

## 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 to participate, at the request or with the approval of the court, in proceedings to provide the court and investors with independent expert assistance on the various legal and financial questions that arise in the proceeding and to prepare for the benefit of the courts and investors advisory reports on plans of reorganization. The Commission has no statutory right of appeal in a Chapter X proceeding, but it may participate in appeals taken by others.

#### COMMISSION'S FUNCTIONS UNDER CHAPTER X

The role of the Commission under Chapter X is different from that under the statutes which it administers. It acts in a purely advisory capacity, and 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. Its technical staff and its recommendations are available to the judge and the security holders, affording them the views of experts in a highly complex area of corporate law and finance.

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 whether there is enough public interest to make it desirable for the Commission to participate. Sometimes the Commission has entered smaller cases, particularly when requested by the court, 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 where the Commission may otherwise be useful.

Even where the public interest is too small to warrant active intervention by the Commission, the staff may follow a case and make suggestions or comments on an informal basis when requested or when it is deemed desirable. Because of its nation-wide activity and its experience in the field of reorganization, the Commission and its staff are often called upon by trustees or their counsel, other parties, referees, special masters, and judges for advice or comments on general reorganization problems and the interpretation and application of the provisions of Chapter X.

## SUMMARY OF ACTIVITIES

The Commission participated during the fiscal year in 59 proceedings involving the reorganization of 83 companies with aggregate stated assets of \$574,362,000 and aggregate stated indebtedness of \$351,736,000. During the year the Commission, with court approval, filed notices of appearance in six new proceedings under Chapter X. These proceedings involved eight companies with aggregate stated assets of \$8,834,000 and indebtedness of \$5,625,000. Proceedings involving eight principal debtor corporations and two subsidiary debtors were closed during the year. At the close of the year, the Commission was participating in 51 reorganization proceedings involving 73 companies with aggregate stated assets of \$558,258,000 and indebtedness of \$331,297,000.<sup>1</sup>

Some of the more important matters and issues with which the Commission was concerned during the fiscal year in connection with its Chapter X functions are discussed below.

**Activities Relating to the Trusteeship**

Chapter X requires that in every case involving a corporation of substantial size an independent trustee be appointed 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. This requirement is one of the fundamental changes brought about by the Chandler Act. The success of the reorganization depends largely on the thoroughness, skill, and loyalty with which the independent trustee, who is the focal point of the proceedings, and his counsel perform their tasks.

The Commission customarily examines the qualifications of trustees in the light of the standards of disinterestedness prescribed by the statute for trustees and their counsel. Where it appears that the trustee or his counsel is not disinterested, the Commission calls the facts to the attention of the court and takes other appropriate steps looking toward the resignation or removal of these fiduciaries. In one case during the fiscal year, where it appeared to the Commission that attorneys for the parent company of the debtor had recommended the appointment of trustees and their counsel, the Commission considered that the standards of disinterestedness of the statute had not been followed. In the course of hearings in which the facts concerning their appointment were developed by Commission counsel, the trustees and their counsel resigned.

The statute permits the appointment of an "additional trustee," who may be a director, officer or employee of the debtor, for the limited purpose of participating with the disinterested trustee in the operation of the business and the management of the debtor's property. It has been the Commission's position that the provision was not intended to detract in any degree from the fundamental purpose of eliminating management control of reorganization proceedings, but rather was intended only for the exceptional case where the services and experience of such a person are essential to the business operations of the trusteeship.

<sup>1</sup> The reorganization proceedings in which the Commission participated during the fiscal year are classified by type of industry in Appendix Table 15, and a list of such debtors is set forth in Appendix Table 16.

The Commission has also taken the view that, while an additional trustee may be an officer, director, or employee of the debtor, he may not have any other material adverse interest or conflicting position. Thus, in one case during the fiscal year, where it appeared that the additional trustee was to be sued by the estate as one of those involved in certain corporate activities giving rise to a cause of action against the former management of the debtor, the position was taken that the additional trustee had a conflict of interest which required his resignation or removal. After discussions the additional trustee resigned voluntarily.<sup>2</sup>

Where multiple trustees have been appointed in a Chapter X proceeding, the Commission has on occasion recommended to the court that the number of trustees be reduced, in the interests of economy, because of the cessation of the normal operations of the debtor or because the affairs of the debtor did not appear to warrant a multiple trusteeship. In one case during the fiscal year, the court accepted the Commission's suggestion in this regard and reduced the number of trustees from three to one.<sup>3</sup>

The proceedings involving Texas Gas Utilities Company<sup>4</sup> are illustrative of the manner in which the Commission aids the court and trustee in carrying out the statutory objectives. In this case, as soon as the voluntary petition for reorganization was filed, the Commission began to study the record and the company's affairs. The petition for reorganization provided for the appointment of the president of the debtor as additional trustee with power to operate the business of the company and with other powers and duties which would have given him virtual control of the enterprise. It appeared that the additional trustee was disqualified to act because of his stock interests, and there was no showing of the necessity for the appointment. Through the interposition of objections, the Commission was able to prevent the retention of the additional trustee, thus placing the sole responsibility for the administration of the debtor's estate in the hands of the independent trustee.

At the inception of these reorganization proceedings, the attorneys for the debtor had provided for a quick reorganization without the customary direction for a prior investigation of the debtor's affairs by the independent trustee. A plan of reorganization had been agreed upon with a few holders of a large block of bonds which, in effect, merely contemplated a simple extension of the bond issue and a continuation of the old management. The plan was incorporated in the petition for reorganization and early approval of it was scheduled. Upon the recommendation of the Commission, the court directed the independent trustee to make a thorough investigation.

The Commission, in cooperation with the trustee, made a careful study of the debtor's affairs. As a result of this inquiry, the reason for the efforts to avoid a complete investigation became apparent. Numerous transactions indicating mismanagement, diversion of assets, and other abuses of fiduciary duties by the president of the debtor and others were brought to light. As a result of the Commission's activities, the president of the debtor voluntarily turned

<sup>2</sup> *In re Third Avenue Transit Corp.*, S. D. N. Y., No. 85851.

<sup>3</sup> *In re Nu-Enamel Corp.*, N. D. Ill., No. 528256.

<sup>4</sup> W. D. Texas, No. 2283.

over to the trustee cash in the amount of \$22,850 which he admitted belonged to the debtor. The debtor was given the benefit of a favorable contract for the purchase of gas which the debtor's president had purportedly obtained for another corporation wholly owned by him. The debtor is paying less than half as much for gas under this contract as it had previously paid to the president's wholly owned company. This has resulted in substantial savings to the debtor.

At the suggestion of the Commission, hearings were held before a special master at which the president of the debtor and other witnesses were examined. Based on the facts disclosed by the Commission's investigation and developed at the hearing, the trustee filed a suit for damages and for an accounting against the president of the debtor and other individuals and corporations in the total amount of approximately \$370,000.

#### **Procedural Aspects of Reorganization**

Chapter X contains procedural safeguards designed to protect the interest of public security holders and to assure the proper functioning of the reorganization process. Provisions such as those pertaining to appearances, notices, hearings, investigations, and reports are calculated to afford substantive safety to public investors in the achievement of a fair, equitable and feasible plan of reorganization. The Commission has been constantly alert to urge that these carefully conceived procedural provisions are observed. The importance of a thorough investigation of the debtor's affairs prior to the formulation of a plan by the trustee was demonstrated in the *Texas Gas Utilities* proceedings discussed above. During the fiscal year several other cases have shown the importance of the procedural aspects of the reorganization process to security holders.

In the *American Bantam Car Company* proceedings and the *Chicago Rapid Transit Company* proceedings the Commission ultimately was successful in obtaining adherence to Chapter X requirements designed to safeguard the interests of security holders. In the *American Bantam* case, a pending investigation instituted by the trustees had indicated the possibility of substantial causes of action against the parent company of the debtor. A plan of reorganization had been filed but no hearings had been held thereon. As a step in a program looking toward dismissal of the proceedings and in disregard of the proposed plan or other plans and the statutory safeguards which plan procedures would entail, the parent company submitted a proposal to compromise the causes of action against it by payments and loans which, with cash on hand, would be enough to discharge all other indebtedness. The district court referred the compromise proposal to a special master for formal hearing as to whether it should be approved, and deferred action on any plan procedures. The Commission objected to this procedure, contending that it erroneously gave priority consideration to the parent stockholder's program for dismissal of the proceedings without a thorough investigation of any causes of action against the parent company as envisaged by the statute, the kind of examination not feasible or possible in an adversary hearing limited by the issues raised by the compromise proposal.

On appeal from the order of reference,<sup>5</sup> the court of appeals reversed, holding that the inquiry needed before the merits of the compromise proposal could be determined could more appropriately be made during the course of section 21a examinations then pending before a referee. The court noted that the compromise hearing tended to bypass the reorganization process and its investor safeguards. The court also cited the failure to give adequate notice of the procedures to security holders, and the failure of the trustees to state their recommendations on the proposed compromise. As to the pending reorganization plan, which involved a sale to which the court below seemed to be opposed, the court stated, "that a plan of reorganization which does not return a debtor to its original stockholders is not *per se* objectionable, and that a reorganization may permissibly take the form of liquidation. \* \* \*" It reiterated a statement made in an earlier case that "it is not the purpose of a Chapter X proceeding to furnish immunity to wrongdoing, and \* \* \* a reorganization which leaves former officers in possession of a debtor, which may have been subjected to improvident management or worse, could not be countenanced without investigation of all substantial allegations of mismanagement and fraud."

In the *Chicago Rapid Transit Company* case the trustee had disaffirmed a lease of certain lines belonging to Chicago Junction Railroad Company. Following this disaffirmance, the trustee of Chicago Rapid Transit Company continued to operate over the lines belonging to the former lessor for a period of several years. A claim was filed by the former lessor in the reorganization proceedings and protracted hearings were held in an accounting litigation between the debtor and the former lessor.

Before the conclusion of the accounting litigation, a group of bondholders owning approximately 40 percent of the bonds of the debtor negotiated a settlement with Chicago Junction Railroad Company. The proposed settlement called for the payment by the debtor to Chicago Junction of the sum of \$1,125,000 to compromise all claims between the two companies. Admittedly, the proponents of the settlement had given no consideration to the merits of the litigation between the debtor and the former lessor. The trustee originally took no position with respect to the proposed settlement.

Over the objections of the Commission and certain bondholders, the special master recommended that the compromise be approved. Later, on the motion of the Commission, the district court directed the trustee to file a statement of his position. Subsequently, the trustee recommended approval of the compromise primarily because continuation of the litigation would be lengthy and expensive and the outcome so much in doubt that it was advisable to pay the amount agreed upon and bring an end to the litigation. The Commission argued that, where the rights of public security holders are involved, there can be no compromise unless the record contains sufficient evidence to serve as the basis for an informed judgment on the fairness of the compromise. The Commission pointed to one of the basic aims of Chapter X to prevent dominant security holders from using the reorganization machinery for their selfish interests without regard for minority security holders, and referred to the

<sup>5</sup> *In re American Bantam Car Co.*, 193 F. 2d 616 (C. A. 3, 1952).

provisions for participation by security holders in the proceedings and for notice to them of important steps, as well as for participation by an independent trustee and by the Commission in an advisory capacity. The Commission also pointed out that the trustee in this case had not negotiated or sponsored the compromise and had not given his views or taken a position regarding the merits of the matter. In answer to an argument that the compromise had been submitted to bondholders for their opinion the Commission pointed out that there had been no inquiry into the substantive merits of the controversy and hence the security holders could not have made an informed decision.

The district court, nevertheless, approved the compromise. On appeal the Court of Appeals for the Seventh Circuit<sup>6</sup> held that the record was far from complete, and that there had been no attempt to ascertain the basic legal contentions or amounts involved in the mutual claims on any theory of accounting. The court stated that the trustee, in recommending the compromise, should, of course, take into account the uncertainty and cost of litigation but that, if the court is to exercise an informed and independent judgement, the merits of the conflicting claims should be inquired into; the trustee should explain his lack of confidence in the analyses of his expert accountant; and there should be some statement and consideration of the legal or accounting basis for the vast discrepancy between the conflicting claims.

Remanding the case for further proceedings, the court of appeals indicated, however, that it would be appropriate for the parties and the district court to examine "the legal and accounting theories which give rise to the conflict in claims, without necessarily going into the actual evidence" and thus furnish the basis for consideration of the fairness of the proposed settlement or the basis for new negotiations for settlement in order to avoid lengthy and expensive hearings.

#### **Accessibility and Use of Lists of Security Holders**

Among the important protective provisions adopted in the interest of public security holders as part of the revision of bankruptcy reorganization legislation are those which facilitate free communication among the security holders who desire to organize in order to take action in their own interest and to exchange ideas. It was recognized, as had been demonstrated in the Commission's Protective Committee Study, that control over lists of security holders by management and by investment bankers gave them the advantage of information which enabled them to put through plans of reorganization in their own interest and to forestall any successful organization in opposition to their plan. To prevent the abuse resulting from this favored position, Chapter X requires that the trustee file lists of security holders with the court and make them available to bona fide creditors and stockholders. In addition, others who have lists in their possession may be required to make them available to the trustee. While the court was given the power to impound such lists, the Commission has urged, in various cases, that the fundamental objective of the statute is to furnish facilities for unfettered communication among security holders and that the impounding powers of the court

<sup>6</sup> *In re Chicago Rapid Transit Co.*, 196 F. 2d 484 (1952).

should be used only in the exceptional case and with appropriate conditions to permit adequate use of the lists. It is clear, however, that it was not intended that the lists be supplied for the purpose of aiding the solicitation of purchases or sales of securities. In a recent case,<sup>7</sup> where it appeared that there had been trading in the securities of the debtor through the use of lists of the debtor's security holders, the Commission conducted an investigation pursuant to order of the court. The Commission made a complete survey of the facts, examining various data and taking the testimony of a number of witnesses. Upon the basis of this investigation a report was prepared for the court which not only contained conclusions and recommendations with respect to the particular proceeding but also general recommendations for the adoption of court rules controlling the accessibility of lists of security holders.

The investigation resulted from an inquiry into the source of certain communications received by stockholders soliciting them to sell their stock. It was found that various security dealers had been in possession of lists of security holders during the pendency of the Chapter X proceeding although such lists were supposedly available only to the trustee. The market price of the preferred stock rose phenomenally and suspicion of insider trading was voiced in some quarters. At the inception of the case, the price was about \$7 per share. The price rose steadily throughout the proceeding in which stockholders ultimately received \$215.90 per share, equal to par and accrued dividends. The estate received sufficient funds through condemnation of its properties to pay its debt obligations and preferred stock in full.

The investigation authorized by the court was undertaken to discover whether the purposes of the statute were abused by those who were in possession of the lists, whether any lists were obtained improperly and whether any violations of law were committed through the use of the lists. The Commission's investigation showed that certain dealers and their customers, believing that the debtor's properties would be condemned at a favorable price, sought to purchase the preferred stock. The stock was not listed on any exchange and the holders could only be reached through a list of security holders. The only lists existing were those which were filed with the clerk of the court, but which were not properly available to persons seeking to use the list for trading in securities.

The investigation ascertained that there were several persons in the business of acquiring and selling lists of security holders of various corporations. It appeared from the investigation that those persons were the source of some of the lists which came into the possession of some of the security dealers. At the same time it was found that certain lists of security holders were missing from court files. It was also ascertained that one of the persons trafficking in lists had previously requisitioned the court files from the clerk of the court. It was also ascertained that another list of security holders, which was in the possession of counsel for the trustee, had been released by an employee without the knowledge or consent of the trustee or the partners of the law firm acting as counsel for the trustee. As a result of the Commission's investigation, all the profits amounting to approximately \$15,000 made by the persons who had

<sup>7</sup> *In re South Bay Consolidated Water Co.*, S. D. N. Y., No. 86269.

sold this list were turned back to the estate subject to the court's disposition.

The Commission's general conclusion was that a reexamination of the general problem was necessary in order to minimize the possibility that the practices uncovered in the investigation would be repeated in other cases. Stressing the importance of having lists of security holders available for the use of bona fide creditors and stockholders in freely communicating among themselves, unrestricted by impounding and censorship, the Commission believed it desirable that official rules be adopted governing the accessibility of lists in Chapter X proceedings. The Commission therefore made the following suggestions for the consideration of the Federal courts:

(1) Persons who have custody of lists should be barred from using or permitting the use of them for purposes not germane to the reorganization;

(2) The clerks of the courts should segregate lists from other filed papers;

(3) Persons requesting access to lists filed with the clerks should supply pertinent information and undertake that the lists will not be sold or used by them in trading in securities or for other purposes not germane to the reorganization;

(4) Access to lists should be restricted to proper persons such as the trustee, creditors and stockholders, and their counsel, and those authorized specifically by order of the court;

(5) Such proper persons should be permitted to obtain lists, or access to lists, from trustees or their counsel provided the same kind of undertaking mentioned in item (3) above is provided.

In view of the broad significance of the Commission's report and its conclusions and recommendation, the report was distributed to the Chief Justice of the United States, the Chief Judges of the United States Courts of Appeals and of the District Courts and other interested parties, with a letter from the Chairman indicating the Commission's belief that it would be desirable to consider the promulgation of judicial rules controlling the accessibility of the lists and stating that the Commission, in accordance with its advisory role under Chapter X, was prepared to discuss the matter with interested groups and to render such other assistance as its facilities permit.

#### **Problems in the Administration of the Estate**

A fundamental aim of Chapter X is to make available to the court, the parties and the security holders full and accurate information regarding the debtor's affairs.

Thus, the independent trustee customarily transmits to security holders, pursuant to section 167. (5), a report on the history and financial condition of the debtor, the operation of its business, and the desirability of its continuance. Such reports enable security holders to make 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 ex-

perience the Commission has been able to supply data and suggestions useful to the trustee.

In the Chapter X proceedings involving the *Third Avenue Transit Corporation*,<sup>8</sup> the Commission was instrumental in securing the filing by the trustees of the report required by section 167 (5) of the Act. In this instance more than a year had elapsed without the filing of the report and, after informal steps failed to induce action on the part of the trustees, the Commission filed a petition to compel the filing of the section 167 (5) report. The court fixed an early date for the filing of the report which expedited the dissemination of information concerning the administration of the estate to stockholders, creditors and other interested parties, and cleared the way for the commencement of plan procedure.

Another important problem in that case involved the validity of the district court's action in directing that the indenture trustee turn over cash in its possession for use by the debtor as working capital, over the objections of holders of first mortgage bonds and of the Commission. This order was issued upon a petition filed by the reorganization trustees requesting the court to order the indenture trustee to turn over, out of trust funds in its hands, \$500,000 in cash as a loan to be used as additional working capital in connection with the debtor's operations. On appeal by certain holders of first mortgage bonds, the Commission joined in urging reversal. The Commission did not take any position on the question of the Chapter X court's power to dispose of cash in the hands of the indenture trustee in view of its contention that the record did not demonstrate sufficient grounds for the exercise of such power. The Commission argued that there was no showing that the funds would probably be returned to the bondholders, that other sources of supply had been exhausted, that notice to all bondholders had been given, that the loan was in the best interests of bondholders as well as junior security holders, and that reorganization was feasible. The Court of Appeals for the Second Circuit reversed the order of the district court and in substance upheld the position urged by the Commission.<sup>9</sup> The court decided that a reorganization court, under proper circumstances, would have the power to direct that cash in the hands of an indenture trustee be turned over for use by the debtor as working capital, but held that "that power should never be exercised absent findings, based upon the clearest evidence, not only that it is imperative to obtain the funds and that they cannot be obtained, on reasonable terms, first by bank loans or second by the disposal of certificates under section 116 (2), through ordinary market channels to voluntary lenders, but also that there is a high degree of likelihood (a) that the debtor can be reorganized in accordance with the Act, within a reasonable time, and (b) that the secured creditors whose security is being compulsorily loaned will not be injured." The Court further held that the reorganization trustees had the burden of proving these matters, which burden they had failed to sustain in the district court.

The collection of assets belonging to the debtor is a prime function of the trustee in administering the estate under the bankruptcy

<sup>8</sup> S. D. N. Y., No. 86851.

<sup>9</sup> *In re Third Avenue Transit Corp.*, 198 F. 2d 703 (C. A. 2, 1952).

statute. Under Chapter X, the mandatory requirement for the appointment of an independent trustee has, as one of its objectives, the discovery and prosecution of causes of action involving corporate misconduct or mismanagement which might not otherwise be brought to light. Apart from assisting the trustee in his investigation, the Commission does not ordinarily participate in plenary litigation brought by the trustee to recover assets for the estate. However, where problems arise in such cases, of a broad legal nature having a widespread effect upon the administration of estates in bankruptcy reorganization, the Commission may, by leave of the court, submit its views as *amicus curiae*. Thus, the Commission has filed briefs in various cases on jurisdictional questions and on questions pertaining to statutes of limitation. During the past fiscal year, an important question involving the application of statutes of limitation to suits by a trustee was presented to the Federal courts in litigation arising out of the proceedings involving *Central States Electric Corporation*. In this case where the trustees sought recovery of substantial sums based upon allegations of corporate misconduct and the diversion of corporate funds, the defendants contended that the state statute of limitations, which under state law continued to run despite concealment of the facts and domination of the corporation by the defendants, was a complete bar to the suit. The Commission supported the trustees' view that the Federal doctrine, under which the period of limitations does not start to run until discovery of the fraud or misconduct, was applicable to suits by Chapter X trustees. The Commission as *amicus curiae* filed a brief in the district court pointing out that the court exercises a jurisdiction derived from the bankruptcy statute and, accordingly, those considerations were inapplicable which require Federal courts in diversity cases to follow state statutes of limitation as held in *Erie R. Co. v. Tompkins*, 304 U. S. 64 (1938), and *Guaranty Trust Co., York*, 326 U. S. 99 (1945). It was the Commission's view that Congress had invested Chapter X actions with a paramount Federal interest, distinguishing them from suits based upon diversity alone; and that, consequently, in applying a statute of limitations, the Federal court will also apply the equitable principle, founded upon simple justice, that where there has been concealment or domination, the period of limitations is measured from the date of discovery or when the domination ceased. This mitigating doctrine is read into every Federal statute to prevent fraud and therefore should be considered part of Chapter X.

The district court held that the claims were not barred by the New York statute of limitations because, under Federal rule, the period did not commence to run until the domination of the debtor by the defendants ceased. On appeal, the Court of Appeals for the Second Circuit reversed, one Judge dissenting.<sup>10</sup> The court held that section 11e of the Bankruptcy Act, which gives the trustee a two-year period within which to bring suit, expressly precludes him from bringing suit upon any claim against which the period of limitation fixed by state law has expired at the time of the filing of the petition. The court held that this was a clear mandate to apply the same statute of limitations as a state court would and that, hence, the Federal discovery doctrine was inapplicable. The court mentioned the possibility of

<sup>10</sup> *Austrian v. Williams*, 198 F. 2d 697 (C. A. 2, 1952). Certiorari was denied by the Supreme Court on December 22, 1952.

alleged wrongdoers concealing their tortious conduct beyond the period of limitations to escape liability but suggested that "it may well be that Congress felt the likelihood of abuse too small to make any distinction in respect to the very few states which are in accord with the New York rule. \* \* \* We think that the desirability of the repose policy of the state limitations periods was intended to be recognized by Congress and given effect in the manner in which the various states saw fit to make this policy effective."

#### Responsibilities of Fiduciaries

One of the Commission's principal activities in Chapter X proceedings has continued to be its endeavor to assure adherence to the high standards of conduct required of fiduciaries. The Commission has concerned itself with the qualifications of trustees and others in order that those undertaking to serve the creditors and stockholders be free from any conflicts of interest.

As reported in the Seventeenth Annual Report, the Supreme Court, in the case of *Mosser v. Darrow*, 341 U. S. 267 (1951), held that the trustee should be surcharged for certain profits made by the trustee's employees. Subsequently, the present trustees collected the amount of the surcharge. A related question still pending is whether or not claims of the two employees whose conduct resulted in the surcharge of the trustee can be allowed in the reorganization proceedings. Such claims are based on securities held by the employees which would ordinarily be entitled to participation in the reorganization. Objections have been filed by the Commission and others to the allowance of such claims on the ground, among others, that the securities were acquired in violation of the fiduciary duty of the employees. Lengthy hearings have been held before a special master to whom the matter has been referred, and his report is in preparation.

Where a fiduciary has traded in the securities of a debtor in reorganization, section 249 of Chapter X prohibits the allowance to him of any fees or reimbursement of expenses. In addition, in such situations, section 212 empowers the Chapter X courts to prevent 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 has been advocated by the Commission in several cases in which the fiduciary purchased claims against the corporation at a discount prior to the institution of the Chapter X proceedings but during a period when the corporation was insolvent. The Commission has adhered to 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 if the corporation is insolvent and in need of rehabilitation with respect to its liabilities, even if it is not yet actually undergoing judicial reorganization. Accordingly, the Commission has urged the application of section 212 of Chapter X which provides that the judge may limit claims acquired by fiduciaries "in contemplation or in the course of the proceeding" in appropriate cases.

In an effort to avoid the possible hardships involved when a fiduciary is compelled to forego securities profits or compensation for services rendered by reason of a breach of fiduciary duty unknowingly committed, the Commission through its staff has adopted the practice when feasible of discussing the equitable principles involved in reor-

ganizations at the outset of the proceeding with the parties or their counsel. Since trading in securities is the most frequent cause of difficulty, this subject receives special attention. Persons affiliated with securities firms are especially advised of the need to comply with standards which do not permit fiduciaries to deal in reorganization securities or render investment advice because of the conflict with their obligations to the investors they undertake to represent.

#### Activities with Respect to Allowances of Fees and Expenses

The Commission in its advisory capacity makes specific recommendations to the courts respecting allowances for fees and expenses. Ordinarily the Commission is the only party in the proceeding in a position to present impartial views to the judge on this subject. Even the independent trustee has an interest in the outcome of the fee hearing. The Commission itself receives no fees or expenses from estates in reorganization and is primarily concerned with the fairness of the result to the parties and the public investors. Recommendations are made with the object of protecting the estate from exorbitant and inequitable charges and, on the other hand, with the belief that adequate compensation to applicants is not only just and proper but necessary to encourage legitimate and responsible creditor and stockholder participation in the reorganization process.

The Commission customarily 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 benefits conferred in the administration of the estate and 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 the significant developments in the case.

Illustrating the Commission's contribution in this field of fixing allowances; which has been termed "the most thankless and delicate task in all of the problems of judicial reorganization" and "one of the most disagreeable and perplexing tasks which falls to the lot of a district judge,"<sup>11</sup> the Chapter X proceeding involving *Pittsburgh Railways Company* may be cited.<sup>12</sup> In that case, 44 applicants filed requests for allowances aggregating \$2,369,897, not including certain amounts paid to a former trustee and his counsel or the fees and expenses of the parent company, Philadelphia Company. The Commission presented to the court through its counsel a complete and detailed analysis of the proceedings, the services rendered by each applicant, their accomplishments or their lack of contribution, if such were the case, and specific recommendations as to the amounts considered by the Commission to be reasonable and appropriate. No fee was recommended in several instances where a conflict of interest was involved or where trading in securities required the application of the provisions of section 249 prohibiting compensation in such instances. In one case, where applicants had been associated as counsel for a group of security holders and had agreed upon a division of any allowance made to them, apparently subject to the court's approval, the Commission made separate recommendations because

<sup>11</sup> See *Finn v. Childs Co.*, 181 F. 2d 431 (C. A. 2, 1950).

<sup>12</sup> W. D. Pa., No. 20225.

it did not believe the division agreed upon was reasonable.<sup>13</sup> The aggregate amount recommended by the Commission was \$795,465. After argument and submission of briefs, the district court rendered its decision granting allowances which totaled \$815,965. Since interim fees paid to certain of the applicants amounted to \$346,000, the estate was required to pay approximately \$470,000, enabling it to turn over to the reorganized company about \$350,000. This money will go principally to public security holders through retirement of bonds under the company's sinking fund. The court's order granting allowances expressed "keen appreciation of the incalculable services" rendered in the proceeding by the Commission.

In the proceedings involving *Central States Electric Corporation*, requests for fees and expenses by 50 applicants exceeded \$3,500,000. The Commission filed a comprehensive memorandum discussing the entire course of the proceeding and its ramifications and the services and contribution of each applicant, and recommending an aggregate amount of \$1,130,450. In making this recommendation, the Commission took into consideration among other things the length and complexity of the litigation, the size of the estate, its ability to pay, and the success of the reorganization. In several instances, the Commission recommended no allowance because of special circumstances. In three cases these recommendations were documented in detailed appendices to the memorandum. In one situation the Commission urged that a group of applicants were subject to a conflict of interest because the sponsors of their committees were interested in junior preferred stock and common stock as well as in underwritings. It was also pointed out that there had been a failure to disclose the true sponsorship of the committees as required by the statute. In another instance, the Commission took the position that purchases or sales of the stock of subsidiaries of the debtor by counsel for a committee, and purchases or sales of such stock or stock of the debtor by the wife of a committee member, or committee counsel, resulted in the prohibition of any allowance under section 249 or under equitable principles applicable to fiduciaries. In another situation, the Commission recommended no further allowance for the former trustees of the debtor and their counsel, primarily because of the inadequate investigation which had been conducted by them and the consequent expense and delay. After the filing of the memorandum, answering briefs were filed and lengthy arguments heard by the district court. The matter has been taken under advisement.

In our last annual report, interim fees were discussed and several cases arising during that fiscal period were considered. It was pointed out that, generally, interim allowances to parties other than trustees and their counsel should not be granted except under extraordinary circumstances. It was then indicated that a pending case where unusual circumstances might warrant interim allowances to counsel for a committee was the *American Fuel & Power Company* case.<sup>14</sup> Since our last annual report, however, the district court has denied that application.

<sup>13</sup> The district court agreed in principle with the Commission's views although it modified the recommended amounts to some extent. Leave to appeal was denied by the Court of Appeals for the Third Circuit.

<sup>14</sup> E. D. Ky., No. 118.

**Applicability and Scope of Chapter X Proceedings**

The Commission generally strives for a liberal interpretation of Chapter X in order to make its benefits and safeguards fully available to security holders in accordance with the Congressional intent. The Commission's policy has therefore continued to be to prevent resort to proceedings under Chapter XI where the case properly belongs under Chapter X with its public investor safeguards. Proceedings commenced under Chapter XI are examined with this policy in mind. Similarly the Commission has advocated full exercise of the jurisdiction of Chapter X courts to insure that problems affecting the reorganization are handled expeditiously and in the best interests of the public.

**Plans of Reorganization**

The formulation and consummation of a fair and feasible plan of reorganization is, of course, the primary purpose of the proceeding under Chapter X. Accordingly, the most important function of the Commission under Chapter X is to aid the courts in achieving this objective.

The fundamental legal principles involving the fairness of reorganization plans have been firmly established by the Supreme Court in what is generally known as the absolute priority rule. Under this rule, 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 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. Concomitant with this rule, it is clear that a sound valuation of the debtor is essential to provide a basis for judging the fairness as well as the feasibility of proposed plans of reorganization. The Commission has continued to urge that the proper method of valuation for reorganization purposes is primarily an appropriate capitalization of reasonably prospective earnings.

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 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.

Another prerequisite to the court's approval of a plan of reorganization is its feasibility. In order to assure a reorganization which will not result in the debtor's return to Chapter X because of financial difficulties, the Commission gives a great deal of attention to the various factors affecting feasibility. Generally speaking, these factors involve the adequacy of working capital, the relationship of funded debt and the capital structure as a whole to property values, the type and characteristics of the securities to be issued, the adequacy of corporate earning power to meet interest and dividend requirements, the possible need for capital expenditures, and the effect of the new capitalization upon the company's prospective credit. The Commission's views on feasibility, as related to various types of enterprise,

have been announced in some detail in its advisory reports. The Commission's views on the subject of feasibility were expressed in various cases along the same lines set forth in its published reports.

