

## PART VII

### PARTICIPATION OF THE COMMISSION IN CORPORATE REORGANIZATIONS UNDER CHAPTER X OF THE BANKRUPTCY ACT

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

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

The Commission's advisory reports on plans of reorganization are usually widely distributed and serve an important function. However, they represent only one aspect of the Commission's activities in cases in which it participates. The Commission, as a party to a

chapter X proceeding, is actively interested in the solution of every major issue arising therein, and the adequate performance of its duties requires that it undertake in most cases intensive legal and financial studies. Even in cases where the plans are not submitted to the Commission and no report is filed, the Commission must consider various reorganization proposals of interested parties while plans are being formulated, and be prepared to comment fully upon all plans that are the subject of hearings for approval or confirmation.

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

#### SUMMARY OF ACTIVITIES

The Commission actively participated in 56 reorganization proceedings involving 85 companies (56 principal debtor corporations and 29 subsidiaries of those debtors) during the past fiscal year.<sup>1</sup> The stated assets of these 85 companies totaled approximately \$599,477,000 and their indebtedness totaled approximately \$559,735,215. The proceedings were scattered among district courts in 23 States and the District of Columbia as follows: 10 proceedings in New York; 5 each in Illinois and Kentucky; 4 in Texas; 3 each in Oklahoma and Maryland; 2 each in Iowa, Pennsylvania, California, Colorado, Michigan, North Carolina, Nevada, and Utah; and 1 each in Washington, Virginia, New Jersey, North Dakota, Kansas, Georgia, Louisiana, Wyoming, Florida, and the District of Columbia.

During the year, the Commission entered its appearance in 11 new proceedings under chapter X involving companies with aggregate stated assets of approximately \$32,383,000 and aggregate indebtedness of approximately \$27,615,215. They involved the rehabilitation of corporations engaged in the operation of such varied businesses as a deluxe resort motel, an automobile parts fabricator, an aluminum product fabricator, TV tube rehabilitation, amusement park, oil and gas exploration, mutual investment fund, apartment and transient hotel, an insured 10-percent second mortgage broker, meat packing,

<sup>1</sup> The appendix table contains a complete list of reorganization proceedings in which the Commission participated as a party during the fiscal year ended June 30, 1961.

manufacture of cosmetics, a machine shop, and real estate development.

Proceedings involving eight principal debtor corporations were closed during the year. At the end of the year, the Commission was actively participating in 48 reorganization proceedings involving 75 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 consideration of the excessive administrative burden of participating in every one of the 111 cases initiated during the fiscal year, many of the cases involve only trade or bank creditors and few stockholders. The Commission has sought to participate principally in those proceedings in which a substantial public-investor interest is involved. This is not the only criterion, however, and in some cases involving only limited public-investor interest, the Commission has participated because an unfair plan had been or was about to be proposed, the public security holders were not adequately represented, the reorganization proceedings were being conducted in violation of important provisions of the act, the facts indicated that the Commission could perform a useful service, or the judge requested the Commission to participate.<sup>2</sup>

### MATTERS RELATED TO THE PROCEEDINGS

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

In its efforts to protect the public security holder the Commission, in the case of *Magic Mountain, Inc.*,<sup>3</sup> filed objections to the referee's report which had recommended that the debtor's voluntary petition for reorganization be dismissed. The debtor owned an amusement park which was only partially completed. The Commission in its

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

"\* \* \* (1) the complexity of the corporate structure of Southern Enterprise Corp. and its several subsidiaries and the complexity of this reorganization proceeding, (2) the necessity for protection of the public-investor interest of more than 885 stockholders, holding more than 211,300 shares at a cost of more than \$833,900 of the common capital stock of the debtor, (3) the necessity for the interests of creditors holding asserted claims against the debtor in excess of \$295,700, (4) and the desire of this court and of the trustee in this proceeding for the expert assistance in technical matters offered by the Securities and Exchange Commission."

<sup>3</sup> *In the Matter of Magic Mountain, Inc.* (D. Colo., No. 26858).

objections pointed out to the court that there were 12,000 holders of the common stock of the debtor and stated that "nothing is more demonstrative of the need for reorganization" than the possibility that these stockholders might be wiped out by the many pending foreclosure actions. The Commission urged that a disinterested trustee be appointed to determine whether the corporation could be reorganized, and to investigate the conduct of the debtor's former management. The district court judge entered an order in accordance with the Commission's views.

In *Kirchofer and Arnold, Inc.*,<sup>4</sup> and in connection therewith, in *Morehead City Shipbuilding, Inc.*,<sup>5</sup> a subsidiary, although it was clear that the debtors would have to be liquidated because hopelessly insolvent, the Commission recommended that the debtors not be adjudicated bankrupts since this would involve a precipitous liquidation with great loss to the security holders. Rather, the Commission recommended that the chapter X court retain its jurisdiction and conduct an orderly liquidation pursuant to a plan in an attempt to obtain a better price for the debtors' assets.

Similarly, in *Dixie Aluminum Corporation*,<sup>6</sup> after the trustee's report that no plan of reorganization could be effected without substantial additional operating capital, and that no one could be found who was interested in making such an investment, the court adjudicated the debtor a bankrupt. However, after advice by Commission counsel that liquidation pursuant to a plan under chapter X would be more appropriate for the protection of the public security holders, the district judge vacated his order and retained jurisdiction under chapter X.

In the *H. H. Mundy Corporation* case<sup>7</sup> the Commission objected to the retention of the trustee's attorney on the grounds that he was not "disinterested" as defined in section 158 of the Bankruptcy Act since he was an attorney for a director of the debtor and assisted the debtor's counsel in the preparation of the chapter X petition. Following the staff's objection, the trustee's attorney resigned.

In the *Food Town, Inc.* case<sup>8</sup> the Commission objected to a proposed order for general employment of an accounting firm to assist the trustee in his section 167 investigation since this firm had audited the debtor's books at the time a purported fraud was committed. The court approved the employment of the firm, but limited its employment to matters unrelated to its adverse interest in order to meet the objections of the Commission.

<sup>4</sup> *In the Matter of Kirchofer and Arnold, Inc.* (E.D.N.C., No. 2876).

<sup>5</sup> *In the Matter of Morehead City Shipbuilding Corporation* (E.D.N.C., No. 2884).

<sup>6</sup> *In the Matter of Dixie Aluminum Corporation* (N.D. Ga., No. 9765).

<sup>7</sup> *In the Matter of Reorganization of H. H. Mundy Corporation* (N.D. Okla., No. 10387).

<sup>8</sup> *In the Matter of Food Town, Inc., et al.* (D. Md., No. 11070).

In the *Muntz TV, Inc.* case,<sup>9</sup> following consummation of the plan, one of the debtor's trustees was designated as the chief executive officer of the reorganized company at a salary of \$10,000 a year. It has been the Commission's consistent policy to oppose the employment of a trustee or his counsel by the reorganized debtor. This policy is based on the theory that the effectiveness of the trustee's position, so far as the public security holders are concerned, depends on his disinterested attitude. The Commission recommended to the court that the trustee, who was still occupying that position, should not be permitted to serve also in an important salaried position with the reorganized company. The court, however, did not follow the Commission's recommendation. Instead it allowed the trustee a substantial fee for his services in addition to the salary being paid him as chief executive officer.

In the *TMT Trailer Ferry, Inc.* case<sup>10</sup> the Commission objected to the claims of Merrill-Stevens Drydock and Repair Co., one of the largest TMT creditors, on various grounds. The court allowed the Commission time to investigate and file specifications in support of its objections. This matter is still pending.

In the *Swan-Finch Oil Corporation* proceeding<sup>11</sup> the court of appeals upheld the Commission's viewpoint, set forth in the Commission's 26th annual report,<sup>12</sup> that a petition for the reorganization of a subsidiary under chapter X could be filed in the court in which the chapter X reorganization of the parent was pending notwithstanding the pendency of a chapter XI proceeding for the subsidiary in another district.

#### PROBLEMS IN CONNECTION WITH THE ADMINISTRATION OF ESTATES

In *Pickman Trust Deed Corporation*,<sup>13</sup> the debtor operated a second trust deed business in the San Francisco area under a program wherein notes secured by trust deeds were purchased by *Pickman* to be placed into customers' accounts on the basis of a 10 percent annual return. *Pickman*, which obtained \$5 million from investors, is 1 of 12 companies which have operated in this manner in California and are currently in financial difficulties, representing total investments of over \$70 million.

After the Commission successfully caused the debtor to amend its chapter XI petition to conform to the provisions of chapter X, a question arose as to the nature of the legal rights of investors who had been allocated notes. The trustee adopted a position that all notes

<sup>9</sup> *In the Matter of Muntz TV, Inc.* (N.D. Ill., No. 54B491).

<sup>10</sup> *In the Matter of TMT Trailer Ferry, Inc.* (S.D. Fla., No. 3659-M. Bk.).

<sup>11</sup> *In the Matter of Swan-Finch Oil Corporation* (S.D.N.Y., No. 93046).

<sup>12</sup> Twenty-sixth annual report of the Securities and Exchange Commission, page 156.

<sup>13</sup> *In the Matter of Pickman Trust Deed Corporation* (N.D. Calif., N. Div. No. 57469).

were to be pooled for the benefit of all investors. The Commission, however, advocated that each investor should be allowed to trace his specific note and reclaim it on an individual basis, on the ground that otherwise contractual rights would be disregarded. The trustee, after 6 days of litigating the matter before the district court, proposed a compromise whereby claimants to approximately \$2,300,000 of notes which were recorded in their names could elect to reclaim their notes or remain in a pool. The Commission argued that the compromise proposal was premature since a section 167 report had not been prepared by the trustee, in the absence of which customers would not have the necessary information as to the status of the debtor to make an intelligent choice whether to withdraw their notes or remain in a pool. The court, however, approved the compromise and classified investors as "secured creditors" rather than "owners," but with the right to withdraw their underlying securities if their deeds were recorded.

In *DePaul Educational Aid Society*,<sup>14</sup> the debtor was organized in 1927 as a nonprofit corporation to build and operate a building which would house DePaul University while at the same time insulating the university from any liability. The debtor issued 6-percent mortgage bonds to the public. When the debtor went into a chapter X reorganization in 1959 the Commission made an extensive investigation of its financial condition. The investigation showed that the debtor was extremely undercapitalized. Difficulties ensued from the debtor's inception but the university kept the debtor alive with financial aid during its first few years. However, when business conditions worsened in the 1930's, the university withdrew its aid and the debtor became insolvent. After the debtor passed through a section 77B reorganization proceeding, the university secretly purchased about one-third of all the debtor's outstanding bonds at large discounts while continuing to occupy the bulk of the debtor's rentable space at a rental which barely covered minimum operating costs. It was the Commission's contention, as well as that of the trustee, that, DePaul University's claims should be subordinated to those of the public bondholders. This matter is still pending.

In the case of *Hudson and Manhattan Railroad Company*<sup>15</sup> the Commission took the position that the court should not approve the action of the directors of the reorganized company in appointing the trustee as the chief executive of the company and his counsel as general counsel. The appointment of these persons to remunerative positions was inconsistent with the policy of chapter X to maintain the independence and disinterestedness of a trustee and of his counsel

<sup>14</sup> *In the Matter of DePaul Educational Aid Society* (N.D. Ill., No. 59B41).

<sup>15</sup> *In the Matter of Hudson & Manhattan Railroad Company* (S.D.N.Y., No. 90460).

until the termination of the proceeding. The Commission pointed out that just as a chapter X trustee may retain special counsel for certain limited purposes during a proceeding, where such counsel need not be disinterested, it would not be inappropriate for the reorganized company to employ either the trustee or his counsel for special purposes. In this case, the possible sale of the company's assets to a public authority would represent such a special purpose. The court approved the directors' action because of the unique situation arising out of the apparent imminence of sale negotiations.

#### TRUSTEE'S INVESTIGATIONS

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

In *TMT Trailer Ferry, Inc.*,<sup>16</sup> after the district court confirmed a plan of reorganization which the Commission felt was inequitable because, among other things, it returned control of the debtor to those responsible for its downfall, the Commission prevailed upon the trustee to complete his section 167 report. Thereafter a hearing was held which resulted in the district court vacating its previous order and ordering the trustee to submit a new plan. An appeal was taken by those who benefited under the original plan. Following the close of the fiscal year, the Court of Appeals for the Fifth Circuit affirmed the district court order and denied a petition for rehearing.<sup>17</sup>

In *Equitable Plan Company*<sup>18</sup> the trustee, holding a substantial amount of shares of *Doeskin Products, Inc.*, instituted a derivative action in the Federal court on behalf of *Doeskin* to set aside the fraudulent issue of 1 million shares of *Doeskin* stock and to recover assets misappropriated by officers and directors in the control of Lowell M. Birrell. *Doeskin* moved to stay the action because of a prior stockholder's suit pending in the State court. The Commission appeared,

<sup>16</sup> *Supra*, Note 10.

