PART VI

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Under the Public Utility Holding Company Act of 1935 the Commission is charged with the regulation of interstate public-utility holding company systems engaged in the electric utility business or in the retail distribution of gas. The Commission's jurisdiction extends to natural gas pipeline companies and other non-utility companies which are subsidiaries of registered holding companies. Although the matters dealt with embrace a variety of intricate and complex questions of law and fact, there are three principal areas of regulation. The first of such areas covers those provisions of the Act, contained principally in Section 11(b), which require the physical integration of public-utility companies and functionally related properties of holding company systems and 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. Matters embraced within this area of regulation require periodic examination by the Commission and its staff. Many such examinations do not result in formal proceedings and others are reflected in such proceedings only in an indirect manner when they are related to issues principally under one or the other areas of regulation.

The staff functions under the Act are performed primarily in the Branch of Public Utility Regulation of the Division of Corporate Regulation. In performing its functions, the Commission's staff observes and examines problems which arise in connection with transactions which are or may be subject to regulation under the Act and discusses such problems with interested persons and companies and advises them as to the applicable Sections of the Act, its Rules and the Commission policy with respect thereto.

COMPOSITION OF REGISTERED HOLDING COMPANY SYSTEMS—SUMMARY OF CHANGES

On June 30, 1960, there were 26 registered holding company systems subject to regulation under the Act. For convenience, 18 of these 26 will be referred to in this report as "active registered systems." Three of the remaining 8 systems, namely (1) Cities Service Company, (2) Electric Bond and Share Company, and (3) Standard Gas and Electric Company, do not own as much as 10 percent of the voting securities of any public-utility company operating within the United States. These 3 systems include 4 registered holding companies since the Standard Gas and Electric holding company system has 2 registered holding companies. As of February 29, 1960, the Commission rescinded Rule 9 under the Act which exempted certain holding companies by reason of their small size. Subsequent thereto, certain companies sought exemption on other bases and five registered under the Act.[1] This subject is further discussed at page 143 of this report.

The 18 active registered systems include 19 registered holding companies since, as shown in the tabulation below, the West Penn Electric Company holding company system has 2 registered holding companies. Of these 19 companies, 13 function solely as holding companies and 6 function as operating companies as well as holding companies. In these 18 active registered systems, there are 99 electric and/or gas utility subsidiaries, 42 non-utility subsidiaries, and 12 inactive companies, totalling 172 system companies.

The following tabulation shows the number of holding companies, electric and/or gas utility companies and non-utility companies in each of the 18 active registered systems as at June 30, 1960, and their aggregate assets, less valuation reserves, as of December 31. 1959:

[1] These five companies are: Kinzua Oil & Gas Corporation, C. E. Burlingame Corporation, Colonial Utilities Corporation, British American Utilities Corporation and Keystone Pipe and Supply Company.

Classification of companies as of June 30, 1960

System	Solely registered holding companies	Registered holding-operating companies	Electric and gas utility subsidiaries	Non-utility subsidiaries	Inactive companies	Total companies	Aggregate system [1] assets, less valuation reserves at Dec. 31, 1959
1. American Electric Power Co., Inc.	1		12	10	1	24	$1,457,810,761
2. American Natural Gas Co.	1		2	5	0	8	766,616,979
3. Central and South West Corp.	1		6	0	1	8	698,242,470
4. Columbia Gas System, Inc., The	1		9	8	2	20	1,195,715,000
5. Consolidated Natural Gas Co.	1		4	2	0	7	722,630,737
6. Delaware Power & Light Co.		1	2	0	0	3	198,970,101
7. Eastern Utilities Associates	1		5	0	2	8	110,260,446
8. General Public Utilities Corp.	1		6	3	0	10	936,004,470
9. Granite City Generating Co. (voting trust)	1		1	0	0	2	[2] 333,836
10. Middle South Utilities, Inc.	1		6	0	4	11	754,637,578
11. National Fuel Gas Co.	1		3	5	0	9	201,733,104
12. New England Electric System	1		23	1	0	25	612,543,164
13. Ohio Edison Co.		1	3	0	0	4	641,514,000
14. Philadelphia Electric Power Co.		1	1	0	1	3	40,308,934
15. Southern Company, The	1		5	2	1	9	1,278,195,258
16. Union Electric Co.		1	3	1	0	5	589,561,807
17. Utah Power & Light Co.		1	2	0	0	3	238,877,974
18. West Penn Electric Co., The	1	1	12	6	1	21	573,492,055
Subtotals	13	6	105	43	13	180	$11,017,448,674
Less: Adjustment to eliminate duplication in count resulting from 4 companies being subsidiaries in 2 systems and 2 companies being subsidiaries in 3 systems [3]			—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							[4] 512,099,473
Total companies and assets in active systems	13	6	99	42	12	172	$11,529,548,147

[1] Represents the consolidated assets, less valuation reserves, of each system as reported to the Commission on Form U5S for the year 1959, except as otherwise noted.

[2] Represents the corporate assets of Granite City Generating Co. at March 31, 1960. 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., Inc. 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., Inc., 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 Arklahoma 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 the parents' 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 Electric Energy, Inc. is a holding company with respect to that company.

During the fiscal year, in the General Public Utilities Corporation system, Escudero Electric Company was merged with Manila Electric Company, both being public-utility subsidiaries in the Philippines. In addition, this system organized the Saxton Nuclear Experimental Corporation, a non-utility subsidiary which will be located in Penn-

sylvania and which will construct an experimental nuclear reactor. New England Electric System organized the Lynn Gas Company, a public-utility, in order to separate the gas from the electric operations of Lynn Gas and Electric Company (now Lynn Electric Company). National Fuel Gas Company dissolved Iroquois Building Corporation, a non-utility subsidiary.

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 2,412 companies have been subject to the Act as registered holding companies or subsidiaries thereof during the period from June 15, 1938, to June 30, 1960. Included in this total were 223 holding companies (holding companies and operating-holding companies), 1,037 electric and/or gas utility companies and 1,152 non-utility enterprises. From June 15, 1938, to June 30, 1960, 2,070 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 342 companies, 172 are members of the 18 active systems listed in the table on page 131 and 170 are members of the additional 8 systems named above at page 130 which are also subject to regulation under the Act.

Of the above-mentioned 2,070 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 1,146 companies includes 783 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.

While a great many of the problems under Section 11 of the Act existing at the time of its passage have been resolved, there remain a considerable number of Section 11 and other significant problems with respect to which progress is being made in the face of a variety of difficulties which have prevented their final determination. Certain Section 11 cases, which have required a substantial amount of time and effort by the Commission and its staff over a long period, progressed to or near completion during the fiscal year. Examples of such cases are the Section 11 cases involving Cities Service Company and Standard Gas and Electric Company. Among other remaining Section 11 and other problems are issues concerning the retainability

by The Columbia Gas System, Inc. of the properties of 10 companies (subsequently reduced to 6) which are involved in a pending proceeding before the Commission; questions concerning the retainability of non-utility pipeline properties by Consolidated Natural Gas Company, issues with respect to whether Delaware Power & Light Company may retain both its gas and electric facilities; problems in the Middle South Utilities, Inc. system with respect to the retainability of certain gas and transportation properties and the elimination of a minority interest in a subsidiary; issues respecting the retainability by the National Fuel Gas Company system of oil and gas transmission businesses and respecting a minority interest in one of the subsidiaries in the system; and problems under Section 11(b)(1) of the Act regarding the retainability by Utah Power & Light Company of its subsidiary, The Western Colorado Power Company.

During the fiscal year, the Commission had under consideration step 1 (subsequently approved) of a new plan filed by Eastern Utilities Associates and designed to accomplish the disposition of the gas properties of its subsidiary, Blackstone Valley Gas and Electric Company, which the Commission had previously ordered divested, an application filed by Electric Bond and Share Company for an exemption pursuant to Section 3(a)(5) of the Act and a declaration by Middle South Utilities, Inc. seeking authorization to adopt a restricted stock option plan. Progress was also made during the fiscal year with respect to the problems involved in proceedings pending before the Commission under Section 11(b)(1) of the Act to determine whether the gas properties of New England Electric System are retainable together with its electric properties.[2] At present there remains only one subsidiary of New England Electric System engaged solely in the electric business which has a minority interest in its common stock and as a result of discussions which took place during the fiscal year a plan to eliminate this minority interest was subsequently filed.

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 1960 significant developments other than financing transactions, which will be discussed separately.

American Electric Power Company, Inc.

At December 31, 1959, this system had consolidated assets, less valuation reserves, of some $1,457,811,000, and consolidated operating revenues for the calendar year ended that date amounted to about $323,606,000. The system sold 25.87 billion kilowatt-hours of electric

[2] The Commission has previously determined that the electric properties of New England Electric System constitute an integrated public-utility system (38 S.E.C. 193 (1958)).

energy during the calendar year 1959, and is the largest electric holding company system subject to the Act.

During the year 1959 there was substantial growth in all phases of the system's business, and system expenditures for new power plants, lines, substations and other facilities totaled $116 million.

Plans were completed during the fiscal year for the start of the Smith Mountain hydroelectric generating plant on the Roanoke River in Virginia, a project which is unique for this system in that it involves the building of two dams, combining conventional hydroelectric power with pump-back storage—a system of pumping back water from the lower to the upper reservoir during off-peak periods for reuse during peak periods. When fully developed the station is expected to have a capacity of 440,000 Kw.

Ohio Power Company, a subsidiary company of American Electric acquired during the fiscal year the electric-utility system serving Minerva, Ohio, a community in close proximity to communities served by Ohio Power Company.[3]

American Electric owns 37.8 percent of the voting securities of Ohio Valley Electric Corporation, which, with its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation, 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 such stock by American Electric and other sponsoring companies (Ohio Edison Co. and The West Penn Electric Company) meets the standards of Section 10 of the Act. This issue and the organization and financing of Ohio Valley Electric Corporation and Indiana-Kentucky Electric Corporation, are discussed on pages 126–129 of the Commission's 23d Annual Report.

Cities Service Company

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 stock interest in Arkansas Fuel Oil Corporation or to dispose of its holdings of 51.5 percent.[4] Cities, Arkansas, and a stockholder of Arkansas petitioned the United States Court of Appeals for the Third Circuit for review of the order. On July 22, 1958, the Court affirmed the order of the Commission.[5] On September 18, 1958, Cities filed a plan pursuant to Section 11(e) of the Act for the purpose of eliminating the minority interest in Arkansas. The plan provided for a division of assets of Arkansas into 2 new companies, 1 to be owned by Cities and the other by the minority interest. Subsequently, Cities withdrew that plan and filed a new plan providing for the ex-

[3] Holding Company Act Release No. 14180 (March 3, 1960).
[4] Holding Company Act Release No. 13549.
[5] *Arkansas Fuel Oil Corporation*, 257 F. 2d 926.

change of 1 share of Cities common stock for each 2.4 shares of Arkansas common stock held by the public. Hearings on the new plan were commenced on March 31, 1959.

During the course of the hearing, certain participating stockholders of Arkansas filed a plan under Section 11(d) of the Act for the liquidation of the company and the sale of its assets on a basis which would net all the stockholders of Arkansas—i.e., both Cities and the public stockholders—$40 per share in cash. The plan gave Cities the option to purchase certain or all of the assets of Arkansas on the same basis. Cities stated that it would elect to exercise the option if certain modifications which it suggested were made therein.

Subsequent to the close of the fiscal year, the Commission disapproved Cities' exchange-of-stock plan and adopted and approved the Section 11(d) plan as modified in accordance with the suggestions of Cities.[6] Under the latter plan, the approximately 20,000 public holders of 1,843,346 shares of the common stock of Arkansas would receive a cash payment of $41 per share, or a total of $75,577,186. The cash payment of $41 per share represented a value of $40 per share for all of Arkansas' assets, less liabilities, plus an additional $1 per share on the basis of a settlement with respect to certain alleged causes of action for mismanagement asserted on behalf of the public holders of the common stock of Arkansas against Cities and certain of its other subsidiaries. As compared with the amount of $17.40 in market value of the Cities stock, based on the closing market price thereof at June 30, 1960, which would have been distributed in respect of each share of publicly-held stock of Arkansas under the exchange-of-stock plan, the difference in the value of the distribution to the public stockholders of Arkansas as of June 30, 1960, was approximately $43,500,000.

On September 2, 1960, the Section 11(d) plan was approved and ordered enforced by a United States District Court.[7]

Eastern Utilities Associates

This registered holding company and its subsidiary companies had consolidated assets, less valuation reserves, of approximately $110,260,000 at December 31, 1959. For the calendar year 1959, the system's consolidated revenues amounted to about $36,349,000.

On April 4, 1950, the Commission issued an order directing Eastern Utilities Associates to sever its relationship with the gas properties of its subsidiary, Blackstone Valley Gas and Electric Company.[8] In 1956 Valley Gas Company was incorporated for the purpose of acquiring and operating such gas properties. A 1957 proposal to effectuate

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[6] *Arkansas Fuel Oil Corporation et al.*, Holding Company Act Release No. 14260 (July 14, 1960).

[7] *Arkansas Fuel Oil Corporation et al.*, unreported, Civ. No. 2223 (Dist. Del.).

[8] 31 S.E.C. 329.

compliance with the order is discussed at pages 126–127 of the 25th Annual Report. In February 1959, Eastern Utilities Associates filed a plan, pursuant to Section 11(e) of the Act, designed to accomplish the disposition of the Blackstone gas properties. The plan was in 2 steps. Step 1 provides for the transfer of the gas property and related facilities to Valley, in exchange for the common stock, first mortgage bonds, and 15-year unsecured promissory notes of Valley, and the contemporaneous negotiated sale of the bonds and notes. Step 2 provides for the subsequent disposition of the common stock.

Subsequent to the close of the fiscal year the Commission approved Step 1 of the plan.[9]

The Columbia Gas System, Inc.

This registered holding company and its subsidiaries had consolidated assets, less valuation reserves, of about $1,195,715,000 at December 31, 1959, and consolidated gross revenues of approximately $465,071,000 for the calendar year 1959.

As indicated at page 126 of the Commission's 25th Annual Report there are before the Commission certain integration proceedings regarding the ultimate status of certain of the subsidiaries in the Columbia system. The matter was pending at the close of the fiscal year.

During the fiscal year 1960 Atlantic Seaboard Corporation, a wholly-owned non-utility natural gas pipeline subsidiary of Columbia obtained the requisite authorizations to acquire certain rights, facilities, and properties from an affiliate and from a nonaffiliate, and to construct and operate facilities for the activation of an underground storage pool for natural gas located in the Terra Alta field in the Portland and Union Districts of Preston County, West Virginia. The initial activation of the storage pool is scheduled for the calendar years 1960–61, but the development of its estimated maximum capacity of 45,800,000 Mcf of natural gas is scheduled to extend over a period of 4 years and involve aggregate expenditures of $25,000,000.[10]

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 are the questions as to whether Bond and Share may

[9] Holding Company Act Release No. 14266 (August 10, 1960).
[10] Holding Company Act Release No. 14247 (June 28, 1960).

retain its holdings of common stock of United Gas Corporation and whether, through its wholly-owned engineering and consulting service company subsidiary, Ebasco Services Incorporated, it 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 held and the matter was under active consideration at the end of the fiscal year.

General Public Utilities Corporation

This registered holding company and its subsidiaries, at December 31, 1959, had consolidated assets, less valuation reserves, of about $936,004,000. The consolidated gross operating revenues for the calendar year 1959 were approximately $230,715,000.

During the fiscal year four of the system subsidiaries acquired all of the capital stock of Saxton Nuclear Experimental Corporation, a nonprofit stock corporation organized to construct, operate, and maintain a small experimental nuclear reactor. This research and developmental project will be a cooperative effort involving Saxton, the 4 stockholder companies, Westinghouse Electric Corporation, and Gilbert Associates, Inc. Saxton's corporate life is limited by charter provision to 10 years. The contemplated reactor will be a small (5,000 Kw electrical) developmental, pressurized water type nuclear reactor which upon construction and operation will produce steam to be sold to and utilized by one of General Public Utilities' subsidiaries in operating an existing standby electrical turbo-generator. Saxton has outstanding 20,000 shares of common stock held by the four General Public Utilities subsidiaries which, from time to time, will make cash payments to Saxton aggregating not in excess of $8,500,000.

Middle South Utilities, Inc.

This registered holding company and its subsidiary companies had consolidated assets, less valuation reserves, of approximately $754,638,000 at December 31, 1959. For the calendar year 1959, the system's consolidated revenue amounted to about $198,497,000.

Its four public-utility subsidiaries, together with 46 other utility companies, are sponsoring the construction of an advanced type of helium-cooled atomic power plant.

In 1953, the Commission ordered Louisiana Power & Light Company, a system subsidiary, to dispose of its non-electric properties.[11] In November, 1957, the Commission approved a plan filed under Section 11(e) of the Act for the transfer of such property [12] to Louisiana Gas Service Company, a newly formed subsidiary, which plan was enforced by the United States District Court for the Eastern District of

[11] 35 S.E.C. 1.
[12] 38 S.E.C. 129.

Louisiana [13] on January 14, 1958. In June 1960, Louisiana Power joined by Middle South and Louisiana Gas, filed amendments to the plan, providing for the sale to the stockholders of Middle South, through subscription rights, of the common stock of Louisiana Gas. Subsequent to the close of the fiscal year the Commission approved the amended plan.[14]

In March 1959, Middle South filed a declaration seeking permission to adopt a restricted stock option plan and to issue to key officers and employees of the company and its subsidiary companies restricted stock options as defined in Section 421 of the Internal Revenue Code. This is the first formal proceeding dealing with the issuance of such stock options by registered holding companies. Ohio Edison Company and the Southern Company requested and were granted leave to file statements of position and briefs in support of the issuance of such options by companies subject to the Act. Hearings were completed during the fiscal year and briefs were filed and oral argument heard thereafter. The matter is pending before the Commission for determination.

New England Electric System

As at December 31, 1959, this registered holding company and its subsidiaries had consolidated assets, less valuation reserves, of approximately $612,543,000; and, for the year ended on that date, it had consolidated operating revenues of approximately $172,424,000.

Under a proceeding instituted by the Commission in 1957 [15] in respect of New England Electric System ("NEES") and its subsidiaries to determine the extent to which the electric, gas and other business operations of the NEES system satisfied the integration standards of Section 11(b)(1) of the Act, the Commission, on February 20, 1958, issued its findings and opinion and order in which it held that the electric properties of the NEES system constituted an integrated public-utility system in satisfaction of the integration standards of the Act; [16] and at the close of fiscal year 1960 there remained pending for further hearing and determination the question of whether any or all of the gas properties owned and operated by the NEES system are retainable. The hearing in these proceedings was reconvened pursuant to Commission Order [17] on May 18, 1960, to take evidence on the retainability of the NEES system's gas properties.[18] At the conclusion of

[13] *Louisiana Gas Service Co. et al.*, Civ. No. 7316.

[14] Holding Company Act Release No. 14267, (August 11, 1960).

[15] Holding Company Act Release No. 13525 (August 5. 1957).

[16] 38 S.E.C. 193. At December 31, 1959, the NEES system's gross electric plant account aggregated $618,640,000, and revenues from electric sales in 1959 amounted to $146,244,000.

[17] Holding Company Act Release No. 14159 (February, 1960).

[18] At December 31, 1959 the NEES system's gross gas plant amounted to $60,143,000, and revenues from gas sale in 1959 amounted to $24,880,000.

the NEES system's direct presentation of its case the hearing was adjourned subject to call of the hearing officer, and the matter was pending at the close of fiscal year 1960.

On December 23, 1959, the Commission issued an order approving a proposal by Lynn Gas and Electric Company, a public-utility subsidiary of NEES, to transfer Lynn's gas properties to a newly organized company in the NEES system, Lynn Gas Company.[19] Pursuant to authority granted by an order of the Commission dated December 28, 1959, another NEES utility subsidiary, The Narragansett Electric Company, disposed of its gas properties, located in the State of Rhode Island.[20] As a result of these two transactions none of the NEES system companies now operates a combination electric and gas business, and all of the present NEES system gas properties are located in the Commonwealth of Massachusetts.

On December 30, 1959, the Commission issued an order under Section 13 of the Act conditionally approving a proposal by NEES to transfer to the payroll of its subsidiary service company, New England Power Service Company ("NEPSCO"), the salaries of all officers and employees of NEES who are also officers and employees of NEPSCO.[21] The salaries and related expenses of the officers and employees so transferred, estimated to aggregate approximately $600,000 per annum, would then be reallocated to the operating companies of the NEES system and to NEES on a cost basis in accordance with services rendered by NEPSCO to the operating subsidiaries and to the parent company. Of the $600,000, it was estimated that between $350,000 and $425,000 would be chargeable to the operating subsidiaries and the balance to NEES. It was represented that the amounts so chargeable to the operating subsidiaries would be equivalent to ¼ of 1 percent of the consolidated annual gross operating revenues of the NEES system, and that the proposed charges would not of themselves be the basis for seeking rate increases to consumers. In connection with the proposed transactions, NEPSCO undertook to submit quarterly reports to the Commission during a trial period of 18 months showing the distribution of charges under the new arrangement. Inasmuch as the proposed transactions would alter in certain important respects the intra-system servicing arrangements and the basis of charges theretofore approved by the Commission in respect of the NEES system,[22] the Commission's order authorizing the proposed transactions will, by its terms, expire at the end of such 18 month trial period unless at or prior thereto the Commission shall have acted to continue the authorization.

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[19] Holding Company Act Release No. 14123.
[20] Holding Company Act Release No. 14126.
[21] Holding Company Act Release No. 14128.
[22] *New England Service Co., et al.*, 10 S.E.C. 562 (1941).

Ohio Edison Company

Ohio Edison Company is a registered holding company and an operating electric utility company. Ohio Edison and its electric utility subsidiary, Pennsylvania Power Company, had consolidated assets, less valuation reserves, of approximately $641,514,000 at December 31, 1959, and their consolidated operating revenues for the calendar year 1959 amounted to about $150,798,000. Ohio Edison has a 16.5 percent interest in the common stock of Ohio Valley Electric Corporation, which together with a wholly-owned subsidiary, Indiana-Kentucky Electric Corporation, supply the power requirements of a gaseous diffusion plant of the Atomic Energy Commission located near Portsmouth, Ohio. Further details with respect to Ohio Valley Electric Corporation are set forth at pages 126–129 of the 23rd Annual Report.

During the first half of the calendar year 1960 Ohio Edison effectuated (1) a recapitalization of its common stock in the nature of a two-for-one stock split and delivered to its common stockholders an aggregate of 6,386,749 additional shares of common stock, (2) an amendment to its Articles of Incorporation relating to the pre-emptive rights of the holders of its common stock, and (3) an amendment of its Code of Regulations so as to increase the authorized fee to be paid certain directors for attendance at Board Meetings.[23]

Standard Gas and Electric Company

This company is a registered holding company and owns 45.6 percent of Philadelphia Company, also a registered holding company. Neither owns directly or indirectly as much as 5 percent of the voting securities of a public-utility company and both are required by orders issued under Section 11(b)(2) of the Act to liquidate and dissolve. With respect to each of these companies there exist undetermined questions relating to Federal income taxes for the years 1942 through 1950. During the fiscal year, Standard filed an amendment to a plan under Section 11(e) of the Act, such amendment being designated as Step V of such plan. This step includes the proposed assumption and execution of indemnity agreements with Duquesne Light Company, a former subsidiary of Standard, under which Duquesne, in consideration of certain specified sums, will assume any liability Standard and Philadelphia may be found to have with respect to the tax cases involving the years 1942–50, inclusive, and any liability Standard may be found to have with respect to a claim asserted against it by Wisconsin Electric Power Company, also a former subsidiary of Standard. Hearings on Step V have been held, briefs have been filed, and oral argument heard. The matter is under advisement for decision by the Commission.

[23] Holding Company Act Release Nos. 14186 (March 8, 1960) and 14198 (March 23, 1960).

Union Electric Company

Union Electric Company is a registered holding company and an operating electric utility company. As at December 31, 1959, the consolidated assets, less valuation reserves, of Union Electric and its subsidiaries amounted to approximately $589,562,000, and their consolidated operating revenues for 1959 totaled about $146,630,000.

The company has announced plans, subject to regulatory approval, to construct a pumped-storage plant at the confluence of Taum Sauk Creek and the East Fork of the Black River in the Missouri Ozarks, about 100 miles southwest of St. Louis. This project is designed for pumping water into a high elevation reservoir at off-peak periods, when efficient steam generating capacity would otherwise be idle, and releasing the water to generate electricity when it is needed for peak-load requirements. It will provide 350,000 Kw of peaking capacity for about 8 hours when it goes into operation in 1963. The plant and related transmission and other facilities are expected to cost about $50,000,000.

Union Electric has filed with the Commission an application for exemption from the provisions of the Holding Company Act pursuant to Section 3(a) (2) thereof. Hearings on the application were held in Washington, D.C. and in St. Louis, Missouri. A stockholder of Union Electric was granted leave to be heard, briefs have been filed by Union Electric and the stockholder, and the brief of the staff of the Division of Corporate Regulation was filed after the close of the fiscal year.

In the fiscal year, there were 5 cases before the courts arising out of objections by J. Raymond Dyer, a stockholder of Union Electric, to solicitation of proxies by the company's management and out of the proxy solicitation by Dyer. As set forth in the 25th Annual Report at page 131, the Supreme Court of the United States granted Dyer's petition for certiorari to review the dismissal on grounds of mootness by the Court of Appeals for the Eighth Circuit of Dyer's petition for review of the Commission's orders relating to Union Electric's 1957 meeting. The Supreme Court thereafter vacated the judgment and remanded the case to the Eighth Circuit for further consideration.[24] This case was reargued before the Court of Appeals on the merits and was awaiting decision by that Court at the end of the fiscal year. On October 12, 1959, the Supreme Court of the United States denied Dyer's petition for a writ of certiorari [25] to review the Eighth Circuit's decision affirming the Commission's orders permitting management to solicit proxies for the 1958 stockholders meeting.[26] Argument on Dyer's petition to review the Commission's orders in connection with the 1959 solicitation of proxies for Union Electric's meeting was also

[24] *Dyer* v. *S.E.C.*, 359 U.S. 499 (1959).
[25] *Dyer* v. *S.E.C.*, 361 U.S. 803.
[26] *Dyer* v. *S.E.C.*, 251 F. 2d 512 (1958).

heard by the Eighth Circuit and this matter was also pending decision by the Court at the close of the fiscal year. The Court of Appeals for the Eighth Circuit also heard argument and took under advisement the Commission's motion to dismiss a petition filed by Dyer for review of alleged orders of the Commission denying Dyer's request that the Commission process Union Electric's proxy material for its 1960 annual meeting pursuant to Rule 62 under the Act and for review of the Commission's non-action with respect to the subsequent proxy solicitation material sent out by Union Electric to its stockholders. As reported in the 25th Annual Report at page 132, a related injunctive action was decided in favor of the Commission on November 16, 1959, and Dyer was enjoined from any further violation of the Commission's proxy rules.[27] Subsequently, Dyer filed a motion to vacate the injunction, and on March 8, 1960, the court denied the motion. This case is now pending on appeal by Dyer to the Court of Appeals for the Eighth Circuit. In addition to the pending litigation arising out of Union Electric's solicitation of proxies for its annual stockholders meetings, the Commission's order of September 3, 1959, permitting a declaration filed by Union Electric under Section 7 of the Act to become effective, thereby authorizing Union Electric to offer its common stock to stockholders and to offer the unsubscribed shares to its employees, is also before the Court of Appeals for the Eighth Circuit. Dyer filed a petition for review, and argument on the merits was heard by the Court on January 25, 1960. This case is also pending decision by that Court.

Utah Power & Light Company

Utah had consolidated assets, less valuation reserves, of approximately $238,878,000 at December 31, 1959, and consolidated operating revenues of about $49,656,000 for the calendar year 1959.

During the fiscal year, Utah amended its Certificate of Organization and By-Laws so as to (1) increase the authorized capital and create 2,000,000 shares of cumulative preferred stock, par value of $25 per share, (2) fix the preferences, privileges, voting and other rights and restrictions of the preferred stock and (3) grant to the holders of Utah's common stock the limited pre-emptive right to subscribe for or purchase shares of the cumulative preferred stock on any new issue and sale thereof for money, other than by a public offering.[28]

OTHER MATTERS

As reported at page 134 of the 25th Annual Report, International Hydro Electric System was reorganized pursuant to Section 11(d) of the Act and is now a registered investment company (name changed to Abacus Fund) under the Investment Company Act of 1940 and

[27] *S.E.C.* v. *Dyer*, 180 F. Supp. 903 (E.D. Mo.).

[28] Holding Company Act Release Nos. 14207 (April 7, 1960) and 14213 (April 18, 1960).

subject to the Commission's jurisdiction thereunder. At the beginning of the fiscal year the only matter remaining under the Holding Company Act with respect to IHES was the fees and expenses to be awarded in connection with the reorganization. On October 26, 1959, the Commission issued its Finding and Opinion and Order [29] setting forth the fees and expenses to be allowed. The United States District Court for the District of Massachusetts, in overruling the Commission with respect to certain claimants, gave controlling weight to the amounts agreed upon between the company and the claimants and allowed the full amounts which the company was willing to pay and the claimants had agreed to accept.[30]

Also pending at the beginning of the fiscal year were applications for fees and expenses in connection with a plan filed by The United Corporation under Section 11(e) of the Act for its conversion into an investment company. The Commission issued its Findings and Opinion and Order relating to certain claimants.[31] The United States District Court for the District of Delaware overruled the Commission with respect to certain claimants, finding that they had participated in extensive litigation and were entitled to compensation for such participation.[32]

As stated in the 24th Annual Report, at page 21, the Commission on February 5, 1958 announced the rescission of Rule 9 of the General Rules and Regulations under the Holding Company Act. This rule permitted a holding company to claim exemption from the Act for itself and its subsidiaries if the holding company system was of relatively small size, measured by the aggregate amount of its utility assets or of the annual revenues derived from public-utility operations. In February 1958, 21 holding companies were claiming exemption under this rule. The effective date of rescission was initially fixed for September 30, 1958, but was several times postponed by the Commission at the request of the companies concerned to afford them additional time to take action, where feasible, which would make them eligible for exemption on some basis other than Rule 9 or would render them no longer holding companies. Rule 9 finally ceased to be in effect on February 29, 1960.

When the rescission of Rule 9 became effective, there were 9 holding companies claiming exemption thereunder. Of these companies,

[29] Holding Company Act Release No. 14080.

[30] *International Hydro-Electric System,* Dist. Mass., Civil Action No. 2430 (April 29, 1960).

[31] Holding Company Act Release Nos. 14047 (September 30, 1959) and 14110 (December 7, 1959).

[32] *The United Corporation,* Dist. Del., Civil Action No. 1650 (June 9, 1960).

4 filed statements claiming exemption under Rule 2, which permits holding companies to claim exemption where their systems are essentially "intrastate" or where the holding company is "predominantly a public-utility company." Three of the remaining holding companies had previously registered under the Act; the other 2 holding companies filed registration statements during the fiscal year.[33] On August 11, 1960, pursuant to Section 5(d) of the Act, the Commission declared one of these 2 latter companies not to be a holding company and thereupon its registration ceased to be in effect.[34]

During the fiscal year the Commission adopted a "Statement of Administrative Policy Regarding Balance Sheet Treatment of Credit Equivalent to Reduction in Income Taxes".[35] This matter is discussed in detail in Part XI under the title, "Activities of the Commission in Accounting and Auditing". This statement of policy generally prohibits the filing of financial statements with the Commission which designate as earned surplus or in any manner as part of equity capital the accumulated credit equivalent to the reduction in income taxes arising from the deduction of costs for income tax purposes at a more rapid rate than for financial statement purposes.

On November 24, 1959, the Commission adopted a new regulation governing the preservation and destruction of the records of those registered holding companies which do not also operate utility assets or other physical properties.[36] The purpose of the new regulation is to permit such holding companies to destroy voluminous records, the retention of which is no longer necessary or appropriate in the public interest or for the protection of investors and consumers. The regulation also authorizes the microfilming of many other records which no longer need be retained in their original form. It is estimated that holding companies affected by the new regulation will realize substantial savings in the cost of storing and handling their records.

The new regulation is entitled "Regulation to Govern The Preservation and Destruction of Books of Account and Other Records of Companies Which Are Subject to the Uniform System of Accounts for Public Utility Holding Companies Under the Public Utility Holding Company Act of 1935" and it is in the nature of a revision of the Commission's Uniform System of Accounts for Public Utility Holding Companies.[37] General Instruction 3C of the Uniform System of

[33] As previously noted these 5 companies, because of their relatively small size, have not been included in this report as active registered holding companies.

[34] *Keystone Pipe and Supply Company*, Holding Company Act Release No. 14268.

[35] Holding Company Act Release No. 14173 (February 29, 1960).

[36] Holding Company Act Rel. No. 14093.

[37] Rule 26, promulgated under Section 15 of the Act, prescribes for those registered holding companies which do not also operate utility assets or other physical properties, the Uniform System of Accounts for Public Utility Holding Companies Under the Public Utility Holding Company Act of 1935, which is dated August 8, 1936, and was amended effective January 1, 1943.

Accounts formerly provided that no registered holding company subject thereto may destroy any books or records, which may be useful in developing the history of or facts regarding any transaction of the company recorded in its accounts, without first having obtained the consent and approval of the Commission. Prior to the revision, the Commission had granted the requests of a number of registered holding companies for authorization to destroy records pursuant to this provision.

The revision of the Uniform System of Accounts, which was adopted by the Commission on November 24, 1959, deleted from General Instruction 3C the prohibition against the destruction of records formerly contained therein and added an Appendix containing the new regulation. The regulation prescribes various retention periods and microfilming privileges for all classes of records of registered holding companies subject to the Uniform System of Accounts.

FINANCING OF ACTIVE REGISTERED PUBLIC UTILITY HOLDING COMPANIES AND THEIR SUBSIDIARIES

Pursuant to authorizations granted by the Commission under Sections 6 and 7 of the Act, active registered holding companies and their subsidiaries sold to the public and to financial institutions, during the fiscal year 1960, 30 issues of long-term debt and stocks aggregating $554 million.[38] All of these securities were sold for the purpose of providing new capital. In fiscal 1959, 25 issues were sold for an aggregate dollar amount of $477 million. All but 5 of the 18 active registered holding company systems sold long-term debt or stocks to the public and to financial institutions in varying amounts and of various types in fiscal 1960.[39]

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

[38] Dollar amounts of all securities are computed at gross proceeds (the amount paid for the securities by investors).

[39] The systems which did not sell securities are Delaware Power & Light Company, Granite City Generating Company, Ohio Edison Company, Philadelphia Electric Power Company and Utah Power & Light Company. Because of the nature of their business, Granite City and Philadelphia required no new capital. Delaware, Ohio Edison and Utah met their capital requirements during fiscal 1960 through the issuance of short-term notes.

Securities issued and sold for cash to the public and financial institutions by active registered holding companies and their subsidiaries, fiscal year 1960

[In millions]

Holding Company System	Bonds	Debentures	Preferred	Common
American Electric Power Co., Inc.				$58
American Natural Gas Co.				
Michigan Wisconsin Pipe Line Co.	$31			
Milwaukee Gas Light Co.	23			
Central and South West Corp.				21
Public Service Co. of Oklahoma	12			
The Columbia Gas System, Inc.		$25		27
Consolidated Natural Gas Co.		25		
Eastern Utilities Associates				
Fall River Electric Light Co.			$3	
General Public Utilities Corp.				24
Jersey Central Power & Light Co.	*18			
Metropolitan Edison Co.	15			
Pennsylvania Electric Co.	*28			
Middle South Utilities, Inc.				17
Arkansas Power & Light Co.	15			
Louisiana Gas Service Co.	8			
Louisiana Power & Light Co.	20			
National Fuel Gas Co.		18		
New England Electric System				
New England Power Co.			10	
Worcester County Electric Co.	8			
Yankee Atomic Electric Co.	**20			
The Southern Company				
Alabama Power Co.	20			
Georgia Power Co.	18			
Mississippi Power Co.	4			
Southern Electric Generating Co.	40			
Union Electric Co.				31
Missouri Power & Light Co.	4			
West Penn Electric Co.				11
Total	$284	$68	$13	$189

* Each of these companies sold two issues of bonds during fiscal 1960.

** This transaction involved an agreement by 10 insurance companies to purchase from Yankee from time to time as construction funds are needed up to $20,000,000 principal amount of bonds by not later than January 1, 1962. Of the total amount of $20,000,000 authorized, $11,500,000 principal amount were issued and sold in fiscal 1960.

The table does not include securities issued and sold by subsidiaries to their respective parent holding companies, nor does it reflect the issuance of short-term notes to banks by any of the system companies. These issuances also required authorization by the Commission except in the case of the issuance of 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.

Competitive Bidding

Of the 30 issues of securities sold for cash in fiscal 1960, as shown in the preceding table, all but 2 were offered at competitive bidding pursuant to the requirements of Rule 50. General Public Utilities Corporation issued and sold 1,097,048 shares of its $2.50 par value common stock for $24 million. This issue was a nonunderwritten rights offering to stockholders and employees but the company utilized the services of securities dealers to solicit subscriptions to the new stock by original warrant holders and for the purpose of selling the unsubscribed shares. By order dated December 28, 1959, the Commission granted the company an exception from the competitive bidding requirements of Rule 50, pursuant to paragraph (a)(5) thereof, with

respect to the unsubscribed shares to the extent such exception might become applicable to the transactions.[40]

The second issuance of securities in fiscal 1960 which was not sold at competitive bidding involved an agreement by 10 insurance companies to purchase from Yankee Atomic Electric Company, a subsidiary of New England Electric System, up to $20,000,000 principal amount of First Mortgage 5 percent bonds due 1982 in installments as funds are required by Yankee for construction not later than January 1, 1962. By order dated June 12, 1959, the Commission granted Yankee an exception from the competitive bidding requirements of Rule 50, pursuant to paragraph (a)(5) thereof, with respect to this issue for the reasons, among others, that the project to be financed was of an unusual nature, that several large institutional investors had shown no interest in the issue, and that bond market conditions at the time were uncertain.[41]

During the fiscal year the Commission announced a change in its procedure under Rule 50. Formerly companies could request authorization to negotiate with prospective purchasers regarding the terms of securities proposed to be sold pursuant to the Act. The Commission would grant or deny such informal request, usually by letter. The revised procedure does not permit such informal negotiations and formal applications are required for any exception from the rule and such applications are given public notice.

During the period from May 7, 1941, the effective date of Rule 50, to June 30, 1960, a total of 795 issues of securities with aggregate sales value of $11,468 million were sold at competitive bidding under the Rule. These totals compare with 226 issues of securities with an aggregate sales value of $2,355 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) thereof.

Of the total amount of securities sold pursuant to orders of exception granted under paragraph (a)(5) of Rule 50, 124 issues with sales value of $1,885 million were sold by the issuer and the balance of 102 issues with a dollar value of $470 million were portfolio sales. Of the 124 issues sold by issuers, 68 were in amounts of from $1 million to $5 million and 2 bond issues were in excess of $100 million each.[42]

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[40] Holding Company Act Release No. 14125. Paragraph (a)(5) of Rule 50 provides for exception from the competitive bidding requirements of the rule where the Commission finds such bidding is not necessary or appropriate under the particular circumstances of the individual case.

[41] Holding Company Act Release No. 14025. There was inadvertently omitted from the 25th Annual Report for fiscal 1959 an additional issuance and sale by Yankee Atomic Electric Company late in the year of $7 million of its common stock to the 11 public-utility companies which own all of the company's stock. The issuance was automatically excepted from the competitive bidding requirements of Rule 50 by the terms of paragraph (a)(1) thereof which excepts the issuance or sale of securities pro rata to existing holders of the issuer's securities pursuant to pre-emptive rights.

