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Keep Over Committee

Remember the way you used to lick the bully in your neighborhood when you were a kid? By telling yourself what you'd do to him the next time you saw him?

Well, a lot of people act like that's the way to lick inflation in this country. But tackling this "toughie" is the thing that's needed and the financial community has got on his trail. Here's the score-card and the players:

The American Bankers Association, the Life Insurance Association of America, American Life Convention, with the IBA and NASD have formed, at the instance of the Federal Reserve Board, a group to be known as the Voluntary Credit Restraint Committee. Its initial theme was voiced in these words:

"The task of restraining strong inflationary pressures is the most difficult and most important in the whole range of economic problems today. One facet of this task—the restraint of unnecessary credit expansion—presents a challenge to financing institutions throughout the nation." The test:

"The criterion for sound lending in a period of inflationary danger boils down to the following: Does it increase or maintain production, processing and distribution of desirable goods and services." Defined as probably unnecessary and inflationary ("unless modified by the circumstances of the particular loan") are following types of loans:

1. Loans to retire or acquire corporate equities in the hands of the public, including loans for the acquisition of existing companies or plans where no overall increase of production would result.

2. Speculative investments or purchases. Included would be speculative expansion of real estate holdings or plant facilities as well as speculative accumulation of inventories in expectation of resale instead of use. The first test of "speculation" is whether the purchase is for any purpose other than use or distribution in the normal course of the borrower's business. The second test is whether the amounts involved are disproportionate.

A national committee of twelve representing the commercial banks, in-

BUSINESS CONDUCT CHAIRMAN



Clarence A. Bickel

Toughest job on the Board of Governors is that of Chairman of the National Business Conduct Committee. Clarence Bickel of Milwaukee got the assignment this year. No one could be better equipped. Clarence knows the business not only inside out but has pretty near a 20-20 vision outside looking in. Clarence is carrying on work that the head of his firm, Robert W. Baird spear-headed when he was Chairman of the Board in 1941.

Insurance companies and investment bankers was formed to apply these yardsticks, with Reserve Board Governor Oliver S. Powell as Chairman.

Investment bankers on the committee are:

- Lee M. Limbert, Blyth & Co., Inc.
- Rudolf Smutny, Salomon Bros. & Hutzler
- Francis Kernan, White, Weld & Co.
- William K. Barclay, Jr., Stein Bros. & Boyce

To treat the problem at the local and regional level twelve regional committees were established by the banks and four such committees were created for insurance companies and investment banking. The latter are located in New York, Chicago, Dallas and San Francisco.

The Springboard

- One is a Supreme Court Justice
- One is a U. S. Court of Appeals judge
- One is on the Atomic Energy Commission
- One is a moving picture exec.
- Three are Washington lawyers
- Three are New York lawyers
- One heads a Stock Exchange
- One is a tax expert
- One is a professional expert
- 21 have served in 16 years

The pools are dried up

But the spring-board works fine.

Board Meets

A meeting of the Board of Governors and the Advisory Council will be held at Williamsburg, Va., May 14-15. The Council consists of the fourteen District Chairmen.

"Residual Unidentifiables"

A footnote nestling at the bottom of a statistical compilation said very plainly and without equivocation "residual unidentifiables," and listed a nice fat number. The compiler was asked what the term meant. There isn't room for his answer, but apparently the term has something to do with things that should have been there, weren't there, couldn't be found, and damned if anyone knew what happened to them.

Members of the regional investment banking committees follow:

NEW YORK

- Percy M. Stewart (Chairman), Kuhn, Loeb & Co.
- T. Jerrold Bryce, Clark Dodge & Co.
- Clarence E. Unterberg, C. E. Unterberg & Co.
- Frank A. Willard, Reynolds & Co.
- A. Phelan (Secretary), Federal Reserve Bank of New York.

CHICAGO

- D. Dean McCormick (Chairman), McCormick & Co.
- Lee H. Ostrander, William Blair & Co.
- Reno H. Petersen, The Illinois Co.
- Richard W. Simmons, Blunt Ellis & Simmons

(Continued on page 2)

Neil B. Dawes (Secretary), Federal Reserve Bank of Chicago.

DALLAS

John H. Rauscher (Chairman), Rauscher, Pierce & Co.

H. H. Dewar, Dewar, Robertson & Pancoast

William C. Jackson, Jr., First Southwest Company

Edward Rotan, Rotan, Mosle & Moreland

W. D. Gentry (Secretary), Federal Reserve Bank of Dallas.

SAN FRANCISCO

Witter & Co.

Frank F. Walker (Chairman), Dean Mark C. Elworthy, Elworthy & Co.

Edward C. Henshaw, William R. Staats & Co.

Frank Weeden, Weeden & Co.

E. R. Milliard (Secretary), Federal Reserve Bank of San Francisco.

The principal work of the regional committees will be to offer opinions and advice to lenders as to the desirability of specific loans under the Statement of Principles which guides the whole effort.

Chautauqua

Chairman of the Board Howard E. Buhse and Executive Director Wallace H. Fulton spent most of the month of April talking to members and District Committees in Atlanta, Phoenix, Los Angeles, San Francisco and St. Louis.

It was Howard's first junket in the interest of NASD gospel-spreading. Fulton, of course, knows every sleeper jump almost as well as any old-time municipal bond buyer and peddler. Later in the year, these two will take in the Northwest from the Mississippi to the Columbia. Sometime before November or December, that is. They also plan to get into the Central West and into the East on shorter hops.

The News will wait until members have a chance to see and hear their talks in person before digesting their remarks for publication in these columns. We know from first hand that what they're having to say is worth listening to.

Invest in America!

It may be touch and go whether a national campaign to carry out the "Invest in America!" theme can be set up. But it's going to be given a try. That is, the idea is being explored, a mock-up is being made to see what tools'll be needed and guesses are being made as to what it might require in the way of dough and where that'll come from. Major organizations of the securities business, the

CALIFORNIA GOVERNOR



H. P. Schlemmer

"Slim" Schlemmer is a general partner and manager of the investment department of Schwabacher & Co., San Francisco. Born in Antigo, Wisc., he got started in the securities business in 1919 with William Cavalier & Co. and when this firm consolidated with Dean Witter & Co. in 1940 "Slim" remained on until his return to duty in the Navy in June, 1941. Released in May, 1945, he joined Schwabacher's. He's a past president of the San Francisco Bond Club. Member of the Bohemian Club.

