

PART IV

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

Chapter X of the Bankruptcy Act provides a procedure for reorganizing corporations (other than railroads) in the Federal courts. The Commission's duties under chapter X are, first, at the request or with the approval of the court to participate in proceedings to provide, for the court and investors, independent expert assistance, and second, to prepare for the benefit of the courts and investors formal advisory reports on plans of reorganization submitted to it by the courts. The Commission has no statutory right of appeal in a chapter X proceeding, although it may participate in appeals taken by others.

COMMISSION'S FUNCTIONS UNDER CHAPTER X

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

During the year the immediate supervision of chapter X matters at the central office of the Commission was transferred from the Division of Corporation Finance to the Division of Public Utilities.

THE COMMISSION AS A PARTY TO PROCEEDINGS

Generally, the Commission has sought to participate only in proceedings in which there is a public investor interest; \$250,000 of publicly held securities is the rough guide used in deciding if there is enough public interest to make it worth while for the Commission to participate. Sometimes the Commission has entered smaller cases where public-security holders are not adequately represented, where it appears that the proceedings are being conducted in violation of important provisions of the act, or if the Commission may otherwise be useful by participating.

Because of its Nation-wide activity and its experience in chapter X cases the Commission is able to respond to requests for help in the interpretation and application of chapter X when it does not participate as a party.

SUMMARY OF ACTIVITIES

The Commission actively participated during the 1950 fiscal year in 71 reorganization proceedings involving the reorganization of 98 companies with aggregate stated assets of \$965,157,000 and aggregate stated indebtedness of \$851,254,000.¹ During the year the Commission with court approval filed notices of appearance in 5 new proceedings under chapter X. These 5 new proceedings involved 9 companies with aggregate stated assets of \$24,985,000 and aggregate stated indebtedness of \$29,006,000. At the close of the year, the Commission was actively participating in 59 reorganization proceedings involving 83 companies with aggregate stated assets of \$950,862,000 and aggregate stated indebtedness of \$837,863,000.

Activities Relating to the Trusteeship

A fundamental feature of chapter X is that in every case involving a corporation of substantial size an independent trustee is appointed to be primarily responsible for the operation of the corporation's business during the proceeding, to examine and evaluate the reasons for the debtor's financial difficulties, to appraise the ability and fidelity of its management and to formulate and file a plan of reorganization. The success of the reorganization depends largely on the thoroughness, skill, and loyalty with which he and his counsel perform their tasks. The Commission usually examines the qualifications of trustees in the light of the standards of disinterestedness prescribed by the statute for trustees and their counsel.

In one case during the past fiscal year the Commission and a security holder petitioned for the removal of counsel for trustees on the ground that they were not disinterested as required by the statute.² The Commission contended that the attorneys had represented creditors of the debtor at the time of their appointment and that the formal termination of their representation of creditors could not eliminate the conflicts of interest engendered by their prior relationship. The Commission further pointed out that the danger of an active conflict of interests was accentuated in this case because actions taken by the creditors prior to the chapter X proceedings, when the attorneys represented them, gave rise to possible counterclaims on behalf of the estate which the attorneys as counsel for the trustees would be required to prosecute. In addition, issues had been raised between the creditors and other parties to the proceedings as to certain priorities and the validity of a pledge of certain assets which also involved adverse interests. The attorneys resigned prior to argument on the motion.

In reorganization proceedings involving two debtors, the Commission filed objections to the final accounts of a trustee who had resigned, and urged that he be surcharged upon the ground, among others, that he had knowingly permitted certain of his employees to trade in the securities of the debtors and their subsidiaries despite the fact that he was buying similar securities for the debtor.³ These employees

¹ Appendix table 19 contains a complete list of reorganization proceedings in which the Commission participated during the year ended June 30, 1950. Appendix table 18, classifies these debtors according to industry.

² *In re Solar Manufacturing Co., D. N. J.*

³ *In re Federal Facilities Realty Trust, National Realty Trust, N. D. Ill.*

had access to confidential information respecting the debtor, in some instances had actively run the debtors and subsidiaries, and had purchased bonds from the public and sold them to the trustee at a profit. After hearing, the special master agreed that trading in these securities was a breach of fiduciary duty and that the trustee's knowledge and acquiescence rendered him culpable and liable for surcharge to the extent of the profits. The district court approved the recommendation of the special master. On appeal, the court of appeals reversed the decision insofar as it surcharged the trustee. A petition for rehearing is pending.

Problems in the Administration of the Estate

A major defect of section 77B (the predecessor statute to chapter X) was its failure to provide assurance that judicial supervision of the reorganization process and creditor and stockholder participation therein would be based upon complete and impartial information regarding the affairs of the debtor. Chapter X endeavors to achieve this goal by requiring the independent trustee, at the direction of the court, to investigate the acts, conduct, property, liabilities, and financial condition of the debtor, the operation of its business, and the desirability of the continuance thereof, and to transmit a report of his investigation to creditors and stockholders. Such reports enable security holders and other parties to a proceeding to make helpful and effective suggestions for a plan of reorganization, aid the court in considering problems in the administration of the estate as well as the fairness and feasibility of a plan of reorganization, and give security holders the necessary information to determine the desirability of accepting a proposed plan.

The Commission has continued its policy of consultation through its staff with trustees in connection with their investigations and the preparation of their reports. On the basis of its own investigations and its wide experience the Commission has been able to supply data and suggestions useful to the trustee. It has also continued to assist trustees in their investigation of possible claims against the old management and other persons.

With respect to the operation of the companies in reorganization the Commission takes the position that important steps should not be taken except upon a complete disclosure to the court and the parties of all relevant factors. In one case, trustees had obtained competitive bids for certain paving work. However, they had delayed taking action on the matter and making a report to the court until the lowest bidder had withdrawn his bid and the work was assigned to and partially performed by another bidder. The Commission looked into and brought out all the facts when the question of approval of the contract came before the court. While the court approved the contract because it had been practically completed, it expressly reserved the question of the trustees' culpability in the matter.

A recurrent question is whether the enterprise should be liquidated through a sale or continued as a going concern through an internal plan of reorganization. The Commission does not support the sale type of reorganization merely because of its simplicity or certainty of result, but urges a decision based upon what will yield the largest

benefit for creditors and stockholders. Where the decision has been made to sell the assets of the debtor, there has been some tendency to attempt to complete the sale as an administrative matter prior to, and not as part of, a plan of reorganization with its attendant safeguards for investors. The Commission has urged that where substantially all the assets of the debtor are sold the sale should be part of a plan of reorganization, unless some emergency is involved, such as the need to dispose of perishable property.

This position was upheld by the Court of Appeals for the Third Circuit in the chapter X proceedings involving Solar Manufacturing Corp.⁴ The court rejected the argument that an emergency situation can be created simply by a condition imposed by a prospective purchaser that his offer of purchase must be accepted within a very short time. It reversed the order of the district court which authorized the sale, saying that "the safeguarding provisions of chapter X are not to be ignored in the sale of the assets of a business unless an emergency exists." It may be noted that the abortive proposal involved a price of \$525,000, and that subsequently the assets were sold for \$815,000 pursuant to a plan of reorganization subject to competitive conditions.

Responsibilities of Fiduciaries

Assuring adherence to the high standards of conduct required of fiduciaries has continued to be one of the important activities of the Commission in chapter X proceedings. We have indicated above our concern that the independent trustee be free from any conflicts of interest. The Commission is concerned also with the qualifications of other fiduciaries in the proceeding, such as indenture trustees, committees, attorneys, and other representatives of security holders. In one case the Commission sought to disqualify members of a stockholders' committee on the ground that their interests conflicted with those of the stockholders.⁵ The Commission contended that the conflicts of interest arose from the facts that: (1) The chairman and sponsor of the committee owned and controlled a large block of debentures, ranking prior to the stock, (2) the chairman had traded in the stock after assuming to act as chairman, (3) companies affiliated with the chairman were engaged in partial competition with the debtor and the debtor had claims against some of them, and (4) the chairman of the committee intended apparently, to acquire control of the debtor for purposes not necessarily compatible with the interests of stockholders. After the Commission filed a petition for disqualification with the court, the committee voluntarily dissolved and rescinded all authorizations, notifying stockholders of its action.

Where a fiduciary has traded in the securities of a debtor in reorganization, he has been considered guilty of a breach of trust which courts have punished by the denial of any fees or reimbursement of expenses. In such situations courts have also prevented fiduciaries from profiting by such trading through the limitation of their claims to cost or through an accounting for any profits. The application of the sanction of limitation to cost was advocated by the Commission in several cases in which the fiduciary purchased claims against the

⁴ *In re Solar Manufacturing Corp.*, 176 F. 2d 493 (1949).

⁵ *In re Norwalk Tire & Rubber Co.*, D. Conn.

corporation at a discount prior to the institution of the chapter X proceedings but during a period when the corporation was insolvent. The Commission expressed the view that the fundamental basis of the rule, the clash of adverse interests created by the trading in claims against the debtor, is applicable whether the corporation is not actually in reorganization, but is insolvent and in need of rehabilitation with respect to its liabilities, or is actually undergoing judicial reorganization. The Supreme Court, however, in a case under chapter XI of the Bankruptcy Act, in which the Commission filed a brief as *amicus curiae*, rejected this position as applied to a purchase by directors of "unmatured obligations of a corporation which, though technically insolvent, remains nevertheless a going concern."⁶ The court held that, on the record, the probability that an actual conflict of loyalties arose from the opportunity to purchase claims of the debtor, while it was a going concern, was not great enough to warrant the limitation of the purchaser's claims to cost. The court pointed out, however, that the possibilities of a conflict of interests in the purchasing director are intensified as the corporation becomes less a going concern and more a prospective subject of judicial relief, adding the following significant language to its opinion:

"A word of caution as to the scope of our decision is desirable in view of Judge Learned Hand's opinion below. He suggested that if in fact liquidation had been imminent at the time of respondents' purchases or if it were fairly demonstrable, as a matter of experience, that a director free from all potential self-interest would be more likely to initiate liquidation proceedings or to effect a debt settlement than one not wholly disinterested, a court of equity should explore such issues and not dismiss them out of hand. This decision is not meant to negative the relevance of these issues when raised by a proper record. We mention these matters because the Securities and Exchange Commission urges the importance of a decision in this case for questions that may well arise in proceedings under chapter X. In such proceedings the Securities and Exchange Commission, acting as the statutory advisor to the court, would be within its rightful function in submitting to the court the light of its experience in dealings of the general kind disclosed in this case."

In another case where the Commission had urged limitation to cost, the Court of Appeals for the Seventh Circuit affirmed the decision of the court below which limited to cost a claim based on bonds purchased by a member of a bondholders' committee.⁷ In this case, the debtor had defaulted on its interest payments and a bondholders' committee had designated one of its own members to manage its property, when the purchases were made. The chapter X proceedings were not commenced until 5 years after the purchases although rehabilitation or reorganization was in contemplation throughout the period of the purchases. The court held that the rule that a trustee can make no profit out of his trust was absolute and should be applied in the circumstances of this case. The court, as urged by the Commission, relied upon section 212 of chapter X which provides that

⁶ *Manufacturers Trust Co. v. Becker*, 338 U. S. 304 (1949).

⁷ *In re Franklin Building Co.*, 178 F. 2d 805 (1949), certiorari denied, June 1950.

the judge may limit claims acquired by fiduciaries "in contemplation or in the course of the proceeding."

The court in the *Franklin Building* case did not, however, accept the Commission's contention that close relatives of members of the bondholders' committee should also be limited to cost. In another case the district court rejected contentions of the Commission similar to those made in *Manufacturers Trust Co. v. Becker* and permitted a director and his business associate to participate for the full amount of securities purchased prior to the chapter X proceeding although the company was insolvent.⁸ The court did, however, limit to cost claims based upon securities purchased by the director at a time when the chapter X proceeding was in contemplation.

Activities With Respect to Allowances

The Commission in its advisory capacity endeavors to protect the estate from exorbitant and inequitable charges for fees and expenses while at the same time providing fair treatment to applicants which will adequately compensate them for services rendered and encourage legitimate creditor and stockholder participation in the reorganization process.

The Commission itself receives no allowances from estates in reorganization. It attempts to obtain a limitation of the aggregate fees to an amount which the estate can feasibly or should fairly pay. In each case, the applications are carefully studied and recommendations are made in the light of applicable legal standards and, in general, on the basis of beneficial contributions to the administration of the estate and to the adoption of a plan of reorganization. Specific recommendations are made to the courts in cases in which the Commission has been a party and in which it is familiar with the services of the various parties and all significant developments in the case.

The role of the Commission with respect to the recommendation of allowances was clearly delineated by the Court of Appeals for the Second Circuit in the *Childs Co.* case.⁹ Claimants had requested fees aggregating over \$1,400,000; the Commission recommended approximately \$750,000; and the district court awarded a total of approximately \$965,000. On appeal, the court of appeals pointed out that the allowances granted by the judge amounted to 10 percent of the value of the estate and 26 percent of the net income received during the reorganization; that in a reorganization proceeding the aggregate of fees must bear some reasonable relation to the estate's value and, hence, attorneys cannot always expect to be compensated at the same rate as in litigation of the usual kind. The court referred also to evidence of duplication in the representation of creditors and stockholders and wasteful labor in matters involving the administration of the estate which the trustee was handling more than satisfactorily. Indicating its view that the amounts allowed were excessive, the court stated:

"We should have had more doubts as to our conclusions just stated, had they not been re-enforced by those of the Securities and Exchange

⁸ *In re Wade Park Manor Corp.*, N. D. Ohio.

⁹ *In re Finn v. Childs Co.*, 181 F. 2d 431 (1950).

Commission. In a reasoned statement discussing each petition the Commission presented grounds for limiting the various allowances to sums totaling \$750,000. These amounts individually and collectively seem to us quite generous, indeed, perhaps more so than some of us would have granted as judges of first instance. They appear to support the statement of the Commission's able spokesman that these are not intended as minima to be increased by the court, but that in fact the Commission has raised its standards to match the compensation awarded by other judges in other cases. * * *

"Since the Commission's recommendations represent the expert opinion of a disinterested agency skilled and experienced in reorganization affairs, they should be a valuable aid to a judge in performing a difficult task. 6 Collier on Bankruptcy pp. 13.02, p. 4498, 14th Ed. 1947. Some courts have refused to give S. E. C. recommendations as to fees more weight than the suggestions of any other party, *e. g.*, *Cooke v. Bowersock*, 8 Cir., 122 F. 2d 977, 985; *In re Detroit International Bridge Co.*, 6 Cir., 111 F. 2d 235, 237-8. True, the Commission's function in a reorganization proceeding is purely advisory; and it does not have the power to fix a maximum amount for fees which it has with regard to the reorganization of public utility holding companies under § 11 (f) of the Holding Company Act, 15 U. S. C. A. § 79k (f), and which the Interstate Commerce Commission has with regard to a railroad reorganization under § 77 (c) (2), (12) of the Bankruptcy Act, 11 U. S. C. A. § 205 (c) (2), (12). Nevertheless the figures presented by the S. E. C. are not 'mere casual conjectures,' but are 'recommendations based on closer study than a district judge could ordinarily give to such matters.' Frank, *supra*, 18 N. Y. U. L. Q. Rev. 317, 1941. We agree with District Judge Kirkpatrick's apt statement "that the Commission is about the only wholly disinterested party in the proceeding and that, while it may not be entirely familiar with 'the problems of making both ends meet in a law office' referred to by counsel, its experience has made it thoroughly familiar with the general attitude of the courts and the amounts of allowances made in scores of comparable proceedings." *In re Philadelphia & Reading Coal & Iron Co.*, D. C. E. C. Pa., 61 F. Supp. 120, 124. See also Note, 18 N. Y. U. L. Q. Rev. 399, 469-70, 1941, which suggests that the recommendations as to fees of the S. E. C. may be the only solution to the 'very undesirable subjectivity with variations according to the particular judge under particular circumstances' which has made the fixing of fees seem often to be 'upon nothing more than an *ipse dixit* basis.' And see Securities and Exchange Commission, Tenth Annual Report 148, 1944, Fourteenth Annual Report 85-6, 1948."

The court remanded the applications for allowances "for the further consideration of the district judge, particularly in the light of the recommendations made by the Commission," and directed that those recommendations should not be exceeded without definite findings and conclusions showing why this step is deemed necessary. To expedite the reconsideration of the fees, the court stated that the Commission's recommendations, if adopted, would be considered affirmatively reasonable and properly allowable.

In the reorganization proceedings involving Chicago Surface Lines¹⁰ and Chicago Rapid Transit Co., the requests for fees and expenses totaled \$6,774,695 and \$1,043,235 respectively. Previous amounts allowed in these cases, primarily to trustees, receivers, and their counsel were extremely large, totaling \$5,000,686 and \$1,296,590 in the respective proceedings. The Commission, in a detailed memorandum, recommended \$1,918,139 and \$362,673 respectively. The special master designated to hear the applications recommended \$3,605,616 and \$656,375. The reason for the substantially lesser amounts recommended by the Commission was partially due to the fact that the Commission believed that many applicants were not entitled to a fee or reimbursement of expenses as a matter of law. The Commission was of the opinion that certain applicants were barred from receiving an allowance because they represented conflicting interests in the proceedings, because they bought or sold securities during the proceedings in contravention of section 249 of chapter X or of the equitable rule which the section codifies, because they represented classes of securities excluded from any participation in the reorganization and could show no benefit to the estate or contribution to the plan; and because of other reasons. The special master's reports in these cases and the objections of the Commission and others thereto are pending before the district court for decision.

Another issue decided in the *Childs Co.* case, discussed previously, involved the application of section 249. The Commission argued that two preferred stockholders, seeking compensation for services rendered in the proceeding, and who had traded in the stock of the debtor, should be denied any compensation because their activities in connection with the reorganization placed them in a "representative capacity" within the meaning of section 249. The Commission also argued that the interests of the applicants were not entirely consistent with other stockholders of their class in that they were seeking to obtain control of the reorganized company with its accompanying perquisites, and emoluments of management. The district court rejected these contentions but the court of appeals agreed that the applicants had acted in a "representative capacity" and were therefore barred from receiving any compensation under the provisions of section 249. The court stated that the record was clear that applicants had created a bloc of stockholders amenable to their directives, had maintained its unity by frequent communication, asserted its strength during the formulation and confirmation of a plan, and exerted its power to assure the selection of a new management satisfactory to themselves. The court reiterated the rule in chapter X that one who undertakes to act on behalf of any part of a class becomes the representative of the whole class, and may not deal for any part of it alone.

The court did not sustain the Commission's position on a different point in the *Childs Co.* case. The Commission was of the view that a certain stockholders' committee and its counsel had contributed directly to the reorganization proceedings and rendered services of benefit to the estate although they were rendered prior to the re-

¹⁰ The constituent companies are Chicago Railways Co., Chicago City Railway Co., and Calumet & South Chicago Railway Co.

organization proceeding. The court pointed out that the services had consisted principally of defeating a voluntary reorganization and the dismissal of a prior involuntary petition in chapter X on the ground that it was collusive, and the court concluded that such activity did not seem to have been of benefit to the estate. The court held that chapter X did not sanction awards for uncertain and somewhat problematical benefits resulting from activities prior to the reorganization and in order to be compensable such services must not only be clearly beneficial but specifically directed to the rehabilitation of the debtor which then actually occurs.

In *Berner v. Equitable Office Building Corp.*,¹¹ the Court of Appeals for the Second Circuit held that the disclosure by an attorney of private information regarding the reorganization proceeding to his brother-in-law, on the basis of which his brother-in-law had profited by the purchase of stock of the debtor, was a breach of trust. It held, however, that it was within the discretion of the district court to determine to what extent any fees earned by the attorney should be reduced because of this breach. The court suggested that the amount of reduction might well be not less than the loss to those who had sold stock to the brother-in-law. On remand the district judge held that the attorney would have been entitled to a fee of \$100,000, and that this amount should be reduced by the losses incurred by the seller of stock to the brother-in-law, plus an amount to make up for the cost to the estate of the litigation that grew out of the breach of trust, an aggregate of \$30,000. The resulting figure of \$70,000 was substantially in excess of the Commission's recommendation of \$15,000, although the court accepted the Commission's suggestions as to the amount of the loss. The judge sustained the Commission's view that the fact that the purchases were made from short sellers was not material, particularly since most of those selling stock owned other securities of the debtor. The judge stated that a court of equity should not be overly astute in an endeavor to relieve a tort-feasor from responsibility to his trust.

The doctrine of the *Berner* case was followed in *Silbiger v. Prudence Bonds Corp.*, decided by the Court of Appeals for the Second Circuit in March 1950. The opinion recognized that, in ordinary litigation, an attorney who has served conflicting interests must be denied all compensation but indicated that a more lenient rule could be applied in corporate reorganizations. In such cases the court suggested that it is reasonable not to impose an entire forfeiture of the allowance when the allowance is to be paid by a group which was not prejudiced by the attorney's divided allegiance rather by those who might have been. The court indicated that those affected by the attorney's disloyalty were probably adequately represented but that the attorney failed in his duty when he did not present the matter to the court and asked to be freed of his responsibility. The court remanded the case to the district court to fix the extent to which the attorney's allowance should be reduced. It stated that in its view a reduction of less than one-third would be an abuse of discretion, although it did not wish to indicate that it believed that a reduction of one-third was enough.

¹¹ 175 F. 2d 218 (C. A. 2, 1949).

A petition to the Supreme Court for a writ of certiorari has been filed by the successor corporation and the Commission has filed a memorandum as *amicus curiae* in support thereof. The Commission's view is that any allowances of a fee to an attorney who represents conflicting interests in a corporate reorganization is in direct conflict with the rule laid down by the Supreme Court in the landmark case of *Woods v. City Bank Co.*, 313 U. S. 262 (1941). The Commission feels that in making an exception to the requirements of loyal and disinterested service by fiduciaries as an absolute prerequisite to receiving any compensation whatsoever the decision of the court departs from the fundamental principles of equity; that the nature of a corporate reorganization proceeding is such that, rather than affording a reason for laxity, it requires the application of the highest standards of fiduciary conduct.

Institution of Chapter X Proceedings

In accordance with the legislative spirit and intent with which chapter X was enacted, the Commission generally strives for a liberal interpretation of its provisions in order to make the benefits and safeguards of chapter X fully available to security holders. The Commission opposed a motion to dismiss the chapter X reorganization proceeding involving New Union Building Co.¹² Against a contention that there was no need for relief because 98 percent of the bonds had been deposited with a committee which had made no demand for payment although principal and interest were past due, the Commission argued that the insolvency of the debtor and its inability to meet its debts as they matured were sufficient to show the need for relief and that reorganization under chapter X would preserve going-concern value for the benefit of all creditors. The Commission also argued that the fact that a large bondholder, who was also a director and committee member, was charged with instituting the proceedings to gain control of the property and avoid a foreclosure, and to continue to buy bonds at a discount, constituted no basis for a finding of lack of good faith. The Commission pointed out that the desire to effectuate a plan which would be binding upon dissenters, if two-thirds of the bondholders approved, was hardly a circumstance indicating bad faith since such a result was one of the purposes sought to be achieved by the reorganization statute to remedy a recognized deficiency in receivership proceedings. As to the trading activities of the bondholder, the Commission alluded to the broad and flexible powers of the chapter X court as a court of equity with jurisdiction to prevent or punish any inequitable or unjust conduct by any insider or fiduciary in the proceeding. The district court sustained the Commission's position and denied the motion to dismiss. The moving party appealed but, after the Commission had filed its brief, the appeal was withdrawn.

PLANS OF REORGANIZATION UNDER CHAPTER X

The formulation and consummation of a fair and feasible plan of reorganization is, of course, the primary purpose of the proceeding

¹² E. D. Mich.

under chapter X. Accordingly, the most important function of the Commission under chapter X is to aid the courts in achieving this objective.

Fairness of Plan

Basic to the Commission's approach to questions involving the fairness of reorganization plans under chapter X is the fixed principle, firmly established by Supreme Court decisions, that full recognition must be accorded to claims in the order of their legal and contractual priority either in cash or in the equitable equivalent of new securities and that junior claimants may participate only to the extent that the debtor's properties have value after the satisfaction of prior claims or to the extent that they make a fresh contribution necessary to the reorganization of the debtor. A valuation of the debtor is essential to provide a basis for judging the fairness as well as the feasibility of proposed plans of reorganization. In its oral statements and in its advisory reports the Commission has continued to urge that the proper method of valuation for reorganization purposes is primarily an appropriate capitalization of reasonably prospective earnings. An exception to this general position was dealt with during the 1950 fiscal year by the Commission in an advisory report in the proceedings involving Central States Electric Corp., discussed below.

In connection with the fairness of plans and the treatment of claims against the estate, the Commission has given careful consideration to situations where because of mismanagement or other misconduct on the part of a parent company or a controlling or affiliated person the claims of the parent or affiliate should be subordinated to the claims of the public investors or these claims limited to cost. All the facts and circumstances in these instances are investigated since they form an integral part of the concept of the "fair and equitable" plan. Plans of reorganization involving problems of this type during the past fiscal year were considered by the Commission in the following proceedings: *Pittsburgh Railways Co.*,¹³ *Industrial Office Building Corp.*,¹⁴ *International Railway Co.*,¹⁵ *International Power Securities Corp.*,¹⁶ *Silesian-American Corp.*,¹⁷ and the related cases of *American Fuel & Power Co.*, *Inland Gas Corp.*, and *Kentucky Fuel Gas Co.*,¹⁸ In the first three of these proceedings, settlements and compromises of the subordination and limitation issues were approved by the court, the Commission supporting the result in the first two proceedings and opposing the result as inadequate in the third. A compromise offer in the fourth of the foregoing proceedings is presently the subject of hearings before the district court. In the *Silesian-American* case, discussed below, plans of reorganization were the subject of an advisory report.

In the related *American Fuel*, *Inland Gas*, and *Kentucky Fuel* cases the Court of Appeals for the Sixth Circuit had previously ruled that the controlling person, Columbia Gas & Electric Corp., should be subordinated to claims of public investors. The question of the extent

¹³ W. D. Pa.

¹⁴ D. N. J.

¹⁵ N. D. N. Y.

¹⁶ S. D. N. Y.

¹⁷ D. N. J.

¹⁸ E. D. Ky.

of such subordination is presently the subject of an appeal. Inland Gas Corp. owns practically all the assets of the system. A plan of reorganization for that company subordinates Columbia's claims to those of publicly held claims of Inland but permits Columbia a participation in Inland's assets prior to the claims of creditors of American Fuel and Kentucky Fuel. The Commission urged, in an advisory report, that the inequities which gave rise to the decision that Columbia be subordinated to the public creditors of Inland also require that Columbia be subordinated to public creditors of American Fuel and Kentucky Fuel, which companies own practically all of the stock of Inland.

In the *Pittsburgh Railways Co.* case, hearings on over \$76,000,000 of claims of the parent company, Philadelphia Co., had commenced before a special master in 1947. Objections to these claims had been raised, based upon alleged misuse by Philadelphia Co. of its control over the Pittsburgh Railways System (consisting of Pittsburgh Railways Co., Pittsburgh Motor Coach Co., a wholly owned subsidiary, and 53 so-called "underlier" companies linked to the System through intricate lease and operating arrangements). It was contended that Philadelphia Co.'s claims should be completely subordinated to the \$27,000,000 of publicly held claims and stock interests of the system, or that its claims should be limited to cost. By the end of 1948, Philadelphia Co. had not completed its affirmative case of showing that its claims were free from infirmity although the record contained over 10,000 pages of testimony and hundreds of exhibits. The primary burden of investigating the claims of Philadelphia Co., the circumstances of their acquisition and the enormously complex history of over 50 years of control over the railways system was carried by the Commission's staff. This was particularly necessary since the former "independent" trustee had filed a cursory report concluding that Philadelphia Co. should not be subordinated. Subsequently the Commission and others initiated proceedings to remove this trustee alleging, among other matters, that the trustee had permitted his report to be prepared for the most part by an officer of the debtor, associated with the parent company, and, hence, that it could hardly be expected to be an impartial study, or the trustee be considered independent. The trustee resigned May 31, 1949, after a special master had rendered a report recommending his removal.

Beginning in January 1949, the Commission's staff and other interested parties explored the possibilities of settling the Philadelphia Co. subordination litigation as well as the numerous other conflicting claims and problems which had already delayed the reorganization for 10 years and gave promise of delaying it for a further long period. As a result of these discussions, Philadelphia Co. submitted a compromise proposal, agreed to by the new disinterested trustee, by various parties, and the Commission's staff. On the basis of this offer, a "combined plan" was filed by the trustee, contemplating a single company to take over the various properties comprising the Pittsburgh Railways system. The new company will issue up to \$6,000,000 of bonds in addition to new common stock and the estate will distribute not less than \$17,000,000 in cash. To the extent that more cash is distributed less bonds will be issued. Holders of bonds and stocks

secured by guarantees of Philadelphia Co. will be paid in full by receipt of cash of almost \$11,000,000, approximately equal to the principal amount and par value outstanding, no interest or dividends being in arrears; holders of bonds of the system not affected by guarantees will receive cash and new bonds aggregating \$11,700,000, equal to the principal amount outstanding, and will receive also 14 percent of the new stock; interest being in arrears; holders of unguaranteed stock with a par value of \$4,500,000 will receive \$450,000 in cash and 35 percent of the new stock; Philadelphia Co. for all its claims and interests will receive 51 percent of the new stock and will be discharged from all its guarantees.

The "combined plan" was submitted to the Commission for its approval under sections 11 (e) and 11 (f) of the Public Utility Holding Company Act. Section 11 (e) was applicable insofar as the plan related to the discharge and cancellation of the guarantees of Philadelphia Co., a company subject to the Holding Company Act. Section 11 (f) was applicable since that section provides for the Commission's prior approval of a plan of reorganization for a company subject to the Holding Company Act. Litigation regarding the validity of the Commission's modification of an exemptive rule which had excluded Pittsburgh Railways Co. from the purview of the Holding Company Act had, in the meantime, been settled by the withdrawal by Philadelphia Co. of its objections to the modification. After notice and hearing, the Commission concluded that the "combined plan" was fair and feasible and on March 27, 1950 entered an order approving it.

Finding a value of \$17,000,000 for the new company, after giving effect to the proposed cash payments, the Commission analyzed the treatment accorded to the claimants in the light of the contentions as between Philadelphia Co. and public security holders, as among public security holders themselves and as between claimants not holding securities and the estate or security holders. The Commission stated that it was impossible to treat each of the 55 companies of the system as a separate entity or to identify the property of each company in view of the intermingling of assets, failure to keep separate records, and operation of the system as a single unit for approximately 50 years. The Commission approved the realistic approach of the "combined plan" in dealing with the system as an integral whole. As to the major problem of the standing of Philadelphia Co.'s claims, the Commission referred to the staff's summary of the various contentions relating to the subordination issue and an extensive statement of facts derived from the record before the special master presented in an appendix to the staff's recommended findings. The Commission observed that there was evidence supporting the claim of misuse of control by Philadelphia Co.; on the other hand, it noted Philadelphia Co.'s denials, its voluntary adjustments in the system structure with alleged benefits to security holders and its defense of *laches*.

The participations accorded by the plan to Philadelphia Co. and to public security holders were compared with parity treatment in the estate. Under parity treatment, Philadelphia Co. with two-thirds of the outstanding bonds and stocks would receive \$22,667,000 of the \$34,000,000 estate and would still be liable on its guarantees of close to \$11,000,000; while public security holders would receive \$11,333,000.

Under the plan, Philadelphia Co. receives 51 percent of the stock of the new company and is discharged of its guarantees; public security holders receive an aggregate of \$23,000,000 in cash and new bonds and 49 percent of the stock. The improvement in the position of the public security holders was considered to represent a reasonable settlement of difficult and intricate litigation. Upon approval of the "combined plan" by the Commission, it was submitted to the district court which likewise gave its approval. The plan was then submitted to security holders for a vote, the material sent including a report prepared by the Commission under section 11 (g) of the Holding Company Act to assist them in deciding whether to accept the plan. Security holders overwhelmingly accepted the plan.

Feasibility of Plan

A prerequisite to the court's approval of a plan of reorganization is its feasibility. In order to assure sound reorganizations, which will not result in the company's return under the "chancellor's umbrella", because of financial difficulties, the Commission gives a great deal of attention to factors affecting feasibility. The Commission is thus concerned with the adequacy of working capital, the relationship of funded debt and the capital structure as a whole to property values, the adequacy of corporate earning power in relation to interest and dividend requirements, the necessity for capital expenditures, and the effect of the new capitalization upon the company's prospective credit. The Commission's views on feasibility as relating to particular types of enterprise have been published in some detail during the past fiscal year in several advisory reports dealing with a transit company, a motor transportation company, an investment company and a company organized to liquidate frozen assets.

Consummation of Plan

The Commission gives detailed scrutiny to the corporate charters, bylaws, trust indentures, and other instruments which are to govern the internal structure of the reorganized debtor. In general the Commission strives to assure to investors the inclusion of protective features and safeguards which its experience has shown to be desirable.

The Commission's interest in the entire reorganization process includes not only the consummation of the plan and the winding up of the affairs of the trusteeship (which may occur many years after a plan has been consummated) but may also extend to the execution of the terms of the plan by the reorganized company. In the proceedings involving Pittsburgh Terminal Coal Corp. the need for such continued interest has been dramatically high-lighted. The plan of reorganization in that case, as an alternative to bankruptcy liquidation or forced sales at an inopportune time, provided for the creation of a realization corporation to liquidate the assets in an orderly manner. The plan, which was consummated in 1945, incorporated certain safeguards for investors: The life of the corporation was limited to 5 years to assure reasonably expeditious liquidation, the purpose of the corporation was restricted to liquidation of its assets, and total compensation to officers and directors was not to exceed \$5,000 per annum. These provisions were incorporated in the plan over the opposition of

a large preferred stockholder and his associates who apparently anticipated getting control of the new corporation.

Despite the explicit nature of these provisions, evidence was obtained by the trustee and the Commission's staff indicating that the plan was being flouted, that salaries far in excess of \$5,000 were being paid to near relatives of the controlling stockholder, that the reorganized company, instead of liquidating, intended to finance near relatives of the controlling stockholder in mining operations on the company's property, that the cost of operation of the realization corporation exceeded what might be expected of that type of company, and that the controlling stockholder intended to change the bylaws of the company to remove the \$5,000 restriction so as to enable him to receive indirectly as a bonus compensation for his services during the reorganization proceedings as chairman of a preferred stockholders' committee, compensation which he did not request the court to allow and which might have been barred under section 249 of chapter X by reason of the fact that he and his family had traded in the debtor's stock.

At about the time this evidence was obtained, a special meeting of stockholders had been called to amend the bylaws of the reorganized company to extend the company's existence for a period of 5 years and to increase the salary limit. Before the date of the meeting, the Commission filed a petition with the chapter X court for an order authorizing an investigation of the trading activities of members of the preferred stockholders' committee. At the same time, the trustee, with the Commission's support, asked for an injunction restraining the holding of the stockholders' meeting and for an order authorizing an investigation to determine whether the terms, intent, and purpose of the plan of reorganization were being carried out. The court granted both petitions in December 1949, although permitting the company's existence to continue for another year.

Pittsburgh Terminal Realization Corp., the reorganized company, appealed from the order staying the stockholders' meeting and authorizing the investigation sought by the trustee on the ground that the reorganization court did not have jurisdiction to supervise the affairs of a going enterprise which had emerged from reorganization. The Commission, in its brief in support of the district court's decision, pointed out that the reorganization court has jurisdiction to protect its decrees, to prevent interference with the execution of the plan and to aid in its operation. The Commission contended that the facts alleged in the trustee's petition and in related affidavits clearly warranted the relief granted by the district judge to assure that the objectives of a plan painstakingly formulated and consummated under judicial supervision with carefully thought-out legislative safeguards should not thereafter be thwarted.

In an incisive opinion, the Court of Appeals for the Third Circuit affirmed the order enjoining the stockholders' meeting and authorizing the investigation.¹⁹ Holding that the reorganization court has jurisdiction to see that a plan is carried out, the court stated that, in view

¹⁹ *In re Pittsburgh Terminal Coal Corp.*, — F. 2d — (July 17, 1950).

of the charges made, which were not seriously disputed, the trustee "would have been remiss in his duty if he had not brought this matter to the attention of the court and urged that the charges be investigated." The court held that the charges concerned an important phase of the plan in the process of being carried out, that the charges were serious and substantial and that, under the plain mandate of the corporate reorganization law, the problem was definitely within the jurisdiction of the court.

ADVISORY REPORTS

The preparation of advisory reports pursuant to section 172 of chapter X does not represent the major part of the activities of the Commission in chapter X proceedings. Nevertheless, because they often deal with complex or novel legal and analytical problems, and because they are usually filed in the larger cases with a greater public interest, the advisory reports occupy a prominent position in the reorganization field. In effect they represent a means whereby the Commission's views on chapter X matters are made known to the public. In fact, however, the Commission has not filed formal advisory reports in the bulk of the cases in which it has participated, but in all these cases it has advised the court in detail, orally or by memorandum, of its views with respect to the various plans of reorganization proposed in the proceeding.

During the year the Commission prepared and filed three advisory reports and five supplemental reports. Two of these supplemental reports dealt with the trustees' plan of reorganization in the proceedings involving International Railways Co., with respect to which the Commission had issued an advisory report during the previous fiscal year. The supplemental reports related to amendments which had been filed to the trustees' plan. Most of these amendments were in accordance with suggestions made in the advisory report, covering matters such as cumulative voting in the election of directors and preemptive rights to subscribe to new stock. However, certain other suggestions recommended by the Commission and proposed by a bondholders' committee were not adopted by the trustees and the Commission reiterated its position in this respect. These recommendations were that nominees for the new board of directors be selected by creditors in accordance with their interests in the estate, and that bondholders who had not collected interest prior to the chapter X proceedings receive this uncollected interest in cash rather than in new securities in order to place them on an equal footing with all other bondholders. The second supplemental report suggested a method of distribution among public bondholders and creditors of certain of the new stock of the reorganized company which was to be turned back to the estate as part of a settlement of a subordination proceeding against former controlling persons. The suggestion made by the Commission were thereafter substantially adopted.

