

PART VI

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

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

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

COMPOSITION OF REGISTERED HOLDING COMPANY SYSTEMS— SUMMARY OF CHANGES

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

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

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

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

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

Classification of companies as of June 30, 1959

System	Solely registered holding companies	Registered holding-operating companies	Electric and gas utility subsidiaries	Non-utility subsidiaries	Inactive companies	Total companies	Aggregate system assets, less valuation reserves at Dec. 31, 1958
1. American Electric Power Co., Inc.	1		12	10	1	24	\$1,390,897,233
2. American Natural Gas Co.	1		2	5	0	8	693,121,304
3. Central and South West Corp.	1		6	0	1	8	628,684,284
4. Columbia Gas System, Inc., The	1		9	8	2	20	1,150,624,000
5. Consolidated Natural Gas Co.	1		4	2	0	7	665,873,042
6. Delaware Power & Light Co.		1	2	0	0	3	193,602,682
7. Eastern Utilities Associates	1		5	0	2	8	105,396,099
8. General Public Utilities Corp.	1		7	2	0	10	875,438,123
9. Granite City Generating Co. (voting trust)	1		1	0	0	2	399,346
10. Middle South Utilities, Inc.	1		6	0	4	11	699,861,423
11. National Fuel Gas Co.	1		3	6	0	10	192,291,388
12. New England Electric System	1		22	1	4	28	600,134,564
13. Ohio Edison Co.		1	3	0	0	4	587,375,000
14. Philadelphia Electric Power Co.		1	1	0	1	3	42,996,922
15. Southern Co., The	1		5	2	1	9	1,130,862,818
16. Union Electric Co.	1		3	1	0	5	552,235,903
17. Utah Power & Light Co.	1		2	0	0	3	227,445,100
18. West Penn Electric Co., The	1	1	12	6	1	21	531,419,781
Subtotals.	13	6	105	43	17	184	10,268,659,012
Less: Adjustment to eliminate duplication in count resulting from 4 companies being subsidiaries in 2 systems and 2 companies being subsidiaries in 3 systems. ³			-6	-1	-1	-8	
Add: Adjustment to include the assets of these 6 jointly owned subsidiaries and to remove the parent companies investments therein which are included in the system assets above.							4,526,280,320
Total companies and assets in active systems.	13	6	99	42	16	176	10,794,939,332

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

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

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

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

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

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

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

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

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

DEVELOPMENTS IN INDIVIDUAL REGISTERED SYSTEMS

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

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

A. DEVELOPMENTS IN ACTIVE REGISTERED SYSTEMS**American Electric Power Company, Inc.**

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

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

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

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

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

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

American Natural Gas Co.

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

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

Central and South West Corp.

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

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

The Columbia Gas System, Inc.

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

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

* Holding Company Act Release No. 13726.

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

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

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

Eastern Utilities Associates

This registered holding company and its subsidiary companies, as at December 31, 1958, had consolidated assets, less valuation reserves, of about \$105,396,000 and its consolidated operating revenues for that year were approximately \$38,059,000.

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

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

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

⁷ 31 S.E.C. 329.

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

Middle South Utilities, Inc.

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

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

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

New England Electric System

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

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

⁸ Holding Company Act Release No. 13886.

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

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

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

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

Ohio Edison Company

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

¹⁰ Holding Company Act Release No. 13525.

¹¹ Holding Company Act Release No. 13688.

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

¹³ Holding Company Act Release No. 14002.

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

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

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

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

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

The Southern Company

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

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

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

¹⁷ Holding Company Act Release No. 13313.

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

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

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

Union Electric Co.

Union Electric Co. is a registered holding company and an operating electric utility company. As at December 31, 1958, the consolidated assets, less valuations reserves, of Union and its subsidiaries amounted to approximately \$552,236,000 and their consolidated operating revenues for 1958 totaled about \$181,650,000.

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

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

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

²⁰ Holding Company Act Release No. 13029.

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

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

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

²¹ 32 S.E.C. 202 (1951).

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

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

²⁴ *Dyer v. S.E.C.*, 359 U.S. 499.

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

B. DEVELOPMENTS IN OTHER SYSTEMS

Central Public Utility Corporation

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

Cities Service Co.

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

²⁵ Holding Company Act Release No. 13970.

²⁶ Holding Company Act Release No. 13549.

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

Electric Bond and Share Company

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

Standard Gas and Electric Company

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

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

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

²⁸ Holding Company Act Release No. 13824.

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

Other Matters

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

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

FINANCING OF ACTIVE REGISTERED PUBLIC UTILITY HOLDING COMPANIES AND THEIR SUBSIDIARIES

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

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

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

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

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

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

[In millions]

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

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

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

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

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

Competitive Bidding

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

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

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

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

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

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

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

³⁵ Holding Company Act Release No. 13853.

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

Sales by registered holding companies and their subsidiaries of securities excepted from competitive bidding requirements pursuant to the provisions of paragraph (a) (5) of rule 50 by orders of the Commission entered from May 7, 1941, to June 30, 1959³⁷

[Dollar amounts in millions]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART VII

PARTICIPATION OF THE COMMISSION IN CORPORATE RE-ORGANIZATIONS UNDER CHAPTER X OF THE BANKRUPTCY ACT, AS AMENDED

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

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

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

quires that it undertake in most cases intensive legal and financial studies. Even in cases where the plans are not submitted to the Commission and no report is filed, the Commission must consider various reorganization proposals of interested parties while plans are being formulated, and be prepared to comment fully upon all plans that are the subject of hearings for approval or confirmation.

In the exercise of its functions under chapter X the Commission has endeavored to assist the courts in achieving equitable, financially sound, expeditious and economical readjustments of the affairs of corporations in financial distress. To aid in attaining these objectives the Commission has lawyers, accountants and financial analysts in its New York, Chicago and San Francisco regional offices who keep in close touch with all chapter X hearings and issues. Supervision and review of the regional officers' chapter X work is the responsibility of the Division of Corporate Regulation of the Commission, which also handles the actual trial work in cases arising in the Atlanta and Washington, D.C., regional areas.

SUMMARY OF ACTIVITIES

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

THE COMMISSION AS A PARTY TO PROCEEDINGS

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

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

administrative burden of participating in every one of the approximately 90 cases instituted during the fiscal year would be unsurmountable with its present staff, many of the cases involve only trade or bank creditors and a few stockholders. The Commission has sought to participate principally in those proceedings in which a substantial public investor interest is involved. This is not the only criterion, however, and in some cases involving only limited public investor interest, the Commission has participated because an unfair plan had been or was about to be proposed, the public security holders were not adequately represented, the reorganization proceedings were being conducted in violation of important provisions of the act, other facts indicated that the Commission could perform a useful service or the judge requested the Commission to participate.

PROCEDURAL MATTERS

The Commission, when a party in chapter X proceedings, has been diligent to urge upon the court the procedural safeguards to which all parties are entitled. The Commission also attempts in its interpretation of the statutory requirements to encourage uniformity in the construction of chapter X and the procedures thereunder.

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

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

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

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

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

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

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

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

PROBLEMS IN CONNECTION WITH THE ADMINISTRATION OF ESTATES

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

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

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

⁵ *Selected Investments Corporation v. Duncan, et al.*, 260 F. 2d 918 (C.A. 10, 1958), cert. den. *Hart, et al. v. Selected Investments Corporation*, 359 U.S. 901 (1958). The Commission also supported the trustee in opposing an earlier attempt to secure a writ of prohibition from the Court of Appeals against the assumption of jurisdiction by the District Court.

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

⁷ See fn. 5, *supra*.

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

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

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

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

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

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

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

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

TRUSTEE'S INVESTIGATIONS

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

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

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

ACTIVITIES REGARDING PROTECTIVE COMMITTEES

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

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

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

¹⁴ See fn. 5, *supra*.

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

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

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

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

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

ACTIVITIES WITH REGARD TO ALLOWANCES

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

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

¹⁷ See fn. 12 *supra*.

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

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

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

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

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

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

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

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

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

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

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

ADVISORY REPORTS ON PLANS OF REORGANIZATION

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

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

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

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

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

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

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

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

²³ (W.D. Wash., No. 41633).

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

²⁵ See fn. 4 *supra*.

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

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

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

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

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

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

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

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

²⁷ C.A. 6 Nos. 13,911 and 13,955.

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

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

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

A notice of appeal has been filed by common stockholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART VIII

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

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

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

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

	Number of indentures	Aggregate dollar amount
Indentures pending June 30, 1958.....	30	\$1,002,264,600
Indentures filed during fiscal year.....	202	3,686,135,830
Totals.....	232	4,688,400,430
Disposition during fiscal year:		
Indentures qualified.....	192	4,229,058,550
Indentures deleted by amendment or withdrawn.....	13	184,617,900
Indentures pending June 30, 1959.....	27	274,723,980
Totals.....	232	4,688,400,430

PART IX

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

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

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

COMPANIES REGISTERED UNDER THE ACT

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

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

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

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

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

GROWTH OF INVESTMENT COMPANY ASSETS

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

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

Fiscal year ended June 30	Number of companies				Estimated aggregate market value of assets at end of year (in millions)*
	Registered at beginning of year	Registered during year	Registration terminated during year	Registered at end of year	
1941-----	0	450	14	436	\$2,500
1942-----	436	17	46	407	2,400
1943-----	407	14	31	390	2,300
1944-----	390	8	27	371	2,200
1945-----	371	14	19	366	3,250
1946-----	366	13	18	361	3,750
1947-----	361	12	21	352	3,600
1948-----	352	18	11	359	3,825
1949-----	350	12	13	358	3,700
1950-----	358	26	18	366	4,700
1951-----	366	12	10	368	5,600
1952-----	368	13	14	367	6,800
1953-----	367	17	15	369	7,000
1954-----	369	20	5	384	8,700
1955-----	384	37	34	387	12,000
1956-----	387	46	34	399	14,000
1957-----	399	49	16	432	15,000
1958-----	432	42	21	453	17,000
1959-----	463	70	11	512	20,000
Total-----		890	378		

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

PROGRAM FOR INSPECTION OF INVESTMENT COMPANIES

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

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

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

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

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

STUDY OF SIZE OF INVESTMENT COMPANIES

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

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

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

CURRENT INFORMATION

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

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

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

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

APPLICATIONS AND PROCEEDINGS

The Investment Company Act prohibits certain types of transactions, in the absence of an exemptive order by the Commission issued upon a determination that specified statutory standards have been met. For this reason one of the principal activities of the Commission in its regulation of investment companies is the processing of applications for such exemptive orders. Under section 6(c) the Commission, by rules and regulations, upon its own motion or by order upon application, may exempt any person, security or transaction from any provision of the act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the act. Other sections, such as 6(d), 9(b), 10(f), 11(a), 17(b), and 23(c), contain specific provisions and standards pursuant to which the Commission may grant exemptions from particular sections of the act or may approve certain types of transactions. Also, under certain provisions of sections 2, 3, and 8 the Commission may determine the status of persons and companies under the act.

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

tions were concerned and their disposition during the fiscal year are shown in the following table:

Applications filed with and acted upon by the Commission under the Investment Company Act of 1940 during the fiscal year ended June 30, 1959

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LITIGATION UNDER THE INVESTMENT COMPANY ACT

Variable Annuities

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

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

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

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

⁹ See 23d Annual Report at page 184.

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

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

Other Litigation

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

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

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

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

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

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

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

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

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

PART X

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

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

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

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

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

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

Statistics of Investment Adviser Registrations—1959 Fiscal Year

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

ADMINISTRATIVE PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART XI

OTHER ACTIVITIES OF THE COMMISSION

COURT PROCEEDINGS

Civil Proceedings

At the beginning of the fiscal year 1959 there were pending in the courts 54 injunctive and related enforcement proceedings instituted by the Commission to prevent fraudulent and other illegal practices in the sale or purchase of securities. During the year 60 additional proceedings were instituted and 58 cases were disposed of, leaving 56 such proceedings pending at the end of the year. In addition the Commission participated in a number of corporate reorganization cases under chapter X of the Bankruptcy Act, in 7 proceedings in United States District Courts under section 11(e) of the Public Utility Holding Company Act and in 18 miscellaneous actions. The Commission also participated in 59 civil appeals in the United States Courts of Appeals. Of these, 20 came before the courts on petition for review of an administrative order, 17 arose out of corporate reorganizations in which the Commission had taken an active part, 17 were appeals in actions brought by or against the Commission, 1 was an appeal from an order entered pursuant to section 11(e) of the Public Utility Holding Company Act, and 4 were appeals in cases in which the Commission appeared as *amicus curiae*. The Commission also participated in 4 appeals or petitions for certiorari before the United States Supreme Court resulting from these or similar actions.

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

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

Criminal Proceedings

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

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

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

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

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

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

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

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

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

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

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

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

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

⁴ Appeal pending by one defendant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

company; also, in part, out of personal transactions of McMichael with individual investors involving securities in their portfolios. It is alleged in the indictment that the defendant engaged in a scheme to sell preorganization subscriptions and certificates for both the original stock of United Security, Inc., and personally owned stock of the defendant to be issued after the corporation would be formed, by falsely representing to investors, among other things, that money paid for such securities would be deposited in escrow with The South Carolina National Bank at Greenville, S.C., and that if the corporation did not obtain a charter before a specified date, the funds of the investors would be returned to them. The indictment further alleges that the defendant falsely represented to investors that if they would turn over to him certain stocks of established corporations which they owned, he would be able to sell them at advantageous prices, and that he would accept one-half of the profits as his commission. It is also alleged that he purchased securities from investors and gave them worthless checks in payment therefor.

Violations of the antifraud provisions of the Securities Act and of the Mail Fraud Statute also are charged in the indictment in *U.S. v. William Isaac Lowry, et al.* (D. Ariz.). This indictment charges the defendants with a scheme and artifice to defraud policyholders and stockholders of American Buyers Insurance Company, the beneficiaries of a certain trust of which the defendants were the trustees, and the stockholders of The American Buyers Insurance Company (a separate corporation). According to the indictment, the scheme to defraud was devised by the defendants for the purpose of obtaining control and ownership of the property, assets and insurance business of a group of insurance companies of which defendants were the principal officers and directors, and for the enrichment of defendants at the expense of investors and policyholders. As part of the scheme defendants induced those persons to invest funds in the insurance companies and to forego rights to which they were entitled as policyholders and stockholders. Further, it is alleged the defendants diverted insurance business from companies in which such persons were policyholders or stockholders to companies wholly or substantially owned by the defendants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCIPLINARY PROCEEDINGS AGAINST PERSONS PRACTICING BEFORE THE COMMISSION

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

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

⁷ Securities Act Release No. 4041.

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

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

COMPLAINTS AND INVESTIGATIONS

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

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

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

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

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

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

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

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

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

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

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

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

Investigations of possible violations of the acts administered by the Commission

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

ENFORCEMENT PROBLEMS WITH RESPECT TO CANADIAN SECURITIES

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

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

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

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

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

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

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

CANADIAN RESTRICTED LIST

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

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

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

SECTION OF SECURITIES VIOLATIONS

A Section of Securities Violations is maintained by the Commission as a part of its enforcement program to provide a further means of detecting and preventing fraud in securities transactions. The Section maintains files providing a clearing house for other enforcement agencies of information concerning persons who have been charged with violations of various Federal and State securities statutes. Considerable information is also available concerning violators resident in the provinces of Canada. The specialized information in these files is kept current through the cooperation of the United States Post Office

Department, the Federal Bureau of Investigation, parole and probation officials, State securities authorities, Federal and State prosecuting attorneys, police officers, better business bureaus, chambers of commerce and other agencies. At the end of the fiscal year these records contained information concerning 69,013 persons against whom Federal or State action had been taken in connection with securities violations. In keeping these records current, there were added during the fiscal year items of information concerning 9,576 persons, including 3,450 persons not previously identified in these records.

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

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

APPLICATIONS FOR NON-DISCLOSURE OF CERTAIN INFORMATION

The Commission is authorized under the various acts administered by it to grant requests for nondisclosure of certain types of information which would otherwise be disclosed to the public in applications, reports or other documents filed pursuant to these statutes. Thus, under paragraph (30) of schedule A of the Securities Act of 1933, disclosure of any portion of a material contract is not required if the Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of the investors. Under section 24(a) of the Securities Exchange Act of 1934, trade secrets or processes need not be disclosed in any material filed with the Commission, and under section 24(b) of that act written objection to public disclosure of information contained in any such material may be made to the Commission which is then authorized to make public disclosure of such information only if in its judgment such disclosure is in the public interest. Similar provisions are contained in section 22 of the Public Utility Holding Company Act of 1935 and in section 45 of the Investment Company Act of 1940. These statutory provisions have been implemented by rules specifying the pro-

cedure to be followed by persons who apply to the Commission for a determination that public disclosure is not necessary in a particular case.

The number of applications granted, denied or otherwise acted upon during the year are set forth in the following table:

Applications for non-disclosure during 1959 fiscal year

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

¹ Filed under rule 485.

² Filed under rule 24b-2.

³ Filed under rule 45a-1.

ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Successive reports of the Commission have called attention to the fact that the detailed provisions of the several acts administered by the Commission recognize the importance of dependable informative financial statements which disclose the financial status and earnings history of a corporation or other commercial entity. These statements, whether filed in compliance with the statutes administered by the Commission or included in other material available to stockholders or prospective investors, are indispensable to investors as a basis for investment decisions.

The Congress recognized the importance of these statements and that they lend themselves readily to misleading inferences or even deception, whether or not intended. It accordingly dealt extensively in the several statutes administered by the Commission with financial statement presentation and the disclosure requirements necessary to set forth fairly the financial condition of the company. Thus, for example, the Securities Act requires the inclusion in the prospectus of balance sheets and profit and loss statements "in such form as the Commission shall prescribe"⁴ 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 * * *."⁵ Similar authority is contained in the Securities Exchange Act,⁶ and more comprehensive power is embodied in the Investment Company Act⁷ and the Holding Company Act.⁸

⁴ Sections 7 and 10(a), Schedule A, paragraphs 25 and 26.

⁵ Section 19(a).

⁶ Section 13(b).

⁷ Sections 30, 31.

⁸ Sections 14, 15.

The Securities Act provides that the financial statements required to be made available to the public through filing with the Commission shall be certified by "an independent public or certified accountant."¹³ The other three statutes permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,¹⁴ and the Commission's rules require, with minor exceptions, that they be so certified. The value of certification by qualified accountants has been conceded for many years, but the requirement as to independence, long recognized and adhered to by some individual accountants, was for the first time authoritatively and explicitly introduced into law in 1933. Out of this initial provision in the Securities Act and the rules promulgated by the Commission,¹⁵ and the action taken by the Commission in certain cases,¹⁶ have grown concepts of accountant-client relationships that have strengthened the protection given to investors.

As shown above, the statutes administered by the Commission give it broad rule-making power with respect to the preparation and presentation of financial statements. Pursuant to authority contained in the statutes the Commission has prescribed uniform systems of accounts for companies subject to the Holding Company Act;¹⁷ has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers;¹⁸ and has promulgated rules contained in a single, comprehensive regulation, identified as Regulation S-X,¹⁹ which govern the form and content of financial statements filed in compliance with the several acts. This regulation is implemented by the Commission's Accounting Series Releases, of which 82 have so far been issued. These releases were inaugurated in 1937, and were designed as a program for making public, from time to time, opinions on accounting principles for the purpose of contributing to the development of uniform standards and practice in major accounting questions. The rules and regulations thus established, except for the uniform systems of accounts, prescribe accounting to be followed only in certain basic respects. In the large area not covered by such rules, the Commission's principal reliance for the protection of investors is on the determination and application of accounting principles and auditing standards which are recognized as sound and which have attained general acceptance.

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

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

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

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

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

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

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

Since changes and new developments in financial and economic conditions affect the operations and financial status of the several thousand commercial and industrial companies required to file statements with the Commission, accounting and auditing procedures cannot remain static and continue to serve well a dynamic economy. It is necessary for the Commission to be informed of the changes and new developments in these fields and to make certain that the effects thereof are properly reported to investors. The Commission's accounting staff, therefore, engages in studies of the changes and new developments for the purpose of establishing and maintaining appropriate accounting and auditing policies, procedures and practices for the protection of investors. The primary responsibility for this program rests with the Chief Accountant of the Commission who has general supervision with respect to accounting and auditing policies and their application.

Progress in these activities requires constant contact and cooperation between the staff and accountants both individually and through such representative groups as, among others, the American Accounting Association, the American Institute of Certified Public Accountants, the American Petroleum Institute, the Controllers Institute of America, the National Association of Railroad and Utilities Commissioners, the National Federation of Financial Analysts Societies, as well as other government agencies. Recognizing the importance of cooperation in the formulation of accounting principles and practices, adequate disclosure and auditing procedures which will best serve the interests of investors, the American Institute of Certified Public Accountants, the Controllers Institute of America, and the National Federation of Financial Analysts Societies regularly appoint committees which maintain liaison with the Commission's staff.

The many daily decisions of the Commission require the almost constant attention of some of the chief accountant's staff. These include questions raised by each of the operating divisions of the Commission, the regional offices and the Commission. This day-to-day activity of the Commission and the need to keep abreast of current accounting problems cause the chief accountant's staff to spend much time in the examination and re-examination of sound and generally accepted accounting and auditing principles and practices. From time to time members of this staff are called upon to assist in field investigations, to participate in hearings and to review opinions, insofar as they pertain to accounting matters.

Prefiling and other conferences, in person or by telephone, with officials of corporations, practicing accountants and others, occupy a considerable amount of the available time of the staff. This procedure, which has proven to be one of the most important functions

of the Office of the Chief Accountant, and of the Chief Accountant of the Division of Corporation Finance and his staff, saves registrants and their representatives both time and expense.

Many specific accounting and auditing problems arise as a result of the examination of financial statements required to be filed with the Commission. Where examination reveals that the rules and regulations of the Commission have not been complied with or that applicable generally accepted accounting principles have not been adhered to, the examining division usually notifies the registrant by an informal letter of comment. These letters of comment and the correspondence or conferences that follow continue to be a most convenient and satisfactory method of effecting corrections and improvements in financial statements, both to registrants and to the Commission's staff. Where particularly difficult or novel questions arise which cannot be settled by the accounting staff of the divisions and by the Chief Accountant, they are referred to the Commission for consideration and decision. By these administrative procedures the Commission deals with many accounting questions.

Inquiries in ever-increasing volume as to the propriety of particular accounting practices come from accountants and from companies not presently subject to any of the acts administered by the Commission who wish to have the benefit of the Commission's views and thus utilize and apply the Commission's experience to the facts of their own case. Teachers of accounting and their students also use the public files and confer with the staff in the study of accounting problems.

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

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

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

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

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

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

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

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

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

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

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

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

²³ Federal Power Commission Orders No. 203 and No. 204 do not make mandatory the use of deferred tax accounting for financial accounting purposes by those companies which elect to deduct liberalized depreciation or accelerated amortization in their income tax returns. Rather they provide that where the company does employ deferred tax accounting, the balance sheet credit shall be classified in a new account (Account No. 266) entitled "Accumulated Deferred Taxes on Income."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

²⁷ Accounting Series Release No. 4 (1938).

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

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

OPINIONS OF THE COMMISSION

Opinions are issued by the Commission in contested and other cases arising under the statutes administered by it and under the Commission's rules of practice, where the nature of the matter to be decided, whether substantive or procedural, is of sufficient importance to warrant a formal expression of views. These opinions include detailed findings of fact and conclusions of law based on evidentiary records taken before a hearing examiner who serves independently of the operating divisions, or, in an occasional case, before a single Commissioner or the entire Commission. In some cases, formal hearings are waived by the parties and the findings and conclusions are based on stipulated facts or admissions.

The Commission is assisted in the preparation of findings and opinions by its Office of Opinion Writing, a staff office completely independent of the operating divisions of the Commission and directly responsible to the Commission itself. The independence of the staff members of this office reflects the principle, embodied in the Administrative Procedure Act, of a separation between staff members performing investigatory or prosecutory functions and those performing quasi-judicial functions. In some cases, with the consent of all parties,

the interested operating division participates in the drafting of opinions.

Opinions are publicly released and distributed to representatives of the press and to persons on the Commission's mailing list. In addition, the opinions are printed and published by the Government Printing Office in bound volumes entitled "Securities and Exchange Commission Decisions and Reports."

During the fiscal year 1959, the Commission issued 143 opinions and other rulings of an adjudicatory nature.

STATISTICS AND SPECIAL STUDIES

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

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

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

The regular statistical series which are prepared include data on securities effectively registered under the Securities Act of 1933, offerings of securities by all corporations in the United States (including

issues not registered with the Commission, such as privately placed issues and railroad securities), retirements of corporate securities, net change in corporate securities outstanding, stock prices and trading. In addition, the research and statistical activity carried out under the direction of the Bureau of the Budget includes individuals' saving in the United States, income flow and investments of private pension funds of United States corporations, current liquid position of United States corporations, sources and uses of corporate funds, anticipated expenditures for plant and equipment by United States businesses, and a quarterly financial report for all United States manufacturing concerns.