[42] Ohio Valley Electric Corporation, a $360 million issue of bonds, and United Gas Corporation, a $116 million issue.

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

The Commission examines the mortgage indentures and charters of public-utility companies issuing first mortgage bonds and preferred stocks under the Act to determine whether or not there is substantial compliance with the applicable Statements of Policy which were adopted by the Commission in 1956.[43] These Statements of Policy represent essentially a codification of the principles and policies which the Commission had been administering over a long period of years on a case-by-case basis, and which the Commission had found necessary and desirable for the protection of investors in first mortgage bonds and preferred stocks of public-utility companies. The Commission has required conformity with the Statements of Policy except where the circumstances of a particular case clearly warrant deviation therefrom.[44]

During fiscal year 1960, applications or declarations were filed by public-utility companies under the Act with respect to 16 first mortgage bond issues involving an aggregate principal amount of $216,500,000 [45] and 3 preferred stock issues with a total par value of $18,000,000.

One of the provisions of the Statement of Policy with respect to bonds requires a restriction on the distribution of earned surplus to common stockholders under certain circumstances. In 8 of the 16 bond issues of public-utility companies as to which filings were made with the Commission during the fiscal year, existing indenture provisions adequately conformed to this requirement of the Statement of Policy. In the other 8 bond issues, additional restrictions were required and were either proposed by the issuer or were evolved in informal discussions between the Commission's staff and representatives of the issuer. To avoid unnecessary rigidity, the Commission has permitted the inclusion in the mortgage indenture of a provision which would permit relaxation of the dividend restriction in appropriate cases with the approval of the Commission.

Another provision contained in the bond Statement of Policy concerns the renewal and replacement of depreciable utility property. This provision requires, in substance, that the issuer construct property additions, or alternatively, deposit bonds or cash with the inden-

[43] Holding Company Act Release No. 13105 (February 16, 1956) as to first mortgage bonds and Holding Company Act Release No. 13106 (February 16, 1956) as to preferred stock.

[44] The application of the Statements of Policy to filings from the effective date of the Statements of Policy to June 30, 1959, is discussed in the 23d, 24th, and 25th Annual Reports at pages 141–43, 128–31, and 137–41, respectively.

[45] A seventeenth first mortgage bond issue in the principal amount of $30,000,000, issued and sold by a natural gas pipeline company which is a subsidiary of a registered holding company, is excluded since the issuer is not a public-utility company within the meaning of the Act.

ture trustee, in an amount which, on a cumulative basis, will provide adequately 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 requires that the renewal and replacement provision in the mortgage indenture be expressed as a percent of the book cost of depreciable property, except that if the existing indenture provision is expressed on a different basis, as, for example, in terms of a percent of operating revenues, no change will be required if the issuer can satisfactorily demonstrate to the Commission that the existing provision furnishes substantially the same degree of protection to the bondholders as that based on a percent of the book cost of depreciable property. As in the case of the earned surplus restriction, the Commission, in the interest of flexibility, has allowed 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 16 bond issues sold during the fiscal year, the indentures as to 12 expressed the renewal and replacement fund requirement as a percent of depreciable property and were deemed adequate by the Commission; and the indentures as to 4 expressed the requirement as a percent of revenues which the Commission found acceptable since they appeared to afford no less protection to the bondholders than would be afforded under an appropriate percent-of-property basis.

During fiscal year 1960, the Commission has continued to require conformity with the provision contained in both the bond and the preferred stock Statements of Policy that the securities be freely refundable at the option of the issuer upon reasonable notice and payment of a reasonable redemption premium, if any.[46] Continuing studies made by the Commission's staff with respect to electric and gas utility bond issues sold at competitive bidding, whether or not subject to the Act, 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. This was discussed in the 25th Annual Report, at pages 140–41, which summarized the results of 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 Act as well as those not so subject. This study has been continued for fiscal year 1960.

During the period from May 14, 1957, to June 30, 1960, a total of 240 electric and gas utility bond issues, aggregating $5,045.6 million principal amount, were offered at competitive bidding. The refund-

[46] 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.

able issues numbered 187 and accounted for a total of $3,443.6 million, while the nonrefundable issues—all except one being nonrefundable for a period of 5 years, and one being nonrefundable for a period of 7 years—numbered 53 and totaled $1,602 million principal amount. The number of refundable issues thus represented 77.0 percent of the total number of issues, while, in terms of principal amount, the refundable issues accounted for 68.2 percent.[47]

The weighted average number of bids received on the refundable issues for the same period was 4.56, while on the nonrefundable issues it was 4.26. The median number of bids was 5 on the refundable and 4 on the nonrefundable issues.[48] 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, 73.3 percent of the refundable issues were successful while 69.8 percent of the nonrefundable ones were successful.[49] In terms of principal amount, 69.5 percent of the refundable issues were successful, while 69.6 percent of the nonrefundable ones were successful.[50] 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 87.4 percent of the combined principal amount of all the refundable issues were so sold, as compared with 85.3 percent for the nonrefundable issues.[51] These statistics developed in respect of the two groups of bond issues support the Commission's policy of requiring free refundability of utility bond issues subject to the Act.

In the 25th Annual Report, at page 141, reference was made to a comprehensive study of redemption provisions of corporate bonds being conducted at the Wharton School of Finance and Commerce of the University of Pennsylvania. It was stated that a preliminary draft report on the study had been completed shortly after the close of fiscal year 1959. It was subsequently determined by those making the study to extend its life to cover additional bond issues through at

[47] During fiscal year 1960, a total of 62 bond issues were offered aggregating $1,282.6 million principal amount, consisting of 50 refundable issues totaling $936.6 million and 12 nonrefundable issues totaling $346 million. The number of refundable issues represented 80.6 percent of all the issues, while in terms of principal amount the refundable issues accounted for 73.0 percent.

[48] During fiscal year 1960, the weighted average number of bids was 4.54 on the refundables and 4.25 on the nonrefundables, while the median number of bids was 5 on the refundables and 4 on the nonrefundables.

[49] During fiscal year 1960, 68 percent of the refundable issues were successful as against 58.3 percent for the nonrefundables.

[50] During fiscal year 1960, in terms of principal amount, 60.2 percent of the refundables were successful as against 51.2 percent for the nonrefundables.

[51] During fiscal year 1960, the applicable percents were 82.7 percent for the refundables and 71.7 percent for the nonrefundables.

least December 31, 1959. As a result, the Wharton School study was not completed by the close of fiscal year 1960.

The three preferred stock issues which were filed with the Commission during fiscal year 1960, having an aggregate par value of $18 million, all had protective charter provisions in substantial conformity with the requirements of the Statement of Policy on preferred stock.

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 other 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, the participants, and investors on matters arising in such proceedings and, where the Commission considers such action appropriate, it may file advisory reports on reorganization plans. Thus, the facilities of the Commission's technical staff and its disinterested recommendations are placed at the service of the judge and the parties, affording them the views of impartial 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 it 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 reorganization 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 requires 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 offices' 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 52 reorganization proceedings involving 80 companies (52 principal debtor corporations and 28 subsidiaries of those debtors) during the past fiscal year.[1] The stated assets of these 80 companies totaled approximately $567,094,000 and their indebtedness totaled approximately $532,120,000. The proceedings were scattered among District Courts in 23 States, as follows: ten proceedings in New York; five each in Illinois and Kentucky; three each in Maryland and Pennsylvania; two each in Nevada, California, North Carolina, Florida, Oklahoma, Utah, and Texas; one each in Virginia, Michigan, Kansas, Iowa, Washington, New Jersey, North Dakota, Louisiana, Wyoming, Colorado, and Arizona. During the year, the Commission entered its appearance in nine new proceedings under Chapter X involving companies with aggregate stated assets of approximately $25,703,000 and aggregate indebtedness of approximately $27,850,000. They involved the rehabilitation of corporations engaged in the operation of such varied businesses as a supermarket food chain, a race track, investment and mortgage loans, securities brokerage, shipbuilding, and home improvements and real estate. Proceedings involving seven principal debtor corporations were closed during the year. At the end of the year, the Commission was actively participaing in 45 reorganization proceedings involving 71 companies.

[1] The Appendix Table contains a complete list of reorganization proceedings in which the Commission participated as a party during the fiscal year ended June 30, 1960.

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 consideration of the excessive administrative burden of participating in every one of the 83 cases initiated during the fiscal year, many of the cases involve only trade or bank creditors and 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, the facts indicated that the Commission could perform a useful service, or the judge requested the Commission to participate.[2]

MATTERS RELATED TO THE PROCEEDINGS

When a party in Chapter X proceedings, the Commission has urged upon the court the procedural safeguards to which all parties are entitled. The Commission also has attempted in its interpretations of the statutory requirements to encourage uniformity in the construction of Chapter X and the procedures thereunder.

In the *Shawano Development Corporation* case,[3] the Commission petitioned the court to remove the trustee on the ground that he was not disinterested as defined in section 158 of Chapter X. The Commission presented evidence that the trustee had acted as attorney for the debtor within two years of the date of the filing of the Chapter X petition. The trustee resigned while the court had the matter under consideration.

In the case of *Coffeyville Loan & Investment Company, Inc.*[4] the Commission moved the court to remove the trustee on the ground that his law firm had represented the debtor shortly before the institution of the Chapter X proceedings, recovered a judgment in its favor, and filed an attorney's lien for its fee. The judge denied the Commission's

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[2] In *In the Matter of Southern Enterprise Corporation* (S. D. Texas, Houston Div., No. 2548), the judge stated his reasons for requesting the Commission to participate as follows:

"* * * (1) the complexity of the corporate structure of Southern Enterprise Corporation and its several subsidiaries and the complexity of this reorganization proceeding, (2) the necessity for protection of the public investor interest of more than 885 stockholders, holding more than 211,300 shares at a cost of more than $833,900.00 of the common capital stock of the debtor, (3) the necessity for the interests of creditors holding asserted claims against the debtor in excess of $295,700.00, (4) and the desire of this Court and of the Trustee in this proceeding for the expert assistance in technical matters offered by the Securities and Exchange Commission."

[3] *In the Matter of Shawano Development Corp.* (D. Wyo., No. 3163).

[4] *In the Matter of Coffeyville Loan & Investment Company, Inc.* (D. Kan. No. 1699–B–1).

motion because, in his view, the particular disqualifying factor was not substantial enough to warrant removal of the trustee. However, the court stated in its opinion:

> It must be conceded that . . . [the trustee] . . . by the letter of § 158 falls within the class disqualified from appointment as trustee.

Also, in this case, a committee was organized purporting to represent both stockholders and creditors. The Commission objected to the formation of this committee on the grounds that the classes which the committee sought to represent had conflicting interests. Although the court overruled the Commission's objections to the committee, counsel for the committee on its behalf disclaimed representation of the stockholders and the committee is now acting solely on behalf of creditors.

In the case of *TMT Trailer Ferry, Inc.*,[5] the Commission objected to the approval and confirmation of a plan of reorganization because there was no adequate record on the insolvency of the debtor and because of the failure of the trustee to make the detailed investigation contemplated by Section 167 of Chapter X. The Commission petitioned for a complete investigation of the affairs of the debtor when the trustees sought to consummate the plan. The Commission provided the court and the trustee with information tending to show that irregularities had occurred which required full examination and that control of the reorganized company would be lodged in individuals who had been closely associated with the former management of the company, and who had made large profits trading in the debtor's securities. Based upon the Commission's evidence, the trustee withdrew his petition to consummate the plan and the court ordered an investigation.

In the *Inland Gas Co.* case,[6] the Commission supported the appeal of three debenture holders from an order of the District court dismissing their petition to modify and amend the plan of reorganization after confirmation. The Court of Appeals, one judge dissenting, affirmed the District Court,[7] and the bondholders' petition to the Supreme Court for a writ of certiorari was denied.[8] The Court of Appeals based its decision primarily on the ground that the debtors had been in reorganization for over 20 years and that the proposed modifications to the plan, which the court felt constituted, in effect, a new plan of reorganization, would open the door to further hearings and litigation. The Court of Appeals concluded that the district judge did not abuse his discretion in denying the bondholders' petition. The dissenting opinion by Judge Miller pointed out that the

[5] *In the Matter of TMT Trailer Ferry, Inc.* (S.D. Fla., Miami Div., #3659-M-Bk.).
[6] *In the Matter of Inland Gas Corporation, et al.* (D. Ky., No. 989-B).
[7] *In the Matter of Inland Gas Corporation, et al.*, 275 F. 2d 509 (C.A. 6, 1960).
[8] 80 S. Ct. 1249 (June 6, 1960).

majority gave little or no consideration to the fact that the proposed amendments made a substantial increase in the amount of cash available for payment of the claims of certain creditors.

In the *Texas Portland Cement Company* case,[9] the Commission's personnel worked closely with the trustees throughout the section 167 investigation. Many witnesses were examined and as a result of the investigation the trustees on June 27, 1960, filed suit for damages against fifteen defendants. The amount of the recovery sought by the trustees is $1,695,000. Another result of the trustees' investigation, which was aided by the Commission and the Attorney General's Office for the State of Texas, was a final judgment in an action brought by the state cancelling 121,356 shares of stock improperly issued.

In the case of *Swan Finch Oil Corporation*,[10] the trustees of the debtor recovered all of the outstanding common stock of Keta Gas & Oil Company, a corporation which was seeking an arrangement of its unsecured indebtedness, under chapter XI of the Bankruptcy Act, in the Western District of Pennsylvania.[11] The trustees of Swan Finch later filed a chapter X petition for the reorganization of Keta as a subsidiary of Swan Finch in the Southern District of New York, where the Swan Finch proceeding was pending. The court-appointed receiver of Keta in the Chapter XI proceeding opposed the trustee's petition and alleged *inter alia* that the District Court for the Southern District of New York did not have jurisdiction to entertain the Chapter X petition because of the pending Chapter XI proceeding in the Western District of Pennsylvania. The Commission supported the trustees, and the court approved the trustees' petition. The Chapter XI receiver appealed; the appeal was argued but no decision had been rendered by the Court of Appeals at the close of the fiscal year.

In the case of *U.S. Durox Corporation of Colorado*,[12] the Commission petitioned the court for an order to restrain certain attorneys, who were also creditors of the debtors and whose claims as creditors has been subordinated to general creditors' claims under the trustees' plan of reorganization, from representing other general creditors whose claims were not subordinated. Since a conflict of interests existed between the subordinated creditors and other creditors, the referee, as special master, recommended to the judge that the Commission's petition should be approved and that an order be issued restraining the attorneys. The matter was before the judge at the close of the fiscal year.

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[9] *In the Matter of Texas Portland Cement Company* (E.D. Tex., Beaumont Div., No. 1606).

[10] *In the Matter of Swan Finch Oil Corporation* (S.D. N.Y. No. 93046).

[11] 25th Annual Report of the Securities and Exchange Commission, page 146.

[12] *In the Matter of U.S. Durox Corporation of Colorado* (D.C. Colo. No. 22895).

Prior to the formulation of a plan in the case of *Food Town, Inc.*,[13] several supermarket chains submitted bids to purchase the debtor's grocery chain in the metropolitan Washington, D.C., area. Bidders eventually dropped out until only Kroger Co. and Greenbelt Consumer Services, Inc., remained. While Greenbelt's bid appeared to be better than that of its competitor, counsel for the trustee and for the Commission agreed that additional competition could be generated if a plan embodying both offers was submitted to the court. At the hearing on the plan, the two chains engaged in further bidding with Kroger Co. making the highest offer. As a result the estate was benefitted by an additional $120,000.

PROBLEMS IN CONNECTION WITH THE ADMINISTRATION OF ESTATES

The trustee of *The Kentucky Jockey Club, Inc.*,[14] faced with a desperate financial situation, negotiated a four-year lease of the debtor's track. Chapter X requires that security holders be given an opportunity to prepare plans of reorganization and to vote on any plan before it can be carried out. The Commission contended that negotiating such a lease, without an option on the part of the trustee to terminate it in the event of a sale or internal reorganization, was tantamount to effecting a plan without a vote of security holders. The Commission, in conjunction with a bondholders' committee, prevailed upon the lessee to modify the proposed lease. The modifications, all beneficial to the debtor, included the right of termination of the lease by the trustee and excluded a proposed option to the lessee to meet any purchase offer.

In *Magnolia Park, Inc.*,[15] the trustee's plan of reorganization provided for a sublease of the debtor's race track to Jefferson Downs, Inc. to operate the track and pay a percentage of the pari-mutuel pool as rental. Prior to confirmation the Louisiana state legislature amended its pari-mutuel tax laws, the effect of which was to increase the anticipated income of Jefferson Downs. The judge indicated that a part of this increment in earnings should inure to Magnolia. Representatives of Jefferson Downs consulted with the staff and urged the Commission to intercede in order to resolve the problem. Commission counsel conferred with the judge, and after extensive negotiations with all the interested parties an agreement was reached which materially benefitted the estate. The plan of reorganization was subsequently confirmed.

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[13] *In the Matter of Food Town, Inc., et al.* (D. Md., No. 11070).

[14] *In the Matter of The Kentucky Jockey Club, Inc.* (W.D. Ky., Louisville Div., No. 22988).

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

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 officers, directors, 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 case of *TMT Trailer Ferry, Inc.*,[16] the Commission petitioned the court to direct a complete investigation of the debtor's affairs.[17] Commission counsel was authorized to advise the court that the Commission's staff would work closely with the trustee and his counsel and advise them with respect to the witnesses to be called and the areas of investigation to be covered. The court ordered the investigation. During a period of four months the depositions of 33 witnesses were taken, a total of 2,200 pages of testimony was transcribed, and over 60 exhibits were made a part of the record. Thereafter, the Commission assisted the trustee and his counsel in evaluating the evidence and in preparing the trustee's report which was filed just after the close of the fiscal year.

In the *Food Town* case,[18] the trustee filed a very brief report of his cursory investigation in which he reported that nothing had come to his attention to indicate significant irregularities, misconduct or mismanagement. The Commission objected to this inadequate report, and suggested various matters that demanded investigation. An investigation by the Commission's staff disclosed that within four months of the filing of the petition, Food Town's secured creditor had received from the debtor $300,000 of secured debentures in place of a pre-existing unsecured debt for the same amount. This transaction appeared to constitute a voidable preference. Thereafter, the trustee, through his successor counsel, submitted a plan of sale which stated that the trustee's investigation was not completed and that the distribution of the proceeds of sale would be deferred pending its completion and the determination of the status of the various claims, including the $300,000 claims.[19]

[16] *Supra*, Note 5.

[17] See Procedural Matters, page 5, *supra*.

[18] *Supra*, Note 13.

[19] An order directing an investigation pursuant to section 167 was entered by the court on July 28, 1960.

INTERVENTION IN CHAPTER XI PROCEEDINGS

Chapter XI of the Bankruptcy Act provides a procedure by which debtors can arrange their unsecured debts under court supervision. Where the proceeding should have been brought under Chapter X, Section 328 of the Bankruptcy Act authorizes the Commission to make application to the court to dismiss a Chapter XI proceeding, unless the petition that initiated the proceeding is amended to comply with the requirements of Chapter X.

The importance of the Commission's role in Chapter XI proceedings was demonstrated in the attempted *Pickman Trust Deed Corporation* arrangement.[20] The debtor, a second trust deed dealer and broker in the San Francisco area, engaged in questionable activities which culminated in the commencement of an administrative proceeding on March 29, 1960, by the California State Real Estate Commissioner for the revocation of the company's license, and the licenses of its president and secretary. It appeared that the debtor was short some $700,000 of customers' funds which were either deposited with it for investment or were earnings on investments left with it "in trust" for accumulation and reinvestment. On April 21, 1960, Pickman filed a petition for an arrangement pursuant to Chapter XI of the Bankruptcy Act. Believing that an arrangement would not accomplish the thorough-going reorganization needed to protect the interests of the more than 1,300 public investors, the Commission petitioned the Court to dismiss the arrangement proceeding unless the debtor amended its petition to comply with the provisions of Chapter X. The debtor filed an amended petition, which was approved by the Court on June 13, 1960.

In the *Lea Fabrics, Inc.* case,[21] the Commission moved to dismiss the Chapter XI proceeding unless the petition were amended to comply with Chapter X on the ground that after the Chapter XI arrangement a thorough-going reorganization would be effected outside the jurisdiction of the court. This motion was denied by the District Court, and the Court of Appeals for the Third Circuit affirmed.[22] Before the time for filing a petition for a writ of certiorari expired, the debtor was adjudicated a bankrupt. The Commission then moved the Court of Appeals to vacate its judgment and remand the case to the District Court with directions to vacate as moot its order refusing to dismiss the debtor's petition under Chapter XI. This motion was denied without opinion by the Court of Appeals. A petition for a writ of certiorari was filed by the Commission. The Supreme Court, in a per curiam opinion, granted the petition, vacated the judgment

[20] *In the Matter of Pickman Trust Deed Corporation* (N.D. Calif., N. Div. No. 57469).
[21] *In the Matter of Lea Fabrics, Inc.* (D. N.J., No. 4396).
[22] 272 F. 2d 769 (1959).

of the Court of Appeals, and remanded the case to the District Court with instructions to dismiss the petition under Chapter XI as moot.[23]

Kirchofer & Arnold, Inc.[24] involved a corporation engaged in the investment and financing businesses which had filed a Chapter XI petition but had taken no steps to propose an arrangement. The Commission's staff indicated to the management of the debtor and a creditors' committee that the Chapter XI petition was improper and that a Chapter X reorganization would better serve the interests of all parties to the proceeding. The debtor's petition was voluntarily amended to comply with the requirements of Chapter X.

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 for expenses 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 debtor 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 case of *TMT Trailer Ferry, Inc.*,[25] the District Court granted interim allowances to attorneys representing general unsecured creditors. The Commission objected on the ground that interim allowances should not be granted except to the trustee and his counsel and that the notice required by the statute was not given. The Commission also objected to the applications for interim allowances by the trustee and his counsel on the ground that the required notice of the hearing on their applications was not given. Although the interim allowances were granted, the procedure recommended for complying with the notice provisions was appoved by the Court for all subsequent interim allowances to the trustee and his counsel.

In the *Kirchofer & Arnold* case,[26] the Commission filed a memorandum with the Court setting forth objections to the applications for allowances by attorneys for the debtor in the prior Chapter XI proceeding on the grounds that such allowances were premature in light of the status of the reorganization proceeding and that the notice provisions had not been complied with. The Court thereupon withheld ruling on the applications.

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[23] *S.E.C. v. Lea Fabrics, Inc.*, 363 U.S. 417 (June 13, 1960).
[24] *Kirchofer & Arnold, Inc.*, (E.D. N.C., No. 2876).
[25] *Supra*, Note 5.
[26] *Supra*, note 24.

In the *Empire Warehouses* case [27] the parties to the reorganization had requested a total of $276,846 in fees. The Commission recommended an allowance of slightly more than $170,000. The Court allowed a total of $185,582, following the Commission's recommendations, with respect to all but 2 of the applicants, and commended the Commission for its assistance, stating:

> Sixteen applications for allowances and expenses were filed and each was carefully and analytically examined by the S.E.C., as is evidenced by the excellent comprehensive report which it filed. The court is grateful to the S.E.C. not only for its very helpful advisory report on the matter of the applications for allowances and expenses, but also for its invaluable assistance throughout this entire proceeding which was extended over three years. Many troublesome and complicated matters arose in this reorganization and the S.E.C. contributed much toward their solution.

In the *F. L. Jacobs Company* case,[28] receivers were appointed in New York prior to the approval of the Chapter X petition in Michigan. The receivers and their counsel requested a total of $50,000 in fees. The Commission recommended a total of $20,000 and the Court granted that amount.[29]

In the case of *Adolph Gobel, Inc.*,[30] the parties to the reorganization filed applications for supplemental allowances for work performed subsequent to the granting by the Court of final allowances. The applications totaled $32,250, the Commission recommended allowances of $13,850, and the Court allowed $16,250.[31]

In the case of *General Stores Corporation*,[32] applications for allowances of $492,150 for compensation and $41,696 for expenses were filed by the parties to the reorganization. The Commission recommended allowances of $208,000 for compensation and $7,004 for expenses, and the Court awarded $268,500 and $16,743, respectively. The Court allowed the exact amounts recommended by the Commission in 6 out of 10 instances and reduced the awards to other applicants to figures close to the amounts recommended by the Commission.

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[27] *In the Matter of Empire Warehouses, Inc.* (N.D. Ill., No. 56 B 2539).

[28] *In the Matter of F. L. Jacobs Company* (E.D. Mich., No. 42235).

[29] The Court commented with respect to the Commission's recommendations: "* * * for the most part, at least, the services for which compensation is sought were not rendered either for or before this court, thereby requiring it to gather the facts other than from personal knowledge and warranting it, in its opinion, in granting great weight to the recommendations of the Securities and Exchange Commission at whose behest they were rendered, for the furtherance of interests being served and protected by said Securities and Exchange Commission."

[30] *In the Matter of Adolph Gobel, Inc.* (S. D. N.Y., No. 316–53).

[31] With respect to the application of a successor trustee who had been attorney for the trustee, the Court stated:

"While I am not bound by the recommendation of the Securities and Exchange Commission, whose attorney was heard upon the presently pending application for supplemental allowances, his suggestion of $12,500 as a maximum amount awardable to the successor trustee-attorney accords with my view * * *"

[32] *In the Matter of General Stores Corporation* (S.D. N.Y., No. 90594).

The Commission urged that the proponent of the plan, who was both a creditor and a stockholder, was not entitled to compensation for his services as stockholder, because the proponent's activities were primarily directed to his own self-interest and not to the benefit of the estate. The Court agreed with the Commission's recommendation but for the reason that the estate should not be subjected to two separate fees since as a creditor the proponent was separately represented by counsel who were also claiming compensation. The Commission also recommended that the proponent's joint counsel were not entitled to compensation, and that one of such counsel was also barred from compensation under Section 249. The Court agreed with the Commission on the application of Section 249, but granted an allowance to the proponent's other counsel for services deemed to be of benefit to the estate.

The Court agreed with the Commission's recommendation as to the Collateral Trustee, but disagreed with the Commission's recomendation in granting additional compensation to his counsel. The Collateral Trustee filed a notice of appeal, and also filed a motion for leave to appeal which was denied by the Court of Appeals for the Second Circuit. A subsequent motion by the Chapter X trustee to dismiss the Collateral Trustee's appeal as of right, supported by the Commission, was granted by the Court of Appeals.[33] The Court agreed with the Commission's view that Section 250 was applicable.

ADVISORY REPORTS ON PLANS OF REORGANIZATION

During the fiscal year, the Commission issued one advisory report and two supplemental advisory reports. Generally speaking, an advisory report is prepared only in a case involving a substantial public investor interest and raising significant problems. On occasion, because of the exigencies of time or for other reasons, no written report is filed but, instead, Commission counsel makes a detailed oral presentation of the Commission's views and the reasons therefor.

In the case of *Hudson & Manhattan Railroad Co.*,[34] the Commission submitted an advisory report during fiscal year 1959 [35] which found that a proposed plan was fair and equitable and feasible but recommended that it should incorporate an appropriate provision for the selection of the initial directors after reorganization. The trustee filed an amendment in accordance with the Commission's views. The plan, as thus amended, was approved by the Court in its order of May 1, 1959, and was accepted by the requisite majorities of the holders of senior bonds (i.e., first mortgage bonds and refunding

[33] *Ruskin* v. *Griffiths*, 278 F. 2d 437 (C.A. 2, 1960).

[34] *In the Matter of Hudson & Manhattan Railroad Company*, (S.D.N.Y., No. 90460).

[35] Corporate Reorganization Release No. 110; see also 25th Annual Report of the Securities and Exchange Commission, page 153.

bonds) and general unsecured claims of the debtor, but not by the holders of the junior bonds (i.e., adjustment income bonds).

The trustee petitioned the Court to confirm the plan and to appraise and pay in cash the value of the junior bondholders' claims in lieu of the distributions provided for them under the plan. A hearing commenced on February 15, 1960, but prior to its completion another amendment was submitted by the trustee. Following this modification, a Supplemental Report dated April 8, 1960 was filed by the Commission finding the modified plan to be fair and equitable and feasible.[36] The Court approved the modified plan on April 21, 1960. A summary of the Commission's reports was filed on April 29, 1960.[37]

The trustee's modified plan is predicated upon the assumption that the debtor is insolvent. Publicly held first mortgage bonds are treated on a parity with the refunding bonds. The modified plan permits only the senior bondholders to share in the value of the mortgaged assets, but recognizes the claims of the junior bondholders against certain assets allegedly not subject to the mortgage liens ("free assets"); it also provides a contingent interest for the junior bondholders in the proceeds of a sale of the debtor's railroad, if such a sale realizes more than is required to meet the balance of the claims of the senior bondholders.

Under the modified plan, the debtor will continue its corporate existence as a real estate company and a new railroad company will be organized as a wholly-owned subsidiary. The debtor will transfer to the new railroad company substantially all of its railroad properties together with necessary working capital and will retain all its other assets, consisting principally of two office buildings. The real estate company will distribute to the senior bondholders a new issue of $10,038,100 principal amount of first mortgage bonds and 590,476 shares of a new Class A common stock, representing about 91 percent of the equity; and to the junior bondholders 58,849 shares of a new Class B common stock, representing about 9 percent of the equity. The real estate company will be empowered, for a period of two years following the date of consummation of the modified plan, to issue up to $2,500,000 principal amount of new prior lien obligations, or to borrow from banks, to finance modernization of the Hudson Terminal Buildings.

Several common stockholders appealed from the order of the District Court approving the trustee's plan and finding that the debtor was insolvent and that the stockholders have no interest in its assets.[38] On May 11, 1960, the Court of Appeals affirmed the lower court's de-

[36] Corporate Reorganization Release No. 133.
[37] Corporate Reorganization Release No. 135.
[38] *In the Matter of Hudson & Manhattan Railroad Co.*, 174 F. Supp. 140 (1960).

cision.[39] In the summary of its reports,[40] the Commission had stated with respect to the stockholders' interest in the debtor:

> Aggregate claims exceeding $70,000,000 would be required to be satisfied in full before any participation could be accorded holders of preferred and common stock. Clearly, there is no basis or present valuation for any participation by these security holders. It has been urged, however, that some contingent interest security be issued to recognize the possibility that a sale of the railroad properties would realize enough to satisfy all creditors' claims and leave a balance distributable to stockholders. In our view, such a possibility is so remote as to be of no cognizable value. Moreover, to distribute securities in the nature of warrants or contingent interest certificates to stockholders in these circumstances would in our view create a highly deceptive and speculative security which would be injurious to the public interest and the interest of investors and would render the modified plan unfeasible.

The Commission filed an advisory report with respect to a plan of reorganization for *Parker Petroleum Co., Inc.*[41] which is engaged in the business of exploration, development and operation of oil and natural gas properties in Kansas, Oklahoma and Texas. The trustee's plan of reorganization provided that Occidental Petroleum Corporation and certain individuals would purchase 750,000 shares of the new common stock of the reorganized company for $1 per share; the old common stockholders would be offered up to 250,000 shares at the same price; and additional monies would be borrowed on a first mortgage. Two separate series of debentures in the aggregate amount of $1,400,000 would be issued to creditors with varying amounts of cash. The old preferred and common would receive new common.

The Commission in its Advisory Report concluded that the plan was not fair since it did not accord the preferred stockholders and one of the secured creditors the equitable equivalent of their rights as required by law.[42] The Commission also stated that the plan was not feasible since the proposal of Occidental and certain individuals to contribute new equity capital was not a firm commitment.

The plan was subsequently amended. In its Supplemental Advisory Report, the Commission concluded that, while the amendments met its prior objections in three respects, they failed to correct most of the basic deficiencies, and, in part, added additional elements of unfairness.[43] The Commission reiterated that the amended plan was unfeasible because Occidental had not made a firm commitment to invest new equity capital.

The plan was further amended in minor respects and, over the Commission's objections, was approved by the Court. After acceptance by the requisite numbers of each class of creditors and security

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[39] *Spitzer* v. *Stichman,* (C.A. 2, No. 165, Oct. term 1959, Docket No. 25840).
[40] Corporate Reorganization Release No. 135.
[41] *In the Matter of Parker Petroleum Co., Inc.* (W.D. Okla., No. 10807).
[42] Corporate Reorganization Release No. 128.
[43] Corporate Reorganization Release No. 132.

holders, the plan was confirmed by the Court. Within a month after the plan had been confirmed, Occidental notified the trustee that it would not perform its agreement because of an alleged material change in the debtor's status resulting from a reappraisal of its gas reserves. The judge has refused to vacate the order of confirmation, having determined that there had been no material change, and ordered Occidental to perform.

In the case of *El-Tronics, Inc.*[44] which manufactures electrical and electronic equipment at plants in Pennsylvania and California, the trustees submitted a plan which provided for the continuation of operations and for the acquisition of the assets of six corporations controlled by the proponent of the plan. In return, the reorganized company would issue to the proponent $2,000,000 principal amount of 5 percent subordinated convertible debentures. In addition, the proponent would purchase $500,000 principal amount of such debentures, and 1,300,000 shares of common stock for $1,700,000. As a result of the Commission's analysis, as presented at the hearing on the plan, it was modified in several respects to provide for the issuance of additional debentures to the proponent, in lieu of a cash payment for inventory, and for an unconditional commitment by him.

In the *U.S. Durox Corporation* case,[45] the Commission filed a memorandum in support of the Trustee's plan of reorganization. The plan provided, *inter alia*, for the sale of the debtor's assets and for the distribution of the proceeds to public creditors and stockholders. The plan subordinates claims and stock of insiders to publicly held stock to the extent of the offering price of that stock. The Referee to whom the plan was referred for hearing has filed a well-reasoned report recommending approval of the plan. The plan was under consideration by the judge at the end of the fiscal year.

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[44] *In the Matter of El-Tronics, Inc.* (E.D. Pa., No. 25657).

[45] *In the Matter of U.S. Durox Corporation of Colorado* (D.C. Colo., No. 22895).

PART VIII

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

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

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

Indentures filed under the Trust Indenture Act of 1939 during the fiscal year ended June 30, 1960

	Number of indentures	Aggregate dollar amount
Indentures pending June 30, 1959	27	$274,723,980
Indentures filed during fiscal year	242	3,926,068,361
Totals	269	4,200,792,341
Disposition during fiscal year:		
Indentures qualified	234	3,707,521,201
Indentures deleted by amendment or withdrawn	4	36,996,080
Indentures pending June 30, 1960	31	456,275,060
Totals	269	4,200,792,341

PART IX

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

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

The securities of investment companies which are offered to the public are also required to be registered under the Securities Act, and the companies must file periodic reports. Such companies are also subject to the Commission's "proxy rules" and closed-end companies are subject to "insider" trading rules. The Division of Corporation Finance and the Division of Corporate Regulation both assist the Commission in the administration of the statute, the former being concerned with the disclosure provisions and the latter with the regulatory provisions.

COMPANIES REGISTERED UNDER THE ACT

As of June 30, 1960 there were 570 investment companies registered under the Act and the estimated aggregate market value of their assets on that date was $23.5 billion. These figures represent an overall increase of 58 registered companies and an increase of roughly $3.5 billion in the market value of assets over the corresponding totals at June 30, 1959. These companies were classified as follows:

Management open-end	290
Management closed-end	149
Unit investment trust	118
Face-amount certificate	13
Total	570

During the fiscal year ending June 30, 1960, 67 new companies registered under the Act while the registrations of 9 companies were terminated. The classification of these newly registered companies is as follows:

	Registered during the fiscal year	Registration terminated during the fiscal year
Management open-end	26	0
Management closed-end	28	8
Unit investment trust	12	1
Face-amount certificate companies	1	0
Total	67	9

Two of the new registered companies were deregistered during the year.

GROWTH OF INVESTMENT COMPANY ASSETS

The striking growth of investment company assets during the past 20 years, particularly in the most recent years, is shown in the following table:

Number of investment companies registered under the Investment Company Act and the estimated aggregate assets at the end of each fiscal year, 1941 through 1960

Fiscal year ended June 30	Number of companies				Estimated aggregate market value of assets at end of year (in millions)*
	Registered at beginning of year	Registered during year	Registration terminated during year	Registered at end of year	
1941	0	450	14	436	$2,500
1942	436	17	46	407	2,400
1943	407	14	31	390	2,300
1944	390	8	27	371	2,200
1945	371	14	19	366	3,250
1946	366	13	18	361	3,750
1947	361	12	21	352	3,600
1948	352	18	11	359	3,825
1949	359	12	13	358	3,700
1950	358	26	18	366	4,700
1951	366	12	10	368	5,600
1952	368	13	14	367	6,800
1953	367	17	15	369	7,000
1954	369	20	5	384	8,700
1955	384	37	34	387	12,000
1956	387	46	34	399	14,000
1957	399	49	16	432	15,000
1958	432	42	21	453	17,000
1959	453	70	11	512	20,000
1960	512	67	9	570	23,500
Total		957	381		

*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 1959 its open-end investment company members, numbering 155 and representing the bulk of the industry, had net sales of their securities amounting to $1.5 billion.

INSPECTION PROGRAM

Pursuant to its statutory authority under Section 31 of the Investment Company Act the Commission initiated a regular program for the periodic inspection of investment companies in 1957. Up to the fiscal year 1960, 30 companies had been inspected pursuant to this program. As in prior years a number of inspections were undertaken by staff teams consisting of an attorney or analyst from the Division of Corporate Regulation and a securities investigator from the appropriate field office in order to combine the specialized training and knowledge of the Washington staff concerning the regulatory requirements of the Investment Company Act with the field experience and investigative expertness of field office personnel. However, the Commission's program contemplates placing the principal responsibility for making inspections in the regional offices as personnel in such offices become sufficiently experienced in the statutory requirements applicable to investment companies. In line with this program the staff of the Division of Corporate Regulation during the 1960 fiscal year conducted a training course on inspections under the Investment Company Act for certain staff members of the Boston, New York, Chicago and Washington regional offices. With knowledge obtained at this course and experience gained in previous inspections accompanied by Division personnel, staff members of regional offices exclusively made inspections of six investment companies during fiscal 1960. The Washington office staff will continue to review the field office inspection reports, evaluate problems of regulatory compliance raised by such reports and obtain necessary corrective action on the part of the investment companies concerned.

These inspections, although involving only a fraction of the total number of registered investment companies, have revealed the need for continuous field supervision. Inspections made during the term of the program 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 sales-load 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) noncompliance with the requirements for

the custody of the portfolio securities of a company under Section 17 of the Act; and (7) failure to obtain approval of stockholders or the Board of Directors for an investment advisory contract.

There were also 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.

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 has been conducting a factfinding survey in connection with a study of the problems created by the growth in size of investment companies. This inquiry is being made pursuant to the direction contained in Section 14(b) of the Investment Company Act. The Wharton School gathered information by use of a questionnaire sent to registered investment companies during the fiscal year 1959. The Wharton School is presently engaged in processing and analyzing the information obtained through use of the questionnaire.

Preliminary reports on three phases of the study were received by the staff during the fiscal year. These phases are: (1) Origin and Scope of the Study and Summary of Principal Findings, (2) the Organization and Control of Open-End Investment Companies and (3) Growth of Funds in the Investment Company Industry, 1952–1958. A further preliminary report covering three more phases of the study is planned in the next fiscal year. These phases are (4) Formulation of Investment Decisions by Management and Trading Procedures, (5) Control of Portfolio Companies by Investment Companies, and (6) Costs in the Investment Company Industry. A phase dealing with the impact of size of investment companies on the securities markets is also in preparation.