Another supplemental report related to a revision of the trustee's plan in the Inland Gas Corp. proceedings, with respect to which the Commission had issued an advisory report during the previous fiscal year. The major points dealt with concerned a provision for creating a capital surplus which purported to provide a cushion for the new

debt of the reorganized company, as well as for its stock, and to improve the feasibility of the plan. The Commission pointed out that the creation of the capital surplus out of the residuary equity would not in fact effect any additional protection for security holders but might on the contrary supply the means by which some of the existing equity cushion for bondholders could be dissipated through payment of unearned dividends or purchase of outstanding stock. In addition it was pointed out that the provision was unfair to the recipient of the residual equity since it transferred part of this equity into surplus in which other security holders also receiving stock under the plan would have a proportionate interest. The plan was thereafter amended to exclude the provision for capital surplus.

Another point dealt with related to the purchase of property by the reorganized company valued at \$400,000 in exchange for stock of the reorganized company having a par value of \$600,000. In its original advisory report the Commission indicated that the proposed step-up of 50 percent over the value of the property was excessive, although it agreed in principle that since the property was to be paid for in stock rather than cash, it was appropriate to issue a greater amount of stock. However, the Commission had recommended that the stock to be issued in excess of the value of the property should be taken on a pro rata basis from the shares of stock which would otherwise have been allocated to the security holders of the debtor in order to avoid the use of watered stock. The plan as amended followed this suggestion in its endeavor to avoid the aspect of stock watering but placed the entire burden upon the recipient of the residual equity in the case rather than upon all of the new stockholders of the reorganized company. The Commission's supplemental report pointed out what appeared to it to be the inequity of the proposed procedure. Nevertheless, the plan was approved as amended. In this respect, as well as in others, the order approving the plan of reorganization for Inland Gas Corp., has been appealed, and the matter is pending before the Court of Appeals for the Sixth Circuit.

In the proceedings involving Keeshin Freight Lines, Inc., and three subsidiary debtors, the district court requested the Commission to participate in the reorganization and to submit an advisory report on two plans of reorganization.²⁰ The Commission issued its advisory report on these plans in August 1949. The primary matter dealt with by the Commission was the valuation of the debtor. Reviewing the evidence relating to prospective earnings of the enterprise and to an appropriate rate of capitalization, and considering the expert testimony, the Commission concluded that the valuation of the debtor, including a small amount of excess working capital, was about \$2,200,000. On this basis, the Commission concluded that the trustees' plan of reorganization which provided for a sale of the property at an upset price of about \$1,400,000 was unfair, the price being grossly inadequate.

The Commission concluded that the other plan of reorganization was unfair in that it gave to creditors of the parent company new securities worth less than they were entitled to. Noting that the parent company creditors and certain creditors of the subsidiaries;

²⁰ N. D. III.

consisting of a few large business corporations and individuals, had voluntarily agreed to receive treatment under this plan different from that which they were entitled to under the terms of their claims, the Commission stated that since these persons did not constitute members of the investing public, it could see no objection to their agreement to receive less than that which fairness required. The Commission also considered the feasibility of the second plan since it provided for the issuance of new securities in part to the creditors of the debtor and its subsidiaries. The Commission concluded that while the capital structure proposed under the plan was initially top-heavy and complicated and should be simplified, it appeared to be feasible, particularly since a good part of the proposed debt obligations would be retired within a relatively short time under the program envisaged by the plan.

The district court disagreed with the Commission's conclusions as to valuation and reached a determination that the property was worth only \$1,700,000. The court concluded that both plans were unfair and that in addition the second plan was unfeasible. The trustees' plan providing for sale at an upset price was amended to conform to the court's determination of value. However, before this plan could be acted upon, an offer to purchase all the assets of the debtor and its subsidiaries was received from another trucking concern which had purchased all the claims against the parent company. Under this plan all creditors of the subsidiaries would be paid in full. While the total effective price to be paid by the purchaser could not be determined, because the amount of claims against the subsidiaries could not be determined until objections to claims were passed upon, the maximum commitment of the proposed purchaser exceeded \$2,000,000. A plan of reorganization embodying the proposed purchase was approved and confirmed by the court.

In the proceedings involving Central States Electric Corp., the Commission's advisory report covered five plans of reorganization. The issue arising in the case were both varied and complicated. On the subject of valuation, the Commission departed from the customary procedure of capitalizing the reasonably expected earnings of the enterprise, on the ground that an investment company which deals in marketable securities, none of which represents a controlling interest, cannot be valued on this basis. The Commission rejected as sheer prophesy arguments that future capital gains had to be considered, and pointed out that a capitalization of earnings would result in a lower figure than a market valuation. It was further held that the pyramided structure of the system of the debtor, which has two subsidiaries, American Cities Power & Light Corp. and Blue Ridge Corp., the former holding 42 percent of the stock of the latter added no additional value to the enterprise. It was the Commission's view that there is no justification or economic basis for piling one investment company upon another, with needless increase in expenses, duplication, and potentialities for abuse; that the common stockholders of the top company might have some speculative advantage at the expense of senior security holders but that all investors in the aggregate do not benefit therefrom.

The Commission severely criticized four of the proposed plans because they involved retention of the three-tiered system of investment companies, having as its objective the interposition of debt obligations or preferred stock in the bottom and intermediate company so as to increase the leverage, or speculative potentialities, of the common stock of the top company if the stock market should rise. The Commission also criticized the failure of these four plans (proposed by the junior classes of the debtor, with little or no equity on the basis of market values) to provide adequate asset coverages for the bonds and preferred stocks contemplated by their plans. In considering both of these economic problems, the Commission recommended that the court should impose as minimum standards of feasibility, those provisions of the Investment Company Act of 1940 regarding asset coverage for senior securities and prohibition of pyramiding even though that act itself provided exemption in the case of a reorganization. The Commission pointed out that the exemption did not modify the findings of the Congress that the interests of investors are adversely affected by the undue speculation resulting from the issuance of excessive senior securities and from pyramiding and the abuses flowing therefrom.

The trustees' plan of reorganization, contemplating the emergency of a single investment company with a single class of stock, after the dissolution of American Cities Power & Light Corp. and the merger of Blue Ridge Corp. with Central States Electric Corp., was considered to be sound and feasible. The claim of the 7 percent preferred stock, next in rank to the debentures, will be measured by its liquidating preference and accrued dividends. The Commission expressed the opinion that this treatment was required in equity and by judicial precedent. A lawsuit against the former controlling person of Central States was segregated, the suit to be handled by the trustee and any recovery to be distributed to those classes of securities which had not been paid, in part or in full, in the order of their priority. The Commission considered this appropriate and fair in order not to delay the reorganization, pointing out that continued delay in consummating the reorganization places in jeopardy the interests of the senior securities and permits the junior interests to speculate at the risk of the seniors. Since the proceedings have been pending 8 years, any further unnecessary delay was considered inequitable. The Commission discussed each of the other proposed plans in detail and concluded that they were unfair in that, in general, they provided for participation by junior classes at the expense of senior security holders.

The district court thereafter adopted the recommendations of the Commission, approved the trustees' plan, subject to suggested modifications, and disapproved all plans proposed by the junior interests. The trustees thereupon amended their plan accordingly and the Commission in a supplemental report stated that the plan was fair and feasible in all respects. The court approved the plan and directed that it be sent to security holders for a vote. In the meantime the question of the dissolution of American Cities Power & Light Corp. came before the court. The Commission urged that that company be dissolved immediately as an administrative step in the proceeding be-

cause it was an uneconomic and unjustified complexity in the Central States system. The junior interests argued for a delay on the ground that their plans were based on the continued existence of American Cities and that the *status quo* should be maintained pending appeals from the order disapproving their plans. The Commission pointed out, however, that the insistence that American Cities be retained in the system could only mean that the junior interests intended to reinstate the highly complicated, speculative system that had originally brought financial collapse to the debtor and imposed heavy losses on security holders; and that in no event could any plan be considered feasible that did not eliminate American Cities as an unwarranted corporate monstrosity. The district court denied the stay and authorized the trustees of Central States to vote the stock of American Cities in favor of the proposed dissolution. The Court of Appeals for the Fourth Circuit affirmed the approval of the trustees' plan and the authorization to proceed with the dissolution of American Cities, and dissolved the stay it had granted pending appeal. Applications to stay the proposed dissolution pending the filing of petitions for writs of *certiorari* to review the approval of the trustees' plan were filed in the Supreme Court.

In the proceedings involving Silesian-American Corp.,²¹ the questions confronting the Commission in reporting on various plans of reorganization were primarily legal questions. The debtor was promoted as an aftermath of World War I by W. A. Harriman & Co. and Anaconda Copper Mining Co. It acquired its principal asset, a Polish mine, from a German mining company which received \$5,000,000 of the debtor's preferred stock and 49 percent of its common stock as well as a \$6,000,000 loan from the debtor. The promoters received \$7,000,000 of the debtor's preferred stock and 51 percent of its common stock for a cash contribution of less than \$38,000. The promotion was financed by selling \$15,000,000 of the debtor's bonds to the public. In 1937, the German mining company ceased making payments on its indebtedness to the debtor, now amounting to \$5,000,000.

After World War II, the Polish properties of the debtor were taken by Poland without compensation and at present the debtor has only a claim for compensation under the Polish nationalization law. Certain transactions occurring during the war, however, giving rise to additional claims on behalf of the estate, were uncovered. When World War II broke out, Germany seized the Polish properties of the debtor and placed them under the supervision of the German company, which exploited them until hostilities ceased in 1945. Soon after the seizure, the German company and the Hitler government developed a scheme for the German repatriation of the American interest in the Polish mine and the indebtedness from the German company. To accomplish this scheme, an arrangement was made with a syndicate of Swiss banks, to whom the German company was also indebted, to act as a cloak for the Germans. Funds for the repatriation were to be supplied by shipments to Switzerland of zinc extracted from the Polish and German mines. With the consent of the Swiss and German Governments, the proceeds of the metal shipments were

²¹ S. D. N. Y.

exempted from the restrictions of the Swiss-German clearing treaty, thus leaving the proceeds with the Swiss banks.

As an initial step in the repatriation scheme, the Swiss banks acquired \$640,000 of the debtor's bonds. These purchases, however, caused market rises in the price of the bonds which rendered it impracticable and unprofitable to the Swiss banks (whose profit depended upon the price of the bonds) to continue the acquisitions. Accordingly, the Swiss banks entered into negotiations with the Anaconda-Harriman promoters, who held a majority of the debtor's stocks, for a cash purchase of their interest and full payment of the remaining bonds outstanding against the debtor. This transaction required licenses from the United States Treasury Department, from whom the Swiss banks concealed the German interest. The licenses were denied.

Despite this obstacle to consummation of the German repatriation program, the zinc shipments to the Swiss banks continued until Germany's surrender. The shipments were made as a result of representations to the German Government that the repatriation had been effected in part and would be completed as soon as feasible. The net proceeds of the shipments approximated \$6,000,000. Out of these funds, the Swiss banks reimbursed themselves at par for the \$640,000 of the debtor's bonds although the securities had been purchased at prices ranging from 28½ to 71. Additionally, they used substantial portions of the funds as credits against principal and interest on prewar obligations of the German company to them. During the same period, the debtor received nothing on its unpaid indebtedness from the German company.

After the termination of hostilities, a Dr. Schulte, who had originally conceived the repatriation plan in his capacity as the German company's chief executive, worked with the Swiss banks to come to some agreement with the trustee of the debtor. The remainder of the funds accumulated in Switzerland (approximating \$1,700,000 in cash plus the \$640,000 of the debtor's bonds) had been exempted from Swiss-German clearing for the express purpose of acquiring the debtor's securities. It was feared that unless used for the intended purpose, the moneys would be regarded as German assets subject to seizure by the Swiss Government. If an arrangement with the trustee could be effectuated, it would be represented that the objectives of the clearing exemption had been achieved and the Swiss banks would be free to use the remainder of the fund for their own purposes. The trustee's plan embodied a Swiss proposal under which about \$650,000 would be released for a cash distribution to bondholders. For this, the Swiss banks would receive first-lien securities on a parity with the balance due to public bondholders (over \$2,000,000); for the \$640,000 of the debtor's bonds, they would receive second-lien securities.

By reason of the questions raised in the case as to the possible liability of the promoters of the debtor arising from its organization, the issuance of its securities, and the management of its affairs, and as to the claims against the Swiss banks, the Commission's advisory report portrayed in some detail the history of the debtor as revealed by an

extensive and largely documented record, though lacking the completeness that can usually be attained in a domestic situation. In an appendix to the report the Commission set forth the evidentiary facts surrounding the promotion and organization of the company and in another appendix the history of the transactions involving the shipment of metals to Switzerland and the activities of the Swiss banks and the German mining company in relation thereto. Against this background the Commission concluded that the trustee's plan was neither fair nor feasible.

The report concluded that the plan was unfair in the following principal respects: It embodied an inadequate compromise of claims which were believed to be legally and practicably enforceable against the Swiss banks;²² it accorded to the Swiss banks a dominant interest in the reorganized company on terms unfair to public bondholders; it made participation of stockholders dependent upon an arbitrary value for the Polish claim instead of giving stockholders certificates of interest contingent upon possible recoveries after satisfaction of creditors; it failed to provide for prosecution by the trustees of causes of action against the promoters of the debtor and instead recognized their bonds, stock, and other claims in full; it failed to provide for the prosecution by the trustee of claims against the German mining company; it failed to limit to cost bonds acquired by certain insiders during the proceeding; it disfranchised security holders through the creation of a voting trust. The trustee's plan was also considered not feasible in that it provided for the issuance of interest-bearing debt obligations with a fixed maturity although there is no assurance or basis for expecting that the interest and principal will be paid when due. The plan also failed to provide adequate working capital to enable the proper prosecution of claims constituting the primary assets of the estate.

The Commission considered that a plan proposed by a bondholders' committee was fair in rejecting the Swiss compromise and in providing for the prosecution of causes of action against the Swiss banks, the promoters, and the German mining company, but it suggested that the plan might appropriately provide for the issuance of contingent certificates of interest to stockholders in the event that a sufficient recovery was had upon the claims against Poland and others. The plan was

²² As to the Swiss transactions, the Commission concluded from the record that Dr. Schulte's connection with the negotiations was for the probable purpose of salvaging an interest for the German company in these funds as well as to aid in getting some participation for the Swiss banks in the debtor's reorganization. The proposal embodied in the trustee's plan, which the United States Office of Alien Property regarded as in furtherance of the German repatriation scheme and thus violative of the Trading with the Enemy Act, was considered the culmination of these negotiations. The Commission pointed out that the record showed that the funds in controversy were derived in substantial part from metals extracted from the Polish mines belonging to the debtor; that they were intended to be used for the benefit of the debtor's security holders; and that they were accumulated by a German company heavily indebted to the debtor. It was also pointed out that the \$640,000 of bonds, originally purchased by the Swiss banks, were paid for out of these funds and, at a minimum, as property of the German company, were subject to cancellation on account of the unpaid obligations to the debtor.

On the merits of the Swiss proposal, the Commission concluded:
 "In view of what has already been said, we believe the so-called compromise must be rejected. The bait which it holds out in the form of an immediate partial cash distribution to public bondholders, who have long been deprived of any return on their investment, cannot be permitted, in the light of the facts as they now appear, to serve as a lure for approval of a proposal deficient in satisfying objective equitable standards. What may appear on the surface as a benefit is shown by analysis and inquiry into the facts to be a means of accomplishing a gross preference in favor of the Swiss banks. If the Swiss banks are not willing to make a superior proposal, the machinery is at hand to deal with them promptly in the reorganization court."

considered not feasible, however, because it failed to provide adequate working capital. Other plan proposals offered by the debtor and stockholders were considered unfair and unfeasible for reasons substantially similar to the reasons for considering the trustee's plan unfair and unfeasible.

Despite the views urged by the Commission in its advisory report, the district court in April 1950 approved the trustee's plan, subject to certain minor modifications, and disapproved all other proposals. The trustee then filed an amended plan which was submitted to the Commission for a supplemental report. The supplemental report, filed in May 1950, found the plan still unfair and unfeasible. Some of the modifications met certain objections raised by the Commission but these related to relatively small matters. The basic features of the trustee's plan, unfair and unfeasible in the Commission's view, remained the same.

A bondholders' committee, among others, appealed from the order approving the plan. Contending that certain aspects of the voting on the plan contemplated by the trustee were unfair, the committee moved for a stay of the voting pending the appeal from the plan approval as well as the manner of voting. The Commission supported the motion for a stay on two principal grounds. The Commission objected to the classification of the \$640,000 of bonds held by the Swiss banks in the same category as publicly held bonds because of the direct conflict of interest of the two groups. The manifest unfairness which would result if the votes of the Swiss banks were considered in determining whether bondholders wished to accept the offer of the Swiss banks was discussed. Additionally, the refusal to permit the bondholders' committee to communicate with bondholders regarding acceptance or rejection of the plan concurrently with the trustee was urged as another reason for the stay. The statute, judicial precedents, and the equity of the case were relied upon to support the Commission's view that an equal opportunity to the committee was required and that the procedure contemplated by the trustee was unjust. The Court of Appeals for the Second Circuit granted the stay without opinion.

PART V
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, sold, or delivered after sale through the mails or in interstate commerce (except as specifically exempted by the act) be issued under an indenture which meets the requirements of the act and which has been qualified with the Commission.

NATURE OF TRUST INDENTURE REGULATION

Individual holders of bonds, notes, debentures, and similar debt securities often find it difficult and expensive to enforce their rights under indentures and generally must rely upon the trustee named in the trust indenture to protect them. The Trust Indenture Act of 1939 requires the inclusion in the trust indenture of specified provisions which facilitate the protection and enforcement of such rights. Thus, there must be a corporate trustee free from stated conflicts of interest; such trustee must not after default, or within 4 months prior thereto, improve its position as a creditor to the detriment of the indenture securities; it must make annual and periodic reports to bondholders; it must maintain bondholders lists to provide a method of communication between bondholders as to their rights under the indenture and the bonds; and it must be authorized to file suits and proofs of claims on behalf of the bondholders. The act prohibits exculpatory clauses used in the past to eliminate the liability of the indenture trustee to the indenture security holders and imposes on the trustee, after default, the duty to exercise the rights and powers vested in it, and to use the same degree of care and skill in their exercise, as a prudent man would use or exercise in the conduct of his own affairs. Specified evidence must be supplied by the obligor to the indenture trustee with respect to the recording of the indenture and with respect to conditions precedent to action to be taken by the trustee at the request of the obligor.

INTEGRATION WITH SECURITIES ACT OF 1933

The exemption provisions of the Trust Indenture Act of 1939 incorporate most of the exemptions contained in the Securities Act of 1933 and include certain other exemptions. The provisions of these acts are so integrated that registration pursuant to the Securities Act of 1933 of securities to be issued under a trust indenture and not exempt from the Trust Indenture Act of 1939, is not permitted to become effective unless the indenture conforms to the requirements of the latter act, and such an indenture is automatically "qualified"

when registration becomes effective as to the securities themselves. An application for qualification of an indenture, covering securities not required to be registered under the Securities Act of 1933, which is filed with the Commission under the Trust Indenture Act is processed substantially as though such application were a registration statement filed pursuant to the Securities Act of 1933.

STATISTICS OF INDENTURES QUALIFIED

There was a drop in the number and dollar amount of debt securities for which qualification under the Trust Indenture Act was sought in the 1950 fiscal year. Thus, during the year there were 96 new indentures filed representing an aggregate dollar amount of \$1,741,775,670, compared with corresponding figures in the 1949 fiscal year of 127 new filings representing \$2,605,823,365. However, the addition of the year's new filings to the 9 indentures (aggregating \$298,141,600), which were pending at the beginning of the period makes a total of 105 indentures aggregating \$2,039,917,270 which required examination by the staff during the past year and which were disposed of as shown in the table below:

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

	Number	Aggregate amount
Indentures pending June 30, 1949.....	9	\$298,141,600
Indentures filed during fiscal year.....	96	1,741,775,670
Total	105	2,039,917,270
Disposition during fiscal year:		
Indentures qualified.....	97	1,865,254,799
Amount reduced by amendment.....		3,130,596
Indentures deleted by amendment or withdrawn.....	4	116,531,875
Indentures pending June 30, 1950.....	4	55,000,000
Total	105	2,039,917,270

During the 1950 fiscal year the following additional material relating to trust indentures was filed and examined for compliance with the appropriate standards and requirements:

Statements of eligibility and qualification under the Trust Indenture Act.....	121
Amendments to trustee statements of eligibility and qualification.....	13
Supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933.....	90
Amendments to supplements S-T.....	17
Applications for findings by the Commission relating to exemptions from special provisions of the Trust Indenture Act of 1939.....	15
Reports of indenture trustees pursuant to sec. 313 of the Trust Indenture Act of 1939.....	608

PART VI
ADMINISTRATION OF THE INVESTMENT COMPANY
ACT OF 1940

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

REGISTRATION UNDER THE ACT

During the 1950 fiscal year, 26 new investment companies registered under the Investment Company Act of 1940—predominantly open-end management companies (companies which redeem their shares on presentation by the stockholders). During the nearest comparable period for which data are available, the 12 months ended March 31, 1950, about 196 registered open-end management and closed-end management investment companies reported to the Commission sales to the public of approximately \$440,000,000 of their securities, and redemptions and retirements of approximately \$135,000,000, leaving a net investment by the public in such companies over the period of approximately \$305,000,000. As of June 30, 1950, 366 investment companies were registered under the act, and of that date it is estimated that the value of their total assets was approximately \$4,700,000,000

This represents an increase of \$1,000,000,000 in such valuation over the corresponding total at the beginning of the year.

The 26 investment companies registered during the 1950 fiscal year are classified as follows:

Management open-end-----	18
Management closed-end-----	4
Unit-----	4
<hr/>	
Total-----	26

The 366 investment companies registered at June 30, 1950, are classified as follows:

Management open-end-----	150
Management closed-end-----	105
Unit-----	95
Face amount-----	16
<hr/>	
Total-----	366

TYPES AND INVESTMENT POLICIES OF COMPANIES FORMED

As indicated above, most of the investment companies formed during the period have been of the open-end type, investing primarily in common stocks. Three of these companies have adopted a policy of investment in so-called "growth stocks" (variously defined by each of them) and one company has adopted a policy of investing primarily in companies owning or engaged primarily in the development of natural resources.

The year was also marked by the appearance of brokers and dealers as direct sponsors and investment advisers of open-end companies formed primarily as an investment medium for customers of the firms and characterized by either the absence, or only a nominal amount, of, sales load. Two such companies were formed, one in New York by a member firm of the New York Stock Exchange and one in Boston. Another interesting development during the year has been the formation of funds designed to enable investors to purchase on the installment plan over a period of 10 years common stock of a single company in whose securities there is local interest. For example, a fund has been formed in Washington, D. C., for investment in the common stock of Potomac Electric Power Co. on the installment plan; a similar fund was formed in Winston-Salem, N. C., for investment in the common stock of R. J. Reynolds Tobacco Co. Both plans were characterized by the fact that over a half of the first year's installment payments were not invested in the underlying stock, but were absorbed as selling loads and other charges.

Selling Literature

The act requires literature (other than the statutory prospectus) used by issuers or underwriters in selling open-end investment company shares to be filed with the Commission within 10 days after such literature is first employed as selling material. During the 1950 fiscal year there was a substantial increase in the use of both literature purporting to describe investment companies generally and literature purporting to describe a specific company. Of considerable concern to the Commission was the fact that in a substantial number of cases

this literature used by issuers, underwriters, and dealers to attract investors might be materially misleading in many respects. In addition, there was serious doubt that certain of such literature could be generally circulated under the Securities Act of 1933. Accordingly, during the year the Commission with the cooperation of the National Association of Securities Dealers undertook a study of such literature in an attempt to eliminate any misleading elements contained therein. After the close of the year there was promulgated, as a result of the cooperative effort of the Commission and the National Association of Securities Dealers, a statement of policy governing the contents of such literature.

Other Data

The number of documents filed under the act by registered investment companies during the 1949 and 1950 fiscal years, together with other related statistics, are tabulated below:

	Fiscal year ended June 30—	
	1949	1950
Number of registered investment companies:		
Beginning of year.....	359	358
Registered during year.....	12	26
Terminations of registrations during year.....	13	18
Number of companies registered at end of year.....	358	366
Notifications of registration.....	12	26
Registration statements.....	12	26
Amendments to registration statements.....	31	51
Annual reports.....	228	224
Amendments to annual reports.....	46	23
Quarterly reports.....	788	818
Periodic reports, containing financial statements sent to stockholders.....	662	637
Reports of repurchase of securities by closed-end management companies.....	72	73
Copies of sales literature.....	1,910	2,121
Applications for exemption from various provisions of the act.....	49	77
Applications for determination that registered investment company has ceased to be an investment company.....	14	18
Amendments to applications.....	35	38
Total applications:		
Beginning of year.....	44	32
Filed during year.....	63	95
Disposed of during year.....	75	93
Pending at end of year.....	32	34

APPLICATIONS FILED

One of the functions of the Commission under the act is to pass on applications by investment companies for exemptions which the act permits under appropriate standards.

Some of the most complex problems arise out of the provisions of the statute which forbid, in the absence of approval by the Commission, purchases or sales of property or securities among investment companies and their affiliated persons. To approve such transactions the Commission must find that they are fair as to price and involve no overreaching. As a result, the applications in many instances involve unusual questions of valuation and inside influence. During the year 30 applications of this type were filed.

During the year 95 applications were filed under the various provisions of the act, 77 of these for orders of the Commission relating to

exemption from requirements of the act, and the remaining 18 for a determination by the Commission that the applicant has ceased to be an investment company within the meaning of the act. At the beginning of the year 32 applications were pending, which (together with the 95 filed during the year) made a total of 127 applications requiring examination and consideration by the Commission during the year. As a result of the Commission's action 93 of these applications were disposed of during the year and 34 were pending on June 30, 1950. The various sections of the act under which these applications were filed, and the disposition of the applications during the fiscal year, are shown in the following table (since an application may involve more than one section of the act, the numbers are not totaled):

Nature and disposition of various applications filed under the Investment Company Act of 1940 during year ended June 30, 1950

Section of the act under which application was filed	Number pending at June 30, 1949	Filed during year	Disposed of during year	Number pending at June 30, 1950
3 (b) (2) Determination that applicant is not an investment company.	1	1	0.....	2
6 (b) Employees' security company exemption.	1	1	1 granted.....	1
6 (c) Various exemptions not specifically provided for by other sections of the act.	8	27	25 granted, 3 withdrawn...	7
8 (f) Determination that a registered investment company has ceased to be an investment company.	3	18	16 granted, 2 withdrawn...	3
9 (b) Exemption of ineligible persons to serve as directors, officers, etc.	13	2	1 granted.....	14
10 (f) Exemption of certain underwriting transactions.	-----	1	1 granted.....	-----
11 (a) Approval of terms of proposed security exchange offers.	-----	2	2 granted.....	-----
17 (b) Exemption of proposed transactions between investment companies and affiliates.	7	30	30 granted, 2 withdrawn...	5
17 (d) Approval of certain bonus and profit-sharing plans.	2	16	13 granted, 1 withdrawn...	4
23 (c) (3) Terms under which closed-end investment company may purchase its outstanding securities.	1	4	4 granted.....	1

LITIGATION UNDER THE INVESTMENT COMPANY ACT

In only two instances during the 1950 fiscal year did the Commission resort to injunction proceedings to enforce the obligations devolving on investment companies and their officers under the Investment Company Act. In *S. E. C. v. F. L. Andrews Investment Trust* (Civil Action No. 8845, D. Mass. Nov. 30, 1949) the officer, who served as president, treasurer, and sole trustee of the investment company, caused the company to make unsecured loans to various business corporations which he controlled. According to the complaint, he received rebates, secret profits, and commissions for arranging these loans, and received salaries from both the investment company and the corporations he controlled for serving as an officer of these enterprises. The Commission brought an action which sought to prohibit the officer from being employed by any investment company in any capacity, and a consent decree was entered granting the relief re-

quested. In addition, on motion of the Commission, the court appointed a receiver to hold the assets of the investment company subject to an order to liquidate and distribute them.

In *S. E. C. v. Trusteed Funds, Inc.* (Civil Action No. 8622, D. Mass., Sept. 9, 1949) an action was brought to enjoin the sponsor and principal underwriter of an investment company from selling its securities by means of sales literature which had not been filed with the Commission and which contained the false statement that the investment company was guaranteed against loss by the United States Government. In this case, too, an injunction was entered as requested and a receiver was appointed.¹

¹The complaint also charged violation of the prospectus standards, sec. 5 (b) (2), and the antifraud provisions, sec. 17 (a) (1), (2) and (3), of the Securities Act of 1933.

PART VII
ADMINISTRATION OF THE INVESTMENT ADVISERS
ACT OF 1940

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

Statistics of investment adviser registrations, 1950 fiscal year

Effective registrations at close of preceding fiscal year.....	1, 044
Applications pending at close of preceding fiscal year.....	14
Applications filed during fiscal year.....	119
Total	1, 177
Registrations cancelled or withdrawn during year	116
Registrations denied or revoked during year.....	1
Applications withdrawn during year.....	4
Registrations effective at end of year.....	1, 043
Applications pending at end of year.....	13
Total	1, 177

Approximately 242 registered investment advisers represent in their applications that they engage exclusively in supervising their clients' investments on the basis of the individual needs of each client. The services of about 335 others are chiefly through publications of various types; 232 investment advisers are registered also as brokers and dealers in securities. Most of the remainder offer various combinations of investment services.

Administrative Proceedings

Two proceedings, involving investment advisers, one of which was pending at the beginning of the 1950 fiscal year and the other which was instituted during the year, were determined during the year. The latter case, Assured Warranty Corp., is discussed in the section of this report on the regulation of brokers and dealers under the Securities Exchange Act.

In the other case, the Commission brought action to determine whether it was necessary in the public interest to revoke the registration of Frederick N. Goldsmith, doing business as F. N. Goldsmith Financial Service, who was permanently enjoined by a decree of the supreme court of New York from acting as an investment adviser, broker, or dealer. At the hearing, Goldsmith stipulated the facts and filed a notice of withdrawal.

Goldsmith's subscribers were led to believe that he was a skilled investment adviser applying his judgment to generally accepted objective data and that he was in a position to obtain additional or advance information by his close contacts with particular issuers and large holders of securities. In view of these representations, the Commission found that his dissemination of advice, admittedly based in part on the comic strips in which he believed there existed a code which, interpreted by him, would reflect future movements of certain securities on the stock exchanges, was fraudulent, reckless, and without concern for the public welfare. However, the Commission concluded that, under all the circumstances, including Mr. Goldsmith's advanced age of 84 years and the fact that there had been no previous complaints about the conduct of his business, it would be consistent with the public interest to permit him to withdraw from registration as an investment adviser. The Commission noted that the existence of the injunction would supply a statutory basis for reviewing the public interest if he should seek re-registration at some future time.

PART VIII
OTHER ACTIVITIES OF THE COMMISSION UNDER
THE VARIOUS STATUTES
THE COMMISSION IN THE COURTS

Civil Proceedings

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

At the beginning of the 1950 fiscal year there were pending in the courts 20 injunctive and related enforcement proceedings instituted by the Commission to prevent fraudulent and other illegal practices in the sale of securities, 34 additional proceedings were instituted during the year and 36 cases were disposed of, so that 18 of such proceedings were pending at the end of the year. In addition, the Commission participated in a large number of reorganization cases under chapter X of the Bankruptcy Act;¹ in 22 proceedings in the district courts under section 11(e) of the Public Utility Holding Company Act and in 38 miscellaneous actions, usually as *amicus curiae*, or intervenor, to advise the court of its views regarding the construction of provisions of statutes administered by the Commission which were involved in private lawsuits. The Commission also participated in 53 appeals. Of these, 12 came before the courts on petition for review of an administrative order; 14 arose out of corporate reorganizations in which the Commission had taken an active part; 4 were appeals in actions brought by or against the Commission; 12 were appeals from orders entered pursuant to section 11 (e) of the Public Utility Holding Company Act; and 11 were appeals in cases in which the Commission appeared as *amicus curiae* or intervenor.

Certain significant aspects of the Commission's litigation during the year are discussed in the section of this report devoted to the statute 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 Commission, largely through its regional offices, investigates suspected violations and, in cases where the facts appear to warrant criminal proceedings, prepares detailed reports which are forwarded to the Attorney General. The Commission, primarily through its employees who have participated in the investigation, also assists the United States attorneys in many of

¹ For comment on some of these cases see section herein on the participation of the Commission in corporate reorganizations under chapter X.

these cases in the presentation to the grand jury, the conduct of the trial, and the preparation of briefs on appeal. It also transmits parole reports prepared by its investigators relating to convicted offenders. Where the investigation discloses violations of statutes other than those administered by the Commission, reference is made to the appropriate Federal or State agency.

Indictments were returned against 2,601 defendants in 453 cases developed by the Commission prior to June 30, 1950.² This includes 37 defendants in 22 cases in which indictments were returned during the past fiscal year. At the close of the fiscal year 422 cases had been disposed of as to one or more defendants, and convictions had been obtained in 370 cases³—over 87 percent—against a total of 1,271 defendants. Convictions were obtained against 20 defendants in 15 cases during the past year.⁴ In addition, criminal contempt proceedings were instituted during this period against two defendants in two cases. One such defendant was convicted and the other is awaiting trial.⁵ Judgments of conviction were affirmed on appeal as to two defendants during the year, and one case involving a single defendant remained pending in the court of appeals at the close of the fiscal year.

Criminal cases developed and prosecuted by the Commission during the past year covered a wide variety of promotions. In general, they included fraudulent promotions of various mining ventures, fraud in the sale of securities relating to oil and gas properties, new businesses and inventions, and frauds perpetrated by securities brokers and dealers and their representatives. Frequently, the defendants, in employing these fraudulent schemes, wilfully avoided compliance with the registration provisions of the Securities Act of 1933, which are designed to provide investors with a full and fair disclosure of material facts about the securities being sold. As a result, a number of fraud cases involved violation of these registration provisions.

In one of the cases dealing with mining securities the fraudulent representations made to investors were characterized by the trial court as more fantastic than the tales of Baron Munchausen (*U. S. v. Ingwald S. Steensland* (D. Minn.)). Steensland was convicted of defrauding investors of an estimated \$100,000 in connection with the promotion of what he represented to be a coal mining and timber project in British Columbia, Canada. The defendant sold securities in a fictitious corporation claimed to have been organized under a "Canadian Secret Corporations Act." There is no such statute. According to the testimony of investors, the defendant represented to them that the late President Roosevelt was obligated to an associate in the venture by reason of his services in recovering for the Federal Government some \$23,000,000 from persons who had committed frauds against the Government. Investors were told that as a result of the intercession of the late President on behalf of the venture and because of their gratitude for American participation in World War II, the

² The status of all criminal cases pending during the past fiscal year is set forth in appendix tables. Condensed statistical summaries of all criminal proceedings developed by the Commission is set forth in the appendix.

³ The 52 remaining cases, which resulted in acquittals or dismissals as to all defendants, included a number where the indictments were dismissed because of the death of defendants involved.

⁴ One of these cases is still open as to six defendants.

⁵ The criminal contempt proceedings are set forth in the appendix.

British and Canadian authorities had approved a grant of 10,000 square miles of British Columbia land to the defendant containing vast coal and ore deposits and tremendous timber reserves. Investors were told that the governments of China, Australia, India, and New Zealand were interested in the project and that the World Bank would advance many millions of dollars to finance it.

Other convictions involving mining promotions were obtained during the past year in *U. S. v. William A. Snyder et al.* (D. Colo.) and *U. S. v. Walter A. Stogsdill* (N. D. Okla.). The first involved sales of the stock of the Southern Potash Co., an insolvent company, as to which it was charged misrepresentations were made regarding, among other things, the status and value of the company's leases of acreage from which it proposed to extract potash. In the second case the conviction was obtained on a plea of *nolo contendere* to charges of violation of the registration provisions of the Securities Act of 1933 in selling interests in a purported lead and zinc mining venture known as the Little Beaver Mining Co.

Convictions were obtained in several cases involving the fraudulent sale of securities relating to the promotion of oil and gas properties. The indictments in such cases alleged false representations concerning, among other things, the options and leases purportedly owned by the corporation and the status of its oil production and earnings (*U. S. v. Robert L. Burch et al.*, N. D. Tex.);⁶ the use to which money received from investors would be put (*U. S. v. Galen B. Finch*, S. D. Cal.), and the qualifications of a geologist (*U. S. v. Claude Cleve Alfred*, E. D. Tenn.). In the *Finch* case the defendant was charged with diverting to his own use funds which he represented would be used solely for the purpose of drilling wells. The defendant in the *Alfred* case told investors that he had been a geologist in the Federal Government, that he had discovered an oil pool in a particular area, and that in the past he had drilled 42 wildcat oil wells of which 40 were commercially producing wells. An additional conviction was obtained during the year in the *Cactus Oil Co.* case⁷ where the charges against the defendants included the payment of corporate "dividends" out of capital for the purpose of inducing investors to make repeated purchases of stock.