Chamber of Commerce and other interested parties, such as banks, are participating in the exploratory work. John F. Bunn, Jr., of Philadelphia and James P. Conway are to represent NASD on a "steering committee" which will do the preliminary work.

Eh?

"It was never said of the National Association of Securities Dealers that it was an outfit of the lighter touch. But something seems to have happened somewhere along the line. In a report on a committee meeting of the outfit appears this sample of argot:

"When the yakkety-yak was ended and the question put to a vote . . ."

William Bloeth

N.Y. World-Tely. & Sun

Outfit? Sir!

Pall Bearers Aplenty

A "house organ" is supposed to make with its music like the 11 o'clock services Sunday morning.

That the devil can get through the church's front door as easily as the organist we are occasionally reminded by a lurid headline. More or less innocent sinning goes on even while the sermon is being preached, the congregation being not unaware that the widower Mr. Jones is indulging in some sly flirtations with that young widow who's just joined the church.

Many an uncharitable thought has fastened itself on the minds of the preacher's listeners even as he reminds them . . . "and the greatest of these is charity."

In some rather lofty places among the NASD congregation an uncharitable thought or two can be entertained about the Association, those who work for it and even colleagues on the Board of Governors.

"What the hell do they do with all that money?" is the most popular mating call sung by critics searching out their counterparts at luncheon clubs or over a convention room cocktail.

NASD doesn't have to worry about there being a shortage of pall-bearers when its time comes.

The old adage that if they talk about you at least they know you're alive isn't good enough for a deal like NASD. Critics it should have. But the criticism ought to be informed and the energy now expended on vocal sniping and second-guessing, put to good purpose. It's just possible that those who think a \$450,000 budget is too much would want to see a \$750,000 "take" if they understood what was going on and inquired after all the boats that are being missed.

A fellow who picks up one of the biggest NASD tabs makes it a practice, at least once a year, personally, to find out from headquarters the answers to the questions he has—and one of them is: "Where does the money go?" Instead of one there ought to be dozens like him. And the fellow who is pinched the gentlest but bleats the loudest ought also to put an ear to the horse's mouth once in a while.

NASD News

Published periodically by the Board of Governors under the supervision of the Member Relations Committee,

HARPER JOY, *Chairman*

Editor, JAMES P. CONWAY

LETTERS

About the News

"I am dropping you a line so that whoever prepared the NASD *NEWS* for February can receive my congratulations. I think it was an excellent job, well done with real punch.

(s) Francis Kernan"

White, Weld & Co.,
New York, N. Y.

"Have meant to write... to compliment you on the last issue of the *NEWS*. I am sure it must have caused a lot of comment amongst the members for its fresh, breezy style and its ability withal to tell a good story... the light touch is more than welcome in this business.

(s) Carl Stolle"

G. A. Saxton & Co.,
New York, N. Y.

"I was keenly interested in the 'face-lifting' job. It has a nice breezy, interesting style and I like it very much.

(s) Henry G. Riter, 3d"

West Orange, N. J.

"The idea of sending the *NEWS* in quantity to be distributed to Registered Representatives and others in the organization is a good one... It seems to me it would be worthwhile to publish the background of nearly every fine or censure case... the recital of events might keep some other dealer or representative from getting into trouble.

(s) P. Purdham"

Burns, Potter & Co.,
Omaha, Nebr.

"Congratulations on the NASD *NEWS* for Feb. 1.

(s) Walter Morgan"

Wellington Fund,
Philadelphia, Pa.

"What It Means" Pamphlet

"I think the story you tell in your circular is a very fine one and we will certainly be able to use it to great advantage. We are proud to be a member of the NASD and we feel definitely that your circular 'What it Means... To the Investor' is very timely and to the point.

(s) Rives S. Brown"

Martinsville, Va.

"We think the new pamphlet prepared by the Public Relations Committee is extremely well done.

(s) Cruttenden & Co."

Chicago, Ill.

"I have just received a copy of the brochure on the NASD which I think is well done.

(s) Earl F. Waterman & Co."

Seattle, Wash.

"We would like to have 500 copies.
(s) John M. Hoffman Co."
Baltimore, Md.

"This is very well done indeed... We would like to have 1,500 copies to distribute... it tells the story in a very modest sort of way of the type of organization we have.

(s) Alester G. Furman Co."
Greensville, S. C.

"We sincerely appreciate your efforts along this line of public relations and wish to express our appreciation to you for making this literature available to our member firm.

(s) J. A. Hogle & Co."
Salt Lake City, Utah.

"Would like to have 1,500 copies at your earliest convenience..."

(s) Russ & Co."
San Antonio, Tex.

"This is a good start, but why not get out one explaining the workings of the over-the-counter market.

(s) Jackson & Co."
Boston, Mass.
Ed. Note: A worthy idea.

That S O P

"Thank you very much for taking the trouble to go over my circulating material on the general subject of Mutual Funds. I especially appreciated your letter expressing the opinion that the material submitted seems to conform... This kind of cooperation has real, practical value.

(s) R. C. Baker."
Amott, Baker & Co.,
New York, N. Y.

"We have just recently had an opportunity to clear some additional sales material through Mr. Ray Moulden's department. Mr. Moulden's prompt reply has been most helpful. Our sincere appreciation for this added service NASD is giving its members.

(s) Corporate Leaders Sales
Company, Inc."

"We do appreciate your reply and particularly the sincerity and courtesies and the goodwill you leave in your letter..."

(s) Walter J. Brand."
Walter J. Brand & Co.,
Sheboygan, Wisc.

"We appreciate your comments and especially the helpful attitude you are taking..."

(s) Geo. R. Yancey."
Murphey Favre, Inc.,
Spokane, Wash.

"I want to thank you for the swell cooperation..."

(s) Arthur J. C. Underhill."
Arthur Wiesenberger & Co.,
New York, N. Y.

"Want to say that we appreciate your helpfulness and advice on all of these literature problems and feel that your presence is a very worthwhile thing for the mutual funds..."

(s) Victor Dykes."
Texas Fund,
Houston, Tex.

"Considering the very careful and somewhat voluminous work you did for us, this is a belated acknowledgement on my part..."

(s) L. O. Collins."
Founders Mutual Deposit Corp.,
Denver, Colo.

Japanese Mission

"The directors of my company join me in expressing our heartfelt appreciation of the immeasurable assistance and courtesy with which you favored me during visit (to NASD offices), now brought to successful conclusion.

(s) Hyotaro Hirayama."
Tokyo, Japan

"What it Means..."

The Association's first venture into public relations in behalf of members was welcomed by several hundred among the membership. (See letters above).