The statistical series described below are published in the Commission's statistical bulletin and in addition, except for data on registered issues, current figures and analyses of the data are published in quarterly press releases. The Commission's stock price index is released weekly, together with the data on round-lot and odd-lot trading on the two New York stock exchanges.

Issues Registered Under the Securities Act of 1933

Monthly and quarterly statistics are compiled on the number and volume of registered securities, classified by industry of issuer, type of security, and use of proceeds. A summary covering the entire 25-year period of the Commission's history appears on page 215, appendix table 1.

New Securities Offerings

This is a monthly and quarterly series covering all new corporate and noncorporate issues offered for cash sale in the United States. The series includes not only issues publicly offered but also issues privately placed, as well as other issues exempt from registration under the Securities Act such as intrastate offerings and railroad securities. The offerings series includes only securities actually offered for cash sale, and only issues offered for account of issuers. Annual statistics on new offerings beginning with 1934 as well as monthly figures from January 1958 through June 1959, are given in appendix tables 3, 4 and 5.

Estimates of the net cash flow through securities transactions are prepared quarterly and are derived by deducting from the amount of estimated gross proceeds received by corporations through the sale of securities the amount of estimated gross payments by corporations to investors for securities retired. Data on gross issues, retirements and net change in securities outstanding are presented for all corporations and for the principal industry groups.

Stock Market Data

Statistics are regularly compiled on the market value and volume of sales on registered and exempted securities exchanges, round-lot

stock transactions of the New York exchanges for accounts of members and nonmembers, odd-lot stock transactions on the New York exchanges, special offerings and secondary distributions. Indexes of stock market prices are compiled, based upon the weekly closing market prices of 265 common stocks listed on the New York Stock Exchange. The indexes are composed of 7 major industry groups, 29 subordinated groups, and a composite group.

Individuals' Saving

The Commission compiles quarterly estimates of the volume and composition of individuals' saving in the United States. The series represent net increases in individuals' financial assets less net increases in debt. The study shows the aggregate amount of saving and the form in which the saving occurred, such as investment in securities, expansion of bank deposits, increase in insurance and pension reserves, etc. A reconciliation of the Commission's estimates with the personal saving estimates of the Department of Commerce, derived in connection with its national income series, is published annually by the Commerce Department as well as in the Securities and Exchange Commission Statistical Bulletin.

Corporate Pension Funds

An annual survey is made of pension plans of all United States corporations where funds are administered by corporations themselves, or through trustees. The survey shows the flow of money into these funds, the types of assets in which the funds are invested and the principal items of income and expenditures.

Financial Position of Corporations

The series on working capital position of all United States corporations, excluding banks, insurance companies and savings and loan associations, shows the principal components of current assets and liabilities, and also contains an abbreviated analysis of the sources and uses of corporate funds.

The Commission, jointly with the Federal Trade Commission, compiles a quarterly financial report of all United States manufacturing concerns. This report gives complete balance sheet data and an abbreviated income account, data being classified by industry and size of company.

Plant and Equipment Expenditures

The Commission, together with the Department of Commerce, conducts quarterly and annual surveys of actual and anticipated plant and equipment expenditures of all United States business, exclusive of agriculture. Shortly after the close of each quarter, data are released on actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. In addition, a survey is made

at the beginning of each year of the plans for business expansion during that year.

PUBLIC DISSEMINATION OF INFORMATION

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

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

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

Information Available for Public Inspection

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

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

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

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

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

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

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

PUBLICATIONS

Publications currently being issued include:

Monthly:

Statistical Bulletin.

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

Quarterly:

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

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

New Securities Offered for Cash.

Volume and Composition of Individual's Saving.

Working Capital of U.S. Corporations.

Annually:

Annual Report of the Commission.

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

Companies Registered under the Investment Company Act of 1940.

Corporate Pension Funds.

Other publications:

Decisions and Reports of the Commission.

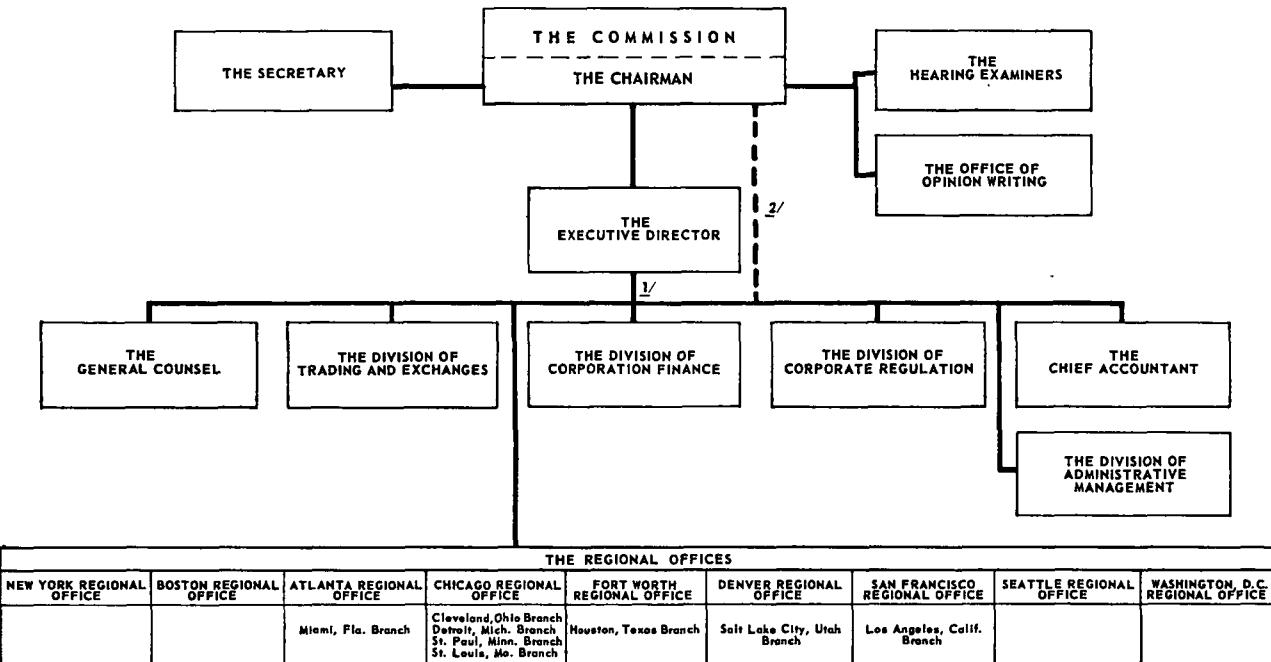
The Work of the Securities and Exchange Commission.

ORGANIZATION

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

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

SECURITIES AND EXCHANGE COMMISSION



1/ ————— ADMINISTRATIVE DIRECTION AND COORDINATION

2/ - - - - - SUBSTANTIVE RESPONSIBILITIES

As of June 30, 1959

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

Action	Fiscal 1950		Fiscal 1951		Fiscal 1952		Fiscal 1953		Fiscal 1954		Fiscal 1955		Fiscal 1956		Fiscal 1957		Fiscal 1958		Fiscal 1959		Fiscal 1960, estimated	
	Average employment	Money	Average employment	Money																		
Estimate submitted to the Bureau of the Budget.....	1,307	\$6,789,400	1,175	\$6,675,000	1,127	\$8,605,000	1,092	\$6,380,000	1,080	\$6,810,000	780	\$5,124,760	734	\$4,997,000	794	\$5,749,000	935	\$7,178,000	974	\$7,500,000	995	\$8,437,000
Action by the Bureau of the Budget.....	-177	-819,400	-40	-250,000	-77	-681,000	-157	-410,000	-142	-810,000	-63	-299,760							-58	-400,000	-17	-162,000
Amount allowed by the Bureau of the Budget.....	1,130	5,970,000	1,135	6,425,000	1,050	5,924,000	935	5,950,000	938	6,000,000	717	4,825,000	734	4,997,000	794	5,749,000	935	7,178,000	916	7,100,000	978	8,275,000
Action by the House of Representatives.....	-70	-220,000	-95	-295,000	-50	-225,000	-125	-704,920	-152	-754,920	-26	-125,000	-9	-122,000	-8	-49,000	-80	-478,000	-46	-300,000	-55	-475,000
Subtotal.....	1,060	5,750,000	1,040	6,120,000	1,000	5,699,000	810	5,245,080	786	5,245,080	691	4,700,000	725	4,875,000	786	5,700,000	855	6,700,000	870	6,800,000	923	7,800,000
Action by the Senate.....			+44	+200,000	-93	-320,520			-42	-245,080	+14	+75,000	+9	+122,000	+8	+49,000			+46	+300,000	+55	+475,000
Subtotal.....	1,060	5,750,000	1,084	6,330,000	907	5,378,480	810	5,245,080	744	5,000,000	705	4,775,000	734	4,907,000	794	5,749,000	855	6,700,000	916	7,100,000	978	8,275,000
Action by conferees.....			-22	-100,000							-6	-25,000	-4	-42,000							-24	-175,000
Annual appropriation.....	1,060	5,750,000	1,062	6,230,000	907	5,378,480	810	5,245,080	744	5,000,000	699	4,750,000	730	4,955,000	794	5,749,000	855	6,700,000	916	7,100,000	954	8,100,000
Supplemental appropriation for statutory pay increases.....		128,250				435,000					93,180		323,000					235,000		605,000		
Total appropriation.....	1,060	5,878,250	1,062	6,230,000	907	5,813,480	810	5,245,080	744	5,000,000	699	4,843,180	730	5,278,000	794	5,749,000	855	6,935,000	916	7,705,000	954	8,100,000
mandatory reserve required in 1952.....			-32	-150,000																		
			1,030	6,080,000																		

PERSONNEL, BUDGET AND FINANCE

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

	June 30, 1959	June 30, 1958
Commissioners.....	5	5
Staff:		
Headquarters office.....	567	543
Regional offices.....	385	331
Total.....	937	879

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

The Commission is required by law to collect fees for registration of securities issued, qualification of trust indentures, registration of exchanges, and sale of copies of documents filed with the Commission.²⁸

The following table shows the Commission's appropriations, total fees collected, percentage of fees collected to total appropriation, and the net cost to the taxpayers of Commission operations for the fiscal years 1957, 1958, and 1959:

Year	Appropriation	Fees collected ¹	Percentage of fees collected to total appropriation (percent)	Net cost of Commission operations
1957.....	\$5,749,000	\$2,243,580	39	\$3,505,420
1958.....	16,935,000	2,334,370	34	4,600,630
1959.....	* 7,705,000	2,407,706	31	5,297,294

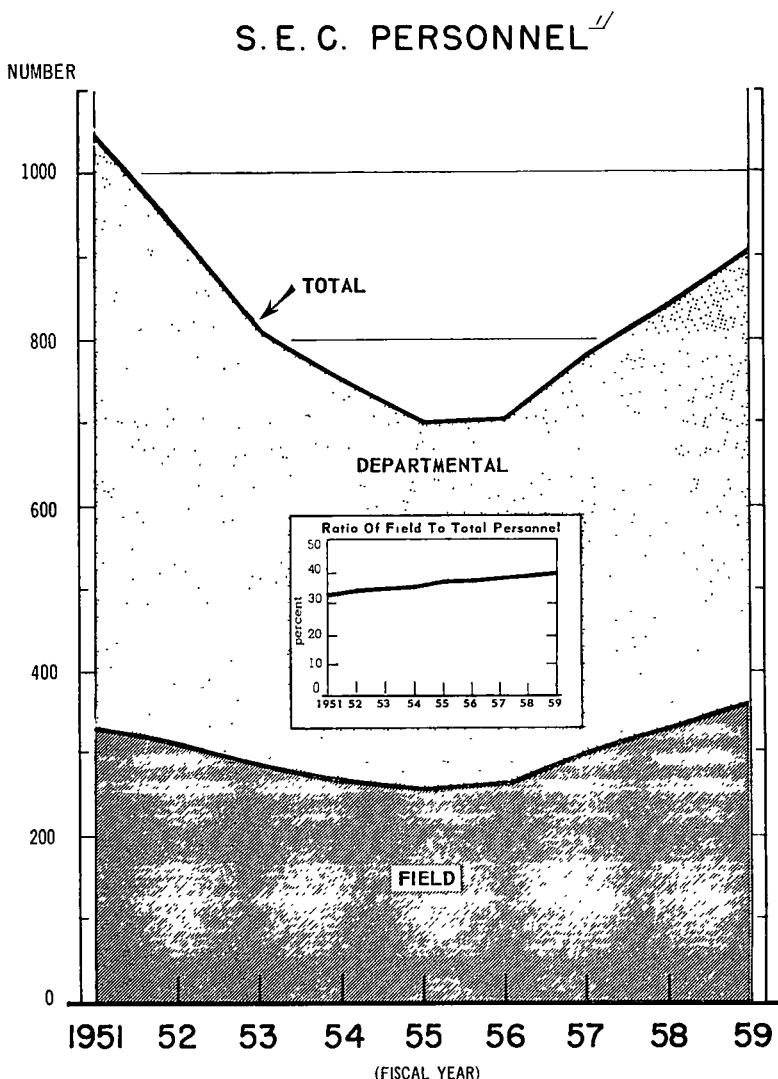
¹ Includes a supplemental appropriation of \$235,000 to cover statutory pay increases.

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

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

²⁸ Principal rates are (1) $\frac{1}{100}$ of 1 percent of the maximum aggregate price of securities proposed to be offered but not less than \$25; (2) $\frac{1}{600}$ of 1 percent of the aggregate dollar amount of stock exchange transactions. Fees for other services are only nominal.

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



// Average Employment.

Personnel Program

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

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

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

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

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

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

Under its Incentive Awards Plan the Commission recognized the long service of its career employees by presenting 10- and 20-year service pins and certificates for service with the Commission to a total of 90 employees. In addition, cash awards totaling \$6,825 and certificates of merit were presented to 55 employees.

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

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

PART XII
APPENDIX
STATISTICAL TABLES

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

**PART 1. NUMBER AND AMOUNT OF REGISTRATIONS AND AMOUNT REGISTERED
FOR CASH SALE FOR ACCOUNT OF ISSUERS, 1935-59**

[Amounts in millions of dollars]

Fiscal year ended June 30	Number of statements filed	Number of statements fully effective	Amount of all registra- tions fully effective	Amount for cash sale for account of issuers			
				Total	Bonds, de- bentures and notes	Preferred stock	Common stock
1935 ¹	440	284	\$913	\$686	\$490	\$28	\$168
1936.....	781	689	4,835	3,936	3,153	252	531
1937.....	967	840	4,851	3,635	2,426	406	802
1938.....	459	412	2,101	1,349	666	209	474
1939.....	375	344	2,579	2,020	1,593	109	318
1940.....	338	306	1,787	1,433	1,112	110	210
1941.....	337	313	2,611	2,081	1,721	164	196
1942.....	235	193	2,003	1,465	1,041	162	263
1943.....	150	123	659	486	316	32	137
1944.....	245	221	1,760	1,347	732	343	272
1945.....	400	340	3,225	2,715	1,851	407	456
1946.....	752	661	7,073	5,424	3,102	991	1,331
1947.....	567	493	6,732	4,874	2,937	787	1,150
1948.....	449	435	6,405	5,032	2,817	537	1,678
1949.....	455	429	5,333	4,204	2,795	326	1,083
1950.....	496	487	5,307	4,381	2,127	468	1,756
1951.....	544	487	6,459	5,169	2,838	427	1,904
1952.....	665	635	9,500	7,529	3,346	851	3,332
1953.....	621	593	7,507	6,326	3,003	424	2,808
1954.....	649	631	9,174	7,381	4,240	531	2,610
1955.....	849	779	10,960	8,277	3,951	462	3,864
1956.....	981	833	13,096	9,206	4,123	539	4,444
1957.....	943	860	14,624	12,019	5,689	472	5,858
1958.....	913	809	16,490	13,281	6,857	427	5,998
1959.....	1,226	² 1,055	15,657	12,095	5,265	443	6,387

¹ For 10 months ended June 30, 1935.

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

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

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

[Millions of dollars]

Purpose of registration and industry classification	5 fiscal years					Fiscal year				
	1935-39	1940-44	1945-49	1950-54	1955-59	1955	1956	1957	1958	1959
All registrations (estimated value).....	15,280	8,820	28,768	37,946	70,826	10,960	13,096	14,624	16,490	15,657
For account of issuers.....	14,497	8,227	27,233	36,884	67,987	10,589	12,025	14,244	16,289	14,841
For cash sale.....	11,626	6,812	22,249	30,786	54,878	8,277	9,206	12,019	13,281	12,095
Corporate.....	11,096	6,677	21,956	29,126	53,143	8,172	9,006	11,733	12,868	11,363
Noncorporate.....	530	134	292	1,660	1,735	104	200	286	412	732
For other than cash sale.....	2,871	1,415	4,985	6,098	13,110	2,312	2,819	2,225	3,008	2,746
For exchange of other securities.....	1,209	796	1,610	963	4,153	1,368	480	661	578	1,066
Reserved for conversion.....	1,084	461	3,056	4,492	6,341	721	1,836	1,185	1,912	688
Other purposes.....	578	158	318	642	2,615	223	504	378	518	992
For account of other than issuers.....	783	593	1,535	1,062	2,838	372	1,071	380	201	815
Corporate securities for cash sale for account of issuers.....	11,096	6,677	21,956	29,126	53,143	8,172	9,006	11,733	12,868	11,363
Manufacturing.....	3,233	2,088	5,354	5,426	10,454	1,779	1,788	2,674	2,239	1,974
Extractive.....	153	70	148	407	776	106	148	283	110	128
Electric, gas, and water.....	4,351	2,798	7,612	10,742	12,978	2,127	1,802	2,951	3,373	2,726
Transportation other than railroad ²	894	580	4,686	4,038	336	12	118	112	52	41
Communication ³					7,730	837	1,294	2,030	2,978	501
Investment companies ⁴	2,048	941	3,583	8,177	14,988	2,236	2,890	2,614	2,919	4,329
Other financial ⁴					4,582	788	852	952	1,109	880
Commercial and other ¹	417	200	574	336	1,299	287	113	117	88	694

¹ Real estate is included with commercial and other companies through fiscal year 1949 and with other financial companies beginning with fiscal year 1950.

² Transportation and communication companies are combined for the period 1935-54.

³ Investment and other financial companies are combined for the period 1935-54.

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

PART 1.—DISTRIBUTION BY MONTHS

[Amounts in thousands of dollars ¹]

Year and month	All registrations			Proposed for sale for account of issuers		
	Number of statements	Number of issues	Amount	Number of statements	Number of issues	Amount
<i>1958</i>						
July.....	85	113	\$1, 256, 119	74	96	\$1, 128, 170
August.....	43	67	1, 543, 109	37	57	824, 642
September.....	62	95	1, 398, 501	55	78	1, 255, 888
October.....	98	118	923, 240	85	99	828, 828
November.....	66	83	869, 672	55	65	708, 380
December.....	81	125	1, 047, 287	65	95	750, 667
<i>1959</i>						
January.....	88	104	1, 088, 546	78	85	914, 613
February.....	73	92	1, 414, 927	66	83	1, 294, 481
March.....	96	122	1, 579, 115	79	92	934, 364
April.....	130	167	2, 125, 560	114	136	1, 577, 947
May.....	103	136	1, 401, 389	92	110	1, 196, 311
June.....	130	168	1, 069, 167	109	124	691, 099
Total, fiscal year 1959.....	² 1, 055	1, 390	15, 656, 631	909	1, 120	12, 095, 390

PART 2.—PURPOSE OF REGISTRATION AND TYPE OF SECURITY

[Amounts in thousands of dollars ¹]

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

See footnotes at end of table.

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

PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars ¹]

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

See footnotes at end of table.

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

PART 4.—USE OF PROCEEDS AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars ¹]

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

¹ Dollar amounts are rounded and will not necessarily add to totals shown.² See note 2 to table 1, part 1.³ Includes face amount certificates.⁴ Includes certificates of participation and warrants.⁵ This total differs from the sum of the monthly figures (\$6,185,641,000) for offerings shown in table 3, part 1, under the heading "Registered under 1933 act," as follows:

Excluded from this table but included in offerings:

Offerings of issues effectively registered prior to July 1, 1958... \$165,867,000

Portion of exchange tissues sold for cash...

Included in this table but excluded from offerings:

Investment companies----- \$4,328,674,000

Employee purchase plans and other continuous offerings----- 722,311,000

Effectively registered issues not yet offered for sale----- 15,334,000

Issues sold outside the United States, intercorporate offerings,
etc----- 277,021,000⁶ Includes voting trust certificates registered for issuance in exchange for original securities deposited.

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

PART I.—TYPE OF OFFERING

[Estimated gross proceeds in thousands of dollars²]

Calendar year or month	All offerings (corporate and non-corporate)	CORPORATE						NON-CORPORATE		
		Classified by type of offering								
		Public offerings ³								
		Total corporate	Total public offerings	Registered under 1933 Act	Total	Railroad issues	Issues exempt because of size ⁴	Other exempt offerings ⁵		
1934	4,909,642	307,240	305,708	125,195	180,513	175,149	0	5,364	91,532	4,512,402
1935	6,683,345	2,331,630	1,944,571	1,813,783	130,788	121,532	0	9,256	387,059	4,351,715
1936	9,982,185	4,571,680	4,198,526	3,369,536	828,990	781,581	0	47,409	373,154	5,410,505
1937	5,327,644	2,309,524	1,979,614	1,631,506	348,108	324,527	0	23,581	329,910	3,018,120
1938	5,925,877	2,154,664	1,463,102	1,395,296	67,806	46,468	0	21,338	691,562	3,771,213
1939	5,687,184	2,164,007	1,457,696	1,278,297	179,399	166,099	0	13,300	706,311	3,523,177
1940	6,564,219	2,677,173	1,912,177	1,589,414	322,763	314,747	0	8,016	764,996	3,887,046
1941	15,157,000	2,666,887	1,853,630	1,494,846	358,784	346,323	0	12,461	813,257	12,490,113
1942	35,438,064	1,062,288	641,861	598,586	43,275	41,740	0	1,535	420,427	34,375,776
1943	44,518,166	1,169,692	797,831	663,497	134,334	122,200	0	12,134	371,361	43,348,474
1944	56,309,992	3,201,891	2,415,063	1,785,342	629,721	517,927	0	111,794	786,828	53,108,101
1945	54,711,881	6,010,985	4,989,295	3,421,871	1,567,424	1,433,501	41,012	92,911	1,021,690	48,700,895
1946	18,685,493	6,899,646	4,982,633	4,112,674	869,959	676,255	145,997	47,707	1,917,013	11,785,848
1947	19,940,927	6,576,824	4,341,344	3,880,455	460,889	284,680	137,694	38,515	2,235,480	13,364,103
1948	20,249,988	7,077,820	3,991,021	3,210,580	780,441	618,548	135,673	26,220	3,086,799	13,172,168
1949	21,110,068	6,051,550	3,549,254	2,948,510	600,744	457,969	107,864	34,911	2,502,296	15,058,518
1950	19,892,793	6,361,043	3,681,441	2,904,783	776,657	542,022	116,946	117,690	2,679,602	13,531,750
1951	21,264,507	7,741,099	4,326,407	3,684,286	642,121	331,097	133,273	177,751	3,414,692	13,523,408
1952	27,209,159	9,534,162	5,632,619	4,807,929	724,690	472,227	169,484	82,979	4,001,543	17,674,998
1953	28,824,485	8,897,996	5,880,424	5,004,782	575,642	295,913	159,846	119,883	3,317,572	19,926,489
1954	29,764,843	9,516,168	5,847,743	4,959,641	888,102	440,152	194,550	253,400	3,668,425	20,248,675
1955	26,772,349	10,240,155	6,763,161	5,752,604	1,010,557	532,049	269,059	209,450	3,476,994	16,532,195
1956	22,405,413	10,938,718	7,052,574	6,138,792	913,782	370,362	176,096	367,324	3,886,144	11,466,695
1957	30,570,624	12,883,533	8,958,974	8,171,410	787,564	343,647	114,433	329,484	3,924,559	17,687,090
1958	34,443,069	11,558,343	8,068,461	7,579,337	489,123	237,852	112,226	139,045	3,489,883	22,884,726

1958

January.....	3,483,728	826,525	575,489	491,003	84,486	68,562	7,821	8,104	251,036	2,657,202
February.....	2,490,334	876,725	665,223	630,135	35,087	17,252	7,704	10,131	211,502	1,613,610
March.....	3,951,492	1,614,781	1,280,424	1,227,902	52,522	40,036	6,310	6,177	334,357	2,336,712
April.....	6,961,002	1,229,845	1,031,663	995,372	36,291	19,549	9,047	7,695	198,182	5,731,157
May.....	2,154,865	707,006	510,393	479,036	31,357	12,000	9,958	9,399	196,612	1,447,559
June.....	3,047,874	960,669	456,564	439,900	16,663	0	8,458	8,205	504,106	2,087,204
July.....	2,425,810	1,198,870	1,016,556	977,435	39,122	28,179	6,972	3,970	182,314	1,226,940
August.....	1,341,454	574,573	281,156	250,667	30,489	11,280	12,246	6,962	293,417	766,881
September.....	2,159,621	1,136,960	902,989	886,292	16,697	3,921	10,151	2,625	233,971	1,022,661
October.....	3,075,753	890,001	510,980	468,713	42,268	11,122	10,915	20,231	379,021	2,185,751
November.....	1,452,299	542,170	348,179	302,326	45,853	14,483	10,266	21,104	193,991	910,128
December.....	1,898,839	1,000,218	488,844	430,557	58,288	11,468	12,377	34,442	511,374	898,620

See footnotes at end of table.