The fraudulent sale of securities in the promotion of a so-called "kickless automatic sport shotgun" was the basis for the conviction during the past year in *U. S. v. William Ray Baldwin* (D. Del.). Among other things, it was charged that Baldwin falsely informed investors that the promotional corporation shortly would receive from the United States Government some \$800,000 for the use of patents owned by the corporation which would make it possible for the corporation to pay dividends to stockholders and that the money received from the sale of securities would be used to develop and manufacture a new sport shotgun. It was alleged that the defendant

⁶ Three individual defendants were convicted. On motion of the United States attorney the indictment was dismissed as to the corporation, the remaining defendant.

Misrepresentations respecting the quantity of oil being produced are included in the charges in *U. S. v. George E. Baldwin* (N. D. Ill.), a pending case, in which an indictment was returned during the past year.

⁷ See 14th Annual Report of Securities and Exchange Commission, p. 101. Subsequent to the conviction of the two individual defendants the indictment as to the corporate defendant was dismissed.

omitted to disclose to investors that the corporation was insolvent, that all money received from them was being used for the promoters' personal use and benefit, and that the Government had advised that it did not owe any money to the corporation.

Other allegedly fraudulent activities involving the promotion of mechanical devices were the subject of indictments obtained in the past year in *U. S. v. Doak Norwood*, (N. D. Ill.) (desk pad device) and *U. S. v. Philip M. Carter et al.* (S. D. N. Y.) (acoustical material), both of which cases are pending.

Other business promotions resulting in criminal proceedings during the past year were involved in *U. S. v. Alfred L. Lodge et al.* (W. D. Okla.) (production, manufacture, and sale of brooms), *U. S. v. Jim May* (S. D. Tex.) (grain trading venture), and *U. S. v. Paul A. Schumpert et al.* (M. D. Tenn.) (small loan company). The defendants in the first two cases were indicted during the year and convictions were obtained after the close of the fiscal year. In the *Schumpert* case convictions were obtained during the year on an earlier indictment,⁸ and another indictment was returned during the year against additional defendants. In the *Lodge* case the misrepresentations included such matters as the use to be made of the proceeds obtained from securities sales, the profits and property owned by the corporations, and the approval of the securities by the Commission. Both the *May* and *Schumpert* cases involved, among other things, a "Ponzi" type of swindle where, to induce further investment, capital was returned to investors in the guise of profits.

Convictions involving securities brokers and dealers and their representatives were obtained during the past year in *U. S. v. D. S. Waddy* (W. D. Ark.), where the defendant operated a securities business while insolvent, converted customers' funds and securities, filed false and misleading financial statements with the Commission, and failed to keep the books and records required by section 17 (a) of the Securities Exchange Act of 1934 and by the Commission's rules thereunder; in *U. S. v. Louis A. Starling et al.* (W. D. Va.), where the defendants, under the pretense of rendering impartial investment advice, induced their customers to purchase the defendants' personally owned shares of a tobacco company by misrepresenting, among other things, the financial condition of the company and by failing to disclose that the stock was being sold for the personal profit of the defendants; and in *U. S. v. Stanley M. Brown* (D. D. C.), *U. S. v. Alvis Roy Davis* (W. D. Mo.), and *U. S. v. Otto F. Herald* (N. D. Ill.), in which cases the conversion of customers' money or securities constituted a part of the frauds charged. The defendant in the *Herald* case was convicted also of violating the broker-dealer registration provisions of the Securities Exchange Act of 1934, since he had engaged in the business of effecting securities transactions without being registered with the Commission as required by section 15 (a) of the act.

Indictments involving securities brokers and dealers are presently pending in *U. S. v. Frederick F. March* (N. D. Ill.), *U. S. v. Edwin R. Hawley* (D. Ariz.), and *U. S. v. Eugene F. Luck* (S. D. Fla.). March is accused of fraudulently selling interests in a purported investment

⁸ See 15th Annual Report of Securities and Exchange Commission, p. 165.

plan to be operated by him by misrepresenting, among other things, the nature of the investment plan and the profits which investors would make on their investments in this plan. In fact, according to the indictment, the defendant converted to his own use and benefit, and used for gambling purposes, a large part of the money which he obtained from investors. In addition, the indictment charges him with paying back to investors, as "profits" resulting from the operation of his plan, portions of their capital contributions. The frauds charged in the *Hawley* and *Luck* cases involve, among other things, the conversion of customers' funds and securities. As a part of the alleged fraud employed in the latter case, it is charged that the defendant forged various documents and sold stock of his securities brokerage firm to his customers by means of various false representations.

Criminal contempt proceedings were instituted during the year in *U. S. v. James Nelson* (S. D. Cal.) and *U. S. ex rel. SEC v. Josiah Marshall Kirby* (N. D. Ohio). Nelson was convicted for violating a 1944 injunction decree which enjoined him from selling securities in violation of the registration provisions of the Securities Act of 1933. Despite this decree, Nelson sold securities, which had not been registered with the Commission, relating to certain syndicates known as the "Apache Golden Treasure Syndicate" and the "Tayopa Golden Treasure Syndicate." The contempt proceeding in the *Kirby* case is pending. The petition alleges that Kirby continued to act as an over-the-counter securities broker and dealer, without registration under section 15 (a) of the Securities Exchange Act of 1934, in violation of preliminary and final injunction decrees obtained in 1948 and 1949 respectively.

In the only appellate case involving criminal prosecution decided during the fiscal year, *Nemec et al. v. U. S.*, 178 F. 2d 656 (C. A. 9, 1949), *certiorari* denied 339 U. S. 985, the conviction of defendants for the fraudulent sale of securities in connection with the promotion of a purported gold mining venture was sustained.

COMPLAINTS AND INVESTIGATIONS

The Commission is authorized under the acts it administers to investigate possible violations. Among the sources of information about violations are the examination by the staff of material filed with the Commission (e. g., ownership reports indicating transactions in equity securities by officers and directors) information furnished by other governmental agencies, better business bureaus, State authorities, and complaints made by members of the public. Complaints from the public provide the chief source of leads with respect to such violations. During the 1950 fiscal year 9,335 letters were received by the principal office relating to possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. This volume of complaints represented an increase over the preceding year of more than 30 percent.

Investigations are classified generally as preliminary or docketed investigations. A preliminary investigation is one instituted for the purpose of determining whether probable violations have occurred and this type of investigation is carried on largely through corre-

spondence, office research, or limited interviews. If the information developed in the preliminary investigation indicates such violations of the law as to require a full-scale field investigation, the case is transferred to a docketed investigation. In a great many instances, however, the preliminary investigation discloses that the violation, if any, is of a minor nature warranting neither a full-scale investigation nor the imposition of any of the sanctions provided by law. These include situations in which the violation comes to the attention of the Commission shortly after its inception, where the violation appears to be inadvertent, and where immediate steps have been taken by the offender to comply with the law.

The Commission has subpoena powers and designates officers for the purpose of conducting investigations, issuing subpoenas, and administering oaths. Subpoenas are used only where the investigation cannot be concluded without their use and only after a preliminary report and reasons for the necessity of issuance of the subpoenas have been presented to the Commission. During the 1950 fiscal year the Commission authorized use of subpoenas by issuance of formal orders for investigation in 35 cases.

The extent of the investigatory activities of the Commission during the 1950 fiscal year, under the Securities Act of 1933, the Securities Exchange Act of 1934, sections 12 (e) and (b) of the Public Utilities Holding Company Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940 is shown in the following table:

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

	Preliminary ²	Docketed ³	Total
Pending at June 30, 1949.....	536	1,050	1,586
Opened July 1, 1949 to June 30, 1950:			
New cases.....	341	159	500
Transferred from preliminary.....		50	50
Total number of cases to be accounted for.....	877	1,259	2,136
Closed.....	511	718	1,229
Transferred to docketed.....	50		50
Pending at June 30, 1950.....	316	541	857

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

² Investigations carried on through correspondence and limited field work.

³ Investigations assigned to field investigators.

Canadian Situation

During the 1950 fiscal year illegal offerings in the United States of oil and mining securities emanating from Canada continued to be of grave concern to the Commission. Practically all of these offerings are made by mail from Toronto, Ontario. Complaints from the public, better business bureaus, and State authorities have been received in large numbers from all parts of the United States. State authorities have continued to issue cease and desist orders where solicitations have been made in violation of their securities laws. Newspapers and magazines have performed a valuable service by warning the public about these violations. The Post Office Department has continued to cooperate with the Commission in trying to prevent the losses caused

by these illegal mass mail campaigns. During the year the Post Office Department issued orders against 14 individuals and firms who have conducted such mail campaigns, based upon the use of fictitious names. In addition, the Post Office Department, based upon information furnished by the Commission, issued fraud orders to stop the delivery of mail to 27 firms in Toronto who, were offering shares by means of fraudulent representations and omissions.

All of these cases involved violations of the registration provisions of the Securities Act of 1933. Every full investigation has shown that unregistered securities being offered and sold in the United States from Toronto have been offered and sold by means of false and fraudulent representations.

It is believed that the vigorous campaign by the Commission, with the cooperation of other governmental agencies, has been effective in reducing these violations. However, they have not been completely eliminated. The Commission has continued its efforts to improve the extradition provisions of our treaties with Canada so as to enable the Government of the United States to bring the fraudulent operators to trial.

Section of Securities Violations

In the first year of its existence the Commission established a section of securities violations for assistance in the enforcement of the various statutes which it administers and to provide a further means of preventing fraud in the purchase and sale of securities. This section has developed files which provide the basis of maintaining a clearing house of information concerning persons who have been charged with violations of various Federal and State securities statutes. The specialized information in these files has been kept current through the cooperation of the United States Post Office Department, the Federal Bureau of Investigation, parole and probation officials, State securities commissions, Federal and State prosecuting attorneys, police officials, and members of the United States Chamber of Commerce. By the end of the 1950 fiscal year these records contained data concerning 53,162 persons against whom Federal or State action had been taken in connection with securities violations.

During the past year alone additional items of information relating to 6,324 persons were added to the records of this section, including information concerning 1,997 persons not previously identified therein.

Extensive use is made of this clearing house of information. During the past year, in connection with the maintenance and preventive application of these records, the Commission received 4,298 "securities violations" letters or reports (apart from those which are classified as "complaint enforcement") and dispatched 3,007 communications in turn to cooperating agencies.

ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Many of the reports or documents required to be filed each year with the Commission contain financial data, mostly in the form of financial statements and related schedules. These are always a vital, often the most significant, element of the information the investor must have upon which to predicate investment decisions. Because

the Congress recognized that accounting and accountants perform such an important role in achieving the statutory purpose of disclosure, and because financial statements lend themselves readily to misleading inferences or even deception, whether or not consciously intended, the statutes administered by the Commission deal extensively with accounting, and activities of the Commission in the field of accounting are necessarily significant.

Thus, for example, the Securities Act not only provides for inclusion in prospectus of balance sheets and profit and loss information "in such form as the Commission shall prescribe,"⁹ but authorizes the Commission to prescribe "the items or details to be shown in the balance sheet and earning statement, and the methods to be followed in the preparation of accounts. * * *"¹⁰ Similar authority is contained in the Securities Exchange Act,¹¹ and more comprehensive power is embodied in the Investment Company Act¹² and the Holding Company Act.¹³

The Securities Act provides that the required financial statements shall be certified by "an independent public or certified accountant."¹⁴ The other three statutes above mentioned provide that the Commission may require that such statements be accompanied by a certificate of independent public accountants.¹⁵ The Commission's rules require that statements filed pursuant to the Securities Exchange Act and the Investment Company Act be so certified. The value of certification has for many years been conceded but the requirement as to independence, long recognized by some individual accountants, was for the first time authoritatively and explicitly stated by its introduction into the statutes. Out of this initial provision in the Securities Act and the resulting rules established by the Commission¹⁶ there have grown concepts that have materially strengthened the protection afforded investors by eliminating certain unhealthy accountant-client relationships which theretofore were quite common.

Although the statutes administered by the Commission give it wide rule-making power, accounting, based as it is largely upon convention and existing financial and business concepts, is of such a nature that the Commission has not yet found it necessary or desirable in most areas to establish extensive accounting rules and regulations dealing with accounting problems. The Commission has prescribed uniform systems of accounts for certain public utility holding companies and for public utility mutual and subsidiary service companies. It has adopted rules under the Securities Act governing accounting and auditing of exchange members, brokers, and dealers. In the wider area dealing with industrial, commercial, and investment companies under the Securities Act, Securities Exchange Act, and Investment Company Act the form and content of most financial statements are governed by the Commission's regulation S-X.

⁹ Sec. 10 (a) (1) (Schedule A, par. 25, 26).

¹⁰ Sec. 19 (a).

¹¹ Sec. 13 (b).

¹² Secs. 30, 31.

¹³ Secs. 14, 15.

¹⁴ Sec. 10 (a) (1) (Schedule A, par. 25, 26).

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

¹⁶ See, for example, rule 2-01, regulation S-X.

The rules and regulations thus established do not prescribe the accounting to be followed except in certain basic respects. In the large area not covered by such rules the Commission's principal reliance for the protection of investors is on the determination and application of accounting standards which are recognized as sound and which have come to have general acceptance. This policy of the Commission is expressed in accounting series release No. 4 (1938) (one of the series of such releases inaugurated in 1937 to publish accounting statements and opinions which are of general interest).

One of the inevitable results of this policy has been constant contact and cooperation between the Commission and other governmental agencies and accountants both individually and through such groups as the American Institute of Accountants, the American Accounting Association, the Controllors Institute of America, the National Association of Railroad and Utilities Commissioners and others. The importance of this cooperation is emphasized by the great influence and responsibility inherent in the Commission's authority over the several thousand financial statements filed every year with it by most of the important commercial and industrial companies in the United States.

The accounting staff of the Commission is organized to handle the many day-to-day accounting problems that arise in the course of its work and to provide central responsibility for aiding the Commission in matters of accounting policy. The chief accountant has general supervision with respect to accounting and auditing policy and its application. He is assisted directly by a staff of trained accountants, and, in addition, by assistant chief accountants assigned to and responsible for the examination of financial data and other operating work in the Division of Corporation Finance, Division of Trading and Exchanges and Division of Public Utilities.

Examination of Financial Statements

The majority of the accounting problems with which the Commission is concerned arise from examination of financial statements or other data required to be filed with the Commission. In general, deficiencies revealed by examination are called to the attention of the registrant by letter. These letters of comment and the correspondence or conferences that follow have proved to be a most convenient aid in effecting corrections and improvements in financial reporting. Few matters involve prolonged discussion or dispute in spite of the tremendous volume of financial data reviewed each year by the Commission; and it is only in rare instances that formal procedures are necessary in order to procure disclosure.

Many problems arise as a result of inquiry by representatives of registrants, their accountants or counsel in advance of the actual filing of the material involved. Advance discussion of this kind is encouraged and experienced practitioners regularly follow this procedure in dealing with unique problems—thus saving valuable time for themselves and their clients. As a natural outgrowth of the fact that the Commission studies and is the repository of a vast reservoir of financial data, the staff is frequently called on to aid in the preparation

of studies of current problems such as those involved in formulating the background of legislative proposals.

Proposed Amendment of Regulation S-X

Regulation S-X is the Commission's basic accounting regulation relating to the form and content of financial statements filed under the Securities Act, the Securities Exchange Act, and the Investment Company Act. This regulation was promulgated in February 1940 and in many respects simply brought together requirements theretofore contained in the separate registration and annual report forms. The only major changes in the regulation since its issuance in 1940 have been the addition in 1942 of article 6A relating to unit investment trusts, the complete revision in 1946 of article 6 relating to management investment companies and a new article 5A, adopted in 1948, applying to commercial, industrial, and mining companies in the promotional, exploratory, or development stage.

Many accounting and reporting problems have arisen during the 10 years that have elapsed since the adoption of regulation S-X. Both the incidence and solution of some of these matters have involved changed viewpoints, not only of industry and the accounting profession, but also of the Commission. Furthermore, entirely new situations have developed requiring the establishment of new procedures. For these reasons it has been thought desirable to revise the regulation.

When the present proposal to amend regulation S-X was made in September 1949, copies of the preliminary draft were sent to 325 persons and an additional 75 or more were sent to persons who requested copies, mostly as a result of an item in the October 1949 Journal of Accountancy which invited readers to obtain and comment upon the preliminary draft. Several accounting firms and professional groups requested additional copies so that, in all, approximately 600 copies were sent out. Approximately 175 persons, including 46 controllers or principal accounting officers of corporations, submitted comments.

The large number of comments and recommendations received was given a great deal of careful study. Amendments originally proposed were reconsidered as a result of these comments and the final revision of the proposed amendments was sent out and formal notice of amendment was given under the Administrative Procedures Act on July 12, 1950. In view of the great importance of the regulation, the most careful consideration will be given to the additional comments and suggestions expected to be received before enactment of amendments.

Other Developments in Accounting and Auditing

The Commission's fifteenth annual report mentioned the disclosure and accounting problem that arose from the increasingly popular form of financing by means of long-term leases or more particularly the sell-and-lease-back device. To a considerable extent the Commission's disclosure requirements applicable to such transactions have been in existence for a number of years. Thus, item 5 of the schedule of "Supplementary Profit and Loss Information," rule 12-16 of regulation S-X, requires that there be stated certain minimum data as to annual rentals, if significant. In view of the very important nature

of lease-type financing, particularly the fixed character of the commitment undertaken, the Commission has in the past several years asked that there also be given, by a brief reference in a footnote to the balance sheet, the principal details of significant transactions occurring within the year or years covered by the report. The Commission also has indicated that where the transaction is such that it is in substance a purchase of property, the transaction must, despite the lease form, be accounted for as a purchase. The principles were also adopted in the recommendation of the Committee on Accounting Procedure, American Institute of Accountants, in its Accounting Research Bulletin No. 38 issued in October 1949.

Although the Commission had earlier indicated its position with respect to accounting for the obligations created by corporate pension plans, during the current year it was found desirable to give further consideration to the matter. This did not involve the one-time troublesome question of the proper disposition of expenditures to fund payments or liabilities determined upon the basis of past services of employees. The propriety of charging such amounts direct to income rather than to surplus is no longer challenged. Accounting Research Bulletin No. 36 in November 1948 by the American Institute of Accountants is, in principal, in agreement with the Commission's view.

However, there arose again the problem of the accounting for possible or implicit liabilities associated with past service elements of pension plans where the corporation is under no contractual obligation to continue the plan beyond the current year or few years immediately following. In the case of actual liability arising from an irrevocable commitment to the future payment of pensions it was not difficult to conclude that any unfunded liability for past service benefits, actuarially determined, should, under accepted accounting principles, be set up in the accounts. At the date of adoption of the plan such liability would, of course, relate not only to employees actually retired or qualified for retirement but also to the past service of those employees who would not qualify for retirement until a future date.

Such completely irrevocable commitments apparently occur rarely, if at all. In recent months union-management negotiations, particularly in the steel industry, have led to the adoption of various plans which might not legally bind the employers to fund past-service elements even though in a typical instance the plan is, by contract, to continue for 5 years. Question arose as to the extent of disclosure required to be given in proxy statements coming before the Commission for examination.

As an accounting matter the Commission had earlier concluded that even though there is no contract, or the pension contract may run for a short period only, it would be unrealistic to ignore the probability that, once having installed a plan or entered into a short-term contract, the company will continue it. Accordingly it was believed that there should be disclosed in a brief footnote to the balance sheet not only the important terms of the plan, including estimates of amounts payable annually, but also the company's best estimate of the amount that would be necessary to fund, or complete the funding of, past service obligations at the balance sheet date on the assumption that the plan

is to be continued. In the case of employees who have retired or are eligible to retire, an equally realistic approach seems to require that, apart from any question as to legal liability, balance sheet provision should be made in an amount equal to the sum necessary to fund the obligation.

Upon request, in connection with the proxy material filed with it, the Commission informally reconsidered its position and concluded that it could find no sound and reasonable basis for a different view than that held earlier as to the appropriate treatment in financial statements. The Commission also indicated that the disclosure requirements in proxy material, to be furnished to stockholders as a basis for stockholder action on the pension plan, are essentially the same as in the case of financial statements and that therefore substantially the same treatment should be given to the facts.

In September 1949, the British Government announced a very material devaluation of its currency in terms of the United States dollar. Devaluations were almost immediately announced by many other foreign governments with the result that a large number of domestic corporations engaged in business in these countries were presented with problems as to how to state the accounts of their foreign subsidiaries and branches in terms of United States currency. Since many of these corporations publish quarterly financial data for the benefit of stockholders and others, prompt decisions were necessary. Although the Commission generally does not exercise jurisdiction over stockholders' reports as such, many inquiries as to the Commission's views were received from registrants in anticipation of the later filing of their annual reports.

The first problem presented in many instances was whether to continue the previous practice of consolidating foreign and domestic operations. The Commission recognized that the decision on this point is one primarily to be reached by the company and its independent accountants, having due regard for all the facts, and having in mind the objective of most clearly exhibiting the financial condition and results of operations of the parent company and its subsidiaries. While not then called upon to make a decision in any particular case, the staff, in answer to a number of inquiries, indicated its general conclusion that the consolidation question might well be determined upon the basis of the degree of integration of the foreign operations with domestic operations.

If such foreign operations are essentially an arm or extension of domestic operations, and are actively being conducted, the view held is that there is a presumption in favor of the consolidation thereof, despite the probable impact upon the foreign operations of unfavorable political and economic factors. If, in an instance of this kind, remittances to the parent company are restricted, appropriate disclosure of the facts would be necessary and the consolidated profit and loss statement should reflect only earnings of foreign subsidiaries which are available to the parent in terms of United States dollars. If, on the other hand, the foreign operations constitute a complete and separate business unit in and of themselves, and serious economic problems are presented, nonconsolidation would generally appear to be indicated. In the examination of reports filed with the Commission since these

developments it has been observed that in a substantial number of cases foreign operations previously included in consolidation have been removed therefrom and, where falling within the Commission's tests of significance, have been reported on separately.

A more persistent question was whether, as a result of widespread devaluations and foreign conditions generally, any new principles were applicable with respect to the conversion of foreign assets into a dollar equivalent. It was the staff's opinion, expressed in numerous instances, that no new problem existed and that the well-established practices of the past are quite adequate and appropriate to cope with any situation that has come to its attention. The general principles applicable in the case of conversion of foreign net assets are well expressed in Accounting Research Bulletin No. 4 (1939) of the American Institute of Accountants. Question arose, however, concerning the extent to which losses recognized in connection with the devaluation should be recognized by charges against income. The staff's position, concurred in by the Commission in a recent informal ruling, is that losses of this nature, even though large in amount, are a risk incident to doing business and are therefore proper charges against income. This conclusion was arrived at independently of the general question of the propriety of charges and credits to earned surplus.

Among the proposed amendments to regulation S-X are provisions dealing in certain important respects with the above described problems as to long-term lease commitments, pension plans, accounting for operations of foreign subsidiaries, and the impropriety of direct charges to earned surplus.

Several of the annual reports of the past few years have commented upon a group of accounting cases that arises in the administration of rules X-17A-3 and X-17A-5 under the Securities Exchange Act, governing securities brokers and dealers. As has been noted, most of the difficulties encountered in this field of regulation are due to the large number of small firms and the fact that many of the required audits are performed by accountants unfamiliar with the Commission's requirements and apparently not well trained in the improved procedures of brokerage accounting and auditing practice. During the past year the Commission's staff, through correspondence and through direct contact by regional office representatives, continued to devote considerable time to improvement in this area. In most cases it was apparent that inexperience rather than deliberate evasion was the cause of the unsatisfactory reports filed. There were a number of cases involving certifying accountants, however, in which, although formal proceedings under rule II of the rules of practice were not necessary, the audit work failed completely to approach generally accepted auditing standards and required that informal action, usually warning or admonition, be taken.

The various changes by the Commission in its forms are described in the preceding sections discussing the administration of the various acts. There were no material changes affecting the work of accountants although of interest was the elimination of the well-known Form 1-MD and the extension of Form 10-K to annual reports pursuant to both sections 13 and 15 (d) of the Securities Exchange Act.

DIVISION OF OPINION WRITING

The Division of Opinion Writing aids the Commission in the preparation of findings, opinions, and orders promulgated by the Commission in contested and other cases arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. These statutes provide for a wide variety of administrative proceedings which require quasi-judicial determination by the Commission. Formal opinions are issued in all cases where the nature of the matter to be decided, whether substantive or procedural, is of sufficient importance to warrant a formal expression of views.

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

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

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

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

administrative procedures or techniques, appropriate recommendations are made to the Commission at the time the draft opinion in the case is submitted.

The draft opinion as submitted may be modified, amended, or completely rewritten in accordance with the Commission's final instructions. When the opinion accurately expresses the views and conclusions of the Commission, it is adopted and promulgated as the official decision of the Commission. In some cases concurring or dissenting opinions are issued by individual Commissioners who wish to express their separate views on matters covered by the opinion adopted by the majority of the Commission. In such cases the Division of Opinion Writing is occasionally instructed to prepare drafts of such concurring or dissenting opinions and confers respecting them with the individual Commissioners involved, submits drafts directly to them, and makes such modifications and revisions as are directed.

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

The creation of the Division of Opinion Writing as an independent staff unit in 1942 was based on the view that the fair exercise of the Commission's adjudicatory functions in many types of cases made it appropriate that it be assisted in that function by members of its staff who were independent of units engaged in investigation or prosecution of cases. Originally initiated as a matter of Commission policy, the desirability of this arrangement was subsequently given express recognition in specific provisions of the Administrative Procedure Act, which in certain types of cases requires that there be a complete separation of function between quasi-prosecutory functions and quasi-judicial functions. The existence of the Division of Opinion Writing thus made it possible for the Commission, even before the passage of the Administrative Procedure Act, to meet fully the separation of function requirements contained in sections 5 (c), 7 and 8 of the act.

The Commission, through its revised rules of practice, has sought to provide a flexible procedure which will be suited to the needs and desires of the participants in the proceeding before it, as well as guarantee to them the procedural safeguards required by the general principles of due process and the provisions of the Administrative Procedure Act. Thus, at the request of some participants, the Commission has in many cases availed itself of the assistance of the Division of Opinion Writing in the preparation of its findings even though separation of functions was not required by law.

Further, under rule III of the Commission's rules of practice, the moving party may, subject to a contrary determination by the Commission, specify the procedures considered necessary or appropriate in the proceedings, with particular reference to (1) whether there

should be a recommended decision by a hearing officer; (2) whether there should be a recommended decision by any other responsible officer of the Commission; (3) whether the interested division of the Commission's staff, or only the Division of Opinion Writing may assist in the preparation of the Commission's decision; and (4) whether there should be a 30-day waiting period between the issuance of the Commission's order and the date it is to become effective. Other parties may object to the procedures or specify other procedures, but in the absence of such objection or specification of additional procedures they may be deemed to have waived objection to the specified procedure and to the omission of any procedure not specified.

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

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

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

FOREIGN FINANCIAL AND ECONOMIC MATTERS—THE INTERNATIONAL BANK

Registration statements covering \$230,738,915 of securities issued by foreign issuers, private and governmental, were filed during the fiscal year 1950 under the Securities Act of 1933. About \$190,000,000 of these securities were issued by governments; and about \$175,000,000 of these governmental issues emanated from Canada.

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

In recognition of the interest of United States bondholders the Commission has consulted with the Departments of State, Treasury, Justice, and with the Armed Services on the questions involved in the eventual resumption of trading in German, Japanese, and other former Axis issues. Events which have taken place since these bonds were suspended from trading have been reviewed. The uncertain status of prewar dollar obligations of Germany, the lack of a peace treaty, and the substantial dollar obligations it had incurred during the period of occupation have been noted.

Through the supreme commander of the Allied Powers the Commission has (in consultation with the Ministry of Finance of the Japanese Government) endeavored to get current information filed with respect to the status of Japanese dollar bonds which were outstanding prior to the war. The Japanese Government has expressed the intention of complying with the Commission's requirements for the filing of data so that United States investors will be fully informed as to the status of these bonds. The public availability of reliable information of this kind is a necessary condition of any resumption of dealings in the bonds.

The Commission has continued its representation on the staff committee of the National Advisory Council on International Monetary and Financial Problems and has continued to cooperate with other agencies concerned with the development of the Government's foreign economic program.

The Commission has also contributed to the development of the President's Point IV program for the provision of technical assistance to and the encouragement of private investment in underdeveloped countries. It has participated in studies relating to the revival of private foreign investment for developmental projects. It has also consulted with the Department of State on the inclusion in Treaties of Friendship, Commerce and Economic Development of clauses intended to protect investors in foreign securities.

The Commission, as a member of the Board of Visitors of the Foreign Bondholders Protective Council, Inc., continued consultation with the Department of State on problems referred to the Board by officers of the Council.

The Commission has during the year had discussions with representatives of several foreign governments on the laws, regulations, and procedures applicable to the issuance of and trading in foreign securities in United States capital markets.

By amendment to the Bretton Woods Agreements Act securities issued or guaranteed as to principal and interest by the International Bank for Reconstruction and Development are deemed to be exempted securities under the Securities Act of 1933¹⁷ and the Securities Ex-

¹⁷ Because of the exemption from the Securities Act the bank is not required to register its securities in connection with any public offering thereof, nor does it have to register securities guaranteed by it as to principal and interest.

The criminal sanctions for fraudulent sales of securities under the Securities Act continue to apply to transactions in the bank's securities and in securities guaranteed by the bank—in spite of the exemption. However, the exemption has the effect of eliminating civil liabilities under the Securities Act. Since the civil liabilities provisions of section 11 apply only in cases of inadequate registration statements, and those of section 12 (1) apply only in the event securities are sold in violation of the registration provisions, exemption of these securities from registration has the effect of avoiding the application of these sanctions.

change Act of 1934.¹⁸ The Commission in consultation with the National Advisory Council on International Monetary and Financial Problems is authorized to suspend the provisions of this amendment at any time.

Pursuant to regulation BW, adopted by the Commission under the amendment to the Bretton Woods Agreements Act, the bank files with the Commission information comparable to that which would be required if its securities had been registered under the Securities Act of 1933 and the Securities Exchange Act of 1934. The amendment requires the Commission to include in its annual reports to Congress such information as it shall deem advisable with regard to the operation and effect of the amendment, and in connection therewith to include any views submitted for such purpose by any association of dealers registered with the Commission. The Commission has received no views from such association of dealers.

In January 1950, the bank refunded \$100,000,000 of its outstanding 10-year 2 $\frac{1}{4}$ percent bonds by selling an issue of serial bonds in the same amount. The 2 $\frac{1}{4}$ percent bonds, originally issued at par in 1947, were replaced by a 2 percent issue and the refunding bonds were originally sold at a premium resulting in a net interest cost to the bank of 1.92 percent.

The refunding bonds were sold at competitive bidding. Syndicates consisting of investment houses, securities dealers, and banks, with a wide geographical distribution, participated in the bidding. The winning syndicate consisted of 37 commercial banks and 99 securities dealers located in 25 States and the District of Columbia. In all, bidding groups had an aggregate membership of 393—of which 63 were commercial banks and 330 were securities dealers.

The bank made available to bidders and to participating dealers copies of a prospectus relating to the new serial bonds giving information about the bank's structure and operations and including audited financial statements. The bank thus gave effect to representations made by it in connection with the adoption of the amendments to the Bretton Woods Agreements Act which exempted securities issued and securities guaranteed as to principal and interest by the bank. In connection with the adoption of this legislation its proponents had

Section 12 (2) provides for civil liabilities for sales of securities (whether or not registered) made through material misrepresentations and omissions. However, securities exempted by section 3 (a) (2) of the Securities Act do not fall within the provisions of section 12 (2). Since the amendment to the Bretton Woods Agreements Act requires these securities to be deemed exempted "within the meaning of" section 3 (a) (2), the effect of that amendment is to eliminate civil liability pursuant to section 12 (a).

²¹ The amendment to the Bretton Woods Agreements Act requires that securities issued or guaranteed as to principal and interest by the bank shall be deemed to be exempted within the meaning of section 3 (a) (12) of the Securities Exchange Act of 1934.

The effect of this exemption is to take these securities out of the purview of rules fixing margin requirements and of rules relating to borrowings on securities by brokers and dealers. As exempted securities, these securities may be traded on exchanges without the formalities of registration or literal compliance with information requirements or other exemptive provisions.

Brokers or dealers doing a business exclusively in the bank's exempted securities and other exempted securities, would not be required to register with the Commission.

Section 10 (b) of the Securities Exchange Act makes it unlawful to use deceptive or manipulative devices, in contravention of rules and regulations of the Commission, in connection with the purchase or sale of securities—whether or not registered on a securities exchange. Pursuant to this provision the Commission has adopted rules which apply whether or not securities are exempted.

Recent litigation has emphasized the possibility that these rules afford civil relief as well as a basis for criminal action.

The exemption of the bank's securities does not affect the operation of this provision.

stated to the Congress that the bank intended to give purchasers full information about the bank and its securities.

A fuller discussion of the operations of the bank is contained in the second special report of the National Advisory Council on International Monetary and Financial Problems (May 1950).

Since this issue is the only issue of the bank's bonds effected since enactment of the amendment the Commission does not, in this report, comment upon the operation and effect of the amendment.

ADVISORY AND INTERPRETATIVE ASSISTANCE

The Commission has continued to make freely available to the public the informal advisory and interpretative assistance of its professional and technical staff, on matters arising under the statutes. Correspondence, conference, and telephone inquiries are handled by staff experts familiar with the problems involved. It is impossible to estimate the number of inadvertent violations forestalled as a result, or the amount of time that goes into work so intimately related to the regulatory duties of the Commission.

CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

Under five of the acts which it administers—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 Act of 1940—the Commission is authorized to grant confidential treatment, upon application by registrants, to information contained in reports, applications, or documents which they are required to file under these statutes. Under the Securities Act of 1933 the Commission has adopted rule 580, which provides that information as to material contracts, or portions thereof, will be held confidential by the Commission if it determines that disclosure would impair the value of the contracts and is not necessary for the protection of investors. The other four statutes, in general, empower the Commission to hold confidential under certain conditions any information contained in any reports required to be filed under those statutes. Disclosure of information confidentially filed under the latter statutes is made only when the Commission determines that disclosure is in the public interest.

The following table indicates the number of applications for confidential treatment received and acted upon during the 1950 fiscal year and the number pending at its close:

Applications for confidential treatment—1950 fiscal year

Act under which filed	Number pending July 1, 1949	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1950
Securities Act of 1933 ¹	1	15	16	—	—
Securities Exchange Act of 1934 ²	10	26	24	4	8
Investment Co. Act of 1940 ³	—	65	65	—	—
Total.....	11	106	105	4	8

¹ Filed under rule 485, Securities Act of 1933.

² Filed under rule X-24B-2 and rule X-13A-6B, Securities Exchange Act of 1934.

³ Filed under rule N-45A-1, Investment Company Act of 1940.

Registrants may seek judicial review of decisions made by the Commission regarding confidential treatment adverse to them, but no such petition for judicial review was filed during the past year.

STATISTICS AND SPECIAL STUDIES

In general, the statistical activities of the Commission relate to (a) data of general application on groups of companies subject and not subject to the legislation administered by the Commission and (b) operational data derived from official filings with the Commission. The purpose of the latter studies is to organize and present in meaningful form the masses of information filed with the Commission.

Saving Study

The Commission continued its series of quarterly releases on the volume and composition of individuals' saving in the United States. These releases show the aggregate volume of individuals' saving as well as the components contributing to the total, such as changes in securities, cash, insurance and consumers' indebtedness, etc. These data have been extremely useful in the determination of fiscal policy and as a measurement of the inflationary potential.

Financial Position of Corporations

The Commission, together with the Department of Commerce, continued the joint series of quarterly releases on the plant and equipment expenditures of United States business other than agricultural. Shortly after the close of each quarter these releases present industry totals on the actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. In addition a survey is made at the beginning of each year of the plans of business as regards expansion during that year. These data have provided a useful index of present and future activity in the capital markets and of business in general. In view of the volatile nature of capital expenditures and their relation to the level of production and employment, the series has been of considerable importance for business management and in the formation of government policy.

The series of quarterly releases on the working capital position of all United States corporations exclusive of banks and insurance companies was also continued. These releases show the principal components of current assets and current liabilities and an abbreviated analysis of the sources and uses of corporate funds. These data are important in measuring the liquid position of the corporate segment of the economy taken as a whole.

The Commission, together with the Federal Trade Commission, continued the joint series of quarterly industrial financial reports. These reports developed as an extension of the working capital series and present a complete balance sheet and an abbreviated income account for manufacturing corporations as a whole. In addition the data are shown for various size groups of corporations and for minor industry groups. The financial report program includes data on manufacturers' profits, which are extremely important in the formulation of a tax program and renegotiation policy. The data are basic to any appraisal of corporate financial position and any analysis of corporation finance and the capital markets.

Capital Markets

The Commission has also continued its monthly series on new securities offerings published in the Statistical Bulletin, and a quarterly series published together with a brief analysis in release form. These data show the volume and character of all securities offerings in the United States, both registered and unregistered, public offerings, and private placements. Collateral studies based on these data have been undertaken from time to time pursuant to the Commission's needs and requests from other branches of the government, and the public. These included a study of the cost of flotation of privately placed securities and a survey of issues offered under regulation A.

Operational statistics (in reality organized and segregated data on a basis necessary for an understanding of the over-all facts revealed by filings with us) are regularly collected with respect to the following matters and, except for those marked with an asterisk are regularly published:

- Registration statistics.
- Underwriting statistics.
- Cost of flotation.
- Broker-dealer financial data.
- Investment company data.
- Accounting and financial characteristics of registrants.*
- Balance sheet and plant data.*

PERSONNEL

As of June 30, 1950, the personnel of the Commission consisted of the following:

Commissioners.....	5
Staff:	
Headquarters office.....	677
Regional offices.....	316
	993
Total.....	998

During the fiscal year 1950, a limited appropriation required a reduction-in-force of 60 employees. Further staff reductions resulted by allowing positions left vacant through resignations to remain unfilled. The 998 employees on duty as of June 30, 1950, represents a reduction of 129 from the total of 1,127 as of June 30, 1949. During the last 5 years the Commission's average employment has dropped from 1,204 during the 1946 fiscal year to 1,043 for the fiscal year just ended.

