 | 8 | 2 | 20 | 1,160,624,000 |
| 5. Consolidated Natural Gas Co. | 1 | ----- | 4 | 2 | 0 | 7 | 665,873,042 |
| 6. Delaware Power & Light Co. | ----- | 1 | 2 | 0 | 0 | 3 | 193,602,682 |
| 7. Eastern Utilities Associates. | 1 | ----- | 5 | 0 | 2 | 8 | 105,396,099 |
| 8. General Public Utilities Corp. | 1 | ----- | 7 | 2 | 0 | 10 | 875,438,123 |
| 9. Granite City Generating Co. (voting trust) | 1 | ----- | 1 | 0 | 0 | 2 | \$399,346 |
| 10. Middle South Utilities, Inc. | 1 | ----- | 6 | 0 | 4 | 11 | 699,861,423 |
| 11. National Fuel Gas Co. | 1 | ----- | 3 | 6 | 0 | 10 | 192,291,388 |
| 12. New England Electric System | 1 | ----- | 22 | 1 | 4 | 28 | 600,134,564 |
| 13. Ohio Edison Co. | ----- | 1 | 3 | 0 | 0 | 4 | 587,375,000 |
| 14. Philadelphia Electric Power Co. | ----- | 1 | 1 | 0 | 1 | 3 | 42,996,922 |
| 15. Southern Co., The | 1 | ----- | 5 | 2 | 1 | 9 | 1,130,862,818 |
| 16. Union Electric Co. | ----- | 1 | 3 | 1 | 0 | 5 | 552,236,903 |
| 17. Utah Power & Light Co. | ----- | 1 | 2 | 0 | 0 | 3 | 227,445,100 |
| 18. West Penn Electric Co., The | 1 | 1 | 12 | 6 | 1 | 21 | 531,419,781 |
| Subtotals | 13 | 6 | 105 | 43 | 17 | 184 | 10,268,659,012 |
| Less: Adjustment to eliminate duplication in count resulting from 4 companies being subsidiaries in 2 systems and 2 companies being subsidiaries in 3 systems. ² | ----- | ----- | -6 | -1 | -1 | -8 | ----- |
| Add: Adjustment to include the assets of these 6 jointly owned subsidiaries and to remove the parent companies investments therein which are included in the system assets above. | ----- | ----- | ----- | ----- | ----- | ----- | \$626,280,320 |
| Total companies and assets in active systems | 13 | 6 | 99 | 42 | 16 | 176 | 10,794,939,332 |

¹ Represents the consolidated assets, less valuation reserves, of each system as reported to the Commission on Form U58 for the year 1958, except as otherwise noted.

² Represents the corporate assets of Granite City Generating Co. at March 31, 1959. Assets of the voting trustees of Granite City Generating Co., the holding company parent of the Generating Co., have not been reported.

³ These 6 companies are Beech Bottom Power Co., Inc. and Windsor Power House Coal Co., which are indirect subsidiaries of American Electric Power Co. and The West Penn Electric Co.; Ohio Valley Electric Corp. and its subsidiary, Indiana-Kentucky Electric Corp., which are owned 37.8 percent by American Electric Power Co., 16.5 percent by Ohio Edison Co., 12.5 percent by The West Penn Electric Co., and 33.2 percent by other companies; Mississippi Valley Generating Co. which is owned 79 percent by Middle South Utilities, Inc., and 21 percent by The Southern Co.; and Arkansas Corp. which is owned 32 percent by Central and South West Corp. system, 34 percent by Middle South Utilities, Inc. system and 34 percent by a third company.

⁴ In addition to the adjustment to include the assets of the 6 jointly owned subsidiaries rather than their investments therein, the total adjustment includes the assets of Electric Energy, Inc., since Union Electric Co., which owns 40 percent of the common stock of EEI, is a holding company with respect to EEI.

During the fiscal year the Commission granted an exemption to Central Public Utility Corporation, a registered holding company. The exemption was granted pursuant to section 3(a)(5), which affords exemption to companies having no domestic public-utility companies. Further discussion of this matter is at page 132 of this report. Also during the fiscal year American Electric Power Company, Inc., a registered holding company, sold the assets of a subsidiary, The Seneca Light & Power Company, to Ohio Power Company, another subsidiary of American Electric Power. New England Electric System disposed of one subsidiary, Pequot Gas Company, by sale to a nonaffiliate.

While most of the section 11 problems existing at the time of the passage of the act have been resolved, there still remain a substantial number of issues which have not as yet been determined. Examples are: In its order under section 11(b)(2) with respect to Cities Service Company the Commission required that company to eliminate the minority interest in its subsidiary, Arkansas Fuel Oil Corporation, or to dispose of its holdings therein. A proceeding which is pending before the Commission with respect to this matter is discussed at page 132 of this report. In its order under section 11(b)(1) with respect to The Columbia Gas System, Inc., the Commission reserved jurisdiction concerning the retainability in the system of the properties of ten companies (subsequently reduced to six) and in this connection there is a proceeding pending before the Commission which is discussed at page 126 of this report. There is a problem under section 11(b)(1) of the act with respect to Consolidated Natural Gas Co. relating principally to the retainability of nonutility pipe-line properties. With respect to Delaware Power & Light Co. there exists the question of whether the gas and electric facilities are retainable under common control. The Commission, by order dated April 14, 1950, directed the disposition of the gas properties of Blackstone Valley Gas & Electric Co., a subsidiary of Eastern Utilities Associates. This system has pending before the Commission a plan designed to accomplish the disposition of the gas properties required to be divested. That matter is discussed at pages 126-127 of this report. There is pending before the Commission an application filed by Electric Bond and Share Company for an exemption pursuant to section 3(a)(5) and this matter is discussed on page 133 of this report. In the Middle South Utilities, Inc., system there exist problems with respect to the retainability of certain gas and transportation properties and the elimination of a minority interest in a subsidiary. National Fuel Gas Co. system has oil, real estate, and gas transmission businesses, the retention of which has not been determined. There is also a problem relating to a minority interest in one of its subsidiaries.

There is pending before the Commission a proceeding under section 11(b) (1) of the act with respect to New England Electric System to determine whether the system's gas properties are retainable together with its electric properties.² In addition there exists a problem in respect of the minority interests in the common stock of five subsidiaries. There is a problem under section 11(b) (1) of the act which has not been resolved whether Utah Power & Light Co. may retain its subsidiary, The Western Colorado Power Co.

The maximum number of companies subject to the act as components of registered holding company systems at any one point of time was 1,620 in 1938. Since that time additional systems have registered and certain systems have organized or acquired additional subsidiaries, with the result that 2,387 companies have been subject to the act as registered holding companies or subsidiaries thereof during the period from June 15, 1938, to June 30, 1959. Included in this total were 216 holding companies (holding companies and operating-holding companies), 1,023 electric and gas utility companies and 1,148 non-utility enterprises. From June 15, 1938, to June 30, 1959, 2,064 of these companies have been released from the regulatory jurisdiction of the act or have ceased to exist as separate corporate entities. Of the remaining 323 companies, 176 are members of the 18 active systems listed in the table on page 121 and 147 are members of the additional 3 systems named above at page 120, which are also subject to regulation under the act.

Of the above-mentioned 2,064 companies 924 with assets aggregating approximately \$13 billion at their respective dates of divestment have been divested by their respective parents and are no longer subject to the act as components of registered systems. The balance of 1,140 companies includes 777 which were released from the regulatory jurisdiction of the act as a result of dissolutions, mergers and consolidations and 363 companies ceased to be subject to the act as components of registered systems as a result of exemptions granted under sections 2 and 3 of the act or the grant of orders pursuant to section 5(d) of the act finding such companies had ceased to be holding companies.

DEVELOPMENTS IN INDIVIDUAL REGISTERED SYSTEMS

There is discussed below each of the active registered systems and the other systems in which there occurred during the fiscal year 1958 significant developments other than financing transactions. The financing activities of registered holding companies and their subsidiaries are treated below in a separate section of this report.

²The Commission has previously determined that the electric properties of New England Electric System constitute an integrated public-utility system (Holding Company Act Release No. 13688, Feb. 20, 1958).

A. DEVELOPMENTS IN ACTIVE REGISTERED SYSTEMS

American Electric Power Company, Inc.

At December 31, 1958, this system had consolidated assets, less valuation reserves, of some \$1,391 million. The system had consolidated operating revenues of about \$296,547,000 for the calendar year 1958.

Although no significant corporate changes took place in the system during the fiscal year, there was substantial activity with respect to its expansion program and the financing arrangements therefor. This system is the largest electric holding company system subject to the act having generating capability of 5,432,000 kw. During the fiscal year Ohio Power Company acquired the assets of The Seneca Light & Power Company, a wholly owned subsidiary of American Electric.³

The system carries on research along many avenues of technology and, during the fiscal year, continued to concentrate on nuclear research and development based upon a long-term, rather than a short-term, approach to the usefulness of atomic power. Three system companies are members of the East Central Nuclear Group which consists of 14 utility companies in the general Ohio Valley area. This group is in the process of developing a program involving research and development of a high-temperature, gas-cooled, heavy water-moderated, pressure-tube reactor of 50,000 kw. capacity. The AEP system's contribution to this project's pre-operational research and development is expected to be approximately \$1,650,000 over a 5-year period. If the reactor proves economically feasible and is built, an additional contribution for post-operational work is expected to amount to about \$650,000, likewise spread over a subsequent period of 5 years. American Electric Power Co., Inc., is also a member of Nuclear Power Group, Inc., and, as such, continues to derive technological and practical experience from the research and design activities in Commonwealth Edison Company's 180,000-kw. boiling-water reactor being installed at Dresden, Ill. The plant is expected to be in operation in 1960. Nuclear Power Group is contributing \$15 million of the research and development cost of this plant, of which the AEP system's share is approximately \$3 million.

The system's service corporation designed and engineer the power plants of Ohio Valley Electric Corp. American Electric owns 37.8 percent of the voting securities of OVEC, which, with its wholly owned subsidiary, Indiana-Kentucky Electric Corp., furnishes electric power to an installation of the Atomic Energy Commission near Portsmouth, Ohio. There was pending before the Commission at the close of the fiscal year the issue of whether the acquisition of OVEC's stock by American Electric and other sponsoring companies meets the standards of section 10 of the act. This issue and the organization

³ Holding Company Act Release No. 13852 (Oct. 27, 1958).

and financing of OVEC and Indiana-Kentucky Electric Corp. are discussed on pages 126–129 of the Commission's 23d Annual Report.

American Natural Gas Co.

This registered holding company and its subsidiary companies, as at December 31, 1958, had consolidated assets, less valuation reserves, of approximately \$693,121,000. The system had consolidated operating revenues of about \$204,543,000 for the calendar year 1958.

On April 7, 1958, the Commission issued its findings and opinion and order directing American Natural to take appropriate steps to eliminate its outstanding \$25 par value \$6 nonredeemable preferred stock from the holding company system.⁴ In November 1958, American Natural filed a plan under section 11(e) of the act to eliminate such preferred stock by a payment of \$32.50 per share to the holders thereof. Public hearings on the plan have been concluded. Briefs and replies thereto have been filed. Oral argument was heard on May 19, 1959, and the matter was pending before the Commission for decision at the end of the fiscal year.

Central and South West Corp.

This registered holding company and its subsidiaries, as at December 31, 1958, had consolidated assets, less valuation reserves, amounting to approximately \$628,684,000. The system had total consolidated electric operating revenues of about \$146,806,000 for the calendar year 1958.

Three system subsidiaries are members of Texas Atomic Energy Research Foundation which consists of a group of 11 electric utility companies in Texas. The Foundation was organized in 1957 for the purpose of engaging in research in the atomic energy field as applied to the generation of electric power. These system subsidiaries are committed to contribute a total of about \$1 million, of a combined total of \$10 million, for the research program which has for its object studying heavy hydrogen or fusion reactions at high temperature under controlled conditions. Two system subsidiaries have joined with 13 other electric utility companies in the formation of Southwest Atomic Energy Associates which, for research and development purposes is financing the construction of an epithermal thorium power reactor.

The Columbia Gas System, Inc.

This registered holding company and its subsidiaries, at December 31, 1958, had consolidated assets, less valuation reserves, of about \$1,150,600,000. The consolidated gross operating revenues for the calendar year 1958 were approximately \$427,443,000.

During the fiscal year Columbia's wholly-owned subsidiary, Columbia Gulf Transmission Company, acquired the assets of Gulf Inter-

⁴ Holding Company Act Release No. 13726.

state Gas Company, a nonaffiliated company, in exchange for 3,574,337 shares of common stock of Columbia and the assumption by Columbia Gulf Transmission Company of Gulf Interstate's liabilities, including \$141,400,000 of its publicly-held first mortgage pipeline bonds.⁵ The assets acquired consist principally of 389 miles of pipeline which is used to gather gas purchased by the Columbia system in Louisiana, and 845 miles of transmission line, which is used to transport such gas to eastern Kentucky where it is delivered to other facilities of the Columbia system.

The Columbia system follows the policy of having its publicly-held securities solely at the holding company level and the assumption of the Gulf Interstate Gas Company bonds by a subsidiary of Columbia was a departure from this policy, which, if allowed to continue, would have resulted in the system having substantial amounts of long-term debt at two separate levels, creating a pyramiding of system securities, which was one of the evils the Public Utility Holding Company Act of 1935 was designed to prevent. To correct this situation, Columbia has exchanged its debentures for the Columbia Gulf debentures.⁶

As indicated at page 132 of the 22d Annual Report there was pending before the Commission a motion filed by Columbia requesting the release of jurisdiction with respect to the retainability of certain properties controlled by the system. Both the Division of Corporate Regulation and Columbia have filed proposed findings of fact and conclusions of law. The Division recommended that the Commission should not, on the basis of the record so far made in the proceeding, find the properties involved are retainable. Columbia submitted that the properties involved are properly a part of its integrated gas system or are reasonably incidental thereto and are retainable. The matter was pending at the close of the fiscal year.

Eastern Utilities Associates

This registered holding company and its subsidiary companies, as at December 31, 1958, had consolidated assets, less valuation reserves, of about \$105,396,000 and its consolidated operating revenues for that year were approximately \$33,059,000.

On April 4, 1950, the Commission issued an order directing EUA to sever its relationship with the gas properties of its subsidiary, Blackstone Valley Gas Company.⁷ In 1956 Valley Gas Co. was incorporated for the purpose of acquiring and operating such gas properties. In February 1957, an application-declaration was filed covering several transactions designed to effectuate compliance with the Commission's order of April 4, 1950. Included in the transactions was a proposal that EUA issue 25-year debt securities. The

⁵ Holding Company Act Release Nos. 13893 (Dec. 23, 1958) and 13903 (Dec. 29, 1958).

⁶ Holding Company Act Release No. 14030 (June 22, 1959).

⁷ 31 S.E.C. 329.

Division of Corporate Regulation opposed the issuance of the long-term debt securities by EUA and on December 15, 1958, the Commission published its findings and opinion in which it concluded that the proposed bonds could not be approved.⁸ On February 6, 1959, EUA filed a plan, pursuant to section 11(e) of the act, designed to accomplish the disposition of the Blackstone Gas properties, but which did not include the issuance of long-term debt securities by EUA. Hearings on the plan were concluded and the matter was before the Commission for decision at the close of the fiscal year.

Middle South Utilities, Inc.

This registered holding company and its subsidiaries, as of December 31, 1958, had consolidated assets, less valuation reserves, amounting to approximately \$699,861,000. The system had total consolidated operating revenues for the year 1958 of above \$182,927,000.

Hearings were held in 1957 with respect to issues related to the acquisition by certain companies, including Middle South, of the capital stock of Electric Energy, Inc., an electric generating company which has a long-term contract for the sale of firm power to an installation of the Atomic Energy Commission. During the hearings, Middle South, as a result of negotiations with Kentucky Utilities Company, entered into a formal contract to sell its 10 percent stock interest in EEI. Middle South filed a declaration under section 12(d) of the act and rule 44 thereunder (file No. 70-3595), requesting Commission permission to sell its stock interest in EEI and Kentucky filed an application under section 10 of the act (file No. 70-3596) requesting Commission approval to acquire such interest. The Middle South-Kentucky proposed transactions were consolidated with the pending proceedings and a supplemental hearing was held.

On November 28, 1958, the Commission issued its findings and opinion and order, pursuant to section 10, approving the acquisitions by Union Electric Company, Illinois Power Company, and Kentucky Utilities Company of their proposed respective interests in the EEI stock. In addition, the Commission permitted Middle South's declaration for the sale of its interest in EEI to become effective.⁹

New England Electric System

This registered holding company and its subsidiaries, as at December 31, 1958, had consolidated assets, less valuation reserves of about \$600,135,000 and, for that year the consolidated operating revenues amounted to approximately \$166,959,000.

On August 5, 1957, the Commission instituted a proceeding in respect of NEES and its subsidiaries for the purpose of determining the extent to which the electric, gas, and other business operations of the

⁸ Holding Company Act Release No. 13886.

⁹ Holding Company Act Release No. 13871. This matter is discussed at pages 126-129 of the 23d Annual Report and also at pages 115-116 of the 24th Annual Report.

NEES holding company system satisfied the integration standards of section 11(b)(1) of the act.¹⁰ The hearing was initially devoted exclusively to the issue of whether or not the electric operations of the NEES system constitute those of a single integrated public-utility system within the meaning of section 11(b)(1). On February 20, 1958, the Commission issued its findings and opinion and order in which it held that the electric properties of the NEES holding company system satisfied the standards delineating an integrated public-utility system.¹¹ At the close of the fiscal year, there was pending for further hearing and determination the question of whether the NEES system may retain all or any of its gas properties.

In July 1958, NEES filed a plan under section 11(e) of the act to eliminate the minority interests in the common stocks of those of its subsidiaries engaged solely in the electric business. Proceedings were instituted by the Commission under section 11(b)(2) for the purpose of determining whether the existence of the public minority interests in these subsidiaries constituted an unfair and inequitable distribution of voting power and the two proceedings were consolidated for hearing and determination.¹² On May 14, 1959, the Commission approved the plan¹³ and on June 15, 1959, the plan was approved and ordered enforced by the United States District Court for the District of Massachusetts.¹⁴

The system holds a 30 percent stock interest in Yankee Atomic Electric Company, which is constructing an atomic electric plant. The organization of Yankee and its initial financing transactions are discussed at pages 162-164 of the 22d Annual Report, and steps in the formulation of Yankee's overall financing program are discussed on pages 130-131 of the 23d Annual Report. During the fiscal year the Commission approved the permanent financing of Yankee¹⁵ and the plant is scheduled for completion in 1960. The total capital requirements of Yankee, including construction costs and working capital, are estimated by Yankee at \$57 million, of which \$20 million will consist of first mortgage bonds, \$17 million of unsecured promissory notes and \$20 million of common stock.

Ohio Edison Company

Ohio Edison is a registered holding company and an operating electric utility company. The system consists of Ohio Edison itself and three electric utility subsidiaries, Pennsylvania Power Company, Ohio Valley Electric Corp., and its wholly-owned subsidiary, Indiana-Kentucky Electric Corp. Ohio Edison and its subsidiary, Pennsyl-

¹⁰ Holding Company Act Release No. 13525.

¹¹ Holding Company Act Release No. 13688.

¹² Holding Company Act Release No. 13799 (Aug. 1, 1958).

¹³ Holding Company Act Release No. 14002.

¹⁴ Merrimack-Essex Electric Co. et al., Civ. No. 59-393 F.

¹⁵ Holding Company Act Release Nos. 13985 (Apr. 15, 1959) and 14025 (June 12, 1959).

vania Power Co., had consolidated assets, less valuation reserves, of approximately \$587,375,000 at December 31, 1958, and their consolidated operating revenues for the year 1958 amounted to \$137,650,000.

Ohio Edison and Pennsylvania Power are 2 of the 15 electric utility companies that sponsored the organization of Ohio Valley Electric Corp. (OVEC) and its subsidiary, Indiana-Kentucky Electric Corp., which supply the power requirements of a gaseous diffusion plant of the Atomic Energy Commission located near Portsmouth, Ohio. The interest of Ohio Edison in the common stock of OVEC is 16.5 percent. Further details with respect to OVEC are set forth at pages 126-129 of the 23d Annual Report. In the Commission's order authorizing the acquisition of OVEC's securities, jurisdiction was expressly reserved to determine at an appropriate future time whether the companies subject to the act could retain such securities.¹⁶ On November 19, 1956, the Commission reopened the proceeding and ordered a hearing in respect of the reserved issues.¹⁷ Hearings have been completed and at the close of the fiscal year, the matter was in process of preparation for submission to the Commission.

Ohio Edison and Pennsylvania Power and 12 other electric utility companies are members of East Central Nuclear Group formed about 2 years ago to formulate plans for undertaking a program of nuclear research and development. In December 1957, this group and Florida West Coast Nuclear Group presented a proposal to the Atomic Energy Commission for research and development on a partnership basis with that agency of a 50,000-kw. high-temperature gas-cooled, heavy-water-moderated reactor of the pressure-tube type. It will be designed as a prototype of a natural uranium 200,000 kw. reactor. Subject to necessary regulatory approvals, Ohio Edison and Pennsylvania Power may be obligated to expend approximately \$425,000 per year over the 1958-62 period in connection with preoperational research and development.

The Southern Company

This registered holding company and its subsidiaries had, at December 31, 1958, consolidated assets, less valuation reserves, of approximately \$1,130,863,000 and for that year the consolidated operating revenues totaled about \$272,134,000.

Southern and its subsidiaries have continued their participation in research and development of nuclear power through Power Reactor Development Co., a nonprofit corporation in the process of constructing an experimental fast breeder atomic reactor in Michigan. The system's service company is one of the 21 member companies which formed PRDC. Further details with respect to PRDC are set forth

¹⁶ Holding Company Act Release No. 11578 (Nov. 7, 1952).

¹⁷ Holding Company Act Release No. 13313.

at pages 164-166 of the 22d Annual Report and at pages 129-130 of the 23d Annual Report. The four direct subsidiaries of Southern have agreed to contribute \$2.4 million over a 6-year period toward the construction of this atomic reactor and Southern has guaranteed the payment of 8 percent of the principal and interest of the borrowings made from various banks by PRDC under a loan agreement providing for such borrowings of \$15 million by the end of 1958.¹⁸

Alabama Power Company and Georgia Power Company, subsidiaries of The Southern Company, have undertaken the joint construction of a 1,000,000-kw. steam electric generating station to be owned and operated by Southern Electric Generating Company (SEGCO), which is to be owned equally by Alabama and Georgia. The estimated cost of the station, scheduled for completion in 1962, is \$161 million and is to be financed by the issuance and sale of \$105 million of first mortgage bonds to the public, the balance to be supplied as common equity by the owner companies. During the past fiscal year the Commission approved the first issuance and sale of first mortgage bonds of SEGCO in the principal amount of \$25 million. The Commission noted in its findings and opinion that while SEGCO would not be consolidated with Alabama or Georgia for the purpose of financial reporting, nevertheless, for purposes of financial analysis, the Commission considered it appropriate to impute 50 percent of the outstanding publicly-held securities and of the surplus of SEGCO to Alabama and 50 percent to Georgia.¹⁹

On November 4, 1955, the Commission rescinded its previously issued order authorizing the issuance and acquisition of up to 55,000 shares of the common stock of Mississippi Valley Generating Company, of which 11,000 shares had been issued to and acquired by Middle South Utilities, Inc. and The Southern Company, leaving the balance of 44,000 shares authorized but not yet issued. In respect of the 11,000 shares already issued, the Commission reserved jurisdiction for future determination of the action to be taken thereon.²⁰

Union Electric Co.

Union Electric Co. is a registered holding company and an operating electric utility company. As at December 31, 1958, the consolidated assets, less valuations reserves, of Union and its subsidiaries amounted to approximately \$552,236,000 and their consolidated operating revenues for 1958 totaled about \$131,650,000.

Heretofore the Commission reserved jurisdiction over the acquisition by certain companies, including Union Electric, of the capital stock of Electric Energy, Inc., an electric generating company which has a long-term contract for the sale of firm power to an installation

¹⁸ Holding Company Act Release No. 13383 (Feb. 12, 1957).

¹⁹ Holding Company Act Release No. 14008 (May 20, 1959).

²⁰ Holding Company Act Release No. 13029.

of the Atomic Energy Commission. On November 28, 1958, the Commission issued its findings and opinion and order granting approval of the applications of Union Electric Company to acquire 40 percent, of Illinois Power to acquire 20 percent, and of Kentucky to acquire 20 percent, of the common stock of Electric Energy, Inc., pursuant to section 10 of the act and released the jurisdiction previously reserved under that section. The Commission dismissed the application of Central Illinois Public Service Company to acquire 20 percent of the EEI stock on the ground that it was not, and would not become, as a result of the proposed acquisition, an affiliate of EEI and of any other public-utility company and that, absent such an affiliated relationship, no approval of the acquisition of the common stock of EEI need be obtained.²¹

On March 26, 1956, Union Electric filed an application for exemption from the provisions of the Holding Company Act pursuant to section 3(a)(2) thereof. On January 13, 1959, Union Electric filed an amendment to bring the exemption application up to date. The matter was pending at the close of the fiscal year.

In the fiscal year there were four cases before the courts arising out of objections by J. Raymond Dyer, a stockholder of Union to solicitation of proxies by the company's management and by solicitation by Dyer. For a discussion of the background of this litigation see the 24th Annual Report at pages 119-120. On April 10, 1959, the Court of Appeals for the Eighth Circuit affirmed the Commission's orders entered in March 1958 allowing a declaration filed by management to become effective as a basis for proxy solicitation for the 1958 stockholder's meeting.²² The Court rejected all of Dyer's numerous contentions on the merits and held that within the scope of its review functions, there is nothing which the Commission did or failed to do which would entitle petitioners to have the orders reversed. Moreover, the Court found that the questions presented had not become moot or inoperative because the stockholder's meeting had been held. As set forth in the 24th Annual Report, Dyer had filed a petition for certiorari in the Supreme Court of the United States to review the Eighth Circuit's dismissal as moot of his petition for review of the Commission's orders relating to Union's 1957 meeting.²³ On May 18, 1959, the Supreme Court granted certiorari, vacated the judgment and remanded the case to the Eighth Circuit for further consideration in view of that Court's opinion in the 1958 proceeding.²⁴ At the end of the fiscal year the case was pending before the Court for a decision on the merits. In addition, Dyer has filed a petition to review the Com-

²¹ 32 S.E.C. 202 (1951).

²² *Dyer v. S.E.C.*, 266 F. 2d 33. Dyer filed a petition for certiorari in the Supreme Court in this case on Aug. 3, 1959.

²³ *Dyer v. S.E.C.*, 251 F. 2d 512 (C.A. 8, 1958).

²⁴ *Dyer v. S.E.C.*, 359 U.S. 499.

mission's orders in connection with the 1959 solicitation of proxies for Union's meeting. The related injunction action in the district court referred to on page 120 of the 24th Annual Report was decided adversely to Dyer subsequent to the end of the fiscal year.

B. DEVELOPMENTS IN OTHER SYSTEMS

Central Public Utility Corporation

This company registered under the act as a holding company in 1938, at which time the system consisted of 47 operating companies located in 19 States and in areas outside of the United States. In order to effectuate compliance with section 11(b) of the act, the system consummated a number of section 11(e) plans and on June 1, 1955, filed an application for exemption under section 3(a)(5) of the act, stating that it had disposed of all its domestic public-utility subsidiaries and had substantially simplified its capital structure. On April 3, 1959, following several amendments to and a hearing on the application, the Commission issued an order granting Cenpuc an exemption from the act,²⁵ subject to a number of terms and conditions, which included consummation of a proposed consolidation of Cenpuc with one or more companies within 6 months of the date of the order (subsequently extended for 1 month) and the right of Cenpuc shareholders objecting to the consolidation to receive \$28 per share in lieu of shares of the consolidated corporation. Cenpuc agreed that the consolidation, in and of itself, would constitute a change of circumstances within the meaning of section 3(c) of the act; thus, the Commission may revoke the exemption if the circumstances existing after the consolidation prove to be detrimental to the public interest or the interest of investors. Subsequent to the exemption order, Cenpuc publicly announced and filed proxy material with the Commission relating to a proposed consolidation of itself, Consolidate Electronics Industries Corp., and Philips Industries, Inc. into a new corporation to be named Consolidated Electronics Industries Corp. and into whose shares Cenpuc's capital stock would be converted on a share for share basis. The Commission, after examining the proxy material, released the jurisdiction which it had reserved thereover. On October 16, 1959, following the requisite stockholder approval, the proposed consolidation was consummated.

Cities Service Co.

On September 20, 1957, the Commission issued an order pursuant to section 11(b)(2) of the act requiring Cities to eliminate the 48.5 percent minority interest in Arkansas Fuel Oil Corporation or to dispose of its holdings of 51.5 percent.²⁶ Cities, Ark Fuel and a stockholder of Ark Fuel petitioned the United States Court of Appeals

²⁵ Holding Company Act Release No. 13970.

²⁶ Holding Company Act Release No. 13549.

for the Third Circuit for review of the order. On July 22, 1958, the Court affirmed the order of the Commission.²⁷ On September 18, 1958, Cities filed a plan pursuant to section 11(e) for the purpose of eliminating the minority interest in Ark Fuel. The plan provided for division of the assets of Ark Fuel into two new companies, one to be owned by Cities and the other by the minority interest. Subsequently, the plan was withdrawn and a new plan filed providing for the exchange of one share of Cities common stock for each 2.4 shares of Ark Fuel common stock. Hearings on the latter plan were commenced on March 31, 1959, and were still in progress at the close of the fiscal year.

Electric Bond and Share Company

Electric Bond and Share Company, which no longer holds as much as 5 percent of the outstanding voting securities of any domestic public-utility company, has pending before the Commission an application, filed pursuant to section 3(a)(5) of the act, for exemption as a holding company from provisions of the act. In the event such exemption is granted, it is the intention of the company to convert its status to that of an investment company and register under the Investment Company Act of 1940. The proceeding on the exemption application involves a number of very difficult and complex issues, among which is the question as to whether Bond and Share, through its wholly-owned engineering and consulting service company subsidiary, Ebasco Services, Incorporated, exercises controlling influence over, or is affiliated with, certain public-utility and holding company clients of Ebasco which formerly were controlled by Bond and Share. Hearings were concluded on March 26, 1959, and the matter was under advisement for decision by the Commission at the close of the fiscal year.

Standard Gas and Electric Company

Standard Gas and Electric Company, a registered holding company, was formerly a subsidiary of Standard Shares, Inc. On September 23, 1958, the Commission granted an application of Standard Shares under section 5(d) of the act for an order declaring it not to be a holding company and its registration as such thereupon ceased to be in effect.²⁸ Standard Shares, formerly known as Standard Power and Light Corp., upon the issuance of such order, completed its registration as an investment company under the Investment Company Act of 1940 and is subject to the requirements of that act and to the Commission's jurisdiction thereunder.

Standard Gas and Electric owns 45.6 percent of Philadelphia Company, also a registered holding company. Neither owns directly or indirectly 10 percent or more of the voting securities of a public-

²⁷ Arkansas Fuel Oil Corporation, 257 F. 2d 926.

²⁸ Holding Company Act Release No. 13824.

utility company and both are required by orders issued under section 11(b)(2) of the act to liquidate and dissolve. Each of these registered holding companies is in a position to effectuate dissolution except that there exist undetermined questions relating to Federal income taxes for the years 1942 through 1950.

Other Matters

As previously reported at pages 114-115 of the 23d Annual Report, International Hydro-Electric System ("IHES") was reorganized pursuant to section 11(d) of the act and IHES is now registered as an investment company under the Investment Company Act of 1940 and subject to the Commission's jurisdiction thereunder. The only remaining matters under the Holding Company Act are fees and expenses to be awarded in connection with the reorganization. After hearings, oral argument was heard by the Commission and the matter was pending for decision at the end of the fiscal year.

There are also pending before the Commission applications for the allowance of fees and expenses in connection with a plan filed and consummated by The United Corporation pursuant to section 11(e) of the act for its conversion into an investment company. Hearings on such applications have been held, oral argument heard, and the matter was under advisement for decision by the Commission at the close of the fiscal year.

FINANCING OF ACTIVE REGISTERED PUBLIC UTILITY HOLDING COMPANIES AND THEIR SUBSIDIARIES

During the fiscal year 1959 active registered holding companies and their subsidiaries sold to the public and to financial institutions, pursuant to authorizations granted by the Commission under sections 6 and 7 of the act, 25 issues of long-term debt and of stocks aggregating \$477 million.²⁹ This is in contrast to fiscal year 1958 when there were 36 such issues with aggregate gross sales value of \$583 million.³⁰ All but five³¹ of the active registered holding company systems sold long-term debt or stock to the public in varying amounts and of various types in fiscal 1959.

The following table presents by systems the financing by active registered holding companies and each of their subsidiaries classified by amounts and types of securities.

²⁹ Debt securities are computed at their principal amount and stocks are taken at gross proceeds to the company.

³⁰ In fiscal 1959, all of the securities were sold to provide new capital. In fiscal 1958, two issues of debt securities, aggregating \$36 million, were sold to refund other debt securities carrying a higher interest rate.

³¹ These are Delaware Power & Light Company, Granite City Generating Company, Philadelphia Electric Power Company, Union Electric Company, and Utah Power & Light Company. Because of the nature of their business Granite City and Philadelphia required no new capital, and Delaware, Union and Utah met their financial requirements through the issuance of short-term notes.

TABLE I.—*Securities issued and sold for cash to the public and financial institutions by active registered holding companies and their subsidiaries, fiscal year 1959.*

[In millions]

| Holding Company System | Bonds | Debentures | Preferred | Common |
|-----------------------------------|-------|------------|-----------|--------|
| American Electric Power Co., Inc. | | | | |
| Indiana & Michigan Elect. Co. | \$20 | | | |
| Ohio Power Co. | 25 | | | |
| American Natural Gas Co. | | | | \$28 |
| Central and South West Corp. | | | | |
| Central Power & Light Co. | 11 | | | |
| Southwestern Electric Power Co. | 16 | | | |
| The Columbia Gas System, Inc. | | \$25 | | 39 |
| Consolidated Natural Gas Co. | | 45 | | 39 |
| Eastern Utilities Associates | | | | 4 |
| Brockton Edison Co. | 5 | | \$2 | |
| General Public Utilities Corp. | | | | 20 |
| Middle South Utilities, Inc. | | | | |
| Arkansas Power & Light Co. | | | 8 | |
| Louisiana Power & Light Co. | | | 8 | |
| National Fuel Gas Co. | | 10 | | |
| New England Electric System | | | | |
| Yankee Atomic Electric Co. | | | | 9 |
| Ohio Edison Co. | 30 | | | |
| The Southern Co. | | | | 46 |
| Alabama Power Co. | 20 | | | |
| Gulf Power Co. | 7 | | | |
| Mississippi Power Co. | 5 | | | |
| Southern Electric Generating Co. | 25 | | | |
| The West Penn Electric Co. | | | | |
| Monongahela Power Co. | 16 | | | |
| West Penn Co. | 14 | | | |
| Total | \$194 | 80 | 18 | 185 |

In addition to common stock issued for cash listed in the above table, The Columbia Gas System, Inc., through a subsidiary, exchanged with the public 3,574,373 shares of its stock in connection with the acquisition by the subsidiary of the assets of Gulf Interstate Gas Company, a nonaffiliated natural gas pipeline company. The market value of the stock at the time of issuance was approximately \$78 million. This issuance was excepted from the competitive bidding requirements of rule 50, the Commission concluding that compliance with competitive bidding was not necessary or appropriate in the public interest or for the protection of investors or consumers to assure the receipt of adequate consideration or the reasonableness of the fees or commission to be paid with respect to such issuance. Details of the transaction are more fully discussed at page 125 hereof.

The table also does not reflect the issuance of short-term notes to banks by any of the system companies, nor does it include intrasystem financing represented by the issuance of securities by subsidiaries to their holding companies. These issuances also required authorization by the Commission except in the case of the issuance to banks of short-term notes having a maturity of less than 9 months where the aggregate amount did not exceed 5 percent of the total capitalization of the company as defined in section 6(b) of the act. The issuance of such securities is exempted by that section 6(b).

It may be noted from the table that the total of \$477 million is made up of \$194 million bonds, \$80 million debentures, \$18 million

preferred stock, and \$185 million common stock. No bonds were sold during the first half of the fiscal year; the three debenture issues aggregating \$80 million were sold during that period.

Competitive Bidding

All but 3 of the 25 issues sold for cash and listed in table I were offered at competitive bidding pursuant to the requirements of rule 50.³² An order granting exception from competitive bidding was entered in only one of the three instances, the other two being automatically excepted by paragraph (a)(1) rule 50.³³ General Public Utilities Corp., a registered holding company, issued and sold 530,000 shares of its \$5 par value common stock for \$20 million. This was a nonunderwritten rights offering in connection with which it was proposed that the unsubscribed shares would be sold through brokers on the New York Stock Exchange. Although it appeared that the sale of the unsubscribed shares would be exempt under paragraph (a)(4),³⁴ the Commission granted the company an exception from the provisions of the rule to the extent it might become applicable to the transaction.³⁵

Consolidated Natural Gas Company, also a registered holding company, sold 821,256 shares of its \$10 par value common stock for \$39 million. This was also a nonunderwritten rights offering to its stockholders and was automatically excepted from the competitive bidding requirements by the provisions of paragraph (a)(1) of the rule. It was not proposed that the unsubscribed shares be sold.

The remaining issue not sold through competitive bidding was the issuance of \$15 million of common stock by Yankee Atomic Electric Company, a subsidiary of New England Power Company, which in turn is a subsidiary of New England Electric System, a registered holding company. New England Power Company purchased \$4,800,000 of the issue and Montaup Electric Company, a subsidiary of Eastern Utilities Associates, a registered holding company, purchased \$720,000 thereof. The remainder of \$9,480,000 was purchased by the other nine owner companies of Yankee Atomic Electric Company. Since this stock was offered to existing stockholders, which had agreed to subscribe for their pro rata share the transaction was excepted from the rule pursuant to paragraph (a)(1) thereof.

During the period from May 7, 1941, the effective date of rule 50, to June 30, 1959, a total of 767 issues with a sales value of \$10,957 million were sold at competitive bidding under the rule. Those totals

³² As noted above, the table does not include the issuance of Columbia Gas common stock in connection with an exchange offer which was excepted from the competitive bidding requirements of rule 50.

³³ That paragraph excepts the issuance and sale of securities pro rata to existing holders of the company pursuant to preemptive rights.

³⁴ That paragraph excepts the issuance and sale of securities the total proceeds whereof do not exceed \$1 million.

³⁵ Holding Company Act Release No. 13853.

compare with 224 issues of securities with an aggregate sales value of \$2,311 million which have been sold pursuant to orders of the Commission granting exception from the competitive bidding requirements of the rule under paragraph (a) (5)³⁶ thereof. The numbers of issues and the amounts of various classes of securities which have been sold pursuant to exception granted under paragraph (a) (5) are set forth in the following table:

*Sales by registered holding companies and their subsidiaries of securities excepted from competitive bidding requirements pursuant to the provisions of paragraph (a) (5) of rule 50 by orders of the Commission entered from May 7, 1941, to June 30, 1959*³⁷

[Dollar amounts in millions]

| | Underwritten | | Non-underwritten | | Total | |
|----------------------|------------------|--------|------------------|----------|------------------|-----------|
| | Number of Issues | Amount | Number of Issues | Amount | Number of Issues | Amount |
| Bonds..... | 4 | \$27 | 65 | \$1, 171 | *69 | *\$1, 198 |
| Debentures..... | 3 | 83 | 6 | 42 | 9 | 125 |
| Notes..... | | | 21 | 83 | 21 | 83 |
| Preferred stock..... | 13 | 111 | 25 | 272 | 38 | 383 |
| Common stock..... | 33 | 279 | 53 | 243 | 87 | 522 |
| Total | 53 | 500 | 170 | 1, 811 | *224 | *2, 311 |

* This is exclusive of Yankee Atomic bonds of \$20,000,000 for which exception was granted in June 1959 but the sale of these securities did not occur until July.

Of the total amount of securities sold pursuant to orders of exception granted under paragraph (a) (5) of rule 50, 122 issues with a dollar value of \$1,841 million were sold by the issuer and the balance of 102 issues with a dollar value of \$470 million were portfolio sales. Of the 122 issues sold by the issuers, 68 were in amount of \$1 million to \$5 million and 2 bond issues were in excess of \$100 million.³⁸

Protective Provisions of First Mortgage Bonds and Preferred Stocks of Public Utility Companies

In passing upon issuances of first mortgage bonds and preferred stocks of public-utility companies, the Commission examines the mortgage indenture and charter provisions to determine whether or not there is substantial conformity with the applicable Statements of Policy which were adopted by it in 1956.³⁹ These Statements of Policy represent substantially a codification of certain principles or

³⁶ Paragraph (a) (5) of rule 50 provides for exception from the competitive bidding requirement of the rule where the Commission finds such bidding is not necessary or appropriate under the particular circumstances of the individual case.

³⁷ The total number of issues in the table is 224 as compared with a total of 241 issues reported in the 23d Annual Report (page 137) for the period ending June 30, 1957. In preparing the earlier report an exception was counted as to each issue of securities. In some cases one order of exception was issued although the securities were sold from time to time in separate issues. To eliminate such duplication, the above table is prepared on the basis of the number of exceptions granted from competitive bidding.

In addition, in the table in the 23d Annual Report there was a duplication in the number of exceptions granted for issues of preferred stock. As a result, the total figure of 38 in the above table is the same as in the earlier table although there was one exception granted for preferred stock (Brookton Edison Co.) during the fiscal year 1958 described at pages 127-128 of the 24th Annual Report.

³⁸ Ohio Valley Electric Corporation, \$360 million; and United Gas Corporation \$116 million.

³⁹ Holding Company Act Release No. 13105 (Feb. 16, 1956) as to first mortgage bonds and Holding Company Act Release No. 13106 (Feb. 16, 1956) as to preferred stock.

policies prescribed for the protection of investors in these securities developed on a case-by-case basis over a period of years, as modified in the light of experience and comments received from interested persons who had been invited to submit their views. Conformity with the Statements of Policy is required except where deviations are clearly warranted by the circumstances of a particular case.⁴⁰

During fiscal year 1959 applications or declarations with respect to 17 first mortgage bond issues aggregating \$248,950,000 principal amount, and three preferred stock issues with a total par value of \$19 million, were filed by public-utility companies under the act.⁴¹

The Statement of Policy with respect to first mortgage bond issues requires a restriction, under certain circumstances, on the distribution of earned surplus to common stockholders. In the case of 6 of the 17 bond issues with respect to which applications were filed during the fiscal year, existing indenture provisions adequately conformed with this requirement of the Statement of Policy. In the case of nine issues, an additional restriction was required and was either proposed by the issuer or evolved in informal discussions between the Commission's staff and representatives of the issuer. The two remaining bond issues were proposed by two newly-organized companies having no previous records of earnings or dividends. In both cases, the indenture contained certain restrictions against future distributions of earned surplus to holders of the common stock, all of which, in each instance, was jointly held by groups of other utility companies. To avoid unnecessary rigidity, the restrictive dividend provisions generally included the further provision that the restrictions could be modified upon application of the issuer to, and approval by, the Commission.

A further provision contained in the Statement of Policy regarding first mortgage bonds relates to the renewal and replacement of depreciable utility property which is subject to the lien of the mortgage. It requires, in essence, that the issuer construct additions to its property, or else deposit cash or bonds with the indenture trustee, in an amount which on a cumulative basis will provide for the replacement in cash or property of the dollar equivalent of the cost of the depreciable mortgaged property during its estimated useful life. The Statement of Policy provides that the requirement be expressed as a percentage of the book cost of depreciable property, except that if the existing indenture provision expresses the requirement on a different

⁴⁰ Application of the Statements of Policy to filings from the effective date thereof to June 30, 1958, are discussed in the 23d Annual Report (pages 141-43) and the 24th Annual Report (pages 128-31).

⁴¹ Of the 17 bond issues as to which applications or declarations were filed during the fiscal year, 12 were issued and sold to the public or financial institutions during the fiscal year as indicated in the table on p. 135, above; 3 were issued and sold after the close of the fiscal year; 1 issue was withdrawn after approval by the Commission; and 1 issue was sold to the issuer's holding companies and not to the public.

basis, as, for example, in terms of operating revenues, no change will be required if the company can demonstrate that the existing provision provides an amount at least equal to a requirement based on the book cost of depreciable property. As in the case of earned surplus restrictions, the Commission, in the interest of flexibility, has permitted the issuer to insert a provision under which the issuer, upon application to, and approval by, the Commission may modify the percent of depreciable property requirement.

Of the 17 bond issues, the indentures of 12 expressed the renewal and replacement fund requirement as a percent of depreciable property which was deemed to be appropriate; the indentures of 4 expressed the requirement as a percent of revenues and were found acceptable by the Commission since they appeared to afford at least as much protection to the bondholders as would be afforded by an appropriate percent-of-property formula; and the indenture of the remaining 1 bond issue contained no renewal and replacement fund requirement in view of another requirement of the indenture—unusual for an electric utility company—for a 100 percent cash sinking fund repayment of the bonds by the maturity date thereof.⁴²

During the fiscal year 1959, the Commission has continued to adhere to the principle, set forth in the Statements of Policy for both bonds and preferred stocks, that the securities be freely refundable at the option of the issuer upon reasonable notice and payment of a reasonable redemption premium, if any.⁴³ An exception was made by the Commission in the case of Yankee Atomic Electric Company, a new company organized for the purpose of building and operating an experimental nuclear power plant in New England. In light of the unusual circumstances of the construction and financing of the plant, the Commission approved an indenture covenant providing that none of the company's proposed \$20 million principal amount of first mortgage bonds could be redeemed for refunding purposes during the period of plant construction; that during a 5-year period thereafter the bonds could be refunded only upon payment of redemption premiums higher than customary under the Commission's usual standards; but that following such 5-year period the bonds would be freely refundable by the company upon payment of the normal lower scale of redemption premiums.⁴⁴

Continuing studies made by the Commission's staff of electric and gas utility bond issues sold at competitive bidding indicate that restrictions on free refundability of bonds have had no significant bear-

⁴² The usual sinking fund provision for electric utility bonds, which generally have a 30-year maturity, provides for annual sinking fund payments aggregating, over the life of the issue, approximately 30 percent of the principal amount of the bonds.

⁴³ The significance of the refunding privilege, both as a matter of conformity with the standards of the act and as a matter of practical finance, was discussed at some length in the 24th Annual Report, at page 130.

⁴⁴ Holding Company Act Release No. 14025 (June 12, 1959).

ing upon the interest cost to the issuer.⁴⁵ The staff's studies also indicate that the presence or absence of a restriction on free refundability has not affected the number of bids received by an issuer at competitive bidding or the ability of the winning bidder to market the bonds. These findings were based on an examination of all electric and gas utility bond issues (including debentures) sold at competitive bidding between May 14, 1957, and June 30, 1959, by companies subject to the Holding Company Act as well as those not so subject. It was on the former date that a public-utility company not subject to the Holding Company Act instituted a practice, which has been followed in competitive bidding by various other public-utility companies not subject to the Holding Company Act, of including a provision prohibiting the issuer, during a period of years, generally five, from refunding its outstanding bonds at lower interest rates.

During the above period, there was a total of 178 electric and gas utility bond issues offered at competitive bidding, aggregating \$3,763 million principal amount. The refundable issues numbered 137 and accounted for a total of \$2,507 million, while the nonrefundable issues—all except 1 being nonrefundable for a period of 5 years, and the one being nonrefundable for a period of 7 years—numbered 41 and totaled \$1,256 million principal amount. The number of refundable issues thus represented 77 percent of the total number of issues, while, in terms of principal amount, the refundable issues accounted for 66.6 percent.

The weighted average number of bids received on the refundable issues was 4.56, while on the nonrefundables it was 4.27. The median number of bids on both groups was the same—i.e., 4. With respect to the success of the marketing of the bond issues, an issue was considered to be successfully marketed if at least 95 percent of the issue was sold at the syndicate price up to the date of termination of the syndicate. On this basis, 75.2 percent of the refundable issues were successful, while 73.2 percent of the nonrefundables were successful. In terms of principal amount, 73.0 percent of the refundables were successful, while 74.7 percent of the nonrefundables were successful. Extension of the comparison to include the aggregate principal amounts of all issues which were sold at the applicable syndicate prices up to the termination of the respective syndicates, regardless of whether a particular issue met the definition of a successful marketing, indicates that 89.2 percent of the combined principal amount of all the refundables were so sold, as compared with 89.1 percent for the nonrefundables. The substantially similar statistics developed in respect of the two groups of bond issues support the Commission's policy of requir-

⁴⁵ This finding has also been made by others who have made intensive studies of the problem. See W. J. Winn and A. Hess, Jr., "The Value of the Call Privilege," *The Journal of Finance*, May 1959, page 189.

ing free refundability of utility bond issues subject to the Holding Company Act.

In the 24th Annual Report, mention was made (at page 131) of a comprehensive study of redemption provisions of corporate bonds being conducted at the Wharton School of Finance and Commerce of the University of Pennsylvania, and that a member of the staff of the Commission was serving on an advisory committee with respect to such study. A preliminary draft report on the study was completed shortly after the close of fiscal year 1959.

Of the three preferred stock issues with an aggregate par value of \$19 million with respect to which applications or declarations were filed during the fiscal year, two issues had charter provisions in substantial conformity with the Statement of Policy. The other issue failed to conform in certain respects relating to, among other things, restrictions against (a) amending the charter in a manner adverse to the preferred stockholders, (b) mergers or consolidations, (c) reacquisitions by the issuer of any of its outstanding preferred stock, and (d) issuance or assumption of short-term unsecured debt. Accordingly, the Commission, in approving the proposed issue of preferred stock, conditioned its order so as to require the necessary investor protection.⁴⁶

⁴⁶ Holding Company Act Release No. 13992 (Apr. 27, 1959).

PART VII

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

The role of the Commission under chapter X of the Bankruptcy Act, which provides a procedure for reorganizing corporations in the United States district courts, differs from that under the various statutes which it administers in that the Commission does not initiate chapter X proceedings or hold its own hearings. It has no authority to determine any of the issues in these proceedings. However, at the request of the judge or on the Commission's own motion, if approved by the judge, the Commission may participate in such 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, it may file advisory reports on reorganization plans. Thus, the facilities of the Commission's technical staff and its disinterested recommendations are simply placed at the service of the judge and the parties, affording them the views of disinterested experts in a highly complex area of corporate law and finance. The Commission pays special attention to the interests of public security holders, who may not otherwise be effectively represented.

In any case where the scheduled indebtedness of a debtor corporation does not exceed \$3 million, the judge under section 172 of chapter X may, before approving any plan of reorganization, submit such plan to the Commission for its examination and report. If the indebtedness exceeds \$3 million, the judge must submit the plan to the Commission before he may approve it. Where the Commission files a 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. The Commission has no authority to veto or require the adoption of a plan of reorganization and is not obligated to file a formal advisory report on a plan.

The Commission's advisory reports on plans of reorganizations are usually widely distributed and serve an important function. However, they represent only one aspect of the Commission's activities in cases in which it participates. The Commission, as a party to a chapter X proceeding, is actively interested in the solution of every major issue arising therein and the adequate performance of its duties re-

quires that it undertake in most cases intensive legal and financial studies. Even in cases where the plans are not submitted to the Commission and no report is filed, the Commission must consider various reorganization proposals of interested parties while plans are being formulated, and be prepared to comment fully upon all plans that are the subject of hearings for 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 lawyers, accountants and financial analysts in its New York, Chicago and San Francisco regional offices who keep in close touch with all chapter X hearings and issues. Supervision and review of the regional officers' chapter X work is the responsibility of the Division of Corporate Regulation of the Commission, which also handles the actual trial work in cases arising in the Atlanta and Washington, D.C., regional areas.

SUMMARY OF ACTIVITIES

The Commission actively participated in 49 reorganization proceedings involving 69 companies (48 principal debtor corporations and 21 subsidiaries of those debtors) during the past fiscal year.¹ The stated assets of these 69 companies totaled approximately \$583,626,000 and their indebtedness totaled approximately \$540,501,000. The proceedings were scattered among district courts in 18 states, as follows: 11 proceedings in New York, 6 in Illinois, 5 in Kentucky, 4 in Nevada, 3 in Pennsylvania, 2 each in Florida, Texas and Oklahoma, and 1 each in Washington, Iowa, Virginia, Maryland, North Dakota, New Jersey, Louisiana, Connecticut, Colorado, and Utah. During the year, the Commission entered its appearance in 14 new proceedings under chapter X involving companies with aggregate stated assets of approximately \$62,037,000 and aggregate indebtedness of approximately \$39,165,000. They involved the rehabilitation of companies engaged in such varied businesses as uranium mining, motion picture production, hotel and country club operations, and the manufacturing of precision instruments, building materials and miscellaneous products. Proceedings involving 4 principal debtor corporations were closed during the year. At the end of the year, the Commission was actively participating in 45 reorganization proceedings involving 67 companies.

THE COMMISSION AS A PARTY TO PROCEEDINGS

The Commission has not considered it necessary or appropriate that it participate in every chapter X case. Apart from the fact that the

¹ The appendix contains a complete list of reorganization proceedings in which the Commission participated as a party during the fiscal year ended June 30, 1959.

administrative burden of participating in every one of the approximately 90 cases instituted during the fiscal year would be unsurmountable with its present staff, many of the cases involve only trade or bank creditors and a few stockholders. 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, other facts indicated that the Commission could perform a useful service or the judge requested the Commission to participate.

PROCEDURAL MATTERS

The Commission, when a party in chapter X proceedings, 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.

Prior to the filing of an involuntary petition for the reorganization of the *F. L. Jacobs Company* in the United States District Court for the Eastern District of Michigan,² the United States District Court for the Southern District of New York appointed receivers for the debtor company to preserve its assets and to protect the interests of the stockholders, creditors, employees and the general public. This receivership grew out of an extensive investigation by the Commission's New York regional office with regard to possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. An injunction to restrain the receivers was issued by the United States District Court in Michigan on March 23, 1959. The receivers petitioned that court to dismiss the chapter X petition on the grounds that it was collusively filed and that the debtor's principal place of business was New York, or in the alternative, to transfer the proceeding to New York. The Commission participated in the hearing to develop the facts regarding the debtor's place of business.