When the full report on the size study survey is received from the Wharton School, 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 1960 fiscal year:

Annual reports	364
Quarterly reports	207
Periodic reports to stockholders (containing financial statements)	1,075
Copies of sales literature	2,548

The foregoing statistics do not reflect the numerous filings of revised prospectuses by open-end mutual funds and unit investment trusts 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.

During the past year 15 Small Business Investment Companies have registered under the Investment Company Act. These registrations are 22.4 percent of the total registrations under the Investment Company Act during the fiscal year. 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.

As described more fully hereafter a number of rules designed to simplify the operations of Small Business Investment Companies under the statutes administered by the Commission were adopted in fiscal 1960.

APPLICATIONS AND PROCEEDINGS

Since certain types of transactions are prohibited by the Investment Company Act in the absence of an exemptive order by the Commission issued upon a determination that specified statutory standards

have been met, 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), 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 184 applications under various sections of the Investment Company Act before the Commission during the fiscal year 1960. The various sections of the Act with which these applications 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, 1960

Sections	Subject involved	Pending July 1, 1959	Filed	Closed	Pending June 30, 1960
2	Word Definitions	0	2	2	0
3 and 6	Status and exemption	6	13	7	12
7(d)	Registration of foreign investment companies	3	2	4	1
8(f)	Termination of registration	20	18 (13 5SB)	9 (4 5SB)	29 (29 0)
9, 10, 16	Regulation of affiliations of directors, officers, employees, investment advisers, underwriters and others.	1	10	6	5
12, 13, 14(a), 15	Regulation of functions and activities of investment companies.	3	13	11	5
11	Regulation of security exchange offers and reorganization matters.	0	1	1	0
17	Regulation of transactions with affiliated persons.	8	32	25	15
18, 19, 21, 22, 23	Requirements as to capital structures, loans, distributions and redemptions, and related matters.	9	34	28	15
20, 30	Proxies, reports and other documents reviewed for compliance.	1	2	1	2
28	Regulation of face-amount certificate companies.	1	3	3	1
32	Accounting supervision	0	2	1	1
	Totals	52	132	98	86

Usually the applications for exemptions under the Act are processed without holding formal hearings; however, hearings are held when the impact of the proposal upon investor or the public interest are substantial or matters of fact or of law are in dispute.

In the past fiscal year, the following matters upon which hearings had been held were determined:

In *Great American Life Underwriters, Inc.*[1] the Commission, in view of the discontinuance of the company's sale of face amount certificates[2] and its further conclusion that applicant was and is primarily engaged in the insurance business through controlled subsidiaries, ruled that applicant should be granted an exemption from the Investment Company Act on the ground that it is not the type of company intended to be regulated thereunder. Among the other considerations leading to this conclusion were the facts that applicant has a very substantial part of its income from its holdings of stock in its insurance subsidiary and that applicant's officers and directors have been active in the management and operation of the insurance subsidiary.

In determining that the exemption might be made retroactive, the Commission pointed out that the company would have been entitled to the exemption at any time, that it failed earlier to file an application for exemption because of the good faith through mistaken belief that it was not registered under the Act, that it is clearly not now an investment company and was at all times primarily engaged in the insurance business, and its outstanding face-amount certificates were at all times protected by reserves on deposit with a state agency and have been reduced to the point where they are insignificant in comparison to applicant's assets.

In *Atlas Corporation*[3] the Commission held that the proposed merger transactions between affiliates were exempted from Section 17(a) of the Act since the terms of the merger were reasonable and fair and did not involve overreaching, and in addition were consistent with the stated policies of Atlas, the investment company, and the general purposes of the Investment Company Act.

In *Civil and Military Investors Mutual Fund, Inc.*[4] the Commission denied a petition for modification of a 1958 decision and order of the Commission which held that the company's name, and specifically the words "Civil and Military Investors" therein, are deceptive and misleading and thus violative of the Investment Company Act.

In *Investors Diversified Services, Inc.*[5] the Commission denied the company's application for an exemption which would have allowed the company to sell shares at a reduced load to members of certain associations. The Commission concluded that a showing had not been made by applicants which would entitle them to a special exemption from the provisions of Section 22(d) which prohibits a registered

[1] Investment Company Act Release No. 3070.

[2] The 24th Annual Report, page 154, contains a discussion of the case.

[3] Investment Company Act Release No. 2920. See pages 162–163 in the 25th Annual Report for details.

[4] Investment Company Act Release No. 3008. See page 154 of the 24th Annual Report and page 164 of the 25th Annual Report for further details. An appeal to the Circuit Court of Appeals for the District of Columbia is pending on this case.

[5] Investment Company Act Release No. 3015. See page 163 of the 25th Annual Report for details.

investment company from selling its redeemable shares to any person except at a current public offering price described in its prospectus.

In *Eurofund, Inc.*[6] the Commission granted an exemption from Section 17(f)(1) of the Act to permit the deposit of certain securities of foreign issuers owned by the company with foreign banks, as agents of the company's domestic custodian bank. These foreign banks also service such securities and their use as custodian permits substantial economies. The Investment Company Act and the rules thereunder require that each registered management company shall maintain its securities either in the custody or the safekeeping of a bank. The definition of the word "bank" in the Investment Company Act does not include a foreign bank.

Two additional cases in which decisions were rendered after hearings are discussed hereafter under "Variable Annuities."

At the close of the fiscal year decision was pending in three cases in which hearings had been held. *Securities Corporation General*[7] involved a request for revocation of a prior exemptive order upon the ground that the board of directors of the company was not elected in accordance with the requirements of Section 16(a) of the Act. *Century Investors Inc., et al.*[8] involved the merger of two closed-end investment companies into a third company, and the exemption of the surviving company from all provisions of the Act. The merger would effect corporate simplification and eliminate pyramiding in violation of Section 12(d)(1) of the Act. *Madison Fund, Inc., International Mining Corporation*[9] involved an exemption application under Section 17(b) for a proposed sale of assets through a merger of a controlled company of a registered investment company with an affiliated company.[10]

VARIABLE ANNUITIES

Following a Supreme Court decision[11] which made them subject to registration under the Investment Company Act, *Variable Annuity Life Insurance Company of America*[12] and *Equity Annuity Life Insurance Company* registered under the Investment Company Act and filed application for exemptions from certain of its provisions. The Commission issued its decision on the application during the fiscal year.

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[6] Investment Company Act Release No. 2980.

[7] Investment Company Act Release No. 3014.

[8] Investment Company Act Release No. 3049.

[9] Investment Company Act Release No. 3080.

[10] On July 22, 1960 (Investment Company Act Release No. 3080) the Commission held the terms of the proposed transaction to be reasonable and fair, and granted the exemption.

[11] See pages 164–165 of the 25th Annual Report for further details.

[12] Investment Company Act Release Nos. 3007–8.

The variable annuity contracts which each of these companies issue provide that the purchasers' payments will be invested by the issuing company in a securities portfolio. Prior to the time "annuity payments" commence the contract may be redeemed at its current value, which will depend upon the investment performance and then current value of the underlying stock portfolio.

At the end of the pay-in period the contract provides for variable monthly payments by the company to the holder for the remainder of his life or other elected pay-out period. These payments will be made on the basis of a fixed number of so-called units which will vary in value in accordance with the value of the underlying portfolio; and the number of such units will depend upon the amount accumulated during the pay-in period and various other factors such as the age and sex of the contract holders and the type of pay-out elected.

The Commission's decision exempts these companies from the prohibitions of the Investment Company Act against the issuance of senior securities. Since these variable annuity contracts are senior securities in relation to the companies' capital stock, an exemption was necessary to permit their issuance. The decision points out that the variable annuity contracts are designed to place on the contract holders the investment risks ordinarily associated with the common stock of an investment company, as distinguished from the usual type of fixed-obligation senior security. The exemption is based on this characteristic of the contracts as well as various protections for investors which are present in the insurance laws to which the companies are subject, and various undertakings by the companies and conditions imposed by the Commission's order.

Exemption was also granted the companies to permit them to collect the sales charges on their variable annuity contracts over an assumed pay-in period of 12 years in the Variable Annuity Life Insurance Company case and 10 years in the Equity Annuity Life Insurance Company case. The Investment Company Act requires that where, as here, an investment company's securities are sold on a periodic payment plan basis with a larger sales charge imposed in the first year than in later years, the sales charges must be spread over the life of the plan so as to average not in excess of 9 percent of all the payments. In the case of Variable Annuity Life Insurance Company, the sales charge on monthly payment contracts is 50 percent of the first year's payments and 5 percent of the payments for the next 11 years for a 12 year average of 8.75 percent; and in the case of Equity Annuity Life Insurance Company 40 percent of the first year's payments and 5 percent of the payments for the next 9 years for a 10 year average of 8.9 percent.

Since the larger first year's sales charges are, in effect, prepayment for future purchases and services, the Investment Company Act re-

quires that the net proceeds of these periodic payment plans be placed in a separate trust with a bank, thus ensuring fullfillment of the plan in the event the sponsor should abandon it. The Commission exempted the applicants from this separate trust requirement in view of the protections provided by the insurance laws to which they are subject; but this exemption does not relieve them from the Investment Company Act's requirement that the charges to be made by the companies for administering the contracts shall be in such reasonable amount as the Commission shall prescribe, and jurisdiction was reserved for this purpose. Charges which the companies propose to deduct are, in the case of Variable Annuity Life Insurance Company, 5 percent of the payments in the first year, 9 percent in each of the next 11 years and 11 percent thereafter; and in the case of Equity Annuity Life Insurance Company, 10 percent in the first year, 7 percent in each of the next 9 years and 8 percent thereafter. Variable Annuity Life Insurance Company also proposes to deduct from the value of the contract holder's interests an annual charge of 1.8 percent of such value, and Equity Annuity Life Insurance Company proposes to deduct 1 percent of such value annually with the right to increase the deduction to 1.8 percent. The foregoing charges include amounts to defray the companies' administrative expenses and other expenses including taxes, investment advice, and contingent mortality reserves as well as to provide a margin for profits.

A request for exemption from prohibitions of the Investment Company Act against transactions with affiliates to permit the companies to make advances or bonus payments in unlimited amounts to affiliated persons was denied by the Commission in view of the possible adverse effect of these "insider" transactions on the companies' common stockholders. The Commission indicated it would consider any modified request which appropriately limits the amounts of such advances or bonuses. The Commission refused to relieve the companies from the prohibitions of the Investment Company Act against postponing, for more than seven days after a request for redemption is made, the payment of the redemption value of the variable annuity contracts.

In the Equity Annuity Life Insurance Company case, an exemption was denied from the Investment Company Act's requirement of a uniform public sales price for redeemable securities. Equity Annuity Life Insurance Company sought this exemption to enable it to sell its variable annuity contracts to individuals who combine their separate purchases to obtain the more favorable group contract prices. In both the Variable Annuity Life Insurance Company and Equity Annuity Life Insurance Company cases an exemption was granted, consistent with the Commission's exemptive Rule 22d–1(e), to permit

a lower public sales price on group contracts sold to pension or profit-sharing plans qualified under the Internal Revenue Code.

The decision recognizes that, apart from the corporations themselves, the variable annuity arrangement involves separate investment companies either as a "fund" or "trust", comprised of the variable annuity contract holders and the proceeds of their payments. The Commission exempted these separate investment companies from registration under the Investment Company Act since Variable Annuity Life Insurance Company and Equity Annuity Life Insurance Company are both registered under the Investment Company Act and the contract holders thus receive its protections.

LITIGATION UNDER THE INVESTMENT COMPANY ACT

On April 21, 1960 the Commission instituted an action against *The Equity Corporation*, *Equity General Corporation*, and *Development Corporation of America*[13] to enjoin these companies from violations of the anti-pyramiding provisions of the Investment Company Act of 1940 and to compel Equity General Corporation to comply with the registration provisions of the Act. The complaint alleged that on April 16, 1959, the Commission had granted an application of the defendants to permit Equity and Equity General to acquire all of the common stock of DCA. This was permitted on the condition, as the defendants had agreed, that if by December 16, 1959, DCA was still an investment company, Equity and Equity General would dispose of the DCA common stock. This date was later extended to March 16, 1960, on Defendant's request. A further request for extension to September 16, 1960, was refused. The complaint charged inter alia that Equity and Equity General had not complied with the condition in the Commission's order and had not been diligent in eliminating the investment company pyramid that was created and also alleged that Equity General was an investment company which had not registered under the Act and that Equity's ownership of Equity General contravened the anti-pyramiding prohibition of the Act.

The defendants consented to the entry of a judgment enjoining the defendants from such violations. The order of the court also provided that compliance with the injunction should be effected in accordance with specific directions detailing the steps to be taken and the times within which the several actions should be performed which would result in the liquidation or merger into The Equity Corporation of Equity General Corporation and Development Corporation of America, and provided for the redemption of the preferred stock of Development Corporation.

[13] U.S.D.C., D. Del. No. 2194.

In *S.E.C.* v. *McPhail*,[14] the Commission brought suit under Sections 36 and 44 of the Investment Company Act of 1940 for an injunction, the appointment of a receiver and other relief charging that the individual defendants, who were officers and directors of the defendant McPhail Candy Corporation, committed acts involving gross misconduct and gross abuse of trust in respect of that corporation. See the 24th Annual Report, pages 157–158, and the 25th Annual Report, pages 165–166, for prior discussions of this case. As stated in the 25th Annual Report, the plan of settlement of this action was approved by the court under the conditions set forth therein. During this fiscal year, the defendant corporation repurchased or redeemed all of its preferred stock and most of its common stock pursuant to a condition of the settlement. By virtue of these purchases, the corporation's outstanding securities were beneficially owned by less than 100 shareholders and, upon application, the Commission declared that the company no longer was an investment company subject to the registration provisions of the Investment Company Act.

Although the case was disposed of by a court-approved settlement, the ruling by the court on the defendants' motion to dismiss portions of the Commission's complaint has significance. The Commission had charged the individual defendants with acts committed prior to the company's registration with it as an investment company but which were committed at a time when the corporation was nevertheless an investment company within the meaning of the act and should have been registered. The court rejected the defendants' contention that these acts were beyond the scope of an action by the Commission under Section 36.

On November 25, 1959, the Securities and Exchange Commission filed an action in the United States District Court for the Eastern District of Missouri against *Hilton H. Slayton*, *Hovey E. Slayton* and *Slayton Associates, Inc.*,[15] under Section 36 of the Investment Company Act of 1940, charging gross misconduct and gross abuse of trust in respect of Managed Funds, Inc., a registered investment company. In addition, the complaint charges the 3 named defendants with entering into and performing an investment advisory contract in violation of Section 15 of the Investment Company Act of 1940, and further charges that Hilton H. Slayton and Hovey E. Slayton violated Section 34(b) of that Act by making false and misleading statements in reports and other documents required to be filed with the Commission. The action seeks an injunction permanently enjoining the defendants from serving or acting as officers, directors, investment advisers or principal underwriters in respect of any registered investment

[14] U.S.D.C. S.D. N.Y. No. 135–203.
[15] No. 59C 357(3).

company. An injunction is also sought to prevent further violations of Sections 15 and 34(b).

The complaint charges that Hilton and Hovey Slayton effectively controlled the fund and operated it for their private gain, that in 1952 the Slaytons, acting through Slayton Associates, Inc., entered into an agreement with Managed Funds whereby Slayton Associates, Inc., was retained as an investment adviser of the Fund and was to furnish the fund with required advisory, research and statistical services for which it would receive a fee at an annual rate equal to one-half of one percent of the value of the Fund's total assets and that, pursuant to this contract, Slayton Associates, Inc. received total fees in excess of $1,000,000 for the five years ended November 30, 1958. It is further charged that the Slaytons, acting through Slayton Associates, Inc., entered into a contract with Stephen M. Jaquith, then a registered representative in the employee of Model, Roland and Stone, a member firm of the New York Stock Exchange, whereby Slayton Associates, Inc. retained Jaquith as an investment counsel and manager of the securities portfolio held by the Fund. The contract provided that for a five year period, beginning December 1, 1953, a total amount of brokerage commission business of not less than $250,000, and for a succeeding 5 year period a total amount of brokerage commission of not less than $175,000, would be the compensation paid to Jaquith or his designee. The complaint also charges that Hilton and Hovey Slayton directed Jaquith to make the necessary arrangements to have Harold W. Smith and James S. Stubbs become registered representatives of the Model firm and directed that Smith and Stubbs be credited annually with gross brokerage commissions of between $50,000 and $60,000. Harold W. Smith is Hovey Slayton's brother-in-law, and James S. Stubbs was formerly the Slayton's attorney and business associate, and a former director of the Fund. During the life of the contract with Jaquith, his designee, Model, Roland and Stone, received $1,940,806.72 in gross brokerage commissions. Smith received gross commissions in the amount of $240,831 and Stubbs was credited with gross commissions in the amount of $459,096. In return for these commissions Smith and Stubbs performed no services for the Fund, nor for Jaquith, nor for Model, Roland and Stone.

The complaint also charges that Hilton and Hovey Slayton consistently concealed from other members of the Board of Directors material facts which the Board should have known and which were necessary and important to the intelligent functioning of the Board, including the contract between Slayton Associates, Inc. and Stephen M. Jaquith and that the defendants engaged in an improper practice of selling portfolio securities for the Fund primarily for the purpose of realizing a uniform and pre-determined amount to be distributed quarterly to shareholders of the Fund as capital gains, giving no consideration

whatsoever to whether or not the growth potential of a given investment had been fully achieved as set forth in the stated investment policy of the Fund. This was done, according to the complaint, to increase sales commissions and management fees, and promote further sales to existing shareholders. All of these profits flowed into companies, the voting stock of which was wholly owned by Hilton and Hovey Slayton. The case is now awaiting trial.

CURRENT DEVELOPMENTS IN THE INVESTMENT COMPANY FIELD

Following the decision of the Court of Appeals in *SEC* v. *Insurance Securities, Inc.*,[16] a number of sales of interests in companies serving as investment advisers and principal underwriters to registered investment companies at prices which permitted the sellers to realize substantial profits occurred, and this trend has continued during the past fiscal year. These sales, in some instances, have been privately arranged and have involved a change in control. More commonly, the controlling persons have made public offerings of common stock in the adviser or underwriter which generally had no voting power but represented a substantial equity in the earnings of the company.

Also, during the past year, a number of stockholder suits have been instituted alleging that the management or advisory fees paid by investment companies are excessive. These suits have referred to the profits realized from the sale of interests in the advisory company and have alleged, in part, that the fees collected are excessive because the advisory fee is fixed at a flat percentage (usually an annual rate of ½ of 1 percent) of the value of the investment company's assets even though the cost of investment management does not increase in proportion to the increase in the value of the investment company's assets. Some of the suits have been based on allegations that the investment companies are being managed in the interests of the investment advisers and affiliated directors rather than in the interest of the investment company's stockholders and that the payment of excessive fees under the contracts constitutes a "gross abuse of trust" by directors or investment advisers, within the purview of Section 36 of the Investment Company Act.

The Act does not specifically provide for any regulation by the Commission of the amount of fees paid to investment advisers by investment companies. As provided by the Act, the advisory contracts in question have been approved by shareholders and directors and the terms thereof are disclosed in the prospectus through which the shares of the investment companies are offered to the public.

The Commisson has had under consideration the various questions raised by the nature of the management arrangements for investment

[16] 254 F. 2d 642 (C.A. 9, 1958). A description of this case appears at pages 164–165 of the 23rd Annual Report and page 159 of the 24th Annual Report.

companies, the sale of interests in the fees to be earned through providing such management and the amount of such fees. Its study of these matters will be continued.

PART X

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires the registration of persons who are engaged for compensation in the business of advising others with respect to securities. There are, however, certain limited exemptions from the requirement of registration.

One type of exemption applies to persons in certain occupations when their advice regarding securities is merely an incidental part of the performance of their normal business or profession. These include broker-dealers when they are not separately compensated for the investment advisory aspects of their work, lawyers, accountants, engineers and teachers. Magazines and financial publications of general and regular circulation are similarly exempt.

Certain of the exemptions contained in the Act depend for their applicability on the type of clientele of the adviser. One who advises only investment or insurance companies need not register. An exemption is also afforded the 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.

Furthermore, the registration requirement does not apply to one whose investment advice extends only to persons resident in the state in which the adviser maintains his principal place of business as long as the advice proffered does not concern securities listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange.

The Act makes it unlawful for registered investment advisers to engage in practices which constitute fraud or deceit upon clients. If an adviser is also a broker or dealer, he must disclose his interest in any transaction in which he acts as an investment adviser. The Act also prohibits an investment adviser from basing his compensation upon a share of the capital gains realized or the capital appreciation of his client's funds. Furthermore, a client's consent is required before an assignment of his investment advisory contract can be effected.

The Act does not grant the Commission power to inspect the books and records of a registered investment adviser, but proceedings by the Commission to revoke or deny the registration of an investment adviser may be instituted under specific circumstances. The filing

of a false application for registration constitutes sufficient grounds for administrative proceedings on the question of whether registration should be denied or revoked. Other than this, action by the Commission must be preceded by either an injunction against the adviser by a court of competent jurisdiction from activities in connection with his conduct as an investment adviser or certain other activities or the conviction of the adviser within the previous ten years of a crime involving securities, the securities business, or certain related activities.[1]

During the past fiscal year, the number of registered investment advisers reached a total of 1867. The following table contains statistics concerning the registration and applications for registrations during fiscal year 1960.

Statistics of Investment Adviser Registrations—1960 Fiscal Year

Effective registrations at close of preceding fiscal year	1,671
Applications pending at close of preceding fiscal year	30
Applications filed during fiscal year	305
Total	2,006
Registrations cancelled or withdrawn during year	111
Registrations denied or revoked during year	0
Applications withdrawn during year	2
Registrations effective at end of year	1,867
Applications pending at end of year	26
Total	2,006

Administrative Proceedings

During the past fiscal year, the Commission has instituted proceedings against six registered investment advisers. These proceedings are still pending.

LITIGATION UNDER THE INVESTMENT ADVISERS ACT OF 1940

In *S.E.C.* v. *Financial Forecaster, Inc.*[2] the Commission charged the company and its president, Walter Rosenbush, with violations of the registration and the antifraud provisions of the Investment Advisers Act. The Commission's complaint charged that the company had been operating as an investment adviser since July 1959 and that it had not registered with the Commission pursuant to the requirements of Section 203 of the Investment Advisers Act. A final injunction was entered by consent.

S.E.C. v. *Michael*[3] involved charges that the defendant was serving

[1] Certain amendments to the Act, enacted subsequent to the close of the fiscal year, are referred to in Part I of this report.

[2] U.S.D.C. S.D. N.Y. No. 60–169.

[3] U.S.D.C. S.D. Cal. No. 675–59y.

as an investment adviser without registering as required by Section 203 of the Investment Advisers Act. The defendant consented to a permanent injunction restraining him from further violations of Section 203.

In *S.E.C.* v. *Cambridge Research and Investment Corporation*[4] the Commission's complaint charged violations of Section 206, which is the antifraud section of the Investment Advisers Act. The defendant's sale of subscriptions to a weekly publication known as the Investment Chronicle was alleged to be in violation of that section. As in *Michaels* the defendant consented to a final injunction which was entered on January 29, 1960.

Security Forecaster Co., Inc. v. *S.E.C.*[5] was a petition for review of an order of the Commission, which revoked petitioner's registration as an investment adviser. A stay of the Commission's order was denied. The Commission's motion to dismiss the petition for review for lack of prosecution was granted by the court on June 20, 1960. The complaint against the defendant, James M. Barnes, a Canadian resident who was not served in the action, was dismissed on February 29, 1960.

[4] U.S.D.C. D. Mass. No. 60–65–S.
[5] C.A. 2, No. 25, 693.

PART XI

OTHER ACTIVITIES OF THE COMMISSION

COURT PROCEEDINGS

Civil Proceedings

At the beginning of the fiscal year 1960 there were pending in the courts 56 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 90 additional proceedings were instituted and 63 cases were disposed of, leaving 83 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 4 proceedings in the district courts under Section 11(e) of the Public Utility Holding Company Act; and in 16 miscellaneous actions. The Commission also participated in 61 civil appeals in the United States Courts of Appeals. Of these, 17 came before the courts on petition for review of an administrative order, 16 arose out of corporate reorganizations in which the Commission had taken an active part, 22 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 5 were appeals in cases in which the Commission appeared as *amicus curiae*. The Commission also participated in 13 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, and at times, the main office 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 generally 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 53 cases were referred to the Department of Justice for prosecution. This is the highest number of referrals in the past 18 years and the second highest in the Commission's history and is in line with the continuing increase in the number of referrals during the past several years. As a result of these and prior referrals, 43 indictments were returned against 289 defendants during the fiscal year. This, in keeping with recent trends, represents the largest number of defendants indicted since 1936. There also were 66 convictions in 30 cases, the largest number of convictions since the early 1940's. The conviction in one case was affirmed on appeal and appeals were pending in 7 other criminal cases at the close of the period.[1] There was an acquittal in one criminal contempt case and 4 others were pending at the end of the year.[2]

From 1934, when the Commission was established, until June 30, 1960, 2,777 defendants have been indicted in the United States District Courts in 645 cases developed by the Commission, and 1,385 convictions obtained in 585 cases. The record of convictions obtained and upheld in completed cases is over 85 percent for the 26-year life of the Commission.[3]

Among the criminal cases successfully concluded during the fiscal year 1960 was the first prosecution for failure to file reports required to be made pursuant to the Securities Exchange Act of 1934 and similar charges are now pending in another case. Violations involving the filing of false statements or reports under that Act, as well as the Securities Act of 1933, were involved in a number of other prosecutions. Convictions also were obtained for failure to comply with the registration disclosure provisions of the latter Act in the public offering of securities. Similar registration violations also were charged in a number of the fraud and manipulation cases developed or prosecuted during the year. The fraud cases, as in prior years, covered a wide variety of fraudulent practices. They included high-pressure long distance telephone "boiler room" frauds and other fraudulent

[1] Shortly thereafter the convictions of two appealing defendants in one of these cases were affirmed.

[2] See Criminal Contempt Proceedings, appendix table 19.

[3] A condensed statistical summary of all criminal cases developed by the Commission from the fiscal year 1934 through the fiscal year 1960 is set forth in appendix table 26. 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 17.

conduct on the part of securities broker-dealers and their representatives; frauds by investment advisers; frauds in the sale of securities of established, as well as new, businesses; fraudulent securities sales relating to the promotion of insurance companies and finance companies, oil and gas and mining ventures, alleged inventions and other spurious investment schemes, and the sale of forged securities. Because of the large volume of cases it is impossible to report in detail all of the criminal matters, but some of the more important and endless variety of fraudulent devices and techniques are described in the specific cases discussed below.[4]

After a 7-week trial the defendants in *United States* v. *Alexander L. Guterma, et al.* (F. L. Jacobs Co.) (S.D. N.Y.) were convicted of violating and conspiring to violate the reporting provisions of the Securities Exchange Act of 1934 and for conspiring to defraud the United States by obstructing the lawful functions of the Commission in its protection of the investing public. This landmark case represents the first criminal prosecution of corporate insiders for their failure to file stock ownership reports under the Securities Exchange Act and for their obstruction of the making and filing of an annual report required to be filed under that Act by companies having securities listed on a national securities exchange, in this instance the New York Stock Exchange.[5] The vital importance of these provisions is cogently demonstrated by this case where the evidence adduced at the trial showed that the motive for the defendants' failure to file the required reports was to conceal their manipulative and other transactions in the securities of the company and their simultaneous wholesale looting of the assets of the company for their personal benefit.

Guterma received a sentence of 4 years and 11 months and a fine of $160,000, and his co-defendant Eveleigh was sentenced to 2 years and 11 months and a $10,000 fine. Maximum fines were imposed on two corporate defendants controlled and dominated by these defendants. Bail was denied pending their appeals, and they were remanded to jail. Shortly after the close of the fiscal year the convictions were unanimously affirmed by the Court of Appeals.[6]

Guterma also is a defendant in *United States* v. *Alexander L. Guterma, et al.* (S.D. N.Y.), involving the stock of United Dye and Chemical Corporation, in which the indictment is pending. This indictment charges Guterma and others with violating and conspiring

[4] While not specifically mentioned in the description of cases which follows, charges of violations of the Mail Fraud Statute are frequently included in the indictments which charge violations of the anti-fraud provisions of the securities laws. The Commission is assisted in its efforts in these cases by the personnel of the Post Office Department.

[5] *F. L. Jacobs Co.*, the listed company involved, is now undergoing reorganization under Chapter X of the Bankruptcy Act. It entered a *nolo contendere* plea to the conspiracy charge in which it was named as a defendant.

[6] The convictions on two counts were reversed for certain trial errors but this did not affect the sentences imposed, except to reduce Guterma's fine from $160,000 to $140,000.

to violate the reporting provisions as well as the proxy rules of the Securities Exchange Act, and with conspiring to defraud the United States by impeding the functions of the Commission in its protection of investors. The indictment charges that Guterma, together with other defendants, delayed and obstructed the making and filing of annual and current reports of the United Dye and Chemical Corporation required to be filed with the New York Stock Exchange and the Commission, and solicited proxies by means of a false and misleading statement concerning Guterma's activities with respect to this company. The indictment further charges that Guterma and other defendants employed a scheme to defraud purchasers of United Dye and Chemical Corporation stock and, as part of such scheme, acquired control of the corporation, obstructed and delayed the disclosure of material transactions by Lowell M. Birrell, a co-defendant, while he was Chairman of the Board and a director of the United Dye and Chemical Corporation, and made false and misleading statements to aid in the distribution of shares of United Dye and Chemical Corporation stock to the investing public. It is further charged that the defendants purchased stock of the United Dye and Chemical Corporation on the New York Stock Exchange in order artificially to maintain its price on that exchange.

The use of false and misleading proxy soliciting material also is involved in the pending indictment in *United States* v. *Maurice Olen, et al.* (S.D. N.Y.) where the defendants are charged also with using false financial statements in an offering of the common stock of the Olen Co. to the public. The defendants are charged with concealing the true financial condition of the Olen Co. by substantially understating the company's liabilities and by misstating other figures. False financial statements are alleged to have been included in the prospectus issued by the Olen Co. when it offered its common stock to the public, as well as in the solicitation of proxies in connection with the merger of the Olen Co. with H. L. Green Co., Inc.

False financial statements in a registration statement were involved in *United States* v. *Harold W. Danser, Jr.* and *Ultrasonic Corporation* (D. Mass.) where both defendants were convicted of violating the anti-fraud provisions of the Securities Act of 1933. A 2-year suspended sentence and a $15,000 fine were imposed upon Danser.[7] The corporation was fined $25,000. The indictment charged that the defendants sold securities of Ultrasonic Corporation by means of false financial statements which represented that the corporation was operating at a profit when, in fact, it had suffered substantial losses and its assets were substantially less than those stated. In addition, it was charged that defendants concealed large operating losses in-

[7] Affirmed, C.A. 1, September 7, 1960.

curred by the corporation subsequent to the period covered by the financial statements furnished to investors.

Violations of the registration provisions of the Securities Act of 1933 were charged in *United States* v. *Philip H. Meade, et al.* (S.D. Ind.), where the defendants sold stock under an alleged intrastate exemption which, among other things, requires sales to be restricted to a single state. In fact, the defendants sold stock both within and without the State of Indiana and, by the use of dummies and nominees, endeavored to conceal the true identity of the out-of-state purchasers of such securities and to create the appearance of sales to residents of Indiana alone.

Evasion of the registration provisions is alleged, among other things, in *United States* v. *Benjamin W. Silver, et al.* (D. Nev.) in connection with the sale of stock in the promotion of a new hotel and a gambling casino in Las Vegas. The indictment charges that the defendants filed a registration statement covering the proposed offering of preferred and common stock with the Commission, but that the registration statement never became effective and was withdrawn by the defendants. Nevertheless, the indictment alleges, the defendants, in an attempt to evade the registration requirements, caused the company to issue this stock to its then dominating officer in consideration of his unsecured promissory note and then sold the stock to the public purportedly for the benefit of the corporation.

Violations of the registration provisions, coupled with violations of the mail fraud statute, resulted in sentences ranging from two to five years and $10,000 fines in *United States* v. *Francis Peter Crosby, et al.* (S.D.N.Y.). This case, in which the Commission collaborated with the Post Office Department in the investigation, involved the fraudulent sale of about 9,000,000 shares of stock in Texas-Adams Oil, Inc. to about 400,000 residents of the United States who were defrauded of approximately $4,000,000. The Postal authorities consider this to be one of the largest stock promotion schemes to defraud the public in the entire history of the Postal Service. The stock also was distributed in violation of the Securities Act registration requirements.

As usual, a large number of the fraud cases prosecuted during the year involved the sale of securities relating to purported oil, gas and mining ventures. Convictions were obtained in seven such cases: *United States* v. *Anderson, et al.* (N.D. Calif.) (copper and silver); *United States* v. *Cafarelli, et al.* (D. Utah) (tungsten); *United States* v. *William J. Conrad* (N.D. Ill.) (uranium); *United States* v. *Carl H. Peterson and Walter A. Falk* (S.D. Calif.) (uranium); *United States* v. *Roe, et al.* (N.D. Texas) (oil and gas);[8] *United States* v. *George*

[8] The corporation was found guilty of violating both the registration and anti-fraud provisions of the Securities Act of 1933 and was fined $5,000. Roe was found guilty of violating the registration provisions of the Act and sentenced to 5 years imprisonment and a $5,000 fine. His appeal is pending.

J. Werner (N.D. Ind.) (oil and gas) and *United States* v. *Arthur L. Damon* (D. Nevada) (New-Tah Oil and Mining Co.).[9]

In three other cases, *United States* v. *William Clark, et al.* (D. Mass.) (uranium); *United States* v. *Henson, et al.* (D. Kan.) (uranium); and *United States* v. *Poynter* (W.D. La.) (oil and gas), indictments have been returned and are awaiting trial.

Fraudulent practices by securities broker-dealers and their representatives resulted in convictions in *United States* v. *Samuel Parker Pandolfo, et al.* (D. N. Dak.); *United States* v. *T. J. Campbell, et al.* (S.D. Texas); *United States* v. *Bryan H. Kyger, Jr.* (S.D. Texas); *United States* v. *Floyd E. Duzan* (D. Minn.); and *United States* v. *Robert Bernard Sills, et al.* (S.D. Fla.). In the *Pandolfo* case, after a lengthy trial, guilty verdicts were rendered against all eight defendants.[10] The defendants were charged with violating the antifraud and registration provisions of the Securities Act, as well as the broker-dealer registration requirements of the Securities Exchange Act, in the operation of a securities business. The indictment also charged that the defendant Samuel Parker Pandolfo acquired for himself and his close associates large blocks of securities of Great Northern Investment Company, Inc. and thereafter formed Universal Securities, Inc. to engage generally in the business of a broker-dealer, but particularly to make, maintain and support a market for the Class "A" stock of Great Northern Investment Company, Inc. The indictment further charged that the defendants engaged in a scheme to sell securities through Universal Securities, Inc. by falsely representing to investors that the prices at which the securities were sold were determined by an actual bona fide demand for such securities and that a further rise in the prices of the securities could be immediately expected.

The conversion of customers' funds or securities was alleged as part of the fraud charges in the *Campbell*, *Kyger* and *Duzan* cases. A similar charge is included in the pending indictment in *United States* v. *Robert B. Larkin* (W. D. La.) in which the defendant is a fugitive.[11]

In the *Sills* case, the defendant was convicted of making a false statement in a report filed with the Commission concerning the financial condition of his registered broker-dealer firm, Sills & Co.[12]

"Boiler room" fraud practices in the sale of securities by broker-dealers and their salesmen are included among the charges in a number of pending cases: *United States* v. *Frank S. Kimball, et al.* (Kimball Securities, Inc.) (S.D. N.Y.); *United States* v. *Stanley Ira Younger, et al.* (Lincoln Securities Corp.) (N.D. Ohio); *United States*

[9] This case is discussed *infra*, along with others involving manipulative transactions.
[10] Appeal by 1 defendant pending.
[11] Shortly after the close of the fiscal year, Larkin was apprehended.
[12] The co-defendant in this case is a fugitive.

v. *Stanley Ira Younger, et al.* (Philip Newman Associates, Inc.) (D. N.H.); *United States* v. *Stanley Ira Younger, et al.* (James C. Graye Co.) (D. Conn.); *United States* v. *John Van Allen, et al.* (Gulf Coast Leaseholds, Inc.) (S.D. N.Y.), and *United States* v. *Daniel Price, et al.* (Jean R. Veditz Co., Inc.) (E.D. Va.).[13] In each of these cases the defendants are charged with the sale of unregistered securities by means of misrepresentations made over the long distance telephone and otherwise to investors residing in various states throughout the country. Over 130 defendants are named in these indictments and some of these individuals are charged as defendants in a number of these cases.

In the *Kimball* case the defendants are charged with selling unregistered stock of Perry Oil Company to approximately 800 persons residing throughout the United States for over $700,000 by means of various fraudulent devices including the usual "boiler room" type of misrepresentations. It is alleged that the defendants falsely represented, among other things, that the shares of Perry Oil Company would substantially increase in price in the near future; that the shares were being sold below the market price; that the shares would soon be listed on a national securities exchange at increased prices; and that a merger was imminent which would result in an increase in the price of the stock. In addition, the indictment alleges that the defendants assured investors that they were protected from "boiler room" operations because the *Kimball* firm had been cleared by the Commission and that the United States Government had established Kimball Securities Inc. to stabilize the securities market and as a check on all securities dealers.

In the *Younger* (*James C. Graye Co.*) case the indictment charges Stanley Ira Younger and the other defendants with employing and conspiring to employ a scheme to defraud investors in the sale of Atlas Gypsum Corporation, Ltd. stock. It is alleged that the defendants acquired a large block of Atlas Gypsum stock at approximately 20 cents per share and subsequently offered and sold these shares to numerous persons residing in some 40 States by means of arbitrary mark-ups at prices ranging from $1.20 to $3.75 per share. It is charged that for the purpose of executing this scheme the defendants financed, controlled and managed the broker-dealer firm of J. C. Graye Co. through which they offered and sold Atlas Gypsum stock by means of the mails and extensive long distance telephone solicitations in which they employed the usual "boiler room" misrepresentations. It is further charged that the defendants engaged in numerous purported over-the-counter transactions in Atlas Gypsum with

[13] A secret indictment was returned in *United States* v. *Fischman et al.* (Anglo-American Securities, Inc.) (D. Mass) during the fiscal year but not publicly announced until shortly after the end of the fiscal year.

no change in beneficial ownership of this stock, thereby creating the appearance of an active and rising market in such stock.

Similar charges are included in the indictments in the *Younger* (*Lincoln Securities Corp.* and *Philip Newman Associates, Inc.*) cases where Stanley Ira Younger and a number of his associates are again named as defendants and charged, along with others, with violating and conspiring to violate the registration and anti-fraud provisions of the Securities Act of 1933 in the sale of shares of stock of Shoreland Mines, Ltd. and Monarch Asbestos Co., Ltd., respectively.

In the *Van Allen* case the indictment, which contains 160 counts, charges violations of the registration and anti-fraud provisions of the Securities Act in connection with the sale of 750,000 unregistered common shares of Gulf Coast Leaseholds, Inc. Among other things, the indictment alleges that the defendants manipulated and controlled the market price of the stock; disseminated various publications and other literature containing false and misleading statements concerning Gulf Coast Leaseholds, Inc.; and made false and misleading statements in the course of an intensive long distance telephone campaign to sell the stock.

In the *Price* case, the defendants are charged, *inter alia*, with selling by means of long distance telephone the unregistered common stock of National Electro Process Corporation by fraudulently concealing the true financial condition of the corporation from investors and at the same time disseminating to them false information concerning the company and its operations.