The division of personnel is responsible for the administration of the Commission's personnel program. Its regular work embraces placement and separation; job evaluation and classification; employee relations and services; training; operation of various committees and boards such as the Committee of Expert Examiners (which conducts examinations for positions peculiar to the Securities and Exchange Commission); wage administration; the uniform efficiency rating system; administration of Commission regulations governing the personal securities and commodities transactions of its personnel; and processing, recording, and reporting of all personnel matters. Following the reduction of four employees early in the fiscal year, these

functions were carried out with a staff of 8 employees—a ratio of 1 personnel employee per 130 Commission employees.

In addition, the division of personnel is responsible for the conduct of preappointment character investigations, leave administration and accounting, retirement counseling, and the maintenance of an emergency medical unit staffed by a registered nurse. Four additional employees are assigned to the division of personnel to carry out these functions.

While the volume of appointments and other personnel transactions was considerably below normal during the fiscal year, the reduction-in-force and related developments created many personnel problems. For example, every effort was made to assist employees released in the reduction-in-force in locating suitable employment. One of the major personnel problems was that of allocating and reassigning available personnel to achieve maximum operating efficiency throughout the Commission. In the sustained effort to preserve vital services, employees were interchanged, reassigned and shifted from unit to unit as the pressure of work dictated. Supervisory officials cooperated in this effort by releasing sorely needed employees to units where the work program was at the moment the most critical.

Just prior to the beginning of the fiscal year the Bureau of the Budget's personnel records system was installed. The system was tested during the entire fiscal year and has contributed substantially to the efficient operation of the personnel program. Under the system paper work and record keeping are reduced to a bare minimum, conserving time and money for the more productive phases of personnel administration.

FISCAL AFFAIRS

Appropriations and Expenditures

The following is a summary of the appropriation and expenditures for the 1950 fiscal year:

Appropriation.....	\$5, 878, 250
Expended.....	5, 873, 450
Unexpended balance.....	4, 800

Receipts

The Commission receives fees (a) for the registration of securities under the Securities Act of 1933 (1/100th of 1 percent of the maximum price at which securities are proposed to be offered); (b) from registered national securities exchanges (1/500th of 1 percent of the aggregate dollar volume of the sales of securities on such exchanges); (c) for applications for the qualification of indentures under the Trust Indenture Act of 1939 (\$100 for each application); (d) for the sale of photocopies of documents or portions thereof filed by corporations under one or more of the acts the Commission administers; and (e) various receipts, such as a bonus for the award of the contract for stenographic reporting services, for which \$27,000 was received during the fiscal year 1950, and from other sources, such as the sale of excess or surplus Government property, the sale of waste papers, etc.

The following is the amount of fees received in the 1950 fiscal year:

Character of fees:	<i>Amount</i>
Registration of securities issues.....	\$520, 420
Qualification of trust indentures.....	800
From registered exchanges.....	228, 867
Sale of copies of documents or portions thereof.....	12, 411
Miscellaneous receipts.....	27, 545
Total.....	790, 043

Fees and other receipts must be turned in to the General Fund of the Treasury and are not available for expenditure by the Commission.

PUBLICATIONS

Public Releases

Releases of the Commission consist primarily of official announcements of filings under and actions taken pursuant to the several acts which it administers. These include notices of filings, hearings, orders, decisions, regulations, and related matters issued by the Commission. The Commission has endeavored to improve its service and to effect economies in connection with its mailing lists by (1) a reclassification of releases enabling persons to select releases on a particular subject without receiving nonrelated matter and (2) by issuing digests which set forth briefly the subject matter of the more voluminous releases. This procedure avoids the full-scale distribution of all releases except to those persons who are sufficiently interested to make a special request therefor.

The announcements issued during the 1950 fiscal year included 33 releases under the Securities Act of 1933; 193 under the Securities Exchange Act of 1934; 754 under the Public Utility Holding Company Act of 1935; 170 under the Investment Company Act of 1940; and 4 under the Investment Advisers Act of 1940. In addition, nine releases were issued concerning the Commission's activities in corporate reorganization under Chapter X of the Bankruptcy Act, and four releases were issued under the Trust Indenture Act of 1939. The following breakdown of the releases for the month of June 1950 is fairly illustrative of the general nature of releases issued throughout the year:

Announcements of filings, orders for hearing, and notices giving opportunity to request hearing.....	32
Interim and final decisions and orders.....	55

The balance of the Commission's releases were of an informational nature, the following having been issued during the year: seventy-five announcements of publication of reports on corporate survey and statistical studies; 76 reports of court actions in injunction and criminal prosecution cases initiated by the Commission; and 5 miscellaneous announcements regarding appointments of Commissioners, staff officials, and related matters.

Other Publications Issued During the 1950 Fiscal Year

Daily Registration Record: Registration statements filed with the Commission.

Monthly Statistical Bulletin: Statistics on capital markets and securities exchanges. Bound volume 16 of the Decisions and Reports, May 15, 1944 to September 30, 1944: Decisions and reports issued by the Commission.

Twelve monthly issues of the Official Summary of Securities Transactions and Holdings of Officers, Directors, and Principal Stockholders: Summary of security ownership data required to be filed with the Commission.

The Fifteenth Annual Report of the Commission: The Commission's annual report to the Congress.

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1949.

List of Companies Registered under the Investment Company Act of 1940, as of December 31, 1949.

Accounting Series Release No. 68, July 1949.

Proposal to Safeguard Investors in Unregistered Securities, Supplemental Report to Congress, 1950: Proposed legislation to require disclosures of information by companies meeting certain standards.

Registered Public Utility Holding Companies, June 30, 1949: List of companies registered under the Public Utility Holding Company Act of 1935.

Securities Registered under the Securities Act of 1933, Cost of Flotation—1950, first quarter: Study of the costs of issuing and selling securities registered under the Securities Act of 1933.

Volume and Composition of Individuals Saving: Quarterly estimates of individuals' saving.

Plant and Equipment Expenditures of Business: Quarterly series showing actual and planned expenditures for plant and equipment.

Quarterly Industrial Financial Report: Quarterly balance sheet and income account for all manufacturing corporations classified by size of company and industry.

Net Working Capital of Corporations: Quarterly estimates of the net working capital and components for all corporations.

New Securities Offered for Cash: Quarterly compilations of new securities offerings, public and private, registered and nonregistered, as well as use of proceeds.

Information Available for Public Inspection

The Commission maintains public reference rooms at the central office in Washington, D. C., and in its regional offices in New York City, N. Y. and Chicago, Ill. Copies of all public information on file with the Commission contained in registration statements, applications, reports, declarations, and other public documents are available for inspection in the public reference room in Washington. In addition to providing facilities for personal inspection of registered public information, the public reference room handled thousands of letters and telephone calls from persons requesting public information and copies of forms, releases, and other material of a public nature. During the 1950 fiscal year 4,195 persons visited this public reference room seeking such information. Through the facilities provided for the sale of photocopies of public registered information, 1,813 orders involving a total of 134,783 pages were filled. In addition to the sale of photocopies, the Commission mailed 1,096,555 pieces of mail containing releases, forms, acts, etc., to persons requesting them.

In its New York regional office, located at 120 Broadway, facilities are provided for the inspection of certain public information on file with the Commission. This includes copies of (1) applications for registration of securities on all national securities exchanges except the New York Stock Exchange and the New York Curb Exchange, together with copies of annual reports, supplemental reports, and amendments thereto, and (2) annual reports filed pursuant to the provisions of section 15 (d) of the Securities Exchange Act of 1934 by issuers having securities registered under the Securities Act of 1933. During the 1950 fiscal year 13,324 persons visited the New York public reference room and about 7,000 telephone calls were received from persons seeking registered public information, copies of forms, releases, and other material.

In the Chicago regional office at 105 West Adams Street, copies of applications for registration of securities on the New York Stock Exchange and the New York Curb Exchange, together with copies of all annual reports, supplemental reports and amendments thereto, are available for public inspection. During the 1950 fiscal year 3,301 members of the public visited this public reference room and approximately 1,434 telephone calls were received from persons seeking registered public information, forms, releases, and other material of a public nature.

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

In the Commission's San Francisco regional office, in which complete facilities are provided for registration of securities and qualification of indentures, copies of registration statements and applications for qualification of indentures filed at that office are available for public inspection. Copies of all applications for permanent registrations of securities on national securities exchanges are available for public inspection at the respective exchange upon which the securities are registered.

PUBLIC HEARINGS

The following number of public hearings were held by the Commission under the indicated acts during the 1950 fiscal year:

Securities Act of 1933.....	1
Securities Exchange Act of 1934.....	24
Public Utility Holding Company Act of 1935.....	71
Trust Indenture Act of 1939.....	--
Investment Advisers Act of 1940.....	1
Investment Company Act of 1940.....	1
Total	98
Formal hearings under Commission's Rules of Practice which were made public during fiscal year	1
Formal hearings under Commission's Rules of Practice which were not made public during fiscal year	1
Total	2
Total hearings for year	100

PART IX

APPENDIX

STATISTICAL TABLES

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

PART 1.—DISTRIBUTION BY MONTHS, FISCAL YEAR ENDED JUNE 30, 1950

[Amounts in thousands of dollars] ¹

Year and month	All effectively registered			Proposed for sale for account of issuers		
	Number of statements	Number of issues	Amount	Number of statements	Number of issues	Amount
<i>1949</i>						
July.....	25	52	412,778	25	50	399,052
August.....	24	29	275,081	22	25	262,597
September.....	32	44	336,857	23	27	271,965
October.....	39	57	258,209	30	44	219,252
November.....	41	50	389,247	38	43	303,821
December.....	28	37	199,761	26	33	153,858
<i>1950</i>						
January.....	39	50	558,344	31	34	484,188
February.....	32	37	293,488	32	36	263,409
March.....	63	78	707,735	48	54	523,319
April.....	58	86	560,831	56	78	435,476
May.....	62	78	732,002	55	64	536,939
June.....	44	49	582,743	34	38	527,440
Total fiscal year 1950....	² 487	647	5,307,077	420	526	4,381,314

PART 2.—BREAKDOWN BY METHOD OF DISTRIBUTION AND TYPE OF SECURITY OF THE VOLUME PROPOSED FOR CASH SALE FOR ACCOUNT OF THE ISSUERS, FISCAL YEAR ENDED JUNE 30, 1950

[Amounts in thousands of dollars] ¹

Method of distribution and group to whom offered	Type of security					
	All types	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Other types ²
All methods of distribution.....	4,381,314	959,933	1,023,524	467,929	1,540,578	389,350
To general public.....	3,383,498	959,933	934,021	334,614	786,811	368,119
To security holders.....	903,669	-----	79,515	129,227	694,927	-----
To other special groups.....	94,148	-----	9,988	4,088	58,841	21,232
Through investment bankers.....	3,890,617	955,933	1,003,536	454,404	1,120,687	356,056
By purchase and resale.....	2,927,787	955,933	1,000,536	447,720	523,598	-----
To general public.....	2,365,089	955,933	921,771	321,383	166,002	-----
To security holders.....	560,279	-----	78,765	126,337	355,177	-----
To other special groups.....	2,419	-----	-----	-----	2,419	-----
On best efforts basis.....	962,830	-----	3,000	6,685	597,089	356,056
To general public.....	949,871	-----	3,000	6,685	584,130	356,056
To security holders.....	12,959	-----	-----	-----	12,959	-----
To other special groups.....	-----	-----	-----	-----	-----	-----
By issuers.....	490,698	4,000	19,988	13,524	419,892	33,294
To general public.....	68,538	4,000	9,250	6,547	36,679	12,062
To security holders.....	330,431	-----	750	2,890	326,790	-----
To other special groups.....	91,729	-----	9,988	4,088	56,422	21,232

See footnotes at end of table.

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued
 PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1950
 [Amounts in thousands of dollars]¹

Purpose of registration and use of proceeds	Industry							Other groups
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	
Number of statements.....	487	15	81	154	14	24	177	22
Number of issues.....	647	22	104	228	17	28	218	30
For all purposes of registration (estimated value).....	5,307,077	40,667	805,691	1,176,449	32,277	538,403	2,506,596	4,206,995
Less: Not for cash sale.....	621,027	7,641	241,114	97,135	2,331	15,014	238,738	19,054
For account of issuers.....	576,982	7,641	235,184	77,076	2,331	10,261	225,437	19,054
Reserved for conversion.....	228,371	3,273	160,093	10,307	1,868	4,694	48,137	-----
Reserved for option.....	46,657	-----	-----	46,657	-----	-----	-----	-----
For substitution ²	18,709	5	14,105	-----	-----	-----	-----	4,599
For exchange for other securities.....	274,907	-----	60,986	20,111	463	5,566	173,325	14,455
For other purposes.....	8,337	4,363	-----	-----	-----	-----	3,974	-----
For account of others than issuers.....	44,045	-----	5,930	20,060	-----	4,753	13,302	-----
For cash sale (estimated gross proceeds).....	4,686,051	33,027	564,577	1,079,314	29,946	523,389	2,267,857	187,941
Less: For account of others than issuers.....	304,736	-----	58,273	11,622	4,576	635	229,630	-----
For cash sale for account of issuers.....	4,381,314	33,027	506,304	1,067,692	25,370	522,753	2,038,227	187,941
Less: Cost of flotation.....	197,058	2,739	30,693	79,560	1,103	14,964	64,436	3,568
Commission and discount.....	175,349	2,289	27,519	77,773	804	13,454	50,219	3,292
Expenses.....	21,709	451	3,175	1,787	299	1,510	14,218	270

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued
 PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1950
 [Amounts in thousands of dollars] ¹

Purpose of registration and use of proceeds	Industry							
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	Other groups
Expected net proceeds from cash sales for account of issuers.....	4,184,257	30,287	475,611	988,132	24,268	507,790	1,973,791	184,378
New money purposes.....	2,149,758	23,420	339,047	38,510	10,441	443,176	1,285,197	9,967
Plant and equipment.....	1,984,835	19,264	232,469	—	5,931	443,124	1,280,892	3,154
Working capital.....	157,980	524	106,217	38,510	4,509	52	1,355	6,813
Other new money purposes.....	6,943	3,632	361	—	—	—	2,950	—
Retirements.....	886,705	21	106,546	939	8,529	63,115	534,073	173,481
Funded debt.....	655,651	—	8,291	—	2,698	60,261	411,043	173,358
Other debt.....	172,302	21	96,461	924	—	510	74,263	123
Preferred stock.....	58,752	—	1,794	15	5,831	2,344	48,767	—
Purchase of securities.....	1,101,513	—	4,384	945,652	1,049	1,498	148,393	537
For investment.....	964,339	—	—	945,652	150	—	18,000	537
For affiliation.....	137,174	—	4,384	—	899	1,498	130,393	—
Purchase of intangible assets.....	—	—	—	—	—	—	—	—
Miscellaneous and unaccounted for.....	46,281	6,846	25,633	3,032	4,249	—	6,128	393

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

² The 487 statements shown in this table as "fully effective" differs from the 488 shown in the text by reason of (a) the exclusion of 1 statement which became effective during the 1950 fiscal year subject to an amendment which was not filed by the end of the 1950 fiscal year; (b) the exclusion of 1 statement originally effective in 1936 which, after issuance of a stop order, became reeffective during the 1950 fiscal year; and (c) the inclusion of 1 statement which became effective during the preceding fiscal year subject to an amendment which was filed during the 1950 fiscal year.

³ Consists of face amount certificates and certificates of participation. Of the

\$143,873,000 of face amount certificates, \$133,847,000 were registered for sale through investment bankers on a best-efforts basis and \$10,026,000 for direct sale by issuers. Of the \$245,478,000 of certificates of participation, \$222,209,000 were registered for sale through investment bankers on a best-efforts basis and \$23,269,000 for direct sale by issuers.

⁴ Included in this classification are securities of foreign governments in the amount of \$190,405,000. Industries represented by the remaining \$16,590,000 are real estate and service.

⁵ Consists of voting trust certificates.

TABLE 2.—Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1948, 1949, and 1950

PART 1.—NUMBER OF BOND ISSUES AND AGGREGATE VALUE

[Amounts in millions of dollars] ¹

Fiscal year ended June 30—	Size of issue (\$000,000)	Quality ²															
		First grade		Second grade		Third grade		Fourth grade		Fifth grade		Below fifth		Unrated		All bonds	
		Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value
1948.....	50 and over.....	5	418.2	5	416.5	2	250.0	0	0	0	0	0	0	0	0	12	1,084.7
	20-50.....	4	105.6	5	172.6	7	205.0	4	109.5	0	0	0	0	0	0	20	592.7
	5-20.....	1	27.3	14	134.2	27	256.0	8	76.5	3	25.1	0	0	1	6.8	54	525.9
	1-5.....	0	0	3	10.6	11	36.1	6	17.6	0	0	0	0	1	1.3	21	66.1
	Under 1.....	0	0	0	0	0	0	0	0	2	1.5	0	0	5	2.8	7	4.3
	All sizes.....	10	551.1	27	733.9	47	747.1	18	203.6	5	26.6	0	0	7	11.4	114	2,273.7
1949.....	50 and over.....	3	183.9	9	703.1	3	160.9	1	50.4	0	0	0	0	0	0	16	1,098.3
	20-50.....	1	40.5	5	131.3	5	160.9	3	95.0	0	0	0	1	27.8	15	455.6	
	5-20.....	0	0	15	147.8	28	246.7	11	106.1	2	16.5	0	0	0	56	517.1	
	1-5.....	0	0	5	16.2	10	29.9	2	6.2	1	3.0	0	0	2	5.5	20	60.8
	Under 1.....	0	0	0	0	0	0	0	0	0	0	0	0	4	1.5	4	1.5
	All sizes.....	4	224.4	34	998.4	46	598.4	17	257.7	3	19.5	0	0	7	34.8	111	2,133.3
1950.....	50 and over.....	2	211.4	3	383.4	2	172.0	1	60.7	0	0	0	0	0	0	8	827.6
	20-50.....	0	0	8	254.4	5	174.6	2	48.3	1	31.8	0	0	0	16	509.0	
	5-20.....	6	87.0	11	107.6	19	206.6	6	62.3	1	6.0	0	0	1	9.1	44	478.6
	1-5.....	0	0	3	9.4	10	29.8	3	10.1	2	5.3	1	4.0	2	7.0	21	65.5
	Under 1.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	All sizes.....	8	298.5	25	754.8	36	583.0	12	181.4	4	43.0	1	4.0	3	16.1	89	1,880.7

See footnotes at end of table.

TABLE 2.—Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1948, 1949, and 1950—Continued

PART 2.—COMPENSATION³ TO DISTRIBUTORS

[Percent of gross proceeds]

Fiscal year ended June 30—	Size of issue (\$000,000)	Quality ¹							
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below Fifth	Unrated	All bonds
1948	50 and over.....	0.5	0.6	0.4					0.5
	20-50.....	.6	.4	.7	1.2				.7
	5-20.....	.1	.5	.7	1.3	2.5		0.4	.8
	1-5.....		.5	.6	1.5			7.2	1.0
	Under 1.....					3.6		7.5	6.1
	All sizes.....	.5	.5	.6	1.3	2.6		3.2	.6
1949	50 and over.....	.4	.7	.9	.4				.7
	20-50.....	.5	.4	.9	1.3			5.7	1.1
	5-20.....		.5	.5	1.3	3.1			.7
	1-5.....		.3	.5	.6	4.0		5.9	1.1
	Under 1.....							7.6	7.6
	All sizes.....	.5	.6	.7	1.1	3.3		5.8	.8
1950	50 and over.....	.6	.6	.6	1.6				.7
	20-50.....		.5	.5	.5	.9			.5
	5-20.....	.5	.5	.5	.9	2.0		4.5	.7
	1-5.....		.5	.6	1.2	2.0	5.0	3.7	1.4
	Under 1.....								
	All sizes.....	.6	.5	.6	1.0	1.2	5.0	4.2	.6

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

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

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

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

PART I.—TYPE OF OFFERING

[Estimated gross proceeds in thousands of dollars] ²

Calendar year or month	All offerings	Public ³				Private		
		Registered	Exempt because of—			Registered	Exempt because of—	
			Type of issue or issuer ⁴	Size of issue ⁵	Intrastate offering		Type of issue or issuer ⁴	Purchase by limited group ⁶
1934.....	4,909,642	130,173	4,692,392	0	5,366	0	1,454	90,257
1935.....	6,683,345	1,872,433	4,335,886	0	7,399	3,048	35,066	379,512
1936.....	9,982,185	3,455,299	6,134,551	0	14,681	64,113	21,258	292,284
1937.....	5,327,644	1,784,120	3,194,187	0	14,078	8,666	21,830	304,764
1938.....	5,925,877	1,449,002	3,779,082	0	5,339	62,253	6,451	623,750
1939.....	5,697,184	1,319,327	3,570,085	0	7,553	12,563	100,087	677,563
1940.....	6,564,219	1,599,414	4,195,621	0	5,492	4,152	32,638	736,902
1941.....	15,157,000	1,498,966	12,826,295	0	7,941	117,241	33,570	672,946
1942.....	35,438,064	698,586	34,416,216	0	1,034	0	7,786	414,442
1943.....	44,519,166	753,197	43,392,498	0	609	0	21,829	350,032
1944.....	56,309,992	1,799,839	53,699,690	0	18,734	12,063	69,433	710,233
1945.....	54,711,881	3,467,083	50,177,940	41,012	4,155	0	4,370	1,017,320
1946.....	18,085,493	4,165,884	12,451,119	145,997	4,780	5,000	21,984	1,890,729
1947.....	19,940,927	4,323,650	13,231,928	137,694	11,764	0	8,888	2,227,001
1948.....	20,249,988	3,210,580	13,662,416	135,673	4,519	5,000	21,730	3,210,019
1949.....	21,110,068	3,048,760	15,419,673	107,564	7,325	0	25,730	2,509,716
1949								
July.....	2,384,626	287,703	1,903,479	9,500	0	0	0	183,945
August.....	2,104,600	188,596	1,803,593	10,093	1,951	0	704	99,665
September.....	1,700,453	90,469	1,443,785	5,708	150	0	4,731	155,610
October.....	1,633,422	187,639	1,258,004	5,623	0	0	5,753	176,396
November.....	1,292,539	102,925	976,187	9,351	0	0	5,300	198,775
December.....	1,842,000	236,947	1,299,364	7,155	990	0	4,913	292,631
1950								
January.....	2,098,208	442,516	1,578,106	5,320	0	0	1,150	71,115
February.....	1,630,540	97,005	1,374,057	9,423	0	6,892	604	142,560
March.....	1,866,113	249,986	1,360,220	8,082	0	0	6,950	240,876
April.....	1,299,894	288,895	840,567	9,989	0	0	4,693	155,749
May.....	1,678,143	383,214	1,086,925	14,496	2,240	0	1,867	189,401
June.....	2,311,166	599,856	1,389,895	12,457	1,000	0	4,353	303,605

See footnotes at end of table, p. 183.

TABLE 3.—New securities offered for cash sale in the United States¹—Continued

PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars²

Calendar year or month	All types of securities			Bonds, debentures, and notes			Preferred stock	Common stock
	All issuers	Noncorporate	Corporate	All issuers	Noncorporate	Corporate		
1934.....	4,909,642	4,512,402	397,240	4,883,880	4,512,402	371,478	6,272	19,490
1935.....	6,683,345	4,351,715	2,331,630	6,576,232	4,351,715	2,224,517	85,566	21,547
1936.....	9,982,185	5,410,505	4,571,680	9,439,431	5,410,505	4,028,926	270,752	272,002
1937.....	5,327,644	3,018,120	2,309,524	4,636,286	3,018,120	1,618,166	405,955	285,403
1938.....	5,925,877	3,771,213	2,154,664	5,815,217	3,771,213	2,044,004	86,100	24,561
1939.....	5,687,184	3,523,177	2,164,007	5,502,713	3,523,177	1,979,536	97,688	86,784
1940.....	6,564,219	3,887,046	2,677,173	6,273,059	3,886,871	2,386,188	183,000	108,160
1941.....	15,157,000	12,490,113	2,666,887	14,879,866	12,490,113	2,389,753	167,320	109,814
1942.....	35,438,064	34,375,776	1,062,288	35,202,499	34,375,776	916,723	112,020	33,545
1943.....	44,518,166	43,348,474	1,169,692	44,338,346	43,348,474	989,872	123,729	56,091
1944.....	56,309,992	53,108,101	3,201,891	55,777,347	53,108,101	2,669,246	369,471	163,173
1945.....	54,711,881	48,700,895	6,010,985	53,556,340	48,700,895	4,855,445	758,176	397,364
1946.....	18,685,493	11,785,848	6,899,646	16,667,972	11,785,848	4,882,124	1,126,667	890,855
1947.....	19,940,927	13,364,103	6,576,824	18,400,411	13,364,103	5,036,308	761,959	778,557
1948.....	20,249,988	13,172,168	7,077,820	19,144,943	13,172,168	5,972,776	491,535	613,509
1949.....	21,110,068	15,058,518	6,051,550	19,940,018	15,058,518	4,890,500	424,662	736,388
<i>1949</i>								
July.....	2,384,626	1,852,085	532,540	2,326,260	1,852,085	474,175	12,714	45,652
August.....	2,104,600	1,884,384	220,216	2,036,422	1,884,384	152,038	22,099	46,079
September.....	1,700,453	1,428,247	272,206	1,638,735	1,428,247	210,488	26,870	34,848
October.....	1,633,422	1,219,949	413,474	1,528,029	1,219,949	308,080	44,381	61,013
November.....	1,292,539	960,546	331,993	1,211,844	960,546	251,298	36,311	44,383
December.....	1,842,000	1,267,748	574,252	1,683,585	1,267,748	415,836	36,468	121,947
<i>1950</i>								
January.....	2,098,208	1,484,068	614,139	1,984,430	1,484,068	500,361	69,883	43,895
February.....	1,630,540	1,371,387	259,153	1,570,899	1,371,387	199,512	12,560	47,081
March.....	1,866,113	1,319,890	546,523	1,771,709	1,319,890	452,119	30,060	64,344
April.....	1,299,894	809,615	490,279	1,102,623	809,615	293,008	61,257	136,014
May.....	1,678,143	1,009,514	668,628	1,529,822	1,009,514	520,307	72,201	76,120
June.....	2,311,166	1,241,962	1,069,204	2,054,533	1,241,962	812,571	96,139	160,493

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars] ²

Calendar year or month	Corporate ¹							Noncorporate						
	Total corporate	Electric gas and water	Communication	Transportation other than railroad	Manufacturing	Commercial and miscellaneous	Railroad	Real estate and financial	Total noncorporate	U. S. Government (including agency issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government ³	Electionary and other non-profit
1934.....	397,240		133,165		66,881		176,423	20,772	4,512,402	3,535,478	31,913	939,453	4,978	580
1935.....	2,331,630		1,283,762		797,005		126,031	124,831	4,351,715	2,937,856	115,838	1,231,846	58,650	7,525
1936.....	4,571,680		2,040,477		1,332,251		797,456	401,495	6,410,505	4,087,722	54,696	1,120,678	85,763	61,647
1937.....	2,309,524		770,525		1,120,315		344,257	74,427	3,018,120	1,901,910	36,442	907,682	152,614	19,472
1938.....	2,154,664		1,234,175		847,914		54,873	17,703	3,771,213	2,479,514	114,698	1,107,617	53,706	15,678
1939.....	2,164,007		1,270,964		604,067		185,707	103,269	3,523,177	2,332,111	13,020	1,128,448	41,030	8,568
1940.....	2,677,173		1,203,091		991,567		323,912	158,602	3,887,046	2,516,699	108,548	1,237,992	0	23,807
1941.....	2,666,887		1,357,112		847,888		366,313	95,574	12,490,113	11,466,139	37,900	955,988	4,120	25,966
1942.....	1,062,288		471,697		538,577		47,726	4,288	34,375,776	33,845,554	1,406	523,705	0	5,112
1943.....	1,169,692		477,417		509,712		161,179	21,384	43,348,474	42,814,597	1,856	435,223	89,700	7,098
1944.....	3,201,891		1,422,384		1,060,849		609,360	109,297	53,108,101	52,424,316	1,185	660,610	19,398	2,593
1945.....	6,010,985		2,319,380		2,026,270		1,454,021	211,314	48,700,895	47,352,965	505,886	794,741	45,212	2,092
1946.....	6,899,646		2,157,961		3,701,320		711,119	329,246	11,785,848	10,216,508	356,825	1,156,900	53,210	2,405
1947.....	6,576,824		3,256,705		2,741,754		285,680	292,684	13,364,103	10,589,439	0	2,324,098	443,195	7,370
1948 ⁷	7,077,820		3,086,867		2,773,957		623,348	593,649	13,172,168	10,326,937	0	2,689,719	150,000	5,512
1948 ⁷	7,077,820	2,187,390	901,663	131,924	2,225,757	414,090	623,348	593,649	13,172,168	10,326,937	0	2,689,719	150,000	5,512
1949.....	6,051,550	2,319,828	571,080	340,315	1,414,176	347,064	459,982	599,105	15,058,518	11,804,320	215,538	2,907,028	116,250	15,383
<i>1949</i>														
July.....	532,540	117,727	26,639	81,770	203,668	11,129	51,393	40,214	1,852,085	1,606,349	0	245,195	0	541
August.....	220,216	96,642	11,730	13,570	45,386	26,477	20,162	6,249	1,884,384	1,607,900	0	174,981	100,250	1,254
September.....	272,206	93,744	4,325	18,031	25,938	55,247	15,618	59,304	1,428,247	894,399	215,538	317,605	0	705
October.....	413,474	196,207	12,912	29,060	84,493	38,143	41,252	11,407	1,219,949	977,645	0	238,105	0	4,199
November.....	331,993	135,777	16,650	16,269	36,458	25,150	9,516	91,872	960,546	707,280	0	251,134	0	2,132
December.....	574,252	305,117	4,167	47,484	63,799	37,043	31,263	85,380	1,267,748	1,011,030	0	254,915	0	1,803
<i>1950</i>														
January.....	614,139	212,001	206,199	17,123	31,756	32,384	94,218	20,458	1,484,068	1,117,901	30,000	234,831	100,686	650
February.....	259,153	117,678	285	13,959	64,290	26,227	12,640	24,072	1,371,387	810,403	0	545,967	15,017	0
March.....	546,523	209,826	17,719	11,255	50,431	16,922	108,063	132,307	1,319,590	886,138	0	365,819	60,683	6,950
April.....	490,279	239,133	23,276	39,278	36,215	34,747	31,038	86,593	809,615	633,070	0	175,810	0	735
May.....	668,628	317,286	12,967	18,460	188,711	30,106	69,403	51,695	1,009,514	688,860	0	318,633	0	2,021
June.....	1,069,204	566,092	64,467	15,633	173,622	45,652	75,236	128,502	1,241,962	881,658	0	358,916	0	1,388

See footnotes at end of table, p. 183.

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

Calendar year or month	All private placements	Type of security		Industry of issuer ⁷							
		Bonds, debentures, and notes	Stocks	Electric, gas, and water	Communication	Transportation other than railroad	Manufacturing	Commercial and miscellaneous	Railroad	Real estate and financial	
1934.....	91,532	91,532	0		48,026			42,232		1,274	0
1935.....	387,059	385,009	2,050		151,807			193,614		4,499	37,140
1936.....	373,154	369,202	3,952		218,403			104,781		15,875	34,095
1937.....	329,910	327,409	2,501		61,330			244,350		19,730	4,500
1938.....	691,562	690,961	601		298,568			384,089		8,405	500
1939.....	706,311	703,166	3,144		456,990			144,239		19,608	85,475
1940.....	764,996	757,737	7,259		390,717			253,356		9,165	111,759
1941.....	813,257	811,377	1,880		438,354			289,430		19,990	65,484
1942.....	420,427	410,768	9,660		189,857			222,584		5,986	2,000
1943.....	371,861	369,216	2,645		100,608			230,449		38,979	1,825
1944.....	786,828	777,645	9,183		296,733			392,417		91,433	6,246
1945.....	1,021,690	1,004,280	17,411		290,261			681,735		20,520	29,174
1946.....	1,917,013	1,863,073	53,940		325,290			1,408,156		34,864	148,704
1947.....	2,235,480	2,147,290	88,190		528,606			1,541,549		1,000	164,324
1948.....	3,086,799	3,008,219	78,580		636,149			1,972,683		4,800	473,167
1948.....	3,086,799	3,008,219	78,580	576,902	52,433	126,815	1,543,310	309,371	4,800	473,167	
1949.....	2,502,296	2,453,480	48,816	586,610	51,607	338,262	831,886	267,078	2,013	424,840	
<i>1949</i>											
July.....	183,945	183,745	200		9,357	5,187	81,450	49,870	7,581	0	30,500
August.....	99,605	98,865	800		27,495	11,730	13,570	23,900	22,400	0	570
September.....	160,141	157,893	2,249		17,951	3,325	18,031	23,600	53,034	0	44,200
October.....	178,455	170,380	8,075		30,014	1,554	29,060	70,918	35,749	0	9,161
November.....	202,775	201,315	1,460		53,507	4,063	16,269	24,150	22,362	0	82,424
December.....	296,644	293,932	2,712		83,356	2,400	47,484	54,072	32,842	2,013	74,477
<i>1960</i>											
January.....	71,615	71,615	0		10,055	2,105	17,123	16,925	17,300	0	8,107
February.....	150,056	149,704	352		71,063	285	13,765	39,872	20,372	604	4,095
March.....	240,876	236,233	4,643		58,757	1,000	11,255	35,316	10,241	0	124,307
April.....	160,442	160,442	0		12,120	1,187	38,007	20,570	10,065	4,193	74,300
May.....	191,268	189,797	1,470		42,594	10,918	18,160	94,394	17,035	1,417	6,750
June.....	307,464	299,587	7,877		128,676	1,115	15,633	67,196	41,200	3,859	49,784

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

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

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

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

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

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

⁷ A more detailed classification of industry of issuer is available beginning with the year 1948, with figures for 1948 presented according to both the old and new classifications. Prior to 1948 all electric, gas, water, telephone, street railway, and bus company issues were grouped together under the heading "Public Utility." The yearly totals of such issues are given for the years 1934 through 1948 in order to provide a rough comparison with current data. Similarly, manufacturing, commercial, and miscellaneous companies were grouped together under the heading "Industrial and Miscellaneous," and figures for that classification are inserted for the years 1934 through 1948. An exact comparison of these old and new groups cannot be made because some companies formerly classified "Industrial and Miscellaneous," such as radio and aviation companies, would now fall under the "Communication" and "Transportation" groups. No changes were made in the "Railroad" and "Financial and Real Estate" classifications for the entire period.

⁸ Includes bonds of the International Bank for Reconstruction and Development.