#### **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.

Another matter with which the Commission has been concerned in connection with the consummation of plans of reorganization, is the problem of unexchanged securities. The Commission has been anxious to assure that all security holders obtain the new securities or cash distributable to them under the plan of reorganization and has sought to accomplish this through various means. Chapter X provides that a period of not less than five years following the final decree may be fixed by the judge within which security holders may make the exchange called for by the plan, after which they are barred from any participation. After some experience with the operation of this provision the Commission concluded that in the larger cases, depending upon the facts, five years may be too short a period and that a period of ten years would be more appropriate. The Commission has thus urged a longer period of time to locate missing security holders in the more substantial reorganizations.

Merely prolonging the period within which exchanges may be made is not the sole answer to the problem. The varied reasons for the failure of security holders to make timely tender of their old securities for cash or new securities indicated this. As a result the Commission has urged the intensification of efforts to locate security holders in order to reach as many investors as possible and avoid the needless loss of investments by them. It has requested the courts to make provision in the final decree for diligent efforts by trustees to locate missing security holders. Among such efforts, the Commission has suggested that the usual methods of communication with security holders be supplemented by the mailing of registered letters with return receipts requested, the publication of notices in leading newspapers, and the employment of professional tracers experienced in locating missing security holders. The Commission has also recommended that, before the bar date is permitted to become effective, reports should be filed of efforts made to locate such security holders, and if adequate efforts have not been made, the time be extended.

The Commission has also published a pamphlet containing a list of securities required to be exchanged for cash or new securities pursuant to the Public Utility Holding Company Act of 1935 and Chapter X of the Bankruptcy Act. This pamphlet contains over 300 securities of about 190 companies which should have been exchanged as a result of corporate reorganization under Chapter X in which the Commission has participated and under section 11 of the Holding Company Act. While the list does not include cases in which the Commission has not participated and, therefore, does not contain the names of every company the redemption or exchange of whose securities may be required, it undoubtedly covers the important cases

with widespread public interest. The Commission's publication lists the name of the corporation subject to reorganization, the name of the security, the bar date, if any has been fixed, and the name and address of the exchange agent. It is contemplated that the list will be supplemented from time to time as required. The Commission has distributed copies of the reports to banks, trust companies, brokers, dealers and investment advisers, who have been urged to advise their customers and clients who might own any of the securities listed to take immediate action to guard against their securities becoming worthless.

Publication of the list was accompanied by an announcement alerting investors to "the danger that their inaction may deprive them of substantial sums of money to which they are entitled," and referring to the successful efforts of the Commission, the reorganization court and the reorganized company in the recent *Associated Gas and Electric* case in bringing about exchanges for an additional \$4,500,000 of the new securities.

## **PART V**

### **ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939**

#### **NATURE OF TRUST INDENTURE REGULATION**

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 has been duly qualified with the Commission.

The Act was designed to correct certain defects which, prior to its enactment, often existed in trust indentures and to provide means by which security holders under such indentures may protect their interests. It provides standards of eligibility for trustees with a view to assuring the choice of trustees who are disinterested and responsive to the needs of the security holders; establishes a procedure by which investors may obtain, prior to purchase of the indenture security, an analysis of the effect of the more important indenture provisions; and provides a further means whereby security holders will be furnished with material information through the life of securities issued under an indenture.

#### **INTEGRATION WITH SECURITIES ACT OF 1933**

Provisions of the Trust Indenture Act were drafted so as to integrate this regulation closely with the requirements of the Securities Act. Registration pursuant to the Securities Act of securities to be issued under a trust indenture and not exempt from the Trust Indenture Act, is not permitted to become effective unless the indenture conforms to the requirements of the latter Act. The Trust Indenture Act, with certain exceptions, prohibits the public offering of notes, bonds, debentures, and similar debt securities by use of the mails or instrumentalities of interstate commerce, where such securities are required to be registered under the Securities Act, or, in certain other instances, where they are not subject to such registration requirements, unless they are to be issued under an indenture which conforms to specific statutory standards. An indenture, to be qualified under the Act, must incorporate certain specific provisions, including those governing the eligibility and qualification of the trustee, and must provide for periodic reports by both the obligor and the trustee to the security holders with respect to compliance by the obligor with conditions and covenants contained in the indenture and the trustee's continued eligibility. The Commission is required to issue an order refusing to permit qualification of an indenture if it does not conform to the statutory requirements or if the trustee has any conflicting interest as defined in the statute.

Where the indenture securities are to be registered under the Securities Act, the necessary information as to the trustee and the indenture must be contained in the registration statement. In the case of the two classes of securities which, although exempted from the registration requirements of the Securities Act, are not exempted from the requirements of the Trust Indenture Act, namely, securities issued in exchange for other securities of the same issuer and securities issued under a plan approved by a court or other proper authority, the obligor must file an application for the qualification of the indenture, including a statement of the required information concerning the eligibility and qualification of the trustee. The application becomes effective upon termination of the period prescribed for registration statements under the Securities Act and is likewise subject to refusal-order or stop-order proceedings.

In addition, the Trust Indenture Act, like the Securities Act, makes it unlawful for any person in issuing or selling any security to represent or imply that any action or failure to act by the Commission in the administration of this Act means that the Commission has in any way passed upon the merits of, or given approval to, any trustee, indenture or security, or any transaction or transactions therein, or that any such action or failure to act with regard to any statement or report filed with or examined by the Commission pursuant to the Act or any rule, regulation, or order thereunder, has the effect of a finding by the Commission that such statement or report is true and accurate on its face or that it is not false or misleading.

#### STATISTICS OF INDENTURES QUALIFIED

A phenomenal increase occurred in the face amount of debt securities filed for qualification under the Trust Indenture Act during the 1952 fiscal year, when the total substantially exceeded three billion dollars. This growth measures 63% over the corresponding total for fiscal year 1951 and 90% over that for fiscal year 1950, as shown below.

<i>Fiscal year</i>	<i>Amount</i>
1950.....	\$1, 741, 775, 670
1951.....	2, 025, 131, 091
1952.....	3, 308, 773, 865

The volume of the Commission's work of examination and qualification of indentures during the 1952 fiscal year is indicated in the following table showing the number and disposition of indentures filed.

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

Description	Number	Aggregate amount
Indentures pending June 30, 1951.....	6	\$39, 000, 000
Indentures filed during 1952 fiscal year.....	163	3, 308, 773, 865
<b>Total.....</b>	<b>169</b>	<b>3, 347, 773, 865</b>
<b>Disposition during 1952 fiscal year:</b>		
Indentures qualified.....	154	3, 062, 566, 965
Indentures deleted by amendment or withdrawn.....	6	33, 706, 900
Indentures pending June 30, 1952.....	9	251, 500, 000
<b>Total.....</b>	<b>169</b>	<b>3, 347, 773, 865</b>

The number of filings for fiscal year 1952 of additional material relating to trust indentures, which was examined for compliance with the appropriate standards and requirements, represents a substantial increase over the number of filings in the preceding fiscal year.

	<i>Fiscal year 1951</i>	<i>Fiscal year 1952</i>
Statements of eligibility and qualification under the Trust Indenture Act.....	128	187
Amendments to trustee statements of eligibility and qualification.....	5	10
Supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933.....	98	144
Applications for findings by the Commission relating to exemptions from special provisions of the Trust Indenture Act.....	6	16
Reports of indenture trustees pursuant to section 313 of the Trust Indenture Act.....	659	728

#### CHANGE IN RULES

The Commission during the fiscal year amended certain of its rules adopted under the Trust Indenture Act—the same as corresponding rules under the Securities Act—to provide that in the future all applications, statements and reports filed under the Act will be processed at the principal office in Washington, since the Commission, because of budgetary limitations, no longer has available the personnel or examination facilities necessary for processing such material in any regional office.



## PART VI

### ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

The Investment Company Act of 1940 provides for the registration and regulation of investment companies, that is, companies engaged primarily in the business of investing, reinvesting, and trading in securities. The comprehensive nature of the regulation is indicated by the fact that the Act requires, among other things, 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 their 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 with 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 the 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 1952 fiscal year, 13 new investment companies registered under the Investment Company Act, of which 12 were open-end management companies (companies which redeem their shares on presentation by the stockholders) and one was a closed-end management company (in which the shareholder can realize on his security only by selling it in the open market). During the nearest comparable period for which data are available, the 12 months ended March 31, 1952, about 211 registered open-end management and closed-end management investment companies reported to the Commission sales to the public of approximately \$718,000,000 of their securities and redemptions and retirements of approximately \$293,000,000 leaving a net investment by the public in such companies of approximately \$425,000,000—compared with a corresponding net investment for the preceding 12-month period of \$258,000,000.

As of June 30, 1952, 367 investment companies were registered under the Act, and it is estimated that on that date the aggregate value of their assets was approximately \$6,800,000,000. This represents an increase of approximately \$1,200,000,000 in such valuation over the corresponding total at the beginning of the fiscal year.

The investment companies registered at June 30, 1952, are classified as follows:

Management open-end.....	163
Management closed-end.....	101
Unit.....	88
Face amount.....	15
Total.....	367

#### TYPES AND POLICIES OF INVESTMENT COMPANIES REGISTERED DURING FISCAL YEAR

As previously indicated, twelve of the new investment companies registered under the Act during the 1952 fiscal year were open-end investment companies, commonly called "mutual funds." Of these, three were formed by investment advisory or brokerage firms which charged sales commissions substantially lower than those commonly charged by the typical open-end investment company. One other company was formed to take advantage of investor interest in atomic energy by specializing in the investment in securities of companies which may profit by their research or experimentation in atomic energy. Three of these so-called "mutual funds" were formed to take advantage of expanding American investment interest in the industrial development and natural resources of the Dominion of Canada. Thus, they intend to specialize entirely in securities of companies organized or doing business solely in Canada and place particular emphasis on companies or enterprises exploiting natural resources in that country. In connection with these latter companies the Commission felt it important to point out to prospective American investors that certain tax benefits, which would accrue from direct purchase by such investors of Canadian securities, would be lost if the investments were made through the medium of an American open-end investment company. For example, the prospectus intended to be used by one of these companies in the sale of its securities pursuant to the Securities Act was required to include a notice to prospective American investors that the Canadian withholding tax at the rate of 15 percent upon that part of the fund's income derived from Canadian issues in its portfolio—which under American law would be available to an individual investor directly in Canadian issues as a credit against his American income tax—is not expected to have any beneficial offsetting effect for the fund; cannot be passed along by the fund to its stockholders; and will in effect constitute an additional expense borne by the fund's stockholders.

The single closed-end company organized and registered with the Commission during the fiscal year was formed for the sole purpose of operating as a vehicle by which employees of a pipe fabricating company could acquire a large block of shares of the latter company on an installment plan basis.

## 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 fiscal year the Commission continued to study such selling literature in order to solve the problem of misleading statements made therein to attract investors. The Statement of Policy of the Commission, promulgated in 1950, with respect to the disclosure standards to be required of literature used in conjunction with the Securities Act prospectus, was implemented during the fiscal year by systematic examination of such literature not only by the staff of the Commission but also by the staff of the National Association of Securities Dealers, Inc. In addition, the Commission's staff has held several conferences with representatives of the National Association of Securities Dealers and the National Association of Investment Companies with respect to the legal status under the Securities Act of the so-called "institutional" literature of open-end investment companies; that is, advertisements, circulars and other written material which describe open-end investment companies generally without naming any particular company. In many cases this literature, although not in terms offering any particular security for sale, in fact is intended to promote the sale of securities of a particular company or companies. It is believed that as a result of these discussions, which are continuing, a satisfactory solution of this problem will be reached shortly.

## STATISTICAL DATA

The number of documents filed under the Act by registered investment companies during fiscal years 1951 and 1952, together with other related statistics, are tabulated below:

	Fiscal year	
	1951	1952
Number of registered investment companies:		
Beginning of year.....	366	368
Registered during year.....	12	13
Terminations of registration during year.....	10	14
Number of companies registered at end of year.....	368	367
Notifications of registration.....	12	13
Registration statements.....	10	15
Amendments to registration statements.....	22	29
Annual reports.....	251	245
Amendments to annual reports.....	35	17
Quarterly reports.....	869	871
Periodic reports, containing financial statements to stockholders.....	673	625
Reports of repurchase of securities by closed-end management companies.....	71	110
Copies of sales literature.....	2,596	2,106
Applications for exemption from various provisions of the Act.....	62	59
Applications for determination that registered investment company has ceased to be an investment company.....	16	13
Total applications:		
Beginning of year.....	34	41
Filed during year.....	78	72
Disposed of during year.....	71	72
Pending at end of year.....	41	41

## APPLICATIONS FILED

One of the functions of the Commission in its regulation of investment companies is to determine whether applications for exemption filed under various provisions of the Act meet the statutory standards. Indeed, under section 6 of the Act, the Commission is empowered, either upon its own motion or by order upon application, to exempt any person, security or transaction from any provision of the Act if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

During the fiscal year a total of 72 applications were filed under the various provisions of the Act, 59 of these for orders of the Commission relating to exemption from requirements of the Act, and the remaining 13 for a determination that the applicant has ceased to be an investment company within the meaning of the Act. At the beginning of the fiscal year 41 applications were pending. These pending applications, together with the 72 filed during the year, totaled 113 applications which required appropriate examination and consideration of the Commission during the year. As a result of the Commission's action 72 of these applications were disposed of during the year and 41 were pending on June 30, 1952. 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 fiscal year ended June 30, 1952*

Section of the Act under which application was filed	Number pending at June 30, 1951	Filed during year	Disposed of during year	Number pending at June 30, 1952
2 (a) (9) Determination of question of control.	1	0	1 withdrawn.....	0
3 (b) (2) Determination that applicant is not an investment company.	1	2	1 granted.....	2
6 (b) Employees' security company exemption.	1	0	0.....	1
6 (c) Various exemptions not specifically provided for by other sections of the Act.	9	19	5 withdrawn, 17 granted.	6
7 (d) Allow foreign company to register.....	1	1	0.....	2
8 (f) Determination that a registered investment company has ceased to be an investment company.	8	13	14 granted.....	7
9 (b) Exemption of ineligible persons to serve as directors, officers, etc.	14	0	1 granted.....	13
10 (f) Exemption of certain underwriting transactions.	0	8	8 granted.....	0
11 (a) Approval of terms of proposed security exchange offers.	2	2	2 granted.....	2
17 (b) Exemption of proposed transactions between investment companies and affiliates.	6	31	3 withdrawn, 25 granted.	8
17 (d) Approval of certain bonus and profit-sharing plans.	1	5	1 withdrawn, 5 granted.	0
18 (i) Allow company to issue non-voting securities.	1	1	2 granted.....	0
23 (c) (3) Terms under which closed-end investment company may purchase its outstanding securities.	0	1	0.....	1

From the standpoint of public interest and amounts involved, one of the most important applications filed with the Commission during the fiscal year was that of The American Superpower Corporation, a

registered investment company. Superpower, with net assets of approximately \$11,000,000 and a net capital loss carry-over for tax purposes of approximately \$7,400,000 but which had arrearages on its preference stock which it was estimated would take approximately 200 years to clear, proposed to issue new voting preferred stock and common stock, together representing a controlling interest in Superpower, to William Zeckendorf, the sole stockholder in Webb & Knapp, Inc., a nation-wide real estate company having appraised net assets in excess of \$42,000,000, in exchange for all of the outstanding stock of that company. Zeckendorf considered that the receipt of Superpower shares, together with other benefits anticipated by him as a result of the transaction, constituted an appropriate consideration for the transfer of his Webb & Knapp stock.

Superpower filed an application requesting the Commission to issue an order pursuant to section 6 (c) of the Act exempting the proposed transaction from the provisions of sections 18 and 23, relating to capital structure and security distributions, to the extent that they were applicable.

Hearings were held on the application, and the Commission, finding that the proposed transaction was fair and feasible and that the requested exemption met the standards of section 6 (c), granted the application (see Investment Company Act release No. 1758).

Thereafter the management of Superpower filed with the Commission the proxy soliciting material to be used in connection with the special meeting of the company's stockholders called for the purpose of voting on the proposed transaction. Pursuant to section 20 (a) of the Act, members of the staff who were familiar with the record of the hearing examined the material and made certain comments thereon in the interest of achieving full and fair disclosure of all material facts. At the special meeting, the stockholders approved the changes in capitalization necessary to effect the plan.

Subsequently the real estate holdings of Webb & Knapp, Inc. became the principal assets of Superpower, and Zeckendorf assumed control of the company. In view of these circumstances, Superpower, under its new name of Webb & Knapp, Inc., filed an application with the Commission under section 8 (f) of the Act for an order that the company had ceased to be an investment company. After giving notice of and opportunity for hearing, the Commission found, shortly after the close of the fiscal year, that the company had ceased to be an investment company as defined in the Act and issued an order to that effect.

#### CHANGES IN RULES, REGULATIONS, AND FORMS

During the fiscal year the Commission, after preliminary study and conferences with the National Association of Investment Companies and other interested persons, submitted for public consideration and comment a proposed new form for registration of management investment companies under the Investment Company Act, and certain proposed amendments to the General Rules and Regulations thereunder.

*Proposed revision of Form N-8B-1.*—The Commission announced a proposal to revise Form N-8B-1, prescribed for registration statements filed under the Act by all management investment companies except those which issue periodic payment plan certificates.

The proposed revision is the first general revision of this form since it was adopted in 1941. As a result of the experience gained over the intervening years, and in view of the fact that the form is now chiefly applicable to the newly organized management investment companies, the Commission believes that the form can be simplified and the work involved in the preparation of a registration statement on the form thereby reduced. Much of the historical information relating to the operation of companies which were in existence at the time of passage of the Act is no longer of importance and hence the requirements for the furnishing of such information have been omitted.

Registration statements on this form also serve as a basis for the furnishing of information required for registration statements under the Securities Act of 1933. Accordingly, the proposed revision has been drafted with registration under the Securities Act particularly in mind. Thus, the simplification and conciseness of the new form would facilitate the preparation of a short readable prospectus which will adequately inform investors of the material facts in relation to the company for purposes of the Securities Act.

*Proposed amendments to general rules and regulations.*—Along with the proposed revision of Form N-8B-1, the Commission announced that it also has under consideration certain proposed amendments to its General Rules and Regulations under the Investment Company Act, relating to the preparation and filing of registration statements and reports pursuant to sections 8 and 30 (a) of the Act. They contemplate the incorporation into the General Rules and Regulations of certain definitions and other general requirements which have heretofore been contained in the various forms for registration statements and reports. These proposed rules with appropriate changes are patterned in a large part after the corresponding rules heretofore promulgated by the Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934.

## PART VII

### ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires the registration as investment advisers of 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 any adviser who, after notice and opportunity for hearing, is found by the Commission to have been convicted or enjoined because of misconduct in connection with security transactions or to have made false statements in his application 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 relating to registration of investment advisers during fiscal year ending June 30, 1952*

Effective registrations at close of preceding fiscal year.....	1, 060
Applications pending at close of preceding fiscal year.....	7
Applications filed during fiscal year.....	123
<b>Total.....</b>	<b>1, 190</b>
Registrations cancelled or withdrawn during year.....	128
Registrations denied or revoked during year.....	1
Applications withdrawn during year.....	1
Registrations effective at end of year.....	1, 048
Applications pending at end of year.....	12
<b>Total.....</b>	<b>1, 190</b>

Approximately 243 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 351 others are chiefly through publications of various types. 236 investment advisers are registered also as brokers and dealers in securities. Most of the remainder offer various combinations of investment services.

During fiscal year 1952, there was one administrative proceeding under the Investment Advisers Act and also the Securities Exchange Act against Edwiin Hawley, doing business as Edwiin Hawley Company. That proceeding resulted in an order revoking the registrations of Hawley as an investment adviser and broker and dealer, the Commission finding, among other things, a willful violation of section 207 of the Investment Advisers Act in that the last business and residence addresses stated in his registration application as amended were now false, he having failed to continue the filing of reports to keep that information current.



## PART VIII

### OTHER ACTIVITIES OF THE COMMISSION

#### COURT PROCEEDINGS

##### Civil Proceedings

At the beginning of the 1952 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. During the year, 27 additional proceedings were instituted and 28 cases were disposed of, so that 19 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; in 14 proceedings in the district courts under section 11 (e) of the Public Utility Holding Company Act; and in 16 miscellaneous actions, usually as *amicus curiae*, 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 37 appeals. Of these, 10 came before the courts on petition for review of an administrative order; 11 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; 5 were appeals from orders entered pursuant to section 11 (e) of the Public Utility Holding Company Act; and 7 were appeals in cases in which the Commission appeared as *amicus curiae*.

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

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

##### Criminal Proceedings

The statutes administered by the Commission provide for the transmission of evidence of violations to the Attorney General, who may institute criminal proceedings. The Commission, largely through its regional offices, investigates suspected violations and, in cases where the facts appear to warrant criminal prosecution, prepares detailed reports which are forwarded to the Attorney General. Commission employees familiar with the case often assist the United States attorneys in its presentation to the grand jury, the conduct of the trial, and the preparation of briefs on appeal. The Commission also submits parole reports prepared by its investigators relating to convicted offenders. Where an investigation discloses violations of

statutes other than those administered by the Commission, the Commission advises the appropriate Federal or State agency.

Indictments were returned against 2,161 defendants in 491 cases developed by the Commission from fiscal year 1934 to June 30, 1952.<sup>1</sup> These figures include 28 defendants in 14 cases in which indictments were returned during the 1952 fiscal year. At the close of the fiscal year, of 454 cases disposed of since 1934 as to one or more defendants, convictions had been obtained in 397 cases,<sup>2</sup> or over 87 percent, against a total of 1,160 defendants. Convictions were obtained against 25 defendants in 17 cases during the fiscal year.<sup>3</sup> Judgments of conviction were affirmed on appeal in two cases as to three defendants during the year, and five cases, four involving a single defendant and one involving seven defendants, were pending on appeal at the close of the fiscal year.

The criminal cases developed and prosecuted during the fiscal year continued as in previous years to cover a wide variety of fraudulent conduct. They included frauds relating to the operation of purported investment plans and the promotion of inventions, new businesses, mining and oil and gas ventures, as well as fraudulent practices on the part of securities brokers and dealers and their representatives and an investment adviser. In a number of fraud cases, the defendants also were charged with willfully violating the registration provisions of the Securities Act of 1933, which are designed to provide investors with a full and fair disclosure of material facts concerning the securities being sold. In addition, convictions were obtained in two cases in which violations of only the registration provisions were charged. An appeal is pending in one of these cases.

Among the convictions obtained during the fiscal year involving the fraudulent sale of securities was *U. S. v. Mercedes Buschman et al.* (W. D. Wash.). In that case the principal defendant pleaded guilty and was sentenced to imprisonment for 8 years. The indictment charged that she fraudulently obtained accommodation notes from various persons on the pretext that these notes would be used to finance certain profitable stock transactions in which she was engaged; that, thereafter, she sold such notes to investors by falsely stating that the notes had been issued by financially responsible persons and represented payments due on stock sold to these persons; and that she furnished them with spurious stock certificates, false financial statements, worthless checks and other false and fictitious documents.

Spurious documents also played a part in the fraudulent scheme employed in *U. S. v. Theodore E. Lobman* (N. D. Ill.), where the defendant induced investors to advance funds to him by falsely representing, among other things, that he had been granted option agreements, as reflected in certain fictitious letters shown to investors, for the purchase and resale of shares of stock of certain well established business corporations in Detroit, Michigan, and San Francisco, California, which guaranteed substantial profits to him, and that investors who assisted him in financing these option transactions would share in those profits.

<sup>1</sup> A condensed statistical summary of all criminal cases developed by the Commission from fiscal year 1934 through fiscal year 1952 is set forth in Appendix Table 29. The status of criminal cases developed by the Commission which were pending at the end of the fiscal year is set forth in Appendix Table 30.

<sup>2</sup> The 57 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.

<sup>3</sup> One of these cases is still pending as to one defendant.

In the case of *U. S. v. Russell C. Hanson* (N. D. Ill.), the defendant was convicted of fraudulently obtaining funds from investors under the pretense that such funds would be used to finance certain profitable securities trades which were available to him, whereas in fact, Hanson converted and used for gambling purposes a large part of the investors' funds. The conversion of investors' funds, obtained from the sale of notes in the promotion of an insurance business financing scheme, also is charged in the pending indictment in *U. S. v. Peter E. Picotte* (E. D. Mo.). The indictment also charges the defendant with employing the fraudulent "Ponzi" technique, in that, in order to induce investors to make additional investments, he returned to them as "profits" a portion of the funds invested by them. This device also was used by the defendants in a number of the other fraudulent securities promotions prosecuted during the fiscal year.

The fraudulent sale of notes was involved also in *U. S. v. Charles W. Collom* (E. D. Pa.), and *U. S. v. Alejandro D. Llanos et al.* (D. Hawaii) in which defendants were convicted during the fiscal year. The defendant in the *Collom* case received a 5-year prison sentence for inducing some 23 banks, located in Pennsylvania, Ohio, Missouri, New Jersey, Connecticut, North Carolina, and California, to purchase forged promissory notes of certain whiskey distilleries secured by forged whiskey warehouse receipts. The *Llanos* case involved a widespread scheme to defraud residents of the Territory of Hawaii, principally plantation laborers, in the sale of securities which according to the defendants would entitle investors, among other things, to share in a fund of over \$6,000,000, which in fact did not exist.<sup>4</sup>

The fraudulent sale of securities and conversion of investors' funds in connection with the promotion of a purportedly patented revolutionary type of energy-producing engine, which would run indefinitely on a small amount of fuel, resulted in the conviction of and a 4-year prison term for the defendant in *U. S. v. Francis A. Moulton* (D. Mass.). Convictions also were obtained for fraudulent sales of securities in the promotion of allegedly new inventions or mechanical devices in *U. S. v. Doak Norwood* (N. D. Ill.) (desk pad device), *U. S. v. James P. Anderson et al.* (D. Ariz.) ("Road-A-Scope" device), and *U. S. v. James D. Bobbroff et al.* (D. Nev.) (lawnmower).<sup>5</sup> The indictment now pending in *U. S. v. Pierre P. Pattyn* (E. D. Mich.) charges fraud in the sale of securities of a company allegedly producing a number of electronic devices, including, among others, a cigarette lighter represented to require no fuel, flint or wick, and a Christmas tree lighting system allegedly requiring no wires. Also, the indictment pending in *U. S. v. Richard Thomas et al.* (D. Ariz.) alleges that in the sale of stock of Thomascolor, Incorporated, in connection with the promotion of an allegedly new color photography process, the defendants made false representations with respect to the status of production, the financial condition of the company, and other matters.<sup>6</sup>

The defendant in *U. S. v. Richard A. Lewis* (D. Md.) was sentenced to five years' imprisonment on his plea of guilty to charges that he

<sup>4</sup> Appeals from the convictions in this case are pending. For additional details concerning this case, see 17th Annual Report of S. E. C., p. 153.

<sup>5</sup> For additional details concerning the latter two cases, see 17th Annual Report of S. E. C., p. 152. An appeal by Bobbroff is pending.

<sup>6</sup> In 1947, a registration statement for the sale of securities of this company was the subject of stop-order proceedings under section 8 (d) of the Securities Act and was subsequently withdrawn. See 14th Annual Report of S. E. C., pp. 13-15, and Securities Act release No. 3267 (November 26, 1947).

fraudulently sold stock of a small drug company by falsely representing, among other things, that a sale of a controlling interest in the company to a large national drug concern was about to be closed, and that investors would reap substantial profits as a result of such sale. In *U. S. v. Floyd W. Beck et al.* (W. D. Mo.), the defendants were charged with fraudulently selling stock of the United Insurers Service Company of Missouri by means of misrepresentations concerning the nature of the company's business, its financial condition and related matters. After the close of the fiscal year the defendants entered pleas of guilty or *nolo contendere*. Similar misrepresentations in connection with the sale of stock of the Si-En-Tif-Ik Motor Products Company and the S-M-P Company, and the conversion of funds received from investors, are charged in the pending indictment in *U. S. v. George L. White* (N. D. Ill.).

Convictions for the illegal sale of securities in connection with the promotion of mining ventures were obtained during the fiscal year in *U. S. v. William B. LaVey et al.* (D. Mont.), *U. S. v. Ernest Rolland Hennefer et al.* (D. Utah), and *U. S. v. Donald Neil McTavish et al.* (E. D. Wash.). In the *LaVey* case, two defendants were convicted on pleas of *nolo contendere* of violating and conspiring to violate the registration and anti-fraud provisions of the Securities Act of 1933 in the sale of gold mining stock of Victory Divide Mining Company, and a third defendant was convicted on a plea of *nolo contendere* to the charges relating to the registration provisions. Similarly, in the *Hennefer* case, which involved the sale of stock of Utah Phosphate Company, a mining promotion, one defendant pleaded guilty to fraud charges, while the three remaining defendants pleaded guilty to the charge of registration violations.<sup>7</sup> In the *McTavish* case, the defendant pleaded guilty to the charge of violating the registration provisions in the sale of securities relating to certain mining claims in the Bald Mountain Mine, located near Sumpter, Oregon.

Indictments in connection with gold mining promotions were returned during the year and are pending in *U. S. v. Troy E. Becker et al.* (D. Idaho), *U. S. v. Wilder Frank Wickham et al.* (D. Nev.), and *U. S. v. Charles A. Howe et al.* (S. D. Ohio). Stock of Yankee Mines, Inc. was sold in the *Becker* case, while stock and notes of El Dorado Gold Mines, Ltd. were involved in the *Wickham* case. In both these cases, the defendants are charged with making misrepresentations with respect to the availability of ore deposits on the properties controlled by the companies, the use to be made of the proceeds received from the sale of the securities, and other matters. In the *Howe* case, which involved the sale of investment contracts issued by Howe, the Maryland-Nevada Mining Company, and the Maryland-Nevada Operating Company, the defendants are charged, among other things, with falsely representing that a lifetime license would be assigned to investors for the use of a purported special process which would permit the recovery of the vast fine gold deposits located in the State of California, near the Oregon line.

Oil and gas promotions were involved in convictions obtained during the fiscal year in *U. S. v. Lawrence L. Kelling et al.* (D. Kan.) and *U. S. v. S. E. J. Cox et al.* (N. D. Okla.).<sup>8</sup> In the former case Kelling, who had previously been convicted in another case developed

<sup>7</sup> For additional details concerning these two cases, see 17th Annual Report of S.E.C., p. 151.

<sup>8</sup> An appeal by Cox is pending. His co-defendant was acquitted.

by the Commission,<sup>9</sup> and his codefendant, Charles Preston Sellers, were found guilty of selling the securities of Sunflower Oil Producers and other securities, relating to oil and gas leases on lands located in Kansas, by means of fraudulent representations concerning the amount of oil being produced, the value and ownership of the leases, and numerous other matters. The *Cox* case, in which a 10 year sentence was imposed upon Cox, involved among other things the fraudulent sale of stock of Penner Oil & Gas, Inc. by means of a large-scale mail campaign, and misrepresentations with respect to the amount of oil and value of the oil leases controlled by the company.<sup>10</sup>

Fraudulent conduct on the part of broker-dealers or their representatives resulted in convictions during the fiscal year in *U. S. v. Paul R. Warwick, Jr.* (N. D. Tex.), *U. S. v. Sidney W. Tuttle* (E. D. Pa.), and *U. S. v. Richard E. Slangenhaupt* (W. D. Pa.). The defendants were charged, among other things, with the conversion of customers' funds and securities. The indictment now pending in *U. S. v. Adams & Co. et al.* (N. D. Ill.) charges that Adams & Co., a registered broker-dealer, its president, Jefferson K. Hoshor, and its cashier, Edwin A. Schmitt, caused the filing with the Commission of false and misleading financial statements of Adams & Co.

Violations of the Investment Advisers Act of 1940 are included among the charges in the indictment returned in the fiscal year in *U. S. v. Howard C. Hageman et al.* (S. D. N. Y.), where the defendants are alleged to have employed a scheme to defraud. According to the indictment, the defendants, on the pretext of rendering impartial investment advice to their clients, advised and induced them to purchase the stock of Hageman Properties, Inc. on the basis of false representations concerning the value of the assets owned by the corporation, the profitableness of its operations, its financial condition, and other matters.