A conviction for violation of the antimanipulative provisions of the Securities Exchange Act was obtained in *United States* v. *John A. Latimer* (S.D.N.Y.) where the defendant pleaded guilty to an indictment charging him with employing "wash sales" and "matched orders" for the purpose of manipulating the market in the stock of American Tractor Company on the American Stock Exchange.

Violations of the antimanipulative provisions of the Securities Exchange Act also are included among the pending charges in *United States* v. *Sydney L. Albert, et al.* (S.D.N.Y.) and *United States* v. *Edward Talenfeld, et al.* (W.D. Pa.). In the Albert case the indictment also charges violations of the registration and antifraud provisions of the Securities Act in connection with transactions in the common stock of Bellanca Corporation. It is alleged that the defendants used nominees to effect purchases of Bellanca common stock on the American Stock Exchange, effected a series of transactions in order to raise the price of the Bellanca stock and, after fraudulently inflating its price, offered and sold the stock of Bellanca for assets and securities of other corporations.

In the *Talenfeld* case the indictment charges the defendants with effecting a series of transactions in the common stock of Cornucopia

Gold Mines and with creating actual and apparent active trading in this security and raising its price for the purpose of inducing the purchase and sale of the security by others. The defendants also are charged with conspiring to file and causing to be filed with the Commission false proxy solicitation material and false affidavits concerning transactions in the stock of Cornucopia Gold Mines.

Manipulative transactions also were alleged as part of the fraud in the sale of stock of Nev-Tah Oil and Mining Company in *United States* v. *Arthur L. Damon* (D. Nev.). The defendant was sentenced to a prison term of a year and a day upon his plea of guilty to charges that he acquired control of the company; that he 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 the escrowed stock to California residents at prices in excess of the escrowed prices, and near the artificial exchange price. The indictment further charged that Damon made fraudulent representations to investors concerning the financial status of the company, the potential ore reserves of certain mining properties owned or leased by the company and the company's earnings and ability to pay dividends.

The fraudulent sale of corporate notes and debentures of Alabama Acceptance Corporation led to the conviction of all defendants in *United States* v. *Kalman Greenhill, et al.* (N.D. Ala.). Two defendants were found guilty after trial [14] and three others were convicted on *nolo contendere* pleas of employing a scheme to defraud investors by means of false representations, pretenses and promises. Among the false representations alleged to have been used by defendants in the sale of notes and debentures of the corporation were the following: that Alabama Acceptance Corporation was in a sound financial condition, was realizing profits from its operations, and that investments in its notes and debentures were safe, sound and profitable; that the corporation was realizing a 12 percent to 16 percent return on its loans and investments and could well afford to pay 8 percent interest because its income taxes were 52 percent and the government absorbed more than one-half of such interest; and that it was purchasing established companies with a long record of earnings, and was receiving income from its investments therein. It is further alleged that the defendants withdrew large sums of money and other assets from the corporation and its so-called subsidiaries, but made no accounting therefor.

Another case involving the sale of stock in a supposedly successful finance company is *United States* v. *Edward L. Gibbons, et al.* (D.

[14] Appeals pending.

Idaho), which is pending. The indictment charges, *inter alia*, that the defendants falsely represented that the American National Investment Company was a going and profitable concern with a million dollars in assets and two active loan offices which were earning up to a 42 percent profit on their turnover of money. It further charges that the defendants omitted to state that 62½ percent of the proceeds from the sale of stock was being paid to one defendant and that the company not only did not have a small loan company license, but had been refused one by the State of Idaho.

The fraudulent sale of notes is charged in *United States* v. *Thomas A. Morris, et al.* (E.D. Pa.); *United States* v. *Kirchofer, et al.* (E.D. N.C.) and *United States* v. *Robert M. Denner, et al.* (S.D. Fla.), where the indictments are pending. In the *Morris* case, involving the offer and sale of debenture bonds and promissory notes of Evergreen Memorial Park Association, a cemetery promotion, the indictment charges the defendants with falsely representing the entire financial structure of the association. In both the *Kirchofer* and *Denner* cases the defendants are charged with employing the "Ponzi" fraud technique, whereby monies are paid back by the promoters to investors out of the investors' own funds and falsely represented to be profits or interest on their investments. In the *Kirchofer* case the defendants also are charged with selling participations in fictitious, spurious and nonexistent mortgages and notes.

Fraud charges in the promotion of spurious investment schemes are included in the indictments pending in *United States* v. *Peter Sahadi, et al.* (D. Conn.), *United States* v. *Arthur J. Raible* (S.D. Ohio), and *United States* v. *Lloyd B. Fenderson* (D. N.H.).

In the *Sahadi* case, the indictment charges that as a part of the scheme and artifice to defraud, the defendants took over Texas Building Company, a dormant corporation, increased its capitalization to 1,000,000 shares of common stock, and thereafter entered orders with various securities brokers in Los Angeles, New York, and Boston to purchase the stock at $12 to $17 a share and caused purchase quotations to be published in the National Daily Quotation Service. It is further charged that defendants caused spurious stock certificates to be printed and circulated to various cities throughout the United States and thereafter attempted to sell this spurious stock through brokers and to borrow substantial sums of money from banks, finance companies and other lending institutions, using the Texas stock as collateral, knowing that the quotations referred to were false and without foundation, and that the certificates were without value. In the *Raible* case, the defendant is charged with selling investment contracts and other securities involving purported options granted by the Briggs Manufacturing Company for the purchase of its common stock. The indictment charges that, as part of the scheme to

defraud, the defendant falsely represented that such options had been granted to him and other officers of the company and that they could be exercised to obtain the stock at prices substantially below the market value.

In the *Fenderson* case the defendant is charged with employing a scheme to defraud by falsely representing that monies obtained would be invested in prime investment securities when, in fact, the funds were misappropriated by the defendant. Similar charges led to a conviction in *United States* v. *Benjamin F. Kaufman* (D. N.H.) where the defendant also misappropriated the funds which were obtained on the false representation that they would be invested in safe, sound and conservative securities for the investor's benefit.

An indictment was returned in *United States* v. *Ben Jack Cage, et al.* (N.D. Tex.) charging the defendants with fraud in the sale of purported revenue bonds of the City of West Buechel, Kentucky. The indictment charges that the defendants caused the City of West Buechel to pass an ordinance authorizing and providing for the issuance of $2,000,000 face amount of water works, sewer drainage and street revenue bonds, purportedly to finance the construction of such improvements for the city. In effect, the defendants are charged with causing a sale of these bonds to a company controlled by Ben Jack Cage on terms which provided for payment for the bonds of $275,000 in cash and a promissory note for $1,725,000 payable in seven annual installments, with installments other than the first payable by the return of revenue bonds. In addition, the defendants are charged with having sold these bonds to various insurance companies and others in Texas and Alabama with the bonds being recorded by the insurance companies as assets.

Two cases involving charges of fraudulent stock sales, where the investors were principally school teachers, were *United States* v. *Lee A. Curtis, Jr. et al.* (N.D. Ga.) and *United States* v. *Robert Lee Proffer, et al.* (N.D. Tex.). In the *Curtis* case the indictment alleges that the defendants, operating through Greater Georgia Investment Corporation, defrauded investors by falsely and fraudulently representing, *inter alia*, that the funds of Greater Georgia Investment Corporation would be used in an investment program of 50 percent for teacher loans, 25 percent for short-term gain investments, and 25 percent for blue-chip investments; that loans would be made exclusively to people in the educational field and would be secured by good collateral; that State Superintendents of Schools and other leading educators had purchased stock of Greater Georgia Investment Corporation; and that investments in its securities were safe. It is further alleged that defendants caused Greater Georgia Investment Corporation to maintain false books and records and that they caused

to be prepared false financial statements which they used in the sale of its securities.

In the *Proffer* case four defendants pleaded guilty and 2 defendants were convicted after trial.[15] The indictment charged that the defendants falsely represented that the Teachers Professional Investment Company in which they were selling stock owned 16,212 shares in a life insurance company valued at $108,160.72, and that it had an earned surplus of $14,278.30; and that money received from the sale of company stock would be used primarily to finance loans on automobiles for school teachers in the State of Texas. The indictment further charged that these defendants omitted to state that they were making uncollateralized loans to themselves from the proceeds of the stock sales.

Charges of fraud in connection with the sale of securities of insurance companies were included in the following cases: *United States* v. *Charles F. Newell, et al.* (D. Neb.); *United States* v. *Clarence Haux, et al.* (E.D. Wash.); *United States* v. *James Lamar McMichael* (D. Ala.); *United States* v. *Leon A. Cohen, et al.* (W.D. Ga.); and *United States* v. *Thomas E. Hand., Jr., et al.* (S.D. Tex.).

After a jury trial all defendants were convicted in the *Newell* case, where the indictment charged them with misrepresenting in the sale of stock of the Unity Insurance Company that purchasers could get their money back at any time with 5 percent interest; that the money raised from the sale of stock would be placed in escrow until the franchise was issued to the Unity Insurance Company by the State of Nebraska; that the stock was going to rise in price; and that the company had money to qualify for and get its insurance license. The defendants also were charged with investing the funds derived from the sale of stock in business ventures unrelated to the organization of an insurance company and with concealing from the investors that the principal organizers, officers, and directors of the Unity Insurance Company did not invest any of their own money in the company, that the stock which they were selling was stock already optioned to themselves and that the greater portion of the purchase price would be retained by them for their own use.

Likewise, the *Haux* case resulted in convictions of all 3 defendants. The defendants were charged with acquiring shares of the outstanding stock of the American Founders Life Insurance Company at a going-market price of $2 a share and reselling such shares to investors, many of whom were their personal clients in the life insurance business, at prices ranging from $7 to $20 a share by falsely representing that the company had paid substantial dividends; that defendants were acting on behalf of the insurance company which would receive the proceeds of the sales; that the stock could be resold at any time for as

[15] Appeal is pending and one defendant is awaiting trial.

much or more than the prices paid; and that such prices represented the current market price. It was also charged that the defendants omitted to disclose that large blocks of this stock were available for $2 per share; that the insurance company suffered substantial losses and had been the subject of a recent fraud injunction and that the proceeds of these stock sales were to be kept for their own personal use.

In the *McMichael* case the defendant was convicted of fraudulently selling preorganization subscriptions and certificates for stock in United Security Inc., a holding company proposed to be organized by him purportedly for the purpose of acquiring and consolidating a number of insurance companies. The defendant was further charged with falsely representing that money paid in by investors would be deposited in escrow with the South Carolina National Bank, and, if the corporation did not obtain its charter before a specified date, that the funds of these investors would be returned to them.

The indictments in the *Hand* and *Cohen* cases are pending. In these cases the defendants are charged, *inter alia*, with fraudulently representing that the companies involved would benefit from the sale of stock which in fact was personally owned, and that each company was in excellent financial condition, when in fact all had suffered recent financial reversals.

The sale of securities in connection with the promotion of alleged valuable inventions is involved in the indictments in *United States* v. *Francis A. Moulton* (D. Mass.); *United States* v. *John Milton Addison, et al.* (N.D. Tex.); and *United States* v. *Clark L. Fry* (W.D. Wisc.). Moulton was convicted and sentenced to a 2-year prison term for selling unregistered stock of the Francis Distributing Company, Inc. and other securities by falsely representing, among other things, that the company owned the patent rights to a "wheel chock," that a contract for the purchase of a substantial number of these chocks by the Ford Company was ready for execution, and that the State of Massachusetts had contracted for the installation of the wheel chocks on all of its trucks.

In the *Addison* case, which is awaiting trial, the defendants are charged with violating the registration and anti-fraud provisions of the Securities Act in the sale of unregistered notes, evidences of indebtedness, investment contracts, and a variety of other securities in connection with the promotion of a "Benson Upgrader" which they represented could upgrade low grade unmarketable uranium ore to produce a marketable commercial uranium ore; that one such machine would net $86,000 per day; and that the defendants would make many millions of dollars in the operation of that machine. It is further charged that the defendants falsely represented that a large securities firm had offered $18,000,000 for a 49 percent interest in the defendant

Addison's business ventures, and that the investors would participate in these tremendous profits to an extent resting solely within the discretion of Addison based on the gratitude which he felt for the loyalty, trust and confidence which the investors reposed in him.

In the *Fry* case the pending indictment charges similar violations in the sale of notes, investment contracts and evidences of indebtedness relating to the purported development and promotion by the defendant of various inventions and devices, including a machine for generating energy, a protective paint application, a non-slip locknut and a water-retaining fertilizer.

Joseph L. Gruber pleaded guilty in the District of Massachusetts to an indictment charging him with violating the registration and anti-fraud provisions of the Securities Act in the sale of unregistered stock of the Eagle Oil and Supply Company, Inc. The defendant falsely represented that the company was averaging sales of $40,000 to $50,000 per month and was doing a half-million dollar business annually; that its operations were the "next most profitable to bootlegging," except that its business was legitimate; that the stock would be split ten for one and then offered to the general public at a much higher price; and that the Cadillac Division of General Motors was using Eagle's products and that the Ford Motor Company was going to use Eagle's products instead of the usual break-in lubricants used on new cars.

In *United States* v. *F. Payson Todd* (D. Mass.) the defendant is charged with violating the antitouting provisions of the Securities Act and the antifraud provisions of the Investment Advisers Act of 1940 in connection with the common stock of Canadian Javelin, Limited. The indictment, among other things, charges that the defendant, while doing business as The New England Counsellor and registered with the Commission as an investment adviser, employed a scheme to defraud in that he recommended to his clients the purchase at the market of the stock of Canadian Javelin without disclosing that he had received compensation from the issuer, underwriters and dealers therefor. It is further charged that the defendant failed to disclose to clients that his recommendations to purchase at the market were for the purpose of facilitating a distribution of the stock by creating a demand therefor, and to raise its market price.

Mayer Algranati was indicted for perjury in the Southern District of New York for falsely testifying before the Commission in connection with the Commission's investigation into violations of the Securities Act and the Securities Exchange Act by the New York broker-dealer firm of Kimball Securities, Inc. in connection with the offer and sale of common stock of Perry Oil Company. *John Van Allen* and *Roy B. Kelly* were indicted in the same district for violating the false-statement provisions of the United States Criminal Code.

These defendants are charged with submitting false, fictitious and fraudulent statements and a false document to the New York Regional Office of the Commission in matters relating to the purchase and sale of securities of Gulf Coast Leaseholds, Inc. These indictments are companion cases to earlier indictments in the *Kimball Securities, Inc.* and *Gulf Coast Leaseholds, Inc.* cases, both of which were previously discussed.

In the sole appellate decision in a criminal case during the fiscal year, the United States Court of Appeals for the Third Circuit unanimously affirmed the conviction of *Arnold E. Vandersee* who was sentenced to an 8-year prison term and $5,000 fine for violating the anti-fraud provisions of the Securities Act of 1933 in connection with the sale of stock of the Vandersee Corporation in the promotion of a purported invention characterized as a "Metalizing Gun."

COMPLAINTS AND INVESTIGATIONS

Each of the Acts administered by the Commission specifically authorize investigations to determine whether violations of law have occurred.

The Commission's policy of conducting such investigations privately is necessary for effective law enforcement and in the interest of fairness to persons against whom unfounded charges may be presented. Private investigations prevent suspected violators from being warned and afforded an opportunity to frustrate the Commission's efforts in obtaining evidence to establish violations. A similar policy is followed by most law enforcement agencies. Many situations which are investigated ultimately develop facts which establish that no violation has occurred. To conduct such investigations publicly would ordinarily result in hardship or embarrassment to innocent persons and might affect the market for the securities in question, resulting in injury to public investors. Many persons have a tendency to be reluctant to furnish information concerning suspected violations if they think their personal affairs might be publicized. The Commission's policy is designed to protect both those who furnish information relating to securities transactions and the subjects of investigation against whom no violation ultimately is established. Accordingly, the Commission does not generally divulge the existence of or the results of any investigation until the facts are made a matter of public record through proceedings before the Commission or in the courts.

Investigations are conducted primarily by the Commission's regional or branch offices. In addition, the Special Investigations Unit of the Division of Trading and Exchanges conducts investigations dealing with matters of particular public interest or urgency either independently or by assisting the staff of the regional offices. Much of the work of the Special Investigations Unit in the past year has been

devoted to investigation and prosecution of persons engaged in "boiler-room" operations in the New York area. The Division of Trading and Exchanges in the principal office exercises general supervision over and coordination of the investigative and enforcement activities of the regional office. It examines and analyzes the results of investigations and makes appropriate recommendations to the Commission with respect to what enforcement action should be taken. Serious consideration is given to the recommendations of the regional offices in each instance.

One of the principal sources of information upon which investigations are based is complaints from members of the public concerning the activities of persons involved in the offer and sale of securities. Information of this type is carefully studied and if it appears that violations of Federal securities laws may be involved an investigation is commenced. Other sources of information which may be of great help to the Commission in carrying out its enforcement responsibilities are national securities exchanges, brokerage firms, State and Canadian securities authorities, Better Business Bureaus, Chambers of Commerce, and the National Association of Securities Dealers, Inc. Information from these sources has been very helpful, for it comes from persons who are often familiar with the operation and applicability of Federal securities laws. Many investigations also result from processing of filings which are required to be made with the Commission. Many preliminary investigations disclose no violation of law or a violation due to misunderstanding or ignorance of the law. Where no harm to the public has resulted, it is a policy of the Commission to inform the offender of the violation and afford an opportunity to take steps to assure future compliance. Appropriate action is taken where such an offender fails to come promptly into compliance.

If the necessary evidence to determine whether a violation has occurred is not readily developed by a limited investigation of this nature, a case is docketed and a full investigation made. In order to obtain all of the necessary evidence, it is frequently necessary that a formal order of investigaton be adopted by the Commission appointing members of the staff as officers with power to issue subpoenas for the production of documentary evidence, the appearance of witnesses and the taking of testimony under oath. This step is taken only when the investigations cannot be otherwise successfully completed, such as when principals and others involved in the investigation are uncooperative and the evidence can be adduced only through the use of the subpoena power. During the past year 117 formal orders of investigation were issued in connection with investigations handled through the Division of Trading and Exchanges.

The staff of the Division of Corporation Finance also conducts investigations where necessary to assist in processing filings made with

that Division under either the Securities Act or the Securities Exchange Act.

When an investigation has been completed and action appears warranted, the Commission may proceed in one of several ways. When required in the public interest the case, with all evidence and exhibits, may be referred to the Department of Justice with a recommendation for criminal prosecution. Members of the staff who are familiar with the evidence assist the Department of Justice and the United States Attorney in the presentation of the case to the Grand Jury and in the trial if an indictment is returned. In appropriate cases, the Commission may authorize the staff to institute civil action in its name for injunctive relief. The complaint in such a case is filed in the appropriate United States district court and the trial conducted by members of the Commission's staff. The Commission may also institute administrative proceedings when the investigation indicates such action appropriate which may result in the issuance of a stop-order as to a registration statement or the suspension or revocation of the registration of a broker-dealer or an investment adviser.

The following table reflects in summarized form the investigative activities of the Commission during fiscal 1960:

Investigations of possible violations of the Acts administered by the Commission

	Preliminary	Docketed	Total
Pending June 30, 1959	169	808	977
New cases	118	374	492
Transferred from preliminary		27	27
Total	287	1,209	1,496
Closed	144	365	509
Transferred to docketed	27		27
Pending at June 30, 1960	116	844	960

ENFORCEMENT PROBLEMS WITH RESPECT TO CANADIAN SECURITIES

The unlawful offering and sale of securities by Canadian issuers and broker-dealers continues to be a serious problem. 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 supoena 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 prosecutions, cannot be utilized unless personal jurisdiction over defendants can be secured.

However, the Commission, acting within its jurisdictional limitations, has made aggressive efforts to deal with the problem. 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 returned.

Enforcement difficulties were highlighted in a test case under the Supplementary Extradition Convention consummated in July 1952, the details of which were furnished in our 22d Annual Report. Canadian courts denied extradition of a person who had been indicted in the United States for fraudulent sales of securities to residents of the United States by means of the mails and long-distance telephone. Through appropriate diplomatic channels, negotiations are being continued in an effort to remedy this situation. Currently the Commission is almost wholly dependent upon voluntary cooperation of Canadian provincial regulatory authorities.

When evidence is obtainable that securities are being offered and sold by means of fraudulent representations, the Commission collects such evidence and refers it to the Post Office Department with an application for the issuance of a foreign fraud order. Such order prohibits the dispatch of mail from the United States addressed to the person or persons named in the order. The order, however, does not prohibit mailings in Canada and the delivery of such mailings to residents of the United States. During the past fiscal year, upon evidence furnished by the Commission, six foreign fraud orders have been issued. Also six "extensions" to such orders have been issued to cover changes of address by persons who sought by such changes to avoid the consequences of original orders directed to them. As of June 30, 1960, eleven additional cases in which the Commission furnished evidence were pending in the Post Office Department.

Canada does not have federal securities legislation nor a federal regulatory body. The public offering and sale of securities are regulated on a provincial basis similar to the administration of state blue sky laws in this country. Excellent cooperation in the enforcement work of the Commission has been obtained from most provinces. In particular, the arrangement with the Saskatchewan Securities Commission, described in the 25th Annual Report, has been of material assistance and a source of encouragement for further progress in this field.

Details concerning actions involving Canadian securities are described elsewhere in the section relating to litigation under the Securities Act of 1933 and the section relating to Criminal Proceedings.

The Commission continues to maintain its Canadian Restricted List. This is a list of Canadian companies 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. Failure to comply with the registration requirements deprives investors of material information and facilitates false claims as to the work of securities. Thus

investors are denied the essential protections provided by the Securities Act.

The list and supplements thereto are issued to and published by the press and copies are mailed to all registered broker-dealers and are available to the public. The list serves as a warning to the public and alerts broker-dealers to the fact that transactions in the securities of the companies named therein may be unlawful. Most United States broker-dealers refuse to execute transactions in such securities.

During the fiscal year 1960, 26 supplements to the list were issued in which 82 names were added and 9 deleted upon compliance with established procedures. On June 27, 1960, the list was revised and consolidated, resulting in the deletion of 54 names in instances where the Commission had no evidence of an unlawful public offering or sale of securities in the United States during the past three years, where the companies were no longer in existence due to mergers, charter surrenders, etc., and where there has been a change of name. In the latter case the new name is included on the current list. The number of names on the list as of June 30, 1960, was 210.

The current list, reflecting additions and deletions to September 30, 1960, follows:

CANADIAN RESTRICTED LIST

Adonis Mines Ltd.
Alaska-Canadian Mining & Exploration Co. Ltd.
Alba Explorations Ltd.
Aldor Exploration and Development Co. Ltd.
A. L. Johnson Grubstake
Alouette Mines Ltd.
Amador Highland Valley Coppers Ltd.
Ambassador Mining Developments Ltd.
Americanadian Mining & Exploration Co. Ltd.
Amican Petroleum & Natural Gas Corp. Ltd.
Anthony Gas and Oil Explorations Ltd.
Appollo Mineral Developers Inc.
Arcan Corp. Ltd.
Associated Livestock Growers of Ontario
Atlantis Industrial Development Co. Ltd.
Atlas Gypsum Corp. Ltd.
Ava Gold Mining Co. Ltd.
Baranouri Minerals Ltd.
Barite Gold Mines Ltd.
Basic Lead and Zinc Mines Ltd.
Bengal Development Corp. Ltd.
Black Crow Mines Ltd.
Blue Springs Explorations Ltd.
Bonwitha Mining Co. Ltd.
Burbank Minerals Ltd.
Cable Mines and Oils Ltd.
Caesar Minerals Ltd.
Cairngorm Mines Ltd.
Cameron Copper Mines Ltd.
Canada Radium Corp. Ltd.
Canadian Alumina Corp. Ltd.
Canol Metal Mines Ltd.
Cartier Quebec Explorations Ltd.
Casgoran Mines Ltd.
Central & Eastern Canada Mines (1958) Ltd.
Centurion Mines Ltd.
Cessland Gas and Oil Corp. Ltd.
Colville Lake Explorers Ltd.
Consolidated Easter Island Mines Ltd.
Consolidated Exploration & Mining Co. Ltd.
Consolidated St. Simeon Mines Ltd.
Consolidated Woodgreen Mines Ltd.
Continental Consolidated Mines & Oils Corp. Ltd.
Copper Prince Mines Ltd.
Courageous Gold Mines Ltd.
Cove Uranium Mines Ltd.
Cree Mining Corp. Ltd.
Davian Exploration Ltd.
Dayjon Explorers Ltd.
Dempster Explorations Ltd.
Derogan Asbestos Corp. Ltd.
Diadem Mines Ltd.
Dolmac Mines Ltd.
Dolsan Mines Ltd.
Dominion Fluoridators Ltd.
Dominion Leaseholds Ltd.
DuMaurier Mines Ltd.
Dumont Nickel Corp.
Dupont Mining Co. Ltd.
Eagle Plains Developments Ltd.
Eagle Plains Explorations Ltd.

East Trinity Mining Corp.
Eastern-Northern Explorations Ltd.
Elk Lake Mines Ltd.
Embassy Mines Ltd.
Explorers Alliance Ltd.
Export Nickel Corp. of Canada Ltd.
Fairmont Prospecting Syndicate
Federal Chibougamau Mines Ltd.
File Lake Explorations Ltd.
Fleetwood Mining and Exploration Ltd.
Flint Rock Mines Ltd.
Font Petroleums Ltd.
Foreign Exploration Corp. Ltd.
Franksin Mines Ltd.
Gasjet Corp. Ltd.
Georay Prospecting Syndicate
Golden Algoma Mines Ltd.
Golden Hope Mines Ltd.
Goldmaque Mines Ltd.
Granwick Mines Ltd.
Guardian Explorations Ltd.
Haitian Copper Mining Corp. Ltd.
Hallmark Explorations Ltd.
Hallstead Prospecting Syndicate
Hoover Mining and Exploration Ltd.
Inlet Mining Corp. Ltd.
International Ceramic Mining Ltd.
Irando Oil and Exploration Ltd.
Jacmar Explorations Ltd.
Jaylac Mines Ltd.
Jilbie Mining Co. Ltd.
Jomac Mines Ltd.
Kateri Mining Co. Ltd.
Kelkirk Mines Ltd.
Kelly-Desmond Mining Corp. Ltd.
Kennamet Development Corp. Ltd.
Key West Exploration Co. Ltd.
Kimberly Copper Mines Ltd.
Kipwater Mines Ltd.
Kordol Explorations Ltd.
Korich Mining Co. Ltd.
Kukatush Mining Corp.
Ladysmith Explorations Ltd.
Lake Kingston Mines Ltd.
Lake Otter Uranium Mines Ltd.
Lama Explorations and Mining Co. Ltd.
Lambton Copper Mines Ltd.
Larutan Petroleum Corp. Ltd.
Lavandin Mining Co.
Lavant Mines Ltd.
Lee Gordon Mines Ltd.
Lindsay Explorations Ltd.
Lucky Creek Mining Co. Ltd.
Lynwatin Nickel Copper Ltd.
Mack Lake Mining Corp. Ltd.
Mallen Red Lake Gold Mines Ltd.
Marian Lake Mines Ltd.
Marpic Explorations Ltd.
Marpoint Gas & Oil Corp. Ltd.
Mattagami Explorers Corp.
Megantic Mining Corp.
Mexicana Explorations Ltd.
Mexuscan Development Corp.
Midas Mining Co. Ltd.
Mile 18 Mines Ltd.
Milmar-Island Mines Ltd.
Mina-Nova Mines Ltd.
Minden Land Enterprises Ltd.
Mineral Exploration Corp. Ltd.
Missile Metals and Mining Corp. Ltd.
Monarch Asbestos Co. Ltd.
Monarch Gold Mines Ltd.
Monitor Gold Mines Ltd.
Monpre Mining Co. Ltd.
Montclair Mining Corp. Ltd.
Mylake Mines Ltd.
Nationwide Minerals Ltd.
Native Minerals Ltd.
New Campbell Island Mines Ltd.
New Faulkenham Mines Ltd.
New Hamil Silver-Lead Mines Ltd.
New Metalore Mining Co. Ltd.
New Spring Coulee Oil and Minerals Ltd.
New Surpass Petrochemicals Ltd.
Norcopper and Metals Corp.
Normalloy Explorations Ltd.
Norsco Mines Ltd.
Norseman Nickel Corp. Ltd.
North American Asbestos Co. Ltd.
North Gaspe Mines Ltd.
North Lake Mines Ltd.
North Tech Explorations Ltd.
Northport Mineral Explorers Ltd.
Nortoba Mines Ltd.
Nu-Gord Mines Ltd.
Nu-Reality Oils Ltd.
Nu-World Uranium Mines Ltd.
Palliser Petroleums Ltd.
Pantan Mines Ltd.
Paramount Petroleum & Minerals Corp. Ltd.
Peace River Petroleums Ltd.
Pick Mines Ltd.
Plexterre Mining Corp. Ltd.
Prestige Lake Mines Ltd.
Prudential Petroleums Ltd.
Purdex Minerals Ltd.
Quebec Graphite Corp.
Queensland Explorations Ltd.
Quinalta Petroleum Ltd.
Rambler Exploration Co. Ltd.
Red River Mining & Exploration Ltd.
Regal Mining & Development Ltd.

Resolute Oil and Gas Co. Ltd.
Riobec Mines Ltd.
Roberval Mining Corp.
Rockroft Explorations Ltd.
Rothsay Mines Ltd.
Roxton Mining & Development Co. Ltd.
Saskalon Uranium and Oils Ltd.
Sastex Oil and Gas Ltd.
Savoy Copper Mines Ltd.
Seaboard Industries, Ltd.
Senvil Mines Ltd.
Sheba Mines Ltd.
Sheraton Uranium Mines Ltd.
Shoreland Mines Ltd.
Sico Mining Corp. Ltd.
South Seas Mining Ltd.
Space Age Mines Ltd.
St. Stephen Nickel Mines Ltd.
Stackpool Mining Co. Ltd.
Strathcona Mines Ltd.
Sturgeon Basin Mines Ltd.
Sudbay Exploration and Mining Ltd.
Swift Copper Mines Ltd.
Tabor Lake Gold Mines Ltd.
Taiga Mines Ltd.
Tamicon Iron Mines Ltd.
Taurcanis Mines Ltd.
Temanda Mines Ltd.
Territory Mining Co. Ltd.
Trans Nation Minerals Ltd.
Trenton Petroleum & Minerals Corp. Ltd.
Tri-Cor Mining Co. Ltd.
Trio Mining Exploration Ltd.
Trojan Consolidated Mines Ltd.
Turzone Explorations Ltd.
Upper Ungava Mining Corp. Ltd.
Val Jon Exploration Ltd.
Valray Explorations Ltd.
Vanguard Explorations Ltd.
Venus Chibougamau Mines Ltd.
Vico Explorations Ltd.
Viscount Oil and Gas Ltd.
Wakefield Uranium Mines Ltd.
Webbwood Exploration Co. Ltd.
Westwind Explorations Ltd.
Windy Hill Mining Corp.
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 clearinghouse for other enforcement agencies for 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 71,748 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 9,097 persons, including 2,735 persons not previously identified in these records.

The Section issues and distributes quarterly a Securities Violations Bulletin containing information received during the period concern-

ing 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 as to persons wanted on securities violations charges. The Bulletin is distributed to a limited number of officials of 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 3,373 "securities violations" letters or reports and dispatched 1,157 communications to cooperating agencies.

APPLICATIONS FOR NONDISCLOSURE OF CERTAIN INFORMATION

The Commission is authorized under the various Acts administered by it to grant requests for nondisclosure of certain types of information which would otherwise be disclosed to the public in applications, reports or other documents filed pursuant to these statutes. Thus, under paragraph (30) of Schedule A of the Securities Act of 1933, disclosure of any portion of a material contract is not required if the Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of the investors. Under Section 24(a) of the Securities Exchange Act of 1934, trade secrets or processes need not be disclosed in any material filed with the Commission, and under Section 24(b) of that Act written objection to public disclosure of information contained in any such material may be made by 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 procedure to be followed by persons who apply to the Commission for a determination that public disclosure is not necessary in a particular case.

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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 1960 fiscal year

	Number pending July 1, 1959	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1960
Securities Act of 1933 [1]	3	38	29	9	3
Securities Exchange Act of 1934 [2]	3	9	9	2	1
Investment Company Act of 1940 [3]	0	10	10	0	0
Totals	6	57	48	11	4

[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" [16] 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 * * *." [17] Similar authority is contained in the Securities Exchange Act,[18] and even more comprehensive power is embodied in the Investment Company Act [19] and the Public Utility Holding Company Act.[20]

The Securities Act provides that the financial statements required to be made available to the public through filing with the Commis-

[16] Sections 7 and 10(a), (Schedule A, pars. 25, 26).
[17] Section 19(a).
[18] Section 13(b).
[19] Sections 30, 31.
[20] Sections 14, 15.

sion shall be certified by "an independent public or certified accountant." [21] The other three statutes permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,[22] 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,[23] and the action taken by the Commission in certain cases,[24] 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; [25] has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers; [26] and has promulgated rules contained in a single, comprehensive regulation, identified as Regulation S–X,[27] 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 86 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 which are regulatory reports, prescribe accounting principles to be followed only in certain basic respects. In the large area of financial reporting not covered by such rules, the Commission's principal reliance for the protection of investors is on the certifying accountants' determination

[21] Sections 7 and 10(a), (Schedule A, pars. 25, 26).

[22] Securities Exchange Act, Section 13(a)(2); Investment Company Act, Section 30(e); Holding Company Act, Section 14.

[23] See, for example, Rule 2–01 of Regulation S–X.

[24] See, for example, Securities Exchange Act Release No. 3073 (1941); 10 S.E.C. 982 (1942); Accounting Series Release No. 68 (1949); and Accounting Series Release No. 82 (1959).

[25] Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies (effective August 1, 1936); Uniform System of Accounts for Public Utility Holding Companies (effective January 1, 1937; amended effective January 1, 1943).

[26] Rule 17a-5 and Form X-17A-5 thereunder.

[27] Adopted February 21, 1940 (Accounting Series Release No. 12); revised December 20, 1950 (Accounting Series Release No. 70).

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

This procedure, which is in accordance with the provisions of the various Acts, places great reliance and responsibility on the accounting profession. The Commission, therefore, is ever vigilant in its efforts to assure itself that the audits which it requires are performed by accountants who are not connected with the registrant or its management and that appropriate auditing and accounting practices and standards have been followed. This endeavor often involves delicate decisions between the public interest and the interests of the accountants, particularly with respect to companies which have not previously had a public interest and consequently less need for a clear-cut status of independence of their accountants. It is common in such circumstances for accountants to have various relationships with the company or its management, such as being an officer, director, voting trustee, promoter, or stockholder, which are incompatible with their status as independent accountants and which are prohibited by our rules.

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 continuing contact and consultation 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 and 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 appoint committees which maintain liaison with the Commission's staff. The Commission on its part has authorized its Chief Accountant to serve as a member of an Advisory Committee to the newly created Accounting Principles Board of the American Institute of Certified Public Accountants and to serve as a member of the Accounting Theory Committee of the American Accounting Association.

These committees, the other members of which are leaders of the accounting profession in public and private practice and in teaching, were appointed to study the results of research programs undertaken for the purpose of determining appropriate practice and to narrow areas of difference and inconsistency in practice.

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 the staff are called upon to assist in field investigations, to participate in hearings and to review opinions insofar as they pertain to accounting matters.

Pre-filing 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.

During the year the Commission concluded its consideration of the matter of accounting for deferred taxes, on which there had been a difference of opinion among certifying accountants at the time the matter was taken under advisement. A statement of administrative policy regarding balance sheet treatment of the credit equivalent to reduction of income taxes[28] was issued substantially in the form proposed as submitted for formal public review on December 30, 1958.[29] This statement said in pertinent part "any financial statement filed with this Commission which designates as earned surplus (or its equivalent) or in any manner as a part of equity capital (even though accompanied by words of limitation such as 'restricted' or 'appropriated') the accumulated credit arising from accounting for reductions in income taxes resulting from deducting costs for income tax purposes at a more rapid rate than for financial statement purposes will be presumed by the Commission to be misleading or inaccurate despite disclosure contained in the certificate of the accountant or in footnotes to the statements, provided the amounts involved are material."

Questions were raised by various parties in the proceedings as to whether the Commission has authority to issue such a statement of policy or to establish a uniform method of accounting under the 1933 Act or the 1934 Act and whether the Commission has authority to reconstitute accounting practices of electric utilities which have been prescribed by other agencies having jurisdiction. In reply to these questions the Commission made the following statement in the release:

"Under various statutes administered by it, the Commission has the authority and the corresponding responsibility to require that the financial statements filed with it be prepared in a manner which provides adequate and fair disclosure. This statement of policy is designed to advise all interested persons of the Commission's views as to the presentation in financial statements filed with the Commission of the credit arising when deferred tax accounting is employed. It pertains to the propriety of designating as earned surplus (or its equivalent) or in any manner as a part of equity capital, in financial statements filed with this Commission, the accumulated credit arising from accounting for reductions in income taxes for various items, including those under Section 167 (liberalized depreciation) and Section 168 (accelerated amortization of emergency facilities) of the Internal Revenue Code of 1954. It is not intended to direct or establish any system of accounts or to specify the manner in which a particular item shall be recorded on the books of the reporting companies, nor is it intended in any way to affect the requirements of any other

[28] Accounting Series Release No. 85, February 29, 1960.
[29] Securities Act Release No. 4010.

governmental agency, federal or state, with respect to the manner in which such books of account shall be kept." [30]

A number of persons requested clarification of the position of the Commission with respect to whether provisions for deferred taxes should be made under a variety of circumstances. The Commission therefore indicated that in its view recognition of tax deferment should be made, if material in amount, in all cases in which there is a tax reduction resulting from deducting costs for tax purposes at faster rates than for financial statement purposes in order to give adequate and fair disclosure in financial statements.

We indicated that we understood that these views were also in accordance with generally accepted accounting principles and that the Committee on Accounting Procedure of the American Institute of Certified Public Accountants agree with the opinion expressed.

The American Institute of Certified Public Accountants questioned whether the statement of policy had not covered the matter too broadly, indicating that there are some situations, notably intangible drilling costs, on which quite a few members of the Committee on Accounting Procedure of the Institute did not think it had yet spoken although there were those who interpret this statement on the principles involved as being all inclusive.

As indicated in the release, the Commission has the responsibility to require that financial statements filed with it be prepared in a manner which provides adequate and fair disclosure of all matters as to which an average prudent investor ought reasonably to be informed before buying or selling the security registered. It has, however, insofar as possible, confined its rules and regulations to the form and content of financial statements and left to the profession the development of accounting principles and practices.

The Commission therefore authorized its Chief Accountant to address a letter to the Director of Research of the American Institute of Certified Public Accountants to advise him that the Commission did not intend to make mandatory any view in the disputed areas of deferred tax accounting other than in respect of the treatment of the accumulated credit where deferred tax accounting is employed. This

[30] Representatives of companies subject to the jurisdiction of the Commission under the Public Utility Holding Company Act of 1935 as registered holding companies or subsidiary companies thereof have contended that this Commission has no power to prescribe the manner in which the accumulated credit arising from deferred tax accounting should be classified in the accounts of the company. In support of this contention, reference was made to Section 20(b) of that Act. That section provides that "in the case of the accounts of any company whose methods of accounting are prescribed under the provisions of any law of the United States or of any State, the rules and regulations or orders of the Commission *in respect of accounts* shall not be inconsistent with the requirements imposed by such law or any rule or regulation thereunder; * * *" [Emphasis supplied.] For reasons stated above, this contention misconceives the nature of the action taken herein.

letter was published [31] in order to extend to the accounting profession and to industry the benefit of the clarification.