<sup>17</sup> *Shaffer v. Anderson*, 292 F. 2d 455 (C.A. 5, 1961).

<sup>18</sup> *In the Matter of Equitable Plan Company* (S.D. Calif. No. 86, 096-BE).

*amicus curiae*, and urged that the chapter X trustee was in a different position from any other stockholder in that it was his duty to protect a substantial asset of *Equitable Plan* and that he should not be prevented from undertaking any action which he deemed necessary to that end. The district court, in a decision based in part upon the Commission's position, denied the motion for a stay. The Court of Appeals for the Second Circuit affirmed.<sup>19</sup>

In *Automatic Washer Co., Inc.*,<sup>20</sup> the trustee obtained a judgment for more than \$500,000 for fraud in the alleged sale of rubber machinery to the debtor. While an appeal from this judgment was pending, the defendant offered to compromise the judgment for \$105,000 cash. The Commission, along with a creditors' committee, objected to the settlement on the ground, among others, that the trustee had not made a real effort to determine whether the judgment could be satisfied. The district court approved the settlement offer, and an appeal was taken by the creditors' committee and a stockholders' committee in which the Commission participated. The Court of Appeals for the Eighth Circuit reversed the district court's action and remanded the case, stating that there had not been a sufficient investigation to enable the district court to exercise an informed judgment.<sup>21</sup> Shortly after the close of the fiscal year, the same compromise, reduced to writing and with a provision added that the judgment debtor should not be interrogated as to his assets, was resubmitted to the district court. After a full hearing, the trustee was directed to reject the offer.

The trustee also obtained a judgment of over \$1 million against Banker's Life and Casualty Co. as a result of an investigation in which he was assisted by the Commission.

#### INTERVENTION IN CHAPTER XI PROCEEDINGS

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

In *Life and Industrial Companies, Inc.*,<sup>22</sup> a parent and three affiliated companies which controlled manufacturing plants producing concrete and plating, filed chapter XI petitions on July 8, 1960. The debtors' public investors included 225 holders of 6-percent subordi-

<sup>19</sup> *Ferguson v. Tabah*, 288 F. 2d 665 (C.A. 2, 1961).

<sup>20</sup> *In the Matter of Automatic Washer Company* (S.D. Iowa, No. 5-426).

<sup>21</sup> *Ashbach v. Kirtley*, 289 F. 2d 159 (8th Cir. 1961).

<sup>22</sup> *In the Matter of Life and Industrial Companies, Inc.* (E.D. Ark., No. LR 60B-177).

nated debenture bonds, 51 holders of preferred stock, and 1,324 holders of common stock, or a total of 1,600. An arrangement was proposed on July 28, 1960, whereby the debtors would merge into a new corporation. Stock of such corporation would be issued to the unsecured creditors and stockholders. On October 7, 1960, the Commission, feeling that the proceedings under chapter XI were not sufficient to protect the public security holders and that chapter XI was being misused, filed a motion under section 328 of the Bankruptcy Act to intervene and to dismiss the proceeding. In its motion the Commission pointed out that what in effect was taking place was a complete reorganization which was not authorized under chapter XI. The Commission noted that reorganization of companies with complex capital structures should be conducted under chapter X, where appropriate substantive and procedural safeguards are supplied. The District Court for the Eastern District of Arkansas denied the Commission's motion but immediately adjudicated the debtors bankrupt.

In *Herold Radio and Electronics Corporation*,<sup>23</sup> the debtor had been engaged in the business of manufacturing and distributing radios, phonographs and other electronic equipment since 1950. The debtor had outstanding \$1,472,000 principal amount of 6-percent convertible subordinated debentures, 4,816 shares of \$5 par value cumulative convertible preferred stock and 582,199 shares of \$0.25 par value common stock. Except for 38 percent of the common stock which was held by persons associated with management, these securities were all held by members of the investing public. There were approximately 400 holders of debentures, 52 holders of preferred stock, and 1,600 holders of the common stock which was listed on the American Stock Exchange.

On August 15, 1960, the debtor filed a petition in the District Court for the Southern District of New York under section 322 of chapter XI alleging inability to meet its debts as they matured and an intention to propose an arrangement. The Commission moved to intervene and to dismiss the debtor's petition unless it was amended to comply with the requirements of chapter X.

The district court granted the Commission's motion and dismissed the debtor's chapter XI petition as improperly filed on the grounds that chapter XI is not available to a debtor when there are publicly held securities and the corporation has need of a thoroughgoing reorganization and recasting of its capital structure. Subsequent to the dismissal of the chapter XI proceeding, the debtor consented that it be adjudicated a bankrupt.

<sup>23</sup> *In the Matter of Herold Radio and Electronics Corporation* (S.D.N.Y. No. 60B-468).

In *Trustors' Corporation*,<sup>24</sup> the debtor filed a chapter XI petition on April 3, 1961. The debtor dealt in second trust deed notes which it sold to investors who were assured an annual return of 10 percent on their investment. The company's operation was similar to that in the *Pickman Trust Deed* case, *supra*. At the time the petition was filed, there were outstanding \$8,900,000 face amount of notes held for 1,800 customers. *Trustors'* is itself an obligor on \$1,500,000 of these trust deed notes. The debtor has outstanding 42,834 shares of 6 percent cumulative preferred stock held by 492 stockholders. The common stock is held by two of its officers.

The Commission moved for dismissal of the petition on June 20, 1961, stating that a proposal filed by the debtor in connection with its plan of arrangement might modify its secured debts. Since only chapter X can affect the rights of secured creditors the need for transferring the proceedings was evident. Subsequent to the close of the fiscal year, the debtor abandoned the objectionable proposal and, accordingly, the Commission withdrew its objections to the chapter XI proceeding.

#### ACTIVITIES WITH REGARD TO ALLOWANCES

Every reorganization case ultimately presents the difficult problem of determining the allowance of compensation to be paid out of the debtor's estate to the various parties for services rendered and for expenses incurred in the proceeding. The Commission, which under section 242 of the Bankruptcy Act may not receive any allowance from the estate for the services it renders, has sought to assist the courts in protecting debtors' estates from excessive charges and at the same time in equitably allocating compensation on the basis of the claimants' contributions to the administration of estates and the formulation of plans.

The role of the Commission with regard to fees was questioned in the *Liberty Baking Corporation* case.<sup>25</sup> Applications for allowances from nine applicants requested a total of \$341,693.53. The Commission's recommendations totaled \$173,184.13. The court offered the applicants an opportunity, if they desired, to cross-examine persons responsible for the Commission's recommendations. The Commission expressly declined a written request by several applicants to subject the Commission or any of its members to cross-examination explaining that the recommendations stated to the court by counsel were the Commission's and that such inquiry would be analogous to examining a judge concerning the bases of his decision. The Commission further

<sup>24</sup> *In the Matter of Trustor's Corporation* (S.D. Calif., No. 123,776-Y).

<sup>25</sup> *In the Matter of Liberty Baking Corporation* (S.D.N.Y., No. 91173).

stated that the careful consideration accorded its views by some courts derives from the Commission's unique position as a disinterested party to the proceeding and its broad range of experience in cases of this nature. The court thereafter awarded fees in the amount of \$229,090.

As reported in the Commission's 25th annual report,<sup>26</sup> the Commission took the position that the attorney first appointed for the trustees in the *F. L. Jacobs Company* case<sup>27</sup> was not "disinterested" and he resigned while a decision was pending on the application for his removal. He subsequently sought an allowance for services rendered prior to his resignation. The Commission opposed any award to him since, as an experienced bankruptcy lawyer, he was well aware of the significance of his acts. The court, however, granted him compensation equal to 25 percent of the amount requested.

In the *Stardust, Inc.*, case<sup>28</sup> applications for allowances totaling \$637,100 were requested. The Commission recommended total overall allowances of \$326,925. At the end of the fiscal year the court had not acted on the applications.

In *El-Tronics, Inc.*,<sup>29</sup> applications for allowances were filed totaling \$462,500. The Commission recommended allowances totaling \$180,000; no allowances were recommended for one of the counsel for a trade creditors' committee and for its secretary. Counsel had traded in the stock of the debtor during the proceeding and was disqualified from an allowance under section 249 and withdrew his application. The secretary of the creditors' committee, it appeared, had participated with third persons in the purchase of claims against the debtor from creditors of the class represented by the committee. The claims, after being voted in favor of the trustees' plan, were converted into stock pursuant to the plan and thereafter sold at a substantial profit. The Commission obtained an order from the court authorizing an investigation of the activities of the secretary and others involved in these transactions. The secretary moved to vacate the order of investigation and for leave to withdraw his allowance application. The Commission took the position that the order constituted an appropriate exercise of the power of the court to look into the activities of a fiduciary during the proceeding and that permission should not be granted to the secretary to withdraw his application pending the outcome of the investigation. At the close of the fiscal year, the decision on this matter and on the allowances had not been rendered.

<sup>26</sup> Twenty-fifth annual report, pp. 144-5.

<sup>27</sup> *In the Matter of F. L. Jacobs Company* (E.D. Mich., No. 42235).

<sup>28</sup> *In the Matter of Stardust, Inc.* (D. Nev., No. 955).

<sup>29</sup> *In the Matter of El-Tronics, Inc.* (E.D. Pa., No. 25657).

In *Inland Gas Corporation*<sup>30</sup> the Commission, at the request of the district judge, submitted a report of its recommendations on applications for compensation, exclusive of expenses, totaling \$1,422,072.39. The Commission recommended fees totaling \$1,070,383. At the hearing the judge stated that he gave great weight to the Commission's report and that he relied heavily upon it. In his order granting allowances, the judge adopted the Commission's recommendations on all but three of the 27 applications. One of the applicants has been granted leave to appeal and the matter is still pending.

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<sup>30</sup> *In the Matter of Inland Gas Corporation et al.*, (D. Ky., No. 989-B).

## **PART VIII**

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

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

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

*Indentures filed under the Trust Indenture Act of 1939 during the fiscal year ended June 30, 1961*

	Number filed	Aggregate amount
Indentures pending June 30, 1960.....	31	\$456, 275, 060
Indentures filed during fiscal year.....	280	6, 138, 425, 705
Total.....	311	6, 594, 700, 765
Disposition during fiscal year:		
Indentures qualified.....	251	5, 780, 064, 515
Indentures deleted by amendment or withdrawn.....	12	67, 479, 600
Indentures pending June 30, 1961.....	48	747, 156, 650
Total.....	311	6, 594, 700, 765

**LITIGATION UNDER THE TRUST INDENTURE ACT**

The Commission filed a brief as *amicus curiae* during the course of a reorganization, pursuant to section 122 (a) of the Real Property law of the State of New York, of the *Hotel St. George Corp.* which had offered securities pursuant to an indenture qualified under the provisions of the Trust Indenture Act of 1939. The Commission took the position that in accordance with section 312(b) of the Trust Indenture Act, the court should vacate its order directing the indenture trustee not to send to all bondholders of the corporation proposed communications which had been submitted to the trustee by a protective committee comprised of certain of the bondholders. The Commission suggested that if the trustee should be of the opinion that a mailing of any such material would be contrary to the best interests of the bondholders or would be in violation of applicable law, the trustee should be directed to file a written statement to that effect with the Commission, in accordance with the procedure specified in section 312(b) of the act. The matter was settled without a ruling by the court on the Commission's motion to participate as *amicus curiae*.

## **PART IX**

### **ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940**

Companies primarily engaged 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 their finances and investment policies, 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.

The securities of investment companies which are offered to the public are also required to be registered under the Securities Act of 1933 and the companies must file periodic reports. Such companies are also subject to the Commission's proxy rules and closed-end companies are subject to "insider" trading rules. The Division of Corporation Finance and the Division of Corporate Regulation both assist the Commission in the administration of the statute, the former being concerned with the disclosure provisions and the latter with regulatory provisions.

#### **COMPANIES REGISTERED UNDER THE ACT**

As of June 30, 1961, there were 663 investment companies registered under the act, including 44 small business investment companies, and the estimated aggregate market value of their assets on that date was approximately \$29 billion. These figures represent an overall increase of 93 registered companies and an increase of roughly \$5.5 billion

in the market value of assets over the corresponding totals at June 30, 1960. The total registered companies by classification are as follows:

Management open-end.....	330
Management closed-end.....	185
Unit investment trust.....	137
Face-amount certificate.....	11
<b>Total.....</b>	<b>663</b>

During the fiscal year ending June 30, 1961, 118 new companies registered under the act while the registrations of 25 companies were terminated, including one of the new registered companies which was deregistered and one which withdrew its registration.