The court held that the petition was properly filed and denied the relief requested. An appeal by the receivers was pending in the United States Court of Appeals for the Sixth Circuit at the close of the fiscal year.

There was also a venue problem in the proceeding involving *Verdi Development Company*, whose common stock was withdrawn in 1958 from listing and trading on the San Francisco Mining Exchange by Commission order.

² In the Matter of *F. L. Jacobs Company* (No. 42235).

The debtor filed a petition for reorganization in the United States District Court of Nevada and the Commission filed a motion to transfer the case, on the ground that the company's principal place of business was not, as alleged, in Nevada. This motion became moot because the Court dismissed the petition. A new petition, filed in the Central District of Utah, was approved.³

The appeal in the *Selected Investments* case⁴ involved the questions whether public investors in a trust fund were creditors, despite provisions in their "certificate bonds" consistent with those of an equity security, and whether the separate entities of the trust fund and the corporation controlling it could be disregarded where the corporation's only business was the management of the fund and where, in the sale of the certificate bonds to public investors, the corporation had led the investors to believe that they were lending their money to it. The Commission supported the trustee in successfully urging the Court of Appeals to affirm the District Court's order approving the petition for reorganization.⁵

In the *Shawano Development Corporation* case,⁶ the Commission sought the removal of the president of the debtor as additional trustee on the ground that he was a substantial stockholder and creditor of the debtor, and so was not a disinterested person as required by sections 156 and 158 of chapter X. In addition, it was urged that no operations were being conducted by the debtor and hence there was no need for an operating trustee. The additional trustee resigned after the Commission's motion was filed.

Under the act, the trustee's counsel, like the trustee himself, must be disinterested, since each plays a key role in the reorganization. In the previously mentioned *Jacobs* case the Commission took the position that the attorney for the trustees was not disinterested. The Commission stated that the trustees' attorney had actively collaborated with the attorney for the debtor who had referred to him two of the three petitioning creditors, that he had first appeared as attorney for the petitioning creditors, and that these facts indicated the existence of a materially adverse interest. The attorney resigned while a decision on an application for his removal was pending.

PROBLEMS IN CONNECTION WITH THE ADMINISTRATION OF ESTATES

During the course of the reorganization proceedings involving Selected Investments Corporation,⁷ the court *sua sponte* ordered a

³ *In the Matter of Verdi Development Co.* (C.D. Utah, No. B. 89-59).

⁴ *In the Matter of Selected Investments Trust Fund and Selected Investments Corporation*, (W.D. Okla., No. 16080).

⁵ *Selected Investments Corporation v. Duncan, et al.*, 280 F. 2d 918 (C.A. 10, 1958), cert. den. *Hart, et al. v. Selected Investments Corporation*, 359 U.S. 901 (1958). The Commission also supported the trustee in opposing an earlier attempt to secure a writ of prohibition from the Court of Appeals against the assumption of jurisdiction by the District Court.

⁶ *In the Matter of Shawano Development Corp.*, (D. Wyoming, No. 3163).

⁷ See fn. 5, *supra*.

distribution of one-third of the assets of the debtor to the creditors. The Commission, joined by certain creditors, objected on the ground that a liquidation of such a substantial portion of an estate undergoing a reorganization could be accomplished only pursuant to a plan of reorganization, but the judge overruled these objections. The Commission joined a creditor on a motion for a stay to the United States Court of Appeals for the Tenth Circuit. The appellant's request that no supersedeas bond be required was supported by the Commission on the ground that to require a bond in a matter such as this would in effect defeat the right of creditors and stockholders to take appeals under chapter X.⁸ On January 30, 1959, the Court of Appeals stayed the distribution, but the matter became moot with the confirmation of a plan of reorganization in July 1959.

In the *Swan Finch Oil Corporation* case,⁹ the court had enjoined Doeskin Products, Inc., a former subsidiary of the debtor, from transferring any of the stock or assets of Keta Gas & Oil Company, which had been a wholly-owned subsidiary of the debtor. There had been a purported transfer of 1,140,390 shares of Keta to Doeskin in exchange for 800,000 shares of Doeskin stock. The trustees secured an order requiring Doeskin to show cause why it should not be required summarily to turn over the Keta stock and its assets to the trustees. Doeskin and Keta moved the court to vacate this order on the grounds (1) that the court lacked jurisdiction over Keta; and (2) that since Doeskin had a substantial adverse claim to the Keta stock and assets, summary jurisdiction did not lie. Evidence at the hearings indicated the Keta stock and assets were turned over to Doeskin in an unauthorized manner and that consequently Doeskin had no valid claim to the stock and assets. The Commission contended that Doeskin knew or should have known of the unauthorized nature of the transaction, and that under these circumstances, the reorganization court had summary jurisdiction to determine the question of title. The court denied the trustees' motion for a summary order and an appeal was taken. The Commission filed a brief expressing the view that the trustees' position was correct.¹⁰

In the *Ludman Corporation* case,¹¹ certain creditors petitioned the court to adjudicate the debtor a bankrupt. As a result of the Commission's representation that there was a good possibility the company could be successfully reorganized, the reorganization proceeding was

⁸ See also *In the Matter of Equitable Plan Company* (S.D. Cal., Cen. Div. No. 86096-BH), where the trustee petitioned the court for authority to pay a dividend of 20% on unsecured pre-chapter X debts of \$9,725,083 which would have amounted to 83% of the debtor's cash and 33% of its current assets. The Commission took the position that this proposed dividend would be a payment out of funds provided by liquidation of loans and not from the earnings of the company and was in effect a liquidation without a plan. A dividend of 10% was approved by the court.

⁹ *In the Matter of Swan-Finch Oil Corp.*, (S.D.N.Y. No. 93046).

¹⁰ On Aug. 24, 1959, the Court of Appeals reversed the District Court. *Pettit and Crawford, Trustees v. Doeskin Products Inc. et al.*—F. 2d—(C.A. 2).

¹¹ *In the Matter of Ludman Corp.* (S.D. Fla., Miami Div. No. 4018-M-BK).

continued. A plan was subsequently filed with the court and referred to the Commission for an advisory report, which was under consideration at the end of the year.

TRUSTEE'S INVESTIGATIONS

A complete accounting for the stewardship of corporate affairs by the old management is a requisite under the Bankruptcy Act and chapter X. One of the primary duties of the trustee is to make a thorough study of the debtor to assure the discovery and collection of all assets of the estate, including claims against directors, officers, or controlling persons who may have mismanaged the company's affairs, diverted its funds to their own use or benefit, or been guilty of other misconduct. The staff of the Commission participates in the trustee's investigation so that it may be fully informed as to all details of the financial history and business practice of the debtor. The Commission views its duty under chapter X as requiring it to call the attention of the trustee, or the court if necessary, to any matters which should be acted upon.

In the *Texas Portland Cement Company* case,¹² the Commission participated in an extensive investigation under section 167 by the trustees into the tangled financing of the debtor and related questions. The debtor had initially sold 500,000 shares of unregistered stock to residents of Texas. It issued approximately 400,000 additional shares in bonuses, commissions for assistance in procuring loans, and special transactions with promoters and creditors. At the suggestion of counsel for the Commission the trustees secured injunctions against the transfer of most of the additional shares by the holders thereof, pending determination of the validity of their issuance and other questions involved.¹³

The trustee's investigations in the reorganization proceedings involving *Selected Investments Corporation* and *Selected Investments Trust Fund*,¹⁴ disclosed that the debtor had been subjected to fraudulent mismanagement by its officers and directors. The trustee obtained a judgment against these corporate insiders for approximately \$12 million in damages, on which some recovery has been had, and suits are pending against the bonding companies for the balance.¹⁵

ACTIVITIES REGARDING PROTECTIVE COMMITTEES

The Commission has constantly been alert to insist upon the honesty of fiduciaries in their relationship to the estate and to investors, and

¹² In the *Matter of Texas Portland Cement Co.*, (E.D. Texas, Beaumont Div., No. 1606).

¹³ Approximately 35 witnesses were examined. Two of the witnesses, a former director and his business associate, were indicted in the Southern District of Texas for perjury allegedly committed in the course of their respective examinations under section 167.

¹⁴ See fn. 5, *supra*.

¹⁵ On Oct. 22, 1958, an indictment was returned (U.S.D.C. W.D. Oklahoma), charging certain of the debtors, officers and directors and others with violations of the antifraud provisions of the Securities Act of 1933 and the mail fraud statute. On March 27, 1959, each of the defendants was found guilty on some or all of the counts of the indictment.

has always sought to disqualify security holder committees subject to a conflict of interest from acting in chapter X proceedings.

In the above mentioned *Selected Investments Trust Fund* and *Selected Investments Corporation* case, a committee formed to represent certificate holders of the trust fund, had solicited from public investors \$1 for each \$1,000 of thrift certificates. Commission counsel objected to this solicitation and the court required the committee to return all funds received.¹⁶ After the committee qualified as a duly constituted committee, representing approximately 3,000 certificate holders whose claims exceed \$16 million, it applied to the court for permission to solicit contributions from certificate holders to finance its activities. The Commission contended that the committee should be denied the right to make mass solicitations, recommending that the committee make appropriate arrangements for the financing of its activities by contributions from its members or individual security holders. The Commission's contention was upheld.

In the *Texas Portland Cement Company* case,¹⁷ a common stockholders' committee, composed of a New York attorney and four of his relatives, attempted to solicit powers of attorney from stockholders generally. The Committee members had acquired their stock in one of the transactions being investigated by the trustees, in settlement of a relatively small cash advance to the debtor, and the committee chairman was asserting a large unliquidated claim against the debtor for services and expenses allegedly rendered in procuring a mortgage commitment which the debtor had rejected. The Commission joined with the trustees in opposition to recognition of this committee, on the ground of the conflict between the interests of its members and those of common stockholders generally. The District Court ruled that the committee was disqualified to act as a representative of stockholders. There has since appeared in the proceedings another common stockholders' committee, composed of local stockholders who acquired their shares in the original public offering.

Some of the members of a creditors' committee in this proceeding owned stock of the debtor either directly or indirectly. The Commission joined the trustees in opposition to the recognition of this committee because of the conflict of interests involved in the dual status of committee members. This committee also was disqualified.

ACTIVITIES WITH REGARD TO ALLOWANCES

Every reorganization case ultimately presents the difficult problem of determining the allowance of compensation to be paid out of the debtor's estate to the various parties for services rendered and ex-

¹⁶ 24th Annual Report of the Securities and Exchange Commission, page 138.

¹⁷ See fn. 12 *supra*.

penses incurred in the proceeding. The Commission, which under section 242 of the Bankruptcy Act may not receive any allowance from the estate for the services it renders, has sought to assist the courts in protecting debtors' estates from excessive charges and at the same time equitably allocating compensation on the basis of a claimant's contribution to the administration of an estate and the formulation of a plan.

In the *Third Avenue Transit Corporation* case the District Court granted fees and expenses totaling \$2,068,505. The Commission had recommended awarding fees and expenses of \$1,818,476, and upon appeal to the Court of Appeals for the Second Circuit, that Court set the amount at \$1,849,005.¹⁸ In so doing, the Court listed the factors which bear on the granting of allowances in reorganization cases: (a) economy of administration, (b) the burden the estate can safely bear, (c) value of the services, (d) duplication of service by counsel representing the same interests, and (e) the reasonableness and fairness of the compensation to each applicant. It noted that the recommendations of the Commission "are entitled to great weight."

The District Court had found that an oral agreement between an attorney and a firm to share equally in the compensation they received from the reorganization contemplated as well as an equal division of work. The Court of Appeals upheld in principle the award by the district judge of separate compensation to each. The Court of Appeals also upheld the Commission's contention that section 249 of the Bankruptcy Act prevented the awarding of a fee where the fee applicant had pledged securities of the debtor after assuming to act in a representative or fiduciary capacity in a reorganization and the securities were subsequently sold.

In this case, further, the wife of an attorney in the reorganization had sold securities of the debtor. The District Court found that the wife's decision to sell was based on the advice of her investment broker and not on any inside information possessed by the husband and held that section 249 did not bar a fee to the attorney although he had knowledge of the sale of the securities by his wife. The Commission took the position that a fee should be denied the attorney since he had knowledge of his wife's transaction and derived an indirect benefit from it. The Court of Appeals sustained the Commission's position and held that the facts warranted the statutory disqualification.¹⁹

In the *Stardust, Inc.* case,²⁰ the court confirmed a plan of reorganization which provided for a sale to reorganized Stardust, Inc. of a group of five hotel units, in various stages of completion, for \$1,500,000

¹⁸ *Surface Transit, Inc. v. Sare, Bacon & O'Shea*, 266 F.2d. 862 (C.A. 2, 1959).

¹⁹ For a discussion of the case in the District Court, see the Commission's 24th Annual Report at pages 138-141.

²⁰ *In the Matter of Stardust, Inc.* (D. Nev., No. 955).

cash and a \$2,800,000 note secured by a deed of trust on the properties. Subsequently it appeared that the costs for completion had been underestimated and, as a result, the reorganized Stardust was unable to meet the first payment on the note. A petition for modification was approved by the court under section 222 of chapter X.

Applications for fees and expenses in connection with the modification of the plan aggregated \$58,460. The Commission took the position that the creditors, preferred stockholders, and the trustee and his counsel were primarily interested in preserving the terms previously determined and fixed under the plan, and that the modifications, as amended, were essentially a compromise and reflected, in greater or lesser degree, the efforts of all participants. Under a commitment pursuant to order of the Court, the proponent of the modification, who was in control of the reorganized debtor, was obligated to pay the fees and expenses in connection with the modification. The Commission urged that nevertheless chapter X standards should be followed, in accordance with the provisions in section 221(4) which make "all payments . . . promised by the debtor or by a corporation . . . acquiring property under the plan or by any other person" subject to the governing standards of chapter X. The Commission recommended fees totalling \$23,860, and the judge awarded the applicants \$29,881.²¹

In the *Adolf Gobel, Inc.* case,²² applications were filed for fees in the aggregate amount of \$374,370. The Commission submitted its recommendations aggregating \$170,000 and the court awarded \$178,000. The Commission recommended denial of compensation to the debtor's attorneys who also acted as attorneys for the principal stockholder and plan proponent, and to an attorney for an individual creditor whose claim was the subject of litigation, asserting that the activities of these attorneys were principally for the benefit of their clients and only collaterally of benefit to creditors generally, and therefore each should look to his client for his compensation. The court denied these requests for allowances.

ADVISORY REPORTS ON PLANS OF REORGANIZATION

During the fiscal year, the Commission issued two advisory reports and one supplemental advisory report. Such reports represent the principal means by which the Commission records its views publicly. Generally speaking, an advisory report is prepared only in a case involving a substantial public investor interest and in which significant problems exist. On occasion, because of the exigencies of time or for other reasons, no written report is filed but instead Commission

²¹ The order included a commendation relating to the Commission's participation—"The S.E.C., in a workmanlike document, which is thorough and complete, . . . strikes a responsive chord with the court's thinking."

²² In the *Matter of Adolf Gobel, Inc.*, (D. New Jersey, No. B-316-53).

counsel makes a detailed oral presentation of the Commission's views and the reasons therefor.

Usually advisory reports are prepared at the close of the hearings after the completed record contains sufficient material upon which to formulate an opinion as to a plan's fairness and feasibility. However, in the reorganization proceeding involving *Alaska Telephone Corporation*,²³ the judge requested the Commission to prepare written comments on three proposed plans of reorganization and to submit them to the court prior to hearings on the plans. In his decision, the judge followed rather closely the lines of analysis and comments in the memorandum submitted to the Court by the Commission.

In proceedings in Nevada for reorganization of the *San Souci* resort hotel²⁴ the Commission advised the court on four plans of reorganization. Only two plans were considered worthy of consideration and the Judge requested that additional views be presented orally by Commission counsel on these plans. The trustee's plan contemplated an arrangement providing an extension of maturities on the senior debt, and conversion of junior debt to stock. The second plan also contemplated amortization of the existing debt, but on different terms.

A feasible plan under chapter X requires a debt structure reasonably geared to prospective earnings. The Commission felt that the plans were not feasible on an earnings valuation, and that under the proposed plans the debtor would be insolvent or on the brink of insolvency at the very beginning of its new life. However, the court approved the trustee's plan and submitted it to the creditors for acceptance.

On February 25, 1959, the Commission filed objections to a plan of reorganization proposed in the *Selected Investments Corporation* and *Selected Investments Trust Fund* case.²⁵ Under the plan, the debtor would have transferred some \$10 million of assets to a new corporation which would engage in the general loan and finance business. Creditors of the debtor were to receive \$5 million of preferred stock of the new corporation and \$5 million in cash which was to be borrowed by the new corporation. Additional capital was to be provided to the new corporation through the private sale of \$500,000 of common stock. The Commission pointed out, among other things, that creditors would only be entitled to elect a minority of the board of directors for their \$5 million investment, whereas purchasers of the \$500,000 of new common stock would elect a majority of the board. The Commission also questioned the feasibility of the plan. The plan was approved by the court and accepted by the requisite majority of

²³ (W.D. Wash., No. 41633).

²⁴ *San Souci Hotel Inc.*, (D. Nev. No. 259).

²⁵ See fn. 4 *supra*.

creditors but it was not confirmed by the court due to the filing of a new plan of reorganization.

On April 23, 1959, the Commission filed an advisory report on the second plan of reorganization. The new plan proposed that the reorganized debtor issue to the certificate holders \$11 million in 20-year debentures and 16,500,000 shares of common stock, \$1 par value per share, out of a total of 18,150,000 shares to be authorized. The remainder of the 1,650,000 shares was reserved for options to proposed management.

The stock options contemplated by the plan provided that the stock would be available to certain specified persons at \$1 per share for 5 years. The plan also provided that there would be a restrictive stock option to employees at the same price as the options to proposed management.

The Commission stated that the amended plan was not fair in a number of respects, particularly in that it would permit creditors desiring to withdraw and receive cash to receive the same amount as those who stayed in and took securities. The Commission also expressed doubts as to the propriety of including stock options in a plan of reorganization and urged that they be eliminated completely or substantially modified.

In a supplemental report following amendments to meet the Commission's recommendations, the Commission concluded that the amended plan was fair and equitable and feasible. This plan was approved by the court, accepted by the requisite majority of creditors, and confirmed by the court. The plan is in the process of being consummated.

In the *Inland Gas Corporation* case²⁶ a petition was filed by three debenture holders of Kentucky Fuel Gas Corporation for the alteration and modification of the plan of reorganization confirmed by the court on April 28, 1958, and affirmed on appeal, 260 F. 2d 510 (C.A. 6), *cert. den.* April 27, 1959. The modification was based upon a proposed underwriting whereby the estate would receive cash in an amount greater than the valuation of the enterprise upon which the plan was based. The Commission submitted a memorandum stating that the court had jurisdiction to consider proposed alterations and modifications and that the alterations and modifications proposed in the petition appeared to have sufficient merit on their face to warrant a hearing upon due notice to security holders.

The District Court denied the petition and on appeal by the creditors, which the Commission supported, the Court of Appeals for the Sixth Circuit granted a stay of the order of consummation of the plan.²⁷

²⁶ (E.D. Ky. Nos. 989-B, 991-B and 115).

²⁷ C.A. 6 Nos. 13,911 and 13,955.

The Hudson & Manhattan Railroad Company owns and operates office buildings in New York City and an interurban rapid transit electric railway between New York City and points in New Jersey. In the reorganization proceeding of this company,²⁸ the trustee filed with the court an amended plan designed to permit only the senior bondholders to share in the value of the mortgaged assets, but recognizing the claims of junior bondholders against certain assets allegedly not subject to the mortgage liens (free assets). It also provided for a contingent interest for junior bondholders in the proceeds of the sale of the railroad, if such a sale realized more than was required to meet the claims of the senior bondholders. Under the plan, the debtor would continue only as a real estate company, and a new company would be organized as a subsidiary of the real estate.

The real estate company would issue to the senior creditors \$10,038,100 principal amount of 20-year 6 percent first mortgage bonds and 590,476 shares of a new class A common stock, which would constitute 91 percent of the common stock equity. The junior creditors would receive 58,849 shares of a new class B common stock, which would represent the remaining 9 percent of the equity. The class B stock was intended to recognize the interest of junior bondholders in the free assets of the debtor and generally to provide for their right to receive the remaining proceeds of any sale of the railroad company property after satisfaction of the claims of senior bondholders. No participation was provided for the present preferred and common stock since the debtor was insolvent. The new class A and B stocks would be alike except in respect of the election of directors and adjustments in relative participation of proceeds of the sale of the railroad properties in excess of \$17 million.

The Commission's advisory report found the amended plan fair and equitable and feasible except in one minor respect. The amended plan proposed that the initial boards of directors of the real estate company and the railroad company would be appointed by the court after consideration of nominations by the bondholders or their representatives, but the court was not required to accept any of the nominees. Representatives of senior bondholders proposed that the initial boards of directors be designated by the court from among nominees of bondholders, with the seven class A directors of the real estate company and the five class A directors of the railroad company to be chosen from among nominees of senior bondholders, and the two class B directors of each of the reorganized companies to be chosen from among nominees by junior bondholders. The Commission believed that this proposal was appropriate and the court agreed and incorporated the proposal into the plan.

A notice of appeal has been filed by common stockholders.

²⁸ In the Matter of Hudson & Manhattan RR Co., (S.D.N.Y. No. 90460).

Frank Fehr Brewing Company,²⁹ a relatively small, long-established brewery in Louisville, Ky., filed a voluntary petition for reorganization under chapter X on August 16, 1957, following several years of losses. Its preferred stock was widely held by public investors.

A plan of reorganization was filed on December 26, 1958, based on an offer by a group of local business men to supply a substantial amount of cash for all the common stock of a reorganized company. Creditors were to be paid in cash and 5-year mortgage bonds and the rights of the preferred stockholders altered. The old common stock was excluded. The Commission initially opposed the plan, primarily on the ground that the preferred stockholders were not being fairly treated. The Commission counsel participated in a series of negotiations culminating in amendments satisfactory to a preferred stockholders committee and upon Commission recommendation the court confirmed the amended plan.

The president of the debtor, who was also the majority common stockholder, appealed from the order of confirmation. The trustee moved to dismiss the appeal on the grounds, among others, that the appellant had failed to object formally to the order of confirmation and had failed to appeal from the order of approval. The appellant had participated actively in the proceedings and had made his opposition to the plan known at several stages, but had remained mute at the hearing on confirmation. The appellant's counsel had withdrawn prior to that hearing.

The Court of Appeals for the Sixth Circuit denied the motion to dismiss on May 26, 1959, saying—"The preliminary approval of the plan by the court is but one step in a continuous process leading to confirmation." It held that appellant's statements at the prior approval hearing "adequately presented to the district judge, and presents to this court also, applicant's contentions and objections to the plan." This decision was in accordance with the position taken by the Commission on this issue in its brief.

Thereafter, on the merits, the Court of Appeals affirmed on June 16, 1959,³⁰ the order of confirmation, and the plan is now being consummated.

The Commission had advocated affirmance of the order in its brief, with one reservation. The trustee, apparently by inadvertance, had supplied the preferred stockholders group, which was then soliciting rejection of the plan, with an old stockholders list, and had subsequently made available a current list to a group soliciting acceptances. It was contended that enough acceptances had been received to make the discrepancy between the two lists immaterial and the objecting

²⁹ *In the Matter of Frank Fehr Brewing Co.*, (W.D. Ky. No. 19515).

³⁰ *In re Frank Fehr Brewing Co.*, 268 F. 2d. 170; petition for certiorari pending.

preferred group later withdrew its opposition to the plan as the result of further amendments.

The Commission considered that these circumstances would require reversal of the order of confirmation, on the ground that the plan had not been properly accepted, in the absence of a showing that the error was not prejudicial. The Court of Appeals concluded "Although that might be the proper remedy under some circumstances, we do not think the particular circumstances of this case warrant taking that procedure." It stressed the fact that the old list was delivered in good faith and clearly dated, that no request was made for a later list and there was no indication that it would have not been supplied if requested, and that the parties directly involved had withdrawn their objections and were not supporting the plan. The Court said: "Under the circumstances, we find no such unfairness which would cause us to invalidate the entire vote of the preferred stockholders at the request of one who appeals as a common stockholder only . . ."

In the *Magnolia Park* case³¹ the Court approved a plan of reorganization which included a provision for the trustee to enter into an agreement with outsiders to operate the track. Sportservice Corporation, which held a concession agreement with Magnolia and was a creditor and stockholder, had objected to the plan unless it could continue as operator of the concession. As a result of Sportservice's vote against the plan, there was not the requisite majority voting acceptance of the plan. Sportservice by the actions and statements of its representatives appeared to be primarily interested in upsetting the plan because it was not given the concession, and Commission counsel urged that the vote of Sportservice had not been in good faith and should be disregarded pursuant to section 203 of chapter X. All other creditors voted in favor of the plan. The vote of Sportservice was disqualified by the Court. Sportservice has filed notices of appeal,³² and applied to the Court of Appeals for a stay. An agreement was reached whereby the motion for stay was withdrawn. Subsequently, a compromise was effected with the aid of Commission counsel and the plan was confirmed after the close of the fiscal year.

³¹ *In the Matter of Magnolia Park, Inc.*, (E.D. La., New Orleans Div., No. 9010).

³² *In the Matter of Magnolia Park, Inc.*, (C.A. 5, No. 17734).

PART VIII

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

Bonds, notes, debentures, and similar securities publicly offered for sale, except as specifically exempted by the Trust Indenture Act of 1939, must be issued under an indenture which meets the requirements of the act and has been duly qualified with the Commission. Indentures to be qualified are required to 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 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. Exculpatory provisions formerly used to eliminate all liability of the indenture trustee are outlawed.

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.

*Indentures filed under the Trust Indenture Act of 1939 during the fiscal year ended
June 30, 1959*

| | Number of indentures | Aggregate dollar amount |
|---|-------------------------|----------------------------|
| Indentures pending June 30, 1958..... | 30 | \$1, 002, 264, 600 |
| Indentures filed during fiscal year..... | 202 | 3, 686, 135, 830 |
| Totals..... | 232 | 4, 688, 400, 430 |
| Disposition during fiscal year: | | |
| Indentures qualified..... | 192 | 4, 229, 053, 550 |
| Indentures deleted by amendment or withdrawn..... | 13 | 184, 617, 900 |
| Indentures pending June 30, 1959..... | 27 | 274, 723, 980 |
| Totals..... | 232 | 4, 688, 400, 430 |

PART IX

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

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

Investment companies which offer securities to the public must file appropriate registration statements under the Securities Act. Registered investment companies must also file periodic reports and are subject to the Commission's proxy and insider trading rules. Both the Division of Corporation Finance and the Division of Corporate Regulation assist the Commission in the administration of this statute, the former being concerned with the disclosure provisions and the latter with the regulatory provisions.

COMPANIES REGISTERED UNDER THE ACT

During the fiscal year ending June 30, 1959, 70 new companies registered under the act while the registrations of 11 companies were terminated. The following classes of companies were involved:

| | Registered during the fiscal year | Registration terminated during the fiscal year |
|--|-----------------------------------|--|
| Management open-end..... | 25 | 6 |
| Management closed-end..... | 28 | 2 |
| Unit investment trust..... | 17 | 3 |
| Face-amount certificate companies..... | 0 | 0 |
| Total..... | 70 | 11 |

None of the 70 new registered companies were deregistered during the year. Eight of the new registrations were filed by small business investment companies which had received from the Small Business Administration notice to proceed to qualify for a license under the Small Business Investment Act of 1958.

As of June 30, 1959, there were 512 investment companies registered under the act, and the estimated aggregate market value of their assets on that date was \$20 billion. These figures represent an overall increase of 59 registered companies and an increase of roughly \$3 billion in the market value of assets over the corresponding totals as of June 30, 1958. The total registered companies by classification are as follows:

| | |
|------------------------------|------------|
| Management open-end..... | 261 |
| Management closed-end..... | 132 |
| Unit investment trust..... | 107 |
| Face-amount certificate..... | 12 |
| Total..... | 512 |

GROWTH OF INVESTMENT COMPANY ASSETS

The following table illustrates the striking growth of registered investment company assets during the past 18 years, and particularly in recent years:

Number of investment companies registered under the Investment Company Act and the estimated aggregate assets at the end of each fiscal year, 1941 through 1959

| 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 | 16 | 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 |
| 1958..... | 432 | 42 | 21 | 453 | 17,000 |
| 1959..... | 453 | 70 | 11 | 512 | 20,000 |
| Total..... | | 890 | 378 | | |

*The increase in aggregate assets reflects the sale of new securities as well as capital appreciation. By way of illustration, the National Association of Investment Companies reported that during the calendar year 1958 its open-end investment company members, numbering 151 and representing the bulk of the industry, had net sales of their securities amounting to \$1.1 billion.

PROGRAM FOR INSPECTION OF INVESTMENT COMPANIES

The Commission, as indicated in its 23d and 24th Annual Reports, has initiated a program for the periodic inspection of investment companies pursuant to the statutory authority under section 31 of the Investment Company Act. Up to the fiscal year 1958, 16 companies had been inspected. Fourteen companies were inspected in fiscal 1959, the third year of the inspection program. These inspections were undertaken by staff teams usually consisting of one attorney or analyst from the Division of Corporate Regulation and one securities investigator from the appropriate field office in order to combine the specialized training and knowledge of the staff concerning the regulatory requirements of the Investment Company Act with the field experience and investigative expertness of field office personnel.

Inspections made in the past 3 years indicated, in some instances, noncompliance with regulatory provisions of the Investment Company Act. For example: (1) improper selling practices by salesmen who promoted the sale of mutual fund shares just prior to dividend payment dates without explaining that the amount of dividend to be paid was included in the purchase price of the shares on which a salesload was paid and that receipt of the dividend would represent a return of capital on which the shareholder would be liable for income taxes; (2) deviations from fundamental policy without approval of stockholders; (3) improper composition of boards of directors because of the affiliation of directors; (4) acquisition of securities during an underwriting where an affiliated relationship existed between underwriter and company; (5) sale of securities to a company by an affiliated person acting as a principal; (6) failure to file appropriate fidelity bond; (7) noncompliance with the requirements for the custody of the portfolio securities of a company under section 17 of the act; and (8) failure to obtain approval of stockholders or the Board of Directors for an investment advisory contract.

In addition to noncompliance with various regulations and standards required under the act, there were instances where books and records of the companies were inadequate or lacking. For example: (1) failure to record the date and time of requests for redemption, thus making it impossible to determine whether the investors received their correct net asset value; (2) failure to maintain purchase and sales journals; failure to maintain ledger accounts for broker-dealers used by the company for its portfolio security transactions; and (3) failure to keep proper vouchers for out-of-pocket expenses. In addition, the staff noted instances where the custodian did not adhere to the terms of the custodianship agreement, or the Commission's regulations on the safekeeping of portfolio securities of the company. In some instances, there was a considerable delay in the transmission

to the investment companies of funds received by dealers selling mutual fund shares.

In cases where deficiencies are noted, unless other action is indicated, they are brought to the attention of the investment companies involved so that corrective steps may be taken. The Commission's experience to date shows that this aspect of the inspection program will prove to be particularly helpful to the newly organized or the smaller investment company, and of benefit to the investing public.

STUDY OF SIZE OF INVESTMENT COMPANIES

On behalf of the Commission, the Securities Research Unit of the Wharton School of Finance and Commerce of the University of Pennsylvania is now conducting a fact-finding survey in connection with a study of the problems created by the growth in size of investment companies (see 24th Annual Report, p. 148). This inquiry, made pursuant to the direction contained in section 14(b) of the Investment Company Act, is being conducted, at present, through the use of a questionnaire directed to the various investment companies. The questionnaire was prepared by the staff of the Wharton School after discussion with the Commission and representatives of the investment company industry and was distributed by the Commission early this year. Shortly before the close of the past fiscal year the Wharton School submitted to the Commission a progress report on its size and study activities.

The report indicates that substantial data in reply to the early phases of the questionnaire have been obtained and are being processed. In the initial stage of the work, detailed processing is being concentrated on the replies of open-end companies. A preliminary report on certain phases of the size study is planned early in the next fiscal year. It is anticipated that later other preliminary reports covering other aspects of the study will be available.

When it receives the full report from the Wharton School on the size study survey, it is expected that the Commission will be in a position to determine whether the increased size of investment companies has created any problems which require specific remedial legislative recommendations by the Commission to the Congress.

CURRENT INFORMATION

The Commission's rules promulgated under the act require that the basic information contained in notifications of registration and in registration statements of investment companies be kept up-to-date, through periodic and other reports, except in cases of certain inactive unit trusts and face-amount companies. The following current reports and documents were filed during the 1958 fiscal year:

| | |
|---|-------|
| Annual reports..... | 349 |
| Quarterly reports..... | 179 |
| Periodic reports to stockholders (containing financial statements)..... | 1,003 |
| Copies of sales literature..... | 2,722 |

The foregoing statistics do not reflect the numerous filings of revised prospectuses by open-end mutual funds making a continuous offering of their securities. These prospectuses, which must be checked for compliance with the act, are required to show material changes which have occurred in the operations of the companies since the effective date of the prospectuses on file. In this respect the registration of the securities of such companies is essentially different from the registration of the usual corporate securities.

In addition to these recurring activities, the Commission in the past year has performed other duties in connection with the Small Business Investment Act of 1958. Pursuant to an arrangement with the Small Business Administration, the staff of the Commission examines a copy of each Proposal to Operate as a small business investment company, filed on SBA Form 414, to determine the status of the Proposed Operator under the Investment Company Act and the other statutes administered by this Commission. Both the Proposed Operator and the SBA are notified as to the staff's conclusion in each case.

APPLICATIONS AND PROCEEDINGS

The Investment Company Act prohibits certain types of transactions, in the absence of an exemptive order by the Commission issued upon a determination that specified statutory standards have been met. For this reason one of the principal activities of the Commission in its regulation of investment companies is the processing of applications for such exemptive orders. Under section 6(c) the Commission, by rules and regulations, upon its own motion or by order upon application, may exempt any person, security or transaction from any provision of the act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the act. 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. Also, under certain provisions of sections 2, 3, and 8 the Commission may determine the status of persons and companies under the act.

There were 145 applications under various sections of the Investment Company Act pending before the Commission during the fiscal year 1959. The various sections of the act with which these applica-

tions were concerned and their disposition 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, 1959

| Sections | Subject involved | Pending July 1, 1958 | Filed | Closed | Pending June 30, 1959 |
|-------------------------|---|----------------------|-------|--------|-----------------------|
| 3 and/or 6..... | Status and exemption*..... | 4 | 8 | 6 | 6 |
| 7(d)..... | Registration of foreign investment companies..... | 2 | 4 | 3 | 3 |
| 8(f)..... | Termination of registration..... | 20 | 11 | 11 | 20 |
| 9, 10, 16..... | Regulation of affiliation of directors, officers, employees, investment advisers, underwriters, and others..... | 3 | 19 | 21 | 1 |
| 12, 13, 14(a), 15..... | Regulation of functions and activities of investment companies..... | 1 | 16 | 14 | 3 |
| 17..... | Regulation of transactions with affiliated persons..... | 8 | 20 | 20 | 8 |
| 18, 19, 21, 22, 23..... | Requirements as to capital structures, loans, distributions and redemptions, and related matters..... | 5 | 17 | 13 | 9 |
| 20, 30..... | Proxies, reports and other documents reviewed for compliance..... | 0 | 2 | 1 | 1 |
| 28..... | Regulation of face amount certificate companies..... | 1 | 1 | 1 | 1 |
| 32..... | Accounting supervision..... | 0 | 3 | 3 | 0 |
| Totals..... | | 44 | 101 | 93 | 52 |

*Includes only those section 6(c) cases in which exemption is requested from all provisions of the act.

Although, as a rule, the applications for exemptions under the act are processed without holding formal hearings, there are occasions when the applicant will request a hearing, or the Commission feels that the relief sought is such that a hearing should be held.

Two hearings resulted from applications pursuant to section 17(b) of the act, requesting exemptions from the statutory prohibition against dealings between investment companies and their affiliates or between persons controlled by an investment company. In *Atlas Corporation*, the applicant, a closed-end investment company, requested an exemption for certain transactions incident to a merger of five companies engaged in uranium mining.¹ Four of the five companies involved are affiliates of, and presumed to be controlled by, the investment company under the act. Consequently, they are prohibited by section 17(a) from dealing with each other in connection with the merger in the absence of an exemptive order. The Commission before granting an exemptive order in such a case must determine whether the terms of the proposed transactions, including the considerations to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned. In addition, it must decide whether the proposed transactions are consistent with the policies of the investment company, *Atlas Corporation*, as recited in its registration statement and reports filed pursuant

¹ Investment Company Act Release No. 2778 (Oct. 21, 1958). The notice of and order for hearing on the application contains a summary of the proposed transactions and other pertinent details of the case.

to the act, and are consistent with the general purposes of the act. Hearings were held and the Commission is considering the record to determine whether there has been compliance with the above-listed statutory requirements.

Another hearing, involving an application under section 17(b), in which the Commission determined that the terms of a merger of an investment company with its affiliate were in compliance with the statutory standards was held in *New York Dock Company*.² In that case New York Dock Company, a closed-end investment company, requested the order in connection with its merger into its affiliate, Dunhill International, Inc. After considering the record the Commission granted the exemption. Another hearing held pursuant to an application filed during the past fiscal year involved *Dunhill International*, the surviving corporation of the above merger. After acquiring New York Dock Company's securities portfolio as a result of the merger, the surviving company conceded that it came within the statutory definition of an investment company in that it owned investment securities valued at more than 40 percent of its total assets. However, it filed an application pursuant to section 3(b)(2) of the act for an order declaring it to be primarily engaged in a business other than that of an investment company. A public hearing was held, but before its completion, Dunhill International registered under the act and withdrew the application it had filed under section 3(b)(2).³

Another hearing resulted from an application by *Investors Diversified Services, Inc.* and others for an order of exemption permitting sale of their shares on the basis of a reduced sales load to certain associations for the account of the individual members of the associations.⁴ A decision is pending.

Other hearings held during the year which resulted from applications filed in prior years included cases involving National Department Stores Corporation and Civil and Military Investors Mutual Fund, Inc. In *National Department Stores Corporation*⁵ the hearings were concluded and the Commission handed down its findings and opinion during the past year. The company, which previously had engaged directly and through wholly-owned subsidiaries in the retail department store business, had disposed of most of such interests and invested the proceeds so that directly and through a controlled subsidiary it engaged primarily in the mining and oil business. The Commission held that the company was primarily engaged directly or through a controlled company in business other than that of an investment company.

² Investment Company Act Release No. 2811 (Dec. 23, 1958).

³ Investment Company Act Release No. 2891 (June 18, 1959).

⁴ Investment Company Act Release No. 2887 (June 11, 1959).

⁵ Investment Company Act Release No. 2872 (May 1, 1959).

¹ In *Civil and Military Investors Mutual Fund, Inc.*⁶ a hearing was held pursuant to the application of the investment company for modification of the Commission's order⁷ finding and declaring that the above name was deceptive and misleading in violation of section 35(d) of the act. Exceptions have been filed to the decision of the hearing examiner and it is expected that the case will be argued before the Commission some time next year.

² In *The Great American Life Underwriters, Inc.*, where the applicant is seeking an order pursuant to section 6(c) or in the alternative an order under sections 8(f) and 6(c)⁸, the hearing examiner filed his recommendations shortly before the end of the last fiscal year. Exceptions have been filed to the recommended decision and the matter was pending before the Commission at the end of the fiscal year.

LITIGATION UNDER THE INVESTMENT COMPANY ACT

Variable Annuities

In *S.E.C. v. Variable Annuity Life Insurance Company of America, et al.*, 359 U.S. 65 (1959), the Supreme Court reversed the Court of Appeals for the District of Columbia which had upheld the district court's dismissal of the Commission's complaint charging violation of the registration provisions of the Investment Company Act and the Securities Act of 1933. The district court had held that the McCarran-Ferguson Act placed exclusive regulatory jurisdiction over the defendant's sale of variable annuity contracts in the insurance authorities of the State and the District of Columbia.⁹ The Court of Appeals had affirmed the district court's decision on the ground that the variable annuity contracts sold by the defendants are exempt from registration by section 3(a)(8) of the Securities Act, which excludes the ordinary annuity contracts issued by insurance companies. In addition, the Court of Appeals had held that defendants were insurance companies within the provision of section 3(c)(3) of the Investment Company Act. The Supreme Court held that the defendants were not issuing contracts of insurance within the exemption provisions of the Securities Act, Investment Company Act and the McCarran-Ferguson Act. In so holding the court concluded that insurance involved some investment risk-taking on the part of the insurer and noted the absence here of such an assumption by the companies, since in these contracts they guarantee essentially only an interest in a portfolio of common stock which interest "may be a lot, a little or nothing" depending on the investment results of the company. In a concurring opinion, Justice Brennan added that

⁶ Investment Company Act Release No. 2858 (Apr. 3, 1959). See pages 154-155 in 24th Annual Report for further details.

⁷ Investment Company Act Release No. 2723 (June 9, 1958).

⁸ The 24th Annual Report, page 154, contains a discussion of the case.

⁹ See 23d Annual Report at page 164.

he considered the contracts as containing elements of both insurance and investment contracts and since they raise regulatory problems of the sort contemplated by the Congress when it passed the Securities Act and the Investment Company Act, he concluded that Congress did not intend to exclude these contracts by reason of the insurance exemption. Four dissenting judges viewed the contracts as a bona fide experiment in the insurance field, and even though this particular development has securities aspects, felt that regulation should be left to the states as contemplated by the exemptions in the federal legislation.

The effect of the Supreme Court decision is to make the defendants subject to registration as investment companies under the Investment Company Act. Prior to the close of the fiscal year extensive staff conferences were held with these entirely new kinds of investment companies to consider proposals for changing their methods of operation so as to bring them into compliance with the underlying purposes and provisions of the Investment Company Act. Administrative proceedings were instituted after the close of the year, and are pending, in connection with applications of these companies to exempt them from literal compliance with certain provisions of the act.

Other Litigation

During the year, the American-Hawaiian Steamship Company filed a notification of registration under the Investment Company Act, and thereby became a registered company under the terms of the act. Previously the Commission had filed suit to enjoin the company from engaging in any securities transactions until it had registered.¹⁰

Prior to 1953 the company either directly or through subsidiaries, was engaged in intercoastal shipping operations. Thereafter the company sold its vessels, suspended its intercoastal shipping services, closed its branch offices, and cancelled its intercoast tariffs on file with the Interstate Commerce Commission. It engaged in no shipping whatever in 1957 or 1958. In the years prior, it had incurred operating deficits from shipping, while its principal income was obtained from dividends and interest on its investments. As of December 31, 1957, the company and its two wholly-owned subsidiaries had consolidated assets of about \$30 million, of which 95 percent was in cash and securities, the rest in office and other equipment.

The object of the Commission having been achieved, a stipulation was entered into, discontinuing the action.

In *S.E.C. v. McPhail* (S.D.N.Y.) the Commission brought suit under section 36 of the Investment Company Act against the directors and officers of the McPhail Candy Corporation, a registered invest-

¹⁰ *S.E.C. v. American-Hawaiian Steamship Company*, S.D.N.Y., No. 139-351.

ment company.¹¹ The Commission's complaint, which sought to enjoin the defendants from serving as directors or officers of the corporation, as well as an accounting and the appointment of a receiver, charged Russell McPhail, the president and controlling stockholder of the corporation with the fraudulent diversion, waste and misuse of corporate assets, and charged the other defendants with failure to discharge their obligations to enforce the corporation's rights against McPhail. The complaint also stated that the corporation had been an investment company since 1953 but had failed to register under the act until 1957 in violation of section 7.

In October 1957, the defendants moved to dismiss the complaint on the ground that the acts complained of by the Commission had occurred prior to registration, but the motion was denied. Thereafter the defendants offered to settle the Commission's action on the basis of (1) the entry of a consent decree enjoining the defendants from acting as officers or directors of any investment company; (2) the payment by McPhail to the Corporation of \$325,000; (3) the extension by McPhail of an offer to purchase publicly held common shares of the corporation at their net asset value, and publicly held preferred shares of the corporation at their redemption price, including all unpaid dividends. The settlement was accepted by the Commission and approved by the Court subject to the acceptance of the purchase offer by a sufficient number of stockholders to cause the corporation to fall outside the scope of the Investment Company Act¹² and the compromise of a stockholder's suit now pending in the Delaware Chancery Court.

¹¹ S.D.N.Y. Civil Action No. 135-203. Pages 157-158 of the 24th Annual Report also contain a discussion of this case.

¹² Section 3(c)(1) of the act provides an exception to the statutory definition of an investment company if the outstanding securities of an issuer are beneficially owned by not more than 100 persons and it is not making and does not propose to make a public offering of its securities.

PART X

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires persons engaging for compensation in the business of advising others concerning securities to register as investment advisers. The registration requirements, however, do not apply in certain limited situations. For example, an investment adviser is not required to register when he furnishes investment advice only to persons who are residents of the state in which he maintains his principal place of business and he does not provide advice or analysis concerning securities listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange. The act also provides an exemption for any investment adviser whose only clients are investment companies and insurance companies. An investment adviser who in the last 12 months had fewer than 15 clients and does not hold himself out generally to the public as an investment adviser, is likewise exempt from registration.

It is unlawful for registered investment advisers to engage in practices which constitute fraud or deceit upon clients or prospective clients. Registered investment advisers violating any of the various provisions of the act are subject to appropriate administrative, civil or criminal remedies. Investment advisers who also effect transactions as brokers or dealers, are required to disclose any interest they may have in transactions effected for clients, if acting as an investment adviser in regard to such transaction. In addition, the act prohibits a registered investment adviser from entering into an agreement with his clients, under which his compensation is based on a share of capital gains or appreciation, and also prevents him from assigning an investment advisory contract without the consent of the client involved. Likewise, a registered investment adviser partnership which changes its membership must notify clients of such an occurrence.

The Investment Advisers Act does not empower the Commission to inspect the books and records of an investment adviser. Nor, under the act, may the Commission deny or revoke the registration of an investment adviser unless: (1) he has been enjoined by a court of competent jurisdiction from activities in connection with his conduct as an investment adviser or from action involving securities or certain

other activities; (2) he has been convicted in the past ten years of a crime involving securities, the securities business or certain related activities; or (3) has falsified his application for registration.

During the past fiscal year, the number of registered investment advisers increased substantially, reaching a total of 1,671, an increase of 7 percent over the previous year. The following table contains statistics concerning registration of investment advisers and applications for such registration during the fiscal year:

Statistics of Investment Adviser Registrations—1959 Fiscal Year

| | |
|--|--------------|
| Effective registrations at close of preceding fiscal year..... | 1,562 |
| Applications pending at close of preceding fiscal year..... | 22 |
| Applications filed during fiscal year..... | 278 |
| Total..... | 1,862 |
| Registrations cancelled or withdrawn during year..... | 156 |
| Registrations denied or revoked during year..... | 3 |
| Applications withdrawn during year..... | 2 |
| Registrations effective at end of year..... | 1,671 |
| Applications pending at end of year..... | 30 |
| Total..... | 1,862 |

ADMINISTRATIVE PROCEEDINGS

Security Forecaster Co., Inc.—Registrant, publisher of a weekly investment letter known as *Financial Forecaster*, devoted an entire issue of the latter to an article on Anacon Lead Mines, Ltd. (Anacon). This article recommended the purchase of Anacon stock in extravagant and enthusiastic terms, stating that for several weeks registrant had been conducting an extensive research program on Anacon which showed beyond a shadow of a doubt that, among other things, Anacon was the “sleeper” of the year among Canadian mining stocks. It also projected a potential recovery of gold in Anacon properties of some \$50 million or more, stated that Anacon had paid more than a million dollars in dividends, and that Anacon’s investments had a value of more than \$16 million as of December 31, 1957. The report failed to disclose that Anacon had no proven gold deposits on these properties, that no dividends had been paid since 1952, and also failed to disclose that in contrast with the reported \$16 million estimated value of Anacon Investments in shares of a mining corporation, the same shares had a value as indicated by a then existing market price of only \$2,212,000. Registrant was also found to have willfully filed an application for registration incorrectly listing an individual as a director.

In an action brought by the Commission, a permanent injunction was issued by the United States District Court for the Southern District of New York against registrant and Melvin A. Johnson, its

president, director and sole stockholder.¹ The decree barred them from using false and misleading statements concerning the potential recovery from Anacon's investments, profits realized in stock of other companies managed by the president of Anacon, profits that could be realized from investing in Anacon, and the present financial condition of Anacon and its history of dividend payments. Registrant consented to entry of the decree without admitting any of the allegations of violations contained in the complaint.

In the revocation proceeding, which followed the injunction, registrant urged that Johnson was the subject of a continuing investigation and had properly, and on advice of counsel, refrained from testifying in the revocation proceeding in order to avoid the possibility of waiver of his constitutional privilege against self-incrimination. Accordingly, it was contended registrant was deprived of the testimony of the person most qualified to present registrant's defense. The Commission rejected this argument, holding that registrant was given due notice of the hearing on the charges against it and at that hearing registrant had participated with counsel.

Based on the injunction, finding of a willful violation and substantial departure from the standards of care and responsibility and fair and impartial analysis expected of a registered investment adviser, the Commission revoked the investment adviser registration of Security Forecaster Co., Inc.²

William H. Keller, Jr., doing business as Insurance Stock Information Service.—Keller's investment adviser registration was revoked based on an injunction issued by the United States District Court for the Southern District of Indiana, Indianapolis Division³ permanently enjoining him from violations of the Commission's net capital rule in connection with his activities as a broker-dealer.⁴ The Commission also revoked Keller's broker-dealer registration based on the injunction and violations of the antifraud, record keeping, and other provisions of the federal securities laws.⁵ That action is described in a prior portion of this report.

Albert J. Gould, doing business as Gould Investment Service.—The Commission revoked the Investment Adviser registration of Gould based on a finding that he was permanently enjoined by the United States District Court for the Southern District of New York from effecting transactions in securities at a time when A. J. Gould & Co., Inc. was in violation of the Commission's net capital rule.⁶ In

¹ S.D.N.Y., No. 130-239 (Feb. 28, 1958).

² Investment Advisers Act Release No. 103 (May 20, 1959); petition for review of Commission order filed May 26, 1959; Civil No. 25, 693, United States Court of Appeals (2 Cir.); pending at close of fiscal year.

³ S.D. Ind., No. I P 58-c-46 (Mar. 20, 1958).

⁴ Investment Advisers Act Release No. 101 (Mar. 18, 1959).

⁵ Securities Exchange Act Release No. 5909 (Mar. 18, 1959).

⁶ S.D.N.Y., No. 113-87 (Sept. 18, 1956).

that injunctive action; the court found that A. J. Gould & Co., Inc., a registered broker-dealer firm of which Gould was president and a director, had wilfully violated the net capital rule.⁷

⁷ Investment Advisers Act Release No. 95 (Sept. 2, 1958).

PART XI
OTHER ACTIVITIES OF THE COMMISSION
COURT PROCEEDINGS

Civil Proceedings

At the beginning of the fiscal year 1959 there were pending in the courts 54 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 60 additional proceedings were instituted and 58 cases were disposed of, leaving 56 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 7 proceedings in United States District Courts under section 11(e) of the Public Utility Holding Company Act and in 18 miscellaneous actions. The Commission also participated in 59 civil appeals in the United States Courts of Appeals. Of these, 20 came before the courts on petition for review of an administrative order, 17 arose out of corporate reorganizations in which the Commission had taken an active part, 17 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 4 were appeals in cases in which the Commission appeared as *amicus curiae*. The Commission also participated in 4 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

The statutes administered by the Commission provide for the transmission of evidence of violations to the Attorney General, who may institute criminal proceedings. The regional offices of the Commission prepare detailed reports in cases where the facts appear to warrant criminal prosecution. After careful review by the General Counsel's Office, these reports are considered by the Commission, and

if it believes criminal prosecution is appropriate they are forwarded to the Attorney General. Commission employees familiar with the case often assist the United States attorneys in the presentation to the grand jury, the conduct of the trial, and the preparation of briefs on appeal. The Commission also submits parole reports prepared by its investigators relating to convicted offenders.

During the past fiscal year, 45 new cases were referred to the Department of Justice for prosecution. This represents the highest number of criminal referrals in the past 17 years and the 5th highest in the Commission's history. Also during the fiscal year 27 indictments were returned against 111 defendants, the highest number since fiscal year 1943, and there were 24 convictions in 13 cases. There were six appeals in criminal cases during the fiscal year. In three instances the appeals were dismissed. The conviction was affirmed in the only appeal decided on the merits. The remaining two cases were still pending at the close of the period. Two criminal contempt proceedings were instituted during 1959, which were still pending at the end of the year.¹

From 1934 to June 30, 1959, 2,487 defendants have been indicted in the United States District Courts in 602 cases developed by the Commission and 1,319 convictions obtained in 555 cases. Thus, over the past 25 years, convictions have been obtained and upheld in over 85 percent of the cases completed.²

As in past years, the criminal cases developed and prosecuted during the year covered a wide variety of fraudulent practices. They included frauds in the sale of securities of established as well as new businesses, frauds on the part of securities broker-dealers and their representatives, frauds in the sale of securities relating to oil and gas promotions and mining ventures, and fraudulent securities promotions of alleged inventions. In addition, defendants in a number of cases also were charged with violating the registration provisions of the Securities Act. The filing of a false registration statement under the Securities Act and the failure to file reports required under the Securities Exchange Act also were charged in certain of the cases. The "Ponzi" technique whereby promoters pay back to investors out of the investors' own funds monies which are falsely represented to be profits or interest on their investments was a part of the fraud alleged in a number of the cases in which convictions were obtained during the year.

In *U.S. v. Selected Investment Corporation et al.*, (W.D. Okla.), after 3 weeks of trial, Hugh A. Carroll was convicted and sentenced to

¹ See Criminal Contempt Proceedings, appendix table 30, Part II.