During the year the Commission also issued two other Accounting Series Releases, one of which amended the minimum audit requirements prescribed in Form X–17A–5 under the Securities Exchange Act of 1934 to eliminate grounds for an interpretation that duplicate written confirmation was required of certain customers' accounts,[32] and the other revised those parts of the Uniform System of Accounts for Public Utility Holding Companies under the Public Utility Holding Company Act of 1935 governing the preservation and destruction of books of account and other records of registered holding companies.[33]

Other problems arise in connection with initial filings made by new corporate entities and by corporations whose securities had been closely held or traded over-the-counter. Currently there are many such filings being made by companies whose business is closely associated with rapidly growing technological and scientific developments.

Some of the problems frequently causing difficulty arise because audits made in prior years did not measure up to generally accepted standards, particularly in that they often omitted accepted audit procedures with respect to inventories and receivables. These procedures require observation of inventories and confirmation of receivables where either of these assets represents a significant proportion of the current assets or of the total assets of a concern. Failure to apply them where they are practicable and reasonable generally precludes expression of an opinion on the fairness of the financial statements taken as a whole because the income, earned surplus, and the current position may be materially affected. If the auditor finds himself faced with such a situation, he must satisfy himself as to inventories for prior years by appropriate methods. In some instances, this is very difficult and may preclude certification because the client may not have taken an inventory at any prior year end or because inventory records for such years are incomplete or because such records may have been destroyed.

Other difficulties often arise in connection with the initial filings of such companies because accountants and other advisers serving them have not had any prior dealing with the Commission. In some cases these persons have not familiarized themselves with the rules and regulations of the Commission—particularly the instructions as to financial statements required by the forms, the rules relating to independence of the certifying accountant, and those relating to the form and content of financial statements set forth in Regulation S–X.

[31] Accounting Series Release No. 86, April 12, 1960.
[32] Accounting Series Release No. 83, October 28, 1959.
[33] Accounting Series Release No. 84, November 24, 1959.

During the year members of the staff in this office, together with staff members from other divisions of the Commission, conferred with representatives of the Small Business Administration for the purpose of developing rules and regulations and forms for the guidance of small business investment companies when registering with and reporting to that agency and to this Commission, with the hope that their cooperative efforts would result in the promulgation of rules and a single basic annual report form which would permit such companies to prepare copies of such annual report for filing under both the Investment Company Act of 1940 and the Small Business Investment Act of 1958.

Early in 1960 Financial Report SBA Form 468 was declared effective after appropriate notice by the Small Business Administration. Thereafter the Commission circulated for comment a proposed annual report form for small business investment companies which would enable such companies to file with the Commission a single annual report which would meet the annual reporting requirements under the Securities Exchange Act of 1934 [34] and the Investment Company Act of 1940.[35]

The instructions as to financial statements in such form require such companies to file copies of their financial reports on SBA Form 468 supplemented by certain additional financial information for the fiscal year covered by the report on the proposed form.[36]

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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 the 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

[34] Section 13 or 15(d) of the Securities Exchange Act of 1934.

[35] Section 30(a) of the Investment Company Act of 1940.

[36] In August 1960 the Commission adopted annual report Form N-5R for Small Business Investment Companies. Investment Company Act Release No. 3085.

suspend the exemption at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension.

During the year the Bank made 31 loans totaling the equivalent of $658.7 million, compared with a total of $703 million last year. This brought the gross total of loan commitments at June 30, to $5,181 million. This year's loans were made in Algeria and Sahara, Austria, Belgian Congo, Chile, Colombia, Costa Rica, Honduras, India, Iran, Italy, Japan, Kenya, Mauritania, Nicaragua, Norway, Pakistan, Peru, Rhodesia and Nyasaland, Sudan, United Arab Republic, and Uruguay.

During the year the bank sold or agreed to sell $242.6 million principal amount of loans, all without its guarantee. On June 30 the total sales of loans amounted to $811 million, of which $69 million was with the bank's guarantee.

On June 30, 1960 the outstanding funded debt of the Bank was $2,073 million, reflecting a net increase of $168 million during the fiscal year. The Bank's borrowing operations during the year, including new public bond issues and private placements of bank obligations, totaled $374.5 million. There were three public issues; a United States dollar issue in the amount of $125 million (of which $27.6 million is subject to delayed delivery); a Swiss franc issue equivalent to $14 million; and a pound sterling issue equivalent to $28 million. There were six private placements of obligations totaling the equivalent of $207.5 million; this included $47.6 million in Deutsche Marks of which $23.8 million still remained to be drawn down by the Bank on June 30. Outstanding debt was also increased by $19.2 million as a result of delivery of bonds which had been subject to delayed delivery arrangements and by a further $12.7 million under a Deutsche Mark borrowing arranged in July 1958. Funded debt maturing amounted to $165.8 million, and sinking and purchase fund transactions amounted to $21.3 million.

Pursuant to the increase in the Bank's authorized capital from $10 billion to $21 billion on September 15, 1959, 55 members had doubled their subscriptions and 20 members had subscribed to $1,140.6 million in addition to their 100 percent increases. As a result, the subscribed capital of the Bank had been increased by $9,751.4 million to $19,307.9 million at June 30, 1960.

INTER-AMERICAN DEVELOPMENT BANK

The Inter-American Development Bank Act, which authorizes United States participation in the new Inter-American Development Bank, provides a similar exemption for certain securities which may be issued by the new Bank. The Commission has had discussions with the Bank regarding the promulgation of appropriate rules and regu-

lations of the character presently in effect with respect to the International Bank. It is expected that such rules and regulations will be adopted in the near future.

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 investigatory or prosecutory functions and those performing quasi-judicial functions. In some cases, with the consent of all parties, the interested operating division assists in the drafting of opinions.

The Commission's 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 166 opinions and other rulings of an adjudicatory nature.

STATISTICS AND SPECIAL STUDIES

During the past fiscal year the Branch of Economic Research continued its regular work in connection with the statistical activities of the Commission and the overall Government statistical program under the direction of the Office of Statistical Standards, Bureau of the Budget.

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. Summary statistics for the years 1935–60 are given in appendix table 1 and detailed statistics for the fiscal year 1960 appear in appendix table 2.

New Securities Offerings

This is a monthly and quarterly series covering all new corporate and noncorporate issues offered for cash sale in the United States. The series includes not only issues publicly offered but also issues privately placed, as well as other issues exempt from registration under the Securities Act such as intrastate offerings and railroad securities. The offerings series includes only securities actually offered for cash sale, and only issues offered for account of issuers. Annual statistics on new offerings for recent years as well as monthly figures from January 1959 through June 1960 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 pen-

sion 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 Department of Commerce 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.

DISSEMINATION OF INFORMATION

Widespread public dissemination of the financial and other data filed with the Commission concerning 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 be enabled to evaluate securities being sold in the market. This is accomplished in part by distribution of the prospectus or offering circular on new offerings, and by the filing of annual and other periodic reports with exchanges and the Commission by listed companies, all of which are available for public inspection. Much of the data also is reprinted and receives general circulation through

published securities manuals, investment advisory services and statistical services, which are reference material for securities analysts.

To facilitate public dissemination of the financial and other proposals filed with and actions taken by the Commission, a daily News Digest is issued by the Commission which contains a résumé of these filings and actions. This digest is distributed daily to the press and on a semiweekly basis to a mailing list comprising about 9,500 names of persons, firms and companies who have requested to be kept currently informed of such developments. Digests issued during the year under review contained a résumé of the proposals for public offering of $15.8 billion of securities contained in the 1,628 registration statements filed during the year, as well as a discussion of 858 orders, decisions, rules and related announcements issued by the Commission. Much of the information is published in the daily press and in financial and other periodicals. The texts of the Commission's orders, decisions and rules, announcements of civil and criminal enforcement actions, and the Commission's economic and statistical studies are also released to the press and others.

Members of the Commission and its staff frequently deliver addresses before professional, business and other groups and participate in press conferences and radio and television discussions in order to explain the nature and scope of the Commission's functions and activities and to expound upon particular problems of administration and the basic policies being pursued.

Information Available for Public Inspection

The many thousands of registration statements, applications, declarations, and annual and other periodic reports filed each year are available for public inspection at the Commission's principal office in Washington, D.C. In addition, copies of recent reports filed by companies having securities listed on exchanges other than the New York Stock Exchange and the American Stock Exchange, and copies of current reports of many non-listed companies which have registered securities for public offering under the Securities Act, may be examined in the Commission's New York Regional Office; and recent reports filed by companies whose securities are listed on the New York and American stock exchanges may be examined in the Commission's Chicago Regional Office. Moreover, there are available for examination in all regional offices copies of prospectuses relating to recent public offerings of securities registered under the Securities Act and all regional offices have copies of broker-dealer and investment adviser registration applications, broker-dealer annual financial reports and Regulation A letters of notification filed in their respec-

tive regions. Reports of companies listed on the New York, American and Midwest stock exchanges may be seen at the respective exchange offices.

Photocopies of reports or portions thereof and other material in the public files of the Commission may be obtained upon request directed to the Commission's public reference room in Washington. The charge per page for photocopies varies from 20 cents to 60 cents depending upon the size of the page being copied. A minimum charge of $1 is made for less than 5 pages (legal size). The charge for each certification by the Commission is $2.

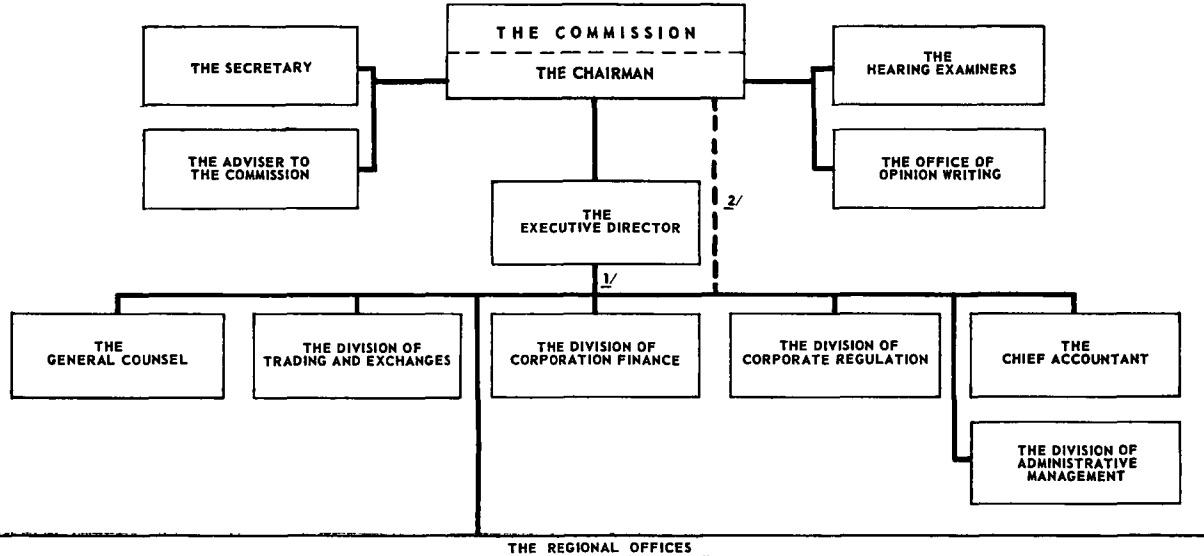
Each year many thousands of requests for photocopies and information from the public files of the Commission are received by the public reference room in Washington, D.C. During the year 5,207 persons examined material on file in the Washington office, and several thousand others examined files in the New York and Chicago regional offices. About 137,870 photocopy pages were sold pursuant to 2,489 individual orders, and about 14,859 individual orders for 538,906 copies of Commission releases and other publications were filled during the year.

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 appears on page 222.

In accordance with the Commission's program of continuing review of its functions and organization, the following changes were made during the 1960 fiscal year:

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, 1960

In August 1959, the position of Adviser to the Commission was established. The incumbent of that position is responsible for assisting the Commission in its re-examination and re-evaluation of policies, interpretations and procedures to keep abreast of the continuing expansion and constantly changing conditions in the securities industry, particularly with respect to problems arising from the development of new techniques of securities flotation and placement and the growing significance of international financing in the American capital markets.

In September 1959, an additional Assistant Director position was established in the Division of Corporation Finance, and twelve Branches of Corporate Analysis and Examination were created in lieu of the twelve sections which formerly had performed that function. The Division is responsible for the examination of an enormous volume of registration statements, preliminary proxy statements, annual reports and other documents for compliance with the disclosure requirements of the securities laws. The realignment was designed to promote efficiency of operation and more timely completion of the examination process.

In October 1959, a second Branch of Investment Company Regulation was established in the Division of Corporate Regulation. Responsibility for enforcing the regulatory aspects of the Investment Company Act of 1940 was transferred to the Division of Corporate Regulation in May 1953. At that time there were 369 registered companies with total assets of $7 billion. By June 1959, there were 512 registered companies with assets of more than $20 billion. The Small Business Investment Act of 1958 further increased the Division's workload by creating an additional category of investment companies which must register under the Act—small business investment companies. The second Branch of Investment Company Regulation will enable the Division to cope more effectively with its regulatory functions in this rapidly expanding area of responsibility.

In March 1960 the functions of the former Branch of Exchange Regulation and Economic Research in the Division of Trading and Exchanges were assigned to 2 new Branches—the Branch of Exchange Regulation and the Branch of Economic Research. The Branch of Exchange Regulation is now responsible for the Division's regulatory functions with respect to exchange activities and market surveillance and stabilization. The Branch of Economic Research is responsible for the Commission's statistical programs. This realignment places each of these two important Commission programs under the supervision of an Assistant Director of the Division of Trading and Exchanges.

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PERSONNEL, BUDGET AND FINANCE

During fiscal 1960 the Commission continued to recruit outstanding college and law school graduates with the specialized courses of study required for its work activities. A number of well qualified business administration graduates were appointed through the Federal Service Entrance Examination conducted by the U.S. Civil Service Commission. As a result of close contact with the placement offices of various law schools and on-campus interviews, the Commission was able to hire a number of recent law graduates for its starting level attorney jobs.

Considerable emphasis was placed on the Commission's training activities in fiscal 1960. Supervisory officials were enrolled in a special training course for middle and top management officials. Training courses also were conducted for professional employees in the New York Regional Office. The Division of Corporate Regulation held a training course for employees to be assigned work in connection with regular inspections of investment companies. Members of the staff were enrolled in training courses for IBM machine operation and automatic data processing. Correspondence workshops sponsored by the General Services Administration were conducted for employees in the Headquarters Office. Orientation classes were held by the Branch of Personnel to explain health plans available as a result of the passage of the Government Employees Health Benefits Act of 1960.

In its Fifth Annual Service and Merit Awards Ceremony held in October 1959, the Commission observed its Silver Anniversary by presenting 36 career employees with silver anniversary placques in recognition of 25 years of service with the Commission. An additional 80 employees received 10- and 20-year service pins and certificates in recognition of long service with the Commission. Cash awards totaling $6,825 and certificates of merit were presented to 56 employees, and 8 employees received a total of $530 for adopted meritorious suggestions.

The outstanding achievements of members of the Commission's staff continued to receive public recognition in the form of special awards. In March 1960, Mr. Andrew Barr, Chief Accountant of the Commission, was one of five Federal employees to receive the President's Award for Distinguished Federal Civilian Service. The citation signed by President Eisenhower read as follows:

> His exceptional contributions to the development of Accounting principles and meaningful accounting presentations of corporate financial affairs to investors have materially aided the process of capital formation in the United States and advanced the cause of investor protection.

The confidence of investors in the integrity of the capital markets of the Nation has been enhanced by his outstanding leadership and notable achievements.

In February 1960, Paul Windels, Jr., New York Regional Administrator, received an Arthur S. Flemming Award of the Junior Chamber of Commerce of Washington, D.C. as one of ten outstanding young men in the Federal Service. Mr. John J. Enright, an attorney on the staff of the Commission's Chicago Regional Office, was awarded a Certificate of Merit by the William A. Jump Foundation in May 1960. In its first annual awards presentation, the Federal Government Accountants Association awarded Mr. Frank J. Donaty, Budget and Finance Officer, an outstanding achievement award for contributions to the improvement of financial management in the Federal Service.

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

The following comparative table shows the personnel strength of the Commission as of June 30, 1959 and 1960:

	June 30, 1960	June 30, 1959
Commissioners	5	5
Staff:		
Headquarters office	600	567
Regional offices	375	365
Total	980	937

The table facing page 226 shows the status of the Commission's budget estimates for the fiscal years 1951 to 1961, 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.[37]

The following table shows the Commission's appropriation, total fees collected, percentage of fees collected to total appropriation, and the net cost to the taxpayers of Commission operations for the fiscal years 1958, 1959, and 1960:

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

Year	Appropriation	Fees collected [3]	Percentage of fees collected to total appropriation (percent)	Net cost of Commission operation
1958	[1] $6,935,000	$2,334,370	34	$4,600,630
1959	[2] 7,705,000	2,407,706	31	5,297,294
1960	8,100,000	2,631,498	32	5,468,502

[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.

Securities and Exchange Commission

Action taken on budget estimates and appropriation from fiscal 1951 through fiscal 1961

ACTION	Fiscal 1951		Fiscal 1952		Fiscal 1953		Fiscal 1954		Fiscal 1955		Fiscal 1956		Fiscal 1957		Fiscal 1958		Fiscal 1959		Fiscal 1960		Fiscal 1961	
	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	1,175	$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	[1] $8,437,000	1,135	$9,760,000
Action by the Bureau of the Budget	−40	−250,000	−77	−681,000	−157	−410,000	−142	−810,000	−63	−299,760							−58	−400,000	−17	−162,000	−93	−860,000
Amount allowed by the Bureau of the Budget	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	1,042	8,900,000
Action by the House of Representatives	−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	−46	−375,000
Subtotal	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	996	8,525,000
Action 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	+92	[2] +775,000
Subtotal	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	1,088	9,300,000
Action by Conferees	−22	−100,000							−6	−25,000	−4	−42,000							−24	−175,000	−47	−387,500
Annual appropriation	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	1,041	8,912,500
Supplemental appropriation for statutory pay increases				435,000						93,180		323,000				235,000		605,000				[3] 605,000
Total appropriation	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	1,041	9,517,500
Mandatory reserve required in 1952	−32	−150,000																				
	1,030	6,080,000																				

[1] Excludes a supplemental request for $200,000.
[2] Includes a supplemental request for $400,000.
[3] Estimated.

PART XII

APPENDIX
STATISTICAL TABLES

TABLE 1.—*A 26-year record of regulations fully effective under the Securities Act of 1933*

1935–1960

(Amounts in millions of dollars)

Fiscal year ended June 30	Number of statements [1]	All registrations	For cash sale for account of issuers			
			Total	Bonds, debentures and notes	Preferred stock	Common stock
1935 [2]	284	$913	$686	$490	$28	$168
1936	689	4,835	3,936	3,153	252	531
1937	840	4,851	3,635	2,426	406	802
1938	412	2,101	1,349	666	209	474
1939	344	2,579	2,020	1,593	109	318
1940	306	1,787	1,433	1,112	110	210
1941	313	2,611	2,081	1,721	164	196
1942	193	2,003	1,465	1,041	162	263
1943	123	659	486	316	32	137
1944	221	1,760	1,347	732	343	272
1945	340	3,225	2,715	1,851	407	456
1946	661	7,073	5,424	3,102	991	1,331
1947	493	6,732	4,874	2,937	787	1,150
1948	435	6,405	5,032	2,817	537	1,678
1949	429	5,333	4,204	2,795	326	1,083
1950	487	5,307	4,381	2,127	468	1,786
1951	487	6,459	5,169	2,838	427	1,904
1952	635	9,500	7,529	3,346	851	3,332
1953	593	7,507	6,326	3,093	424	2,808
1954	631	9,174	7,381	4,240	531	2,610
1955	779	10,960	8,277	3,951	462	3,864
1956	833	13,096	9,206	4,123	539	4,544
1957	860	14,624	12,019	5,689	472	5,858
1958	809	16,490	13,281	6,857	427	5,998
1959	1,055	15,657	12,095	5,265	443	6,387
1960	1,398	14,367	10,908	4,221	252	6,435

[1] Statements registering American Depositary Receipts against outstanding foreign securites as provided by Form S–12 are not included.

[2] For 10 months ended June 30, 1935.

TABLE 2.—*Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1960*

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
1959						
July	124	158	$1,084,136	100	118	$772,818
August	104	131	1,069,410	87	99	750,144
September	98	126	1,097,415	82	96	889,255
October	128	152	1,120,525	104	119	801,846
November	110	145	1,015,140	95	113	778,654
December	99	134	1,161,145	78	97	727,259
1960						
January	94	131	898,365	77	100	697,116
February	96	121	1,263,150	81	94	899,051
March	125	177	1,509,087	109	148	1,200,719
April	144	179	1,969,157	132	155	1,815,214
May	121	156	869,917	98	120	546,818
June	155	203	1,309,128	134	167	1,029,241
Total, fiscal year 1960	[2] 1,398	1,813	14,366,574	1,177	1,426	10,908,135

PART 2.—PURPOSE OF REGISTRATION AND TYPE OF SECURITY

[Amounts in thousands of dollars [1]]

Purpose of registration	All types	Type of security		
		Bonds, debentures, and notes [3]	Preferred stock	Common stock [4]
All registrations (estimated value)	$14,366,574	$4,244,939	$420,398	$9,701,237
For account of issuers for cash sale	10,908,135	4,220,935	252,072	6,435,128
Corporate	[5] 10,538,657	3,851,457	252,072	6,435,128
Offered to:				
General public	9,202,530	3,683,682	205,023	5,313,825
Security holders	772,803	166,431	46,849	559,522
Other special groups	563,324	1,344	200	561,780
Foreign governments	369,478	369,478	0	0
For account of issuers for other than cash sale	2,407,046	21,998	106,516	2,278,532
For account of others than issuers	1,051,393	2,006	61,810	987,577
For cash sale	822,118	0	8,350	813,768
For other purposes	229,275	2,006	53,460	173,808

See footnotes at end of Part 4.

TABLE 2.—*Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1960*—Continued

PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars [1]]

Purpose of registration	Industry									
	All registrants	Manufacturing	Extractive	Electric, gas, and water	Transportation other than railroad	Communication companies	Investment companies	Other financial and real estate	Commercial and other	Foreign governments
Number of statements	1,398	504	57	134	13	38	211	272	155	14
Number of issues	1,813	673	72	153	17	46	273	346	212	21
All registrations (estimated value)	$14,366,574	$3,243,154	$208,799	$2,483,595	$160,137	$1,041,942	$4,497,016	$1,826,456	$535,996	$369,478
For account of issuers	13,315,181	2,489,932	198,880	2,472,155	152,862	1,034,612	4,496,908	1,666,842	433,512	369,478
For cash sale	10,908,135	932,401	127,039	2,313,272	98,833	1,000,446	4,436,588	1,353,548	276,530	369,478
Corporate	[5] 10,538,657	932,401	127,039	2,313,272	98,833	1,000,446	4,436,588	1,353,548	276,530	0
Noncorporate	369,478	0	0	0	0	0	0	0	0	369,478
For other than cash sale	2,407,046	1,557,532	71,840	158,884	54,030	34,166	60,320	313,293	156,982	0
For exchange for other securities [6]	499,721	376,375	22,171	21,709	1,918	182	0	70,948	6,418	0
Reserved for conversion	606,116	285,860	6,621	89,237	49,126	14,210	0	114,976	46,085	0
For other purposes	1,301,210	895,297	43,048	47,938	2,986	19,774	60,320	127,369	104,478	0
For account of others than issuers	1,051,393	753,222	9,919	11,440	7,275	7,330	108	159,614	102,485	0
For cash sale	822,118	561,384	7,177	6,982	7,275	7,250	0	140,947	91,104	0
For other purposes	229,275	191,838	2,742	4,458	0	80	108	18,668	11,380	0

See footnotes at end of Part 4.

TABLE 2.—*Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1960*—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)	[2] $10,538,657	$932,401	$127,039	$2,313,272	$98,833	$1,000,446	$4,436,588	$1,353,548	$276,530
Cost of flotation	546,093	53,476	6,486	46,109	2,891	10,729	362,957	42,741	20,703
Commissions and discounts	475,934	41,412	4,812	33,370	2,130	7,502	336,463	34,145	16,100
Expenses	70,159	12,064	1,674	12,739	761	3,227	26,495	8,596	4,603
Expected net proceeds	9,992,564	878,925	120,553	2,267,163	95,942	989,717	4,073,631	1,310,808	255,827
New money purposes	5,186,927	800,483	101,262	2,184,190	95,942	988,452	0	768,247	248,353
Plant and equipment	3,812,914	310,747	43,909	2,179,215	64,476	982,994	0	118,484	113,088
Working capital	1,374,013	489,735	57,352	4,976	31,465	5,458	0	649,763	135,264
Retirement of securities	96,290	12,131	0	23,162	0	0	150	60,705	142
Purchase of securities	4,584,627	29,830	297	2,563	0	554	4,073,481	474,722	3,181
Other	124,719	36,481	18,994	57,248	0	711	0	7,134	4,151

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

[2] The 1398 fully effective registrations shown in this table differ from the 1422 net effectives shown in text table "Number and disposition of registration statements filed" as follows:

Excluded from fully effective but included in net effectives:
- 28 registrations of American Depositary Receipts
- 4 registrations effective prior to seeking competitive bids. Amendments disclosing the accepted terms were not received in fiscal 1960.

Included in fully effective but excluded from net effectives:
- 8 registrations which became effective in fiscal 1960 but were later withdrawn.

[3] Includes face amount certificates.

[4] Includes certificates of participation and warrants.

[5] This total differs from the sum of the monthly figures ($5,307,149,000) 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, 1959	$14,703,000
Portion of exchange issues sold for cash	644,000

Included in this table but excluded from offerings:

Investment companies	$4,436,588,000
Employee purchase plans and other continuous offerings	535,600,000
Effectively registered issues not yet offered for sale	36,470,000
Issues sold outside the United States, intercorporate offerings, etc	238,196,000

[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
		Total corporate	Classified by type of offering						
			Public offerings [3]					Private placements [6]	
			Total public offerings	Registered under 1933 Act	Not registered under 1933 Act				
					Total	Railroad issues	Issues exempt because of size [4]	Other exempt offerings [5]	
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
1959	31,074,208	9,748,069	5,993,154	5,426,192	566,962	151,415	161,180	254,368	3,754,915	21,326,139
1959										
January	5,753,035	857,538	564,109	521,171	42,938	20,597	8,251	14,090	293,429	4,895,497
February	2,122,636	760,488	476,943	410,195	66,748	24,193	10,712	31,844	283,545	1,362,148
March	1,927,954	663,811	385,700	343,051	42,649	7,337	11,007	24,304	278,111	1,264,144
April	4,504,069	920,996	607,856	559,443	48,413	17,288	16,023	15,102	313,139	3,583,074
May	1,782,406	819,316	572,985	523,642	49,343	19,509	10,146	19,688	246,330	963,091
June	2,289,577	925,177	559,927	512,534	47,393	17,393	13,177	16,824	365,250	1,364,400
July	1,452,271	552,349	289,259	258,985	30,274	8,848	13,586	7,840	263,090	899,922
August	1,709,559	774,241	540,993	481,983	59,009	19,020	16,092	23,897	233,248	935,318
September	1,747,587	735,249	352,041	307,766	44,275	4,652	14,972	24,651	383,209	1,012,338
October	4,121,471	921,721	606,376	562,180	44,196	3,206	14,360	26,630	315,345	3,199,750
November	1,721,787	891,479	598,704	552,786	45,919	5,957	14,834	25,128	292,775	830,308
December	1,941,856	925,705	438,261	392,456	45,805	3,416	18,020	24,369	487,445	1,016,150
1960										
January	1,958,394	649,182	439,520	397,230	42,289	18,867	12,774	10,648	209,662	1,309,212
February	2,127,356	739,789	427,169	385,662	41,507	4,736	14,668	22,103	312,620	1,387,567
March	2,076,628	893,598	534,457	482,566	51,891	7,558	13,352	30,981	359,141	1,183,029
April	4,579,280	811,425	569,425	490,217	79,208	28,924	18,615	31,669	242,000	3,767,854
May	1,950,772	594,677	347,094	283,253	63,841	19,789	18,789	25,263	247,583	1,356,095
June	2,492,693	1,114,757	789,870	712,063	77,807	46,089	18,924	12,794	324,887	1,377,936

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		
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	410,504	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
1959	31,074,208	9,748,069	21,326,139	28,515,908	7,189,769	21,326,139	531,191	2,027,109
1959								
January	5,753,035 [3]	857,538	4,895,497	5,590,958	695,460	4,895,497	35,907	126,170
February	2,122,636	760,488	1,362,148	1,827,287	465,139	1,362,148	58,300	237,049
March	1,927,954	663,811	1,264,144	1,725,161	461,017	1,264,144	47,870	154,923
April	4,504,069	920,996	3,583,074	4,196,025	612,952	3,583,074	91,543	216,501
May	1,782,406	819,316	963,091	1,577,549	614,458	963,091	38,082	166,776
June	2,289,577	925,177	1,364,400	1,991,303	626,903	1,364,400	43,015	255,259
July	1,452,271	552,349	899,922	1,333,259	433,337	899,922	25,573	93,439
August	1,709,559	774,241	935,318	1,577,556	642,238	935,318	13,277	118,726
September	1,747,587	735,249	1,012,338	1,602,402	590,065	1,012,338	23,918	121,267
October	4,121,471	921,721	3,199,750	3,843,735	643,985	3,199,750	47,416	230,320
November	1,721,787	891,479	830,308	1,487,331	657,023	830,308	61,300	173,156
December	1,941,856	925,705	1,016,150	1,763,342	747,192	1,016,150	44,988	133,525
1960								
January	1,958,394	649,182	1,309,212	1,833,278	524,066	1,309,212	25,595	99,521
February	2,127,356	739,789	1,387,567	1,941,978	554,411	1,387,567	29,317	156,061
March	2,076,628	893,598	1,183,029	1,857,940	674,911	1,183,029	45,539	173,148
April	4,579,280	811,425	3,767,854	4,352,003	584,149	3,767,854	30,867	196,409
May	1,950,772	594,677	1,356,095	1,760,058	403,963	1,356,095	37,982	152,732
June	2,492,693	1,114,757	1,377,936	2,237,419	859,483	1,377,936	26,054	229,220

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									Noncorporate					
	Total corporate	Manufacturing	Extractive	Electric, gas and water	Railroad	Other transportation	Communication	Financial and real estate [7]	Commercial and other	Total noncorporate	U.S. Government (including issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government and international	Nonprofit institutions
1955	10,240,155	2,993,658	415,289	2,463,729	547,777	345,280	1,132,271	1,898,677	443,473	16,532,195	9,628,326	745,558	5,976,504	149,960	31,848
1956	10,938,718	3,647,243	455,523	2,529,175	382,012	342,000	1,419,457	1,855,953	307,355	11,466,695	5,516,972	169,450	5,446,420	300,343	33,510
1957	12,883,533	4,233,708	288,574	3,938,087	343,647	479,921	1,461,748	1,795,413	342,435	17,687,090	9,600,598	571,550	6,958,152	504,898	51,892
1958	11,558,343	3,515,407	246,565	3,804,105	238,352	585,539	1,423,776	1,088,299	656,299	22,884,726	12,062,886	2,321,105	7,448,803	995,403	56,529
1959	9,748,069	2,072,820	161,396	3,257,790	173,913	792,829	717,101	1,852,906	719,314	21,326,139	12,322,475	706,998	7,681,054	545,658	69,955
1959															
January	857,538	161,852	19,492	301,940	20,597	62,572	35,212	205,446	50,426	4,895,497	3,971,410	198,500	639,272	80,816	5,500
February	760,488	127,952	4,145	190,426	24,193	134,127	62,804	106,899	109,943	1,362,148	419,515	0	880,865	59,768	2,000
March	663,811	95,962	3,821	337,392	7,337	50,867	9,742	110,876	47,813	1,264,144	443,101	174,680	636,829	2,034	7,500
April	920,996	289,711	7,227	319,583	17,288	57,403	16,312	141,948	71,524	3,583,074	2,583,132	0	939,972	57,569	2,400
May	819,316	264,631	25,245	347,422	19,509	16,873	5,670	107,262	32,704	963,091	338,394	0	568,908	50,334	5,454
June	925,177	235,390	14,946	333,188	20,391	77,852	22,146	97,923	123,341	1,364,400	322,692	0	995,164	41,944	4,600
July	552,349	141,949	8,595	173,276	8,848	24,559	7,066	132,555	55,501	899,922	350,429	0	456,977	84,621	7,895
August	774,241	146,041	14,438	193,616	19,020	80,487	36,315	249,906	34,417	935,318	308,789	98,343	522,834	292	5,060
September	735,249	215,301	23,163	111,192	4,652	135,026	56,971	164,985	23,960	1,012,338	299,838	149,625	520,246	34,733	7,895
October	921,721	102,718	18,822	347,926	22,706	82,952	127,967	145,115	73,516	3,199,750	2,573,649	0	586,748	32,753	6,600
November	891,479	118,757	11,571	250,825	5,957	12,270	264,348	185,331	42,421	830,308	331,800	0	457,705	30,503	10,300
December	925,705	172,556	9,932	351,005	3,416	57,841	72,547	204,662	53,748	1,016,150	379,725	85,850	475,534	70,291	4,750
1960															
January	649,182	76,961	31,270	157,905	18,867	40,473	36,998	250,177	36,531	1,309,212	420,468	181,830	695,779	1,985	9,150
February	739,789	72,588	10,175	252,530	4,736	17,283	81,863	205,563	95,052	1,387,567	435,082	149,625	621,614	175,246	6,000
March	893,598	194,521	78,745	201,977	7,558	65,168	69,946	223,270	52,415	1,183,029	391,485	150,000	567,509	70,436	3,600
April	811,425	179,799	6,300	325,765	28,924	28,331	52,518	147,012	42,777	3,767,854	2,859,881	147,551	717,496	33,547	9,379
May	594,677	100,789	33,700	146,720	19,789	61,828	37,748	150,227	43,876	1,356,095	367,850	354,318	555,700	72,350	5,878
June	1,114,757	265,253	3,954	370,648	46,089	22,375	64,846	292,782	48,810	1,377,936	350,324	0	978,407	40,343	8,862

See footnotes at end of table.

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

PART 4.—PRIVATE PLACEMENT OF CORPORATE SECURITIES [8]

[Estimated gross proceeds in thousands of dollars [2]]

Calendar year or month	All private placements	Type of security		Industry of issuer							
		Bonds, debentures, and notes	Stocks	Manufacturing	Extractive	Electric, gas and water	Railroad	Other transportation	Communication	Financial and real estate	Commercial and other
1955	3,476,994	3,300,973	176,021	1,197,273	201,826	596,041	15,728	315,061	107,540	807,053	236,473
1956	3,886,144	3,776,994	109,151	1,612,952	134,812	616,319	11,650	215,494	91,539	1,028,338	175,041
1957	3,924,559	3,838,917	85,642	1,656,940	146,685	665,506	0	419,319	137,455	714,662	183,993
1958	3,489,883	3,320,294	169,589	1,397,250	105,483	616,692	500	505,126	175,792	501,659	187,380
1959	3,754,915	3,632,417	122,498	978,778	59,023	676,987	22,498	659,161	101,170	982,567	274,730
1959											
January	293,429	291,059	2,370	70,402	14,987	58,183	0	55,363	8,708	68,774	17,012
February	283,545	277,931	5,613	45,428	700	19,358	0	130,141	8,699	64,808	14,410
March	278,111	266,031	12,080	69,941	878	101,134	0	24,882	3,742	50,820	26,715
April	313,139	302,764	10,375	87,129	175	48,748	0	57,149	5,680	99,772	14,487
May	246,330	234,785	11,545	91,402	2,995	42,608	0	8,177	3,382	84,541	13,224
June	365,250	356,789	8,461	79,088	11,360	60,952	2,998	77,580	22,146	34,888	76,237
July	263,090	260,045	3,045	69,686	2,106	31,397	0	23,963	3,871	103,515	28,551
August	233,248	228,270	4,978	94,314	6,778	12,395	0	33,348	1,224	80,223	4,966
September	383,209	370,310	12,898	140,531	13,000	27,969	0	117,876	4,687	69,335	9,811
October	315,345	313,095	2,250	77,111	717	26,668	19,500	66,842	19,845	90,684	13,980
November	292,775	261,020	31,755	43,671	532	108,088	0	6,000	8,500	107,577	18,407
December	487,445	470,317	17,128	110,075	4,796	139,487	0	57,841	10,685	127,630	36,931
1960											
January	209,662	200,645	9,017	43,749	9,557	10,642	0	38,890	6,525	90,827	9,471
February	312,620	301,670	10,950	28,763	1,500	29,091	0	11,783	3,300	159,938	78,244
March	359,141	314,021	45,120	63,519	48,350	67,932	0	44,968	13,961	86,701	33,710
April	242,000	237,192	4,808	98,779	3,900	64,100	0	22,651	1,352	40,149	11,070
May	247,583	218,669	28,914	58,810	24,360	36,996	0	17,240	13,370	65,093	31,713
June	324,887	319,315	5,572	103,365	2,771	45,503	0	21,360	8,700	123,927	19,262

[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 the *Bond Buyer;* these represent principal amounts instead of gross proceeds. All figures are subject to revision as new data are received. For data for the years 1934–54, see 25th Annual Report.

[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] Excluding issues of investment companies.

[8] 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 [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		
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	548,952	915,475
1959	9,748,069	9,526,631	8,577,764	6,084,152	2,493,612	134,548	814,319
1959							
January	857,538	840,968	757,179	477,602	279,577	19,792	63,997
February	760,488	743,742	590,565	463,916	126,648	6,180	146,998
March	663,811	647,553	551,052	425,816	125,236	1,942	94,559
April	920,996	900,715	833,370	606,073	227,297	6,390	60,955
May	819,316	799,193	756,089	548,981	207,108	14,015	29,089
June	925,177	903,174	824,824	556,774	268,049	15,760	62,590
July	552,349	538,183	462,657	315,075	147,582	2,806	72,719
August	774,241	758,077	698,830	393,511	305,318	18,301	40,946
September	735,249	719,764	655,570	387,883	267,687	16,305	47,889
October	921,721	897,511	801,047	647,068	153,979	18,780	77,683
November	891,479	870,727	802,758	642,625	160,133	6,878	61,091
December	920,705	907,024	843,823	618,826	224,997	7,399	55,802
1960							
January	649,182	635,077	549,791	302,333	247,459	58,132	27,153
February	739,789	723,574	666,909	404,352	262,557	8,878	47,786
March	893,598	874,551	802,896	477,733	325,163	14,691	56,964
April	811,425	789,356	680,701	478,714	201,987	22,950	85,705
May	594,677	577,239	519,101	332,565	186,536	10,516	47,622
June	1,114,757	1,084,686	984,658	612,804	371,854	50,527	49,500

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 [3]	Total new money	Plant and equipment	Working capital		
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
1959	2,072,820	2,011,306	1,684,071	863,709	820,362	70,419	256,815
1959							
January	161,852	158,780	132,577	45,599	86,979	15,508	10,695
February	127,952	124,224	71,292	50,205	21,087	1,363	51,569
March	95,962	92,980	84,398	52,443	31,955	722	7,860
April	289,711	283,056	240,996	157,827	83,169	4,544	37,516
May	264,631	256,521	230,279	152,957	77,322	6,717	19,525
June	235,390	226,219	207,164	75,737	131,426	4,096	14,960
July	141,949	136,792	122,701	48,432	74,270	1,333	12,757
August	146,041	141,582	109,692	52,955	56,737	14,914	16,976
September	215,301	210,233	179,448	73,187	106,260	4,140	26,646
October	102,718	99,594	71,122	31,644	39,477	13,664	14,807
November	118,757	113,786	95,826	33,528	62,298	213	17,747
December	172,556	167,540	138,576	89,194	49,382	3,207	25,756
1960							
January	76,961	73,120	61,102	33,075	28,027	4,966	7,052
February	72,588	67,982	57,462	24,352	33,109	3,715	6,805
March	194,521	186,805	155,390	85,197	70,193	1,364	30,051
April	179,799	173,492	133,591	52,196	81,395	2,493	37,407
May	100,789	95,968	82,853	30,593	52,260	2,794	10,320
June	265,253	254,135	217,965	107,873	110,092	2,206	33,964

See footnotes at end of table.