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

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

PART 1.—ALL CORPORATE

[Amounts in thousands of dollars] ¹

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1934.....	397,240	383,547	57,453	31,729	25,724	314,927	231,164	83,764	0	11,168
1935.....	2,331,630	2,265,760	207,649	111,246	96,404	2,034,963	1,793,734	170,194	71,035	23,147
1936.....	4,571,680	4,430,522	858,233	380,460	477,773	3,522,837	3,142,570	154,411	225,857	49,452
1937.....	2,309,524	2,238,786	990,542	573,949	416,594	1,211,763	910,570	111,422	189,771	36,480
1938.....	2,154,664	2,109,519	681,303	504,084	177,219	1,421,190	1,119,045	215,403	86,743	7,026
1939.....	2,164,007	2,115,012	324,889	170,145	154,743	1,763,842	1,636,755	68,504	68,584	26,281
1940.....	2,677,173	2,615,279	568,884	423,968	144,915	2,027,681	1,725,751	173,571	128,358	18,714
1941.....	2,666,887	2,623,199	868,288	660,904	207,385	1,726,753	1,482,968	144,227	99,558	28,157
1942.....	1,062,288	1,042,556	473,652	287,039	186,613	533,703	365,819	137,543	30,341	35,201
1943.....	1,169,692	1,146,914	307,958	140,889	167,069	811,685	666,657	72,538	72,490	27,271
1944.....	3,201,891	3,141,847	656,967	251,757	405,210	2,438,063	2,037,505	49,071	351,986	46,818
1945.....	6,010,985	5,901,744	1,079,844	637,803	442,042	4,688,823	4,116,897	134,009	437,917	133,076
1946.....	6,899,646	6,756,582	3,278,828	2,114,682	1,164,146	3,246,302	2,391,919	378,786	475,597	231,452
1947.....	6,576,824	6,466,053	4,590,540	3,408,523	1,182,017	1,707,931	1,155,191	356,304	196,436	167,582
1948.....	7,077,820	6,959,046	5,929,280	4,220,880	1,708,400	795,722	239,961	488,278	67,494	234,044
1949.....	6,051,560	5,959,260	4,606,326	3,724,165	882,160	1,038,099	360,424	637,133	40,542	314,835
<i>1949</i>										
July.....	532,540	525,820	461,483	426,787	34,696	54,923	18,318	36,058	548	9,414
August.....	220,216	214,999	164,253	133,053	31,201	46,222	16,948	28,600	675	4,523
September.....	272,206	267,923	163,465	109,025	54,439	61,091	19,296	21,890	19,905	43,367
October.....	413,474	407,229	260,144	214,492	45,652	98,064	57,811	37,430	2,823	49,021
November.....	331,993	327,153	270,109	158,687	111,422	40,700	17,176	23,524	0	16,344
December.....	574,252	565,178	331,459	223,361	108,098	150,610	111,034	37,424	2,152	83,110
<i>1950</i>										
January.....	614,139	605,100	453,081	405,405	47,676	104,497	39,077	52,997	12,423	47,523
February.....	259,153	254,612	190,393	130,070	60,323	46,005	30,117	12,895	2,993	18,214
March.....	546,523	538,126	370,863	241,597	129,265	150,338	138,210	11,209	919	16,925
April.....	490,279	479,829	344,175	294,981	49,195	126,289	36,181	76,130	13,078	9,365
May.....	668,628	657,892	305,815	211,977	93,839	340,854	164,110	136,971	39,774	11,222
June.....	1,069,204	1,055,299	624,733	451,052	173,681	381,431	311,079	64,908	5,443	49,135

PART 2.—PUBLIC UTILITY
[Amounts in thousands of dollars] †

PUBLIC UTILITY 1934-48 *

1934.....	133, 165	129, 676	10, 756	2, 802	7, 954	111, 129	77, 140	33, 989	0	7, 792
1935.....	1, 283, 762	1, 249, 586	30, 355	26, 205	4, 150	1, 218, 256	1, 144, 549	28, 747	44, 959	975
1936.....	2, 040, 477	1, 985, 829	62, 810	41, 724	21, 086	1, 916, 422	1, 853, 192	19, 191	44, 039	7, 597
1937.....	770, 525	750, 606	89, 286	70, 652	9, 634	652, 927	522, 811	41, 877	88, 239	8, 393
1938.....	1, 234, 175	1, 203, 125	179, 658	142, 143	37, 515	1, 027, 133	887, 086	84, 358	55, 689	1, 333
1939.....	1, 270, 964	1, 245, 237	42, 808	32, 105	10, 702	1, 197, 734	1, 099, 832	41, 170	56, 732	5, 695
1940.....	1, 205, 091	1, 180, 440	245, 210	126, 713	16, 497	929, 170	882, 836	7, 295	39, 039	6, 060
1941.....	1, 357, 112	1, 340, 019	316, 758	302, 963	13, 795	1, 019, 308	956, 363	26, 135	36, 810	3, 953
1942.....	471, 697	464, 156	145, 088	138, 851	6, 237	310, 660	278, 227	18, 519	13, 914	8, 408
1943.....	477, 417	469, 122	21, 645	15, 837	5, 807	439, 082	411, 659	16, 207	11, 216	8, 396
1944.....	1, 422, 384	1, 399, 535	39, 577	24, 520	15, 056	1, 344, 437	1, 155, 903	1, 102	187, 431	15, 522
1945.....	2, 319, 380	2, 290, 603	69, 359	60, 794	8, 566	2, 182, 235	2, 051, 873	23, 492	106, 969	39, 009
1946.....	2, 157, 961	2, 129, 275	785, 063	714, 326	70, 737	1, 298, 452	1, 013, 832	46, 869	237, 751	45, 760
1947.....	3, 256, 705	3, 211, 842	2, 188, 262	2, 035, 020	153, 242	877, 048	842, 375	37, 795	96, 877	46, 532
1948.....	3, 086, 867	3, 039, 400	2, 744, 141	2, 710, 959	33, 182	248, 850	94, 171	102, 748	51, 931	46, 409

ELECTRIC, GAS, AND WATER 1948-50 *

1948.....	2, 187, 390	2, 149, 672	1, 871, 931	1, 840, 599	31, 331	231, 819	93, 018	87, 431	51, 370	45, 923
1949.....	2, 319, 828	2, 275, 998	1, 837, 545	1, 818, 560	18, 986	332, 303	198, 478	98, 913	34, 912	106, 050
<i>1949</i>										
July.....	117, 727	115, 448	110, 966	110, 588	378	3, 732	2, 155	1, 577	0	750
August.....	95, 642	93, 734	89, 923	89, 822	101	3, 811	0	3, 136	675	0
September.....	89, 744	91, 392	87, 614	84, 175	3, 439	27, 964	7, 309	749	19, 905	5, 815
October.....	196, 207	192, 879	101, 503	101, 049	454	66, 689	42, 160	21, 941	2, 588	24, 687
November.....	135, 777	132, 824	109, 047	107, 877	1, 170	14, 767	3, 533	11, 235	0	9, 009
December.....	305, 117	298, 946	136, 295	129, 546	6, 749	102, 256	94, 744	5, 942	1, 570	60, 396
<i>1950</i>										
January.....	212, 001	207, 621	147, 617	147, 617	0	29, 981	4, 893	15, 930	9, 158	30, 024
February.....	117, 678	115, 893	84, 100	80, 826	3, 274	31, 602	25, 809	2, 800	2, 993	192
March.....	209, 826	206, 018	129, 584	128, 969	616	67, 417	57, 667	9, 750	0	9, 017
April.....	239, 133	233, 751	159, 047	158, 594	452	44, 200	34, 013	3, 840	6, 347	505
May.....	317, 286	312, 411	110, 502	106, 565	3, 937	199, 387	131, 133	34, 059	34, 195	2, 523
June.....	566, 092	559, 843	369, 887	369, 248	639	174, 672	157, 352	13, 855	3, 465	15, 284

See footnotes at end of table, p. 190.

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

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ¹	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1948.....	901,663	891,373	870,321	868,470	1,850	21,031	1,153	19,317	561	21
1949.....	571,080	566,566	504,557	502,679	1,877	60,855	47,175	11,578	2,102	1,154
<i>1949</i>										
July.....	26,639	26,448	23,942	23,695	247	2,507	0	2,507	0	0
August.....	11,730	11,451	1,100	1,100	0	10,351	10,236	115	0	0
September.....	4,325	4,207	2,427	2,427	0	1,780	188	1,682	0	0
October.....	12,912	12,855	11,470	11,367	103	1,235	0	0	235	1,150
November.....	16,650	16,451	14,447	14,145	302	2,000	0	2,000	0	4
December.....	4,167	4,059	4,019	4,019	0	40	0	40	0	0
<i>1950</i>										
January.....	206,199	204,758	202,414	202,414	0	2,344	0	0	2,344	0
February.....	285	282	282	282	0	0	0	0	0	0
March.....	17,719	17,506	17,506	17,461	45	0	0	0	0	0
April.....	23,276	23,011	22,075	22,032	44	588	78	510	0	348
May.....	12,967	12,773	12,548	12,103	446	224	125	99	0	0
June.....	64,467	63,903	3,482	3,482	0	60,421	60,421	0	0	0
TRANSPORTATION OTHER THAN RAILROAD 1948-50 ³										
1948.....	131,924	130,918	126,463	114,705	11,758	3,989	745	3,244	0	466
1949.....	340,315	338,695	302,320	298,865	3,455	36,284	272	36,012	0	90
<i>1949</i>										
July.....	81,770	81,414	81,414	80,913	501	0	0	0	0	0
August.....	13,570	13,471	13,471	13,471	0	0	0	0	0	0
September.....	18,031	17,898	17,898	17,898	0	0	0	0	0	0
October.....	29,060	28,879	28,879	28,879	0	0	0	0	0	0
November.....	16,269	16,151	16,151	16,151	0	0	0	0	0	0
December.....	47,484	47,323	22,330	22,330	0	24,993	0	24,993	0	0
<i>1950</i>										
January.....	17,123	16,987	16,987	16,987	0	0	0	0	0	0
February.....	13,959	13,848	13,819	13,722	97	10	0	10	0	19
March.....	11,255	11,186	11,186	11,186	0	0	0	0	0	0
April.....	39,278	38,979	38,979	38,956	23	0	0	0	0	0
May.....	18,460	18,340	18,245	18,200	45	96	0	96	0	0
June.....	15,633	15,565	15,156	14,661	495	409	0	409	0	0

PART 3.—INDUSTRIAL AND MISCELLANEOUS

[Amounts in thousands of dollars] ¹

INDUSTRIAL AND MISCELLANEOUS 1934-48 ²

1934.....	66,881	61,776	25,256	7,766	17,490	35,132	34,106	1,026	0	1,388
1935.....	797,005	774,091	73,984	27,985	45,999	679,668	523,784	129,808	26,076	20,439
1936.....	1,332,251	1,279,934	438,768	208,183	230,584	811,075	623,381	60,384	137,310	30,092
1937.....	1,120,315	1,079,100	616,468	269,662	346,806	440,896	272,204	68,270	100,422	21,736
1938.....	847,914	831,232	469,351	337,631	131,720	356,778	201,941	131,009	23,823	5,102
1939.....	604,067	684,498	188,037	63,083	134,954	380,037	351,718	26,736	1,582	16,425
1940.....	991,567	960,771	166,817	81,820	84,996	783,342	652,207	45,669	85,467	10,612
1941.....	847,888	827,828	244,012	105,265	138,747	565,751	402,867	103,136	59,748	18,065
1942.....	538,577	627,185	292,651	116,399	176,252	207,741	72,290	119,024	16,427	26,793
1943.....	509,712	497,439	227,587	79,065	148,522	252,659	137,468	53,916	61,275	17,193
1944.....	1,060,849	1,033,392	453,664	124,961	328,704	551,617	346,073	47,969	157,574	28,111
1945.....	2,026,270	1,969,294	810,516	460,879	349,637	1,107,002	719,519	96,651	290,832	51,775
1946.....	3,701,320	3,600,777	2,200,869	1,256,903	943,965	1,230,693	756,658	250,152	223,883	169,216
1947.....	2,741,754	2,685,903	1,973,818	1,127,890	845,928	649,565	263,674	296,342	89,549	62,520
1948.....	2,773,957	2,715,707	2,154,489	1,011,510	1,142,078	425,937	64,890	350,646	10,451	135,231

MANUFACTURING 1949-50 ³

1948.....	2,225,757	2,180,095	1,726,297	762,778	963,519	353,587	49,498	299,667	4,422	100,211
1949.....	1,414,176	1,390,872	851,257	542,078	309,180	422,930	41,583	378,627	2,720	116,694
<i>1949</i>										
July.....	203,663	201,650	175,313	159,006	16,307	26,031	1,050	24,683	299	305
August.....	45,386	44,300	21,989	9,989	12,000	18,684	0	18,664	0	3,627
September.....	25,933	25,533	19,517	12,639	6,873	5,824	3,739	2,035	0	191
October.....	84,493	82,890	41,406	24,516	16,890	18,684	15,650	3,034	0	22,590
November.....	36,458	35,700	24,306	5,140	19,167	7,894	347	7,547	0	3,590
December.....	63,790	62,957	49,212	21,976	27,336	10,023	4,769	4,939	315	3,722
<i>1950</i>										
January.....	31,755	30,977	26,990	4,338	22,652	3,108	800	1,450	858	878
February.....	64,290	63,139	46,763	9,096	37,666	14,051	4,308	9,743	0	2,325
March.....	50,431	48,937	38,045	12,636	25,409	10,635	8,858	858	919	287
April.....	36,215	34,426	24,307	11,070	13,237	7,195	0	5,961	1,234	2,924
May.....	188,711	185,661	79,585	26,839	52,746	102,859	1,827	95,453	5,579	3,217
June.....	173,622	160,409	109,499	44,209	65,290	52,497	35,619	16,387	481	7,414

See footnotes at end of table, p. 190.

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

PART 3.—INDUSTRIAL AND MISCELLANEOUS—Continued

[Amounts in thousands of dollars]¹COMMERCIAL AND MISCELLANEOUS 1948-50²

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1948.....	414,090	403,049	303,619	135,917	167,701	64,411	14,648	43,734	6,029	35,020
1949.....	347,064	338,317	228,801	77,513	151,288	85,565	27,489	57,535	541	23,951
<i>1949</i>										
July.....	11,129	10,593	9,110	1,645	7,464	763	113	402	249	720
August.....	26,477	25,964	18,912	5,401	13,511	6,665	0	6,665	0	388
September.....	55,247	54,920	27,319	5,199	22,120	25,523	8,000	17,523	0	2,078
October.....	38,143	37,845	30,432	5,436	24,997	7,310	0	7,310	0	104
November.....	25,150	24,620	6,200	1,672	4,528	16,039	13,297	2,743	0	2,381
December.....	37,043	36,168	22,911	12,153	10,768	3,310	1,800	1,510	0	9,947
<i>1950</i>										
January.....	32,384	31,334	25,322	6,166	19,156	2,698	2,698	0	0	3,315
February.....	26,227	25,470	21,497	11,054	10,443	230	0	230	0	3,744
March.....	16,922	16,221	14,623	10,053	4,570	201	0	201	0	1,396
April.....	34,747	33,291	21,255	7,350	13,905	9,083	549	2,703	5,831	2,953
May.....	30,106	28,866	19,148	9,277	9,872	7,217	1,168	6,049	0	2,501
June.....	45,652	45,018	20,292	4,511	15,782	18,907	9,498	7,912	1,497	5,819

PART 4.—RAILROAD

[Amounts in thousands of dollars] ¹

1934.....	176,423	172,215	21,190	21,161	29	151,025	119,768	31,258	0	0
1935.....	126,031	120,268	57,094	56,755	339	62,029	53,653	8,376	0	1,145
1936.....	797,456	773,773	139,702	130,222	8,480	635,072	554,663	76,671	3,738	0
1937.....	344,257	339,260	227,671	224,620	3,050	110,589	109,744	845	0	0
1938.....	54,873	54,309	24,309	24,309	0	30,000	30,000	0	0	0
1939.....	185,707	182,235	84,946	84,907	39	97,289	97,077	212	0	0
1940.....	323,912	318,681	114,503	113,092	1,411	209,889	185,850	18,039	0	289
1941.....	366,313	361,035	252,673	252,673	0	108,362	105,362	0	3,000	0
1942.....	47,726	47,091	31,788	31,788	0	15,302	15,302	0	0	0
1943.....	161,179	159,524	45,987	45,987	0	113,537	113,537	0	0	0
1944.....	609,360	602,301	102,276	102,276	0	500,025	500,025	0	0	0
1945.....	1,454,021	1,435,503	114,838	114,838	0	1,320,665	1,319,649	397	619	0
1946.....	711,119	703,550	129,186	129,186	0	574,364	571,061	3,303	0	0
1947.....	285,680	282,645	239,658	237,664	1,994	37,002	35,342	1,660	0	5,985
1948.....	623,348	616,758	545,871	485,694	60,177	70,887	55,726	15,161	0	0
1949.....	459,982	450,353	441,392	441,392	0	14,961	11,164	3,797	0	0
<i>1949</i>										
July.....	51,393	50,941	50,941	50,941	0	0	0	0	0	0
August.....	20,162	19,983	13,271	13,271	0	6,712	6,712	0	0	0
September.....	15,618	15,502	15,502	15,502	0	0	0	0	0	0
October.....	41,252	40,943	40,943	40,943	0	0	0	0	0	0
November.....	9,816	9,745	9,745	9,745	0	0	0	0	0	0
December.....	31,263	30,984	26,532	26,532	0	4,452	4,452	0	0	0
<i>1950</i>										
January.....	94,218	93,353	27,388	27,388	0	65,966	30,686	35,279	0	0
February.....	12,640	12,533	12,533	12,533	0	0	0	0	0	0
March.....	109,063	106,679	84,994	66,546	18,449	21,684	21,684	0	0	0
April.....	31,038	30,770	27,008	26,884	123	3,762	0	3,762	0	0
May.....	69,403	68,732	38,875	38,875	0	29,856	29,856	0	0	0
June.....	75,236	74,123	14,857	14,857	0	40,000	40,000	0	0	19,266

See footnotes at end of table, p. 190.

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

PART 5.—REAL ESTATE AND FINANCIAL

[Amounts in thousands of dollars] ¹

Calendar year or month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1934.....	20,772	19,880	251	0	251	17,641	150	17,491	0	1,988
1935.....	124,831	121,815	46,216	300	45,916	75,011	71,748	3,263	0	588
1936.....	401,495	389,998	217,953	330	217,623	160,269	111,334	8,165	40,770	11,763
1937.....	74,427	70,820	57,117	14	57,103	7,351	5,811	430	1,110	6,362
1938.....	17,703	15,853	7,984	0	7,984	7,279	18	35	7,226	591
1939.....	103,269	102,042	9,098	50	9,048	88,783	88,129	885	269	4,161
1940.....	158,602	155,357	42,355	343	42,012	111,280	4,859	102,569	3,853	1,752
1941.....	95,574	94,317	54,845	2	54,843	33,332	18,376	14,956	0	6,139
1942.....	4,288	4,124	4,124	0	4,124	0	0	0	0	0
1943.....	21,384	20,829	12,740	0	12,740	6,407	3,992	2,415	0	1,682
1944.....	109,297	106,619	61,450	0	61,450	41,984	35,503	0	6,481	3,184
1945.....	211,314	206,344	85,130	1,292	83,838	78,922	25,856	13,469	39,597	42,292
1946.....	329,246	322,980	163,711	14,267	149,444	142,793	50,368	78,462	13,963	16,476
1947.....	292,684	285,663	188,802	7,949	180,853	44,316	13,800	20,507	10,010	52,545
1948.....	583,649	557,180	484,779	12,717	472,062	49,998	25,174	19,722	5,102	52,403
1949.....	599,105	592,539	440,453	43,079	397,374	85,200	34,263	50,670	267	66,906
1949										
July.....	40,214	39,327	9,798	0	9,798	21,890	18,000	6,890	0	7,639
August.....	6,249	6,097	5,589	0	5,589	0	0	0	0	508
September.....	59,304	58,471	23,188	1,185	22,003	0	0	0	0	35,283
October.....	11,407	11,237	5,510	2,502	3,208	5,146	0	5,146	0	581
November.....	91,872	91,692	90,212	3,958	86,255	0	0	0	0	1,449
December.....	85,380	84,741	70,100	6,906	63,294	5,536	5,269	0	267	9,045
1950										
January.....	20,458	20,069	6,364	496	5,868	399	0	337	62	13,306
February.....	24,072	23,447	11,401	2,558	8,843	112	0	112	0	11,934
March.....	132,307	131,548	74,924	229	74,695	50,399	50,000	399	0	6,225
April.....	86,593	85,601	21,524	94	21,411	61,462	1,542	59,354	566	2,634
May.....	31,695	31,110	26,913	119	26,794	1,216	0	1,216	0	2,981
June.....	128,502	127,447	91,560	83	91,476	34,535	8,190	26,345	0	1,952

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

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

³ A more detailed classification of industry of issuer is available beginning with the year 1948, with figures for 1948 presented according to both the old and new classifications. Prior to 1948 all electric, gas, water, telephone, street railway, and bus company issues were grouped together under the heading "Public Utility." The yearly totals of such

issues are given for the years 1934 through 1945 in order to provide a rough comparison with current data. Similarly, manufacturing, commercial, and miscellaneous companies were grouped together under the heading "Industrial and Miscellaneous" and figures for that classification are inserted for the years 1934 through 1948. An exact comparison of these old and new groups cannot be made because some companies formerly classified "Industrial and Miscellaneous," such as radio and aviation companies, would now fall under the "Communication" and "Transportation" groups. No changes were made in the "Railroad" and "Financial and Real Estate" classifications for the entire period

TABLE 5.—A 17-year summary of corporate bonds¹ publicly offered and privately placed in each year—1934 through 1950—by calendar year

[Millions of dollars]

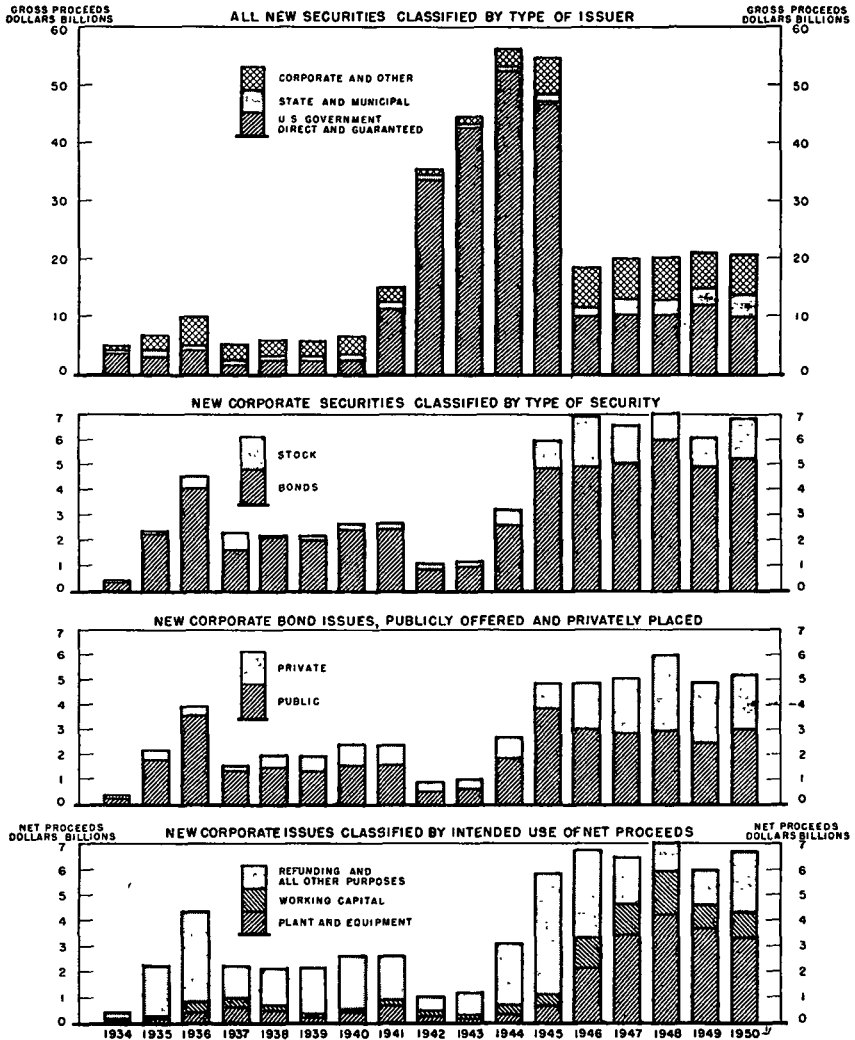
Year	Total offerings	Publicly offered	Placed privately	Percent of total placed privately
1934.....	372	280	92	24.7
1935.....	2,225	1,840	385	17.3
1936.....	4,029	3,660	369	9.2
1937.....	1,618	1,291	327	20.2
1938.....	2,044	1,353	691	33.8
1939.....	1,979	1,276	703	35.5
1940.....	2,386	1,628	758	31.8
1941.....	2,389	1,578	811	33.9
1942.....	917	506	411	44.8
1943.....	990	621	369	37.3
1944.....	2,670	1,892	778	29.1
1945.....	4,855	3,851	1,004	20.7
1946.....	4,882	3,019	1,863	38.2
1947.....	5,036	2,889	2,147	42.6
1948.....	5,973	2,965	3,008	50.4
1949.....	4,890	2,437	2,453	50.2
1950 ²	5,206	2,966	2,240	43.0

¹ Bonds, notes, and debentures.² Preliminary figures estimated on basis of figures through July 1950.

TABLE 6

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

AS TO TYPE OF ISSUER, TYPE OF SECURITY, WHETHER PUBLICLY OFFERED OR PRIVATELY PLACED, AND THE INTENDED USE OF THE PROCEEDS--1934 THROUGH 1950, BY CALENDAR YEAR



U PRELIMINARY FIGURES ESTIMATED ON BASIS OF DATA THROUGH JULY 1950.

TABLE 7.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934¹—Effective registrations as of June 30, 1950, classified by type of organization and by location of principal office

Location of principal office	Number of registrants				Number of proprietors, partners officers etc. ²				Number of employees				Number of branch offices			
	Total	Sole proprietorships	Partnerships	Corporations ³	Total	Sole proprietorships	Partnerships	Corporations ³	Total	Sole proprietorships	Partnerships	Corporations ³	Total	Sole proprietorships	Partnerships	Corporations ³
Alabama.....	20	7	6	7	52	7	18	27	58	12	28	18	5	1	2	2
Arizona.....	11	9	2	0	16	9	7	0	32	21	11	0	0	0	0	0
Arkansas.....	18	9	3	6	39	9	6	24	31	5	10	16	0	0	0	0
California.....	230	79	90	61	828	79	363	386	3,573	176	1,980	1,417	222	5	115	102
Colorado.....	62	33	9	20	160	33	32	95	283	24	100	159	5	0	4	1
Connecticut.....	48	19	15	14	142	19	50	73	619	41	299	279	23	3	8	12
Delaware.....	7	3	2	2	36	3	26	7	269	1	265	3	3	0	3	0
District of Columbia.....	67	28	14	25	230	28	54	148	679	32	300	347	9	0	8	1
Florida.....	33	15	7	11	81	15	17	49	104	44	26	34	2	1	1	0
Georgia.....	25	9	5	11	87	9	20	58	355	13	239	103	24	0	18	6
Idaho.....	10	7	1	2	18	7	2	9	40	13	15	12	3	2	0	1
Illinois.....	225	63	75	87	879	63	320	496	4,041	81	2,317	1,643	191	0	142	49
Indiana.....	50	20	7	23	144	20	15	109	130	19	10	101	0	0	0	0
Iowa.....	31	10	5	16	96	10	12	74	161	17	31	113	7	0	7	7
Kansas.....	40	22	5	13	109	22	11	76	134	28	25	81	9	0	1	8
Kentucky.....	14	4	4	6	44	4	16	24	107	11	59	37	2	0	2	0
Louisiana.....	59	35	17	7	114	35	62	27	217	41	137	39	10	1	6	3
Maine.....	34	16	3	15	80	16	8	56	109	25	19	65	1	1	0	0
Maryland.....	45	20	18	7	133	20	80	33	568	11	518	39	21	0	11	10
Massachusetts.....	219	99	46	74	792	99	252	441	3,889	235	2,419	1,235	106	4	69	33
Michigan.....	62	8	24	30	241	8	93	140	727	16	336	375	27	0	15	12
Minnesota.....	51	10	8	33	219	10	27	182	3,195	54	166	2,975	26	0	8	18
Mississippi.....	13	6	5	2	21	6	10	5	19	10	5	4	5	4	1	0
Missouri.....	94	21	30	43	424	21	142	261	1,539	31	793	715	83	0	31	62
Montana.....	4	1	1	2	10	1	2	7	6	0	2	4	0	0	0	0
Nebraska.....	32	13	1	18	102	13	2	87	226	13	1	212	2	0	0	2
Nevada.....	7	5	0	2	10	5	0	5	7	3	0	4	0	0	0	0
New Hampshire.....	11	7	1	3	22	7	3	12	15	6	2	7	0	0	0	7
New Jersey.....	114	69	22	23	226	69	61	96	11	43	71	97	15	2	6	7
New Mexico.....	9	5	3	1	15	5	6	4	21	3	14	4	0	0	0	0
New York State (excluding New York City).....	234	169	25	40	404	169	73	162	577	140	226	211	24	5	7	12
North Carolina.....	25	10	2	13	96	10	4	82	137	26	2	109	11	1	0	10
North Dakota.....	3	2	0	1	5	2	0	3	1	1	0	0	0	0	0	0

See footnotes at end of table, p. 184.

TABLE 7.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934¹—Effective registrations as of June 30, 1950, classified by type of organization and by location of principal office—Continued

Location of principal office	Number of registrants				Number of proprietors partners officers etc. ²				Number of employees				Number of branch offices			
	Total	Sole proprietor- ships	Part- ner- ships	Corpo- rations ³	Total	Sole proprietor- ships	Part- ner- ships	Corpo- rations ³	Total	Sole proprietor- ships	Part- ner- ships	Corpo- rations ³	Total	Sole proprietor- ships	Part- ner- ships	Corpo- rations ³
Ohio.....	140	41	39	60	482	41	169	272	1,173	67	586	520	41	0	18	23
Oklahoma.....	50	40	4	6	76	40	8	28	56	22	7	27	1	0	0	1
Oregon.....	22	6	7	9	53	6	17	35	95	24	20	51	3	0	1	2
Pennsylvania.....	220	79	86	55	691	79	355	257	2,614	115	1,794	705	86	0	61	25
Rhode Island.....	28	12	11	5	62	12	31	19	126	11	102	13	1	1	0	0
South Carolina.....	28	11	8	9	69	11	24	34	91	21	27	43	5	0	1	4
South Dakota.....	2	1	0	1	4	1	0	3	2	0	0	2	0	0	0	0
Tennessee.....	33	9	7	17	117	9	22	86	245	9	86	150	21	0	9	12
Texas.....	149	86	29	34	348	86	79	183	466	89	138	239	19	0	10	9
Utah.....	19	11	4	4	49	11	15	23	259	22	223	14	13	1	12	0
Vermont.....	2	0	0	2	11	0	0	11	7	0	0	7	0	0	0	0
Virginia.....	30	14	9	7	92	14	39	39	166	26	62	79	1	0	0	1
Washington.....	81	44	8	29	215	44	22	149	460	55	50	355	16	1	3	12
West Virginia.....	8	3	3	2	36	3	9	24	84	4	18	62	11	0	2	9
Wisconsin.....	53	16	5	32	190	16	23	151	337	20	79	238	12	1	3	8
Wyoming.....	6	6	0	0	6	6	0	0	5	5	0	0	0	0	0	0
Total (excluding New York City).....	2,778	1,212	676	880	8,381	1,212	2,597	4,572	28,266	1,085	13,618	12,963	1,066	34	578	454
New York City.....	1,181	380	585	216	4,540	380	2,996	1,164	23,218	441	24,102	3,675	842	13	659	17
Total.....	3,959	1,592	1,261	1,106	12,921	1,592	5,593	5,736	56,484	2,126	37,720	16,638	1,908	47	1,237	624

¹ Domestic registrants only, excludes 41 foreign.

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

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

TABLE 8.—Market value and volume of sales effected on securities exchanges for the three 6-month periods ended June 30, 1950

PART 1.—6 MONTHS ENDED JUNE 30, 1949.

ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
All registered exchanges.....	4,973,402	4,631,816	206,232	321,881	443,074	19,705	16,793
Baltimore ³	481	414	23	67	129	.....	.....
Boston.....	73,333	72,297	1,865	4	5	1,032	879
Chicago Board of Trade.....	134	134	14	.....	.....	.....	.....
Chicago Stock.....	79,737	79,531	3,171	0	0	206	214
Cincinnati.....	6,014	5,978	192	0	0	36	71
Cleveland.....	6,602	6,569	230	.....	.....	33	55
Detroit.....	18,048	18,026	1,281	.....	.....	22	23
Los Angeles.....	57,983	57,742	4,206	36	35	205	256
New Orleans.....	295	253	10	42	40	.....	.....
New York Curb.....	399,922	376,379	29,692	18,133	24,959	5,410	3,119
New York Stock.....	4,193,387	3,878,782	149,263	302,526	416,787	12,079	11,322
Philadelphia ⁴	24,651	24,522	886	128	127	1	57
Philadelphia-Baltimore ⁵	27,523	27,056	986	169	261	298	325
Pittsburgh.....	6,679	6,642	372	0	0	37	46
St. Louis.....	5,189	5,164	177	3	3	22	20
Salt Lake.....	879	879	5,690	.....	.....	.....	.....
San Francisco Mining.....	243	243	2,515	.....	.....	.....	.....
San Francisco Stock.....	68,279	67,315	4,870	640	601	324	406
Spokane.....	799	799	968	.....	.....	.....	.....
Washington.....	3,224	3,091	121	133	127	.....	.....
Breakdown of 6-month totals by months							
January..... ¹⁹⁴⁹	915,095	853,531	36,546	60,686	80,599	878	523
February.....	772,313	719,267	30,841	52,009	70,080	1,037	668
March.....	809,738	761,761	34,692	56,225	80,637	1,752	2,223
April.....	905,742	845,336	37,760	53,189	76,590	7,217	2,934
May.....	816,042	760,298	33,135	50,767	67,997	4,977	4,276
June.....	754,472	701,623	33,268	49,005	67,171	3,844	6,169
ON ALL EXEMPTED EXCHANGES							
All exempted exchanges.....	3,734	3,721	348	13	14	.....	.....
Colorado Springs.....	94	94	120	.....	.....	.....	.....
Honolulu.....	2,029	2,016	161	13	14	.....	.....
Minneapolis-St. Paul.....	1,024	1,024	53	.....	.....	.....	.....
Richmond.....	295	295	5	0	0	.....	.....
Wheeling.....	292	292	9	.....	.....	.....	.....
Breakdown of 6-month totals by months							
January..... ¹⁹⁴⁹	704	698	65	6	6	.....	.....
February.....	701	699	44	2	2	.....	.....
March.....	594	594	56	0	0	.....	.....
April.....	510	509	74	1	2	.....	.....
May.....	648	647	69	1	1	.....	.....
June.....	577	574	40	3	3	.....	.....

See footnotes at end of table, p. 197.

TABLE 8.—Market value and volume of sales effected on securities exchanges for three 6-month periods ended June 30, 1950—Continued

PART 2.—6 MONTHS ENDED DEC. 31, 1949

ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
All registered exchanges.....	6, 469, 931	6, 082, 574	271, 666	381, 589	489, 879	5, 768	21, 035
Boston.....	79, 934	79, 911	2, 034	4	6	19	41
Chicago Board.....	40	40	7				
Chicago Stock ⁴	73, 673	73, 483	2, 884	189	176	1	138
Cincinnati.....	7, 108	7, 108	203	0	0		
Cleveland ⁴	5, 214	5, 214	181				
Detroit.....	23, 801	23, 671	1, 797			130	654
Los Angeles.....	65, 058	65, 016	4, 404	14	13	28	47
Midwest ⁴	32, 377	32, 370	1, 283	6	6	1	7
New Orleans.....	481	481	23	0	0		
New York Curb.....	545, 390	521, 427	38, 333	20, 270	24, 898	3, 693	3, 663
New York Stock.....	5, 480, 612	5, 119, 042	204, 112	359, 886	463, 390	1, 684	14, 908
Philadelphia-Baltimore.....	62, 309	61, 537	2, 295	595	782	177	1, 463
Pittsburgh.....	6, 995	6, 995	497	0	0		
St. Louis ⁴	4, 670	4, 670	160	0	0		
Salt Lake.....	544	544	5, 352				
San Francisco Mining.....	112	112	1, 854				
San Francisco Stock.....	78, 148	77, 918	5, 225	195	180	35	114
Spokane.....	527	527	905				
Washington.....	2, 938	2, 508	117	430	428		
Breakdown of 6-month totals by months							
<i>1949</i>							
July.....	698, 347	624, 733	33, 028	72, 616	87, 224	998	4, 923
August.....	867, 865	806, 674	38, 453	60, 737	78, 549	454	604
September.....	918, 344	870, 487	39, 811	47, 468	59, 560	389	646
October.....	1, 134, 148	1, 081, 952	48, 613	51, 480	68, 959	716	2, 842
November.....	1, 286, 948	1, 220, 770	49, 081	64, 646	84, 467	1, 532	6, 165
December.....	1, 564, 279	1, 477, 958	62, 680	84, 642	111, 120	1, 679	5, 855
ON ALL EXEMPTED EXCHANGES							
All exempted exchanges.....	3, 385	3, 351	305	34	35		
Colorado Springs.....	81	81	94				
Honolulu.....	1, 726	1, 692	149	34	35		
Minneapolis-St. Paul ⁴	923	923	48				
Richmond.....	408	408	7	0	0		
Wheeling.....	247	247	7				
Breakdown of 6-month totals by months							
<i>1949</i>							
July.....	489	469	31	20	21		
August.....	491	487	42	4	4		
September.....	585	580	60	5	5		
October.....	668	668	59	0	0		
November.....	654	653	46	1	1		
December.....	498	494	67	4	4		

See footnotes at end of table, p. 197.

TABLE 8.—Market value and volume of sales effected on securities exchanges for three 6-month periods ended June 30, 1950—Continued

PART 3.—6 MONTHS ENDED JUNE 30, 1950

ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	10, 876, 534	10, 330, 139	422, 268	527, 264	652, 446	19, 131	25, 186
Boston Stock.....	117, 833	117, 817	2, 895	13	10	3	3
Chicago Board.....	18	18	2				
Cincinnati.....	13, 129	12, 344	316	0	0	785	163
Detroit.....	41, 446	41, 443	2, 427			3	17
Los Angeles.....	108, 493	108, 225	7, 371	135	131	133	282
Midwest.....	243, 990	243, 593	9, 114	9	10	388	189
New Orleans.....	392	389	18	3	3		
New York Curb.....	792, 088	762, 413	58, 045 ³	19, 888	27, 364	9, 787	4, 181
New York Stock.....	9, 317, 797	8, 804, 105	320, 418	506, 262	623, 767	7, 430	18, 878
Philadelphia-Baltimore.....	96, 784	96, 357	3, 115	349	615	78	195
Pittsburgh.....	12, 425	12, 423	778	1	1	1	1
Salt Lake.....	795	795	8, 161				
San Francisco Mining.....	185	185	2, 364				
San Francisco Stock.....	127, 571	126, 643	6, 373	427	370	501	998
Spokane.....	549	549	735				
Washington.....	3, 039	2, 840	136	177	175	22	249
Breakdown of 6-month totals by months							
<i>1950</i>							
January.....	1, 770, 942	1, 662, 225	71, 911	107, 958	144, 088	759	1, 895
February.....	1, 441, 484	1, 373, 028	57, 261	67, 512	94, 939	944	1, 979
March.....	1, 778, 623	1, 688, 006	67, 872	88, 493	116, 471	2, 124	5, 682
April.....	1, 885, 385	1, 800, 521	81, 301	77, 916	97, 114	6, 948	5, 038
May.....	1, 950, 917	1, 860, 689	73, 184	84, 941	96, 720	5, 287	7, 905
June.....	2, 049, 183	1, 945, 670	70, 739	100, 444	113, 114	3, 089	2, 667

ALL EXEMPTED EXCHANGES

Total all exchanges.....	3, 161	3, 127	471	34	39		
Colorado Springs.....	131	131	185				
Honolulu.....	2, 443	2, 409	272	34	39		
Richmond.....	374	374	8	0	0		
Wheeling.....	213	213	6				
Breakdown of 6-month totals by months							
<i>1950</i>							
January.....	450	448	61	2	2		
February.....	550	546	78	4	4		
March.....	670	670	129	0	0		
April.....	368	358	41	0	0		
May.....	541	539	97	2	2		
June.....	592	566	65	26	31		

¹ "Stocks" includes voting trust certificates, American depository receipts, and certificates of deposit.² "Bonds" includes mortgage certificates and certificates of deposit for bonds. Since Mar. 18, 1944, United States Government bonds have not been included in these data.³ The Baltimore Stock Exchange and the Philadelphia Stock Exchange effected a plan of merger of the businesses of the two exchanges which resulted in the termination of the activities of the Baltimore Stock Exchange with the close of business Mar. 5, 1949. Effective Mar. 7, 1949, the name of the Philadelphia Exchange was changed to the Philadelphia-Baltimore Stock Exchange. A branch office is in operation in Baltimore.⁴ The Chicago Stock Exchange, the Cleveland Stock Exchange, the Minneapolis-St. Paul Stock Exchange, and the St. Louis Stock Exchange effected a plan of merger of the four exchanges. This resulted in the termination of activities of the four exchanges with the close of business Nov. 30, 1949, and in the formation of the Midwest Stock Exchange on Dec. 1, 1949, with main offices in Chicago and branch offices in Cleveland, Minneapolis, and St. Louis. Earlier data for the Minneapolis-St. Paul Exchange are included in exempted exchanges totals. The other three merged exchanges were registered exchanges.