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

PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars ²]

Calendar year or month	All types of securities			Bonds, debentures, and notes			Preferred stock	Common stock
	All issuers	Corporate	Noncorporate	All issuers	Corporate	Noncorporate		
1934	4,909,642	397,240	4,512,402	4,883,880	371,478	4,512,402	6,272	19,490
1935	6,683,345	2,331,630	4,351,715	6,576,232	2,224,517	4,351,715	85,566	21,647
1936	9,982,185	4,571,680	5,410,505	9,439,431	4,028,926	5,410,505	270,752	272,002
1937	5,327,644	2,309,524	3,018,120	4,636,286	1,618,166	3,018,120	405,955	285,403
1938	5,925,877	2,154,664	3,771,213	5,815,217	2,044,004	3,771,213	86,100	24,581
1939	5,687,184	2,164,007	3,523,177	5,602,713	1,979,636	3,623,177	97,688	86,784
1940	6,564,219	2,677,173	3,887,046	6,273,059	2,386,188	3,886,871	183,000	108,160
1941	15,157,000	2,666,887	12,490,113	14,879,866	2,389,753	12,490,113	167,320	109,814
1942	35,438,064	1,062,288	34,375,776	35,292,499	916,723	34,375,776	112,020	33,545
1943	44,518,166	1,189,692	43,348,474	44,338,346	989,872	43,348,474	123,729	56,091
1944	56,309,992	3,201,891	53,108,101	55,777,347	2,669,246	53,108,101	360,471	163,173
1945	64,711,881	6,010,985	48,700,895	55,556,340	4,855,445	48,700,895	758,176	397,364
1946	18,685,493	6,899,646	11,785,848	16,667,972	4,882,124	11,785,848	1,126,667	890,855
1947	19,940,927	6,576,824	13,364,103	18,400,411	5,036,308	13,364,103	761,959	778,557
1948	20,249,988	7,077,820	13,172,168	19,144,943	5,972,776	13,172,168	491,535	613,509
1949	21,110,068	6,051,550	15,058,518	19,949,018	4,890,500	15,058,518	424,662	738,388
1950	19,892,793	6,361,043	13,531,750	18,451,317	4,919,567	13,531,750	630,822	810,654
1951	21,264,507	7,741,090	13,523,408	19,214,357	5,690,949	13,523,408	837,656	1,212,494
1952	27,209,159	9,534,162	17,674,998	25,276,111	7,601,113	17,674,998	564,498	1,368,551
1953	28,824,485	8,897,996	19,926,489	27,009,908	7,083,419	19,926,489	488,564	1,326,013
1954	29,764,843	9,516,168	20,248,675	27,736,258	7,487,583	20,248,675	818,908	1,212,677
1955	26,772,349	10,240,155	16,532,195	23,952,064	7,419,869	16,532,195	635,058	2,185,228
1956	22,405,413	10,938,718	11,466,695	19,468,795	8,002,100	11,466,695	635,527	2,301,091
1957	30,570,624	12,883,533	17,687,090	27,643,959	9,956,869	17,687,090	410,504	2,516,160
1958	34,443,069	11,558,343	22,884,726	32,537,517	9,652,791	22,884,726	571,474	1,334,079
1958								
January	3,483,728	826,525	2,657,202	3,411,557	754,355	2,657,202	28,389	43,781
February	2,490,334	876,725	1,613,610	2,217,504	603,894	1,613,610	85,463	187,368
March	3,951,492	1,614,781	2,336,712	3,824,593	1,487,881	2,336,712	68,587	58,312
April	6,961,002	1,229,845	5,731,157	6,830,088	1,098,931	5,731,157	40,967	89,947
May	2,154,865	707,006	1,447,859	2,033,809	585,950	1,447,859	36,120	84,936
June	3,047,874	980,669	2,087,204	2,930,106	842,902	2,087,204	76,580	41,187
July	2,425,810	1,198,870	1,226,940	2,136,628	909,688	1,226,940	70,014	219,168
August	1,341,454	574,573	766,881	1,259,209	492,328	766,881	11,613	70,732
September	2,159,621	1,136,960	1,022,661	2,081,997	1,059,336	1,022,661	22,631	55,093
October	3,075,753	890,001	2,185,751	2,837,206	651,455	2,185,751	68,883	169,664
November	1,452,299	542,170	910,128	1,330,376	420,248	910,128	11,715	110,208
December	1,898,839	1,000,218	808,620	1,644,445	745,825	898,620	50,711	203,683

1958								
January.....	5,779,927	885,430	4,894,497	5,618,349	723,852	4,894,497	35,907	125,670
February.....	2,132,231	770,083	1,362,148	1,843,020	480,872	1,362,148	55,300	233,911
March.....	1,921,322	655,679	1,265,644	1,722,744	457,100	1,265,644	47,225	151,363
April.....	4,511,025	927,952	3,583,074	4,202,021	618,948	3,583,074	92,188	216,816
May.....	1,786,922	828,560	958,361	1,582,185	623,823	958,361	38,082	166,656
June.....	2,274,896	910,497	1,364,399	1,978,001	613,601	1,364,399	42,715	254,180

See footnotes at end of table.

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

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars²]

Calendar year or month	Corporate ³								Noncorporate						
	Total Corporate	Manufacturing	Extractive	Commercial and miscellaneous	Electric, gas, and water	Transportation other than railroad	Communication	Railroad	Financial and real estate ⁴	Total noncorporate	U.S. Government (including issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government and international	Non-profit institutions
1934	397,240		66,881		133,165			176,423	20,772	4,512,402	3,535,478	31,913	930,453	4,978	580
1935	2,331,630		797,005		1,283,762			126,031	124,831	4,351,715	2,937,556	115,838	1,231,346	58,650	7,225
1936	4,571,680		1,332,251		2,040,477			797,456	401,495	5,410,505	4,057,722	54,696	1,120,678	85,763	61,647
1937	2,309,524		1,120,315		770,526			344,257	74,427	3,018,120	1,901,910	36,442	907,682	152,614	19,472
1938	2,154,664		847,914		1,234,175			54,873	17,703	3,771,213	2,479,514	114,698	1,107,617	53,706	15,678
1939	2,164,007		604,067		1,270,964			185,707	103,269	3,523,177	2,332,111	13,020	1,128,448	41,030	8,568
1940	2,677,173		991,567		1,203,091			323,912	158,602	3,887,046	2,516,699	108,548	1,237,092	0	23,807
1941	2,666,887		847,888		1,357,112			366,313	95,574	12,490,113	11,466,139	37,900	955,988	4,120	25,966
1942	1,062,288		538,577		471,687			47,726	4,288	34,375,776	33,845,554	1,406	523,705	0	5,112
1943	1,169,692		509,712		477,417			161,179	21,384	43,348,474	42,814,597	1,856	435,223	89,700	7,098
1944	3,201,891		1,060,849		1,422,384			609,360	109,297	53,108,101	52,424,316	1,185	660,610	19,398	2,593
1945	6,010,985		2,026,270		2,319,380			1,454,021	211,314	48,700,895	47,352,965	505,886	794,741	45,212	2,092
1946	6,899,646		3,701,320		2,157,961			711,119	329,246	11,785,848	10,216,508	356,825	1,156,900	53,210	2,405
1947	6,576,824		2,741,754		3,256,705			285,680	282,684	33,384,103	10,689,439	0	3,224,098	443,195	7,370
1948	7,077,820	2,225,757	414,000		2,187,390	131,924	901,663	623,348	593,649	13,172,168	10,326,937	0	2,689,719	150,000	5,512
1949	6,051,550	1,414,176	347,064		2,319,828	340,315	571,080	459,982	599,105	15,058,518	11,804,320	215,538	2,907,028	116,250	15,383
1950	6,361,043	1,200,017	552,916		2,648,822	259,057	399,391	554,100	746,740	13,531,750	9,637,497	30,000	3,531,992	262,584	19,677
1951	7,741,096	3,121,853	533,383		2,454,853	159,227	612,080	335,087	524,616	13,523,408	9,778,151	110,000	3,188,777	418,567	27,914
1952	9,534,162	4,038,794	552,958		2,674,694	467,094	760,239	525,205	515,178	17,674,998	12,577,446	459,058	4,401,317	222,743	14,434
1953	8,897,996	2,253,531	235,368	326,640	3,029,122	293,036	881,853	302,397	1,076,048	19,926,489	13,956,613	105,557	5,557,887	282,807	23,625
1954	9,516,168	2,268,040	538,597	421,547	3,713,311	299,432	720,102	479,322	1,075,818	20,248,675	12,532,250	458,304	6,968,642	244,721	44,758
1955	10,240,155	2,993,658	415,289	443,473	2,463,729	345,280	1,132,271	547,777	1,898,677	16,532,195	9,628,326	745,558	5,976,504	149,960	31,348
1956	10,938,718	3,647,243	455,523	307,355	2,529,175	342,000	1,419,457	382,012	1,885,953	11,486,695	5,516,972	169,450	5,446,420	300,343	33,510
1957	12,883,533	4,233,708	288,574	342,435	3,938,087	479,921	1,461,748	343,647	1,795,413	17,687,090	9,600,598	571,550	6,958,152	504,898	51,892
1958	11,558,343	3,515,407	246,565	656,299	3,804,105	585,539	1,423,776	238,352	1,088,299	22,884,726	12,062,886	2,321,105	7,448,803	995,403	56,529
<i>1958</i>															
January	826,525	156,735	14,225	14,964	326,067	39,081	85,564	68,562	121,328	2,657,202	510,047	1,163,240	782,437	196,929	3,950
February	876,725	178,297	18,059	7,065	375,314	25,418	35,834	17,252	218,486	1,613,610	407,150	-251,188	890,485	54,387	1,400
March	1,614,781	239,933	22,406	26,365	408,040	26,081	800,418	40,036	51,501	2,336,712	1,801,906	0	524,355	0	10,450
April	1,229,845	631,560	41,298	29,423	319,700	69,218	78,807	19,549	40,289	5,731,157	4,268,652	522,985	797,617	139,202	2,700

May.....	707,006	191,939	6,882	17,087	345,017	12,363	41,662	12,000	80,055	1,447,859	368,297	0	876,838	199,620	3,104
June.....	960,669	296,142	16,139	14,710	430,719	106,228	12,490	500	83,742	2,087,204	1,410,690	0	553,658	120,056	2,800
July.....	1,198,870	557,387	3,954	37,748	401,961	30,941	102,141	28,179	36,560	1,226,940	418,233	163,692	631,365	9,199	4,450
August.....	574,573	129,398	38,813	20,773	286,604	21,989	14,059	11,280	51,647	766,881	369,064	0	389,004	5,064	3,750
September.....	1,136,960	483,375	12,801	380,691	183,361	28,858	10,155	3,921	33,798	1,022,661	351,984	0	647,477	17,150	6,050
October.....	890,001	277,250	17,457	28,672	316,455	71,274	48,241	11,122	119,530	2,185,751	1,461,325	220,000	439,391	56,885	8,150
November.....	542,170	131,285	40,929	34,855	129,713	11,348	90,256	14,483	89,297	910,128	324,491	0	458,783	122,929	3,925
December.....	1,000,218	241,108	13,603	43,944	281,154	142,730	104,147	11,468	162,065	898,620	370,446	0	448,393	73,982	5,800
<i>1959</i>															
January.....	885,430	168,953	19,492	50,212	301,940	62,572	35,212	20,597	226,451	4,894,497	3,971,410	198,500	639,272	79,816	5,500
February.....	770,083	131,699	4,145	106,805	190,756	134,127	62,805	24,193	115,553	1,362,148	419,515	0	880,865	59,768	2,000
March.....	655,679	100,328	9,821	40,263	335,721	45,551	9,760	7,337	106,898	1,265,644	443,101	174,680	636,829	2,034	9,000
April.....	927,952	290,143	8,927	74,478	319,583	53,040	16,313	17,288	143,179	3,583,074	2,583,132	0	939,972	57,569	2,400
May.....	828,560	266,120	25,245	35,655	348,144	19,926	6,070	19,509	107,892	958,361	338,394	0	568,908	50,334	725
June.....	910,497	236,031	14,946	123,974	316,700	76,701	21,900	20,391	99,794	1,364,399	322,692	0	995,164	41,944	4,600

See footnotes at end of table.

TABLE 3.—*New securities offered for cash sale in the United States*¹—ContinuedPART 4.—PRIVATE PLACEMENT OF CORPORATE SECURITIES²[Estimated gross proceeds in thousands of dollars³]

Calendar year or month	All private placements	Type of security		Industry of issuer ⁴							Financial and real estate	
		Bonds, debentures, and notes	Stocks	Manufacturing	Extractive ⁵	Commercial and miscellaneous	Electr. c., gas, and water	Transportation other than railroad	Communication	Railroad		
1934	91,532	91,532	0		42,232			48,026		1,274	0	
1935	387,059	385,009	2,050	193,614			151,807	4,499		37,140		
1936	373,154	369,202	3,952	104,781			218,403	15,875		34,095		
1937	329,910	327,409	2,501	244,350			61,330	19,730		4,500		
1938	691,562	690,961	601	384,089			298,568	8,405		500		
1939	706,311	703,166	3,144	144,239			456,990	19,608		85,475		
1940	764,996	757,737	7,259	253,356			390,717	9,165		111,759		
1941	813,257	811,377	1,880	289,430			438,354	19,990		65,484		
1942	420,427	410,768	9,660	222,584			189,857	5,986		2,000		
1943	371,861	369,216	2,645	230,449			100,608	38,979		1,325		
1944	786,828	777,645	9,183	392,417			296,733	91,433		6,246		
1945	1,021,690	1,004,280	17,411	681,735			290,261	20,520		29,174		
1946	1,917,013	1,863,073	53,940	1,408,156			325,290	34,864		148,704		
1947	2,235,480	2,147,290	88,190	1,541,549			528,606	1,000		164,324		
1948	3,086,799	3,008,219	78,580	1,543,310	309,371	576,902	126,815	52,433	4,800	473,167		
1949	2,502,296	2,453,480	48,816	881,886	267,078	586,610	338,262	51,607	2,013	424,840		
1950	2,679,602	2,559,235	120,367	809,715	397,178	683,835	181,074	54,505	12,078	541,218		
1951	3,414,691	3,326,457	88,234	1,975,318	365,280	637,137	154,326	55,327	3,990	223,314		
1952	4,001,543	3,956,525	45,018	2,240,788	353,066	665,115	305,322	71,494	52,978	311,880		
1953	3,317,572	3,227,514	90,059	1,070,888	106,716	217,744	731,349	234,242	63,182	6,484	886,967	
1954	3,668,425	3,484,246	184,179	1,299,882	340,237	203,069	870,157	290,139	91,430	39,170	534,341	
1955	3,476,994	3,300,973	176,021	1,197,273	201,826	236,473	596,041	315,061	107,640	15,728	807,053	
1956	3,886,144	3,776,994	109,151	1,612,952	134,812	175,041	616,319	215,494	91,539	11,650	1,028,338	
1957	3,924,559	3,838,917	85,642	1,656,940	146,685	183,993	665,506	419,319	137,455	0	714,662	
1958	3,489,883	3,320,294	169,589	1,397,250	105,483	187,380	616,692	505,126	175,792	500	501,659	
<i>1958</i>												
January	251,036	249,309	1,637	82,575	5,113	6,475	42,069	38,816	30,075	0	45,913	
February	211,502	205,722	5,780	89,063	14,050	751	29,738	25,118	4,850	0	47,932	
March	334,357	323,911	10,446	121,241	20,249	19,495	44,718	26,081	63,593	0	38,979	
April	198,182	178,172	20,010	82,799	7,539	25,923	27,694	40,973	4,100	0	9,154	
May	196,612	195,112	1,500	80,547	3,546	13,344	36,005	8,082	11,100	0	43,988	
June	504,106	473,387	30,718	219,728	11,132	11,049	110,777	91,728	10,892	500	48,299	

528523-50 18	July.....	182,314	174,995	7,319	89,971	1,916	14,572	20,000	30,941	3,607	0	21,308
	August.....	263,417	283,314	10,104	114,595	29,775	10,243	65,685	21,999	13,891	0	37,219
	September.....	233,971	207,957	26,014	104,517	3,175	20,591	50,787	28,858	8,104	0	17,939
	October.....	379,021	364,725	14,206	150,444	2,207	12,535	105,671	51,553	12,596	0	44,016
	November.....	193,991	183,974	10,018	83,920	3,630	24,175	12,469	11,348	4,886	0	53,563
	December.....	511,374	479,627	31,747	177,851	3,153	28,227	71,069	129,629	8,098	0	93,348
	1959											
	January.....	321,402	310,282	2,120	77,503	14,987	16,880	58,183	55,363	8,708	0	89,779
	February.....	295,690	293,664	2,026	49,176	.700	13,822	19,688	130,141	8,700	0	73,462
	March.....	269,534	262,314	7,220	74,306	6,878	19,165	99,463	19,566	3,760	0	46,396
	April.....	323,648	309,013	14,635	88,561	1,875	17,993	48,748	57,782	5,681	0	103,003
	May.....	255,605	244,150	11,545	92,892	2,995	16,174	43,331	11,230	3,782	0	85,291
	June.....	352,509	343,487	9,022	80,769	11,360	76,870	44,524	76,429	21,900	2,998	37,660

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

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

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

⁴ Issues in this group include those between \$100,000 and \$300,000 in size which are exempt under regulations A and D of the Securities Act of 1933.

⁵ Chiefly bank stock issues.

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

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

⁸ Excluding issues of investment companies.

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

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

PART 1.—ALL CORPORATE

[Amounts in thousands of dollars ¹]

Calendar year or month	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1934	397, 240	383, 547	57, 453	31, 729	25, 724	231, 164	94, 932
1935	2, 331, 630	2, 265, 760	207, 649	111, 246	96, 404	1, 864, 769	193, 341
1936	4, 571, 680	4, 430, 522	858, 233	380, 460	477, 773	3, 368, 427	203, 863
1937	2, 309, 524	2, 238, 786	990, 542	573, 949	416, 594	1, 100, 341	147, 902
1938	2, 154, 664	2, 109, 519	681, 303	504, 084	177, 219	1, 205, 788	222, 429
1939	2, 184, 007	2, 115, 012	324, 889	170, 145	154, 743	1, 695, 339	94, 785
1940	2, 677, 173	2, 615, 279	568, 884	423, 968	144, 915	1, 854, 109	192, 285
1941	2, 666, 887	2, 623, 199	868, 288	660, 904	207, 385	1, 582, 526	172, 384
1942	1, 062, 288	1, 042, 556	473, 652	287, 039	186, 613	396, 160	172, 744
1943	1, 169, 692	1, 146, 914	307, 958	140, 889	167, 069	739, 147	99, 809
1944	3, 201, 891	3, 141, 847	656, 967	251, 757	405, 210	2, 388, 991	95, 889
1945	6, 010, 985	5, 901, 744	1, 079, 844	637, 803	442, 042	4, 554, 814	267, 085
1946	6, 899, 646	6, 756, 582	3, 278, 828	2, 114, 682	1, 164, 146	2, 867, 516	610, 238
1947	6, 576, 824	6, 466, 053	4, 590, 640	3, 408, 523	1, 182, 017	1, 351, 627	523, 886
1948	7, 077, 820	6, 959, 046	5, 929, 280	4, 220, 880	1, 708, 400	307, 445	722, 452
1949	6, 051, 550	5, 959, 260	4, 606, 326	3, 724, 165	882, 180	400, 966	951, 968
1950	6, 361, 043	6, 261, 444	4, 006, 480	2, 965, 598	1, 040, 881	1, 271, 230	983, 735
1951	7, 741, 099	7, 606, 520	6, 531, 403	5, 110, 105	1, 421, 298	488, 413	588, 703
1952	9, 534, 162	9, 380, 302	8, 179, 548	6, 311, 802	1, 887, 746	664, 056	536, 698
1953	8, 897, 996	8, 754, 721	7, 959, 966	5, 646, 840	2, 313, 126	280, 023	534, 733
1954	9, 516, 168	9, 365, 090	6, 780, 196	5, 110, 389	1, 669, 806	1, 875, 398	709, 496
1955	10, 240, 155	10, 048, 855	7, 957, 394	5, 333, 328	2, 624, 066	1, 227, 494	863, 967
1956	10, 938, 718	10, 748, 836	9, 662, 952	6, 709, 126	2, 953, 826	364, 459	721, 424
1957	12, 883, 533	12, 561, 300	11, 783, 879	9, 039, 778	2, 744, 101	214, 294	663, 127
1958	11, 558, 343	11, 371, 563	9, 907, 135	7, 792, 008	2, 115, 127	548, 952	916, 475
1958							
January	826, 525	815, 735	713, 773	605, 221	108, 552	87, 246	14, 716
February	876, 725	858, 053	844, 289	580, 412	263, 877	1, 040	12, 724
March	1, 614, 781	1, 598, 999	1, 508, 033	1, 379, 954	128, 079	45, 600	45, 367
April	1, 229, 845	1, 210, 884	1, 035, 572	885, 663	149, 909	70, 934	104, 378
May	707, 006	691, 622	527, 281	452, 279	75, 001	94, 089	60, 361
June	960, 669	945, 657	717, 857	595, 415	122, 442	59, 144	168, 656
July	1, 198, 870	1, 176, 436	1, 029, 254	889, 363	139, 891	69, 866	77, 365
August	574, 573	664, 237	489, 121	406, 364	83, 736	24, 088	50, 429
September	1, 136, 960	1, 120, 806	1, 016, 829	605, 760	411, 069	6, 698	97, 279
October	890, 001	873, 200	744, 349	503, 580	240, 769	10, 771	118, 079
November	542, 170	533, 126	460, 205	346, 749	113, 546	15, 244	57, 587
December	1, 000, 218	982, 758	820, 482	542, 248	278, 234	62, 733	99, 544

See footnotes at end of table.

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

PART 2.—MANUFACTURING

[Amounts in thousands of dollars ¹]

Calendar year or month ²	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1948.....	2,225,757	2,180,095	1,728,297	762,778	963,519	53,919	399,879
1949.....	1,414,176	1,390,872	851,257	542,078	309,180	44,303	495,311
1950.....	1,200,017	1,175,363	688,074	312,701	375,374	149,010	338,279
1951.....	3,121,853	3,066,352	2,617,233	1,832,777	784,456	220,828	238,291
1952.....	4,038,794	3,973,363	3,421,892	2,179,563	1,242,329	260,850	290,621
1953.....	2,253,531	2,217,721	1,914,853	1,324,675	590,178	90,115	212,753
1954.....	2,268,040	2,234,016	1,838,907	1,009,495	829,413	189,537	205,571
1955.....	2,993,658	2,929,734	2,020,952	1,255,272	755,680	532,571	376,210
1956.....	3,647,243	3,578,502	2,944,378	1,928,034	1,016,344	242,684	391,440
1957.....	4,233,708	4,153,534	3,764,423	2,644,460	1,119,963	49,131	339,980
1958.....	3,513,407	3,459,399	2,851,033	2,027,328	823,705	104,629	413,738
<i>1958</i>							
January.....	156,735	154,968	136,292	116,783	19,509	9,620	9,066
February.....	179,297	172,634	169,366	110,462	58,904	60	3,208
March.....	239,033	236,296	189,190	121,038	68,152	40,493	6,614
April.....	631,560	623,035	535,772	433,681	102,091	10,559	76,704
May.....	191,939	188,750	121,055	98,699	22,356	26,502	41,193
June.....	296,142	292,734	211,592	156,137	55,455	39,521	41,620
July.....	557,387	548,352	482,899	381,505	101,393	22,225	43,228
August.....	129,398	127,582	99,370	73,987	25,383	14,380	13,832
September.....	483,375	477,451	390,439	335,785	54,653	4,346	82,666
October.....	277,250	271,432	216,713	102,150	114,563	6,644	48,074
November.....	181,285	128,853	105,550	43,948	61,603	8,936	14,367
December.....	241,108	237,313	192,794	53,152	139,643	11,342	33,177
<i>1959</i>							
January.....	168,953	165,846	139,694	50,601	89,093	17,410	8,743
February.....	131,699	127,905	67,853	39,652	28,201	4,877	55,265
March.....	100,328	97,483	83,492	52,381	31,101	5,642	8,359
April.....	290,143	283,618	236,691	162,437	74,254	6,762	40,164
May.....	266,120	258,168	231,833	153,905	77,928	9,704	16,632
June.....	238,031	227,175	204,139	80,100	124,040	5,999	17,036

See footnotes at end of table.