² A condensed statistical summary of all criminal cases developed by the Commission from the fiscal year 1934 through the fiscal year 1959 is set forth in appendix table 37. The status of criminal cases developed by the Commission which were pending at the end of the fiscal year is set forth in appendix table 38.

a term of 7 years³ on all counts of a 31-count indictment which charged violations of the antifraud provisions of the Securities Act of 1933, violations of the Mail Fraud Statute and conspiracy to violate both statutes. Three other defendants received sentences ranging from a suspended sentence with 5 years probation to 5 years imprisonment.⁴ The two corporate defendants were each fined \$1,500 and one defendant was acquitted. The indictment alleged that the defendants employed a scheme to defraud in connection with the sale of certificate bonds of Selected Investments Trust Fund by means of false and misleading representations and by concealment of material facts. It was charged that the defendants paid dividends out of capital while representing to investors and prospective investors that such dividends were paid from profits earned by the trust fund created and managed by defendant Selected Investments Corporation; that false financial statements of the trust fund were distributed to investors; that the defendants illegally converted to their own use properties of the trust fund; that the defendants falsely represented that there were adequate safeguards to protect investors from loss and that their funds were invested in sound income producing securities.⁵

Convictions also were obtained after trial against two defendants in *U.S. v. Monarch Radio and Television Corporation et al.* (S.D. N.Y.). Prior to trial one defendant pleaded guilty. Two defendants were acquitted and the case dismissed as to the four remaining defendants. This indictment charged the defendants with making various misrepresentations in the sale of Monarch stock and with issuing false financial statements and paying dividends out of stock sale proceeds while representing that such dividends came from company earnings when the company had no earnings.

A sentence of 18 months imprisonment was imposed upon *Roy W. Adams* (N.D. Texas) following his conviction of charges arising out of the fraudulent sale of stock of Central Finance Service, Inc. A codefendant, Council Mayo Forsyth, had previously been sentenced to 2 years imprisonment for the fraudulent sale of the same stock. The indictment charged that the defendants falsely represented to investors that the Central stock being offered was unissued stock and that the money received from the sale of such stock would be used by Central in its business operations; that Central was realizing substantial profits from its business operations and would pay substantial dividends and that investors would receive a return of all money invested in Central stock upon request.

The promotion of alleged inventions resulted in convictions in *U.S. v. Arnold E. Vandersee, et al.* (D.N.J.) and *U.S. v. Gailon A. Bell*

³ Sentence was later reduced to 5 years and notice of appeal was withdrawn.

⁴ Appeal pending by one defendant.

⁵ The Commission is participating in reorganization proceedings of Selected Investment Corporation under chapter X of the Bankruptcy Act.

(S.D. Calif.). After 6 weeks of trial in the Vandersee case defendants Vandersee and the Vandersee Corporation were found guilty on 11 counts of a 15-count indictment charging fraud in the offer and sale of common stock of the Vandersee Corporation. The indictment alleged that as part of a scheme and artifice to defraud purchasers the defendants falsely represented, among other things, that the Vandersee Corporation had contracts with General Motors, General Electric, Ford Motor Company and other large corporations; that the corporation was producing equipment used in the manufacture and production of atomic energy, radio tubes, aircraft engines, printed circuits, and other electrical equipment; that the corporation had an order for \$1 million from Bell Telephone and General Electric; and that the corporation had obtained title to two patents issued to Arnold E. Vandersee. The indictment also charged that the defendants failed to advise the public investors that some of the shares being offered by Vandersee were his personally owned shares, or the personally owned shares of other defendants. Vandersee was sentenced to a total term of 8 years and fined \$5,000. The defendant corporation was fined \$5,500. Two remaining defendants were found not guilty.

In the *Bell* case defendant was found guilty on three counts charging violations of the antifraud provisions of the Securities Act, and two counts charging violations of the registration requirements of that act in connection with the sale of stock of Nu-Form Batteries, Inc. A sentence of 5 years probation was imposed upon Bell who was also ordered to make restitution. The indictment charged that Bell falsely represented that funds invested in Nu-Form Batteries stock would be used to acquire additional production facilities when, in fact, the defendant intended to and did appropriate such funds to his own use and benefit; that Bell had invented the Nu-Form Battery; that the battery would soon be distributed nationwide; that an affiliate of Nu-Form Batteries was equipped to assemble 2,000 batteries per day; and that Nu-Form stock would be listed on a national securities exchange. The indictment further charged that defendant failed to disclose that earlier attempts to manufacture and market the Nu-Form Batteries on a commercial basis had been unsuccessful and that earlier experience had indicated that the company could not generate sufficient revenue to cover operating expenses.

In *U.S. v. Albert Hefferan* (W.D. Mich.) the defendant was sentenced to a prison term of 3 years following his plea of guilty to various counts of an indictment charging violations of the antifraud provisions of the Securities Act in connection with the sale of promissory notes purportedly secured by shares of stock. The indictment alleged that as part of a scheme and artifice to defraud, the defendant placed a series of newspaper advertisements soliciting investors to advance him sums of money. It was represented in these advertise-

ments that the defendant would furnish collateral variously described as "listed, highgrade securities" and "grade A negotiable listed securities," having values substantially in excess of the amounts of the investments solicited. The indictment charged that the defendant did not intend to and did not pledge genuine securities as collateral for his promissory notes issued to investors, but delivered to them forged certificates which he falsely represented to be genuine. In addition, the indictment alleged that Hefferan falsely represented to investors that investments in his notes collateralized by purported shares of stock would be absolutely safe and involve no risk of loss; and that he had ample income from his business and investments to pay the monthly instalments of principal and interest provided in his notes.

In *U.S. v. Paul H. Collins* (S.D. Ill.) the defendant, who was the representative of a broker-dealer, pleaded guilty to ten counts of a twenty count indictment charging him with violations of the Securities Act and the Mail Fraud Statute. Collins' sentence was suspended and he was placed on probation for 3 years.

Hugh C. Van Valkenburgh (D. Neb.) entered a plea of *nolo contendere* to four counts of an indictment charging fraud in the sale of securities of Instant Beverages, Inc. The defendant was fined \$11,500 and placed on probation for 3 years. The other defendant, Abraham Schapiro, had previously pleaded guilty to eight counts of the indictment and had been placed on probation for 30 months and fined \$2,000. The indictment charged that the defendants employed a scheme to defraud purchasers of the securities of Instant Beverages, Inc. by misrepresenting that the proceeds from the sale of defendants' shares of stock would be used by Instant Beverage, Inc. to begin production, whereas the defendants converted the proceeds to their own use; and that formulae held by the company for an effervescent soft drink were perfected and that Instant Beverage, Inc. would soon cause to be produced a stable product in marketable quantities, whereas the defendants knew that the formulae and processes were incomplete and not perfected and that a stable product could not be produced therefrom. In addition, it was charged that the defendants sold stock to the public at \$5 a share for which they had paid 1 cent per share, without disclosing to the investors the original cost of the shares.

In *U.S. v. Harold W. Danser Jr., et al* (D. Mass.) the defendants are charged with violations of the antifraud provisions of the Securities Act in the sale of the common stock and warrants of Ultrasonic Corporation, and with conspiracy to file false registration statements under the Securities Act pursuant to which the stock offering was made and to defraud the United States by impeding and obstructing

the Commission in its protection of public investors. The indictment charges, among other things, that the defendants, in the offer and sale of the Ultrasonic securities used financial statements, included in the prospectuses furnished to investors, which represented that the Ultrasonic Corporation was operating at a profit and had substantial assets, when in fact the corporation had suffered substantial losses and the assets were substantially less than the amount stated.

In *U.S. v. Charles M. Berman, et al.* (S.D.N.Y.) numerous defendants were indicted for violations and conspiracy to violate the Securities Act. The indictment charges the defendants with employing a scheme to defraud investors in the offer and sale of shares of John Inglis, Ltd. and other securities. The indictment alleges that as a part of this scheme defendants caused Cornelis de Vroedt, Inc. to obtain a broker-dealer registration with the Commission and arranged to supply securities to be sold through Cornelis de Vroedt, Inc. According to the indictment, defendants caused Cornelis de Vroedt, Inc. to contract to sell, as commission agent for certain foreign trusts, large quantities of the John Inglis, Ltd. shares and defendants inserted advertisements in financial journals, newspapers and periodicals, purchased mailing lists and distributed literature to the said mailing list to condition the public for the extensive telephone sales campaign that followed.

It is further charged that the defendants, in effecting the sale of the Inglis shares, falsely represented to investors that the defendant Cornelis de Vroedt, Inc. was a long established securities firm; that the purchasers could place their trust and confidence in the firm; that the firm maintained an independent research department which issued impartial advice to its customers; that the firm was advising the purchasers to invest and reinvest in the Inglis shares as a result of an impartial analysis of that security by its research department, which analysis was based upon facts and information not generally available to the public at large; that the firm, the officers thereof and the salesmen had purchased large quantities of Inglis shares for their own accounts; that the firm was offering and selling Inglis shares to a special group of customers at bargain prices with no commission charge to said customers in order to add such customers to its existing regular clientele; that the purchasers would suffer no loss and were assured of immediate large specified profits because of imminently impending designated mergers, increased earnings, declarations of dividends and new listings on registered securities exchanges; and that in order to participate in these guaranteed profits, it was necessary for the customers to make immediate purchase of the Inglis shares since they were "blue chips" in short supply and soon would be unavailable at the then existing low prices.

The indictment charges further that the defendants would send confirmations to persons who had not ordered securities and thereafter threaten to make trouble for them with the Securities and Exchange Commission if they did not buy the securities, and that the defendants destroyed or falsified records of the company for the purpose of impeding, impairing and obstructing the investigative functions of the Commission.

The indictment in *U.S. v. Alexander L. Guterma, et al* (S.D.N.Y.) charged violations of, and conspiracy to violate, the reporting requirements of the Securities Exchange Act of 1934. The indictment charges that Guterma, Robert J. Eveleigh, and Comficor, Inc., unlawfully failed to file with the New York Stock Exchange and the Commission a statement indicating beneficial ownership and the changes in such ownership in the common stock of F. L. Jacobs Co. at the close of specified calendar months. The indictment further charges that Guterma and Eveleigh delayed and obstructed the filing of the annual report of F. L. Jacobs Co. for the fiscal year ended July 31, 1958; and that Guterma and Eveleigh, who were officers, directors and owners of securities of F. L. Jacobs Co., unlawfully delayed and obstructed the making and filing of monthly reports of F. L. Jacobs Co. which would have disclosed the disposition by F. L. Jacobs Co. of a significant amount of assets otherwise than in the ordinary course of business.

Indictments in two cases charge fraud in connection with the transaction of business as a broker-dealer. *Bryan H. Kyger* was charged in an indictment returned in the Southern District of Texas with violations of the Securities Exchange Act, as well as the Securities Act and the Mail Fraud Statute. According to the indictment, Kyger solicited customers to purchase securities from his firm upon the representation that the firm was financially able to execute such orders and to deliver securities and money due customers when he did not intend to and did not execute such orders or deliver to customers the securities ordered by them. The indictment also charges that Kyger appropriated to his own use and benefit the monies received by him from his customers in payment of securities purchased by them, and that he sold securities belonging to his customers without their knowledge and similarly misappropriated the proceeds.

In an indictment returned in *U.S. v. Robert Bernard Sills et al* (S.D.Fla.), the defendants were charged with similar violations. The indictment in this case charges, among other things, that the defendants, operating through Sills and Company, a registered broker-dealer of which Sills was president and controlling stockholder and for which defendant Green was sales manager and a salesman of securities, employed a scheme and artifice to defraud by soliciting and

inducing customers to purchase from and sell to Sills and Company certain securities, and that, instead of effecting such transactions, the defendants converted to their own use and benefit the funds received from customers in payment for such securities and the securities obtained from customers for the purpose of such sales. It is further alleged in the indictment that the defendants concealed from their customers that the firm was insolvent and that the defendants made and caused to be made false statements in a financial report filed with the Commission.

Indictments were returned in a number of cases involving alleged fraudulent promotions regarding securities of insurance companies. An indictment was returned in the District of Nebraska charging *Charles F. Newell* and others with violations of the antifraud and registration provisions of the Securities Act in connection with the sale of stock of Unity Insurance Company. The defendants are charged with investing funds derived from the sale of Unity Insurance Company stock in business ventures unrelated to the organization of an insurance company. According to the indictment, in the course of the sales of these securities the defendants falsely represented, among other things, that the purchaser of the stock could have his money back at any time; that the money raised from the sale of the stock would be placed in escrow until the insurance business license or franchise was issued by the State of Nebraska; that the stock was going to rise in price; that the company had the money to qualify and get its insurance license; that the company was doing so well that they would refund the money of the purchaser at any time with 5 percent interest; that the company was allowed by state law to spend only 24 cents per share for expenses; and that certain persons had made substantial investments in the Unity Insurance Company. In addition, the indictment charged that the defendants concealed that the principal organizers, officers and directors of the company did not invest any money in the company, and that the stock purchased by investors was stock optioned to an officer or director, and that the greater portion of the purchase price would be retained by the officer or director making the sale.

In *U.S. v. James Lamar McMichael* (D. Ala.), the indictment charges the defendant with violations of the antifraud provisions of the Securities Act, the Mail Fraud Statute and the Fraud by Wire Statute. McMichael, who had been a fugitive, was apprehended in January 1959 in Miami, Fla. The charges as laid in the indictment arose, in part, out of the sale of preorganization subscriptions and certificates for stock of United Security, Inc., a corporation proposed to be organized under the laws of South Carolina, which was promoted by McMichael for the purpose of acquiring a number of financially unstable insurance companies and consolidating them into one

company; also, in part, out of personal transactions of McMichael with individual investors involving securities in their portfolios. It is alleged in the indictment that the defendant engaged in a scheme to sell preorganization subscriptions and certificates for both the original stock of United Security, Inc., and personally owned stock of the defendant to be issued after the corporation would be formed, by falsely representing to investors, among other things, that money paid for such securities would be deposited in escrow with The South Carolina National Bank at Greenville, S.C., and that if the corporation did not obtain a charter before a specified date, the funds of the investors would be returned to them. The indictment further alleges that the defendant falsely represented to investors that if they would turn over to him certain stocks of established corporations which they owned, he would be able to sell them at advantageous prices, and that he would accept one-half of the profits as his commission. It is also alleged that he purchased securities from investors and gave them worthless checks in payment therefor. Violations of the antifraud provisions of the Securities Act and of the Mail Fraud Statute also are charged in the indictment in *U.S. v. William Isaac Lowry, et al.* (D. Ariz.). This indictment charges the defendants with a scheme and artifice to defraud policyholders and stockholders of American Buyers Insurance Company, the beneficiaries of a certain trust of which the defendants were the trustees, and the stockholders of The American Buyers Insurance Company (a separate corporation). According to the indictment, the scheme to defraud was devised by the defendants for the purpose of obtaining control and ownership of the property, assets and insurance business of a group of insurance companies of which defendants were the principal officers and directors, and for the enrichment of defendants at the expense of investors and policyholders. As part of the scheme defendants induced those persons to invest funds in the insurance companies and to forego rights to which they were entitled as policyholders and stockholders. Further, it is alleged the defendants diverted insurance business from companies in which such persons were policyholders or stockholders to companies wholly or substantially owned by the defendants.

An indictment charging violations and a conspiracy to violate the registration provisions of the Securities Act was returned against *Philip H. Meade* and others (S.D. Ind.) in connection with the sale of the stock of Farm and Home Agency. According to the indictment, the defendants sold the stock to non-residents of the State of Indiana, which destroyed their claim to an intrastate exemption, and conspired to conceal the true identities of the purchasers of such securities and to create the appearance of sales to Indiana residents by the use of dummies and nominees.

An indictment was returned in the District of North Dakota charging *Samuel Parker Pandolfo* and others with violations of the antifraud and registration provisions of the Securities Act, violations of the Securities Exchange Act and violations of the Mail Fraud Statute in connection with the operation of a securities broker-dealer business. The indictment charges, among other things; that the defendant Samuel Parker Pandolfo acquired for himself and his close associates large quantities of securities of Great Northern Investment Company, Inc., and thereafter caused to be formed Universal Securities, Inc., to engage generally in the business of a broker-dealer, and particularly to make, maintain and support a market for the Class "A" stock of Great Northern Investment Company, Inc. The indictment also charges that the defendants engaged in a scheme to sell securities through Universal Securities, Inc. by falsely representing to the investors that the prices at which the securities were sold were prices determined by an actual bona fide demand for such securities; that a further rise in the prices of the securities could be expected in the near future because of a rapid rise in the intrinsic value of the shares; and that a rise in the market prices of the securities sold was sure to occur. In addition, the indictment charges that the defendants falsely represented that the Great Northern stock would double in value within a specified period; that investors could resell the securities any time at the price at which they paid for them; and that the price at which such securities were sold was the market price thereof, when in fact said market price was an artificial market price maintained by the defendants, which fact was not disclosed.

Abraham Rosen and another defendant were indicted in the District of Massachusetts on charges of violation of the antifraud provisions of the Securities Act and the Securities Exchange Act and the Fraud by Wire Statute. The indictment charges that the defendants solicited funds and securities from customers with the representation that the defendants would invest the funds and the proceeds from the securities for the benefit of the customers, when in truth and in fact, as the defendants well knew, they did not intend to, and did not, invest the moneys as represented, but appropriated the funds to their own use and benefit.

An indictment was returned in the Northern District of Tennessee charging *Robert Lee Proffer* and others with violations of the antifraud provisions of the Securities Act and the Mail Fraud Statute. The indictment charges, among other things, that the defendants induced investors to purchase shares of Old Line Legal Reserve Trust (later the Teachers-Professional Investment Company) by falsely representing to investors that the books of the corporation would be audited by a certified public accountant and that financial statements

would be furnished to stockholders at least once each fiscal year; that as of a specified date the corporation had an earned surplus of \$13,278.30; that moneys received from the sale of corporation stock would be used primarily to finance and refinance loans on automobiles for the school teachers of Texas; and that in the event investors who purchased stock on the instalment plan failed to complete their purchase contracts, such investors would receive shares of stock of the corporation to the extent of the amount paid in. The indictment also alleges that as a further part of the scheme to induce school teachers to purchase stock of the corporation the defendants caused printed prospectuses to be distributed to school teachers, and that such prospectuses contained names and photographs of well-known educators throughout the State of Texas and representations that some of these individuals were directors of the corporation and that others were "Regional Directors of Areas."

In the Eastern District of New York an indictment was returned charging *William Spiller* and others with violating the antifraud provisions of the Securities Act and the Mail Fraud Statute in the sale of the 7 percent cumulative preferred stock of Budget Funding Corporation. The indictment charges that in the offer and sale of those securities the defendants falsely represented that the moneys invested would be used to place second mortgages on residential properties for home improvements on such properties and to place chattel mortgages on chattels owned by established businesses, that a dividend would be declared on the common stock of Budget Funding Corporation, that the common stock was in short supply and would soon be traded on the open market, and that the preferred shares would be called back at a higher price than the purchasers paid for them. In fact, the indictment charges, the defendant concealed from purchasers of the securities that the money received was being directed to the use of the defendant Spiller and corporations controlled by him.

As in the past, cases involving alleged fraudulent oil and gas promotions and mining ventures were numerous. In *U.S. v. Dudley Pritchett South* (D.N.J.) an indictment was returned charging violations and conspiracy to violate the registration and antifraud provisions of the Securities Act in connection with the sale of the common stock of Texas-Western Oil Company, Inc. The indictment charges that in the sale of that stock the defendants misrepresented that Texas-Western had acquired oil producing properties in Kansas and Oklahoma and had a working interest in other specified oil properties, that Texas-Western had a partnership interest in leases located in Nevada and in a 10,000-acre block in Wyoming, that Texas-Western owned a 55 percent interest in a mercury and antimony mine located in Mexico and was building an ultrasonic ore reduction mill on the site of that mine, that the company had an income from its oil produc-

ing properties in Kansas and Oklahoma, that dividends would be paid on the Company's stock, that the value of the stock would increase sharply in a short period of time and that the stock would be registered and listed on the New York and American stock exchanges.

In *U.S. v. Thomas E. Robertson, et al* (S.D.N.Y.) the indictment alleges that the defendants, in violation of the antifraud provisions of the Securities Act, employed a device, scheme and artifice to defraud investors in the sale of the common stock of American-Canadian Oil and Drilling Corporation; that Thomas E. Robertson, Inc., in exchange for certain oil and gas leases, acquired 500,000 shares of common stock of American-Canadian which it sold to the investing public at various prices without a registration statement being in effect with respect to said shares, and without disclosing that the shares being sold were shares already issued to Thomas E. Robertson, Inc., and that the proceeds from the sales would inure to the use and benefit of Thomas E. Robertson, Inc., and Thomas E. Robertson; and that the defendants made false and fraudulent representations concerning the payment of dividends, the value of the stock, approval by the Securities and Exchange Commission, listing of the stock on a national securities exchange, the value of the properties and their cost of acquisition. Numerous other misrepresentations and omissions also were charged.

Violations of the registration provisions of the Securities Act as well as the Mail Fraud Statute are charged in the pending indictment in *U.S. v. Texas-Adams Oil Company* (S.D.N.Y.) which also involved an oil promotion venture.

Alleged fraudulent promotions involving mining ventures led to indictments in *U.S. v. Clement G. Cafarelli, et al*, (D. Utah); *U.S. v. Silas M. Newton et al*, (D. Colo.); *U.S. v. Arthur L. Damon, et al* (S.D. Cal.); and *U.S. v. William J. Conrad* (N.D. Ohio). In the *Cafarelli* case the indictment charges fraudulent sales of the common stock of Comstock Uranium Tungsten Co., Inc. According to the indictment, a Regulation A notification and offering circular covering the proposed public offering of 440,000 shares of common stock of Comstock were filed with the Commission, and defendants, instead of proceeding with the Regulation A offering, sold personally owned stock to the public using as an inducement false representations to the effect that the stock would appreciate in market value when it was offered for "public sale" and that the persons approached were being given a special prepublic offering price not afforded to the general public. Other false representations also are charged.

In the *Newton* case a superseding indictment was returned which charges, among other things, that the defendants devised a scheme to defraud investors by means of misleading and false statements and

pretenses, which induced them to purchase participation certificates in trusts known as the Yellow Cat Royalty Trust and the Tennessee Queen Royalty Trust, and in fractional undivided interests in mining claims held by the Tennessee Queen Mining Company. The indictment also charges that in connection with the sale of these securities the defendants falsely represented that the properties were of great value; that the company was shipping ore, and the investors were absolutely assured of royalty returns on their investments; that the operators and their associates were highly experienced mining operators; that the operators agreed that they would repurchase or refund the purchase price to some of the purchasers upon demand; and that the investment to be made by the prospective purchasers was safeguarded because of bank trusteeship.

In the *Damon* case the indictment charges that the defendant made fraudulent representations to investors concerning the financial status of Nev-Tah Oil and Mining Company, the potential oil reserves of mining properties owned or leased by the mining company, and the company's earnings and ability to pay dividends. The indictment further charges that Damon acquired control of the company and caused the market price of its stock on the Salt Lake Stock Exchange to rise above 45 cents per share through the use of flamboyant and misleading reports, letters and oral statements; that he caused the company to issue stock into a series of escrows for release at prices ranging from 9 cents to 45 cents per share, and that he offered and sold escrowed stock at prices in excess of the escrow prices and at artificial exchange prices.

In the *Conrad* case, the defendant was apprehended after the close of the fiscal year, and pleaded guilty to an indictment charging him with the fraudulent sale of unregistered common stock of Condonna Uranium Mines Limited. In connection with the sale of that stock, according to the indictment, the defendant falsely represented to investors that Kennecott Copper Company would pay more than \$10 million for the uranium mining properties owned by Condonna; that the profit to the investors would be more than \$8,000 for each \$100 invested; that a deal to sell the uranium mining properties to Standard Ore and Alloys Corporation was "signed, sealed and delivered" and the profit to the investors would be \$60 for each \$1 invested; that that Brush Beryllium Company would advance \$500,000 to develop some beryllium mining claims allegedly owned by Condonna Uranium Mines Limited and would buy all the beryllium ore produced at \$600 a ton.

The Court of Appeals for the Ninth Circuit affirmed the conviction of Helen A. Davenport for conspiracy arising out of a securities fraud involving Edgar Robert Errion and Mount Hood Hardboard and

Plywood Cooperative.⁶ The scheme to defraud the investing public included the sale of \$1,000 memberships in Mount Hood. Appellant Davenport participated in the fraudulent scheme by allowing her name to be used as a cloak of respectability and her corporation as a conduit by which to siphon off the proceeds from the sale of the memberships. The Court of Appeals rejected appellant's attack on the indictment and held that it sufficiently charged her with a crime. In addition, the Court reviewed the evidence and found it sufficient to sustain the verdict of guilty.

In *Tellier v. U.S.* and *Walters v. U.S.* the Supreme Court of the United States denied petitioners' writs of certiorari. Tellier had been sentenced to 4½ years imprisonment for his activities in running a boiler-room. Walters had received an 18-month sentence in connection with insurance company promotions. Both these cases are discussed in the 23d and 24th Annual Reports.

DISCIPLINARY PROCEEDINGS AGAINST PERSONS PRACTICING BEFORE THE COMMISSION

Private proceedings were instituted pursuant to rule II(e) of the Commission's rules of practice to determine whether James T. DeWitt should be temporarily or permanently denied the privilege of practicing as an attorney before the Commission. DeWitt was retained by Cushman Foods Co., Inc. to represent it in connection with a proposed public offering under Regulation A under the Securities Act of 1933. He was given authority by his client to execute all papers necessary to qualify such offering under Regulation A for the purpose of obtaining an exemption from registration with respect to the proposed offering. Included in the notification were financial statements which, together with subsequent amendments thereto, were prepared and filed by DeWitt. These financial statements were false, and DeWitt knew that they were false when he filed them. In addition, he advised Cushman to sell the shares covered by the notification, although the time at which such sales would commence under the regulation had not arrived, and pursuant to that advice Cushman sold over 4,000 shares. DeWitt requested of Cushman moneys which he represented were to be distributed among employees of the Commission. Pursuant to this request he received \$100, which he thereafter represented to Cushman he had "passed along" to such employees; whereas in fact, no moneys, gifts or inducements of any kind were given to any Commission personnel. At the private hearing there was entered of record DeWitt's "consent to order of disqualification", and thereafter the Commission issued its opinion⁷ in which it found that

⁶ Four other convicted defendants did not appeal. Errion on his plea of guilty received sentences totaling 12 years. See the 23d and 24th Annual Reports for discussions of this case.

⁷ Securities Act Release No. 4041.

DeWitt had filed false financial statements, which he knew to be false, that he obtained moneys from his client under the false pretense that he proposed to use that money to exert an illegal influence on the Commission staff, and that in so doing he had engaged in unethical and improper conduct. It ordered that DeWitt be permanently denied the privilege of appearing or practicing before the Commission.

Proceedings under rule II(e) with respect to Bollt and Shapiro, accountants, are discussed below at p. 197 in connection with the activities of the Commission in the field of accounting.

COMPLAINTS AND INVESTIGATIONS

Each of the acts administered by the Commission specifically authorizes investigations to determine whether violations of law have occurred. In most instances, the investigations conducted by the Commission are private and nonpublic. However, the Commission may, in its discretion, order a public investigation.

It is the policy of the Commission to conduct its investigations privately for a number of reasons. Such a policy is necessary for effective law enforcement and in the interest of fairness to persons against whom unfounded or unconfirmed charges may be presented. Effective enforcement requires that investigations be private in order that suspected violators may not be warned and thereby frustrate the investigation. This policy is similar to that of most law enforcement agencies. The Commission investigates many situations where no violation is ultimately found to exist. To conduct such investigations publicly would ordinarily result in hardship or embarrassment to many innocent persons and might affect the market for the securities in question, resulting in injury to public investors with no countervailing public benefit. Moreover, members of the public would have a tendency to be reluctant to furnish information concerning violations if they thought their personal affairs would be publicized. Private investigations protect both those who furnish information and subjects of investigation against whom the evidence fails to warrant action. Accordingly, the Commission does not generally divulge the results of any investigation until they are made a matter of public record through proceedings before the Commission or in the courts.

The nine regional offices of the Commission, with the assistance of their branch offices, are chiefly responsible for the conduct of investigations. In addition, the special investigations unit of the Division of Trading and Exchanges of the Commission's home office conducts investigations dealing with matters of particular interest or urgency either independently or assisting the regional offices. Because of "boiler-room" operations in the New York area, much of the work of the special investigations unit is devoted to that area. The Divi-

sion of Trading and Exchanges exercises general supervision over and coordination of the investigative activities of the regional offices. It examines and analyzes periodically the results of investigations and recommends appropriate action to the Commission, giving serious consideration to the recommendations of the regional offices in each instance.

There are several sources of information which eventually lead to investigations. A primary source of information comes from complaints of members of the public concerning the activities of persons involved in the offer and sale of securities. The Division of Trading and Exchanges and the regional offices of the Commission give careful attention to this information and if it appears that violations of the federal securities laws may have occurred, an investigation is commenced. If the complaint is received by the Division of Trading and Exchanges, the information contained in the complaint is forwarded to the appropriate regional office for such investigative activity as may be deemed advisable. Other sources of information which are of great help to the Commission in carrying out its enforcement responsibilities are national securities exchanges, brokerage companies, state and Canadian securities authorities, Better Business Bureaus and the National Association of Securities Dealers, Inc. Many times information from these sources is helpful, for it comes from persons who are often familiar with the operation of the federal securities laws and are interested in seeing full protection of these laws afforded to the investing public.

If, after careful consideration of information received from these and other sources, it appears that violations may have occurred, a preliminary investigation may be made. Many times this investigation discloses a violation due to a misunderstanding or ignorance of the law. In these cases, where no harm to the public has occurred, it is the policy of the Commission to inform the offender of the violation and to make sure that necessary steps are taken for future compliance. Should the offender fail to conform with the requirements of the law, then the Commission takes appropriate action.

When the preliminary investigation indicates a serious violation, or appears to require more extensive investigation, including examination of books and records or interviews with more than a few persons, a case is docketed and a full investigation is made. At times it is necessary for the Commission to issue a formal order of investigation which appoints members of the staff as officers to issue subpoenas and take testimony under oath. As is often the case, this step is taken when the principals and others involved in the investigation are uncooperative, and it is necessary to use the subpoena power in order to determine the exact nature of the activities involved. During the

past year, 94 formal orders were issued in connection with the investigations handled through the Division of Trading and Exchanges, an increase of nearly 25 percent over the previous year.

In addition investigations are initiated and conducted by the staff of the Division of Corporation where necessary to assist in ascertaining facts with respect to disclosures required to be made or omissions of material information in connection with its examination of registration statements filed under the Securities Act and preliminary proxy soliciting material and reports required to be filed under the Securities Exchange Act. Where necessary, such investigations are conducted with the assistance of the staff of other divisions and regional offices.

Upon completion and review of an investigation by the regional office concerned and the Division of Trading and Exchanges, or the Division of Corporation Finance, the Commission takes under consideration the recommendations of its staff concerning the investigation. The Commission, where action is necessary, has the choice of several avenues. When required in the public interest, the Commission may refer the case, including evidence and exhibits, to the Department of Justice for criminal prosecution. Should this occur, members of the staff familiar with the case assist the Department of Justice and the United States Attorney handling the case in presenting it to the grand jury. When an indictment is returned, members of the staff aid in the trial of the case.

The Commission may, when appropriate, authorize institution of civil proceedings for injunctive relief. In such event, the complaint is filed in the appropriate United States District Court and the case presented by a member of the Commission's staff. The Commission may also institute administrative proceedings when the investigation indicates that a registration statement or report filed with it is false or misleading or omits required information or that a broker-dealer or investment adviser registered with the Commission is violating the federal securities laws.

The following table reflects in summarized form the investigative activities of the Commission during fiscal 1959.

Investigations of possible violations of the acts administered by the Commission

| | Preliminary | Docketed | Total |
|-----------------------------------|-------------|----------|-------|
| Pending June 30, 1958..... | 191 | 770 | 961 |
| New cases..... | 142 | 384 | 526 |
| Transferred from preliminary..... | | 24 | 24 |
| Total..... | 333 | 1,178 | 1,511 |
| Closed..... | 140 | 339 | 479 |
| Transferred to docketed..... | 24 | | 24 |
| Pending at June 30, 1959..... | 169 | 839 | 1,008 |

ENFORCEMENT PROBLEMS WITH RESPECT TO CANADIAN SECURITIES

Enforcement problems relative to the unlawful offer and sale of securities by Canadian issuers and broker-dealers continue to be serious. In such enforcement activities the Commission is severely handicapped in that ordinarily both the violator and essential evidence are in Canada, where persons, books and records are beyond our investigative and subpoena powers. It is therefore difficult, and in most instances, impossible to obtain admissible evidence with respect to such violations. Even when evidence is obtainable, sanctions, such as civil or criminal prosecution or administrative proceedings, cannot be utilized unless personal jurisdiction over defendants can be secured.

Despite these difficulties, the Commission, acting within its jurisdictional limitations, has made aggressive efforts to deal with the situation. Hundreds of investigations have been made, injunctions have been secured whenever jurisdiction over violators could be obtained, and a substantial number of criminal indictments have been entered. However, in a test case under the Supplementary Extradition Convention consummated in July, 1952, the details of which were furnished in our 22d Annual Report, the Canadian courts denied extradition of a person who engaged in the fraudulent sale of securities by mail and telephone to United States residents. Through appropriate diplomatic channels negotiations are still continuing in an effort to correct this situation. In the meantime the Commission is almost wholly dependent upon voluntary cooperation of the Canadian provincial enforcement authorities.

Canada does not have federal securities legislation nor a federal regulatory body. Such matters are regulated on a provincial basis somewhat similar to the blue sky laws administered by State commissions. In general excellent cooperation has been obtained during the fiscal year from the provinces in the enforcement work of the Commission.

One of the most encouraging developments in this area has been the outstanding cooperation afforded by the Saskatchewan Securities Commission. On May 1, 1959, this Commission concluded an arrangement with the Saskatchewan Securities Commission under which the latter will require broker-dealers in that Province to refrain from distributing issues of securities into the United States unless the broker-dealer is registered in compliance with the Securities Exchange Act of 1934 and the security is registered in compliance with the Securities Act of 1933. This is the only such arrangement which the Commission has with any province in Canada and reflects the desire of the Saskatchewan Securities Commission that only legitimate issues be distributed from that Province into the United States.

During the past fiscal year the Commission has brought 10 civil actions and instituted three criminal actions in which the illegal sale of Canadian securities in the United States was involved. Details concerning these actions: *S.E.C. v. Ralph L. Loomis and F. Payson Tood, S.E.C. v. Canadian Javelin Limited et al, U.S. v. Robert M. Sherwood, S.E.C. v. Scott Taylor and Co., Inc., S.E.C. v. Sidney B. Josephson et al, S.E.C. v. A. G. Bellin Securities Corp. et al, S.E.C. v. Albert and Company, Inc. et al, S.E.C. v. I. B. Morton and Company, Inc. et al, S.E.C. v. Gotham Securities Corp. et al, S.E.C. v. Philip Newman Associates et al, U.S. v. Charles M. Berman et al, S.E.C. v. Lincoln Securities Corp. et al, and U.S. v. William J. Conrad* are described above in the section on Litigation under the Securities Act of 1933 and the section on Criminal Proceedings.

To cope further with the Canadian problem the Commission continues to maintain its Canadian Restricted List, which is a list of Canadian issuers whose securities the Commission has reason to believe currently are being, or recently have been, distributed in the United States in violation of the registration requirements of the Securities Act of 1933. The list and supplements thereto are issued to and published by the press, copies are mailed to all registered broker-dealers and are available to the public. They serve as a warning to the public and alert broker-dealers to the fact that transactions in the securities named therein may be unlawful. As a practical matter most United States broker-dealers refuse to execute transactions in such securities. During the fiscal year 1959, 27 supplements (compared to 14 in fiscal year 1958) were issued in which 85 names (compared to 50 names in fiscal year 1958) were added to the list. On May 20, 1959, the list was revised and consolidated, resulting in the deletion of 29 issuers concerning whose securities the Commission had no evidence of a public offering or sale in the United States during the past 3 years. In many instances the companies were no longer in existence due to mergers, charter surrenders, etc. The number of names on the list as of June 30, 1959, was 210.

The current list, reflecting additions and deletions to November 25, 1959, follows:

CANADIAN RESTRICTED LIST

| | |
|---|--|
| Aero Mining Corporation | Amican Petroleum and Natural Gas Corporation Limited |
| Alba Explorations Limited | Anthony Gas and Oil Explorations Limited |
| Aldor Exploration and Development Company Limited | Apollo Mineral Developers Inc. |
| Algro Uranium Mines Limited | Arcan Corporation Limited |
| A. L. Johnson Grubstake | Atlas Gypsum Corporation Limited |
| Alouette Mines Limited | Augdome Exploration Limited |
| Amador Highland Valley Coppers Limited | Ava Gold Mining Company Limited |
| Americanadian Mining & Exploration Co. Limited | Baranouri Minerals Limited |
| | Barbary Gold Mines Limited |

Barite Gold Mines Limited
 Basic Lead and Zinc Mines Limited
 Beauceour Yellowknife Mines Limited
 Bengal Development Corp. Limited
 Black Crow Mines Limited
 Cable Mines and Oils Limited
 Cameron Copper Mines Limited
 Canada Radium Corporation Limited
 Canadian Alumina Corporation Limited
 Canadian Natural Resources Limited
 Can American Copper Limited
 Canso Mining Corporation Limited
 Cartier Quebec Explorations Limited
 Casa Loma Uranium Mines Limited
 Casgoran Mines Limited
 Cavalier Mining Corporation Limited
 Centurion Mines Limited
 Cessland Gas and Oil Corporation Limited
 Colville Lake Explorers Limited
 Concor-Chibougamau Mines Limited
 Consolidated Easter Island Mines Limited
 Consolidated Exploration and Mining Co., Limited
 Consolidated Quebec Yellowknife Mines Limited
 Consolidated Woodgreen Mines Limited
 Continental Consolidated Mines and Oils Corporation Limited
 Copper Prince Mines Limited
 Courageous Gold Mines Limited
 Cove Uranium Mines Limited
 Cree Mining Corporation Limited
 David Copperfield Explorations Limited
 Demers Chibougamau Mines Limited
 Dencroft Mines Limited
 Derogan Asbestos Corporation Limited
 Desmont Mining Corporation Limited
 DeVile Copper Mines Limited
 Diadem Mines Limited
 Dolmac Mines Limited
 Dolsan Mines Limited
 DuBar Exploration Limited
 DuMaurier Mines Limited
 Dupont Mining Company Limited
 Eagle Plains Developments Limited
 Eagle Plains Explorations Limited
 East Trinity Mining Corporation
 Eastern-Northern Explorations Limited
 Embassy Mines Limited
 Explorers Alliance Limited
 Export Nickel Corporation of Canada Limited
 File Lake Explorations, Limited
 Fleetwood Mining and Exploration Limited
 Font Petroleums Limited
 Franksin Mines Limited
 Gasjet Corporation Limited
 Golden Algoma Mines Limited
 Golden Hope Mines Limited
 Goldmaque Mines Limited
 Granwick Mines Limited
 Hallmark Explorations Limited
 Halstead Prospecting Syndicate
 Harvard Mines Limited
 Hercules Uranium Mines Limited
 Hoover Mining and Exploration Limited
 Huddersfield Uranium and Minerals Limited
 Inlet Mining Corp. Limited
 International Ceramic Mining Limited
 Irando Oil and Exploration Limited
 Jacmar Explorations Limited
 Jaylac Mines Limited
 Jilbie Mining Company Limited
 Jomac Mines Limited
 Judella Uranium Mines Limited
 Kaiser Development Corporation Limited
 Kamis Uranium Mines Limited
 Kateri Mining Company Limited
 Kelkirk Mines Limited
 Kelly-Desmond Mining Corporation Limited
 Key West Exploration Company Limited
 Kimberly Copper Mines Limited
 Kipwater Mines Limited
 Korich Mining Company Limited
 Kordol Explorations Limited
 Kukatash Mining Corporation
 Lake Kingston Mines Limited
 Lake Otter Uranium Mines Limited
 Lama Exploration and Mining Company Limited
 Lambton Copper Mines Limited
 Landolac Mines Limited
 Langis Silver and Cobalt Mining Company Limited
 Larutan Petroleum Corporation Ltd.
 Lavandin Mining Company
 Lavant Iron Mines Limited
 Lee Gordon Mines Limited
 Lindsay Explorations Limited
 Lithium Corporation of Canada Limited
 Lucky Creek Mining Company Limited
 Lynwatin Nickel Copper Limited
 Mack Lake Mining Corporation Limited
 Madison Mining Corporation Limited
 Mallen Red Lake Gold Mines Limited
 Marian Lake Mines Limited
 Marpic Explorations Limited
 Marpoint Gas & Oil Corp. Limited
 Masters Oil and Gas Limited
 Megantic Mining Corporation
 Mercedes Exploration Company Limited
 Mexicana Explorations Limited
 Mexuscan Development Corporation
 Mid-West Mining Corporation Limited
 Milmar-Island Mines Limited
 Mina-Nova Mines Limited
 Min-Ore Mines Limited (formerly Ryan Lake Mines Limited)
 Monarch Asbestos Company Limited
 Monpre Mining Company Limited
 Montclair Mining Corporation Limited
 Monteco Copper Corporation Limited
 Mylake Mines Limited
 Nationwide Minerals Limited
 New Campbell Island Mines Limited
 New Faulkenham Mines Limited

| | |
|--|--|
| New Goldvue Mines Limited | Saskalon Uranium and Oils Limited |
| New Hamil Silver-lead Mines Limited | Sastex Oil and Gas Limited |
| New Jack Lake Uranium Mines Limited | Savoy Copper Mines Limited |
| New Metalore Mining Company Limited | Sentry Petroleum Limited |
| New Spring Coulee Oil and Minerals Limited | Senvil Mines Limited |
| New Surpass Petrochemicals Limited | Sheba Mines Limited |
| New Vinray Mines Limited | Sheraton Uranium Mines Limited |
| New West Amulet Limited | Shoreland Mines Limited |
| Norcopper and Metals Corporation | Sico Mining Corporation Limited |
| Normalloy Explorations Limited | Skyline Uranium and Minerals Corporation Limited |
| Normingo Mines Limited | St. Pierre & Miquelon Explorations Inc. |
| Norseman Nickel Corporation Limited | St. Stephen Nichel Mines Limited |
| North American Asbestos Company Limited | Stackpool Mining Company Limited |
| North Gaspé Mines Limited | Strathcona Mines Limited |
| North Lake Mines Limited | Sudbay Exploration and Mining Limited |
| North Tech Explorations Limited | Surety Oils and Minerals Limited |
| Northwind Explorations Limited | Tabor Lake Gold Mines Limited |
| Nortoba Mines Limited | Taiga Mines Limited |
| Nu-Gord Mines Limited | Tamara Mining Limited |
| Nu-Reality Oils Limited | Tamicon Iron Mines Limited |
| Nu-World Uranium Mines Limited | Taurcanis Mines Limited |
| Obabika Mines Limited | Temanda Mines Limited |
| Ordala Mines Limited | Territory Mining Company Limited |
| Palliser Petroleum Limited | Three Arrows Mining Explorations Limited |
| Pantan Mines Limited | Torbrook Iron Ore Mines Limited |
| Paramount Petroleum and Minerals Corporation Limited | Trans Nation Minerals Limited |
| Peace River Petroleum Limited | Trenton Mines Limited |
| Plexterre Mining Corporation Limited | Tri-Cor Mining Company Limited |
| Prestige Lake Mines Limited | Trio Mining Exploration Limited |
| Principle Strategic Minerals Limited | Trojan Consolidated Mines Limited |
| Prudential Petroleum Limited | United Copper and Mining Limited |
| Purdex Minerals Limited | United Uranium Corporation Limited |
| Quebank Uranium Copper Corporation | Upper Ungava Mining Corporation Limited |
| Quebeck Developers and Smelters Limited | Val Jon Exploration Limited |
| Quebec Graphic Corporation | Valray Explorations Limited |
| Queensland Explorations Limited | Vanguard Explorations Limited |
| Quinalta Petroleum Limited | Venus Chibougamau Mines Limited |
| Regal Minerals Limited | Vico Explorations Limited |
| Regal Mining & Development Limited | Viscount Oil and Gas Limited |
| Resolute Oil and Gas Company Limited | Wakefield Uranium Mines Limited |
| Ridgefield Uranium Mining Corporation Limited | Webbwood Exploration Company Limited |
| Riobec Mines Limited | Westville Mines Limited |
| Roberval Mining Corporation | Whitney Uranium Mines Limited |
| Rockroft Explorations Limited | Windy Hill Mining Corporation |
| Rothsay Mines Limited | Yukon Prospectors' Syndicate |

SECTION OF SECURITIES VIOLATIONS

A Section of Securities Violations is maintained by the Commission as a part of its enforcement program to provide a further means of detecting and preventing fraud in securities transactions. The Section maintains files providing a clearing house for other enforcement agencies of information concerning persons who have been charged with violations of various Federal and State securities statutes. Considerable information is also available concerning violators resident in the provinces of Canada. 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, chambers of commerce and other agencies. At the end of the fiscal year these records contained information concerning 69,013 persons against whom Federal or State action had been taken in connection with securities violations. In keeping these records current, there were added during the fiscal year items of information concerning 9,576 persons, including 3,450 persons not previously identified in these records.

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

Extensive use is made of the information available in these records by regulatory and law enforcing officials. Numerous requests are received each year for special reports on individuals in addition to the information supplied by regular distribution of the quarterly bulletin. All available information is supplied in response to inquiries from law enforcement agencies. During the fiscal year the Commission received 3,730 "securities violations" letters or reports and dispatched 944 communications to cooperating agencies.

APPLICATIONS FOR NON-DISCLOSURE 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 specifying the pro-

cedure to be followed by persons who apply to the Commission for a determination that public disclosure is not 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 non-disclosure during 1959 fiscal year

| | Number pending July 1, 1958 | Number received | Number granted | Number denied or withdrawn | Number pending June 30, 1959 |
|--|-----------------------------|-----------------|----------------|----------------------------|------------------------------|
| Securities Act of 1933 ¹ | 2 | 31 | 26 | 4 | 3 |
| Securities Exchange Act of 1934 ² | 4 | 14 | 8 | 7 | 3 |
| Investment Company Act of 1940 ³ | 0 | 6 | 6 | 0 | 0 |
| Totals..... | 6 | 51 | 40 | 11 | 6 |

¹ Filed under rule 485.
² Filed under rule 24b-2.
³ Filed under rule 45a-1.

ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Successive reports of the Commission have called attention to the fact that the detailed provisions of the several acts administered by the Commission recognize the importance of dependable informative financial statements which disclose the financial status and earnings history of a corporation or other commercial entity. These statements, 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 investors 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"⁸ and authorizes the Commission to prescribe 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 * * *"⁹ Similar authority is contained in the Securities Exchange Act,¹⁰ and more comprehensive power is embodied in the Investment Company Act¹¹ and the Holding Company Act.¹²

⁸ Sections 7 and 10 (a), Schedule A, paragraphs 25 and 26.
⁹ Section 19 (a).
¹⁰ Section 13 (b).
¹¹ Sections 30, 31.
¹² Sections 14, 15.

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."¹³ The other three statutes permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,¹⁴ 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,¹⁵ and the action taken by the Commission in certain cases,¹⁶ have grown concepts of accountant-client relationships that have strengthened the protection given to investors.

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 authority contained in the statutes the Commission has prescribed uniform systems of accounts for companies subject to the Holding Company Act;¹⁷ has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers;¹⁸ and has promulgated rules contained in a single, comprehensive regulation, identified as Regulation S-X,¹⁹ 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 82 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 of accounting principles and auditing standards which are recognized as sound and which have attained general acceptance.

¹³ Sections 7 and 10(a), Schedule A, paragraphs 25 and 26.

¹⁴ Securities Exchange Act, section 13(a)(2); Investment Company Act, section 30(e); Holding Company Act, section 14.

¹⁵ See, for example, rule 2-01 of regulation S-X.

¹⁶ See, for example, Securities Exchange Act Release No. 3073 (1941); 10 S.E.C. 982 (1942); and Accounting Series Release No. 68 (1949).

¹⁷ Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies (effective Aug. 1, 1936); Uniform System of Accounts for Public Utility Holding Companies (effective Jan. 1, 1937; amended effective Jan. 1, 1943).

¹⁸ Rule 17a-5 and Form X-17A-5 thereunder.

¹⁹ Adopted Feb. 21, 1940 (Accounting Series Release No. 12); revised Dec. 20, 1950 (Accounting Series Release No. 70).

Since 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, accounting and auditing procedures cannot remain static and continue to serve well a dynamic economy. 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 of the changes and new developments for the purpose of establishing and maintaining appropriate accounting and auditing policies, procedures and practices for the protection of investors. 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 Controllers 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 Controllers 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 cause the chief accountant's staff to spend much time in the examination and re-examination 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 telephone, 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 generally accepted 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. By these administrative procedures the Commission deals with many accounting questions.

Inquiries in ever-increasing volume as to the propriety of particular accounting practices come 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.

Shortly before the opening of the year under report the Commission amended rule 2-01 of regulation S-X relating to the independence of accountants certifying financial statements filed with the Commission for the purpose of giving formal recognition to administrative practices which have been in the process of development for some time. The revision makes no material change in the policy set forth in prior decisions of the Commission and in published opinions of the Chief Accountant.

In the revision of this rule the Commission has recognized the impact of mergers and the growth of corporations through widespread affiliations. The emphasis in the rule has been changed to make it clear that where relationships described in the rule exist the Commission will find that an accountant is in fact not independent with respect to the company involved, but in those instances where lack of independence is not established the Commission will make no finding with respect to the accountant's independence.

A few months after the revision of rule 2-01 of regulation S-X mentioned above, the Commission announced the publication of an additional release in its Accounting Series dealing with independence.

of accountants.²⁰ In connection with the revision of rule 2-01 practicing accountants had indicated that an interpretative release similar to Accounting Series Release No. 47 would be a helpful guide to the profession. This new release, which summarizes previously unpublished rulings on independence in the Commission's experience under rule 2-01 since the publication of Accounting Series Release No. 47 on January 25, 1944, together with prior releases and Commission decisions reflects the development of policy regarding the practice of accountants before the Commission over a period of some 25 years.

In Accounting Series Release No. 47 it was stated that it was not feasible to present adequately in summarized form the circumstances existing in particular cases in which it was determined not to question an accountant's independence. The growth of the accounting profession since 1944 and the number of inquiries received from public accountants unfamiliar with the rules suggested the need for publication of rulings in this category. In view of this development it was determined to review the administrative rulings in this area and to state briefly in the new release the relationships which existed in select cases where an accountant was not denied the right to certify the financial statements because under the circumstances it was concluded that the independence of the accountant was not prejudiced.

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 Bollt and Shapiro, Theodore Bollt and Bernard L. Shapiro.²¹ The Commission found that the respondents had failed to comply with rules and regulations of the Commission and with generally accepted accounting standards, and had engaged in improper and unethical professional conduct. Specifically, the Commission found that where a partner of an accountant certifying the financial statement in a registration statement pursuant to the Securities Act of 1933 is the principal officer and controlling stockholder of the registrant, the certifying accountant is not independent with respect to the registrant. The Commission concluded that where the partner in the firm of certified public accountants who was the principal officer and controlling stockholder of the company which filed a registration statement with the Commission caused the other partner to certify registrant's financial statements as an independent public accountant knowing that the certifying partner was not qualified to furnish an independent certification and sought to conceal the partnership relationship, the privilege of practicing before the Commission should be denied to the firm and the partner controlling the registrant until they obtain the prior approval of the Commission to practice before it in the future. The Commission further concluded

²⁰ Accounting Series Release No. 81, Dec. 11, 1958.

²¹ Accounting Series Release No. 82, Jan. 28, 1959.

that the privilege of practicing before the Commission of the certifying accountant should be suspended for 30 days.

During the year the conflicting views of public utilities, public accountants, and regulatory agencies with respect to accounting for deferred taxes reached a stage requiring formal public review by the Commission. The matter arose because the effect of section 167 (liberalized depreciation) and section 168 (accelerated amortization) of the Internal Revenue Code of 1954 is to permit the tax-free recovery from operations of capital invested in a plant at a faster rate than would be possible by depreciation methods previously permitted for income tax purposes²² and because there is a lack of uniformity in the related accounting regulations issued by the several state utility commissions. A tax deferral is recorded when liberalized and accelerated methods of depreciation and amortization are adopted for tax purposes and straight line methods are followed on the books. Most public utility companies have classified the resulting accumulated balance sheet credits to reserves or deferred credits or other nonequity accounts. Others have classified the accumulated amounts as a part of restricted earned surplus in the equity capital section of the balance sheets, while a few others, although identifying them as restricted earned surplus, have not included them in the equity section of the balance sheet. Still other utility companies have not employed deferred tax accounting but have followed what has been called the "flow-through" method and have shown in the income statement normal depreciation charges and the actual current income tax provision without provision for future income taxes.

In September 1958 a public utility subsidiary of a registered holding company filed with the Commission a registration statement under the Securities Act of 1933 and a declaration under the Public Utility Holding Company Act of 1935 with respect to the proposed issue and sale of first mortgage bonds at competitive bidding. In the financial statements submitted by the registrant company, which are also subject to the accounting jurisdiction of the Federal Power Commission,²³ the balance sheet carried the accumulated credits arising from the use of deferred tax accounting in respect of both liberalized depreciation and accelerated amortization as restricted earned surplus and stated them as a part of the equity capital of the company. The Commission's staff questioned the classification in light of Order No.

²² That this was the intent of these sections of the Code is disclosed by the Report of the House Committee on Ways and Means and Report of the Senate Committee on Finance. See H. Rep. No. 1337 (83d Cong., 2d Sess.), p. 24, and Sen. Rep. No. 1622 (83d Cong., 2d Sess.), p. 26.

²³ Federal Power Commission Orders No. 203 and No. 204 do not make mandatory the use of deferred tax accounting for financial accounting purposes by those companies which elect to deduct liberalized depreciation or accelerated amortization in their income tax returns. Rather they provide that where the company *does* employ deferred tax accounting, the balance sheet credit shall be classified in a new account (Account No. 206) entitled "Accumulated Deferred Taxes on Income."

204 of the Federal Power Commission. It should be noted that an order of a state regulatory commission to which this company is subject as to a minor portion of its utility operations authorized a restricted earned surplus classification. The state commission having jurisdiction over the company's major distributing facilities had recently issued an order directing the company to transfer the accumulated credits from restricted earned surplus to a reserve account. The company initiated an appeal from this order.^{23a}

Rule 28 promulgated by this Commission under the 1935 Act prohibits a registered holding company or a subsidiary thereof from distributing to its security holders, or publishing, financial statements which are inconsistent with the book accounts of such company or with financial statements filed by it with the Commission. One of the considerations raised by the staff of the Commission in the above described case was whether the applicability of Order No. 204 of the Federal Power Commission to the registrant rendered the publishing of any financial statements inconsistent therewith violative of the provisions of rule 28.