The initial effort took the form of a leaflet which was made available to members for distribution to customers and general mailing lists. The title of the booklet was:

"National Association of Securities
Dealers

What it Means...
To the Investor."

Text of the leaflet was devoted to a discussion of ethical standards of the securities business as applied by the Association. It called attention to the success of self-regulation in the securities business. It affirmed the Association's purpose of demanding of members that they observe high standards of commercial honor and just and equitable principles of trade.

Sample copies of the leaflet were distributed to members early in March. Additional copies were made available at Association expense. Over 200,000 copies of the leaflet were requested by members from the first mailing. A second mailing was made in April and indications were that total distribution of the leaflet would approximate 300,000.

Right Thing, Wrong Way

First thing most everyone is taught is the difference between right and wrong.

NASD learned its lessons as well as the next but in putting its knowledge into practice it sometimes, in the excitement, does the right thing the wrong way.

There have been a few classic examples recently of how the Association does the right thing the wrong way. One would be the announcement having to do with Regulation "A" filings. The Governors, special committees, and the staff worked hard on this item and when releases concerning it were made to the membership a sigh of relief was audible in the neighborhood of everyone connected with the product. Not so many of the recipients of the missive. Gasps were heard from some of these.

The purpose here isn't an attempt at justifying methods, least of all white-washing what may seem to be eager-beavering, of which there isn't any. Let's see if we can't serve a constructive purpose, shed a little light on what goes on behind the scenes.

It so happens that the Regulation "A" matter had, shall we say, to be discussed with the SEC. Now the SEC can step briskly at times but speed and despatch are not commonly used to describe the motion at which things move at the Commission. That's not a swipe at them either. They've got a law to go by and a body of Rules to be followed in going about doing what the law says. There's a staff through which things have to be channeled and even the glassiest eye among the staff is a human being. Which is to say, well, he's human. And even when a thing has been worried along past the staff, there's the Commission itself to fix things up with. There are five Commissioners. And they're human, too.

This is as good a time as any to interpose that it would be nice if NASD didn't have to work some things out with the Commission. Just, as with any business group, decide what ought to be done and go ahead and do it. On many things, the NASD can do just that. Every day of the year District Secretaries and the Executive Office are giving members practical advice and prompt answers to questions. But when it comes to powers derived from the law, NASD has to study the guide posts pretty carefully when something new is to be added. The Board of Governors are men from the business, not legal-legals and, being good citizens, they try to make the law work the way it should.

So you have the Commission and the Association both having to be guided by what the law says. And since all who become involved in the process are, pardon the term, human, there are differences of opinion not only as to the likely end result but even the placing of a ;, a :, or a . It can be a wearying process. And what everyone liked today can be so much garbage when sampled tomorrow.

If you are still with us, we are coming now to the point of this arid discourse. Obviously, if you've got something in the works at the SEC you can't go around blabbing about it. Not that these are security measures or involve top-secret discussions that can only be resolved behind locked doors in Washington. Even so, they *are* top-serious and you can't go off half-cocked on them. Common sense tells us to get the whole ball of wax wrapped neatly before you toss it to any one.

After everything is settled the most sensible thing to do is release the facts. And that promptly—to avoid gossip, rumors and the like and in fairness to everyone concerned. The announcement itself may have been subjected to "negotiation" with every i microscopically studied. You aren't likely to find many vitamins in that kind of a turnip.

All of which is by way of explaining why NASD pronouncements sometimes seem to arrive out of nowhere and also why what is contained in the pronouncements is not as informative on "How come?" as a lot of us would wish them to be. What seems to be the "wrong way" was, probably, the only way.

Now let's consider one of the examples we've been talking about . . .

Regulation "A" and 1/2

As one wag tagged the notice sent to members about this subject. To begin at the beginning, NASD was one of the supporters of the amendment to the Securities Act which brought about Regulation "A" and which, as everyone knows, now permits underwritings of \$300,000 and less without registration. NASD originally and down to now preferred a \$500,000 figure. So any notion that the Association wants to booby-trap Regulation "A" business is nonsense.

What it *does* want to do is take steps to safeguard the position of the securities business. The Board of Governors, through a special committee headed by Clarence Bickel of Milwaukee, took a year's look-see at what was and what had been going on in Regulation "A" offer-

ings. Some of the things they saw were disturbing to them as men in the business. They found people who were *not* in the securities business handling deals under Regulation "A" sanctions, a number of which were illustrative of how a fast buck can be turned. Not all the Tinker to Evers to Chance deals were sponsored by non-members, either.

You can look the other way in matters of this kind. NASD itself all along could have been a lip-service gesture. But the Board of Governors right down the years hasn't pursued that kind of a course. It has acted conscientiously and in a manner that it felt was in the self-interest of the business and the public as well.

What it decided to do after its long consideration of the record of Regulation "A" was not revolutionary nor seriously hampering to dealers. It simply advised members that the rules of the game applied to these offerings as well as other public activities of members; asked that copies of "A" filings be sent to the Association so it could examine them with an eye on the Rules. It went on record with a few constructive suggestions to the SEC as to what *it* ought to do, particularly in respect to non-members, and as to the minimum of factual information the public deserved to have on such offerings.

Preferential, Etc.

Members of NASD probably know all about preferential commission plans that stock exchanges have in force whereby non-members take home something from business they originate for exchanges. But John O. MacFarlane, executive vice president of the Detroit Stock Exchange, buttered us *up* a little, and, reciprocal treatment not having been outlawed yet by the NASD Governors, we're giving a plug to John's version of a modus vivendi for the securities business.

John says his exchange members kick back 40% of the transaction; that in a six months period recently 2,000 trades aggregating 200,000 shares of stock were made under the preferential arrangement. 200 stocks are listed on Detroit "and", says John "the list is widely diversified." Of the 25 most actively traded NY SE issues, 23 are listed on Detroit—again, says John. Oh! And if you want a list of listed issues, guess who can give you one?

That do it, John?

VICE CHAIRMAN



Sampson Rogers, Jr.

many an afternoon in the movies in those hectic days. By 1939, he was Sales Manager, however.

When he was taken into the firm, Paul Skimmer confessed he didn't identify his new partner with the office until 1934—five years after Howard started there.

"I guess he had a few other things to think about than one of the fellows in the sales department," Howard says.

Since the end of World War II one of Howard's principal jobs has been the training of new sales personnel. And when you open him up on that subject it's plain you've hit the well-spring.