During the fiscal year, convictions were obtained in *U. S. v. Eldridge S. Price* (N. D. Ohio)<sup>11</sup> and *U. S. v. C. L. Lloyd* (N. D. Ill.), where the indictments alleged violations solely of the registration provisions of the Securities Act. The former case was concerned with the sale of investment contracts involving oil and gas lease assignments on lands located in Runnels County, Texas, while the latter case involved the sale of personally owned stock of Nu Enamel Corporation.<sup>12</sup>

Convictions were affirmed in the only criminal appeals decided during the fiscal year involving violations of statutes administered by the Commission: *Kelling v. U. S.* and *Sellers v. U. S.*, 197 F. 2d 151 (C. A. 10, 1952), cert. denied — U. S. — (October 27, 1952) (oil and gas promotion), and *Luck v. U. S.*, 193 F. 2d 179 (C. A. 5, 1952) (conversion by broker-dealer of customers' funds and securities, and other fraudulent conduct).<sup>13</sup>

### COMPLAINTS AND INVESTIGATIONS

The effectiveness of legislation enacted for the protection of the investing public is dependent in a large measure upon the enforcement policy adopted by the agency administering such acts of Congress.

<sup>9</sup> See 17th Annual Report of S. E. C., p. 151.

<sup>10</sup> For additional details concerning this case, see 17th Annual Report of S. E. C., pp. 151-152.

<sup>11</sup> This case was subsequently removed for trial to the Northern District of Texas. An appeal from the conviction is pending.

<sup>12</sup> For additional details concerning these cases, see 17th Annual Report of S. E. C., pp. 153-154.

<sup>13</sup> For additional details concerning the *Luck* case, see 16th Annual Report of S. E. C., pp. 150-151.

The enforcement policy of the Commission during its 18 years of existence has been designed to achieve the Congressional purposes reflected in this legislation. Consistent with this policy, the Commission's staff, to the extent possible with the available personnel, carefully considers all indicated violations of the Acts to determine whether an investigation should be made.

Reductions in personnel have made it necessary to select for full-scale investigation only those cases in which the indicated violation appears to be of a flagrant type or where there has been substantial damage to the investing public.

The principal source of "leads" to possible violations of the securities acts are communications from members of the public who generally are average small investors located throughout the country. Every year the Commission receives thousands of letters from such people seeking information or relating facts which indicate a possible violation of the Acts administered by the Commission. During fiscal year 1952, the headquarters office of the Commission received 12,818 letters relating to possible violations of the Acts. This figure is exclusive of letters of the same type received by the 10 regional offices. In addition, many complaints and requests for information and aid were received by telephone and personal interview in the principal and regional offices. A substantial amount of information leading to investigations is also gathered by the Commission's staff as a result of its examination of documents required to be filed with the Commission, including registration statements, annual and quarterly reports, and ownership reports. Other Federal agencies, state authorities and official and unofficial bodies, such as better business bureaus and chambers of commerce, cooperate very closely with the Commission by informing it of suspected violations. The Commission maintains close liaison with these agencies. In turn the Commission advises such agencies of matters coming to its attention which are of peculiar interest to them, and during the year has furnished information in 40 cases to other law-enforcing agencies, both Federal and state.

Immediately upon receipt of a complaint involving a possible violation of an Act administered by the Commission, a preliminary investigation is conducted informally by telephone, correspondence, office research, or interview. Often such an investigation reveals that there has been no violation or that violations are of such a nature as not to warrant further investigation or the imposition of any sanction. In the event of inadvertent infractions of the Acts, usually because of a lack of knowledge or misinterpretation of their provisions, the individual concerned is advised with respect to the requirements of the Acts, encouraged to consult with the staff before continuing his securities activities and cautioned against future violations. In most cases inadvertent violators are willing to take corrective steps, thereby eliminating the necessity for instituting proceedings. This procedure serves the dual purpose of effectively disposing of minor violations and at the same time educating the public with respect to the requirements of the securities acts. In some cases the mere threat of an investigation results in restitution being voluntarily made, thereby preventing loss to the investing public.

If the preliminary investigation shows the need of further inquiry, the case is docketed and a full and detailed investigation is made. Often it is determined, as a result of preliminary investigation, that

witnesses may be unwilling to testify or produce necessary documentary evidence. Under such circumstances, since the investigation could not otherwise proceed, the facts are fully presented to the Commission with a request for a formal order empowering designated members of the staff to issue subpoenas requiring the appearance of witnesses and the production of documentary evidence. The designated employees are authorized to administer oaths and to take sworn testimony. Such powers are granted by the Commission only after careful consideration and upon its determination that necessary evidence to complete the investigation cannot be obtained in any other way. The authority so delegated is strictly limited to the special subject matter of the particular investigation and cannot be used in any other matter. During the fiscal year the Commission delegated subpoena power to staff members by issuance of formal orders of investigation in 41 cases.

Investigations are generally conducted by the regional offices of the Commission under the general supervision of the headquarters office. On occasion the headquarters office may, at the direction of the Commission, conduct investigations directly or may temporarily assign personnel to assist the regional offices in developing cases. Recently, however, budgetary considerations have been an inhibiting influence on the assignment of headquarters office personnel for such purposes.

After the completion of an investigation by a regional office, a report is submitted by the regional administrator with his recommendation. The recommendation may take any one of several forms, e. g., for a reference to the Department of Justice for criminal action, the institution of injunctive proceedings in civil courts, administrative action by the Commission, reference to another agency or department of the Federal government or to state authority for appropriate action, or closing the investigation. In each instance the matter is reviewed by the staff of the Commission's headquarters office and recommendations for action are presented to the Commission itself. All formal investigations or matters wherein the Commission has officially taken some other action, such as reference to the Department of Justice, are again presented to the Commission for closing of the file.

The Commission's investigations are confidential and no information with respect to them is divulged unless the Commission expressly authorizes such action.

Some of the problems encountered in investigating violations are demonstrated by cases now under investigation. A member of the public called to seek information concerning a company in which he had been offered an opportunity to invest. A check of the records determined that no registration statement had been filed with the Commission and that no exemption from registration was available for the securities being offered. A preliminary investigation disclosed that the securities had been sold in a number of states by personal solicitation to more than 100 purchasers who invested over \$500,000. In the sale of these securities, representations were made that the company owned fabulously valuable mining properties, that a dividend of \$25 per share would soon be paid upon stock being offered at \$10 to \$15 per share, and that the promoter was selling only a few shares of his personally owned stock to his friends. A thorough investigation was then undertaken. Since the company and its promoters

were uncooperative and refused to make the corporate books and records available for examination, the Commission authorized the serving of a subpoena duces tecum, requiring the production of the pertinent records. A motion to quash the subpoena was filed in the United States District Court by the respondents. The Commission opposed the motion, and at the same time, to facilitate the investigation, filed a motion asking the court to enforce compliance with the subpoena. After a hearing, the court entered an order enforcing the subpoena. From this order the respondents appealed to the court of appeals.

In another case being investigated by the Commission the available facts indicate a fraudulent scheme involving hundreds of thousands of dollars. The promoter of this scheme posed as a business specialist and tax consultant and assured his prospective victims that he would be able to increase greatly the worth of and return from their investments. He gained the trust and confidence of his victims by posing also as a devout member of the church organization to which the victims belonged. He carefully selected victims who could most easily be misled. For example, one of his victims was a middle-aged woman who had been released from a mental institution, and another was a woman over 80 years of age. After gaining the confidence of his victims he obtained powers of attorney giving him complete control over their assets and then diverted the assets to his own use. One of the facets of his fraudulent scheme was the organization of dummy corporations and the issuance of securities of such corporations to his victims. In order accurately to develop all the facts it was necessary for the Commission to use its subpoena power to trace the source and disposition of funds through bank records:

Frequently, in the course of investigating matters indicating violations of the Securities Acts, insurmountable obstacles are met by the Commission's staff. For example, the Commission was informed that shares of stock of a Mexican corporation were being offered in the United States by an American national who promoted the company. The information received by the Commission indicated these securities were being offered and sold in several states in violation of the registration and anti-fraud provisions of the securities acts. Following the usual pattern for conducting investigations, inquiries were made of, and interviews had with, investors to determine what representations had been made to induce them to purchase the securities being offered. An attempt was then made to examine the books and records of the issuing company and to obtain from its bank its financial record of deposits and disbursements in order to ascertain whether the company's funds were being used for legitimate corporate affairs or were being diverted to the personal use of the promoter. The Commission in this case authorized the use of the subpoena power. However, it developed that the promoter and the books and records of the company were outside the continental United States and a subpoena could not be served. The bank records, however, were maintained by the Mexican branch of a United States bank. Accordingly, a subpoena was directed to the main office of the bank calling for the production for examination in the United States of the records relating to the company's account. The subpoena was resisted on the ground that Mexican law prohibited banking institutions from disclosing information concerning their customers' accounts without the

consent of such customers. Further research by the Commission's staff indicated this position was correct, and no method appears available at this time to secure the evidence needed to complete the investigation.

While only a comparatively small percentage of the investigations have resulted in the imposition of coercive sanctions or reference for criminal prosecution, the effectiveness of the Commission's enforcement policy cannot be measured by this standard alone. One of the principal results of the Commission's investigative activities, and one which has well served the public interest, has been the prevention of violations of the Federal securities laws and the continuing education of the public and the investment industry in the applicability of those laws.

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

*Investigations of possible violations of the Acts administered by the Commission*

	Preliminary	Docketed	Total
Pending June 30, 1951.....	419	690	1,109
New cases.....	282	213	475
Transferred from preliminary.....		36	36
Total.....	681	939	1,620
Closed.....	302	210	512
Transferred to docketed.....	36		36
Pending at June 30, 1952.....	343	729	1,072

#### Sales of Canadian Securities Within the United States

Previous annual reports of the Commission have described the important enforcement problem growing from the illegal sale of securities to residents of the United States by promoters operating out of Toronto, Canada. During the fiscal year, however, there has been a notable lessening of stock solicitations from Canada by means of the mass-mailing and telephone campaigns which have been the basic source of the violations of our securities laws.

This result is due not only to the cumulative effect of the various measures adopted by the Commission and other Federal and state agencies and Canadian securities regulators in an effort to meet the problem, but also reflects the deterrent effect of a Supplementary Extradition Convention between Canada and the United States which was designed to cover securities frauds. This agreement was signed by both governments on October 26, 1951, and became effective on July 11, 1952. Since then, violations of the securities laws in connection with offerings in this country of securities of Canadian issuers have been minimal and the widespread frauds attending such offerings in the past appear to be at a virtual halt at the present time.

This Convention marks the culmination of some fifteen years of concentrated effort by the Commission. In order to guard against recurrence of "border securities frauds," the Commission, of course, will continue to pay close attention to this problem, and to utilize all of its facilities toward the end of providing effective investor

protection to those members of the American public who participate in Canadian development.

### 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 for 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 officers, Better Business Bureaus, and members of the United States Chamber of Commerce. By the end of the 1952 fiscal year these records contained data concerning 56,519 persons against whom Federal or state action had been taken in connection with securities violations.

During the 1952 fiscal year alone additional items of information relating to 4,854 persons were added to the records of this Section, including information concerning 1,632 persons not previously identified therein.

Extensive use is made of this clearing house of information. During the fiscal year, in connection with the maintenance and preventive application of these records, the Commission received 3,629 "securities violations" letters or reports (apart from those which are classified as "complaint enforcement") and dispatched 2,784 communications in turn to cooperating agencies.

### ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Dependable, informative financial statements, i. e., statements which disclose the financial status and earnings history and potentialities of a corporation or other commercial entity, are indispensable to the investor as a basis for investment decisions. Recognizing the importance of these statements and aware that they lend themselves readily to misleading inferences or even deception, whether or not intended, the Congress, in the various statutes administered by the Commission, dealt extensively with financial statement presentation and the accounting concepts and principles on which they are based. Consequently the activities of the Commission in the field of accounting are highly significant.

Thus, for example, the Securities Act requires the inclusion in prospectuses of balance sheets and profit and loss data "in such form as the Commission shall prescribe,"<sup>14</sup> and authorizes the Commission to prescribe "the items or details to be shown in the balance sheet and earnings statement, and the methods to be followed in the preparation of accounts \* \* \*"<sup>15</sup> Similar authority is contained in the Securities Exchange Act,<sup>16</sup> and more comprehensive power is embodied

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

<sup>15</sup> Sec. 19 (a).

<sup>16</sup> Sec. 13 (b).

in the Investment Company Act<sup>17</sup> and the Holding Company Act.<sup>18</sup> The Securities Act provides that financial statements required to be made available to the public through filing with the Commission shall be certified by "an independent public or certified accountant."<sup>19</sup> The other three statutes referred to above permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,<sup>20</sup> and the Commission's rules do require, with minor exceptions, that they be so certified. The value of certification by qualified accountants has been conceded for many years but the requirement as to independence, long recognized and adhered to by some individual accountants, was for the first time authoritatively and explicitly introduced into statutes. Out of this initial provision in the Securities Act and the resulting rules promulgated by the Commission,<sup>21</sup> together with stringent action taken by the Commission in certain cases,<sup>22</sup> there have grown concepts of accountant-client relationships that have strengthened the protection afforded investors.

As shown above, the statutes administered by the Commission give it broad rule-making power with respect to the preparation and presentation of financial statements. Pursuant to this authority the Commission has prescribed uniform systems of accounts for companies subject to the provisions of the Holding Company Act;<sup>23</sup> has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers; and has promulgated rules contained in a single, comprehensive regulation identified as Regulation S-X,<sup>24</sup> which govern the form and content of financial statements filed in compliance with the various Acts. This regulation is implemented by the Accounting Series releases, of which seventy-three have been issued at this writing, inaugurated in 1937 and designed as a program for making public, from time to time, opinions on accounting principles for the purpose of contributing to the development of uniform standards and practice in major accounting questions. The rules and regulations thus established, except for the uniform systems of accounts, prescribe the accounting to be followed only in certain basic respects. In the large area not covered by such rules the Commission's principal reliance for the protection of investors is on the determination and application of accounting principles and standards which are recognized as sound and which have attained general acceptance. This policy of the Commission is expressed in Accounting Series release No. 4 (1938).

It is essential that the Commission keep abreast of changes and new developments in financial and economic conditions in order to make certain that the effects thereof on the operations and financial status of the several thousand commercial and industrial companies required to file financial statements with the Commission are properly

<sup>17</sup> Secs. 30, 31.

<sup>18</sup> Secs. 14, 15.

<sup>19</sup> Sec. 10 (a) (1) (Schedule A, paragraphs 25, 26).

<sup>20</sup> Securities Exchange Act, sec. 13 (a) (2); Investment Company Act, sec. 30 (e); Holding Company Act, sec. 14.

<sup>21</sup> See, for example, rule 2-01 of Regulation S-X.

<sup>22</sup> See, for example, Securities Exchange Act release No. 3073 (1941); 10 S. E. C. 982 (1942); and Accounting Series release No. 68 (1949).

<sup>23</sup> *Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies* (effective August 1, 1936); *Uniform System of Accounts for Public Utility Holding Companies* (effective January 1, 1937; amended effective January 1, 1943).

<sup>24</sup> Adopted February 21, 1940 (Accounting Series release No. 12); revised December 20, 1950 (Accounting Series release No. 70).

reported to investors. To accomplish this the Commission's accounting staff engages in study and research projects designed to establish and maintain appropriate accounting procedures and practices. The primary responsibility for this program rests with the Chief Accountant of the Commission who has general supervision with respect to accounting and auditing policies and their application.

These activities require constant contact and cooperation between the staff and accountants both individually and through such representative groups as, among others, the American Accounting Association, the American Institute of Accountants, the Controllers Institute of America, and the National Association of Railroad and Utilities Commissioners, as well as with other governmental agencies. Recognizing the importance of continued close cooperation in the formulation of accounting principles and practices which will best serve the interests of investors, both the American Institute of Accountants and the Controllers Institute of America regularly appoint committees "on cooperation with the S. E. C." which keep in touch with the Commission's staff. The Chief Accountant of the Commission acts as a "consultant" to the American Accounting Association Committee on Concepts and Standards and as a "conferee" of the Committee on Accounts and Statistics of the National Association of Railroad and Utilities Commissioners. Each of these latter two committees holds periodic meetings for the purpose of discussing accounting and financial matters of mutual interest.

While examination and reexamination of sound and generally accepted accounting practices consume a large part of the time of the chief accountant's staff, the many daily decisions of the Commission require the almost constant attention of some of the staff. These include questions raised by each of the operating divisions of the Commission and the regional offices; as well as the Commission itself. From time to time members of this staff are called upon to assist in involved field investigations, to participate in hearings, and to review opinions in so far as they pertain to accounting matters. On several occasions the staff has furnished one or more persons to assist Congressional committees.

Considerable time is also spent in prefilling and other conferences, in person or by phone, with the officials of corporations, practicing accountants, and others. This procedure, which has proved to be one of the most important functions of the office of the chief accountant, saves registrants and their representatives both time and expense.

#### **Developments in Accounting Principles and Procedures**

During the fiscal year the continued high level of business activity, and the threat of a reversal to a wartime economy, accompanied by increasing price levels and income taxes, stimulated an unusual amount of discussion in financial, industrial and accounting circles of certain basic problems in corporate accounting and financial reporting. Many problems which developed and were first dealt with during the period of World War II required reconsideration in the light of existing conditions. For example, there was a renewed advocacy—not concurred in to any large extent by accountants and corporate officials generally—for the application of the theory that depreciation of fixed assets is related directly to replacement and that provisions from income for depreciation are inadequate unless they will

provide for the replacement of the applicable assets at the time they are retired from service. Some holders of this view would, in effect, abandon historical costs completely by adjusting such costs, in financial statements, to reflect changes in purchasing power of the dollar.

In reports for previous years<sup>25</sup> the Commission made it clear that it would continue to require adherence to historical costs in statements filed with it. The Commission has found no justification for changing its requirements in this respect.

#### OFFICE OF OPINION WRITING

The Office 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 Office 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.

While engaged in the preparation of opinions assigned to the Office of Opinion Writing, the members of this office 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.

Members of the staff of the office who are assigned to work on a particular case attend the oral argument of the case before the Commission and frequently keep abreast of current hearings. Prior to the oral argument, the office makes a preliminary review of the record and prepares and submits to the Commission a summary of the 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 Office 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 carefully read and in some cases a narrative abstract of the record is prepared. Upon completion of a draft opinion and abstract of the record, and after review and re-

<sup>25</sup> Fourteenth Annual Report, p. 111; Fifteenth Annual Report, p. 179.

vision of the opinion within the Office of Opinion Writing, they are submitted to the Commission. If the study of the record in the case by the Office 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 Office 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 Office 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 between quasi-prosecutory functions and quasi-judicial functions. The existence of the Office 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 Office of Opinion Writing in the preparation of its findings even though separation of functions was not required by law in those cases.

In addition to its primary function, the Office of Opinion Writing is given assignments of a general nature which are not inconsistent

with the objective of the separation between the investigatory and quasi-judicial functions. Thus, the office is in over-all charge of the preparation of the Commission's annual report to the Congress. Material relating to the Commission's activities during the fiscal year is submitted to the office by the various operating divisions for incorporation in the report. Members of the office edit and organize this material and draft such additional material as is necessary, so as to produce a clear and thorough exposition of the Commission's work, giving appropriate prominence to matters having particular significance from a financial, legal or economic viewpoint. In addition, the office has continuing joint responsibility with the Office of the General Counsel in dealing with problems arising under the Administrative Procedure Act and also has the responsibility of preparing a compilation of administrative decisions and other authorities under the various statutes administered by the Commission.

The Office 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 Office 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 Office of Opinion Writing.

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.

#### INTERNATIONAL FINANCIAL AND ECONOMIC MATTERS

During the fiscal year registration statements covering \$444,229,424 of securities issued by foreign issuers, government and private, were filed under the Securities Act of 1933. Practically all of this total represented offerings of bonds of Provinces of Canada and of private Canadian companies. Apart from the Canadian offerings, only about \$5,000,000 of securities were registered, representing the offerings of only two private issuers. This was the smallest amount of such private foreign financing registered with the Commission since the war.

During the fiscal year the Commission continued to participate through its Foreign Economic Adviser in conferences and discussions relative to the settlement of the pre-war and post-war external debts of the West German government and of private German debtors. It has also continued its work toward the restoration of markets for German dollar securities in the United States upon the establishment of validation procedures which are necessary to assure that only bonds which constitute "good delivery" will be afforded market facilities. In addition to its representation on the Interdepartmental Committee on German Debts, Commission representatives attended the Conference on German External Debts in London. The Commission has acted in an advisory capacity to the Department of State in the appointment and supervision of committees to represent the United States holders of German dollar bonds in the settlement negotiations.

Following extended discussions with representatives of the Federal

Republic of Germany, a law for the validation of German foreign currency bonds was enacted by the German government prior to its summer adjournment. Upon enactment of this law, representatives of this Commission and the State Department discussed with representatives of the financial community the methods whereby the implementation of the validation law could be adapted to the United States securities markets with the least amount of burden to holders of these German bonds. The adoption of validation procedures for German dollar bonds is made necessary by information which has been given to this government as to the disappearance of substantial quantities of these bonds upon the occupation of East Berlin in January 1945. In order to prevent the sale of these looted securities in United States markets, the Commission has continued its request that brokers and dealers refrain from effecting transactions in German securities until the establishment of validation procedures and the filing of appropriate reports with the Commission. As the financial community has cooperated in the Commission's request, the sale of these looted bonds in the United States has been extremely difficult, if not practically impossible.

Upon the request of securities dealers, the Commission investigated the operation of German laws for the registration of German Reichsmark securities. It appeared to the Commission that insufficient time and notice has been given to the holders of these securities in the United States, and upon the Commission's request the Department of State transmitted a note to the German government asking for an extension of the "bar dates" for such registration. The Commission has offered its facilities to publicize the registration requirements of the German government when agreement has been reached as to the extension of the "bar dates."

In November 1950, following the filing of a report with the Commission by the Japanese Government pursuant to the Securities Exchange Act, bonds of Japanese origin were restored to trading on national securities exchanges. Representatives of the Commission consulted with representatives of the Office of Alien Property and of the Japanese Government with respect to an amendment to Japanese law so as to validate bonds held by the Office of Alien Property and formerly converted into yen obligations by the Japanese Government. This law has now been amended and the bonds held by the Office of Alien Property have been declared valid by an amendment to the report filed with the Commission by the Japanese Government.

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 of the government concerned with the development and administration of the foreign economic program. Upon the invitation of the Director for Mutual Security, the Commission appointed its Foreign Economic Adviser as its representative on the Interagency Advisory Committee on Private Participation in Foreign Economic Development established pursuant to the Mutual Security Act of 1952. During the year the staff of the Commission has had discussions with representatives of foreign governments and of corporate officers who were seeking information upon the regulations, procedures, and practices of the United States capital markets applicable to the raising of private capital by foreign companies through the issuance of

securities. The Commission has taken particular cognizance of developments in certain foreign countries which appear to it to be inconsistent with the interests of private United States investors in foreign ventures, and has brought these developments to the attention of appropriate authorities. Representatives of the Commission, upon the invitation of the United States Governor to the International Monetary Fund and the International Bank for Reconstruction and Development, acted as advisers to the United States delegation at the Annual Meeting of the Board of Governors of the International Bank and Monetary Fund held in Washington in September 1951.

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 and the Securities Exchange Act. 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. The amendment requires the Commission to include in its annual reports to the 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.

During the fiscal year the International Bank made two offerings of its securities in the United States. The first offering was made in September 1951 in the amount of \$100,000,000 of 3½% 30-year bonds due October 1, 1981. This offering was made by a sponsoring group of 32 investment bankers, and was distributed by 400 securities dealers and banks. The second offering, in May 1952, was an issue of \$50,000,000 of 3% 23-year bonds due May 15, 1975. This offering was handled by an underwriting group of 119 investment bankers. Both of these offerings were negotiated offerings. In the distribution of the bonds the Bank made available a prospectus giving information about the Bank's structure and operation. It also filed with the Commission, pursuant to Regulation BW adopted by the Commission under the amendment to the Bretton Woods Agreements Act, information comparable to that which would be required if its securities had been registered under the Securities Act and the Securities Exchange Act.

#### ADVISORY AND INTERPRETATIVE ASSISTANCE

The staff of the Commission continued during the year to render interpretative and advisory assistance to lawyers, accountants, persons engaged in the securities business and members of the general public. This assistance is requested in order to determine the applicability of the provisions of the various Acts administered by the Commission and the regulations thereunder to all phases of corporate financing. This service is made available to the public by personal or telephone conferences and correspondence. During the fiscal year, several thousand letters of an advisory nature were furnished by the headquarters office and in addition thousands of inquiries were answered by the ten regional offices. This service frequently prevents violations of

certain provisions of the Acts or the pursuit of improper procedures, thus saving the Commission as well as the public much time and expense.

Uniformity of interpretations is maintained through a procedure whereby (a) each regional office is advised concerning inquiries received in the headquarters office from persons located in the region served by that office; (b) the headquarters office reviews interpretations given by the regional offices; and (c) all regional offices are advised by the headquarters office of unprecedented interpretations which have general applicability or relate to a novel situation.

#### CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

The Commission is empowered to grant confidential treatment, upon application by registrants, to information which they must otherwise disclose in registration statements, applications, reports, or other documents filed by them under the various Acts administered by the Commission. The following rules have been adopted under these Acts:

##### *Securities Act of 1933*

Rule 171. Disclosure detrimental to the national security.

Rule 485. Contracts in general.

Rule 486. Contracts affecting the national defense.

##### *Securities Exchange Act of 1934*

Rule X-6. Disclosure detrimental to the national security.

Rule X-24B-2. Nondisclosure of information filed with the Commission and with an exchange.

##### *Public Utility Holding Company Act of 1935*

Rule U-104. Public disclosure of information and objections thereto.

Rule U-105. Disclosure detrimental to the national security.

##### *Investment Company Act of 1940*

Rule N-45A-1. Confidential treatment of names and addresses of dealers of registered investment company securities.

While any registrant aggrieved by the Commission's determination of his application may seek judicial review thereof, no such appeals have been taken during the past several years.

During the fiscal year, as shown below, 145 applications for confidential treatment were received and acted upon by the Commission. It may be noted that the number of applications filed under the Securities Act reflects a sharp increase over the number filed in the preceding fiscal year—46 applications compared with 15. Of these, 34 were processed under Rule 485, and 12 under Rule 171.

#### *Applications for confidential treatment—1952 fiscal year*

Act under which filed	Number pending July 1, 1951	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1952
Securities Act of 1933.....	1	46	39	6	2
Securities Exchange Act of 1934.....	3	30	27	4	2
Investment Company Act of 1940.....	0	69	69	0	0
Total.....	4	145	135	10	4

## STATISTICS AND SPECIAL STUDIES

In connection with the various Acts which it administers, the Commission has become the repository of a wealth of financial and economic data. To the extent that manpower allows, statistical data are assembled for the following purposes: first, to provide the Commission with material to aid in the administration of the securities acts; second, to make readily available to the financial community and general investing public, computations and analyses of financial data on file with the Commission, consistent with the disclosure provisions of the securities acts; and third, to provide other organizations, particularly government agencies and the Congress, with data for use, either in combination with material collected by them or separately, as a basis for recommendations or decisions in their work.

The statistical series and reports which have been prepared during the fiscal year are described below, together with a discussion of significant developments in certain of the series.

## CAPITAL MARKETS

## All New Securities Offerings

The Commission has continued its monthly series on new securities offerings which is published in the Statistical Bulletin, and a quarterly series which is published in release form and contains brief analyses of the data. These statistics show the volume and character of all new securities offered for cash sale in the United States, including both registered and unregistered securities, and public and private offerings. Collateral studies based on these data have been undertaken from time to time, pursuant to the Commission's needs and to requests from other branches of the government and the public.

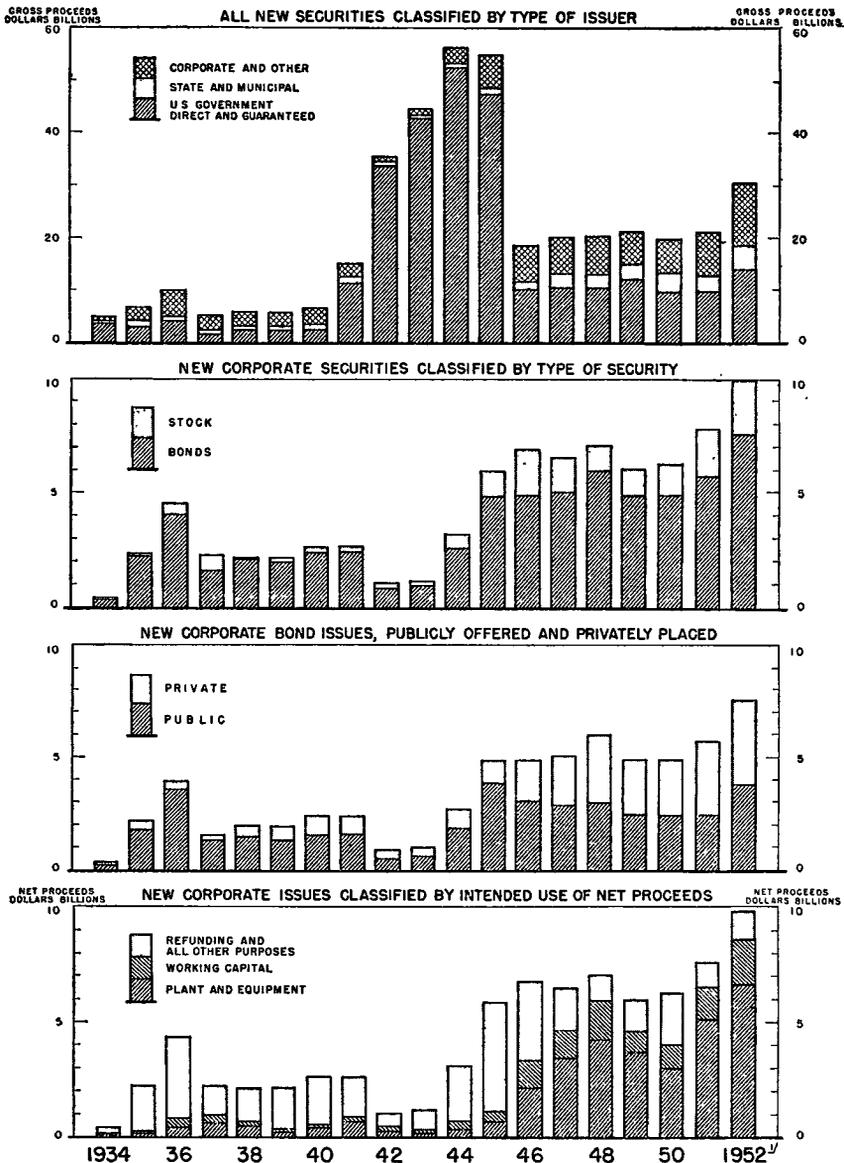
According to these data, corporations offered for cash sale during the fiscal year securities having a value of \$8.6 billion, the largest amount of new issues in any year since 1929. This amount is exclusive of sales by investment companies<sup>26</sup> and other issues sold continuously such as special offerings to employees. Thus the figures differ from statistics of issues effectively registered under the Securities Act shown in other sections of this report. There are other important differences as well. For example, the series on offerings includes issues offered for cash sale for the account of issuers, publicly offered issues, privately placed issues and other issues exempt from registration under the Securities Act, such as intrastate offerings and railroad securities. Figures on noncorporate securities are also presented, covering cash issues of Federal, state and local bodies, and new issues of foreign governments offered in this country. The statistics on new cash offerings are given in Appendix Tables 3 through 5, and more details on the coverage of the series appear in footnotes to the tables. The chart on page 190, *infra*, classifies, for each calendar year from 1934 to 1952, all new offerings according to type of issuer, and further classifies corporate securities by type of security, public or private offerings, and use of net proceeds.