In view of the controversial nature of the subject matter and its importance to many registrants, the Commission permitted the registration statement to become effective and the securities to be sold on the basis of full disclosure in footnotes to the financial statements of the different positions taken by the several regulatory agencies concerned with this company's affairs.

As a result of this case, the substantial amounts involved in the industry,²⁴ and in consideration of differences of opinion as to the proper interpretation of Accounting Research Bulletin No. 44 (Revised),²⁵ the Commission issued on December 30, 1958, a "Notice of Intention to Announce Interpretation of Administrative Policy."²⁶

The notice proposed that any financial statement which designates as earned surplus or its equivalent or includes as a part of equity capital (even though accompanied by words of limitation such as "restricted" or "appropriated") the accumulated credit arising from deferred tax accounting in respect of liberalized depreciation or accelerated amortization would be presumed by the Commission "to be misleading or

^{23a} Later, on September 8, 1959, the State commission issued a supplemental order amending its earlier order to permit each utility subject to its jurisdiction to elect to follow either the reserve or the restricted retained income treatment for accumulated deferred taxes.

²⁴ Federal Power Commission statistics indicate that as of Dec. 31, 1957, the aggregate amount of accumulated balance sheet credits attributable to both liberalized depreciation and accelerated amortization in respect of electric utility companies and natural gas and pipe line companies is \$792,755,000.

²⁵ The import of this bulletin, issued in July 1958 by the Committee on Accounting Procedure of the American Institute of Certified Public Accountants, has since been clarified by a statement of that Committee that: "A provision in recognition of the deferral of income taxes, being required for the proper determination of net income, should not at the same time result in a credit to earned surplus or to any other account included in the stockholder's equity section of the balance sheet".

²⁶ Securities Act Release No. 4010, Dec. 30, 1958.

inaccurate despite disclosures contained in the certificate of the accountant or in footnotes to the statements provided the matters involved are material."²⁷

Many comments were received in response to the Commission's invitation for views and comments. These views have been analyzed and summarized. Public hearings on the proposed policy statement were held before the full Commission on April 8 and 10, 1959, and the Commission has the matter under advisement.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTER-AMERICAN DEVELOPMENT BANK

Section 15 of the Bretton Woods Agreements Act, as amended, exempts from registration under both the Securities Act of 1933 and the Securities Exchange Act of 1934 securities issued or guaranteed as to both principal and interest by the International Bank for Reconstruction and Development. The bank is required to file with the Commission such annual and other reports with respect to such securities as the Commission shall determine to be appropriate in view of the special character of the bank and its operations and necessary in the public interest or for the protection of investors. The Commission has, pursuant to the above authority, adopted rules requiring the bank to file quarterly reports and also to file copies of each annual report of the bank to its board of governors. The bank is also required to file reports with the Commission in advance of any distribution in the United States of its primary obligations. The Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Problems, is authorized to suspend the exemption at any time as to any or all securities issued or guaranteed by the bank during the period of such suspension.

By virtue of Public Law 86-147, approved August 7, 1959, which authorizes United States participation in the new Inter-American Development Bank, a similar exemption has been provided for certain securities which may be issued by the new bank. The Commission is considering appropriate rules and regulations with respect to the new bank of the character presently in effect with respect to the International Bank.

The International Bank for Reconstruction and Development sold in the United States during the fiscal year only one issue of its primary obligations, in the amount of \$100 million, of which \$4,300,000 was for delayed delivery. At the end of the fiscal year the total funded debt of the bank was approximately the equivalent of \$1.9 billion, of which \$1.6 billion was payable in United States dollars. At the same time the subscribed capital stock of the Bank aggregated \$9.6 billion of which \$7.6 billion constituted the uncalled portion of the subscriptions.

²⁷ Accounting Series Release No. 4 (1938).

Bank lending during the 12 months ended on June 30, 1959, continued at the high level reached in the previous fiscal year aggregating the equivalent of approximately \$703 million. As indicated in the bank's 14th Annual Report, because of the implications of the new level of bank lending in recent years, the governor of the bank for the United States proposed during the fiscal year consideration of an increase in the capital of the bank. This resulted in a proposal by the executive directors of the bank that member countries should be invited to double their capital subscriptions. The executive directors also agreed to recommend additional increases over and above the general 100 percent increase in the subscription of 17 member countries. It was proposed that the authorized capital of the bank be increased from \$10 billion to \$21 billion. The proposal envisaged that the entire amount of the additional general subscription would be left subject to call and that the board of governors of the bank should decide that calls would only be made if required by the bank to meet its obligations on borrowings or guarantees.

These proposals were adopted and, at the end of the fiscal year, legislation necessary to carry the increased subscriptions into effect was being enacted in many member countries. As of September 10, 1959, the proposal to increase the capital of the bank became effective when 34 countries had increased the subscribed capital by \$7,664.7 million. At that date total subscribed capital was \$17,221.2 million.

OPINIONS OF THE COMMISSION

Opinions are issued by the Commission in contested and other cases arising under the statutes administered by it and under the Commission's rules of practice, where the nature of the matter to be decided, whether substantive 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 and opinions by its Office of Opinion Writing, a staff office completely independent of the operating divisions of the Commission and directly responsible to the Commission itself. The independence of the staff members of this office reflects the principle, embodied in the Administrative Procedure Act, of a separation between staff members performing investigatory or prosecutory functions and those performing quasi-judicial functions. In some cases, with the consent of all parties,

the interested operating division participates in the drafting of opinions.

Opinions are publicly released and distributed to representatives of the press and to 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 1959, the Commission issued 143 opinions and other rulings of an adjudicatory nature.

STATISTICS AND SPECIAL STUDIES

At its inception the Commission organized a large Research Division to assist in the drafting of rules and regulations to carry out the provisions of the Securities Act and the Securities Exchange Act. The division was staffed with a large number of experts from various phases of the securities business, economists, and statisticians. Many of the Commission's policies and rules, as well as further securities legislation, were based on special studies prepared by the research staff. By 1940 most of the initial research work required by the Commission for the formulation of rules and regulations had been completed, and the Research Division was dissolved and certain of its activities and general statistical work was transferred to the Division of Trading and Exchanges.

While subsequent research and statistical work was of a more routine nature and was chiefly carried out for internal purposes, the Commission began to provide more information of a broader economic character as related to the capital markets. During this period the Commission began publication of its series on individuals' saving, corporate liquid position, plant and equipment expenditures and quarterly financial report for manufacturing corporations. Several of these series are joint undertakings with other Government agencies. As public interest grew in the various data prepared and collected by the SEC, more of the statistical material was released and the publication of a monthly statistical bulletin was begun.

In recent years, the statistical activities have been co-ordinated with the overall Government statistical program under the direction of the Bureau of the Budget. As the need arises, new surveys are made. One of the most significant in the last few years is the Commission's survey of corporate pension funds. All of the series published by the Commission are studied continuously in order to expand and improve them in answer to demands of Government agencies, business and the general public.

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. In addition, the research and statistical activity carried out under the direction of the Bureau of the Budget includes individuals' saving in the United States, income flow and investments of private pension funds of United States corporations, current liquid position of 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 described below 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.

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. A summary covering the entire 25-year period of the Commission's history appears on page 215, appendix table 1.

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 issuers. Annual statistics on new offerings beginning with 1934 as well as monthly figures from January 1958 through June 1959, are given in appendix tables 3, 4 and 5.

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 composed of 7 major industry groups, 29 subordinated groups, and a composite group.

Individuals' Saving

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 amount 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. 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 by the Commerce Department as well as in the Securities and Exchange Commission Statistical Bulletin.

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.

Financial Position of Corporations

The series on working capital position of all United States corporations, excluding banks, insurance companies and savings and loan associations, 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 of 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.

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

Public disclosure and dissemination of information with respect to securities offered for public sale and those traded on exchanges is essential if public investors generally are to benefit by the disclosure requirements of the Federal securities laws and if an evaluation of the worth of securities is to be made by a broad segment of the investing public. This is accomplished in part by distribution of the prospectus of offering circular on new offerings, and by filing of annual and other periodic reports with exchanges and the Commission by listed companies. Much data filed with the Commission obtains widespread currency through published securities manuals, investment advisory services, statistical services and otherwise.

To facilitate public dissemination of the financial and other proposals filed with and actions taken by the Commission, a daily News Digest is issued which contains a résumé of these findings and actions. This digest is distributed initially to the press, and is distributed on a semiweekly basis to a mailing list comprising nearly 7,000 names. The daily digest, for example, contained a summary of the pertinent facts with respect to the proposals for public offering of securities contained in the 1,226 registration statements filed during the past fiscal year. During the year, also, the daily digests contained an informative discussion of each of the 888 orders, decisions and rules issued by the Commission. Much of the information is published in the daily newspapers and in financial and other periodicals. Other releases of an informational nature issued by the Commission include its various Statistical Series releases and announcements of actions, civil and criminal, which arise out of the enforcement of the laws.

Members of the Commission and its staff also deliver addresses from time to time before professional and other groups, and participate in radio or television discussions, to explain the nature and scope of the Commission's functions and activities.

Information Available for Public Inspection

During every fiscal year thousands of requests for information are received by mail and through telephone calls and personal visits. Most of these requests are answered by employees in the Commission's public reference rooms in Washington, Chicago, and New York City.

The files of the Commission provide information of interest to a large cross section of the public. Numerous people visit the public reference rooms seeking information on which to base decisions to buy or sell securities; they are furnished the files which contain financial and other information about the issuers of the securities. Many other visitors consult Commission records. They may be repre-

sentatives of legal and accounting firms, corporations and labor unions; they are interested largely in gathering information to be used as specimens, as precedent material, or for other specialized purposes. The inquiries received through the mails and over the telephone follow the same pattern.

Copies of any public information filed with the Commission may be examined at the principal office in Washington, D.C. Such information includes registration statements, applications and declarations filed under the various statutes administered by the Commission, together with the records of agency action. In Washington, as in the regional offices, space considerations have necessitated the transfer of some of this material to warehouse-type space in nearby federal records centers. Files from these centers are usually available within 24 hours.

The New York Regional Office has copies of recent filings made by companies having securities listed on exchanges other than the New York Stock Exchange and the American Stock Exchange, and copies of current filings of many companies which have effective registration statements under the Securities Act of 1933. The Chicago Regional Office has copies of recent reports of companies which have securities listed on the New York and American stock exchanges. Reports of listed companies on the New York, American and Midwest stock exchanges may be seen at the exchange offices.

All regional offices have copies of prospectuses used in recent public offerings of securities registered under the Securities Act, of active broker-dealer and investment adviser registration applications originating in their respective regions and of regulation A letters of notification filed in their respective regions.

The public reference room in Washington had 4,800 visitors during the fiscal year. Requests were filled for an additional 30,513 persons who were sent 630,869 copies of Commission publications. During the fiscal year 128,149 photocopy pages were sold pursuant to 2,021 orders. Additional thousands of persons made use of the facilities provided by the New York and Chicago public reference rooms.

PUBLICATIONS

Publications currently being issued include:

Monthly:

Statistical Bulletin.

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

Quarterly:

Financial Reports, U.S. Manufacturing Corporations (jointly with the Federal Trade Commission).

Plant and Equipment Expenditures of U.S. Corporations (jointly with the Department of Commerce).

New Securities Offered for Cash.

Volume and Composition of Individual's Saving.

Working Capital of U.S. Corporations.

Annually:

Annual Report of the Commission.

Securities Traded on Exchanges under the Securities Exchange Act of 1934.

Companies Registered under the Investment Company Act of 1940.

Corporate Pension Funds.

Other publications:

Decisions and Reports of the Commission.

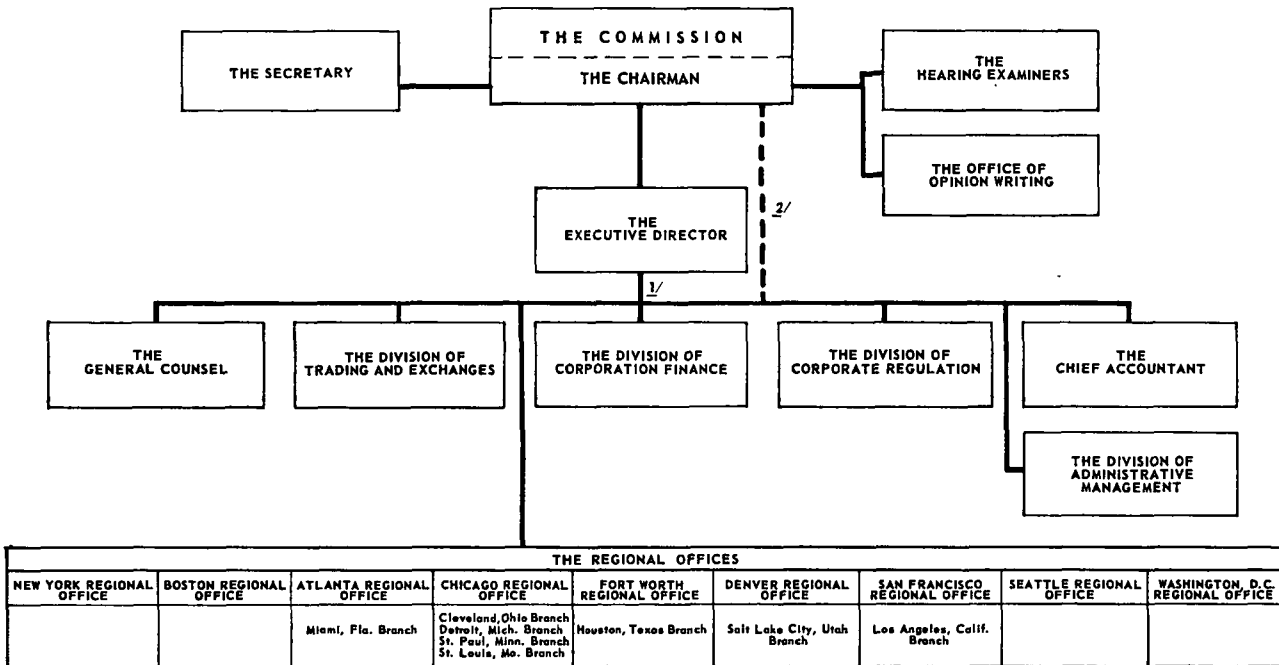
The Work of the Securities and Exchange Commission.

ORGANIZATION

The Commission's staff consists of attorneys, security analysts and examiners, accountants, engineers and administrative and clerical employees. An organization chart of the Commission is set forth on the following page.

Under the Commission's program of continuing review of its functions and organization, several changes were made in the Division of Corporate Regulation. In March 1959, the position of Chief Financial Analyst was established, and a Branch of Reorganization was created in the Office of the Chief Counsel of the Division.

SECURITIES AND EXCHANGE COMMISSION



| THE REGIONAL OFFICES | | | | | | | | |
|--------------------------|------------------------|-------------------------|--|----------------------------|-----------------------------|-------------------------------|-------------------------|----------------------------------|
| NEW YORK REGIONAL OFFICE | BOSTON REGIONAL OFFICE | ATLANTA REGIONAL OFFICE | CHICAGO REGIONAL OFFICE | FORT WORTH REGIONAL OFFICE | DENVER REGIONAL OFFICE | SAN FRANCISCO REGIONAL OFFICE | SEATTLE REGIONAL OFFICE | WASHINGTON, D.C. REGIONAL OFFICE |
| | | Miami, Fla. Branch | Cleveland, Ohio Branch Detroit, Mich. Branch St. Paul, Minn. Branch St. Louis, Mo. Branch | Houston, Texas Branch | Salt Lake City, Utah Branch | Los Angeles, Calif. Branch | | |

1/ ——— ADMINISTRATIVE DIRECTION AND COORDINATION

2/ - - - - - SUBSTANTIVE RESPONSIBILITIES

As of June 30, 1959

Action taken on budget estimates and appropriation from fiscal 1950 through fiscal 1960

| Action | Fiscal 1950 | | Fiscal 1951 | | Fiscal 1952 | | Fiscal 1953 | | Fiscal 1954 | | Fiscal 1955 | | Fiscal 1956 | | Fiscal 1957 | | Fiscal 1958 | | Fiscal 1959 | | Fiscal 1960, estimated | |
|---|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|------------------------|-------------|
| | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money | Average employment | Money |
| Estimate submitted to the Bureau of the Budget..... | 1,307 | \$6,789,400 | 1,175 | \$6,675,000 | 1,127 | \$6,605,000 | 1,092 | \$6,360,000 | 1,080 | \$6,810,000 | 780 | \$5,124,760 | 734 | \$4,997,000 | 794 | \$5,749,000 | 935 | \$7,178,000 | 974 | \$7,500,000 | 995 | \$8,437,000 |
| Adjustment by the Bureau of the Budget..... | -177 | -819,400 | -40 | -250,000 | -77 | -681,000 | -157 | -410,000 | -142 | -810,000 | -63 | -299,760 | | | | | | | -58 | -400,000 | -17 | -162,000 |
| Amount allowed by the Bureau of the Budget..... | 1,130 | 5,970,000 | 1,135 | 6,425,000 | 1,050 | 5,924,000 | 935 | 5,950,000 | 938 | 6,000,000 | 717 | 4,825,000 | 734 | 4,997,000 | 794 | 5,749,000 | 935 | 7,178,000 | 916 | 7,100,000 | 978 | 8,275,000 |
| Adjustment by the House of Representatives..... | -70 | -220,000 | -95 | -295,000 | -50 | -225,000 | -125 | -704,920 | -152 | -754,920 | -26 | -125,000 | -9 | -122,000 | -8 | -49,000 | -80 | -478,000 | -46 | -300,000 | -55 | -475,000 |
| Subtotal..... | 1,060 | 5,750,000 | 1,040 | 6,130,000 | 1,000 | 5,699,000 | 810 | 5,245,080 | 786 | 5,245,080 | 691 | 4,700,000 | 725 | 4,875,000 | 786 | 5,700,000 | 855 | 6,700,000 | 870 | 6,800,000 | 923 | 7,800,000 |
| Adjustment by the Senate..... | | | +44 | +200,000 | -93 | -320,520 | | | -42 | -245,080 | +14 | +75,000 | +9 | +122,000 | +8 | +49,000 | | | +46 | +300,000 | +55 | +475,000 |
| Subtotal..... | 1,060 | 5,750,000 | 1,084 | 6,330,000 | 907 | 5,378,480 | 810 | 5,245,080 | 744 | 5,000,000 | 705 | 4,775,000 | 734 | 4,997,000 | 794 | 5,749,000 | 855 | 6,700,000 | 916 | 7,100,000 | 978 | 8,275,000 |
| Adjustment by conferees..... | | | -22 | -100,000 | | | | | | -6 | -25,000 | -4 | -42,000 | | | | | | -24 | -175,000 | | |
| Annual appropriation..... | 1,060 | 5,750,000 | 1,062 | 6,230,000 | 907 | 5,378,480 | 810 | 5,245,080 | 744 | 5,000,000 | 699 | 4,750,000 | 730 | 4,955,000 | 794 | 5,749,000 | 855 | 6,700,000 | 916 | 7,100,000 | 954 | 8,100,000 |
| Supplemental appropriation for statutory pay increases..... | | 128,250 | | | | 435,000 | | | | | | 93,180 | | 323,000 | | | | 235,000 | | 605,000 | | |
| Total appropriation..... | 1,060 | 5,878,250 | 1,062 | 6,230,000 | 907 | 5,813,480 | 810 | 5,245,080 | 744 | 5,000,000 | 699 | 4,843,180 | 730 | 5,278,000 | 794 | 5,749,000 | 855 | 6,935,000 | 916 | 7,705,000 | 954 | 8,100,000 |
| Mandatory reserve required in 1952..... | | | -32 | -150,000 | | | | | | | | | | | | | | | | | | |
| | | | 1,030 | 6,080,000 | | | | | | | | | | | | | | | | | | |

PERSONNEL, BUDGET AND FINANCE

The following comparative table shows the personnel strength of the Commission as of June 30, 1958 and 1959:

| | June 30, 1959 | June 30, 1958 |
|--------------------------|---------------|---------------|
| Commissioners..... | 5 | 5 |
| Staff: | | |
| Headquarters office..... | 567 | 543 |
| Regional offices..... | 365 | 331 |
| Total..... | 937 | 879 |

The table on the opposite page shows the status of the Commission's budget estimates for the fiscal years 1950 to 1960, from the initial submission to the Bureau of the Budget to final enactment of the annual appropriation.

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.²³

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 1957, 1958, and 1959:

| Year | Appropriation | Fees collected ¹ | Percentage of fees collected to total appropriation (percent) | Net cost of Commission operations |
|-----------|---------------|-----------------------------|---|-----------------------------------|
| 1957..... | \$5,749,000 | \$2,243,580 | 39 | \$3,505,420 |
| 1958..... | 6,935,000 | 2,334,370 | 34 | 4,600,630 |
| 1959..... | 7,705,000 | 2,407,706 | 31 | 5,297,294 |

¹ Includes a supplemental appropriation of \$235,000 to cover statutory pay increases.

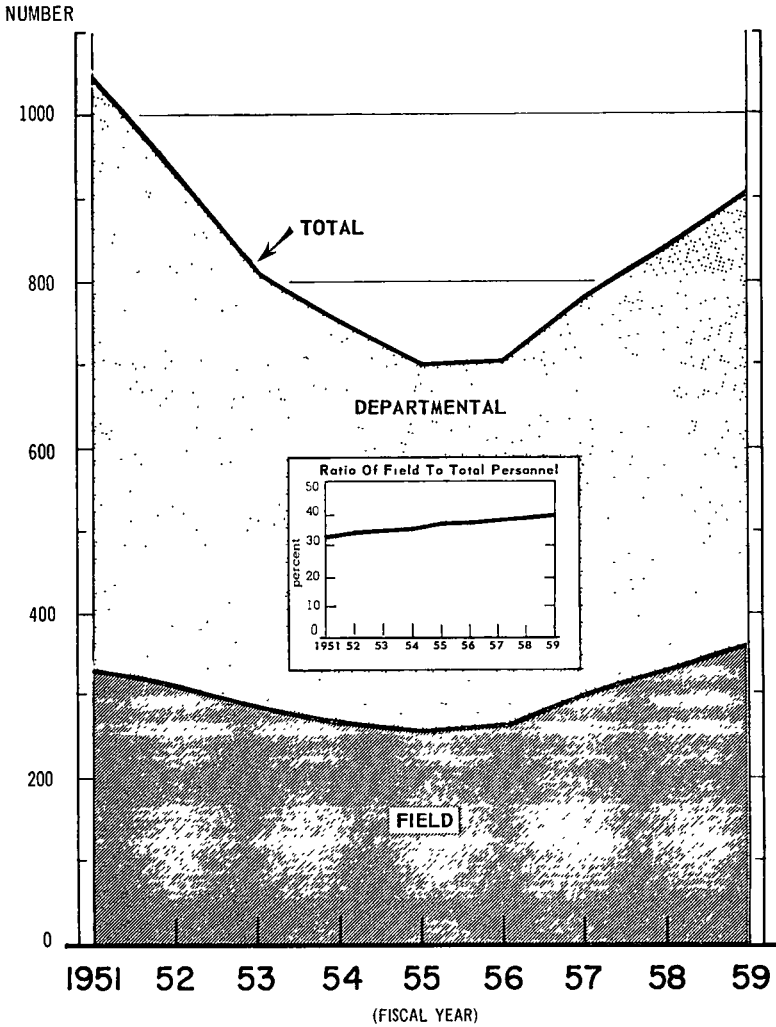
² Includes a supplemental appropriation of \$605,000 to cover statutory pay increases.

³ Fees are deposited in the general fund of the Treasury and are not available for expenditure by the Commission.

²³ Principal rates are (1) $\frac{1}{100}$ of 1 percent of the maximum aggregate price of securities proposed to be offered but not less than \$25; (2) $\frac{1}{600}$ of 1 percent of the aggregate dollar amount of stock exchange transactions. Fees for other services are only nominal.

A chart showing the ratio of average employment in the field offices to total average employment for fiscal years 1951-59 follows.

S. E. C. PERSONNEL ^{//}



// Average Employment.

Personnel Program

In fiscal 1959, the Commission continued to emphasize the recruiting of outstanding college and law school students with the specialized academic training required for the Commission's fields of work. By maintaining close contact with placement offices of various colleges and universities, and through on-campus interviews, the Commission

placed a substantial number of applicants of college caliber for its starting professional level positions.

In January 1959, the Commission adopted four Merit Promotion Plans covering the following groups of employees:

1. Professional and technical employees in the Headquarters Office.
2. Secretarial, wage board and clerical employees in the Headquarters Office.
3. Professional and technical employees in the regional offices.
4. Clerical employees in the regional offices.

The purpose of these plans is to apply the Commission's promotion policy systematically and otherwise to comply with Civil Service Commission requirements in that area. Members of the staff were consulted and afforded opportunity for review and comment prior to formal adoption. In April 1959, representatives of the Civil Service Commission inspected the Commission's operation under the plans and found them to be effective and in compliance with its Government-wide Merit Promotion Program.

As required by the Government Employees Training Act of 1958, a review was made of the Commission's overall training needs and plans were formulated to meet these needs. On a cooperative basis with other regulatory agencies, arrangements were made for a supervisory training course for middle and top management officials. In addition, the Commission's Division of Corporation Finance and New York Regional Office continued to conduct training sessions for their professional staffs.

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 for service with the Commission to a total of 90 employees. In addition, cash awards totaling \$6,325 and certificates of merit were presented to 55 employees.

The outstanding achievements of members of the Commission's staff continued to receive public recognition in the form of awards made by other organizations. In February 1959 Thomas G. Meeker, General Counsel of the Commission, received an Arthur S. Flemming Award of the Junior Chamber of Commerce of Washington, D.C., as 1 of the 10 outstanding young men in the Federal service. In March 1959, the National Civil Service League awarded certificates of merit to 5 Commission employees—William Green, Atlanta Regional Administrator; Vito Natrella, Chief Economist, Division of Trading and Exchanges; J. Arnold Pines, Chief Financial Analyst, Division of Corporate Regulation; Harry Pollack, Director of Personnel; and Byron D. Woodside, Director, Division of Corporation Finance. In April 1959, a Rockefeller Public Service Award, 1 of 11 such awards made throughout the Federal service, was granted to Harry Heller,

Assistant Director, Division of Corporation Finance. In May 1959, an attorney in the Chicago Regional Office, Sidney Sosin, was awarded a Certificate and Citation of Merit by the William A. Jump Memorial Foundation. The Commission is justifiably proud of these distinctions earned by members of its staff whose loyal and efficient service has made such a significant contribution to accomplishing the statutory objectives for which the Commission was established.

PART XII
APPENDIX
STATISTICAL TABLES

TABLE 1.—A 25-year record of registrations under the Securities Act of 1933

PART I. NUMBER AND AMOUNT OF REGISTRATIONS AND AMOUNT REGISTERED FOR CASH SALE FOR ACCOUNT OF ISSUERS, 1935-59
[Amounts in millions of dollars]

| Fiscal year ended June 30 | Number of statements filed | Number of statements fully effective | Amount of all registra- tions fully effective | Amount for cash sale for account of issuers | | | |
|------------------------------|----------------------------------|---|--|---|-------------------------------------|--------------------|-----------------|
| | | | | Total | Bonds, de- bentures and notes | Preferred stock | Common stock |
| 1935 ¹ | 440 | 284 | \$913 | \$686 | \$490 | \$28 | \$168 |
| 1936..... | 781 | 689 | 4,835 | 3,936 | 3,153 | 252 | 531 |
| 1937..... | 967 | 840 | 4,851 | 3,635 | 2,426 | 406 | 802 |
| 1938..... | 459 | 412 | 2,101 | 1,349 | 666 | 209 | 474 |
| 1939..... | 375 | 344 | 2,579 | 2,020 | 1,593 | 109 | 318 |
| 1940..... | 338 | 306 | 1,787 | 1,433 | 1,112 | 110 | 210 |
| 1941..... | 337 | 313 | 2,611 | 2,081 | 1,721 | 164 | 196 |
| 1942..... | 235 | 193 | 2,003 | 1,465 | 1,041 | 162 | 263 |
| 1943..... | 150 | 123 | 659 | 486 | 316 | 32 | 137 |
| 1944..... | 245 | 221 | 1,760 | 1,347 | 732 | 343 | 272 |
| 1945..... | 400 | 340 | 3,225 | 2,715 | 1,851 | 407 | 456 |
| 1946..... | 752 | 661 | 7,073 | 5,424 | 3,102 | 991 | 1,331 |
| 1947..... | 567 | 493 | 6,732 | 4,874 | 2,937 | 787 | 1,150 |
| 1948..... | 449 | 435 | 6,405 | 5,032 | 2,817 | 537 | 1,678 |
| 1949..... | 455 | 429 | 5,333 | 4,204 | 2,795 | 326 | 1,083 |
| 1950..... | 496 | 487 | 5,307 | 4,381 | 2,127 | 468 | 1,766 |
| 1951..... | 544 | 487 | 6,459 | 5,169 | 2,838 | 427 | 1,904 |
| 1952..... | 665 | 635 | 9,500 | 7,529 | 3,346 | 851 | 3,332 |
| 1953..... | 621 | 593 | 7,507 | 6,326 | 3,093 | 424 | 2,808 |
| 1954..... | 649 | 631 | 9,174 | 7,381 | 4,240 | 531 | 2,610 |
| 1955..... | 849 | 779 | 10,960 | 8,277 | 3,951 | 462 | 3,864 |
| 1956..... | 981 | 833 | 13,096 | 9,206 | 4,123 | 539 | 4,744 |
| 1957..... | 943 | 860 | 14,624 | 12,019 | 5,689 | 472 | 5,858 |
| 1958..... | 913 | 809 | 16,490 | 13,281 | 6,857 | 427 | 5,998 |
| 1959..... | 1,226 | ² 1,055 | 18,657 | 12,095 | 5,265 | 443 | 6,387 |

¹ For 10 months ended June 30, 1935.

² The 1,055 fully effective registrations differ from the 1,064 net registrations shown in the text table "Number and disposition of registration statements filed" by reason of (a) the exclusion of 15 registrations of American Depository Receipts, (b) the exclusion of 2 statements subject to amendments which were not filed prior to the end of the fiscal year, (c) the inclusion of 2 statements which became effective during the 1958 fiscal year subject to amendments which were filed in fiscal year 1959 and (d) the inclusion of 6 statements which became effective during the fiscal year but were later withdrawn.

TABLE 1.—A 25-year record of registrations under the Securities Act of 1933

PART 2.—PURPOSE OF REGISTRATION AND INDUSTRY CLASSIFICATION FOR EACH 5 FISCAL YEARS FROM 1935 TO 1959 AND FOR EACH FISCAL YEAR FROM 1955 TO 1959

[Millions of dollars]

| Purpose of registration and industry classification | 5 fiscal years | | | | | Fiscal year | | | | |
|--|----------------|---------|---------|---------|---------|-------------|--------|--------|--------|-------------------|
| | 1935-39 | 1940-44 | 1945-49 | 1950-54 | 1955-59 | 1955 | 1956 | 1957 | 1958 | 1959 ^a |
| All registrations (estimated value)..... | 15,280 | 8,820 | 28,768 | 37,946 | 70,826 | 10,960 | 13,096 | 14,624 | 16,490 | 15,657 |
| For account of issuers..... | 14,497 | 8,227 | 27,233 | 36,884 | 67,987 | 10,589 | 12,025 | 14,244 | 16,289 | 14,841 |
| For cash sale..... | 11,626 | 6,812 | 22,249 | 30,786 | 54,878 | 8,277 | 9,206 | 12,019 | 13,281 | 12,095 |
| Corporate..... | 11,096 | 6,677 | 21,956 | 29,126 | 53,143 | 8,172 | 9,006 | 11,733 | 12,868 | 11,363 |
| Noncorporate..... | 530 | 134 | 292 | 1,660 | 1,735 | 104 | 200 | 286 | 412 | 732 |
| For other than cash sale..... | 2,871 | 1,415 | 4,985 | 6,098 | 13,110 | 2,312 | 2,819 | 2,225 | 3,008 | 2,746 |
| For exchange of other securities..... | 1,209 | 796 | 1,610 | 963 | 4,153 | 1,368 | 480 | 661 | 578 | 1,066 |
| Reserved for conversion..... | 1,084 | 461 | 3,056 | 4,492 | 6,341 | 721 | 1,836 | 1,185 | 1,912 | 688 |
| Other purposes..... | 578 | 168 | 318 | 642 | 2,615 | 223 | 504 | 378 | 518 | 992 |
| For account of other than issuers..... | 783 | 593 | 1,535 | 1,062 | 2,838 | 372 | 1,071 | 380 | 201 | 815 |
| Corporate securities for cash sale for account of issuers..... | 11,096 | 6,677 | 21,956 | 29,126 | 53,143 | 8,172 | 9,006 | 11,733 | 12,868 | 11,363 |
| Manufacturing..... | 3,233 | 2,088 | 5,354 | 5,426 | 10,454 | 1,779 | 1,788 | 2,674 | 2,239 | 1,974 |
| Extractive..... | 153 | 70 | 148 | 407 | 776 | 106 | 148 | 283 | 110 | 128 |
| Electric, gas, and water..... | 4,351 | 2,798 | 7,612 | 10,742 | 12,978 | 2,127 | 1,802 | 2,951 | 3,373 | 2,726 |
| Transportation other than railroad ² | 894 | 580 | 4,686 | 4,038 | 336 | 12 | 118 | 112 | 52 | 41 |
| Communication ³ | | | | | 7,730 | 837 | 1,294 | 2,030 | 2,978 | 591 |
| Investment companies ³ | 2,048 | 941 | 3,583 | 8,177 | 14,988 | 2,236 | 2,890 | 2,614 | 2,919 | 4,329 |
| Other financial ^{1,2} | | | | | 4,582 | 788 | 852 | 952 | 1,109 | 880 |
| Commercial and other ¹ | 417 | 200 | 574 | 336 | 1,299 | 287 | 113 | 117 | 88 | 694 |

¹ Real estate is included with commercial and other companies through fiscal year 1949 and with other financial companies beginning with fiscal year 1950.² Transportation and communication companies are combined for the period 1935-54.³ Investment and other financial companies are combined for the period 1935-54.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1959

PART 1.—DISTRIBUTION BY MONTHS

[Amounts in thousands of dollars ¹]

| 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>1958</i> | | | | | | |
| July..... | 85 | 113 | \$1,256,119 | 74 | 96 | \$1,128,170 |
| August..... | 43 | 67 | 1,543,109 | 37 | 57 | 824,642 |
| September..... | 62 | 95 | 1,398,501 | 55 | 78 | 1,255,888 |
| October..... | 98 | 118 | 923,240 | 85 | 99 | 828,828 |
| November..... | 66 | 83 | 869,672 | 55 | 65 | 708,380 |
| December..... | 81 | 125 | 1,047,287 | 65 | 95 | 750,667 |
| <i>1959</i> | | | | | | |
| January..... | 88 | 104 | 1,088,546 | 78 | 85 | 914,613 |
| February..... | 73 | 92 | 1,414,927 | 66 | 83 | 1,294,481 |
| March..... | 96 | 122 | 1,579,115 | 79 | 92 | 934,364 |
| April..... | 130 | 167 | 2,125,560 | 114 | 136 | 1,577,947 |
| May..... | 103 | 136 | 1,401,389 | 92 | 110 | 1,196,311 |
| June..... | 130 | 168 | 1,009,167 | 109 | 124 | 681,099 |
| Total, fiscal year 1959..... | ² 1,055 | 1,390 | 15,656,631 | 909 | 1,120 | 12,095,390 |

PART 2.—PURPOSE OF REGISTRATION AND TYPE OF SECURITY

[Amounts in thousands of dollars ¹]

| Purpose of registration | Type of security | | | |
|---|-------------------------|---|-----------------|---------------------------|
| | All types | Bonds, debentures, and notes ³ | Preferred stock | Common stock ⁴ |
| All registrations (estimated value)..... | 15,656,631 | 5,315,915 | 542,802 | 9,797,914 |
| For account of issuers for cash sale..... | 12,095,390 | 5,264,768 | 443,352 | 6,387,270 |
| Corporate..... | ⁵ 11,363,114 | 4,532,492 | 443,352 | 6,387,270 |
| Offered to: | | | | |
| General public..... | 9,333,574 | 4,208,723 | 367,198 | 4,757,653 |
| Security holders..... | 1,275,032 | 306,697 | 74,877 | 893,458 |
| Other special groups..... | 754,509 | 17,072 | 1,277 | 736,160 |
| Foreign governments..... | 732,276 | 732,276 | ----- | ----- |
| For account of issuers for other than cash sale.... | 2,745,997 | 26,105 | 86,336 | 2,633,556 |
| For account of others than issuers..... | 815,244 | 25,042 | 13,115 | 777,087 |
| For cash sale..... | 703,284 | 12,253 | 12,871 | 678,160 |
| For other purposes..... | 111,960 | 12,789 | 244 | 98,927 |

See footnotes at end of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1959—Continued

PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars ¹]

| Purpose of registration | Industry | | | | | | | | | |
|--|----------------------|--------------------|------------|--------------------------------|---|--------------------|-------------------------|---|------------------------------|-----------------------------|
| | All regis- trants | Manufac- turing | Extractive | Electric, gas, and water | Transpor- tation other than railroad | Communi- cation | Investment companies | Other fi- nancial and real estate | Commer- cial and other | Foreign govern- ments |
| Number of statements..... | 1,055 | 310 | 58 | 170 | 10 | 23 | 202 | 157 | 107 | 18 |
| Number of issues..... | 1,390 | 400 | 66 | 203 | 15 | 27 | 303 | 190 | 153 | 33 |
| All registrations (estimated value)..... | \$15,656,631 | \$4,543,137 | \$189,480 | \$3,054,905 | \$87,580 | \$603,016 | \$4,351,260 | \$1,067,372 | \$1,027,604 | \$732,276 |
| For account of issuers..... | 14,841,387 | 3,998,713 | 173,213 | 3,012,008 | 73,329 | 599,548 | 4,349,988 | 1,016,187 | 886,125 | 732,276 |
| For cash sale..... | 12,095,390 | 1,974,034 | 127,914 | 2,725,620 | 41,396 | 591,027 | 4,328,674 | 880,091 | 694,358 | 732,276 |
| Corporate..... | 11,363,114 | 1,974,034 | 127,914 | 2,725,620 | 41,396 | 591,027 | 4,328,674 | 880,091 | 694,358 | ----- |
| Noncorporate..... | 732,276 | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | 732,276 |
| For other than cash sale..... | 2,745,997 | 2,024,678 | 45,299 | 286,387 | 31,933 | 8,521 | 21,315 | 136,096 | 191,767 | ----- |
| For exchange for other securities ² | 1,066,179 | 917,616 | 7,483 | 29,376 | ----- | ----- | ----- | 75,853 | 35,850 | ----- |
| Reserved for conversion..... | 688,253 | 325,108 | 25,950 | 204,742 | 31,326 | 6,521 | 3,412 | 9,687 | 81,507 | ----- |
| For other purposes..... | 991,566 | 781,954 | 11,865 | 52,270 | 608 | 2,000 | 17,902 | 50,556 | 74,410 | ----- |
| For account of others than issuers..... | 815,244 | 544,424 | 16,267 | 42,898 | 14,252 | 3,468 | 1,272 | 51,184 | 141,479 | ----- |
| For cash sale..... | 703,284 | 458,113 | 10,573 | 30,027 | 14,252 | 3,468 | 1,272 | 50,661 | 134,918 | ----- |
| For other purposes..... | 111,960 | 86,311 | 5,694 | 12,871 | ----- | ----- | ----- | 522 | 6,561 | ----- |

See footnotes at end of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1959—Continued

PART 4.—USE OF PROCEEDS AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars ¹]

| Use of proceeds | Industry | | | | | | | | |
|---|---------------|---------------|------------|--------------------------|------------------------------------|---------------|----------------------|---------------------------------|----------------------|
| | All corporate | Manufacturing | Extractive | 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)..... | \$11,363,114 | \$1,974,034 | \$127,914 | \$2,725,620 | \$41,396 | \$591,027 | \$4,328,674 | \$880,091 | \$694,358 |
| Cost of flotation..... | 502,069 | 51,496 | 4,342 | 48,671 | 2,190 | 6,685 | 340,372 | 23,431 | 24,883 |
| Commissions and discounts..... | 442,193 | 39,094 | 2,962 | 33,356 | 1,535 | 4,644 | 320,458 | 19,670 | 20,472 |
| Expenses..... | 59,876 | 12,401 | 1,379 | 15,316 | 655 | 2,041 | 19,913 | 3,761 | 4,410 |
| Expected net proceeds..... | 10,861,045 | 1,922,538 | 123,573 | 2,676,949 | 39,206 | 584,342 | 3,988,302 | 856,660 | 669,476 |
| New money purposes..... | 5,791,986 | 1,716,260 | 84,036 | 2,499,058 | 39,206 | 569,512 | ----- | 296,605 | 587,309 |
| Plant and equipment..... | 4,402,198 | 1,089,001 | 18,650 | 2,468,878 | 34,322 | 568,470 | ----- | 49,958 | 172,918 |
| Working capital..... | 1,389,787 | 627,259 | 65,385 | 30,179 | 4,884 | 1,042 | ----- | 246,647 | 414,390 |
| Retirement of securities..... | 94,770 | 19,976 | 13,309 | 49,615 | ----- | ----- | ----- | 3,849 | 8,021 |
| Purchase of securities..... | 4,614,702 | 63,258 | 21,000 | 886 | ----- | ----- | 3,988,302 | 539,051 | 2,205 |
| Other..... | 359,588 | 123,044 | 5,228 | 127,390 | ----- | 14,830 | ----- | 17,154 | 71,941 |

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

² See note 2 to table 1, part 1.

³ Includes face amount certificates.

⁴ Includes certificates of participation and warrants.

⁵ This total differs from the sum of the monthly figures (\$6,185,641,000) 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, 1958... \$165,867,000
 Portion of exchange tissues sold for cash.....

Included in this table but excluded from offerings:

Investment companies.....\$4,328,674,000
 Employee purchase plans and other continuous offerings..... 722,311,000
 Effectively registered issues not yet offered for sale..... 15,334,000
 Issues sold outside the United States, intercorporate offerings, etc..... 277,021,000
⁶ Includes voting trust certificates registered for issuance in exchange for original securities deposited.

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

PART 1.—TYPE OF OFFERING

[Estimated gross proceeds in thousands of dollars ²]

| Calendar year or month | All offerings (corporate and non-corporate) | CORPORATE | | | | | | | NON-CORPORATE | |
|------------------------|---|--|-------------------------------|---------------------------|-------------------------------|-----------|---------------------------------|-------------------------------------|---------------|------------|
| | | Classified by type of offering | | | | | | | | |
| | | Total corporate | Public offerings ³ | | | | Private placements ⁴ | | | |
| | | | Total public offerings | Registered under 1933 Act | Not registered under 1933 Act | | | Other exempt offerings ⁵ | | |
| Total | Railroad issues | Issues exempt because of size ⁶ | | | | | | | | |
| 1934..... | 4,909,642 | 397,240 | 305,708 | 125,195 | 180,513 | 175,149 | 0 | 5,364 | 91,532 | 4,512,402 |
| 1935..... | 6,683,345 | 2,331,630 | 1,944,571 | 1,813,783 | 130,788 | 121,532 | 0 | 9,256 | 387,059 | 4,351,715 |
| 1936..... | 9,982,185 | 4,571,680 | 4,198,526 | 3,369,536 | 828,990 | 781,581 | 0 | 47,409 | 373,154 | 5,410,505 |
| 1937..... | 5,327,644 | 2,309,524 | 1,979,614 | 1,631,506 | 348,108 | 324,527 | 0 | 23,581 | 329,910 | 3,018,120 |
| 1938..... | 5,925,877 | 2,154,664 | 1,463,102 | 1,395,296 | 67,806 | 46,468 | 0 | 21,338 | 691,562 | 3,771,213 |
| 1939..... | 5,687,184 | 2,164,007 | 1,457,696 | 1,278,297 | 179,399 | 166,099 | 0 | 13,300 | 706,311 | 3,523,177 |
| 1940..... | 6,564,219 | 2,677,173 | 1,912,177 | 1,589,414 | 322,763 | 314,747 | 0 | 8,016 | 764,996 | 3,887,046 |
| 1941..... | 15,157,000 | 2,666,887 | 1,853,630 | 1,494,846 | 358,784 | 346,323 | 0 | 12,461 | 813,257 | 12,490,113 |
| 1942..... | 35,438,064 | 1,062,288 | 641,861 | 598,586 | 43,275 | 41,740 | 0 | 1,535 | 420,427 | 34,375,776 |
| 1943..... | 44,518,166 | 1,169,692 | 797,831 | 663,497 | 134,334 | 122,200 | 0 | 12,134 | 371,861 | 43,348,474 |
| 1944..... | 56,309,992 | 3,201,891 | 2,415,063 | 1,785,342 | 629,721 | 517,927 | 0 | 111,794 | 786,828 | 53,108,101 |
| 1945..... | 54,711,881 | 6,010,985 | 4,989,295 | 3,421,871 | 1,567,424 | 1,433,501 | 41,012 | 92,911 | 1,021,690 | 48,700,895 |
| 1946..... | 18,685,493 | 6,899,646 | 4,982,633 | 4,112,674 | 869,959 | 676,255 | 145,997 | 47,707 | 1,917,013 | 11,785,848 |
| 1947..... | 19,940,927 | 6,576,824 | 4,341,344 | 3,880,455 | 460,889 | 284,680 | 137,694 | 38,515 | 2,235,480 | 13,364,103 |
| 1948..... | 20,249,988 | 7,077,820 | 3,991,021 | 3,210,580 | 780,441 | 618,548 | 135,673 | 26,220 | 3,086,799 | 13,172,168 |
| 1949..... | 21,110,068 | 6,051,550 | 3,549,254 | 2,948,510 | 600,744 | 457,969 | 107,864 | 34,911 | 2,502,296 | 15,058,518 |
| 1950..... | 19,892,793 | 6,361,043 | 3,681,441 | 2,904,783 | 776,657 | 542,022 | 116,946 | 116,946 | 2,679,602 | 13,531,750 |
| 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 | 4,001,543 | 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..... | 29,784,843 | 9,516,168 | 5,847,743 | 4,959,641 | 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 |
| 1957..... | 30,570,624 | 12,883,533 | 8,958,974 | 8,171,410 | 787,564 | 343,647 | 114,433 | 329,484 | 3,924,559 | 17,687,090 |
| 1958..... | 34,443,069 | 11,558,343 | 8,068,461 | 7,579,337 | 489,123 | 237,852 | 112,226 | 139,045 | 3,489,883 | 22,884,726 |

| 1958 | | | | | | | | | | |
|----------------|-----------|-----------|-----------|-----------|--------|--------|--------|--------|---------|-----------|
| January..... | 3,483,728 | 826,625 | 575,489 | 491,003 | 84,486 | 68,562 | 7,821 | 8,104 | 251,036 | 2,657,202 |
| February..... | 2,490,334 | 876,725 | 665,223 | 630,135 | 35,087 | 17,252 | 7,704 | 10,131 | 211,502 | 1,613,610 |
| March..... | 3,951,492 | 1,614,781 | 1,280,424 | 1,227,902 | 52,522 | 40,036 | 6,310 | 6,177 | 334,357 | 2,356,712 |
| April..... | 6,961,002 | 1,229,845 | 1,031,663 | 995,372 | 36,291 | 19,549 | 9,047 | 7,695 | 198,132 | 5,731,157 |
| May..... | 2,154,865 | 707,005 | 510,393 | 479,036 | 31,357 | 12,000 | 9,958 | 9,399 | 196,612 | 1,447,859 |
| June..... | 3,047,874 | 960,669 | 456,564 | 439,900 | 16,663 | 0 | 8,458 | 8,205 | 504,106 | 2,087,204 |
| July..... | 2,425,810 | 1,198,870 | 1,016,556 | 977,435 | 39,122 | 28,179 | 6,972 | 3,970 | 182,314 | 1,226,940 |
| August..... | 1,341,454 | 574,573 | 281,156 | 250,667 | 30,499 | 11,280 | 12,246 | 6,962 | 293,417 | 1,766,851 |
| September..... | 2,159,621 | 1,136,960 | 902,989 | 886,292 | 16,697 | 3,921 | 10,151 | 2,625 | 233,971 | 1,022,661 |
| October..... | 3,075,753 | 890,001 | 510,980 | 468,713 | 42,268 | 11,122 | 10,915 | 20,231 | 379,021 | 2,185,751 |
| November..... | 1,452,299 | 542,170 | 348,179 | 302,326 | 45,853 | 14,483 | 10,266 | 21,104 | 193,991 | 910,128 |
| December..... | 1,898,839 | 1,000,218 | 488,844 | 430,557 | 58,288 | 11,468 | 12,377 | 34,442 | 511,374 | 898,620 |
| 1959 | | | | | | | | | | |
| January..... | 5,779,927 | 885,430 | 564,028 | 521,340 | 42,688 | 20,597 | 8,251 | 13,840 | 321,402 | 4,894,497 |
| February..... | 2,132,231 | 770,083 | 474,393 | 410,195 | 64,198 | 24,193 | 10,712 | 29,294 | 295,690 | 1,362,148 |
| March..... | 1,921,322 | 655,679 | 386,145 | 343,051 | 43,094 | 7,337 | 11,007 | 24,749 | 269,534 | 1,265,644 |
| April..... | 4,511,025 | 927,952 | 604,304 | 558,891 | 45,413 | 17,288 | 16,023 | 12,102 | 323,648 | 3,583,074 |
| May..... | 1,786,922 | 828,560 | 572,865 | 523,642 | 49,223 | 19,509 | 10,146 | 19,568 | 255,695 | 958,361 |
| June..... | 2,274,896 | 910,497 | 557,987 | 512,534 | 45,453 | 17,393 | 13,177 | 14,884 | 352,509 | 1,364,399 |

See footnotes at end of table.

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

PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars 2]

| Calendar year or month | All types of securities | | | Bonds, debentures, and notes | | | Preferred stock | Common stock |
|------------------------|-------------------------|------------|--------------|------------------------------|-----------|--------------|-----------------|--------------|
| | All issuers | Corporate | Noncorporate | All issuers | Corporate | Noncorporate | | |
| 1934 | 4,909,642 | 397,240 | 4,512,402 | 4,883,880 | 371,478 | 4,512,402 | 6,272 | 19,490 |
| 1935 | 6,683,345 | 2,331,630 | 4,351,715 | 6,576,232 | 2,224,517 | 4,351,715 | 85,566 | 21,547 |
| 1936 | 9,982,185 | 4,571,680 | 5,410,505 | 9,439,431 | 4,028,926 | 5,410,505 | 270,752 | 272,002 |
| 1937 | 5,327,644 | 2,309,524 | 3,018,120 | 4,636,286 | 1,618,166 | 3,018,120 | 405,955 | 285,403 |
| 1938 | 5,925,877 | 2,154,664 | 3,771,213 | 5,815,217 | 2,044,004 | 3,771,213 | 86,100 | 24,561 |
| 1939 | 5,687,184 | 2,164,007 | 3,523,177 | 5,502,713 | 1,979,536 | 3,523,177 | 97,688 | 86,784 |
| 1940 | 6,564,219 | 2,677,173 | 3,887,046 | 6,273,059 | 2,386,188 | 3,886,871 | 183,000 | 108,160 |
| 1941 | 15,157,000 | 2,666,887 | 12,490,113 | 14,879,866 | 2,389,753 | 12,490,113 | 167,320 | 109,814 |
| 1942 | 35,438,064 | 1,062,288 | 34,375,776 | 35,292,499 | 916,723 | 34,375,776 | 112,020 | 33,545 |
| 1943 | 44,518,166 | 1,169,692 | 43,348,474 | 44,338,346 | 989,872 | 43,348,474 | 123,729 | 56,091 |
| 1944 | 56,309,992 | 3,201,891 | 53,108,101 | 55,777,347 | 2,669,246 | 53,108,101 | 369,471 | 163,173 |
| 1945 | 54,711,881 | 6,010,985 | 48,700,895 | 53,556,340 | 4,855,445 | 48,700,895 | 758,176 | 397,364 |
| 1946 | 18,685,493 | 6,899,646 | 11,785,848 | 16,667,972 | 4,882,124 | 11,785,848 | 1,126,667 | 890,855 |
| 1947 | 19,940,927 | 6,576,824 | 13,364,103 | 18,400,411 | 5,036,308 | 13,364,103 | 761,959 | 778,557 |
| 1948 | 20,249,988 | 7,077,820 | 13,172,168 | 19,144,943 | 5,972,776 | 13,172,168 | 491,535 | 613,509 |
| 1949 | 21,110,068 | 6,051,550 | 15,058,518 | 19,949,018 | 4,890,500 | 15,058,518 | 424,662 | 736,388 |
| 1950 | 19,892,793 | 6,361,043 | 13,531,750 | 18,451,317 | 4,919,567 | 13,531,750 | 630,822 | 810,654 |
| 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 | 864,498 | 1,368,551 |
| 1953 | 28,824,485 | 8,897,996 | 19,926,489 | 27,009,908 | 7,083,419 | 19,926,489 | 488,564 | 1,326,013 |
| 1954 | 29,764,843 | 9,516,168 | 20,248,675 | 27,736,258 | 7,487,583 | 20,248,675 | 816,908 | 1,212,677 |
| 1955 | 26,772,349 | 10,240,155 | 16,532,195 | 23,952,064 | 7,419,869 | 16,532,195 | 635,058 | 2,185,228 |
| 1956 | 22,405,413 | 10,938,718 | 11,466,695 | 19,468,795 | 8,002,100 | 11,466,695 | 635,527 | 2,301,091 |
| 1957 | 30,570,624 | 12,883,533 | 17,687,090 | 27,643,959 | 9,956,869 | 17,687,090 | 410,804 | 2,516,160 |
| 1958 | 34,443,069 | 11,558,343 | 22,884,726 | 32,537,517 | 9,652,791 | 22,884,726 | 571,474 | 1,334,079 |
| 1958 | | | | | | | | |
| January | 3,483,728 | 826,525 | 2,657,202 | 3,411,557 | 754,355 | 2,657,202 | 28,389 | 43,781 |
| February | 2,490,334 | 876,725 | 1,613,610 | 2,217,504 | 603,894 | 1,613,610 | 85,463 | 137,368 |
| March | 3,951,492 | 1,614,781 | 2,336,712 | 3,824,693 | 1,487,881 | 2,336,712 | 68,587 | 58,312 |
| April | 6,961,002 | 1,229,845 | 5,731,157 | 6,830,088 | 1,098,931 | 5,731,157 | 40,967 | 89,947 |
| May | 2,154,865 | 707,006 | 1,447,859 | 2,033,809 | 585,950 | 1,447,859 | 36,120 | 84,936 |
| June | 3,047,874 | 960,669 | 2,087,204 | 2,930,106 | 842,902 | 2,087,204 | 76,580 | 41,187 |
| July | 2,425,810 | 1,198,870 | 1,226,940 | 2,136,628 | 909,688 | 1,226,940 | 70,014 | 219,168 |
| August | 1,341,454 | 574,573 | 766,881 | 1,259,209 | 492,328 | 766,881 | 11,513 | 70,732 |
| September | 2,159,621 | 1,136,960 | 1,022,661 | 2,081,997 | 1,059,336 | 1,022,661 | 22,531 | 65,093 |
| October | 3,075,753 | 890,001 | 2,185,751 | 2,837,206 | 651,455 | 2,185,751 | 68,883 | 109,664 |
| November | 1,452,299 | 542,170 | 910,128 | 1,390,376 | 420,248 | 910,128 | 11,715 | 110,208 |
| December | 1,898,839 | 1,000,218 | 898,620 | 1,644,445 | 745,825 | 898,620 | 50,711 | 203,688 |

| | 1959 | | | | | | | | |
|----------|-----------|---------|-----------|-----------|---------|-----------|--------|---------|--|
| January | 5,779,927 | 885,430 | 4,894,497 | 5,618,349 | 723,852 | 4,894,497 | 35,907 | 125,670 | |
| February | 2,132,231 | 770,083 | 1,362,148 | 1,843,020 | 480,872 | 1,362,148 | 55,300 | 233,911 | |
| March | 1,921,322 | 655,679 | 1,265,644 | 1,722,744 | 457,100 | 1,265,644 | 47,225 | 151,353 | |
| April | 4,511,025 | 927,952 | 3,583,074 | 4,202,021 | 618,948 | 3,583,074 | 92,188 | 216,816 | |
| May | 1,786,922 | 828,560 | 958,361 | 1,582,185 | 623,823 | 958,361 | 38,082 | 166,656 | |
| June | 2,274,896 | 910,497 | 1,364,399 | 1,978,001 | 613,601 | 1,364,399 | 42,715 | 254,180 | |

See footnotes at end of table.