	Registered during the fiscal year	Registration terminated during the fiscal year
Management open-end.....	46	7
Management closed-end.....	52	15
Unit investment trust.....	19	0
Face-amount certificate.....	1	3
<b>Total.....</b>	<b>118</b>	<b>25</b>

In the 1961 fiscal year 29 small business investment companies registered under the Investment Company Act, representing 25 percent of the total registrations under the act during the fiscal year. In addition, 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 with the SBA, to determine the status of the Proposed Operator under the Investment Company Act and the other statutes administered by the Commission. Both the proposed operator and the SBA are notified as to the staff's conclusion in each case. A total of 356 such proposals were reviewed by the staff of the Commission during the fiscal year.

**GROWTH OF INVESTMENT COMPANY ASSETS**

The following table illustrates the striking growth of investment company assets during the past 21 years, particularly in the most recent years.

*Number of investment companies registered under the Investment Company Act and the estimated aggregate assets of the end of each fiscal year, 1941 through 1961*

Fiscal year ended June 30	Number of companies				Estimated aggregate market value of assets at end of year (in millions) <sup>1</sup>
	Registered at beginning of year	Registered during year	Registration terminated during year	Registered at end of year	
1941.....	0	450	14	436	\$2,500
1942.....	436	17	46	407	2,400
1943.....	407	14	31	390	2,300
1944.....	390	8	27	371	2,200
1945.....	371	14	19	366	3,250
1946.....	366	13	18	361	3,750
1947.....	361	12	21	352	3,600
1948.....	352	18	11	359	3,825
1949.....	359	12	13	358	3,700
1950.....	358	26	18	366	4,700
1951.....	366	12	10	368	5,600
1952.....	368	13	14	367	6,800
1953.....	367	17	15	369	7,000
1954.....	369	20	5	384	8,700
1955.....	384	37	34	387	12,000
1956.....	387	46	34	399	14,000
1957.....	399	49	16	432	15,000
1958.....	432	42	21	453	17,000
1959.....	453	70	11	512	20,000
1960.....	512	67	9	570	23,500
1961.....	570	118	25	663	29,000
Total.....		1,075	412		

<sup>1</sup> 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 1960 its open-end investment company members, numbering 161 and representing the bulk of the industry, had net sales of their securities amounting to \$1.3 billion.

### INSPECTION PROGRAM

The Commission initiated in 1957 a program for the periodic inspection of investment companies pursuant to the statutory authority conferred under section 31(b) of the Investment Company Act. Prior to the fiscal year 1961, 57 companies had been inspected pursuant to this program. An additional 56 companies were inspected in fiscal year 1961. As in prior years, a number of inspections were undertaken by staff teams consisting of attorneys or analysts from the Division of Corporate Regulation and securities investigators from the appropriate field office. However, several of the regional offices now have personnel experienced in the inspection of investment companies and approximately 23 inspections were conducted exclusively with regional office personnel. This is consonant with the Commission's program, which contemplates placing the principal responsibility for making inspections in the regional offices as personnel in such offices become sufficiently experienced in the regulatory provisions applicable to investment companies.

The inspections made indicated, in a number of instances, failure to comply with various regulatory provisions of the Investment Company Act or with the other statutes administered by the Commission. The 26th annual report discusses, at page 170, the irregu-

larities discovered in inspections made in previous years. Inspections in the 1961 fiscal year disclosed a number of instances in which fund prospectuses did not accurately or adequately describe the actual practice of the funds, and as a result, the prospectuses were revised. This involved such matters as the policy on control of portfolio companies, interrelationships of several investment companies with common management, and methods used in pricing shares for sale and redemption. This year's inspection program also disclosed several instances of failure to keep accurate and up-to-date minutes of meetings of boards of directors, failure to obtain the requisite shareholders' vote needed to approve an advisory contract, infrequent attendance at meetings of certain directors, instances of portfolio securities being held which were not in accordance with stated investment policies, expenses paid by funds which should have been paid by the investment advisor, possible affiliations in violation of the act and insufficiency of accounting records. Instances were noted where an increase in the amount of fidelity bond was indicated. In one case where sales of portfolio securities to affiliated persons were made under circumstances which raised questions as to possible violations of the prohibitions of the act, the transactions were reversed or the fund was compensated for the difference between the sales price and current market price on the date of the sale. Normally where deficiencies are noted, unless other action is indicated, they are brought to the attention of the investment companies involved so that corrective steps may be taken.

#### **STUDY OF SIZE OF INVESTMENT COMPANIES**

On behalf of the Commission, the Securities Research Unit of the Wharton School of Finance and Commerce of the University of Pennsylvania has been conducting a factfinding survey in connection with a study of the problems created by the growth in size of investment companies. This inquiry has been undertaken pursuant to section 14(b) of the Investment Company Act. Information has been obtained through questionnaires sent to registered investment companies.

The first questionnaire was distributed in fiscal 1959 to all registered open-end investment companies and the information furnished in response thereto is the basis for a report covering the following subjects: Origin and Scope of the Study and Summary of Principal Findings; The Organization and Control of Open-end Investment Companies; Growth of Funds of the Investment Company Industry, 1952-1958; Open-end Investment Companies and Portfolio Company Control; Investment Policy; Investment Company Performance; and Impact of Investment Funds on the Stock Market.

A second questionnaire, distributed in December 1960, will form the basis of an additional report dealing with the relationships between open-end companies and their investment advisers and principal underwriters.

It is expected that the complete report will be available to the Commission prior to the end of the calendar year 1961. With information gained therefrom, the Commission will be in a position to determine what further action by it is required and whether specific remedial legislative recommendations should be made 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 1961 fiscal year:

Annual reports.....	412
Quarterly reports.....	242
Periodic reports to stockholders (containing financial statements).....	1,199
Copies of sales literature.....	2,256

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

#### 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. Accordingly, one of the principal activities of the Commission in its regulation of investment companies is the consideration of applications for such exemptive orders. Under Section 6(c) the Commission, by rules and regulations, upon its own motion or by order upon application, may exempt any person, security, or transaction from any provision of the act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the act. Other sections, such as 6(d),

9(b), 10(f), 17(b), and 23(c) contain specific provisions and standards pursuant to which the Commission may grant exemptions from particular sections of the act or may approve certain types of transactions. Also, under certain provisions of sections 2, 3, and 8 the Commission may determine the status of persons and companies under the act.

There were 216 applications under various sections of the Investment Company Act before the Commission during the fiscal year 1961. The various sections of the act with which these applications were concerned and their disposition during the fiscal year are shown in the following table:

*Applications filed with and acted upon by the Commission under the Investment Company Act of 1940 during the fiscal year ended June 30, 1961*

Sections	Subject involved	Pending July 1, 1960	Filed	Closed	Pending June 30, 1961
3 and 6.....	Status and exemption.....	12	13	9	16
7(d).....	Registration of foreign investment companies.....	1	2	1	2
8(f).....	Termination of registration.....	29	23	27	25
9, 10, 16.....	Regulation of affiliations of directors, officers, employees, investment advisers, underwriters, and others.	5	9	11	3
12, 13, 14(a), 15.....	Regulation of functions and activities of investment companies.	5	11	10	6
11.....	Regulation of security exchange offers and reorganization matters.	0	1	0	1
17.....	Regulation of transactions with affiliated persons.....	15	43	36	22
18, 19, 21, 22, 23.....	Requirements as to capital structures, loans, distributions and redemptions, and related matters.	15	26	35	6
20, 30.....	Proxies, reports, and other documents reviewed for compliance.	2	0	1	1
28.....	Regulation of face-amount certificate companies.....	1	2	1	2
32.....	Accounting supervision.....	1	0	1	0
	Total.....	86	130	132	84

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

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

As reported in more detail in the 26th annual report, page 178, *The Equity Corp.* consented to a judgment enjoining it from violation of the antipyramping provisions of the act arising out of its continued holdings of the common stock of *Equity General Corp.* and *Development Corp. of America*, both investment companies. Pursuant to the method of compliance specified in such injunction, Equity General was merged into Equity Corp.; the preferred stock of Development Corp., which was publicly owned, was redeemed at its contract price; and Development Corp. was merged into Equity Corp. The Commission exempted the Equity Corp.-Development Corp. merger from

section 17(a) of the act.<sup>1</sup> In connection with the merger, the common stockholders of Development Corp., other than Equity, were paid in cash \$7.91 as the value of each share they held, unless they exercised their right to demand an appraisal under Delaware law.

The Commission also granted an exemption from section 17(a) of the act to *Madison Fund, Inc.*, and *International Mining Corp.* for the sale of the assets of Canton Co. of Baltimore, 79 percent of whose outstanding stock was owned by Madison, to Northside Warehouse Corp., a subsidiary of International.<sup>2</sup> The ownership by Madison of an 8.3 percent interest in International created an affiliation which, under the act, resulted in a bar to the transaction unless exempted. It was proposed that Northside would be merged with Canton and the surviving corporation would acquire the Canton stock for \$25 per share payable in cash and notes of International, which price and other terms of the transactions the Commission considered to be fair and reasonable and not to involve any overreaching. In exempting the transactions, the Commission found that the record did not support the objections of a stockholder of International and a stockholder of both Madison and International, both of whom contended that the transactions were unfair.

The Commission also granted an application pursuant to section 17(b) of the act filed by *Century Investors, Inc.*, and *Webster Investors, Inc.*, investment companies, and *American Manufacturing Co., Inc.*, an affiliate of Century and Webster, for an exemption with respect to transactions incident to a merger of Century and Webster into American.<sup>3</sup> Under the proposal, each publicly held share of common stock of Century and each publicly held share of common stock of Webster were to be exchanged for 1.27 shares and 1.25 shares of common stock of American, respectively. The Commission found the exchange ratios reasonable and fair, that there was no overreaching involved, and that the terms of the proposed merger were consistent with the general purposes of the act. At American's request the Commission deferred action on the application of American for an order declaring that it would not be an investment company upon consummation of the merger, conditioning such action on compliance by American with its commitment that it would not engage in any transactions which would be prohibited to a registered investment company pending the Commission's determination of the company's status.

An exemption was granted to *Atlas Corp.* and its controlled company, *Mertronics Corp.*, with respect to an offering of Summers Gyro-

<sup>1</sup> Investment Company Act Release No. 3077, July 14, 1960.

<sup>2</sup> Investment Company Act Release No. 3080, July 22, 1960.

<sup>3</sup> Investment Company Act Release No. 3139, Nov. 14, 1960.

scope Co. shares to their shareholders.<sup>4</sup> The purpose of the offering was to effect a divestiture by Atlas and Mertronics of all their interests in Summers in order to dispose of proceedings before the Civil Aeronautics Board arising out of interlocking relationships existing between Atlas, which controls an air carrier, and Summers, which is deemed to be engaged in a phase of aeronautics. The offering was proposed to be made at 75 cents per share through primary and secondary subscription rights. In order to assure complete divestiture of their entire interest in Summers, Atlas and Mertronics entered into agreements with a former officer and director of Atlas whereby he undertook to purchase, at 75 cents per share, all shares of Summers stock owned by them, subject to their prior right to offer such shares to their shareholders. The Commission noted that it did not appear necessary to decide the question of control of Atlas by the former officer since the consideration to the former officer in return for his obligation to purchase all unsubscribed Summers shares was reasonable and fair and no overreaching was involved. Accordingly, it was appropriate to exempt the transactions from section 17(a) of the act even if such affiliation existed.

Proceedings were instituted to determine whether an exemptive order previously granted to the *Securities Corporation General* should be revoked. The order exempted the sale by Securities of 51.25 percent of the outstanding stock of Anemostat Corp. of America to Dynamics Corp. of America which held about 33 percent of such stock. The proceedings were instituted when the Commission was informed that the purported directors of Securities at the time the sale was negotiated and the exemption application filed had not been elected in accordance with the provision of the act which requires directors of registered companies to be elected by the stockholders at annual or special stockholder meetings. The Commission determined not to revoke the exemptive order, rejecting a contention by a stockholder that because of noncompliance the exemptive order was automatically void and finding that the failure to comply with the requirements of the act relating to election of directors was inadvertent; that the persons who caused the change in the board of directors owned a majority of the outstanding stock and could have elected, and at the next regular stockholder meeting did elect, their representatives as directors in compliance with the act and that there was no evidence of fraud or overreaching in the transaction and the terms of the transaction were reasonable and fair.<sup>5</sup>

The Commission issued an exemption order under the act permitting *Vornado, Inc.*, to purchase 160,000 shares of its common stock

<sup>4</sup> Investment Company Act Release No. 3137, Nov. 4, 1960.

<sup>5</sup> Investment Company Act Release No. 3165, Dec. 23, 1960.

from *Investors Diversified Services, Inc.*, in exchange for \$2,340,000 principal amount of Vornado's 3.10-percent junior subordinated notes, due May 1, 1976, and a warrant expiring April 27, 1967, to purchase 42,000 shares of Vornado common stock at \$16 per share.<sup>6</sup> The terms of the contract of sale of the 160,000 shares of Vornado stock were found to be fair and reasonable and not rendered unfair or unreasonable by subsequent market price increases in Vornado's stock.