The \$8.6 billion of corporate securities offered during the fiscal year compares with \$6.7 billion in the 1951 and \$6.0 billion in the 1950 fiscal years. The large amount of securities offerings in the 1952 fiscal year reflects the increased need for outside funds by

<sup>26</sup> Figures given in the foreword of this report indicate total offerings in excess of \$9 billion for the fiscal year ended June 1952; this amount includes net issues by investment companies of almost \$500 million.

### NEW SECURITIES OFFERED FOR CASH IN THE UNITED STATES

BY CALENDAR YEAR, 1934-1952



<sup>y</sup> PRELIMINARY FIGURES ESTIMATED ON BASIS OF DATA THROUGH JUNE 1952

OS-3420 PREPARED BY THE SECURITIES AND EXCH. COMM.

corporations to finance their record outlays for fixed capital. Proceeds from securities offerings provided approximately one-quarter of the amounts estimated to have been spent by corporations during the period, the remainder being obtained from retained earnings and depreciation accruals. The amount of net proceeds from securities offerings designated for plant and equipment expenditures totalled \$5.9 billion while the amount used to supplement working capital was \$1.6 billion. In addition, \$960 million was to be used for refunding outstanding securities, repaying bank loans and other purposes.

Of the total corporate securities issued during the fiscal year, \$5.0 billion were publicly offered, the highest amount of public offerings since 1946. The large volume of public offerings reflected the favorable securities market conditions during the fiscal year, as well as the substantial need for outside funds by corporations. Privately placed securities were lower in amount than public offerings but reached a record total for such transactions of \$3.6 billion, accounting for 42 percent of all offerings. Comparisons of the volume of public and private offerings are shown by calendar years from 1934 through 1952 in Appendix Table 5. The data on private transactions include only issues actually sold, and exclude issues which institutions had contracted to purchase but had not taken down by the end of the fiscal year.

During the fiscal year, debt financing by corporations, including both public and private offerings, amounted to \$6.3 billion, preferred stock issues, \$900 million, and common stock, \$1.3 billion. The distribution of offerings among the various industry groups was as follows: manufacturing, 44 percent; electric, gas and water, 33 percent; railroads, 9 percent; other transportation, 5 percent; and real estate, financial,<sup>27</sup> communication, commercial and miscellaneous, 9 percent.

In the noncorporate field, a total of \$14.1 billion of securities was offered which, added to the corporate offerings, brought total issues sold for cash proceeds during the fiscal year to \$22.7 billion. The noncorporate securities included \$9.3 billion of U. S. Government securities, \$4.1 billion of state and local securities, \$350 million of foreign government issues, and \$340 million of Federal agency securities.

#### Issues Registered Under Securities Act

Statistics of all securities registered under the Securities Act are published at quarterly intervals in the Statistical Bulletin, and a discussion of the data for the fiscal year appears in the section of this report devoted to that Act. In addition, Appendix Table 1 presents information on the number and volume of registrations by months and also classifies the issues registered according to method of distribution, industry of issuer, purpose of registration, and use of proceeds. Appendix Table 2 contains a classification of bond issues according to size and quality of issue, and compensation paid to distributors.

#### Underwriting Statistics

Underwriting statistics cover participations of investment bankers in effectively registered issues, and include a listing of the leading underwriters and of firms managing the groups. The data carry on a series begun in 1938, and are reported quarterly in the Statistical Bulletin.

<sup>27</sup> Excluding net sales by investment companies.

### Investment Companies

Data are published quarterly in the Statistical Bulletin for over 200 management investment companies registered under the Investment Company Act of 1940. The statistics include purchases and sales of their own securities, portfolio changes, and aggregates of securities and assets, segregated by open and closed-end types. Sales, net after repurchases, of the issues of these companies reached almost half a billion dollars in the fiscal year, an increase of approximately \$200 million over net sales in the preceding fiscal year.

### COST OF FLOTATION

#### Issues Placed Privately

A report covering the cost of flotation incident to the sale of privately placed securities was prepared during the fiscal year, and was published in September 1952. The study covered the initial costs of selling securities privately, including fees paid to investment bankers and others for arranging private sales, payments to attorneys and accountants, and other expenses usually incurred in marketing securities. The figures presented in the report covered costs for over 1,800 issues sold privately in the years 1947, 1949 and 1950. To the extent possible, the costs involved in private placements were compared with similar costs involved in public offerings.

Tabulations were presented showing fees paid to agents or finders and other expenses of issuance, classified by type of security and size of issue. In addition, tables were included covering comparative expenses of publicly offered and privately placed issues.

The report indicated that investment bankers served as agents or finders in approximately 50 percent of all private sales, and for this service were paid average fees ranging from 20¢ per \$100 of proceeds for the largest issues to \$1.70 per \$100 of proceeds for the smallest issues. Other expenses of issuance, on the average, ranged from 15¢ per \$100 of proceeds for the largest issues to \$1.15 per \$100 for the smallest issues.

Copies of the report, entitled "Privately Placed Securities—Cost of Flotation," may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C.

#### Issues Registered Under Securities Act

Since the first quarter of 1950 a report has been published at quarterly intervals on costs of flotation for each issue effectively registered. The report contains a description of the securities offered, offering price, gross proceeds, underwriting compensation, and other expenses of flotation. Each offering is classified as to type of security and offering as well as industry and asset size of the issuer.

### STOCK MARKETS

#### Stock Market Indexes

The indexes of stock market prices were continued during the fiscal period. These indexes are based upon the weekly closing market prices of 265 common stocks listed on the New York Stock Exchange, and are composed of seven major industry groups, 29 subordinate groups, and a composite group. These data are published in the Statistical Bulletin and are also released weekly to the press.

#### Other Data on Stock Exchanges

Statistics are regularly compiled and published in the Statistical Bulletin on the market value and volume of sales on registered and

exempt securities exchanges, short interest in New York Stock Exchange stocks, round-lot stock transactions on the New York Exchanges for accounts of members and nonmembers, odd-lot stock transactions on the New York exchanges, special offerings and secondary distributions. Figures on round-lot and odd-lot stock transactions are also published weekly with the release on stock market indexes.

### SAVING STUDY

The Commission compiles and releases at quarterly intervals estimates of the volume and composition of individuals' saving in the United States. The study shows aggregate value of saving in each quarter and also the form in which the saving was made, such as investment in securities, expansion of currency holdings, and bank deposits. Data on the amount and distribution of saving provide information on the funds available for investment and are valuable in the determination of monetary and fiscal policy.

The estimates show that during the fiscal year liquid saving by individuals was at the highest rate since the end of World War II, reaching almost \$15 billion. Individuals added \$8.3 billion to their equity in life insurance and government pension reserves, such as Social Security funds, increased their currency and bank deposits by \$6.7 billion, made net purchases of securities totalling \$3.7 billion, the bulk of which were corporate issues, and, in addition, increased their shares in savings and loan associations by \$2.6 billion. During the same period individuals added substantially to their debt, increasing mortgage debt by \$5.3 billion and other debt by \$1.6 billion.

### PLANT AND EQUIPMENT EXPENDITURES OF U. S. BUSINESS

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.

During the fiscal year the data on expenditures of manufacturing companies were revised and progress was made in connection with improving the coverage for noncorporate businesses. In addition, both corporate and noncorporate segments were related to basic figures in Statistics of Income. These data have provided a useful index of present and future activity in the capital markets and of business in general.

The survey indicates that during the fiscal year, American business, exclusive of agriculture, spent a record amount of \$27.3 billion for expansion of plant and new equipment. According to their plans at mid-1952, manufacturing companies expected to make plant and equipment expenditures of \$12.8 billion in the calendar year 1952, a new high and 15 percent above the 1951 amount. Increases of over 30 percent were expected in the expenditures of such defense-related industries as nonferrous metals, rubber, petroleum refining, and iron and steel, while decreases were anticipated in most nondefense industries.

**FINANCIAL POSITION OF CORPORATIONS****Work Capital Position**

The series of quarterly releases on the working capital position of all United States corporations, exclusive of banks and insurance companies, was continued in the fiscal year. 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.

At the end of the fiscal year the net working capital of United States corporations reached a record of \$85.7 billion. At that date corporations held \$29.7 billion of cash and \$20.0 billion of U. S. Government securities, these together amounting to 59 percent of their current liabilities.

**Balance Sheet and Income Statements**

The Commission, together with the Federal Trade Commission, continued the joint series of quarterly industrial financial reports, which were developed as an extension of the working capital series. Complete balance sheet data and abbreviated income data have been published for manufacturing companies since the first quarter of 1947. During the fiscal year the report was expanded to cover wholesale and retail trade corporations, data being published for the year 1950 and the four quarters of 1951. For both manufacturing and trade companies, data are shown for various size groups of companies and for minor industry groups. The financial report program includes data on 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.

During the fiscal year the report on manufacturing companies, as well as wholesale and retail trade companies, was again supplied to the Office of Price Stabilization in connection with the determination of price policy.

**PERSONNEL**

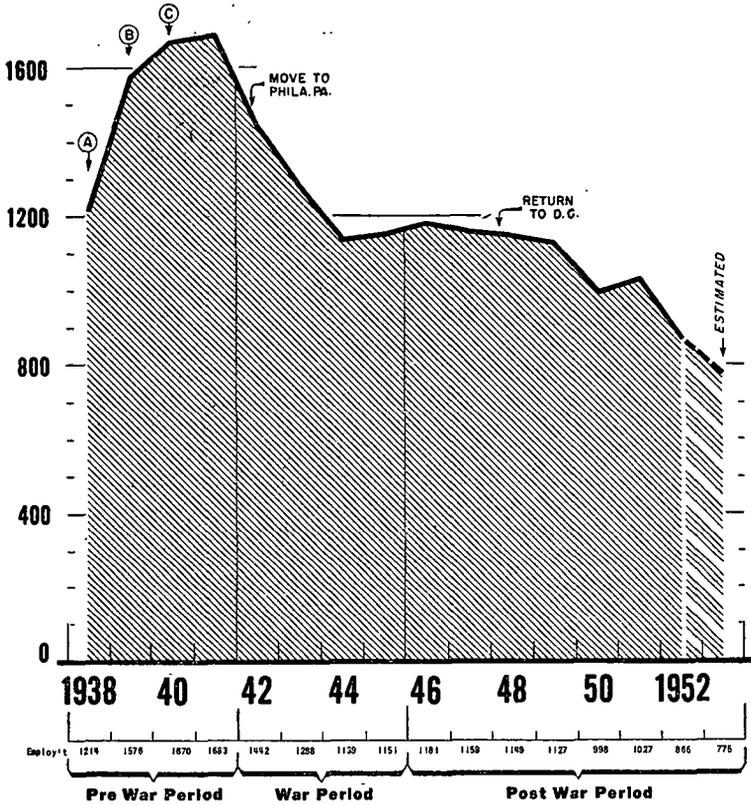
As of June 30, 1952, the personnel of the Securities and Exchange Commission consisted of the following:

Commissioners (1 vacancy).....		4
Staff:		
Headquarters office.....	557	
Regional offices.....	305	862
Total.....		866

In order to stay within its appropriation for the 1952 fiscal year, the Commission reduced its staff from 1027 as of June 30, 1951, to 926 employees by September 30, 1951, and effected further reductions through not filling vacancies until the staff had been reduced to the 866 figure on June 30. The graph on page 195 illustrates the extent to which this and similar appropriation cuts over the past twelve years have reduced the Commission's staff.

The Commission has arrived at its budget estimates for past years on the basis of careful consideration of both the need for economy and essential personnel requirements. Nevertheless, in every fiscal year

### S.E.C. EMPLOYMENT FOR THE PAST 15 YEARS\*



\* JUNE 30th employment of each year.

- (A) PUBLIC UTILITY HOLDING COMPANY ACT ruled constitutional by Supreme Court.
- (B) MALONEY ACT (registration of associations of broker-dealers) and TRUST INDENTURE ACT enacted.
- (C) INVESTMENT COMPANY ACT and INVESTMENT ADVISERS ACT enacted.

since the end of World War II, except 1951, its appropriation has been reduced. From an average employment of 1723 in 1941, the staff dropped to approximately 1200 persons in 1947. The appropriation for the 1952 fiscal year permitted an average employment of 929, and the 1953 fiscal year appropriation will permit an average employment of only 807 persons. In contrast to these sharp reductions in personnel, the Commission's duties under the six statutes administered by it and under Chapter X of the Bankruptcy Act have not decreased since 1941, except for some types of work under the Public Utility Holding Company Act. To the contrary, the work load has increased in many respects.

Notwithstanding the staff's exceptional competency and devotion to duty, and the Commission's utilization of every possible procedural and organizational device to increase the efficiency and economy of operations, the net effect of these personnel cuts inevitably has been the severe curtailment of its operations. The staff's devotion to duty is illustrated by the fact that on December 31, 1951, the end of the accounting period under the Federal leave statute then in effect, employees of the Commission forfeited 922 days of annual leave, worth approximately \$21,250.00. In addition, throughout the fiscal year, the staff worked many hours of voluntary overtime for which they received no compensation.

In addition to the simplification of reporting requirements and other procedural changes described elsewhere in this report, which were designed to conserve manpower and further the maximum utilization of available resources, the following organizational changes were effected during the fiscal year to serve that purpose:

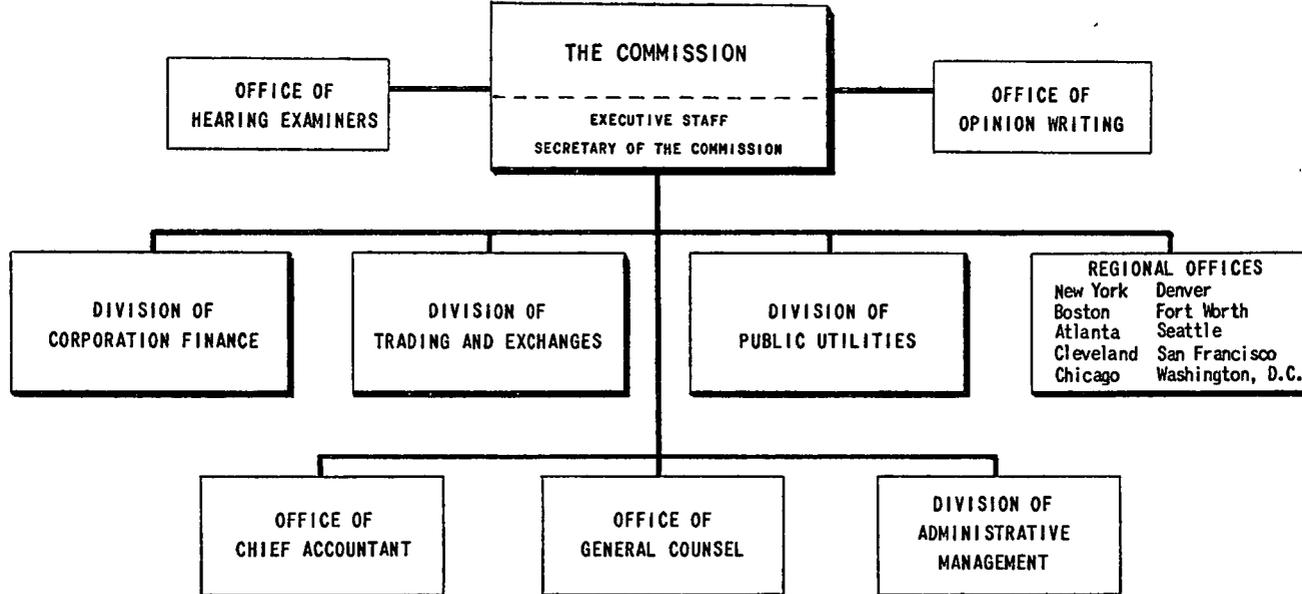
As a result of the appropriation cut, the Commission in August 1951 discontinued the small Registration Unit in its San Francisco Regional Office, which had been maintained for many years as a convenience to issuers of securities in the Far West, and two small branch offices, located in Tulsa, Oklahoma, and St. Louis, Missouri.

In September 1951, a substantial portion of the Commission's offset reproduction work was transferred to the Government Printing Office, resulting in a reduction in the Commission's staff in the duplicating shop from 30 to 12. Although a cost accounting survey had indicated that this would involve a relatively small monetary saving to the Commission, other considerations made this action desirable. For example, certain publications, which had been distributed free of charge to individuals, firms and corporations, now are sold on a subscription basis by the Superintendent of Documents.

In May 1952, the Commission's Divisions of Administrative Services, Budget and Finance, and Personnel were consolidated into a new Division of Administrative Management. The new division operates under and is responsible to the Chairman of the Commission. The Executive Assistant to the Chairman also serves as the Director of the new division and Chairman of the Management Improvement Committee. The consolidation of these administrative management functions in one division has given more formal recognition to the transfer of executive functions to the Chairman under Reorganization Plan 10. In addition, it is designed to provide for even greater coordination, efficiency and effectiveness in the performance of these related activities.

The organization of the Commission's staff, as of June 30, 1952, is shown below:

# SECURITIES AND EXCHANGE COMMISSION



## FISCAL AFFAIRS

**Appropriation and Expenditures**

The following is a summary of the appropriation and expenditures for fiscal year 1952 as compared to fiscal year 1951:

	Fiscal 1952	Fiscal 1951
Appropriation.....	\$5, 245, 080	\$6, 230, 000
Expenditures.....	5, 243, 040	6, 031, 820
Unexpended balance.....	2, 040	198, 180

**Fees and Revenue**

The following is the amount of the fees received in fiscal 1952:

Character of fees:		
Registration of securities issued.....		\$913, 234
Qualification of trust indentures.....		2, 100
From registered exchanges.....		437, 081
Sale of copies of documents or portions thereof.....		9, 964
Miscellaneous collections.....		2, 068
Total.....		1, 364, 447

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

**Proposed Fees and Charges**

On August 31, 1951, the Congress, in Public Law 137, authorized Federal agencies to prescribe fair and equitable fees for "any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration, or similar thing of value or utility" provided by any such agency in order that its functions should be "self-sustaining to the full extent possible." Any fee regulation adopted by a Federal agency was to be subject to such policies as the President may prescribe, and, as in the case of fees presently collected, all fees would be turned over to the Treasury.

Pursuant to this Act and the advice of the Bureau of the Budget that the above provision should be implemented, the Commission published in the Federal Register and sent out for comment proposed rules which provided for certain fees and charges for various of its services for which no charge is now made. It was estimated that total annual receipts from the adoption of these rules would be about \$1,225,000.

The Commission received numerous protests against the proposed fees, briefs were filed, and the Commission heard oral argument in March 1952. The principal objections advanced were that the proposed fees were unfair and that the Commission did not have the power to impose them. The proposals and the objections raised thereto are under consideration by the Commission's staff which will submit its recommendations to the Commission.

In the meantime a bill to amend this Act was introduced in the Congress providing that the Commission should have no authority to prescribe fees with respect to brokers or dealers subject to the Securities Exchange Act. On April 30 and May 1, 1952, the SEC Subcommittee of the House Committee on Interstate and Foreign Commerce, to which the bill was referred, held hearings on the bill and the Commission's fee proposals. No action had been reported by the subcommittee at the close of the fiscal year.

## 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 Commission matters. The Commission is continuing to improve its service and to effect economies in connection with its mailing lists through the continuation of procedures which avoid the full-scale distribution of the complete releases except to those persons who are sufficiently interested to make a special request therefor.

The announcements issued during the fiscal year included 28 releases under the Securities Act of 1933; 111 under the Securities Exchange Act of 1934; 710 under the Public Utility Holding Company Act of 1935; 6 under the Trust Indenture Act of 1939; 141 under the Investment Company Act of 1940; and 2 under the Investment Advisers Act of 1940. In addition, 2 releases were issued concerning the Commission's activities in corporate reorganizations under Chapter X of the Bankruptcy Act.

The following breakdown of the releases for the month of June 1952 is fairly illustrative of the general nature of the releases issued throughout the year:

Announcements of filings, orders for hearing, and notices giving opportunity to request hearing.....	31
Interim and final decisions and orders.....	55

The balance of the Commission's releases are of an informational nature, the following having been issued during the year: 74 announcements of publication of reports on corporate survey and statistical studies; 72 reports of court actions in injunction and criminal prosecution cases initiated by the Commission; and 11 miscellaneous announcements regarding appointments of Commissioners and staff officials, and related matters.

Other publications issued during the 1952 fiscal year:

- Monthly Statistical Bulletin.
- Bound Volume 19 of Commission Decisions and Reports (May 1, 1945, to July 15, 1945).
- Judicial Decisions, Volume III (3 parts) (July 1, 1944 to December 31, 1948).
- Twelve monthly issues of the Official Summary of Securities Transactions and Holdings of Officers, Directors, and Principal Stockholders.
- The Seventeenth Annual Report of the Commission.
- List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1951.
- List of Companies Registered under the Investment Company Act of 1940, as of December 31, 1951.
- Registered Public Utility Holding Companies, June 30, 1951.
- Securities Registered under the Securities Act of 1933, Cost of Flotation. Second, third and fourth quarters, 1951, and first quarter, 1952.
- Survey of American Listed Corporations, Corporate Profits and Return on Net Worth. 1942-50.
- Quarterly Financial Report, U. S. Manufacturing Corporations. (Jointly with Federal Trade Commission.)
- Quarterly Financial Report, U. S. Wholesale and Retail Trade Corporations. (Jointly with Federal Trade Commission.)
- Working Capital of United States Corporations, Quarterly.
- Volume and Composition of Saving, Quarterly.
- New Securities Offered for Cash, Quarterly.
- Plant and Equipment Expenditures of U. S. Corporations, Quarterly. (Jointly with Commerce Department.)
- Daily Registration Record.

S. E. C. Indexes of Common Stock Prices, Round-lot and Odd-lot Stock Transactions on New York Stock Exchanges, Weekly.  
Securities Required To Be Exchanged for Cash or New Securities Pursuant to the Public Utility Holding Company Act of 1935 and Chapter X of the Bankruptcy Act. March 17, 1952.

#### INFORMATION AVAILABLE FOR PUBLIC INSPECTION.

The Commission maintains public reference rooms at the central office in Washington, D. C., and at the regional offices in New York City and Chicago, Illinois.

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, there were received in the public reference room 20,758 requests for registered public information and copies of forms, releases, and other material of a public nature. 1,876 persons visited this public reference room seeking registered public information during the fiscal year. Through the facilities provided for the sale of photocopies of such information, 1,954 orders involving a total of 124,818 pages were filled. The Commission also mailed 349,584 pieces of mail containing releases, forms, Acts, etc., to persons requesting them.

In its New York Regional Office, located at 42 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 by issuers having securities registered under the Securities Act. During the fiscal year, 11,275 persons visited the New York public reference room and more than 7,220 telephone calls were received from persons seeking public information and copies of forms, releases, and other material.

In the Chicago Regional Office, located 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 fiscal year, 2,475 members of the public visited this public reference room, and approximately 2,960 telephone calls were received from persons seeking public information and forms, releases, and other material of a public nature.

In addition to the material available in the New York and Chicago public reference rooms, there are available in each of the Commission's regional offices copies of all prospectuses used in public offerings of securities effectively registered under the Securities Act. Duplicate copies of applications for registration of brokers or dealers transacting business in the over-the-counter market, together with supplemental statements thereto, filed under the Securities Exchange Act, and duplicate copies of applications for registration of investment advisers and supplemental statements thereto, filed under the Investment Advisers Act, 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, exempting small issues of securities from the registration requirements of the Securities Act, 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 particular regional office where filed.

Copies of all applications for registration of securities on national securities exchanges, and annual reports, supplemental reports and amendments are available for public inspection at the respective exchanges on which the securities are registered.

#### PUBLIC HEARINGS

The following public hearings were held by the Commission under the Acts indicated during the fiscal year:

	Number hearings
Securities Act of 1933.....	2
Securities Exchange Act of 1934.....	14
Public Utility Holding Company Act of 1935.....	46
Trust Indenture Act of 1939.....	1
Investment Advisers Act of 1940.....	1
Investment Company Act of 1940.....	7
<b>Total</b> .....	<b>71</b>

<sup>1</sup> Includes four private hearings eventually made public or to be made public.



**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, 1952

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

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>1951</i>						
July.....	47	62	352,499	41	53	325,948
August.....	29	38	287,279	27	32	226,554
September.....	35	52	437,020	33	43	360,737
October.....	63	86	789,802	53	64	580,063
November.....	57	69	664,224	47	50	550,582
December.....	49	65	420,778	40	45	293,851
<i>1952</i>						
January.....	49	66	711,071	41	46	628,138
February.....	42	73	268,004	38	63	227,464
March.....	72	126	1,068,526	66	112	927,503
April.....	77	97	997,669	68	84	856,059
May.....	62	80	939,976	58	71	842,147
June.....	53	67	2,562,736	46	53	1,710,239
Total, fiscal year 1952.....	635	881	9,499,583	558	716	7,529,287

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, 1952

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

Method of distribution and group to whom offered	Type of security					
	All types	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Other types <sup>2</sup>
All methods of distribution.....	7,529,287	1,228,720	1,948,610	851,432	2,839,190	661,335
To general public.....	5,007,838	1,228,420	1,318,545	583,260	1,398,899	478,713
To security holders.....	1,826,154	-----	630,065	263,252	932,838	-----
To other special groups.....	695,295	300	-----	4,921	507,453	182,621
Through investment bankers.....	5,764,253	1,228,720	1,342,135	831,952	1,894,275	467,171
By purchase and resale.....	4,373,737	1,228,720	1,330,135	815,246	999,635	-----
To general public.....	3,587,033	1,228,420	1,287,845	554,431	518,336	-----
To security holders.....	786,070	-----	42,290	280,802	482,979	-----
To other special groups.....	634	300	-----	14	320	-----
On best efforts basis.....	1,390,517	-----	12,000	16,706	894,640	467,171
To general public.....	1,336,631	-----	12,000	16,706	851,507	456,418
To security holders.....	43,021	-----	-----	-----	43,021	-----
To other special groups.....	10,865	-----	-----	-----	113	10,753
By issuers.....	1,765,034	-----	606,475	19,480	944,915	194,164
To general public.....	84,175	-----	18,700	12,123	31,056	22,296
To security holders.....	997,063	-----	587,775	2,450	406,838	-----
To other special groups.....	683,796	-----	-----	4,907	507,020	171,868

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, 1952

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

Purpose of registration and use of proceeds	Industry								
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	Foreign governments	Other groups <sup>4</sup>
Number of statements.....	635	36	198	160	22	38	163	8	10
Number of issues.....	881	43	267	262	30	44	208	12	15
For all purposes of registration (estimated value)...	9,499,583	179,228	2,603,560	1,613,870	112,399	2,367,378	2,429,088	166,141	27,919
Less: Not for cash sale.....	1,760,623	30,848	638,295	59,866	45,518	828,364	145,029	-----	12,704
For account of issuers.....	1,750,617	30,242	636,715	59,426	45,518	828,364	137,649	-----	12,704
Reserved for conversion.....	1,418,129	26,335	373,966	34,353	35,526	814,702	128,534	-----	4,712
Reserved for option.....	113,676	3,594	88,118	9,547	7,665	3,126	1,484	-----	144
For substitution <sup>2</sup> .....	62,416	313	58,282	-----	2,328	-----	500	-----	894
For exchange for other securities.....	180,683	-----	116,246	12,216	-----	10,536	4,730	-----	6,854
For other purposes.....	5,813	-----	103	3,310	-----	-----	2,400	-----	-----
For account of others than issuers.....	10,006	606	1,580	440	-----	-----	7,380	-----	-----
For cash sale (estimated gross proceeds).....	7,738,960	148,380	1,965,265	1,554,004	66,881	1,539,015	2,284,059	166,141	15,215
Less: For account of others than issuers.....	209,673	16,388	145,965	367	7,056	2,381	37,499	-----	17
For cash sale for account of issuers.....	7,529,287	131,993	1,819,300	1,553,637	59,825	1,536,633	2,246,560	166,141	15,198
Less: Cost of flotation.....	480,003	11,227	122,646	108,289	3,036	155,795	73,131	3,084	2,794
Commission and discount.....	441,736	9,821	111,519	105,450	2,579	149,745	57,272	2,740	2,611
Expenses.....	38,266	1,406	11,128	2,839	467	6,050	15,859	344	183

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, 1952—Continued

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

Purpose of registration and use of proceeds	Industry								
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	Foreign governments	Other groups <sup>4</sup>
Expected net proceeds from cash sales for account of issuers.....	7,049,284	120,766	1,696,654	1,445,347	56,789	1,380,839	2,173,428	163,057	12,405
New money purposes.....	5,113,096	88,570	1,507,986	19,127	54,531	1,332,203	2,104,644		6,035
Plant and equipment.....	4,548,049	46,095	1,083,012	15	21,357	1,299,193	2,096,127		2,250
Working capital.....	514,301	7,901	422,608	19,032	25,370	33,010	2,594		3,785
Other new money purposes.....	50,746	34,573	2,366	80	7,803		5,924		
Retirements.....	268,941	24,788	100,091	321	2,259	48,624	68,540	24,370	
Funded debt.....	127,748	17,110	66,464				19,805	24,370	
Other debt.....	132,501	7,169	30,208	321			48,553		
Preferred stock.....	8,692	458	3,419		2,259	2,374	182		
Purchase of securities.....	1,487,434	7,400	50,422	1,423,211			232		6,169
For investment.....	1,445,897	4,750	31,009	1,409,841					298
For affiliation.....	41,537	2,650	19,413	13,371			232		5,871
Foreign governments—public uses.....	138,687							138,687	
Miscellaneous and unaccounted for.....	41,127	59	38,154	2,688		11	13		200

<sup>1</sup> Dollar amounts are rounded and will not necessarily add to the totals.<sup>2</sup> The 635 statements shown in this table as "fully effective" differs from the 634 shown in the table on page 9 by reason of (a) the exclusion of 4 statements which became effective during the 1952 fiscal year subject to amendments which were not filed by the end of the fiscal year, (b) the inclusion of 4 statements which became effective during the preceding fiscal year subject to amendments which were filed during the 1952 fiscal year, and (c) the inclusion of 1 statement which became effective but was later withdrawn.<sup>3</sup> Consists of face amount certificates, certificates of participation, and warrants. Of the \$168,365,473 of face amount certificates, \$151,659,873 were registered for sale through investment bankers on a best-efforts basis and \$16,705,600 for sale directly by issuers. Of the \$492,940,178 of certificates of participation, \$315,510,683 were registered for sale through investment bankers on a best-efforts basis and \$177,429,490 for sale directly by issuers. Warrants in the amount of \$29,000 were registered for sale directly by issuers.<sup>4</sup> Industries represented in this group are real estate, construction, and service.<sup>5</sup> 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 1950, 1951 and 1952

PART 1.—NUMBER OF BOND ISSUES AND AGGREGATE VALUE

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

Fiscal year ended June 30—	Size of issue (\$000,000)	Quality <sup>2</sup>															
		First grade		Second grade		Third grade		Fourth grade		Fifth grade		Below fifth		Unrated		All bonds	
		Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value	Num-ber of issues	Aggre-gate value
1950.....	50 and over.....	2	211.4	3	383.4	2	172.0	1	60.7	0	-----	0	-----	0	-----	8	827.6
	20-50.....	0	-----	8	254.4	5	174.6	2	48.3	1	31.8	0	-----	0	-----	16	509.0
	5-20.....	6	87.0	11	107.6	19	206.6	6	62.3	1	6.0	0	-----	1	9.1	44	478.6
	1-5.....	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	-----
	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
1951.....	50 and over.....	0	-----	4	222.4	1	92.1	0	-----	0	-----	0	-----	0	-----	5	314.5
	20-50.....	4	111.6	7	247.7	9	313.5	3	103.5	0	-----	0	-----	0	-----	23	776.3
	5-20.....	1	12.3	8	102.0	18	204.8	4	33.0	3	17.0	0	-----	1	6.0	35	375.0
	1-5.....	0	-----	2	8.0	8	27.3	9	24.9	1	2.5	4	5.8	5	9.0	29	77.5
	Under 1.....	0	-----	0	-----	0	-----	2	1.8	0	-----	0	-----	1	.5	3	2.3
	All sizes.....	5	123.9	21	580.0	36	637.6	18	163.2	4	19.5	4	5.8	7	15.5	95	<sup>3</sup> 1,545.6
1952.....	50 and over.....	0	-----	5	377.1	4	237.5	2	141.4	0	-----	0	-----	0	-----	11	755.9
	20-50.....	3	81.3	11	311.6	13	373.2	5	150.9	0	-----	0	-----	0	-----	32	916.9
	5-20.....	1	15.1	21	262.8	40	371.2	9	85.6	4	34.7	1	12.5	1	10.0	77	791.8
	1-5.....	0	-----	1	4.1	8	22.3	4	11.5	3	10.0	2	3.4	6	12.4	24	63.6
	Under 1.....	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----
	All sizes.....	4	96.4	38	955.5	65	1,004.1	20	389.3	7	44.7	3	15.9	7	22.4	144	2,528.3

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 1950, 1951 and 1952—Continued**

**PART 2.—COMPENSATION <sup>1</sup> TO DISTRIBUTORS**

[Percent of gross proceeds]

Fiscal year ended June 30—	Size of issue (\$000,000)	Quality <sup>2</sup>							
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below fifth	Unrated	All bonds
1950.....	50 and over.....	0.6	0.6	0.6	1.6				0.7
	20-50.....		.5	.5	.5	0.9			.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
1951.....	50 and over.....		.8	.4					.7
	20-50.....	.6	.6	.9	.4				.7
	5-20.....	.3	.7	.7	1.1	2.0		3.5	.8
	1-5.....		.6	.7	1.5	.5	5.6	5.8	1.9
	Under 1.....				2.3			10.0	4.0
	All sizes.....	.6	.7	.8	.8	1.8	5.6	5.0	3.8
1952.....	50 and over.....		.9	.9	1.2				.9
	20-50.....	.6	.7	1.1	1.4				.9
	5-20.....	.4	.6	.8	1.9	2.0	2.0	.3	.9
	1-5.....		.6	1.0	1.1	3.7	8.3	5.7	2.7
	Under 1.....								
	All sizes.....	.6	.7	.9	1.5	2.4	3.3	3.3	1.0

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

<sup>2</sup> 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.