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

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars 2]

| Calendar year or month | Corporate 1 | | | | | | | | Noncorporate | | | | | | |
|------------------------|-----------------|---------------|------------|------------------------------|--------------------------|------------------------------------|---------------|-----------|-----------------------------|--------------------|---|--|---------------------|--------------------------------------|-------------------------|
| | Total Corporate | Manufacturing | Extractive | Commercial and miscellaneous | Electric, gas, and water | Transportation other than railroad | Communication | Railroad | Financial and real estate 2 | Total noncorporate | U.S. Government (including issues guaranteed) | Federal agency (issues not guaranteed) | State and municipal | Foreign government and international | Non-profit institutions |
| 1934 | 397,240 | | 66,881 | | | 133,165 | | 176,423 | 20,772 | 4,512,402 | 3,535,478 | 31,913 | 939,453 | 4,978 | 580 |
| 1935 | 2,331,630 | | 797,005 | | | 1,233,792 | | 126,031 | 124,831 | 4,351,715 | 2,937,856 | 115,838 | 1,231,846 | 53,650 | 7,525 |
| 1936 | 4,571,680 | | 1,332,251 | | | 2,040,477 | | 797,456 | 401,495 | 5,410,505 | 4,087,722 | 54,696 | 1,120,678 | 85,763 | 61,647 |
| 1937 | 2,309,524 | | 1,120,315 | | | 770,526 | | 344,257 | 74,427 | 3,018,120 | 1,901,910 | 36,442 | 907,682 | 152,614 | 19,472 |
| 1938 | 2,154,664 | | 847,914 | | | 1,234,175 | | 54,873 | 17,703 | 3,771,213 | 2,479,514 | 114,698 | 1,107,617 | 53,706 | 15,678 |
| 1939 | 2,164,007 | | 604,067 | | | 1,270,964 | | 185,707 | 103,269 | 3,523,177 | 2,332,111 | 13,020 | 1,128,448 | 41,030 | 8,568 |
| 1940 | 2,677,173 | | 991,667 | | | 1,203,091 | | 323,912 | 153,602 | 3,887,046 | 2,516,699 | 108,543 | 1,237,992 | 0 | 23,807 |
| 1941 | 2,666,887 | | 847,888 | | | 1,357,112 | | 306,313 | 95,574 | 12,490,113 | 11,466,139 | 37,900 | 955,988 | 4,120 | 25,966 |
| 1942 | 1,062,288 | | 538,577 | | | 471,697 | | 161,179 | 4,288 | 34,375,776 | 33,845,554 | 1,406 | 523,705 | 0 | 5,112 |
| 1943 | 1,169,692 | | 509,712 | | | 477,417 | | 161,179 | 21,384 | 43,348,474 | 42,814,597 | 1,856 | 435,223 | 89,700 | 7,098 |
| 1944 | 3,201,891 | | 1,060,849 | | | 1,422,384 | | 609,360 | 109,297 | 53,108,101 | 52,424,316 | 1,185 | 660,610 | 19,398 | 2,593 |
| 1945 | 6,010,985 | | 2,026,270 | | | 2,319,380 | | 1,454,021 | 211,314 | 48,700,895 | 47,352,965 | 505,886 | 794,741 | 45,212 | 2,092 |
| 1946 | 6,899,646 | | 3,701,320 | | | 2,157,961 | | 711,119 | 329,246 | 11,785,848 | 10,216,508 | 356,825 | 1,156,900 | 53,210 | 2,405 |
| 1947 | 6,676,824 | | 2,741,754 | | | 3,256,705 | | 285,680 | 292,684 | 13,364,103 | 10,589,439 | 0 | 2,324,098 | 443,195 | 7,370 |
| 1948 | 7,077,820 | 2,225,767 | 414,090 | | 2,187,390 | 131,924 | 901,663 | 623,348 | 593,649 | 13,172,168 | 10,326,937 | 0 | 2,689,719 | 150,000 | 5,512 |
| 1949 | 6,051,550 | 1,414,176 | 347,064 | | 2,319,828 | 340,315 | 571,080 | 459,982 | 599,105 | 15,058,518 | 11,804,320 | 215,538 | 2,907,028 | 116,250 | 15,383 |
| 1950 | 6,361,043 | 1,200,017 | 552,916 | | 2,648,822 | 259,057 | 399,391 | 554,100 | 746,740 | 13,531,750 | 9,687,497 | 30,000 | 3,531,992 | 262,584 | 19,677 |
| 1951 | 7,741,099 | 3,121,853 | 533,383 | | 2,454,853 | 159,227 | 612,080 | 335,087 | 524,616 | 13,523,408 | 9,778,151 | 110,000 | 3,188,777 | 418,567 | 27,914 |
| 1952 | 9,534,162 | 4,038,794 | 552,958 | | 2,674,694 | 467,094 | 760,239 | 525,205 | 515,178 | 17,674,998 | 12,577,446 | 459,058 | 4,401,317 | 222,743 | 14,434 |
| 1953 | 8,897,996 | 2,253,531 | 235,368 | 326,640 | 3,029,122 | 293,036 | 881,853 | 302,397 | 1,576,048 | 19,926,489 | 13,956,613 | 105,557 | 5,557,887 | 282,807 | 23,625 |
| 1954 | 9,516,168 | 2,268,040 | 538,597 | 421,547 | 3,713,311 | 299,432 | 720,102 | 479,322 | 1,075,818 | 20,248,675 | 15,532,250 | 458,304 | 6,968,642 | 244,721 | 44,758 |
| 1955 | 10,240,155 | 2,993,658 | 415,289 | 443,473 | 2,463,729 | 345,280 | 1,132,271 | 547,777 | 1,898,677 | 16,532,195 | 9,628,326 | 745,558 | 5,976,504 | 149,960 | 31,848 |
| 1956 | 10,938,718 | 3,647,243 | 455,523 | 307,355 | 2,529,175 | 342,000 | 1,419,457 | 382,012 | 1,855,953 | 11,466,695 | 5,516,972 | 169,450 | 5,446,420 | 300,343 | 33,510 |
| 1957 | 12,883,533 | 4,233,708 | 288,574 | 342,435 | 3,938,087 | 479,921 | 1,461,748 | 343,647 | 1,795,413 | 17,687,090 | 9,600,598 | 571,550 | 6,958,152 | 504,898 | 51,892 |
| 1958 | 11,558,343 | 3,515,407 | 246,565 | 656,299 | 3,804,105 | 585,539 | 1,423,776 | 238,352 | 1,088,299 | 22,884,726 | 12,062,856 | 2,321,105 | 7,448,803 | 995,403 | 66,529 |
| 1958 | | | | | | | | | | | | | | | |
| January | 826,525 | 156,735 | 14,225 | 14,964 | 326,067 | 39,081 | 85,564 | 68,562 | 121,328 | 2,657,202 | 510,647 | 1,163,240 | 782,437 | 196,929 | 3,950 |
| February | 876,725 | | 18,059 | 7,065 | 375,314 | 25,418 | 35,834 | 17,252 | 218,486 | 1,613,610 | 407,150 | 251,188 | 899,485 | 54,387 | 1,400 |
| March | 1,614,781 | 239,933 | 22,406 | 26,365 | 408,040 | 26,081 | 800,418 | 40,036 | 51,501 | 2,336,712 | 1,801,906 | 0 | 524,355 | 0 | 10,450 |
| April | 1,229,845 | 631,560 | 41,298 | 29,423 | 319,700 | 69,218 | 78,807 | 19,549 | 40,289 | 5,731,157 | 4,288,652 | 522,985 | 797,617 | 139,202 | 2,700 |

| | | | | | | | | | | | | | | | |
|----------------|-----------|---------|--------|---------|---------|---------|---------|--------|---------|-----------|-----------|---------|---------|---------|-------|
| May..... | 707,006 | 191,939 | 6,882 | 17,087 | 345,017 | 12,363 | 41,662 | 12,000 | 80,055 | 1,447,859 | 368,297 | 0 | 876,838 | 199,620 | 3,104 |
| June..... | 960,669 | 296,142 | 16,139 | 14,710 | 430,719 | 106,228 | 12,490 | 500 | 83,742 | 2,087,204 | 1,410,690 | 0 | 553,658 | 120,056 | 2,800 |
| July..... | 1,198,870 | 557,387 | 3,954 | 37,748 | 401,961 | 30,941 | 102,141 | 28,179 | 36,560 | 1,226,940 | 418,233 | 163,692 | 631,365 | 9,199 | 4,450 |
| August..... | 574,573 | 129,398 | 38,813 | 20,773 | 286,604 | 21,999 | 14,059 | 11,280 | 51,647 | 766,881 | 369,064 | 0 | 389,004 | 5,064 | 3,750 |
| September..... | 1,136,960 | 483,375 | 12,801 | 380,690 | 183,361 | 28,858 | 10,155 | 3,921 | 33,798 | 1,022,661 | 351,984 | 0 | 647,477 | 17,150 | 6,050 |
| October..... | 890,001 | 277,250 | 17,457 | 28,672 | 316,455 | 71,274 | 48,241 | 11,122 | 119,530 | 2,185,751 | 1,461,325 | 220,000 | 439,391 | 56,885 | 8,150 |
| November..... | 542,170 | 131,285 | 40,929 | 34,859 | 129,713 | 11,348 | 90,256 | 14,483 | 89,297 | 910,128 | 324,491 | 0 | 458,783 | 122,929 | 3,925 |
| December..... | 1,000,218 | 241,108 | 13,603 | 43,944 | 281,154 | 142,730 | 104,147 | 11,468 | 162,065 | 898,620 | 370,446 | 0 | 448,393 | 73,982 | 5,800 |
| <i>1959</i> | | | | | | | | | | | | | | | |
| January..... | 885,430 | 168,953 | 19,492 | 50,212 | 301,940 | 62,572 | 35,212 | 20,597 | 226,451 | 4,894,497 | 3,971,410 | 198,500 | 639,272 | 79,816 | 5,500 |
| February..... | 770,083 | 131,699 | 4,145 | 106,805 | 190,756 | 134,127 | 62,805 | 24,193 | 115,553 | 1,362,148 | 419,515 | 0 | 880,865 | 59,768 | 2,000 |
| March..... | 655,679 | 100,328 | 9,821 | 40,263 | 335,721 | 45,551 | 9,760 | 7,337 | 106,898 | 1,265,644 | 443,101 | 174,680 | 636,829 | 2,034 | 9,000 |
| April..... | 927,952 | 290,143 | 8,927 | 74,478 | 319,583 | 58,040 | 16,313 | 17,288 | 143,179 | 3,583,074 | 2,583,132 | 0 | 939,972 | 57,569 | 2,400 |
| May..... | 828,560 | 266,120 | 25,245 | 35,655 | 348,144 | 19,926 | 6,070 | 19,509 | 107,892 | 958,361 | 338,394 | 0 | 568,908 | 50,334 | 7,250 |
| June..... | 910,497 | 236,031 | 14,946 | 123,974 | 316,760 | 76,701 | 21,900 | 20,391 | 99,794 | 1,364,399 | 322,692 | 0 | 995,164 | 41,944 | 4,600 |

See footnotes at end of table.

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

| Calendar year or month | All private placements | Type of security | | Industry of issuer ⁷ | | | | | | | | |
|------------------------|------------------------|------------------------------|---------|---------------------------------|-------------------------|------------------------------|---------------------------|------------------------------------|---------------|----------|---------------------------|---------|
| | | Bonds, debentures, and notes | Stocks | Manufacturing | Extractive ⁷ | Commercial and miscellaneous | Electr. e, gas, and water | Transportation other than railroad | Communication | Railroad | Financial and real estate | |
| 1934 | 91,532 | 91,532 | 0 | | 42,232 | | | | 48,026 | | 1,274 | 0 |
| 1935 | 387,059 | 385,009 | 2,050 | | 193,614 | | | | 151,807 | | 4,499 | 37,140 |
| 1936 | 373,154 | 369,202 | 3,952 | | 104,781 | | | | 218,403 | | 15,875 | 34,095 |
| 1937 | 329,910 | 327,409 | 2,501 | | 244,350 | | | | 61,330 | | 19,730 | 4,500 |
| 1938 | 691,562 | 690,961 | 601 | | 384,089 | | | | 298,568 | | 8,405 | 500 |
| 1939 | 706,311 | 703,166 | 3,144 | | 144,239 | | | | 456,990 | | 19,608 | 85,475 |
| 1940 | 764,996 | 757,737 | 7,259 | | 253,356 | | | | 390,717 | | 9,165 | 111,759 |
| 1941 | 813,257 | 811,377 | 1,880 | | 289,430 | | | | 438,354 | | 19,990 | 65,484 |
| 1942 | 420,427 | 410,768 | 9,660 | | 222,584 | | | | 189,857 | | 5,986 | 2,000 |
| 1943 | 371,861 | 369,216 | 2,645 | | 230,449 | | | | 100,608 | | 38,979 | 1,825 |
| 1944 | 786,828 | 777,645 | 9,183 | | 392,417 | | | | 296,733 | | 91,433 | 6,246 |
| 1945 | 1,021,690 | 1,004,280 | 17,411 | | 681,735 | | | | 290,261 | | 20,520 | 29,174 |
| 1946 | 1,917,013 | 1,863,073 | 53,940 | | 1,408,156 | | | | 325,290 | | 34,864 | 148,704 |
| 1947 | 2,235,480 | 2,147,290 | 88,190 | | 1,541,549 | | | | 628,606 | | 1,000 | 164,324 |
| 1948 | 3,086,799 | 3,008,219 | 78,580 | 1,543,310 | 309,371 | | 576,902 | 126,815 | 52,433 | 4,800 | 473,167 | |
| 1949 | 2,502,296 | 2,453,480 | 48,816 | 831,886 | 267,078 | | 586,610 | 338,262 | 51,607 | 2,013 | 424,840 | |
| 1950 | 2,679,602 | 2,559,235 | 120,367 | 809,715 | 397,178 | | 683,835 | 181,074 | 54,505 | 12,078 | 541,218 | |
| 1951 | 3,414,691 | 3,326,457 | 88,234 | 1,975,318 | 365,280 | | 637,137 | 154,326 | 55,327 | 3,990 | 223,314 | |
| 1952 | 4,001,543 | 3,956,525 | 45,018 | 2,240,788 | 353,960 | | 665,115 | 305,322 | 71,494 | 62,978 | 311,880 | |
| 1953 | 3,317,572 | 3,227,514 | 90,059 | 1,070,888 | 106,716 | 217,744 | 731,349 | 234,242 | 63,182 | 6,484 | 886,967 | |
| 1954 | 3,668,425 | 3,484,246 | 184,179 | 1,299,882 | 340,237 | 203,069 | 870,157 | 290,139 | 91,430 | 39,170 | 534,341 | |
| 1955 | 3,476,994 | 3,300,973 | 176,021 | 1,197,273 | 201,826 | 236,473 | 596,041 | 315,061 | 107,540 | 15,728 | 807,053 | |
| 1956 | 3,886,144 | 3,776,994 | 109,151 | 1,612,952 | 134,812 | 175,041 | 616,319 | 215,494 | 91,539 | 11,650 | 1,028,338 | |
| 1957 | 3,924,559 | 3,838,917 | 85,642 | 1,656,940 | 146,685 | 183,993 | 665,506 | 419,319 | 137,455 | 0 | 714,662 | |
| 1958 | 3,489,883 | 3,320,294 | 169,589 | 1,397,250 | 105,483 | 187,380 | 616,692 | 505,126 | 175,792 | 500 | 501,659 | |
| 1958 | | | | | | | | | | | | |
| January | 251,036 | 249,399 | 1,637 | 82,575 | 5,113 | 6,475 | 42,069 | 38,816 | 30,075 | 0 | 45,913 | |
| February | 211,502 | 205,722 | 5,780 | 89,065 | 14,050 | 751 | 29,738 | 25,118 | 4,850 | 0 | 47,832 | |
| March | 334,357 | 323,911 | 10,446 | 121,241 | 20,249 | 19,495 | 44,718 | 26,081 | 63,593 | 0 | 38,979 | |
| April | 198,182 | 178,172 | 20,010 | 82,799 | 7,539 | 25,923 | 27,694 | 40,973 | 4,100 | 0 | 9,154 | |
| May | 196,612 | 195,112 | 1,500 | 80,547 | 3,546 | 13,344 | 36,005 | 8,082 | 11,100 | 0 | 43,888 | |
| June | 504,106 | 473,387 | 30,718 | 219,728 | 11,132 | 11,049 | 110,777 | 91,728 | 10,892 | 500 | 48,289 | |

| | | | | | | | | | | | |
|----------------|---------|---------|--------|---------|--------|--------|---------|---------|--------|-------|---------|
| July..... | 182,314 | 174,995 | 7,319 | 89,971 | 1,916 | 14,572 | 20,000 | 30,941 | 3,607 | 0 | 21,308 |
| August..... | 293,417 | 283,314 | 10,104 | 114,595 | 29,775 | 10,243 | 65,695 | 21,999 | 13,891 | 0 | 37,219 |
| September..... | 233,971 | 207,957 | 26,014 | 104,517 | 3,175 | 20,591 | 50,787 | 28,858 | 8,104 | 0 | 17,939 |
| October..... | 379,021 | 384,725 | 14,296 | 150,444 | 2,207 | 12,535 | 105,671 | 51,553 | 12,596 | 0 | 44,016 |
| November..... | 193,991 | 183,974 | 10,018 | 83,920 | 3,630 | 24,175 | 12,469 | 11,348 | 4,886 | 0 | 53,563 |
| December..... | 511,374 | 479,627 | 31,747 | 177,851 | 3,153 | 28,227 | 71,069 | 129,629 | 8,098 | 0 | 93,348 |
| <i>1959</i> | | | | | | | | | | | |
| January..... | 321,402 | 319,282 | 2,120 | 77,503 | 14,987 | 16,880 | 58,183 | 55,363 | 8,708 | 0 | 89,779 |
| February..... | 295,600 | 293,664 | 2,026 | 49,178 | 700 | 13,822 | 19,688 | 130,141 | 8,700 | 0 | 73,462 |
| March..... | 269,534 | 262,314 | 7,220 | 74,308 | 6,878 | 19,165 | 99,463 | 19,566 | 3,760 | 0 | 46,396 |
| April..... | 323,648 | 309,013 | 14,635 | 83,561 | 1,875 | 17,993 | 48,748 | 57,782 | 5,681 | 0 | 103,003 |
| May..... | 255,695 | 244,150 | 11,545 | 92,892 | 2,995 | 16,174 | 43,331 | 11,230 | 3,782 | 0 | 85,291 |
| June..... | 352,509 | 343,487 | 9,022 | 80,769 | 11,360 | 76,870 | 44,524 | 76,429 | 21,900 | 2,998 | 37,660 |

¹ The data in these tables cover substantially all new issues of securities offered for cash sale in the United States in amounts over \$100,000 and with terms to maturity of more than 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; issues of investment companies; and issues to be sold over an extended period such as offerings under employee-purchase plans. 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.

² 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.

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

⁴ 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.

⁵ Chiefly bank stock issues.

⁶ The bulk of the securities included in this category are exempt from registration under section 4(1) of the Securities Act of 1933.

⁷ Prior to 1948 all electric, gas, water, telephone, street railway and bus company issues were grouped together under the heading "Public Utility." The yearly totals of such issues are given for the years 1934 through 1948 in order to provide a rough comparison with later data. Similarly, manufacturing, extractive, commercial and miscellaneous companies were grouped together under the heading "Industrial and miscellaneous." An exact comparison of the old and new groups cannot be made because some companies formerly classified "Industrial and miscellaneous," such as radio broadcasting and airline companies, would now fall under the "Communication" and "Transportation" groups. From 1948 through 1952 issues of extractive companies were included in the category "Commercial and miscellaneous."

⁸ Excluding issues of investment companies.

⁹ 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 | Proceeds | | New money | | | Retirement of securities | Other purposes |
|------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ² | Total net proceeds ² | Total new money | Plant and equipment | Working capital | | |
| 1934..... | 397,240 | 383,547 | 57,453 | 31,729 | 25,724 | 231,164 | 94,932 |
| 1935..... | 2,331,630 | 2,265,760 | 207,649 | 111,246 | 96,404 | 1,864,769 | 193,341 |
| 1936..... | 4,571,680 | 4,430,522 | 858,233 | 380,460 | 477,773 | 3,368,427 | 203,863 |
| 1937..... | 2,309,524 | 2,238,786 | 990,542 | 573,949 | 416,594 | 1,100,341 | 147,902 |
| 1938..... | 2,154,664 | 2,109,519 | 681,303 | 504,084 | 177,219 | 1,205,788 | 222,429 |
| 1939..... | 2,164,007 | 2,115,012 | 324,889 | 170,145 | 154,743 | 1,695,339 | 94,785 |
| 1940..... | 2,677,173 | 2,615,279 | 568,884 | 423,968 | 144,915 | 1,854,109 | 192,285 |
| 1941..... | 2,666,887 | 2,623,199 | 868,288 | 660,904 | 207,385 | 1,582,526 | 172,384 |
| 1942..... | 1,062,288 | 1,042,556 | 473,652 | 287,039 | 186,613 | 396,160 | 172,744 |
| 1943..... | 1,169,692 | 1,146,914 | 307,958 | 140,889 | 167,069 | 739,147 | 99,809 |
| 1944..... | 3,201,891 | 3,141,847 | 656,967 | 251,757 | 405,210 | 2,388,991 | 95,889 |
| 1945..... | 6,010,985 | 5,901,744 | 1,079,844 | 637,803 | 442,042 | 4,554,814 | 267,085 |
| 1946..... | 6,899,646 | 6,756,582 | 3,278,828 | 2,114,682 | 1,164,146 | 2,867,616 | 610,238 |
| 1947..... | 6,576,824 | 6,466,053 | 4,590,540 | 3,408,523 | 1,182,017 | 1,351,627 | 523,886 |
| 1948..... | 7,077,820 | 6,959,046 | 5,929,280 | 4,220,880 | 1,708,400 | 307,445 | 722,321 |
| 1949..... | 6,051,550 | 5,959,260 | 4,606,326 | 3,724,165 | 882,160 | 400,966 | 951,968 |
| 1950..... | 6,361,043 | 6,261,444 | 4,006,480 | 2,965,598 | 1,040,881 | 1,271,230 | 983,735 |
| 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 | 1,227,494 | 863,967 |
| 1956..... | 10,938,718 | 10,748,836 | 9,662,952 | 6,709,126 | 2,953,826 | 364,459 | 721,424 |
| 1957..... | 12,883,533 | 12,661,300 | 11,783,879 | 9,039,778 | 2,744,101 | 214,294 | 663,127 |
| 1958..... | 11,558,343 | 11,371,563 | 9,907,135 | 7,792,008 | 2,115,127 | 648,952 | 916,475 |
| <i>1958</i> | | | | | | | |
| January..... | 826,525 | 815,735 | 713,773 | 605,221 | 108,552 | 87,246 | 14,716 |
| February..... | 876,725 | 858,053 | 844,289 | 580,412 | 263,877 | 1,040 | 12,724 |
| March..... | 1,614,781 | 1,598,999 | 1,508,033 | 1,379,954 | 128,079 | 46,600 | 45,367 |
| April..... | 1,229,845 | 1,210,884 | 1,035,572 | 885,663 | 149,909 | 70,934 | 104,378 |
| May..... | 707,006 | 691,622 | 527,281 | 452,279 | 75,001 | 94,989 | 69,351 |
| June..... | 960,669 | 945,657 | 717,867 | 595,415 | 122,442 | 69,144 | 168,656 |
| July..... | 1,198,870 | 1,176,486 | 1,029,254 | 889,363 | 139,891 | 69,866 | 77,365 |
| August..... | 574,573 | 564,237 | 489,121 | 405,364 | 83,756 | 24,688 | 50,429 |
| September..... | 1,136,960 | 1,120,806 | 1,016,829 | 605,760 | 411,069 | 6,698 | 97,279 |
| October..... | 890,001 | 873,200 | 744,349 | 603,580 | 240,769 | 10,771 | 118,079 |
| November..... | 542,170 | 533,126 | 460,295 | 346,749 | 113,546 | 15,244 | 57,587 |
| December..... | 1,000,218 | 982,758 | 820,482 | 542,248 | 278,234 | 62,733 | 99,544 |
| <i>1959</i> | | | | | | | |
| January..... | 885,430 | 869,090 | 794,005 | 489,713 | 304,292 | 29,060 | 46,025 |
| February..... | 770,083 | 753,733 | 599,968 | 461,237 | 138,732 | 9,187 | 144,578 |
| March..... | 655,679 | 639,847 | 539,082 | 404,568 | 134,515 | 8,731 | 92,034 |
| April..... | 927,952 | 907,966 | 832,335 | 612,198 | 220,137 | 9,266 | 66,365 |
| May..... | 828,560 | 808,879 | 764,216 | 556,100 | 208,116 | 17,385 | 27,278 |
| June..... | 910,497 | 889,578 | 814,010 | 557,183 | 256,827 | 15,275 | 60,294 |

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 2.—MANUFACTURING

[Amounts in thousands of dollars ¹]

| Calendar year or month ² | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ³ | Total net proceeds ² | Total new money | Plant and equipment | Working capital | | |
| 1948 | 2,225,757 | 2,180,095 | 1,726,297 | 762,778 | 963,519 | 53,919 | 399,879 |
| 1949 | 1,414,176 | 1,390,872 | 851,257 | 542,078 | 309,180 | 44,303 | 495,311 |
| 1950 | 1,200,017 | 1,175,363 | 683,074 | 312,701 | 375,374 | 149,010 | 338,279 |
| 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 | 3,179,563 | 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 | 2,020,952 | 1,265,272 | 755,680 | 532,571 | 376,210 |
| 1956 | 3,647,243 | 3,578,502 | 2,944,378 | 1,928,034 | 1,016,344 | 242,684 | 391,440 |
| 1957 | 4,233,708 | 4,153,534 | 3,764,423 | 2,644,460 | 1,119,963 | 49,131 | 339,980 |
| 1958 | 3,515,407 | 3,459,399 | 2,851,033 | 2,027,328 | 823,705 | 194,629 | 413,738 |
| <i>1958</i> | | | | | | | |
| January | 156,735 | 154,968 | 136,292 | 116,783 | 19,509 | 9,620 | 9,056 |
| February | 179,297 | 172,634 | 169,366 | 110,462 | 58,904 | 60 | 3,208 |
| March | 239,933 | 236,296 | 189,190 | 121,038 | 68,152 | 40,493 | 6,614 |
| April | 631,560 | 623,035 | 535,772 | 433,681 | 102,091 | 10,559 | 76,704 |
| May | 191,939 | 188,750 | 121,055 | 98,699 | 22,356 | 26,502 | 41,193 |
| June | 296,142 | 292,734 | 211,592 | 156,137 | 55,455 | 39,521 | 41,620 |
| July | 557,387 | 548,352 | 482,896 | 381,505 | 101,393 | 22,225 | 43,228 |
| August | 129,398 | 127,582 | 99,370 | 73,987 | 25,383 | 14,380 | 13,832 |
| September | 453,375 | 477,451 | 390,439 | 335,785 | 54,653 | 4,346 | 82,666 |
| October | 277,250 | 271,432 | 216,713 | 102,150 | 114,563 | 6,644 | 48,074 |
| November | 131,285 | 128,853 | 105,550 | 43,948 | 61,603 | 8,936 | 14,367 |
| December | 241,108 | 237,313 | 192,794 | 53,152 | 139,643 | 11,342 | 33,177 |
| <i>1959</i> | | | | | | | |
| January | 168,953 | 165,846 | 139,694 | 50,601 | 89,093 | 17,410 | 8,743 |
| February | 131,690 | 127,995 | 67,853 | 39,652 | 28,201 | 4,877 | 55,265 |
| March | 100,328 | 97,483 | 83,482 | 52,381 | 31,101 | 5,642 | 8,359 |
| April | 290,143 | 283,618 | 236,691 | 162,437 | 74,254 | 6,762 | 40,164 |
| May | 266,120 | 258,168 | 231,833 | 153,905 | 77,928 | 9,704 | 16,632 |
| June | 236,031 | 227,175 | 204,139 | 80,100 | 124,040 | 5,999 | 17,036 |

See footnotes at end of table.

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

PART 3.—EXTRACTIVE *

[Amounts in thousands of dollars]

| Calendar year or month ¹ | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ² | Total net proceeds ² | Total new money | Plant and equipment | Working capital | | |
| <i>1948-1962 ⁴</i> | | | | | | | |
| 1953 | 235,368 | 222,051 | 199,151 | 113,104 | 86,048 | 1,912 | 20,988 |
| 1954 | 538,597 | 513,596 | 334,704 | 215,758 | 118,946 | 45,624 | 133,268 |
| 1955 | 415,289 | 390,758 | 325,490 | 197,394 | 128,096 | 3,921 | 61,847 |
| 1956 | 455,523 | 435,691 | 304,909 | 211,029 | 93,880 | 37,849 | 92,934 |
| 1957 | 288,574 | 276,809 | 242,826 | 159,783 | 83,042 | 6,839 | 27,145 |
| 1958 | 246,565 | 239,274 | 184,092 | 95,221 | 88,871 | 2,033 | 53,149 |
| <i>1958</i> | | | | | | | |
| January | 14,225 | 13,520 | 13,194 | 8,017 | 5,177 | 0 | 326 |
| February | 18,059 | 17,712 | 13,473 | 9,886 | 3,587 | 0 | 4,239 |
| March | 22,406 | 22,094 | 21,603 | 20,464 | 1,139 | 67 | 424 |
| April | 41,298 | 40,083 | 32,441 | 13,243 | 19,198 | 0 | 7,643 |
| May | 6,882 | 6,660 | 6,136 | 3,240 | 2,896 | 0 | 424 |
| June | 16,139 | 15,562 | 15,361 | 9,825 | 5,536 | 0 | 200 |
| July | 3,954 | 3,800 | 3,637 | 2,249 | 1,388 | 0 | 163 |
| August | 38,813 | 38,078 | 22,341 | 10,824 | 11,518 | 998 | 14,739 |
| September | 12,801 | 12,232 | 10,339 | 3,019 | 7,320 | 500 | 1,393 |
| October | 17,457 | 16,418 | 14,676 | 4,841 | 9,834 | 6 | 1,736 |
| November | 40,929 | 40,885 | 18,389 | 3,646 | 14,743 | 362 | 21,633 |
| December | 13,603 | 12,829 | 12,501 | 5,967 | 6,535 | 100 | 228 |
| <i>1959</i> | | | | | | | |
| January | 19,492 | 18,975 | 18,659 | 15,795 | 2,864 | 0 | 316 |
| February | 4,145 | 3,914 | 3,322 | 1,001 | 2,321 | 0 | 592 |
| March | 9,821 | 9,499 | 7,841 | 2,574 | 5,267 | 596 | 1,062 |
| April | 8,927 | 8,692 | 8,047 | 2,205 | 5,842 | 168 | 476 |
| May | 25,245 | 24,635 | 24,288 | 6,005 | 18,283 | 0 | 247 |
| June | 14,946 | 14,458 | 11,608 | 6,358 | 5,250 | 1,130 | 1,720 |

PART 4.—ELECTRIC, GAS AND WATER

| | | | | | | | |
|-------------|-----------|-----------|-----------|-----------|--------|---------|---------|
| 1948 | 2,187,390 | 2,149,672 | 1,871,931 | 1,840,599 | 31,331 | 144,388 | 133,354 |
| 1949 | 2,319,828 | 2,275,898 | 1,837,545 | 1,818,560 | 18,986 | 233,390 | 204,964 |
| 1950 | 2,648,822 | 2,608,491 | 1,728,378 | 1,711,320 | 17,058 | 681,577 | 198,537 |
| 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 | 3,664,022 | 2,597,651 | 2,582,366 | 15,285 | 989,799 | 77,473 |
| 1955 | 2,463,729 | 2,428,158 | 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 |
| 1957 | 3,938,087 | 3,871,899 | 3,659,189 | 3,645,919 | 13,271 | 51,280 | 161,430 |
| 1958 | 3,804,105 | 3,743,395 | 3,441,074 | 3,411,355 | 29,719 | 138,392 | 163,928 |
| <i>1958</i> | | | | | | | |
| January | 326,067 | 321,782 | 319,314 | 319,243 | 71 | 234 | 2,234 |
| February | 375,314 | 367,756 | 367,756 | 360,210 | 7,547 | 0 | 0 |
| March | 408,040 | 402,141 | 378,922 | 378,922 | 0 | 0 | 23,219 |
| April | 319,700 | 315,469 | 292,877 | 285,880 | 6,997 | 22,452 | 140 |
| May | 345,017 | 339,325 | 301,683 | 300,157 | 1,527 | 37,547 | 95 |
| June | 430,719 | 424,663 | 359,062 | 359,061 | 1 | 15,924 | 49,677 |
| July | 401,961 | 393,544 | 325,761 | 325,642 | 118 | 46,369 | 21,414 |
| August | 286,604 | 281,487 | 276,562 | 274,823 | 1,739 | 162 | 4,763 |
| September | 183,361 | 180,812 | 178,646 | 178,605 | 41 | 0 | 2,186 |
| October | 316,455 | 311,105 | 266,643 | 265,516 | 1,128 | 0 | 44,462 |
| November | 129,713 | 127,987 | 125,567 | 125,348 | 219 | 1,844 | 576 |
| December | 281,154 | 277,323 | 248,280 | 237,949 | 10,330 | 13,860 | 15,183 |
| <i>1959</i> | | | | | | | |
| January | 301,940 | 296,756 | 273,300 | 273,163 | 137 | 1,955 | 21,502 |
| February | 190,756 | 187,593 | 183,074 | 182,426 | 568 | 0 | 4,519 |
| March | 335,721 | 330,963 | 290,229 | 268,590 | 21,639 | 0 | 40,734 |
| April | 319,583 | 313,802 | 305,795 | 305,467 | 329 | 0 | 8,007 |
| May | 348,144 | 342,378 | 337,804 | 330,363 | 7,441 | 4,218 | 356 |
| June | 316,760 | 312,996 | 312,348 | 311,580 | 768 | 0 | 648 |

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 ¹]

| Calendar year or month ¹ | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ² | Total net proceeds ² | Total new money | Plant and equipment | Working capital | | |
| 1948 | 623,348 | 616,758 | 545,871 | 485,694 | 60,177 | 55,726 | 15,161 |
| 1949 | 459,982 | 456,853 | 441,892 | 441,392 | 0 | 11,184 | 3,797 |
| 1950 | 554,100 | 548,366 | 301,408 | 281,890 | 19,518 | 192,651 | 64,307 |
| 1951 | 335,087 | 331,864 | 298,917 | 291,886 | 5,030 | 34,214 | 733 |
| 1952 | 525,205 | 520,817 | 286,526 | 286,476 | 50 | 223,532 | 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 |
| 1957 | 343,647 | 340,244 | 326,409 | 326,409 | 0 | 13,835 | 0 |
| 1958 | 238,352 | 235,542 | 206,381 | 188,784 | 17,597 | 29,161 | 0 |
| <i>1958</i> | | | | | | | |
| January | 68,582 | 67,810 | 43,559 | 43,559 | 0 | 24,251 | 0 |
| February | 17,262 | 17,074 | 17,074 | 17,074 | 0 | 0 | 0 |
| March | 40,036 | 39,410 | 34,500 | 18,585 | 15,641 | 4,910 | 0 |
| April | 19,549 | 19,393 | 19,393 | 19,393 | 0 | 0 | 0 |
| May | 12,000 | 11,845 | 11,845 | 9,889 | 1,956 | 0 | 0 |
| June | 500 | 487 | 487 | 487 | 0 | 0 | 0 |
| July | 28,179 | 27,816 | 27,816 | 27,816 | 0 | 0 | 0 |
| August | 11,280 | 11,136 | 11,136 | 11,136 | 0 | 0 | 0 |
| September | 3,921 | 3,892 | 3,892 | 3,892 | 0 | 0 | 0 |
| October | 11,122 | 11,002 | 11,002 | 11,002 | 0 | 0 | 0 |
| November | 14,483 | 14,324 | 14,324 | 14,324 | 0 | 0 | 0 |
| December | 11,468 | 11,352 | 11,352 | 11,352 | 0 | 0 | 0 |
| <i>1959</i> | | | | | | | |
| January | 20,597 | 20,351 | 20,351 | 20,351 | 0 | 0 | 0 |
| February | 24,193 | 23,993 | 23,993 | 23,993 | 0 | 0 | 0 |
| March | 7,337 | 7,270 | 7,270 | 7,270 | 0 | 0 | 0 |
| April | 17,288 | 17,132 | 17,132 | 17,132 | 0 | 0 | 0 |
| May | 19,509 | 19,291 | 19,291 | 19,291 | 0 | 0 | 0 |
| June | 20,391 | 20,153 | 20,153 | 17,223 | 2,930 | 0 | 0 |

PART 6.—TRANSPORTATION OTHER THAN RAILROAD

| | | | | | | | |
|-------------|---------|---------|---------|---------|--------|--------|--------|
| 1948 | 131,924 | 130,918 | 126,463 | 114,705 | 11,758 | 745 | 3,710 |
| 1949 | 340,315 | 339,695 | 302,520 | 298,865 | 3,455 | 272 | 36,102 |
| 1950 | 259,057 | 257,182 | 242,802 | 241,599 | 1,303 | 3,420 | 10,860 |
| 1951 | 159,227 | 158,240 | 131,009 | 123,217 | 7,792 | 18,478 | 8,753 |
| 1952 | 467,094 | 462,006 | 410,778 | 377,064 | 33,713 | 1,119 | 50,109 |
| 1953 | 283,036 | 289,859 | 264,880 | 260,558 | 4,312 | 3,949 | 21,031 |
| 1954 | 299,432 | 299,907 | 270,342 | 267,042 | 3,300 | 9,073 | 17,493 |
| 1955 | 345,280 | 341,717 | 237,366 | 220,971 | 16,395 | 18,769 | 85,882 |
| 1956 | 342,000 | 335,772 | 322,855 | 298,537 | 24,318 | 7,147 | 5,770 |
| 1957 | 479,921 | 475,421 | 465,095 | 456,665 | 8,430 | 204 | 10,122 |
| 1958 | 555,539 | 550,031 | 474,438 | 458,345 | 16,093 | 8,505 | 97,088 |
| <i>1958</i> | | | | | | | |
| January | 89,081 | 88,961 | 88,634 | 88,563 | 71 | 0 | 327 |
| February | 25,418 | 25,354 | 24,549 | 23,698 | 851 | 0 | 806 |
| March | 26,081 | 25,955 | 25,108 | 24,761 | 347 | 0 | 847 |
| April | 69,218 | 68,211 | 68,167 | 67,774 | 393 | 0 | 44 |
| May | 12,363 | 11,892 | 11,892 | 8,245 | 3,647 | 0 | 0 |
| June | 106,228 | 105,130 | 42,457 | 36,327 | 6,131 | 0 | 62,673 |
| July | 30,941 | 30,784 | 30,784 | 30,181 | 604 | 0 | 0 |
| August | 21,990 | 21,884 | 15,128 | 14,766 | 362 | 6,448 | 308 |
| September | 28,858 | 28,790 | 28,288 | 28,019 | 269 | 0 | 502 |
| October | 71,274 | 70,304 | 68,101 | 65,695 | 2,406 | 88 | 2,115 |
| November | 11,348 | 11,215 | 11,118 | 10,804 | 314 | 48 | 48 |
| December | 142,730 | 141,550 | 110,213 | 109,513 | 700 | 1,920 | 29,418 |
| <i>1959</i> | | | | | | | |
| January | 62,572 | 62,125 | 58,027 | 51,641 | 6,387 | 2,049 | 2,049 |
| February | 134,127 | 133,273 | 127,458 | 123,182 | 4,276 | 2,908 | 2,908 |
| March | 45,551 | 44,228 | 36,384 | 35,497 | 887 | 549 | 7,295 |
| April | 58,040 | 57,931 | 56,956 | 56,431 | 526 | 487 | 487 |
| May | 19,926 | 19,239 | 18,010 | 16,912 | 1,098 | 394 | 835 |
| June | 76,701 | 76,263 | 76,113 | 75,998 | 116 | 75 | 75 |

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 7.—COMMUNICATION

[Amounts in thousands of dollars]

| Calendar year or month ¹ | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ² | Total net proceeds ³ | Total new money | Plant and equipment | Working capital | | |
| 1948..... | 901,663 | 891,373 | 870,321 | 868,470 | 1,850 | 1,714 | 19,337 |
| 1949..... | 571,080 | 566,566 | 504,557 | 502,679 | 1,877 | 49,277 | 12,732 |
| 1950..... | 399,391 | 395,172 | 304,006 | 300,264 | 3,741 | 81,002 | 10,164 |
| 1951..... | 612,080 | 605,095 | 594,324 | 574,417 | 19,907 | 5,231 | 5,540 |
| 1952..... | 760,239 | 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 |
| 1957..... | 1,461,748 | 1,444,446 | 1,427,977 | 1,425,696 | 2,281 | 3,904 | 12,566 |
| 1958..... | 1,423,776 | 1,411,831 | 1,265,315 | 1,262,382 | 2,933 | 118,112 | 28,404 |
| <i>1953</i> | | | | | | | |
| January..... | 85,564 | 84,459 | 34,459 | 34,374 | 85 | 50,000 | 0 |
| February..... | 35,834 | 35,476 | 35,476 | 35,431 | 45 | 0 | 0 |
| March..... | 800,418 | 796,756 | 795,350 | 795,350 | 0 | 0 | 1,406 |
| April..... | 78,807 | 77,190 | 39,529 | 39,467 | 62 | 37,236 | 425 |
| May..... | 41,662 | 41,216 | 10,457 | 10,457 | 0 | 29,966 | 793 |
| June..... | 12,490 | 12,349 | 11,952 | 11,875 | 76 | 397 | 0 |
| July..... | 102,141 | 100,854 | 100,301 | 100,199 | 102 | 0 | 552 |
| August..... | 14,059 | 13,912 | 8,462 | 7,670 | 792 | 0 | 5,450 |
| September..... | 10,155 | 9,742 | 6,612 | 5,488 | 1,125 | 513 | 2,617 |
| October..... | 48,241 | 47,733 | 30,918 | 30,460 | 458 | 0 | 16,815 |
| November..... | 90,256 | 89,134 | 88,935 | 88,890 | 45 | 0 | 198 |
| December..... | 104,147 | 103,011 | 102,863 | 102,721 | 142 | 0 | 147 |
| <i>1959</i> | | | | | | | |
| January..... | 35,212 | 33,985 | 33,787 | 33,730 | 57 | 0 | 198 |
| February..... | 62,805 | 61,927 | 61,853 | 61,853 | 0 | 0 | 74 |
| March..... | 9,760 | 9,429 | 9,379 | 9,379 | 0 | 0 | 50 |
| April..... | 16,313 | 15,989 | 15,989 | 15,899 | 90 | 0 | 0 |
| May..... | 6,070 | 5,896 | 5,846 | 5,846 | 0 | 0 | 50 |
| June..... | 21,900 | 21,678 | 21,306 | 21,306 | 0 | 0 | 371 |

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 8.—FINANCIAL AND REAL ESTATE

[Amounts in thousands of dollars ¹]

| Calendar year or month ² | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ² | Total net proceeds ² | Total new money | Plant and equipment | Working capital | | |
| 1948..... | 593,649 | 587,180 | 484,779 | 12,717 | 472,062 | 30,275 | 72,126 |
| 1949..... | 599,105 | 592,559 | 440,453 | 43,079 | 397,374 | 34,530 | 117,576 |
| 1950..... | 746,740 | 739,263 | 480,154 | 24,309 | 455,846 | 100,429 | 158,679 |
| 1951..... | 524,616 | 515,267 | 368,485 | 15,686 | 352,800 | 66,030 | 80,751 |
| 1952..... | 515,178 | 508,184 | 409,630 | 14,243 | 395,387 | 60,498 | 38,056 |
| 1953..... | 1,576,048 | 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 | 589,608 | 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 |
| 1957..... | 1,795,413 | 1,768,353 | 1,635,740 | 241,464 | 1,394,276 | 67,314 | 65,298 |
| 1958..... | 1,088,299 | 1,060,792 | 900,109 | 186,773 | 713,336 | 46,887 | 113,796 |
| <i>1958</i> | | | | | | | |
| January..... | 121,328 | 119,995 | 114,523 | 33,843 | 80,680 | 3,104 | 2,368 |
| February..... | 218,486 | 215,335 | 210,294 | 18,524 | 191,770 | 980 | 4,061 |
| March..... | 51,501 | 50,788 | 40,297 | 7,871 | 32,426 | 130 | 10,361 |
| April..... | 40,289 | 38,473 | 22,615 | 5,877 | 16,737 | 35 | 15,824 |
| May..... | 80,055 | 75,604 | 52,474 | 14,247 | 38,227 | 294 | 22,836 |
| June..... | 83,742 | 80,367 | 69,395 | 17,791 | 51,604 | 1,954 | 9,018 |
| July..... | 36,560 | 34,866 | 24,618 | 11,845 | 12,773 | 1,272 | 8,976 |
| August..... | 51,647 | 50,749 | 41,766 | 5,556 | 36,211 | 799 | 8,185 |
| September..... | 33,798 | 32,121 | 26,656 | 3,404 | 23,252 | 139 | 5,326 |
| October..... | 119,530 | 117,251 | 114,354 | 16,303 | 98,051 | 437 | 2,460 |
| November..... | 89,297 | 87,592 | 72,730 | 44,114 | 28,617 | 3,921 | 10,941 |
| December..... | 162,065 | 157,651 | 110,388 | 7,398 | 102,990 | 33,823 | 13,439 |
| <i>1959</i> | | | | | | | |
| January..... | 226,451 | 222,752 | 208,563 | 12,911 | 195,653 | 1,803 | 12,386 |
| February..... | 115,553 | 113,874 | 106,319 | 12,942 | 93,377 | 1,165 | 6,389 |
| March..... | 106,898 | 102,844 | 70,312 | 13,302 | 57,010 | 1,101 | 31,430 |
| April..... | 143,179 | 139,967 | 127,940 | 14,827 | 113,114 | 746 | 11,282 |
| May..... | 107,892 | 105,968 | 99,881 | 10,119 | 89,762 | 1,142 | 4,946 |
| June..... | 99,794 | 95,568 | 66,821 | 11,022 | 55,799 | 722 | 28,025 |

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 MISCELLANEOUS

[Amounts in thousands of dollars ¹]

| Calendar year or month ² | Proceeds | | New money | | | Retirement of securities | Other purposes |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------|---------------------|-----------------|--------------------------|----------------|
| | Total gross proceeds ³ | Total net proceeds ³ | Total new money | Plant and equipment | Working capital | | |
| 1948 ⁴ | 414,090 | 403,049 | 303,619 | 135,917 | 167,701 | 20,676 | 78,754 |
| 1949 ⁴ | 347,064 | 338,317 | 228,801 | 77,513 | 151,288 | 28,030 | 81,486 |
| 1950 ⁴ | 552,916 | 537,606 | 261,559 | 93,516 | 168,043 | 63,139 | 212,908 |
| 1951 ⁴ | 533,383 | 517,988 | 337,187 | 113,209 | 223,888 | 56,194 | 124,607 |
| 1952 ⁴ | 552,958 | 536,386 | 453,975 | 275,598 | 178,377 | 24,235 | 58,176 |
| 1953..... | 326,640 | 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 |
| 1957..... | 342,435 | 330,593 | 262,220 | 139,382 | 122,838 | 21,788 | 46,585 |
| 1958..... | 656,299 | 641,298 | 584,692 | 161,819 | 422,873 | 11,234 | 45,372 |
| <i>1958</i> | | | | | | | |
| January..... | 14,964 | 14,241 | 13,798 | 10,839 | 2,959 | 37 | 405 |
| February..... | 7,085 | 6,711 | 6,301 | 5,128 | 1,173 | 0 | 410 |
| March..... | 26,365 | 25,558 | 23,063 | 12,689 | 10,374 | 0 | 2,496 |
| April..... | 29,423 | 29,029 | 24,778 | 20,347 | 4,431 | 652 | 3,599 |
| May..... | 17,087 | 16,431 | 11,740 | 7,346 | 4,395 | 680 | 4,010 |
| June..... | 14,710 | 14,366 | 7,551 | 3,912 | 3,639 | 1,348 | 5,468 |
| July..... | 37,748 | 36,470 | 33,439 | 9,927 | 23,512 | 0 | 3,031 |
| August..... | 20,773 | 19,408 | 14,355 | 6,603 | 7,752 | 1,900 | 3,153 |
| September..... | 380,690 | 375,765 | 371,956 | 47,546 | 324,409 | 1,200 | 2,610 |
| October..... | 28,672 | 27,954 | 21,941 | 7,612 | 14,329 | 3,596 | 2,417 |
| November..... | 34,859 | 33,636 | 23,681 | 15,676 | 8,005 | 132 | 9,823 |
| December..... | 43,944 | 41,730 | 32,090 | 14,196 | 17,895 | 1,688 | 7,952 |
| <i>1959</i> | | | | | | | |
| January..... | 50,212 | 48,300 | 41,623 | 31,521 | 10,102 | 5,844 | 833 |
| February..... | 106,805 | 101,164 | 26,097 | 16,128 | 9,969 | 236 | 74,831 |
| March..... | 40,263 | 38,132 | 34,184 | 15,574 | 18,610 | 844 | 3,104 |
| April..... | 74,478 | 70,835 | 63,783 | 37,801 | 25,983 | 1,102 | 5,950 |
| May..... | 35,655 | 33,403 | 27,263 | 13,659 | 13,604 | 1,927 | 4,213 |
| June..... | 123,974 | 121,288 | 101,521 | 33,596 | 67,925 | 7,349 | 12,418 |

¹ Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.² Total estimated gross proceeds represent the amount paid for the securities by investors, while total estimated net proceeds represent the amount received by the issuer after payment of compensation to distributors and other costs of flotation.³ For earlier data see 18th Annual Report.⁴ For the years 1948 through 1952 issues of extractive companies are included in the category "Commercial and miscellaneous."