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

PART 3.—EXTRACTIVE

[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		
1955	415,289	390,758	325,490	197,394	128,096	3,921	61,347
1956	455,523	435,691	304,909	211,029	93,880	37,849	92,934
1957	288,574	276,809	242,826	159,783	83,042	6,838	27,145
1958	246,565	239,274	184,092	95,221	88,871	2,033	53,149
1959	161,396	154,495	119,555	39,190	80,365	12,245	22,695
1959							
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	3,821	3,550	3,381	490	2,891	0	169
April	7,227	7,009	6,701	1,364	5,337	0	308
May	25,245	24,447	24,200	5,917	18,283	0	247
June	14,946	14,356	9,182	710	8,473	2,245	2,929
July	8,595	8,363	6,170	1,210	4,960	0	2,193
August	14,438	13,926	7,626	2,168	5,458	0	6,300
September	23,163	22,261	11,762	3,002	8,760	10,000	499
October	18,822	16,927	12,572	4,273	8,299	0	4,355
November	11,571	11,197	10,637	1,615	9,022	0	560
December	9,932	9,569	5,343	1,646	3,697	0	4,227
1960							
January	31,270	30,088	22,040	14,352	7,688	477	7,572
February	10,175	9,927	9,827	3,166	6,661	0	99
March	78,745	77,174	63,187	33,972	29,215	2,090	11,896
April	6,300	6,089	2,430	420	2,010	0	3,659
May	33,700	33,299	28,723	11,504	17,219	1,058	3,517
June	3,954	3,813	3,265	1,655	1,610	130	418

PART 4.—ELECTRIC, GAS AND WATER

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
1959	3,257,790	3,204,090	3,056,634	3,036,644	19,990	15,250	132,205
1959							
January	301,940	296,646	273,010	273,010	0	1,955	21,682
February	190,426	187,239	180,197	178,649	1,548	1,880	5,162
March	337,392	332,574	291,887	286,284	5,603	0	40,687
April	319,583	313,735	304,161	303,754	408	0	9,573
May	347,422	341,492	336,426	329,341	7,085	4,692	375
June	333,188	329,254	324,397	324,114	283	1,107	3,750
July	173,276	170,391	170,142	169,866	277	0	248
August	193,616	191,137	189,861	189,803	58	0	1,276
September	111,192	109,545	92,833	91,367	1,466	1,000	15,712
October	347,926	340,708	308,708	307,078	1,630	0	32,000
November	250,825	245,820	239,908	238,588	1,321	4,617	1,294
December	351,005	345,550	345,104	344,791	313	0	446
1960							
January	157,905	155,187	154,563	153,607	956	62	562
February	252,530	246,976	244,208	243,817	391	2,371	396
March	201,977	198,372	197,232	195,328	1,904	195	945
April	325,765	320,257	282,517	282,517	0	18,155	19,585
May	146,720	143,970	137,517	137,152	365	327	6,127
June	370,648	365,182	361,266	357,579	3,687	3,336	580

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 [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		
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
1959	173,913	172,244	172,244	169,314	2,930	0	0
1959							
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
July	8,848	8,780	8,780	8,780	0	0	0
August	19,020	18,827	18,827	18,827	0	0	0
September	4,652	4,598	4,598	4,598	0	0	0
October	22,706	22,575	22,575	22,575	0	0	0
November	5,957	5,888	5,888	5,888	0	0	0
December	3,416	3,385	3,385	3,385	0	0	0
1960							
January	18,867	18,697	18,697	18,697	0	0	0
February	4,736	4,697	4,697	4,697	0	0	0
March	7,558	7,486	7,486	7,486	0	0	0
April	28,924	28,659	28,659	28,659	0	0	0
May	19,789	19,574	19,574	19,574	0	0	0
June	46,089	45,446	10,785	10,785	0	34,661	0

PART 6.—OTHER TRANSPORTATION

1955	345,280	341,717	237,366	220,971	16,395	18,769	85,582
1956	342,000	335,772	322,855	298,537	24,318	7,147	5,770
1957	479,921	475,421	465,095	456,665	8,430	204	10,122
1958	585,539	580,031	474,438	458,345	16,093	8,505	97,088
1959	792,829	784,469	747,347	699,873	47,474	15,077	22,045
1959							
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	50,867	49,391	41,364	40,438	926	425	7,603
April	57,403	57,261	56,549	56,155	394	356	356
May	16,873	16,218	15,660	13,900	1,760	58	499
June	77,852	77,294	71,245	69,578	1,667	4,351	1,699
July	24,559	24,434	22,635	21,389	1,246	900	900
August	80,487	79,308	78,109	54,163	23,946	600	600
September	135,026	133,957	132,042	129,059	2,983	957	957
October	82,952	81,932	78,523	76,692	1,831	904	2,506
November	12,270	11,708	11,109	10,622	487	299	299
December	57,841	57,568	54,626	53,055	1,571	1,271	1,671
1960							
January	40,473	40,095	37,483	35,112	2,371	1,306	1,306
February	17,283	16,788	15,830	14,827	1,004	479	479
March	65,168	64,488	62,197	61,051	1,146	1,146	1,146
April	28,331	27,956	27,627	27,433	194	165	165
May	61,828	60,814	56,155	55,889	266	266	4,393
June	22,375	22,128	21,872	21,316	556	128	128

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 [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		
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
1959	717,101	707,265	702,959	701,347	1,612	113	4,192
1959							
January	35,212	33,944	33,431	32,890	541	113	400
February	62,804	61,913	60,913	60,913	0	0	1,000
March	9,742	9,411	9,411	9,411	0	0	0
April	16,312	15,984	15,846	15,756	90	0	138
May	5,670	5,500	5,500	5,500	0	0	0
June	22,146	21,888	20,986	20,986	0	0	902
July	7,066	6,842	6,842	6,780	62	0	0
August	36,315	35,929	35,377	34,688	689	0	552
September	56,971	55,874	55,874	55,829	45	0	0
October	127,967	126,381	126,381	126,338	44	0	0
November	264,348	261,820	260,620	260,586	33	0	1,200
December	72,547	71,778	71,778	71,670	109	0	0
1960							
January	36,998	36,351	36,216	36,125	91	0	135
February	81,863	80,901	80,852	80,807	45	0	50
March	69,946	69,278	68,373	68,328	45	682	223
April	52,518	51,740	51,130	48,189	2,940	0	611
May	37,748	36,978	36,725	35,716	1,010	0	252
June	64,846	63,838	63,607	63,588	19	0	231

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 [3]	Total net proceeds [3]	Total new money	Plant and equipment	Working capital		
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
1959	1,852,906	1,807,390	1,568,990	300,592	1,268,398	6,116	232,285
1959							
January	205,446	201,719	181,740	8,099	173,642	120	19,859
February	106,899	105,250	98,026	9,819	88,207	0	7,224
March	110,876	106,781	74,758	10,141	64,618	47	31,975
April	141,948	138,672	127,342	17,069	110,273	497	10,833
May	107,262	105,248	99,444	9,616	89,828	1,000	4,804
June	97,923	93,606	65,605	17,125	48,480	0	28,001
July	132,555	129,830	93,219	36,210	57,010	574	36,037
August	249,906	245,064	230,823	31,274	199,549	549	13,692
September	164,985	160,729	158,505	17,766	140,740	181	2,043
October	145,115	140,103	120,568	30,125	90,443	599	18,936
November	185,331	180,529	141,953	74,671	67,282	225	38,352
December	204,662	199,860	177,005	38,678	138,327	2,324	20,530
1960							
January	250,177	246,771	187,940	1,131	186,808	50,810	8,021
February	205,563	203,359	193,088	13,171	179,917	324	9,947
March	223,270	220,675	208,548	14,410	194,139	5,958	6,169
April	147,012	140,781	117,702	29,815	87,887	1,538	21,541
May	150,227	144,349	128,807	35,840	92,967	1,004	14,538
June	292,782	284,446	265,905	30,452	235,453	9,264	9,277

See footnotes at end of table.

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

PART 9.—COMMERCIAL AND OTHER

[Amounts in thousands of dollars [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		
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
1959	719,314	685,374	525,963	273,483	252,480	15,328	144,082
1959							
January	50,426	48,428	39,382	30,217	9,165	48	8,998
February	109,943	103,937	25,364	16,155	9,209	29	78,544
March	47,813	45,596	38,583	19,340	19,243	748	6,265
April	71,524	67,866	64,643	37,017	27,626	993	2,230
May	32,704	30,476	25,288	12,458	12,830	1,548	3,639
June	123,341	120,404	106,092	31,301	74,790	3,962	10,350
July	55,501	52,751	32,168	22,410	9,758	0	20,584
August	34,417	32,304	28,516	9,633	18,883	2,238	1,550
September	23,960	22,566	20,507	13,075	7,432	28	2,032
October	73,516	69,291	60,598	48,343	12,256	3,613	5,079
November	42,421	39,980	36,817	17,128	19,689	1,524	1,639
December	53,748	51,774	48,006	16,407	31,599	596	3,172
1960							
January	36,531	34,768	31,749	10,233	21,516	512	2,507
February	95,052	92,944	60,946	19,516	41,430	1,988	30,009
March	52,415	50,272	40,482	11,961	28,521	3,256	6,534
April	42,777	40,382	37,046	9,485	27,562	599	2,737
May	43,876	42,287	28,747	6,298	22,448	5,066	8,474
June	48,810	45,697	39,991	19,556	20,436	803	4,902

[1] Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.
[2] For earlier data see 25th Annual Report.
[3] Total estimated gross proceeds represent the amount paid for the securities by investors, while total estimated net proceeds represent the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

TABLE 5.—*A summary of corporate securities publicly offered and privately placed in each year from 1934 through June 1960*

[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	37.3
1944	3,202	2,670	532	2,415	1,892	524	787	778	9	24.6	29.1
1945	6,011	4,855	1,155	4,989	3,851	1,138	1,022	1,004	18	17.0	20.7
1946	6,900	4,882	2,018	4,983	3,019	1,963	1,917	1,863	54	27.8	38.2
1947	6,577	5,036	1,541	4,342	2,889	1,452	2,235	2,147	88	34.0	42.6
1948	7,078	5,973	1,106	3,991	2,965	1,028	3,087	3,008	79	43.6	50.4
1949	6,052	4,890	1,161	3,550	2,437	1,112	2,502	2,453	49	41.3	50.2
1950	6,362	4,920	1,442	3,681	2,360	1,321	2,680	2,560	120	42.1	52.0
1951	7,741	5,691	2,050	4,326	2,364	1,962	3,415	3,326	88	44.1	58.4
1952	9,534	7,601	1,933	5,533	3,645	1,888	4,002	3,957	45	42.0	52.1
1953	8,898	7,083	1,815	5,580	3,856	1,725	3,318	3,228	90	37.3	45.6
1954	9,516	7,488	2,029	5,848	4,003	1,844	3,668	3,484	184	38.5	46.5
1955	10,240	7,420	2,820	6,763	4,119	2,644	3,477	3,301	176	34.0	44.5
1956	10,939	8,002	2,937	7,053	4,225	2,827	3,886	3,777	109	35.5	47.2
1957	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	9,748	7,190	2,558	5,993	3,557	2,436	3,755	3,632	122	38.5	50.5
1960 (January-June)	4,803	3,601	1,202	3,108	2,009	1,098	1,696	1,592	104	35.3	44.2

TABLE 6.—*Brokers and dealers registered under the Securities Exchange Act of 1934* [1]*—effective registrations as of June 30, 1960, 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] [3]			
	Total	Sole proprietorships	Partnerships	Corporations [4]	Total	Sole proprietorships	Partnerships	Corporations [4]
Alabama	36	13	4	19	108	13	13	82
Alaska	4	4	0	0	4	4	0	0
Arizona	30	5	7	18	127	5	17	105
Arkansas	26	6	3	17	83	6	6	71
California	396	150	87	159	1,451	150	505	796
Colorado	91	29	7	55	304	29	27	248
Connecticut	44	16	13	15	184	16	62	106
Delaware	15	2	4	9	74	2	22	50
District of Columbia	127	35	22	70	502	35	100	367
Florida	126	50	13	63	336	50	35	251
Georgia	42	10	6	26	239	10	28	201
Hawaii	34	12	7	15	140	12	17	111
Idaho	16	7	1	8	46	7	3	36
Illinois	189	45	59	85	886	45	294	547
Indiana	55	24	5	26	167	24	11	132
Iowa	36	13	6	17	102	13	16	73
Kansas	31	9	5	17	127	9	15	103
Kentucky	22	7	5	10	81	7	20	54
Louisiana	57	34	11	12	118	34	36	48
Maine	29	8	2	19	87	8	7	72
Maryland	60	22	12	26	194	22	81	91
Massachusetts	208	89	33	86	882	89	214	579
Michigan	62	10	19	33	297	10	106	181
Minnesota	62	12	9	41	300	12	32	256
Mississippi	23	10	6	7	51	10	16	25
Missouri	86	23	18	45	461	23	137	301
Montana	13	7	1	5	32	7	2	23
Nebraska	26	9	0	17	121	9	0	112
Nevada	4	4	0	0	4	4	0	0
New Hampshire	10	7	0	3	21	7	0	14
New Jersey	257	139	36	82	560	139	101	320
New Mexico	11	3	3	5	35	3	11	21
New York State (excluding New York City)	458	265	45	148	924	265	130	529
North Carolina	43	16	4	23	209	16	10	183
North Dakota	9	3	1	5	23	3	2	18
Ohio	140	28	37	75	612	28	189	395
Oklahoma	39	22	6	11	75	22	12	41
Oregon	29	6	5	18	108	6	12	90
Pennsylvania	223	59	84	80	935	59	403	473
Rhode Island	19	3	11	5	48	3	31	14
South Carolina	29	10	4	15	92	10	9	73
South Dakota	10	6	0	4	22	6	0	16
Tennessee	49	10	11	28	198	10	32	156
Texas	213	83	25	105	662	83	82	497
Utah	43	13	6	24	121	13	25	83
Vermont	3	2	0	1	11	2	0	9
Virginia	53	23	13	17	163	23	58	82
Washington	83	40	5	38	279	40	18	221
West Virginia	13	7	2	4	34	7	5	22
Wisconsin	46	8	4	34	211	8	25	178
Wyoming	12	10	0	2	20	10	0	10
Total (excluding New York City)	3,742	1,428	667	1,647	12,871	1,428	2,977	8,466
New York City	1,497	371	596	530	6,906	371	3,780	2,755
Total	5,239	1,799	1,263	2,177	19,777	1,799	6,757	11,221

[1] Does not include 49 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, 1960.

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

TABLE 7.—*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, 1960

Status under the act*	Stocks	Bonds	Total stocks and bonds	Issuers involved
Registered pursuant to sections 12 (b), (c), and (d)	2,705	1,189	3,894	2,307
Temporarily exempted from registration by Commission rule	10	3	13	6
Admitted to unlisted trading privileges on registered exchanges pursuant to section 12(f)	217	28	245	199
Listed on exempted exchanges under exemption orders of the Commission	71	8	79	57
Admitted to unlisted trading privileges on exempted exchanges under exemption orders of the Commission	15	0	15	15
Total	3,018	1,228	4,246	2,584

*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, 1960

Exchanges	Issuers	Stocks						Bonds				
		R	X	U	XL	XU	Total	R	X	U	XL	Total
American	867	703	2	226	------	------	931	31	------	29	------	60
Boston	441	70	------	387	------	------	457	14	------	------	------	14
Chicago Board of Trade	11	7	------	4	------	------	11	------	------	------	------	------
Cincinnati	141	44	------	105	------	------	149	9	1	------	------	10
Colorado Springs	11	------	------	------	12	------	12	------	------	------	------	------
Detroit	234	105	2	134	------	------	241	------	------	------	------	------
Honolulu	58	------	------	------	53	16	69	------	------	------	8	8
Midwest	461	403	5	112	------	------	520	15	------	------	------	15
New York Stock	1,317	1,531	1	------	------	------	1,532	1,137	2	------	------	1,139
Pacific Coast	500	320	3	250	------	------	573	20	------	------	------	20
Philadelphia-Baltimore	539	156	5	456	------	------	617	54	------	------	------	54
Pittsburgh	115	45	------	77	------	------	122	1	------	------	------	1
Richmond	18	------	------	------	27	------	27	------	------	------	------	------
Salt Lake	89	87	------	4	------	------	91	------	------	------	------	------
San Francisco Mining	44	45	------	------	------	------	45	------	------	------	------	------
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 8.—*Unlisted stocks on securities exchanges* [1]

PART 1.—NUMBER OF STOCKS ON THE EXCHANGES IN THE VARIOUS UNLISTED CATEGORIES [2] AS OF JUNE 30, 1960

Exchanges	Unlisted only [3]		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 [4]
American	185	2	34	4	1
Boston	1	0	150	236	0
Chicago Board of Trade	2	0	2	0	0
Cincinnati	0	0	0	105	0
Detroit	0	0	14	120	0
Honolulu	16	0	0	0	0
Midwest	0	0	0	112	0
Pacific Coast	26	0	57	167	9
Philadelphia-Baltimore	3	0	230	223	0
Pittsburgh	0	0	16	61	0
Salt Lake	3	0	0	0	1
Spokane	4	0	1	1	0
Wheeling	0	0	0	3	0
Total [5]	240	2	504	1,032	2

PART 2.—UNLISTED SHARE VOLUME ON THE EXCHANGES—CALENDAR YEAR 1959

Exchanges	Unlisted only [3]		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 [4]
American	36,201,214	20,170	6,274,795	2,980,300	21,400
Boston	9 955	0	2,414,101	2,379,754	0
Chicago Board of Trade	0	0	0	0	0
Cincinnati	0	0	0	433,387	0
Detroit	0	0	319,605	1,763,577	0
Honolulu	28,135	0	0	0	0
Midwest	0	0	0	11,158,102	0
New Orleans [6]	36,275	0	646	133	0
Pacific Coast	4,157,529	0	4,020,497	6,215,096	0
Philadelphia-Baltimore	306	0	4,452,390	4,025,063	0
Pittsburgh	0	0	274,395	217,978	0
Salt Lake	193	0	0	0	251
Spokane	204,856	0	6,625	100	0
Wheeling	0	0	0	894	0
Total	40,638,463	20,170	17,763,054	29,174,384	21,651

[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.

[6] Through October 30, 1959, after which date trading ceased on this Exchange.

TABLE 9.—*Dollar volume and share volume of sales effected on securities exchanges in the 12-month period ended Dec. 31, 1959 and the 6-month period ended June 30, 1960*

[Amounts in thousands]

PART 1.—12 MONTHS ENDED DEC. 31, 1959

	Total dollar volume	Stocks[1]		Bonds[2]		Rights and warrants	
		Dollar volume	Share volume	Dollar volume	Principal amount	Dollar volume	Number of units
Registered exchanges	53,877,250	51,863,625	1,604,623	1,891,894	1,816,130	121,731	93,814
American	4,982,019	4,863,440	403,376	27,451	32,616	91,128	13,075
Boston	340,959	340,956	6,263	0	0	3	16
Chicago Board of Trade	0	0	0	0	0	0	0
Cincinnati	35,546	35,399	691	115	190	31	64
Detroit	173,512	173,501	5,166	0	0	10	39
Midwest	1,390,758	1,390,506	33,693	3	5	249	418
New Orleans[3]	964	960	41	1	1	3	18
New York	45,367,620	43,475,673	1,038,997	1,864,117	1,783,073	27,829	75,761
Pacific Coast	1,007,647	1,005,814	47,008	5	2	1,829	757
Philadelphia-Baltimore	527,656	526,834	11,778	202	243	620	3,566
Pittsburgh	42,333	42,333	1,138	0	0	0	0
Salt Lake	4,036	4,008	34,254	0	0	28	100
San Francisco Mining	2,446	2,446	19,645	0	0	0	0
Spokane	1,754	1,754	2,573	0	0	0	0
Exempted exchanges	15,958	15,728	1,181	59	52	171	78
Colorado Springs	57	57	385	0	0	0	0
Honolulu	14,816	14,586	766	59	52	171	78
Richmond	698	698	14	0	0	0	0
Wheeling	387	387	16	0	0	0	0

PART 2.—6 MONTHS ENDED JUNE 30, 1960

Registered exchanges	24,860,007	23,949,849	715,783	874,566	855,966	35,591	17,581
American	2,214,647	2,171,345	155,546	13,588	13,507	29,714	8,892
Boston	152,958	152,958	3,025	0	0	0	0
Chicago Board of Trade	0	0	0	0	0	0	0
Cincinnati	18,500	18,450	356	50	83	0	0
Detroit	84,721	84,721	2,609	0	0	(4)	1
Midwest	649,473	649,277	16,062	9	8	187	36
New York	21,003,988	20,138,974	493,548	860,815	842,234	4,199	7,406
Pacific Coast	464,163	462,685	22,073	0	0	1,477	1,034
Philadelphia-Baltimore	252,675	252,556	6,516	104	135	14	163
Pittsburgh	15,864	15,864	446	0	0	0	0
Salt Lake	1,157	1,157	8,086	0	0	0	0
San Francisco Mining	668	668	5,816	0	0	0	0
Spokane	1,195	1,195	1,699	0	0	0	0
Exempted exchanges	7,427	7,286	432	5	4	136	15
Colorado Springs	43	43	129	0	0	0	0
Honolulu	6,745	6,604	287	5	4	136	15
Richmond	411	411	9	0	0	0	0
Wheeling	229	229	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.
[3] Cessation of trading October 30, 1959.
[4] Less than $1,000.

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 10.—*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	1,097,338	31,054				81	4,270,580	127,462
1944	87	1,053,667	32,454				94	4,097,298	135,760
1945	79	947,231	29,878				115	9,457,358	191,961
1946	23	308,134	11,002				100	6,481,291	232,398
1947	24	314,270	9,133				73	3,961,572	124,671
1948	21	238,879	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	323,013	10,751				88	5,193,756	146,459
1952	22	357,897	9,931				76	4,223,258	149,117
1953	17	380,680	10,486				68	6,906,017	108,229
1954	14	189,772	6,670	57	705,781	24,664	84	5,738,359	218,490
1955	9	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	9,324,599	339,062
1958	5	88,152	3,286	38	619,876	29,454	122	9,508,505	361,886
1959	3	33,500	3,730	28	545,038	26,491	148	17,330,941	822,336

[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 11.—*Comparative share sales and dollar volumes on exchanges*

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

Year	Share sales	NYS %	AMS %	MSE %	PCS %	PBS %	BSE %	DSE %	PIT %	CIN %	Other %
1935	681,970,500	73.13	12.42	1.91	2.69	0.76	0.96	0.85	0.34	0.03	6.91
1936	962,135,940	73.02	16.43	2.18	2.96	.69	.72	.74	.32	.04	2.90
1937	838,469,889	73.19	14.75	1.79	3.23	.70	.83	.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	893,320,458	76.32	13.54	2.16	3.11	.79	.65	.55	.18	.09	2.61
1951	863,918,401	74.40	14.60	2.10	3.54	.76	.70	.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
1959	1,699,696,619	65 59	24.50	2.00	2.81	.90	.37	.31	.07	.04	3.41
Six months to June 30. 1960	733,761,851	68.27	22.41	2.19	3.15	.91	.41	.36	.06	.05	2.19
	Dollar volume (000 omitted)										
1935	$15,396,139	86.64	7.83	1.32	1.39	.68	1.34	.40	.20	.04	.16
1936	23,640,431	86.24	8.69	1.39	1.33	.62	1.05	.31	.20	.03	.14
1937	21,023,865	87.85	7.56	1.06	1.25	.60	1.10	.24	.20	.03	.11
1938	12,345,419	89.24	5.57	1.03	1.27	.72	1.51	.37	.18	.04	.07
1939	11,434,528	87.20	6.56	1.70	1.37	.82	1.70	.34	.18	.06	.07
1940	8,419,772	85.17	7.68	2.07	1.52	.92	1.91	.36	.19	.09	.09
1941	6,248,055	84.14	7.45	2.59	1.67	1.10	2.27	.33	.21	.12	.12
1942	4,314,294	85.16	6.60	2.43	1.71	.96	2.33	.34	.23	.13	.11
1943	9,033,907	84.93	8.90	2.02	1.43	.80	1.30	.30	.16	.07	.09
1944	9,810,149	84.14	9.30	2.11	1.70	.79	1.29	.34	.15	.07	.11
1945	16,284,552	82.75	10.81	2.00	1.78	.82	1.16	.35	.14	.06	.13
1946	18,828,477	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	2.84	2.20	1.06	1.04	.46	.16	.13	.07
1954	28,140,117	86.23	6.79	2.42	2.02	.94	.89	.39	.14	.10	.08
1955	38,039,107	86.31	6.98	2.44	1.90	.90	.78	.39	.13	.09	.08
1956	35,143,115	84.95	7.77	2.75	2.08	.96	.80	.42	.12	.08	.07
1957	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
1959	52,001,255	83.66	9.53	2.67	1.94	1.01	.66	.33	.08	.07	.05
Six months to June 30, 1960	23,992,863	83.95	9.17	2.71	1.94	1.05	.64	.35	.07	.08	.04

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 12.—*Reorganization proceedings under Chapter X of the Bankruptcy Act in which the Commission participated during the fiscal year 1960*

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, 1940
American Fuel & Power Co.	E.D. Ky.	Dec. 6, 1935	Dec. 20, 1935	May 1, 1955
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.	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
Coffeyville Loan & Investment Co., Inc.[1]	D. Kans.	July 17, 1959	July 17, 1959	Aug. 10, 1959
Columbus Venetian Stevens Buildings, Inc.[2]	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.	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.	E.D. Pa.	Nov. 25, 1958	Nov. 25, 1958	Jan. 16, 1959
Empire Warehouses, Inc.[2]	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
Food Town, Inc.[1]	D. Md.	July 29, 1959	July 29, 1959	Aug. 13, 1959
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[2]	D. N.J.	July 23, 1953	Dec. 28, 1953	Sept. 8, 1953
Eastern Edible Refinery Corp.	do	June 23, 1954	June 23, 1954	Oct. 14, 1954
Gobel Pharmaceuticals, Inc.	do	do	do	Do.
Gobel's Q.F. Distributors	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, 1935	Nov. 1, 1935	Mar. 28, 1939
International Railway Co.[2]	W.D. N.Y.	July 28, 1947	July 28, 1947	Aug. 4, 1947
F. L. Jacobs Co.	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
Kentucky Jockey Club Inc.[1]	W. D. Ky.	Dec. 9, 1959	Dec. 9, 1959	Jan. 18, 1959
Kirchofer & Arnold Inc.[1]	E. D. N. C.	Nov. 5, 1959	Nov. 5, 1959	Nov. 9, 1959
Liberty Baking Corp.	S.D. N.Y.	Apr. 22, 1957	Apr. 22, 1957	May 2, 1957
Ludman Corp.	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
Moorehead City Shipbuilding Corp.[1]	E.D. N.C.	Nov. 5, 1959	Nov. 5, 1959	Nov. 9, 1959
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.
Parker Petroleum Co., Inc.	W.D. Okla.	May 6, 1958	May 6, 1958	June 9, 1958
Pickman Trust Deed Corp.[1]	N.D. Calif.	June 13, 1960	June 13, 1960	June 13, 1960
Pittsburgh Railways Co.[2]	W.D. Pa.	May 10, 1938	May 10, 1938	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	Do.
Reynolds Engineering & Supply Inc.[1]	D. Md.	Feb. 1, 1960	Feb. 1, 1960	Feb. 17, 1960
San Souci Hotel, Inc.	D. Nev.	Aug. 1, 1958	Aug. 1, 1958	Sept. 16, 1958
Scranton Corp.	M.D. Pa.	Apr. 3, 1959	Apr. 3, 1959	Apr. 15, 1959
Hal Roach Studios	do	do	do	Do.
Chemical & Rubber Corp. of America [1]	do	July 17, 1959	July 17, 1959	Do.
RABCO TV	do	Oct. 1, 1959	Oct. 1, 1959	Do.
Seaboard Drug Co.[2]	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 Corp.	D. Wyo.	Apr 3, 1959	Apr. 13, 1959	May 20, 1959
Silesian American Corp.	S.D. N.Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
Southern Enterprises Corp.[1]	S.D. Tex.	Oct. 31, 1958	Nov. 3, 1958	June 18, 1960
Stardust, Inc.	Nev.	July 19, 1956	Sept. 10, 1956	Sept. 7, 1956
Sure Seal Corp.	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
Keta Oil & Gas Corp.	do	Oct. 20, 1959	Oct. 28, 1959	Oct. 29, 1959
Texas Portland Cement Co.	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.	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
Thrift Savings [1 2]	D. Ariz.	Oct. 20, 1959	Oct. 28, 1959	Oct. 29, 1959
TMT Trailer Ferry, Inc.	S.D. Fla.	June 27, 1957	Nov. 15, 1957	Nov. 25, 1957
Trans-Caribbean Transport Inc.	do	do	do	Do.
Trailer Marine Transportation Inc.	do	do	do	Do.
Trans-Caribbean Motor Transport	do	do	do	Do.
Commonwealth Inter-Island Towing Co., Inc.	do	do	do	Do.
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	D. Colo.	Feb. 4, 1959	Feb. 9, 1959	Mar. 31, 1959
Verdi Development Co.[2]	C.D. Utah	Feb. 25, 1959	Mar. 11, 1959	Apr. 3, 1959

[1] Commission filed notice of appearance in fiscal year 1960.
[2] Reorganization proceeding closed during fiscal year 1960.

TABLE 13.—*Number of investment companies registered under the Investment Company Act and the estimated aggregate assets at the end of each fiscal year, 1941 through 1960*

Fiscal year ended June 30	Number of companies				Estimated aggregate market value of assets at end of year (in millions)*
	Registered at beginning of year	Registered during year	Registration terminated during year	Registered at end of year	
1941	0	450	14	436	$2,500
1942	436	17	46	407	2,400
1943	407	14	31	390	2,300
1944	390	8	27	371	2,200
1945	371	14	19	366	3,250
1946	366	13	18	361	3,750
1947	361	12	21	352	3,600
1948	352	18	11	359	3,825
1949	359	12	13	358	3,700
1950	358	26	18	366	4,700
1951	366	12	10	368	5,600
1952	368	13	14	367	6,800
1953	367	17	15	369	7,000
1954	369	20	5	384	8,700
1955	384	37	34	387	12,000
1956	387	46	34	399	14,000
1957	399	49	16	432	15,000
1958	432	42	21	453	17,000
1959	453	70	11	512	20,000
1960	512	67	9	570	23,500

* 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.

TABLE 14.—*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 1960 fiscal year	Total cases closed up to end of 1960 fiscal year	Cases pending at end of 1960 fiscal year	Cases pending at end of 1959 fiscal year	Cases instituted during 1960 fiscal year	Total cases pending during 1960 fiscal year	Cases closed during 1960 fiscal year
Actions to enjoin violations of the above acts	986	903	83	56	86	142	59
Actions to enforce subpenas under the Securities Act and the Securities Exchange Act	75	75	0	0	4	4	4
Actions to carry out voluntary plans to comply with sec. 11(b) of the Holding Company Act	129	127	2	2	2	4	2
Miscellaneous actions	33	28	5	6	0	6	1
Total	1,223	1,133	90	64	92	156	66

TABLE 15.—*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 1960 fiscal year	Total cases closed up to end of 1960 fiscal year	Cases pending at end of 1960 fiscal year	Cases pending at end of 1959 fiscal year	Cases instituted during 1960 fiscal year	Total cases pending during 1960 fiscal year	Cases closed during 1960 fiscal year
Actions to enjoin enforcement of Securities Act, Securities Exchange Act, and Public Utility Holding Company Act with the exception of subpenas issued by the Commission	64	64	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpenas issued by the Commission	9	9	0	0	1	1	1
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission	223	213	10	9	8	17	7
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or *amicus curiae*	216	213	3	11	8	19	16
Appeal cases under Ch. X in which the Commission participated	171	168	3	12	4	16	13
Total	683	667	16	32	21	53	37

TABLE 16.—*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, 1960.*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
C. H. Abraham & Co., Inc.	2	Southern District of New York.	Apr. 11, 1960	Secs. 15(c)(1), 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Complaint filed Apr. 11, 1960. Answer by defendants served May 2, 1960. Pending.
Addison, John Milton	7	Northern District of Texas.	June 30, 1959	Secs. 5(a)(1), 5(a)(2), 5(c) and 17(a), 1933 Act.	Complaint filed June 30, 1959. Temporary restraining order signed June 30, 1959. Amended complaint filed Sept. 9, 1959. Pending.
Alan Associates Securities, Corp.	2	Southern District of New York.	Oct. 3, 1959	Secs. 15(c)(2) and 15(c)(3) and Rules 15c1-2 and 15c 3-1, 1934 Act.	Summons and complaint filed Oct. 3, 1959. Final judgment by consent entered Oct. 8, 1959. Closed.
Aldrich, Scott & Co., Inc.	3	Southern District of New York.	Nov. 30, 1959	Sec. 17(a), 1933 Act; Secs. 15(c)(1), 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Summons and complaint filed Nov. 30, 1959. Final judgment by consent as to all defendants, Dec. 23, 1959. Closed.
Allen Investment Company	2	District of Colorado	Oct. 22, 1959	Sec. 15(c)(3) and Rule 15c 3-1, 1934 Act.	Complaint filed Oct. 22, 1959. Answer filed by defendants, Nov. 6, 1959. Order of dismissal as to 1 defendant and by stipulation as to remaining defendant entered Dec. 7, 1959. Closed.
American Barides and Reduction Co., Inc.	4	Northern District of Illinois.	May 11, 1960	Secs. 5(a) and 5(c), 1933 Act.	Summons and complaint filed May 11, 1960. Pending.
American Dryer Corporation	12	Southern District of New York.	Jan. 27, 1960	Secs. 5 (a. and 5(c., 1933 Act.	Complaint filed Jan. 27, 1960. Permanent injunction by consent as to 9 defendants. Answer filed by 2 defendants. Pending as to remaining defendants.
The American Founders Life Insurance Company of Denver, Colorado.	7	Colorado	Apr. 1, 1958	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Answers by defendants filed July 14 and July 16, 1959. Final judgment by consent as to 1 defendant, Aug. 18, 1959. Dismissal as to 1 defendant and permanent injunction as to 4 defendants, May 10, 1960. Pending as to remaining defendant.
American Programming Corporation.	2	Southern District of California.	Mar. 28, 1960	Sec. 15(c)(3) and Rule 15c3-1, 1934 Act.	Complaint filed Mar. 28, 1960. Final judgment by consent as to both defendants, Apr. 7, 1960. Closed.
American Seal Savings and Loan Association, Inc.	3	Maryland	May 9, 1960	Sec. 17(a)(2) and (3), 1933 Act.	Complaint filed and temporary restraining order signed May 9, 1960. Amended complaint filed making First Capitol a defendant and demanding appointment of a receiver. Motion to dismiss amended complaint filed and denied June 22, 1960. Order appointing conservator to collect assets and audit books of corporate defendants entered June 30, 1960. Case set for trial Aug. 22, 1960. Pending.
American Television & Radio Co.	2	Minnesota	Apr. 6, 1960	Sec. 17(a)(2), 1933 Act.	Complaint filed Apr. 6, 1960. Preliminary injunction as to both defendants, Apr. 21, 1960. Answer filed by both defendants, Apr. 22, 1960. Pending.

Anaconda Lead and Silver Company.	2	Colorado	June 3, 1960	Sec. 17(a), 1933 Act; Sec. 10(b) and Rule 10b-5, 1934 Act.	Summons and complaint filed and temporary restraining order entered June 3, 1960. Preliminary injunction entered as to both defendants, June 14, 1960. Pending.
Anderson, W. T., Company Inc.	3	Eastern District of Washington.	Apr. 8, 1957	Sec. 10(b) and Rule 10b-5, 1934 Act.	Findings of fact and conclusions of law signed Dec. 4, 1959 denying injunction against 1 defendant and dismissing remaining defendant. Closed.
Angelson, John P	3	Eastern District of Virginia.	Dec. 21, 1959	Sec. 15(c)(3) and Rule 15c3-1, 1934 Act.	Complaint filed Dec. 21, 1959. Preliminary injunction signed Jan. 21, 1960. *Receiver appointed Feb. 16, 1960. Final judgment by consent as to all defendants entered Apr. 19, 1960. Pending.
Arkansas Business Development Corporation.	5	Eastern District of Arkansas.	Oct. 5, 1959	Sec. 17(a), 1933 Act; Sec. 15(c)(1) and Rule 15c1-2, 1934 Act.	Complaint filed Oct. 5, 1959. Temporary restraining order signed Oct. 5, 1959. Answer filed by defendants. Pending.
Bald Eagle Gold Mining Company.	7	Southern District of California.	Apr. 19, 1960	Secs. 5(a) and 5(c), 1933 Act.	Complaint filed Apr. 19, 1960. Permanent injunction by consent entered as to 4 defendants, May 19, 1960. Action dismissed as to 1 defendant and default judgment as to remaining defendants, June 28, 1960. Closed.
Barnstable Bay, Inc	2	Massachusetts	Mar. 23, 1960	Secs. 5 (a) and (c), 1933 Act.	Complaint filed Mar. 23, 1960. Final judgment by consent entered as to both defendants, Apr. 28, 1960. 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 Corporation	15	Southern District of New York.	June 30, 1959	Sec. 5, 1933 Act	Permanent injunction as to 2 defendants entered by consent on Nov. 6, 1959. Preliminary injunction as to 8 defendants entered Dec. 15, 1959. Notice of appeal from the order of preliminary injunction filed by 1 defendant, Jan. 7, 1960. Pending.
Belmont Oil Corporation	10	Southern District of New York.	Aug. 3, 1959	Sec. 17(a), 1933 Act	Order entered Dec. 8, 1959, granting a permanent injunction as to 1 defendant with his consent. Preliminary injunction as to 7 defendants entered Dec. 15, 1959. Notice of appeal from the order of preliminary injunction filed by 1 defendant Jan. 7, 1960. Pending.
Bialkin, Robert	1	Southern District of New York.	Nov. 10, 1959	Secs. 9(a) (1) and (2) and 10(b), 1934 Act.	Summons and complaint filed Nov. 10, 1959. Final judgment by consent entered Nov. 13, 1959. Closed.
Bost, Luther L	1	Maryland	Apr. 26, 1960	Sec. 17(a) (2) and (3), 1933 Act.	Complaint filed Apr. 26, 1960. Motion for preliminary injunction denied June 21, 1960. Pending.
Bradford, William Douglas	1	Southern District of California.	Feb. 26, 1958	Sec. 17(a) and Rules 17a-3 and 17a-5, 1934 Act.	Order affirming judgment of District Court entered Jan. 15, 1959. Closed.
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.
Burka, Inc., E. A	2	District of Columbia	May 9, 1960	Secs. 15(c)(1) and 17(a) and Rules 15c1-2 and 17a-5, 1934 Act.	Complaint filed May 9, 1960. Preliminary injunction entered as to both defendants. Pending.
Cambridge Research and Investment Corporation.	2	Massachusetts	Jan. 29, 1960	Sec. 206, IA Act of 1940	Complaint filed Jan. 29, 1960. Final judgment by consent as to both defendants, Jan. 29, 1960. Closed.
Camdale Corporation	5	Southern District of Texas	Mar. 22, 1960	Secs. 5 (a) and (c), 17(a) (1), (2) and (3), 1933 Act.	Complaint filed Mar. 22, 1960. Final judgment by consent as to all defendants entered Mar. 25, 1960. Closed.