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

TABLE 9.—Special offerings effected on national securities exchanges for fiscal year ended June 30, 1950¹

Exchange	Number made	Number of shares			Value of shares sold (thousands of dollars)	Aggregate special commission (thousands of dollars)	Number of offerings by duration		
		In original offer	Subscribed	Sold			Terminated in 15 minutes	Others terminated same day	Not terminated same day
All exchanges:									
Total.....	29	440,908	534,142	430,955	11,129	266	11	15	3
Completed.....	26	397,838	503,512	400,325	10,654	254	11	14	1
Not completed.....	3	43,070	30,630	30,630	475	12	0	1	2
New York Curb Exchange:									
Total.....	1	26,970	21,005	21,005	168	7	0	1	0
Completed.....	0	0	0	0	0	0	0	0	0
Not completed.....	1	26,970	21,005	21,005	168	7	0	1	0
New York Stock Exchange:									
Total.....	28	413,938	513,137	409,950	10,961	259	11	14	3
Completed.....	26	397,838	503,512	400,325	10,654	254	11	14	1
Not completed.....	2	16,100	9,625	9,625	307	5	0	0	2

¹ See part II of text for a description of special offerings.TABLE 10.—Secondary distributions of listed stocks approved by national securities exchanges for fiscal year ended June 30, 1949¹

Exchange	Number made	Number of shares			Value of shares sold (thousands of dollars)	Number of secondaries by duration		
		In original offer	Available for distribution	Sold		Terminated same day	Others terminated next day	Not terminated next day
All exchanges:								
Total.....	78	3,624,327	3,708,773	3,705,320	99,077	49	18	11
Completed.....	76	3,610,927	3,695,373	3,698,475	98,857	49	17	10
Not completed.....	2	13,400	13,400	6,845	220	0	1	1
Chicago Stock Exchange:								
Total.....	3	27,650	27,650	27,650	617	1	1	1
Completed.....	3	27,650	27,650	27,650	617	1	1	1
Not completed.....	0	0	0	0	0	0	0	0
Detroit Stock Exchange:								
Total.....	3	19,388	19,388	19,388	284	3	0	0
Completed.....	3	19,388	19,388	19,388	284	3	0	0
Not completed.....	0	0	0	0	0	0	0	0
Midwest Stock Exchange:								
Total.....	8	158,380	162,230	162,230	2,421	4	1	3
Completed.....	8	158,380	162,230	162,230	2,421	4	1	3
Not completed.....	0	0	0	0	0	0	0	0
New York Curb Exchange:								
Total.....	22	659,483	680,963	677,510	17,597	13	5	4
Completed.....	20	646,083	667,563	670,665	17,377	13	4	3
Not completed.....	2	13,400	13,400	6,845	220	0	1	1
New York Stock Exchange:								
Total.....	42	2,759,426	2,818,542	2,818,542	78,158	28	11	3
Completed.....	42	2,759,426	2,818,542	2,818,542	78,158	28	11	3
Not completed.....	0	0	0	0	0	0	0	0

¹ Secondary distributions which exchanges have approved for member participation and have reported to the Commission. See pt. II of text for a description of secondary offerings.

TABLE 11.—*Classification by industry of issuers having securities registered on national securities exchanges as of June 30, 1949 and as of June 30, 1950*

Industry	As of June 30, 1949	As of June 30, 1950
Agriculture.....	7	6
Beverages (distilleries, breweries, soft drinks).....	49	45
Building and related companies (including lumber building materials, and construction).....	91	94
Chemicals, drugs, and allied products.....	88	87
Financial and investment companies.....	127	130
Food and related products.....	104	102
Foreign governments and political subdivisions thereof.....	71	72
Foreign private issuers other than Canadian, Cuban, and Philippine.....	56	55
Iron and steel (excluding machinery).....	77	76
Machinery and tools (excluding transportation equipment).....	207	207
Merchandising (chain stores, department stores).....	167	162
Mining, coal.....	19	20
Mining, other than coal.....	223	224
Miscellaneous manufacturing.....	40	40
Oil and gas wells.....	53	52
Oil refining and distributing.....	36	36
Paper and paper products.....	40	42
Printing, publishing, and allied industries.....	15	21
Real estate.....	15	15
Rubber and leather products.....	36	34
Services (advertising, amusements, hotels, restaurants).....	52	51
Textiles and related products.....	68	66
Tobacco products.....	18	18
Transportation and communication (railroads, telephone, radio).....	236	228
Transportation equipment.....	172	169
Utility holding companies (electric, gas, water).....	26	27
Utility operating-holding companies.....	12	13
Utility operating.....	83	90
Total.....	2,194	2,182

TABLE 12.—*Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1950*

STOCKS

	Column I ¹		Column II ²	
	Issues	Number of shares	Issues	Number of shares
Registered.....	2,573	3,147,684,318	2,573	3,147,684,318
Temporarily exempted from registration ³	20	8,634,386	20	8,634,386
Admitted to unlisted trading privileges on registered exchanges.....	877	2,038,851,048	332	329,904,324
Listed on exempted exchanges.....	116	117,013,924	78	33,149,815
Admitted to unlisted trading privileges on exempted exchanges.....	40	6,681,419	35	3,093,606
Unduplicated total of stock issues and number of shares admitted to dealing on all exchanges.....			3,038	3,522,466,449

See footnotes at end of table, p. 200.

TABLE 12.—Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1950—Continued

BONDS

	Issues	Principal amount	Issues	Principal amount
Registered ⁴	971	\$20,898,718,791	971	\$20,898,718,791
Temporarily exempted from registration ¹	4	51,848,000	4	51,848,000
Admitted to unlisted trading privileges on registered exchanges.....	81	\$29,231,350	75	596,528,150
Listed on exempted exchanges.....	7	22,250,000	7	22,250,000
Admitted to unlisted trading privileges on an exempted exchange.....	1	140,000	1	140,000
Unduplicated total of bond issues and principal amount admitted to dealing on all exchanges.....			1,058	21,586,293,681

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

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

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

⁴ Includes 8 bond issues in pounds sterling in the aggregate amount of £16,808,740. This amount in sterling has been excluded from the amount in dollars given above.

TABLE 13

PART 1.—NUMBER AND AMOUNT OF SECURITIES CLASSIFIED ACCORDING TO THE NUMBER OF REGISTERED EXCHANGES ON WHICH EACH ISSUE WAS ADMITTED TO DEALING AS OF JUNE 30, 1950

	Stocks		Bonds	
	Issues	Shares	Issues	Principal amount
1. Registered on 1 exchange.....	1,608	1,113,280,658	892	\$17,597,834,391
2. Unlisted on 1 exchange.....	321	305,999,574	75	596,528,150
3. Registered on 2 or more exchanges.....	420	325,456,936	73	3,068,181,200
4. Unlisted on 2 or more exchanges.....	11	23,904,750		
5. Registered on 1 exchange and unlisted on 1 exchange.....	208	216,376,795	5	82,385,500
6. Registered on 2 or more exchanges and unlisted on 1 exchange.....	66	148,148,738	1	150,317,700
7. Registered on 1 exchange and unlisted on 2 or more exchanges.....	167	706,659,413		
8. Registered on 2 or more exchanges and unlisted on 2 or more exchanges.....	104	637,761,778		
9. Temporarily exempted from registration on 1 exchange.....	16	2,125,205	3	45,106,000
10. Temporarily exempted from registration on 2 or more exchanges.....	4	6,509,181	1	6,742,000
Total.....	2,925	3,486,223,028	1,050	21,547,094,941

PART 2.—PROPORTION OF REGISTERED ISSUES THAT ARE ALSO ADMITTED TO UNLISTED TRADING PRIVILEGES ON OTHER EXCHANGES AS OF JUNE 30, 1950

1. All registered issues (pt. 1, lines 1, 3, 5, 6, 7, and 8).....	2,573	3,147,684,318	971	\$20,898,718,791
2. Registered issues that are also admitted to unlisted trading privileges on other exchanges (pt. 1, lines 5, 6, 7, and 8).....	545	1,708,946,724	6	232,703,200
3. Percent of registered issues that are also admitted to unlisted trading privileges on other exchanges.....	21.2	54.3	.6	1.1

TABLE 13—Continued

PART 3.—PROPORTION OF ISSUES ADMITTED TO UNLISTED TRADING PRIVILEGES THAT ARE ALSO REGISTERED ON OTHER EXCHANGES AS OF JUNE 30, 1950

	Stocks		Bonds	
	Issues	Shares	Issues	Principal amount
1. All issues admitted to unlisted trading privileges (part 1, lines 2, 4, 5, 6, 7, and 8).....	877	2, 038, 851, 048	81	\$829, 231, 350
2. Unlisted issues that are also registered on other exchanges (part 1, lines 5, 6, 7, and 8).....	545	1, 708, 946, 724	6	232, 703, 200
3. Percent of issues admitted to unlisted trading privileges that are also registered on other exchanges.....	62.1	83.8	7.4	28.1

PART 4.—PROPORTION OF ALL ISSUES ADMITTED TO DEALING ON REGISTERED EXCHANGES THAT ARE ADMITTED TO DEALING ON MORE THAN 1 REGISTERED EXCHANGE AS OF JUNE 30, 1950

1. All issues admitted to dealing on registered exchanges (pt. 1, total).....	2, 925	3, 486, 223, 028	1, 050	\$21, 547, 094, 941
2. Issues on more than 1 exchange (pt. 1, all lines except 1, 2, and 9).....	980	2, 064, 817, 591	80	3, 307, 626, 400
3. Percent of all issues admitted to dealing on all registered exchanges that are admitted to dealing on more than 1 registered exchange.....	33.5	59.2	7.6	15.4

TABLE 14.—Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1950, classified according to the basis for admission of their securities to dealing

Basis of admission of securities to dealing	Column I ¹	Column II ²
	Number of issuers	Number of issuers
1. Registered.....	2, 182	2, 182
2. Temporarily exempted from registration.....	22	18
3. Admitted to unlisted trading privileges on registered exchanges.....	847	307
4. Listed on exempted exchanges.....	100	67
5. Admitted to unlisted trading privileges on exempted exchanges.....	38	34
6. Total number of issuers having securities admitted to dealing on all exchanges.....		2, 608

¹ The purpose of column I is to show the number of issuers having securities admitted to dealing on exchanges under the various bases for the admission of securities to dealing under the act. (Issuers whose securities are exempted under sec. 3(a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.) Each issue is counted once under each basis for admission of securities to dealing. Thus, an issuer having securities registered on two or more exchanges and unlisted on 2 or more exchanges is counted once under "registered" and once under "unlisted." Because of these duplications, column I is not totaled.

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

TABLE 15.—Number of issuers having stocks only, bonds only, and both stocks and bonds admitted to dealings on all exchanges as of June 30, 1950

	Number of issuers	Percent of total issuers
1. Issuers having only stocks admitted to dealings on exchanges.....	2, 123	81.4
2. Issuers having only bonds admitted to dealings on exchanges.....	262	10.0
3. Issuers having both stocks and bonds admitted to dealings on exchanges.....	223	8.6
Total issuers.....	2, 608	100.0
4. Issuers having stocks admitted to dealings on exchanges (lines 1 plus 3).....	2, 346	90.0
5. Issuers having bonds admitted to dealings on all exchanges (lines 2 plus 3).....	485	18.6

TABLE 16.—For each exchange as of June 30, 1950, the number of issuers and securities, basis for admission of securities to trading, and the percentage of stocks and bonds, admitted to trading on one or more other exchanges

Name of exchange	Total issuers	Total issues	Stocks					Bonds					Total bonds	Percent traded on 1 or more other exchanges		
			Basis of admission to trading ¹					Total stocks	Percent traded on 1 or more other exchanges	Basis of admission to trading ¹						
			R	X	U	XL	XU			R	X	U			XL	XU
Boston.....	354	404	110		273			383	87.7	21				21	66.7	
Chicago Board of Trade.....	22	23	18		5			23	56.5							
Cincinnati.....	96	115	63	2	45			110	58.2	4	1			5	100.0	
Colorado Springs ²	14	15				15		15	26.7							
Detroit.....	195	206	114		92			206	85.9							
Honolulu ²	86	103				57	37	94	24.5			8	1	9		
Los Angeles.....	232	266	141	4	116			261	90.0	4		1		5	100.0	
Midwest.....	393	465	375	3	76			454	72.0	11				11	81.8	
New Orleans.....	14	21	4		14			18	27.8	1		2		3	33.3	
New York Curb.....	741	868	429	4	346			779	28.1	11		78		89	4.5	
New York Stock.....	1,269	2,410	1,479	5				1,484	49.8	922	4			926	8.2	
Philadelphia-Baltimore.....	439	545	107		382			489	92.1	56				56	67.9	
Pittsburgh.....	116	127	54		72			126	83.3	1				1		
Richmond ²	20	28				28		28	21.4							
Salt Lake.....	98	100	96		4			100	8.0							
San Francisco Mining.....	41	42	42					42	14.3							
San Francisco Stock.....	303	374	191	4	159			354	79.8	20				20	100.0	
Spokane.....	29	32	24		8			32	28.1							
Washington, D. C.....	33	52	30	9	2			41	31.7	11				11	54.4	
Wheeling ²	17	19				16	3	19	52.6							

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

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

² Exempted from registration as a national securities exchange.

TABLE 17.—Number of issues admitted to unlisted trading pursuant to clauses 2 and 3 of sec. 12 (f) of the Securities Exchange Act of 1934 and volume of transactions therein¹

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

Name of stock exchange	Number of issues		Volume reported for the calendar year 1949	Percent of total 1949 volume on each exchange in stocks and bonds respectively	Aggregate volume reported for the calendar years 1937 to 1949, inclusive
	Admitted total	Remaining June 30, 1950			
Stocks pursuant to clause 2:					
Boston.....	118	² 108	546, 313	14.0	4, 768, 326
Cincinnati.....	46	45	155, 050	39.2	991, 280
Cleveland.....	35	0	199, 051	48.5	980, 048
Detroit.....	85	78	533, 275	17.3	4, 271, 109
Los Angeles.....	82	75	943, 420	11.0	5, 518, 391
Midwest.....	³ 82	³ 75	2, 071, 189	28.2	13, 685, 528
New York Curb.....	6	1	194, 325	.3	6, 870, 635
Philadelphia-Baltimore.....	117	⁴ 107	583, 933	14.0	3, 473, 026
Pittsburgh.....	70	⁴ 55	127, 009	14.6	1, 603, 358
St. Louis.....	6	0	61, 975	18.4	157, 683
Salt Lake.....	1	0	0	0	35, 633
San Francisco Stock.....	55	⁵ 50	597, 377	6.1	3, 961, 634
Washington.....	2	2	28, 222	11.9	34, 084
Wheeling.....	6	⁶ 3	1, 598	10.0	17, 692
Total.....	692	599	5, 962, 737		46, 368, 427
Stocks pursuant to clause 3:					
Midwest.....	1	1	16, 714	.2	30, 700
New York Curb.....	9	6	1, 631, 529	2.4	4, 508, 415
Salt Lake.....	1	1	4, 971	.05	11, 684
Total stocks.....	703	7 607	7, 615, 951		50, 919, 226
Bonds pursuant to clause 2:					
Los Angeles.....	1	1	\$47, 400	100.0	\$63, 400
New York Curb.....	3	1	\$817, 000	1.6	\$14, 928, 000
San Francisco Stock.....	4	0	\$769, 500	98.5	\$3, 423, 600
Bonds pursuant to clause 3:					
New York Curb.....	45	15	\$17, 824, 000	35.8	\$162, 163, 000
Total bonds.....	53	17	\$19, 457, 900		\$180, 578, 000

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

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

³ Includes 19 issues acquired from Cleveland Stock Exchange and the volumes therein subsequent to the merger of Dec. 1, 1949. The 692 admitted total excludes this duplication. The 599 remaining total is the sum of the figures as shown.

⁴ Only odd-lot trading is permitted in 1 of these issues.

⁵ Includes San Francisco Curb figures prior to the 1938 merger.

⁶ Wheeling is an exempted exchange. All others shown are registered.

⁷ This figure included duplications arising from admission of various issues to unlisted trading on more than 1 exchange.

TABLE 18.—*Reorganization cases instituted under chapter X and sec. 77-B of the National Bankruptcy Act in which the Commission filed notice of appearance and in which the Commission actively participated during the fiscal year ended June 30, 1950*

DISTRIBUTION OF DEBTORS BY TYPE OF INDUSTRY

Industry	Number of debtors		Total assets ¹		Total indebtedness ¹	
	Principal	Subsidiary	Amount (thousands omitted)	Percent of grand total	Amount (thousands omitted)	Percent of grand total
Agricultural						
Mining and other extractive	3	1	\$6,476	0.67	\$1,485	0.17
Manufacturing	13	2	25,001	2.59	17,793	2.09
Financial and investment	5	1	124,222	12.87	121,078	14.22
Merchandising	2	1	1,452	.15	1,720	.20
Real estate	24	3	87,337	9.05	75,528	8.87
Construction and allied						
Transportation and communication	9	12	404,750	41.94	328,469	38.59
Service	6	1	25,043	2.59	13,070	1.54
Utilities: electric, water, and gas ²	9	6	290,876	30.14	292,111	34.32
Other: Religious, charitable, etc.						
Grand total	71	27	965,157	100.00	851,254	100.00

¹ As of latest dates figures are available.

² Includes no electric utility companies. Represents principally investment and holding companies and gas pipeline companies and a few gas distributing companies.

TABLE 19.—*Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1950*

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
Aireon Manufacturing Corp.	D. Kans.	Nov. 22, 1947	Nov. 22, 1947	Jan. 7, 1948
American Acoustics, Inc.	D. N. J.	Mar. 21, 1947	May 5, 1947	Apr. 21, 1947
*American Fuel and Power Co.	E. D. Ky.	Dec. 6, 1935	Dec. 20, 1935	May 1, 1940
Buckeye Fuel Co.	do.	Nov. 28, 1939	Nov. 28, 1939	Do.
Buckeye Gas Service Co.	do.	do.	do.	Do.
Carbreath Gas Co.	do.	do.	do.	Do.
Inland Gas Distributing Co.	do.	do.	do.	Do.
American Silver Corp.	S. D. Calif.	May 6, 1948	May 7, 1948	May 11, 1948
Bankers Building, Inc.	N. D. Ill.	Sept. 21, 1943	Oct. 5, 1943	Oct. 19, 1943
*Bellevue-Stratford Co.	E. D. Pa.	Oct. 31, 1936	Oct. 31, 1936	Feb. 24, 1939
Brand's Restaurant Control Corp.	S. D. N. Y.	Aug. 2, 1939	Aug. 10, 1939	Aug. 30, 1939
Broadway Garage, Inc.	S. D. Ohio	Apr. 26, 1946	Apr. 26, 1946	June 24, 1946
Calumet & South Chicago Railway Co.	N. D. Ill.	June 29, 1944	Sept. 18, 1944	Oct. 20, 1944
Central States Electric Corp.	E. D. Va.	Feb. 26, 1942	Feb. 27, 1942	Mar. 11, 1942
Cenwest Corp.	S. D. N. Y.	Mar. 17, 1942	Apr. 3, 1942	Mar. 21, 1942
Chicago City Railway Co.	N. D. Ill.	Nov. 27, 1939	Sept. 18, 1944	Oct. 20, 1944
Chicago Railways Co.	do.	Oct. 15, 1938	do.	Do.
Chicago & West Towns Railways, Inc.	do.	June 30, 1947	July 1, 1947	July 24, 1947
Childs Co.	S. D. N. Y.	Aug. 26, 1943	Aug. 27, 1943	Aug. 26, 1943
Cosmo Records, Inc.	E. D. N. Y.	Jan. 27, 1947	Jan. 27, 1947	Jan. 30, 1947
Cosmopolitan Records, Inc.	do.	do.	do.	Do.
Automatic Industries, Inc.	do.	do.	do.	Do.
Dorbank Corp.	do.	do.	do.	Do.
Diversey Hotel Corp.	N. D. Ill.	May 29, 1947	June 13, 1947	June 13, 1947
Douglas Mill, Inc.	N. D. Ga.	Sept. 7, 1949	Sept. 7, 1949	Oct. 12, 1949
Drake Stadium & Field House Corp.	S. D. Iowa	Dec. 27, 1947	Dec. 27, 1947	Feb. 16, 1948
80 John Street Corp.	S. D. N. Y.	Sept. 14, 1945	Sept. 14, 1945	Oct. 8, 1945
Equitable Office Building Corp.	do.	Apr. 10, 1941	Apr. 10, 1941	Apr. 14, 1941
*Federal Facilities Realty Trust	N. D. Ill.	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Franklin Building Co.	E. D. Wis.	May 5, 1947	May 5, 1947	Aug. 18, 1947
General Public Utilities Corp. (formerly Associated Gas & Electric Co.)	S. D. N. Y.	Jan. 10, 1940	Jan. 10, 1940	Jan. 15, 1947
Associated Gas & Electric Corp.	do.	do.	do.	Do.
Gramott Corp.	do.	Mar. 1, 1946	Mar. 4, 1946	Mar. 21, 1946
*Hotel Martin Co. of Utica	N. D. N. Y.	June 6, 1935	June 19, 1935	June 24, 1939

See footnote at end of table, p. 205.

TABLE 19.—*Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1950—Continued*

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
*Hotels Majestic, Inc.	E. D. Pa.	Oct. 30, 1936	Oct. 31, 1936	Feb. 26, 1942
Industrial Office Building Corp.	D. N. J.	Oct. 3, 1947	Oct. 3, 1947	Oct. 10, 1947
*Inland Gas Corp.	E. D. Ky.	Oct. 14, 1935	Nov. 1, 1935	Mar. 28, 1939
International Mining & Milling Co.	D. Nev.	June 29, 1939	June 29, 1939	Aug. 7, 1939
Mount Gaines Mining Co.	do	do	do	Do
International Power Securities Corp.	D. N. J.	Feb. 24, 1941	Feb. 24, 1941	Mar. 3, 1941
International Railway Co.	W. D. N. Y.	July 28, 1947	July 28, 1947	Aug. 4, 1947
Isham Garden Apartments.	S. D. N. Y.	Apr. 7, 1943	Apr. 8, 1943	Apr. 13, 1943
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
Kellett Aircraft Corp.	E. D. Pa.	Oct. 18, 1946	Oct. 18, 1946	Dec. 4, 1946
*Kentucky Fuel Gas Corp.	E. D. Ky.	Oct. 25, 1935	Nov. 1, 1935	Mar. 28, 1939
Majestic Radio & Television Corp.	N. D. Ill.	Mar. 31, 1948	June 24, 1948	Sept. 15, 1948
Manufacturers Trading Corp.	N. D. Ohio	Oct. 15, 1948	Oct. 15, 1948	Oct. 25, 1948
Manufacturers Discount Corp.	do	do	do	Do
*Midland United Company.	D. Del.	June 9, 1934	June 9, 1934	Jan. 10, 1940
*Midland Utilities Company	do	do	do	Do
Momence Milk Cooperative Association.	E. D. Ill.	June 18, 1949	June 18, 1949	Sept. 12, 1949
Moorhead Knitting Co.	M. D. Pa.	June 19, 1941	June 24, 1941	Aug. 6, 1941
*National Realty Trust.	N. D. Ill.	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Neville Island Glass Co., Inc.	W. D. Pa.	Mar. 1, 1948	Mar. 1, 1948	Mar. 17, 1948
New Union Building Co.	E. D. Mich.	May 5, 1949	May 6, 1949	June 20, 1949
Northwest Carolina Utilities Co.	W. D. N. Car.	July 8, 1942	July 8, 1942	Mar. 3, 1943
Novo Engine Co.	E. D. Mich.	Mar. 14, 1949	Mar. 14, 1949	Apr. 25, 1949
Norwalk Tire & Rubber Co.	D. Conn.	May 20, 1949	May 20, 1949	June 8, 1949
P. R. Holding Corp.	S. D. N. Y.	Apr. 24, 1942	May 21, 1942	May 21, 1942
*Pittsburgh Railways Co.	W. D. Pa.	May 10, 1938	May 10, 1938	Jan. 24, 1939
*Pittsburgh Motor Coach Co.	do	do	do	Do
Pittsburgh Terminal Coal Corp.	do	Dec. 4, 1939	Jan. 2, 1940	Jan. 6, 1940
Portland Electric Power Co.	D. Ore.	Apr. 3, 1939	Apr. 3, 1939	Apr. 16, 1939
Pratt's Fresh Frozen Foods, Inc.	D. N. J.	Apr. 13, 1948	Apr. 13, 1948	May 29, 1948
Pratt's Distributors, Inc.	do	May 17, 1948	May 17, 1948	Do
Quaker City Cold Storage Company	E. D. Pa.	Dec. 17, 1941	Feb. 13, 1942	Jan. 28, 1942
R. A. Security Holdings Inc.	E. D. N. Y.	May 7, 1942	July 31, 1942	May 22, 1942
Realty Associates Securities Corp.	do	Sept. 28, 1943	Sept. 28, 1943	Oct. 4, 1943
Espade Realty Corp.	do	Mar. 17, 1944	Mar. 20, 1944	Apr. 19, 1944
Silesian American Corp.	S. D. N. Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
Solar Manufacturing Corp.	D. N. J.	Dec. 14, 1948	Dec. 14, 1948	Dec. 27, 1948
South Bay Consolidated Water Co., Inc.	S. D. N. Y.	Apr. 26, 1949	Apr. 26, 1949	May 23, 1949
Third Avenue Transit Corp.	do	Oct. 25, 1948	Oct. 25, 1948	Jan. 3, 1949
Surface Transportation Corp.	do	June 21, 1949	June 21, 1949	July 7, 1949
Westchester Street Transp. Co., Inc.	do	do	do	Do
Westchester Electric Railroad Co.	do	do	do	Do
Warontas Press, Inc.	do	Sept. 8, 1949	Sept. 8, 1949	Oct. 24, 1949
Yonkers Railroad Co.	do	June 21, 1949	June 21, 1949	July 7, 1949
32 West Randolph Corp.	N. D. Ill.	Apr. 15, 1946	Apr. 29, 1946	May 20, 1946
Thomascoler Inc.	S. D. Calif.	June 20, 1949	June 21, 1949	Aug. 5, 1949
Trinity Buildings Corp. of New York	S. D. N. Y.	Jan. 18, 1945	Jan. 18, 1945	Feb. 19, 1945
Unior League Club of Chicago.	N. D. Ill.	Feb. 14, 1950	Feb. 14, 1950	Apr. 10, 1950
U. S. Realty & Improvement Co.	S. D. N. Y.	Feb. 1, 1944	Feb. 1, 1944	Feb. 7, 1944
*Van Rensselaer Estates, Inc.	do	July 12, 1935	July 12, 1935	Jan. 12, 1941
*Van Sweringen Corp.	N. D. Ohio	Oct. 13, 1936	Oct. 15, 1936	Jan. 23, 1940
*Cleveland Terminal Buildings Co.	do	do	do	Do
Wade Park Manor Corp.	do	June 28, 1947	June 30, 1947	July 28, 1947
Warner Sugar Corp.	S. D. N. Y.	June 7, 1940	July 9, 1940	July 9, 1940
Washington Gas & Electric Co.	do	Sept. 29, 1941	Sept. 29, 1941	Oct. 14, 1941
Wilkes Barre Railways Corp.	M. D. Pa.	July 1, 1943	July 1, 1943	July 15, 1943
Wilkes Barre Railway Co.	do	do	do	Do
Wilkes Barre Trackless Trolley Co.	do	do	do	Do
Wyoming Valley Autobus Co.	do	do	do	Do
Wyoming Valley Public Service Co.	do	do	do	Do
Windsor Wilson Liquidation Trust	N. D. Ill.	Mar. 18, 1941	May 28, 1941	June 12, 1941

* Instituted under sec. 77-B.

TABLE 20.—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 1950 fiscal year	Total cases closed up to end of 1950 fiscal year	Cases pending at end of 1950 fiscal year	Cases pending at end of 1949 fiscal year	Cases instituted during 1950 fiscal year	Total cases pending during 1950 fiscal year	Cases closed during 1950 fiscal year
Actions to enjoin violations of the above acts.....	570	554	16	18	32	50	34
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	51	49	2	2	2	4	2
Actions to carry out voluntary plans to comply with section 11 (b) of the Holding Company Act.....	83	71	12	10	12	22	10
Miscellaneous actions.....	13	11	2	2	1	3	1
Total.....	717	685	32	32	47	79	47

TABLE 21.—Summary of cases instituted against the Commission, cases in which the Commission participated as intervenor or "amicus curiae", and reorganization cases on appeal under chapter X in which the Commission participated pending during the fiscal year ended June 30, 1950

Types of cases	Total cases instituted up to end of 1950 fiscal year	Total cases closed up to end of 1950 fiscal year	Cases pending at end of 1950 fiscal year	Cases pending at end of 1949 fiscal year	Cases instituted during 1950 fiscal year	Total cases pending during 1950 fiscal year	Cases closed during 1950 fiscal year
Actions to enjoin enforcement of Securities Act, Securities Exchange Act and Public Utility Holding Company Act with the exception of subpoenas issued by the Commission.....	64	64	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	0	0	0	0	0
Petitions for review of Commission's orders by circuit courts of appeals under the various acts administered by the Commission.....	153	149	4	7	6	13	9
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or <i>amicus curiae</i>	136	131	5	24	11	35	30
Appeal cases under chapter X in which the Commission participated.....	107	100	7	4	10	14	7
Total.....	468	452	16	35	27	62	46

TABLE 22.—*Injunctive proceedings brought by the Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1950*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Adams & Co.....	4	Northern District of Illinois.	July 18, 1949	Secs. 15 (c) (1) and 10 (b), 1934 act; secs. 17 (a) (2) and (3), 1933 act.	Temporary restraining order entered July 18, 1949, and receiver appointed. Application for temporary and permanent injunction denied. Pending.
Alhambra Gold Mine Corp.....	10	Southern District of California.	June 26, 1950	Sec. 5 (a), 1933 act.....	Pending.
Aloha Oil Co.....	2	Western District of Oklahoma.	June 28, 1949	.....do.....	Injunction by consent June 30, 1949. Closed.
Andrew, F. L., Investment Trust.	2	Massachusetts.....	Nov. 30, 1949	Secs. 13 (a) (2) and (3) and 21 (a) and (b), IOA of 1940.	Interlocutory decree by consent, November 1949, permanently enjoining the defendants and appointing permanent receiver. Pending.
Atlas Tack Corp.....	1	.....do.....	Mar. 2, 1950	Sec. 13, 1934 act.....	Motion for summary judgment filed by Commission. Pending.
Automatic Systems Corp.....	3	Western District of Tennessee.	Feb. 17, 1950	Sec. 5 (a), 1933 act.....	Injunction by consent Feb. 17, 1950. Closed.
Caplan, Gabriel.....	6	Southern District of New York.	Feb. 15, 1949	Sec. 17 (a) (1), 1933 act; sec. 10 (b) and rule X-10B-5, 1934 act.	Injunction by consent as to 1 defendant Mar. 10, 1949. Injunction by consent as to 4 defendants May 3, 1949. Action against defendant, Caplan, discontinued on May 17, 1949, because of his death. Closed.
Carver, H. P., Corp.....	1	Massachusetts.....	Sept. 24, 1948	Secs. 10 (b) and 15 (c) (3) and rules X-10B-5 and X-15C3-1, 1934 act.	Injunction by consent Sept. 27, 1948. Receiver appointed. Pending.
Chinchilla Chateau, Inc.....	2	New Jersey.....	May 22, 1950	Sec. 5 (a), 1933 act.....	Final judgment by consent June 19, 1950. Pending.
Claytonian Manufacturing Corp..	2	Massachusetts.....	Mar. 15, 1950	Secs. 5 (a) and 17 (a), 1933 act...	Injunction by consent Mar. 15, 1950. Closed.
Co-op Insurance Co.....	5	Arizona.....	June 26, 1950	Secs. 5 (a) (1) and (2) and 17 (a) (3), 1933 act.	Injunction by consent June 30, 1950, as to one defendant. Pending.
Cuozzo, James M., dba Cuvell & Co.	1	Massachusetts.....	June 7, 1949	Secs. 5 (a) and 17 (a), 1933 act...	Temporary restraining order entered June 7, 1949. Final judgment by consent July 11, 1949. Closed.
Davies, James R., Sr.....	2	Idaho.....	July 7, 1949	Sec. 5 (a), 1933 act.....	Final judgment by default Aug. 19, 1949. Closed.
Diamonds & Metals Exploration Co., Inc.	2	Western District of Washington.	Feb. 10, 1950	Secs. 5 (a) and 17 (a), 1933 act...	Injunction by consent Feb. 10, 1950. Closed.
Dixieland Petroleum Corp.....	3	Southern District of New York.	Mar. 11, 1948	Sec. 5 (a), 1933 act.....	Injunction by consent Mar. 26, 1948, against 2 defendants. Action against defendant, Stratton, discontinued because of his death. Closed.
Ellenburger Exploration Enterprises, Inc.	2	Northern District of Texas.	May 31, 1949	Secs. 5 (a) and 17 (a), 1933 act...	Temporary restraining order May 31, 1949. Injunction by consent June 8, 1949. Closed.
Empire Insurance Agency, Inc...	2	New Mexico.....	Nov. 3, 1949	Sec. 17 (a) (2) and (3), 1933 act...	Judgment by default Dec. 8, 1949. Closed.
Ferral Industries, Inc.....	2	Northern District of California.	Aug. 18, 1948	Secs. 5 (a) (1) and (3), 1933 act...	Final judgment by default against defendant company Jan. 23, 1949. Temporary restraining order against remaining defendant Jan. 27, 1949. Temporary injunction June 6, 1949. Final judgment by consent Aug. 29, 1949. Closed.

TABLE 22.—*Injunctive proceedings brought by the Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1950—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Furlong, Walter G.....	1	New Jersey.....	Nov. 3, 1949	Secs. 15 (a), 15 (c) (1), 10 (b) and Rule X-10B-6 (3), 1934 act.	Temporary restraining order entered Nov. 3, 1949. Preliminary injunction Nov. 14, 1949. Final judgment by consent Nov. 17, 1949. Closed.
General Stock & Bond Corp.....	1	Massachusetts.....	Mar. 31, 1950	Secs. 10 (b) and 15 (c) (3); rules X-10B-6 and X-15C3-1, 1934 act.	Injunction by consent Mar. 31, 1950. Closed.
Helicolion Mines, Inc.....	2	Western District of Michigan.....	Oct. 12, 1949	Sec. 17 (a), 1933 act.....	Injunction by consent Nov. 8, 1949. Closed.
Howe, Charles A.....	2	Delaware.....	Dec. 15, 1949	Secs. 5 (a) (1) and (2) and 17 (a) (1) and (2), 1933 act.	Preliminary injunction entered Jan. 10, 1950. Final judgment by default entered Mar. 6, 1950. Closed.
Johnson Machine Works, Inc.....	3	Northern District of Texas.....	Sept. 27, 1949	Sec. 5 (a) (1) and (2), 1933 act....	Temporary restraining order entered Sept. 27, 1949. Final judgment by consent Oct. 5, 1949. Closed.
Kirby, Josiah Marshall.....	1	Northern District of Ohio.....	July 15, 1948	Sec. 15 (a) 1934 act.....	Preliminary injunction entered Aug. 31, 1948. Final judgment by the court Apr. 23, 1949. Closed.
Lodge, Alfred L.....	4	Massachusetts.....	Feb. 9, 1950	Secs. 5 (a) and 17 (a), 1933 act....	Injunction by consent Feb. 9, 1950. Closed.
Lucky Friday Extension Mining Co.	6	Eastern District of Washington.....	Mar. 18, 1948	Secs. 5 (a) (1) and (2), 1933 act...	Preliminary injunction against all defendants Mar. 30, 1948. Final judgment Aug. 5, 1949, as to 4 defendants. Complaint dismissed as to 2 remaining defendants. Closed.
Mercer Hicks Corp.....	1	Southern District of New York.....	May 12, 1950	Sec. 17 (a) (3), 1933 act.....	Temporary restraining order entered on May 12, 1950. Defendants answer filed on June 16, 1950. Pending.
Northwest Petroleum, Ltd.....	3	Oregon.....	Dec. 14, 1949	Secs. 5 (a) (1) and 17 (a), 1933 act.	Preliminary injunction entered Jan. 17, 1950. Amended complaint filed June 12, 1950. Defendants' answer to amended complaint filed June 23, 1950. Pending.
Oil Traders Bureau, Inc.....	2	Kansas.....	June 20, 1949	Secs. 5 (a) (1) and 17 (a) (1), (2) and (3), 1933 act.	Injunction by consent June 20, 1949. Closed.
Peck, Garrette W.....	2	Southern District of California.....	Mar. 29, 1950	Sec. 5 (a), 1933 act.....	Preliminary injunction by default entered Apr. 17, 1950. Final judgment by default entered May 5, 1950. Pending.
Pilot Silver-Lead Mines, Inc.....	6	Eastern District of Washington.....	June 3, 1948	Secs. 5 (a) (1) and (2), 1933 act...	Preliminary injunction against 4 defendants June 11, 1948. Final judgment by consent Aug. 5, 1949, as to 4 defendants. Complaint dismissed as to 2 remaining defendants. Closed.
Puget Sound Products Co.....	3	Western District of Washington.....	Feb. 20, 1950	Sec. 5 (a), 1933 act.....	Defendants' answer filed Feb. 27, 1950. Pending.
Ramsey, Cleo F.....	1	do.....	Apr. 8, 1949	Sec. 17 (a), 1933 act.....	Pending.
Rigney, F. L., Co.....	4	Kansas.....	Feb. 14, 1950	Sec. 5 (a) (1), 1933 act.....	Temporary restraining order entered Feb. 14, 1950. Final judgment by consent Feb. 24, 1950. Closed.
Rose, Charles S.....	1	Southern District of Indiana.....	Apr. 13, 1949	Secs. 10 (b) and 15 (c) (1), 1934 act; secs. 17 (a) (2) and (3), 1933 act.	Injunction by consent Apr. 13, 1949. Closed.