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

PART 3.—EXTRACTIVE *

[Amounts in thousands of dollars ¹]

Calendar year or month ²	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ³	Total net proceeds ³	Total new money	Plant and equipment	Working capital		
<i>1948-1952</i>							
1953	235,368	222,051	109,151	113,104	86,048	1,912	20,988
1954	538,597	513,596	334,704	215,758	118,946	45,624	133,268
1955	415,289	390,758	325,490	197,394	128,096	3,921	61,847
1956	455,523	435,691	304,909	211,029	93,880	37,849	92,934
1957	288,574	276,809	242,826	159,783	88,042	6,839	27,145
1958	246,565	239,274	184,092	95,221	88,871	2,033	58,149
<i>1958</i>							
January	14,225	13,520	13,194	8,017	5,177	0	326
February	18,059	17,712	18,473	9,886	3,587	0	4,239
March	22,406	22,094	21,603	20,464	1,139	67	424
April	41,298	40,083	32,441	13,243	19,198	0	7,643
May	6,882	6,560	6,136	3,240	2,896	0	424
June	16,139	15,562	15,361	9,825	5,536	0	200
July	3,954	3,800	3,637	2,249	1,388	0	163
August	38,813	38,078	22,341	10,824	11,518	998	14,739
September	12,801	12,232	10,339	3,019	7,320	500	1,393
October	17,457	16,418	14,676	4,841	9,834	6	1,736
November	40,929	40,385	18,389	3,646	14,743	362	21,633
December	13,603	12,829	12,501	5,967	6,535	100	228
<i>1959</i>							
January	19,492	18,975	18,659	15,795	2,884	0	316
February	4,145	3,914	3,322	1,001	2,321	0	592
March	9,821	9,499	7,841	2,574	5,267	598	1,082
April	8,927	8,692	8,047	2,205	5,842	168	476
May	25,245	24,535	24,288	6,005	18,283	0	247
June	14,046	14,458	11,608	6,358	5,250	1,130	1,720

PART 4.—ELECTRIC, GAS, AND WATER

1948	2,187,390	2,149,672	1,871,931	1,840,599	31,331	144,388	133,354
1949	2,319,828	2,275,898	1,837,545	1,818,560	18,986	233,390	204,964
1950	2,645,822	2,608,491	1,728,378	1,711,320	17,058	681,577	198,537
1951	2,454,853	2,411,714	2,186,248	2,158,823	27,425	85,439	140,027
1952	2,674,694	2,626,377	2,457,823	2,441,882	15,961	87,728	80,827
1953	3,029,122	2,971,911	2,795,852	2,737,082	18,770	67,034	149,025
1954	3,713,311	3,664,922	2,597,651	2,582,366	15,285	989,799	77,473
1955	2,463,729	2,428,158	2,188,094	2,205,655	12,439	174,015	36,049
1956	2,529,175	2,487,493	2,409,885	2,394,928	14,957	13,794	63,814
1957	3,938,087	3,871,899	3,659,189	3,645,919	13,271	51,280	161,430
1958	3,804,105	3,743,395	3,441,074	3,411,355	29,719	138,392	163,928
<i>1958</i>							
January	326,067	321,782	319,314	319,243	71	234	2,234
February	375,314	367,756	367,756	360,210	7,547	0	0
March	408,040	402,141	378,922	378,922	0	0	23,219
April	319,700	315,469	292,877	285,880	6,997	22,452	140
May	345,017	339,325	301,683	300,157	1,527	37,547	95
June	430,719	424,663	359,062	359,061	1	15,924	49,677
July	401,961	393,544	325,761	325,642	118	46,369	21,414
August	286,604	281,487	276,562	274,823	1,739	162	4,763
September	183,361	180,812	178,646	178,605	41	0	2,166
October	316,455	311,105	266,643	265,516	1,128	0	44,462
November	129,713	127,987	125,567	125,348	219	1,844	576
December	281,154	277,323	248,280	237,949	10,330	13,860	15,183
<i>1959</i>							
January	301,940	296,756	273,300	273,163	137	1,955	21,502
February	190,756	187,593	183,074	182,496	588	0	4,519
March	335,721	330,963	290,229	288,590	21,639	0	40,734
April	319,583	313,802	305,795	305,467	329	0	8,007
May	345,144	342,378	337,804	330,363	7,441	4,218	366
June	316,760	312,996	312,348	311,580	768	0	648

See footnotes at end of table.

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

PART 5.—RAILROAD

[Amounts in thousands of dollars ¹]

Calendar year or month ²	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ³	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1948	623, 348	616, 758	545, 871	485, 694	60, 177	55, 726	15, 161
1949	459, 982	456, 353	441, 392	441, 392	0	11, 164	3, 797
1950	554, 100	548, 366	301, 408	281, 890	-19, 518	192, 651	54, 307
1951	335, 087	331, 864	298, 917	291, 886	5, 030	34, 214	733
1952	525, 205	520, 817	286, 526	286, 476	50	223, 632	10, 758
1953	302, 397	298, 904	267, 024	244, 254	22, 770	31, 879	0
1954	479, 322	474, 180	209, 585	202, 441	7, 144	261, 345	3, 250
1955	547, 777	540, 345	215, 702	214, 411	1, 291	318, 965	5, 679
1956	382, 012	378, 159	365, 447	365, 447	0	12, 713	0
1957	343, 647	340, 244	326, 409	326, 409	0	13, 835	0
1958	238, 352	235, 542	206, 381	188, 784	17, 597	29, 181	0
<i>1958</i>							
January	68, 562	67, 810	43, 559	43, 559	0	24, 251	0
February	17, 252	17, 074	17, 074	17, 074	0	0	0
March	40, 036	39, 410	34, 500	18, 858	15, 641	4, 910	0
April	19, 549	19, 393	19, 393	19, 393	0	0	0
May	12, 000	11, 845	11, 845	9, 889	1, 956	0	0
June	500	487	487	487	0	0	0
July	28, 179	27, 816	27, 816	27, 816	0	0	0
August	11, 280	11, 136	11, 136	11, 136	0	0	0
September	3, 921	3, 892	3, 892	3, 892	0	0	0
October	11, 122	11, 002	11, 002	11, 002	0	0	0
November	14, 483	14, 324	14, 324	14, 324	0	0	0
December	11, 468	11, 352	11, 352	11, 352	0	0	0
<i>1959</i>							
January	20, 597	20, 351	20, 351	20, 351	0	0	0
February	24, 193	23, 993	23, 993	23, 993	0	0	0
March	7, 337	7, 270	7, 270	7, 270	0	0	0
April	17, 288	17, 132	17, 132	17, 132	0	0	0
May	19, 609	19, 291	19, 291	19, 291	0	0	0
June	20, 391	20, 153	20, 153	17, 223	2, 930	0	0

PART 6.—TRANSPORTATION OTHER THAN RAILROAD

1948	131, 924	130, 918	126, 463	114, 705	11, 758	745	3, 710
1949	340, 315	338, 695	302, 320	298, 865	3, 455	272	36, 102
1950	259, 057	257, 182	242, 902	241, 599	1, 303	3, 420	10, 860
1951	159, 227	158, 240	131, 009	123, 217	7, 792	18, 478	8, 753
1952	467, 094	462, 006	410, 778	377, 064	33, 713	1, 119	50, 109
1953	293, 036	289, 859	284, 880	260, 568	4, 312	3, 049	21, 031
1954	299, 432	296, 907	270, 342	267, 042	3, 300	9, 073	17, 493
1955	345, 280	341, 717	237, 366	220, 971	16, 395	18, 769	85, 582
1956	342, 000	335, 772	322, 855	298, 537	24, 318	7, 147	5, 770
1957	479, 921	475, 421	465, 095	456, 665	8, 430	204	10, 122
1958	585, 539	580, 031	474, 438	458, 345	16, 093	8, 505	97, 088
<i>1958</i>							
January	39, 081	38, 961	38, 634	38, 563	71	0	327
February	25, 418	25, 354	24, 049	23, 698	851	0	806
March	26, 081	25, 955	25, 108	24, 761	347	0	847
April	69, 218	68, 211	68, 167	67, 774	393	0	44
May	12, 363	11, 892	11, 892	8, 245	3, 647	0	0
June	106, 228	105, 130	42, 457	36, 327	6, 131	0	62, 673
July	30, 041	30, 784	30, 784	30, 181	604	0	0
August	21, 999	21, 884	15, 128	14, 766	362	6, 448	308
September	28, 588	28, 790	28, 288	28, 019	269	0	502
October	71, 274	70, 304	68, 101	65, 695	2, 406	88	2, 115
November	11, 348	11, 215	11, 118	10, 804	314	48	48
December	142, 730	141, 550	110, 213	109, 513	700	1, 920	29, 418
<i>1959</i>							
January	62, 572	62, 125	58, 027	51, 641	6, 387	2, 049	2, 049
February	134, 127	133, 273	127, 458	123, 182	4, 276	2, 908	2, 908
March	45, 551	44, 228	36, 384	35, 497	887	549	7, 295
April	58, 040	57, 931	56, 956	56, 431	526	487	487
May	19, 926	19, 239	18, 010	16, 912	1, 098	394	835
June	76, 701	76, 263	76, 113	75, 998	116	75	75

See footnotes at end of table.

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

PART 7.—COMMUNICATION

[Amounts in thousands of dollars¹]

Calendar year or month ³	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1948	901,663	891,373	870,321	868,470	1,850	1,714	19,337
1949	571,080	566,566	604,557	502,679	1,877	49,277	12,732
1950	399,391	395,172	304,006	300,264	3,741	81,002	10,164
1951	612,080	605,095	694,324	574,417	19,907	5,231	5,540
1952	760,239	753,169	738,924	738,996	1,928	6,095	8,151
1953	881,853	873,726	860,967	841,600	19,367	3,164	9,598
1954	720,102	710,819	641,487	639,376	2,111	60,089	9,243
1955	1,132,271	1,121,408	1,039,611	1,038,092	1,520	76,567	5,230
1956	1,419,457	1,405,006	1,371,471	1,369,832	1,639	20,674	12,861
1957	1,461,748	1,444,446	1,427,977	1,425,694	2,281	3,904	12,566
1958	1,423,776	1,411,831	1,265,315	1,262,382	2,933	118,112	28,404
<i>1958</i>							
January	85,564	84,459	34,459	34,374	85	50,000	0
February	35,834	35,476	35,476	35,431	45	0	0
March	800,418	796,756	795,350	795,350	0	0	1,406
April	78,807	77,190	39,529	39,467	62	37,236	425
May	41,662	41,216	10,457	10,457	0	29,966	793
June	12,490	12,349	11,952	11,875	76	397	0
July	102,141	100,854	100,301	100,199	102	0	552
August	14,059	13,912	8,462	7,670	792	0	5,450
September	10,155	9,742	6,612	5,488	1,125	513	2,617
October	48,241	47,733	30,918	30,460	458	0	16,815
November	90,256	89,134	88,935	88,890	45	0	198
December	104,147	103,011	102,863	102,721	142	0	147
<i>1959</i>							
January	35,212	33,985	33,787	33,730	57	0	198
February	62,805	61,927	61,853	61,853	0	0	74
March	9,760	9,429	9,379	9,379	0	0	50
April	16,313	15,989	15,989	15,899	90	0	0
May	6,070	5,896	5,846	5,846	0	0	50
June	21,900	21,678	21,306	21,306	0	0	371

See footnotes at end of table.

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

PART 8.—FINANCIAL AND REAL ESTATE

[Amounts in thousands of dollars ¹]

Calendar year or month ³	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1948	593,649	587,180	484,779	12,717	472,062	30,275	72,126
1949	599,105	592,559	440,453	43,079	397,374	34,530	117,576
1950	746,740	739,263	480,154	24,309	455,846	100,429	158,679
1951	524,616	515,267	368,485	15,686	352,800	66,030	80,751
1952	515,178	508,184	409,630	14,243	395,387	60,498	38,056
1953	1,576,048	1,560,672	1,452,279	32,116	1,420,162	24,225	84,168
1954	1,075,818	1,061,015	619,186	29,547	589,608	273,043	168,817
1955	1,898,677	1,867,887	1,806,145	33,472	1,572,672	56,010	205,731
1956	1,855,953	1,831,550	1,703,457	39,038	1,664,449	16,947	111,116
1957	1,795,413	1,768,352	1,635,740	241,464	1,394,276	67,314	65,298
1958	1,088,299	1,060,792	900,109	186,773	713,336	46,887	113,796
1958							
January	121,328	119,995	114,523	33,843	80,680	3,104	2,368
February	218,486	215,335	210,294	18,524	191,770	980	4,061
March	51,501	50,788	40,297	7,871	32,426	130	10,361
April	40,289	38,473	22,615	5,877	16,737	35	15,824
May	80,055	75,604	52,474	14,247	38,227	294	22,836
June	83,742	80,367	69,395	17,791	51,604	1,854	9,018
July	36,560	34,866	24,618	11,845	12,773	1,272	8,976
August	51,647	50,749	41,766	5,556	36,211	799	8,185
September	33,788	32,121	26,656	3,404	23,252	139	5,326
October	119,530	117,251	114,354	16,303	98,051	437	2,460
November	80,297	87,592	72,730	44,114	28,617	3,921	10,941
December	162,065	157,651	110,388	7,398	102,990	33,823	13,439
1959							
January	226,451	222,752	208,563	12,911	195,653	1,803	12,386
February	115,553	113,874	106,319	12,942	93,377	1,165	6,389
March	106,898	102,844	70,312	13,302	57,010	1,101	31,430
April	143,179	139,967	127,940	14,827	113,114	746	11,282
May	107,892	105,968	99,881	10,119	89,762	1,142	4,946
June	98,794	95,568	66,821	11,022	55,799	722	28,025

See footnotes at end of table.

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

PART 9.—COMMERCIAL AND MISCELLANEOUS

[Amounts in thousands of dollars ¹]

Calendar year or month ²	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds ³	Total net proceeds ²	Total new money	Plant and equipment	Working capital		
1948 ⁴	414,090	403,049	303,619	135,917	167,701	20,676	78,754
1949 ⁴	347,064	338,317	228,801	77,513	151,288	28,030	81,486
1950.....	552,916	537,606	261,559	93,516	168,043	63,139	212,908
1951.....	533,383	517,988	337,187	113,299	223,888	56,194	124,607
1952 ⁴	552,958	536,386	483,976	275,588	178,377	24,235	58,176
1953.....	326,640	319,877	244,960	93,441	151,519	37,745	37,172
1954.....	421,547	409,635	268,364	164,365	104,000	46,889	94,382
1955.....	443,473	428,848	204,035	158,061	135,974	46,676	88,138
1956.....	307,355	296,663	240,521	102,281	138,239	12,652	43,491
1957.....	342,435	330,593	262,220	139,582	122,838	21,788	46,585
1958.....	656,299	641,298	584,692	161,819	422,873	11,234	46,372
<i>1958</i>							
January.....	14,964	14,241	13,798	10,839	2,959	37	405
February.....	7,065	6,711	6,301	5,128	1,173	0	410
March.....	26,365	25,558	22,063	12,689	10,374	0	2,496
April.....	29,423	29,029	24,778	20,347	4,431	652	3,599
May.....	17,087	16,431	11,740	7,346	4,395	680	4,010
June.....	14,710	14,366	7,551	3,912	3,639	1,348	5,468
July.....	37,748	36,470	33,439	9,927	23,512	0	3,031
August.....	20,773	19,408	14,355	6,603	7,752	1,900	3,153
September.....	380,690	375,765	371,956	47,546	324,409	1,200	2,610
October.....	28,672	27,554	21,941	7,612	14,329	3,586	2,417
November.....	34,859	33,636	23,681	15,676	8,005	132	9,823
December.....	43,944	41,730	32,090	14,196	17,895	1,688	7,952
<i>1959</i>							
January.....	50,212	48,300	41,623	31,521	10,102	5,844	833
February.....	106,805	101,164	26,097	16,128	9,969	236	74,831
March.....	40,263	38,132	34,184	15,574	18,610	844	3,104
April.....	74,478	70,835	63,783	37,801	25,983	1,102	5,950
May.....	35,655	33,403	27,263	13,659	13,604	1,927	4,213
June.....	123,974	121,288	101,521	33,566	67,925	7,349	12,418

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

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

Calendar year	Total			Public offerings			Private placements			Private placements as percent of total	
	All issues	Debt issues	Equity issues	All issues	Debt issues	Equity issues	All issues	Debt issues	Equity issues	All issues	Debt issues
1934.....	397	372	25	305	280	25	92	92	0	23.2	24.7
1935.....	2,332	2,225	108	1,945	1,840	106	387	385	2	16.6	17.3
1936.....	4,572	4,029	543	4,199	3,660	539	373	369	4	8.2	9.2
1937.....	2,309	1,618	691	1,979	1,291	688	330	327	3	14.3	20.2
1938.....	2,155	2,044	111	1,463	1,353	110	692	691	1	32.1	33.8
1939.....	2,164	1,979	185	1,458	1,276	181	706	703	4	32.6	35.5
1940.....	2,677	2,386	291	1,912	1,628	284	765	758	7	28.6	31.8
1941.....	2,667	2,389	277	1,854	1,578	276	813	811	2	30.5	33.9
1942.....	1,062	917	146	642	506	136	420	411	9	39.5	44.8
1943.....	1,170	990	180	798	621	178	372	369	3	31.8	37.3
1944.....	3,202	2,670	532	2,415	1,892	524	787	778	9	24.6	29.1
1945.....	6,011	4,855	1,155	4,989	3,851	1,138	1,022	1,004	18	17.0	20.7
1946.....	6,900	4,882	2,018	4,983	3,019	1,963	1,917	1,863	54	27.8	38.2
1947.....	6,577	5,036	1,541	4,342	2,889	1,452	2,235	2,147	88	34.0	42.6
1948.....	7,073	5,973	1,106	3,991	2,065	1,028	3,087	3,008	79	43.6	50.4
1949.....	6,052	4,890	1,161	3,550	2,437	1,112	2,502	2,453	49	41.3	50.2
1950.....	6,362	4,920	1,442	3,681	2,360	1,321	2,680	2,560	120	42.1	52.0
1951.....	7,741	5,691	2,050	4,326	2,364	1,962	3,415	3,326	88	44.1	58.4
1952.....	9,534	7,601	1,933	5,533	3,645	1,888	4,002	3,957	45	42.0	52.1
1953.....	8,898	7,083	1,815	5,580	3,856	1,725	3,318	3,228	90	37.3	45.6
1954.....	9,516	7,488	2,029	5,848	4,003	1,844	3,668	3,484	184	38.5	46.5
1955.....	10,240	7,420	2,820	6,763	4,119	2,644	3,477	3,301	176	34.0	44.5
1956.....	10,939	8,002	2,937	7,053	4,225	2,827	3,886	3,777	109	35.5	47.2
1957.....	12,884	9,957	2,927	8,869	6,118	2,841	3,925	3,839	86	30.5	38.6
1958.....	11,558	9,653	1,906	8,068	6,332	1,736	3,490	3,320	170	30.2	34.4
1959 (January-June)	4,978	3,518	1,460	3,160	1,746	1,413	1,818	1,772	47	36.5	50.4

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

Fiscal year ended June 30	Number of notifications filed	Dollar amount of securities proposed to be offered	Proposed dollar amount of securities proposed to be offered under regulation A as a percent of proposed offerings under registration for the same fiscal year
Sept. 1, 1934 to June 30, 1935*	193	\$15,734,812	1.0
1936*	388	32,122,081	.7
1937*	475	37,738,589	.7
1938*	353	26,827,793	1.2
1939*	515	31,738,589	1.4
1940*	338	22,602,694	1.2
1941* ^a	1,006	32,287,762	1.0
1942*	558	26,399,630	1.4
1943*	353	17,986,987	1.9
1944*	427	21,933,944	1.2
1945*	578	38,848,893	.9
1946	1,348	181,600,185	2.5
1947	1,513	210,791,114	3.0
1948	1,610	209,485,794	3.4
1949	1,392	186,782,661	3.6
1950	1,357	171,743,472	3.3
1951	1,358	174,277,762	2.7
1952	1,494	210,672,956	2.3
1953	1,528	223,350,026	2.1
1954	1,175	187,153,226	2.1
1955	1,628	206,267,000	2.7
1956	1,463	273,471,548	2.1
1957	919	167,269,900	1.1
1958	732	133,889,109	.8
1959	854	170,241,400	1.0
Totals	23,555	3,107,217,897	1.8

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

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

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

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

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

Temporary Suspension Orders—Continued

Regulation A—Continued

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

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

Temporary Suspension Orders—Continued

Regulation A—Continued

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

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

Temporary Suspension Orders—Continued

Regulation A—Continued

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

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

Temporary Suspension Orders—Continued

Regulation D:

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

Permanent Suspension Orders:

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

- North Star Oil & Uranium Corp.*, Securities Act Releases Nos. 3952 and 3995 (August 7 and November 25, 1958).
- Profile Mines, Inc.*, Securities Act Release No. 3953 (August 8, 1958).
- Arliss Plastics Corp.*, Securities Act Release No. 3979 (October 17, 1958).
- New England Uranium-Oil Corp., Inc.*, Securities Act Release No. 4008 (December 24, 1958).
- Salesology, Inc.*, Securities Act Release No. 4019 (January 22, 1959).
- Mon-O-Co Oil Corp.*, Securities Act Release No. 4024 (February 4, 1959).
- Bald Eagle Mining Co.*, Securities Act Release No. 4048 (March 12, 1959).
- Gob Shops of America, Inc.*, Securities Act Release No. 4075 (May 6, 1959).
- Inspiration Lead Co., Inc.*, Securities Act Release No. 4076 (May 7, 1959).

In *Mid-Hudson Natural Gas Corp.*, Securities Act Release No. 3985 (November 3, 1958) the temporary suspension order was vacated after hearing.

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

Location of principal office	Number of registrants				Number of proprietors, partners, officers, etc. ²			
	Total	Sole proprietorships	Partnerships	Corporations ³	Total	Sole proprietorships	Partnerships	Corporations ⁴
Alabama.....	36	12	6	18	107	12	20	75
Alaska.....	1	1	0	0	1	1	0	0
Arizona.....	30	5	9	16	114	5	21	88
Arkansas.....	23	6	3	14	69	6	6	57
California.....	353	142	83	128	1,250	142	449	659
Colorado.....	93	31	8	54	312	31	29	252
Connecticut.....	43	15	13	15	188	15	62	111
Delaware.....	14	3	4	7	69	3	22	44
District of Columbia.....	102	34	21	47	399	34	97	268
Florida.....	102	42	15	45	269	42	37	190
Georgia.....	44	10	6	28	228	10	26	192
Hawaii.....	39	15	11	13	135	15	26	94
Idaho.....	15	9	1	5	32	9	3	20
Illinois.....	185	41	62	82	872	41	298	533
Indiana.....	52	23	5	24	154	23	9	122
Iowa.....	36	15	5	16	95	15	11	69
Kansas.....	34	10	6	18	138	10	17	111
Kentucky.....	18	7	5	6	65	7	18	40
Louisiana.....	59	37	13	9	112	37	42	33
Maine.....	31	10	2	19	89	10	7	72
Maryland.....	48	22	13	13	155	22	85	48
Massachusetts.....	199	78	32	89	910	78	215	617
Michigan.....	58	11	18	29	272	11	94	167
Minnesota.....	52	9	9	34	270	9	32	229
Mississippi.....	22	10	6	6	47	10	16	21
Missouri.....	90	22	19	49	464	22	117	325
Montana.....	11	7	1	3	25	7	2	16
Nebraska.....	27	9	1	17	130	9	3	118
Nevada.....	7	5	0	2	9	5	0	4
New Hampshire.....	10	8	0	2	17	8	0	9
New Jersey.....	227	130	38	59	477	130	106	241
New Mexico.....	13	6	4	3	33	6	12	15
New York State (excluding New York City).....	404	258	40	106	786	258	121	407
North Carolina.....	40	15	5	20	168	15	13	140
North Dakota.....	6	2	1	3	13	2	2	9
Ohio.....	134	27	38	69	571	27	181	363
Oklahoma.....	44	26	7	11	84	26	15	43
Oregon.....	29	6	6	17	100	6	14	80
Pennsylvania.....	209	58	81	70	872	58	383	431
Rhode Island.....	16	2	10	4	42	2	29	11
South Carolina.....	26	10	4	12	78	10	9	59
South Dakota.....	10	7	0	3	19	7	0	12
Tennessee.....	42	12	10	20	161	12	29	120
Texas.....	222	95	27	100	652	95	85	472
Utah.....	40	7	6	27	141	7	25	109
Vermont.....	3	2	0	1	11	2	0	9
Virginia.....	46	19	14	13	151	19	66	66
Washington.....	84	45	7	32	241	45	16	180
West Virginia.....	13	8	3	2	29	8	9	12
Wisconsin.....	47	11	5	31	208	11	26	171
Wyoming.....	9	7	1	1	16	7	3	6
Total (excluding New York City).....	3,498	1,402	684	1,412	11,850	1,402	2,908	7,540
New York City.....	1,356	360	591	405	6,239	360	3,699	2,180
Total.....	4,854	1,762	1,275	1,817	18,089	1,762	6,607	9,720

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

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

³ Allocations made on the basis of location of principal offices of registrants, not actual location of persons. Information taken from latest reports filed prior to June 30, 1959.