TABLE 5.—A summary of corporate securities publicly offered and privately placed in each year from 1934 through June 1959

[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 | 280 | 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 | 1,463 | 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 | 37.5 |
| 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 | 4,983 | 3,019 | 1,963 | 1,917 | 1,863 | 54 | 27.8 | 38.2 |
| 1947..... | 6,577 | 5,036 | 1,541 | 4,842 | 2,889 | 1,452 | 2,235 | 2,147 | 88 | 34.0 | 42.6 |
| 1948..... | 7,078 | 5,973 | 1,105 | 3,991 | 2,965 | 1,026 | 3,087 | 3,008 | 79 | 43.6 | 50.4 |
| 1949..... | 6,082 | 4,890 | 1,161 | 3,550 | 2,437 | 1,112 | 2,502 | 2,453 | 49 | 41.3 | 50.2 |
| 1950..... | 6,362 | 4,820 | 1,442 | 3,681 | 2,360 | 1,321 | 2,680 | 2,560 | 120 | 42.1 | 52.0 |
| 1951..... | 7,741 | 5,691 | 2,050 | 4,826 | 2,864 | 1,962 | 3,415 | 3,326 | 88 | 44.1 | 58.4 |
| 1952..... | 9,534 | 7,601 | 1,933 | 5,538 | 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 | 6,848 | 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..... | 12,884 | 9,957 | 2,927 | 8,959 | 6,118 | 2,841 | 3,925 | 3,839 | 86 | 30.5 | 38.6 |
| 1958..... | 11,558 | 9,653 | 1,906 | 8,068 | 6,332 | 1,736 | 3,490 | 3,320 | 170 | 30.2 | 34.4 |
| 1959 (January-June)..... | 4,978 | 3,518 | 1,460 | 3,160 | 1,746 | 1,413 | 1,818 | 1,772 | 47 | 36.5 | 50.4 |

TABLE 6.—*Notifications filed pursuant to regulation A under the Securities Act of 1933 for the fiscal years 1935-59*

| Fiscal year ended June 30 | Number of notifications filed | Dollar amount of securities proposed to be offered | Proposed dollar amount of securities proposed to be offered under regulation A as a percent of proposed offerings under registration for the same fiscal year |
|---------------------------------|-------------------------------|--|---|
| | | | <i>Percent</i> |
| Sept. 1, 1934 to June 30, 1935* | 193 | \$15,734,812 | 1.0 |
| 1936* | 388 | 32,122,081 | .7 |
| 1937* | 476 | 37,738,589 | .7 |
| 1938* | 353 | 26,827,793 | 1.2 |
| 1939* | 515 | 37,738,589 | 1.4 |
| 1940* | 338 | 22,602,694 | 1.2 |
| 1941* | 1,006 | 32,287,762 | 1.0 |
| 1942* | 558 | 28,399,630 | 1.4 |
| 1943* | 353 | 17,986,987 | 1.9 |
| 1944* | 427 | 21,933,944 | 1.2 |
| 1945* | 578 | 38,848,893 | .9 |
| 1946 | 1,348 | 181,600,155 | 2.5 |
| 1947 | 1,513 | 210,791,114 | 3.0 |
| 1948 | 1,610 | 209,485,794 | 3.4 |
| 1949 | 1,392 | 186,782,661 | 3.6 |
| 1950 | 1,357 | 171,743,472 | 3.3 |
| 1951 | 1,358 | 174,277,762 | 2.7 |
| 1952 | 1,494 | 210,672,956 | 2.3 |
| 1953 | 1,528 | 223,350,028 | 2.1 |
| 1954 | 1,175 | 187,155,228 | 2.1 |
| 1955 | 1,628 | 286,267,000 | 2.7 |
| 1956 | 1,463 | 273,471,548 | 2.1 |
| 1957 | 919 | 187,269,900 | 1.1 |
| 1958 | 732 | 133,889,109 | .8 |
| 1959 | 854 | 170,241,400 | 1.0 |
| Totals | 23,555 | 3,107,217,897 | 1.8 |

*Prior to May 15, 1945, the maximum amount which the Commission could exempt from registration under section 3(b) was \$100,000. On that date section 3(b) was amended by the Congress to substitute \$300,000 for \$100,000.

* Effective January 2, 1941, the Commission adopted Form S-3(b)-1 for notifications under regulation "A" and directed that they be filed in the regional offices. Prior to such date no written notifications were required to be filed for offerings of less than \$30,000.

TABLE 7.—*Suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1959*

Temporary Suspension Orders—

Regulation A:

- Academy Uranium & Oil Corp., Salt Lake City, Utah; Securities Act Release No. 4011 (December 29, 1958).
- Acme Tool and Engineering Corp., Kensington, Md.; Securities Act Release No. 4091 (June 5, 1959).
- Amber Oil Co., Inc., Fort Worth, Tex.; Securities Act Release No. 3977 (October 14, 1958).
- American Horse Racing Stables, Inc., Carson City, Nev.; Securities Act Release No. 3994 (November 18, 1958).
- American Television & Radio Co., St. Paul 1, Minn.; Securities Act Release No. 4096 (June 12, 1959).
- Arizona Aviation & Missile Corp., Phoenix, Ariz.; Securities Act Release No. 3964 (September 8, 1958).
- Arizona Uranium Corporation., Las Vegas, Nev.; Securities Act Release No. 4027 (February 4, 1959).
- Armed Forces Investment Fund, Inc., Scottsdale, Ariz.; Securities Act Release No. 4036 (February 17, 1959).
- Atlantic County Development Corp., Brigantine, N.J.; Securities Act Release No. 4065 (April 6, 1959).

TABLE 7.—*Suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1959—Continued*

Temporary Suspension Orders—Continued

Regulation A—Continued

- Avalon Investors Corp., Levittown, N.Y.; Securities Act Release No. 4065 (April 6, 1959).
- Ben Hur Gold, Inc., Boise, Idaho; Securities Act Release No. 4070 (April 20, 1959).
- Big Horn Mountain Gold and Uranium Co., Boulder, Colo.; Securities Act Release No. 4006 (December 11, 1958).
- Bonus Uranium, Inc., Denver 4, Colo.; Securities Act Release No. 4069 (April 15, 1959).
- Brookridge Development Corp., Queens, N.Y.; Securities Act Release No. 4087 (May 26, 1959).
- The Brown-Miller Enterprises, Inc., Denver, Colo.; Securities Act Release No. 4027 (February 4, 1959).
- Brown Mineral Research, Inc., Denver, Colo.; Securities Act Release No. 4027 (February 4, 1959).
- Central Publications Service, Inc., New York, N.Y.; Securities Act Release No. 408-A (May 19, 1959).
- Colorado Reduction Corp., Columbus 15, Ohio; Securities Act Release No. 4052 (March 13, 1959).
- Coltex Uranium Co., Inc., Canon City, Colo.; Securities Act Release No. 4090 (June 8, 1959).
- Condor Petroleum Co., Inc., Dover, Del.; Securities Act Release No. 3944 (July 11, 1958).
- Consolidated Petroleum Industries, Inc., San Antonio, Tex.; Securities Act Release No. 4095 (June 10, 1959).
- Cordillera Mining Co., Denver, Colo.; Securities Act Release No. 4105 (June 26, 1959).
- De Lys Theatre Associates, Inc., New York 23, N.Y.; Securities Act Release No. 4082-A (May 19, 1959).
- De-Vel-Co Mineral Development Co., Denison, Tex.; Securities Act Release No. 4043 (March 2, 1959).
- Desert Treasure Uranium Co., Midvale, Utah; Securities Act Release No. 4090 (June 8, 1959).
- Dinosaur Uranium Corp., Salt Lake City, Utah; Securities Act Release No. 4011 (December 29, 1958).
- Dogs of The World, Inc., Baltimore 2, Md.; Securities Act Release No. 3983 (October 29, 1958).
- Easy Lift, Inc., Salt Lake City, Utah; Securities Act Release No. 4090 (June 8, 1959).
- Economart, Inc., Jamaica, N.Y.; Securities Act Release No. 4065 (April 6, 1959).
- Electronics Industries, Inc., Phoenix, Ariz.; Securities Act Release No. 3981 (October 20, 1958).
- Elijo Oil and Mining Corp., Las Vegas, Nev.; Securities Act Release No. 4016 (January 13, 1959).
- Empire Exploration Limited, Inc., Gooding, Idaho; Securities Act Release No. 4007 (December 22, 1958).
- Empire Oil Corp., New York, N.Y.; Securities Act Release No. 4068 (April 14, 1959).

TABLE 7.—*Suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1959—Continued*

Temporary Suspension Orders—Continued

Regulation A—Continued

- Far West Oil and Exploration Co., Portland 11, Oreg.; Securities Act Release No. 4029 (February 6, 1959).
- Ferris Records, Inc., New York, N.Y.; Securities Act Release No. 4065 (April 6, 1959).
- Florida National Development Corp., Miami Beach, Fla.; Securities Act Release No. 3966 (September 12, 1958).
- Forest Grove Homebuilder & Investors, Inc., Forest Grove, Oreg.; Securities Act Release No. 3976 (October 13, 1958).
- Greenlite Uranium Corp., Las Vegas, Nev.; Securities Act Release No. 4105 (June 26, 1959).
- Russell Gulch Uranium Co., Inc., Central City, Colo.; Securities Act Release No. 4003 (December 10, 1958).
- Hamilton Oil and Gas Corp., Denver 2, Colo.; Securities Act Release No. 4093 (June 8, 1959).
- The Haratine Gas & Oil Co., Inc., Euclid 17, Ohio; Securities Act No. 3987 (October 31, 1958).
- Helicopter Transports, Inc., Reno, Nev.; Securities Act Release No. 3963 (September 5, 1958).
- Inter-River Corp., Las Vegas, Nev.; Securities Act Release No. 4011 (December 29, 1958).
- Macinar, Inc., Washington 5, D.C.; Securities Act Release No. 4063 (April 1, 1959).
- Mastex Oil Corp., Holyoke, Mass.; Securities Act Release No. 3962 (September 18, 1958).
- Mecca Uranium and Oil Corp., Denver, Colo.; Securities Act Release No. 4027 (February 4, 1959).
- Micro-Mechanisms, Livingston, N.J.; Securities Act Release No. 4065 (April 6, 1959).
- Missile Oil Corp., Los Angeles, Calif.; Securities Act Release No. 3947 (July 21, 1958).
- Mountain States Uranium, Inc., Denver (Lakewood) Colo.; Securities Act Release No. 4082 (May 19, 1959).
- National Land Co. of Ariz., Scottsdale, Ariz.; Securities Act Release No. 4036 (February 17, 1959).
- Niagara Uranium Corp., Salt Lake City, Utah; Securities Act Release No. 4027 (February 2, 1959).
- North American Exploration Co., Inc., Spokane 1, Wash.; Securities Act Release No. 4065 (April 6, 1959).
- O'Bannon Uranium Co., Odessa, Tex.; Securities Act Release No. 4027 (February 4, 1959).
- Old Faithful Uranium, Inc., Casper, Wyo.; Securities Act Release No. 4105 (June 26, 1959).
- Oregon Uranium Corp., Portland Oreg.; Securities Act Release No. 4035 (February 16, 1959).
- Pencal Oil Corp., New York, N.Y.; Securities Act Release No. 4029 (February 6, 1959).
- Plateau Uranium Corp., Farmington, N. Mex.; Securities Act Release No. 4090 (June 6, 1959).

TABLE 7.—*Suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1959—Continued*

Temporary Suspension Orders—Continued

Regulation A—Continued

- Pumpkin Buttes Uranium Co., Inc., Rapid City, S. Dak.; Securities Act Release No. 4105 (June 25, 1959).
- Red Lane Calcareous Sinter Co., Inc., Thermopolis, Wyo.; Securities Act No. 4069 (April 15, 1959).
- Research Mutual Corp., New York, N.Y.; Securities Act Release No. 3950 (July 29, 1958).
- Security Electronics Corp., New York, N.Y.; Securities Act Release No. 4065 (April 6, 1959).
- Sheldon Enterprises, Inc., Paterson, N.J.; Securities Act Release No. 4065 (April 6, 1959).
- Silvaire Aircraft and Uranium Co., Fort Collins, Colo.; Securities Act Release No. 4090 (June 8, 1959).
- Southcoast Inc., Charleston, S.C.; Securities Act Release No. 4003 (December 10, 1958).
- Sports Arenas (Delaware) Inc., Yorktown Heights, N.Y.; Securities Act Release No. 4001 (December 8, 1958).
- Stanway Oil Corp., Los Angeles 46, Calif.; Securities Act Release No. 3993 (November 17, 1958).
- Starfire Uranium and Development Corp., Tooele, Utah; Securities Act Release No. 4069 (April 15, 1959).
- Stillman Uranium, Inc., Hayward, Calif.; Securities Act Release No. 4003 (December 10, 1958).
- Summit Finance, Inc., Summit, N.J.; Securities Act Release No. 4065 (April 6, 1959).
- Surety Oil Co., Provo, Utah; Securities Act Release No. 3982 (October 21, 1958).
- Texas General Corp., New York 7, N.Y.; Securities Act Release No. 4053 (March 17, 1959).
- United Drive-In Theatres Corp., New York 51, N.Y.; Securities Act Release No. 3950 (July 29, 1958).
- United Standard Corp., Brenham, Tex.; Securities Act Release No. 3983 (October 29, 1958).
- Universal Fuel and Chemical Corp., Farrell, Pa.; Securities Act Release No. 3994 (November 18, 1958).
- Universal Securities, Inc., Bismarck, N. Dak.; Securities Act Release No. 3958 (August 20, 1958).
- Uran Mining Corp., Rochester, N.Y.; Securities Act Release No. 4035 (February 16, 1959).
- Uranium Enterprises, Inc., Denver, Colo.; Securities Act Release No. 4027 (February 4, 1959).
- George Wiener as "Dis Mus Be Der Place Co.", New York, N.Y.; Securities Act Release No. 4082-A (May 19, 1959).
- Western Factors, Inc., Salt Lake City, Utah; Securities Act Release No. 4067 (April 13, 1959).
- Western Lead Products Co., Los Angeles, Calif.; Securities Act Release No. 3974 (October 10, 1958).
- Wey-Do-Manufacturing Co., Inc., Brooklyn 1, N.Y.; Securities Act Release No. 3997 (November 24, 1958).

TABLE 7.—*Suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1959—Continued*

Temporary Suspension Orders—Continued

Regulation D:

- Bishu Mines, Ltd., Toronto, Canada; Securities Act Release No. 4047 (March 9, 1959).
- Bullet Hill Mining Co., Ltd., Sudbury, Canada; Securities Act Release No. 4047 (March 9, 1959).
- Caneonti Mines, Ltd., Toronto, Canada; Securities Act Release No. 4047 (March 9, 1959).
- East Lemhi Mining Co., Spokane, Wash.; Securities Act Release No. 4047 (March 9, 1959).
- Empire Exporations, Ltd., North Vancouver, B.C., Canada; Securities Act Release No. 4047 (March 9, 1959).
- Triumph Mines, Ltd., Seattle, Wash.; Securities Act Release No. 3946 (July 15, 1958).

Permanent Suspension Orders:

Findings, opinions and orders permanently suspending the exemption after hearing were issued during the fiscal year in the following cases under Regulation A:

- North Star Oil & Uranium Corp.*, Securities Act Releases Nos. 3952 and 3995 (August 7 and November 25, 1958).
 - Profile Mines, Inc.*, Securities Act Release No. 3953 (August 8, 1958).
 - Arliss Plastics Corp.*, Securities Act Release No. 3979 (October 17, 1958).
 - New England Uranium-Oil Corp., Inc.*, Securities Act Release No. 4008 (December 24, 1958).
 - Salesology, Inc.*, Securities Act Release No. 4019 (January 22, 1959).
 - Mon-O-Co Oil Corp.*, Securities Act Release No. 4024 (February 4, 1959).
 - Bald Eagle Mining Co.*, Securities Act Release No. 4048 (March 12, 1959).
 - Gov Shops of America, Inc.*, Securities Act Release No. 4075 (May 6, 1959).
 - Inspiration Lead Co., Inc.*, Securities Act Release No. 4076 (May 7, 1959).
- In *Mid-Hudson Natural Gas Corp.*, Securities Act Release No. 3985 (November 3, 1958) the temporary suspension order was vacated after hearing.

TABLE 8.—Brokers and dealers registered under the Securities and Exchange Act of 1934¹—effective registrations as of June 30, 1959, classified by type of organization and by location of principal office

| Location of principal office | Number of registrants | | | | Number of proprietors, partners, officers, etc. ² | | | |
|---|-----------------------|------------------|--------------|---------------------------|--|------------------|--------------|---------------------------|
| | Total | Sole proprietors | Partnerships | Corporations ⁴ | Total | Sole proprietors | Partnerships | Corporations ⁴ |
| Alabama..... | 36 | 12 | 6 | 18 | 107 | 12 | 20 | 75 |
| Alaska..... | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Arizona..... | 30 | 5 | 9 | 16 | 114 | 5 | 21 | 88 |
| Arkansas..... | 23 | 6 | 3 | 14 | 69 | 6 | 6 | 57 |
| California..... | 353 | 142 | 83 | 128 | 1,250 | 142 | 449 | 659 |
| Colorado..... | 93 | 31 | 8 | 54 | 312 | 31 | 29 | 252 |
| Connecticut..... | 43 | 15 | 13 | 15 | 188 | 15 | 62 | 111 |
| Delaware..... | 14 | 3 | 4 | 7 | 69 | 3 | 22 | 44 |
| District of Columbia..... | 102 | 34 | 21 | 47 | 399 | 34 | 87 | 268 |
| Florida..... | 102 | 42 | 15 | 45 | 269 | 42 | 37 | 190 |
| Georgia..... | 44 | 10 | 6 | 28 | 228 | 10 | 26 | 192 |
| Hawaii..... | 39 | 15 | 11 | 13 | 135 | 15 | 26 | 94 |
| Idaho..... | 15 | 9 | 1 | 5 | 32 | 9 | 3 | 20 |
| Illinois..... | 185 | 41 | 62 | 82 | 872 | 41 | 298 | 533 |
| Indiana..... | 52 | 23 | 5 | 24 | 154 | 23 | 9 | 122 |
| Iowa..... | 36 | 15 | 5 | 16 | 95 | 15 | 11 | 69 |
| Kansas..... | 34 | 10 | 6 | 18 | 138 | 10 | 17 | 111 |
| Kentucky..... | 18 | 7 | 5 | 6 | 65 | 7 | 18 | 40 |
| Louisiana..... | 69 | 37 | 13 | 9 | 112 | 37 | 42 | 33 |
| Maine..... | 31 | 10 | 2 | 19 | 89 | 10 | 7 | 72 |
| Maryland..... | 48 | 22 | 13 | 13 | 155 | 22 | 85 | 48 |
| Massachusetts..... | 199 | 78 | 32 | 89 | 910 | 78 | 215 | 617 |
| Michigan..... | 58 | 11 | 18 | 29 | 272 | 11 | 94 | 167 |
| Minnesota..... | 52 | 9 | 9 | 34 | 270 | 9 | 32 | 229 |
| Mississippi..... | 22 | 10 | 6 | 6 | 47 | 10 | 16 | 21 |
| Missouri..... | 90 | 22 | 19 | 49 | 464 | 22 | 117 | 325 |
| Montana..... | 11 | 7 | 1 | 3 | 25 | 7 | 2 | 16 |
| Nebraska..... | 27 | 9 | 1 | 17 | 130 | 9 | 3 | 118 |
| Nevada..... | 7 | 5 | 0 | 2 | 9 | 5 | 0 | 4 |
| New Hampshire..... | 10 | 8 | 0 | 2 | 17 | 8 | 0 | 9 |
| New Jersey..... | 227 | 130 | 38 | 59 | 477 | 130 | 106 | 241 |
| New Mexico..... | 13 | 6 | 4 | 3 | 33 | 6 | 12 | 15 |
| New York State (excluding New York City)..... | 404 | 258 | 40 | 106 | 786 | 258 | 121 | 407 |
| North Carolina..... | 40 | 15 | 5 | 20 | 168 | 15 | 13 | 140 |
| North Dakota..... | 6 | 2 | 1 | 3 | 13 | 2 | 2 | 9 |
| Ohio..... | 134 | 27 | 38 | 69 | 571 | 27 | 181 | 363 |
| Oklahoma..... | 44 | 26 | 7 | 11 | 84 | 26 | 15 | 43 |
| Oregon..... | 29 | 6 | 6 | 17 | 100 | 6 | 14 | 80 |
| Pennsylvania..... | 209 | 58 | 81 | 70 | 872 | 58 | 383 | 431 |
| Rhode Island..... | 16 | 2 | 10 | 4 | 42 | 2 | 29 | 11 |
| South Carolina..... | 26 | 10 | 4 | 12 | 78 | 10 | 9 | 59 |
| South Dakota..... | 10 | 7 | 0 | 3 | 19 | 7 | 0 | 12 |
| Tennessee..... | 42 | 12 | 10 | 20 | 161 | 12 | 29 | 120 |
| Texas..... | 222 | 95 | 27 | 100 | 652 | 95 | 85 | 472 |
| Utah..... | 40 | 7 | 6 | 27 | 141 | 7 | 25 | 109 |
| Vermont..... | 3 | 2 | 0 | 1 | 11 | 2 | 0 | 9 |
| Virginia..... | 48 | 19 | 14 | 13 | 151 | 19 | 66 | 66 |
| Washington..... | 84 | 45 | 7 | 32 | 241 | 45 | 16 | 180 |
| West Virginia..... | 13 | 8 | 3 | 2 | 29 | 8 | 9 | 12 |
| Wisconsin..... | 47 | 11 | 5 | 31 | 208 | 11 | 26 | 171 |
| Wyoming..... | 9 | 7 | 1 | 1 | 16 | 7 | 3 | 6 |
| Total (excluding New York City)..... | 3,498 | 1,402 | 684 | 1,412 | 11,850 | 1,402 | 2,908 | 7,540 |
| New York City..... | 1,356 | 360 | 591 | 405 | 6,239 | 360 | 3,699 | 2,180 |
| Total..... | 4,854 | 1,762 | 1,275 | 1,817 | 18,089 | 1,762 | 6,607 | 9,720 |

¹ Does not include 53 registrants whose principal offices are located in foreign countries or other territorial jurisdictions not listed.

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

³ Allocations made 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, 1959.

⁴ Includes all forms of organizations other than sole proprietorships and partnerships.

TABLE 9.—*Number of stock and bond issues listed and registered on national securities exchanges and the number of issuers involved as of the close of each fiscal year ended June 30, 1936 through 1959*

[Unduplicated count]

| Fiscal year ended June 30 | Stock issues | Bond issues | Total stock and bond issues | Number of issuers |
|---------------------------|--------------|-------------|-----------------------------|-------------------|
| 1936..... | 2,662 | 1,533 | 4,195 | 2,303 |
| 1937..... | 2,867 | 1,501 | 2,368 | 2,489 |
| 1938..... | 2,847 | 1,467 | 4,314 | 2,485 |
| 1939..... | 2,798 | 1,450 | 4,248 | 2,449 |
| 1940..... | 2,747 | 1,411 | 4,158 | 2,408 |
| 1941..... | 2,694 | 1,342 | 4,036 | 2,350 |
| 1942..... | 2,661 | 1,307 | 3,968 | 2,299 |
| 1943..... | 2,607 | 1,259 | 3,866 | 2,244 |
| 1944..... | 2,550 | 1,185 | 3,735 | 2,196 |
| 1945..... | 2,541 | 1,134 | 3,675 | 2,185 |
| 1946..... | 2,552 | 1,033 | 3,585 | 2,188 |
| 1947..... | 2,562 | 998 | 3,560 | 2,215 |
| 1948..... | 2,557 | 964 | 3,521 | 2,209 |
| 1949..... | 2,570 | 879 | 3,549 | 2,194 |
| 1950..... | 2,573 | 871 | 3,544 | 2,182 |
| 1951..... | 2,581 | 942 | 3,523 | 2,188 |
| 1952..... | 2,624 | 964 | 3,588 | 2,192 |
| 1953..... | 2,651 | 1,002 | 3,653 | 2,210 |
| 1954..... | 2,641 | 1,009 | 3,650 | 2,204 |
| 1955..... | 2,645 | 1,013 | 3,658 | 2,219 |
| 1956..... | 2,659 | 1,027 | 3,686 | 2,253 |
| 1957..... | 2,667 | 1,063 | 3,730 | 2,256 |
| 1958..... | 2,663 | 1,132 | 3,795 | 2,236 |
| 1959..... | 2,631 | 1,177 | 3,808 | 2,236 |

TABLE 10.—Number of issuers listing and registering securities for the first time on a national securities exchange and the number of issuers as to which the registration of all securities was terminated during the fiscal years 1936 through 1959

[Unduplicated count]

| Fiscal year ended June 30 | Number of issuers as to which— | | |
|---------------------------|--|--|---|
| | Securities were listed and registered for the first time on a national securities exchange | Listing and registration of all securities was terminated during the fiscal year | Securities were listed and registered on a national securities exchange as of June 30 |
| 1936 | 2,353 | 50 | 2,303 |
| 1937 | 286 | 80 | 2,489 |
| 1938 | 83 | 87 | 2,485 |
| 1939 | 67 | 103 | 2,449 |
| 1940 | 36 | 77 | 2,408 |
| 1941 | 25 | 83 | 2,350 |
| 1942 | 17 | 68 | 2,299 |
| 1943 | 14 | 69 | 2,244 |
| 1944 | 23 | 71 | 2,196 |
| 1945 | 25 | 36 | 2,185 |
| 1946 | 78 | 75 | 2,188 |
| 1947 | 88 | 61 | 2,215 |
| 1948 | 49 | 55 | 2,209 |
| 1949 | 37 | 52 | 2,194 |
| 1950 | 49 | 61 | 2,182 |
| 1951 | 58 | 52 | 2,188 |
| 1952 | 51 | 47 | 2,192 |
| 1953 | 71 | 53 | 2,210 |
| 1954 | 37 | 43 | 2,204 |
| 1955 | 90 | 75 | 2,219 |
| 1956 | 109 | 75 | 2,253 |
| 1957 | 83 | 80 | 2,256 |
| 1958 | 54 | 74 | 2,236 |
| 1959 | 73 | 73 | 2,236 |

TABLE 11.—Number of issuers and security issues on exchanges

PART 1.—UNDUPLICATED NUMBER OF STOCK AND BOND ISSUES ADMITTED TO TRADING ON EXCHANGES AND THE NUMBER OF ISSUERS INVOLVED, AS OF JUNE 30, 1959

| Status under the act* | Stocks | Bonds | Total stocks and bonds | Issuers involved |
|---|--------|--------|------------------------|------------------|
| Registered pursuant to sections 12 (b), (c), and (d)..... | 2, 631 | 1, 177 | 3, 808 | 2, 236 |
| Temporarily exempted from registration by Commission rule..... | 12 | 5 | 17 | 9 |
| Admitted to unlisted trading privileges on registered exchanges pursuant to section 12(f)..... | 233 | 33 | 266 | 211 |
| Listed on exempted exchanges under exemption orders of the Commission..... | 70 | 8 | 78 | 56 |
| Admitted to unlisted trading privileges on exempted exchanges under exemption orders of the Commission..... | 15 | 0 | 15 | 15 |
| Total..... | 2, 961 | 1, 223 | 4, 184 | 2, 527 |

*Registered: Section 12(b) of the act provides that a security may be registered on a national securities exchange by the issuer filing an application with the exchange and with the Commission containing certain types of specified information. Section 12(c) authorizes the Commission to require the submission of information of a comparable character if in its judgment information specified under section 12(b) is inapplicable to any specified class or classes of issuers. Section 12(d) provides that if the exchange authorities certify to the Commission that the security has been approved by the exchange for listing and registration, the registration shall become effective 30 days after the receipt of such certification by the Commission or within such shorter period of time as the Commission may determine.

Temporarily exempted: These are stocks of certain banks and other securities resulting from mergers, consolidations, etc., which the Commission has by published rules exempted from registration under specified conditions and for stated periods.

Admitted to unlisted trading privileges: Section 12(f) provides, in effect, that securities which were admitted to unlisted trading privileges on March 1, 1934 (i.e., without applications for listing filed by the issuers) may continue such status. Additional securities may be granted unlisted trading privileges on exchanges only if they are listed and registered on another exchange or the issuer is subject to the reporting requirements of the act under section 15(d).

Listed on exempted exchanges: Certain exchanges were exempted from full registration under section 6 of the act because of the limited volume of transactions. The Commission's exemption order specifies that securities which were listed on the exchange at the date of such order may continue to be listed thereon, and that thereafter no additional securities may be listed except upon compliance with section 12 (b), (c) and (d).

Unlisted on exempt exchanges: The Commission's exemption order specifies that securities which were admitted to unlisted trading privileges thereon at the date of such order may continue such privileges, and that no additional securities may be admitted to unlisted trading privileges except upon compliance with section 12(f).

PART 2.—NUMBER OF STOCK AND BOND ISSUES ON EACH EXCHANGE AND NUMBER OF ISSUERS INVOLVED, AS OF JUNE 30, 1959.

| Exchanges | Issuers | Stocks | | | | | | Bonds | | | | |
|-----------------------------|---------|--------|----|-----|----|----|--------|--------|---|----|----|--------|
| | | R | X | U | XL | XU | Total | R | X | U | XL | Total |
| American..... | 814 | 632 | 5 | 234 | | | 871 | 25 | 2 | 33 | | 60 |
| Boston..... | 436 | 73 | 2 | 372 | | | 447 | 16 | | | | 16 |
| Chicago Board of Trade..... | 12 | 7 | | 5 | | | 12 | | | | | |
| Cincinnati..... | 133 | 46 | 1 | 95 | | | 142 | 9 | 1 | | | 10 |
| Colorado Springs..... | 11 | | | | 12 | | 12 | | | | | |
| Detroit..... | 222 | 103 | 1 | 125 | | | 229 | | | | | |
| Honolulu..... | 58 | | | | 53 | 16 | 69 | | | | 8 | 8 |
| Midwest..... | 454 | 398 | 2 | 113 | | | 513 | 15 | | | | 15 |
| New Orleans..... | 13 | 4 | | 14 | | | 18 | 1 | | | | 1 |
| New York Stock..... | 1, 294 | 1, 512 | 2 | | | | 1, 514 | 1, 214 | 3 | | | 1, 127 |
| Pacific Coast..... | 482 | 298 | 5 | 248 | | | 551 | 20 | | | | 20 |
| Philadelphia-Baltimore..... | 531 | 154 | 10 | 443 | | | 607 | 53 | | | | 53 |
| Pittsburgh..... | 116 | 47 | 1 | 75 | | | 123 | 1 | | | | 1 |
| Richmond..... | 17 | | | | 26 | | 26 | | | | | |
| Salt Lake..... | 90 | 88 | | 4 | | | 92 | | | | | |
| San Francisco..... | | | | | | | | | | | | |
| Mining..... | 46 | 47 | | | | | 47 | | | | | |
| Spokane..... | 26 | 23 | | 6 | | | 29 | | | | | |
| 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 section 3(a)(12) of the act, such as obligations of the United States Government, the States and cities, are not included in this table.

TABLE 12.—Unlisted stocks on securities exchanges ¹

PART 1.—NUMBER OF STOCKS ON THE EXCHANGES IN THE VARIOUS UNLISTED CATEGORIES ² AS OF JUNE 30, 1959

| Exchanges | Unlisted only ³ | | Listed and registered on another exchange | | |
|--------------------------------|----------------------------|----------|---|------------|-----------------------|
| | Clause 1 | Clause 3 | Clause 1 | Clause 2 | Clause 3 ⁴ |
| American..... | 192 | 2 | 35 | 4 | 1 |
| Boston..... | 1 | 0 | 149 | 222 | 0 |
| Chicago Board of Trade..... | 3 | 0 | 2 | 0 | 0 |
| Cincinnati..... | 0 | 0 | 0 | 95 | 0 |
| Detroit..... | 0 | 0 | 14 | 111 | 0 |
| Honolulu..... | 16 | 0 | 0 | 0 | 0 |
| Midwest..... | 0 | 0 | 0 | 113 | 0 |
| New Orleans..... | 8 | 0 | 4 | 2 | 0 |
| Pacific Coast..... | 26 | 0 | 59 | 163 | 0 |
| Philadelphia-Baltimore..... | 4 | 0 | 241 | 198 | 0 |
| Pittsburgh..... | 0 | 0 | 16 | 69 | 0 |
| Salt Lake..... | 3 | 0 | 0 | 0 | 1 |
| Spokane..... | 4 | 0 | 1 | 1 | 0 |
| Wheeling..... | 0 | 0 | 0 | 3 | 0 |
| Total ⁵..... | 257 | 2 | 521 | 971 | 2 |

PART 2.—UNLISTED SHARE VOLUME ON THE EXCHANGES—CALENDAR YEAR 1958

| Exchanges | Unlisted only ³ | | Listed and registered on another exchange | | |
|-----------------------------|----------------------------|---------------|---|-------------------|-----------------------|
| | Clause 1 | Clause 3 | Clause 1 | Clause 2 | Clause 3 ⁴ |
| American..... | 29,595,131 | 16,290 | 5,332,025 | 391,700 | 14,500 |
| Boston..... | 6,563 | 0 | 2,320,414 | 2,028,213 | 0 |
| Chicago Board of Trade..... | 0 | 0 | 0 | 0 | 0 |
| Cincinnati..... | 0 | 0 | 0 | 366,463 | 0 |
| Detroit..... | 0 | 0 | 219,191 | 1,743,802 | 0 |
| Honolulu..... | 67,772 | 0 | 0 | 0 | 0 |
| Midwest..... | 0 | 0 | 0 | 9,886,215 | 0 |
| New Orleans..... | 45,889 | 0 | 195 | 100 | 0 |
| Pacific Coast..... | 2,454,581 | 0 | 3,648,773 | 5,509,029 | 0 |
| Philadelphia-Baltimore..... | 573 | 0 | 3,946,683 | 2,902,552 | 0 |
| Pittsburgh..... | 0 | 0 | 247,222 | 179,833 | 0 |
| Salt Lake..... | 61 | 0 | 0 | 0 | 68 |
| Spokane..... | 178,314 | 0 | 6,782 | 65 | 0 |
| Wheeling..... | 0 | 0 | 0 | 2,904 | 0 |
| Total..... | 32,348,884 | 16,290 | 15,721,285 | 22,990,876 | 14,568 |

¹ 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.

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

³ None of these issues has any listed status on any domestic exchange, except that 9 of the 26 Pacific Coast Stock Exchange issues are also listed on an exempted Exchange.

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

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

TABLE 13.—Dollar volume and share volume of sales effected on securities exchanges in the 12-month period ended Dec. 31, 1958 and the 6-month period ended June 30, 1959

[Amounts in thousands]

PART 1.—12 MONTHS ENDED DEC. 31, 1958

| | Total market value (dollars) | Stocks ¹ | | Bonds ² | | Rights and warrants | |
|-----------------------------|------------------------------|------------------------|------------------|------------------------|----------------------------|------------------------|-----------------|
| | | Market value (dollars) | Number of shares | Market value (dollars) | Principal amount (dollars) | Market value (dollars) | Number of units |
| Registered exchanges. | 39,961,671 | 38,264,291 | 1,306,297 | 1,553,627 | 1,583,051 | 143,754 | 93,302 |
| American..... | 2,884,580 | 2,792,990 | 256,541 | 20,094 | 21,449 | 71,496 | 11,556 |
| Boston..... | 271,601 | 269,545 | 5,810 | 107 | 80 | 1,948 | 707 |
| Chicago Board of Trade..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cincinnati..... | 31,189 | 31,013 | 654 | 148 | 271 | 29 | 36 |
| Detroit..... | 141,933 | 141,826 | 4,818 | 0 | 0 | 107 | 64 |
| Midwest..... | 1,039,687 | 1,037,997 | 28,549 | 0 | 0 | 1,689 | 1,267 |
| New Orleans..... | 981 | 980 | 49 | 1 | 1 | 0 | 0 |
| New York..... | 34,350,996 | 32,754,299 | 921,526 | 1,532,556 | 1,560,560 | 64,141 | 77,236 |
| Pacific Coast..... | 811,867 | 808,002 | 40,095 | 474 | 358 | 3,392 | 1,732 |
| Philadelphia-Baltimore..... | 388,454 | 387,272 | 9,638 | 247 | 332 | 935 | 616 |
| Pittsburgh..... | 33,901 | 33,898 | 1,561 | 0 | 0 | 4 | 24 |
| Salt Lake..... | 2,474 | 2,460 | 19,877 | 0 | 0 | 13 | 63 |
| San Francisco Mining..... | 2,015 | 2,015 | 14,169 | 0 | 0 | 0 | 0 |
| Spokane..... | 1,993 | 1,993 | 3,209 | 0 | 0 | 0 | 0 |
| Exempted exchanges. | 11,579 | 11,256 | 876 | 64 | 71 | 259 | 103 |
| Colorado Springs..... | 22 | 22 | 205 | 0 | 0 | 0 | 0 |
| Honolulu..... | 10,421 | 10,098 | 636 | 64 | 71 | 259 | 103 |
| Richmond..... | 662 | 662 | 17 | 0 | 0 | 0 | 0 |
| Wheeling..... | 474 | 474 | 17 | 0 | 0 | 0 | 0 |

PART 2.—6 MONTHS ENDED JUNE 30, 1959

| | | | | | | | |
|-----------------------------|------------|------------|---------|---------|---------|--------|--------|
| Registered exchanges. | 29,181,840 | 28,111,810 | 906,968 | 993,147 | 920,825 | 76,883 | 68,850 |
| American..... | 2,885,449 | 2,817,607 | 248,456 | 14,776 | 19,906 | 53,067 | 7,608 |
| Boston..... | 181,953 | 181,953 | 3,288 | 0 | 0 | 0 | 0 |
| Chicago Board of Trade..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cincinnati..... | 18,494 | 18,400 | 368 | 63 | 107 | 31 | 64 |
| Detroit..... | 93,145 | 93,137 | 2,801 | 0 | 0 | 8 | 34 |
| Midwest..... | 745,581 | 745,356 | 18,226 | 1 | 2 | 223 | 255 |
| New Orleans..... | 779 | 779 | 34 | 0 | 0 | 0 | 0 |
| New York..... | 24,402,677 | 23,402,701 | 563,656 | 978,193 | 900,679 | 21,783 | 56,758 |
| Pacific Coast..... | 539,774 | 538,614 | 28,070 | 5 | 2 | 1,155 | 535 |
| Philadelphia-Baltimore..... | 285,318 | 284,603 | 6,190 | 109 | 129 | 606 | 3,546 |
| Pittsburgh..... | 23,962 | 23,962 | 652 | 0 | 0 | 0 | 0 |
| Salt Lake..... | 2,406 | 2,396 | 21,152 | 0 | 0 | 10 | 60 |
| San Francisco Mining..... | 1,514 | 1,514 | 12,852 | 0 | 0 | 0 | 0 |
| Spokane..... | 788 | 788 | 1,223 | 0 | 0 | 0 | 0 |
| Exempted exchanges. | 9,627 | 9,588 | 720 | 40 | 34 | 0 | 0 |
| Colorado Springs..... | 28 | 28 | 231 | 0 | 0 | 0 | 0 |
| Honolulu..... | 9,023 | 8,983 | 474 | 40 | 34 | 0 | 0 |
| Richmond..... | 378 | 378 | 8 | 0 | 0 | 0 | 0 |
| Wheeling..... | 198 | 198 | 7 | 0 | 0 | 0 | 0 |

¹ "Stocks" include voting trust certificates, American depository receipts, and certificates of deposit.

² U.S. Government bonds are not included in these data.

NOTE.—Value and volume of sales effected on registered securities exchanges are reported in connection with fees paid under section 31 of the Securities Exchange Act of 1934. For most exchanges the figures represent transactions cleared during the calendar month. Figures may differ from comparable data in the Statistical Bulletin due to revisions of data by exchanges. Figures have been rounded and will not necessarily add to totals shown.

TABLE 14.—*Block distributions*

[Value in thousands of dollars]

| Calendar year | Special offerings | | | Exchange distributions | | | Secondary distributions | | |
|-------------------|-------------------|-------------|--------|------------------------|-------------|--------|-------------------------|-------------|---------|
| | Number | Shares sold | Value | Number | Shares sold | Value | Number | Shares sold | Value |
| 1942 ¹ | 79 | 812,390 | 22,694 | | | | 116 | 2,397,454 | 82,840 |
| 1943 | 80 | 1,087,338 | 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 | 5,466 | | | | 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 | 325,013 | 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 | 161,850 | 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 |
| 1957 | 5 | 63,408 | 1,845 | 33 | 390,832 | 15,855 | 99 | 8,324,599 | 339,062 |
| 1958 | 5 | 88,152 | 3,286 | 38 | 619,876 | 29,454 | 122 | 9,508,505 | 361,886 |

¹ The first Special Offering Plan was made effective Feb. 14, 1942; the Plan of Exchange Distribution 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 15.—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 | Shares 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 | .59 | .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 | 311,150,395 | 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 | 893,320,451 | 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 | .58 | .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 | .55 | .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 | 1,293,021,856 | 70.70 | 18.14 | 2.33 | 2.73 | .98 | .40 | .39 | .13 | .06 | 4.14 |
| 1958 | 1,400,578,512 | 71.31 | 19.14 | 2.13 | 2.99 | .73 | .45 | .35 | .11 | .05 | 2.74 |
| Six months to June 30, 1959 | 976,538,000 | 63.53 | 26.22 | 1.89 | 2.93 | 1.00 | .34 | .29 | .07 | .04 | 3.69 |
| | 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 | 9,035,907 | 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 | 16,284,562 | 82.75 | 10.81 | 2.00 | 1.78 | .82 | 1.16 | .35 | .14 | .06 | .13 |
| 1946 | 18,828,477 | 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 | 2.54 | 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 | 32,214,846 | 85.51 | 7.33 | 2.69 | 2.02 | 1.00 | .76 | .42 | .12 | .08 | .07 |
| 1958 | 38,419,560 | 85.42 | 7.45 | 2.71 | 2.11 | 1.01 | .71 | .37 | .09 | .08 | .05 |
| Six months to June 30, 1959 | 28,198,281 | 83.07 | 10.18 | 2.64 | 1.91 | 1.01 | .65 | .33 | .08 | .07 | .06 |

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 16.—Number of proxy statements filed under Regulation 14, the number that included stockholder proposals under Rule 14a-8, the number of such proposals, and the net number of stockholders whose proposals were included

| Fiscal year ended June 30 | Number of management's proxy statements that included stockholder proposals | Number of such stockholder proposals | Number of stockholders whose proposals were included (net number ¹) | Number of definitive proxy statements filed |
|---------------------------|---|--------------------------------------|---|---|
| 1939 ² | | | | 1,595 |
| 1940 | | | | 1,626 |
| 1941 | | | | 1,620 |
| 1942 | | | | 1,655 |
| 1943 | 27 | 66 | 19 | 1,427 |
| 1944 | 20 | 38 | 17 | 1,501 |
| 1945 | 14 | 34 | 17 | 1,630 |
| 1946 | 19 | 34 | 9 | 1,670 |
| 1947 | 15 | 29 | 13 | 1,677 |
| 1948 | 38 | 57 | 18 | 1,677 |
| 1949 | 43 | 68 | 21 | 1,702 |
| 1950 | 57 | 97 | 24 | 1,668 |
| 1951 | 40 | 63 | 24 | 1,805 |
| 1952 | 45 | 70 | 29 | 1,818 |
| 1953 | 54 | 90 | 39 | 1,817 |
| 1954 | 53 | 87 | 31 | 1,858 |
| 1955 | 63 | 92 | 36 | 1,934 |
| 1956 | 65 | 102 | 19 | 2,016 |
| 1957 | 77 | 127 | 33 | 1,991 |
| 1958 | 95 | 165 | 39 | 1,929 |
| 1959 | 99 | 156 | 48 | 1,975 |

¹ Each stockholder was counted only once each year regardless of the number of companies and proposals involved.

² The first substantive proxy rules were effective on Oct. 1, 1938, and revised to include stockholder proposals for the 1943 proxy season.

TABLE 17.—Number of original and amended reports filed by directors, officers, and principal stockholders under sec. 16(a) of the Securities Exchange Act of 1934, sec. 17(a) of the Public Utility Holding Company Act of 1935, and sec. 30(f) of the Investment Company Act of 1940, showing their beneficial ownership of, and their transactions in, equity securities of the registrant

| Fiscal year ended June 30 | Sec. 16(a) of 1934 act | Sec. 17(a) of 1935 act | Sec. 30(f) of 1940 act | Total reports filed |
|---------------------------|------------------------|------------------------|------------------------|---------------------|
| 1935 | 12,638 | | | 12,638 |
| 1936 | 43,263 | 509 | | 43,772 |
| 1937 | 30,123 | 460 | | 30,583 |
| 1938 | 21,810 | 929 | | 22,739 |
| 1939 | 18,323 | 1,043 | | 19,366 |
| 1940 | 18,342 | 903 | | 19,245 |
| 1941 | 16,312 | 693 | 2,413 | 19,418 |
| 1942 | 16,412 | 742 | 1,446 | 18,600 |
| 1943 | 13,363 | 445 | 1,164 | 14,972 |
| 1944 | 13,183 | 539 | 1,043 | 14,765 |
| 1945 | 15,045 | 498 | 1,070 | 16,613 |
| 1946 | 17,838 | 447 | 1,265 | 19,550 |
| 1947 | 18,620 | 553 | 916 | 20,089 |
| 1948 | 16,570 | 557 | 664 | 17,791 |
| 1949 | 17,976 | 675 | 702 | 19,353 |
| 1950 | 18,314 | 721 | 774 | 19,809 |
| 1951 | 20,776 | 509 | 833 | 22,118 |
| 1952 | 20,013 | 420 | 628 | 21,061 |
| 1953 | 21,516 | 393 | 424 | 22,333 |
| 1954 | 22,583 | 331 | 285 | 23,199 |
| 1955 | 28,010 | 532 | 433 | 28,975 |
| 1956 | 31,003 | 322 | 676 | 32,001 |
| 1957 | 33,486 | 296 | 661 | 34,443 |
| 1958 | 32,290 | 361 | 475 | 33,126 |
| 1959 | 38,058 | 366 | 851 | 39,275 |
| 25-year total | 555,867 | 13,244 | 16,723 | 585,834 |

TABLE 18.—Number and principal types of periodic reports filed under sec. 13 of the Securities Exchange Act of 1934 by issuers having securities listed and registered on national securities exchanges during the fiscal years 1936 through 1959, and the number of such issuers as of the close of the fiscal year

| Fiscal year ended June 30— | Annual reports on Form 10-K or its equivalent forms | Quarterly and semi-annual reports on Form 9-K ¹ | Current reports on Form 8-K | Number of issuers having securities listed and registered as of June 30 |
|----------------------------|---|--|-----------------------------|---|
| 1936 | 1,500 | | | 2,803 |
| 1937 | 2,231 | | 1,700 | 2,489 |
| 1938 | 2,310 | | 2,319 | 2,485 |
| 1939 | 2,315 | | 2,342 | 2,449 |
| 1940 | 2,289 | | 2,448 | 2,408 |
| 1941 | 2,390 | | 2,295 | 2,350 |
| 1942 | 2,148 | | 2,470 | 2,299 |
| 1943 | 2,073 | | 2,340 | 2,244 |
| 1944 | 1,996 | | 2,572 | 2,196 |
| 1945 | 2,167 | | 2,752 | 2,185 |
| 1946 | 2,029 | 1,654 | 3,394 | 2,188 |
| 1947 | 2,189 | 5,832 | 3,302 | 2,215 |
| 1948 | 2,123 | 5,545 | 3,214 | 2,209 |
| 1949 | 2,139 | 5,559 | 3,207 | 2,184 |
| 1950 | 2,091 | 5,562 | 3,252 | 2,182 |
| 1951 | 2,184 | 6,042 | 2,750 | 2,188 |
| 1952 | 2,150 | 5,734 | 2,861 | 2,192 |
| 1953 | 2,134 | 6,080 | 3,513 | 2,210 |
| 1954 | 2,050 | | 3,440 | 2,204 |
| 1955 | 2,129 | | 2,857 | 2,219 |
| 1956 | 2,154 | 1,554 | 3,867 | 2,253 |
| 1957 | 2,178 | 1,466 | 3,575 | 2,256 |
| 1958 | 2,269 | 1,884 | 3,427 | 2,236 |
| 1959 | 2,223 | 1,685 | 3,650 | 2,236 |

¹ Quarterly reports of gross sales were required from 1946 through 1953, and Form 9-K semiannual condensed earnings for first 6 months of the registrant's fiscal year were required beginning in 1956 fiscal year.

TABLE 19.—Number and principal types of periodic reports filed under sec. 15(d) of the Securities Exchange Act of 1934 by issuers having registered securities under the Securities Act of 1933

| Fiscal year ended June 30 | Number of reports | | Current reports on Form 8-K | Number of issuers required to file reports under sec. 15(d) as of June 30 |
|---------------------------|---|--|-----------------------------|---|
| | Annual reports on Form 10-K or its equivalent forms | Quarterly and semi-annual reports on Form 9-K ¹ | | |
| 1937..... | 30 | | | 80 |
| 1938..... | 150 | | | 165 |
| 1939..... | 172 | | | 180 |
| 1940..... | 252 | | | 274 |
| 1941..... | 255 | | | 279 |
| 1942..... | 324 | | | 337 |
| 1943..... | 327 | 241 | | 370 |
| 1944..... | 348 | 250 | | 382 |
| 1945..... | 377 | 300 | | 425 |
| 1946..... | 436 | 280 | | 558 |
| 1947..... | 601 | 296 | | 839 |
| 1948..... | 690 | 298 | | 875 |
| 1949..... | 744 | 833 | 180 | 976 |
| 1950..... | 752 | 2,094 | 284 | 977 |
| 1951..... | 735 | 2,596 | 400 | 971 |
| 1952..... | 715 | 2,594 | 604 | 978 |
| 1953..... | 825 | 2,615 | 916 | 1,014 |
| 1954..... | 834 | | 973 | 1,058 |
| 1955..... | 950 | | 970 | 1,164 |
| 1956..... | 1,025 | 512 | 1,066 | 1,167 |
| 1957..... | 1,159 | 633 | 1,299 | 1,274 |
| 1958..... | 1,270 | 886 | 1,405 | 1,365 |
| 1959..... | 1,480 | 848 | 1,718 | 1,503 |

¹ Quarterly reports of investment companies from 1943 through 1948. Requirement to file Form 9-K quarterly reports of gross sales was added in the 1949 fiscal year and continued through the 1953 fiscal year. Semiannual condensed earnings reports for the first 6 months of the registrant's fiscal year were required beginning in the 1956 fiscal year.

TABLE 20.—Reorganization proceedings under chapter X of the Bankruptcy Act in which the Commission participated, fiscal years 1939-59

| Fiscal year June 30 | Number of appearances filed | | | Aggregate assets (000 omitted) | Aggregate indebtedness (000 omitted) |
|---------------------|-----------------------------|------------|-------|--------------------------------|--------------------------------------|
| | Principal | Subsidiary | Total | | |
| 1939-43..... | 243 | 50 | 293 | \$2,625,791 | \$1,639,163 |
| 1944..... | 19 | 9 | 28 | 130,995 | 73,698 |
| 1945..... | 9 | 0 | 9 | 280,589 | 256,970 |
| 1946..... | 9 | 0 | 9 | 9,615 | 11,136 |
| 1947..... | 9 | 5 | 14 | 15,457 | 13,135 |
| 1948..... | 10 | 1 | 11 | 28,487 | 32,620 |
| 1949..... | 9 | 4 | 13 | 108,390 | 99,417 |
| 1950..... | 5 | 4 | 9 | 24,985 | 29,006 |
| 1951..... | 5 | 0 | 5 | 3,243 | 3,028 |
| 1952..... | 6 | 2 | 8 | 8,834 | 5,625 |
| 1953..... | 4 | 3 | 7 | 7,761 | 3,661 |
| 1954..... | 4 | 2 | 6 | 8,520 | 17,373 |
| 1955..... | 2 | 4 | 6 | 112,769 | 112,343 |
| 1956..... | 6 | 0 | 6 | 15,578 | 16,837 |
| 1957..... | 9 | 0 | 9 | 61,136 | 67,928 |
| 1958..... | 9 | 0 | 9 | 76,499 | 67,987 |
| 1959..... | 13 | 2 | 15 | 62,037 | 39,165 |
| Totals..... | 371 | 86 | 457 | 3,580,686 | 2,489,692 |

TABLE 21.—Reorganization proceedings under Chapter X of the Bankruptcy Act in which the Commission participated during the fiscal year 1959

| 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 Co. | S. D. Iowa | Oct. 17, 1956 | Nov. 2, 1956 | Nov. 2, 1956 |
| Brookwood Country Club ¹ | N. D. Ill. | Feb. 17, 1959 | Mar. 3, 1959 | Mar. 19, 1959 |
| Central States Electric Corp. | E. D. Va. | Feb. 26, 1942 | Feb. 27, 1942 | Mar. 11, 1942 |
| 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 |
| DePaul Educational Aid Society ¹ | do | Jan. 1, 1959 | Jan. 13, 1959 | Feb. 4, 1959 |
| Dumont-Airplane & Marine Instruments, Inc. ¹ | S. D. N. Y. | Oct. 27, 1958 | Oct. 27, 1958 | Nov. 10, 1958 |
| Le John Manufacturing Co. | do | Oct. 31, 1958 | Oct. 31, 1958 | Do. |
| El-Tronics Inc. ¹ | E. D. Pa. | Nov. 25, 1958 | Nov. 25, 1958 | Jan. 16, 1959 |
| Empire Warehouses, Inc. | N. D. Ill. | June 15, 1956 | June 15, 1956 | July 19, 1956 |
| Equitable Plan Co. | S. D. Calif. | Mar. 18, 1958 | May 29, 1958 | Mar. 27, 1958 |
| Frank Fehr Brewing Co. | W. D. Ky. | Aug. 13, 1957 | Aug. 14, 1957 | Nov. 8, 1957 |
| 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, 1951 | 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. | 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, 1953 | Nov. 1, 1953 | Mar. 28, 1939 |
| International Power Securities Corp. ² | 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 |
| F. L. Jacobs Co. ¹ | E. D. Mich. | Mar. 17, 1959 | Mar. 18, 1959 | Mar. 20, 1959 |
| 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. | S. D. N. Y. | Apr. 22, 1957 | Apr. 22, 1957 | May 2, 1957 |
| Ludman Corp. ¹ | S. D. Fla. | Sept. 18, 1958 | Oct. 9, 1958 | Oct. 21, 1958 |
| Magnolia Park, Inc. | E. D. La. | Oct. 16, 1957 | Feb. 26, 1958 | Oct. 24, 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. |
| Northern Steel Corp. ² | Conn. | Feb. 1, 1957 | Feb. 5, 1957 | Feb. 19, 1957 |
| Parker Petroleum Co., Inc. | W. D. Okla. | May 6, 1958 | May 6, 1958 | June 9, 1958 |
| Pittsburgh Railways Co. | W. D. Pa. | May 10, 1938 | May 10, 1938 | Jan. 4, 1939 |
| Pittsburgh Motor Coach Co. | do | do | do | Do. |
| San Souci Hotel, Inc. ¹ | D. Nev. | Aug. 1, 1958 | Aug. 1, 1958 | Sept. 16, 1958 |
| Scranton Corp. ¹ | M. D. Pa. | Apr. 3, 1959 | Apr. 3, 1959 | Apr. 15, 1959 |
| Hal Roach Studios. | do | do | do | Do. |
| Seaboard Drug Co. | S. D. N. Y. | May 7, 1957 | May 10, 1957 | June 25, 1957 |
| Selected Investments Trust Fund | } N. D. Okla. | Mar. 3, 1958 | Mar. 3, 1958 | Mar. 17, 1958 |
| Selected Investments Corp. | | | | |
| Shawano Development Co. ² | D. Wyo. | Apr. 3, 1959 | Apr. 13, 1959 | May 20, 1959 |
| Sierra Nevada Oil Co. | D. Nev. | June 22, 1951 | June 22, 1951 | July 25, 1951 |
| Slesian American Corp. | S. D. N. Y. | July 29, 1941 | July 29, 1941 | Aug. 1, 1941 |
| South Texas Oil & Gas Co. ² | S. D. Tex. | Feb. 2, 1958 | Feb. 2, 1958 | Feb. 15, 1958 |
| Stardust, Inc. | Nev. | July 19, 1956 | Sept. 10, 1956 | Sept. 7, 1956 |
| Sure Seal Corp. ¹ | D. Utah | May. 13, 1958 | Aug. 12, 1958 | Sept. 30, 1958 |
| Swan Finch Oil Corp. | S. D. N. Y. | Jan. 2, 1958 | Jan. 2, 1958 | Jan. 27, 1958 |
| Texas Portland Cement Co. ¹ | E. D. Tex. | July 7, 1958 | July 7, 1958 | Aug. 12, 1958 |
| Third Avenue Transit Corp. | S. D. N. Y. | Oct. 25, 1948 | June 21, 1949 | Jan. 3, 1949 |
| Surface Transportation Corp. | do | June 21, 1949 | do | July 7, 1949 |
| Westchester St. Transportation Co., Inc. | do | do | do | Do. |
| Westchester Electric R. R. 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 |
| TMT Trailer Ferry, Inc. | S. D. Fla. | June 27, 1957 | Nov. 15, 1957 | Nov. 25, 1957 |
| Trinity Buildings Corp. of N. Y. | S. D. N. Y. | Jan. 18, 1945 | Jan. 18, 1945 | Feb. 19, 1945 |
| U. S. Durox Corp. of Colorado ¹ | D. Colo. | Feb. 4, 1959 | Feb. 9, 1959 | Mar. 31, 1959 |
| Verdi Development Co. ^{1, 2} | C. D. Utah. | Feb. 25, 1959 | Mar. 11, 1959 | Apr. 3, 1959 |

¹ Commission filed notice of appearance in fiscal year 1959.² Reorganization proceeding closed during fiscal year 1959.³ An earlier petition was filed in the District of Nevada on Oct. 17, 1958. The Commission filed a notice of appearance in Nov. 18, 1958. Upon dismissal, petition was filed in Utah.