Results? Out of 18 trainees taken on after the war, 16 are not only still with the firm but PRODUCING—20% of the office's gross volume, to be exact.

The secret? "It's trite as hell, I know," Howard will tell you, "but there's a one-word explanation: Work! We satisfied ourselves, with every trainee picked, that the fellow was willing to work. The rest of it was education, guidance and opportunity to work. We did our part and they've been doing their's." The firm, it seems, wasn't as much interested in an applicant's IQ as it was in his QI (quick, industrious).

Howard tells of one young fellow coming into the office "off the street" who, the preliminaries taken care of, went on to say: "I may not make the grade but after I'm here six months if you can't say that I'm the hardest working guy in the shop you can kick my pants out of here." The lad is doing alright.

During his term, the new Chairman plans to concentrate his efforts on member and public relations as he believes that the Association's 10-year record of achieve-

ment, properly presented, can bring to the industry increasing public confidence.

Without oversimplifying the past or the future, Howard believes that NASD has passed through the first phase of its development, i.e., establishing and making workable its mechanism of policing under the watchful eye of government; and is ready now to move rapidly into its second phase, i.e., becoming the advocate for the business before government and the public. His own words are:

"NASD spent the first ten years growing up; the tremendous amount of work done by past Governors, District and other Committees has brought a maturity from which our Association can speak authoritatively—out of experience and the record made."

The new Chairman thinks of NASD as having the potential of a great positive force for the good of the securities business.

He wouldn't have spent three years on a District Committee, accepted election to the Board for three more and nomination as its Chairman his last year if he didn't believe that deeply and want to make a contribution.

One Monopoly Suit's Enuf

Chicago and District #8 provide a second NASD officer this year in the person of "Sam" Rogers. (It is no reflection whatsoever on that District's other Governor, Clarence Bickel, that he too wasn't named an officer. The nominating committee just figured one monopoly suit at a time was enough for the business). Sam was chosen for one of the vice chairmanships.

Sam's been carrying an NASD spear for six years too. He's had to use it, to his everlasting distaste, a number of times by way of admonishing members brought before business conduct committees he's served on. The chastised may not have liked the spear-prod but they knew the fellow administering it was acting in good faith and heart.

McMaster, Hutchinson & Co. claims Sampson Rogers, Jr., a partner. Sam, a member of the Midwest Stock Exchange, joined the firm in 1935. He's a graduate of Wisconsin, Class of '20. Lives in Oak Park.

Hoary but still provocative of an expectant chuckle is the tradition that California's representatives (2) on the Board of Governors will have one piece of business to bring before any meeting. It's the California Tax. And Warren Crowell of Los Angeles has seen to it that at meetings of the past two years, this subject, dear to the heart of his constituents, got its proper attention.

VICE CHAIRMAN



Warren H. Crowell

California members, therefore, can feel that their advocate on the Board, Mr. Crowell, earned the recognition accorded when he was selected a vice chairman.

Not that Warren's a pure isolationist. It's just that, like a Texan, he thinks first things first. He tackled a number of Board-given assignments of second and third importance with vigor and finesse, as well, including that very hot potato, split commissions.

His firm is Crowell, Weedon & Co., established in 1932. Warren's a native Angelonian and a graduate of UCLA. He's an active YMCA'er.

The Exchequer

The Treasury in '51 will be in the capable hands of Charles H. ("Pink") Pinkerton, partner of Baltimore's Baker, Watts & Co., now in its 51st year. Until the November election, "Pink" had one favorite subject: Baker, Watts & Co. In the weeks before the election, his firm had a stiff topical competitor: Senator Tydings' Republican adversary, John Marshall Butler. "Pink" didn't win the election for Mr. Butler but he broke as many tubs as any other of the successful candidate's thumpers.

"Pink" 's been engaged in NASD work almost as long as anyone in District #11 can remember. He was 20 when he joined his firm in 1921, out of Baltimore's public schools and night classes at Johns Hopkins U. He was made a partner in 1929 and a N. Y. Stock Exchange member in 1942.

Hot Seat

"Wally" Fulton's moving into his 12th year as administrative head of NASD. He's been on the hot-seat longer than that, having held the job of director

TREASURER



Charles H. Pinkerton

of compliance of the NRA Code Committee while it was operating, prior to NRA's demise in 1935. He was kept on the job during the subsequent three years required to convert the "code" into the Maloney Act. Wally was named Executive Director upon formation of NASD in 1939.

His affiliation with the securities business dates from 1924 when he started doing statistical work for Walker's Manual in San Francisco. He became president of that Pacific Coast version of Standard & Poor's in 1930 and held that position until 1934, meanwhile serving also as secretary of the Securities Dealers Association in San Francisco.

Wally scorns adorning himself with protective coloring against ambushers. But is seriously considering sewing a patch of asbestos on the seat of his trousers.

"Churning" Case (Cont'd.)

by any stretch of the imagination, call such dealings as are evidenced by [this] account either investment service or a proper trading account.

"To infer that such a system can be a means of aid or service to small investors, is either a distortion of the truth or complete deception and self-delusion. No legitimate economic service is performed under these circumstances.

"**The whole process** of high-pressure selling, putting in securities at unconscionable profits, then taking them out as soon as prices have advanced to absorb the mark-up, then repeating the whole again, is a complete distortion of the 5% policy and is a practice that should receive the sweeping condemnation of this Association.

"To perpetrate such practices on the unsuspecting, in our carefully considered judgment, borders on fraud."

The Bitter

Twenty-three members were named in complaints filed by Business Conduct Committees last year. Eighteen complaints were closed during the year, mostly by fines. In these complaints, 25 Registered Representatives were involved, 11 of whose registrations were revoked and 6 suspended. A total of \$10,175 in fines was collected.

The Sweet

Someone has said that life is made up of a series of human relationships. Pretty high-flown idea, maybe. But you don't have to soar into the heady blue yonder to discover that the human aspect of the securities business is a fairly important one.

Our friends at the Stock Exchange think its story is worth \$800,000 in the public telling this year. Fair enough. But the Stock Exchange is a pretty cumbersome thing to lug around. So the human quantity is hard to see for the facade.

Seattle members of NASD decided a while ago to make a facade of themselves in order to tell their story to people of their community. Their example—not to mention their accomplishments—should encourage members in other parts of the country to once in a while get out of the board room and into the class room.

Here's what they did in Seattle: a series of 8 lectures were arranged through the School System and were held as a part of the Adult Education Program. The lectures were given via a panel of four men from the business—a different four for each topic. The moderator was a professor from the University of Washington. NASD members contributed to a \$1,000 pool for advertising and literature. A registration fee of \$2 was charged those who attended.