<sup>3</sup> Two issues of the State of Israel in the aggregate amount of \$500,000,000 have not been

included because the amount of compensation cannot be determined at this time. Data on these 2 issues will be included in a future tabulation when the results of the sales have been reported.

<sup>4</sup> The compensation figures are based on the data reported in the registration statements as of their effective dates.

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

PART I.—TYPE OF OFFERING

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

Calendar year or month	All offerings	Public <sup>3</sup>				Private		
		Registered	Exempt because of—			Registered	Exempt because of—	
			Type of issue or issuer <sup>4</sup>	Size of issue <sup>5</sup>	Intrastate offering		Type of issue or issuer <sup>4</sup>	Purchase by limited group <sup>6</sup>
1934	4,909,642	130,173	4,682,392	0	5,366	0	1,454	90,257
1935	6,683,345	1,872,433	4,335,886	0	7,399	3,048	85,066	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	5,687,184	1,319,327	3,570,085	0	7,558	12,563	100,087	677,563
1940	6,564,219	1,589,414	4,195,621	0	5,492	4,152	32,638	736,902
1941	15,157,000	1,498,966	12,826,295	0	7,981	117,241	33,570	672,946
1942	35,438,064	598,586	34,416,216	0	1,034	0	7,786	414,442
1943	44,518,166	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	18,685,493	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	20,249,983	3,210,580	13,662,416	135,673	4,519	5,000	21,780	3,210,019
1949	21,110,068	3,048,760	15,419,673	107,864	7,325	0	25,730	2,500,716
1950	19,892,793	3,030,984	14,014,494	116,946	4,390	6,892	21,510	2,697,577
1951	21,264,507	3,926,653	13,739,177	133,273	9,853	28,500	27,100	3,399,951
<i>1951</i>								
July	1,693,770	224,161	1,186,672	12,681	3,918	0	0	266,339
August	1,350,818	188,216	824,685	12,771	0	0	0	325,146
September	1,619,309	212,893	1,210,718	9,331	1,000	0	902	184,466
October	1,788,695	431,211	1,153,761	13,276	300	0	2,240	187,907
November	1,638,458	406,897	1,043,361	8,949	1,200	0	3,400	174,651
December	1,780,318	326,566	925,509	12,548	1,250	3,600	6,750	504,195
<i>1952</i>								
January	2,194,058	373,060	1,606,706	13,391	0	0	0	200,900
February	1,697,799	201,497	1,225,468	15,159	0	0	1,000	254,675
March	1,648,959	617,647	678,033	14,698	2,654	0	0	335,927
April	2,335,842	527,284	1,393,371	13,402	0	0	3,580	398,204
May	2,494,267	639,389	1,504,009	12,594	0	0	6,250	332,027
June	2,451,633	372,164	1,618,153	16,736	0	0	35,000	409,580

See footnotes at end of table.

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

## PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars]

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	9,439,441	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	6,373,059	3,886,871	2,486,188	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	35,433,064	34,375,776	1,062,288	35,292,409	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	49,700,895	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	21,110,088	15,058,518	6,051,550	19,949,018	15,058,518	4,890,500	424,662	736,388
1950	19,892,783	13,531,750	6,361,043	18,451,317	13,531,750	4,919,567	630,822	810,654
1951	21,264,607	13,523,408	7,741,099	19,214,357	13,523,408	5,690,949	837,656	1,212,494
1951								
July	1,693,770	1,162,788	530,982	1,522,655	1,162,788	359,867	39,073	132,043
August	1,350,818	843,083	507,735	1,219,097	843,083	376,015	76,879	54,841
September	1,619,309	1,229,721	389,588	1,553,741	1,229,721	324,020	34,851	30,717
October	1,788,695	1,133,797	654,898	1,555,419	1,133,797	421,622	126,926	106,349
November	1,638,458	965,267	673,191	1,367,859	965,267	402,591	166,059	104,541
December	1,780,318	908,921	871,396	1,544,944	908,921	636,023	103,631	131,743
1952								
January	2,194,058	1,588,751	605,306	2,063,116	1,588,751	474,365	82,521	48,420
February	1,697,799	1,219,827	477,972	1,533,780	1,219,827	313,953	9,964	154,055
March	1,648,959	676,527	972,431	1,424,590	676,527	748,063	62,974	161,394
April	2,335,842	1,368,468	967,373	2,139,334	1,368,468	770,866	61,382	135,126
May	2,494,267	1,378,073	1,116,194	2,248,391	1,378,073	870,318	83,291	162,586
June	2,451,633	1,603,410	848,223	2,255,477	1,603,410	652,067	84,003	112,153

See footnotes at end of table.

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

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars]

Calendar year or month	Total corporate	Corporate <sup>1</sup>						Noncorporate						
		Electric, gas, and water	Communication	Transportation other than railroad	Manufacturing	Commercial and miscellaneous	Railroad	Real estate and financial	Total non-corporate	U. S. Government (including agency issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government <sup>2</sup>	Ecclesiastical and other non-profit
1934	397,240													
1935	2,331,630		133,165		66,881		176,423	20,772	4,512,402	3,535,478	31,913	939,453	4,978	580
1936	4,671,680		797,005		797,005		126,031	124,831	4,351,715	2,937,856	115,838	1,231,846	58,650	7,525
1937	2,309,524		2,040,477		1,332,251		797,456	401,495	5,410,505	4,087,722	54,696	1,120,678	85,763	61,647
1938	770,526		1,120,315		1,120,315		344,257	74,427	3,018,120	1,901,910	36,442	907,662	152,614	19,472
1939	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
1940	2,164,007		1,270,964		604,067		185,707	103,269	3,523,177	2,332,111	13,020	1,126,448	41,030	8,568
1941	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
1942	2,666,887		1,357,112		847,888		366,313	95,574	12,490,113	11,466,139	37,900	955,988	4,120	25,066
1943	1,062,288		471,697		538,577		47,726	4,288	34,375,776	33,845,554	1,406	523,705	0	5,112
1944	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
1945	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
1946	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
1947	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		285,650	292,684	13,364,103	10,589,439	0	2,324,098	443,195	7,370
1948	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	7,077,820	2,187,390	091,663	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
1950	6,361,043	2,648,822	399,391	259,057	1,200,017	552,916	554,100	746,740	13,531,750	9,687,497	30,000	3,531,992	262,584	19,677
1951	7,741,099	2,454,853	612,080	159,227	3,121,853	533,383	335,087	524,616	13,523,408	9,778,151	110,000	3,188,777	418,567	27,914
<i>1951</i>														
July	530,982	190,021	52,112	948	157,660	37,590	17,975	74,675	1,162,788	834,408	0	320,740	7,640	0
August	507,735	151,512	3,485	59,861	233,407	22,394	9,228	27,848	843,083	656,252	0	151,723	34,307	801
September	389,588	128,219	8,328	18,279	160,438	29,307	30,399	14,617	1,229,721	765,204	40,000	268,915	153,302	2,300
October	654,898	200,973	15,691	956	314,456	41,397	18,157	63,268	1,133,797	651,469	70,000	396,679	15,224	525
November	673,191	266,792	37,478	10,698	219,722	47,436	76,405	14,601	965,267	655,205	0	301,595	5,067	3,400
December	871,396	260,447	25,755	11,285	486,944	40,449	22,653	23,863	908,921	601,342	0	295,529	11,626	425
<i>1952</i>														
January	605,306	186,289	1,950	0	353,942	31,351	17,005	14,769	1,588,751	1,023,686	0	564,716	350	0
February	477,972	112,009	3,146	15,389	290,935	14,131	29,340	13,023	1,219,827	967,283	0	221,777	30,217	550
March	972,431	400,108	6,318	98,317	373,472	62,256	12,194	19,766	676,527	515,400	0	144,680	16,088	360
April	967,373	270,559	47,798	135,803	353,273	69,019	34,137	56,785	1,368,468	721,620	228,300	396,863	19,595	2,090
May	1,116,194	281,416	26,391	37,550	569,933	40,901	119,935	40,069	1,378,073	927,719	0	396,304	52,250	1,800
June	848,223	355,458	29,274	6,400	290,768	44,770	51,543	70,009	1,603,410	977,794	0	673,816	1,800	0

See footnotes at end of table.

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

Calendar year or month	All private placements	Type of security		Industry of issuer <sup>4</sup>						
		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		48,028		42,232		1,274	0
1935	387,059	385,009	2,050		151,807		183,614		4,499	37,140
1936	373,154	369,202	3,952		218,403		104,781		15,875	34,085
1937	329,910	327,409	2,501		61,330		244,350		19,730	4,500
1938	691,362	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	63,484
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	736,828	777,645	9,183		296,733		392,417		91,433	6,240
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		529,606		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	338,252	831,886	297,078	2,013	424,840
1950	2,679,602	2,559,235	120,367	683,835	54,505	181,074	809,715	397,178	12,078	541,218
1951	3,414,691	3,326,457	88,234	637,137	55,327	184,326	1,975,318	365,280	3,990	223,314
1951										
July	265,601	257,883	7,717	61,201	2,958	949	118,102	25,542	0	56,849
August	325,146	313,110	12,036	86,153	3,185	59,861	165,579	16,799	0	3,570
September	180,740	178,740	2,000	37,824	3,830	18,279	97,420	14,245	0	9,142
October	189,410	188,125	1,285	32,012	1,758	0	110,110	17,132	2,240	26,188
November	169,584	162,566	7,019	43,086	3,950	10,698	77,139	33,922	0	790
December	512,631	505,391	7,240	83,265	3,232	11,285	380,053	20,691	750	13,355
1952										
January	200,550	196,368	4,182	29,961	1,950	0	157,721	6,958	0	3,959
February	255,142	254,792	350	46,451	3,008	15,089	179,906	6,038	0	4,660
March	331,795	328,695	3,100	73,825	2,550	57,027	144,589	42,294	0	11,509
April	389,969	372,462	17,508	45,084	11,200	20,047	254,718	21,340	0	37,580
May	335,277	326,710	8,567	88,477	4,806	37,297	148,821	32,551	0	23,325
June	442,780	441,272	1,508	42,991	6,672	6,400	266,146	19,141	35,000	66,429

<sup>1</sup> The data in these tables cover substantially all new issues of securities offered for cash sale in the United States in amounts over \$100,000 and with terms to maturity of more than 1 year. Included in the compilation are issues privately placed as well as issues publicly offered, and unregistered issues as well as those registered under the Securities Act of 1933. The figures on publicly offered issues include a small amount of unsold securities, chiefly nonunderwritten issues of small companies. The figures on privately placed issues include securities actually issued but exclude securities which institutions had contracted to purchase but which had not been taken down during the period covered by the statistics. Also excluded are: intercorporate transactions; United States Government "Special Series" issues, and other sales directly to Federal agencies and trust accounts; notes issued exclusively to commercial banks; and corporate issues sold through continuous offering, such as issues of open-end investment companies. The chief sources of data are the financial press and documents filed with the Commission. Data for offerings of State and municipal securities are from totals published by the *Commercial and Financial Chronicle* and the *Bond Buyer*; these represent principal amounts instead of gross proceeds. All figures are subject to revision as new data are received.

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

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

<sup>4</sup> Issues 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 non-profit institutions.

<sup>5</sup> 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.

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

<sup>7</sup> 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 "Real estate and financial" classifications for the entire period.

<sup>8</sup> Includes bonds of the International Bank for Reconstruction and Development.

<sup>9</sup> 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] <sup>1</sup>

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	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	1,421,180	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	58,584	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	2,666,587	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	351,486	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	478,597	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	67,484	234,044
1949	6,051,550	5,959,260	4,606,328	3,724,165	882,160	1,038,099	360,424	637,133	40,542	314,835
1950	6,361,043	6,261,444	4,006,458	2,965,598	1,040,881	1,891,136	1,149,312	619,906	121,913	363,828
1951	7,741,099	7,606,520	6,531,403	5,110,105	1,421,298	849,322	390,801	362,908	95,612	225,795
1951										
July	530,982	520,863	468,935	349,930	119,006	47,150	26,422	17,636	3,092	4,777
August	507,735	500,130	436,003	341,913	94,091	50,449	20,995	26,814	2,640	13,678
September	389,588	381,160	343,328	285,778	57,550	32,956	17,998	14,958	0	4,876
October	654,898	638,904	547,963	403,789	144,174	64,585	9,929	52,897	1,759	26,356
November	673,191	660,225	570,421	487,587	82,834	71,694	41,850	28,987	856	18,110
December	871,396	855,855	771,293	681,664	89,629	55,421	42,288	10,739	2,394	29,142
1952										
January	605,306	594,924	558,940	487,244	71,696	23,447	8,167	15,280	0	12,537
February	477,972	468,706	412,514	278,096	134,418	49,192	35,227	13,002	963	7,000
March	972,431	954,387	875,396	654,796	220,600	60,076	14,678	44,940	458	18,915
April	967,373	951,190	844,024	612,517	231,507	82,931	9,471	70,390	3,071	24,234
May	1,116,194	1,096,788	735,402	565,402	189,324	163,216	125,596	37,620	0	8,846
June	848,223	835,603	746,758	553,017	193,741	83,580	37,804	45,776	0	5,265

See footnotes at end of table.

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

PART 2.—PUBLIC UTILITY  
[Amounts in thousands of dollars <sup>1</sup>]

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
PUBLIC UTILITY 1934-48 <sup>4</sup>										
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	1,686,829	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	79,652	9,634	652,927	522,811	41,877	88,239	8,393
1938.....	1,234,175	1,208,125	179,658	142,143	37,515	1,027,133	887,086	84,358	55,689	1,333
1939.....	1,270,964	1,246,237	42,808	32,105	10,702	1,197,734	1,099,832	41,170	56,732	5,695
1940.....	1,203,091	1,180,440	245,210	228,713	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	106,869	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	977,048	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 1948-52 <sup>5</sup>										
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	2,275,898	1,837,645	1,818,560	18,986	332,303	198,478	98,913	34,912	106,050
1950.....	2,648,822	2,608,491	1,728,378	1,711,320	17,058	803,375	612,652	121,798	68,925	76,739
1951.....	2,454,853	2,411,714	2,186,248	2,158,823	27,425	172,641	79,777	87,102	5,662	52,925
1951										
July.....	190,021	186,995	184,790	184,070	720	2,205	855	1,350	0	0
August.....	151,512	149,584	138,666	136,047	2,618	10,918	3,721	7,198	0	0
September.....	128,219	128,744	122,838	122,539	1,299	2,906	1,506	1,400	0	0
October.....	200,973	198,560	178,485	165,365	13,121	18,075	114	17,961	0	0
November.....	269,792	262,267	250,755	249,989	765	11,474	4,811	6,240	422	39
December.....	260,447	254,749	239,731	238,918	813	14,786	14,493	293	0	232
1952										
January.....	186,289	183,530	176,933	176,863	70	6,598	5,895	702	0	0
February.....	119,009	110,117	107,083	105,973	1,109	3,034	3,034	0	0	0
March.....	400,108	393,420	365,498	360,211	5,287	27,922	5,486	22,436	0	0
April.....	270,559	265,180	256,067	256,067	0	7,116	5,331	6,785	0	1,996
May.....	281,416	275,979	255,031	255,175	456	20,348	8,318	12,030	0	0
June.....	355,458	348,870	331,396	330,716	680	17,474	589	16,885	0	0

See footnotes at end of table.

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

## PART 2.—PUBLIC UTILITY—Continued

[Amounts in thousands of dollars <sup>1</sup>]COMMUNICATION 1948-52 <sup>2</sup>

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>4</sup>	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	1,184
1950.....	399,391	395,172	304,006	300,264	3,741	89,713	78,658	8,710	2,344	1,454
1951.....	612,080	605,095	594,324	574,417	19,907	9,421	5,231	4,190	0	1,350
<i>1951</i>										
July.....	52,112	50,860	50,860	50,763	97	0	0	0	0	0
August.....	3,485	3,405	2,953	2,908	45	452	53	400	0	0
September.....	8,328	7,980	7,980	7,890	90	0	0	0	0	0
October.....	15,691	15,270	15,120	15,090	30	150	150	0	0	0
November.....	37,478	36,970	36,530	36,440	90	440	240	200	0	0
December.....	25,755	24,887	24,007	23,214	792	881	60	821	0	0
<i>1952</i>										
January.....	1,950	1,915	1,846	1,846	0	69	69	0	0	0
February.....	3,146	3,109	3,109	3,088	21	0	0	0	0	0
March.....	6,318	6,058	5,929	5,542	387	129	129	0	0	0
April.....	47,798	47,183	44,510	41,738	2,772	2,673	250	49	2,374	0
May.....	26,391	26,079	26,079	26,079	0	0	0	0	0	0
June.....	29,274	28,617	28,617	28,549	68	0	0	0	0	0
TRANSPORTATION OTHER THAN RAILROAD 1948-52 <sup>2</sup>										
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
1950.....	259,057	257,182	242,002	241,599	1,303	4,261	3,421	841	0	10,019
1951.....	159,227	158,240	131,009	123,217	7,792	24,281	4,657	5,803	13,821	2,950
<i>1951</i>										
July.....	948	941	941	941	0	0	0	0	0	0
August.....	59,861	59,675	59,675	59,675	0	0	0	0	0	0
September.....	18,279	18,144	9,015	7,615	1,400	6,179	629	5,550	0	2,950
October.....	956	841	841	841	0	0	0	0	0	0
November.....	10,698	10,643	9,450	9,450	0	1,193	0	0	0	0
December.....	11,285	11,203	11,203	11,203	0	0	0	0	0	0
<i>1952</i>										
January.....	0	0	0	0	0	0	0	0	0	0
February.....	15,389	15,259	15,259	15,214	45	0	0	0	0	0
March.....	98,317	96,806	95,419	90,349	5,070	1,387	643	744	0	0
April.....	135,803	133,392	87,142	65,791	21,351	46,250	0	46,250	0	0
May.....	37,550	37,386	37,386	37,386	0	0	0	0	0	0
June.....	6,400	6,380	6,380	6,380	0	0	0	0	0	0

See footnotes at end of table.

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

PART 3.—INDUSTRIAL AND MISCELLANEOUS

[Amounts in thousands of dollars †]

INDUSTRIAL AND MISCELLANEOUS 1934-48 \*

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ‡	Total net proceeds ‡	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
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	50,384	137,310	30,092
1937	1,120,315	1,079,100	610,468	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	23,828	5,102
1939	604,067	584,498	188,037	53,083	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	527,185	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	1,142,978	425,987	64,890	350,646	10,451	135,231

MANUFACTURING 1948-52 \*

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	116,684
1950	1,200,017	1,175,363	688,074	312,701	375,374	415,650	133,544	266,640	15,466	71,639
1951	3,121,853	3,066,352	2,617,233	1,832,777	784,456	392,056	160,167	171,228	60,661	57,063
1951										
July	157,660	154,294	123,594	85,076	38,519	29,325	15,049	12,784	1,492	1,375
August	233,407	230,031	197,881	128,615	69,267	30,667	14,006	14,022	2,640	1,482
September	160,438	156,098	141,774	103,326	38,448	14,090	12,562	1,528	0	234
October	314,456	306,419	263,378	197,415	65,964	40,827	7,919	30,849	1,759	2,514
November	219,722	214,458	179,997	120,088	59,909	29,559	20,834	8,610	115	4,902
December	486,944	480,299	428,475	366,939	61,536	34,246	25,329	8,006	911	17,578
1952										
January	353,942	349,209	331,149	287,372	43,777	10,763	89	10,673	0	7,288
February	290,935	284,814	237,662	120,049	117,613	42,598	30,474	11,161	963	4,554
March	373,472	365,624	335,630	172,867	162,763	19,885	3,536	16,350	0	10,108
April	353,273	349,609	328,871	196,962	131,909	15,333	4,270	10,366	697	5,406
May	569,933	558,734	502,246	365,522	136,724	65,669	44,668	11,001	0	820
June	290,768	287,390	254,690	147,041	107,649	30,650	2,365	28,285	0	2,050

See footnotes at end of table.

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

## PART 3.—INDUSTRIAL AND MISCELLANEOUS—Continued

[Amounts in thousands of dollars ]

## COMMERCIAL AND MISCELLANEOUS 1948-52 \*

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds †	Total net proceeds ‡	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
1950.....	552,916	537,606	261,559	93,516	168,043	154,767	29,696	91,628	33,443	121,280
1951.....	533,383	517,988	337,187	113,299	223,888	114,447	45,281	58,253	10,913	66,354
<i>1951</i>										
July.....	37,590	36,044	20,802	9,663	11,139	14,286	10,518	2,167	1,600	956
August.....	22,394	21,509	15,508	5,389	10,119	5,415	3,217	2,198	0	585
September.....	29,307	27,553	19,294	13,769	5,525	7,186	3,301	3,885	0	1,073
October.....	41,397	39,845	25,893	9,206	16,687	1,704	259	1,445	0	12,248
November.....	47,436	46,016	21,834	10,540	11,294	13,138	80	13,059	0	11,044
December.....	40,449	38,883	27,640	14,469	13,173	2,717	412	822	1,483	8,526
<i>1952</i>										
January.....	31,351	29,251	21,146	4,084	17,062	4,685	1,222	3,463	0	3,420
February.....	14,131	13,438	8,523	4,588	3,935	3,261	1,720	1,541	0	1,654
March.....	62,256	60,838	45,564	12,880	32,684	8,497	4,884	3,155	458	6,777
April.....	69,019	65,775	38,638	15,238	23,400	11,559	4,620	6,939	0	15,577
May.....	40,901	40,020	29,175	10,254	18,921	3,830	0	3,830	0	7,015
June.....	44,770	43,527	41,648	23,648	17,900	606	0	606	0	1,374

See footnotes at end of table.

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

PART 4.—RAILROAD

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

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
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	138,702	130,222	8,480	635,072	554,663	76,671	3,738	0
1937.....	344,257	338,260	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	203,889	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	5,685
1948.....	623,348	616,758	545,871	485,694	60,177	70,887	55,726	15,161	0	0
1949.....	459,982	456,353	441,392	441,392	0	14,961	11,164	3,797	0	0
1950.....	554,100	548,366	301,408	281,890	19,518	231,692	192,651	39,041	0	15,266
1951.....	335,087	331,864	296,917	291,886	5,030	34,948	34,214	733	0	0
<i>1951</i>										
July.....	17,975	17,829	17,829	17,829	0	0	0	0	0	0
August.....	9,228	9,157	9,157	9,157	0	0	0	0	0	0
September.....	30,399	30,175	30,175	30,175	0	0	0	0	0	0
October.....	18,157	18,018	18,018	18,018	0	2,220	1,487	733	0	0
November.....	76,465	75,644	60,952	60,952	0	14,692	14,692	0	0	0
December.....	22,653	22,448	22,448	22,448	0	0	0	0	0	0
<i>1952</i>										
January.....	17,005	16,880	16,880	16,880	0	0	0	0	0	0
February.....	29,340	29,103	29,103	29,103	0	0	0	0	0	0
March.....	12,194	12,096	12,096	12,096	0	0	0	0	0	0
April.....	34,137	33,886	33,886	33,886	0	0	0	0	0	0
May.....	119,935	119,046	40,577	40,577	0	78,469	67,711	10,758	0	0
June.....	51,543	51,253	16,403	16,403	0	34,851	34,851	0	0	0

See footnotes at end of table.

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

## PART 5.—REAL ESTATE AND FINANCIAL

[Amounts in thousands of dollars.]

Calendar year or month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds <sup>1</sup>	Total net proceeds <sup>2</sup>	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	389,986	217,953	330	217,623	180,269	111,334	8,165	40,770	11,783
1937	74,427	70,820	57,117	14	57,103	7,351	5,811	430	1,110	6,352
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	385	269	4,161
1940	158,602	155,387	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	4,285	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	13,953	16,476
1947	292,684	285,663	188,802	7,949	180,853	44,316	13,800	20,507	10,010	52,545
1948	593,649	587,190	484,779	12,717	472,062	49,998	25,174	19,722	5,102	52,403
1949	599,105	592,559	440,453	43,079	397,374	85,200	34,174	50,670	267	66,906
1950	746,740	739,263	480,154	24,309	455,846	191,678	98,690	91,243	1,739	67,431
1951	524,616	515,267	368,485	15,686	352,800	101,629	61,474	35,599	4,556	45,152
1951										
July	74,675	73,899	70,118	1,587	68,531	1,334	0	1,334	0	2,446
August	27,848	26,770	12,164	122	12,042	2,996	0	2,996	0	11,610
September	14,617	14,466	11,252	463	10,788	2,595	0	2,595	0	619
October	63,268	61,951	48,448	76	48,372	1,909	0	1,909	0	11,593
November	14,601	14,226	10,904	128	10,775	1,197	0	878	319	2,125
December	23,863	23,386	17,790	4,473	13,316	2,790	1,994	797	0	2,806
1952										
January	14,769	14,138	10,987	200	10,787	1,332	891	441	0	1,819
February	13,023	12,807	11,776	80	11,695	299	0	299	0	792
March	19,766	19,546	15,260	851	14,410	2,256	0	2,256	0	2,031
April	56,785	56,164	54,909	2,834	52,074	0	0	0	0	1,255
May	40,069	39,543	33,633	409	33,224	4,900	4,900	0	0	1,011
June	70,009	69,506	67,726	280	67,445	0	0	0	0	1,841

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

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

<sup>3</sup> 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 "Real Estate and financial" classifications for the entire period.

TABLE 5.—A summary of corporate securities publicly offered and privately placed in each year from 1934 through June 1952

[Amounts in millions of dollars]

Calendar years	Total offerings			Public offerings			Private placements			Private placements as percent of total	
	All Issues	Debt Issues	Equity Issues	All Issues	Debt Issues	Equity Issues	All Issues	Debt Issues	Equity Issues	All Issues	Debt Issues
1934.....	397	372	25	305	280	25	92	92	0	23.2	24.7
1935.....	2,332	2,225	108	1,945	1,840	106	387	385	2	16.6	17.3
1936.....	4,572	4,029	543	4,199	3,660	539	373	369	4	8.2	9.2
1937.....	2,309	1,618	691	1,979	1,291	688	330	327	3	14.3	20.2
1938.....	2,155	2,044	111	1,463	1,353	110	692	691	1	32.1	33.8
1939.....	2,164	1,979	185	1,458	1,276	181	706	703	4	32.6	35.5
1940.....	2,677	2,386	291	1,912	1,628	284	765	758	7	28.6	31.6
1941.....	2,667	2,389	277	1,854	1,578	276	813	811	2	30.5	33.9
1942.....	1,062	917	146	642	506	136	420	411	9	39.5	44.8
1943.....	1,170	980	180	798	621	178	372	369	3	31.8	37.3
1944.....	3,202	2,670	532	2,415	1,892	524	787	778	9	24.6	29.1
1945.....	6,011	4,855	1,156	4,959	3,851	1,108	1,022	1,004	18	17.0	20.7
1946.....	6,900	4,882	2,018	4,983	3,019	1,963	1,917	1,863	54	27.8	38.2
1947.....	6,577	5,036	1,541	4,342	2,889	1,452	2,235	2,147	88	34.0	42.6
1948.....	7,078	5,973	1,106	3,991	2,965	1,028	3,087	3,008	79	43.6	50.4
1949.....	6,052	4,890	1,161	3,550	2,437	1,112	2,602	2,453	149	41.3	50.2
1950.....	6,362	4,920	1,442	3,681	2,360	1,321	2,680	2,560	120	42.1	52.0
1951.....	7,741	5,691	2,050	4,326	2,364	1,962	3,415	3,326	88	44.1	58.4
1952 (January-June, inclusive).....	4,988	3,829	1,158	3,032	1,910	1,122	1,955	1,920	35	39.2	50.1

TABLE 6.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934<sup>1</sup>—effective registrations as of June 30, 1952, classified by type of organization and by location of principal office

Location of principal office	Number of registrants				Number of proprietors, partners, officers, etc. <sup>2</sup>				Number of employees <sup>3</sup>				Number of branch offices <sup>4</sup>			
	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>
Alabama.....	23	9	7	7	61	9	23	29	74	17	35	22	6	1	3	2
Arizona.....	13	9	4	0	20	9	11	0	39	25	14	0	0	0	0	0
Arkansas.....	18	8	3	7	44	8	5	31	41	14	8	19	0	0	0	0
California.....	232	81	85	66	891	81	423	387	4,766	275	2,922	1,569	237	6	143	88
Colorado.....	56	28	10	18	151	28	34	89	463	27	118	318	6	1	4	1
Connecticut.....	48	19	15	14	144	19	51	74	601	43	289	269	21	3	9	9
Delaware.....	7	1	3	3	40	1	27	12	267	0	260	7	9	0	8	1
District of Columbia.....	69	27	17	25	252	27	71	154	758	47	338	373	9	0	8	1
Florida.....	40	21	8	11	77	21	18	38	143	56	34	53	3	1	1	1
Georgia.....	29	11	3	12	95	11	22	62	393	15	274	104	29	0	23	6
Idaho.....	10	5	3	2	24	5	10	9	38	3	23	12	4	0	3	1
Illinois.....	213	52	78	83	920	52	367	501	4,318	120	2,550	1,648	197	0	137	60
Indiana.....	53	23	6	24	152	23	13	116	137	26	110	100	1	0	1	0
Iowa.....	35	13	6	16	99	13	14	72	168	22	18	128	7	0	0	0
Kansas.....	36	18	4	14	109	18	9	82	141	44	12	85	8	1	0	7
Kentucky.....	36	18	4	14	52	6	16	30	141	11	77	53	5	0	3	2
Louisiana.....	38	6	22	5	115	31	65	19	250	36	189	25	12	1	8	3
Maine.....	34	16	2	16	85	16	6	63	118	29	22	67	1	1	0	0
Maryland.....	44	20	17	7	133	20	81	32	599	15	535	49	23	0	12	11
Massachusetts.....	222	99	47	76	835	99	262	474	3,989	231	2,425	1,333	116	3	80	33
Michigan.....	64	8	23	23	212	8	100	104	647	14	392	241	34	1	22	11
Minnesota.....	13	7	8	37	249	7	29	213	3,676	26	201	3,449	28	0	10	18
Mississippi.....	14	5	7	2	27	5	16	6	24	14	9	5	4	1	0	0
Missouri.....	94	20	28	48	404	20	137	247	2,208	34	872	1,302	97	0	37	60
Montana.....	5	3	1	1	9	3	2	4	5	1	2	2	0	0	0	0
Nebraska.....	28	11	1	16	97	11	2	84	223	14	3	206	2	0	0	2
Nevada.....	8	5	1	2	13	5	3	5	26	21	1	4	3	3	0	0
New Hampshire.....	13	9	0	4	25	9	0	16	18	5	0	13	0	0	0	0
New Jersey.....	119	70	22	27	247	70	62	115	292	58	71	163	18	3	6	9
New Mexico.....	11	8	2	1	15	8	4	3	23	6	9	8	1	1	0	0
New York State (excluding New York City).....	221	152	28	41	409	152	84	173	603	88	271	244	31	7	11	13
North Carolina.....	28	10	4	14	103	10	9	84	143	12	15	116	13	0	0	13
North Dakota.....	6	3	2	1	15	3	7	5	5	1	2	2	0	0	0	0
Ohio.....	134	38	39	57	475	38	176	261	1,161	66	696	399	42	0	21	21
Oklahoma.....	38	29	5	4	62	29	11	22	60	25	14	21	1	0	0	1
Oregon.....	23	7	8	8	58	7	19	32	102	29	25	48	1	0	1	0
Pennsylvania.....	218	78	86	54	701	78	373	250	2,769	112	1,822	835	95	2	65	28

Rhode Island.....	29	15	10	4	56	15	29	12	126	15	101	10	1	1	0	0
South Carolina.....	26	10	8	8	68	10	25	33	112	26	41	45	5	0	1	4
South Dakota.....	2	1	0	1	4	1	0	3	7	5	0	2	0	0	0	0
Tennessee.....	37	8	10	19	141	8	29	104	225	6	96	123	21	0	9	12
Texas.....	168	91	37	40	403	91	92	220	639	116	170	353	26	2	11	13
Utah.....	21	10	6	5	61	10	22	29	312	19	262	31	15	1	14	0
Vermont.....	3	1	0	2	12	1	0	11	7	0	0	7	0	0	0	0
Virginia.....	32	14	9	9	103	14	44	45	187	36	67	84	1	0	0	1
Washington.....	84	47	8	29	219	47	22	150	473	55	70	348	16	0	3	13
West Virginia.....	10	5	3	2	32	5	9	18	89	13	12	64	11	0	2	9
Wisconsin.....	56	16	6	34	212	16	25	171	440	16	80	344	11	0	3	8
Wyoming.....	5	5	0	0	5	5	0	0	6	6	0	0	0	0	0	0
Total (excluding New York City).....	2,795	1,183	709	903	8,736	1,183	2,859	4,694	32,052	1,895	15,458	14,699	1,172	43	660	469
New York City.....	1,152	327	606	219	4,703	327	3,171	1,205	31,646	362	26,788	4,496	989	13	745	231
Total.....	3,947	1,510	1,315	1,122	13,439	1,510	6,030	5,899	63,698	2,257	42,246	19,195	2,161	56	1,405	700

<sup>1</sup> Includes domestic registrants only, excluding 50 outside continental limits of the United States.