Seyler, William	6	South Dakota	Feb. 6, 1950	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent Apr. 13, 1950. Pending.
Silver Creek Precision Corp.	2	Southern District of New York	July 8, 1949	Secs. 5 (a) (1) and (2), 1933 act.	Injunction by consent July 8, 1949. Closed.
Sound Cities Gas & Oil Co., Inc.	1	Western District of Washington	Oct. 10, 1945	Sec. 5 (a), 1933 act.	Complaint dismissed July 8, 1949, on motion of the Commission. Closed.
South Pacific Engineering Corp.	3	Oregon	Nov. 7, 1949	do	Preliminary injunction entered Dec. 27, 1949. Final judgment by default entered Jan. 12, 1950. Closed.
Stanley, Henry M.	1	Eastern District of Michigan	Mar. 13, 1950	Secs. 9 (a) (1) (a), (b) and (c) and 9 (a) (2), 1934 act.	Injunction by consent Mar. 13, 1950. Closed.
Stevens-Stephens Co., Inc., The	4	Northern District of Texas	Feb. 16, 1950	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent as to 3 defendants Feb. 21, 1950. Action dismissed as to remaining defendant. Closed.
Todd, Gordon B.	1	Southern District of New York	Feb. 10, 1950	Secs. 7 (c) (1), 8 (c), 11 (d) (2), 15 (a) and 17 (a), 1934 act.	Injunction by consent Feb. 16, 1950. Closed.
Topping, John A.	1	do	Apr. 29, 1949	Sec. 14 (a) and regulation X-14, 1934 act.	Final judgment by consent entered Sept. 27, 1949. Closed.
Trusteed Funds, Inc.	9	Massachusetts	Sept. 1, 1949	Secs. 5 (b) (2), 17 (a) (1), (2) and (3), 1933 act; secs. 24 (b) and 35 (a), Investment Co. Act of 1940.	Injunction by consent as to 8 defendants, Sept. 9, 1949. Special counsel appointed. Pending.
Tucker, H. A.	1	Western District of Oklahoma	Feb. 21, 1950	Sec. 5 (a) (1), 1933 act.	Temporary restraining order entered Feb. 21, 1950. Final judgment by consent entered Feb. 28, 1950. Closed.
Walters, John K., & Co., Inc.	2	Delaware	May 10, 1949	Secs. 15 (c) (1), 17 (a), 20 (b), and rules X-15C1-2 and X-17A-3, 1934 act.	Final judgment by court entered July 1, 1949. Closed.
Westates Agricultural Chemical Co.	2	Eastern District of Washington	Nov. 2, 1949	Sec. 5 (a), 1933 act.	Injunction by consent Nov. 2, 1949. Closed.
Wild, Alwyn H.	2	Southern District of New York	Sept. 16, 1949	Secs. 5 (a) (2) and 17 (a) (2) and (3), 1933 act.	Preliminary injunction entered Sept. 27, 1949. Final judgment by consent entered Oct. 25, 1949. Closed.
Wimer, Nye A.	1	Western District of Pennsylvania	Oct. 29, 1947	Secs. 5 (a) (1) and (2) and 17 (a) (2), 1933 act.	Temporary restraining order entered Oct. 29, 1947. Preliminary injunction entered Nov. 18, 1947. Defendant's motion to dismiss complaint denied Mar. 3, 1948. Pending.
Wix, Ernest T.	4	Northern District of Illinois	Oct. 18, 1944	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent as to 3 defendants Dec. 1, 1944. Pending as to remaining defendant, Wix. Pending.

TABLE 23.—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 1950 fiscal year

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Alfred, Claude Cleave (Missouri Oil & Mineral Co.).	1	Eastern District of Tennessee.	Dec. 6, 1948	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	C. C. Alfred pleaded nolo contendere to sec. 17 (a) (1) count, remaining counts were dismissed. Defendant sentenced to 2 years imprisonment.
Allen, James A. (Lucky Friday Extension Mining Co.).	3	Eastern District of Washington.	May 6, 1948	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	Defendants Keane and Grismer withdrew their pleas of not guilty and Keane pleaded nolo contendere to all counts; Grismer pleaded nolo contendere to conspiracy count, all other counts dismissed; and Allen withdrew his previous plea of nolo contendere and pleaded not guilty. Allen found guilty by jury on the conspiracy count and acquitted on remaining counts. Keane placed on probation for 4 years and fined \$1,500; Grismer placed on probation for 2 years, and Allen was sentenced to 18 months. Appeal by Allen, pending.
Baker, Henry L.-----	1	Southern District of California.	Mar. 25, 1939	Sec. 17 (a) (1) and (3) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant not apprehended. Pending.
Baldwin, George E. (Secure Oil Co.).	1	Northern District of Illinois.	Dec. 19, 1949	Sec. 17 (a) of 1933 act; sec. 338 (now sec. 1341) title 18, U. S. C.	Defendant entered plea of not guilty. Awaiting trial.
Baldwin, William Ray-----	1	District of Delaware.	Apr. 27, 1950	do-----	Defendant pleaded nolo contendere to three 17 (a) counts and not guilty to all other counts. Sentence was suspended and he was placed on probation for 2 years.
Bank, Harry W. (Cosmo Records, Inc.).	9	Southern district of New York.	Dec. 6, 1948	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Seven defendants pleaded not guilty and were released on bond. Two remaining defendants, Cosmo Records, Inc. and E. F. Gillespie & Co., Inc., have not entered a plea. Pending.
Bauer, Kenneth Leo-----	3	District of New Jersey.	Mar. 24, 1948	Sec. 17 (a) (1) of 1933 act-----	Bauer pleaded guilty on Apr. 12, 1948, and was sentenced to 1 year and 1 day imprisonment. Dawes pleaded guilty on Feb. 2, 1949, and was sentenced to 15 years imprisonment. Indictment dismissed as to Del Tufo, remaining defendant, because of death.
Broadley, Albert E. (Hudson Securities).	5	Western District of New York.	July 17, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341), and 88 (now Sec. 371), title 18, U. S. C.	Defendants not apprehended. Pending.
Bronson, Edmond B. (Bagdad Copper Corp.).	8	Southern District of New York.	Mar. 8, 1939	do-----	5 defendants previously convicted and 1 acquitted. Case dismissed as to Hart and nolle prossed as to Thomas the remaining defendant.
Brown, Stanley-----	1	District of Columbia.	Oct. 3, 1949	Sec. 17 (a) of 1933 act; larceny after trust "22-2203 D. C. code" embezzlement "22-1202 D. C. code."	Defendant pleaded guilty to 17 (a) count, remaining counts were dismissed. Sentenced to 1 to 5 years imprisonment; execution of sentence was suspended and defendant was placed on probation provided he made restitution and did not reenter the securities business.

Burch, Robert L. (Ellenburger Exploration Enterprises, Inc.).	4	Northern District of Texas.	Feb. 14, 1950	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendants, Burch, Huff, and Martin entered pleas of nolo contendere. Defendant corporation entered plea of not guilty and was dismissed on motion of the Government. Burch and Huff were sentenced to 13 months and fined \$500 each; sentences suspended and placed on probation for 1 year. Martin fined \$500 which was suspended and placed on probation for 1 year.
Cactus Oil Co., Inc.-----	3	District of Delaware..	Jan. 21, 1948	Secs. 5 (a) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendants Husson and Anderson withdrew their pleas of not guilty and pleaded guilty. Husson pleaded guilty to 1 sec. 17 (a) (1) count and 1 mail fraud count, and Anderson to all counts. Both defendants placed on probation for 1 year. Indictment dismissed as to Cactus Oil Co., Inc.
Carter, Philip M. (American Acoustics, Inc.).	2	Southern District of New York.	Apr. 14, 1949	Sec. 17 (a) of the 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Pending.
Davies, James R., Sr. (Toney Carprilli Mine).	2	District of Idaho.....	June 16, 1950	Secs. 5 (a) and 17 (a) of 1933 act; secs. 1341, and 371 (1948 ed.), title 18, U. S. C.	Defendants have been arrested and both have posted a \$5,000 bond. Pending.
Davis, Alvis Ray.....	1	Western District of Missouri.	Feb. 10, 1950	Sec. 10 (b) and Rule X-10B-5 of 1934 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant pleaded guilty and was sentenced to 18 months on each count, sentences to run concurrently.
DePalma, Albert Edward (A. E. DePalma & Co.).	1	Northern District of Ohio.	June 11, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	DePalma apprehended Dec. 17, 1947, and released on \$40,000 bond, pending his arraignment on Jan. 26, 1948, in the United States District Court in Cleveland, Ohio. The defendant's bail was forfeited, when he failed to appear in court on that date and he is presently a fugitive. Pending.
Elliott, N. James.....	1	Southern District of New York.	Sept. 29, 1948	Sec. 17 (a) (1) and (2) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant not apprehended. Pending.
Finch, Galen B. (Finch Oil Co.)..	1	Southern District of California.	Apr. 13, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant withdrew his plea of not guilty and pleaded guilty to two 17 (a) (1) counts of the indictment. He was sentenced to 2½ years on 1 count and granted probation on other count. Remaining counts were dismissed.
Hawley, Edwin.....	1	District of Arizona.....	Nov. 10, 1949	Sec. 17 (a) (3) of 1933 act and sec. 32 (a) of 1934 act.	Pending.
Hancock, William A.....	1	Southern District of New York.	Apr. 27, 1949	Sec. 10 (b), rule X-10B-5 of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant pleaded guilty and was sentenced to 1 year and 1 day on count 1; 1 year and 1 day on each of the remaining 9 counts, sentences to run concurrently. Execution of sentence on counts 2 through 9 suspended and placed on probation for 6 months, running from completion of sentence on count 1.
Haynes, Melvan D. (Benner Owens & Co.).	7	Eastern District of Michigan.	Oct. 19, 1936	Secs. 17 (a) (1) and (2) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	5 defendants have been previously convicted. Indictment nolle prossed as to Brooks on Nov. 29, 1946. Indictment dismissed as to Fraino the remaining defendant, on motion of U. S. attorney.
Herald, Otto F. (Fiscal Service Corp.).	1	Northern District of Illinois.	July 29, 1949	Secs. 10 (b), 15 (a) and rule X-10B-5 of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Herald withdrew not guilty plea and pleaded <i>nolo contendere</i> to all counts except 1, 3, 5, and 8 which were dismissed. He was sentenced to 5 years on mail fraud counts and 2 years on the 1934 act counts, sentences to run concurrently.

TABLE 23.—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 1950 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Herck, John	6	Eastern District of Michigan.	July 30, 1942	Sec. 17 (a) (1) of 1933 act; secs 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	Herck entered plea of not guilty. Remaining defendants are fugitives. Pending as to all defendants.
Do.....	1	do.....	do.....	Sec. 15 (a) of 1934 act.....	
Do.....	5	do.....	do.....	Sec. 5 (a) (1) and (2) of 1933 act; sec. 88 (now sec. 371), title 18, U. S. C.	
Hildebrand, Glen Jerome (Hildebrand-Osborne & Co.).	3	Southern District of Illinois.	June 9, 1945	Secs. 15 (c) (1), 8 (c) and 17 (a) of 1934 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	Hildebrand entered a plea of guilty and on Mar. 19, 1946 was placed on 5 years' probation, on the condition that restitution be made in the amount of \$3,000. Frank was found guilty on June 21, 1948, and placed on probation for 5 years and ordered to make restitution in the amount of \$1,600. Case pending as to the remaining defendant, Hildebrand-Osborne & Co.
Knowles, Noel H. (LaSalle Yellowknife Mines, Ltd.).	3	Eastern District of New York.	Oct. 1, 1946	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Knowles pleaded not guilty on June 21, 1948, and released on \$25,000 bail. Knowles bond forfeited Nov. 1, 1948. Case dismissed as to Newson on Mar. 15, 1949. Pending.
Lodge, Alfred L.....	4	Western District of Oklahoma.	Apr. 25, 1950	do.....	Case transferred from Western District of Oklahoma to District of Massachusetts, where defendant, Lodge, entered a plea of guilty. On July 26, 1950, after the close of the fiscal year, defendant, Lodge, was sentenced to 3 months' imprisonment on one 17 (a) (1) count and placed on probation for 3 years on all other counts, subject to condition that he not engage in any form of the securities business. Pleas of guilty were entered also on behalf of the 3 corporate defendants and they were each fined \$1 on all counts.
Low, Harry (Trenton Valley Distillers Corp.).	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Case pending as to Low and Hardie, who are fugitives.
Luck, Eugene F. (Southeastern Securities Corp.).	1	Southern District of Florida.	Sept. 28, 1949	Sec. 10 (b) and rule X-10B-5 of 1934 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant entered a plea of not guilty. Awaiting trial.
March, Frederick F.....	1	Northern District of Illinois.	June 30, 1950	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant apprehended and posted a bond of \$2,000. Pending.
May, Herbert R. (Washington Chemical & Salt Co., et al.).	2	Western District of Washington.	Aug. 26, 1948	Secs. 5 (a) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	May was acquitted by jury on 8 counts. Jury was unable to agree on remaining count (sec. 5 (a) of 1933 act) and this count was dismissed by United States attorney. Daly was permitted to withdraw his previous plea of <i>nolo contendere</i> and entered a plea of not guilty. On motion of the Government, the charges against Daly were dismissed.

May, Jim.....	1	Southern District of Texas.	May 9, 1950	Secs. 5 (a) (1) and 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	May arrested and released on \$1,000 bond. Pend
E. M. McLean & Co. (Devon Gold Mines, Ltd.)	2	Eastern District of Michigan.	Oct. 21, 1941	Sec. 15 (a) of 1934 act.....	Case pending as to first indictment. Kaufman and Niditch were convicted after trial on second and third indictments. Kaufman's conviction affirmed on appeal by CA-6 on July 14, 1947. Certiorari denied Mar. 15, 1948. Kaufman's sentence reduced from 7 years and \$1,000 fine to 2 years on May 10, 1948. Lewis pleaded guilty to 1 count in the second and third indictments and was fined. Pending as to 9 persons and firms, remaining defendants on the second and third indictments.
Do.....	7	do.....	do.....	Secs. 5 (a) (1) and (2) of 1933 act; sec. 88 (now sec. 371), title 18, U. S. C.	
Do.....	12	do.....	do.....	Sec. 17 (a) (1) and (2) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	
Mills, Homer C. (Dutch Oven Mining Co.)	1	Northern District of Illinois	Nov. 2, 1949	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 Ed.).	Defendant entered a plea of not guilty and bond set at \$10,000. Pending.
Moore, Lloyd T. (Fitsum Mining Co.)	3	District of Montana...	June 18, 1943	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	Indictment dismissed as to Collier and Treicher on Mar. 23, 1946. Pending as to Moore, who has not been apprehended.
Muchow, William M. (Flossy Dental Corp.)	2	Northern District of Illinois.	Dec. 2, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	On June 2, 1950, the jury found Muchow guilty as to one 17 (a) (1) count, and not guilty to remaining counts; also found Hart not guilty on all counts. On June 22, 1950, Judge LaBuy set aside the verdict of guilty on count 1 and directed a verdict of acquittal as to Muchow.
Nemec, F. E. (Ronaele Engineering Co., Ltd.)	7	Eastern District of Washington.	Jan. 19, 1948	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371) title 18, U. S. C.	All defendants arraigned and pleaded not guilty. Rector withdrew his not guilty plea and pleaded guilty to conspiracy count at opening of trial. Nemec and Dawson were found guilty of Securities Act, mail fraud, and conspiracy violations. Richardson and Clarke convicted on the conspiracy count. Carpenter and Schwartz the remaining defendants in the conspiracy count were acquitted. The following sentences were imposed: Nemec, total of 4 years imprisonment; Dawson, 18 months concurrent sentence; Rector 3-year sentence suspended and placed on probation; Clarke, 3 months imprisonment; Richardson, 3 years probation and fined \$1,000. Notice of appeals filed by Richardson, Clarke, Dawson, and Nemec. Appeals of Clarke and Richardson were not prosecuted. Clarke's sentence was reduced to 2 months. Convictions of F. E. Nemec and Dawson affirmed by CA-9. Petition for writ of certiorari denied.
Norwood, Doak.....	1	Northern District of Illinois.	Dec. 2, 1949	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 Ed.).	Defendant pleaded not guilty. Awaiting trial.
Poynter, Aubrey M.....	1	District of Louisiana...	Apr. 23, 1947	Sec. 17 of 1933 act; sec. 338, title 18, U. S. C. (now sec. 1341).	Defendant, Poynter, pleaded guilty to 1 mail fraud count of the second indictment, remaining counts were nolle prossed. Poynter sentenced to 2 years imprisonment. First and second indictment dismissed as to remaining defendants.
Do.....	6	do.....	do.....	do.....	
Rubinstein, Serge.....	2	Southern District of New York.	Dec. 16, 1948	Secs. 5 (a) (1) and 17 (a) of 1933 act; sec. 9 (a) (4) of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Rubinstein pleaded not guilty and released on \$50,000 bond. Bliss pleaded not guilty and released on \$5,000 bond. Pending.

TABLE 23.—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 1950 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Rubinstein, Serge.....	2	Southern District of New York.	Feb. 7, 1949	Sec. 88 (now sec. 371), title 18, U. S. C.	
Schumpert, Paul A. (National Loan Guaranty Co., Inc.).	1	Middle District of Tennessee.	Jan. 26, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Schumpert and Lansford withdrew their previous pleas of not guilty. Schumpert pleaded guilty to 6 counts of the first indictment and 2 counts of the second indictment and was sentenced to 22 years and fined \$10,000. Lansford pleaded guilty to 2 counts of the second indictment and was sentenced to a 2-year prison term. Remaining counts dismissed as to both defendants. Remaining defendant in second indictment, Morris, acquitted by the court. Pending as to all defendants in last indictment.
Do.....	3	do.....	Feb. 25, 1949	Secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	
Do.....	6	do.....	Aug. 17, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	
Schumpert, Paul A. (National Acceptance Corp.).	3	Southern District of Mississippi.	June 8, 1949	do.....	All defendants apprehended and released on bail. Pending.
Smith, Raymond P.....	1	District of Columbia..	July 5, 1949	D. C. code "22-1301".....	Indictment dismissed against Smith on motion of U. S. attorney.
Snyder, William A. (Southern Potash Co.)..	2	District of Colorado...	Sept. 16, 1949	Secs. 5 (a) (2) and 17 (a) of 1933 act; secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.	Snyder and Druessedow pleaded <i>nolo contendere</i> to all counts except 3 and 6 which were dismissed, Druessedow having withdrawn previous plea of not guilty. Defendants received a concurrent sentence of 1 year and 1 day imprisonment and were each fined a total of \$7,000. Execution of the prison sentences subsequently was suspended because of the physical condition of the defendants.
Starling, Louis A. (R. L. Swain Tobacco Co., Inc.).	2	Western District of Virginia.	Oct. 24, 1949	Sec. 17 (a) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendants withdrew their pleas of not guilty and pleaded <i>nolo contendere</i> to the information. Each was sentenced to pay a fine of \$3,000 and placed on probation for 3 years.
Steensland, Ingwald S. (Canadian-American, Inc., et al.).	1	District of Minnesota.	Sept. 9, 1949	do.....	Steensland pleaded guilty to 1 mail fraud and one 17 (a) count, remaining counts dismissed. Sentenced to 5 years' probation.
Stogsdill, Walter (Little Beaver Mining Co.).	1	Northern District of Oklahoma.	Sept. 22, 1949	Secs. 5 (a) (1), 17 (a) of 1933 act.	Defendant pleaded <i>nolo contendere</i> to sec. 5 (a) (1) count, and other counts were dismissed. Sentenced to 1 year and 1 day.
Tucker, Preston T., Sr. (Tucker Corp.).	8	Northern District of Illinois.	June 10, 1949	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	All defendants were found not guilty on all counts.
Waddy, David S. (D. S. Waddy & Co.).	1	Western District of Arkansas.	Aug. 26, 1949	Sec. 17 (a) of 1933 act; secs. 10 (b), 17 (a), 32 (a) and rules X-10B-5 and X-17A-3 of 1934 act.	Waddy pleaded guilty to all counts of the information. Sentence was deferred and defendant placed on probation for 3 years.
White, Jack R.....	1	District of Nebraska..	Mar. 24, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Indictment dismissed without prejudice to reindictment because of improper impaneling of grand jury.
Wimer, Nye A. (Tennessee Schuykill Corp.).	1	District of New Jersey.	Aug. 3, 1948	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act; Secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Pending.

TABLE 24.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1950

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Associated Electric Co.....	Third.....	Dec. 10, 1948	Order of Oct. 15, 1948, requiring payments to be made out of the escrow fund to Pennsylvania Edison Co. preferred stockholders. Pennsylvania Edison Co. preferred stockholders committee granted leave to intervene. Order affirmed Aug. 31, 1949. Closed.
Israel Beckhardt (Electric Bond & Share Co.). Halsted, J. Donald.....	Second.....	Mar. 26, 1948	Order of Feb. 27, 1948, awarding \$2,000 to Israel Beckhardt, petitioner, for services. Petition for review dismissed Nov. 9, 1949, pursuant to stipulation. Closed.
Hughes, Arleen W., d/b/a E. W. Hughes & Co.	Court of Appeals for the District of Columbia.	May 23, 1949	Order of Mar. 31, 1949, denying effectiveness to posteffective amendment respecting a proposed solicitation of voluntary contributions of funds from holders of common stock of Long Island Lighting Co. Opinion Apr. 24, 1950, affirming order of Commission. Pending.
M. Victor Leventritt.....	do.....	Apr. 29, 1948	Order of Apr. 1, 1948, revoking the registration of E. W. Hughes & Co. as a broker and dealer under sec. 15 (b) of the 1934 act. Order affirmed May 9, 1949. Petition for rehearing denied July 8, 1949. Closed.
Norris & Hirschberg, Inc.....	Second.....	Sept. 12, 1949	Order of Aug. 25, 1949, approving second amended plan of Niagara Hudson Power Co. Petition for review dismissed Dec. 24, 1949, for lack of jurisdiction. Closed.
Randolph Phillips.....	Court of Appeals for the District of Columbia.	Apr. 29, 1946	Order revoking broker-dealer registration for violation of antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Application to the Court of Appeals for a writ of certiorari directed to the Commission to secure the completion and perfection of the record filed June 23, 1946. Order entered remanding record to Commission Feb. 17, 1947. New transcript filed Sept. 23, 1947. Motion by petitioners for judgment on the record filed Oct. 6, 1947. Denied Nov. 19, 1947. Motion for rehearing filed Dec. 4, 1947. Denied Jan. 5, 1948. Petition for writ of certiorari filed in Supreme Court. Denied Apr. 5, 1948. Argument on the merits heard in Court of Appeals June 11, 1948. Commission order affirmed Sept. 6, 1949. Closed.
Do.....	Second.....	Nov. 10, 1949	Order of Oct. 20, 1949, approving a plan for distribution by the United Corp. of 1 share of common stock of the Niagara Hudson Power Corp. for every 10 shares of common stock of the United Corp. Petition for review withdrawn Nov. 10, 1949. Closed.
Do.....	Court of Appeals for the District of Columbia.	Nov. 14, 1949	Order of Oct. 20, 1949, approving a plan for distribution by the United Corp. of 1 share of common stock of the Niagara Hudson Power Corp. for every 10 shares of common stock of the United Corp. Leave to intervene granted the United Corp. Pending.
Do.....	do.....	Apr. 10, 1950	Order of Feb. 9, 1950, approving an application authorizing the exchange by the United Corp. of shares of stock of Niagara Hudson Power Corp. for Niagara Mohawk Power Corp. Leave to intervene granted the United Corp. Pending.
Protective Committee for Class A Stockholders of International Hydro-Electric System.	Second.....	Feb. 3, 1950	Order of Dec. 6, 1949, approving part II of trustee's second plan and denying application of Paul H. Todd for modification of Commission's liquidation and dissolution order of July 21, 1942. Pending.

TABLE 24.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1950—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Standard Gas & Electric Co.; Philadelphia Co. and certain of its subsidiaries.	Court of Appeals for the District of Columbia.	July 26, 1948	The Commission issued orders of June 1, 1948, and June 30, 1948. The first order directed pursuant to sec. 11 (b) (1) of the 1935 act that Philadelphia Co. dispose of its direct and indirect interests in its natural gas and transportation properties, and directed further pursuant to sec. 11 (b) (2) that Philadelphia Co. be liquidated and dissolved. The second order denied petitions for rehearing and for leave to adduce additional testimony. Petitions for review were filed by Philadelphia Co. and certain of its subsidiaries and by Standard Gas & Electric Co., the corporate parent of Philadelphia Co. By order of the Court of Appeals dated Oct. 28, 1948, both review proceedings were consolidated. Order of Commission approved Oct. 19, 1949. Issuance of judgment and opinion stayed until Dec. 15, 1949. Closed.
Southeastern Securities Corp.	Fifth	Aug. 29, 1949	Order of June 30, 1949, revoking petitioners' registration as a broker and dealer under sec. 15 (b) of the 1934 act. Petition for review dismissed Mar. 29, 1950. Closed.

TABLE 25.—Contempt proceedings pending during the fiscal year ended June 30, 1950

PART 1.—CIVIL CONTEMPT PROCEEDINGS

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

PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

Nelson, James	1	Southern District of California.	Aug. 2, 1949	Defendant withdrew plea of not guilty and pleaded <i>nolo contendere</i> . He received a suspended sentence and was placed on probation for 5 years.
Kirby, Josiah Marshall	1	Northern District of Ohio.	Apr. 3, 1950	Trial set for Sept. 18, 1950.

TABLE 26.—Cases in which the Commission participated as intervenor or as *amicus curiae*, pending during the fiscal year ended June 30, 1950

Name of case	Court	Date of entry	Nature and status of case
<i>Acker v. Schulte</i>	U. S. District Court (Southern District of New York).	Mar. 8, 1947.....	Actions brought Feb. 6, 1945, by individual stockholders for damages resulting from alleged violations of secs. 9 and 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. Defendants seek to require plaintiffs to file undertaking for costs including counsel fees basing their claim for security on a provision of sec. 9 (e) of the act. On Mar. 8, 1947, the Commission filed a memorandum as <i>amicus curiae</i> contending that plaintiffs cannot be required to furnish an undertaking for costs in a suit under sec. 10 (b), and as to sec. 9 (e) that the provision therein for an undertaking for costs should not be so construed as in effect to nullify opportunity for relief where claim has merit and is filed in good faith. Defendants' motion for security for costs denied May 26, 1947. Closed.
<i>Arbetman v. Playford and Alaska Airlines, Inc.</i>	do.....	June 24, 1949.....	Action brought under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits alleged to have been realized from the purchase and sale within 6 months of common stock of Alaska Airlines, Inc. Pursuant to stipulation dated June 30, 1949, judgment was entered in the amount of \$2,916.31 against defendant Playford, and the complaint dismissed in all other respects. Closed.
<i>Arcidia, et al., v. Fusaro, et al.</i>	do.....	Brief not filed.....	Complaint filed demanding judgments against defendants of certain specified amounts, and charging violations of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940. Closed.
<i>Auburn Savings Bank v. Portland, R. R. Co.</i>	Supreme Judicial Court of Maine.	June 25, 1945.....	Stockholders' suit filed Feb. 3, 1945, collaterally attacked a Dec. 19, 1944, order of Commission under sec. 11 (e) of the Public Utility Holding Company Act of 1935, approving plan for liquidation and dissolution of defendant, a statutory subsidiary of Central Maine Power Co. On June 25, 1945, Commission filed brief as <i>amicus curiae</i> noting subsequent filing (on Feb. 16, 1945) of petition for review of Commission's order in CA-1, and taking position that, under the act, a State court lacks jurisdiction to enjoin or set aside transactions involved, or to issue decree inconsistent with Commission's order. Judgment was rendered for plaintiff in a comparatively small amount and plaintiff appealed. On Feb. 28, 1949, the Supreme Judicial Court of Maine remanded the case for the entry of a decree dismissing the bill. Petition for writ of certiorari denied Oct. 29, 1949. Petition for rehearing denied Nov. 14, 1949. Closed.

TABLE 26.—Cases in which the Commission participated as intervenor or as *amicus curiae*, pending during the fiscal year ended June 30, 1950—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Austrian and Butcher as Trustees of Central States Electric Corp. v. Harrison Williams.</i>	U. S. District Court (Southern District of New York).	Nov. 8, 1945; Nov. 4, 1946; Apr. 10, 1947; Nov. 5, 1947.	Trustees of debtor Central States Electric Corp., appointed by district court in Virginia pursuant to ch. X of the Bankruptcy Act, brought suit in New York Federal court to recover from defendants who, as officers, directors, controlling stockholder of debtor, and in other capacities, had allegedly defrauded and otherwise wronged the corporation. Action was instituted following investigation by trustees under Bankruptcy Act and pursuant to order of ch. X court. No allegation of diversity of citizenship or reliance thereon to establish jurisdiction. Defendants moved to dismiss on grounds that (1) Federal court in New York lacked jurisdiction and (2) cause of action was barred by New York State statute of limitations. Commission filed memoranda as <i>amicus curiae</i> in opposition to defendant's motions for dismissal and summary judgment taking position that jurisdiction was conferred upon court by Bankruptcy Act and sec. 24 (1) of Judicial Code, that State statute of limitations was not applicable, and that such action is not barred until after discovery of causes of action which have been fraudulently concealed by defendants. District court dismissed complaint, holding that it had no jurisdiction. As to statute of limitations, court stated it would have denied motion on this ground because issues of fact would have to be determined before legal questions could be decided. Notice of appeal by trustees to CA-2 filed June 10, 1946. Brief filed by Commission as <i>amicus curiae</i> Nov. 4, 1946. Opinion rendered Dec. 10, 1946, reversing district court and holding that trustees have right to bring suit in Federal court on a jurisdiction found in the Bankruptcy Act. Petition for writ of <i>certiorari</i> filed Jan. 4, 1947, and granted Feb. 10, 1947. Commission filed brief as <i>amicus curiae</i> Apr. 10, 1947. On June 16, 1947, the Supreme Court affirmed the court of appeals decision. On Nov. 5, 1947, Commission filed brief as <i>amicus curiae</i> in opposition to defendant's second motion for dismissal. On July 8, 1948, the district court denied defendant's motion, without prejudice to renewal before trial judge. Closed.
<i>Cloughton v. Missouri-Kansas-Texas Railroad Co.</i>	U. S. District Court (Southern District of Florida).	Action instituted Apr. 4, 1946, but no brief filed. SEC listed as party defendant.	Action for a declaratory judgment to determine the liability of an insider pursuant to sec. 16 (b) of the Securities Exchange Act of 1934. Notice of dismissal. Closed.
<i>Colby v. Klune</i> -----	U. S. Court of Appeals (Second Circuit).	Oct. 31, 1949-----	Appeal from a summary judgment involving a construction of sec. 16 of the Securities Exchange Act of 1934. Commission filed brief as <i>amicus curiae</i> holding that failure by the Commission to take action requiring the filing of reports specified in sec. 16 (a) should not be construed as an administrative determination that defendant is not an "officer" within the meaning of sec. 16 (a). Opinion rendered Dec. 27, 1949, reversing and remanding the proceeding to the district court. Closed.
<i>Dederick, suing on behalf of himself and all other stockholders of North American Light & Power Co. v. The North American Co. and North American Light & Power Co.</i>	U. S. District Court (Southern District of New York).	Aug. 8, 1942-----	Derivative suit instituted in October 1941 to have the North American Co. declared agent and trustee of its subsidiary, Light & Power, in the acquisition by former of debentures and preferred stock of its subsidiary at prices below principal amount and liquidation value; to compel parent to sell and subsidiary to reacquire stock at their cost price to parent; and for an accounting.

<i>Finn v. Empire Trust Co. (Childs Co., In re).</i>	do	June 15, 1950	Light & Power moved for dismissal of action. Commission filed brief as <i>amicus curiae</i> (in support of dismissal) to show that Commission has primary jurisdiction to hear and determine the issues, and why court should not take jurisdiction thereof. On Mar. 3, 1940, the Commission had instituted proceedings under sec. 11 (b) (1) of the Public Utility Holding Company Act of 1935 with respect to North American and subsidiaries, including Light & Power. On Dec. 2, 1941, the Commission had instituted proceedings under sec. 11 (b) (2) of the act with respect to Light & Power. On Dec. 30, 1941, the Commission ordered winding up of Light & Power. Action stayed pending determination of proceedings before the Commission. Plan approved and affirmed November 1948 and February 1950. Closed.
<i>Grand Lodge of International Association of Machinists v. Robert T. Highfield, et al.</i>	U. S. District Court (District of Columbia).	December 1948	Motion by 1 of the director defendants to assess his attorneys' fees and disbursements against Childs Co. The Commission orally stated its views that the matter was exclusively within the jurisdiction of the ch. X court and also that it supported the trustee's position that application of these provisions of the New York corporation law to a trustee's action is an undue interference with the Bankruptcy Act. Argument had and decision reserved. Pending.
<i>Gratz v. Claughton</i>	U. S. District Court (Southern District of New York).	May 20, 1946	Defendants' motion to dismiss count III of the complaint, which count is predicated upon a violation of the Commission's rule X-10B-5 under the Securities Exchange Act of 1934, raises the question whether that rule may validly be applied to transactions in an unregistered security not effected with or through the medium of a broker-dealer. Commission filed brief as <i>amicus curiae</i> answering the question affirmatively. On Jan. 24, 1949, the court entered an order overruling defendants' motion to dismiss count III of complaint. Closed.
<i>Grossman and Temin (L. A. Young Spring and Wire Corp.) v. Young</i>	do	Aug. 26, 1946	Suit under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. Defendant moved to dismiss for improper venue. Commission filed a memorandum in support of venue as laid. On April 2, 1947, court denied motion to dismiss. On June 15, 1948, defendant filed an application for approval by the special master of a proposal for settlement and disposition of action. The Commission filed an answer June 21, 1948. Special master's report filed May 25, 1949. Judgment entered Nov. 18, 1949, confirming the master's report. Closed.
<i>R. Hoe & Co. v. McCune, et al.</i>	do	October 1949	Suit under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. The district court denied defendant's motion to dismiss, made on the ground that venue was improperly laid and that the court lacked jurisdiction. Defendant then moved to dismiss on the grounds that the statute of limitation barred the action and that the corporation had not been given the opportunity to institute the suit. This motion to dismiss was denied July 3, 1947. Closed.
			Suit under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in the equity securities of the plaintiff. Thereafter plaintiff applied to the court for an order approving settlement and compromise of the action. The Commission, which was served with a copy of the order to show cause why the action should not be settled, appeared as <i>amicus curiae</i> and argued that the court should not pass upon the merits of the settlement in any manner which would prejudice the right of action of security holders of the plaintiff under sec. 16 (b) to sue the defendants on behalf of the corporation. Order entered Nov. 22, 1949, denying approval of settlement, without prejudice. Closed.