Between 700 and 800 were on hand for each lecture and peak attendance prevailed right down to the last "good night" The School Board told the sponsors that their program was the most successful ever conducted under the Adult program. Everyone wants another series next Fall.

The spark plug for the event was Earl Waterman, Chairman of District Committee #1. His Committee was Ed Maxwell, Townley Bale, Sherman Ellsworth, Al Foster and Lyle Wilson.

Naturally, Earl and his committee didn't circulate in the upper regions when they were working this thing out. It took down-to-earth planning, sober thinking and a lot of attention to details to set the program up and put it over.

Take a bow, gentlemen!

EXECUTIVE DIRECTOR



Wallace H. Fulton

Our First Duty

At its January meeting the Board of Governors adopted the following resolution submitted by Governor Albert W. Tweedy of Boston:

Whereas, the Board of Governors of the National Association of Securities Dealers, Inc., in session at Point Clear, Alabama, represents 2,810 dealers in investment securities; and

Whereas, This Association was established for the purpose of protecting the investor, the promotion of fair trade practices, maintenance of high standards of commercial honor and to provide safeguards against unreasonable profits and to prevent fraudulent and manipulative acts and practices, all in the interest of our private enterprise system; and

Whereas, That system and all that it stands for and the liberty and well-being of our citizens is threatened and in deadly peril; now, therefore, be it

RESOLVED, That the Board record itself that the first duty of all securities dealers is to give their utmost help to the strengthening of our defenses and the wholehearted support of our duly elected officials in decisions constitutionally arrived at, for, in no other way can our system meet this challenge.

The Association, in its little way, wants all who respond to the call of their country to know that a welcome from NASD awaits them on their return to the securities business. By action of the Board, registered representatives and proprietors who enter military service will not, when they come back, be required to pay registration or admittance fees for reinstatement.

Just come back, fellows!

The Financial Picture

The Board of Governors consists of 21 men elected by members. Each of these men is engaged in the securities business. As a body they represent all sizes of firms, every major type of activity. Under the By-Laws the Board has complete control of the purse strings.

It is not unaware that members gripe about what NASD costs. No Governor denies that it costs a lot of money to run the Association. But every Governor is convinced that every dollar spent is for

the good of the business.

Believing that the only time you have to worry about a skeleton in the closet is when you keep the door closed, the Board tries to show the members what comes in and what is done with what goes out.

That is the purpose of the complete exposition of receipts and expenditure figures presented on these pages and the accompanying statistics. The members owe it to themselves to at least familiarize themselves with the facts. In addition, figures are presented on assessments of

major dues-payers as well as a complete break-down of all collections according to amount of dues.

The Association's fiscal year ends September 30. For the 1950 year, receipts were \$422,172 and expenditures totaled \$504,096. Thus \$81,924 was taken from surplus. As of September 30, last, surplus amounted to \$393,549. In the preceding fiscal year expenditures amounted to \$454,799 and receipts were \$387,054 for a red figure of \$67,745.

S. Davidson Herron, retiring Treasurer, called attention of the Board at its

A breakdown of Assessment No. 17, contained in the treasurer's report presents detail as to the number of member firms billed in each dollar category. This data is shown below. If it had not been for the \$6,000 ceiling in effect during the fiscal year ended September 30, 1950, a total of \$32,354.20 additional would have been paid by six firms:

Assessment Without Ceiling:								
Member	Assessable Personnel	Assessment No. 17	Membership Fee	Personnel Fee	Underwritings Fee	Total	8%	Net Assessment
A	294	\$ 6,000.00	\$ 40.00	\$1,176.00	\$13,954.50	\$15,170.50	\$1,213.64	\$13,956.86
B	471	6,000.00	40.00	1,884.00	6,460.41	8,384.41	670.75	7,713.66
C	413	6,000.00	40.00	1,652.00	12,795.72	14,487.72	1,159.02	13,328.70
D	105-1/2	6,000.00	40.00	422.00	7,858.86	8,320.86	665.67	7,655.19
E	535-1/2	6,000.00	40.00	2,142.00	4,371.15	6,553.15	524.25	6,028.90
F	86	6,000.00	40.00	344.00	20,997.40	21,381.40	1,710.51	19,670.89
		\$36,000.00	\$240.00	\$7,620.00	\$66,438.04	\$74,298.04	\$5,943.84	\$68,354.20

A further breakdown of Assessment No. 17 shows billings as follows: Membership fees, \$108,951.50 or 31.1%; Personnel fees \$106,558.09 or 30.5%; and Underwriting fees of \$134,346.21 or 38.4%, the total of all three being \$349,855.80. Detailed data follows:

	Number of Members Billed	Total Amount
Under \$50.00	1,436	\$ 58,913.13
\$ 50.00 to 99.99	979	62,525.01
100.00 to 199.99	239	32,816.50
200.00 to 299.99	58	14,129.77
300.00 to 399.99	39	13,375.53
400.00 to 499.99	17	7,605.45
500.00 to 599.99	19	10,392.26
600.00 to 699.99	6	3,987.41
700.00 to 799.99	14	10,679.69
800.00 to 899.99	5	4,314.09
900.00 to 999.99	5	4,806.03
1,000.00 to 1,499.99	15	19,167.79
1,500.00 to 1,999.99	11	19,539.01
2,000.00 to 2,999.99	6	14,663.76
3,000.00 to 3,999.99	4	13,793.00
4,000.00 to 4,999.99	4	17,841.84
5,000.00 to 5,999.99	1	5,305.53
\$6,000.00	6	36,000.00
	2,864	\$349,855.80

January meeting to the fact that unexpended funds at the fiscal year-end while \$393,549, were \$90,000 below the budget for the fiscal year ending September 30, 1951. "It appears desirable," he said, "that no further cut in the unexpended funds be permitted until such time as such funds equal at least one year's operating budget."

In his report, Mr. Herron noted that legal fees and expenses in the last fiscal year amounted to \$40,733 of which \$29,000 was incurred in connection with the Otis & Co. case.

Out of a total billing of \$467,464 for the assessment of the current fiscal year ending next September 30, 92% had been collected on January 15.