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

<sup>3</sup> Allocations made among States on the basis of location of principal offices of registrants, not actual location of persons and branch offices. Information taken from latest reports filed prior to June 30, 1952.

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

TABLE 7.—Market value and volume of sales effected on securities exchanges for the 12-month period ended Dec. 31, 1951, and the 6-month period ended June 30, 1952.

[Amounts in thousands]

PART I.—ALL REGISTERED EXCHANGES—12 MONTHS ENDED DEC. 31, 1951

Exchange	Total market value (dollars)	Stocks <sup>1</sup>		Bonds <sup>2</sup>		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	22, 123, 565	21, 253, 070	786, 132	825, 006	955, 294	45, 489	76, 650
Boston.....	226, 419	224, 360	5, 091	58	51	2, 001	943
Chicago Board.....	17	17	2	-----	-----	-----	-----
Cincinnati.....	23, 183	23, 053	590	0	0	130	151
Detroit.....	76, 543	76, 370	4, 277	-----	-----	173	747
Los Angeles.....	211, 025	210, 348	11, 777	323	263	354	488
Midwest.....	491, 400	490, 591	16, 632	16	14	793	1, 494
New Orleans.....	2, 438	2, 431	70	7	6	-----	-----
New York Curb.....	1, 635, 837	1, 596, 826	119, 477	25, 165	37, 659	13, 846	6, 636
New York Stock.....	19, 009, 287	18, 185, 032	579, 843	797, 431	915, 129	26, 824	62, 959
Philadelphia-Baltimore.....	183, 262	182, 318	5, 413	502	834	442	812
Pittsburgh.....	22, 839	22, 790	1, 338	0	0	49	28
Salt Lake.....	2, 392	2, 392	16, 562	-----	-----	-----	-----
San Francisco Mining Exch.....	626	626	5, 378	-----	-----	-----	-----
San Francisco Stock Exch.....	230, 544	228, 374	15, 944	1, 293	1, 134	877	2, 392
Spokane.....	1, 455	1, 455	3, 414	-----	-----	-----	-----
Washington.....	6, 298	6, 087	324	211	204	-----	-----
Breakdown of 12-month totals by months							
January.....	3, 081, 669	2, 966, 087	119, 775	112, 608	135, 822	2, 974	2, 589
February.....	2, 163, 217	2, 077, 235	77, 286	77, 204	86, 108	8, 778	5, 345
March.....	1, 755, 967	1, 676, 044	63, 729	72, 842	83, 272	7, 081	7, 751
April.....	1, 653, 914	1, 544, 688	57, 018	106, 614	108, 793	2, 612	10, 007
May.....	2, 099, 347	2, 027, 149	69, 161	69, 822	80, 270	2, 376	5, 058
June.....	1, 391, 314	1, 334, 112	45, 881	54, 048	63, 267	3, 154	6, 575
July.....	1, 406, 919	1, 350, 873	46, 976	52, 767	66, 368	3, 280	6, 177
August.....	1, 678, 920	1, 623, 429	57, 486	53, 065	60, 666	2, 426	1, 998
September.....	1, 760, 843	1, 704, 529	63, 771	54, 075	62, 621	2, 239	2, 614
October.....	2, 111, 842	2, 041, 964	78, 017	66, 533	79, 818	3, 345	7, 271
November.....	1, 460, 338	1, 409, 177	51, 866	47, 052	56, 942	4, 109	13, 255
December.....	1, 559, 275	1, 497, 784	55, 166	58, 376	71, 347	3, 115	8, 004

PART 2.—ALL EXEMPTED EXCHANGES—12 MONTHS ENDED DEC. 31, 1951

Total all exchanges.....	7, 662	7, 528	1, 137	134	144	-----	-----
Colorado.....	241	241	264	-----	-----	-----	-----
Honolulu.....	6, 510	6, 376	854	134	144	-----	-----
Richmond.....	554	554	11	-----	-----	-----	-----
Wheeling.....	357	357	8	-----	-----	-----	-----
Breakdown of 12-month totals by months							
January.....	972	962	100	10	10	-----	-----
February.....	632	606	117	26	28	-----	-----
March.....	675	659	131	16	17	-----	-----
April.....	546	538	85	8	9	-----	-----
May.....	580	573	131	7	8	-----	-----
June.....	509	502	53	7	7	-----	-----
July.....	478	476	84	2	3	-----	-----
August.....	703	664	101	39	41	-----	-----
September.....	760	754	92	6	7	-----	-----
October.....	776	774	123	2	2	-----	-----
November.....	500	491	52	9	10	-----	-----
December.....	631	629	68	2	2	-----	-----

See footnotes at end of table.

TABLE 7.—Market value and volume of sales effected on securities exchanges for the 12-month period ended Dec. 31, 1951; and the 6-month period ended June 30, 1952—Continued

[Amounts in thousands]

PART 3.—ALL REGISTERED EXCHANGES—6 MONTHS ENDED JUNE 30, 1952

Exchange	Total market value (dollars)	Stocks <sup>1</sup>		Bonds <sup>2</sup>		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	9, 501, 150	9, 141, 071	336, 148	338, 763	402, 544	21, 316	45, 099
Boston Stock Exchange.....	97, 153	97, 113	2, 179	17	15	23	176
Chicago Board of Trade.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>4</sup> )				
Cincinnati Stock Exchange.....	10, 988	10, 975	315	0	0	13	18
Detroit Stock Exchange.....	36, 329	36, 302	1, 871			27	74
Los Angeles Stock Exchange.....	95, 784	95, 659	5, 026	0	0	125	200
Midwest Stock Exchange.....	236, 395	235, 670	7, 276	295	270	430	1, 173
New Orleans Stock Exchange.....	843	803	23	40	38		
New York Curb Exchange.....	749, 747	734, 350	65, 112	9, 545	15, 651	5, 852	3, 087
New York Stock Exchange.....	8, 063, 831	7, 721, 533	223, 000	328, 260	385, 885	14, 038	39, 176
Phila.-Balto. Stock Exchange.....	87, 375	86, 931	2, 398	206	320	238	361
Pittsburgh Stock Exchange.....	12, 740	12, 740	603	0	0		
Salt Lake Stock Exchange.....	1, 869	1, 869	15, 477				
San Francisco Mining Exchange.....	289	289	2, 761				
San Francisco Stock Exchange.....	104, 448	103, 578	8, 955	300	265	570	834
Spokane Stock Exchange.....	546	546	1, 018				
Washington Stock Exchange.....	2, 813	2, 713	134	100	100		
Breakdown of 6-month totals by months							
<i>1952</i>							
January.....	1, 984, 912	1, 918, 020	67, 122	63, 229	75, 892	3, 663	4, 067
February.....	1, 649, 655	1, 596, 082	57, 895	51, 332	61, 626	2, 241	4, 756
March.....	1, 502, 323	1, 445, 891	55, 573	51, 113	59, 745	5, 319	8, 877
April.....	1, 705, 629	1, 644, 949	63, 369	59, 014	71, 124	1, 666	3, 307
May.....	1, 323, 046	1, 258, 948	47, 238	61, 104	72, 093	2, 994	12, 193
June.....	1, 335, 585	1, 277, 181	44, 951	52, 971	62, 064	5, 433	11, 899

PART 4.—ALL EXEMPTED EXCHANGES—6 MONTHS ENDED JUNE 30, 1952

Exchange	Total market value (dollars)	Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	4, 116	4, 005	485	111	123		
Colorado Stock Exchange.....	38	38	84				
Honolulu Stock Exchange.....	3, 465	3, 354	385	111	123		
Richmond Stock Exchange.....	335	335	7				
Wheeling Stock Exchange.....	278	278	9				
Breakdown of 6-month totals by months							
<i>1952</i>							
January.....	735	709	99	26	30		
February.....	654	638	70	16	18		
March.....	682	665	78	17	19		
April.....	740	715	100	25	27		
May.....	720	697	77	23	25		
June.....	585	581	61	4	4		

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

<sup>2</sup> "Bonds" include mortgage certificates and certificates of deposit for bonds. Since Mar. 18, 1944, United States Government bonds have not been included in these data.

<sup>3</sup> Five hundred dollars or less.

<sup>4</sup> Five hundred shares or less.

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

TABLE 8.—Classification by industry of issuers having securities registered on national securities exchanges as of June 30, 1951; and as of June 30, 1952

Industry	As of June 30, 1951	As of June 30, 1952
Agriculture.....	6	6
Beverages (distilleries, breweries, soft drinks).....	45	45
Building and related companies (including lumber, building materials, and construction).....	96	95
Chemicals, drugs, and allied products.....	91	91
Financial and investment companies.....	126	119
Food and related products.....	104	105
Foreign governments and political subdivisions thereof.....	68	68
Foreign private issuers other than Canadian, Cuban, and Philippine.....	48	50
Iron and steel (excluding machinery).....	76	75
Machinery and tools (excluding transportation equipment).....	210	215
Merchandising (chain stores, department stores).....	165	166
Mining, coal.....	20	20
Mining, other than coal.....	223	226
Miscellaneous manufacturing.....	41	43
Oil and gas wells.....	51	58
Oil refining and distributing.....	37	37
Paper and paper products.....	43	42
Printing, publishing and allied industries.....	21	22
Real estate.....	16	14
Rubber and leather products.....	33	33
Services (advertising, amusements, hotels, restaurants).....	53	53
Textiles and related products.....	68	66
Tobacco products.....	18	18
Transportation and communication (railroads, telephone, radio).....	222	220
Transportation equipment.....	175	173
Utility holding companies (electric, gas, water).....	27	26
Utility operating-holding companies.....	8	8
Utility operating.....	97	98
<b>Total.....</b>	<b>2,188</b>	<b>2,192</b>

TABLE 9.—Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1952

STOCKS				
	Column I <sup>1</sup>		Column II <sup>2</sup>	
	Issues	Number of shares	Issues	Number of shares
Registered.....	2,624	3,670,855,266	2,624	3,670,855,266
Temporarily exempted from registration <sup>3</sup> .....	20	14,440,110	20	14,440,110
Admitted to unlisted trading privileges on registered exchanges.....	895	2,481,191,631	310	366,467,222
Listed on exempted exchanges.....	114	137,622,792	76	35,189,741
Admitted to unlisted trading privileges on exempted exchanges.....	36	6,522,339	32	3,262,226
Unduplicated total of stock issues and numbers of shares admitted to dealing on all exchanges.....			3,062	4,090,214,565
BONDS				
	Issues	Principal amount	Issues	Principal amount
Registered <sup>4</sup> .....	964	\$21,410,100,351	964	\$21,410,100,351
Temporarily exempted from registration <sup>3</sup> .....	4	51,848,000	4	51,848,000
Admitted to unlisted trading privileges on registered exchanges.....	69	540,265,300	64	427,875,400
Listed on exempted exchanges.....	8	22,000,000	8	22,000,000
Admitted to unlisted trading privileges on an exempted exchange.....	none			
Unduplicated total of bond issues and principal amounts admitted to dealing on all exchanges.....			1,040	21,911,823,751

<sup>1</sup> 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 two exchanges and also admitted to unlisted trading privileges on three exchanges would be registered on two exchanges and also counted under "admitted to unlisted trading privileges." Because of such duplications, column I is not totaled.

<sup>2</sup> 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 duplication in column I is eliminated in column II in the order in which the various bases for admission to dealing appear in the table.

<sup>3</sup> 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.

<sup>4</sup> Includes 7 bond issues in pounds sterling in the aggregate amount of £14,941,940. This amount in sterling has been excluded from the amount in dollars given in the table.

TABLE 10

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, 1952

	Stocks		Bonds	
	Issues	Shares	Issues	Principal amount
1. Registered on 1 exchange.....	1,604	1,178,545,349	881	\$18,366,463,351
2. Unlisted on 1 exchange.....	302	355,362,207	64	427,875,400
3. Registered on 2 or more exchanges.....	435	377,585,508	78	2,931,247,100
4. Unlisted on 2 or more exchanges.....	8	11,105,015		
5. Registered on 1 exchange and unlisted on 1 exchange.....	217	256,781,772	4	73,904,000
6. Registered on 2 or more exchanges and unlisted on 1 exchange.....	70	167,215,437	1	38,485,900
7. Registered on 1 exchange and unlisted on 2 or more exchanges.....	177	852,097,710		
8. Registered on 2 or more exchanges and unlisted on 2 or more exchanges.....	121	838,629,490		
9. Total.....	2,934	4,037,322,488	1,028	\$21,837,975,751

PART 2.—PROPORTION OF REGISTERED ISSUES ALSO ADMITTED TO UNLISTED TRADING PRIVILEGES ON OTHER EXCHANGES AS OF JUNE 30, 1952

All registered issues (part 1, lines 1, 3, 5, 6, 7, and 8).....	2,624	3,670,855,266	964	\$21,410,100,351
Registered issues that are also admitted to unlisted trading privileges on other exchanges (part 1, lines 5, 6, 7, and 8).....	585	2,114,724,409	5	112,389,900
Percent of registered issues that are also admitted to unlisted trading privileges on other exchanges.....	22.3	57.6	0.5	0.5

PART 3.—PROPORTION OF ISSUES ADMITTED TO UNLISTED TRADING PRIVILEGES THAT ARE ALSO REGISTERED ON OTHER EXCHANGES AS OF JUNE 30, 1952

All issues admitted to unlisted trading privileges (part 1, lines 2, 4, 5, 6, 7, and 8).....	895	2,481,191,631	69	\$540,265,309
Unlisted issues that are also registered on other exchanges (part 1, lines 5, 6, 7, and 8).....	585	2,114,724,409	5	112,389,900
Percent of issues admitted to unlisted trading privileges that are also registered on other exchanges.....	65.4	85.2	7.2	20.8

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, 1952

All issues admitted to dealing on registered exchanges (part 1, line 9).....	2,934	4,037,322,488	1,028	\$21,410,100,351
Issues on more than 1 exchange (part 1, all lines except 1, 2, and 9).....	1,028	2,503,414,932	83	3,043,637,000
Percent of all issues admitted to dealing on all registered exchanges that are admitted to dealing on more than one registered exchange.....	35.0	62.0	8.1	14.2

**TABLE 11.—Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1952, classified according to the basis for admission of their securities to dealing**

Basis of admission of securities to dealing	Column I <sup>1</sup>	Column II <sup>2</sup>
	Number of issuers	Number of issuers
Registered.....	2, 192	2, 192
Temporarily exempted from registration.....	20	16
Admitted to unlisted trading privileges on registered exchanges.....	863	289
Listed on exempted exchanges.....	97	65
Admitted to unlisted trading privileges on exempted exchanges.....	33	30
Total number of issuers having securities admitted to dealing on all exchanges.....		2, 592

<sup>1</sup> 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 such as obligations of the United States, states, counties, cities, and United States-owned corporations, are exempted under sec. 3 (a) (12) of the Act, are not included in this table.) Each issuer 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 two or more exchanges is counted once under "registered" and once under "unlisted." Because of these duplications, column I is not totaled.

<sup>2</sup> 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 duplications in column I are eliminated in column II in the order of the various bases for admission to dealing given in the table.

**TABLE 12.—Number of issuers having stocks only, bonds only, and both stocks and bonds admitted to trading on all exchanges as of June 30, 1952**

	Number of issuers	Percent of total issuers
1. Issuers having only stocks admitted to trading on exchanges.....	2, 136	82.4
2. Issuers having only bonds admitted to trading on exchanges.....	232	9.0
3. Issuers having both stocks and bonds admitted to trading on exchanges.....	224	8.6
Total.....	2, 592	100.0
Issuers having stocks admitted to dealing on exchanges (lines 1 plus 3).....	2, 360	91.0
Issuers having bonds admitted to trading on all exchanges (lines 2 plus 3).....	456	17.6

TABLE 13.—For each exchange as of June 30, 1952, 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<sup>1</sup>

Name of exchange	Total issuers	Total issues	Stocks					Total stocks	Percent traded on 1 or more other exchanges	Bonds					Total bonds	Percent traded on 1 or more other exchanges
			Basis of admission to trading <sup>2</sup>							Basis of admission to trading <sup>3</sup>						
			R	X	U	XL	XU			R	X	U	XL	XU		
Boston.....	366	421	105		294			399	85.9	22					22	68.2
Chicago Board of Trade.....	15	15	10		5			15	66.7							
Cincinnati.....	109	125	60	1	59			120	65.0	4	1				5	100.0
Colorado Springs <sup>2</sup> .....	13	14				14		14	28.6							
Detroit.....	222	232	119		113			232	87.1							
Honolulu <sup>2</sup> .....	80	98				57	33	90	23.3				8		8	
Los Angeles.....	275	311	145	1	159			305	92.1	5		1	8		6	100.0
Midwest.....	418	508	408	1	83			492	74.9	16					16	93.7
New Orleans.....	15	21	3		15			18	33.9	1		2			3	33.3
New York Curb.....	747	864	458	3	322			783	27.8	14		67			81	3.7
New York Stock.....	1,276	2,453	1,527	1				1,528	51.8	922	4				928	9.0
Philadelphia-Baltimore.....	449	553	111		393			504	91.7	49					49	79.6
Pittsburgh.....	115	126	54		71			125	84.9	1					1	
Richmond <sup>2</sup> .....	19	27				27		27	25.9							
Salt Lake.....	98	100	96		4			100	8.0							
San Francisco Mining.....	40	41	41					41	12.2							
San Francisco Stock.....	323	396	198	4	174			376	80.9	20					20	100.0
Spokane.....	30	33	25		8			33	27.3							
Washington, D. C.....	34	55	33	9	2			44	25.0	11					11	63.6
Wheeling <sup>2</sup> .....	17	19				16	3	19	52.6							

<sup>1</sup> Issues exempted under section 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.

<sup>2</sup> 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.

<sup>3</sup> Exempted from registration as a national securities exchange.

TABLE 14.—*Supplement to Appendix Table 18 of 17th Annual Report, entitled "Electric, Gas and Nonutility Companies and Properties Divested by Registered Public Utility Holding Company Systems—Dec. 1, 1935 to June 30, 1951," listing additional divestments to June 30, 1952, and other adjustments as noted*<sup>1</sup>

**PART I-A.—ELECTRIC UTILITY COMPANIES DIVESTED<sup>2</sup> AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952<sup>3</sup>**

System and company divested <sup>4</sup>	Date of divestment	Assets of divested company <sup>5</sup>	Consideration (if sold)	Details of divestment	Source of information
The West Penn Electric Co.: Franklin Transmission Co.....	May 22, 1952.....	\$310,845	\$271,000	Exchange offer with South Penn Power Co. and Potomac Light & Power Co. and ultimate merging of Franklin into South Penn.	Release 11271.

**PART I-B.—GAS UTILITY COMPANIES DIVESTED<sup>2</sup> AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952<sup>3</sup>**

Cities Service Co.: Spokane Gas & Fuel Co.....	Jan. 3, 1952.....	\$1,480,519	\$300,000	Sale of outstanding capital stock to Ray C. Fish.....	Release 10961.
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**PART I-C.—NONUTILITY COMPANIES DIVESTED<sup>2</sup> AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952<sup>3</sup>**

Electric Bond & Share Co.: National Power & Light Co.....	June 26, 1951.....	\$1,993,991	\$1,143,203	Sale of 2,540,450 shares (46.5%) of common stock to Phoenix Industries Corp.	Release 10640.
Federal Water & Gas Corp.: Scranton-Spring Brook Water Service Co.	Oct. 1951.....	64,093,258		Distribution of stock to stockholders of Federal Water & Gas Corp.	Release 10775.
General Public Utilities Corp.: Dover Casualty Insurance Co.....	Dec. 31, 1951.....	438,347	427,600	All assets transferred to GPU in consideration of the surrender and cancellation of all of Dover's outstanding capital stock.	Release 10983.

**PART I-D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952<sup>3</sup>**

The North American Co.: Missouri Power & Light Co.....	June 30, 1951.....		\$650,000	Sale of electric properties located in Clinton, Mo., to Missouri Public Service Co.	Release 10596.
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**PART I-E.—PARTIAL SEGMENTS OF GAS UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952<sup>3</sup>**

Electric Bond & Share Co.: United Gas Corp.....	Apr. 24, 1952.....		\$5,000,001	Sale of West Texas gas distribution, pipeline and production properties to Martin Wunderlich and Lee Aikin.	Release 11164.
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See footnotes at end of table.

TABLE 14.—Supplement to Appendix Table 18 of 17th Annual Report, entitled "Electric, Gas and Nonutility Companies and Properties Divested by Registered Public Utility Holding Company Systems—Dec. 1, 1935 to June 30, 1951," listing additional divestments to June 30, 1952, and other adjustments as noted <sup>1</sup>—Continued

PART I-E.—PARTIAL SEGMENTS OF GAS UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952 <sup>1</sup>—Con.

System and company divested <sup>4</sup>	Date of divestment	Assets of divested company <sup>5</sup>	Consideration (if sold)	Details of divestment	Source of information
General Public Utilities Corp.: Jersey Central Power & Light Co.....	June 3, 1952.....		\$13,757,386	Sale of gas properties and franchises to New Jersey Natural Gas Co. (formerly County Gas Co.).	Release 11210.
Middle South Utilities, Inc.: Mississippi Power & Light Co.....	Feb. 29, 1952.....		11,128,151	Sale of all gas properties and facilities to Mississippi Valley Gas Co. a new corporation created by Equitable Securities Corp.	Release 11019.
Interstate Power Co.....	Oct. 30, 1951.....		275,000	Sale of gas properties in the city of Rochester, Minn., to Peoples Natural Gas Co., a subsidiary of Northern Natural Gas Co., which company has ceased to be a holding company pursuant to sec. 5 (d) of the Holding Company Act.	Release 10850.

PART I-F.—PARTIAL SEGMENTS OF NONUTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1952 <sup>4</sup>

American Gas & Electric Co.: The Franklin Real Estate Co.....	Mar. 15, 1949.....		\$1	Sale of assets to Scranton Electric Co.....	Release 6565.
The Southern Co.: Birmingham Electric Co.....	June 30, 1951.....		2,012,500	Transportation properties sold to John S. Jennison, Jr., and Associates, of Birmingham, Ala.	File No. 70-2623.

PART II-A.—ELECTRIC UTILITY COMPANIES DIVESTED <sup>4</sup> WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1952

American Gas & Electric Co.: Holston River Power Co.....	June 21, 1948.....	\$882,048	\$730,123	Sale of its interest by American to Appalachian Electric Power Co.	Release 8247.
Republic Service Corp.: Page Power Co..... Madison Power Co..... Massanutten Power Corp.....	Aug. 30, 1945.....	2,016,000	1,891,744	Sale of electric utilities to Potomac Edison Co. Three subsidiaries subsequently merged into Northern Virginia Power Co. on May 3, 1946. (See American Water Works & Electric Co.—divestment of electric utility companies —"Still Subject," for divestment of Northern Virginia Power Co.)	Release 5731 and 6586.

**PART II-B.—GAS UTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1952**

Koppers Co., Inc.: Boston Consolidated Gas Co..... Old Colony Gas Co.....	} Jan. 15, 1951.....	{ \$61,067,033 3,652,283	-----	{ Included in divestment of Eastern Gas & Fuel Associates, (See Nonutility Companies Divested—"Still Subject," shown in this table.)	File No. 70-2546.
New England Gas & Electric Assn.: Dedham & Hyde Park Gas Co..... Milford Gas Light Co.....					

**PART II-C.—NONUTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1952**

Koppers Co., Inc.: Eastern Gas & Fuel Associates..... Boston Tow Boat Co. Castner, Curran & Bullitt, Inc. Connecticut Coke Company, The Mystic Iron Works. New England Coke Co. Philadelphia Coke Co. Virginian Corp., The Virginian Railway Co. Loup Creek Co. Marsh Fork Railway Co. Norfolk & Portsmouth Belt Line E. R. Co. Norfolk Terminal Railway Co. Wyatt, Inc. New England Coal & Coke Co.	Jan. 15, 1951.....	\$148,993,496	\$4,885,276	Sale of 444,116 shares (17.2 percent outstanding) of common stock of Eastern Gas & Fuel Associates, reducing investment of Koppers to less than 4.6 percent.	File No. 70-2546.
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**PART II-D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1952**

The West Penn Electric Co.: Northern Virginia Power Co.	May 22, 1952.....	-----	\$2,860,147	Sale of West Virginia properties and facilities to Potomac Light & Power Co.	Release 11271.
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<sup>1</sup> In appendix table 18 in the 17th Annual Report, Northern Natural Gas Co. is listed under part II-C as a nonutility company which remained subject to the Act after its divestment by Lone Star Gas Corp., The North American Co., and United Light & Power Co. Its subsidiaries, Peoples Natural Gas Co. and Argus Natural Gas Co., are listed under part II-B of that table as gas utility companies similarly divested and remaining subject to the Act.

In May 1952, Northern Natural acquired all of the assets and assumed all of the liabilities of its only remaining subsidiary, Peoples Natural Gas Co. Northern Natural was then granted an order pursuant to sec. 5 (d) of the Act declaring it has ceased to be a holding company. Therefore, Northern Natural should now be considered as listed under part I-C as a nonutility company (status at date of divestment), divested and no longer subject to the Act. Its subsidiaries, Peoples Natural Gas Co. and Argus Natural Gas Co., which had been absorbed by Peoples Natural in March 1946, though both now dissolved, should now be considered as listed under part I-B as gas utility companies

divested and no longer subject to the Act.

<sup>2</sup> A company is considered to be divested when the parent company's investment in the outstanding voting securities of such company is reduced to less than 10 percent through sale, distribution, or reorganization or if substantially all its assets are sold and the company is put into condition to be dissolved.

<sup>3</sup> A company is classified as "no longer subject to the act" if, at the time of divestment, it ceases to be subject to the Act or thereafter, and prior to June 30, 1952, it is exempted from the Act.

<sup>4</sup> The system shown is that which reported separately to the Commission on Form US5 for the year in which the company was divested.

<sup>5</sup> The assets of divested companies which have subsidiaries exclude investments in such subsidiaries whose assets are separately reported.

<sup>6</sup> Does not include assets of 2 gas utility companies divested which are listed under part II-B.

TABLE 15.—*Reorganization cases instituted under ch. X and sec. 77-B of the National Bankruptcy Act in which the Commission has filed a notice of appearance and in which the Commission actively participated during the fiscal year ended June 30, 1952*

## DISTRIBUTION OF DEBTORS BY TYPE OF INDUSTRY

Industry	Number of debtors		Total assets		Total indebtedness	
	Principal	Subsidiary	Amount (000 omitted)	Percent of total	Amount (000 omitted)	Percent of total
Agricultural.....						
Mining and other extractive.....	4	1	\$2, 291	0. 40	\$335	0. 10
Manufacturing.....	13	0	21, 049	3. 66	15, 068	4. 29
Financial and investment.....	4	1	116, 180	20. 23	72, 930	20. 73
Merchandising.....	4	3	4, 750	. 83	4, 266	1. 21
Real estate.....	12	0	33, 942	5. 91	33, 113	9. 41
Construction and allied.....						
Transportation and communication.....	9	13	167, 828	29. 22	161, 134	45. 81
Service.....	6	0	24, 294	4. 23	10, 380	2. 95
Utilities: Electric, water, and gas <sup>1</sup> .....	7	6	204, 028	35. 52	64, 510	15. 50
Other: Religious, charitable, etc.....						
Total.....	59	24	574, 362	100. 00	351, 736	100. 00

<sup>1</sup> Includes no electric utility companies. Represents principally investment and holding companies and gas pipeline companies and a few gas distributing companies.