TABLE 22.—Number of indentures filed and qualified under the Trust Indenture Act of 1939 and the dollar amount of debt securities involved, fiscal years 1940-59

| Fiscal year ended June 30 | Number of indentures filed for qualification during the year | Dollar amount of debt securities involved (in billions) | Number of indentures that were qualified during the year | Dollar amount of debt securities involved (in billions) |
|---------------------------|--|---|--|---|
| 1940 | 43 | \$0. 663 | 30 | \$0. 440 |
| 1941 | 93 | 2. 101 | 94 | 1. 670 |
| 1942 | 84 | 1. 101 | 73 | 1. 107 |
| 1943 | 45 | . 400 | 37 | . 312 |
| 1944 | 67 | . 690 | 70 | . 717 |
| 1945 | 117 | 2. 207 | 98 | 1. 791 |
| 1946 | 132 | 2. 838 | 136 | 2. 988 |
| 1947 | 108 | 2. 692 | 96 | 2. 665 |
| 1948 | 121 | 2. 554 | 122 | 2. 446 |
| 1949 | 127 | 2. 606 | 124 | 2. 558 |
| 1950 | 96 | 1. 742 | 87 | 1. 865 |
| 1951 | 109 | 2. 025 | 103 | 1. 922 |
| 1952 | 163 | 3. 308 | 154 | 3. 063 |
| 1953 | 144 | 2. 751 | 141 | 2. 838 |
| 1954 | 145 | 3. 688 | 139 | 3. 378 |
| 1955 | 163 | 3. 075 | 157 | 3. 721 |
| 1956 | 183 | 4. 495 | 168 | 3. 992 |
| 1957 | 244 | 5. 466 | 237 | 5. 507 |
| 1958 | 252 | 7. 066 | 237 | 6. 414 |
| 1959 | 202 | 3. 686 | 192 | 4. 229 |

TABLE 23.—Number of investment companies registered under the Investment Company Act of 1940 and the approximate dollar amount of gross assets at the end of each fiscal year, 1941-59

| Fiscal year ended June 30 | Registered at the beginning of the year | New registrations during the year | Registrations ended during the year | Registered at the close of the year | Gross assets at the end of the year (billions) |
|---------------------------|---|-----------------------------------|-------------------------------------|-------------------------------------|--|
| 1941 ¹ | 0 | 450 | 14 | 436 | \$2. 5 |
| 1942 | 436 | 17 | 46 | 407 | 2. 4 |
| 1943 | 407 | 14 | 31 | 390 | 2. 3 |
| 1944 | 390 | 8 | 27 | 371 | 2. 2 |
| 1945 | 371 | 14 | 19 | 366 | 3. 3 |
| 1946 | 366 | 13 | 18 | 361 | 3. 8 |
| 1947 | 361 | 12 | 21 | 352 | 3. 6 |
| 1948 | 352 | 18 | 11 | 359 | 3. 8 |
| 1949 | 359 | 12 | 13 | 358 | 3. 7 |
| 1950 | 358 | 26 | 18 | 366 | 4. 7 |
| 1951 | 366 | 12 | 10 | 368 | 5. 6 |
| 1952 | 368 | 13 | 14 | 367 | 6. 8 |
| 1953 | 367 | 17 | 15 | 369 | 7. 0 |
| 1954 | 369 | 20 | 5 | 384 | 8. 7 |
| 1955 | 384 | 87 | 34 | 387 | 12. 0 |
| 1956 | 387 | 46 | 34 | 399 | 14. 0 |
| 1957 | 399 | 49 | 16 | 432 | 15. 0 |
| 1958 | 432 | 42 | 21 | 453 | 17. 0 |
| 1959 | 453 | 70 | 11 | 512 | 20. 0 |

¹ The act became effective as of Nov. 1, 1940.

TABLE 24.—Number of annual and other periodic reports and sales literature filed by registered investment companies and other persons under the Investment Company Act of 1940, fiscal years 1941-59

| Fiscal year ended June 30 | Annual reports on Form N-30A-1, etc. | Quarterly reports on Form N-30B-1 | Reports to stockholders pursuant to sec. 30(d) | Sales literature pursuant to sec. 24(b) | Ownership and transactions reports pursuant to sec. 30(f) |
|---------------------------|--------------------------------------|-----------------------------------|--|---|---|
| 1941 | | | 264 | | 2,413 |
| 1942 | 196 | 196 | 633 | 947 | 1,446 |
| 1943 | 215 | 911 | 1,078 | 1,069 | 1,164 |
| 1944 | 248 | 809 | 706 | 910 | 1,043 |
| 1945 | 235 | 768 | 671 | 1,489 | 1,070 |
| 1946 | 213 | 780 | 710 | 1,752 | 1,265 |
| 1947 | 226 | 790 | 718 | 1,935 | 916 |
| 1948 | 219 | 762 | 688 | 2,110 | 664 |
| 1949 | 228 | 788 | 662 | 1,910 | 702 |
| 1950 | 224 | 818 | 637 | 2,121 | 774 |
| 1951 | 251 | 869 | 673 | 2,596 | 833 |
| 1952 | 245 | 871 | 625 | 2,106 | 628 |
| 1953 | 245 | 888 | 664 | 1,769 | 424 |
| 1954 | 252 | 868 | 686 | 1,829 | 285 |
| 1955 | 260 | 197 | 674 | 1,829 | 433 |
| 1956 | 267 | 195 | 698 | 1,935 | 676 |
| 1957 | 280 | 172 | 734 | 2,164 | 681 |
| 1958 | 305 | 163 | 887 | 2,416 | 475 |
| 1959 | 349 | 179 | 1,003 | 2,722 | 851 |

TABLE 25.—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 1959 fiscal year | Total cases closed up to end of 1959 fiscal year | Cases pending at end of 1959 fiscal year | Cases pending at end of 1958 fiscal year | Cases instituted during 1959 fiscal year | Total cases pending during 1959 fiscal year | Cases closed during 1959 fiscal year |
|---|--|--|--|--|--|---|--------------------------------------|
| Actions to enjoin violations of the above acts | 900 | 844 | 56 | 53 | 58 | 111 | 55 |
| Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act | 71 | 71 | 0 | 1 | 2 | 3 | 3 |
| Actions to carry out voluntary plans to comply with sec. 11(b) of the Holding Company Act | 127 | 125 | 2 | 5 | 2 | 7 | 5 |
| Miscellaneous actions | 133 | 127 | 6 | 4 | 3 | 7 | 1 |
| Total | 1,131 | 1,067 | 64 | 63 | 65 | 128 | 64 |

¹ This includes civil and criminal contempt not included in prior statistics.

TABLE 26.—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 1959 fiscal year | Total cases closed up to end of 1959 fiscal year | Cases pending at end of 1959 fiscal year | Cases pending at end of 1958 fiscal year | Cases instituted during 1959 fiscal year | Total cases pending during 1959 fiscal year | Cases closed during 1959 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..... | 215 | 206 | 9 | 14 | 6 | 20 | 11 |
| Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or <i>amicus curiae</i> | 208 | 197 | 11 | 4 | 12 | 16 | 5 |
| Appeal cases under ch. X in which the Commission participated..... | 167 | 155 | 12 | 4 | 13 | 17 | 5 |
| Total..... | 662 | 630 | 32 | 22 | 31 | 53 | 21 |

TABLE 27.—*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, 1959.*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case |
|---|----------------------|----------------------------------|-------------------------|--|--|
| John Milton Addison..... | 7 | Northern District of Texas. | June 30, 1959 | Secs. 5(a)(1), 5(a)(2) and 5(c), 1933 act. | Complaint filed June 30, 1959. Temporary restraining order signed June 30, 1959. Pending. |
| Albert & Co., Inc..... | 5 | New Jersey..... | Oct. 16, 1958 | Sec. 17(a), 1933 act..... | Summons and complaint filed Oct. 16, 1958. Permanent injunction by consent as to 1 defendant, Oct. 22, 1958. Order entered dismissing 2 defendants. Judgment of permanent injunction as to remaining defendants, Oct. 24, 1958. Closed. |
| The American Founders Life Insurance Co. of Denver, Colo. | 7 | Colorado..... | Apr. 1, 1958 | Secs. 5(a) and (c) and 17(a), 1933 act. | Answers by defendants filed Apr. 23 and June 2, 1958. Preliminary injunction entered May 21, 1958. Order granting defendants 30 days to file answer to complaint, June 16, 1958. Pending. |
| American-Hawaiian Steamship Co. | 1 | Southern District of New York. | Nov. 10, 1958 | Sec. 7, IC Act of 1940..... | Complaint filed Nov. 10, 1958. Notices of motions to intervene, Dec. 19, 1958, and Jan. 29, 1959. Orders entered denying motions, Jan. 19 and Feb. 18, 1959. Notice of appeal filed from the order of Feb. 18, 1959. Action discontinued by consent of the parties, Feb. 25, 1959. Appeal dismissed as moot, Apr. 9, 1959. 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. Answer filed June 28, 1957. Injunction by consent as to 1 defendant, June 13, 1958. Pending as to remaining defendants. |
| The Angellique and Co., Inc... | 2 | Connecticut..... | Mar. 26, 1959 | Secs. 5(a) and (c) and 17(a), 1933 act. | Complaint filed Mar. 26, 1959. Final judgment by consent entered Apr. 22, 1959, as to both defendants. Closed. |
| Milton R. Aronson..... | 1 | Southern District of California. | Sept. 29, 1958 | Secs. 15(c)(1), 15(c)(3) and 17(a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 act. | Complaint filed Sept. 29, 1958. Final judgment by consent Sept. 30, 1958. Closed. |
| Arvids, Corp..... | 8 | Southern District of New York. | Sept. 22, 1958 | Sec. 5(c), 1933 act..... | Summons and complaint filed Sept. 22, 1958. Temporary restraining order signed Sept. 22, 1958. Petition for writ in the nature of mandamus filed by 4 defendants, Sept. 23, 1958. Opinion per curiam denying petition for mandamus as moot, Oct. 2, 1958. Opinion rendered denying motion for preliminary injunction, Oct. 17, 1958; and notice of appeal filed by Commission and defendant corporation. Final judgment by consent as to all defendants, Dec. 12, 1958. Order Mar. 19, 1959 dismissing appeal. Closed. |
| A. G. Bellin Securities Corp.... | 6 | Southern District of New York. | Nov. 5, 1958 | Secs. 5 and 17(a), 1933 act... | Complaint filed Nov. 5, 1958. Answer filed by defendants, Nov. 24, 1958. Order of preliminary injunction as to all defendants granted with respect to sec. 5 and denied as to sec. 17(a) of 1933 act, Mar. 19, 1959. Notices of appeals filed Apr. 8, 1959. Pending. |

| | | | | | |
|-------------------------------------|----|----------------------------------|----------------|--|---|
| Belmont Oil Corp..... | 16 | Southern District of New York. | June 30, 1959 | Sec. 5, 1933 act..... | Complaint filed June 30, 1959. 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. Injunction dismissed as to 2 defendants, June 11, 1958. Remaining defendant deceased. Closed. |
| Bonanza Oil Corp..... | 5 | Nevada..... | Aug. 12, 1958 | Sec. 5 (a) and (c), 1933 act.. | Complaint filed Aug. 12, 1958. Final judgment by consent as to all defendants, Nov. 5, 1958. Closed. |
| Bradford, William Douglas.... | 1 | Southern District of California. | Feb. 26, 1958 | Sec. 17(a) and rules 17a-3 and 17a-5, 1934 act. | Complaint filed Feb. 26, 1958. Answer filed Mar. 19, 1958. Amended and supplemental complaint filed June 23, 1958. Final judgment entered Jan. 15, 1959. Appeal from the order of the District Court filed Mar. 13, 1959. Pending. |
| Brandel Trust..... | 16 | Southern District of New York. | July 15, 1958 | Secs. 5(b) and 17(a), 1933 act; secs. 15(c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 act. | Complaint filed July 15, 1958. Amended complaint filed July 18, 1958. Receiver appointed July 21, 1958. Final judgment by consent as to 2 defendants July 22, 1958. Pending. |
| Morton Browne..... | 1 | Southern District of New York. | Apr. 22, 1959 | Sec. 10 (a) and (b) and rule 10a-1 and 10b-5, 1934 act. | Summons and complaint filed Apr. 22, 1959. Final judgment by consent entered May 1, 1959. Closed. |
| Burd, Jacwin & Costa, Inc.... | 1 | Southern District of New York. | Dec. 18, 1956 | Sec. 17(a), 1933 act..... | Reply affidavit and defendant's answer filed Dec. 28, 1956. Preliminary injunction by consent entered Dec. 28, 1956. Injunction by consent entered May 15, 1959. Closed. |
| T. J. Campbell Investment Co., Inc. | 4 | Southern District of Texas. | Oct. 16, 1958 | Secs. 17(a) (2) and 17(a) (3), 1933 act; secs. 15(c) (3) and 10(b), 1934 act. | Complaint filed Oct. 16, 1958. Final judgment entered as to all defendants and appointment of a receiver, Oct. 16, 1958. Pending. |
| Canadian Javelin Ltd..... | 24 | Southern District of New York. | Sept. 23, 1958 | Secs. 5(a) (1) and (2), 17(a) (1), (2) and (3) and 17(b), 1933 act; sec. 10(b), 1934 act. | Complaint filed Sept. 23, 1958. Permanent injunction by consent as to 10 defendants, Sept. 25, 1958. Injunction by consent as to 3 defendants, Nov. 24, 1958. Pending. |
| Edward J. Carroll..... | 1 | Massachusetts..... | Mar. 5, 1959 | Secs. 10(b), 15(c) (1), 15(c) (3) and 17(a) and rules 10b-5, 15c1-2, 15c3-1 and 17a-3, 1934 act. | Complaint filed Mar. 5, 1959. Preliminary injunction signed Mar. 13, 1959. Permanent injunction entered May 25, 1959. Closed. |
| Cataract Mining Corp..... | 6 | Southern District of New York. | Oct. 30, 1957 | Secs. 5(a) (1) and (2) and 5(c), 1933 act. | Permanent injunction by consent as to 5 defendants, Nov. 7, 1957. Preliminary injunction by consent as to remaining defendant, Mar. 13, 1958. Pending. |
| The Central Foundry Co..... | 17 | Southern District of New York. | Sept. 25, 1958 | Sec. 14(a) and Regulation X-14, 1934 act. | Summons and complaint filed Sept. 25, 1958. Stipulation among parties entered Sept. 25, 1958. Motion by Central Foundry to modify stipulation filed Oct. 20, 1958 and motion to dismiss by Independent Stockholders Group filed Oct. 21, 1958. Opinion filed Oct. 29, 1958 permitting modification of stipulation. Appeals filed on Oct. 30 and Nov. 5, 1958. Stipulations and proposed orders dismissing appeals and complaint filed approximately June 1, 1959. Closed. |
| Christopher Corp..... | 1 | Southern District of Florida. | Dec. 16, 1958 | Sec. 15(c) (3) and rule 15c3-1, 1934 act. | Complaint filed Dec. 16, 1958. Temporary restraining order signed Dec. 17, 1958. Permanent injunction by consent entered Jan. 5, 1959. Closed. |

TABLE 27.—*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, 1959—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case. |
|--|----------------------|----------------------------------|-------------------------|---|---|
| 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. Order dismissing action as to all defendants, May 22, 1959. Closed. |
| Columbus-Rexall Oil Co..... | 3 | Utah..... | Oct. 9, 1957 | Sec. 5(a) (1) and (2) and 5(c), 1933 act. | Injunction by consent as to 2 defendants, Nov. 13, 1957. Pending as to remaining defendant. |
| Consolidated Enterprises Ltd... | 2 | Southern District of New York. | May 5, 1959 | Sec. 5(a), 1933 act..... | Complaint filed May 5, 1959. Final judgment by consent entered May 6, 1959. Closed. |
| J. D. Creger & Co..... | 1 | Southern District of California. | Mar. 21, 1957 | Sec. 15(c) (3) and rule 15c3-1, 1934 act. | Motion to vacate judgment and dissolve permanent injunction filed Sept. 15, 1958. Motion denied Oct. 29, 1958. Closed. |
| Robert Paul Creson..... | 4 | Northern District of Texas. | Apr. 29, 1959 | Sec. 5 (a) and (c), 1933 act.... | Complaint filed Apr. 29, 1959. Temporary restraining order signed Apr. 29, 1959. Answers filed by 3 defendants, May 20, 1959. Preliminary injunction signed June 6, 1959. Pending. |
| Cryan, Frank M. (Jefferson Custodian Fund, Inc.) | 5 | Southern District of New York. | Mar. 14, 1958 | Sec. 36 and 16(a), IC Act of 1940. | Complaint filed Mar. 14, 1958 seeking injunction barring certain individuals from acting as directors and officers and appointment of receiver. Temporary receiver appointed, Mar. 14, 1958. Answer filed Apr. 28, 1958. Order entered May 9, 1958 continuing receivership with power to reorganize or reconstitute the fund. On Sept. 2, 1958 plan approved which provided for sale of assets of company. Final report of temporary receiver filed June 4, 1959 and approved June 12, 1959. Pending. |
| Del Marva Oil & Gas Corp.... | 9 | Utah..... | June 11, 1959 | Secs. 5(a), 5(c) and 17(a), 1933 act. | Complaint filed June 11, 1959. Final judgment by consent as to all defendants, June 24, 1959. Closed. |
| The Donna-June Co..... | 2 | Eastern District of Oklahoma. | July 25, 1958 | Secs. 5 (a) and (c) and 17(a), 1933 act. | Complaint filed July 25, 1958. Final judgment by consent as to both defendants entered July 25, 1958. Closed. |
| Dyer, J. Raymond..... | 1 | Eastern District of Missouri. | Apr. 9, 1957 | Sec. 12(e), 1935 act..... | Complaint filed Apr. 9, 1957. Order June 25, 1957, vacating plaintiff's notice of dismissal. Order dismissing defendant's counterclaim for lack of jurisdiction entered Nov. 12, 1957. Order entered amending order dated Nov. 12, 1957, and denying defendant's motion to vacate said order, Feb. 7, 1958. Opinion and order dismissing action for mootness, July 28, 1958. Motion by defendant to vacate judgment and for a new trial filed Aug. 7, 1958. Appeal filed Sept. 23, 1958. Order nullifying appeal, Oct. 29, 1958. Pending. |

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| Empire State Mutual Sales, Inc. | 4 | Southern District of New York. | Feb. 3, 1959 | Secs. 15(c)(1), 15(c)(3) and 17(a), 1934 act. | Summons and complaint filed Feb. 3, 1959. Permanent injunction by consent entered as to 2 defendants. Memorandum endorsed denying motion for permanent injunction as to remaining defendants, Mar. 6, 1959. Closed. |
| Farm and Home Agency, Inc. | 5 | Southern District of Indiana. | Apr. 16, 1958 | Sec. 5(a) and (c), 1933 act. | Injunction by consent as to all defendants, Apr. 16, 1958. Motion to vacate and set aside consent decree filed Nov. 20, 1958. Order entered denying defendants' motion, Jan. 12, 1959. Appeal filed Feb. 26, 1959. 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 Lewis Corp. | 1 | Massachusetts | June 15, 1959 | Sec. 17(a) and rule 17a-3, 1934 act. | Complaint filed June 15, 1959. Temporary restraining order signed June 15, 1959. Preliminary injunction entered June 23, 1959. Pending. |
| 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. Final judgment by consent as to 3 defendants, Dec. 15, 1958. Opinion rendered denying permanent injunction as to remaining defendants, Mar. 27, 1959. Closed. |
| Ben Franklin Oil & Gas Corp. | 11 | New Jersey | June 19, 1957 | Sec. 5(a) and (c), 1933 act. | Complaint filed June 19, 1957. Injunction by consent as to 6 defendants, Dec. 12, 1958. Dismissal as to remaining defendants, Mar. 27, 1959. Closed. |
| General Associates, Inc. | 6 | Western District of Washington. | Oct. 20, 1958 | Secs. 5 and 17(a), 1933 act. | Complaint filed Oct. 20, 1958. Preliminary injunction as to all defendants, Oct. 29, 1958. Amended complaint filed Nov. 7, 1958. Permanent injunction by consent as to all defendants, May 4, 1959. Closed. |
| Globe Securities Corp. | 10 | Southern District of New York. | Apr. 29, 1958 | Sec. 17(a), 1933 act. | Complaint filed Apr. 29, 1958. Preliminary injunction by consent as to 8 defendants, June 30, 1958. Dismissal as to 1 defendant. Pending as to remaining defendants. |
| Golden-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. |
| Gondelman, Sidney | 8 | Southern District of New York. | May 19, 1958 | Sec. 14(a) and Regulation X-14, 1934 act. | Complaint filed May 19, 1958. Answer by 1 defendant filed approximately May 29, 1958. Preliminary injunction signed Aug. 21, 1958. Answers filed Aug. 25 and Sept. 4, 1958. Appeals filed Sept. 12, 1958, from the order of preliminary injunction. Appeals dismissed. Pending. |
| Gotham Securities Corp. | 5 | New Jersey | Aug. 12, 1958 | Sec. 17(a), 1933 act. | Summons and complaint filed Aug. 12, 1958. Final judgment by consent as to 3 defendants, Aug. 19, 1958. Order entered dismissing remaining defendants, Sept. 4, 1958. Closed. |
| Gravity Science Foundation, Inc. | 2 | Northern District of Illinois. | Mar. 24, 1959 | Secs. 5 (a) and (c) and 17(a), 1933 act. | Complaint filed Mar. 24, 1959. Preliminary injunction signed Apr. 2, 1959. 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. |
| Graye, James C. | 4 | Southern District of New York. | Jan. 23, 1958 | Sec. 17(a), 1933 act. | Preliminary injunction by consent entered Feb. 6, 1958, as to 3 defendants. Injunction by consent as to 1 defendant, Apr. 3, 1958. Pending. |

TABLE 27.—*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, 1959—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case |
|--|----------------------|----------------------------------|-------------------------|--|---|
| Holmes Green, Jr..... | 1 | Northern District of Texas | Nov. 6, 1958 | Secs. 15(c)(3) and 17(a) and rules 15c3-1 and 17a-3, 1934 act. | Complaint filed Nov. 6, 1958. Final judgment by consent entered Nov. 7, 1958. Closed. |
| F. 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. Order entered June 23, 1959, discontinuing action. Closed. |
| Guild Films Co., Inc..... | 10 | Southern District of New York. | Apr. 29, 1959 | Sec. 13 and Regulation 13A, 1934 act. | Complaint filed Apr. 29, 1959. Injunction entered as to 4 defendants, June 8, 1959. Pending as to remaining defendants. |
| Alexander L. Guterma (F. L. Jacobs Co.). | 2 | Southern District of New York. | Feb. 11, 1959 | Secs. 5 (a) and (c) and 17(a), 1933 act; secs. 10(b), 13 and 16(a) and rules 10b-5, 13a-1, 11 and 16a-1, 1934 act. | Complaint filed Feb. 11, 1959. Mandatory injunction by consent entered Feb. 26, 1959, as to corporate defendant. Appointment of receiver by court, Mar. 17, 1959. Petition for Reorganization under ch. X of the Bankruptcy Act filed in the District Court for the Eastern District of Michigan. 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-5 (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. Order Mar. 26, 1958, granting application for amendment of exhibit A to Interlocutory Order dated Apr. 29, 1955. Amended final compliance order, May 8, 1958. Pending. |
| Barrett Herrick & 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. Order signed Mar. 20, 1957, to show cause why receiver should not be authorized to make payment to receiver's certified public accountant. Pending. |
| Hillsborough Investment Corp. | 3 | New Hampshire..... | Sept. 22, 1958 | Sec. 5 (a) and (c), 1933 act.. | Complaint filed Sept. 22, 1958. Preliminary injunction as to 2 defendants, Dec. 11, 1958. Permanent injunction as to 2 defendants, June 22, 1959. Pending as to remaining defendant. |
| Hinsdale Raceway, Inc..... | 5 | New Hampshire..... | Oct. 23, 1958 | Sec. 5 (a) and (c), 1933 act.. | Complaint filed Oct. 23, 1958. Final judgment by consent entered Oct. 23, 1958. Closed. |

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| Insurance Securities Inc..... | 6 | Northern District of California. | Aug. 13, 1956 | Sec. 36 and rule N-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. Order entered by CA-9 affirming the judgment of the District Court, Apr. 7, 1958. Petition for writ of certiorari by Commission, July 3, 1958. Denied Oct. 13, 1958. Closed. |
| International Corp..... | 2 | District of Columbia..... | June 3, 1959 | Secs. 5 (a) and (c) and 17(a)(2) and 17(a)(3), 1933 act. | Complaint filed June 3, 1959. Final judgment by consent entered June 11, 1959. Closed. |
| Interworld T. V. Films, Inc.... | 11 | Southern District of New York. | Apr. 29, 1959 | Sec. 15(d) and Regulation 15D, 1934 act. | Complaint filed Apr. 29, 1959. Judgment by consent entered as to 5 defendants, June 8, 1959. Pending. |
| Sidney B. Josephson (Stratford Securities Co., Inc., et al.). | 5 | Southern District of New York. | Nov. 26, 1958 | Secs. 5 and 17(a), 1933 act.... | Summons and complaint filed Nov. 26, 1958. Preliminary injunction by default as to 1 defendant entered Dec. 30, 1958. Order of preliminary injunction as to 1 defendant granted with respect to sec. 5 and denied as to sec. 17(a) of 1933 act, Mar. 19, 1959. Notice of appeal from the order of preliminary injunction filed Apr. 8, 1959. Pending. |
| Sidney B. Josephson (Stanley Brown). | 2 | Southern District of New York. | Dec. 16, 1958 | Secs. 5 and 17(a), 1933 act.... | Summons and complaint filed Dec. 16, 1958. Pending. |
| Sidney B. Josephson (Phoenix Securities Corp., et al.). | 6 | Southern District of New York. | Dec. 16, 1958 | Secs. 5 and 17(a), 1933 act.... | Summons and complaint filed Dec. 16, 1958. Pending. |
| J. W. Justus..... | 1 | Southern District of Florida | Aug. 27, 1958 | Sec. 5 (a) and (c), 1933 act.... | Complaint filed Aug. 27, 1958. Final judgment by consent entered Aug. 27, 1958. Closed. |
| Kimball Securities, Inc..... | 5 | Southern District of New York. | Jan. 27, 1959 | Sec. 17(a), 1933 act; sec. 15(c)(1) and rule 16c1-2, 1934 act. | Summons and complaint filed Jan. 27, 1959. Answer filed by 4 defendants, Feb. 5, 1959. Final judgment by consent as to 4 defendants entered Feb. 6, 1959. Dismissal as to remaining defendant, Mar. 18, 1959. Closed. |
| Land Development Co. of Nevada. | 3 | Nevada..... | Sept. 27, 1957 | Sec. 5 (a) and (c), 1933 act.... | Complaint filed Sept. 27, 1957. Preliminary injunction signed Dec. 20, 1957. Pending. |
| Alfred D. Laurence & Co..... | 1 | Southern District of Florida | Aug. 5, 1957 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Complaint filed Aug. 5, 1957. Order Aug. 7, 1957, denying application for temporary restraining order and directing defendant to file answer by Aug. 21, 1957. Motion to dismiss and answer filed Aug. 21, 1957. Order dismissing action without prejudice, Jan. 20, 1959. Closed. |
| J. H. Lederer Co., Inc..... | 46 | Southern District of New York. | Dec. 9, 1958 | Secs. 5(b) (1) and (2), 10, 17(a)(1), (2) and (3), 1933 act. | Complaint filed Dec. 9, 1958. Temporary restraining order signed Dec. 9, 1958. Permanent injunction by consent as to 2 defendants, Dec. 19, 1958. Pending as to remaining defendants. |
| Lincoln Securities Corp..... | 14 | Southern District of New York. | June 25, 1958 | Secs. 5(a) and 17(a), 1933 act. | Complaint filed June 25, 1958. Temporary restraining order signed June 25, 1958. Injunction by consent entered as to 8 defendants, Oct. 2, 1958. Final judgment by default as to 5 defendants, Nov. 7, 1958. Remaining defendant dismissed Nov. 7, 1958. Closed. |
| J. Logan & Co..... | 5 | Southern District of California. | Aug. 20, 1958 | Sec. 17(a)(3), 1933 act; secs. 10(b) or 15(c)(1), 1934 act. | Complaint filed Aug. 20, 1958. Answer filed Dec. 9, 1958. Findings of fact and conclusions of law and order denying preliminary injunction entered Dec. 17, 1958. Pending. |

TABLE 27.—*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, 1959—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case |
|---|----------------------|----------------------------------|-------------------------|--|--|
| Ralph L. Loomis..... | 2 | Massachusetts..... | Dec. 23, 1958 | Secs. 5 (a) and (c), 17 (a) and (b), 1933 act; sec. 206, IA Act of 1940. | Complaint filed Dec. 23, 1958. Final judgment by consent entered Dec. 23, 1958. Closed. |
| J. P. Lord, Inc..... | 3 | Southern District of Florida. | May 6, 1959 | Secs. 5 (a) and (c) and 17(a), 1933 act. | Complaint filed May 6, 1959. Final judgment by consent entered as to 2 defendants, May 6, 1959. Pending as to remaining defendant. |
| Los Angeles Trust Deed & Mortgage Exchange. | 7 | Southern District of California. | Mar. 24, 1958 | Secs. 5 (a) and (c) and 17(a), 1933 act; secs. 15(a) and 15(c)(1) and rule 15c1-2, 1934 act. | Complaint filed Mar. 24, 1958. Answer of 6 defendants filed Apr. 9, 1958. Amended complaint filed Oct. 8, 1958. Preliminary injunction and appointment of a receiver entered Nov. 12, 1958. Notice of appeal filed from the order of preliminary injunction. Opinion by CA-9 reversing District Court's decision granting preliminary injunction and appointing receiver, Feb. 17, 1959. Petition by Commission for rehearing filed Mar. 17, 1959. Petition denied. Trial pending. |
| McDonald, Kaiser & Co., Inc.. | 2 | Southern District of New York. | Oct. 29, 1958 | Sec. 15(c)(1) and rule 15c1-2, 1934 act. | Complaint filed Oct. 29, 1958. Temporary restraining order signed Oct. 29, 1958. Preliminary injunction by default entered as to both defendants. Judgment of permanent injunction by default entered May 11, 1959. Closed. |
| Russell McPhall..... | 4 | Southern District of New York. | July 7, 1958 | Sec 36, IC Act of 1940..... | Complaint filed July 7, 1958. Intervention granted Sept. 10, 1958, and complaint filed Sept. 16, 1958. Motion to dismiss Commission's complaint denied Nov. 1958. Answers filed Feb. 27 and Mar. 4, 1959. Proposal by both parties of compromise and acceptance filed Apr. 12, 1959. Application by attorneys for allowance of compensation and disbursement dated May 1, 1959. Memorandum opinion conditionally approving the compromise and granting application for a portion of the fees requested, May 14, 1959. Motion for reargument filed May 27, 1959. Decision and order denying motion, June 9, 1959. |
| Micro-Moisture Controls, Inc.. | 16 | Southern District of New York. | Jan. 9, 1957 | Sec. 5 (a) and (c), 1933 act.. | 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. Injunction entered as to all defendants, Apr. 23, 1958. Appeals filed by 9 defendants on various dates. Stipulation for dismissal of appeals by 3 defendants filed Nov. 20 and Dec. 15, 1958. Pending. |

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| Mono-Kearsarge Consolidated Mining Co. | 7 | Utah..... | June 2, 1958 | Sec. 5 (a) and (e), 1933 act..... | Complaint filed June 2, 1958. Answer by 1 defendant filed June 27, 1958. Judgment by consent entered as to 2 defendants, July 17 and Aug. 25, 1958. Final judgment as to 3 defendants, Oct. 21, 1958. Appeal filed from the order of the final judgment, Nov. 19, 1958. Dismissal of appeal Mar. 31, 1959. Pending as to remaining defendants. |
| I. B. Morton & Co., Inc..... | 5 | Southern District of New York. | Oct. 16, 1958 | Sec. 17(a), 1933 act; sec. 15(c)(1) and 15(c)(3) and rules 15c 1-2 and 15c 3-1, 1934 act. | Complaint filed Oct. 16, 1958. Temporary restraining order signed Oct. 16, 1958. Permanent injunctions as to all defendants signed on various dates. Closed. |
| Philip Newman Associates, Inc. | 43 | New Jersey..... | Dec. 30, 1958 | Sees. 5(a) (1) and (2) and 17(a) (1), (2), and (3), 1933 act. | Summons and complaint filed Dec. 30, 1958. Temporary restraining order as to 31 defendants. Amended complaint filed Jan. 9, 1959. Final judgment as to 4 defendants and receiver appointed Jan. 19, 1959. Pending. |
| North American Finance Co. | 3 | Arizona..... | Aug. 4, 1958 | Sees. 5(b), 17(a) (2) and (3), 1933 act; sec. 15c(1), 1934 act. | Complaint filed Aug. 4, 1958. Final judgment by consent entered Apr. 17, 1959, as to all defendants. Closed. |
| O. T. C. Enterprises, Inc..... | 4 | Western District of Oklahoma. | May 28, 1959 | Sees. 5(a)(1), 5(a)(2) and 5(c), 1933 act. | Complaint filed May 28, 1959. Stipulation consenting to final judgment, June 5, 1959. Permanent injunction as to all defendants by consent entered June 5, 1959. Closed. |
| Peerless-New York, Inc..... | 1 | Southern District of New York. | Nov. 7, 1957 | Sec. 15(c)(3) and rule 15c 3-1, 1934 act. | Complaint filed Nov. 7, 1957. Answer served Dec. 19, 1957. Preliminary injunction entered Feb. 3, 1958. Pending. |
| Peruvian Oil Concessions Co., Inc. | 5 | Southern District of New York. | Apr. 2, 1959 | Sec. 15(d), 1934 act..... | Complaint filed Apr. 2, 1959. Mandatory judgment by consent as to 2 defendants, May 4, 1959. Pending. |
| Fred S. Pettyjohn, Jr..... | 2 | Alaska..... | Apr. 27, 1959 | Sec. 5, 1933 act..... | Complaint filed Apr. 27, 1959. Stipulation consenting to permanent injunction, Apr. 27, 1959. Final judgment by consent as to both defendants, Apr. 27, 1959. Closed. |
| Rapp, Herbert..... | 15 | Southern District of New York. | Apr. 29, 1958 | Sec. 17(a), 1933 act..... | Complaint filed Apr. 29, 1958. Preliminary injunction by consent as to 5 defendants, June 9, 1958. 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 to 60 days for filing required reports. Financial report for the years 1953 and 1954 filed. Closed. |
| 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. | Complaint filed Sept. 19, 1956. Answer filed Sept. 25, 1956. Memorandum opinion Nov. 5, 1956, denying motion for preliminary injunction. Supplemental memorandum opinion dated Nov. 26, 1956. Amended complaint filed Jan. 21, 1957. Answer to amended complaint filed Feb. 21, 1957. Order dismissing complaint, May 12, 1959. Closed. |
| Keith Richard Securities Corp. | 1 | Southern District of New York. | Oct. 17, 1956 | Sees. 15(c)(1) and (3) and 17(a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 act. | Complaint filed Oct. 17, 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. 11, 1957. Answer filed Feb. 25, 1957. Order entered discontinuing action, June 22, 1959. Closed. |

TABLE 27.—*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, 1959—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case |
|-----------------------------------|----------------------|----------------------------------|-------------------------|--|---|
| Earl L. Robbins..... | 4 | Southern District of Texas | May 20, 1959 | Secs. 5(a) and (c) and 17(a) (2) and 17(a)(3), 1933 act; secs. 7, 10(b), 15(c)(1), 15(c)(3) and 17(a) and rules 10b-5, 15c1-2, 15c3-1, 17a-3 and Regulation T, 1934 act. | Complaint filed May 20, 1959. Temporary restraining order signed May 20, 1959. Stipulations of defendants consenting to entry of preliminary injunction. Preliminary injunction entered May 29, 1959. Pending. |
| Abraham Rosen..... | 1 | Massachusetts..... | Aug. 25, 1958 | Secs. 10(b), 15(c)(1) and 17(a) and rules 10b-5, 15c1-2 and 17a-3, 1934 act. | Complaint filed Aug. 25, 1958. Final judgment by consent entered Aug. 25, 1958. Closed. |
| Royal Drift Mining Co..... | 3 | Northern District of California. | Mar. 5, 1958 | Sec. 5(a) and (c), 1933 act..... | Complaint filed Mar. 5, 1958. Findings of fact and conclusions of law and order entered preliminarily enjoining all defendants, May 21, 1958. Summary judgment of permanent injunction as to 2 defendants, Oct. 13, 1958. Permanent injunction by default as to remaining defendant, Oct. 13, 1958. Closed. |
| Alan Russell Securities, Inc..... | 4 | Southern District of New York. | Mar. 7, 1958 | Sec. 17(a), 1933 act..... | Complaint filed Mar. 7, 1958. Permanent injunction by consent as to 3 defendants, Apr. 29, 1958. Pending as to remaining defendant. |
| Sanders Investment Co..... | 1 | New Mexico..... | Dec. 12, 1957 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Receiver appointed Dec. 12, 1957. Injunction by consent entered June 2, 1958. Pending. |
| Anthony J. Sano..... | 2 | Southern District of New York. | June 30, 1959 | Secs. 15(c)(1) and 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act. | Complaint filed June 30, 1959. Pending. |
| Securities Distributors, Inc..... | 2 | Southern District of New York. | Nov. 25, 1957 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Complaint filed Nov. 25, 1957. Preliminary injunction entered Nov. 25, 1957, as to both defendants. Pending. |
| Security Forecaster Co., Inc..... | 3 | Southern District of New York. | Feb. 28, 1958 | Sec. 206(2), IA Act of 1940..... | Complaint filed Feb. 28, 1958. Final injunction by consent as to 2 defendants, Mar. 27, 1958. Pending as to remaining defendant. |
| Sherwood & Co..... | 3 | Northern District of California. | Mar. 18, 1958 | Rule 17a-3, 1934 act..... | Preliminary injunction by consent, Mar. 25, 1958. Injunction by consent as to 2 defendants, June 3, 1958, and as to remaining defendant, Sept. 8, 1958. 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. Order June 19, 1959 dismissing action. Closed. |
| Southwest Securities, Inc..... | 7 | Eastern District of Arkansas. | May 19, 1958 | Secs. 5 (a) and (c) and 17(a) (2), 1933 act; sec. 15(a), 1934 act. | Complaint filed May 19, 1958. Amended and substituted complaint filed May 24, 1958. Injunction by consent as to 4 defendants, June 3, 1958. Final judgment by consent, as to remaining defendants, Dec. 9, 1958. Closed. |

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|--|----|----------------------------------|----------------|---|---|
| Tannen & Co., Inc..... | 20 | Southern District of New York. | Aug. 2, 1957 | Sec. 5(a)(1), (2) and 5(c), 1933 act. | Injunction by consent as to 8 defendants on various dates. Order entered dismissing motion for preliminary injunction as to 11 defendants, Mar. 31, 1958. Pending. |
| Scott Taylor & Co., Inc..... | 7 | Southern District of New York. | Jan. 28, 1959 | Sec. 17(a), 1933 act..... | Summons and complaint filed Jan. 28, 1959. Temporary restraining order signed as to 1 defendant, Jan. 30, 1959, and as to remaining defendants, Feb. 3, 1959. Answers filed by defendants. Pending. |
| Montague Thomas Triggs..... | 1 | Southern District of Texas. | July 22, 1958 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Complaint filed July 22, 1958. Final judgment by consent entered July 25, 1958. Closed. |
| Triumph Mines, Ltd..... | 3 | Western District of Washington. | Mar. 18, 1958 | Secs. 5(a) and (c) and 17(a), 1933 act. | Complaint filed Mar. 18, 1958. Permanent injunction by consent as to 2 defendants, Mar. 18, 1958. Pending as to remaining defendant. |
| Truckee Showboat, Inc..... | 1 | Southern District of California. | July 23, 1957 | Sec. 5(a) and (c), 1933 act.... | Judgment entered Nov. 22, 1957 denying motion for preliminary injunction. Order dismissing action, Sept. 30, 1958. Closed. |
| Universal Service Corp., Inc.... | 6 | Southern District of Texas. | Mar. 6, 1958 | Secs. 5(b), 7, 10 and 17(a), 1933 act. | Injunction by consent as to 2 defendants, Mar. 17, 1958. Final judgment by consent as to remaining defendants, July 18, 1958. Closed. |
| Vanco, Inc..... | 5 | New Jersey..... | July 2, 1958 | Sec. 5(a)(1) and (2) and 5(c), 1933 act. | Complaint filed July 2, 1958. Preliminary injunction against 1 defendant signed Sept. 11, 1958. Final judgment by consent as to 2 defendants, Sept. 26, 1958. Permanent injunction by default as to 1 defendant and dismissal without prejudice as to 1 defendant. Pending as to remaining defendant. |
| 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), IC Act of 1940. | Commission's complaint, seeking temporary and permanent injunction filed June 19, 1956. Final judgment of USDC DC dismissing the complaint with prejudice, Sept. 30, 1957. Opinion and judgment of CA DC affirming the order of the District Court, May 22, 1958. Petitions by NASD, Inc. and Commission for writ of certiorari July 30 and Aug. 20, 1958. Briefs filed in opposition, Sept. 20, 1958. Order entered granting petition for certiorari, Oct. 13, 1958. Brief of Commission seeking reversal of judgment of CA entered May 22, 1958. Brief of respondents filed Dec. 31, 1958, and Jan. 9, 1959. Decision rendered reversing the District Court's denial of Commission's application for injunction, Mar. 23, 1959. Closed. |
| 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. Answer filed July 17, 1957. Closed by consolidation by order entered Nov. 18, 1957. |
| Jean R. Veditz Co., Inc..... | 1 | Southern District of New York. | Oct. 18, 1957 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Complaint filed Oct. 18, 1957. Judgment denying permanent injunction, Jan. 2, 1959. Notice of appeal filed by Commission from the order of the District Court denying permanent injunction, Jan. 12, 1959. Pending. |
| Molly Wagner..... | 2 | Southern District of New York. | Sept. 19, 1958 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Summons and complaint filed Sept. 19, 1958. Permanent injunction by consent as to both defendants. Oct. 20, 1958. Closed. |

TABLE 27.—*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, 1959—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Initiating papers filed | Alleged violations | Status of case |
|------------------------------|----------------------|-----------------------------------|-------------------------|--|--|
| Webster Securities Corp..... | 3 | Southern District of New York. | Jan. 13, 1959 | Sec. 17(a), 1933 act..... | Summons and complaint filed Jan. 13, 1959. Temporary restraining order signed Jan. 13, 1959. Permanent injunction by consent as to 1 defendant, Jan. 30, 1959. Consent judgment as to remaining defendants, Feb. 18, 1959. Closed. |
| Albert L. Wilkes..... | 1 | Southern District of New York. | Apr. 16, 1959 | Sec. 10 (a) and (b) and rule 10a-1 and 10b-5, 1934 act. | Complaint filed Apr. 16, 1959. Final judgment by consent entered Apr. 16, 1959. Closed. |
| Wimer, Nye A..... | 1 | Western District of Pennsylvania. | Oct. 29, 1947 | Secs. 5(a)(1) and (2) and 17(a)(2), 1933 act. | Complaint filed Oct. 29, 1947. Preliminary injunction entered Nov. 18, 1947. Defendant's motion to dismiss complaint denied Mar. 3, 1948. Trial date postponed indefinitely due to illness of defendant. Stipulation vacating temporary restraining order and dismissal of action, Nov. 3, 1958. Closed. |
| Wolfson, Louis E..... | 1 | Southern District of New York. | June 24, 1958 | Secs. 9(a)(4) and 10(b), 1934 act. | Complaint filed June 24, 1958. Order to show cause and temporary restraining order signed June 24, 1958. Injunction by consent entered Aug. 1, 1958. Closed. |
| 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. | Complaint filed Jan. 11, 1957. Order of preliminary injunction, Feb. 13, 1957. Answer filed. Pending. |
| Benjamin Zwang & Co., Inc... | 2 | Southern District of New York. | Sept. 27, 1956 | Sec. 15(c)(3) and rule 15c3-1, 1934 act. | Complaint filed Sept. 27, 1956. Answer of defendants Oct. 16, 1956. Order Nov. 15, 1956, denying motion for preliminary injunction but permitting further application if situation warrants. Note of issue filed Aug. 6 1958. Pending. |

TABLE 28.—*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 1959 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. Defendant's motion for bill of particulars granted Jan. 9, 1958. Case awaiting trial. Pending. |
| Autrey, Basil P. (National Union Life Insurance Co.). | 7 | Southern District of Florida. | Jan. 23, 1958..... | Secs. 5(a)(1) and (2) and 17(a)(1), 1933 act; secs. 371, 1341 and 1343, title 18 U.S.C. | Order June 30, 1958, granting severance as to 2 defendants and transferring case to ND of Ala. as to remaining defendants. Governments' motion to retransfer case to SD of Fla. Pending. |
| Bartz, Donald E. (Financial Enterprises, Inc.). | 2 | District of Nevada.... | May 14, 1957..... | Sec. 17(a)(1), 1933 act; sec. 371 title 18, U.S.C. | Both defendants apprehended and released on bond; one is again a fugitive. Trial continued to Jan. 18, 1960. Pending. |
| Bell, Gallon A. (Nu-Form Batteries, Inc.). | 1 | Southern District of California. | July 23, 1958..... | Secs. 5(a)(2) and 17(a)(1), 1933 act. | Jury on Feb. 20, 1959, returned a verdict of guilty on 3 sec. 17 counts and 2 sec. 5 counts, and sentenced defendant on Mar. 23, 1959, to 5 years probation on all counts. |
| Berman, Charles M. (Cornells DeVroedt Co.). | 25 | Southern District of New York. | Dec. 2, 1958..... | Sec. 17(a), 1933 act; secs. 371, 1341 and 1343, title 18, U.S.C. | All defendants except 3 arraigned and entered pleas of not guilty and were released on their own recognizances, except for 1 defendant who was released on \$500 bail. Opinion filed May 18, 1959, denying motions of 3 defendants for severance and granting limited inspection and certain particulars. Pending. |
| Breckenridge, Charles C.. | 1 | District of Idaho; Southern District of New York. | July 23, 1959. Information filed. | Secs. 5 and 17(a), 1933 act.. | Complaint issued on Mar. 27, 1958, by U.S. Commissioner, District of Idaho; and search warrant issued Mar. 28, 1958, by U.S. Commissioner, ED Wash. On July 18, 1958, defendant signed waiver of indictment and on Aug. 25, 1958, consented to transfer of case to SD NY for plea and sentence under Rule 20; on Sept. 8, 1958, defendant pleaded guilty to 1 count of the Information in the SD of New York, but on Oct. 17, 1958, withdrew this plea and pleaded not guilty. On Nov. 7, 1958, defendant was removed to Boise, Idaho; and on Nov. 17, 1958, signed waiver; pleaded nolo contendere to 1 count of Information and was sentenced to 3 years, reduced to 18 months on Jan. 15, 1959. |
| 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. |

TABLE 28.—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 1959 fiscal year—Continued

| Name of principal defendant | Number of defendants | United States District Court | Indictment returned | Charges | Status of case |
|--|----------------------|----------------------------------|--|--|---|
| Cafarelli, Clement G. (Comstock Uranium-Tungsten Co., Inc.). | 3 | District of Utah..... | Mar. 4, 1959..... | Secs. 5(a) and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Defendants posted \$5,000 bond each and pleaded not guilty. Motion of defendant Puccinelli to dismiss indictment granted as to Counts 1-6, 9, 10, 12, 13, 16 and 17. Motion of defendants Cafarelli and Taylor to dismiss indictment denied. Motion for severance filed by each defendant, denied. Pending. |
| Carroll, Hugh A. (Selected Investment Corp.). | 7 | Western District of Oklahoma. | Oct. 22, 1958..... | Sec. 17, 1933 act; secs. 371 and 1341, title 18, U.S.C. | All defendants apprehended, pleaded not guilty and posted \$5,000 bond each. Jury found 4 defendants guilty on all counts; 2 defendants on sec. 17(a) counts; 1 defendant found not guilty. On Apr. 23, 1959, 1 defendant sentenced to 7 years; another defendant to 5 years; 2 defendants to 5 years suspended sentence and placed on probation for 5 years; and 2 corporate defendants each were fined \$1,500. Motions for a new trial denied Apr. 23, 1959. The 7 year sentence reduced to 5 years after this defendant abandoned his appeal on May 18, 1959. Notice of appeal to CA-10 by another defendant filed on Apr. 29, 1959. Pending. |
| Collins, Paul H..... | 1 | Southern District of Illinois. | June 6, 1958..... | Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Defendant pleaded guilty on July 23, 1958, to various counts. Imposition of sentence was suspended and defendant was placed on probation for 3 years. |
| Conrad, William J. (Condonna Uranium Mines, Ltd.). | 1 | Northern District of Ohio. | Apr. 28, 1959..... | Secs. 5(a)(2), 17(a)(1) and (2), 1933 act; sec. 1341, title 18, U.S.C. | Defendant apprehended and posted \$4,000 bond. On July 29, 1959, defendant pleaded guilty to indictment in N.D. of Ill. Pending. |
| Crosby, Francis Peter (Texas-Adams Oil Co.). | 12 | Southern District of New York. | July 30, 1958. Superseding indictment returned Oct. 8, 1958. | Sec. 5(a)(1), 5(a)(2) and 24, 1933 act; secs. 371, 1341 and 1343, title 18, U.S.C. | Defendants arraigned and released on bail. Pending. |
| Damon, Arthur L. (Nev. Tah Oil and Mining Co.). | 1 | Southern District of California. | June 17, 1959..... | Secs. 5(a)(2) and 17(a)(1), 1933 act. | Defendant apprehended on June 19, 1959, and posted \$5,000 bond. Pending. |
| Danser, Harold W. (Ultrasonic Corp. now Advance Industries). | 2 | District of Massachusetts. | May 18, 1959..... | Sec. 17(a), 1933 act; sec. 371, title 18, U.S.C. | Each defendant arraigned and each pleaded not guilty. Order June 25, 1959, denying motions to dismiss and directing the U.S. Attorney to furnish bill of particulars. 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. Conviction affirmed by CA-9 Sept. 27, 1957, as to remaining defendant. Petition for certiorari filed Dec. 27, 1957; denied Mar. 31, 1958. Order entered July 9, 1958 in the District Court denying motion to vacate and set aside judgment. Motion to appeal in forma pauperis denied by CA-9, Sept. 10, 1958. Motion to vacate and set aside judgment and to discharge prisoner-appellant stricken by CA-9, Sept. 10, 1958. |