The Commission granted an application of the *Great American Life Underwriters, Inc.*, for an exemption from the Investment Company Act of 1940, retroactive to January 1, 1941, the effective date of the act.<sup>7</sup> The company had discontinued the issuance and sale of face-amount certificates prior to the effective date of the act but continued to receive payments on and to service outstanding securities and accordingly was within the definition of an investment company. In view of the discontinuance of the sale of such securities and the Commission's conclusion that the company was primarily engaged in the insurance business through controlled subsidiaries, the Commission concluded that the company should be granted an exemption from the Investment Company Act on the ground that it is not the type of company intended to be regulated thereunder. Among the other considerations leading to this conclusion were the facts that the company has a very substantial part of its investments in, and derives a very substantial part of its income from, its holdings of stock in its insurance subsidiary and that the company's officers and directors have been active in the management and operation of the insurance subsidiary. In determining that the exemption might be made retroactive, the Commission pointed out that the company would have been entitled to the exemption at any time, that it failed earlier to file an application for exemption because of good faith through mistaken belief that it was not subject to the act, that it clearly is not now an investment company and was at all times primarily engaged in the insurance business, and its outstanding face-amount certificates were at all times protected by reserves on deposit with a State agency and have been reduced to the point where they are insignificant in comparison to applicant's assets.

An Arizona corporation called *International Bank* applied to the Commission for an order declaring it not to be an investment company under the Investment Company Act, and the Commission ordered hearings thereon.<sup>8</sup> The company also seeks a temporary exemption from the registration requirements of the act pending final determination of its status under the act. It asserts that it is not engaged in business as an investment company but is engaged,

<sup>6</sup> Investment Company Act Release No. 3238, Apr. 26, 1961.

<sup>7</sup> Investment Company Act Release No. 3070, July 15, 1960.

<sup>8</sup> Investment Company Act Release No. 3285, June 30, 1961.

through wholly owned subsidiaries and through working control of Financial General Corp. and Iowa Interests Corp., in the small loan business; international trade financing; registration of ships, servicing of corporations, and commercial banking in Liberia; life, fire, and casualty insurance; banking; real estate development; manufacture of plywood and textiles, and other activities.

A hearing was held in the case of *Mid-America Mutual Fund, Inc.*,<sup>9</sup> on an application to allow it to sell its shares to certain insurance policy holders at less than the public offering price. A decision is pending.

The following significant decisions were issued by the Commission in matters in which no formal hearing was held:

The Commission granted an application of *Israel Development Corp.* for an exemption from section 18(c) of the act with respect to its issuance and sale of \$3 million of debentures due 1976 while it has outstanding \$1,625,000 of bank loans secured by the pledge of various securities.<sup>10</sup> The Commission's decision construed section 18(c) as intended to make clear that a company might have outstanding both publicly distributed and privately arranged debt securities only if there were no differences in the preferences as to assets and interest of any outstanding indebtedness. The exemption order is subject to the condition that the bank loans be eliminated not later than August 22, 1962, and that thereafter, while the proposed debentures are outstanding, the company does not issue or sell any senior security representing indebtedness containing a preference or priority over such debentures in the distribution of its assets or in respect of the payment of interest.

The Commission also issued a decision granting an application of *Reinsurance Investment Corp.* for exemption from all provisions of the act for a period of 1 year.<sup>11</sup> As of September 30, 1960, the company had total assets valued at \$5,596,722 and consisting of 1,152,000 shares of Loyal American Life Insurance Co., Inc., valued at \$3,312,000 and 189,495 shares of American Income Life Insurance Co. valued at \$1,184,950 with the balance of its assets consisting mainly of government securities and cash. According to the decision, the company has majority voting control, although not majority ownership of American; Loyal American until recently was a majority-owned subsidiary and the company intends to acquire sufficient additional shares of Loyal American within 1 year to make it a majority-owned subsidiary; and, in such event, the company may no longer fall within the definition of an investment company or may qualify for exemption.

<sup>9</sup> Investment Company Act Release No. 3226 (Apr. 10, 1961).

<sup>10</sup> Investment Company Act Release No. 3214 (Mar. 16, 1961).

<sup>11</sup> Investment Company Act Release No. 3209 (Mar. 6, 1961).

The Commission issued a decision and order exempting the merger of *Delaware Realty & Investment Co.* into *Christiana Securities Co.* from the provisions of section 17(a) of the act.<sup>12</sup> Delaware owned 32.7 percent of the outstanding common (voting) stock of Christiana. The value of the total net assets of Christiana as of September 30, 1960, was approximately \$2,418 million of which 98.6 percent was represented by its holdings of common stock of E. I. du Pont de Nemours & Co. On the same date, the value of the total net assets of Delaware Realty was approximately \$1,052 million, of which 74.5 percent was represented by its holdings of Christiana common stock and 22.6 percent by its holdings of Du Pont common stock. Under the agreement of merger, the common stock of Delaware was converted into common stock of Christiana.

### Variable Annuity Contracts

As described in detail in the 26th annual report,<sup>13</sup> the Commission on February 25, 1960, issued decisions granting certain exemptions under the 1940 act to *Variable Annuity Life Insurance Co.* and *Equity Annuity Life Insurance Co.*, engaged in the business of offering variable annuity contracts. Subsequent to an enabling amendment to the District of Columbia Life Insurance Code, the assets of each of these companies applicable to variable annuity contracts have been segregated into a separate fund which is available only for satisfaction of the claims of variable annuity contract holders. As a result, during the fiscal year, the Commission granted additional exemptions from prohibitions of the 1940 act with respect to loans and advances to agents, managers and sales employees<sup>14</sup> and to permit in certain circumstances borrowings from nonaffiliates in addition to bank borrowings.<sup>15</sup>

*The Prudential Insurance Co. of America* has filed an application for exemption from the 1940 act or, in the alternative, for exemption from certain provisions thereof, in connection with its proposed plan for the sale of variable annuity contracts.<sup>16</sup> Hearings on this application were commenced on June 12, 1961, and were still in progress at the close of the fiscal year. The application seeks a determination that Prudential will be the issuer of such contracts and is not required to register as an investment company. Under New Jersey law, pursuant to which Prudential was organized, the proceeds from the sale of variable annuity contracts must be placed in a fund segregated from the company's other assets. Prudential proposes to invest such proceeds primarily in equity securities and if the Commission determines

<sup>12</sup> Investment Company Act Release No. 3177 (Jan. 15, 1961).

<sup>13</sup> Twenty-sixth annual report, pp. 175-178.

<sup>14</sup> Investment Company Act Releases Nos. 3227 (Apr. 13, 1961), and 3241 (May 3, 1961).

<sup>15</sup> Investment Company Act Release No. 5264 (June 2, 1961).

<sup>16</sup> Investment Company Act Release No. 3259 (May 23, 1961).

that this segregated fund, rather than Prudential, is the issuer of the contracts and an investment company, Prudential requests an order exempting the fund from certain provisions of the act. The provisions of the act from which exemption is sought for the fund deal mainly with the voting rights of holders of investment company securities, the manner in which directors are selected and the terms under which a redeemable security may be issued and sold. New Jersey law provides that holders of variable annuity contracts are entitled only to vote for directors, charter amendments, and mergers whereas the act provides for shareholder approval of other matters, including changes in investment policies which would govern the fund. Similarly the act prohibits any person from serving as a director of an investment company unless elected by the security holders and Prudential seeks to continue its present arrangement whereby 7 of its 23-member board of directors are appointed rather than elected. Additional exemptions are sought concerning the redemption features of the contracts and the sales load to be deducted from payments.

#### LITIGATION UNDER THE INVESTMENT COMPANY ACT OF 1940

The Commission filed a complaint against *Townsend Corporation of America, et al.*,<sup>17</sup> charging that Townsend Corp. of America (TCA) and Townsend Management Co. (TMC) had been under the control and domination of Morris M. Townsend, Clinton Davidson, and Raymond E. Hartz; that these individuals had knowingly operated the two companies and their subsidiaries for their personal benefit and in derogation of the interests of TCA and TMC shareholders; that both companies had engaged in business as investment companies since 1957 without being registered, in violation of the registration requirements of the Investment Company Act; that from that time until January 1960, when they registered at the insistence of the staff of the Commission, they had engaged in numerous transactions which were in violation of the act; that upon registration in January 1960 the companies acknowledged that they had acquired investments which they could not lawfully continue to hold, and represented to the Commission that within 1 year they would either divest themselves of such investments or would cease to be investment companies; and that they had failed to perform either undertaking and had made no diligent attempt to do so but, on the contrary, had engaged in further illegal transactions.

The complaint further alleged, among other things, that the named individuals caused TCA and TMC to acquire securities which they would have been prohibited from acquiring had they been registered;

<sup>17</sup> D.N.J. No. 336-61.

to obtain loans in excess of the debt limit prescribed by the act; to enter into situations involving cross-ownership of securities prohibited by the act; and to issue non-voting common stock prohibited by the act; and caused TCA to make loans to TMC and the latter's subsidiary which would have been prohibited had the companies been registered as required by the act.

The complaint also alleged that in September 1960, TCA mailed to its stockholders a report which was false and misleading in the following material respects: It reflected fictitious and inflated assets; it failed to disclose the adverse operating results of TCA and its subsidiaries for the 6 months ended June 30, 1960, and the facts that TCA's chief source of income had been dividends paid by its subsidiary, Resort Airlines, Inc., which had held a contract with the U.S. Air Force, that at June 30, 1960, such contract was not renewed, and that Resort Airlines had a net loss for the first 6 months of 1960; and it stated that TCA's profit for 1959 was about \$700,000 when in fact the profit reported was a capital gain of a subsidiary which was insolvent, with the result that such profit was not available for distribution to TCA stockholders.

The complaint also alleged that the individual defendants caused TCA and TMC to borrow from Resort Airlines from time to time sums aggregating over \$1,200,000, which loans were repaid in newly issued shares of common stock of TCA and TMC to the detriment of the stockholders of Resort Airlines. In addition, the complaint alleged, among other things, borrowings at excessive rates of interest, failure to call stockholders' meetings and to mail reports to stockholders, the granting of options to the individual defendants in violation of the act, and waste of assets.

Injunctions were entered by consent against the two corporations and the three individuals. The court took possession of TCA and TMC for the purpose of enforcing compliance with the act and appointed an interim board of directors to carry out the terms of its decree.

In connection with the above it may be noted that a voluntary petition for reorganization under chapter X of the Bankruptcy Act was filed on May 10, 1961, by Townsend Growth Fund, Inc., a registered open-end investment company, of which TMC and a subsidiary thereof were the investment advisers and of which another subsidiary of TMC was the principal underwriter. Davidson was chairman and Townsend and Hartz were members of the board of directors of the Growth Fund. This represents the first chapter X reorganization of a registered investment company since World War II. A trustee, appointed by the U.S. District Court for the Southern District of New York, is now in control of the company's assets. The company was unable to meet its obligations as they matured, including requests

for redemptions, since a large part of its portfolio consisted of securities not readily marketable. There were 302,900 shares of stock outstanding on May 5, 1961, held in approximately 1,900 stockholders accounts.

The case of *Hennesey v. S.E.C.*<sup>18</sup> was an appeal from an order of the Commission granting the application of the Great American Life Underwriters, Inc. (Underwriters), for a retroactive exemption under section 6(c) of the Investment Company Act from the provisions of the act from and after January 1, 1941, the effective date of the act.

Hennesey, a stockholder of Underwriters, whose participation in the proceedings was limited to an appearance on the first day of the hearings, filed an application with the Commission for reargument and rehearing. The Commission denied the application on the grounds that it was not timely filed and raised no issues not previously presented to or considered by the Commission. Following the denial of the application for rehearing Hennesey filed a petition for review in the Court of Appeals.

Underwriters was granted leave to intervene and subsequently moved to dismiss the appeal on the ground that Hennesey had no standing to appeal because she had not participated in the hearings and had not raised any issues before the Commission. The Commission opposed the motion to dismiss, taking the position that the petitioner could raise on appeal any issue that had been raised before the Commission by a participant in the hearing whose interests were not adverse to those of the petitioner. The Court of Appeals subsequently denied the motion to dismiss.<sup>19</sup>

Following the end of the fiscal year, the Court of Appeals affirmed the Commission's order, holding (1) that the record contained substantial evidence to support the Commission's findings of fact; (2) that in view of the exceptional circumstances of the case the Commission was justified in entering a retroactive order, and that the Commission should not be deprived of the flexibility that the retroactive procedure permits; and (3) that in view of the Commission's determination that Underwriters was not the type of company intended to be covered by the act, it was not necessary for the Commission to scrutinize Underwriters' transactions.<sup>20</sup> A petition for rehearing was denied.

In *Civil & Military Investors Mutual Fund, Inc. v. S.E.C.*,<sup>21</sup> a mutual fund appealed from a Commission order declaring that the name of the Fund was deceptive and misleading within the meaning of section 35(d) of the Investment Company Act of 1940. The Com-

<sup>18</sup> 293 F. 2d 48 (C.A. 3, 1961).