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

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

[Unduplicated count]

Fiscal year ended June 30	Stock issues	Bond issues	Total stock and bond issues	Number of issuers
1936	2,662	1,533	4,195	2,303
1937	2,857	1,501	2,368	2,489
1938	2,847	1,467	4,314	2,485
1939	2,798	1,450	4,248	2,449
1940	2,747	1,411	4,158	2,408
1941	2,694	1,342	4,036	2,350
1942	2,661	1,307	3,968	2,299
1943	2,607	1,259	3,866	2,244
1944	2,550	1,185	3,735	2,196
1945	2,541	1,134	3,675	2,185
1946	2,552	1,033	3,585	2,188
1947	2,562	998	3,560	2,215
1948	2,557	964	3,521	2,209
1949	2,570	979	3,549	2,194
1950	2,573	971	3,544	2,182
1951	2,581	942	3,523	2,188
1952	2,624	984	3,588	2,192
1953	2,651	1,002	3,653	2,210
1954	2,641	1,009	3,650	2,204
1955	2,645	1,013	3,658	2,219
1956	2,659	1,027	3,686	2,253
1957	2,667	1,063	3,730	2,256
1958	2,663	1,132	3,795	2,236
1959	2,631	1,177	3,808	2,236

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

Fiscal year ended June 30	Number of issuers as to which—		
	Securities were listed and registered for the first time on a national securities exchange	Listing and registration of all securities was terminated during the fiscal year	Securities were listed and registered on a national securities exchange as of June 30
1936.....	2,353	50	2,303
1937.....	266	80	2,489
1938.....	83	87	2,485
1939.....	67	103	2,449
1940.....	36	77	2,408
1941.....	25	83	2,350
1942.....	17	68	2,299
1943.....	14	69	2,244
1944.....	23	71	2,196
1945.....	25	36	2,185
1946.....	78	75	2,188
1947.....	88	61	2,215
1948.....	49	55	2,209
1949.....	37	52	2,194
1950.....	49	61	2,182
1951.....	58	52	2,188
1952.....	51	47	2,192
1953.....	71	53	2,210
1954.....	37	43	2,204
1955.....	90	75	2,219
1956.....	109	75	2,253
1957.....	83	80	2,256
1958.....	54	74	2,236
1959.....	73	73	2,236

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

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

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

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

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

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

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

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

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

Exchanges	Issuers	Stocks						Bonds					
		R	X	U	XL	XU	Total	R	X	U	XL	Total	
American	814	632	5	234	—	—	871	25	2	33	—	60	
Boston	436	73	2	372	—	—	447	16	—	—	—	16	
Chicago Board of Trade	12	7	—	5	—	—	12	—	—	—	—	—	
Cincinnati	133	46	1	95	—	—	142	9	1	—	—	10	
Colorado Springs	11	—	—	—	12	—	12	—	—	—	—	—	
Detroit	222	103	1	125	—	—	229	—	—	—	—	—	
Honolulu	58	—	—	—	53	16	69	—	—	—	8	8	
Midwest	454	398	2	113	—	—	513	15	—	—	—	15	
New Orleans	13	4	—	14	—	—	18	1	—	—	—	1	
New York Stock	1,294	1,512	2	—	—	—	1,514	1,214	3	—	—	1,127	
Pacific Coast	482	298	5	248	—	—	551	20	—	—	—	20	
Philadelphia-Baltimore	631	154	10	443	—	—	607	53	—	—	—	53	
Pittsburgh	116	47	1	75	—	—	123	1	—	—	—	1	
Richmond	17	—	—	—	26	—	26	—	—	—	—	—	
Salt Lake	90	88	—	4	—	—	92	—	—	—	—	—	
San Francisco Mining	46	47	—	—	—	—	47	—	—	—	—	—	
Spokane	26	23	—	6	—	—	29	—	—	—	—	—	
Wheeling	13	—	—	—	12	3	15	—	—	—	—	—	

Symbols: R—registered; X—temporarily exempted; U—admitted to unlisted trading privileges; XL—listed on an exempted exchange; XU—admitted to unlisted trading privileges on an exempted exchange.

NOTE.—Issues exempted under section 3(a)(12) of the act, such as obligations of the United States Government, the States and cities, are not included in this table.

TABLE 12.—*Unlisted stocks on securities exchanges*¹PART 1.—NUMBER OF STOCKS ON THE EXCHANGES IN THE VARIOUS UNLISTED CATEGORIES² AS OF JUNE 30, 1959

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

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

Exchanges	Unlisted only ³		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 ⁴
American.....	29,595,131	16,290	5,332,025	391,700	14,500
Boston.....	6,563	0	2,320,414	2,028,213	0
Chicago Board of Trade.....	0	0	0	0	0
Cincinnati.....	0	0	0	366,483	0
Detroit.....	0	0	219,191	1,743,802	0
Honolulu.....	67,772	0	0	0	0
Midwest.....	0	0	0	9,886,215	0
New Orleans.....	45,889	0	195	100	0
Pacific Coast.....	2,454,581	0	3,648,773	5,509,029	0
Philadelphia-Baltimore.....	573	0	3,946,683	2,902,552	0
Pittsburgh.....	0	0	247,222	179,833	0
Salt Lake.....	61	0	0	0	68
Spokane.....	178,314	0	6,782	65	0
Wheeling.....	0	0	0	2,904	0
Total.....	32,348,884	16,290	15,721,285	22,990,876	14,568

¹ Refer to text under heading "Unlisted Trading Privileges on Exchanges." Volumes are as reported by the stock exchanges or other reporting agencies and are exclusive of those in short-term rights.² The categories are according to clauses 1, 2, and 3 of sec. 12 (f) of the Securities Exchange Act.³ None of these issues has any listed status on any domestic exchange, except that 9 of the 26 Pacific Coast Stock Exchange issues are also listed on an exempted Exchange.⁴ These issues became listed and registered on other exchanges subsequent to their admission to unlisted trading on the exchanges as shown.⁵ Duplication of issues among exchanges brings the figures to more than the actual number of issues involved.

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

[Amounts in thousands]

PART 1.—12 MONTHS ENDED DEC. 31, 1958

	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Registered exchanges	39,961,671	38,264,291	1,306,297	1,553,627	1,583,051	143,754	93,302
American	2,884,580	2,792,990	256,541	20,094	21,449	71,496	11,556
Boston	271,601	269,545	5,610	107	80	1,948	707
Chicago Board of Trade	0	0	0	0	0	0	0
Cincinnati	31,189	31,013	654	148	271	29	36
Detroit	141,933	141,826	4,818	0	0	107	64
Midwest	1,039,687	1,037,997	28,549	0	0	1,689	1,267
New Orleans	981	980	49	1	1	0	0
New York	34,350,936	32,754,299	921,526	1,532,556	1,560,560	64,141	77,236
Pacific Coast	811,867	808,002	40,095	474	358	3,392	1,732
Philadelphia-Baltimore	388,454	387,272	9,638	247	332	935	616
Pittsburgh	33,901	33,898	1,561	0	0	4	24
Salt Lake	2,474	2,460	19,877	0	0	13	63
San Francisco Mining	2,015	2,015	14,169	0	0	0	0
Spokane	1,993	1,993	3,208	0	0	0	0
Exempted exchanges	11,579	11,256	876	64	71	259	103
Colorado Springs	22	22	205	0	0	0	0
Honolulu	10,421	10,098	636	64	71	259	103
Richmond	662	662	17	0	0	0	0
Wheeling	474	474	17	0	0	0	0

PART 2.—6 MONTHS ENDED JUNE 30, 1959

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

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

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

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

TABLE 14.—*Block distributions*

[Value in thousands of dollars]

Calendar year	Special offerings			Exchange distributions			Secondary distributions		
	Number	Shares sold	Value	Number	Shares sold	Value	Number	Shares sold	Value
1942 ¹	79	812,390	22,694				116	2,397,454	82,840
1943	80	1,097,338	31,054				81	4,270,580	127,462
1944	87	1,053,667	32,454				94	4,097,290	135,760
1945	79	947,231	29,878				115	9,457,358	191,961
1946	23	308,134	11,002				100	6,481,291	232,398
1947	24	314,270	9,133				73	3,961,572	124,671
1948	21	238,879	5,466				95	7,302,420	175,991
1949	32	500,211	10,956				86	3,737,249	104,062
1950	20	150,308	4,940				77	4,280,681	88,743
1951	27	323,013	10,751				88	5,193,756	146,459
1952	22	357,897	9,931				76	4,223,258	149,117
1953	17	380,680	10,486				68	6,906,017	108,229
1954	14	189,772	6,670	57	705,781	24,664	84	5,738,359	218,490
1955	9	161,850	7,223	19	258,348	10,211	116	6,756,767	344,871
1956	8	131,755	4,557	17	156,481	4,645	146	11,696,174	520,966
1957	5	63,408	1,845	33	390,832	15,855	99	9,324,599	339,062
1958	5	88,152	3,286	38	619,876	29,454	122	9,508,505	361,886

¹ The first Special Offering Plan was made effective Feb. 14, 1942; the Plan of Exchange Distribution was made effective Aug. 21, 1953; secondary distributions are not made pursuant to any plan but generally exchanges require members to obtain approval of the exchange to participate in a secondary and a report on such distribution is filed with this Commission.

TABLE 15.—*Comparative share sales and dollar volumes on exchanges*

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

Year	Shares sales	NYS %	AMS %	MSE %	PCS %	PBS %	BSE %	DSE %	PIT %	CIN %	Other %
1935-----	681,970,500	73.13	12.42	1.91	2.69	.76	0.96	0.85	0.34	0.03	6.91
1936-----	962,135,940	73.02	16.43	2.18	2.96	.69	.72	.74	.32	.04	2.90
1937-----	838,460,888	73.19	14.75	1.79	3.23	.70	.83	.59	.38	.03	4.51
1938-----	543,331,378	78.08	10.55	2.27	2.67	.79	1.03	.75	.25	.04	3.57
1939-----	468,330,340	78.23	11.39	2.26	2.35	.93	1.18	.76	.25	.05	2.60
1940-----	377,896,572	75.44	13.20	2.11	2.78	1.02	1.19	.82	.31	.08	3.05
1941-----	311,150,393	73.96	12.73	2.72	2.69	1.24	1.50	.87	.36	.14	3.79
1942-----	221,159,616	76.49	11.64	2.70	2.62	1.08	1.39	.90	.29	.12	2.77
1943-----	486,290,926	74.58	16.72	2.20	1.92	.85	.76	.64	.20	.07	2.06
1944-----	465,523,183	73.40	16.87	2.07	2.40	.79	.81	.86	.26	.06	2.48
1945-----	769,018,138	65.87	21.31	1.77	2.98	.66	.66	.79	.40	.05	5.51
1946-----	803,076,532	66.07	19.37	1.74	3.51	.68	.84	.63	.28	.05	6.83
1947-----	513,274,867	69.82	16.98	1.67	4.22	.90	1.05	.66	.19	.08	4.43
1948-----	571,107,842	72.42	15.07	1.63	3.95	.87	.76	.68	.18	.08	4.36
1949-----	516,408,706	73.51	14.49	1.67	3.72	1.21	.93	.73	.18	.09	3.47
1950-----	893,320,458	76.32	13.54	2.18	3.11	.79	.65	.55	.18	.09	2.61
1951-----	863,918,401	74.40	14.60	2.10	3.54	.76	.70	.58	.16	.08	3.08
1952-----	732,400,451	71.21	16.08	2.43	3.85	.85	.73	.55	.16	.09	4.05
1953-----	716,732,406	72.64	15.85	2.28	3.90	.83	.81	.55	.15	.11	2.88
1954-----	1,053,841,483	71.04	16.87	2.00	3.24	.88	.60	.53	.13	.07	4.74
1955-----	1,321,400,711	68.85	19.19	2.09	3.08	.75	.48	.39	.10	.05	5.02
1956-----	1,182,487,085	66.31	21.01	2.32	3.25	.72	.47	.49	.11	.05	5.27
1957-----	1,293,021,856	70.70	18.14	2.33	2.73	.98	.40	.39	.13	.06	4.14
1958-----	1,400,578,512	71.31	18.14	2.13	2.99	.73	.45	.35	.11	.05	2.74
Six months to June 30, 1959-----	976,538,000	63.53	26.22	1.89	2.93	1.00	.34	.29	.07	.04	3.69
Dollar volume (000 omitted)	\$15,396,139	86.64	7.83	1.32	1.39	.68	1.34	.40	.20	.04	.16
1935-----	23,640,431	86.24	8.69	1.39	1.33	.62	1.05	.31	.20	.03	.14
1936-----	21,023,865	87.85	7.66	1.06	1.25	.60	1.10	.24	.20	.03	.11
1937-----	12,345,419	89.24	5.57	1.03	1.27	.72	1.51	.37	.18	.04	.07
1938-----	11,434,528	87.20	6.56	1.70	1.37	.82	1.70	.34	.18	.06	.07
1940-----	8,419,772	85.17	7.68	2.07	1.52	.92	1.91	.36	.19	.09	.09
1941-----	6,248,055	84.14	7.45	2.59	1.67	1.10	2.27	.33	.21	.12	.12
1942-----	4,314,294	85.16	6.60	2.43	1.71	.96	2.33	.34	.23	.13	.11
1943-----	9,033,907	84.93	8.90	2.02	1.43	.80	1.30	.30	.16	.07	.09
1944-----	9,810,149	84.14	9.30	2.11	1.70	.79	1.29	.34	.15	.07	.11
1945-----	16,284,552	82.75	10.81	2.00	1.78	.82	1.16	.35	.14	.06	.13
1946-----	18,828,477	82.65	10.73	2.00	1.87	.79	1.23	.33	.16	.07	.17
1947-----	11,596,806	84.01	8.77	1.82	2.26	.91	1.51	.36	.14	.11	.11
1948-----	12,911,665	84.67	8.07	1.85	2.53	.88	1.33	.34	.14	.10	.09
1949-----	10,746,935	83.83	8.44	1.95	2.49	1.11	1.43	.39	.13	.12	.09
1950-----	21,808,284	85.91	6.85	2.35	2.19	.92	1.12	.39	.11	.11	.05
1951-----	21,306,087	85.48	7.56	2.30	2.06	.89	1.06	.36	.11	.11	.07
1952-----	17,394,395	84.86	7.39	2.67	2.20	.99	1.11	.43	.15	.12	.08
1953-----	16,715,533	85.25	6.79	2.84	2.20	1.06	1.04	.46	.16	.13	.07
1954-----	28,140,117	86.23	6.79	2.42	2.02	.94	.89	.39	.14	.10	.08
1955-----	38,039,107	86.31	6.98	2.44	1.90	.90	.78	.39	.13	.09	.08
1956-----	35,143,115	84.95	7.77	2.75	2.08	.96	.80	.42	.12	.08	.07
1957-----	32,214,846	85.51	7.33	2.69	2.02	1.00	.76	.42	.12	.08	.07
1958-----	38,419,560	85.42	7.45	2.71	2.11	1.01	.71	.37	.09	.08	.05
Six months to June 30, 1959-----	28,198,281	83.07	10.18	2.64	1.91	1.01	.65	.33	.08	.07	.06

Symbols: NYS, New York Stock Exchange; AMS, American Stock Exchange; MSE, Midwest Stock Exchange; PCS, Pacific Coast Stock Exchange; PBS, Philadelphia-Baltimore Stock Exchange; BSE, Boston Stock Exchange; DSE, Detroit Stock Exchange; PIT, Pittsburgh Stock Exchange; CIN, Cincinnati Stock Exchange.

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

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

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

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

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

Fiscal year ended June 30	Sec. 16(a) of 1934 act	Sec. 17(a) of 1935 act	Sec. 30(f) of 1940 act	Total reports filed
1935	12,638			12,638
1936	43,263	509		43,772
1937	30,123	460		30,583
1938	21,810	929		22,739
1939	18,323	1,043		19,366
1940	18,342	903		19,245
1941	16,312	693	2,413	19,418
1942	16,412	742	1,446	18,600
1943	13,363	445	1,164	14,972
1944	13,183	539	1,043	14,765
1945	15,045	498	1,070	16,613
1946	17,388	447	1,265	19,550
1947	18,620	553	916	20,089
1948	16,570	557	664	17,791
1949	17,976	675	702	19,353
1950	18,314	721	774	19,809
1951	20,776	509	833	22,118
1952	20,013	420	628	21,061
1953	21,516	393	424	22,333
1954	22,583	331	285	23,199
1955	28,010	532	433	28,975
1956	31,003	322	676	32,001
1957	33,486	296	661	34,443
1958	32,290	361	475	33,126
1959	38,058	366	851	39,275
25-year total	555,867	13,244	16,723	585,834

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

Fiscal year ended June 30—	Annual re-ports on Form 10-K or its equivalent forms	Quarterly and semi-annual re-ports on Form 9-K ¹	Current re-ports on Form 8-K	Number of issuers having securities listed and registered as of June 30
1936	1,500			
1937	2,231		1,700	2,303
1938	2,310		2,319	2,489
1939	2,315		2,342	2,485
1940	2,289		2,448	2,449
1941	2,390		2,295	2,408
1942	2,148		2,470	2,350
1943	2,073		2,340	2,299
1944	1,996		2,572	2,244
1945	2,167		2,752	2,196
1946	2,029	1,654	3,394	2,185
1947	2,189	5,832	3,302	2,188
1948	2,123	5,545	3,214	2,215
1949	2,139	5,559	3,207	2,209
1950	2,091	5,562	3,252	2,194
1951	2,184	6,042	2,750	2,182
1952	2,150	5,734	2,861	2,188
1953	2,134	6,080	3,513	2,192
1954	2,050		3,440	2,210
1955	2,123		2,857	2,204
1956	2,154	1,554	3,367	2,219
1957	2,178	1,466	3,575	2,253
1958	2,269	1,884	3,427	2,256
1959	2,223	1,685	3,650	2,236

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

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

Fiscal year ended June 30	Annual reports on Form 10-K or its equivalent forms	Quarterly and semi-annual reports on Form 9-K ¹	Current reports on Form 8-K	Number of issuers required to file reports under sec. 15(d) as of June 30
1937	30			80
1938	150			165
1939	172			180
1940	252			274
1941	255			279
1942	324			337
1943	327	241		370
1944	348	250		382
1945	377	300		425
1946	436	280		558
1947	601	298		839
1948	680	298		875
1949	744	833	180	976
1950	753	2,094	284	977
1951	735	2,596	400	971
1952	715	2,594	604	978
1953	825	2,615	916	1,014
1954	834		973	1,058
1955	950		970	1,164
1956	1,025	512	1,066	1,167
1957	1,159	633	1,299	1,274
1958	1,270	886	1,405	1,365
1959	1,480	848	1,718	1,503

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

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

Fiscal year June 30	Number of appearances filed			Aggregate assets (000 omitted)	Aggregate indebtedness (000 omitted)
	Principal	Subsidiary	Total		
1939-43	243	50	293	\$2,625,791	\$1,639,163
1944	10	9	28	130,995	73,698
1945	9	0	9	280,589	256,970
1946	9	0	9	9,615	11,636
1947	9	5	14	15,457	13,135
1948	10	1	11	28,487	32,620
1949	9	4	13	108,390	99,417
1950	5	4	9	24,985	29,006
1951	5	0	5	3,243	3,028
1952	6	2	8	8,834	5,625
1953	4	3	7	7,761	3,661
1954	4	2	6	8,520	17,373
1955	2	4	6	112,769	112,343
1956	6	0	6	15,578	16,837
1957	9	0	9	61,136	67,928
1958	9	0	9	76,499	67,987
1959	13	2	15	62,037	39,165
Totals	371	86	457	3,580,686	2,489,692

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

Debtor	District court	Petition filed	Petition approved	Securities and Exchange Commission notice of appearance filed
Alaska Telephone Corp.	W.D. Wash.	Nov. 2, 1955	Nov. 21, 1955	Nov. 7, 1955
American Fuel & Power Co.	E.D. Ky.	Dec. 6, 1955	Dec. 20, 1955	May 1, 1940
Buckeye Fuel Co.	do	Nov. 28, 1959	do	Do.
Buckeye Gas Service Co.	do	do	do	Do.
Carbreath Gas Co.	do	do	do	Do.
Inland Gas Distributing Co.	do	do	do	Do.
Automatic Washer Co.	S.D. Iowa	Oct. 17, 1956	Nov. 2, 1956	Nov. 2, 1956
Brookwood Country Club ¹	N.D. Ill.	Feb. 17, 1959	Mar. 3, 1959	Mar. 19, 1959
Central States Electric Corp.	E.D. Va.	Feb. 26, 1942	Feb. 27, 1942	Mar. 11, 1942
Coastal Finance Corp.	D. Md.	Feb. 15, 1956	Feb. 18, 1956	Apr. 16, 1956
Columbus Venetian Stevens Buildings, Inc.	N.D. Ill.	Aug. 30, 1955	Aug. 31, 1955	Oct. 3, 1955
DePaul Educational Aid Society ¹	do	Jan. 1, 1959	Jan. 13, 1959	Feb. 4, 1959
Dumont-Airplane & Marine Instruments, Inc. ¹	S.D. N.Y.	Oct. 27, 1958	Oct. 27, 1958	Nov. 10, 1958
Le John Manufacturing Co.	do	Oct. 31, 1958	Oct. 31, 1958	Do.
El-Tronics Inc. ¹	E.D. Pa.	Nov. 25, 1958	Nov. 25, 1958	Jan. 16, 1959
Empire Warehouses, Inc.	N.D. Ill.	June 15, 1956	June 15, 1956	July 19, 1956
Equitable Plan Co.	S.D. Calif.	Mar. 18, 1958	May 29, 1958	Mar. 27, 1958
Frank Fehr Brewing Co.	W.D. Ky.	Aug. 13, 1957	Aug. 14, 1957	Nov. 8, 1957
General Stores Corp.	S.D. N.Y.	Apr. 30, 1956	May 1, 1956	May 23, 1956
Adolf Gobel, Inc.	D. N.J.	July 23, 1953	Dec. 28, 1953	Sept. 8, 1953
Eastern Edible Refinery Corp.	do	June 23, 1951	June 23, 1954	Oct. 14, 1954
Gobel's Q.F. Distributors	do	do	do	Do.
Gobel Pharmaceuticals, Inc.	do	do	do	Do.
Metropolitan Shortening Corp.	do	do	do	Do.
Green River Steel Corp.	W.D. Ky.	Sept. 13, 1956	Sept. 18, 1956	Oct. 5, 1956
Horsting Oil Co.	D. N. Dak.	Mar. 17, 1952	Mar. 17, 1952	Sept. 30, 1955
Hudson & Manhattan Railroad Co.	S.D. N.Y.	Aug. 11, 1954	Dec. 14, 1954	Jan. 7, 1955
Inland Gas Corp.	E.D. Ky.	Oct. 14, 1955	Nov. 1, 1955	Mar. 28, 1959
International Power Securities Corp. ²	D. N.J.	Feb. 24, 1941	Feb. 24, 1941	Mar. 3, 1941
International Railway Co.	W.D. N.Y.	July 28, 1947	July 28, 1947	Aug. 4, 1947
F. L. Jacobs Co. ¹	E.D. Mich.	Mar. 17, 1959	Mar. 18, 1959	Mar. 20, 1959
Keeshin Freight Lines, Inc.	N.D. Ill.	Jan. 31, 1946	Jan. 31, 1946	Apr. 25, 1949
Keeshin Motor Express Co., Inc.	do	do	do	Do.
Seaboard Freight Lines, Inc.	do	do	do	Do.
National Freight Lines, Inc.	do	do	do	Do.
Kentucky Fuel Gas Corp.	E.D. Ky.	Oct. 25, 1935	Nov. 1, 1935	Mar. 28, 1939
Liberty Baking Corp.	S.D. N.Y.	Apr. 22, 1957	Apr. 22, 1957	May 2, 1957
Ludman Corp. ¹	S.D. Fla.	Sept. 18, 1958	Oct. 9, 1958	Oct. 21, 1958
Magnolia Park, Inc.	E.D. La.	Oct. 16, 1957	Feb. 26, 1958	Oct. 24, 1957
Muntz TV, Inc.	N.D. Ill.	Mar. 2, 1954	Mar. 3, 1954	Mar. 4, 1954
Tel-A-Vogue	do	do	do	Do.
Muntz Industries, Inc.	do	do	do	Do.
Northern Steel Corp. ¹	Conn.	Feb. 1, 1957	Feb. 5, 1957	Feb. 19, 1957
Parker Petroleum Co., Inc.	W.D. Okla.	May 6, 1958	May 6, 1958	June 9, 1958
Pittsburgh Railways Co.	W.D. Pa.	May 10, 1938	May 10, 1938	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	Do.
San Souci Hotel, Inc. ¹	D. Nev.	Aug. 1, 1958	Aug. 1, 1958	Sept. 16, 1958
Scranton Corp. ¹	M.D. Pa.	Apr. 3, 1959	Apr. 3, 1959	Apr. 15, 1959
Hal Roach Studios	do	do	do	Do.
Seaboard Drug Co.	S.D. N.Y.	May 7, 1957	May 10, 1957	June 25, 1957
Selected Investments Trust Fund	N.D. Okla.	Mar. 3, 1958	Mar. 3, 1958	Mar. 17, 1958
Selected Investments Corp.	do	do	do	do
Shawano Development Co. ²	D. Wyo.	Apr. 3, 1959	Apr. 13, 1959	May 20, 1959
Sierra Nevada Oil Co.	D. Nev.	June 22, 1951	June 22, 1951	July 25, 1951
Silesian American Corp.	S.D. N.Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
South Texas Oil & Gas Co. ²	S.D. Tex.	Feb. 2, 1958	Feb. 2, 1958	Feb. 15, 1958
Stardust, Inc.	Nev.	July 19, 1956	Sept. 10, 1956	Sept. 7, 1956
Sure Seal Corp. ¹	D. Utah	May 13, 1958	Aug. 12, 1958	Sept. 30, 1958
Swan Finch Oil Corp.	S.D. N.Y.	Jan. 2, 1958	Jan. 2, 1958	Jan. 27, 1958
Texas Portland Cement Co. ¹	E.D. Tex.	July 7, 1958	July 7, 1958	Aug. 12, 1958
Third Avenue Transit Corp.	S.D. N.Y.	Oct. 25, 1948	June 21, 1949	Jan. 3, 1949
Surface Transportation Corp.	do	June 21, 1949	do	July 7, 1949
Westchester St. Transportation Co., Inc.	do	do	do	Do.
Westchester Electric R.R. Co.	do	do	do	Do.
Warontas Press, Inc.	do	Sept. 8, 1949	Sept. 8, 1949	Sept. 8, 1949
Yonkers Railroad Co.	do	June 21, 1949	June 21, 1949	July 7, 1949
TMT Trailer Ferry, Inc.	S.D. Fla.	June 27, 1957	Nov. 15, 1957	Nov. 25, 1957
Trinity Buildings Corp. of N.Y.	S.D. N.Y.	Jan. 18, 1945	Jan. 18, 1945	Feb. 19, 1945
U.S. Durox Corp. of Colorado ¹	D. Colo.	Feb. 4, 1959	Feb. 9, 1959	Mar. 31, 1959
Verdi Development Co. ^{1, 2}	C.D. Utah	Feb. 25, 1959	Mar. 11, 1959	Apr. 3, 1959