NASD News

Published periodically by the Board of Governors under the supervision of the Member Relations Committee,
 HARPER JOY, Chairman
 Editor, JAMES P. CONWAY

Financial Report For Fiscal Year

	Year ended September 30.	
	1950	1949
Balance, Beginning of Fiscal Year (Oct. 1)	\$475,473.10	\$543,217.88
Receipts:		
Assessments	349,729.58	377,852.02
Dues from branch office registration	12,540.00	3,430.00
Registered Representatives fees	46,900.00	-
Admission fees	5,775.00	-
Subscriptions to Manual	295.00	310.00
Reinstatement fees	30.00	30.00
Interest on U. S. Treasury Securities	3,887.50	4,117.50
Fines and costs collected in prior year	3,015.32	1,314.80
Total Receipts	\$422,172.40	\$387,054.32
	\$897,645.50	\$930,272.20
Expenditures:		
National office:		
Salaries	\$ 96,089.97	\$ 90,439.39
Printing and stationery	21,479.65	20,950.27
Rent	8,515.00	8,502.50
Postage	5,118.73	4,226.09
Telephone and telegraph	4,384.88	4,907.84
Incidental office expense	1,279.44	1,718.56
Office equipment	6,141.91	2,120.91
Amortization of leasehold improvements	765.52	682.44
	\$143,775.10	\$133,548.00
Traveling and meeting expense:		
Board of Governors and Advisory Council	\$ 49,004.73	\$ 32,422.63
National Standing and Special Committees (including salaries)	43,156.41	26,913.49
Employees and others	5,007.51	8,815.23
	\$ 97,168.65	\$ 68,151.35
General expense:		
Legal fees and expense	\$ 22,194.61	\$ 15,541.73
Accounting fees and expense	2,840.22	1,050.00
Insurance	5,493.02	3,827.54
Taxes	3,374.57	2,468.72
	\$ 33,902.42	\$ 22,887.99
District Committees' expense	\$229,250.28	\$230,211.76
Total Expenditures	\$504,096.45	\$454,799.10
Balance, September 30	\$393,549.05	\$475,473.10
Balance, September 30, consisting of:		
Cash in banks and on hand	\$171,544.49	\$136,961.36
U. S. Treasury Securities	250,000.00	345,000.00
Advances for traveling expenses	2,600.00	3,298.41
Advances to Trustees - Insurance Trust	525.34	5,135.05
Deposits	775.00	775.00
Accrued interest on U. S. Treasury Securities	1,937.50	2,362.50
Leasehold improvements, less amortization	2,333.63	2,559.15
Accounts payable	(25,922.56)	(14,748.39)
Accrued payroll taxes and taxes withheld from salaries	(2,969.35)	(2,854.66)
Fines and costs collected, pending review	(7,200.00)	(3,015.32)
Deferred receipts - assessments collected in advance	(75.00)	-
	\$393,549.05	\$475,473.10

Price, Waterhouse & Co.

January 9, 1951

National Association of
Securities Dealers, Inc.
1625 K Street, N. W.
Washington 6, D. C.

We have examined the statement of receipts and expenditures of the National Association of Securities Dealers, Inc., for the year ended September 30, 1950. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying comparative statement presents fairly the receipts and expenditures of the National Association of Securities Dealers, Inc., for the two years ended September 30, 1949 and September 30, 1950 and the composition of the funds remaining in its custody at those dates.

(signed)

PRICE, WATERHOUSE & CO.

State Commissioners

William C. King of Virginia is this year's President of the National Association of Securities Administrators. This is the organization of State Securities Commissioners. First Vice President is John F. Hueni, Michigan; second Vice President, Robert F. Brown, West Virginia; treasurer, Hal G. Hoyt, Maine; secretary, Louis J. Barry, Rhode Island.

The Executive Committee, in addition to the above, includes Paul V. Deames, Illinois; Maurice Hudson, Oregon and Edward J. Samp, Wisconsin.

Finance Committee

James J. Lee, Lee Higginson Corporation, New York, is chairman of the Finance Committee of the Board of Governors for the year 1951. Other members of the Committee are: Chairman of the Board Howard E. Buhse; W. Fenton Johnston, Smith, Barney & Co., New York; Treasurer Charles H. Pinkerton; Jesse A. Sanders, Jr., Sanders & Newsum, Dallas; Wallace H. Fulton, Executive Director.

O-C Study

The first of eight monographs entitled "Activity on Over-The-Counter Markets" has just been published by the Wharton School of Finance. The school has been conducting a study of the over-the-counter market under a grant from the Merrill Foundation.

The section of the study just released, is of a quite general nature in that it covers the size, location, and form of over-the-counter trading. One of its most important contributions is a table showing the size of the market from the 1920's to date. This is compared with exchange trading for the same period to show that, relatively speaking, the over-the-counter market has more than quadrupled its size in the last quarter century. This was at the expense, in part, of a declining exchange volume. Too, it is shown that the over-the-counter market has held up better, volume-wise, than the exchanges in periods of thin markets.

There is extensive text and tables on the distribution of over-the-counter firms by size, geographic location, and principal type of business. A wealth of information is shown regarding the importance, to the business, of various types of securities. Proceeds of new issues are shown, both gross and net, for all types of issues and issuers. New issue and resale volumes are shown and are compared with the exchanges.

From the above, it may be seen that the study covers the entire trading sector of the market. It is a tribute to the writers that there has been only one major point of disagreement: the data on geographical distribution of firms. It was necessary to divide the country into five areas, plus a grouping known as "nation-wide." This latter contains the large houses doing business in more than one geographic region. This was necessary since it was impossible, from collected statistics, to apportion the business of these firms geographically. In a later study, such a division will be made in the data on location of customers.

For those who are interested in how the Wharton School arrived at its answers, the first monograph contains two appendices setting forth methods of comparison, sources of information, etc. Copies of the "Activity on Over-The-Counter Markets" may be obtained from Dr. G. Wright Hoffman, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia 4, Pa. The price is 85 cents. Please make checks payable to the Wharton School of Finance and Commerce.

Security Issues Data

A useful reference source on 10,000 security issues offered and sold in the period July, 1933 to December 31, 1949 is available in two volumes at \$50 per set. The publisher is Ad Press, Ltd., 100 Grand St., New York.

The compilation grew out of a three-year research program conducted as a part of the preparation for the trial of the Investment Bankers Anti-trust Case. The volumes are considered to be the most comprehensive and reliable record of security issue data ever compiled for the period.

The issues covered include all new and secondary offerings of \$100,000 and over and unregistered "secondaries" of \$1,000,000 and over and covers both corporates and municipals. Listings are alphabetical by name of the issuer and the data for each issue includes date of offering, description of issue, dollar amount, type of transaction, number of underwriters and other vital facts.