<sup>19</sup> 285 F. 2d 511 (C.A. 3, 1961).

<sup>20</sup> The Commission's findings are described above at p. 150.

<sup>21</sup> 288 F. 2d 156 (C.A.D.C., 1961).

mission found an implication inherent in the name "that registrant is particularly suited to meet the investment needs of [government] personnel", and concluded that such implication was deceptive and misleading. The Court of Appeals affirmed the Commission order and stated that the determination made by the Commission was not unreasonable and was supported by substantial evidence. In addition, the Court held that the Commission's finding of a "harmful tendency [to deceive] inherent in the name itself" was sufficient to support the Commission's action and that there was no need to find "an actual intent to deceive."

The case of *Nadler v. S.E.C.*<sup>22</sup> is an appeal from an order of the Commission refusing to revoke a previous Commission order, issued pursuant to sections 17(b) and 23(c) of the Investment Company Act, which exempted from the provisions of section 17(a) of the act certain transactions between affiliates, and permitted one of the parties, an investment company, to receive as part of the consideration certain of its own preferred shares.

A stockholder of the companies involved urged before the Commission that the directors of the investment company were not elected in accordance with the requirements of section 16(a) of the act, and that accordingly all of their subsequent acts, including the application to the Commission for an exemption, as well as the Commission's order granting the exemption, were void. As described above at p. 149, the Commission held that the acts of the directors were voidable only and that under all the circumstances the prior order should not be revoked. The case was pending at the close of the fiscal year.

#### **Participation as *Amicus Curiae***

Three important cases in which the Commission is appearing as *amicus curiae* involve private rights of action under the Investment Company Act. In *Brouk v. Managed Funds*, Managed Funds filed a complaint in the U.S. District Court for the Eastern District of Missouri, seeking an accounting, injunctive relief, and money damages from its former directors, its investment advisers, its brokers and others, for alleged violations of the Investment Company Act of 1940. It was alleged (1) that the investment advisers received fees for which no services were performed; (2) that the person to whom the investment advisory function was delegated channelled the Fund's brokerage business to a brokerage partnership of which he was a member; (3) that the Fund did not follow the investment policy announced in its prospectuses in that it engaged in excessive portfolio transactions; (4) that false statements were contained in the Fund's registration statements; (5) that the investment advisers and brokers occupied a fiduciary relationship to Managed Funds which was breached

<sup>22</sup> C.A. 2, No. 26810.

through mismanagement and waste of the Fund's assets; and (6) that the director-defendants had knowledge both of the fiduciary relationship and of the mismanagement and waste, but failed to take any action to prevent it. The District Court denied defendants' motion to dismiss, but the Court of Appeals reversed on the ground that the Investment Company Act provides for no civil remedies.<sup>23</sup> The Court denied plaintiff's motion for rehearing as well as the Commission's motion requesting leave to appear as *amicus* on the rehearing. The Supreme Court has granted certiorari.<sup>24</sup>

In its brief supporting the petition for certiorari the Commission contended that the decision of the Court of Appeals is in conflict with numerous courts of appeals decisions under other Federal securities laws and with several holdings of the district courts that the Investment Company Act gives rise to an implied private right of action, and that a proper construction of the legislative history and the statutory language provides for a private right of action.

The Commission participated as *amicus curiae* in *Brown v. Bullock*, an action instituted by shareholders of Dividend Shares, Inc., a registered investment company. The complaint alleged that the defendants, who are directors of the fund and also of the fund's investment adviser and underwriter, engaged in a course of conduct constituting "gross misconduct" and "gross abuse of trust" under the standards imposed by section 36 of the Investment Company Act, and in an unlawful and willful conversion in violation of section 37 of the act. The complaint also alleged that certain proxy material caused to be distributed by defendants on behalf of the fund was to their knowledge false and misleading in violation of section 20(a) of the act and the Commission's rules thereunder and that the fund's directors failed to perform their duties under section 15 in connection with the annual renewals of the fund's investment advisory contract. The action was brought by plaintiffs both as a derivative action on behalf of the fund and as a representative action on their own behalf and that of other stockholders of the fund similarly situated.

Defendants moved to dismiss the complaint on the ground that it failed to state a Federal claim, arguing, *inter alia*, that neither section 36 nor section 20(a) nor the rules thereunder give rise to a private right of action. The Commission, as *amicus curiae*, took the position that a private right of action under the act may flow from violations of the duties imposed by the act, and specifically from violations of the proxy requirements under the act and from "gross misconduct" or "gross abuse of trust."

After extensive briefs had been filed by the parties and by the Commission, the district court denied defendants' motion to dismiss

<sup>23</sup> 286 F. 2d 901 (C.A. 8, 1960).

<sup>24</sup> June 19, 1961.

and in a carefully considered and detailed opinion held that defendants' position was unsound and that the complaint stated claims under the Federal statute upon which relief could be granted.<sup>25</sup>

An appeal was taken from the district court's denial of the motion to dismiss and the Commission filed a brief and presented oral argument as *amicus curiae* on the appeal. On September 5, 1961, the court of appeals *en banc* affirmed the decision of the district court holding that a private right of action would flow from violation of the duties contained in the act, specifically holding that violation of section 37 (larceny and embezzlement) and the duties imposed by section 15 (relating to renewal of the advisory contracts) would give rise to such private rights of action. The court did not pass on the section 20(a) or 36 issues since it held the section 15 and 37 violations were sufficient to sustain the complaint.<sup>26</sup>

The actions of *Chabot v. Empire Trust Co.* and *Schwartz v. National Securities Series* were brought by shareholders of a mutual fund, organized as a common law trust, against the trustee and others for restoration to the fund of fees paid to the trustee. The trustee moved to stay the proceedings until the plaintiffs had delivered a bond to indemnify it against the costs and expenses of defending the action. The District Court for the Southern District of New York<sup>27</sup> held applicable the provision of the trust agreement to the effect that no shareholder of the fund should have the right to an accounting except upon furnishing indemnity to the trustee against costs and expenses, with such indemnity to be payable unless it should be established that the trustee had been guilty of fraud, misfeasance, or gross negligence. The district court therefore stayed the action pending the posting of security.

On appeal from that decision, the court of appeals expressed doubt whether the complaint in fact asserted a claim within the jurisdiction of a Federal court but noted that this point was soon to be decided by it in *Brown v. Bullock* (described above). It upheld, however, the right of appeal from the order of the district court.<sup>28</sup> Subsequent to the close of the fiscal year, the Commission filed a brief as *amicus curiae* expressing the view that the provision of the trust agreement requiring the posting of security before the shareholders can commence their action is void under section 17(h) of the act which prohibits an investment company from operating under any instrument which contains "any provision which protects or purports to protect any director . . ." Such a provision would also violate section 47(a), the Commission contended, in that the security requirement constitutes a waiver of compliance with provisions of the act.

<sup>25</sup> 194 F. Supp. 207 (S.D.N.Y., 1961).

<sup>26</sup> 294 F. 2d 415 (C.A. 2, 1961).

<sup>27</sup> 189 F. Supp. 666.

<sup>28</sup> 290 F. 2d 657 (C.A. 2, 1961).

## PART X

### ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires the registration of persons who are engaged for compensation in the business of advising others with respect to securities. There are, however, certain limited exemptions from the requirement of registration. One who advises only investment or insurance companies need not register. An exemption is also afforded the adviser who in the last 12 months had fewer than 15 clients and does not hold himself out generally to the public as an investment adviser. Furthermore, the registration requirement does not apply to one whose investment advice is given only to persons resident in the State in which he maintains his principal place of business as long as the advice does not concern securities listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange.

Prior to amendments to the Investment Advisers Act, effective September 13, 1960, it was unlawful for registered investment advisers to engage in practices which constitute fraud or deceit upon clients or prospective clients. Section 206 of the act, as amended, now prohibits any investment adviser from engaging in fraudulent, deceptive, or manipulative acts or practices and gives the Commission authority, by rules and regulations, to define and to prescribe means reasonably designed to prevent such acts and practices.

Prior to said amendments the Commission was not empowered to inspect the books and records of an investment adviser. Section 204 of the act, as amended, now requires every investment adviser, if not exempt from registration, to make, keep and preserve such books and records as may be prescribed by the Commission and empowers the Commission to inspect such books and records.

The act as amended has added additional grounds under section 203(d) of the act for denying, suspending or revoking the registration of an investment adviser. These include conviction of a felony or misdemeanor involving mail fraud; fraud by wire, telephone, radio or television; or embezzlement, fraudulent conversion or misappropriation of funds or securities; also willful violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, or any rule or regulation under

any of such acts, as well as aiding or abetting any other person's violation of such acts, rules or regulations.

These and other amendments to the acts and rules promulgated or proposed thereto are more fully discussed in part II of this report.

Investment advisers who violate any of the provisions of the act are subject to appropriate administrative, civil or criminal remedies.

Investment advisers who also effect transactions as brokers and dealers, must disclose any interest they may have in transactions effected for clients if acting as an investment adviser with regard to such transactions. The act prohibits any investment adviser not exempt from registration from basing his compensation upon a share of the capital gains or appreciation of his client's funds. The act also makes it unlawful for any such investment adviser to enter into, extend or renew any investment advisory contract or to perform such contract if the contract provides for compensation to the investment adviser on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of the client or fails to provide that no assignment of such contract shall be made by the investment adviser without the consent of the other party to the contract.

At the close of the fiscal year, 1,855 investment advisers were registered with the Commission. The following tabulation contains statistics with respect to registrations and applications for registration during fiscal year 1960.

*Investment Adviser Registrations-1961 Fiscal Year*

Effective registrations at close of preceding fiscal year.....	1,867
Applications pending at close of preceding fiscal year.....	26
Applications filed during fiscal year.....	313
	<hr/>
Total.....	2,206
Registrations canceled or withdrawn during year.....	321
Registrations denied or revoked during year.....	3
Applications withdrawn during year.....	3
Registrations effective at end of year.....	1,855
Applications pending at end of year.....	24
	<hr/>
Total.....	2,206

### ADMINISTRATIVE PROCEEDINGS

During the past fiscal year, the Commission has instituted proceedings against three registered investment advisers.

*Cambridge Research and Investment Corp.; Arthur J. Bryant.*—Proceedings against these two registrants were consolidated. Cambridge was permanently enjoined by the U.S. District Court for the District of Massachusetts, in an action instituted by the Commission,

from violating section 206 of the act by soliciting subscriptions to its service and accepting subscription fees by means of misstatements or omissions of material facts concerning its ability to publish and furnish the service for the entire period of the subscriptions, and without disclosing that it had not published and furnished such copies to a number of subscribers since November 1959, and that it had applied subscription fees to its own use at a time when it was unable to publish and furnish such service. Bryant, who was president of Cambridge, was also permanently enjoined from aiding and abetting such violations. In addition to the injunction, the Commission found that Cambridge, aided and abetted by Bryant, violated section 207 of the Investment Advisers Act in that it willfully failed to amend information in its application for registration to disclose that Bryant ceased to be sole owner of more than 25 percent of the voting securities of Cambridge and that Cambridge had moved its principal place of business from the address shown on its registration application. In view of the injunction and the violations, the Commission found it in the public interest to revoke the registrations of registrants as investment advisers.<sup>1</sup>

*Frank Payson Todd*, doing business as *The New England Counsellor*.—Registrant, publisher of an investment letter called "The New England Counsellor", recommended that subscribers purchase common stock of Canadian Javelin, Ltd., a Canadian corporation engaged in operating a foundry and developing mining properties. The company retained Todd to make an evaluation of its financial program and paid him \$500 for this service. Shortly thereafter, he purchased 17,000 shares of Javelin stock for \$70,500 and gave two unsecured demand notes in payment. After such purchase registrant mentioned Canadian Javelin in his newsletter about every other week and sent telegrams to his subscribers advising purchase of Canadian Javelin stock. He was reimbursed for part of his telegraph expenses by the secretary to the president of Canadian Javelin. The stock was unregistered.

In an action brought by the Commission, a permanent injunction was issued by the U.S. District Court for the District of Massachusetts against registrant. The injunction decree recited that it appeared to the court that registrant was engaged and about to engage in acts violating the registration and antifraud provisions of the Securities Act of 1933 and section 206 of the Investment Advisers Act, and enjoined him from using the mails or interstate facilities to (1) sell or deliver stock of Canadian Javelin or any other securities contrary to the registration provisions of the Securities Act; (2) publicize any security in return for a consideration from any issuer,

<sup>1</sup> Investment Advisers Act Release No. 108 (Oct. 4, 1960).

underwriter or dealer, without disclosing such consideration and the amount thereof; or (3) in connection with the offer or sale of Canadian Javelin stock or any other securities, employ any fraudulent device or course of conduct or untrue or misleading statement concerning, among other things, recommendations to purchase such securities, profits from such purchases, the price at which such securities should be sold or traded, and the compensation received for recommending such securities. The decree also permanently enjoined the registrant, while registered with the Commission as an investment adviser, from engaging in fraudulent activities or representations, and recommending the purchase of securities, or accepting fees from clients for such recommendations without disclosing that he was receiving compensation from persons interested in selling such securities. Registrant consented to the entry of the decree without admitting any of the allegations in the complaint.