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

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

Fiscal year ended June 30	Number of indentures filed for qualification during the year	Dollar amount of debt securities involved (in billions)	Number of indentures that were qualified during the year	Dollar amount of debt securities involved (in billions)
1940	43	\$0.663	30	\$0.440
1941	93	2.101	94	1.670
1942	84	1.101	73	1.107
1943	45	.400	37	.312
1944	67	.690	70	.717
1945	117	2.207	98	1.791
1946	132	2.838	136	2.988
1947	108	2.692	96	2.665
1948	121	2.554	122	2.446
1949	127	2.606	124	2.558
1950	98	1.742	97	1.865
1951	109	2.025	103	1.922
1952	163	3.308	154	3.063
1953	144	2.751	141	2.838
1954	145	3.688	139	3.378
1955	163	3.675	157	3.721
1956	183	4.495	168	3.992
1957	244	5.466	237	5.507
1958	252	7.066	237	6.414
1959	202	3.686	192	4.229

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

Fiscal year ended June 30	Registered at the beginning of the year	New registrations during the year	Registrations ended during the year	Registered at the close of the year	Gross assets at the end of the year (billions)
1941 ¹	0	450	14	436	\$2.5
1942	436	17	46	407	2.4
1943	407	14	31	390	2.3
1944	390	8	27	371	2.2
1945	371	14	19	366	3.3
1946	366	13	18	361	3.8
1947	361	12	21	352	3.6
1948	352	18	11	359	3.8
1949	359	12	13	358	3.7
1950	358	26	18	366	4.7
1951	366	12	10	368	5.6
1952	368	13	14	367	6.8
1953	367	17	15	369	7.0
1954	369	20	5	384	8.7
1955	384	37	34	387	12.0
1956	387	46	34	399	14.0
1957	399	49	16	432	15.0
1958	432	42	21	453	17.0
1959	453	70	11	512	20.0

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

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

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

TABLE 25.—Summary of cases instituted in the courts by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940

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

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

TABLE 26.—*Summary of cases instituted against the Commission, cases in which the Commission participated as intervenor or amicus curiae, and reorganization cases on appeal under ch. X in which the Commission participated*

Types of cases	Total cases instituted up to end of 1959 fiscal year	Total cases closed up to end of 1959 fiscal year	Cases pending at end of 1959 fiscal year	Cases pending at end of 1958 fiscal year	Cases instituted during 1959 fiscal year	Total cases pending during 1959 fiscal year	Cases closed during 1959 fiscal year
Actions to enjoin enforcement of Securities Act, Securities Exchange Act, and Public Utility Holding Company Act with the exception of subpoenas issued by the Commission.....	64	64	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	0	0	0	0	0
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission.....	215	206	9	14	6	20	11
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or <i>amicus curiae</i>	208	197	11	4	12	16	5
Appeal cases under ch. X in which the Commission participated.....	167	155	12	4	13	17	5
Total.....	662	630	32	22	31	53	21

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959.*

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

Belmont Oil Corp.....	15	Southern District of New York.	June 30, 1959	Sec. 5, 1933 act.....	Complaint filed June 30, 1959. Pending.
Billings Holding Corp.....	3	Montana.....	Dec. 4, 1954	Sec. 17(a) (2) and (3), 1933 act.	Preliminary injunction, Feb. 17, 1955. Order June 17, 1955, denying defendants' motion to dismiss. Defendants' answer to complaint filed July 25, 1955. Injunction dismissed as to 2 defendants, June 11, 1958. Remaining defendant deceased. Closed.
Bonanza Oil Corp.....	5	Nevada.....	Aug. 12, 1958	Sec. 5 (a) and (c), 1933 act..	Complaint filed Aug. 12, 1958. Final judgment by consent as to all defendants, Nov. 5, 1958. Closed.
Bradford, William Douglas.....	1	Southern District of California.	Feb. 26, 1958	Sec. 17(a) and rules 17a-3 and 17a-5, 1934 act.	Complaint filed Feb. 26, 1958. Answer filed Mar. 19, 1958. Amended and supplemental complaint filed June 23, 1958. Final judgment entered Jan. 15, 1959. Appeal from the order of the District Court filed Mar. 13, 1959. Pending.
Brandel Trust.....	16	Southern District of New York.	July 15, 1958	Secs. 5(b) and 17(a), 1933 act; secs. 15(c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 act.	Complaint filed July 15, 1958. Amended complaint filed July 18, 1958. Receiver appointed July 21, 1958. Final judgment by consent as to 2 defendants July 22, 1958. Pending.
Morton Browne.....	1	Southern District of New York.	Apr. 22, 1959	Sec. 10 (a) and (b) and rule 10a-1 and 10b-5, 1934 act.	Summons and complaint filed Apr. 22, 1959. Final judgment by consent entered May 1, 1959. Closed.
Burd, Jacwin & Costa, Inc....	1	Southern District of New York.	Dec. 18, 1956	Sec. 17(a), 1933 act.....	Reply affidavit and defendant's answer filed Dec. 26, 1956. Preliminary injunction by consent entered Dec. 28, 1956. Injunction by consent entered May 15, 1959. Closed.
T. J. Campbell Investment Co., Inc.	4	Southern District of Texas.	Oct. 16, 1958	Secs. 17(a) (2) and 17(a) (3), 1933 act; secs. 15(c)(3) and 10(b), 1934 act.	Complaint filed Oct. 16, 1958. Final judgment entered as to all defendants and appointment of a receiver, Oct. 16, 1958. Pending.
Canadian Javelin Ltd.....	24	Southern District of New York.	Sept. 23, 1958	Secs. 5(a) (1) and (2), 17(a)(1), (2) and (3) and 17(b), 1933 act; sec. 10(b), 1934 act.	Complaint filed Sept. 23, 1958. Permanent injunction by consent as to 10 defendants, Sept. 25, 1958. Injunction by consent as to 3 defendants, Nov. 24, 1958. Pending.
Edward J. Carroll.....	1	Massachusetts.....	Mar. 5, 1959	Secs. 10(b), 15(c)(1), 15(c)(3) and 17(a) and rules 10b-5, 15c1-2, 15c3-1 and 17a-3, 1934 act.	Complaint filed Mar. 5, 1959. Preliminary injunction signed Mar. 13, 1959. Permanent injunction entered May 25, 1959. Closed.
Cataract Mining Corp.....	6	Southern District of New York.	Oct. 30, 1957	Secs. 5(a) (1) and (2) and 5(c), 1933 act.	Permanent injunction by consent as to 5 defendants, Nov. 7, 1957. Preliminary injunction by consent as to remaining defendant, Mar. 13, 1958. Pending.
The Central Foundry Co.....	17	Southern District of New York.	Sept. 25, 1958	Sec. 14(a) and Regulation X-14, 1934 act.	Summons and complaint filed Sept. 25, 1958. Stipulation among parties entered Sept. 25, 1958. Motion by Central Foundry to modify stipulation filed Oct. 20, 1958 and motion to dismiss by Independent Stockholders Group filed Oct. 21, 1958. Opinion filed Oct. 29, 1958 permitting modification of stipulation. Appeals filed on Oct. 30 and Nov. 5, 1958. Stipulations and proposed orders dismissing appeals and complaint filed approximately June 1, 1959. Closed.
Christopher Corp.....	1	Southern District of Florida.	Dec. 16, 1958	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Dec. 16, 1958. Temporary restraining order signed Dec. 17, 1958. Permanent injunction by consent entered Jan. 5, 1959. Closed.

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959—Continued*

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

Empire State Mutual Sales, Inc.	4	Southern District of New York.	Feb. 3, 1959	Secs. 15(c)(1), 15(c)(3) and 17(a), 1934 act.	Summons and complaint filed Feb. 3, 1959. Permanent injunction by consent entered as to 2 defendants. Memorandum endorsed denying motion for permanent injunction as to remaining defendants, Mar. 6, 1959. Closed.
Farm and Home Agency, Inc.	5	Southern District of Indiana.	Apr. 16, 1958	Sec. 5(a) and (c), 1933 act.	Injunction by consent as to all defendants, Apr. 16, 1958. Motion to vacate and set aside consent decree filed Nov. 20, 1958. Order entered denying defendants' motion, Jan. 12, 1959. Appeal filed Feb. 26, 1959. Pending.
First Investment Savings Corp.	1	Northern District of Alabama.	Mar. 5, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Mar. 5, 1957. Temporary restraining order signed Mar. 5, 1957. Preliminary injunction entered Mar. 26, 1957. Pending.
First Lewis Corp.	1	Massachusetts	June 15, 1959	Sec. 17(a) and rule 17a-3, 1934 act.	Complaint filed June 15, 1959. Temporary restraining order signed June 15, 1959. Preliminary injunction entered June 23, 1959. Pending.
Franklin Atlas Corp.	5	Southern District of New York.	May 9, 1957	Secs. 5(a)(1) and (2) and 17(a)(1), (2) and (3), 1933 act.	Complaint filed May 9, 1957. Final judgment by consent as to 3 defendants, Dec. 15, 1958. Opinion rendered denying permanent injunction as to remaining defendants, Mar. 27, 1959. Closed.
Ben Franklin Oil & Gas Corp.	11	New Jersey	June 19, 1957	Sec. 5(a) and (c), 1933 act.	Complaint filed June 19, 1957. Injunction by consent as to 6 defendants, Dec. 12, 1958. Dismissal as to remaining defendants, Mar. 27, 1959. Closed.
General Associates, Inc.	6	Western District of Washington.	Oct. 20, 1958	Secs. 5 and 17(a), 1933 act.	Complaint filed Oct. 20, 1958. Preliminary injunction as to all defendants, Oct. 29, 1958. Amended complaint filed Nov. 7, 1958. Permanent injunction by consent as to all defendants, May 4, 1959. Closed.
Globe Securities Corp.	10	Southern District of New York.	Apr. 29, 1958	Sec. 17(a), 1933 act.	Complaint filed Apr. 29, 1958. Preliminary injunction by consent as to 8 defendants, June 30, 1958. Dismissal as to 1 defendant. Pending as to remaining defendants.
Golden-Dersch & Co., Inc.	1	Southern District of New York.	Sept. 7, 1956	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Injunction by consent, Sept. 18, 1956. Receiver appointed Sept. 27, 1956. Pending.
Gondelman, Sidney	8	Southern District of New York.	May 19, 1958	Sec. 14(a) and Regulation X-14, 1934 act.	Complaint filed May 19, 1958. Answer by 1 defendant filed approximately May 29, 1958. Preliminary injunction signed Aug. 21, 1958. Answers filed Aug. 25 and Sept. 4, 1958. Appeals filed Sept. 12, 1958, from the order of preliminary injunction. Appeals dismissed. Pending.
Gotham Securities Corp.	5	New Jersey	Aug. 12, 1958	Sec. 17(a), 1933 act.	Summons and complaint filed Aug. 12, 1958. Final judgment by consent as to 3 defendants, Aug. 19, 1958. Order entered dismissing remaining defendants, Sept. 4, 1958. Closed.
Gravity Science Foundation, Inc.	2	Northern District of Illinois.	Mar. 24, 1959	Secs. 5 (a) and (c) and 17(a), 1933 act.	Complaint filed Mar. 24, 1959. Preliminary injunction signed Apr. 2, 1959. Pending.
Graye, James C.	1	Southern District of New York.	Mar. 26, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Mar. 26, 1957. Preliminary injunction denied and temporary restraining order vacated, Apr. 29, 1957. Pending.
Graye, James C.	4	Southern District of New York.	Jan. 23, 1958	Sec. 17(a), 1933 act.	Preliminary injunction by consent entered Feb. 6, 1958, as to 3 defendants. Injunction by consent as to 1 defendant, Apr. 3, 1958. Pending.

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Holmes Green, Jr.-----	1	Northern District of Texas	Nov. 6, 1958	Secs. 15(c)(3) and 17(a) and rules 16c3-1 and 17a-3, 1934 act.	Complaint filed Nov. 6, 1958. Final judgment by consent entered Nov. 7, 1958. Closed.
P. J. Gruber & Co., Inc.-----	2	Southern District of New York.	Nov. 7, 1958	Sec. 17(a) and rule 17A-3, 1934 act.	Preliminary injunction by consent as to 2 defendants and by default as to remaining defendant, Dec. 18, 1958. Answer by 2 defendants filed Dec. 31, 1958. Order entered June 23, 1959, discontinuing action. Closed.
Guild Films Co., Inc.-----	10	Southern District of New York.	Apr. 29, 1959	Sec. 13 and Regulation 13A, 1934 act.	Complaint filed Apr. 29, 1959. Injunction entered as to 4 defendants, June 8, 1959. Pending as to remaining defendants.
Alexander L. Guterman (F. L. Jacobs Co.).-----	2	Southern District of New York.	Feb. 11, 1959	Secs. 5 (a) and (c) and 17(a), 1933 act; secs. 10(b), 13 and 16(a) and rules 10b-5, 13a-1, 11 and 16a-1, 1934 act.	Complaint filed Feb. 11, 1959. Mandatory injunction by consent entered Feb. 26, 1959, as to corporate defendant. Appointment of receiver by court, Mar. 17, 1959. Petition for Reorganization under ch. X of the Bankruptcy Act filed in the District Court for the Eastern District of Michigan. Pending.
Helser, J. Henry, & Co.-----	2	Northern District of California.	Nov. 19, 1958	Sec. 17(a) (2) and (3), 1933 act; sec. 10(b) and rule 10b-5 (2) and (3), 1934 act; sec. 206(2), IA Act of 1940.	Amendment to Interlocutory Order entered Nov. 22, 1955, extending term from 12 to 15 months within which Commission may apply for injunction. Order Nov. 20, 1956, continuing motion to dismiss. Final compliance order by consent, Mar. 22, 1957. Order Mar. 26, 1958, granting application for amendment of exhibit A to Interlocutory Order dated Apr. 29, 1955. Amended final compliance order, May 8, 1958. Pending.
Barrett Herrick & Co., Inc.-----	2	Southern District of New York.	Sept. 11, 1958	Sec. 15(c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 act.	Amended complaint filed Sept. 14, 1958. Injunction by consent as to both defendants, Sept. 14, 1958, and appointment of receiver. Order signed Mar. 20, 1957, to show cause why receiver should not be authorized to make payment to receiver's certified public accountant. Pending.
Hillsborough Investment Corp.-----	3	New Hampshire-----	Sept. 22, 1958	Sec. 5 (a) and (c), 1933 act..	Complaint filed Sept. 22, 1958. Preliminary injunction as to 2 defendants, Dec. 11, 1958. Permanent injunction as to 2 defendants, June 22, 1959. Pending as to remaining defendant.
Hinsdale Raceway, Inc.-----	5	New Hampshire-----	Oct. 23, 1958	Sec. 5 (a) and (c), 1933 act...	Complaint filed Oct. 23, 1958. Final judgment by consent entered Oct. 28, 1958. Closed.

Insurance Securities Inc.....	6	Northern District of California.	Aug. 13, 1956	Sec. 36 and rule N-20A-1, IO Act of 1940.	Amendment to complaint filed Aug. 13, 1956. Interlocutory orders Aug. 14 and 30, 1956. Answer of Commission Oct. 24, 1956, in opposition to motions to dismiss and for summary judgment. Order Dec. 4, 1956, dismissing the amended complaint and dissolving the court's second interlocutory order. Appeal by Commission Jan. 24, 1957. Order entered by CA-9 affirming the judgment of the District Court, Apr. 7, 1958. Petition for writ of certiorari by Commission, July 3, 1958. Denied Oct. 13, 1958. Closed. Complaint filed June 3, 1959. Final judgment by consent entered June 11, 1959. Closed.
International Corp.....	2	District of Columbia.....	June 3, 1959	Secs. 5 (a) and (e) and 17(a)(2) and 17(a)(3), 1933 act.	Complaint filed Apr. 29, 1959. Judgment by consent entered as to 5 defendants, June 8, 1959. Pending.
Interworld T. V. Films, Inc....	11	Southern District of New York.	Apr. 29, 1959	Sec. 15(d) and Regulation 15D, 1934 act.	Summons and complaint filed Nov. 26, 1958. Preliminary injunction by default as to 1 defendant entered Dec. 30, 1958. Order of preliminary injunction as to 1 defendant granted with respect to sec. 5 and denied as to sec. 17(a) of 1933 act, Mar. 19, 1959. Notice of appeal from the order of preliminary injunction filed Apr. 8, 1959. Pending. Summons and complaint filed Dec. 16, 1958. Pending.
Sidney B. Josephson (Stratford Securities Co., Inc., et al.).	5	Southern District of New York.	Nov. 26, 1958	Secs. 5 and 17(a), 1933 act....	Summons and complaint filed Dec. 16, 1958. Pending.
Sidney B. Josephson (Stanley Brown).	2	Southern District of New York.	Dec. 16, 1958	Secs. 5 and 17(a), 1933 act....	Summons and complaint filed Dec. 16, 1958. Pending.
Sidney B. Josephson (Phoenix Securities Corp., et al.).	6	Southern District of New York.	Dec. 16, 1958	Secs. 5 and 17(a), 1933 act....	Complaint filed Aug. 27, 1958. Final judgment by consent entered Aug. 27, 1958. Closed.
J. W. Justus.....	1	Southern District of Florida	Aug. 27, 1958	Sec. 5 (a) and (c), 1933 act....	Summons and complaint filed Jan. 27, 1959. Answer filed by 4 defendants, Feb. 5, 1959. Final judgment by consent as to 4 defendants entered Feb. 6, 1959. Dismissal as to remaining defendant, Mar. 18, 1959. Closed. Complaint filed Sept. 27, 1957. Preliminary injunction signed Dec. 20, 1957. Pending.
Kimball Securities, Inc.....	5	Southern District of New York.	Jan. 27, 1959	Sec. 17(a), 1933 act; sec. 15(c)(1) and rule 15c1-2, 1934 act.	Complaint filed Aug. 5, 1957. Order Aug. 7, 1957, denying application for temporary restraining order and directing defendant to file answer by Aug. 21, 1957. Motion to dismiss and answer filed Aug. 21, 1957. Order dismissing action without prejudice, Jan. 20, 1959. Closed. Complaint filed Dec. 9, 1958. Temporary restraining order signed Dec. 9, 1958. Permanent injunction by consent as to 2 defendants, Dec. 19, 1958. Pending as to remaining defendants.
Land Development Co. of Nevada.	3	Nevada.....	Sept. 27, 1957	Sec. 5 (a) and (c), 1933 act....	Complaint filed June 25, 1958. Temporary restraining order signed June 25, 1958. Injunction by consent entered as to 8 defendants, Oct. 2, 1958. Final judgment by default as to 5 defendants, Nov. 7, 1958. Remaining defendant dismissed Nov. 7, 1958. Closed.
Alfred D. Laurence & Co.....	1	Southern District of Florida	Aug. 5, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Aug. 20, 1958. Answer filed Dec. 9, 1958. Findings of fact and conclusions of law and order denying preliminary injunction entered Dec. 17, 1958. Pending.
J. H. Lederer Co., Inc.....	46	Southern District of New York.	Dec. 9, 1958	Secs. 5(b) (1) and (2), 10, 17(a)(1), (2) and (3), 1933 act.	
Lincoln Securities Corp.....	14	Southern District of New York.	June 25, 1958	Secs. 5(a) and 17(a), 1933 act.	
J. Logan & Co.....	5	Southern District of California.	Aug. 20, 1958	Sec. 17(a)(3), 1933 act; secs. 10(b) or 15(e)(1), 1934 act.	

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Ralph L. Loomis.....	2	Massachusetts.....	Dec. 23, 1958	Secs. 5 (a) and (e), 17 (a) and (b), 1933 act; sec. 206, IA Act of 1940.	Complaint filed Dec. 23, 1958. Final judgment by consent entered Dec. 23, 1958. Closed.
J. P. Lord, Inc.....	3	Southern District of Florida.....	May 6, 1959	Secs. 5 (a) and (e) and 17(a), 1933 act.	Complaint filed May 6, 1959. Final judgment by consent entered as to 2 defendants, May 6, 1959. Pending as to remaining defendant.
Los Angeles Trust Deed & Mortgage Exchange.....	7	Southern District of California.....	Mar. 24, 1958	Secs. 5 (a) and (e) and 17(a), 1933 act; secs. 15(n) and 15(c)(1) and rule 15cl-2, 1934 act.	Complaint filed Mar. 24, 1958. Answer of 6 defendants filed Apr. 9, 1958. Amended complaint filed Oct. 8, 1958. Preliminary injunction and appointment of a receiver entered Nov. 12, 1958. Notice of appeal filed from the order of preliminary injunction. Opinion by CA-9 reversing District Court's decision granting preliminary injunction and appointing receiver, Feb. 17, 1959. Petition by Commission for rehearing filed Mar. 17, 1959. Petition denied. Trial pending.
McDonald, Kaiser & Co., Inc.....	2	Southern District of New York.....	Oct. 29, 1958	Sec. 15(c)(1) and rule 15cl-2, 1934 act.	Complaint filed Oct. 29, 1958. Temporary restraining order signed Oct. 29, 1958. Preliminary injunction by default entered as to both defendants. Judgment of permanent injunction by default entered May 11, 1959. Closed.
Russell McPhail.....	4	Southern District of New York.....	July 7, 1958	Sec. 36, IC Act of 1940.....	Complaint filed July 7, 1958. Intervention granted Sept. 10, 1958, and complaint filed Sept. 19, 1958. Motion to dismiss Commission's complaint denied Nov. 1958. Answers filed Feb. 27 and Mar. 4, 1959. Proposal by both parties of compromise and acceptance filed Apr. 12, 1959. Application by attorneys for allowance of compensation and disbursement dated May 1, 1959. Memorandum opinion conditionally approving the compromise and granting application for a portion of the fees requested, May 14, 1959. Motion for reargument filed May 27, 1959. Decision and order denying motion, June 9, 1959.
Micro-Moisture Controls, Inc.....	16	Southern District of New York.....	Jan. 9, 1957	Sec. 5 (a) and (e), 1933 act.....	Preliminary injunction entered Mar. 6, 1957. Decision June 17, 1957, allowing 2 defendants to serve an amended answer and denying Commission's motion for summary judgment. Injunction entered as to all defendants, Apr. 23, 1958. Appeals filed by 9 defendants on various dates. Stipulation for dismissal of appeals by 3 defendants filed Nov. 20 and Dec. 15, 1958. Pending.