TABLE 26.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1950—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Kardon v. National Gypsum Co.</i> -----	U. S. District Court (Eastern District of Pennsylvania).	Oct. 22, 1946.-----	Private action founded on alleged violations of sec. 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. The Commission filed as amicus curiae taking the position that such action for damages resulting from a violation of sec. 10 (b) and rule X-10B-5 is maintainable by application of the general common law rule and under the express provisions of sec. 29 (b) of the act. Motions to dismiss denied Dec. 2, 1946. Argument set for July 15, 1947. On Sept. 9, 1947, a decree was entered directing defendants to produce all records covering the transactions under question, and appointing a special master. On Jan. 2, 1948, an order was entered directing defendants to file an account in debit and credit form and to afford plaintiffs opportunity to inspect the books and records. Closed.
<i>Kogan v. Arthur D. Schulte, et al.</i> -----	U. S. District Court (Southern District of New York).	No brief filed.-----	Suit brought May 15, 1945, under sec. 16 (b) of the Securities Exchange Act of 1934 in behalf of Park & Tilford, Inc., to recover profits realized from short-term trading in securities by insiders. Notice of motion for summary judgment filed by Kogan on Oct. 16, 1945. Motion submitted Oct. 30, 1945, by plaintiff in opposition to motion to dismiss. Decision reserved. In view of recovery on same claim in <i>Park & Tilford, Inc., v. Schulte, et al.</i> , as trustees, this case is now moot. Petition filed June 18, 1946, by counsel for plaintiff for allowance of counsel fees and expenses. Allowance made on June 18, 1948. Closed.
<i>Jones v. Market Street Ry. Co.</i> -----	U. S. District Court (Northern District of California).	May 2, 1950 (motion to intervene).	Jones obtained a temporary injunction restraining the directors of Market Street from taking any action upon or reconsideration of a resolution of the board of directors of Market Street with respect to a further amendment of a plan of reorganization pending before the Securities and Exchange Commission until after a decision in respect to an order to show cause why a receiver or trustee in liquidation should not be appointed, and why Market Street or its representatives should not be permanently enjoined from interfering either directly or indirectly with the action pending in the District Court of New Jersey in which Charles T. Jones, et al, were suing Standard Power & Light Corp. on behalf of the stockholders of Market Street Ry. The Commission intervened and an order was issued by the U. S. District Court, Northern District of California, dissolving the restraining order and enjoining Market Street from releasing Standard Power in connection with any liability owing to Market Street until that court had entered an order for the enforcement of the amended plan of reorganization pursuant to sec. 11 (e) of the Public Utilities Holding Company Act of 1935 filed by Market Street Ry. Co. Closed.
<i>Kogan v. David A. Schulte.</i> -----	U. S. District Court (Southern District of New York).	March 1945; Apr. 16, 1945..	Suit instituted Sept. 12, 1944, under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. On Mar. 14, 1945, plaintiff moved for partial summary judgment for profit realized on sale of common stock acquired on option to convert shares of preferred stock. Commission filed briefs as amicus curiae on proper construction of sec. 16 (b). District court, although denying motion for partial summary judgment due to difficulty of determining recoverable profit on available evidence, held that exercise of conversion option was a nonempt "purchase"

<i>Manufacturers Trust Co. v. Becker et al.</i> (<i>Calton Crescent, Inc.</i>)	U. S. Court of Appeals (Second Circuit).	Nov. 19, 1948; May 23, 1949.	and that such construction did not render statutory provision unconstitutional. Petition filed June 18, 1947, by counsel for plaintiff for allowance of counsel fees. Allowance made on June 18, 1948. Closed. Appeal from district court order of July 21, 1948, which affirmed an order of the referee in bankruptcy dismissing the objections of appellant to the allowance in full of claims of appellees. Objections were based upon alleged breach of fiduciary duties by appellees in acquisition of claims against insolvent corporation. Commission filed brief as <i>amicus curiae</i> in support of objections. Order of district court affirmed Mar. 3, 1949. Petition for writ of <i>certiorari</i> filed Apr. 20, 1949. Commission filed brief in support of petition as <i>amicus curiae</i> May 23, 1949. Petition granted June 6, 1949. The Supreme Court rendered its opinion Nov. 21, 1949, affirming the Court of Appeals decision. Closed.
<i>Miller, et al. v. Hano, et al.</i> -----	U. S. District Court (Eastern Division of Pennsylvania).	June 7, 1948	Action instituted pursuant to the Securities Act of 1933. Commission filed brief as <i>amicus curiae</i> June 7, 1948 in support of contention in plaintiffs' brief that accountants and every other person specified in sec. 11 (a) of the act who participates in the preparation of the registration statement, "participates" in the sale of securities offered on the basis of the registration statement within the meaning of the venue provision of sec. 22 (a). Evidence presented by plaintiffs in an affidavit indicated that the accountants did in fact participate; therefore it was unnecessary to decide the validity of this contention. Motion to require bond for costs filed Oct. 29 1948. Order entered Nov. 31, 1948 denied motion. Closed. Appeals were taken from two orders of Judge Letts, one enjoining the Commission and one enjoining the N. A. S. D. from proceeding against the defendants pending the outcome of a case then before Judge Morris. When those orders were entered, the Commission filed an appeal from both orders. The N. A. S. D. appealed from the order relating to it. Motion to intervene was filed by the Commission in the appeal taken by the N. A. S. D. for the purpose of asking the court for permission to file a brief answer stating it had appealed from the same order and that the orders were similar. This motion was denied Feb. 21, 1950 at the time the appeal was dismissed. Closed. Petition for writ of <i>certiorari</i> filed Apr. 28, 1950 to review order of CA-2 entered Mar. 7, 1950 modifying an allowance awarded defendant. Petition in opposition submitted by defendant. Memorandum in support of petition submitted on behalf of the Reconstruction Finance Corporation as intervenor, and the Commission, as <i>amicus curiae</i> , concerning whether in a corporate reorganization an attorney who represents conflicting interests is barred from receiving any fee from the estate, no matter how successful his labors. Pending.
<i>National Association of Securities Dealers, Inc. v. Marvin C. Harrison, Allan Hull, Cyrus S. Eaton, and Otis & Co.</i>	U. S. Court of Appeals (District of Columbia).	Dec. 22, 1948 (motion to intervene).	Action instituted Nov. 5, 1948, seeking an injunction prohibiting defendants' solicitation of the holders of common stock for authorizations to represent them in a pending proceeding, alleging that such solicitation would constitute a violation of sec. 11 (g) of the Public Utility Holding Company Act of 1935. Commission moved for leave to intervene as a defendant. Intervention granted. Plaintiff moved for summary judgment and Commission and defendants cross-moved for a summary judgment dismissing complaint for failure to state cause of action. Order entered Jan. 7, 1949, denying plaintiff's motion and granting motions of Commission and defendants for summary judgment dismissing complaint. Appeal filed. Commission filed brief in opposition to the appeal. On June 23, 1949, CA-2 affirmed the district court's judgment. Closed.
<i>Prudence-Bonds Corp. v. Silbiger</i> -----	U. S. Supreme Court-----	June 8 1950	Appeals were taken from two orders of Judge Letts, one enjoining the Commission and one enjoining the N. A. S. D. from proceeding against the defendants pending the outcome of a case then before Judge Morris. When those orders were entered, the Commission filed an appeal from both orders. The N. A. S. D. appealed from the order relating to it. Motion to intervene was filed by the Commission in the appeal taken by the N. A. S. D. for the purpose of asking the court for permission to file a brief answer stating it had appealed from the same order and that the orders were similar. This motion was denied Feb. 21, 1950 at the time the appeal was dismissed. Closed. Petition for writ of <i>certiorari</i> filed Apr. 28, 1950 to review order of CA-2 entered Mar. 7, 1950 modifying an allowance awarded defendant. Petition in opposition submitted by defendant. Memorandum in support of petition submitted on behalf of the Reconstruction Finance Corporation as intervenor, and the Commission, as <i>amicus curiae</i> , concerning whether in a corporate reorganization an attorney who represents conflicting interests is barred from receiving any fee from the estate, no matter how successful his labors. Pending.
<i>North American Utility Securities Corp. v. Posen et al.</i>	U. S. District Court (Southern District of New York). U. S. Court of Appeals (Second Circuit).	Nov. 17, 1948 (motion to intervene granted and brief filed); March 1949 (brief filed).	Action instituted Nov. 5, 1948, seeking an injunction prohibiting defendants' solicitation of the holders of common stock for authorizations to represent them in a pending proceeding, alleging that such solicitation would constitute a violation of sec. 11 (g) of the Public Utility Holding Company Act of 1935. Commission moved for leave to intervene as a defendant. Intervention granted. Plaintiff moved for summary judgment and Commission and defendants cross-moved for a summary judgment dismissing complaint for failure to state cause of action. Order entered Jan. 7, 1949, denying plaintiff's motion and granting motions of Commission and defendants for summary judgment dismissing complaint. Appeal filed. Commission filed brief in opposition to the appeal. On June 23, 1949, CA-2 affirmed the district court's judgment. Closed.

TABLE 26.—Cases in which the Commission participated as intervenor or as *amicus curiae*, pending during the fiscal year ended June 30, 1950—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Park & Tilford, Inc. v. Arthur D. Schulte et al.</i>	U. S. District Court (Southern District of New York).	Oct. 5, 1945; Mar. 14, 1946; Oct. 14, 1946; Feb. 12, 1947; Aug. 5, 1947.	Suit brought Nov. 17, 1944, under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits realized from short-term trading in securities by an insider. The Commission, as <i>amicus curiae</i> , filed a brief taking the position that the acquisition of common stock by conversion of preferred is a "purchase" within meaning of act. The United States intervened in support of constitutionality of section. On Sept. 13, 1945, Marjorie D. Kogan, a minority stockholder, sought leave to intervene as party plaintiff, supported by Commission brief as <i>amicus curiae</i> . Intervention was denied on Oct. 23, 1945, and Kogan appealed. The trial court entered judgment for plaintiff on Jan. 31, 1946, from which defendant appealed. Kogan then sought leave in the Circuit Court of Appeals, Second Circuit, for leave to intervene, supported by Commission as <i>amicus curiae</i> . Leave was granted on Mar. 23, 1946, and the appeals by Kogan and defendant were consolidated. On Jan. 8, 1947, CA-2 reversed the order denying intervention to Kogan, vacated the judgment, and remanded the action to the district court for the entry of an increased judgment. Petition of defendants for rehearing filed Jan. 22, 1947, and denied Mar. 26, 1947. Petition for writ of <i>certiorari</i> filed in the Supreme Court June 21, 1947. Commission filed brief as <i>amicus curiae</i> Aug. 5, 1947, in opposition. <i>Certiorari</i> denied Oct. 13, 1947. Petition filed June 18, 1947, by counsel for plaintiff for allowance of counsel fees. Allowance made on June 18, 1948. Closed.
<i>Robinson, et al. v. Difford, et al.</i> -----	U. S. District Court (Eastern District of Pennsylvania).	Feb. 13, 1950-----	Private action founded on alleged violations of sec. 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. Motion filed by defendants to dismiss the complaint. The Commission filed as <i>amicus curiae</i> taking the positions (1) that the Securities Exchange Act of 1934 was sufficiently broad to cover the instant situation whether or not the security involved was listed on a stock exchange and whether or not the security was sold through a broker-dealer and (2) that rule X-10B-5 could afford the basis for a private lawsuit. Commission therefore requested that defendant's motion to dismiss should be denied. Pending.
<i>Slavin, et al. v. Germantown Fire Insurance Co., et al.</i>	U. S. District Court (Eastern District of Pennsylvania); U. S. Court of Appeals (Third Circuit).	Dec. 4, 1946; Apr. 3, 1948; June 23, 1948.	Shareholders' derivative action alleging fraud under rule X-10B-5 pursuant to the Securities Exchange Act of 1934. Motion to dismiss complaint denied Dec. 5, 1946. Final judgment dismissing complaint entered Nov. 12, 1947. On Apr. 1, 1949, CA-3 reversed judgment of district court and directed cause be remanded with direction to enter judgment for defendants. Closed.
<i>Speed, et al. v. Transamerica Corp.</i> -----	U. S. District Court (Delaware).	Feb. 19, 1947; Oct. 14, 1948; Jan. 14, 1949.	Class suit for damages alleging fraud both at common law and under rule X-10B-5 pursuant to the Securities Exchange Act of 1934. Complaint dismissed as to the common law count, but upheld as to counts under rule X-10B-5, May 9, 1947. Defendant's petition for rehearing denied, June 25, 1947. Trial on merits completed and case taken under advisement by court. Pending.
<i>Stella v. Henry J. Kaiser, et al.</i> -----	U. S. District Court (Southern District of New York).	July 24, 1948-----	Derivative suit instituted May 10, 1948, charging violations of various antifraud and antimanipulation provisions of the 1933 and 1934 acts, breach of the defendants' fiduciary obligations, and deliberate or negligent waste of corporate assets. The Commission filed brief as <i>amicus curiae</i> July 24, 1948,

<i>Taffet v. Menin</i> (Ansonia House, Inc., In re).	U. S. Court of Appeals (Second Circuit).	Brief not filed.....	discussing the issue of stabilization and other problems of statutory construction. On Aug. 2, 1948, the district court denied all motions made by defendants to dismiss the suit. On Dec. 2, 1948, defendants' motion for an order requiring plaintiff to give security for defendants' expenses incurred in connection with the defense of this suit, was denied without prejudice to a renewal thereof. Closed.
<i>Truncale v. Blumberg, et al.</i>	U. S. District Court (Southern District of New York).	Oct. 1, 1948.....	Appeal from order of July 12, 1949, which granted an interim allowance in corporate reorganization proceedings under chapter X of the Bankruptcy Act to the trustee of the debtor. Appellants contend that interim chapter X trustee fees may not be paid out of income from the debtor's mortgaged assets. Commission filed a motion for leave to file a brief as amicus curiae. Appeal withdrawn Mar. 3, 1950, on stipulation. Closed.
<i>Truncale, et al. v. Scully, et al.</i>	U. S. Court of Appeals	May 1, 1950.....	Action brought by a stockholder of Universal Pictures Co., Inc. pursuant to sec. 16 (b) of the Securities Exchange Act of 1934, to recover profits allegedly realized by certain officers and directors of the company. Commission took the view that the making of a gift to a charity did not result in a profit recoverable under sec. 16 (b). Motion of defendant Cowdin for summary judgment dismissing the complaint as to him was granted and plaintiff's cross-motion for summary judgment was denied by Judge Medina, Oct. 14, 1948. Opinion rendered Jan 31, 1950, in favor of defendants, and finding that no profits, within the meaning of sec. 16 (b), have been realized and no damages are recoverable. Closed. Appeal from a district court order dismissing action for failure to prove any damage. Commission took the position as amicus curiae that the court below did not err in ruling that the issuance of the warrants to defendants was a purchase but that no profit was realized by the sale and purchase involved. On June 23, 1950, the Court of Appeals affirmed the district court order. Closed.

TABLE 27.—Proceedings by the Commission, pending during the fiscal year ended June 30, 1950, to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Alhambra Gold Mine Corp.....	5	Southern District of California.....	Jan. 4, 1950	Sec. 22 (b) of 1933 act.....	Order Jan. 4, 1950, requiring defendants to appear and produce certain documentary evidence described in subpoena <i>duces tecum</i> . Records produced on Feb. 6, 1950. Dismissal entered Mar. 31, 1950. Closed.
Artemisa Mines, Ltd.....	2	Arizona.....	Apr. 8, 1943	do.....	Order May 18, 1943, required Artemisa Mines, Ltd., to appear before an officer of the Commission on June 28, 1943, and produce the records described in subpoena <i>duces tecum</i> . Court dismissed application to enforce subpoena <i>duces tecum</i> . Court dismissed application to enforce subpoena with respect to Minas de Artemisa, S. A., a foreign corporation for lack of jurisdiction on Sept. 19, 1944. June 26, 1945, CA-9 reversed the district court. Aug. 1, 1945, order entered requiring Minas de Artemisa, S. A., to respond to the subpoena. Pending. (See appendix table on civil contempt proceedings.)
Coeur d'Alene Consolidated Silverlead Mines, Inc.	2	Eastern District of Washington.....	Aug. 3, 1949	Sec. 22 (b), 1933 act.....	Order entered Sept. 2, 1949, dismissing action and vacating hearing, the defendants having produced required records. Closed.
Harrison, Marvin C., and Hull, Allan.	2	District of Columbia.....	June 25, 1948	Sec. 21 (c), 1934 act.....	Complaint filed for an order by the district court directing the defendants to respond to subpoena <i>ad testificandum</i> . Otis & Co. and Cyrus S. Eaton intervened July 6, 1948. On July 9, 1948, defendants and intervenors filed counterclaim seeking injunction against Commission's public investigation of Kaiser-Frazer stock offering. On Sept. 2, 1948, Judge Keech issued temporary restraining order against proceedings by NASD. Temporary injunction to same effect granted by Judge Letts, Sept. 21, 1948. Also, on same date, Judge Letts granted temporary injunction restraining SEC broker-dealer proceeding pending action of district court in subpoena-enforcement action. SEC appealed this temporary injunction, and its motion to vacate same as moot was pending at close of 1949 fiscal year in the Court of Appeals for the District of Columbia, as was a motion of appellees to dismiss the appeal. On Oct. 28, 1948, the district court entered an order denying

enforcement of subpoena and dismissing counterclaim; this order was not appealed by either side, then Feb. 21, 1950, court of appeals ruled on the appeals from the temporary injunction of Judge Letts, denying the motion of the Commission to vacate the judgments below and granting the motion of the appellees to dismiss the appeal. On Mar. 8, 1950, the Commission filed with court of appeals a petition for rehearing. Pending.

TABLE 28.—Miscellaneous actions against the Commission or employees of the Commission during the fiscal year ended June 30, 1950

Plaintiff	Court	Initiating papers filed	Status of case
Otis & Co.....	U. S. District Court (District of Columbia).	Nov. 10, 1948.....	Action to enjoin the Commission from considering certain issues in a broker-dealer revocation proceeding on ground of <i>res judicata</i> . Judgment of district court on Nov. 12, 1948, denied plaintiff's motion for preliminary injunction and dismissed complaint. Appeal taken by plaintiff. Judgment of Nov. 12, 1948, set aside by court of appeals for the District of Columbia on June 1, 1949. Petition for writ of <i>certiorari</i> filed Aug. 9, 1949. Decision of court of appeals reversed Oct. 17, 1949. Closed.
Do.....	do.....	Jan. 26, 1949.....	Action to enjoin the Commission and N. A. S. D. from taking any action to compel disclosure of communications between plaintiffs and their attorneys, and to enjoin the holding of a disciplinary proceeding by N. A. S. D. Opinion dismissing complaint rendered by district court on June 7, 1949. Otis & Co. appealed to Court of Appeals for District of Columbia Circuit and moved for injunction <i>pendente lite</i> . Its motion denied by the court Sept. 7, 1949, and on Dec. 5, 1949, the appeal was dismissed by agreement of the parties. Closed.
In re Securities Exchange Commission (<i>Pergament et al. v. Frazer, et al.</i>)	Southern District of New York.	Apr. 5, 1950.....	Subpoena <i>duces tecum</i> served Mar. 22, 1950 on Anthon H. Lund in aid of the taking of a deposition in <i>Pergament et al. v. Frazer, et al.</i> (Eastern District of Mich.) On May 9, 1950 the court granted motion of Commission to quash subpoena insofar as it was in the nature of a subpoena <i>duces tecum</i> . Closed.
Tucker, Preston T.....	Northern District of Illinois.	Mar. 21, 1950.....	Action against United States attorney and his assistants, and a member and employees of the Commission, charging malicious prosecution as a result of an indictment brought against Preston T. Tucker, et al. Motion to dismiss complaint granted May 29, 1950. Appeal pending.

TABLE 29.—Actions to enforce voluntary plans under sec. 11 (e) to comply with sec. 11 (b) of the Public Utility Holding Company Act of 1935

Name of case	United States District Court	Initiating papers filed	Status of case
American & Foreign Power Co., Inc.	Maine.....	Nov. 20, 1947.....	Order Oct. 11, 1948, approving plan. Notices of appeal filed by Harriet E. Weinstein, et al., Samuel J. Levinson, John F. McKenna, and the Norman Johnson group of second preferred stockholders, the Johnson group also appealing from court's order of Sept. 16, 1948. Motions to vacate and remand proceeding to the Commission filed. Appeals dismissed pursuant to stipulation Jan. 4, 1949. Order Jan. 4, 1949, vacating order of Oct. 11, 1948, and remanding proceeding to Commission. Notice of appeal filed by Samuel J. Levinson from portion of order of Jan. 4, 1949, which denied motion to abandon plan. Appeal stayed pending determination of proceeding before Commission. Pending.
American Power & Light Co.....	Southern District of New York.....	Oct. 5, 1949.....	Order Nov. 14, 1949, approving plan as fair, equitable, and appropriate. Closed.
American Power & Light Co.....	Maine.....	June 30, 1950.....	Pending.
Commonwealth & Southern Corp.....	Delaware.....	Nov. 23, 1948.....	Order July 15, 1949, approving plan. Petition of Alfred J. Snyder and Elizabeth O. Lownsbury for rehearing denied. Appeal Sept. 1, 1949, by Adelaide H. Knight. Pending.
Do.....	do.....	May 3, 1950.....	Order June 14, 1950, denying petitions of J. S. Farlee & Co., Inc. and Alfred J. Snyder for leave to intervene. Notice of appeal filed June 28, 1950, by J. S. Farlee & Co., Inc. Pending.
Eastern Gas & Fuel Associates.....	Massachusetts.....	Mar. 13, 1950.....	Order June 29, 1950, approving plan as fair, equitable, and appropriate. Pending.
Electric Bond & Share Co.....	Southern District of New York.....	May 27, 1946.....	Order July 12, 1946, approving plan. Notice of appeal by Eli Auerbach filed Aug. 9, 1946. Supplemental application for order approving portion of plan pertaining to fees and expenses. Order Oct. 19, 1948, approving portion of plan pertaining to fees and expenses. Notice of appeal by Eli Auerbach and Israel Beckhardt filed Nov. 15, 1948. Appeal dismissed pursuant to stipulation dated Jan. 31, 1950. Closed.
Electric Power & Light Corp.....	do.....	Mar. 7, 1949.....	Order Apr. 22, 1949, approving plan. Appeals taken by Christian A. Johnson, et al., Jacob Sincoff, et al., and Eva Liner. Motions of Johnson, et al., and Sincoff et al., for stay denied by CA-2 on May 5, 1949, and by Supreme Court on May 18, 1949. Order of district court affirmed Aug. 9, 1949, by CA-2 and appeal of Eva Liner dismissed. Closed.
Engineers Public Service Co., Inc.....	Delaware.....	Jan. 9, 1947.....	Order May 29, 1947, enforcing plan except insofar as it provided for the payment of more than the liquidation preferences of the preferred stock. Notice of appeal by the Commission filed June 3, 1947. Notice of appeal by Thomas W. Streeter et al., filed May 29, 1947. Notice of appeal by the Home Insurance Co., filed about June 5, 1947. Opinion Mar. 19, 1948, vacating order of district court and remanding cause with directions to enter order disapproving plan and remanding to the Commission. Petitions of all appellants for rehearing denied June 11, 1948. Petitions for writ of <i>certiorari</i> filed by the Commission and Thomas W. Streeter et al. on Aug. 16, 1948, by Home Insurance Co. et al., on Aug. 18, 1948, and by Central Illinois Securities Corp. et al., on Sept. 4, 1948. Supreme Court, on June 27, 1949, reversed judgment of CA-3 and remanded case to district court for further proceedings. Motion of Alfred Berman for stay of mandate denied July 9, 1949. Closed.
Federal Water & Gas Corp.....	do.....	July 28, 1948.....	Order Aug. 19, 1948, approving plan with the exception of sec. 3. Order Jan. 11, 1950, approving sec. 3 of the plan. Appeal to CA-3 taken by Chenery Corp. Petition of Chenery Corp. for writ of <i>certiorari</i> filed on May 22, 1950. Pending.

Illinois Power Co.....	do.....	May 2, 1947.....	Order May 23, 1947, approving portion of plan I. Supplemental application July 3, 1947. Order Nov. 6, 1947, approving amended plan I. Appeal taken by Nellie Walters, et al., Feb. 4, 1948, and dismissed Feb. 17, 1948. Appeal taken by Jane Scattergood, et al., Jan. 23, 1948. Order Nov. 5, 1948, affirming order of district court. Order June 29, 1949, directing North American Light & Power Co. to pay to its former public stockholders dividends which accrued on Illinois Power Co. stock, distributed to such stockholders, since Dec. 18, 1947. Appeals taken by North American Light & Power Co. and the North American Co. Order of district court affirmed Feb. 23, 1950. Closed.
Interstate Power Co.....	do.....	Jan. 24, 1947.....	Order Apr. 21, 1947, approving plan. Supplemental application filed Dec. 31, 1947. Order Jan. 7, 1948, approving alternate plan. Appeal of John F. Errington, et al., dismissed pursuant to stipulation dated Aug. 12, 1948. Supplemental application II filed July 1, 1949. Plan approved Feb. 23, 1950. Order May 18, 1950, granting petition of Commission to reconvene hearings. Pending.
Long Island Lighting Co.....	Eastern District of New York.....	Nov. 19, 1949.....	Order Feb. 17, 1950, approving plan. Notices of appeal filed by common-stock holders committee and Louis W. Gordon. Opinion June 1, 1950, modifying decision of district court. Petition of Commission for modification of decision accepted June 16, 1950. Pending.
Market Street Ry. Co.....	Northern District of California.....	May 3, 1950.....	Pending.
Middle West Corp., The.....	Delaware.....	June 7, 1950.....	Order June 29, 1950, approving plan as fair, equitable, and appropriate. Pending.
National Gas & Electric Corp.....	do.....	Dec. 1, 1949.....	Order Dec. 19, 1949, approving plan as fair, equitable, and appropriate. Closed.
New England Public Service Co.....	Maine.....	July 3, 1947.....	Order Aug. 6, 1947, approving plan. Appeals taken by Esther Vogel et al., State Street Investment Corp., and Russell B. Stearns. Pending.
Niagara Hudson Power Corp.....	Northern District of New York.....	Aug. 26, 1949.....	Order Nov. 4, 1949, approving plan. Appeal taken by M. Victor Leventritt. Order Feb. 1, 1950, by CA-2 reversing order of district court and remanding case to Commission for further proceedings. Petitions of Commission and Niagara Hudson Power Corp. for rehearing denied, Feb. 23, 1950. Time for filing petitions for writs of <i>certiorari</i> extended to July 22, 1950. Pending.
North Continent Utilities Corp.....	Delaware.....	Reopened Feb. 23, 1950.....	Supplemental application filed Feb. 23, 1950. Order Apr. 4, 1950, approving plan. Closed.
Philadelphia Co.....	Western District of Pennsylvania.....	Mar. 27, 1950.....	Proceedings in the matter of Pittsburgh Rys. Co. under ch. X of the Bankruptcy Act and proceedings in the matter of Philadelphia Co. under the 1935 act consolidated. Order May 1, 1950, approving plan. Pending.
Sioux City Gas & Electric Co.....	Northern District of Iowa.....	Sept. 8, 1949.....	Order Oct. 24, 1949, approving plan as fair, equitable and appropriate. Closed.
United Corp.....	Delaware.....	Aug. 10, 1948.....	Order Feb. 15, 1949, approving plan. Appeals taken by committee of holders of \$3 cumulative preference stock, Norman Johnson on behalf of Louise D. Johnson, preference stock shareholders, Randolph Phillips, and Irving Schiff. Order May 6, 1949, granting motion of the United Corp. to make application to district court for order supplementing Feb. 15, 1949, order. All appeals dismissed. Closed.
West Penn Electric Co.....	Southern District of New York.....	July 29, 1949.....	Order Aug. 23, 1949, approving plan as fair, equitable, and appropriate. Closed.

TABLE 30:—Actions under sec. 11 (d) of the Public Utility Holding Company Act of 1935 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.....	Aug. 12, 1943.....	Action by Commission, with consent of company, under secs. 11 (d), 18 (f), and 25 of the 1935 act to enforce its order of July 21, 1942, requiring dissolution of the company. The court was asked (1) to take exclusive jurisdiction of the company and its assets; (2) to enjoin interference; (3) to compel compliance with the Commission's order; and (4) to appoint a special counsel to investigate an intercompany claim against International Paper Co., Aug. 12, 1943, temporary order entered by court and on Oct. 11, 1943, an interlocutory decree and order was entered in which court took exclusive jurisdiction, granted injunction and appointed special counsel as requested. Nov. 13, 1944, special counsel appointed trustee of estate of company and directed to institute suit on claim against International Paper Co., Nov. 13, 1945, this suit settled, as well as 2 stockholders' suits against International Paper Co., Dec. 26, 1945, district court approved settlement and termination of these suits and notices of appeal from this approval were filed Jan. 25, 1946, in CA-1. Nov. 14, 1946, opinion rendered affirming judgment of district court. Petition for writ of <i>certiorari</i> denied Feb. 10, 1947. Petition for rehearing denied Mar. 10, 1947. Closed.
Do.....	do.....	Dec. 23, 1949.....	Petition for approval of pt. II of trustee's second plan to liquidate and dissolve International Hydro-Electric System filed Dec. 23, 1949. Plan approved Jan. 26, 1950. Order June 14, 1950, on trustee's petition filed June 2, 1950, for approval of terms and conditions for consummation of pt. II of trustee's second plan. Pending.

TABLE 31.—*Reorganization cases under ch. X of Bankruptcy Act pending during the fiscal year ending June 30, 1950, in which the Commission participated when appeals were taken from district court orders*

Name of case and United States Circuit Court of Appeals	Nature and status of case
Central States Electric Corp. (Fourth)...	Consolidated appeals from order of Apr. 24, 1950, approving plan of reorganization and order of May 24, 1950, authorizing trustees of Central States to proceed with liquidation of American Cities, a subsidiary holding company of Central States. On June 14, 1950, CA-4 granted stay of order of May 24, 1950, but scheduled oral argument for July 6, 1950 on both appeals. Pending.
Childs Co., debtor; Childs Co., petitioner-appellant (Second).	Appeal from order of Aug. 5, 1949, fixing final allowances for services. Commission filed brief taking position that total allowances were too high and that compensation should be wholly denied to certain applicants. On Apr. 5, 1950, CA-2 reversed order of the district court in part and remanded cause for further proceedings. Petition for recall of mandate dated Apr. 21, 1950, filed by John F. X. Finn, et al., petitioners-appellees. Pending.
Equitable Office Building Corp., debtor; Aranow, Brodsky, Einhorn & Dann, petitioner-appellant (Second).	Appeal from Jan. 14, 1949, order which denied petitioner compensation for services rendered in connection with the reorganization of the debtor under ch. X of the Bankruptcy Act. Commission filed a brief taking the position that the district court properly denied compensation to petitioner. On July 1, 1949, CA-2 affirmed order. Petition for rehearing denied July 11, 1949. Closed.
Equitable Office Building Corp., debtor; T. Roland Berner, petitioner-appellant (Second).	Appeal from Jan. 14, 1949, order which denied petitioner compensation for services rendered as attorney for 2 common stockholders in the ch. X bankruptcy reorganization of debtor. Commission filed brief Apr. 10, 1949, in support of district court order. On June 9, 1949, CA-2 reversed order and remanded case for reconsideration of request for allowance in light of opinion. Petitioner applied for rehearing which was denied June 27, 1949. Closed.
Franklin Building Co. (seventh).....	Appeals from orders of Dec. 30, 1948, Dec. 31, 1948, and Jan. 4, 1949, relating to claims based on bonds of the debtor. Commission filed brief taking position that order limiting claim of Lena Simonsen to cost should be affirmed and that order allowing in full the claims of Mollie Schroeder, June Kuptz, and Robert W. Schroeder should be reversed and participation on their claims limited to cost. Orders of district court affirmed Dec. 8, 1949. Petition of Lena Simonsen for rehearing denied Jan. 16, 1950. Petitions of Lena Simonsen and John W. Emmerling for writs of <i>certiorari</i> filed Apr. 10, 1950, and Apr. 17, 1950, respectively. <i>Certiorari</i> denied June 5, 1950. Closed.
Inland Gas Corp., debtor (sixth).....	Consolidated appeals from order of Oct. 1, 1949, approving plan of reorganization. Commission filed brief in support of appellants primarily with regard to the claims of the Columbia Gas System, Inc. which were subordinated under the plan only to claims of other creditors of Inland and not to creditors of Inland's parent companies, American Fuel & Power Co. and Kentucky Fuel Gas Corp. Pending.
International Mining & Milling Co.— <i>Rosin v. Hart</i> (ninth).	Appeal from order of June 23, 1949, disallowing attorney fees to appellant. Commission filed brief Mar. 3, 1950, in support of district court order. On May 29, 1950, CA-9 affirmed order of district court. Petition for rehearing denied June 21, 1950. Pending.
National Realty Trust, debtor— <i>Sullivan, Trustee et al, appellants v. Mosser, successor trustee et al, appellees</i> (seventh).	Appeals from Dec. 10, 1948, and Feb. 15, 1949, orders alleging that the district court in nominating and appointing successor trustees committed substantial error in executing the mandate of CA-7. Commission filed a memorandum supporting motion to dismiss appeal or to affirm orders. On June 1, 1949, CA-7 affirmed orders of district court, with costs. Closed.
National Realty Trust— <i>Darrow v. Mosser; Guild v. Darrow</i> (seventh).	Appeals from order of Apr. 12, 1949, approving the findings of fact, conclusions of law, and recommendations of the special master on the account and report of Paul E. Darrow, trustee. Commission filed brief in support of district court order. Pending.
New Union Building Co., debtor; Leo and Alfred Kuschinski, appellants (sixth).	Appeal from order of July 15, 1949, denying motion of appellants to dismiss petition for reorganization. Commission filed brief Jan. 9, 1950, in support of district court order. Appeal dismissed Jan. 30, 1950, pursuant to stipulation. Closed.
Pittsburgh Terminal Coal Corp., debtor; Pittsburgh Terminal Realization Corp., appellant (third).	Appeal from order of Dec. 9, 1949, preliminarily enjoining, pending final hearing, proposed action of the Realization Corp. at a stockholders' meeting and authorizing the trustee to conduct an investigation of the business and affairs of the Realization Corp. Commission filed brief in support of district court order. Pending.

TABLE 31.—*Reorganization cases under ch. X of Bankruptcy Act pending during the fiscal year ending June 30, 1950, in which the Commission participated when appeals were taken from district court orders—Continued*

Name of case and United States Circuit Court of Appeals	Nature and status of case
Silesian-American Corp., debtor (second).	Appeal from order of May 29, 1950, approving the trustee's amended plan of reorganization. Motion for stay filed by bondholders committee. Memorandum in support of stay filed by Commission in which it took position that classification for voting purposes was erroneous and communicating between security holders unduly restricted. Pending.
Solar Manufacturing Corp. (third).....	Appeal from order of July 19, 1950, authorizing trustees to accept offer of Sprague Electric Co. for assets of Solar Manufacturing Corp. Commission filed brief in support of appellants. Opinion Aug. 24, 1949, reversing order of district court and remanding case. Closed.
Third Avenue Transit Corp., debtor (second).	Appeal by debtor and 2 creditors from Mar. 16, 1949, order denying motion for dismissal of the amended petition for reorganization. Closed.

TABLE 32.—*A 17-year summary of criminal cases developed by the Commission—1934 through 1950, by fiscal year*

[See separate chart 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 by 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	153	0
1937.....	42	128	30	144	78	32	34	0
1938.....	40	113	33	134	75	13	44	2
1939.....	52	245	47	292	199	33	59	1
1940.....	59	174	51	200	96	38	66	0
1941.....	54	150	47	145	94	15	36	0
1942.....	50	144	46	194	108	23	48	15
1943.....	31	91	28	108	61	10	33	4
1944.....	27	69	24	79	47	6	19	7
1945.....	19	47	18	61	36	10	13	2
1946.....	16	44	14	40	13	8	3	16
1947.....	20	50	13	34	9	5	12	8
1948.....	16	32	15	29	19	3	5	2
1949.....	27	44	25	57	15	10	3	29
1950.....	18	28	11	19	5	1	2	11
Total.....	550	1,951	453	2,085	1,120	258	610	97

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 only as a single defendant.

² See separate chart for breakdown of pending cases.

³ 4 of these references as to 7 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year.

⁴ 422 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 370 or 87.5 percent of such cases. Only 52 or 12.5 percent of such cases have resulted in acquittals or dismissals as to all defendants.

⁵ Includes 42 defendants who died after indictment.

TABLE 33.—*Summary of criminal cases developed by the Commission which were still pending at June 30, 1950—by fiscal year*

	Cases	Number of defendants in such cases	Number of such defendants as to whom cases have been completed.	Number of such defendants as to whom cases are still pending and reasons therefor		
				Not yet apprehended ¹	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in: ²						
1938.....	1	2	0	2	0	0
1939.....	1	1	0	1	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	3	14	1	0
1943.....	2	8	4	3	1	0
1944.....	2	8	1	7	0	0
1945.....	2	4	2	1	1	0
1946.....	4	16	0	16	0	0
1947.....	3	9	1	8	0	0
1948.....	2	4	2	1	0	1
1949.....	10	32	3	15	14	0
1950.....	7	11	0	3	8	0
Total.....	36	113	16	71	25	1

SUMMARY

Total cases pending ³	40
Total defendants ³	120
Total defendants as to whom cases are pending ³	104

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

² Fiscal year ended June 30 of the year indicated.

³ Except for 1950, indictments have been returned in all pending cases. Indictments have not yet been returned as to 7 proposed defendants in 4 cases referred to the Department of Justice in 1950. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 34.—*A 17-year summary classifying all defendants in criminal cases developed by the Commission—1934 to July 1, 1950*

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed by United States attorneys	Number as to whom cases are pending
Registered broker-dealers ¹ (including principals of such firms).....	328	203	23	91	11
Employees of such registered broker-dealers.....	107	55	15	36	1
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	686	349	55	254	28
All others ²	964	513	165	229	57
Total.....	2,085	1,120	258	610	97

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 35.—A 17-year summary of all injunction cases instituted by the Commission 1934 to July 1, 1950, 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 (to June 30).....	18	53	16	38
Total.....	570	1,689	521	1,304

SUMMARY

	Cases	Defendants
Actions instituted.....	570	1,689
Injunctions obtained.....	514	1,304
Actions pending.....	8	30
Other dispositions ⁴	48	355
Total.....	570	1,689

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

³ Includes 6 defendants in 3 cases in which injunctions have been obtained as to 12 codefendants.

⁴ Includes (a) actions dismissed (as to 291 defendants); (b) actions discontinued, abated, vacated, abandoned, or settled (as to 51 defendants); (c) actions in which judgment was denied (as to 7 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 3 defendants).