In the revocation proceeding, which followed the injunction, registrant argued that, since the injunction was entered by consent and no factual issues were litigated, the decree could have no binding effect on the administrative proceeding and that the injunction alone, in the absence of proof that it had been violated, was not sufficient to warrant a finding that revocation or suspension of registration is in the public interest. The Commission rejected this argument holding that an injunction against an investment adviser within the ambit of section 203(d) of the Investment Advisers Act is sufficient to support a finding that revocation of registrant is in the public interest, that in determining the question of public interest it was appropriate to look to the nature of the acts enjoined and the basis on which the injunction was entered, and that the fact that the injunction was entered by consent did not alter the basic consideration. The Commission observed that it was not determinative that the injunction had not been violated, since to hold otherwise would be to treat the existence of an injunction as precluding action by the Commission with respect to the registration although the statute expressly makes it a ground for revocation. The Commission stated "An investment adviser is a fiduciary and, as such, owes a duty of fair and impartial advice to his clients. It is clear that Todd's conduct grossly violated this standard, and we conclude that under all the circumstances it is in the public interest to revoke his registration as an investment adviser."<sup>2</sup>

#### LITIGATION UNDER THE INVESTMENT ADVISERS ACT OF 1940

In *S.E.C. v. Robert Carter Allen et al.*,<sup>3</sup> Allen conducted an investment advisory service under the name of Insurance Stock Advisory

<sup>2</sup> Securities Exchange Act Release No. 109 (Oct. 31, 1960).

<sup>3</sup> D. Colo., No. 6890.

Service, Inc. The complaint alleged that the defendants solicited and received payments from insurance companies for recommending securities issued by such companies in the defendant's semimonthly bulletins which were then distributed to subscribers as containing unbiased and independent recommendations. Permanent injunctions were entered by consent.

In *S.E.C. v. Capital Gains Research Bureau, Inc.*,<sup>4</sup> the Commission charged the company, an investment service, and its president, Harry P. Schwarzman, with violations of sections 206 (1) and (2) of the Investment Advisers Act. The complaint alleged that the company assumed a position opposed to that of its customers by purchasing certain securities, then recommending to its customers that they purchase such securities without disclosing its position or its intention to sell, and thereafter selling its securities in the higher market resulting from its customers' purchases. Conversely, the complaint charged, the company sold securities short, then advised its clients that such securities were overvalued, and within a few days, as a result of a falling market, was able to buy the securities at a profit. The Commission's request for a preliminary injunction was denied and the matter has been appealed to the Court of Appeals.<sup>5</sup>

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<sup>4</sup> S.D.N.Y., No. 60-4526.

<sup>5</sup> C.A. 2, No. 26942.

**PART XI**  
**OTHER ACTIVITIES OF THE COMMISSION**  
**COURT PROCEEDINGS**

**Civil Proceedings**

At the beginning of the fiscal year 1961 there were pending in the courts 84 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 92 additional proceedings were instituted and 81 cases were disposed of, leaving 95 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 12 proceedings in the district courts under section 11(e) of the Public Utility Holding Company Act; and in 9 miscellaneous actions. The Commission also participated in 55 civil appeals in the U.S. Courts of Appeals. Of these 27 came before the courts on petition for review of an administration order, 7 arose out of corporate reorganizations in which the Commission had taken an active part, 8 were appeals in actions brought by or against the Commission, 3 were appeals from orders entered pursuant to section 11(e) of the Public Utility Holding Company Act, and 10 were appeals in cases in which the Commission appeared as *amicus curiae*. The Commission also participated in 7 appeals or petitions for certiorari before the U.S. Supreme Court resulting from these or similar actions.

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

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

**Criminal Proceedings**

The statutes administered by the Commission provide for the transmission of evidence of violations to the Attorney General, who may institute criminal proceedings. The regional offices and, at times, the main office of the Commission prepare detailed reports in cases where the facts appear to warrant criminal prosecution. After careful

review by the General Counsel's office, these reports are considered by the Commission and, if it believes criminal prosecution is appropriate, the reference for criminal prosecution is forwarded to the Attorney General. Commission employees familiar with the case generally assist the U.S. 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 42 cases were referred to the Department of Justice for prosecution. As a result of these and prior referrals, 44 indictments were returned against 205 defendants during the fiscal year. There also were 126 convictions in 45 cases, the largest number of convictions obtained in any fiscal year since the earliest days of the Commission's history. Convictions were affirmed in four cases, reversed in two cases, and appeals were still pending in seven other criminal cases at the close of the period. Of five criminal contempt cases handled during the year, three defendants were convicted in two cases, another case was dismissed and two cases are still pending.

From 1934, when the Commission was established, until June 30, 1961, 2,982 defendants have been indicted in the U.S. District Courts in 689 cases developed by the Commission, and 1,507 convictions have been obtained. The record of convictions obtained and upheld in completed cases is over 86 percent for the 27-year life of the Commission.<sup>1</sup>

The fraud cases again, as in prior years, covered a wide variety of fraudulent practices. They included high-pressure long-distance telephone "boiler room" frauds, frauds by investment advisers, frauds in the sale of securities by new as well as established businesses, and fraudulent security sales relating to the promotion of insurance companies, oil, gas, and mining ventures, alleged inventions, and other spurious investment schemes. In addition, there were prosecutions for the filing of false proxy statements, as well as other false documents filed with the Commission, and the first criminal prosecution for violation of the Investment Company Act of 1940. Because of the large volume of cases it is impossible to report in detail all of the criminal matters, but some of the more important and endless variety of fraudulent devices and techniques are described in the specific cases discussed below.<sup>2</sup>

<sup>1</sup> A condensed statistical summary of all criminal cases developed by the Commission from the fiscal year 1934 through the fiscal year 1961 is set forth in appendix table 26. The status of criminal cases developed by the Commission, which were pending at the end of the fiscal year, is set forth in appendix table 17.

<sup>2</sup> Charges of violations of the mail fraud statute are frequently included in the indictments which charge violations of the antifraud provisions of the securities law. The Commission is assisted in its efforts in these cases by the personnel of the Post Office Department.

The first criminal prosecution under the Investment Company Act resulted in a conviction in *United States v. Francis Peter Crosby* (S.D.N.Y.) where the defendant pleaded guilty to violations of that act, as well as the Securities Exchange Act. Crosby had acquired control of Jefferson Research Foundation, Inc., and, through that corporation, control of Jefferson Custodian Fund, Inc., an investment company. Crosby then liquidated a portion of the portfolio of the fund for some \$241,000 to raise cash and attempted to sell the fund worthless securities for \$396,000. When the custodian of the fund refused to execute the orders to purchase the worthless securities, Crosby attempted to secure another custodian.

The first conviction for violation of the anti-touting provisions of section 17(b) of the Securities Act was obtained in *United States v. Todd* (D. Mass.) where F. Payson Todd, doing business as the New England Counsellor, entered a plea of *nolo contendere* to charges that he had recommended purchases at the market to his customers of the stock of Canadian Javelin without disclosing that he had received compensation from the issuer and underwriters and that his recommendations for purchase to his clients were for the purpose of facilitating a distribution of the stock by creating a demand for it and to raise its market price.

The first convictions for violations of the proxy provisions of the Securities Exchange Act were had in *United States v. Fortune Pope and Anthony Pope* (S.D.N.Y.). The defendants were each sentenced on pleas of guilty and *nolo contendere* to fines of \$25,000 and additionally given a 1-year suspended prison sentence and placed on probation for that period. The defendants were convicted of soliciting proxies of stockholders of the Colonial Sand & Stone Co., Inc., by means of false and misleading proxy statements and filing such false and misleading proxy statements with the Commission and with the American Stock Exchange.

Another conviction involving the use of false and misleading proxy soliciting material was obtained in *United States v. Maurice Olen* (S.D. Ala.) where the defendant was convicted on his *nolo contendere* plea and fined \$2,500.<sup>3</sup> In *United States v. Alexander L. Guterma* (S.D.N.Y.) involving the stock of United Dye & Chemical Corp., Guterma pleaded guilty to charges that he conspired to file a false and misleading proxy statement with respect to that company, to obstruct the making and filing of reports required to be filed by the company with the New York Stock Exchange and the Commission, and to defraud purchasers in the sale of unregistered securities of that corporation. This case is still pending as to other codefendants.<sup>4</sup>

<sup>3</sup> For further details, see 26th annual report, 189.

<sup>4</sup> For further details, see 26th annual report, 188-189.

Guterma also pleaded guilty to the indictment in *United States v. Samuel S. Garfield et al.* (S.D.N.Y.) which charges a conspiracy to distribute to the public shares of the common stock of United Dye & Chemical Corp. through the mails without complying with the registration provisions of the Securities Act. This case is pending as to other defendants. Guterma again pleaded guilty in *United States v. Samuel S. Garfield et al.* (S.D.N.Y.) to an indictment charging conspiracy to violate the registration and antifraud provisions of the Securities Act in the distribution of stock of Shawano Development Corp. by use of false and misleading literature and by means of an intensive local and long-distance telephone sales campaign. This indictment also is pending as to other defendants.

Guterma and Paul Hughes pleaded guilty in *United States v. Paul Hughes et al.* (S.D.N.Y.) where the defendants are charged with fraud in the sale of stock of the Western Financial Corp., Diversified Financial Corp. of America, and Consolidated American Industries, Inc., and where it is alleged an extensive telephone and mail campaign was carried on to effect the sale of the stock at arbitrary prices from \$2.25 to \$2.50 per share. Other defendants are awaiting trial.

Convictions were affirmed in *United States v. Guterma*, 281 F. 2d 742 (C.A. 2, 1960), *cert. denied*, 364 U.S. 871, for conspiracy to violate and for violation of the reporting requirements of the Securities Exchange Act. This landmark case was the first criminal prosecution of corporate insiders for their failure to file ownership reports and for their obstruction of the filing of the annual report required to be filed by companies having securities listed on a national securities exchange.<sup>5</sup>

A conviction for violations of the Securities Act and the mail fraud statute was affirmed in *J. Phil Burns et al. v. United States*, 286 F. 2d 152 (C.A. 10, 1961). The defendants were found guilty of selling over \$51 million of securities of the Selected Investments Trust Fund of which \$12 million were redeemed. Dividends had been paid out of capital while the defendants represented to investors that dividends were paid from profits; false financial statements were distributed; defendants redeemed certificate bonds at their face amount which substantially exceeded their actual value; and defendants converted and used for their own personal profit money and properties of the trust fund without reimbursing the trust fund. In addition, the defendants, with a total investment of \$13,800 in the Selected Investments Corp., dominated and controlled the multimillion dollar trust fund which in turn controlled approximately 37 subsidiary companies. The defendants, J. Phil Burns and Hugh A. Carroll, were sentenced to 5 years, William A. Rigg received a suspended sentence of 5 years

<sup>5</sup> For further details of this important case see the 26th annual report, p. 188.

and was placed on probation, and Julia Moore Carroll was placed on probation for 5 years. The defendant corporation, Selected Investments Corp. and United Securities Agency, were each fined \$1,500.

The stock of Atlas Gypsum Corp., Ltd., was sold through the securities brokerage firm of J. C. Graye Co., in one of a series of boiler room promotions controlled by Stanley I. Younger and his associates in *United States v. Stanley I. Younger et al.* (D. Conn.). The defendants acquired a large block of Atlas Gypsum stock at approximately 20 cents per share and subsequently sold these shares to investors in some 30 States by means of arbitrary markups at prices as high as \$3.75 per share. As the trial was to start in October, six defendants entered pleas of guilty or *nolo contendere*; after the Government called its first witness, the remaining defendants on trial withdrew not-guilty pleas and entered pleas of *nolo contendere*.<sup>6</sup> Stanley Ira Younger received an 8-year sentence, James C. Graye received a 3-year sentence and varying sentences were imposed on the remaining defendants, including Carmine Lombardozzi who received a suspended sentence of 3 years and 5 years' probation with a fine of \$2,500, Arthur Tortorello who received a 3-year sentence to be suspended after service of 3 months, and Louis Michael de Fillippo who was similarly sentenced.

In connection with the investigation of the Atlas Gypsum Corp., Ltd. matter, Jack Yetman pleaded guilty to committing perjury while testifying before investigating officers of the Securities and Exchange Commission and is awaiting sentence.

Younger was again a defendant in another boiler room promotion, *United States v. Phillip Newman Associates, Inc., et al.* (D.N.H.) where he received a 3-year sentence, to be served concurrently with other sentences imposed upon him, for violations of the antifraud provisions of the Securities Act in the sale of securities of Monarch Asbestos Co., Ltd., through the brokerage firm of Phillip Newman Associates, Inc.