TABLE 16.—*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, 1960*—Continued

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
T. J. Campbell Investment Company, 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 receiver appointed, Oct. 16, 1958. Pending.
Canadian Javelin Limited	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. Undertaking filed as to 1 defendant, June 1959. Pending.
Carvalho, Fred L	1	New Jersey	May 3, 1960	Sec. 17(a) and Rule 17a-3, 1934 Act.	Summons and complaint filed May 3, 1960. Preliminary injunction granted May 9, 1960. Pending.
Cataract Mining Corp	6	Southern District of New York.	Oct. 30, 1957	Secs. 5(a) (1) and (2) and 5(c), 1933 Act.	Dismissal as to remaining defendant, Mar. 15, 1960. Closed.
Clinton Mining & Milling Co	5	Eastern District of Washington.	Aug. 12, 1959	Sec. 5(a) and (c), 1933 Act	Complaint filed Aug. 12, 1959. Final judgment by consent as to 4 defendants entered Sept. 11, 1959. Pending as to remaining defendant.
Cohn, Charles E	2	New Jersey	June 30, 1960	Secs. 15(c)(1), 15(c)(3) and 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Summons and complaint filed June 30, 1960. Order to show cause and temporary restraining order signed June 30, 1960. Pending.
Columbus-Rexall Oil Company.	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.
T. C. Corwin & Co	2	Southern District of New York.	Apr. 6, 1960	Secs. 15(c)(1), 15(c)(3), 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Complaint and order for an appointment of a receiver filed Apr. 6, 1960. Preliminary injunction signed as to both defendants. Order entered appointing a receiver, Apr. 22, 1960. Pending.
Costello, Arthur C	2	Eastern District of Missouri.	July 27, 1959	Secs. 17(a)(2) and 17(a)(3), 1933 Act; Secs. 15(c)(1), 15(c)(3) and 10(b) and Rules 15c1-2, 15c3-1 and 10b-5, 1934 Act.	Complaint and an order for an appointment of a receiver filed July 27, 1959. Final judgment by consent as to 1 defendant, July 27, 1959. Preliminary injunction as to remaining defendant and receiver appointed July 31, 1959. Pending.
Creson, Robert Paul	4	Northern District of Texas	Apr. 29, 1959	Sec. 5 (a) and (c), 1933 Act	Order of dismissal as to all defendants entered Feb. 2, 1960. Amended order of dismissal entered Mar. 7, 1960. Closed.
Cryan, Frank M. (Jefferson Custodian Fund, Inc.).	5	Southern District of New York.	Mar. 14, 1958	Secs. 36 and 16(a), IC Act of 1940.	Default judgment entered as of 1 defendant, Feb. 29, 1960. Stipulation and order of admission of wrong-doing by defendant Frank M. Cryan, June 9, 1960. Pending.
Davis, Robert H	1	District of Columbia	Sept. 24, 1959	Secs. 15(c)(1) and 17(a) and Rules 15c1-4 and 17a-3, 1934 Act.	Complaint filed Sept. 24, 1959. Preliminary injunction signed Oct. 15, 1959. Final judgment by consent entered Nov. 13, 1959. Closed.
Dayton Company	1	Southern District of Florida.	Sept. 28, 1959	Sec. 15(c)(3) and Rule 15c3-1, 1934 Act.	Complaint filed Sept. 28, 1959. Permanent injunction by consent entered Sept. 29, 1959. Closed.

Dick, Jack R.	1	Southern District of New York.	Apr. 18, 1960	Secs. 10(b) and 17(a) and Rules 10b–5, 17a–3 and 17a–4, 1934 Act.	Summons and complaint filed Apr. 18, 1960. Permanent injunction by consent entered Apr. 19, 1960. Closed.
DiRoma, Alexik & Co.	3	Massachusetts	May 25, 1960	Sec. 15(c)(3) and Rule 15c3–1, 1934 Act.	Complaint filed May 25, 1960. Final judgment by consent entered as to all defendants, June 1, 1960. Closed.
Dodge, Sherburn J.	1	Eastern District of Wisconsin.	Sept. 28, 1959	Secs. 15(c)(1), 15(c)(3) and 10(b) and Rules 15c1–2, 15c3–1 and 10b–5, 1934 Act; Secs. 17(a) (2) and 17(a)(3), 1933 Act.	Complaint filed Sept. 28, 1959. Preliminary injunction and order appointing a receiver Oct. 2, 1959. Permanent injunction by consent entered Oct. 16, 1959. Pending.
Doman Helicopters, Inc.	2	Southern District of New York.	Sept. 10, 1959	Sec. 5, 1933 Act	Complaint filed Sept. 10, 1959. Final judgment by consent as to both defendants, Sept. 24, 1959. Closed.
Donahue, J. Grant	1	Southern District of New York.	Feb. 15, 1960	Sec. 17(a) and Rule 17a–3, 1934 Act.	Mandatory injunction filed Feb. 15, 1960. Final judgment entered Feb. 19, 1960. Closed.
Dyer, J. Raymond	1	Eastern District of Missouri.	Apr. 9, 1957	Sec. 12(e), 1935 Act	Order vacating prior order of July 28, 1958 and granting permanent injunction on Nov. 16, 1959. Order Mar. 8, 1960 denying defendant's motion to vacate Nov. 16, 1959 judgment. Notice of appeal filed May 6, 1960. Pending.
The Equity Corporation	3	Delaware	Apr. 21, 1960	Secs. 7(a) and 12(d)(1), ICA of 1940.	Complaint filed Apr. 21, 1960. Final judgment by consent entered as to all defendants. Pending.
The Fall River Exploration and Mining Company.	2	Colorado	Mar. 8, 1960	Secs. 5(b), 10(f) and Rule 424(c), 1933 Act.	Complaint filed Mar. 8, 1960. Preliminary injunction as to 1 defendant entered Mar. 21, 1960. Order, granting defendants 30 days within which to answer complaint, entered by stipulation on June 14, 1960. Pending.
Farm and Home Agency, Inc.	5	Southern District of Indiana.	Apr. 16, 1958	Sec. 5 (a) and (c), 1933 Act	Opinion by CA–7 affirming order of the district court denying motion for leave to vacate consent decree. Petition for writ of certiorari filed Jan. 19, 1960 and denied Feb. 29, 1960. Closed.
Financial Forecaster, Inc.	2	Southern District of New York.	Jan. 14, 1960	Secs. 203(a), 206 (1) and (2), IA Act of 1940.	Summons and complaint filed Jan. 14, 1960. Final judgment by consent as to both defendants entered June 10, 1960. Closed.
First Capitol Savings and Loan Association, Inc.	2	Maryland	Apr. 11, 1960	Secs. 5 and 17(a) (2) and (3), 1933 Act.	Complaint filed Apr. 11, 1960. Amendment to complaint filed May 3, 1960. Final judgment by consent entered as to both defendants, May 3, 1960. Corporate defendant added as defendant in action against American Seal Savings and Loan Association, Inc. May 24, 1960. Conservator appointed June 30, 1960. Pending.
First Investment Savings Corporation.	1	Northern District of Alabama.	Mar. 5, 1957	Sec. 15(c)(3) and Rule 15c3–1, 1934 Act.	Order entered Aug. 7, 1959 dismissing action. Closed.
First Lewis Corporation	1	Massachusetts	June 15, 1959	Sec. 17(a) and Rule 17a–3, 1934 Act.	Permanent injunction by consent entered Sept. 21, 1959. Closed.
First Securities Company	1	District of Massachusetts	Oct. 23, 1959	Sec. 15(c)(3) and Rule 15c3–1, 1934 Act.	Complaint filed Oct. 23, 1959. Preliminary injunction signed Oct. 30, 1959. Final judgment by consent entered Dec. 10, 1959. Closed.
Flo-Mix Fertilizers Corporation.	3	Eastern District of Louisiana.	Jan. 13, 1960	Sec. 15(d), 1934 Act	Mandatory complaint filed Jan. 13, 1960. Final judgment by consent as to 1 defendant entered Mar. 31, 1960. Pending as to remaining defendants.
Fox, Matthew M.	2	Southern District of New York.	Mar. 10, 1960	Sec. 5, 1933 Act	Complaint filed Mar. 10, 1960. Order of final judgment by consent entered as to 1 defendant, Mar. 17, 1960. Pending as to remaining defendant.

TABLE 16.—*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, 1960*—Continued

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Gersten, Harold	1	Southern District of California.	Jan. 19, 1960	Sec. 17(a) and Rule 17a-3, 1934 Act.	Complaint filed Jan. 19, 1960. Final judgment by consent and order appointing a receiver, Jan. 26, 1960. Report of receiver filed Feb. 15, 1960. Stipulation completing matters concerning subject company and order dismissing receiver, Apr. 15, 1960. Closed.
Gibbs and Company	3	Massachusetts	Apr. 12, 1960	Secs. 7(c), 10(b), 15(c)(1) and 17(a), Rules 10b-5, 15cl-2, 15cl-4 and 17a-3 and Sec. 4(c)(2) of Regulation T, 1934 Act.	Complaint filed Apr. 12, 1960. Preliminary injunction signed Apr. 29, 1960. Final judgment by consent entered as to all the defendants, June 7, 1960. Closed.
Globe Securities Corporation	10	Southern District of New York.	Apr. 29, 1958	Sec. 17(a), 1933 Act	Preliminary injunction as to 8 defendants entered by consent on June 30, 1958. Final judgments entered as to 1 defendant by consent on Apr. 4, 1960 and by default as to 6 defendants, Apr. 7, 1960. 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.	Order entered for receiver to liquidate securities of defendant company, Dec. 29, 1959. Pending.
Gondelman, Sidney	8	Southern District of New York.	May 19, 1958	Sec. 14(a) and Regulation X-14, 1934 Act.	Appeals filed Sept. 12, 1958 from the order of preliminary injunction. Appeals dismissed. Pending.
Gravity Science Foundation, Inc.	2	Northern District of Illinois.	Mar. 24, 1959	Secs. 5(a) and (c) and 17(a), 1933 Act.	Final judgment by consent entered July 9, 1959 as to both defendants. Closed.
Graye, James C	1	Southern District of New York.	Mar. 26, 1957	Sec. 15(c)(3) and Rule 15c3-1, 1934 Act.	Order of dismissal entered. Closed.
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.
Greenwald, William	3	Southern District of New York.	Mar. 11, 1960	Sec. 10(b) and Rule 10b-5, 1934 Act.	Summons and complaint filed Mar. 11, 1960. Preliminary injunction as to 1 defendant, Mar. 31, 1960 and judgment of preliminary injunction by default as to another defendant, Apr. 8, 1960. Pending.
Guild Films Company, Inc	10	Southern District of New York.	Apr. 29, 1959	Sec. 13 and Regulation 13A, 1934 Act.	Action dismissed as to remaining defendants, Aug. 20, 1959. Closed.
Guild Films Company, Inc	4	Southern District of New York.	Sept. 25, 1959	Sec. 5, 1933 Act	Complaint filed Sept. 25, 1959. Preliminary injunction as to all defendants signed Nov. 20, 1959. Notice of appeal filed from the order of preliminary injunction. Order entered by CA-2 May 19, 1960 affirming the judgment of the district court. Petition for certiorari pending.

Guterma, Alexander L. (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.	Petition for Reorganization under Chapter X of the Bankruptcy Act filed in the District Court for the Eastern District of Michigan. Pending.
Haley, Fred T	5	Eastern District of Michigan.	July 13, 1959	Secs. 5 (a) and (c) and 17(a), 1933 Act.	Complaint filed July 13, 1959. Final judgment by consent as to all defendants, July 20, 1959. Closed.
Haydon Securities, Inc	1	District of Delaware	Sept. 4, 1959	Secs. 5(a) and 5(c), 1933 Act; Sec. 17(a) and Rule 17a–3, 1934 Act.	Complaint filed Sept. 4, 1959. Preliminary injunction signed Sept. 18, 1959. Final judgment by default entered Oct. 12, 1959. Closed.
Heft, Kahn & Infante, Inc	5	Eastern District of New York.	Jan. 25, 1960	Secs. 15(c)(1), 15(c)(3) and Rules 15c1–2 and 15c3–1, 1934 Act.	Complaint filed Jan. 25, 1960. Final judgment by consent as to all defendants entered Jan. 29, 1960. Closed.
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.	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.
Hensley, D. Earle Co., Inc	7	Western District of Washington.	Aug. 21, 1959	Sec. 17(a), 1933 Act; Secs. 15(c) (1), 15(c)(3) and 17(a) and Rules 15c1–2, 15c3–1 and 17a–3, 1934 Act.	Complaint filed Aug. 21, 1959. Order of preliminary injunction as to 2 defendants, Nov. 17, 1959. Answer filed by 3 defendants, Nov. 25, 1959. 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.	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 Corporation.	3	New Hampshire	Sept. 22, 1958	Sec. 5 (a) and (c), 1933 Act	Complaint filed Sept. 22, 1958. Preliminary injunction, Dec. 11, 1958. Permanent injunction, June 22, 1959. Notice of appeal filed Aug. 19, 1959 from the order of permanent injunction. Opinion and judgment by CA–1 affirming the judgment of the district court, Apr. 8, 1960. Pending as to 1 defendant.
Howell, J. P. & Company, Inc.	2	New Jersey	June 20, 1960	Secs. 15(c)(1), 15(c)(3) and Rules 15c1–2 and 15c3–1, 1934 Act.	Summons, complaint and order for an appointment of a receiver filed June 20, 1960. Temporary restraining order signed June 20, 1960. Motion for preliminary injunction filed June 27, 1960. Pending.
International Petroleum Holding Corporation.	4	Utah	Feb. 11, 1960	Secs. 5 (a) and 5 (c), 1933 Act.	Complaint filed and temporary restraining order signed Feb. 11, 1960. Preliminary injunction granted Feb. 17, 1960 as to 1 defendant and denied without prejudice as to 1 defendant as unnecessary and as to 2 defendants for lack of service. Pending.
International Planning, Inc	5	District of Columbia	Mar. 2, 1960	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Complaint filed Mar. 2, 1960. Pending.
Interworld T. V. Films, Inc	11	Southern District of New York.	Apr. 29, 1959	Sec. 15 (d) and Regulation 15D, 1934 Act.	Action dismissed as to remaining defendants, Aug. 20, 1959. Closed.
Investment Bankers of America, Inc.	3	District of Columbia	Feb. 8, 1960	Secs. 15(c)(1), 15(c)(3), 17(a) and Rules 15c1–2, 15c3–1 and 17a–3, 1934 Act.	Complaint filed Feb. 8, 1960. Preliminary injunction signed as to Investment Bankers of America, Inc. Amended complaint filed seeking injunction as to 2 additional defendants on grounds of fraud in addition to net capital grounds originally alleged. Pending.

TABLE 16.—*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, 1960*—Continued

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Investment Brokers of New Jersey, Inc.	2	New Jersey	Mar. 2, 1960	Secs. 15(c)(1), 15(c)(2) and 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Summons, complaint and order for an appointment of receiver filed Mar. 2, 1960. Preliminary injunction signed Mar. 30, 1960. Answer filed by both defendants, Apr. 8, 1960. Receiver appointed Apr. 18, 1960. Motion by Receiver for power to liquidate, May 3, 1960. Order to show cause entered June 7, 1960. Pending.
Jacwin & Costa, Inc	8	Southern District of New York.	Nov. 2, 1959	Sec. 17(a), 1933 Act	Summons and complaint filed Nov. 2, 1959. Amended complaint filed Nov. 5, 1959. Final judgment by consent entered as to 1 defendant, Jan. 27, 1960. Preliminary injunction as to remaining defendants, Jan. 28, 1960. Pending.
Josephson, Sidney B. (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.
Josephson, Sidney B. (Phoenix Securities Corporation, 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.
Josephson, Sidney B. (Stratford Securities Co., Inc., et al).	5	Southern District of New York.	Nov. 26, 1958	Secs. 5 and 17(a), 1933 Act	Notice of appeal from the order of preliminary injunction filed Apr. 8, 1959. Pending.
Judson Commercial Corporation.	4	Southern District of New York.	Apr. 27, 1960	Secs. 5(a) and 17(a), 1933 Act.	Complaint filed Apr. 27, 1960. Final judgment by consent as to all defendants, Apr. 27, 1960. Closed.
Ken-Lab, Inc	3	Northern District of Illinois	Apr. 11, 1960	Secs. 5 (a) and (c), 1933 Act	Summons and complaint filed Apr. 11, 1960. Preliminary injunction as to all defendants, Apr. 20, 1960. Final judgment by consent as to all defendants, June 29, 1960. Closed.
Kevin, Melvyn	1	Southern District of New York.	Dec. 18, 1959	Secs. 9(a) (1) and (2) and 10 (b), 1934 Act.	Summons and complaint filed Dec. 18, 1959. Final judgment by consent entered Dec. 21, 1959. Closed.
Lambert, M. W., Inc	2	New Mexico	June 23, 1960	Sec. 15(c) (3) and Rule 15c3-1, 1934 Act.	Complaint filed June 23, 1960. Pending.
Land Development Company of Nevada.	3	Nevada	Sept. 27, 1957	Sec. 5 (a) and (c), 1933 Act	Answer filed by defendants, Aug. 26, 1959. Permanent injunction by consent entered as to all defendants, Jan. 28, 1960. Closed.
Lederer, J. H., 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.	Permanent injunction by consent as to 2 defendants, Dec. 19, 1958. Pending as to remaining defendants.
Loewe, Leonard A	1	Southern District of New York.	Dec. 23, 1959	Sec. 10(b) and Rule 10b-5, 1934 Act.	Complaint filed and final judgment by consent entered Dec. 23, 1959. Closed.
Logan, J. & Co	5	Southern District of California.	Aug. 20, 1958	Sec. 17(a)(3), 1933 Act, Secs. 10(b) or 15(c)(1), 1934 Act.	Findings of fact and conclusions of law and order denying preliminary injunction on condition that defendants not engage in securities business pending outcome of administrative proceeding.

Lord, J. P., Incorporated	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 as to 2 defendants entered by consent on May 6, 1959. Final judgment entered as to remaining defendant, July 2, 1959. Closed.
Los Angeles Trust Deed & Mortgage Exchange.	9	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.	Amended complaint adding 2 defendants filed. Final judgment entered May 20, 1960 enjoining all the defendants and appointing a receiver. Notice of appeal filed. Court of Appeals stayed decree of District Court except the appointment of a receiver. Pending.
Luckhurst & Company, Inc.	4	Southern District of New York.	Jan. 28, 1960	Sec. 15(c)(3) and Rule 15c3-1, 1934 Act.	Summons and complaint filed Jan. 28, 1960. Temporary restraining order and preliminary injunction signed. Answer filed by defendants, Mar. 29, 1960. Pending.
McKinney, Howard W.	1	Northern District of Indiana.	July 24, 1959	Sec. 15(a), 1934 Act	Complaint filed July 24, 1959. Preliminary injunction signed Sept. 9, 1959. Pending.
McPhail, Russell	4	Southern District of New York.	July 7, 1958	Sec. 36, IC Act of 1940	Order implementing the plan of settlement entered July 21, 1959; Orders to show cause why defendant should not be held in contempt and receiver appointed to carry out the plan of settlement, signed Feb. 3, 1960 and Mar. 7, 1960; Memorandum opinion dated June 16, 1960 awarding counsel for intervenor additional compensation. Pending.
Philip, Michael, dba Philip Michael & Co.	1	Southern District of California.	July 7, 1959	Sec. 203(a), IA Act of 1940	Complaint filed July 7, 1959. Final judgment by consent entered July 8, 1959. Closed.
Micro-Moisture Controls, Inc.	16	Southern District of New York.	Jan. 9, 1957	Secs. 5 (a) and (c), 1933 Act.	Opinion of CA-2 affirming District Court order entered Apr. 23, 1958 sub. nom. S.E.C. v. Culpepper. Closed.
Miller, Sidney	2	Southern District of New York.	May 24, 1960	Sec. 17(a), Rule 17a-3, 1934 Act.	Summons and complaint filed May 24, 1960. Temporary restraining order signed May 24, 1960. Pending.
Mon-O-Co Oil Corporation	3	Western District of Washington.	June 8, 1960	Secs. 5(a), 5(c) and 17(a), 1933 Act.	Complaint filed June 8, 1960. Motion for preliminary injunction filed June 9, 1960. Pending.
Mono-Kearsarge Consolidated Mining Company.	7	Utah	June 2, 1958	Sec. 5 (a) and (c), 1933 Act	Appeal filed from the order of the final judgment, Nov. 19, 1958. Dismissal of appeal Mar. 31, 1959. Pending as to remaining 2 defendants.
Monte Cristo Uranium Corporation, The.	6	Utah	May 23, 1960	Sec. 15(d), 1934 Act	Mandatory injunction filed May 23, 1960. Notice of dismissal as to 1 defendant, June 13, 1960. Final judgment by consent entered as to remaining defendants, June 14, 1960. Closed.
Philip Newman Associates, Inc.	43	New Jersey	Dec. 30, 1958	Secs. 5(a) (1) and (2) and 17(a) (1), (2) and (3), 1933 Act.	Preliminary injunction as to 5 defendants and by default as to 17 defendants signed Jan. 19, 1959. Permanent injunction by consent as to 2 defendants, Sept. 1, 1959. Pending as to remaining defendants.
Peerless-New York, Inc.	1	Southern District of New York.	Nov. 7, 1957	Sec. 15(c)(3) and Rule 15C3-1, 1934 Act.	Complaint filed Nov. 7, 1957. Answer served Dec. 19, 1957. Preliminary injunction entered Feb. 3, 1958. Pending.
Peerless-New York, Inc.	6	Southern District of New York.	Feb. 13, 1960	Secs. 5 and 17(a), 1933 Act, Sec. 10(b) and Rule 10b-6, 1934 Act.	Summons, complaint and order for an appointment of a receiver filed Feb. 13, 1960. Permanent injunction by consent as to 3 defendants and receiver appointed Feb. 26, 1960. Final judgment by consent as to remaining defendants for violations of Sec. 5 of 1933 Act. Pending.
Peruvian Oil Concessions Company, 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.

TABLE 16.—*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, 1960*—Continued

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
N. Pinsker & Co., Inc	2	Southern District of New York.	Jan. 26, 1960	Secs. 15(c)(1), 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Summons and complaint filed Jan. 26, 1960. Answer filed Mar. 15, 1960. Preliminary injunction as to both defendants signed Mar. 1960. 1 defendant deceased. Pending as to remaining defendant.
Platalloy Corporation	7	Southern District of California.	Feb. 19, 1960	Secs. 5(a) and 5(c), 1933 Act.	Complaint filed Feb. 19, 1960. Preliminary injunction by consent as to 6 defendants and withdrawn as to 1 defendant. Answers filed Apr. 4, 1960. Pending.
Poff, H. Bryan	1	Northern District of Texas.	Aug. 14, 1959	Sec. 5 (a) and (c), 1933 Act.	Complaint filed Aug. 14, 1959. Permanent injunction by consent entered Aug. 31, 1959. Closed.
Prudential Oil Corporation	2	Connecticut	May 20, 1960	Secs. 5(a) and 5(c), 1933 Act.	Complaint filed May 20, 1960. Preliminary injunction signed June 6, 1960. Permanent injunction as to both defendants entered by consent on June 17, 1960. Closed.
E. J. Quinn & Co., Inc	2	Southern District of New York.	Jan. 20, 1960	Secs. 15(c)(1), 15(c)(3) and 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Complaint filed Jan. 20, 1960. Amended complaint filed Feb. 11, 1960. Preliminary injunction granted as to Sec. 17(a) but denied as to Secs. 15(c)(1) and 15(c)(3) of 1934 Act. Pending.
Rapp, Herbert	15	Southern District of New York.	Apr. 29, 1958	Sec. 17(a), 1933 Act	Preliminary injunction as to 5 defendants entered by consent on June 9, 1958. Permanent injunction as to 1 defendant entered Jan. 27, 1960. Pending as to remaining defendants.
Read, Evans & Company	2	Southern District of California.	Mar. 1, 1960	Secs. 7(c)(1) and (2), 15(c)(3), 17(a) and Rules 15c3-1 and 17a-3, 1934 Act; Sec. 4(c)(2) of Regulation T.	Complaint filed Mar. 1, 1960. Mandatory injuction entered as to both defendants, Mar. 16, 1960. Closed.
Rhine, A. R	4	Colorado	Nov. 20, 1959	Secs. 5(a) and (c) and 17(a), 1933 Act.	Complaint filed Nov. 20, 1959. Preliminary injunction and order appointing a receiver entered Nov. 30, 1959. Order discharging receiver entered Dec. 28, 1959. Order entered Apr. 22, 1960 permanently enjoining 3 defendants, upon consent; permanently enjoining the remaining defendant upon default. Order entered May 11, 1960 granting intervention and transferring the matter to the Bankruptcy Division of the Court. Closed.
Robbins, Earl L	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.	Final judgment by consent entered as to all defendants, Feb. 4, 1960. Closed.

Alan Russell Securities, Incorporated.	4	Southern District of New York.	Mar. 7, 1958	Sec. 17(a), 1933 Act	Dismissal as to remaining defendant. Closed.
Sanders Investment Company	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. Receiver's report filed Mar. 10, 1960. Pending.
Sano, Anthony J	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. Final judgment by consent as to both defendants and appointment of a receiver entered July 1, 1959. Pending.
Securities Distributors, Inc	2	Southern District of New York.	Nov. 25, 1957	Sec. 15(c)(3) and Rule 15c3-1 1934 Act.	Permanent injunction by default as to both defendants entered Dec. 16, 1959. Closed.
Security Adjustment Corporation.	3	Eastern District of New York.	Feb. 15, 1960	Secs. 15(c)(1), 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Summons and complaint and order for an appointment of a receiver filed Feb. 15, 1960. Answer served Mar. 1, 1960. Preliminary injunction as to 1 defendant entered on Mar. 11, 1960. Pending.
Security Credit Corporation	3	Utah	June 14, 1960	Secs. 5(a), 5(c) and 17(a), 1933 Act.	Complaint filed June 14, 1960. Motion for preliminary injunction filed June 14, 1960. Pending.
Security Forecaster Company, Inc.	3	Southern District of New York.	Feb. 28, 1958	Sec. 206(2) IA Act of 1940.	Dismissal as to remaining defendant, Feb. 29, 1960. Closed.
Slayton, Hilton H	3	Eastern District of Missouri.	Nov. 24, 1959	Secs. 15, 34(b) and 36, IC Act of 1940.	Complaint filed Nov. 24, 1959. Answer filed Dec. 7, 1959. Interrogatories and motion for consolidation as to 3 actions pending in court. Opposition by Commission filed. Order entered overruling said motion, Mar. 11, 1960. Pending.
Smith, Holly Co., Inc	2	Southern District of New York.	Jan. 19, 1960	Secs. 15(c)(1), 15(c)(3) and 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Summons and complaint filed Jan. 19, 1960. Amended complaint filed Feb. 4, 1960. Permanent injunction entered as to both defendants, Feb. 4, 1960. Closed.
Southwestern Iron & Steel Industries, Inc.	7	Arizona	Dec. 14, 1959	Sec. 5(a), 1933 Act	Complaint filed Dec. 14, 1959. Final judgment by consent entered as to all defendants, Mar. 7, 1960. Closed.
Spindletop Petroleum Corporation.	2	Oregon	Dec. 22, 1959	Sec. 5, 1933 Act	Complaint filed Dec. 22, 1959. Permanent injunction by consent entered Dec. 22, 1959 as to both defendants. Closed.
Sterling Mining and Milling Co., Inc.	4	Northern District of Illinois.	May 11, 1960	Secs. 5(a) and 5(c), 1933 Act	Summons and complaint filed May 11, 1960. Pending.
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	Supplemental restraining order issued Mar. 17, 1959, continuing temporary restraining order until final determination of complaint. Pending.
Scott Taylor & Company, Inc.	3	Southern District of New York.	Aug. 18, 1959	Sec. 17(a), 1933 Act; Sec. 10(b), 1934 Act.	Summons and complaint filed Aug. 18, 1959. Opinion findings and order of preliminary injunction as to all defendants signed Dec. 16, 1959. Pending.
Tideland Oil & Gas Corporation.	1	Western District of Washington.	June 3, 1960	Sec. 5, 1933 Act	Complaint filed June 3, 1960. Final judgment by consent entered June 3, 1960. Closed.
Trans-Globe Lease & Land Exchange, Inc.	3	District of Columbia	Nov. 23, 1959	Secs. 5 (a) and (c) and 17(a), 1933 Act.	Complaint filed Nov. 23, 1959. Preliminary injunction signed Dec. 14, 1959. Final judgment by default as to all defendants entered Jan. 21, 1960. Closed.
Trans-Southern Oil Development Corp.	2	Southern District of New York.	Dec. 11, 1959	Sec. 5(a), 1933 Act; Sec. 15(a), 1934 Act.	Complaint filed Dec. 11, 1959. Final judgment by consent as to both defendants entered Dec. 11, 1959. Closed.

TABLE 16.—*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, 1960*—Continued

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
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.
Vanco, Inc	5	New Jersey	July 2, 1958	Sec. 5(a)(1) and (2) and 5(c), 1933 Act.	Final judgment by consent as to 2 defendants, Sept. 26, 1958. Notice of appeal filed, Apr. 14, 1960. Pending.
Jean R. Veditz Co., Inc	1	Southern District of New York.	Oct. 18, 1957	Sec 15(c)(3) and Rule 15c3-1, 1934 Act.	Notice of appeal filed by Commission from the order of the District Court denying permanent injunction, Jan. 12, 1959. Pending.
Williams and Associates	2	New Jersey	Oct. 20, 1959	Secs. 15(c)(1) and 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Summons and complaint filed Oct. 20, 1959. Stipulation withdrawing violations of Sec 15(c)(1) of 1934 Act. Final judgment by consent entered Oct. 30, 1959. Closed.
R. G. Williams & Co., Inc	2	Southern District of New York.	Nov. 20, 1959	Sec. 17(a), 1933 Act; Secs. 15(c)(1), 15(c)(3) and Rules 15c1-2 and 15c3-1, 1934 Act.	Summons and complaint filed Nov. 20, 1959. Final judgment by consent entered Nov. 24, 1959. 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.	Final judgment by consent entered June 15, 1960. Closed.
York Securities, Inc	3	Southern District of New York.	June 6, 1960	Secs. 15(c)(1), 15(c)(3) and 17(a) and Rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Summons and complaint filed and temporary restraining order signed June 6, 1960. Permanent injunction by consent as to 2 defendants and appointment of a receiver entered June 29, 1960. Pending.
Benjamin Zwang & Co., Inc	2	Southern District of New York.	Sept. 27, 1956	Sec. 15(c)(3) and Rule15c3-1, 1934 Act.	Order entered Nov. 15, 1956 denying motion for preliminary injunction but permitting further application if situation warrants. Note of issue filed Aug. 6, 1958. Pending.

TABLE 17.—*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 1960 fiscal year.*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Addison, John Milton	10	Northern District of Texas.	May 16, 1960	Secs. 5(a)(2), 5(c) and 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Bonds set for 7 individual defendants. Pending.
Albert, Sydney L.	7	Southern District of New York.	Mar. 14, 1960	Secs. 5(a) (1) and (2), 1933 Act; Secs. 9(a)(2), 16(a), and 32(a), 1934 Act; Secs. 2 and 1621, Title 18, U.S.C.	All defendants arraigned, pleaded not guilty and posted bonds, except 1 who is in jail. Pending.
Ames, Harry G.	1	Northern District of Illinois.	July 3, 1956	Secs. 5(a)(2) and 17(a), 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendant posted $2,500 bond. Defendants' motion for bill of particulars granted Jan. 9, 1958. Pending.
Anderson, Wilbur C.	2	Northern District of California.	July 9, 1959	Secs. 5(a)(2) and 17(a)(1), 1933 Act; Sec. 371, Title 18, U.S.C.	On Sept. 21, 1959, defendants pleaded not guilty; bond set at $5,000 and $1,000 respectively. On Mar. 30, 1960, defendant was sentenced to 2 years imprisonment on plea of guilty to 1 Sec. 17 count; the other defendant received a 2 year suspended sentence on both the Sec. 17 count (nolo plea) and the Sec. 5 count (guilty plea) and was placed on 5-year probation barring him from any future participation in any stock promotion of mining activities.
Autrey, Basil P.	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 entered June 30, 1958 granting severance as to 2 defendants and transferring case to ND of Alabama as to remaining defendants. Government's petition filed in CA-5 for writs of mandamus or prohibition. Opinion by CA-5 refusing to issue writs of mandamus or prohibition, but stating that the USDC SD of Florida did not have power to transfer to the USDC ND of Alabama counts in the indictment which did not charge commission of offenses in the transferee district, and therefore case is to continue in the SD of Florida. Petition for rehearing denied June 29, 1960. One defendant deceased. 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.	Defendants posted bonds; 1 became a fugitive and later was again apprehended. Trial set for the Fall Term. Pending.
Berman, Charles E. (Cornelis 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.

TABLE 17.—*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 dyring the 1960 fiscal year*—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
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.
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 each plead not guilty. Bond set at $5,000 each. One defendant changed his plea to guilty to 1 Sec. 5 and 1 Sec. 17(a) count and was placed on probation for a period of 3 years. Court directed a judgment of acquittal as to the other 2 defendants at the conclusion of the Government's case.
Cage, Ben Jack (Bankers Bond Co., Inc.).	6	Northern District of Texas.	Apr. 22, 1960	Secs. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Bond of $50,000 set for 1 defendant and $10,000 for each of the other defendants. Pending.
Campbell, T. J	3	Southern District of Texas.	Dec. 9, 1959	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Defendants apprehended and posted bond. On May 3, 1960 the jury found 2 individual defendants guilty on 2 Sec. 17(a) counts and 1 mail fraud count. Defendants' motion for acquittal or new trial overruled. Corporate defendant not yet tried. Pending.
Carroll, Hugh A. (Selected Investment Corporation).	7	Western District of Oklahoma.	Oct. 22, 1958	Sec. 17, 1933 Act; Secs 371 and 1341, Title 18, U.S.C.	Six defendants convicted and sentenced; 1 defendant acquitted. Appeal by 1 defendant. Pending.
Clark, William	2	District of Massachusetts.	Mar. 2, 1960	Secs. 17(a)(1), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	One defendant arraigned and pleaded not guilty; each defendant posted $10,000 bond. Pending.
Cohen, Leon Allen (Continental Underwriters, Inc.).	9	Northern District of Georgia.	Sept. 17, 1959	Sec. 17(a)(1), 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendants arraigned and pleaded not guilty. Pending.
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.	Bond set at $4,000. On July 29, 1959, defendant pleaded guilty to indictment in ND of Illinois. On Oct. 28, 1959 defendant sentenced to serve 18 months on each of the 11 counts of the indictment, counts to run concurrently.
Crosby, Francis Peter (Texas-Adams Oil Co.).	12	Southern District of New York.	July 30, 1958 Superseding indictment returned Oct. 8, 1959.	Sec. 5(a)(1), 5(a)(2) and 24, 1933 Act; Secs. 371, 1341 and 1343, Title 18, U.S.C.	Seven individual defendants convicted by jury on various counts and received jail sentences ranging from 2 to 5 years; 5 of these defendants were each fined $10,000. Two corporate defendants also convicted and each fined $1.00. Another defendant previously entered a plea of guilty to all counts and was sentenced to 3½ years and fined $10,000. Two other defendants found not guilty.

Curtis, Lee A., Jr. (Greater Georgia Investment Corp.).	8	Northern District of Georgia.	Sept. 17, 1959	Sec. 17(a)(1), 1933 Act; Sec. 1341, Title 18, U.S.C.	All defendants arraigned and pleaded not guilty; later 1 defendant pleaded guilty to 1 mail fraud count and 1 Sec. 17(a) count and sentenced to 4 years. 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 changed his plea to guilty to 1 Sec. 5 count and 1 Sec. 17 count and on June 20, 1960 sentenced to 1 year and 1 day to be followed by 5 years probation.
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.	On Sept. 30, 1959 the corporate defendant changed its plea to nolo contendere and the court imposed a $25,000 fine ($1,000 on each of the 18 Sec. 17(a) counts and $7,000 on the conspiracy count). On Nov. 17, 1959 the jury found the individual defendant guilty on 3 Sec. 17(a) counts and on Dec. 1, 1959, sentenced to 2 years; execution suspended and placed on probation for that period and fined $15,000. Awaiting decision on appeal from CA-1. Pending.
Denner, Robert M. (DuPont Mortgage Co.).	5	Southern District of Florida.	May 18, 1960	Secs. 5(a) (1) and (2), 5(c), 17(a)(1), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Plea of not guilty entered by 3 defendants; 2 defendants not yet apprehended. Pending.
Duzan, Floyd E	1	District of Minnesota	Sept. 18, 1959	Sec. 17(a)(3),1933 Act	Defendant pleaded guilty on June 7, 1960 to 2 Sec. 17(a) counts and was referred to probation officer for presentence investigation.
Falk, Walter A	2	Southern District of California.	Mar. 18, 1959	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Bond $25,000 each. Each defendant pleaded nolo contendere to 5 counts of the indictment—2 Sec. 17(a) counts, 2 mail fraud counts and 1 conspiracy count. One defendant was sentenced to two years probation and fined $500.00. The other defendant was fined $500.00.
Fenderson, Lloyd B	1	District of New Hampshire.	June 16, 1960	Sec. 17(a), 1933 Act; Secs. 1341 and 2314, Title 18, U.S.C.	Pending.
Francis Distributing Co., Inc.	2	District of Massachusetts.	Jan. 22, 1960	Secs. 5(a)(2) and 17(a), 1933 Act; Sec. 1341, Title 18, U.S.C.	Individual defendant pleaded guilty to indictment. Bond set at $10,000. Plea of not guilty entered for corporate defendant. Defendant sentenced to imprisonment for 2 years on 4 Sec. 17(a) counts, 2 mail fraud counts and 1 Sec. 5 count; and to a 3-year probationary term on 1 Sec. 5 count. The indictment was dismissed as to the defendant corporation.
Fry, Clark L	1	Western District of Wisconsin.	Jan. 7, 1960	Sec. 5(a)(2) and 17(a), 1933 Act.	Defendant pleaded not guilty; bond set at $10,000. Pending.
Geller, George B	1	Southern District of New York.	Oct. 30, 1953	Sec. 1621, Title 18, U.S.C	Defendant pleaded not guilty. Bond set at $1,500. Motion by defendant to dismiss indictment denied Sept. 24, 1957. On Nov. 1959 the court granted a motion to acquit on the grounds that perjured testimony was not material.
Getchell, Francis E. (Florida Palms, Inc.).	4	Southern District of Florida.	Jan. 15, 1957, Superseding indictment returned Aug. 19, 1957.	Secs. 5(a) and 17(a)(1), 1933 Act; Sec. 1341, Title 18, U.S.C.	All defendants convicted; awaiting decision of CA-5 on appeal. Pending.
Gibbons, Edward L. (American National Investment Co.).	4	District of Idaho	Mar. 24, 1960	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Bonds set for 3 defendants at $5,000 each; another defendant serving sentence for a similar offense. Pending.