Proceeds of the public sale of the volumes will be applied toward partial reimbursement of research and printing expenses.

News for Employees

The Board of Governors is strongly of the opinion that all Registered Representatives should be readers of the NASD News.

This issue of the News, therefore, is being sent to all members in quantity for distribution to salesmen, traders, etc.

Educating Educators

If you ever experience an over-all good feeling about the position of the securities business vis a vis its public relations don't! brother, don't! crack open one of the kids' college text books. Just go on being blissfully smug.

Unless, like a few in the business who have stout hearts, you can stand the shock. The "few" did some probing a couple of years ago and since have been trying to get the business caught up with what young minds are taught about investment banking, brokers and dealers.

They've worked through a Joint Committee on Education. It's supported by the New York exchanges, member firms, the IBA and NASD. In the last three years, the Committee brought 25 teachers from as many universities around the country to New York on "fellowships." The operations and ramifications of the business were laid bare to these men. They got to see and talk to as much brass as their eyes and ears could assimilate.

late. Every professor didn't go home singing the praises of Wall Street but enough good has come from the idea that the Committee this year will broaden its program.

It is going to institute an annual forum on "The Economics of the Securities Business." Three past "fellows", with the help of the Committee, will manage it. One outstanding student from each of the 25 universities will be brought to New York for the three-week forum. Lecturers will be drawn from people in the business; a student would be required to take a test at the end of the Forum or write a paper and he would, in either event, be awarded a certificate evidencing his successful completion of the course.

The five supporting organizations will underwrite the \$18,000 budget. Norman P. Smith is Chairman and Amiyas Ames Vice Chairman of the Joint Committee. The Chairman and Executive Director of NASD are members.

Passing Muster

"Does a leopard ever change his spots?"

Hardly a meeting of a Business Conduct Committee of NASD is held but that that question is propounded, mentally or orally.

The reason is that individuals now must pass muster as well as members. And if an individual has a "past" (not just a poor reputation but a "record") in the securities business he jeopardizes a member who would employ him. So such an individual has to be approved by the Association for registration as a registered representative before a firm can employ him.

In one or two prominent instances in recent years the Association learned that a leopard finds it hard to change his spots. The human impulse to "give him a chance" was, in those instances, paid off with a fresh black eye for the business.

That's why considerable time was taken up at the last meeting of the Board of Governors in resolving the problem of permitting a member to employ a man whose record in the business was a blotch.

When the yakkety-yak was ended and the question put to a vote, three of twenty-one Governors voted against such permission, so the man is in. In this case, the stout insistence of the member that the individual would be strictly supervised and would have no public accounts influenced both the District Committee of original jurisdiction and the Board.

That S O P (II)

The Association hopes to make it as easy as possible to comply with the Statement of Policy on investment company sales literature and advertising by clarifying various points in the light of experience with this latest effort at self-regulation. To this end, the Association is considering the publication of a booklet for the use of all members containing specific "do's and don'ts", including examples of how certain of the more troublesome sales points may be handled within the framework of the SOP.

Three explanatory letters already have gone out from the executive offices. Most members probably have seen one or two of these and some may be familiar with all three, but there are indications that all members having anything to do with investment company sales have not become sufficiently acquainted with them. It is important that all the points made in these letters be understood, and it is therefore urged that all members make the letters available to all salesmen and others who may be affected. If copies are not available, write to the Washington office and sufficient copies will be sent out promptly.

Among other things, the letters make clear that all advertising and literature, including form letters sent out by salesmen must be filed with the Association within three days after use. But individual letters to customers need not be filed, though they, like all other material, must conform to the SOP.

There are indications also that many individual sales letters do not conform to the SOP, and dealers are urged to increase their supervision over these communications, and over advertising by individual salesmen, particularly in branch offices.

Literature prepared by investment company sponsors and booklets prepared by others for use of dealers need not be filed, since these are being revised and submitted by the issuers and underwriters and outside authors. However, dealers should make sure that all such material used has been revised, because no unrevised literature or advertising is usable.

The letters also emphasize that the Association is anxious to assist its members in complying by reviewing in advance of publication or use any material relating to investment companies. It is important to remember, however, that scores of underwriters and hundreds of dealers are filing many, many pieces of literature, and therefore you should allow us two or three weeks for review (except in un-

"Somebody has certainly given the NASD *NEWS* a shot of vitamin or yogurt or something. I remember remarking a year or two ago that the style of writing was subject to some improvement. This has certainly been taken care of in the November issue, which is as easy to read as a well-written news digest such as *TIME*. . . . I don't know who is responsible but hope you will pass along these comments for what they are worth.

(s) George F. Noyes

Chicago, Dec. 8, 1950.

"Have just read Nov. issue NASD *NEWS*. Mr. Joy's article is very interesting and I am very pleased that the Board of Governors is to issue a booklet carrying out Mr. Joy's suggestion.

May I suggest that such a booklet, coming with the authority of the Assn., will carry such weight that it need not go into lengthy detail but cover only the *factors* involved in the Code of Fair Practice and the *principles* of the Assn. which govern the action of Members and to

complicated cases and emergencies) and fix your publication plans accordingly. After the present crush of new material is passed, this time lag should be materially shortened.

It is obvious that it will take time to acquaint all members, particularly all registered representatives and branch offices, with the Statement of Policy, and member firms can help considerably by impressing on their employees the necessity of adhering closely to these standards.

Advertising by some members, particularly the so-called institutional, or generalized, ads that seek to develop lists of prospects, still strays from these standards, particularly in mentioning yield or return figures and making specific references that do not apply to any and all investment companies. The Association's letter of Sept. 29 makes clear some of the things that can and cannot be said in these advertisements.

It also talks about how custodial services should be described; explains that comparisons which include the use of charts must comply with the standards of both Sections (h) and (j) of the SOP; notes that any chart showing results of a continuous investment program should be cleared first with the SEC through the NASD; clarifies some of the technical points of the SOP's other standards on such periodic purchase plans; and tells some of the occasions when the sales charge legend need not be used.

Letters

which they must live up, to retain their membership. If the booklet is to be read and thus accomplish its object, it must be brief.

If it is sized to fit the standard 6¾ envelope it will add greatly to convenience of mailing.

(s) R. B. Rope

Buffalo, Dec. 7, 1950

Ed. Note. The booklet (actually a leaflet) is on the presses. We hope it measures up to Mr. Rope's specifications, that many members will decide it can be used to promote customer and public relations in their communities.