Younger also was convicted, together with Richard T. Cardall, of violating the antifraud provisions of the Securities Exchange Act and the Mail Fraud Statute in the case of *United States v. Stanley I. Younger, et al.* (S.D.N.Y.). Here the defendants placed orders with brokers for stock of National Photocopy, Inc., a nonexistent corporation, and then sold Photocopy stock using an alias through other brokers. In this manner they caused the brokers to purchase the Photocopy stock, but never accepted or paid the broker for the stock. For his part in the manipulations of National Photocopy, Inc., stock Younger received a sentence of 3½ years. A somewhat similar

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<sup>6</sup> Of the 25 defendants, 20 pleaded *nolo contendere* and 5 pleaded guilty. The remaining defendants, other than those dismissed or deceased, have not been apprehended and are principally residents of Canada.

scheme was utilized by the defendant in *United States v. William C. Karal* (D. Mass.).

Seven codefendants of Lowell M. Birrell, a fugitive presently residing in Brazil,<sup>7</sup> were convicted in *United States v. Samuel J. Smiley* (S.D.N.Y.) of violating the antifraud provisions of the Securities Exchange Act in defrauding Doeskin Products, Inc., by causing Doeskin to issue over 1 million shares of its stock by falsely pretending that \$2,140,000 had been received by Doeskin. Some of the defendants also induced Doeskin to pay a commission of \$53,500 on this fictitious sale. They then sold 70,000 shares back to the corporation and obtained \$100,000 more. A number of other codefendants in addition to Birrell are presently fugitives in this case.

A number of broker-dealers were convicted and a number of others are awaiting trial on charges arising from conduct of a securities business. Thus in *United States v. Homsey* (D. Mass.) a 2-year sentence and a \$5,000 fine was imposed on Anton E. Homsey on his plea of guilty. Defendant, who was a partner in the Boston securities firm of DuPont, Homsey & Co., hypothecated investors' securities in violation of the provisions of the Securities Exchange Act. Single investors were defrauded in amounts of \$385,000, \$85,000, and \$25,000; a Florida couple gave Homsey \$102,000 of securities, having been promised 5 percent interest plus the dividends on the securities. They did not receive the dividend payments, the interest, or the return of the securities. Joseph F. Whalen, Jr., a salesman for the same firm of DuPont, Homsey & Co., also hypothecated securities for his own use, forged checks received from the proceeds of the sale and then appropriated the same to his own use and benefit. Whalen was sentenced to 1 year's imprisonment on his guilty plea.

Fraud and registration violations are included among the pending charges in *United States v. Greenberg, et al.* (S.D.N.Y.). Jacob A. Greenberg and Morris Mac Schwebel are charged with selling stock of Soil Builders International Corp. to Associates Union Trust, a Lichtenstein trust, with offices in Geneva, Switzerland, which stock was then immediately resold to investors in the United States without registration. Misrepresentations as to the profitable operation of the business, its proposed listing on the American and New York Stock Exchanges, and other similar matters also are alleged in the indictment. These defendants also are charged in another indictment with conspiring to violate and violating the registration provisions of the Securities Act in the sale of common stock of Basic Atomics, Inc.

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<sup>7</sup> Birrell also is named as a defendant in a number of other indictments, as well as in a criminal contempt action arising out of Commission Injunctive action.

A number of convictions were obtained for fraud involving the sale of insurance company stock. Thus in *United States v. Charles H. Newell and Chauncey A. Allen* (D. Colo.) the defendants were convicted of falsely representing in the sale of stock of the Unity Insurance Co. of Omaha that the investor's money would be placed in escrow until an insurance business franchise was issued by the State of Nebraska; that the company had the money to qualify and would get the license, and the company was so profitable that they would refund the issuer's money at any time with 5-percent interest. The defendants did not disclose that the officers of Unity Insurance Co. did not invest their own money in the company but received stock options from the company and that the greater portion of the investor's purchase price went to a company officer.

There were also several prosecutions for alleged fraud in the sale of notes and mortgages and related securities. An indictment was returned in *United States v. David Farrell, et al.* (S.D. Cal.), where some 9,000 investors invested in excess of \$40 million in an alleged "Secured 10% Earnings Program", for violations of the Securities Act and the Mail Fraud Statute in the sale of securities of the Trust Deed & Mortgage Exchange, Los Angeles Trust Deed & Mortgage Exchange, Trust Deed & Mortgage Markets, and Colorado Trust Deed & Mortgage Markets. The indictment alleged that the defendants engaged in a scheme and artifice to defraud investors throughout the United States and in foreign countries by falsely representing that the Secured 10% Earnings Program assured investors "full, firm 10% earnings" with a degree of liquidity comparable to insured bank deposits or insured savings and loan certificates, that the "Exchange" maintained by TD & ME and LATD & ME was similar to a stock exchange, and that LATD & ME and TD & MM were "safe, solid, solvent and adequately financed institutions"—the "oldest and largest in America" offering "Secured 10% Earnings." The indictment alleges that in fact LATD & ME and TD & MM were insolvent and that funds entrusted to them by investors were constantly endangered and in jeopardy.<sup>8</sup>

The defendant in *United States v. Wendell Ralph Lutes* (S.D. Ind.) was convicted on charges of defrauding investors by the sale of common stock of the Brown Mortgage Co., Inc. The defendant had organized this company for the avowed purpose of making mortgage loans in Brown County, Ind., and represented to purchasers that the company would earn 12 percent a year on mortgage loans and that the company could pay a 10-percent stock dividend. The company actually did not own mortgages and did not do business of this kind; the defendant caused a 10-percent stock dividend to be paid solely for

<sup>8</sup> For a discussion of the Commission's previous successful injunction action against this promotion, see *supra*, p. 49.

the purpose of aiding in the sale of the stock. The defendant Lutes drew from the company funds of over \$80,000 by writing company checks to fictitious persons, forging the endorsements, and then endorsing the checks for deposit in his bank account; by taking securities belonging to the mortgage company, registering them in his name and then selling the mortgages; by organizing a stock brokerage firm in Saint Petersburg, Fla., with funds of the mortgage company; and by inducing a purchaser to take control of the Brown County Mortgage Co. and redeem Lutes' shareholdings for an amount far in excess of its value.

An alleged revolutionary uranium processing machine, the "Benson Uranium Upgrader," was one of the schemes involved in *United States v. John Milton Addison, et al.* (N.D. Tex.). The defendants obtained money from the public in 35 States, including Hawaii, in the sum of about \$2 million. After trial the judge imposed a 15-year sentence and \$36,000 fine on one defendant and sentences of from 7 to 2 years on five others.<sup>9</sup> The fraudulent promotion of a steam generating machine, as well as a protective paint, a nonslip nut, roll-a-way furniture, and a water retaining fertilizer, were involved in *United States v. Clark L. Fry* (W.D. Wis.).

Oil and mining promotions continued to provide a fertile field for fraudulent promoters. The defendant in *United States v. Thomas E. Robertson* (S.D.N.Y.) was sentenced to 3 months' imprisonment on the first count and a sentence 1 year was suspended on all other counts after conviction on an indictment charging violations of the antifraud provisions and the registration requirements of the Securities Act in the offer and sale of stock of the American-Canadian Oil & Drilling Corp. Robertson had acquired 500,000 shares of stock of American-Canadian in exchange for certain oil and gas leases which was sold to investors without registration and without disclosing that Thomas E. Robertson, Inc., was the principal and owner of the shares. Robertson and his company made misrepresentations as to dividend payments, the value of the stock, approval of the Securities and Exchange Commission, listing of the stock on a national securities exchange, value of the properties, and cost of acquisition of the properties.

In another oil promotion, *United States v. Mervin J. Fischman, et al.* (D. Mass.), pleas of not guilty were changed to guilty by two defendants who employed a scheme to defraud investors in a long-distance telephone campaign to sell shares of the Lexa Oil Corp. to residents of Massachusetts and other States. In the telephone campaign false representations were made that Lexa Oil Corp. had struck a well that was producing 250 barrels a day; that proceeds from the sale of shares that were being offered by Anglo-American were to be

<sup>9</sup> Appeals are presently pending in this matter.

used by Lexa as working capital; that Anglo-American was offering the shares of Lexa at a lower price than that being charged in the open market; that an investment in Lexa would certainly result in a high profit; and that the shares of Lexa were going to be listed on a stock exchange. Fischman received a suspended sentence of 5 years and 5 years' probation and Palermo received a 2-year probationary sentence.

A purported Canadian mining venture resulted in a 3-year sentence for the defendant in *United States v. George Alexander Kerr* (D. Wash.) upon his plea of guilty to violating the Mail Fraud Statute. Kerr sold shares of Eagle Plains Development, Ltd., a Canadian corporation, misrepresenting that there was a limited amount of stock available for purchase; that a million dollars had been invested by a syndicate in the corporation; and that the company owned producing mining property and that the stock on the New York Stock Exchange "Eagle P" was, in fact, the stock of Eagle Plains Development. By this scheme the defendant and his associates obtained more than \$375,000 from some 1,000 investors in the United States by long-distance telephone calls and a mail campaign from Vancouver, British Columbia, and Whitehorse, Yukon Territory. Other participants in the scheme were apprehended by Canadian authorities.

#### COMPLAINTS AND INVESTIGATIONS

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

The nine regional offices of the Commission, with the assistance of their branch offices, are primarily responsible for the conduct of investigations. In addition, the Office of Special Investigations of the Division of Trading and Exchanges of the Commission's Washington Office conducts investigations dealing with matters of particular interest or urgency, either independently or assisting the regional offices. The Division of Trading and Exchanges exercises general supervision over and coordination of the investigative activities of the regional offices. Its staff examines and analyzes the investigative findings and recommendations of the regional offices and recommends appropriate action to the Commission.

There are several sources of information which eventually lead to investigation. One of the primary sources of information is complaints submitted by members of the general public concerning the activities of persons involved in the offer and sale of securities. The Division of Trading and Exchanges and the regional offices give careful consideration to such information and, if it appears that violations of the Federal securities laws may have occurred, an investigation is

commenced. Other sources of information which are of great assistance to the Commission in carrying out its enforcement responsibilities are the national securities exchanges, brokerage firms, State and Canadian securities authorities, better business bureaus, the National Association of Securities Dealers, Inc., and various law enforcement agencies.

It is the Commission's policy to conduct its investigations on a confidential basis. 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. Another advantage of confidential investigations is that suspected violators may not be warned and afforded an opportunity to frustrate or obstruct the investigation. The Commission investigates many complaints 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 investors with no countervailing public benefits. Moreover, members of the public have a tendency to be reluctant to furnish information concerning suspected violations if they think their personal affairs would be publicized. Accordingly, the Commission does not generally divulge the existence of or findings of any investigation unless they are made a matter of public record through proceedings before the Commission or in the courts.

When a preliminary investigation indicates a serious violation or appears to require more extensive investigation, which may include examination of books and records or interviews with numerous persons, a case is docketed and a full investigation is conducted. Under certain circumstances it becomes necessary for the Commission to issue a formal order of investigation which designates members of its staff as officers to issue subpoenas and take testimony under oath. This step is taken when the principals and others involved in the investigation are uncooperative or it is otherwise necessary to use the subpoena power in order to determine the exact nature of the activities involved. During the past year, 131 formal orders were issued in connection with investigations handled through the Division of Trading and Exchanges. In addition, there were 24 formal orders issued at the recommendation of the Division of Corporation Finance. That Division conducts certain investigations necessary to assist in processing filings made with that Division under the Securities Act of 1933 and the Securities Exchange Act of 1934.

When an investigation has been completed and enforcement action appears appropriate, the Commission may proceed in one of several ways. The evidence may be referred to the Department of Justice with a recommendation for criminal prosecution. Should this occur,

members of the Commission's staff, who were instrumental in developing the case, usually assist the Department of Justice and the U.S. attorney in presenting the case to the grand jury. If an indictment is returned, members of its staff usually aid in the trial of the case.

The Commission may, when appropriate, authorize institution of civil action for injunctive relief to restrain further violations. In such event, the complaint is filed in the Commission's name with the appropriate U.S. district court and the case is presented by a member of the Commission's staff. The Commission may also institute administrative proceedings when the investigation indicates that such action is appropriate, for example, 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 this Commission is violating the Federal securities laws.

The following table reflects in summarized form the investigative activities handled by the Division of Trading and Exchanges of the Commission during fiscal 1961:

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

	Preliminary	Docketed	Total
Pending June 30, 1960.....	116	844	960
New cases.....	131	415	546
Transferred from preliminary.....		21	21
Total.....	247	1,280	1,527
Closed.....	103	277	380
Transferred to docketed.....	21		21
Pending at June 30, 1961.....	123	1,003	1,126

**ENFORCEMENT PROBLEMS WITH RESPECT TO CANADIAN  
SECURITIES**

While the unlawful offering and sale of securities by Canadian issuers and broker-dealers continues to be a serious problem, considerable progress has been made within the past fiscal year, resulting in great improvement in this field.