TABLE 16.—*Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1952*

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
American Acoustics, Inc.....	D. N. J.....	Mar. 21, 1947	May 5, 1947	Apr. 21, 1947
American Bantam Car Co.....	W. D. Pa.....	Apr. 19, 1950	Apr. 19, 1950	May 29, 1950
* American Fuel & Power Co.....	E. D. Ky.....	Dec. 6, 1935	Dec. 20, 1935	May 1, 1940
Buckeye Fuel Co.....	do.....	Nov. 28, 1939	Nov. 28, 1939	do.
Buckeye Gas Service Co.....	do.....	do.....	do.....	do.
Carbreath Gas Co.....	do.....	do.....	do.....	do.
Inland Gas Distributing Co.....	do.....	do.....	do.....	do.
American Silica-Sand Co., The.....	N. D. Ill.....	Feb. 16, 1951	Mar. 5, 1951	May 10, 1951
* Bellevue-Stratford Co.....	E. D. Pa.....	Oct. 31, 1936	Oct. 31, 1936	Feb. 24, 1939
Blackhawk Brewing Co.....	S. D. Iowa.....	Jan. 4, 1952	Jan. 7, 1952	Mar. 7, 1952
Brand's Restaurant Control Corp.....	S. D. N. Y.....	Aug. 2, 1939	Aug. 10, 1939	Aug. 30, 1939
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
Chicago City Railway Co.....	N. D. Ill.....	Nov. 27, 1939	Sept. 18, 1944	Oct. 20, 1944
Chicago Railways Co.....	N. D. Ill.....	Oct. 15, 1938	Sept. 18, 1944	Oct. 20, 1944
Chicago & West Towns Railways, Inc.....	N. D. Ill.....	June 30, 1947	July 1, 1947	July 24, 1947
Childs Co.....	S. D. N. Y.....	Aug. 26, 1943	Aug. 27, 1943	Aug. 26, 1943
Dallas Parcel Post Station, Inc.....	N. D. Ill.....	Sept. 22, 1950	Sept. 22, 1950	Oct. 26, 1950
Dick Brothers Brewing Co.....	S. D. Ill.....	June 22, 1950	June 22, 1950	Aug. 4, 1950
Douglas Mill, Inc.....	N. D. Ga.....	Sept. 7, 1949	Sept. 7, 1949	Oct. 12, 1949
80 John Street Corp.....	S. D. N. Y.....	Sept. 14, 1945	Sept. 14, 1945	Oct. 8, 1945
* Federal Facilities Realty Trust.....	N. D. Ill.....	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
General Public Utilities Corp.....	S. D. N. Y.....	Jan. 10, 1940	Jan. 10, 1940	Jan. 15, 1940
Associated Gas & Electric Corp.....	do.....	do.....	do.....	do.
* Hotel Martin Co. of Utica.....	N. D. N. Y.....	June 6, 1935	June 19, 1935	June 24, 1939
Industrial Office Building Corp.....	D. N. J.....	Oct. 3, 1947	Oct. 3, 1947	Oct. 10, 1947

TABLE 16.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1952—Continued

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
*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
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
Las Vegas Thoroughbred Racing Ass'n.	D. Nev	Jan. 22, 1952	Mar. 1, 1952	Feb. 27, 1952
Manufacturers Trading Corp.	N. D. Ohio	Oct. 15, 1948	Oct. 15, 1948	Oct. 25, 1948
Manufacturers Discount Corp.	do	do	do	do
*Midland United Co.	D. Del.	June 9, 1934	June 9, 1934	June 10, 1940
Midland Utilities Co.	do	do	do	do
Momence Milk Cooperative Ass'n.	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
Norwalk Tire & Rubber Co., The	D. Conn.	May 20, 1949	May 20, 1949	June 8, 1949
Novo Engine Co.	E. D. Mich.	Mar. 14, 1949	Mar. 14, 1949	Apr. 25, 1949
Nu-Enamel Corp.	N. D. Ill.	Mar. 20, 1952	Mar. 21, 1952	May 15, 1952
Nu-Enamel International Corp.	do	do	do	do
McCormack-McCl Corp.	do	do	do	do
*Pittsburgh Railways Co.	W. D. Pa.	May 10, 1938	May 10, 1938	Jan. 4, 1939
*Pittsburgh Motor Coach Co.	do	do	do	do
Pittsburgh Terminal Coal Corp.	W. D. Pa.	Dec. 4, 1939	Jan. 2, 1940	Jan. 6, 1940
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 Co.	E. D. Pa.	Dec. 17, 1941	Feb. 13, 1942	Jan. 28, 1942
Quincy Station Post Office Building Corp.	N. D. Ill.	July 18, 1950	July 24, 1950	Feb. 28, 1951
R. A. Security Holdings, Inc.	E. D. N. Y.	May 7, 1942	July 31, 1942	May 22, 1942
Sierra Nevada Oil Co.	D. Nev.	June 22, 1951	June 22, 1951	July 25, 1951
Silesian American Corp.	S. D. N. Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
Solar Manufacturing Corp.	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
Tele-Tone Radio Corp.	D. N. J.	Feb. 7, 1952	Apr. 21, 1952	Apr. 28, 1952
Texas Gas Utilities Co.	W. D. Texas	Sept. 4, 1951	Sept. 21, 1951	Sept. 11, 1951
Third Avenue Transit Corp.	S. D. N. Y.	Oct. 25, 1948	Oct. 25, 1948	Jan. 3, 1949
Surface Transportation Corp.	do	June 21, 1949	June 21, 1949	July 7, 1949
Westchester Street Transportation Co., Inc.	do	do	do	do
Westchester Electric Railroad Co.	do	do	do	do
Warontas Press, Inc.	do	Sept. 8, 1949	Sept. 8, 1949	Oct. 24, 1949
Yonkers Railroad Co.	do	June 21, 1949	June 21, 1949	July 7, 1949
Trinity Buildings Corp. of New York	S. D. N. Y.	Jan. 18, 1945	Jan. 18, 1945	Feb. 19, 1945
Union 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
Wade Park Manor Corp.	N. D. Ohio	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.	S. D. N. Y.	Sept. 29, 1941	Sept. 29, 1941	Oct. 14, 1941
Wilkes Barre Railway 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

\* Instituted under Section 77-B.

TABLE 17.—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 1952 fiscal year	Total cases closed up to end of 1952 fiscal year	Cases pending at end of 1952 fiscal year	Cases pending at end of 1951 fiscal year	Cases instituted during 1952 fiscal year	Total cases pending during 1952 fiscal year	Cases closed during 1952 fiscal year
Actions to enjoin violations of the above acts.....	615	597	18	19	25	44	26
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	54	53	1	1	2	3	2
Actions to carry out voluntary plans to comply with section 11 (b) of the Holding Company Act.....	94	83	11	6	8	14	3
Miscellaneous actions.....	15	13	2	2	2	4	2
Total.....	778	746	32	28	37	65	33

TABLE 18.—Summary of cases instituted against the Commission, cases in which the Commission participated as intervenor or amicus curiae, and reorganization cases on appeal under ch. X in which the Commission participated

Types of cases	Total cases instituted up to end of 1952 fiscal year	Total cases closed up to end of 1952 fiscal year	Cases pending at end of 1952 fiscal year	Cases pending at end of 1951 fiscal year	Cases instituted during 1952 fiscal year	Total cases pending during 1952 fiscal year	Cases closed during 1952 fiscal year
Actions to enjoin enforcement of Securities Act, Securities Exchange Act and Public Utility Holding Company Act with the exception of subpoenas issued by the Commission.....	64	64	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	0	0	0	0	0
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission.....	167	161	6	0	10	10	4
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or amicus curiae.....	159	146	13	7	11	18	5
Appeal cases under ch. X in which the Commission participated.....	123	122	1	5	6	11	10
Total.....	521	501	20	12	27	39	19

TABLE 19.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1952*

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. 10 (b) and 15 (c) (1), 1934 Act, secs. 17 (a) (2) and (3), 1933 Act.	Temporary restraining order entered July 18, 1949, and receiver appointed. Final judgment by consent Jan. 30, 1951, as to 3 defendants, and by default as to Adams & Co. Pending.
Andrews, F. L., Investment Trust.	2	Massachusetts.....	Nov. 30, 1949	Secs. 13 (a) (2) and (3) and 21 (a) and (b), ICA of 1940.	Interlocutory decree by consent Nov. 30, 1949, permanently enjoining defendants and appointing permanent receiver. Final decree Jan. 7, 1952, terminating receivership and discharging receiver and his surety. Closed. Injunction by consent June 13, 1951. Closed.
Avonold Oil Corp.....	2	Southern District of New York.	June 13, 1951	Sec. 5 (a), 1933 Act.....	
Behr, Leonard J.....	4	Eastern District of New York.	Nov. 16, 1951	Sec. 14 (a) and Regulation X-14, 1934 Act.	Preliminary injunction by consent as to 4 defendants Dec. 19, 1951. Final injunction as to all defendants Jan. 24, 1952. Closed.
Berry, Virgil S.....	2	Southern District of Alabama.	June 28, 1951	Sec. 17 (a), 1933 Act.....	Injunction by consent June 29, 1951. 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, Inc.....	6	Northern District of Illinois.	Feb. 15, 1952	Secs. 5 (a) and 17 (a), 1933 Act.	Order referring cause to Special Master Feb. 26, 1952. Special Master overruled defendants' motion to dismiss. Pending.
Cottle, Robert J.....	1	Massachusetts.....	Nov. 22, 1950	Sec. 17 (a), 1933 Act.....	Injunction by consent June 8, 1951. Closed.
Evergreen Memorial Park Association.	2	Eastern District of Pennsylvania.	Jan. 8, 1951	Secs. 5 (a) and 17 (a), 1933 Act.....	Defendants' answer filed Jan. 29, 1951. Leave to file amended complaint granted Dec. 28, 1951; filed Jan. 8, 1952. Defendants' answer to plaintiff's request for admission of facts received Apr. 16, 1952. Pending.
Falk, Walter A.....	2	Colorado.....	Apr. 14, 1952	Sec. 17 (a) (2), 1933 Act.....	Injunction by consent as to both defendants July 8, 1952. Pending.
The Fanner Manufacturing Co.....	4	Northern District of Ohio.	May 7, 1952	Sec. 5 (a), 1933 Act.	Stipulation to withdraw action and notice of dismissal filed May 21, 1952. Closed.
Fränk, Ben H.....	6	Western District of Oklahoma.	Apr. 16, 1952	Secs. 5 (a) (1) and 17 (a) (1) and (2), 1933 Act.	Judgment by default as to 5 defendants May 21 and June 18, 1952, and judgment by court as to remaining defendant June 20, 1952. Pending.
Glacier Mining Co.....	5	Western District of Washington.	Jan. 24, 1952	Sec. 17 (a), 1933 Act.	Injunction by consent as to all defendants Jan. 24, 1952. Closed.
Hill, Kenneth B.....	1	Massachusetts.....	Jan. 2, 1952	Secs. 10 (b), 15 (c) (1), and 17 (a) and rules X-10B-5, X-15C1-2, X-17A-3 and X-17A-5, 1934 Act.	Injunction by consent Jan 17, 1952. Closed.
Ivey, C. L., & Co.....	1	Eastern District of Virginia.	Aug. 23, 1951	Secs. 15 (c) (1) and (3) and rules X-15C1-2 and X-15C3-1, 1934 Act.	Injunction Sept. 5, 1951. Closed.

TABLE 19.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1952—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Kantor, Bernard.....	2	Northern District of Ohio.	Aug. 13, 1951	Secs. 5 (a) and 17 (a) (2) and (3), 1933 Act; sec. 15 (a), 1934 Act; sec. 203 (a), I.A.A. of 1940.	Injunction by consent as to both defendants Aug. 14, 1951. Closed.
Kelly, Frank S.....	1	Northern District of Illinois.	Dec. 26, 1950	Secs. 15 (c) (1), 10 (b) and rule X-10B-5, 1934 Act.	Temporary restraining order Dec. 26, 1950, and receiver appointed. Preliminary injunction Jan. 4, 1951. Injunction by consent Apr. 27, 1951. Pending.
Kelly, Jack, Inc.....	2	Northern District of Texas.	Jan. 21, 1952	Secs. 17 (a) (1), (2), and (3), 1933 Act.	Injunction by consent as to both defendants Feb. 28, 1952. Closed.
Keystone Petroleum, Inc.....	2	Kansas.....	June 12, 1952	Secs. 5 (a) (1) and (2) and 17 (a) (2), 1933 Act.	Injunction by consent as to both defendants July 9, 1952. Pending.
Lilly, Frank.....	9	Eastern District of Washington.	Jan. 4, 1952	Secs. 5 and 17 (a) (1) and (3), 1933 Act.	Injunction by consent as to 8 defendants July 9, 1952. Action dismissed as to 1 defendant. Pending.
McQueen, L. A.....	1	Northern District of Ohio.	Mar. 28, 1952	Sec. 16 (a) and rule X-16A-1, 1934 Act.	Injunction by consent May 2, 1952. Closed.
Moore, J. R.....	1	Eastern District of Washington.	May 27, 1952	Secs. 17 (a) (1) and (3), 1933 Act.	Defendant's motion to dismiss filed June 16, 1952. Pending.
Northwest Acceptance Corp.....	2	Western District of Washington.	May 3, 1951	Secs. 5 (a) and 17 (a), 1933 Act.	Injunction by consent as to both defendants May 3, 1951. Closed.
Oil Prospectors, Inc.....	2	Northern District of Texas.	July 2, 1951	Sec. 17 (a), 1933 Act.	Injunction by consent as to both defendants Aug. 24, 1951. Closed.
Otis & Co.....	3	Northern District of Ohio.	July 25, 1951	Secs. 15 (c) (1) and 20 (b), 1934 Act.	Temporary restraining order July 26, 1951. Stipulation on Sept. 7, 1951, continuing temporary restraining order until such time as reorganization court decides certain matters. Pending.
Penner Oil & Gas, Inc.....	5	Northern District of Oklahoma.	Mar. 12, 1951	Sec. 17 (a), 1933 Act.	Temporary restraining order Mar. 12, 1951. Answer of defendant, Penner Oil & Gas, served Apr. 6, 1951. Injunction by consent as to Penner Oil & Gas, Inc., and by default as to remaining 4 defendants May 29, 1951. Closed.
Puget Sound Products Co.....	3	Western District of Washington.	Feb. 20, 1950	Sec. 5 (a), 1933 Act.	Stipulated that court may enter order dismissing case. Order entered Nov. 20, 1951. Closed.
Ralston Purina Co.....	1	Eastern District of Missouri.	Oct. 24, 1951	Sec. 5 (a), 1933 Act.	Opinion stating that stock offering is private and concluding that it is exempt from provisions of Act. Judgment Feb. 14, 1952, dismissing cause and dissolving preliminary injunction. Notice of appeal by SEC Feb. 20, 1952. Affirmed Nov. 21, 1952. Petition for certiorari filed Dec. 22, 1952. Pending.
Ramsey, Cleo F.....	1	Western District of Washington.	Apr. 8, 1949	Sec. 17 (a), 1933 Act.	Pending.

Searchlight Consolidated Mining & Milling Co.	2	Nevada	Mar. 24, 1952	Sec. 5 (a) (1), 1933 Act.	Preliminary injunction as to both defendants Apr. 3, 1952. Motion of SEC for summary judgment and supporting brief filed July 16, 1952. Pending.
Sierra Nevada Oil Co.	2	Southern District of California	Apr. 24, 1951	Sec. 5 (a) 1933 Act.	Injunction by consent as to both defendants May 9, 1952. Closed.
Simmons, C. E.	1	Western District of Louisiana	Oct. 12, 1951	Sec. 5 (a), 1933 Act.	Injunction by consent Jan. 11, 1952. Closed.
Spearow, Albert Ralph	4	Oregon	June 21, 1951	Sec. 5 (a), 1933 Act.	Memorandum opinion of District Judge dated Nov. 21, 1951, refusing injunction with leave to Commission to reapply in event of threatened future violations. Closed.
Taylor, Tom G.	3	Montana	Oct. 5, 1951	Sec. 17 (a), 1933 Act.	Injunction by consent as to all defendants Oct. 17, 1951. Closed.
Thomasson, E. M.	1	Colorado	Aug. 31, 1951	Sec. 5 (a) (1), 1933 Act.	Injunction by consent Sept. 14, 1951. Closed.
Trusted 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), ICA of 1940.	Injunction by consent as to 8 defendants Sept. 9, 1949. Special counsel appointed. Pending.
United Insurers Service Co. of Missouri.	6	Western District of Missouri	Nov. 14, 1951	Sec. 17 (a), 1933 Act.	Injunction by consent as to 5 defendants Nov. 16, 1951. Action dismissed as to 1 defendant. Closed.
U. S. Frigidice, Inc.	3	New Mexico	Feb. 11, 1952	Secs. 5 (a) and 17 (a) (1), (2), and (3), 1933 Act.	Injunction by consent as to 1 defendant Feb. 12 and as to remaining defendants Feb. 15, 1952. Closed.
Valentine Oil Co., Inc.	2	Nebraska	Apr. 1, 1952	Sec. 5 (a), 1933 Act.	Preliminary injunction as to both defendants Apr. 17, 1952. Defendants' response to request for admissions filed June 4, 1952. Pending.
Warner, J. Arthur, & Co., Inc.	12	Massachusetts	Oct. 31, 1951	Secs. 5 (b) (2) and 17 (a) (3), 1933 Act; secs. 7 (c) (1) and (2), 9 (a) (4), 10 (b) and 15 (c) (1) and rules X-10B-5 (3) and X-15C1-2 and Regulation T, 1934 Act.	Preliminary injunction by consent as to all defendants Nov. 21, 1951. Separate answers of SEC to motion by each defendant for particular statement as to the grounds or elements of action. Pending.
Western Oil Fields, Inc.	4	Colorado	Jan. 16, 1951	Sec. 17 (a) (2), 1933 Act.	Injunction as to all defendants Oct. 9, 1951. Closed.
Western Osage Oil Co., Inc.	5	Southern District of California	Apr. 3, 1951	Sec. 5 (a), 1933 Act.	Injunction by consent as to all defendants May 14, 1951. 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 Oct. 29, 1947. Preliminary injunction 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. Complaint dismissed as to remaining defendant July 30, 1951. Closed.

TABLE 20.—*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 1952 fiscal year*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Adams & Co.....	3	Northern District of Illinois.	May 1, 1952	Secs. 17 (a) and 32 (a), rule X-17A-5, 1934 Act.	Defendants Hoshor and Schmidt pleaded not guilty and each posted bond of \$500. Adams & Co. has not entered a plea. Pending.
Anderson, James P. (Arizona Road-A-Scope Corporation).	3	District of Arizona....	Dec. 13, 1950	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants pleaded guilty on all counts. Anderson sentenced to 2½ years imprisonment. Imposition of sentence suspended as to Johonovich and Lloyd and they were placed on probation for 3 years.
Bank, Harry W. (Cosmo Records, Inc.)	9	Southern District of New York.	Dec. 6, 1948	Sec. 17 (a) (1), 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 pleas. Pending.
Bechhold, Siegfried (Ribbonwriter Corp. of America).	2	Southern District of Florida.	May 18, 1951	Secs. 5 (a) (1) and 17 (a) (1), 1933 Act; secs. 1341, 1001 and 371, title 18, U. S. C.	Bechhold found guilty by jury on 5 mail fraud counts and not guilty on remaining counts, but court set aside jury's verdict and granted Bechhold's motion for acquittal. Reynolds pleaded nolo contendere to 6 mail fraud counts, 2 sec. 17 (a) counts, and conspiracy count. Pending.
Beck, Floyd W. (United Insurers Service Co. of Missouri).	3	Western District of Missouri.	May 8, 1952	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendants Beck, Girard and O'Hayer pleaded not guilty and each posted bond of \$2,500. Pending.
Becker, Troy E. (Yankee Mines, Inc.).	3	District of Idaho.....	June 25, 1952	Secs. 5 (a) (1) and (2) and 17 (a), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Becker, Reamsnyder and Vaught pleaded nolo contendere to conspiracy count, and remaining counts dismissed. Pending.
Bobbroff, James D. (Eversharp Launwhiz, Inc.).	2	District of Nevada....	Feb. 9, 1951	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Bobbroff found guilty on 3 sec. 17 (a) counts and one mail fraud count and was sentenced to 8 years imprisonment and to pay \$5,000 fine. Filed notice of appeal. Chadwell found not guilty on one mail fraud count. Jury disagreed as to both defendants on 4 remaining mail fraud and sec. 17 (a) counts. Pending.
Broadley, Albert E. (Hudson Securities).	5	Western District of New York.	July 17, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants not apprehended. Pending.
Buschman, Mercedes (Automatic Retainer Control Corp.).	2	Western District of Washington.	Feb. 26, 1951	Sec. 17 (a), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Buschman pleaded guilty to 2 mail fraud counts and was sentenced to 8 years imprisonment; remaining counts dismissed. Indictment dismissed as to Charles Sherwin.
Carter, Philip M. (American Acoustics, Inc.).	2	Southern District of New York.	Apr. 14, 1949	Sec. 17 (a), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants pleaded not guilty and each posted bond of \$2,500. Pending.
Collom, Charles W. (Philadelphia Acceptance Corp.).	1	Eastern District of Pennsylvania.	Jan. 30, 1952	Sec. 17 (a), 1933 Act.....	Defendant waived indictment and pleaded guilty to all counts in this information and to another information containing mail fraud counts, and was sentenced on both to 5 years imprisonment and to pay \$1,000 fine.
Cox, Seymour E. J. (Penner Oil & Gas, Inc.).	2	Northern District of Oklahoma.	Apr. 19, 1951	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Cox convicted on all counts of indictment and sentenced to 10 years imprisonment and to pay \$1,000 fine. Notice of appeal filed. Omar Penner acquitted on all counts. Pending.

DePalma, Albert Edward (A. E. DePalma & Co.)	1	Northern District of Ohio.	June 11, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	DePalma forfeited \$40,000 appearance bond and is presently a fugitive. Pending.
Elliot, N. James	1	Southern District of New York.	Sept. 29, 1948	Sec. 17 (a) (1) and (2), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant not apprehended. Pending.
Hageman, Howard C. (Hageman Properties, Inc.)	3	Southern District of New York.	Aug. 9, 1951	Sec. 206 (1) (2), IA Act of 1940; sec. 1341, title 18, U. S. C.	Defendant Hageman pleaded not guilty and was released on \$2,600 bond. Two corporate defendants have not entered pleas. Pending.
Hanson, Russell C.	1	Northern District of Illinois.	Mar. 8, 1951	Sec. 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant changed his plea from not guilty to guilty and was sentenced to 3 years imprisonment.
Hawley, Edwin	1	District of Arizona	Nov. 10, 1949	Sec. 17 (a) (3), 1933 Act; sec. 32 (a), 1933 Act.	Defendant not apprehended. Pending.
Henderson, J. Stacey	3	Western District of Tennessee.	Sept. 6, 1950	Secs. 5 (a) (1), (2) and 17 (a) (1), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Henderson found guilty on mail fraud count and received 5-year prison sentence and fined \$1,000. He filed notice of appeal and was released on \$7,500 bond. Remaining defendants not tried. Pending.
Hennefer, Ernest R. (Utah Phosphate Co.)	4	District of Utah	Apr. 5, 1951	Secs. 5 (a) (1) and (2), and 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Hennefer pleaded guilty to 6 sec. 5 (a) counts, Carroll to 2 sec 5 (a) counts, and Wray to 3 sec. 17 (a) counts, and each defendant received 5-year suspended sentence and placed on probation. Parker pleaded guilty to 2 sec. 5 (a) counts and received 1-year suspended sentence and placed on probation. Remaining counts dismissed.
Herck, John	6	Eastern District of Michigan.	July 30, 1942	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Herck pleaded not guilty. Remaining defendants are fugitives. Pending as to all defendants.
Do	1	do	do	Sec. 15 (a), 1934 Act.	
Do	5	do	do	Sec. 5 (a) (1) and (2), 1933 Act; sec. 88 (now sec. 371), title 18, U. S. C.	
Howe, Charles A. (Maryland-Nevada Operating Co., Inc.)	3	Southern District of Ohio.	Dec. 7, 1951	Secs. 5 (a) and 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendants have not been arraigned. Pending.
Kelling, Lawrence L., Sellers, Charles Preston (Sunflower Oil Producers).	2	District of Kansas	June 13, 1951	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Kelling and Sellers convicted on all counts. Kelling sentenced to 4 years imprisonment, to run concurrently with 5-year sentence imposed in another case. Sellers sentenced to 5 years. Convictions affirmed by CA-10 on June 12, 1952.
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), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	Knowles pleaded not guilty on June 21, 1948, and was released on \$25,000 bail. Knowles bond forfeited Nov. 1, 1948, and he is presently a fugitive. Case dismissed as to Newson Mar. 16, 1949. Pending.
La Vey, William B.	3	District of Montana	Sept. 7, 1950	Secs. 5 and 17, 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Case transferred to USDC Idaho as to La Vey and Brown, who pleaded nolo contendere to all counts. La Vey sentenced to 82 months imprisonment, later reduced to 3 years and 4 months, and to pay fine of \$2,700. Brown sentenced to 10 months and fine of \$1,550, sentence was suspended and she was placed on probation for 2 years on condition that half of fine is paid immediately and remainder in 6 months. White pleaded nolo contendere to a sec. 5 count, imposition of sentence was suspended, and he was placed on probation for 5 years. Defendants Brown and White were prohibited from engaging in securities business during probation.
Lewis, Richard A.	1	District of Maryland	Oct. 12, 1951	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant waived indictment, pleaded guilty to information, and was sentenced to 5 years imprisonment.

TABLE 20.—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 1952 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Llanos, Alejandro D.....	9	District of Hawaii.....	Apr. 2, 1951	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants Llanos, Mrs. Llanos, Andrada, Bacilio, Flores, Galiza, and Oducaen found guilty by court on all counts of first indictment except 1 sec. 17 (a) count and 1 mail fraud count, which were dismissed. Palafox and Rodriguez were acquitted by court. Llanos sentenced to 5 years and 5 days in prison and to pay fine of \$10,000. Mrs. Llanos received 5 years probation and fined \$5,000. Andrada sentenced to 3 years and 3 days and fine of \$3,000. Bacilio, Flores and Oducaen were each sentenced to 3 years and 3 days and fine of \$1,000. Galiza sentenced to 2 years and 2 days and fine of \$1,000. Notices of appeal filed by defendants. Pending. Defendant withdrew plea of not guilty and pleaded nolo contendere to all counts and was fined \$10,000. Defendant pleaded guilty to all counts. After close of the fiscal year, imposition of sentence suspended and he was placed on probation for 3 years.
Do.....	2	do.....	do.....	Sec. 2314, title 18, U. S. C.....	
Lloyd, C. L. (NuEnamel Corp.)..	1	Northern District of Illinois.	Oct. 5, 1950	Sec. 5 (a) (1) and (2), 1933 Act..	Case pending as to Low and Hardie, who are fugitives.
Lobman, Theodore E.....	1	Northern District of Illinois.	Mar. 19, 1952	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant previously convicted and sentenced to 5 years imprisonment. Conviction affirmed by CA-5 Jan. 7, 1952.
Low, Harry (Trenton Valley Distillers Corp.).	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17 (a) (1), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	Case pending as to first indictment. Three defendants previously convicted and sentenced on second and third indictments. Pending as to remaining 9 defendants on second and third indictments. Pending.
Luck, Eugene F. (Southeastern Securities Corp.).	1	Southern District of Florida.	Sept. 23, 1949	Sec. 10 (b) and rule X-10B-5, 1934 Act; sec. 1341, title 18, U. S. C.	
E. M. McLean & Co. (Devon Gold Mines, Ltd.).	2	Eastern District of Michigan.	Oct. 21, 1941	Sec. 15 (a), 1934 Act.....	
Do.....	7	do.....	do.....	Sec. 5 (a) (1) and (2), 1933 Act; sec. 88 (now sec. 371), title 18, U. S. C.	
Do.....	12	do.....	do.....	Sec. 17 (a) (1) and (2), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	
McTavish, Donald Nell.....	2	Eastern District of Washington.	Dec. 21, 1948	Secs. 5 and 17, 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Donald McTavish pleaded guilty to a sec. 5 (a) count, and remaining counts dismissed. Imposition of sentence deferred and defendant placed on probation for 3 years. Case dismissed as to Peter McTavish, deceased. Indictment previously dismissed as to two defendants. Pending as to Moore, who has not been apprehended.
Moore, Lloyd T. (Fitzsim Mining Co.).	3	District of Montana..	June 18, 1943	Secs. 5 (a) (1), (2) and 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	

Moulton, Francis A. (The Synochron Corp.). Norwood, Doak.....	1	District of Massachusetts.	Oct. 4, 1951	Secs. 5 (a) and 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on all counts except sec. 5 (a) count and was sentenced to 4 years imprisonment.
	1	Northern District of Illinois.	Dec. 2, 1949	Secs. 5 (a) (2) and 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant withdrew plea of not guilty and pleaded nolo contendere and was sentenced to 2 years probation.
Pattyn, Pierre P. (Modern Products Corp.).	1	Eastern District of Michigan.	June 9, 1952	Secs. 5 (a) (2) and 17 (a) (1), 1933 Act; Sec. 1341, title 18, U. S. C.	Defendant pleaded not guilty. Bond set at \$1,000. Pending.
Picotte, Peter E.....	1	Eastern District of Missouri.	Feb. 20, 1952	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant pleaded not guilty and posted \$2,000 bond. Pending.
Porter, Edward Maurice.....	1	Southern District of New York.	Feb. 2, 1951	Sec. 17 (a), 1933 Act.....	Defendant deceased. Case dismissed.
Price, Eldridge Solomon.....	1	Northern District of Ohio.	Apr. 2, 1951	Sec. 5 (a) (2), 1933 Act.....	Defendant found guilty on all counts. Sentenced to serve 13 months in prison and pay fine of \$1,000. Notice of appeal filed. Pending.
Rubinstein, Serge.....	2	Southern District of New York.	Dec. 16, 1948	Sec. 5 (a) (1) and 17 (a), 1933 Act; sec. 9 (a) (4), 1934 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	Section 9 (a) (4) count dismissed by court and Rubinstein acquitted by jury on remaining counts. Dismissed as to Bliss who was not tried.
Do.....	2	do.....	Feb. 7, 1949	Sec. 88 (now sec. 371), title 18, U. S. C.	
Schumpert, Paul A. (National Acceptance Corp.).	3	Southern District of Mississippi.	June 8, 1949	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Paul A. Schumpert pleaded guilty to all counts and received 2-year sentence on each count, to run concurrently with sentence imposed in National Loan Guaranty Co. case. B. V. Schumpert found not guilty by jury. Dismissed as to C. L. Wilson who was not tried.
Slaughenhaupt, Richard E.....	1	Western District of Pennsylvania.	Mar. 9, 1951	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341), and 1341, title 18, U. S. C.	Defendant pleaded guilty to all counts and was given 3-year prison sentence and additional 2-year suspended sentence.
Thomas, Richard (Thomascolor, Inc.).	2	District of Arizona....	Oct. 29, 1951	Sec. 17 (a) (2), 1933 Act; sec. 371, title 18, U. S. C.	Defendants Thomas and Powell pleaded not guilty and were released on bonds of \$2,000 each. Pending.
Tuttle, Sidney W.....	1	Eastern District of Pennsylvania.	Mar. 15, 1951	Sec. 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Tuttle pleaded nolo contendere and was sentenced to 6 months imprisonment, to be followed by 2 years probation.
Warwick, Paul R. Jr., (Texas Investment Co.).	1	Northern District of Texas.	Nov. 1, 1950	Sec. 17 (a) (1), 1933 Act; sec. 10 (b) and rule X-10B-5, 1934 Act; sec. 1341, title 18, U. S. C.	Defendant pleaded nolo contendere to 1 sec. 17 (a) (1) count; remaining counts dismissed. Defendant fined \$500 and placed on probation for 1 year conditioned upon paying fine and making restitution.
White, George L. (S-M-P Co.)....	1	Northern District of Illinois.	Jan. 4, 1952	Sec. 17 (a), 1933 Act.....	Defendant pleaded not guilty and posted bond of \$500. Pending.
White, Jack R.....	1	District of Nebraska....	Oct. 17, 1950	Sec. 17 (a) (1), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	White's motion to transfer trial to USDC WD of Oklahoma granted. Pled not guilty. Pending.
Wickham, Wilder Frank (El Dorado Gold Mines, Ltd.).	4	District of Nevada....	May 1, 1952	Sec. 17 (a) (1), 1933 Act; sec. 371, title 18, U. S. C.	Wilder Wickham, Ellemerie Wickham and William Kelso were released on bonds of \$5,000 each. William Hutton was released on bond of \$1,000. Defendants have not entered pleas. Pending.
Wimer, Nye A. (Tennessee Schuylkill Corp.).	1	District of New Jersey..	Aug. 3, 1948	Secs. 5 (a) (2) and 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Pending.