Mono-Kearsarge Consolidated Mining Co.	7	Utah.....	June 2, 1958	Sec. 5 (a) and (c), 1933 act...	Complaint filed June 2, 1958. Answer by 1 defendant filed June 27, 1958. Judgment by consent entered as to 2 defendants, July 17 and Aug. 25, 1958. Final judgment as to 3 defendants, Oct. 21, 1958. Appeal filed from the order of the final judgment, Nov. 19, 1958. Dismissal of appeal Mar. 31, 1959. Pending as to remaining defendants.
I. B. Morton & Co., Inc.....	5	Southern District of New York.	Oct. 16, 1958	Sec. 17(a), 1933 act; sec. 15(c)(1) and 15(c)(3) and rules 15c 1-2 and 15c 3-1, 1934 act.	Complaint filed Oct. 16, 1958. Temporary restraining order signed Oct. 16, 1958. Permanent injunctions as to all defendants signed on various dates. Closed.
Philip Newman Associates, Inc.	43	New Jersey.....	Dec. 30, 1958	Secs. 5(a) (1) and (2) and 17(a) (1), (2), and (3), 1933 act.	Summons and complaint filed Dec. 30, 1958. Temporary restraining order as to 31 defendants. Amended complaint filed Jan. 9, 1959. Final judgment as to 4 defendants and receiver appointed Jan. 19, 1959. Pending.
North American Finance Co.	3	Arizona.....	Aug. 4, 1958	Secs. 5(b), 17(a) (2) and (3), 1933 act; sec. 15c(1), 1934 act.	Complaint filed Aug. 4, 1958. Final judgment by consent entered Apr. 17, 1959, as to all defendants. Closed.
O. T. C. Enterprises, Inc.....	4	Western District of Oklahoma.	May 28, 1959	Secs. 5(a)(1), 5(a)(2) and 5(c), 1933 act.	Complaint filed May 28, 1959. Stipulation consenting to final judgment, June 5, 1959. Permanent injunction as to all defendants by consent entered June 5, 1959. Closed.
Peerless-New York, Inc.....	1	Southern District of New York.	Nov. 7, 1957	Sec. 15(c)(3) and rule 15c 3-1, 1934 act.	Complaint filed Nov. 7, 1957. Answer served Dec. 19, 1957. Preliminary injunction entered Feb. 3, 1958. Pending.
Peruvian Oil Concessions Co., Inc.	5	Southern District of New York.	Apr. 2, 1959	Sec. 15(d), 1934 act.....	Complaint filed Apr. 2, 1959. Mandatory judgment by consent as to 2 defendants, May 4, 1959. Pending.
Fred S. Pettyjohn, Jr.....	2	Alaska.....	Apr. 27, 1959	Sec. 5, 1933 act.....	Complaint filed Apr. 27, 1959. Stipulation consenting to permanent injunction, Apr. 27, 1959. Final judgment by consent as to both defendants, Apr. 27, 1959. Closed.
Rapp, Herbert.....	15	Southern District of New York.	Apr. 29, 1958	Sec. 17(a), 1933 act.....	Complaint filed Apr. 29, 1958. Preliminary injunction by consent as to 5 defendants, June 9, 1958. Pending.
Red Bank Oil Co.....	7	Southern District of Texas.	Dec. 12, 1956	Sec. 13, 1934 act.....	Injunction by consent as to all defendants, Jan. 24, 1957. Order Mar. 27, 1957, extending time to 60 days for filing required reports. Financial report for the years 1953 and 1954 filed. Closed.
Reiter, Morris J.....	2	Southern District of New York.	Sept. 19, 1956	Sec. 15(c)(1) and (3) and rules 15c1-2 and 15c3-1, 1934 act.	Complaint filed Sept. 19, 1956. Answer filed Sept. 25, 1956. Memorandum opinion Nov. 5, 1956, denying motion for preliminary injunction. Supplemental memorandum opinion dated Nov. 26, 1956. Amended complaint filed Jan. 21, 1957. Answer to amended complaint filed Feb. 21, 1957. Order dismissing complaint, May 12, 1959. Closed.
Keith Richard Securities Corp.	1	Southern District of New York.	Oct. 17, 1956	Secs. 15(c)(1) and (3) and 17(a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 act.	Complaint filed Oct. 17, 1956. Opinion Jan. 17, 1957, granting motion for preliminary injunction based upon the bookkeeping rules but not granting full relief on the net capital rule. Order for a preliminary injunction entered Feb. 11, 1957. Answer filed Feb. 25, 1957. Order entered discontinuing action, June 22, 1959. Closed.

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Earl L. Robbins.....	4	Southern District of Texas.....	May 20, 1959	Secs. 5(a) and (c) and 17(a)(2) and 17(a)(3), 1933 act; secs. 7, 10(b), 15(c)(1), 15(c)(3) and 17(a), and rules 10b-5, 15c1-2, 15c3-1, 17a-3 and Regulation T, 1934 act.	Complaint filed May 20, 1959. Temporary restraining order signed May 20, 1959. Stipulations of defendants consenting to entry of preliminary injunction. Preliminary injunction entered May 29, 1959. Pending.
Abraham Rosen.....	1	Massachusetts.....	Aug. 25, 1958	Secs. 10(b), 15(c)(1) and 17(a) and rules 10b-5, 15c1-2 and 17a-3, 1934 act.	Complaint filed Aug. 25, 1958. Final judgment by consent entered Aug. 25, 1958. Closed.
Royal Drift Mining Co.....	3	Northern District of California.....	Mar. 5, 1958	Sec. 5(a) and (c), 1933 act.....	Complaint filed Mar. 5, 1958. Findings of fact and conclusions of law and order entered preliminarily enjoining all defendants, May 21, 1958. Summary judgment of permanent injunction as to 2 defendants, Oct. 13, 1958. Permanent injunction by default as to remaining defendant, Oct. 13, 1958. Closed.
Alan Russell Securities, Inc.....	4	Southern District of New York.....	Mar. 7, 1958	Sec. 17(a), 1933 act.....	Complaint filed Mar. 7, 1958. Permanent injunction by consent as to 3 defendants, Apr. 29, 1958. Pending as to remaining defendant.
Sanders Investment Co.....	1	New Mexico.....	Dec. 12, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Receiver appointed Dec. 12, 1957. Injunction by consent entered June 2, 1958. Pending.
Anthony J. Sano.....	2	Southern District of New York.....	June 30, 1959	Secs. 15(c)(1) and 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act.	Complaint filed June 30, 1959. Pending.
Securities Distributors, Inc.....	2	Southern District of New York.....	Nov. 25, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Nov. 25, 1957. Preliminary injunction entered Nov. 25, 1957, as to both defendants. Pending.
Security Forecaster Co., Inc.....	3	Southern District of New York.....	Feb. 28, 1958	Sec. 205(2), IA Act of 1940.....	Complaint filed Feb. 28, 1958. Final injunction by consent as to 2 defendants, Mar. 27, 1958. Pending as to remaining defendant.
Sherwood & Co.....	3	Northern District of California.....	Mar. 18, 1958	Rule 17a-3, 1934 act.....	Preliminary injunction by consent as to 2 defendants, Mar. 25, 1958. Injunction by consent as to 2 defendants, June 3, 1958, and as to remaining defendant, Sept. 8, 1958. Closed.
Shuck, M. J.....	1	Southern District of New York.....	Aug. 28, 1956	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Aug. 28, 1956. Memorandum of Commission filed Sept. 4, 1956. Preliminary injunction signed Sept. 7, 1956. Order June 19, 1959 dismissing action. Closed.
Southwest Securities, Inc.....	7	Eastern District of Arkansas.....	May 19, 1958	Secs. 5 (a) and (c) and 17(a)(2), 1933 act; sec. 15(a), 1934 act.	Complaint filed May 19, 1958. Amended and substituted complaint filed May 24, 1958. Injunction by consent as to 4 defendants, June 3, 1958. Final judgment by consent as to remaining defendants, Dec. 9, 1958. Closed.

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

TABLE 27.—*Injunctive proceedings brought by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1959—Continued*

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

TABLE 28.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1341, formerly sec. 338, title 18, U.S.C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1959 fiscal year.*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Ames, Harry G.....	1	Northern District of Illinois.	July 3, 1956.....	Secs. 5(a)(2) and 17(a)(2) 1933 act; sec. 1341, title 18, U.S.C.	Defendant surrendered and posted \$2,500 bond. Motion to dismiss indictment, denied Mar. 29, 1957. Defendant's motion for bill of particulars granted Jan. 9, 1958. Case awaiting trial. Pending.
Autrey, Basil P. (National Union Life Insurance Co.).	7	Southern District of Florida.	Jan. 23, 1958.....	Secs. 5(a)(1) and (2) and 17(a)(1), 1933 act; secs. 371, 1341 and 1343, title 18 U.S.C.	Order June 30, 1958, granting severance as to 2 defendants and transferring case to ND of Ala. as to remaining defendants. Governments' motion to retransfer case to SD of Fla. Pending.
Bartz, Donald E. (Financial Enterprises, Inc.).	2	District of Nevada.....	May 14, 1957.....	Sec. 17(a)(1), 1933 act; sec. 371 title 18, U.S.C.	Both defendants apprehended and released on bond; one is again a fugitive. Trial continued to Jan. 18, 1960. Pending.
Bell, Gailon A. (Nu-Form Batteries, Inc.).	1	Southern District of California.	July 23, 1958.....	Secs. 5(a)(2) and 17(a)(1), 1933 act.	Jury on Feb. 20, 1959, returned a verdict of guilty on 3 sec. 17 counts and 2 sec. 5 counts, and sentenced defendant on Mar. 23, 1959, to 5 years probation on all counts.
Berman, Charles M. (Cornells DeVroedt Co.).	25	Southern District of New York.	Dec. 2, 1958.....	Sec. 17(a), 1933 act; secs. 371, 1341 and 1343, title 18, U.S.C.	All defendants except 3 arraigned and entered pleas of not guilty and were released on their own recognizances, except for 1 defendant who was released on \$500 bail. Opinion filed May 18, 1959, denying motions of 3 defendants for severance and granting limited inspection and certain particulars. Pending.
Breckenridge, Charles C..	1	District of Idaho; Southern District of New York.	July 23, 1959. Information filed.	Secs. 5 and 17(a), 1933 act..	Complaint issued on Mar. 27, 1958, by U.S. Commissioner, District of Idaho; and search warrant issued Mar. 28, 1958, by U.S. Commissioner, ED Wash. On July 18, 1958, defendant signed waiver of indictment and on Aug. 25, 1958, consented to transfer of case to SD NY for plea and sentence under Rule 20; on Sept. 8, 1958, defendant pleaded guilty to 1 count of the Information in the SD of New York, but on Oct. 17, 1958, withdrew this plea and pleaded not guilty. On Nov. 7, 1958, defendant was removed to Boise, Idaho; and on Nov. 17, 1958, signed waiver; pleaded noio contedere to 1 count of Information and was sentenced to 3 years, reduced to 18 months on Jan. 15, 1959.
Broadley, Albert E. (Hudson Securities).	5	Western District of New York.	July 17, 1947.....	Secs. 5(a)(1) and (2), and 17(a)(1), 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U.S.C.	One defendant deceased; other defendants not apprehended. Pending.

TABLE 28.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1841, formerly sec. 338, title 18, U.S.C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1959 fiscal year—Continued*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Cafarelli, Clement G. (Comstock Uranium-Tungsten Co., Inc.).	3	District of Utah.....	Mar. 4, 1959.....	Secs. 5(a) and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Defendants posted \$5,000 bond each and pleaded not guilty. Motion of defendant Puccinelli to dismiss indictment granted as to Counts 1-6, 9, 10, 12, 13, 16 and 17. Motion of defendants Cafarelli and Taylor to dismiss indictment denied. Motion for severance filed by each defendant, denied. Pending.
Carroll, Hugh A. (Selected Investment Corp.).	7	Western District of Oklahoma.	Oct. 22, 1958.....	Sec. 17, 1933 act; secs. 371 and 1341, title 18, U.S.C.	All defendants apprehended, pleaded not guilty and posted \$5,000 bond each. Jury found 4 defendants guilty on all counts; 2 defendants on sec. 17(a) counts; 1 defendant found not guilty. On Apr. 23, 1959, 1 defendant sentenced to 7 years; another defendant to 5 years; 2 defendants to 5 years suspended sentence and placed on probation for 5 years; and 2 corporate defendants each were fined \$1,500. Motions for a new trial denied Apr. 23, 1959. The 7 year sentence reduced to 5 years after this defendant abandoned his appeal on May 18, 1959. Notice of appeal to CA-10 by another defendant filed on Apr. 29, 1959. Pending.
Collins, Paul H.....	1	Southern District of Illinois.	June 6, 1958.....	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty on July 23, 1958, to various counts. Imposition of sentence was suspended and defendant was placed on probation for 3 years.
Conrad, William J. (Condonna Uranium Mines, Ltd.).	1	Northern District of Ohio.	Apr. 28, 1959.....	Secs. 5(a)(2), 17(a) (1) and (2), 1933 act; sec. 1341, title 18, U.S.C.	Defendant apprehended and posted \$4,000 bond. On July 29, 1959, defendant pleaded guilty to indictment in N.D. of Ill. Pending.
Crosby, Francis Peter (Texas-Adams Oil Co.).	12	Southern District of New York.	July 30, 1958. Superseding indictment returned Oct. 8, 1958.	Sec. 5(a)(1), 5(a)(2) and 24, 1933 act; secs. 371, 1341 and 1343, title 18, U.S.C.	Defendants arraigned and released on bail. Pending.
Damon, Arthur L. (Nev-Tah Oil and Mining Co.).	1	Southern District of California.	June 17, 1959.....	Secs. 5(a)(2) and 17(a)(1), 1933 act.	Defendant apprehended on June 19, 1959, and posted \$5,000 bond. Pending.
Danser, Harold W. (Ultrasonic Corp. now Advance Industries).	2	District of Massachusetts.	May 18, 1959.....	Sec. 17(a), 1933 act; sec. 371, title 18, U.S.C.	Each defendant arraigned and each pleaded not guilty. Order June 25, 1959, denying motions to dismiss and directing the U.S. Attorney to furnish bill of particulars. Pending.
Donaldson, Arthur V.....	2	District of Montana....	June 16, 1954.....	Sec. 17, 1933 act; secs. 1341 and 371, title 18, U.S.C.	One defendant deceased. Conviction affirmed by CA-9 Sept. 27, 1957, as to remaining defendant. Petition for certiorari filed Dec. 27, 1957; denied Mar. 31, 1958. Order entered July 9, 1958 in the District Court denying motion to vacate and set aside judgment. Motion to appeal in forma pauperis denied by CA-9, Sept. 10, 1958. Motion to vacate and set aside judgment and to discharge prisoner-appellant stricken by CA-9, Sept. 10, 1958.

Errion, Edgar Robert (Mt. Hood Hardboard & Plywood Coop.).	9	District of Oregon.....	Oct. 2, 1956.....	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Seven defendants convicted and sentenced. One defendant dismissed because of illness and another acquitted. Convictions affirmed on appeal to CA-9 on Oct. 22, 1958; petition for rehearing denied. Petition for writ of certiorari filed Dec. 26, 1958, and denied by USSC on Feb. 24, 1959.
Forsyth, Council Mayo (Central Finance Serv- ice, Inc.).	2	Eastern District of Texas.	Jan. 15, 1958.....	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	One defendant pleaded guilty to 2 sec. 17(a) counts and was sentenced on Apr. 14, 1958, to 2 years imprisonment and 3 years probation. The remaining counts were dismissed. The other defendant pleaded not guilty and was convicted by jury on 1 mail fraud count and sentenced on Oct. 29, 1958, to 18 months imprisonment.
Geller, George B.....	1	Southern District of New York.	Oct. 30, 1953.....	Sec. 1621, title 18, U.S.C.....	Defendant pleaded not guilty. Bail set at \$1,500. Motion by defendant to dismiss indictment, denied Sept. 24, 1957. Pending.
Getchell, Francis E. (Florida Palms, Inc.).	4	Southern District of Florida.	Jan. 15, 1957. Super- seding Indictment returned Aug. 19, 1957.	Secs. 5(a) and 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	One defendant found guilty on 2 sec. 17(a)(1) counts and 3 mail fraud counts and sentenced to 5 years; 2 defendants found guilty on 2 sec. 17(a)(1) counts and sentenced to 2 years each; and 1 defendant found guilty on 1 sec. 17(a)(1) count and sentenced to 1 year. Sentences imposed Apr. 30, 1958. Defendants released on bond pending appeal. CA-10 on Feb. 6, 1959, denied defendants' motion for order to dispense with printing of the record. Pending.
Guterman, Alexander L. (F. L. Jacobs Co., et al).	5	Southern District of New York.	Mar. 16, 1959.....	Secs. 16(a), 20(c), 32(a), 1934 act; secs. 2 and 371, title 18, U.S.C.	Criminal complaint filed on Feb. 13, 1959, against 1 defendant. District Court on Mar. 5, 1959, denied Guterman's motion to dismiss criminal complaint. Individual defendants arraigned and pleaded not guilty. Pending.
Heffernan, Albert.....	1	Western District of Michigan.	Feb. 27, 1958.....	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty to 5 counts of the indictment and was sentenced to 3 years on July 7, 1958.
Herck, John.....	6	Eastern District of Michigan.	July 30, 1942.....	Sec. 17(a)(1), 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U.S.C.	Herck pleaded not guilty. Remaining defendants are fugitives. Pending as to all defendants.
Do.....	1	do.....	do.....	Sec. 15(a), 1934 act.....	
Do.....	5	do.....	do.....	Sec. 5(a)(1) and (2), 1933 act; sec. 88 (now sec. 371), title 18, U.S.C.	
Intermountain Develop- ment Co., Inc., et al.	9	District of Idaho.....	Aug. 29, 1957.....	Sec. 5(a)(2) and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Eight defendants previously convicted and sentenced. Appeal by 1 defendant on July 2, 1958, to CA-9; dismissed on motion of U.S. Attorney on Apr. 1, 1959. One defendant a fugitive. Pending.
Jensen, James O.....	4	Eastern District of Washington.	Apr. 12, 1956.....	Sec. 17(a), 1933 act; secs. 1341 and 371, title 18, U.S.C.	Defendants previously sentenced on Nov. 2, 1956. CA-9 on Apr. 11, 1958, affirmed convictions of 3 who appealed, and on June 26, 1958, denied petition for rehearing. USSC denied petition for writ of certiorari on Oct. 13, 1958.
Kaufman, Benjamin Franklin. King, Wilbert Fay (Tri-State Metals, Inc.).	1	District of New Hampshire.	June 1, 1959.....	Sec. 17, 1933 act; secs. 1341 and 2314, title 18, U.S.C.	Defendant on June 6, 1959, pleaded not guilty to all counts and was released on \$5,000 bail pending trial. Pending.
	2	District of Nevada....	May 15, 1957.....	Sec. 17(a), 1933 act; sec. 371, title 18, U.S.C.	On May 12, 1959, after trial by the court, both defendants were acquitted.

TABLE 28.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1341, formerly sec. 338, title 18, U.S.C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1959 fiscal year—Continued*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Kyger, Bryan Halbert, Jr.	1	Southern District of Texas.	Nov. 5, 1958.....	Sec. 17(a), 1933 act; sec. 10(b) and rule 10b-5, 1934 act; sec. 1341, title 18, U.S.C. Sec. 21(c), 1934 act.....	Warrant issued for the arrest of the defendant; bond set at \$10,000. Pending.
Lord, Linda (Shoreland Mines, Ltd.).	1	Southern District of New York.	July 30, 1958. Information filed.	Indictment previously dismissed as to defendant Low, now deceased, after plea of guilty to income tax evasion indictment. Pending as to Hardie, who is a fugitive.	
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. Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	
Lowry, William Isaac (American Buyers Insurance Co.).	3	District of Arizona.....	Jan. 22, 1959.....	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	
Mallen, George E.....	6	Eastern District of Michigan.	June 2, 1944.....	Secs. 5(a)(2) and 17(a)(1), 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371) title 18, U.S.C. Sec. 15(a), 1934 act.....	
E. M. McLean & Co. (Devon Gold Mines, Ltd.).	2	Eastern District of Michigan.	Oct. 21, 1941.....	Sec. 5(a)(1) and (2), 1933 act; sec. 88 (now sec. 371), title 18, U.S.C.	
Do.....	7	do.....	do.....	Sec. 17(a)(1) and (2), 1933 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U.S.C.	
Do.....	12	do.....	do.....	Sec. 17(a)(1) and (2), 1933 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U.S.C.	
McMichael, James Lamar (United Security, Inc.).	1	Southern District of Alabama.	Jan. 13, 1959.....	Sec. 17(a)(1), 1933 act; secs. 1341 and 1343, title 18, U.S.C.	
Meade, Philip H. (Farm and Home Agency, Inc.).	4	Southern District of Indiana.	Mar. 13, 1959.....	Sec. 5(a)(2), 1933 act; sec. 371, title 18, U.S.C.	
Monarch Radio and Television Corp.	9	Southern District of New York.	June 4, 1954.....	Sec. 17, 1933 act; sec. 371 and 1341, title 18, U.S.C.	
Newell Charles F. (Unity Insurance Co., et al).	3	District of Nebraska.....	Apr. 22, 1959.....	Secs. 5(a)(1), 5(a)(2), 17(a)(1) and 17(a)(2), 1933 act; sec. 1341, title 18, U.S.C.	
					Defendant apprehended on Feb. 25, 1959, in Miami, Fla., on warrant. Trial continued to the September 1959 Term. Pending.
					All defendants apprehended; bond set at \$2,000 each. Motion by defendants to dismiss indictment pending.
					On Oct. 30, 1958, 2 defendants found guilty by jury; individual defendant sentenced to serve 1 year and a day and fined \$1,000; corporate defendant fined \$10. Another defendant pleaded guilty and sentenced to serve 60 days and fined \$1,000. Six other defendants acquitted.
					Bond fixed at \$2,500 for each defendant. Motions by 2 defendants for severance, filed. Trial set for Oct. 6, 1959. Pending.

Newton, Silas M. (Yellow Cat Royalty Trust).	3	District of Colorado.	Mar. 4, 1958. Superseding indictment returned June 23, 1959.	Sec. 17, 1933 act; secs. 371 and 1341, title 18, U.S.C.	Defendants arrested and each posted \$3,000 bond. Pending.
Pandoilo, Samuel Parker (Universal Securities, Inc.).	8	District of North Dakota.	Jan. 17, 1959.	Secs. 5(a)(2) and 17(a)(2), 1933 act; sec. 15 (a) and (b), 1934 act; sec. 1341, title 18, U.S.C.	All defendants apprehended and pleaded not guilty. Order of Mar. 21, 1959, dismissing counts 22 through 50, and denying motions to dismiss as to all other counts.
Do.	8	do.	Mar. 26, 1959.	Sec. 17(a)(2), 1933 act; sec. 1341, title 18, U.S.C.	Order of June 12, 1959, dismissing counts 51 through 54, and consolidating Criminal Nos. 95 and 105. Pending.
Parker, T. M., Inc.	16	Eastern District of Michigan.	Apr. 27, 1954.	Sec. 371, title 18, U.S.C.	Eight defendants previously sentenced on guilty pleas to 1 count of sec. 15(a) of the 1934 act. One defendant previously deceased. Remaining defendants not apprehended. Pending.
Do.	15	do.	do.	Sec. 1341, title 18, U.S.C.	
Do.	15	do.	do.	Sec. 17(a), 1933 act.	
Price, Eldridge Solomon.	2	Northern District of Georgia.	Mar. 27, 1956.	Secs. 5(a)(2) and 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	One defendant was acquitted Oct. 16, 1957; the other defendant was convicted on Oct. 18, 1957, on all counts and sentenced on Nov. 22, 1957, to 7 years. Notice of appeal filed; appeal dismissed on Feb. 12, 1959; bond forfeited and warrant issued for arrest of defendant who is a fugitive.
Proffer, Robert Lee (Teachers Professional Investment Corp.).	7	Northern District of Texas.	Jan. 14, 1959.	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	All defendants except 1 apprehended. Pending.
Robertson, Thomas E. (American-Canadian Oil & Drilling Corp.).	3	Southern District of New York.	June 17, 1959.	Secs. 5(a)(1) and 17(a), 1933 act.	Defendants arraigned and pleaded not guilty. Motions by defendants to dismiss indictment filed July 1, 1959. Pending.
Roe, D. H. (Stratoray Oil, Inc.).	3	Northern District of Texas.	Aug. 16, 1957.	Secs. 5(a)(1) and (2) and 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Two defendants were arrested on Aug. 19, 1957, and released on \$1,000 bond each. All defendants were arraigned and pleaded not guilty Sept. 4, 1957, and are awaiting trial. Pending.
Rosen, Abraham.	2	District of Massachusetts.	Apr. 23, 1959.	Sec. 17(a)(1), 1933 act; sec. 10(b) and rule 10b-5, 1934 act; secs. 371 and 1341, title 18, U.S.C.	One defendant surrendered on Apr. 27, 1959, and pleaded not guilty. Other defendant is a fugitive. Pending.
Schaefer, Carl D.	1	Northern District of Illinois.	Mar. 26, 1958.	Secs. 5(a)(2) and 17(a), 1933 act.	Defendant was arrested and released on \$5,000 bond. On Apr. 22, 1958, defendant was arraigned and pleaded not guilty to all counts. Motions to strike and to dismiss the indictment filed June 13, 1958; denied Sept. 11, 1958. Pending.
Shindler, David L.	4	Southern District of New York.	June 28, 1957.	Sec. 17(a)(2), 1933 act; sec. 9(a)(2), 1934 act; sec. 371, title 18, U.S.C.	All defendants were arraigned and released on bail of \$1,000 each. Order May 25, 1959, denying defendants' motion to dismiss. Pending.
Shoemaker, A. B. (U.S. Trust & Guaranty Co.).	7	Southern District of Texas.	Aug. 9, 1957, Superseding indictment returned Mar. 13, 1958.	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Three defendants convicted and sentenced upon pleas of nolo contendere to 1 mail fraud count on Dec. 30, 1958; 1 defendant received a 3-year suspended sentence; the other 2 defendants received a 2-year suspended sentence; and all were placed on probation for 5 years. One defendant deceased; and indictment dismissed as to remaining 3 defendants.
Sills, Robert Bernard (Sills & Co.).	2	Southern District of Florida.	Feb. 5, 1959.	Sec. 17(a)(1), 1933 act; sec. 6(f), 1934 act; sec. 1341, title 18, U.S.C.	One defendant apprehended and pleaded not guilty. Bond set at \$10,000 each. Pending.