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| 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. | Seven defendants convicted and sentenced. One defendant dismissed because of illness and another acquitted. Convictions affirmed on appeal to CA-9 on Oct. 22, 1958; petition for rehearing denied. Petition for writ of cer- toriarum filed Dec. 26, 1958, and denied by USSC on Feb. 24, 1959. |
| Forsyth, Council Mayo (Central Finance Ser- vice, Inc.). | 2 | Eastern District of Texas. | Jan. 15, 1958..... | Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C. | One defendant pleaded guilty to 2 sec. 17(a) counts and was sentenced on Apr. 14, 1958, to 2 years imprisonment and 3 years probation. The remaining counts were dismissed. The other defendant pleaded not guilty and was con- victed by jury on 1 mail fraud count and sentenced on Oct. 29, 1958, to 18 months imprisonment. |
| 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, denied Sept. 24, 1957. Pending. |
| Getchell, Francis E. (Florida Palms, Inc.). | 4 | Southern District of Florida. | Jan. 15, 1957. Super- seding indictment returned Aug. 19, 1957. | Secs. 5(a) and 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C. | One defendant found guilty on 2 sec. 17(a)(1) counts and 3 mail fraud counts and sentenced to 5 years; 2 defendants found guilty on 2 sec. 17(a)(1) counts and sentenced to 2 years each; and 1 defendant found guilty on 1 sec. 17(a)(1) count and sentenced to 1 year. Sentences imposed Apr. 30, 1958. Defendants released on bond pending appeal. CA-10 on Feb. 6, 1959, denied defendants' motion for order to dispense with printing of the record. Pending. |
| Guterman, Alexander L. (F. L. Jacobs Co., et al). | 5 | Southern District of New York. | Mar. 16, 1959..... | Secs. 16(a), 20(c), 32(a), 1934 act; secs. 2 and 371, title 18, U.S.C. | Criminal complaint filed on Feb. 13, 1959, against 1 de- fendant. District Court on Mar. 5, 1959, denied Guterman's motion to dismiss criminal complaint. Individual defendants arraigned and pleaded not guilty. Pending. |
| Hefferan, Albert..... | 1 | Western District of Michigan. | Feb. 27, 1958..... | Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Defendant pleaded guilty to 5 counts of the indictment and was sentenced to 3 years on July 7, 1958. |
| 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. | |
| Intermountain Develop- ment Co., Inc., et al. | 9 | District of Idaho..... | Aug. 29, 1957..... | Sec. 5(a)(2) and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Eight defendants previously convicted and sentenced. Appeal by 1 defendant on July 2, 1958, to CA-9; dis- missed on motion of U.S. Attorney on Apr. 1, 1959. One defendant a fugitive. 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. | Defendants previously sentenced on Nov. 2, 1956. CA-9 on Apr. 11, 1958, affirmed convictions of 3 who appealed, and on June 26, 1958, denied petition for rehearing. USSC denied petition for writ of certiorari on Oct. 13, 1958. |
| Kaufman, Benjamin Franklin. | 1 | District of New Hampshire. | June 1, 1959..... | Sec. 17, 1933 act; secs. 1341 and 2314, title 18, U.S.C. | Defendant on June 6, 1959, pleaded not guilty to all counts and was released on \$5,000 bail pending trial. Pending. |
| 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. | On May 12, 1959, after trial by the court, both defendants were acquitted. |

TABLE 28.—*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 1959 fiscal year—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Indictment returned | Charges | Status of case |
|--|----------------------|--------------------------------|-----------------------------------|--|---|
| Kyger, Bryan Halbert, Jr. | 1 | Southern District of Texas. | Nov. 5, 1958..... | Sec. 17(a), 1933 act; sec. 10(b) and rule 10b-5, 1934 act; sec. 1341, title 18, U.S.O. | Warrant issued for the arrest of the defendant; bond set at \$10,000. Pending. |
| Lord, Linda (Shoreland Mines, Ltd.). | 1 | Southern District of New York. | July 30, 1958. Information filed. | Sec. 21(c), 1934 act..... | Warrant for arrest issued. Pending. |
| 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. |
| Lowry, William Isaac (American Buyers Insurance Co.). | 3 | District of Arizona..... | Jan. 22, 1959..... | Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Arraigned and pleaded not guilty. Pending. |
| 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. |
| 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. Indictment as to another defendant dismissed June 25, 1958. Pending as to remaining 8 defendants on the 2d and 3d indictments. |
| 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. | |
| McMichael, James Lamar (United Security, Inc.). | 1 | Southern District of Alabama. | Jan. 13, 1959..... | Sec. 17(a)(1), 1933 act; secs. 1341 and 1343, title 18, U.S.C. | Defendant apprehended on Feb. 25, 1959, in Miami, Fla., on warrant. Trial continued to the September 1959 Term. Pending. |
| Meade, Philip H. (Farm and Home Agency, Inc.). | 4 | Southern District of Indiana. | Mar. 13, 1959..... | Sec. 5(a)(2), 1933 act; sec. 371, title 18, U.S.C. | All defendants apprehended; bond set at \$2,000 each. Motion by defendants to dismiss indictment pending. |
| Monarch Radio and Television Corp. | 9 | Southern District of New York. | June 4, 1954..... | Sec. 17, 1933 act; sec. 371 and 1341, title 18, U.S.C. | On Oct. 30, 1958, 2 defendants found guilty by jury; individual defendant sentenced to serve 1 year and a day and fined \$1,000; corporate defendant fined \$10. Another defendant pleaded guilty and sentenced to serve 60 days and fined \$1,000. Six other defendants acquitted. |
| Newell Charles F. (Unity Insurance Co., et al). | 3 | District of Nebraska..... | Apr. 22, 1959..... | Secs. 5(a)(1), 5(a)(2), 17(a)(1) and 17(a)(2), 1933 act; sec. 1341, title 18, U.S.C. | Bond fixed at \$2,500 for each defendant. Motions by 2 defendants for severance, filed. Trial set for Oct. 6, 1959. Pending. |

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|--|----|--------------------------------|--|--|--|
| Newton, Silas M. (Yellow Cat Royalty Trust). | 3 | District of Colorado. | Mar. 4, 1958. Super-seeding indictment returned June 23, 1959. | Sec. 17, 1933 act; secs. 371 and 1341, title 18, U.S.C. | Defendants arrested and each posted \$3,000 bond. Pending. |
| Pandolfo, Samuel Parker (Universal Securities, Inc.). | 8 | District of North Dakota. | Jan. 17, 1959. | Secs. 5(a)(2) and 17(a)(2), 1933 act; sec. 15 (a) and (b), 1934 act; sec. 1341, title 18, U.S.C. | All defendants apprehended and pleaded not guilty. Order of Mar. 21, 1959, dismissing counts 22 through 50, and denying motions to dismiss as to all other counts. Order of June 12, 1959, dismissing counts 51 through 54, and consolidating Criminal Nos. 95 and 105. Pending. |
| Do. | 8 | do. | Mar. 26, 1959. | Sec. 17(a)(2), 1933 act; sec. 1341, title 18, U.S.C. | |
| Parker, T. M., Inc. | 16 | Eastern District of Michigan. | Apr. 27, 1954. | Sec. 371, title 18, U.S.C. | Eight defendants previously sentenced on guilty pleas to 1 count of sec. 15(a) of the 1934 act. One defendant previously deceased. Remaining defendants not apprehended. 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. | One defendant was acquitted Oct. 16, 1957; the other defendant was convicted on Oct. 18, 1957, on all counts and sentenced on Nov. 22, 1957, to 7 years. Notice of appeal filed; appeal dismissed on Feb. 12, 1959; bond forfeited and warrant issued for arrest of defendant who is a fugitive. All defendants except 1 apprehended. Pending. |
| Proffer, Robert Lee (Teachers Professional Investment Corp.). | 7 | Northern District of Texas. | Jan. 14, 1959. | Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C. | |
| Robertson, Thomas E. (American-Canadian Oil & Drilling Corp.). | 3 | Southern District of New York. | June 17, 1959. | Secs. 5(a)(1) and 17(a), 1933 act. | Defendants arraigned and pleaded not guilty. Motions by defendants to dismiss indictment filed July 1, 1959. Pending. |
| Roe, D. H. (Stratoray Oil, Inc.). | 3 | Northern District of Texas. | Aug. 16, 1957. | Secs. 5(a)(1) and (2) and 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Two defendants were arrested on Aug. 19, 1957, and released on \$1,000 bond each. All defendants were arraigned and pleaded not guilty Sept. 4, 1957, and are awaiting trial. Pending. |
| Rosen, Abraham. | 2 | District of Massachusetts. | Apr. 23, 1959. | Sec. 17(a)(1), 1933 act; sec. 10(b) and rule 10b-5, 1934 act; secs. 371 and 1341, title 18, U.S.C. | One defendant surrendered on Apr. 27, 1959, and pleaded not guilty. Other defendant is a fugitive. Pending. |
| Schaefer, Carl D. | 1 | Northern District of Illinois. | Mar. 26, 1958. | Secs. 5(a)(2) and 17(a), 1933 act. | Defendant was arrested and released on \$5,000 bond. On Apr. 22, 1958, defendant was arraigned and pleaded not guilty to all counts. Motions to strike and to dismiss the indictment filed June 13, 1958; denied Sept. 11, 1958. Pending. |
| 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. Order May 25, 1959, denying defendants' motion to dismiss. Pending. |
| Shoemaker, A. B. (U.S. Trust & Guaranty Co.). | 7 | Southern District of Texas. | Aug. 9, 1957, Super-seeding indictment returned Mar. 13, 1958. | Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Three defendants convicted and sentenced upon pleas of nolo contendere to 1 mail fraud count on Dec. 30, 1958; 1 defendant received a 3-year suspended sentence; the other 2 defendants received a 2-year suspended sentence; and all were placed on probation for 5 years. One defendant deceased; and indictment dismissed as to remaining 3 defendants. |
| Sills, Robert Bernard (Sills & Co.). | 2 | Southern District of Florida. | Feb. 5, 1959. | Sec. 17(a)(1), 1933 act; sec. 6(f), 1934 act; sec. 1341, title 18, U.S.C. | One defendant apprehended and pleaded not guilty. Bond set at \$10,000 each. Pending. |

TABLE 28.—*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 1959 fiscal year—Continued*

| Name of principal defendant | Number of defendants | United States District Court | Indictment returned | Charges | Status of case |
|--|----------------------|--------------------------------|---------------------|--|---|
| South, Dudley Pritchett (William Newman & Co.). | 8 | District of New Jersey. | Dec. 11, 1958..... | Secs. 5(a)(1) and 17(a), 1933 act; secs. 2, 371 and 1341, title 18, U.S.C. | One defendant was arraigned on Mar. 25, 1959. On Apr. 9, 1959, this defendant died and case abated. Two defendants not yet apprehended; and remaining defendants awaiting trial. Pending. |
| Spiller, William (Budget Funding Corp.). | 3 | Eastern District of New York. | June 5, 1959..... | Sec. 17(a), 1933 act; secs. 2 and 1341, title 18, U.S.C. | Complaint and warrant for arrest issued by the U.S. Commissioner. Bond set as \$1,000. Pending. |
| Taylor, David W..... | 1 | District of Rhode Island. | Jan. 27, 1959..... | Secs. 5(a) and 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Defendant pleaded guilty to all counts in the District of Missouri pursuant to rule 20, and was sentenced on Mar. 26, 1959, to 12 years and fined \$44,000; and he is to stand committed until fine is paid. |
| Tellier, Walter F. (Alaska Telephone Corp.). | 4 | Eastern District of New York. | Dec. 1, 1955..... | Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Defendants previously convicted and sentenced. Conviction of Walter F. Tellier and additional defendant who appealed affirmed by CA-2 on May 6, 1957. Petition for writ of certiorari by Tellier filed June 26, 1958. Denied by USSC on Oct. 13, 1958. |
| Tellier, Walter F. (Consolidated Uranium Mines, Inc.). | 1 | do..... | Apr. 26, 1956..... | Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Defendant pleaded not guilty. Pending. |
| Tellier, Walter F..... | 7 | do..... | 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. | Awaiting trial. Pending. |
| 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. |
| Vandersee, Arnold E. (Vandersee Corp.). | 4 | District of New Jersey. | Aug. 12, 1958..... | Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C. | Two defendants convicted by jury on all counts and 2 defendants found not guilty. On May 1, 1959, 1 defendant was sentenced to 5 years and fined \$5,000. The corporate defendant was fined \$5,500. |
| 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. | Both defendants found guilty following pleas of nolo contendere to various counts. One defendant sentenced Apr. 18, 1958, to 2 years suspended sentence and placed on probation for 30 months and fined \$2,000. Other defendant sentenced on Sept. 23, 1958, to 3 years suspended sentence and placed on probation for 3 years and fined \$11,500. |
| Vitale, Edward J..... | 1 | Eastern District of Michigan. | Jan. 7, 1958..... | Sec. 17(a), 1933 act; secs. 1001 and 1341, title 18, U.S.C. | Defendant pleaded not guilty to all counts on Jan. 13, 1958, and was released on \$10,000 bond. Case awaiting trial. Pending. |

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| Warner, J. Arthur & Co., Inc. | 1 | District of Massachusetts. | July 7, 1953..... | Sec. 17(a)(3), 1933 act; secs. 371 and 1341, title 18, U.S.C. | Six defendants previously convicted; indictment dismissed as to 3 defendants and abated as to 1 defendant who is deceased. Pending as to defendant Thayer, a fugitive since 1953, who was indicted Nov. 4, 1957, at Boston, Mass., for "bail jumping" in violation of sec. 3146, title 18, U.S.C. Pending. |
| Werner, George J..... | 1 | Northern District of Indiana. | May 29, 1957..... | Secs. 5(a) and 17(a), 1933 act; sec. 1341, title 18, U.S.C. | Defendant not yet apprehended. Pending. |

TABLE 29.—*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, 1959*

| 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. Motions by Randolph Phillips and Breswick & Co. for leave to intervene. Petitioner's motion consented to by the Commission to dismiss petition for review; order by CA-4 Oct. 15, 1958, dismissing petition for review. Closed. |
| Arkansas Fuel Oil Corp., et al..... | 3d Circuit..... | Nov. 8, 1957 | Order of Sept. 20, 1957, directing Arkansas Fuel Oil Corp. and Cities Service Co. to comply with sec. 11(b)(2) of the 1935 act directing the elimination of the public minority interest in Arkansas Fuel Oil Corp. Order Nov. 22, 1957, granting Pennroad Corp. and Louis E. Marron leave to intervene as intervenor-respondents. Order Dec. 17, 1957, granting intervening respondents, James W. Hearn, Paul S. Hearn, William J. Hearn, and Eleanor Hearn leave to file brief. Opinion July 22, 1958, of CA-3 affirming Commission's order. Closed. |
| Cities Service Co..... | 3d Circuit..... | Nov. 8, 1957 | Order of Sept. 20, 1957, directing Cities Service Co. and Arkansas Fuel Oil Corp. to comply with sec. 11(b)(2) of the 1935 act directing the elimination of the public minority interest in Arkansas Fuel Oil Corp. Order Nov. 22, 1957, granting Pennroad Corp. and Louis E. Marron leave to intervene as intervenor-respondents. Order Dec. 17, 1957, granting intervening respondents, James W. Hearn, Paul S. Hearn, William J. Hearn, and Eleanor Hearn leave to file brief. Opinion July 22, 1958, of CA-3 affirming Commission's order. Closed. |
| Civil and Military Investors Mutual Fund, Inc. | District of Columbia..... | Aug. 5, 1958 | Order of June 9, 1958, declaring the corporate name of the petitioner to be deceptive or misleading within the scope of sec. 35(d) of the IC Act of 1940. Order of CA DC Sept. 19, 1958, approving stipulation for dismissal of petition for review. Closed. |
| Columbia General Investment Corp. | 5th Circuit..... | May 1, 1958 | Orders of Mar. 5, 1958, pursuant to sec. 8(d) of the 1933 act, suspending the effectiveness of petitioner's registration statement filed with the Commission on Mar. 29, 1956, and denying petitioner's motion to dismiss proceedings and its request for withdrawal of its registration statement. Opinion, Apr. 6, 1959, by CA-5 affirming the orders of the Commission. Closed. |
| Dyer, Nancy Corinne, et al..... | 8th Circuit..... | Mar. 29, 1957 | Order of Mar. 21, 1957, permitting the declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., to become effective regarding solicitation of proxies. Court order Apr. 9, 1957, denying petitioners' application for a stay pending review. Judgment Jan. 24, 1958, dismissing petition for review. Order Feb. 25, 1958, denying petition for rehearing. Order Mar. 12, 1958, denying application for stay of judgment. Petition for writ of certiorari filed May 20, 1958, in the USSC. The Supreme Court on May 18, 1959, granted petition for writ of certiorari, vacated judgment of CA-8, and remanded case to that court for further consideration in view of its decision in <i>Dyer v. S.E.C.</i> , No. 15,989, decided Apr. 10, 1959. Pending. |
| Dyer, Nancy Corinne, et al..... | 8th Circuit..... | Apr. 4, 1958 | Orders of Mar. 21 and 25, 1958, permitting the declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., to become effective. Order Apr. 17, 1958, granting Union Electric Co.'s motion to intervene. Order of CA-8, Apr. 18, 1958, denying petitioners' application for stay. Order May 9, 1958, granting to Cyrus L. Day status as intervenor-petitioner. Judgment of CA-8 Apr. 10, 1959, affirming orders of the Commission and dismissing petition for review. Order May 11, 1959, denying petition for rehearing en banc. Petition for certiorari to the USSC filed Aug. 3, 1959. Pending. |

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| Dyer, Nancy Corinne, et al.----- | 8th Circuit----- | Apr. 3, 1959 | Order of Mar. 27, 1959, permitting declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., as amended, to become effective. Order Apr. 8, 1959, denying petitioners' application for stay. Order May 6, 1959, granting Union Electric Co. leave to intervene as a respondent. Pending. |
| Fisher, William----- | 2d Circuit----- | Dec. 26, 1957 | Order of Nov. 25, 1957, in which the petitioner was found to be a cause of the revocation of the broker-dealer registration of A. J. Gould & Co., Inc. Pending. |
| Franklin, Samuel B., & Co.----- | 9th Circuit----- | June 15, 1959 | Order of Mar. 24, 1959, dismissing proceedings instituted by petitioner pursuant to sec. 15A (g) of the 1934 act for review of disciplinary action by the NASD, Inc.; and Commission's order of Apr. 20, 1959, denying rehearing. Pending. |
| Gilligan, Will & Co., James Gilligan and William Will. | 2d Circuit----- | May 14, 1958 | Order of May 7, 1958, suspending the partnership of Gilligan, Will & Co. for 5 days from membership in the NASD, Inc. and finding individual partners, Gilligan and Will as causes of such suspension. Petitioner granted stay of Commission's order pending disposition of petition for review. Judgment of CA-2 June 3, 1959, affirming the order of the Commission. Pending. |
| Gob Shops of America, Inc.----- | 2d Circuit----- | June 12, 1959 | Order of May 6, 1959, denying withdrawal of notification and permanently suspending exemption from registration pursuant to Regulation A. Pending. |
| Great Sweet Grass Oils, Ltd.----- | District of Columbia----- | 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. Judgment of CA DC June 24, 1958, affirming Commission's order. Closed. |
| Gruber, P. J., and Co. and P. J. Gruber. | District of Columbia----- | Mar. 17, 1958 | Order of Jan. 15, 1958, denying the application of the company for registration as a broker-dealer and its request for withdrawal of such application and finding Peter J. Gruber and Phil Sachs to be causes of such denial. Order Apr. 6, 1959, by CA DC remanding case to the Commission with consent of the Commission in order that it may entertain a petition for reconsideration. Closed. |
| Kroy Oils, Ltd.----- | District of Columbia----- | 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. On petitioner's motion, CA DC entered an order Dec. 11, 1958, dismissing petition for review. Closed. |
| Kroy Oils, Ltd.----- | District of Columbia----- | Dec. 14, 1957 | Order of Oct. 18, 1957, refusing to reopen the hearing under sec. 19(a)(2) of the 1934 act which resulted in an order withdrawing the registration of petitioner's capital stock on the American Stock Exchange. On petitioner's motion, CA DC entered an order Dec. 11, 1958, dismissing petition for review. Closed. |
| Lewisohn Copper Corp.----- | 9th Circuit----- | May 16, 1958 | Order of Mar. 18, 1958, permanently suspending petitioner's exemption under Regulation A from the registration provision of the 1933 act with respect to a proposed offering of 100,000 shares of petitioner's common stock, and entering a stop order pursuant to sec. 8(d) of the 1933 act suspending the effectiveness of petitioner's registration statement. Commission's motion to dismiss the petition for review served July 21, 1959. Pending. |
| Schmidt, Joseph P.----- | 8th Circuit----- | Aug. 16, 1958 | Order of July 28, 1958, exempting Inter-Canadian Corp., from sec. 12(d)(2) and related sections of the IC Act of 1940 in its acquisition of stock in Northwestern Fire and Marine Insurance Co. Motion Sept. 3, 1958, by intervenor-respondent Great Northern Investments, Inc. (formerly Inter-Canadian Corp.), for an order to dismiss petition for review. Petitioner's motion to dismiss dated Oct. 22, 1958. Order of CA-8 Oct. 27, 1958, dismissing petition for review. Closed. |
| Security Forecaster Co., Inc.----- | 2d Circuit----- | May 26, 1959 | Order of May 20, 1959, revoking petitioner's registration as an investment adviser pursuant to the IA Act of 1940. Order Apr. 4, 1959, denying petitioner's motion for stay of Commission's order. Pending. |
| Shuck, Milton J.----- | District of Columbia----- | Nov. 12, 1957 | Order of Sept. 13, 1957, denying withdrawal of and revoking petitioner's broker-dealer registration. Order of CA DC Dec. 4, 1958, affirming the order of Commission. Closed. |

TABLE 30.—Contempt proceedings pending during the fiscal year ended June 30, 1959

PART 1.—CIVIL CONTEMPT PROCEEDINGS

| Principal defendants | Number of defendants | United States District Court | Initiating papers filed | Status of case |
|----------------------|----------------------|------------------------------|-------------------------|--|
| East Boston Co..... | 5 | Massachusetts..... | Dec. 15, 1958 | Order of Dec. 15, 1958, to show cause why defendants should not be adjudged in civil contempt by reason of noncompliance with the final judgment entered July 13, 1955, which ordered the filing of reports pursuant to sec. 13 of the 1934 act and Regulation X-13A. Order of Dec. 29, 1958, adjudging respondents in civil contempt and directing they pay fines totaling \$2,500. Fines have been paid. Closed. |

PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

| Principal defendants | Number of defendants | United States District Court | Initiating papers filed | Status of case |
|-----------------------------------|----------------------|--------------------------------|-------------------------|---|
| Birrell, Lowell M..... | 1 | Southern District of New York. | Oct. 11, 1957 | Order of Oct. 11, 1957, directing the defendant to show cause why he should not be punished for criminal contempt for not obeying subpoena in "S.E.C. v. Swan-Finch Oil Corp., et al." Order of the District Court Dec. 2, 1957, denying motion to quash bench warrant issued Nov. 20, 1957. Petition by defendant for a writ of prohibition to the District Court from proceeding with contempt action denied by CA-2, Dec. 9, 1957. Motion by defendant in Supreme Court for leave to file and petition for a writ of prohibition and mandamus served Dec. 23, 1957, denied by Supreme Court on Mar. 3, 1958. Trial set for Oct. 1959. Pending. |
| Colotex Uranium and Oil, Inc..... | 3 | Colorado..... | Jan. 17, 1957 | Order of 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. Defendants' memorandum and memorandum briefs filed Aug. 1, 1957. Plaintiff's reply brief, Sept. 15, 1957. Awaiting decision. 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 injunction under sec. 8, 1933 act. Pending. |
| Sherwood, Robert Maurice..... | 1 | Southern District of New York. | Feb. 6, 1959 | Order of Feb. 6, 1959, directing the defendant to show cause why he should not be punished for criminal contempt for violating the final decree of permanent injunction entered Nov. 24, 1958, in cause "S.E.C. v. Canadian Javelin Ltd." After the fiscal year the defendant was acquitted by the Court. Pending. |
| Wagner, George H..... | 2 | District of New Jersey..... | Jan. 26, 1959 | Order of Jan. 28, 1959, directing the defendants to show cause why they should not be punished for criminal contempt for violating the temporary restraining order, permanent injunction and order appointing a receiver in cause "S.E.C. v. Philip Newman Associates, Inc., et al." Hearing postponed Feb. 10, 1959, without setting a future date. Pending. |

TABLE 31.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1959

| Name of case | United States District Court, Court of Appeals, or U.S. Supreme Court | Date of entry | Nature and status of case |
|---|---|----------------|---|
| Elias Auerbach v. Cities Service Co., et al. | Court of Chancery, New Castle County, Del. | Oct. 20, 1958 | Action under sec. 11 of the Public Utility Holding Company Act of 1935 involving an accounting of moneys allegedly due Arkansas stockholders. Suggestion amicus curiae filed Oct. 20, 1958, by the Commission, for stay of proceedings pending completion before the Commission of hearings on a plan filed pursuant to sec. 11 of the 1935 act by Cities Service Co. with respect to its subsidiary, Arkansas Fuel Oil Corp. Opinion Oct. 24, 1958, granting stay. Pending. |
| Barker, Harold C., et al. v. Russell McPhail, et al. | Southern District of New York. | Mar. 21, 1958 | Action for violation of sec. 14(a) of the 1934 act and Regulation 14 thereunder, involving solicitation of proxies. Complaint filed by Commission as intervenor Mar. 21, 1958, demanding a final judgment, temporary restraining order and a preliminary injunction. Temporary restraining order signed on Mar. 21, 1958, restraining defendants and plaintiffs from voting their shares and proxies except for the purpose of adjourning the meeting to Apr. 24, 1958. Proxies were finally voted May 6, 1958, after further adjournments. Order Dec. 17, 1958, denying Commission's motion for summary judgment. Pending. |
| Creswell-Keith, Inc. v. B. F. Wil- lingham, et al. | 8th Circuit..... | Aug. 26, 1958 | Action under secs. 12(2) and 17(a)(2) of the 1933 act for rescission or damages arising out of allegedly fraudulent sales of securities in the nature of undivided fractional interest in an oil and gas lease. Brief of the Commission amicus curiae served Aug. 26, 1958. Appellant's brief filed Aug. 30, 1958. Appellees' reply Sept. 4, 1958, to Commission's motion for leave to participate as amicus curiae. Order Sept. 11, 1958, granting the Commission leave to participate amicus curiae and permitting filing of the brief. Appellees' brief served Oct. 17, 1958. Commission's reply brief amicus curiae served Oct. 28, 1958. Order Feb. 27, 1959, reversing the order of the District Court. Closed. |
| Ellerin, Sol J. v. Massachusetts Mutual Life Insurance Co., et al. | 2d Circuit..... | Dec. 31, 1958 | Action instituted pursuant to sec. 16(b) of the 1934 act by a stockholder to recover on behalf of General Tire & Rubber Co. all the profits realized by the defendant from the purchases and sales of the common stock of General Tire & Rubber Co. within less than 6 months. Brief for the Commission amicus curiae filed Dec. 31, 1958. Brief of defendant-appellee filed in Jan. 1959. Pending. |
| Ferraiolo, Nicholas v. F. R. Newman | United States Supreme Court. | Feb. 16, 1959 | Action pursuant to sec. 16(b) of the 1934 act seeking to recover profits of the respondent realized through the acquisition and sale of the common stock of Ashland Oil & Refining Co. within a 6-month period. Commission's brief amicus curiae supporting petition for writ of certiorari filed Feb. 16, 1959. Respondent's brief filed Feb. 16, 1959. Supreme Court on Mar. 5, 1959, denied petition for writ of certiorari. Closed. |
| Hull, J. Warren v. Newman, Ken- nedey & Co., et al. | Southern District of New York. | Sept. 10, 1957 | Action under sec. 215(b) of the Investment Advisers Act of 1940 for damages plaintiff allegedly suffered as a result of a contract with defendants. Memorandum of the Commission amicus curiae filed Sept. 10, 1957. Supplemental memorandum filed Nov. 25, 1957. Case settled. Closed. |
| Periman, Michael v. John E. Tim- berlake, et al. | Southern District of New York. | Oct. 13, 1958 | Action under sec. 16(b) of the 1934 act to recover profits alleged to have been realized by an officer of the Jones & Laughlin Steel Corp. from the sale and purchase within 6 months of the common stock of the corporation. Memorandum of the Commission amicus curiae served Oct. 13, 1958. Plaintiff's supplemental memorandum Oct. 24, 1958. Respondents' memorandum on its counter claim for declaratory relief filed. Opinion Mar. 26, 1959, granting defendants' motion dismissing the complaint; and denying defendants' motion for judgment on the counter claim. Appeals filed by plaintiff and defendants in CA-2 in Apr. 1959. Pending. |

TABLE 31.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1959—Continued

| Name of case | United States District Court, Court of Appeals, or U.S. Supreme Court | Date of entry | Nature and status of case |
|--|---|----------------|---|
| Taylor, Frederick, et al. v. John B. Janigan. | District of Massachusetts..... | Feb. 24, 1959 | Action under sec. 10 of the 1934 act and rule 10B-5 thereunder, seeking an accounting for profits gained by the defendant in the purchase and resale of the stock of Boston Electro Steel Casting, Inc. Defendant's motions to dismiss and for a more definite statement, filed in Dec. 1958. Commission's memorandum amicus curiae contending that the court had jurisdiction and that the complaint stated a cause of action, filed Feb. 24, 1959. Opinion Apr. 16, 1959, denying motion to dismiss the complaint. Defendant's motion for rehearing served Apr. 23, 1959. Plaintiff's memorandum in opposition for rehearing served Apr. 24, 1959. Pending. |
| Van Aalten, Gertrude v. Roy T. Hurley, et al. | Southern District of New York. | Sept. 10, 1958 | Action under sec. 16(b) of the 1934 act involving profits realized under a stock option plan which had met the requirements of sec. 16(b) and rule 16B-3, thereunder. Defendants' answers filed Apr. 1958. Plaintiff's brief in support of motion for summary judgment filed Apr. 25, 1958. Defendants' reply memorandum filed in May 1958, and reply brief filed on behalf of plaintiff. Commission's memorandum amicus curiae served Sept. 20, 1958. Pending. |
| Woodward, D. A., et al. v. Homer L. Wright, et al. | 10th Circuit..... | Jan. 26, 1959 | Action involving secs. 4, 5, and 12 of the 1933 act. Brief of the Commission amicus curiae served Jan. 26, 1959. Response by appellees to amicus curiae brief filed Feb. 12, 1959. Opinion Mar. 18, 1959, reversing the judgment of the District Court and remanding the cause. Order Apr. 20, 1959, denying petition for rehearing. Application Apr. 27, 1959, by appellees for stay of mandate and judgment for 90 days to allow time to appeal to the Supreme Court. Pending. |

TABLE 32.—*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, 1959*

| Principal defendants | Number of defendants | United States District Court | Initiating papers filed | Section of act involved | Status of case |
|-------------------------------|----------------------|--------------------------------|-------------------------|---|--|
| Cohen, Herbert M., et al..... | 2 | Southern District of New York. | Sept. 26, 1958 | Sec. 21(c), 1934 act..... | Order, Sept. 26, 1958, directing respondents to show cause why order should not issue requiring compliance with subpoena. Order, Oct. 30, 1958, granting Commission's request for dismissal of subpoena action in view of compliance by respondents. Closed. |
| Kerlin, Homer E., et al..... | 2 | Southern District of Alabama. | Apr. 23, 1959 | Sec. 22(b), 1933 act; sec. 21(c), 1934 act. | Order, Apr. 27, 1959, directing respondents to show cause why order should not issue requiring compliance with subpoena. Order, May 13, 1959, granting Commission's motion for dismissal of subpoena action. Closed. |
| Lord, Linda..... | 1 | Southern District of New York. | May 28, 1958 | Sec. 22(b), 1933 act; sec. 21(c), 1934 act. | Order, June 2, 1958, directing respondent to show cause why order should not issue requiring respondent to comply with subpoena. Action dismissed Nov. 7, 1958, on motion of Commission. Closed. |

TABLE 33.—Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1959

| Plaintiff | Court | Initiating papers filed | Status of case |
|------------------------------|--------------------------------|-------------------------|---|
| Bowman, K. Ralph, et al..... | District of Utah..... | Dec. 10, 1958 | Complaint filed Dec. 10, 1958, demanding a temporary injunction enjoining the hearing examiner from proceeding with the broker-dealer hearing. Temporary restraining order signed Dec. 11, 1958. Order Dec. 15, 1958, dissolving temporary restraining order, denying motion for preliminary injunction and dismissing complaint. Closed. |
| Gearhart and Otis, Inc..... | District of Columbia..... | Oct. 8, 1958 | Petition and motion filed Oct. 8, 1958, to vacate and set aside the Commission's orders of Oct. 2, 1958, quashing the subpoenas issued by the hearing examiner against members and former members of the Commission; and moving for an order setting aside the Commission's action. Order Feb. 5, 1959, denying petitioner's motion for an order reinstating subpoenas. Appealed to CA DC on Feb. 25, 1959. Order of the District Court Apr. 14, 1959 dismissing petition. Order of CA DC July 20, 1959, denying motion to dismiss appeal. Pending. |
| Gearhart and Otis, Inc..... | District of Columbia..... | Feb. 2, 1959 | Petition and notice of motion Feb. 2, 1959, for an order to compel a Commission attorney to testify. Order Apr. 14, 1959, denying application and dismissing petition. Closed. (Related to above case.) |
| 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. Pending. |
| Randolph Phillips..... | District of Delaware..... | May 17, 1958 | Petition by Randolph Phillips filed in the district court, May 17, 1958, requesting an order to show cause why the Commission should not be adjudged in criminal and civil contempt of court's order of Dec. 30, 1957. Rule to show cause entered May 21, 1958. Petition of Commission to vacate and dissolve rule to show cause and to dismiss Phillips' petition filed May 27, 1958. Rule on Phillips to show cause entered May 28, 1958. Commission's memorandum in support of its petition filed June 15, 1958. Reply to Commission's memorandum filed June 23, 1958. Order Sept. 19, 1958, dismissing Phillips' petition for an order adjudging the Commission in civil and criminal contempt. Notice of appeal filed in CA-3, Nov. 18, 1958. Pending. (Proceeding also listed in table No. 34 under The United Corp.) |
| Woolson, A. Phillip..... | Southern District of New York. | Nov. 6, 1958 | Motion Nov. 6, 1958, moving the court to compel the Commission to institute criminal proceedings against the New York Stock Exchange under sec. 32 of the 1934 act for its willful violations of sec. 12(d) of the 1934 act. Order Dec. 23, 1958, denying motion. Pending. (Appeal listed in table No. 36 under Third Avenue Transit Corp.) |

TABLE 34.—Actions pending during fiscal year ended June 30, 1959, 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 |
|---|-----------------------------------|-----------------------------|--|
| Alabama Power Co., et al., In re..... | Northern District of Alabama. | Reopened Nov. 14, 1958.... | Application for further order filed Nov. 14, 1958. Order Nov. 26, 1958, decreeing as reasonable the efforts of applicant to locate all stockholders, and all surrendered certificates for shares of the common stock of Birmingham Co., shall on and after Dec. 15, 1958, represent no further right and shall be null and void. Closed. |
| Arkansas Natural Gas Corp., et al., In re. | Delaware..... | Reopened June 25, 1956.... | Petition filed June 25, 1956, by Cities Service Co. for an order requiring Elias Auerback 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, seeking intervention. Order Oct. 26, 1956, denying petition for intervention but directing that petitioner be permitted to appear amicus curiae. Pending. |
| Merrimack-Essex Electric Co., et al., In re. | District of Massachusetts.. | May 18, 1959..... | Application filed May 18, 1959. Plan approved and enforced on June 15, 1959. Closed. |
| New England Public Service Co., In re. | Maine..... | Reopened Mar. 5, 1958.... | Supplemental application IV filed Mar. 5, 1958. Order May 6, 1959, releasing and discharging Northern New England Co. and New England Public Service Co., and their assets from the jurisdiction of the court. Closed. |
| Philadelphia Co., et al., In re..... | Western District of Pennsylvania. | Reopened Sept. 25, 1957.... | Petition filed Sept. 25, 1957, by Standard Gas and Electric Co. requesting an order approving as reasonable its efforts to locate all stockholders re step 4 of the amended plan. Commission's answer agreeing with the petition, filed Nov. 5, 1957. Order Nov. 5, 1957, approving Standard's petition. Petition filed Apr. 2, 1958, by Standard requesting an order approving as reasonable Standard's efforts to locate all stockholders and directing the securities and funds held by the Exchange Agent be disposed of pursuant to the plan. Commission's answer to petition consenting to the proposed order, May 16, 1958. Order May 20, 1958, approving Standard's petition except as to specified stockholders who were in process of making the exchange. Closed. |
| Standard Gas and Electric Co., et al., In re. | Delaware..... | Reopened Nov. 1, 1957.... | Petition filed Nov. 1, 1957, by Standard Gas and Electric Co. relating to the cut-off rights of holders of unexchanged securities to step 1 of the plan dated Feb. 8, 1951, for compliance by petitioner and Philadelphia Co. with sec. 11 of the 1935 act. Commission's answer to petition, Dec. 3, 1957. Order Dec. 5, 1957, approving Standard's petition. Petition filed Apr. 15, 1958, by Standard requesting an order approving as reasonable Standard's efforts to locate all stockholders and directing that the securities and funds held by the Exchange Agent be disposed of pursuant to the plan. Commission's answer filed May 13, 1958. Order May 23, 1958, approving Standard's petition, except as to specified stockholders who were in process of making the exchange. Order June 15, 1959, approving petition extinguishing the rights of all securities unexchanged. Closed. |

TABLE 34.—Actions pending during fiscal year ended June 30, 1959, to enforce voluntary plans under sec. 11(e) to comply with sec. 11(b) of the Public Utility Holding Company Act of 1935—Continued

| Name of case | United States District Court | Initiating papers filed | Status of case |
|-------------------------------|------------------------------|-------------------------|--|
| The United Corp., In re | Delaware..... | Oct. 11, 1954..... | Application filed Oct. 11, 1954. Enforcement order entered Mar. 7, 1955. Judgment of CA-3, Apr. 16, 1956, affirming USDC 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. Judgment of CA-3, Oct. 24, 1957, affirming in part and reversing in part the order of Oct. 31, 1956, and remanding cause to the District Court. Commission's petition for rehearing denied by CA-3, Dec. 3, 1957. Order of District Court, Dec. 30, 1957, remanding proceeding to the Commission for modification of its findings, opinion and order of June 28, 1956. Petition by Randolph Phillips filed in the District Court, May 17, 1958, requesting an order to show cause why the Commission should not be adjudged in criminal and civil contempt of the court's order of Dec. 30, 1957. Rule to show cause entered May 21, 1958. Petition of Commission to vacate and dissolve rule to show cause and to dismiss Phillips' petition filed May 27, 1958. Phillips ordered on May 28, 1958, to show cause why the relief requested by Commission should not be granted. Commission's memorandum in support of its petition filed about June 15, 1958. Reply to Commission's memorandum filed June 23, 1958. Order Sept. 19, 1958, dismissing Phillips' petition for an order adjudging the Commission in civil and criminal contempt. Notice of appeal filed in CA-3, Nov. 18, 1958. Pending. (Latter proceeding also listed in table No. 33 under Randolph Phillips.) |

TABLE 35.—*Actions under sec. 11(d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1959, 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..... | Reopened July 15, 1957.... | Application for order directing trustee to deliver assets to Old Colony Trust Co. and for authority to operate the business, filed July 15, 1957. Order Sept. 16, 1957, releasing Abacus Fund from jurisdiction of the court with certain exceptions. Petition filed Jan. 21, 1958, by trustee for approval and allowance of account for period Nov. 13, 1944, to Sept. 18, 1957. Supplemental application of Commission Jan. 21, 1958, for approval of payment on account of maximum final allowances of compensation and reimbursement of expenses. Orders Mar. 3, 1958, approving trustee's petition and allowances and expenses. Order Jan. 27, 1959, appointing Richard L. Brickley to succeed Bartholomew A. Brickley (deceased) as trustee. Pending. |

TABLE 36.—*Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1959, in which the Commission participated when district court orders were challenged in appellate courts*

| Name of case and United States Court of Appeals | Nature and status of case |
|--|--|
| El-Tronics, Inc., debtor; Charles R. Frost and Connecticut Telephone and Electrical Corp., appellants (3d Circuit). | Appeals from orders of Feb. 9, 1959, and Feb. 26, 1959, authorizing the assignment of certain government contracts to Piasecki Aircraft Corp., and referring matters to Thomas J. Curtin as referee and special master to make findings of fact and conclusions of law with his report and recommendations thereon. The district court, in April 1959, approved the stipulation for dismissal of appeals. Closed. |
| Frank Fehr Brewing Co., debtor; Fehr Kramer, appellant (6th Circuit). | Appeal from order of Mar. 17, 1959, finding value of debtor such that common stockholders' interests could be eliminated, and confirming the amended plan of reorganization. Motion by trustee to dismiss appeal, served May 1, 1959; denied by CA-6, May 26, 1959. Appellant's brief served May 15, 1959. Commission's brief supporting district court order served May 20, 1959. Appellant's reply brief filed May 25, 1959. CA-6 on June 16, 1959, affirmed the order of the district court. |
| General Stores Corp., debtor; Lewis J. Ruskin, appellant (2d Circuit). | Appeals from orders of June 12, 1958, and July 1, 1958, fixing appellant collateral trustee's lien for compensation and expenses, and denying appellant's motion for leave to receive compensation from Ford Hopkins Co. and Stineway Drug Co., subsidiaries of debtor. Commission's brief, in support of the district court's orders, filed Feb. 27, 1959. Appellant's reply brief filed Mar. 10, 1959. Case argued Mar. 11, 1959; decision reserved. Pending. |
| Adolph Gobel, Inc., debtor; George Kraus, Michael DeAngellis, Anthony DeAngellis, and Trans-World Refining Corp., appellants (3d Circuit). | Appeal from order of Mar. 6, 1959, denying motion of appellants to quash certain subpoenas issued to them. Appellants' motion, Mar. 16, 1959, for an order to continue the stay in the district court pending appeal. Trustee's motion, Mar. 24, 1959, to dismiss the appeal. Appellants' memorandum in support of motion for continuance of stay, served Mar. 30, 1959. Trustee's memorandum in support of motion to dismiss appeal and in opposition for stay, served Apr. 1, 1959. Stipulation, Apr. 16, 1959, by all parties for dismissal of appeal. Closed. |
| Hudson & Manhattan Railroad Co., debtor; George Spitzer, Henry Miller, Sr., Ellis & Co., and Gresham Street Nominees, Ltd., appellants (2d Circuit). | Appeal from order of May 1, 1959, approving the modified amended plan of reorganization. Pending. |
| Inland Gas Corp., et al., debtors; Thomas Choate and Harmon L. Rimmel, Charles J. Gregory and Clyde L. Paul, Paul E. Kern, Elmo E. Allen, George H. Greenwald and Edward D. Spilman, appellants (6th Circuit). | Appeals from orders of May 13, 1958, and June 2, 1958, finding the plan for reorganization of Feb. 25, 1958, as amended, fair, equitable and feasible. Commission's memorandum opposing motion to dismiss the appeals, filed July 24, 1958. Commission's brief supporting the appeals filed Oct. 15, 1958. Reply briefs filed in Dec. 1958. Order Jan. 15, 1959, by CA-6, dismissing all appeals and affirming orders of the district court. Petitions for writs of certiorari filed in Supreme Court, Mar. 1959. Commission's memorandum supporting petitions for writs of certiorari, filed Apr. 14, 1959. Supreme Court, Apr. 27, 1959, denied petitions for writs of certiorari. Petition for rehearing filed May 22, 1959, in the Supreme Court, and denied June 8, 1959. Closed. |
| Inland Gas Corp., et al., debtors; Paul E. Kern, Jerome Prince, Charlotte Heine, and the Allen Committee, appellants (6th Circuit). | Appeals from order of June 1, 1959, in aid and consummation of plan of reorganization, and denying leave to file proposed alterations and modifications to plan. Motion in CA-6 for advancement of hearing of case and stay pending appeal. Brief of Columbia Gas System, June 13, 1959, in opposition to appellants' motion. Commission's response, June 16, 1959, in support of motion. Order, June 26, 1959, granting motion for stay pending appeal. Pending. |
| F. L. Jacobs Co., debtor; Milton S. Gould, Lazarus Joseph, appellants (6th Circuit). | Appeal from order of Apr. 15, 1959, denying the receivers' motion to vacate the order approving the petition for reorganization or to dismiss the petition and transfer the ch. X proceedings to the Southern District of New York. Order, June 23, 1959, extending time to docket record on appeal. Pending. |
| Magnolia Park, Inc., debtor; Stephen Goldring and Malcolm Woldenberg, appellants (5th Circuit). | Appeal from order of Feb. 25, 1958, approving petition for reorganization. Commission's memorandum, May 2, 1958, in opposition to appellants' petition for writ of mandamus and prohibition or for a supersedeas or stay of the district court's order of Feb. 25, 1958. Order, May 21, 1958, denying leave to file petition for writ of mandamus and refusing the alternative application for supersedeas. Appellants' brief filed Nov. 14, 1958. CA-5, Jan. 8, 1959, granted motion by appellants and trustee for postponement of hearing pending settlement negotiations and instructed counsel to advise court by Mar. 15, 1959, whether appeals will be dismissed. Pending. |
| Magnolia Park, Inc., debtor; Sport-service Corp., and New Orleans Sportservice, Inc., appellants (5th Circuit). | Appeals from orders of Dec. 18, 1958, Dec. 19, 1958, and Jan. 22, 1959, approving and confirming plan of reorganization, and disallowing vote of Sportservice, Inc., against the plan as not made in good faith. Pending. |

TABLE 36.—Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1959, in which the Commission participated when district court orders were challenged in appellate courts—Continued

| Name of case and United States Court of Appeals | Nature and status of case |
|--|---|
| <p>Selected Investments Corp., and Selected Investments Trust Fund, debtors; Selected Investments Corp., Selected Investments Trust Fund, Hugh A. Carroll, Julia L. Moore Carroll, William A. Rigg, C. M. Holliday and Herschel Hillery; O'Bryan, O'Bryan & O'Bryan, Walter, D. Hart; Jack Hart, Linwood O. Neal, appellants (10th Circuit).</p> | <p>Appeal from order of Mar. 3, 1958, finding certain trust certificates to be debt securities, finding debtors bankrupt and approving ch. X petition; and appeal from orders dated May 2, 1958, June 23, 1958, and July 18, 1958, denying debtors' objections to retention in office of trustee and overruling objection of certain certificate holders to ch. X proceeding. Petition for writ of prohibition seeking to stay lower court proceeding filed Apr. 4, 1958; denied by CA-10. S.E.C. motion dated July 3, 1958, to dismiss appeals on procedural grounds. Commission's brief, Sept. 4, 1958, supporting the orders of the district court. Opinion, Oct. 14, 1958, affirming the orders of the district court. Petition for rehearing filed Oct. 31, 1958; Commission's response served Nov. 7, 1958; petition for rehearing denied Nov. 10, 1958. Petition for writ of certiorari filed Dec. 24, 1958; Commission's and respondent's briefs in opposition filed Jan. 1959; and petition for writ of certiorari denied by the Supreme Court on Feb. 24, 1959. Closed.</p> |
| <p>Selected Investments Corp., and Selected Investments Trust Fund, debtors; Walter D. Hart and Jack Hart, appellants (10th Circuit).</p> | <p>Appeals from order of Jan. 14, 1959, directing the trustee to make distribution of substantial part of the assets of the trust fund. Commission's memorandum supporting motion for stay filed Jan. 29, 1959. Trustee's response opposing motion for stay filed Jan. 29, 1959. Order by CA-10, Jan. 30, 1959, staying distribution of funds until further order of the court. Commission's response to motion to vacate stay, Mar. 13, 1959. Order, Mar. 26, 1959, denying motion to vacate stay. Pending.</p> |
| <p>Swan-Finch Oil Corp., debtor; American Leduc Petroleum, Ltd., American Canuck Petroleum, Ltd., Orleans Industries, Inc., and Penn Canadian Oil Co., Swan Finch Oil Corp. Trustees, appellants (2d Circuit).</p> | <p>Appeal from order of July 1, 1958, directing certain assets and proceeds therefrom which appellants received as a pledge be turned over to the trustees; and determination that reorganization court had summary jurisdiction to determine ownership; and appeal by trustees from order of Nov. 21, 1958, determining summarily ownership of certain other property. Order by CA-2, Aug. 6, 1958, denying application for vacating injunctive provisions of the 2 orders entered on July 1, 1958. Order, Sept. 5, 1958, denying motion for a stay of July 1, order pending appeal. Commission's brief in support of July 1, order of the district court, filed in Dec. 1958. Commission's memorandum opposing Nov. 21, order, filed Feb. 6, 1959. Opinion by CA-2, Apr. 29, 1959, affirming the July 1, order. Appeal from Nov. 21, order still pending.</p> |
| <p>Third Avenue Transit Corp., and subsidiary corporations, debtors; Hiram S. Gans; Hays St. John, Abramson and Hellbron; Surface Transit, Inc., et al; Reus & Chandler, Inc., James Hodes, Lester T. Doyle, I. Howard Lehman, appellants (2d Circuit).</p> | <p>Appeal from opinion of Feb. 6, 1958, denying application of Amen, Gans, Weisman and Butler for compensation and denying the application for approval of a certain transfer of securities; and appeal from order of July 22, 1958, awarding and denying final allowances. Commission's memorandum Oct. 6, 1958, on applications for leave to appeal from order of final allowances. Briefs filed in Jan. and Feb. 1959. Commission's brief filed Mar. 12, 1959, on final allowances. Opinion, May 11, 1959, affirming in part, modifying and reversing in part, decision of the district court. Petitions for rehearing filed in May, 1959. Commission's answering letter to petition for rehearing of Baker, Obermeier & Rosner, filed in May, 1959. Order June 8, 1959, denying petitions for rehearing. Petitions for writ of certiorari filed. Pending.</p> |
| <p>Third Avenue Transit Corp., et al., debtors; A. Philip Woolfson, appellant (2d Circuit).</p> | <p>Appeal from order of Dec. 23, 1958, denying motions for orders vacating order of Dec. 17, 1956; and order of July 18, 1958, and motion to compel the Commission to institute criminal proceedings against the New York Stock Exchange. Briefs filed in Mar. and Apr. 1959. Commission's motion, Mar. 31, 1959, for dismissal of appeal. Order, Apr. 10, 1959, granting motion for dismissal of appeal. Petition for writ of certiorari filed Apr. 29, 1959; Commission's brief in opposition filed May 27, 1959; denied by the Supreme Court in June 8, 1959. Petition, June 1959, for rehearing of order denying petition for a writ of certiorari. Pending.</p> |
| <p>Third Avenue Transit Corp., et al., debtors; Julius Kass, appellant (2d Circuit).</p> | <p>Appeal from order of June 4, 1959, directing appellant to repay a certain sum of money to the trustee which he received for past legal services after petition for reorganization had been filed. Pending.</p> |
| <p>TMT Traller Ferry, Inc., debtor; Protective Committee for Independent Stockholders, appellants (5th Circuit).</p> | <p>Appeal from order of Mar. 6, 1959, confirming trustee's plan of reorganization. Pending.</p> |

TABLE 37.—A 26-year summary of criminal cases developed by the Commission—fiscal years 1934-59

[See table 39 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 ¹ | 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 ² |
|-------------|--|---|--|--|--------------------------------------|--------------------------------------|---|--|
| 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 | 49 | 14 |
| 1943..... | 31 | 91 | 28 | 108 | 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 | 18 | 4 |
| 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 | 20 | 6 | 5 | 2 |
| 1954..... | 19 | 44 | 19 | 52 | 29 | 10 | 6 | 7 |
| 1955..... | 8 | 12 | 8 | 13 | 7 | 0 | 6 | 0 |
| 1956..... | 17 | 43 | 16 | 44 | 27 | 5 | 10 | 2 |
| 1957..... | 26 | 132 | 18 | 80 | 26 | 1 | 2 | 51 |
| 1958..... | 15 | 51 | 12 | 25 | 7 | 2 | 0 | 16 |
| 1959..... | 45 | 217 | 20 | 75 | 6 | 1 | 1 | 67 |
| Total..... | 741 | 2,550 | 602 | 2,487 | 1,319 | 295 | 685 | 188 |

¹ The number of defendants in a case is sometimes increased by the Department of Justice over the number against whom prosecution was recommended by the Commission. For the 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.

² See table 38 for breakdown of pending cases.

³ 22 of these references as to 131 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year, and also 5 of the 1957 and 1958 references as to 79 proposed defendants.

⁴ 555 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 481 or 87 percent of such cases. Only 74 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.

⁵ Includes 56 defendants who died after indictment.

TABLE 38.—Summary of criminal cases developed by the Commission which were still pending at June 30, 1959

| | 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 | 4 | 13 | 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..... | 1 | 5 | 1 | 4 | 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..... | 1 | 7 | 0 | 7 | 0 | 0 |
| 1955..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 1956..... | 2 | 2 | 0 | 0 | 2 | 0 |
| 1957..... | 10 | 52 | 1 | 4 | 43 | 4 |
| 1958..... | 6 | 16 | 0 | 1 | 15 | 0 |
| 1959..... | 19 | 75 | 8 | 7 | 69 | 1 |
| Total..... | 51 | 218 | 30 | 61 | 122 | 5 |

SUMMARY

| | |
|--|-----|
| Total cases pending ¹ | 78 |
| Total defendants ¹ | 476 |
| Total defendants as to whom cases are pending ¹ | 446 |

¹ Except for 1957, 1958, and 1959 indictments have been returned in all pending cases. As of the close of the fiscal year, indictments had not yet been returned as to 210 proposed defendants in 27 cases referred to the Department of Justice in 1957, 1958, and 1959. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 39.—A 26-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1959

| | 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 ¹ (including principals of such firms)..... | 377 | 226 | 24 | 100 | 27 |
| Employees of such registered broker-dealers..... | 153 | 65 | 17 | 43 | 28 |
| Persons in general securities business but not as registered broker-dealers (includes principals and employees)..... | 735 | 370 | 62 | 261 | 42 |
| All others ² | 1,222 | 658 | 192 | 281 | 91 |
| Total..... | 2,487 | 1,319 | 295 | 685 | 188 |

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

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

TABLE 40.—26-year summary of all injunction cases instituted by the Commission, 1934 to June 30, 1959, by calendar year

| Calendar year | Number of cases instituted by the Commission and the number of defendants involved | | Number of cases in which injunctions were granted and the number of defendants enjoined ¹ | |
|------------------------|--|------------|--|------------|
| | Cases | Defendants | Cases | Defendants |
| 1934..... | 7 | 24 | 2 | 4 |
| 1935..... | 36 | 242 | 17 | 56 |
| 1936..... | 42 | 116 | 36 | 108 |
| 1937..... | 96 | 240 | 91 | 211 |
| 1938..... | 70 | 152 | 73 | 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..... | 58 | 192 | 32 | 93 |
| 1958..... | 71 | 408 | 51 | 158 |
| 1959 (to June 30)..... | 25 | 109 | 43 | 130 |
| Total..... | 900 | 2,864 | 798 | 2,073 |

SUMMARY

| | Cases | Defendants |
|---------------------------------------|-------|------------|
| Actions instituted..... | 900 | 2,864 |
| Injunctions obtained..... | 783 | 2,073 |
| Actions pending..... | 29 | 289 |
| Other dispositions ⁴ | 88 | 502 |
| Total..... | 900 | 2,864 |

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

² Includes 16 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

³ Includes 45 defendants in 12 cases in which injunctions have been obtained as to 129 codefendants.

⁴ Includes (a) actions dismissed (as to 434 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).