TABLE 17.—*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 1960 fiscal year*—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Graye, James C. (James C. Graye & Co.).	50	District of Connecticut.	May 18, 1960	Sec. 5 (a) (1) and (2) and Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Various defendants have been arraigned and posted bonds in various amounts; some are fugitives and 1 is deceased. Pending.
Gruber, Joseph L., Jr.	1	District of Massachusetts.	Sept. 18, 1959	Secs. 5(a)(2) and 17(a), 1933 Act.	Plea of not guilty entered. Bond set at $5,000. Plea of not guilty withdrawn and plea of guilty entered to 1 Sec. 5 count and 1 Sec. 17 count. Defendant sentenced to term of imprisonment for 18 months.
Guterma, Alexander L. (United Dye & Chemical Corp.).	8	Southern District of New York.	Aug. 25, 1959	Sec. 17(a), 1933 Act; Secs. 13, 14, 20(c) and 32(a), 1934 Act; Sec. 371, Title 18, U.S.C.	Motion to dismiss indictment denied. Pending.
Guterma, 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.	Four defendants convicted by jury and sentenced on Feb. 16, 1960 as follows: One individual defendant to serve 4 years and 11 months and fined $160,000; another individual defendant to serve 2 years and 11 months and fined $10,000; and two corporate defendants fined $120,000 and $10,000 respectively. Applications for bail pending appeal denied by the District Court, CA-2 and the Supreme Court. On Mar. 2, 1960 another corporate defendant withdrew guilty plea to the conspiracy count and pleaded nolo contendere to this same count and court suspended imposition of sentence. Conviction affirmed by CA-2 allowing $160,000 fine reduced to $140,000.
Hand, Thomas E.	2	Southern District of Texas.	Jan. 6, 1960	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Bond set at $1,500 for each defendant. Motions to dismiss indictment filed. Pending.
Haux, Clarence	3	Eastern District of Washington.	Nov. 11, 1959	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	On Mar. 30, 1960 jury found 1 defendant guilty on 5 Sec. 17(a) counts and 5 mail fraud counts; 2 other defendants found guilty on 1 Sec. 17(a) count, 1 mail fraud count and 1 conspiracy count. Defendants' motions for new trial overruled. 1 defendant placed on probation for 3 years; and the 2 other defendants were each placed on probation for 2 years, and imposition of sentence deferred upon condition that restitution be made.
Henson, Owen H. (Mountain States Oil & Uranium Corp.).	5	District of Kansas	May 25, 1960	Secs. 5(a) (1) and (2), 17(a) (1) and (2), 1933 Act; Sec. 1341, Title 18, U.S.C.	Pending.

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. 15(a) (1) and (2), 1933 Act; Sec. 88 (now Sec. 371), Title 18, U.S.C.	
Hibbard, J. Alvin	5	Western District of Washington.	Oct 8, 1959	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Defendants entered not guilty pleas. Bond set at $1,000 each. Jury found all defendants guilty on April 30, 1960 and on May 12, 1960 were sentenced as follows: 2 defendants each received a 2 year jail sentence with fines of $5,011 and $4,004 additionally imposed; 2 other defendants each received a 1 year jail sentence with fines of $1,003 and $1,002 additionally imposed; 1 defendant fined $5,000 and imposition of sentence suspended for a 5-year probationary period.
Intermountain Development Co., Inc., et al.	9	District of Idaho	Aug. 29, 1957	Secs. 5(a)(2) and 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Eight defendants previously convicted and sentenced. Plea of guilty entered by the other defendant; sentence suspended and defendant placed on probation for 2 years.
Kaufman, Benjamin Franklin.	1	District of New Hampshire.	June 1, 1959	Sec. 17, 1933 Act; Secs. 1341 and 2314, Title 18, U.S.C.	On Oct. 14, 1959 defendant pleaded guilty to all counts; The court ordered defendant to make restitution of $14,490 and imposed a 3-year suspended sentence and 5 years probation on 1 count; and suspended imposition of sentence on the remaining counts. The court barred the defendant from further engaging in the securities business.
Kimball Securities, Inc.	20	Southern District of New York.	Dec. 7, 1959	Secs. 5(a)(1), 17(a) and 24, 1933 Act; Secs. 2 and 371, Title 18, U.S.C.	Thirteen defendants arraigned, pleaded not guilty and each posted bonds; 5 other defendants not yet arraigned; and bench warrants issued for 2 other defendants. Pending.
Do	1	do	Mar. 25, 1960	Sec. 1621, Title 18, U.S.C.	
Kirchofer, Robert Carl (Kirchofer and Arnold, Inc.).	2	Eastern District of North Carolina.	Apr. 11, 1960	Secs. 5(a)(2) and 17(a), 1933 Act; Sec. 15(a), 1934 Act; Secs. 371 and 1341, Title 18, U.S.C.	Pending.
Klos, Lee (Federal Old Line Insurance Co.).	2	Eastern District of Washington.	Nov. 19, 1959	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	One defendant deceased; other defendant posted bond of $2,500. Trial set for the Fall Term. Pending.
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.C.	Defendant apprehended on Sept. 30, 1959; bond set at $10,000. On Feb. 4, 1960, defendant was convicted by jury and his motion for new trial was denied on Feb. 9, 1960; on Feb. 12, 1960 sentenced to serve 18 months on 4 counts of Sec. 10(b) of the 1934 Act, and a 6 months term on the remaining counts to run consecutive to the 18-month term. The court suspended service of the 6-month term and ordered defendant to serve 3 years probationary term upon release.
Larkin, Robert B	1	Western District of Louisiana.	Feb. 19, 1960	Sec. 17(a), 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendant a fugitive. Pending.

TABLE 17.—*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 1960 fiscal year*—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Latimer, John A	1	Southern District of New York.	July 2, 1959	Secs. 9(a)(1), 9(a)(2) and 32(a), 1934 Act.	Defendant arraigned and pleaded not guilty on July 15, 1959; and later changed his plea to guilty to Sec. 9(a)(1) count and received a suspended sentence.
Lincoln Securities Corporation.	21	District of Ohio	Apr. 19, 1960	Secs. 5(a) (1) and (2), 5(c) and 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Pending.
Lord, Linda (Shoreland Mines, Ltd.).	1	Southern District of New York.	July 30, 1958 Information filed.	Sec. 21(c), 1934 Act.	Defendant is a fugitive. Pending.
Low, Harry (Trenton Valley Distillers Corp.).	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17(a)(1), 1933 Act; 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.	Trial by court: Judgment of acquittal entered by the court as to all defendants on Dec. 29, 1959.
Mallen, George E	6	Eastern District of Michigan.	June 2, 1944	Secs. 5(a) (2) and 17(a)(1), 1933 Act; Secs. 371 and 1341, 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	Secs. 5(a) (1) and (2), 1933 Act; Sec. 371, Title 18, U.S.C.	
Do	12	do	do	Secs. 17(a)(1) and (2), 1933 Act; Secs. 371 and 1341, 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. He was convicted by jury on Feb. 8, 1960 on all 4 counts of an indictment charging 1 Sec. 17 count, 2 mail fraud counts and 1 wire fraud count; defendant sentenced to 4 years and fined $2,000.

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. Jury found 2 defendants guilty on all counts; each received a 2 year suspended sentence on all counts and placed on 2 years probation and each fined $10,000 on the conspiracy count; one defendant ordered to make restitution. Jury found another defendant guilty on 6 counts; he received a 2-year suspended sentence, placed on 2 years probation and fined $7,500 on the conspiracy count. Another defendant acquitted. One defendant appealed and later on his motion CA-7 granted motion to dismiss appeal.
Morris, Thomas A. (Evergreen Memorial Park Association).	2	Eastern District of Pennsylvania.	Dec. 9, 1959	Sec. 17(a), 1933 Act	Awaiting trial date. Pending.
Murray, John (Alabama Acceptance Corporation).	5	Northern District of Alabama.	Sept. 4, 1959	Sec. 17(a)(1), 1933 Act; Sec. 1341, Title 18, U.S.C.	On Apr. 18, 1960, 3 defendants entered pleas of nolo contendere and on Apr. 30, 1960, jury found remaining 2 defendants guilty on nine Sec. 17(a)(1) counts and ten mail fraud counts, and they were sentenced on June 13, 1960 to a 3-year and 2-year jail term respectively. Imposition of sentence for 3 other defendants deferred. Pending.
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.	On Mar. 19, 1960, jury found 2 defendants guilty on all counts and one defendant previously entered a guilty plea as to 3 counts. On June 30, 1960 two defendants each sentenced to 14 months in prison. Sentence deferred as to defendant who entered guilty plea.
Newman Associates, Philip.	28	District of New Hampshire.	June 16, 1960	Secs. 5(a)(1), 5(a)(2), 5(c) and 17(a)(1), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Pending.
Newton, Silas M. (Yellow Cat Royalty Trust)	3	District of Colorado	Mar. 4, 1958 Superseding 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. On Oct. 9, 1959, jury returned a verdict of not guilty as to each defendant.
Olen, Maurice (H. L. Green Co.).	5	Southern District of New York.	Dec. 3, 1959	Secs. 17(a) and 24, 1933 Act; Secs. 14 and 32(a), 1934 Act; Sec. 2, Title 18, U.S.C.	Motion by 3 defendants for bill of particulars filed Jan. 12, 1960. Motion for transfer to S.D. of Alabama. Pending.
Ossano, Fred A	4	District of Minnesota	Sept. 18, 1959	Sec. 32, 1934 Act; Secs. 2 and 371, Title 18, U.S.C.	Motion by defendants for dismissal of indictment granted June 27, 1960.
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.	Order entered June 12, 1959 consolidating both indictments for trial. On Nov. 11, 1959 jury returned guilty verdicts against all defendants and on Nov. 23, 1959 defendants received sentences ranging from 4 months to 18 months and suspended sentences ranging from 2 to 5 years with corporate defendant being fined $2,000. 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.	

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TABLE 17.—*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 1960 fiscal year*—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Patton, Guy P.	5	District of Connecticut.	Apr. 22, 1960	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	Plea of not guilty entered as to 3 defendants; another defendant waived removal of hearing and posted $1,000 bond. Motions to strike and dismiss indictment denied. One defendant is a fugitive. Pending.
Poynter, A. M.	1	Western District of Louisiana.	Feb. 19, 1960	Secs. 5(a)(2), 5(c) and 17(a), 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendant apprehended and posted $10,000 bond; and on May 5, 1960 pleaded not guilty. Pending.
Price, Daniel (National Electro Process Corp.).	13	Eastern District of Virginia.	Dec. 18, 1959	Secs. 5(a)(2), 5(c) and 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	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.	Four defendants pleaded guilty on May 28, 1960 and on June 13, 1960, 2 defendants were convicted by jury on various counts and all 6 defendants were sentenced to 5 years each; court to consider application for probations as to 4 defendants who had pleaded guilty provided restitution arrangements be made. One defendant's trial postponed because of illness. Two defendants are appealing. Pending.
Raible, Arthur J.	1	Southern District of Ohio.	June 17, 1960	Sec. 17(a), 1933 Act; Secs. 1341 and 1343, Title 18, U.S.C.	Pending.
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.	Order entered Dec. 4, 1959 denying defendants, motion to dismiss counts 1–15; but granting motion to dismiss counts 16–18. 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.	On Dec. 18, 1959 the jury returned a verdict of guilty against 2 defendants on Sec. 5 counts, individual defendant sentenced to 5 years and $5,000 on 5 Sec. 5 counts, and the corporation was found guilty on all but the conspiracy count and fined $5,000 on the 5 Sec. 5 counts. Notices of appeals to CA-5 filed. One other defendant acquitted. 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 changed plea to guilty on all counts and received a 6 months suspended sentence and placed on probation for 5 years on condition that restitution be made at the rate of $10 per week. Other defendant is still a fugitive. Pending.
Schaefer, Carl D.	1	Northern District of Illinois.	Mar. 26, 1958	Secs. 5(a)(2) and 17(a), 1933 Act.	On Apr. 22, 1958, defendant arraigned and pleaded not guilty to all counts. Motions to strike and dismiss indictment denied Sept. 11, 1958. Trial set for Oct. 3, 1960. 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 previously arraigned and released on bail of $1,000 each. Defendants' motion to dismiss indictment denied May 25, 1959. Pending.

Sills, Robert Bernard (Sills & Company).	2	Southern District of Florida.	Feb. 5, 1959	Sec. 17(a)(1), 1933 Act; Sec. 32, 1934 Act; Sec. 1341, Title 18, U.S.C.	On Feb. 17, 1960, one defendant convicted by jury on 1 Sec. 32(a) count, received a 2 year suspended sentence and placed on probation for 5 years. Other defendant is a fugitive. Pending.
Silver, Benjamin W. (Stardust, Inc.).	6	District of Nevada	May 26, 1960	Secs. 5(a)(2), 17(a)(1), 1933 Act and Sec. 1341, Title 18, U.S.C.	Pending.
Silver State Farms, Inc. (Valley Farms, Inc.).	6	District of Nevada	Jan. 26, 1960	Sec. 371, Title 18, U.S.C	All defendants pleaded not guilty and posted $1,000 bond respectively. Pending.
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 deceased; 2 defendants are fugitives and remaining defendants are 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.	Defendant pleaded not guilty and released on bail July 7, 1959. Pending.
Talenfeld, Murray A	4	Western District of Pennsylvania.	May 15, 1960	Secs. 9(a)(2) and 32(a), 1934 Act; Secs. 2, 24, 371, 1001, 1341, 1343 and 2314, Title 18, U.S.C.	Motions for bill of particulars and other relief. Pending.
Tellier, Walter F. (Consolidated Uranium Mines, Inc.).	1	Eastern District of New York.	Apr. 26, 1956	Sec. 17(a), 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendant pleaded not guilty. Pending.
Tellier, Walter F	7	Eastern District of New York.	Aug. 3, 1956	Sec. 17(a), 1933 Act; Secs. 371 and 1341, Title 18, U.S.C.	One defendant arraigned and bond of $25,000 continued. Pending.
Do	1	do	do	Sec. 1621, Title 18, U.S.C	
Todd, F. Payson	1	District of Massachusetts.	Apr. 22, 1960	Sec. 17(b), 1933 Act; Sec. 206 (1) and (2), 1940 Act.	Defendant pleaded not guilty; bond set at $1,000. Pending.
U.S. Manganese Corporation.	3	Southern District of New York.	May 20, 1957	Sec. 371, Title 18, U.S.C	Awaiting trial. Pending.
Van Allen, John	20	Southern District of New York.	Mar. 24, 1960	Secs. 5(a) (1) and (2), 5(c), 17 and 24, 1933 Act; Secs. 2 and 1341, Title 18, U.S.C.	Six firms and 10 persons pleaded not guilty, pleas not yet entered as to remaining defendants; bonds set at various amounts. Various motions pending.
Van Allen, John	2	Southern District of New York.	June 16, 1960	Secs. 2 and 1001, Title 18, U.S.C.	Defendants arraigned and their motions are 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 previously convicted and sentenced and 2 defendants acquitted. Judgment of conviction as to 1 defendant who appealed was affirmed on May 27, 1960.
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.	On Mar. 9, 1960 defendant pleaded guilty to false statement count and court granted Government's motion to dismiss remaining counts. Pending.
Wallace, Charles Lynn (National Progress Corp.).	1	Southern District of California.	Apr. 13, 1960	Sec. 17, 1933 Act; Sec. 1341, Title 18, U.S.C.	Defendant pleaded not guilty and released on bond. Pending.
Warner, J. Arthur & Co., Inc.	11	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 1 defendant who was a fugitive since 1953, and 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.	On Oct. 30, 1959 defendant entered a plea of not guilty; bond set at $2,000. On Feb. 6, 1960 defendant found guilty on 5 Sec. 17(a) counts and 1 mail fraud count, and sentenced on Mar. 11, 1960 to 3 years on each of the 6 counts, sentences to run concurrently.

TABLE 18.—*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, 1960*

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Caradean & Co., Inc., A. J.	2d Circuit	Oct. 30, 1959	Order Oct. 7, 1959, denying petitioner the right to withdraw its application for registration as a broker-dealer pursuant to Sec. 15(b) of the 1934 Act. Order of CA-2 Nov. 9, 1959, granting Commission's motion to dismiss petition for review. Closed.
Civil and Military Investors Mutual Fund, Inc.	District of Columbia	June 2 1960	Order Apr. 8, 1960, declaring that the corporate name of petitioner is deceptive or misleading within the scope of Sec. 35(d) of the Investment Company Act of 1940. Pending.
Common Stockholders Committee of Cities Service Co., et al.	2d Circuit	Dec. 4, 1959	Order Nov. 25, 1959, pursuant to Sec. 11 of the 1935 Act directing consolidation of proceedings to effectuate Commission order of Sept. 20, 1957, directing elimination of public minority interest in Arkansas Fuel Oil Corp or disposition by Cities of its stockholders interest in Arkansas Fuel Oil Corporation. Petition for review dismissed Jan. 26, 1960 by stipulation. Closed.
D'Antoni & Associates, Inc., Blaise, et al.	5th Circuit	June 16, 1960	Order Apr. 19, 1960 revoking the broker-dealer registration of Blaise D'Antoni & Associates, Inc. and denying application for withdrawal of registration of Blaise D'Antoni. Pending.
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 Company, 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 Dyer v. S.E.C., No. 15,989, decided Apr. 10, 1959. Reargument heard on the merits in CA-8 Nov. 17, 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 Company, to become effective. Order Apr. 17, 1958, granting Union Electric Company'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 or certiorari denied Oct. 12, 1959 and on Dec. 7, 1959 USSC denied motion to supplement the record and the petition for rehearing. Closed.
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 Company, as amended, to become effective. Order Apr. 8, 1959, denying petitioners' application for stay. Order May 6, 1959, granting Union Electric Company leave to intervene as a respondent. Briefs and reply briefs filed. Pending.
Dyer, Nancy Corinne, et al.	8th Circuit	Oct. 2, 1959	Order Sept. 3, 1959 permitting to become effective an amended declaration filed under Sec. 7 of the 1935 Act authorizing Union to offer its underwritten common stock to stockholders and offer its unsubscribed shares to employees. Order CA-8 Oct. 21, 1959 denying petitioners' motion for stay of Commission's order and denying motion for rehearing of motion for stay on Oct. 27, 1959. Order Dec. 10, 1959 granting petitioners' leave to lodge supplemental record. Briefs filed; argument heard on the merits on Jan. 25, 1960. Pending.

Dyer, Nancy Corinne, et al	8th Circuit	Mar. 23, 1960	Alleged orders Feb. 12, Mar. 9 and Mar. 18, 1960 respecting the 1960 proxy material of Union Electric Company's management which adversely affect the stockholders of Union and its rate payers, and the general public pursuant to Sec. 24(a) of the 1935 Act. Order Apr. 4, 1960 denying petitioners' motion for stay; and Commission's motion to dismiss petition for review is taken under advisement. 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. Petition for review dismissed by stipulation. Closed.
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, suspending the partnership of Gilligan, Will & Company for 5 days from membership in the NASD, Inc. and finding individual partners, Gilligan and Will 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. Petition for certiorari denied Nov. 16, 1959. Closed.
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. Petitioner's brief and appendix filed. Pending.
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 suspending the effectiveness of petitioner's registration statement pursuant to Sec. 8(d) of the 1933 Act. On Oct. 20, 1959 CA-9 granted Commission's motion to dismiss the 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. On June 20, 1960, CA-2 granted Commission's motion to dismiss petition for review. Closed.
Peoples Securities Co , et al	5th Circuit	Apr. 7, 1960	Order Feb. 10, 1960, denying application of petitioner for registration as a broker-dealer and its motions to cancel or withdraw such application and to dismiss proceedings. Appeal involves the interpretation of Sec. 15(b) of the 1934 Act. Pending.
Sterling Securities Co., et al	9th Circuit	Dec. 30, 1959	Order Nov. 2, 1959, pursuant to Sec. 15(b) of the 1934 Act revoking the broker-dealer registrations; expelling membership in NASD and holding Marc Sterling as a cause of order. Pending.

TABLE 19.—*Contempt proceedings pending during the fiscal year ended June 30, 1960*

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. 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. 5, 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." Order entered on Aug. 4, 1959 acquitting defendant. Closed.
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 20.—*Cases in which the Commission participated as intervenor or as* amicus curiae, *pending during the fiscal year ended June 30, 1960*

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, Delaware.	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. Closed.
Barker, Harold Co. 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. Order Dec. 17, 1958, denying Commission's motion for summary judgment; action dismissed. Closed.
Cosden Petroleum Corp. v. M. M. Miller and Cosden Petroleum Corp. v. R. L. Tollett.	Northern District of Texas....	Feb. 9, 1960	Action under Sec. 16(b) of the 1934 Act and Rule X-16B-3, thereunder, to recover profits from purchases and sales of the common stock of the corporation within six months. Commission's memorandum amicus curiae, served Mar. 14, 1960. Judgment June 15, 1960, granting defendant's motion for summary judgment and holding that Rule 16B-3 is valid. Closed.
Dann, Sol A., et al v. Studebaker-Packard Corp., et al.	2d Circuit.....	Dec. 14, 1959	Private action based, in part, upon alleged violations of Sec. 14 of the 1934 Act and the Commission's proxy rules. Commission's brief amicus curiae served Jan. 15, 1960. Oral argument heard Feb. 19, 1960. Pending.
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 six months. Brief for the Commission amicus curiae filed Dec. 31, 1958. Brief of defendant-appellee filed in Jan. 1959. Opinion Sept. 8, 1959, affirming the order of the district court and dismissing the complaint. Closed.
Hooper, Perry O. v. Mountain States Securities Corp., et al.	5th Circuit.....	Mar. 24, 1960	Action under Sec. 10(b) of the 1934 Act by the trustee in bankruptcy alleging fraud in the purchase of the corporation's unissued stock by the defendants. District court dismissed the action and trustee appealed. Commission's brief amicus curiae filed Apr. 26, 1960 urging the court of appeals to express its disagreement with the district court's ruling. Oral argument heard May 16, 1960. Pending.
Perlman, Michael v. John E. Timberlake, 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 six 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. Appeals dismissed July 17, 1959 by stipulation. Closed.

TABLE 20.—*Cases in which the Commission participated as intervenor or as* amicus curiae, *pending during the fiscal year ended June 30, 1960*—Continued

Name of case	United States District Court, Court of Appeals, or U.S. Supreme Court	Date of entry	Nature and status of case
Standard Fruit and Steamship Co., et al. v. Midwest Stock Exchange.	Northern District of Illinois	Nov. 4, 1959	Action under 1934 Act and Rule 12f-6 thereunder, involving unlisted trading of the company's securities on the Midwest Stock Exchange. Commission's brief and supplemental brief amicus curiae filed Nov. 1959. Decision Nov. 19, 1959 granting preliminary injunctions. Order subsequently signed granting joint motions for termination of case without damages to either party. Closed.
Taylor, Frederick, et al. v. John B. Janigan.	District of Massachusetts	Feb. 24, 1959	Closed.
Van Aalten, Gertrude v. Roy T. Hurley, et al.	Southern District of New York.	Sept. 19, 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. Opinion July 30, 1959 granting individual defendants' motions for summary judgment; denying plaintiff's motion for summary judgment and dismissing the complaint. Closed.
Woodward, D. A., et al. v. Homer L. Wright, et al.	10th Circuit	Jan. 26, 1959	Closed.

TABLE 21.—*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, 1960*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Dobie, Arthur F.	1	Western District of Virginia	Aug. 13, 1959	Sec. 22(b), 1934 Act	Order to show cause Aug. 13, 1959, why respondent should not comply with Commission subpoena. Order Aug. 28, 1959, directing respondent to comply with Commission subpoena. Closed.
First Capital Savings and Loan Association, Inc., et al.	3	District of New Jersey	Apr. 27, 1960	Sec. 22(b), 1933 Act	Order Apr. 27, 1960, directing respondents to show cause why order should not issue requiring compliance with subpoena. Rule dismissed without prejudice in view of defendants' consent to final injunction in action in Maryland. Closed.
Noonan, John A.	1	District of Massachusetts	May 25, 1960	Sec. 22(b), 1933 Act	Order May 26, 1960, directing respondent to show cause why order should not issue requiring compliance with subpoena. Order May 31, 1960, requiring obedience to subpoena. Closed.
Standard Securities Service Corp., et al.	2	Southern District of Texas	Apr. 19, 1960	Sec. 22(b), 1934 Act	Order Apr. 19, 1960, directing respondents to show cause why order should not issue requiring compliance with subpoena. Commission's motion May 17, 1960, to dismiss in view of respondents' compliance to subpoena, filed. Order May 18, 1960, granting Commission's motion for dismissal of subpoena action. Closed.

TABLE 22.—*Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1960*

Plaintiff	Court	Initiating papers filed	Status of case
Callahan Consolidated Mines, Inc., et al.	District of Idaho	Dec. 3, 1959	Complaint filed Dec. 3, 1959, demanding a judgment be entered declaring Rule 136, the amendment to Rule 140 and Regulation F adopted by the Commission under the 1933 Act to be void and seeking to enjoin the Commission from enforcing same. Commission's motion and supporting memorandum of law to dismiss complaint, filed. Stipulation by both parties for dismissal of the action. Order Apr. 11, 1960, dismissing action. 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. Order Feb. 5, 1959, denying petitioner's motion for an order reinstating subpoenas. Appealed to CA DC on Feb. 25, 1959. Order of CA DC Sept. 8, 1959, dismissing the appeal. Closed.
Leighton, William	Court of Appeals District of Columbia.	Reopened Jan. 9, 1960	Motion filed Jan. 9, 1960, for leave to file a petition for rehearing of CA DC order entered Feb. 2, 1955 which sustained the Commission's order of July 8, 1954 that the Commission was without jurisdiction to institute an action under Sec. 20(b) of the '33 Act to compel the American Express Co. to register its "travelers' checks". Commission's answer to petitioner's motion, served Jan. 15, 1960. Order Mar. 14, 1960, denying petitioner's motion for leave to file petition for rehearing. Closed.
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.
Phillips, Randolph	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. 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. Upon motion of Commission, the appeal was dismissed on July 13, 1960. Closed. (Proceeding also listed in Table No. 23 under The United Corp.)
Schwebel, Morris Mac	District of Columbia	Aug. 28, 1959	Complaint filed Aug. 28, 1959, demanding a temporary restraining order, preliminary and permanent injunctions enjoining defendants from holding a private hearing set for Aug. 31, 1959 pursuant to Rule II(e) of the Rules of Practice of the Commission involving plaintiffs fitness to practice before the Commission and demanding inspection of Commission's documents. Order Aug. 28, 1959 denying plaintiff's motions for temporary restraining order, preliminary injunction and permanent injunction pending appeal and dismissing complaint for discovery, injunction and other relief. Appeal to CADC Aug. 28, 1959. Order CADC Aug 29, 1959, denying petition for preliminary injunction pending appeal. Order CADC Dec 4, 1959, dismissing the appeal. Closed.
Standard Securities Service Corp., et al.	Southern District of Texas	Feb. 29, 1960	Motion filed Feb. 29, 1960, to quash subpoena issued by the Commission of Feb. 25, 1960, pursuant to the 1933 and 1934 Acts and for temporary injunction from any further attempt to force testimony until the Commission show valid jurisdiction. Temporary restraining order signed Feb. 29, 1960. Commission's response, motion for summary dismissal of petitioners' motion to quash subpoena and for dissolution of temporary restraining order, served Mar. 3, 1960. Motion Mar. 9, 1960, by petitioners to withdrawn their original motion and to dissolve temporary restraining order filed. Order Mar. 9, 1960, withdrawing petitioners' original motions filed Feb. 2, 1960, and dissolving court's temporary restraining order. Closed.

Woolfson, A. Philip (Third Avenue Transit Corp.).	Southern District of New York.	Nov. 6, 1958	Appeal from order of reorganization of court of Dec. 23, 1958 refusing 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. Motion of Commission to dismiss appeal filed Mar. 31, 1959. Appeal dismissed by CA-2 on Apr. 10, 1959. Petition for certiorari filed Apr. 29, 1959. Commission's brief in opposition filed May 27, 1959. Certiorari denied by the Supreme Court June 24, 1959 and petition for rehearing denied Oct. 12, 1959. Closed.

TABLE 23.—*Actions pending during fiscal year ended June 30, 1960, to enforce voluntary plans under Sec. 11(e) to comply with Sec. 11(b) of the Public Utility Holding Company Act of 1935*

Name of case	United States District Court	Initiating papers filed	Status of case
Arkansas Natural Gas Corp., 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.
Central Ohio Light & Power Co., et al, In re.	Northern District of Ohio	Dec. 30, 1959	Application by the Commission for extension of period for the surrender of shares. Order Dec. 31, 1959, extending period from Dec. 31, 1959 to June 30, 1960, for the surrender of shares by holders of the common stock of Central Ohio Light & Power Co. Closed.
Consolidated Electric and Gas Co., In re (Central Public Utility Corp.).	Delaware	Reopened Aug. 20, 1959	Supplemental application filed Aug. 20, 1959, by Central Public Utility Corp. for an order requiring all interested persons to show cause why proposed amendments should not be approved. Order to show cause entered Aug. 20, 1959. Commission's letter to the court dated Aug. 24, 1959, in support of the application. Order Sept. 3, 1959, approving supplemental application and continuing as supplemented the order of the court entered July 29, 1952, in full force and effect. Pending.

TABLE 23.—*Actions pending during fiscal year ended June 30, 1960, 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. Appeal filed Nov. 18, 1958. Commission's supplemental application Dec. 10, 1959, relating to payment of fees and expenses filed. Various objections to supplemental application filed Feb. 1960. Order June 20, 1960, granting in part and denying in part Commission's supplemental application. Appeal dismissed July 13, 1960. Closed.

TABLE 24.—*Actions under Sec. 11(d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1960, 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	Supplemental application of Commission Jan. 6, 1960, for an order enforcing the plan relating to allowances for fees and expenses. Various objections to supplemental application filed in Feb. 1960. Opinion Apr. 20, 1960, denying Commission's application in part. Order May 18, 1960, authorizing the trustees of IHES to pay fees and allowances. Appeal by Commission to CA-1 on July 14, 1960. Pending.

TABLE 25.—*Reorganization cases under Ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1960, 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
DePaul Educational Aid Society, debtor; Hugh C. Michels, Chicago Title and Trust Co., Dagmar C. Michels, LaSalle National Bank, Hugh C. Michels, Jr., Hugh C. Michels and Co., Ruth B. Castle, Virginia Small, William H. Grace and Rita B. Grace, appellants (7th Circuit).	Appeal from two orders of Dec. 23, 1959, overruling the objections to the Master's Report and approving his recommended order. Answer of the Commission and trustee to appellants' petition for leave to appeal, filed Jan. 1960. Order CA-7 Feb. 1, 1960, denying appellants' petition for leave to appeal. Stipulation by all parties for dismissal of appeal as per order of May 16, 1960, o the district court. Order CA-7 May 20, 1960, dismissing the appeal. Closed.
Fehr Brewing Co., Frank, debtor; Fehr Kremer, appellant (6th Circuit).	This appeal recorded closed in 1959 fiscal year. The Commission had filed a brief in opposition to the appeal and on June 16, 1959, CA-6 affirmed the order of the district court. Petition for writ of certiorari filed Sept. 14, 1959. Brief and reply briefs filed. Commission's brief in opposition filed in Nov. 1959. Supreme Court Apr. 25, 1960, denied petition for certiorari; and petition for rehearing denied June 6, 1960. Closed.
General Stores Corp., debtor; Lewis J. Ruskin, appellant (2d Circuit).	Appeal from order of Nov. 24, 1959, determining allowances in a proceeding under Ch. X of the Bankruptcy Act. Petition for leave to appeal filed about Dec. 30, 1959. On Jan. 15, 1960, CA-2, denied petition for leave to appeal. Motion to dismiss appeal by trustee in reorganization filed about Feb. 2, 1960. Opinion May 10, 1960, dismissing the appeal. Closed.
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 debtor's subsidiaries. Commission's brief in support of the district court's orders, filed Feb. 27, 1959. Appellant's reply brief, filed Mar. 10, 1959. Opinion Aug. 26, 1959, affirming part and reversing part of the district court's order and remanding cause for further proceedings. Order of CA-2 Nov. 4, 1959, denying motion to recall and stay of reissuance of mandate. Petition by Lewis J. Ruskin for writ of certiorari, filed Dec. 5, 1959. Commission's brief in opposition to certiorari, filed Jan. 4, 1960. Supreme Court denied certiorari Jan. 25, 1960 and also denied cross petition for writ of certiorari of Charles Griffiths on the same date. 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. Commission's brief filed Feb. 1, 1960, opposing the appeal. Opinion May 11, 1960, affirming the order of the district court. 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. Order June 26, 1959, granting appellants' motion for stay pending appeal. Commission's brief and appendix served Sept. 16, 1959, requesting that district court order be reversed. Order Jan. 27, 1960, affirming the order of the district court. Order Feb. 23, 1960, staying mandate 30 days pending the filing of the petition for certiorari. Commission's memoranda supporting petition for writ of certiorari. Petition for certiorari denied June 6, 1960. Closed.
Jacobs Co., F. L., 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, but expected to be dismissed.
Lea Fabrics, Inc., debtor; Securities and Exchange Commission, appellant (3d Circuit).	Appeal from order of Nov. 14, 1959, denying Commission's motion to dismiss the debtor's petition for relief under Ch. XI of the Bankruptcy Act. Order CA-3 Oct. 19, 1959, granting Commission's motion to stay proceedings in the district court pending appeal. Commission's brief and appendix, filed Nov. 2, 1959. Debtor's and other briefs filed in Nov. 1959, and Commission's reply brief, filed Nov. 17, 1959. Order Dec. 8, 1959, affirming the order of the district court that Ch. XI may be utilized by the debtor. Order CA-3 Jan. 5, 1960, denying Commission's petition for rehearing; and order of Mar. 23, 1960, denying motion to vacate as moot the opinion and judgment. Commission filed petition for writ of certiorari and on June 13, 1960, Supreme Court granted writ of certiorari vacating judgment of CA-3 and remanding case to the district court with instruction to dismiss petition as moot. Closed.

TABLE 25.—*Reorganization cases under Ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1960, 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
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. Order May 11, 1959, dismissing appeal. Closed.
Magnolia Park, Inc., debtor; Sportservice 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. Order Feb. 24, 1960, dismissing appeal for want of prosecution. Closed.
Selected Investments Corp., and Selected Investments Trust Fund, debtors; Walter D. Hart and Jack Hart, appellants (10th Circuit)	Appeal 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. Stipulation providing for dismissal of appeal, filed. Order Aug. 3, 1959, vacating stay order entered Jan. 30, 1959. Order Nov. 23, 1959, dismissing the appeal. Closed.
Swan Finch Oil Corp., debtor; Trustees of Swan-Finch Corp., appellants (2d Circuit).	Appeal by trustees from order of Nov. 21, 1958, denying motion of the trustees to compel Doeskin Products, Inc. and Keta Gas & Oil to turn over to them all the stocks and assets of Keta. Commission's memorandum in support of reversal, filed Feb. 6, 1959. Opinion Aug. 24, 1959, reversing the order of the district court. Opinion Oct. 13, 1959, denying petition of Keta and Doeskin for rehearing. Petition by Doeskin and Keta for writ of certiorari, filed Jan. 8, 1960. Brief and appendix for trustees of the debtor in opposition to petition for certiorari. Commission's brief in opposition to certiorari, filed Feb. 16, 1960. Supreme Court denied certiorari on Mar. 7, 1960. Closed.
Swan-Finch Oil Corp., debtor; Barton Grubbs, II, appellant (2d Circuit).	Appeal from order of Nov. 13, 1959, denying motion to dismiss proceedings and vacate order approving Ch. X petition of subsidiary Keta Gas and Oil Co. Order Apr. 22, 1960, to show cause to dismiss appeal or fix date for argument. Answer May 9, 1960, by appellant to rule to show cause. Appellant's brief and appendix filed. Commission's brief in support of the district court order, filed June 6, 1960. Brief and appendix of Wm. D. Pettit, et al, filed. Brief of debtor submitted in support of position of appellees, filed. Relevant sections of the Bankruptcy Act submitted by the Commission, filed June 14, 1960. Appellant's reply brief, filed about June 21, 1960. Pending.
Third Avenue Transit Corp., and subsidiary corporations, debtors; Hiram S. Gans, Hays St. John, Abramson and Heilbron; Surface Transit, Inc., et al: Reus & Chandler, Inc., James Hodes, Lester T. Doyle, I. Howard Lehman, appellants (2d Circuit).	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. Commission on Oct. 2, 1959, filed three separate briefs in opposition to petitions for writ of certiorari. Supreme Court denied certiorari in all five cases. Closed.
Third Avenue Transit Corp., et al., debtors; A. Philip Woolfson, appellant (2d Circuit).	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 on June 8, 1959. Petition June 1959, for rehearing of order denying petition for writ of certiorari. Petition for rehearing denied Oct. 12, 1959. Closed.

TABLE 25.—*Reorganization cases under Ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1960, 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
Third Avenue Transit Corp., et al., debtors; Julius Kass, appellant (2d Circuit).	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. Brief and appendix by appellant filed; brief for appellee trustee in reply to appellant's brief filed. CA-2 Mar. 3, 1960, reversed and remanded to the trial court for a determination of Kass' good faith at time he rendered the services. Closed.
TMT Trailer Ferry, Inc., debtor; Protective Committee for Independent Stockholders, appellants (5th Circuit).	Appeal from order of Mar. 6, 1959, confirming trustee's plan of reorganization. Order July 2, 1960, extending time to Aug. 26, 1960 to file transcript of record. Pending.

TABLE 26.—*A 27-year summary of criminal cases developed by the Commission—fiscal years 1934–60*

[See table 28 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	16	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	7	5	1
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	29	2	2	47
1958	15	51	13	31	8	5	1	17
1959	45	217	33	193	59	9	2	123
1960	[3] 53	281	29	166	9	5	2	150
Total	794	2,831	[4] 645	2,777	1,385	313	[5] 689	390

[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 27 for breakdown of pending cases.

[3] 24 of these references as to 109 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year, and also 10 of the 1957, 1958 and 1959 references as to 97 proposed defendants.

[4] 581 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 502 or 86 percent of such cases. Only 79 or 14 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 59 defendants who died after indictment.

TABLE 27.—*Summary of criminal cases developed by the Commission which were still pending at June 30, 1960*

	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	1	11	10	1	0	0
1954	1	16	9	7	0	0
1955	0	0	0	0	0	0
1956	2	2	0	0	2	0
1957	7	48	1	0	41	6
1958	5	18	1	1	16	0
1959	17	151	28	30	86	7
1960	24	151	1	21	129	0
Total	[1]68	[1]451	61	101	276	13

SUMMARY

Total cases pending [1]	102
Total defendants [1]	657
Total defendants as to whom cases are pending [1]	596

[1] Except for 1957, 1958, 1959, and 1960 indictments have been returned in all pending cases. As of the close of the fiscal year, indictments had not yet been returned as to 206 proposed defendants in 34 cases referred to the Department of Justice in 1957, 1958, 1959, and 1960. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 28.—*A 27-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1960*

	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)	415	238	24	100	53
Employees of such registered broker-dealers	225	68	17	44	96
Persons in general securities business but not as registered broker-dealers (includes principals and employees)	756	379	64	261	52
All others [2]	1,381	700	208	284	189
Total	2,777	1,385	313	689	390

[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 29.—*27-year summary of all injunction cases instituted by the Commission, 1934 to June 30, 1960, 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	58	206	71	179
1960 (to June 30)	53	159	39	117
Total	986	3,120	[2] 865	2,239

SUMMARY

	Cases	Defendants
Actions instituted	986	3,120
Injunctions obtained	845	2,239
Actions pending	49	[3] 350
Other dispositions [4]	92	531
Total	986	3,120

[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 20 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

[3] Includes 32 defendants in 12 cases in which injunctions have been obtained as to 60 co-defendants.

[4] Includes (a) actions dismissed (as to 462 defendants); (b) actions discontinued, abated, vacated, abandoned, stipulated, or settled (as to 54 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).

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