"I certainly think we owe the printer a very great debt for the typographical error made in the November issue of the NASD *NEWS*. I refer, of course, to the heading 'That S O P.' It was a good issue. . . .

(s) Herb Anderson

New York, Dec. 6, 1950

Ed. Note. See column 1.

"The trouble with Wall Street is it is too easy to pronounce. Anybody with half a mouth can say 'Wall Street'. It's as easy to pronounce as 'nyet'. All a foreigner has to do is pucker his mouth a little, and blow, and he has 'Wall Street.' All over the earth, people have been told about Wall Street—how decadent and capitalistic it is—and these people can throw it at us because they can say the words. When American soldiers went into Korea, the Communists yelled 'Wall Street masters!' at them, although the soldiers didn't know whether industrials and rails were up or down. The thing to do about this is to change the name of Wall Street. Perhaps New Orleans would let us have Tchoupitoulas Street in exchange. If the Kremlin's propaganda machine had to have a lot of its stuff on Tchoupitoulas Street, mechanical costs would rise sharply; moreover, the name would hardly be worth using, because so few people could say it. The *Wall Street Journal* could become the *Tchoupitoulas Street Journal*. The editorials could remain the same.

"Another good name would be Stalin Street. That would fix the propaganda machine for keeps." *The New Yorker*, Nov. 18, 1950.

Or "Lend-Lease Street."

National Association of Securities Dealers, Inc.

For 1951

Board of Governors

Name	Firm	City	District
Clarence A. Bickel	Robert W. Baird & Co.	Milwaukee	8
Ewing T. Boles	The Ohio Company	Columbus	10
Howard E. Buhse	Hornblower & Weeks	Chicago	8
John F. Bunn, Jr.	Bioren & Co.	Philadelphia	12
Charles P. Cooley, Jr.	Cooley & Co.	Hartford	13
Warren H. Crowell	Crowell, Weedon & Co.	Los Angeles	2
Paul Devlin	Blyth & Co., Inc.	New York	13
W. Fenton Johnston	Smith, Barney & Co.	New York	13
Harper Joy	Pacific Northwest Company	Spokane	1
James J. Lee	Lee Higginson Corporation	New York	13
Frederick H. MacDonald	Burke & MacDonald	Kansas City	5
John D. McCutcheon	John D. McCutcheon & Co., Inc.	St. Louis	7
Ira D. Owen	Allison-Williams Co.	Minneapolis	4
Gerald P. Peters	Peters, Writer & Christensen, Inc.	Denver	3
Charles H. Pinkerton	Baker, Watts & Co.	Baltimore	11
Sampson Rogers, Jr.	McMaster Hutchinson & Co.	Chicago	8
Jesse A. Sanders, Jr.	Sanders & Newsom	Dallas	6
H. P. Schlemmer	Schwabacher & Co.	San Francisco	2
Carl Stolle	G. A. Saxton & Co., Inc.	New York	13
Albert W. Tweedy	H. C. Wainwright & Co.	Boston	14
*Charles W. Watterfield	Cumberland Securities Corporation	Nashville	9

Committees of the Board

<i>Executive</i>	<i>Finance</i>
Howard E. Buhse, Chairman	James J. Lee, Chairman
Warren H. Crowell	Howard E. Buhse
Sampson Rogers, Jr.	Wallace H. Fulton
Clarence A. Bickel	W. Fenton Johnston
Wallace H. Fulton	Charles H. Pinkerton
James J. Lee	Jesse A. Sanders, Jr.
Frederick H. MacDonald	
Charles H. Pinkerton	
<i>Business Conduct</i>	<i>Legislative Advisory</i>
Clarence A. Bickel, Chairman	Ewing T. Boles, Chairman
John D. McCutcheon, Vice Chairman	Charles P. Cooley, Jr.
John F. Bunn, Jr.	Wallace H. Fulton
Charles P. Cooley, Jr.	W. Fenton Johnston
Frederick H. MacDonald	Harper Joy
Ira D. Owen	H. P. Schlemmer
Gerald P. Peters	Carl Stolle

National Committee Chairmen

Uniform Practice	George L. Morris	Hornblower & Weeks	Philadelphia
Quotations	Philip L. Carret	Gammack & Co.	New York
Investment Companies	Harry I. Prankard, II	Lord, Abbett & Co.	New York
Public & Member Relations	Harper Joy	Pacific Northwest Co	Spokane
Special Research	W. Yost Fulton	Fulton, Reid & Co.	Cleveland
Unlisted Trading	Jesse A. Sanders, Jr.	Sanders & Newsom	Dallas
Better Markets	Carl Stolle	G. A. Saxton & Co.	New York
Railroad Advisory	Pierpont V. Davis	Harriman, Ripley & Co.	New York
Foreign Securities	Henry Stavitz	Swiss American Corp.	New York

* Resigned, George H. Stubbs, Jr., Birmingham, nominated as successor.

Swan Song

Following are remarks of John J. Sullivan, Denver, upon his retirement as Chairman of the Board of Governors Jan. 16, 1951:

Three years ago, I came on this Board with some reservations. I had been a District Chairman. Before that, I had had, many years back, some hand in setting up first the Investment Bankers Conference and then the NASD; but despite that background, I still had some few question marks in my mind about the over-all operation of NASD.

I am happy to say that, as a result of the three years' experience, the close association that this office has given me with the Association and you men who run it and the men out in the Districts who run it at the District level—well, those reservations and question marks have been completely eliminated.

I am more sold now on the NASD than I have ever been because very definitely the NASD wears well, and I am more convinced now than I ever have been that the NASD performs an absolutely vital function, in our present economy, toward the preservation of this business.

I am convinced that the smart thing for us to do is to continue to strengthen the NASD in every way that we can and look very scrupulously to the administration of its affairs, because I am convinced that, if we do not do that, we will be pushed to the sidelines and some form of direct governmental regulation will take our place—and that would be very, very bad for all of us.

I also want to say that the job of the Chairman would be quite an impossible one if it were not for Wally Fulton. All through the year I have found him most cooperative. I never asked that anything be done that it wasn't done promptly and efficiently and pleasantly. He is a great asset to this Association and he has my high regard.

I want also to thank all of you. Without this Board and the Committees of the Board and the District Chairman and the District Committees, the Chairman of the Board would be the voice of one crying in the wilderness. I have had a very pleasant situation. I have not asked any man in this Association to assume a task or discharge a responsibility without having him come wholeheartedly to the front and do the job.