TABLE 21.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in courts of appeals during the fiscal year ended June 30, 1952

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Downing, Edward R., et al.....	District of Columbia.....	Aug. 23, 1951	Order of June 26, 1951, approving comprehensive plan of United Corp. under sec. 11 (e) of Holding Company Act for the purpose of transforming United from holding company to investment company, and orders of Feb. 7 and 25, 1947, permitting United to obtain vote of common stockholders on United's program for future operations as investment company. Intervention by United granted. Motion for leave to intervene by Committee for Warrant Holders pending; Committee's motion for leave to file brief granted. Petitioners' motion to stay sale of common stock of Niagara Mohawk Power Corp. pending review, granted. Petitioners' motions for leave to adduce additional evidence and to enforce provisions of plan pending. Pending.
Electric Bond & Share Co.....	do.....	Apr. 4, 1952	Order of Feb. 6, 1952, denying application of Electric Bond & Share Co. for relief from a commitment to dispose of its holdings of stock of United Gas Corp. Leave to intervene granted Samuel Okin, General American Investors Co., and Perry J. Walsh, et al., constituting Common Stockholders Committee. Pending.
Johnson, R. H., & Co. and Rupert H. Johnson.	Second circuit.....	Apr. 10, 1952	Order of Apr. 2, 1952, dismissing petition for review of order of National Association of Securities Dealers, Inc., which expelled firm from membership, and finding that Johnson was a "cause" of such expulsion. Order affirmed July 18, 1952. Petition for writ of certiorari filed Aug. 18, 1952. Pending.
McMillan, Clarence.....	do.....	May 21, 1952	Order of Apr. 8, 1952, denying petitioner's application for fees and expenses incurred in preserving interests of preferred stockholders of Northern States Power Co. Petition for review dismissed pursuant to stipulation dated July 10, 1952. Closed.
Peck, James.....	do.....	Feb. 13, 1952	Commission letter of Feb. 4, 1952, refusing request for "hearing" on correctness of Commission's interpretation of proxy rule X-14A-8 as it related to Peck's controversy with Greyhound Corporation. Petition for review dismissed Apr. 7, 1952, for lack of jurisdiction, on motion of Commission. Closed.
Public Utility District No. 1, et al.....	Ninth circuit.....	Jan. 24, 1952	Order of Jan. 18, 1952, directing that hearing be held with respect to feasibility of proposed sale of stock of Washington Water Power Co. and pursuant to sec. 11 (d) of Holding Company Act with respect to plan for distribution of such stock. Motions to intervene filed by William Gerstly, II, et al.; Electric Bond & Share Co., City of Spokane, et al.; and Idaho Public Utilities Commission. Petition dismissed Mar. 14, 1952. Stay order vacated Mar. 21, 1952. Closed.
Shayne, Irving A.....	Second circuit.....	Nov. 30, 1951	Order of Nov. 29, 1951, revoking registration of Irving A. Shayne as broker and dealer under sec. 15 (b) of Securities Exchange Act. Stay denied by order of CA-2 on Dec. 10, 1951. Notice of application to Supreme Court for writ of assistance; stay denied Dec. 20, 1951. Petition for review withdrawn Feb. 20, 1952, pursuant to stipulation. Closed.

Skowhegan Savings Bank, et al.....	District of Columbia.....	Jan. 28, 1952	Order of Dec. 19, 1944, approving plan of Central Maine Power Co. under sec. 11'(e) of Holding Company Act as necessary to effectuate provisions of sec. 11 (b) (1) and as fair and equitable, and order of Nov. 28, 1951, denying petition for reconsideration and modification of earlier order. Leave to intervene granted to Central Maine Power Co. Pending.
Van Alstyne, Noel Co.....	Second circuit.....	May 7, 1952	Order of Apr. 8, 1952, as amended by order of Apr. 14, 1952, pursuant to sections 15A and 19 (e) (3) of Securities Exchange Act, suspending Van Alstyne, Noel Co. from membership in National Association of Securities Dealers, Inc., New York Stock Exchange and New York Curb Exchange for period of 20 days. Stay order entered May 14, 1952, pursuant to stipulation Pending.
Wallach, Samson, Sr.....	District of Columbia.....	Jan. 23, 1952	Order of Nov. 29, 1951, finding that Samson Wallach, Sr., and others are causes of revocation of registration of Henry P. Rosenfeld as broker and dealer under sec. 15 (b) of Securities Exchange Act. Pending.

TABLE 22.—Civil contempt proceedings pending during the fiscal year ended June 30, 1952

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
U. S. Frigidice, Inc. and Homer J. Cox.....	2	New Mexico.....	Jan. 11, 1952	After contempt proceedings instituted, Cox, in compliance with court's subpoena enforcement order, appeared with his books and records on Feb. 12, 1952, and claimed his privilege against self-incrimination. No judgment of contempt therefore entered. Closed. (See appendix table 24 on enforcement of subpoenas.)

TABLE 23.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1952

Name of case	United States District Court or Court of Appeals	Date of entry	Nature and status of case
<i>Austrian and Butcher as Trustees of Central States Electric Corp. v. Harrison Williams, et al.</i>	Southern District of New York; Second Circuit.	Reopened Oct. 23, 1951; May 5, 1952.	Plenary action by trustees of Central States Electric Corp., debtor in ch. X, against defendants alleging waste and misappropriation of corporate assets and overreaching. Judgment for trustees Mar. 7, 1952. Appeal to CA-2. Pending.
<i>Blackwell, et al. v. Bentsen, et al.</i>	Southern District of Texas.	Nov. 6, 1951	Action under secs. 12 (2) and 17 (a) of Securities Act. Motions to dismiss granted Apr. 10, 1952. Appeal to CA-5. Pending.
<i>Blau v. Hodgkinson, et al.</i>	Southern District of New York.	May 24, 1951	Action under sec. 16 (b) of Securities Exchange Act respecting transactions in securities of Federated Department Stores. Judgment for plaintiff. Closed.
<i>Carr Consolidated Biscuit Co. v. Moore.</i>	Middle District of Pennsylvania.	Dec. 6, 1951	Action under sec. 16 (b) of Securities Exchange Act of 1934. Motion for summary judgment filed by plaintiff and motion to dismiss by defendant. Pending.
<i>Consolidated Engineering Corp. v. Nesbit, et al.</i>	Southern District of California.	Sept. 10, 1951	Actions under sec. 16 (b) of Securities Exchange Act. Judgment for defendants Oct. 30, 1951. Closed.
<i>Crummer v. Crumley, et al.</i>	District of Nevada	June 8, 1951	Action under secs. 12 (1), 12 (2), and 17 (a) of Securities Act. Motion to dismiss cause of action under sec. 12 (1) denied Jan. 26, 1951. Judgment reserved with respect to causes of action under secs. 12 (2) and 17 (a). Pending.
<i>Fratt v. Robinson, et al.</i>	Western District of Washington; Ninth Circuit.	June 26, 1951; Dec. 18, 1951; Jan. 15, 1952; Apr. 17, 1952.	Actions based on violation of rule X-10B-5 under sec. 10 (b) of Securities Exchange Act. Motion to dismiss granted Aug. 6, 1951. Appeal to CA-9. Pending.
<i>Horowitz, et al v. Kaplan, et al.</i>	First Circuit	Sept. 28, 1951	Appeal from order of district court confirming trustees' plan of reorganization under ch. X. Motion for dismissal of appeal denied Nov. 29, 1951, and plan of reorganization as confirmed by district court sustained. Certiorari denied Mar. 3, 1952. Closed.
<i>Jefferson Lake Sulphur Co., Inc. v. Wale, Jr.</i>	Eastern District of Louisiana.	Mar. 13, 1952	Action under sec. 16 (b) of Securities Exchange Act. Judgment for plaintiff Apr. 30, 1952. Appeal pending.
<i>Northern Trust Co., et al. v. Essaness Theatres Corp., et al.</i>	Northern District of Illinois.	Aug. 10, 1951	Action based on alleged violations of rule X-10B-5 under sec. 10 (b) of Securities Exchange Act. Defendants' motion for summary judgment overruled Jan. 29, 1952, with leave to plaintiffs to amend complaint. Pending.
<i>Pellegrino v. Nesbit, et al.</i>	Ninth Circuit	May 9, 1952	Appeal by stockholder of Consolidated Engineering Corp. from order of district court, Nov. 29, 1951, denying him leave to intervene in action under sec. 16 (b) of Securities Exchange Act. Pending.
<i>Rattner v. Lehman, et al.</i>	Southern District of New York; Second Circuit.	June 12, 1951; Nov. 13, 1951.	Action under sec. 16 (b) of Securities Exchange Act with respect to securities of Consolidated Vultee Aircraft Corp. Judgment for defendant June 27, 1951. Affirmed by CA-2 Jan. 10, 1952. Closed.
<i>Speed, et al. v. Transamerica Corp.</i>	District of Delaware	Feb. 19, 1947; Oct. 14, 1948; Jan. 14, 1949.	Action for violation of rule X-10B-5 under sec. 10 (b) of Securities Exchange Act. Motion to dismiss denied May 9, 1947. Rehearing denied June 25, 1947. Case tried on merits. Reargument on questions of law June 22-23, 1950. Opinion in favor of plaintiffs Aug. 8, 1951. Special master appointed Oct. 18, 1951, to recommend amount of damages. Pending.
<i>Stella v. Graham-Paige Motors Corp. &amp; Kaiser-Frazer Corp.</i>	Southern District of New York.	Mar. 28, 1952	Action under sec. 16 (b) of Securities Exchange Act with respect to securities of Kaiser-Frazer Corp. Motion to dismiss denied and judgment for plaintiff May 13, 1952. Pending.
<i>Sullivan v. Burns</i>	District of Massachusetts	Mar. 31, 1952	Action for services rendered to defendant in connection with proceedings under Holding Company Act in the matter of Eastern Gas & Fuel Associates. Motion for stay by defendant. Pending.
<i>Wilko v. Swan, et al.</i>	Southern District of New York.	Mar. 28, 1952	Action under sec. 12 (2) of Securities Act. Motion of defendants to stay proceedings pending arbitration denied June 11, 1952. Appeal to CA-2. Pending.

TABLE 24.—*Proceedings by the Commission to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934, pending during the fiscal year ended June 30, 1952*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Mines and Metals Corp.....	5	Southern District of California.	Feb. 25, 1952	Sec. 22 (b), 1933 Act....	Order Mar. 10, 1952, denying respondents' motion to quash subpoenas duces tecum and granting application for order directing respondents to produce records of Mines and Metals Corp. and of Steel, Inc., S. A. Order Mar. 20, 1952, on respondents' appeal, directing SEC show cause why a stay should not be granted pending determination of appeal. Motion of SEC to dismiss or to affirm district court order of Mar. 10, 1952. Affirmed by CA-9, Nov. 20, 1952. Pending.
U. S. Frigidice, Inc. and Homer J. Cox.	2	New Mexico.....	Sept. 4, 1951	Sec. 22 (b), 1933 Act....	Order Sept. 4, 1951, directing defendants to appear and show cause why order should not be issued as requested in application for order requiring defendants to respond to subpoenas duces tecum. Order Nov. 1, 1951, enforcing subpoenas and directing U. S. Frigidice, Inc., and Homer J. Cox to produce records on Nov. 2 and Nov. 19, 1951, respectively. Closed. (See appendix table 22 on civil contempt proceedings.)

TABLE 25.—*Miscellaneous actions involving the Commission or employees of the Commission pending during the fiscal year ended June 30, 1952*

Plaintiff	Court	Initiating papers filed	Status of case
The Chesapeake & Potomac Telephone Co. In re Otis & Co.....	Municipal Court for District of Columbia. Northern District of Ohio...	Jan. 31, 1952 Dec. 12, 1951	Writ of attachment served on SEC on Jan. 31, 1952, for salary due employee. Motion of SEC to quash, dated Feb. 8, 1952, granted. Closed. Motion of SEC for clarification or modification of that part of order of Dec. 12, 1951, approving debtor's petition under ch. X, which prohibited actions against debtor. Order of Mar. 21, 1952, denied modification of order regarding the 2 administrative actions before the Commission but modified order to remove the prohibition upon further disposition in the injunctive action. On Apr. 4, 1952, SEC appealed from that part of order restraining SEC from completion of the administrative proceedings. Pending.
Schmidt, George.....	Northern District of Illinois	Mar. 2, 1951	Action against United States for damages under Federal Tort Claims Act, arising out of investigation of Tucker Corp. Complaint dismissed Jan. 4, 1952, on motion of Government for failure to state cause of action. Appeal taken by Schmidt. Affirmed by CA-7 July 3, 1952. Petition for rehearing filed. Pending.

TABLE 26.—Actions pending during fiscal year ended June 30, 1952, 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.....	Previous order of Oct. 11, 1948, approving plan, vacated and proceedings remanded to the Commission. Order of Jan. 17, 1952, approving amended plan. Appeals to CA-1 by Dr. S. Z. Kantor, Harry and Rose Zucker, and Frances Silver. Order affirmed in Kantor and Zucker appeals, and Silver appeal dismissed June 6, 1952. Petition of Kantor for rehearing denied June 23, 1952. Pending.
American Power & Light Co.....	.....do.....	June 30, 1950.....	Supplemental application filed June 12, 1952. Plan approved and enforced July 17, 1952. Pending.
American Water Works & Electric Co., Inc.	Delaware.....	Reopened May 8, 1952.	Supplemental application filed May 8, 1952. Pending.
Consolidated Electric & Gas Co. (Central Public Utility Corp.)	.....do.....	Reopened June 23, 1952.	Supplemental application III filed June 23, 1952. Plan approved and enforced July 29, 1952. Pending.
Electric Bond & Share Co.....	Southern District of New York.	Reopened Aug. 7, 1950.	Order Mar. 2, 1951, approving plan II-B. Appeals to CA-2 by Electric Bond & Share Co. and \$5 preferred stockholders. Petition for writ of certiorari filed in Supreme Court by Electric Bond & Share Co. before Court of Appeals had opportunity to consider issues or render judgment. Certiorari denied June 4, 1951. Electric Bond & Share Co.'s appeal dismissed July 25, 1951, pursuant to stipulation. Preferred stockholders' appeal pending. Pending.
Electric Power & Light Corp.....	.....do.....	Reopened June 20, 1952.	Supplemental application on fees filed June 20, 1952. Pending.
Engineers Public Service Co.....	Delaware.....	Reopened May 8, 1952.	Supplemental application II on fees filed May 8, 1952. Pending.
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 plan. Appeal to CA-3 by Chenery Corp. Petition for certiorari, filed by Chenery Corp., denied Oct. 9, 1950. District Court order affirmed by CA-3 April 2, 1951. Petition for certiorari, filed by Chenery Corp., denied June 4, 1951. Supplemental application II filed Sept. 21, 1951. Plan approved Oct. 16, 1951. Closed.
Green Mountain Power Corp.....	Vermont.....	May 4, 1951.....	Supplemental application filed June 4, 1951. Order June 4, 1951, approving plan as fair, equitable, and appropriate. Order Oct. 11, 1951, releasing corporation from jurisdiction of court. Closed.
Illinois Power Co. (North American Light & Power Co.)	Delaware.....	Reopened June 14, 1951.	Supplemental application II filed June 14, 1951. Opinion Dec. 3, 1951, granting application except as to Masterson's claim, which was allowed. Commissioner's petition for rehearing granted Jan. 14, 1952. Memorandum on rehearing issued July 16, 1952, reaching same result. Order entered Aug. 15, 1952. Appeal to CA-3 Aug. 25, 1952. Pending.
Long Island Lighting Co.....	Eastern District of New York.	Reopened Apr. 16, 1952.	Petition Apr. 16, 1952, by Common Stockholders Committee and Louis W. Gordon to reopen case, denied by CA-2 May 21, 1952. Petition June 5, 1952, for rehearing by Common Stockholders Committee and E. M. Nichols, denied per curiam June 24, 1952. Pending.

Market Street Railway Co.....	Northern District of California.	May 3, 1950.....	Order July 11, 1950, approving principal provisions of the plan but disapproving plan insofar as it failed to provide an allowance of fees for attorney for the Van Kirk Committee for prior preference stockholders, and remanding case to Commission. Appeal by Commission from those portions of order which disapproved Commission's determination with respect to fee. Appeals by William J. Cogan and Charles T. Jones from provisions of order which approved plan in substantially all other respects. Cogan and Jones also appealed from order of Nov. 21, 1950, which both approved and directed enforcement of Step One of an amended plan, consisting of those provisions of earlier plan approved by July 11, 1950, order, and which Commission, after remand, had severed from fee provisions constituting Step Two. Appeals from both orders consolidated Mar 7, 1951. District court order of Nov. 21, 1950, approving Step One, affirmed Dec. 27, 1951; portion of order of July 11, 1950, relating to Cogan's fee reversed. Petition filed by Cogan for rehearing by CA-9 as to his fee granted Feb. 13, 1952, and court heard argument. Pending.
Northern States Power Co.....	Minnesota.....	Reopened June 2, 1952.	Supplemental application on fees filed June 2, 1952. Pending.
Portland Gas & Coke Co.....	Oregon.....	Oct. 11, 1951.....	Order Nov. 13, 1951, approving plan. Order May 24, 1952, releasing company from jurisdiction of court, except as to certain certificates and cash. Closed.

TABLE 27.—Actions under sec. 11 (d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1952, to enforce compliance with the Commission's order issued under sec. 11 (b) of that Act

Name of case	United States District Court	Initiating papers filed	Nature and history of case
International Hydro-Electric System.	Massachusetts.....	Dec. 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. On June 14, 1950, district court approved supplemental order of Commission dated June 13, 1950 (Holding Company Act release No. 9917) for carrying out pt. II (retirement of IHES debentures). On June 29, 1951, Commission (Holding Company Act release No. 10642) authorized payment of \$85,017.60 as interest on interest to debenture holders. This order approved by district court Nov. 1, 1951. Order May 12, 1952, allowing renewal of loan from The Chase National Bank for 1 year. Commission now has before it pt. III of trustee's second plan, as well as other plans for disposition of residual estate of IHES. When Commission enters final order on issues presented, matter will again go to district court for approval and enforcement. Matter will remain under jurisdiction of district court until all issues with respect to reorganization of IHES resolved. Pending.

**TABLE 28.—Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1952, in which the Commission participated when appeals were taken from district court orders**

Name of case and United States Court of Appeals	Nature and status of case
American Acoustics, Inc., debtor; John B. Shearer, Milton M. and Adrian M. Unger, appellants (third circuit).	Appeals from order of Apr. 26, 1951, disallowing applications for certain allowances. Commission filed brief July 24, 1951, in support of district court order. Order affirmed Oct. 17, 1951. Petition for rehearing denied Nov. 1, 1951. Mandate issued Nov. 7, 1951. Dec. 5, 1951, appellant Shearer was granted an allowance of \$750 by lower court. Commission's motion of Mar. 7, 1952, for order directing compliance with mandate and vacating order granting allowance, denied Mar. 20, 1952. Closed.
American Bantam Car Co., debtor; American Bantam Car Co., Stockholders Committee, appellants (third circuit).	Appeal from order of Oct. 16, 1951, appointing Special Master to take testimony on fairness of compromise settlement proposal of Monroe Auto Equipment Co. Commission's brief filed Dec. 3, 1951, in support of appeal. Order reversed Jan. 14, 1952. Closed.
Chicago Railways Co., et al., debtors (seventh circuit).	Petition of Continental Illinois National Bank & Trust Co. of Chicago for leave to appeal from order of Jan. 17, 1952, refusing allowances to petitioner as compensation for services rendered as depository. Commission filed brief in opposition Mar. 7, 1952. Petition denied Mar. 12, 1952. Closed.
Chicago Rapid Transit Co., et al., debtors; Thomas, et al. v. Fallon, et al. (seventh circuit).	Appeal from order of Oct. 3, 1951, approving a settlement of claims asserted against debtor by Chicago Junction Railroad Co. Commission's brief supporting appellants filed Feb. 8, 1952. On Apr. 18, 1952, the order reversed and case remanded for further proceedings. Closed.
Pittsburgh Terminal Coal Corp., debtor; Pittsburgh Terminal Realization Corp., appellant (third circuit).	Appeal from order of June 11, 1951, enjoining appellant from paying legal fees or expenses in connection with pending ch. X proceeding, without further order of court. Commission's motion to dismiss appeal filed Jan. 11, 1952. Appeal dismissed on stipulation. Closed.
Solar Manufacturing Corp., debtor; Ben Mintz, appellant (third circuit).	Appeal from order of Dec. 28, 1950, awarding interim allowances to the 2 trustees of the debtor and their counsel. Commission's brief filed in May 1951, supporting appeal. Opinion June 28, 1951, affirming order of Dec. 28, 1950, as to interim allowances, and remanding case for further proceedings. Closed.
Solar Manufacturing Corp., debtor; Ben Mintz, appellant (third circuit).	Appeal from order of Jan. 4, 1951, denying motion of Commission to reduce number of trustees to 1. Commission's brief filed in May 1951, supporting appeal. Opinion June 28, 1951, reversing order of Jan. 4, 1951, and remanding case for further proceedings. Trustees' petition for rehearing denied Aug. 20, 1951. Certiorari denied Dec. 3, 1951. Closed.
Solar Manufacturing Corp., debtor; The Marine Midland Trust Co., appellant (third circuit).	Appeal from order of Mar. 3, 1952, denying 2 motions of appellant to dismiss counterclaims asserted by Trustee of Debtor to claims filed by appellant as creditor and to accounting by appellant as former indenture trustee for debtor's debenture holders. Pending.
Third Avenue Transit Corp., debtor; Melniker, et al., appellants (second circuit).	Appeal from order of Apr. 28, 1951, directing loan of \$350,000 from cash held by indenture trustee under a first mortgage indenture. Commission's brief in support of appeal filed May 29, 1952. Order reversed July 10, 1952. Closed.

TABLE 29.—A 19-year summary of criminal cases developed by the Commission—1934 through 1952 by fiscal year

[See table 31 for classification of defendants as broker-dealers, etc.]

Fiscal year	Number of cases referred to Department of Justice in each year	Number of persons as to whom prosecution was recommended in each year	Number of such cases in which indictments were obtained by United States attorneys	Number of defendants indicted in such cases <sup>1</sup>	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed on motion of United States attorneys	Number of these defendants as to whom cases are pending <sup>2</sup>
1934.....	7	36	3	32	17	0	15	0
1935.....	29	177	14	149	84	5	60	0
1936.....	43	379	34	368	164	46	158	0
1937.....	42	128	30	144	78	32	34	0
1938.....	40	113	33	134	75	13	44	2
1939.....	52	245	47	292	199	33	60	0
1940.....	59	174	51	200	96	38	66	0
1941.....	54	150	47	145	94	15	26	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	14	1
1946.....	16	44	14	40	13	8	3	16
1947.....	20	50	13	34	9	5	12	8
1948.....	16	32	15	29	20	3	5	1
1949.....	27	44	25	57	17	13	12	15
1950.....	18	28	15	27	19	1	3	4
1951.....	29	42	24	48	20	5	4	19
1952.....	14	26	10	20	3	0	0	17
Total.....	593	2,019	491	2,161	1,160	266	626	109

<sup>1</sup> The number of defendants in a case is sometimes increased by the Department of Justice over the number against whom prosecution was recommended by the Commission. For the purpose of this table, an individual named as a defendant in 2 or more indictments in the same case is counted as a single defendant.

<sup>2</sup> See table 30 for breakdown of pending cases.

<sup>3</sup> Three of these references as to 4 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year.

<sup>4</sup> 454 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 397 or 87.4 percent of such cases. Only 57 or 12.6 percent of such cases have resulted in acquittals or dismissals as to all defendants.

<sup>5</sup> Includes 44 defendants who died after indictment.

TABLE 30.—Summary of criminal cases developed by the Commission which were still pending at June 30, 1952

	Cases	Number of defendants in such cases	Number of such defendants as to whom cases have been completed	Number of such defendants as to whom cases are still pending and reasons therefor		
				Not yet apprehended	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in the fiscal year:						
1938.....	1	2	0	2	0	0
1939.....	0	0	0	0	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	3	14	1	0
1943.....	2	8	4	3	1	0
1944.....	2	8	1	7	0	0
1945.....	1	1	0	1	0	0
1946.....	4	16	0	16	0	0
1947.....	3	9	1	8	0	0
1948.....	1	1	0	0	1	0
1949.....	6	17	2	5	10	0
1950.....	2	4	0	1	2	1
1951.....	8	23	4	0	9	10
1952.....	7	17	0	0	17	0
Total.....	1 39	1 124	15	57	41	11

## SUMMARY

Total cases pending <sup>1</sup> .....	42
Total defendants <sup>1</sup> .....	128
Total defendants as to whom cases are pending <sup>1</sup> .....	113

<sup>1</sup> Except for 1952, indictments have been returned in all pending cases. Indictments have not yet been returned as to 4 proposed defendants in 3 cases referred to the Department of Justice in 1952. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 31.—A 19-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1952

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed on motion of United States attorneys	Number as to whom cases are pending
Registered broker-dealers <sup>1</sup> (including principals of such firms).....	334	207	23	95	9
Employees of such registered broker-dealers.....	112	58	15	37	2
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	694	355	57	254	28
All others <sup>2</sup> .....	1,021	540	171	240	70
Total.....	2,161	1,160	266	626	109

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

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

TABLE 32.—A 19-year summary of all injunction cases instituted by the Commission, 1934 to June 30, 1952, by calendar year

Calendar year	Number of cases instituted by Commission and number of defendants involved.		Number of cases in which injunctions were granted and number of defendants enjoined <sup>1</sup>	
	Cases	Defendants	Cases	Defendants
1934.....	7	24	2	4
1935.....	36	242	17	66
1936.....	42	116	36	108
1937.....	96	240	91	211
1938.....	70	182	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.....	25	45	15	34
1947.....	20	40	20	47
1948.....	19	44	15	26
1949.....	25	59	24	55
1950.....	27	73	26	71
1951.....	22	67	17	43
1952 (to June 30).....	14	46	9	25
Total.....	615	1,822	557	1,405

## SUMMARY

	Cases	Defendants
Actions instituted.....	615	1,822
Injunctions obtained.....	550	1,405
Actions pending.....	13	45
Other dispositions <sup>4</sup> .....	52	372
Total.....	615	1,822

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

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

<sup>3</sup> Includes 2 defendants in 2 cases in which injunctions have been obtained as to 11 co-defendants.

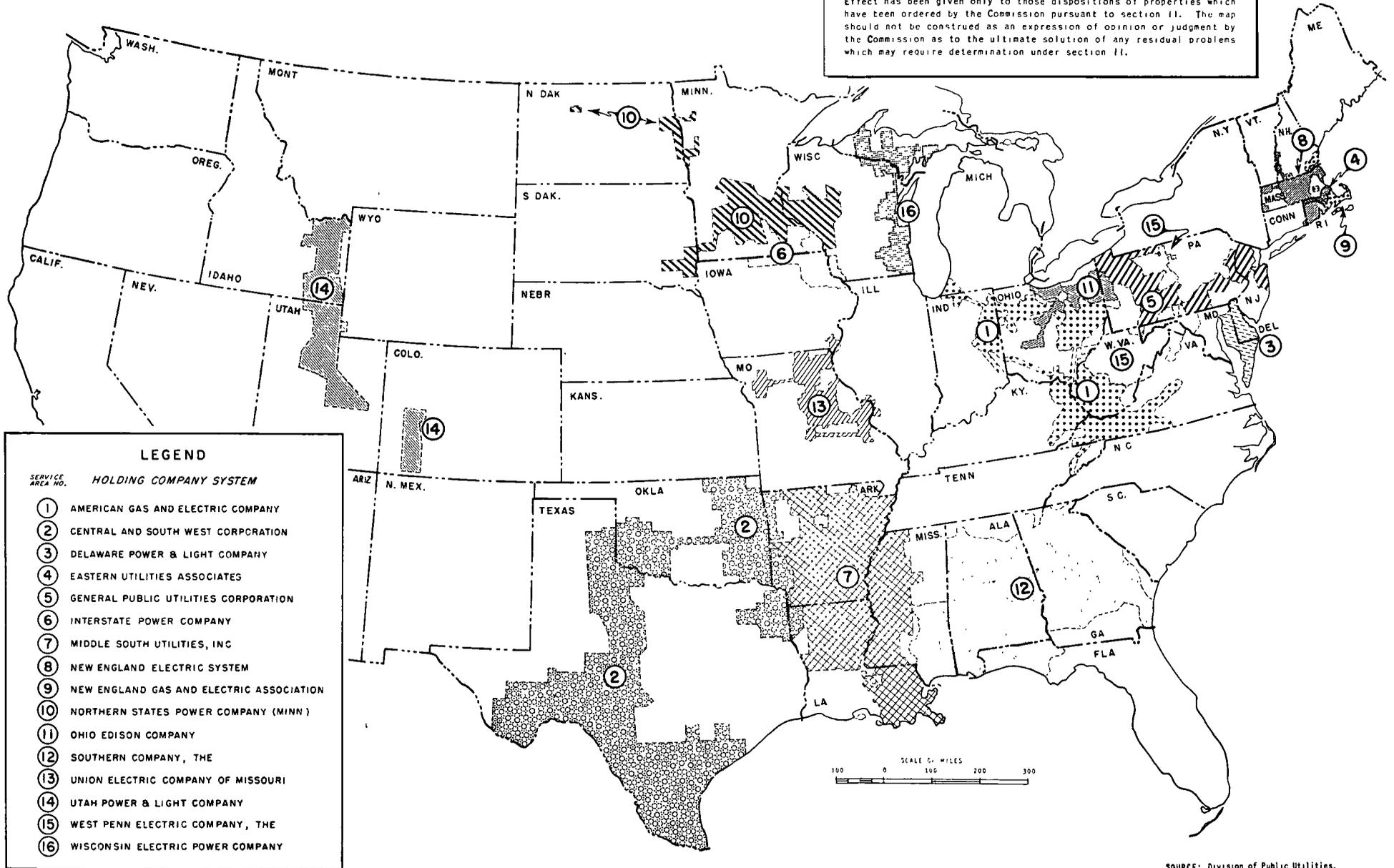
<sup>4</sup> Includes (a) actions dismissed (as to 307 defendants); (b) actions discontinued, abated, vacated, abandoned, or settled (as to 51 defendants); (c) actions in which judgment was denied (as to 11 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 3 defendants).



# SIMPLIFIED AND INTEGRATED ELECTRIC UTILITY HOLDING COMPANY SYSTEMS

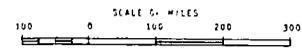
EXPECTED TO CONTINUE SUBJECT TO S E C. JURISDICTION AS REGISTERED SYSTEMS

**NOTE:** Map shows approximate electric utility service areas only. Effect has been given only to those dispositions of properties which have been ordered by the Commission pursuant to section 11. The map should not be construed as an expression of opinion or judgment by the Commission as to the ultimate solution of any residual problems which may require determination under section 11.



## LEGEND

- | SERVICE AREA NO. | HOLDING COMPANY SYSTEM                   |
|------------------|------------------------------------------|
| ①                | AMERICAN GAS AND ELECTRIC COMPANY        |
| ②                | CENTRAL AND SOUTH WEST CORPORATION       |
| ③                | DELAWARE POWER & LIGHT COMPANY           |
| ④                | EASTERN UTILITIES ASSOCIATES             |
| ⑤                | GENERAL PUBLIC UTILITIES CORPORATION     |
| ⑥                | INTERSTATE POWER COMPANY                 |
| ⑦                | MIDDLE SOUTH UTILITIES, INC              |
| ⑧                | NEW ENGLAND ELECTRIC SYSTEM              |
| ⑨                | NEW ENGLAND GAS AND ELECTRIC ASSOCIATION |
| ⑩                | NORTHERN STATES POWER COMPANY (MINN)     |
| ⑪                | OHIO EDISON COMPANY                      |
| ⑫                | SOUTHERN COMPANY, THE                    |
| ⑬                | UNION ELECTRIC COMPANY OF MISSOURI       |
| ⑭                | UTAH POWER & LIGHT COMPANY               |
| ⑮                | WEST PENN ELECTRIC COMPANY, THE          |
| ⑯                | WISCONSIN ELECTRIC POWER COMPANY         |



SOURCE: Division of Public Utilities, Securities and Exchange Commission, January, 1952.