TABLE 28.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1341, formerly sec. 338, title 18, U.S.C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1959 fiscal year—Continued*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
South, Dudley Pritchett (William Newman & Co.).	8	District of New Jersey.	Dec. 11, 1958.....	Secs. 5(a)(1) and 17(a), 1933 act; secs. 2, 371 and 1341, title 18, U.S.C.	One defendant was arraigned on Mar. 25, 1959. On Apr. 9, 1959, this defendant died and case abated. Two defendants not yet apprehended; and remaining defendants awaiting trial. Pending.
Spiller, William (Budget Funding Corp.).	3	Eastern District of New York.	June 5, 1959.....	Sec. 17(a), 1933 act; secs. 2 and 1341, title 18, U.S.C.	Complaint and warrant for arrest issued by the U.S. Commissioner. Bond set as \$1,000. Pending.
Taylor, David W.....	1	District of Rhode Island.	Jan. 27, 1959.....	Secs. 5(a) and 17(a), 1933 act; sec. 1341, title 18, U.S.O.	Defendant pleaded guilty to all counts in the District of Missouri pursuant to rule 20, and was sentenced on Mar. 26, 1959, to 12 years and fined \$44,000; and he is to stand committed until fine is paid.
Tellier, Walter F. (Alaska Telephone Corp.).	4	Eastern District of New York.	Dec. 1, 1955.....	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.O.	Defendants previously convicted and sentenced. Conviction of Walter F. Tellier and additional defendant who appealed affirmed by CA-2 on May 6, 1957. Petition for writ of certiorari by Tellier filed June 26, 1958. Denied by USSC on Oct. 13, 1958.
Tellier, Walter F. (Consolidated Uranium Mines, Inc.).	1	do.....	Apr. 26, 1958.....	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded not guilty. Pending.
Tellier, Walter F.....	7	do.....	Aug. 3, 1956.....	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	One defendant arraigned and bond of \$25,000 continued. Pending.
Metz, Abraham M. U.S. Manganese Corp.....	1	do.....	do.....	Sec. 1621, title 18, U.S.C.....	Awaiting trial. Pending.
Vandersee, Arnold E. (Vandersee Corp.).	3	Southern District of New York.	May 20, 1957.....	Sec. 371, title 18, U.S.C.....	Two individual defendants apprehended. Pending.
Van Valkenburgh, Hugh C. (Instant Beverage, Inc.).	4	District of New Jersey.	Aug. 12, 1958.....	Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Two defendants convicted by jury on all counts and 2 defendants found not guilty. On May 1, 1959, 1 defendant was sentenced to 5 years and fined \$6,000. The corporate defendant was fined \$5,500.
Vitale, Edward J.....	2	District of Nebraska.	Feb. 15, 1957.....	Secs. 5(a)(2) and 17(a)(1) and (2), 1933 act; sec. 1341, title 18, U.S.C.	Both defendants found guilty following pleas of nolo contendere to various counts. One defendant sentenced Apr. 18, 1958, to 2 years suspended sentence and placed on probation for 30 months and fined \$2,000. Other defendant sentenced on Sept. 23, 1958, to 3 years suspended sentence and placed on probation for 3 years and fined \$11,500.
	1	Eastern District of Michigan.	Jan. 7, 1958.....	Sec. 17(a), 1933 act; secs. 1001 and 1341, title 18, U.S.C.	Defendant pleaded not guilty to all counts on Jan. 13, 1958, and was released on \$10,000 bond. Case awaiting trial. Pending.

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

TABLE 29.—*Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in courts of appeals during the fiscal year ended June 30, 1959*

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Alleghany Corp.....	4th Circuit.....	Jan. 21, 1957	Order of Nov. 30, 1956, denying the various applications for a declaration that no action by the Commission was required with respect to the voluntary exchange of stock, or, in the alternative, for an order pursuant to sec. 6(c) of the IC Act of 1940 exempting the transactions. Motions by Randolph Phillips and Breswick & Co. for leave to intervene. Petitioner's motion consented to by the Commission to dismiss petition for review; order by CA-4 Oct. 15, 1958, dismissing petition for review. Closed.
Arkansas Fuel Oil Corp., et al.....	3d Circuit.....	Nov. 8, 1957	Order of Sept. 20, 1957, directing Arkansas Fuel Oil Corp. and Cities Service Co. to comply with sec. 11(b)(2) of the 1935 act directing the elimination of the public minority interest in Arkansas Fuel Oil Corp. Order Nov. 22, 1957, granting Pennroad Corp. and Louis E. Marron leave to intervene as intervenor-respondents. Order Dec. 17, 1957, granting intervening respondents, James W. Hearn, Paul S. Hearn, William J. Hearn, and Eleanor Hearn leave to file brief. Opinion July 22, 1958, of CA-3 affirming Commission's order. Closed.
Cities Service Co.....	3d Circuit.....	Nov. 8, 1957	Order of Sept. 20, 1957, directing Cities Service Co. and Arkansas Fuel Oil Corp. to comply with sec. 11(b)(2) of the 1935 act directing the elimination of the public minority interest in Arkansas Fuel Oil Corp. Order Nov. 22, 1957, granting Pennroad Corp. and Louis E. Marron leave to intervene as intervenor-respondents. Order Dec. 17, 1957, granting intervening respondents, James W. Hearn, Paul S. Hearn, William J. Hearn, and Eleanor Hearn leave to file brief. Opinion July 22, 1958, of CA-3 affirming Commission's order. Closed.
Civil and Military Investors Mutual Fund, Inc.	District of Columbia.....	Aug. 5, 1958	Order of June 9, 1958, declaring the corporate name of the petitioner to be deceptive or misleading within the scope of sec. 35(d) of the IC Act of 1940. Order of CA DC Sept. 19, 1958, approving stipulation for dismissal of petition for review. Closed.
Columbia General Investment Corp.	5th Circuit.....	May 1, 1958	Orders of Mar. 5, 1958, pursuant to sec. 8(d) of the 1933 act, suspending the effectiveness of petitioner's registration statement filed with the Commission on Mar. 29, 1956, and denying petitioner's motion to dismiss proceedings and its request for withdrawal of its registration statement. Opinion, Apr. 6, 1959, by CA-5 affirming the orders of the Commission. Closed.
Dyer, Nancy Corinne, et al.....	8th Circuit.....	Mar. 29, 1957	Order of Mar. 21, 1957, permitting the declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., to become effective regarding solicitation of proxies. Court order Apr. 9, 1957, denying petitioners' application for a stay pending review. Judgment Jan. 24, 1958, dismissing petition for review. Order Feb. 25, 1958, denying petition for rehearing. Order Mar. 12, 1958, denying application for stay of judgment. Petition for writ of certiorari filed May 20, 1958, in the USSC. The Supreme Court on May 18, 1959, granted petition for writ of certiorari, vacated judgment of CA-8, and remanded case to that court for further consideration in view of its decision in <i>Dyer v. S.E.C.</i> , No. 15,989, decided Apr. 10, 1959. Pending.
Dyer, Nancy Corinne, et al.....	8th Circuit.....	Apr. 4, 1958	Orders of Mar. 21 and 25, 1958, permitting the declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., to become effective. Order Apr. 17, 1958, granting Union Electric Co.'s motion to intervene. Order of CA-8, Apr. 18, 1958, denying petitioners' application for stay. Order May 9, 1958, granting to Cyrus L. Day status as intervenor-petitioner. Judgment of CA-8 Apr. 10, 1959, affirming orders of the Commission and dismissing petition for review. Order May 11, 1959, denying petition for rehearing en banc. Petition for certiorari to the USSC filed Aug. 3, 1959. Pending.

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

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

PART 1.—CIVIL CONTEMPT PROCEEDINGS

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

PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Birrell, Lowell M.	1	Southern District of New York	Oct. 11, 1957	Order of Oct. 11, 1957, directing the defendant to show cause why he should not be punished for criminal contempt for not obeying subpoena in "S.E.C. v. Swan-Finch Oil Corp., et al." Order of the District Court Dec. 2, 1957, denying motion to quash bench warrant issued Nov. 20, 1957. Petition by defendant for a writ of prohibition to the District Court from proceeding with contempt action denied by CA-2, Dec. 9, 1957. Motion by defendant in Supreme Court for leave to file and petition for a writ of prohibition and mandamus served Dec. 23, 1957, denied by Supreme Court on Mar. 3, 1958. Trial set for Oct. 1959. Pending.
Colotex Uranium and Oil, Inc.	3	Colorado	Jan. 17, 1957	Order of Jan. 17, 1957, directing defendants to show cause why they should not be adjudged in criminal contempt for violating secs. 5 and 17 injunction, 1933 act. Stipulation of facts, May 28, 1957. Defendants' memorandum and memorandum briefs filed Aug. 1, 1957. Plaintiff's reply brief, Sept. 15, 1957. Awaiting decision. Pending.
McBride, John F.	2	Southern District of New York	Aug. 3, 1956	Order Aug. 3, 1956, directing defendants to show cause why they should not be found guilty of criminal contempt for violating injunction under sec. 5, 1933 act. Pending.
Sherwood, Robert Maurice	1	Southern District of New York	Feb. 6, 1959	Order of Feb. 6, 1959, directing the defendant to show cause why he should not be punished for criminal contempt for violating the final decree of permanent injunction entered Nov. 24, 1958, in cause "S.E.C. v. Canadian Javelin Ltd." After the fiscal year the defendant was acquitted by the Court. Pending.
Wagner, George H.	2	District of New Jersey	Jan. 26, 1959	Order of Jan. 28, 1959, directing the defendants to show cause why they should not be punished for criminal contempt for violating the temporary restraining order, permanent injunction and order appointing a receiver in cause "S.E.C. v. Philip Newman Associates, Inc., et al." Hearing postponed Feb. 10, 1959, without setting a future date. Pending.

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

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

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

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

TABLE 32.—*Proceedings by the Commission to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934, pending during the fiscal year ended June 30, 1959*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Cohen, Herbert M., et al....	2	Southern District of New York.	Sept. 26, 1958	Sec. 21(c), 1934 act.....	Order, Sept. 26, 1958, directing respondents to show cause why order should not issue requiring compliance with subpoena. Order, Oct. 30, 1958, granting Commission's request for dismissal of subpoena action in view of compliance by respondents. Closed.
Kerlin, Homer E., et al.....	2	Southern District of Alabama.	Apr. 23, 1959	Sec. 22(b), 1933 act; sec. 21(c), 1934 act.	Order, Apr. 27, 1959, directing respondents to show cause why order should not issue requiring compliance with subpoena. Order, May 18, 1959, granting Commission's motion for dismissal of subpoena action. Closed.
Lord, Linda.....	1	Southern District of New	May 28, 1958	Sec. 22(b), 1933 act; sec. 21(c), 1934 act.	Order, June 2, 1958, directing respondent to show cause why order should not issue requiring respondent to comply with subpoena. Action dismissed Nov. 7, 1958, on motion of Commission. Closed.

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

Plaintiff	Court	Initiating papers filed	Status of case
Bowman, K. Ralph, et al.....	District of Utah.....	Dec. 10, 1958	Complaint filed Dec. 10, 1958, demanding a temporary injunction enjoining the hearing examiner from proceeding with the broker-dealer hearing. Temporary restraining order signed Dec. 11, 1958. Order Dec. 15, 1958, dissolving temporary restraining order, denying motion for preliminary injunction and dismissing complaint. Closed.
Gearhart and Otis, Inc.....	District of Columbia.....	Oct. 8, 1958	Petition and motion filed Oct. 8, 1958, to vacate and set aside the Commission's orders of Oct. 2, 1958, quashing the subpoenas issued by the hearing examiner against members and former members of the Commission; and moving for an order setting aside the Commission's action. Order Feb. 5, 1959, denying petitioner's motion for an order reinstating subpoenas.Appealed to CA DC on Feb. 28, 1959. Order of the District Court Apr. 14, 1959 dismissing petition. Order of CA DC July 20, 1959, denying motion to dismiss appeal. Pending.
Gearhart and Otis, Inc.....	District of Columbia.....	Feb. 2, 1959	Petition and notice of motion Feb. 2, 1959, for an order to compel a Commission attorney to testify. Order Apr. 14, 1959, denying application and dismissing petition. Closed. (Related to above case.)
Levinson, Herman D.....	U.S. Court of Claims.....	July 30, 1954	Petition for judgment alleging improper separation in reduction in force and seeking recovery of lost pay filed, July 30, 1954. Pending.
Randolph Phillips.....	District of Delaware.....	May 17, 1958	Petition by Randolph Phillips filed in the district court, May 17, 1958, requesting an order to show cause why the Commission should not be adjudged in criminal and civil contempt of court's order of Dec. 30, 1957. Rule to show cause entered May 21, 1958. Petition of Commission to vacate and dissolve rule to show cause and to dismiss Phillips' petition filed May 27, 1958. Rule on Phillips to show cause entered May 28, 1958. Commission's memorandum in support of its petition filed June 15, 1958. Reply to Commission's memorandum filed June 23, 1958. Order Sept. 19, 1958, dismissing Phillips' petition for an order adjudging the Commission in civil and criminal contempt. Notice of appeal filed in CA-3, Nov. 18, 1958. Pending. (Proceeding also listed in table No. 34 under The United Corp.)
Woolfson, A. Philip.....	Southern District of New York.....	Nov. 6, 1958	Motion Nov. 6, 1958, moving the court to compel the Commission to institute criminal proceedings against the New York Stock Exchange under sec. 32 of the 1934 act for its willful violations of sec. 12(d) of the 1934 act. Order Dec. 23, 1958, denying motion. Pending. (Appeal listed in table No. 36 under Third Avenue Transit Corp.)

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

Name of case	United States District Court	Initiating papers filed	Status of case
Alabama Power Co., et al., In re.....	Northern District of Alabama.	Reopened Nov. 14, 1958....	Application for further order filed Nov. 14, 1958. Order Nov. 26, 1958, decreeing as reasonable the efforts of applicant to locate all stockholders, and all unsurrendered certificates for shares of the common stock of Birmingham Co. shall on and after Dec. 15, 1958, represent no <i>further</i> right and shall be null and void. Closed.
Arkansas Natural Gas Corp., et al., In re.	Delaware.....	Reopened June 25, 1958....	Petition filed June 25, 1956, by Cities Service Co. for an order requiring Elias Auerback to show cause why he should not be adjudged in contempt of order entered Jan. 29, 1953. Petition filed by Louis E. Marron July 23, 1956, seeking intervention. Order Oct. 28, 1956, denying petition for intervention but directing that petitioner be permitted to appear <i>amicus curiae</i> . Pending. Application filed May 18, 1959. Plan approved and enforced on June 15, 1959. Closed.
Merrimack-Essex Electric Co., et al., In re. New England Public Service Co., In re.	District of Massachusetts.. Maine.....	May 18, 1959..... Reopened Mar. 5, 1958....	Supplemental application IV filed Mar. 5, 1958. Order May 6, 1959, releasing and discharging Northern New England Co. and New England Public Service Co., and their assets from the jurisdiction of the court. Closed.
Philadelphia Co., et al., In re.....	Western District of Pennsylvania.	Reopened Sept. 25, 1957....	Petition filed Sept. 25, 1957, by Standard Gas and Electric Co. requesting an order approving as reasonably its efforts to locate all stockholders re step 4 of the amended plan. Commission's answer agreeing with the petition, filed Nov. 5, 1957. Order Nov. 5, 1957, approving Standard's petition. Petition filed Apr. 2, 1958, by Standard requesting an order approving as reasonable Standard's efforts to locate all stockholders and directing the securities and funds held by the Exchange Agent be disposed of pursuant to the plan. Commission's answer to petition consenting to the proposed order, May 16, 1958. Order May 20, 1958, approving Standard's petition except as to specified stockholders who were in process of making the exchange. Closed.
Standard Gas and Electric Co., et al., In re.	Delaware.....	Reopened Nov. 1, 1957....	Petition filed Nov. 1, 1957, by Standard Gas and Electric Co. relating to the cut-off rights of holders of unexchanged securities to step 1 of the plan dated Feb. 8, 1951, for compliance by petitioner and Philadelphia Co. with sec. 11 of the 1935 act. Commission's answer to petition, Dec. 3, 1957. Order Dec. 5, 1957, approving Standard's petition. Petition filed Apr. 15, 1958, by Standard requesting an order approving as reasonable Standard's efforts to locate all stockholders and directing that the securities and funds held by the Exchange Agent be disposed of pursuant to the plan. Commission's answer filed May 13, 1958. Order May 23, 1958, approving Standard's petition, except as to specified stockholders who were in process of making the exchange. Order June 15, 1959, approving petition extinguishing the rights of all securities unexchanged. Closed.

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

Name of case	United States District Court	Initiating papers filed	Status of case
The United Corp., In re.....	Delaware.....	Oct. 11, 1954.....	Application filed Oct. 11, 1954. Enforcement order entered Mar. 7, 1955. Judgment of CA-3, Apr. 16, 1956, affirming USDC order. Petition for writ of certiorari by Protective Committee and Biddle filed July 13, 1956. Certiorari denied Oct. 8, 1956. Supplemental application for enforcement of order relating to fees filed July 27, 1956. Order Oct. 31, 1956, approving order of Commission re fees. Notices of appeal to CA-3 by Randolph Phillips and Joseph B. Hyman filed Dec. 28, and 29, 1956. Judgment of CA-3, Oct. 24, 1957, affirming in part and reversing in part the order of Oct. 31, 1956, and remanding cause to the District Court. Commission's petition for rehearing denied by CA-3, Dec. 3, 1957. Order of District Court, Dec. 30, 1957, remanding proceeding to the Commission for modification of its findings, opinion and order of June 28, 1956. Petition by Randolph Phillips filed in the District Court, May 17, 1958, requesting an order to show cause why the Commission should not be adjudged in criminal and civil contempt of the court's order of Dec. 30, 1957. Rule to show cause entered May 21, 1958. Petition of Commission to vacate and dissolve rule to show cause and to dismiss Phillips' petition filed May 27, 1958. Phillips ordered on May 28, 1958, to show cause why the relief requested by Commission should not be granted. Commission's memorandum in support of its petition filed about June 15, 1958. Reply to Commission's memorandum filed June 23, 1958. Order Sept. 19, 1958, dismissing Phillips' petition for an order adjudging the Commission in civil and criminal contempt. Notice of appeal filed in CA-3, Nov. 18, 1958. Pending. (Latter proceeding also listed in table No. 33 under Randolph Phillips.)

TABLE 35.—*Actions under sec. 11(d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1959, to enforce compliance with the Commission's order issued under sec. 11(b) of that act*

Name of case	United States District Court	Initiating papers filed	Nature and history of case
International Hydro-Electric System	Massachusetts.....	Reopened July 15, 1957....	Application for order directing trustee to deliver assets to Old Colony Trust Co. and for authority to operate the business, filed July 15, 1957. Order Sept. 16, 1957, releasing Abacus Fund from jurisdiction of the court with certain exceptions. Petition filed Jan. 21, 1958, by trustee for approval and allowance of account for period Nov. 13, 1944, to Sept. 18, 1957. Supplemental application of Commission Jan. 21, 1958, for approval of payment on account of maximum final allowances of compensation and reimbursement of expenses. Orders Mar. 3, 1958, approving trustee's petition and allowances and expenses. Order Jan. 27, 1959, appointing Richard L. Brickley to succeed Bartholomew A. Brickley (deceased) as trustee. Pending.

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

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

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

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

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

[See table 39 for classification of defendants as broker-dealers, etc.]

Fiscal year	Number of cases referred to Department of Justice in each year	Number of persons as to whom prosecution was recommended in each year	Number of such cases in which indictments were obtained by United States attorneys	Number of defendants indicted in such cases ¹	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed on motion of United States attorneys	Number of these defendants as to whom cases are pending ²
1934	7	36	3	32	17	0	15	0
1935	29	177	14	149	84	5	60	0
1936	43	379	34	368	164	46	158	0
1937	42	128	30	144	78	32	34	0
1938	40	113	33	134	75	13	45	1
1939	52	245	47	292	199	33	60	0
1940	59	174	51	200	96	38	66	0
1941	54	150	47	145	94	15	36	0
1942	50	144	46	194	108	23	49	14
1943	31	91	28	108	62	10	33	3
1944	27	69	24	79	48	6	20	5
1945	19	47	18	61	36	10	14	1
1946	16	44	14	40	13	8	4	15
1947	20	50	13	34	9	5	16	4
1948	16	32	15	29	20	3	6	0
1949	27	44	25	57	19	13	25	0
1950	18	28	15	27	21	1	5	0
1951	29	42	24	48	37	5	6	0
1952	14	26	13	24	17	4	3	0
1953	18	32	15	33	20	6	5	2
1954	19	44	19	52	29	10	6	7
1955	8	12	8	13	7	0	6	0
1956	17	43	16	44	27	5	10	2
1957	26	132	18	80	26	1	2	51
1958	15	51	12	25	7	2	0	16
1959	45	217	20	75	6	1	1	67
Total	741	2,550	602	2,487	1,319	295	685	188

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

² See table 38 for breakdown of pending cases.

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

⁴ 655 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 481 or 87 percent of such cases. Only 74 or 13 percent of such cases have resulted in acquittals or dismissals as to all defendants, this includes numerous cases in which indictments were dismissed without trial because of the death of defendants or for other administrative reasons. See note 5, infra.

⁵ Includes 56 defendants who died after indictment.

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

	Cases	Number of defendants in such cases	Number of such defendants as to whom cases have been completed	Number of such defendants as to whom cases are still pending and reasons therefor		
				Not yet apprehended	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in the fiscal year:						
1938.....	1	2	1	1	0	0
1939.....	0	0	0	0	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	4	13	1	0
1943.....	1	5	2	2	1	0
1944.....	1	7	2	5	0	0
1945.....	1	1	0	1	0	0
1946.....	4	16	1	15	0	0
1947.....	1	5	1	4	0	0
1948.....	0	0	0	0	0	0
1949.....	0	0	0	0	0	0
1950.....	0	0	0	0	0	0
1951.....	0	0	0	0	0	0
1952.....	0	0	0	0	0	0
1953.....	2	12	10	1	1	0
1954.....	1	7	0	7	0	0
1955.....	0	0	0	0	0	0
1956.....	2	2	0	0	2	0
1957.....	10	52	1	4	43	4
1958.....	6	16	0	1	15	0
1959.....	19	75	8	7	59	1
Total.....	1,51	1,218	30	61	122	5

SUMMARY

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

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

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

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed on motion of United States attorneys	Number as to whom cases are pending
Registered broker-dealers ¹ (including principals of such firms).....	377	226	24	100	27
Employees of such registered broker-dealers.....	153	65	17	43	28
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	735	370	62	261	42
All others ²	1,222	658	192	281	91
Total.....	2,487	1,319	295	685	188

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

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

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

Calendar year	Number of cases instituted by the Commission and the number of defendants involved		Number of cases in which injunctions were granted and the number of defendants enjoined ¹	
	Cases	Defendants	Cases	Defendants
1934.....	7	24	2	4
1935.....	36	242	17	56
1936.....	42	118	36	108
1937.....	96	240	91	211
1938.....	70	152	73	153
1939.....	57	154	61	165
1940.....	40	100	42	99
1941.....	40	112	36	90
1942.....	21	73	20	54
1943.....	19	81	18	72
1944.....	18	80	14	35
1945.....	21	74	21	57
1946.....	21	45	15	34
1947.....	20	40	20	47
1948.....	19	44	15	26
1949.....	25	59	24	55
1950.....	27	73	26	71
1951.....	22	67	17	43
1952.....	27	103	18	50
1953.....	20	41	23	68
1954.....	22	59	22	62
1955.....	23	54	19	43
1956.....	53	122	42	89
1957.....	58	192	32	93
1958.....	71	408	51	158
1959 (to June 30).....	25	109	43	130
Total.....	900	2,864	2,798	2,073

SUMMARY

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

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

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

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

⁴ Includes (a) actions dismissed (as to 434 defendants); (b) actions discontinued, abated, vacated, abandoned, stipulated, or settled (as to 53 defendants); (c) actions in which judgment was denied (as to 11 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 4 defendants).