The success which has been achieved is due to continued and aggressive efforts and the increasing awareness of the seriousness of the problem on the part of Canadian provincial authorities and responsible members of the Canadian securities industry, resulting in an active interest in cooperative enforcement. We are currently receiving excellent cooperation from most Provinces and some segments of the Canadian securities industry.

A principal factor in our enforcement program during the past year has involved the issuance of postal fraud orders which greatly reduced illegal offerings from Toronto. During the past fiscal year, upon evidence furnished by the Commission, 58 postal fraud orders

have been issued. Numerous "extensions" to such orders have also been issued to cover changes of address by persons who sought by such changes to avoid the consequences of original orders directed to them.

On March 28, 1961, the Toronto Stock Exchange and the Ontario Broker-Dealers Association took steps to require their members to refrain from offering securities illegally in the United States. Conferences were held between representatives of the Commission and representatives of the securities industry in Toronto to discuss the situation and to work out a plan whereby broker-dealers in Ontario could operate in compliance with the laws of the United States. As a result of these actions several broker-dealers from Toronto have become registered with this Commission under the Securities Exchange Act of 1934, and have agreed that they will not offer or sell securities in the United States in violation of the registration requirements of the Securities Act of 1933. The chairman of the Ontario Securities Commission has expressed his approval of these arrangements.

Our enforcement difficulties with respect to jurisdictional problems, including the denial of extradition by Canadian courts in a test case under the Supplementary Extradition Convention, have been presented in detail in previous annual reports.

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

The Commission continues to maintain its Canadian restricted list. This is a list of Canadian companies whose securities the Commission has reason to believe currently are being, or recently have been, distributed in the United States in violation of the registration requirements of the Securities Act of 1933. Failure to comply with the registration requirements deprives investors of material information and facilitates false claims as to the worth of securities. Thus investors are denied the essential protections provided by the Securities Act.

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

During the fiscal year 1961, 26 supplements to the list were issued in which 47 names were added and 4 deleted upon compliance with established procedures. The number of names on the list as of June 30, 1961, was 253.

The current list, as of September 30, 1961, follows:

## CANADIAN RESTRICTED LIST

Adonis Mines, Ltd.  
 Alaska-Canadian Mining & Exploration Co., Ltd.  
 Aldor Exploration and Development Co., Ltd.  
 A. L. Johnson Grubstake  
 Alouette Mines, Ltd.  
 Amador Highland Valley Coppers, Ltd.  
 Ambassador Mining Developments, Ltd.  
 Americanadian Mining & Exploration Co., Ltd.  
 Amican Petroleum & Natural Gas Corp., Ltd.  
 Anthony Gas and Oil Explorations, Ltd.  
 Apollo Mineral Developers Inc.  
 Associated Livestock Growers of Ontario  
 Atlantis Industrial Development Co., Ltd.  
 Atlas Gypsum Corp., Ltd.  
 Ava Gold Mining Co., Ltd.  
 Baranouri Minerals, Ltd.  
 Barite Gold Mines, Ltd.  
 Basic Lead and Zinc Mines, Ltd.  
 Bengal Development Corp., Ltd.  
 Black Crow Mines, Ltd.  
 Blue Springs Explorations  
 Bonwitha Mining Co., Ltd.  
 Burbank Minerals, Ltd.  
 Cable Mines and Oils, Ltd.  
 Caesar Minerals, Ltd.  
 Cairngorm Mines, Ltd.  
 Cameron Copper Mines, Ltd.  
 Canada Radium Corp., Ltd.  
 Canadian Alumina Corp., Ltd.  
 Canford Explorations, Ltd.  
 Canol Metal Mines, Ltd.  
 Cartier Quebec Explorations, Ltd.  
 Casgoran Mines, Ltd.  
 Central & Eastern Canada Mines (1958), Ltd.  
 Centurion Mines, Ltd.  
 Cessland Gas and Oil Corp., Ltd.  
 Colville Lake Explorers Ltd.  
 Consolidated Easter Island Mines, Ltd.  
 Consolidated Exploration & Mining Co., Ltd.  
 Consolidated St. Simeon Mines, Ltd.  
 Consolidated Woodgreen Mines, Ltd.  
 Continental Consolidated Mines & Oils Corp., Ltd.  
 Copper Prince Mines, Ltd.  
 Courageous Gold Mines, Ltd.  
 Cove Uranium Mines, Ltd.  
 Cree Mining Corp., Ltd.  
 Crusade Petroleum Corp., Ltd.  
 Davian Exploration, Ltd.  
 Dayjon Explorers, Ltd.  
 Dempster Explorations, Ltd.  
 Derogan Asbestos Corp., Ltd.  
 Devonshire Mining Co., Ltd.  
 Devonshire Mining Syndicate  
 Diadem Mines, Ltd.  
 Dolmac Mines, Ltd.  
 Dolsan Mines, Ltd.  
 Dominion Fluoridators, Ltd.  
 Dominion Granite & Marble, Ltd.  
 DuMaurier Mines, Ltd.  
 Dumont Nickel Corp.  
 Dupont Mining Co., Ltd.  
 Eagle Plains Developments, Ltd.  
 Eagle Plains Explorations, Ltd.  
 East Trinity Mining Corp.  
 Eastern-Northern Explorations, Ltd.  
 Elk Lake Mines, Ltd.  
 Embassy Mines, Ltd.  
 Explorers Alliance, Ltd.  
 Export Nickel Corp. of Canada, Ltd.  
 Fairmont Prospecting Syndicate  
 Federal Chibougamau Mines, Ltd.  
 File Lake Explorations, Ltd.  
 Fleetwood Mining and Exploration, Ltd.  
 Flint Rock Mines, Ltd.  
 Font Petroleums, Ltd.  
 Foreign Exploration Corp., Ltd.  
 Fort Hope Grubstake, The  
 Franksin Mines, Ltd.  
 Gasjet Corp., Ltd.  
 Genex Mines, Ltd.  
 Georay Prospecting Syndicate  
 Golden Algoma Mines, Ltd.  
 Golden Hope Mines, Ltd.  
 Goldmaque Mines, Ltd.  
 Granwick Mines, Ltd.  
 Guardian Explorations, Ltd.  
 Haitian Copper Mining Corp., Ltd.  
 Hallmark Explorations, Ltd.  
 Halstead Prospecting Syndicate  
 Hoover Mining and Exploration, Ltd.  
 Ibsen Cobalt-Silver Mines, Ltd.  
 Inlet Mining Corp., Ltd.  
 International Ceramic Mining, Ltd.  
 Irando Oil and Exploration, Ltd.  
 Jack Haynes Syndicate  
 Jacmar Explorations, Ltd.  
 Jaylac Mines, Ltd.  
 Jilbie Mining Co., Ltd.  
 Jomac Mines, Ltd.  
 Kateri Mining Co., Ltd.  
 Kelkirk Mines; Ltd.  
 Kelly-Desmond Mining Corp., Ltd.  
 Kennament Development Corp., Ltd.  
 Key West Exploration Co., Ltd.  
 Kimberly Copper Mines, Ltd.  
 Kipwater Mines, Ltd.  
 Kordol Explorations, Ltd.  
 Korich Mining Co., Ltd.  
 Kukatush Mining Corp.  
 Kuskokwim Grubstake  
 Ladysmith Explorations, Ltd.  
 Lake Kingston Mines, Ltd.

## CANADIAN RESTRICTED LIST—Continued

- Lake Otter Uranium Mines, Ltd.  
 Lama Explorations and Mining Co., Ltd.  
 Lambton Copper Mines, Ltd.  
 Larutan Petroleum Corp., Ltd.  
 Lavandin Mining Co.  
 Lavant Mines, Ltd.  
 Leader Mining Corp., Ltd.  
 Lee Gordon Mines, Ltd.  
 Lindsay Explorations, Ltd.  
 Lucky Creek Mining Co., Ltd.  
 Lynwatin Nickel Copper, Ltd.  
 Mack Lake Mining Corp., Ltd.  
 Magni Mining Corp., Ltd.  
 Mallen Red Lake Gold Mines, Ltd.  
 Maple Leaf Investing Corp., Ltd.  
 March Minerals, Ltd.  
 Marian Lake Mines, Ltd.  
 Marpic Explorations, Ltd.  
 Marpoint Gas & Oil Corp., Ltd.  
 Mattagami Explorers Corp.  
 Megantic Mining Corp.  
 Mexicana Explorations, Ltd.  
 Mexuscan Development Corp.  
 Midas Mining Co., Ltd.  
 Mid-Nation Developments, Ltd.  
 Mile 18 Mines, Ltd.  
 Milldale Minerals, Ltd.  
 Milmar-Island Mines, Ltd.  
 Mina-Nova Mines, Ltd.  
 Minden Land Enterprises, Ltd.  
 Mineral Exploration Corp., Ltd.  
 Missile Metals and Mining Corp., Ltd.  
 Monarch Asbestos Co., Ltd.  
 Monarch Gold Mines, Ltd.  
 Montor Gold Mines, Ltd.  
 Monpre Mining Co., Ltd.  
 Montclair Mining Corp., Ltd.  
 Mylake Mines, Ltd.  
 National Telepix (Canada), Ltd.  
 Nationwide Minerals, Ltd.  
 Native Minerals, Ltd.  
 Natto Mining Co., Ltd.  
 Neeland Flin Flon Mining and Explorations, Ltd.  
 New Campbell Island Mines, Ltd.  
 New Faulkenham Mines, Ltd.  
 New Hamil Silver-Lead Mines, Ltd.  
 New Mallen Red Lake Mines, Ltd.  
 New Metalore Mining Co., Ltd.  
 New Spring Coulee Oil and Minerals, Ltd.  
 New Surpass Petrochemicals, Ltd.  
 Norbank Explorations, Ltd.  
 Norcopper and Metals Corp.  
 Normalloy Explorations, Ltd.  
 Norsco Mines, Ltd.  
 Norseman Nickel Corp., Ltd.  
 North American Asbestos Co., Ltd.  
 North Gaspe Mines, Ltd.  
 North Lake Mines, Ltd.  
 Northport Mineral Explorers, Ltd.  
 North Tech Explorations, Ltd.  
 Nortoba Mines, Ltd.  
 Nu-Gord Mines, Ltd.  
 Nu-Reality Oils, Ltd.  
 Nu-World Uranium Mines, Ltd.  
 Olympus Mines, Ltd.  
 Outlook Explorations, Ltd.  
 Palliser Petroleums, Ltd.  
 Pantan Mines, Ltd.  
 Paramount Petroleum & Minerals Corp., Ltd.  
 Peace River Petroleums, Ltd.  
 Pick Mines, Ltd.  
 Plexterre Mining Corp., Ltd.  
 Prestige Lake Mines, Ltd.  
 Primary Gold Mines, Ltd.  
 Prudential Petroleums, Ltd.  
 Purdex Minerals, Ltd.  
 Quebec Graphite Corp.  
 Queensland Explorations, Ltd.  
 Quinalta Petroleum, Ltd.  
 Rambler Exploration Co., Ltd.  
 Red River Mining & Exploration, Ltd.  
 Regal Mining & Development, Ltd.  
 Resolute Oil and Gas Co., Ltd.  
 Revere Mining Corp., Ltd.  
 Riobec Mines, Ltd.  
 Roberval Mining Corp.  
 Rockroft Explorations, Ltd.  
 Rothsay Mines, Ltd.  
 Roxton Mining & Development Co., Ltd.  
 St. Anthony Mines, Ltd.  
 St. Lawrence Industrial Dev. Corp.  
 St. Stephen Nickel Mines, Ltd.  
 Saskalon Uranium and Oils, Ltd.  
 Sastex Oil and Gas, Ltd.  
 Savoy Copper Mines, Ltd.  
 Seaboard Industries, Ltd.  
 Senvil Mines, Ltd.  
 Sheba Mines, Ltd.  
 Sheraton Uranium Mines, Ltd.  
 Shoreland Mines, Ltd.  
 Sico Mining Corp., Ltd.  
 Siconor Mines, Ltd.  
 Sinclair Prospecting Syndicate  
 South Seas Mining, Ltd.  
 Space Age Mines, Ltd.  
 Stackpool Mining Co., Ltd.  
 Strathcona Mines, Ltd.  
 Sturgeon Basin Mines, Ltd.  
 Success Mines, Ltd.  
 Sudbay Beryllium Mines, Ltd.  
 Sudbay Exploration and Mining, Ltd.  
 Swift Copper Mines, Ltd.  
 Tabor Lake Gold Mines, Ltd.  
 Taiga Mines, Ltd.  
 Tamicon Iron Mines, Ltd.  
 Taurcanis Mines, Ltd.  
 Temanda Mines, Ltd.  
 Territory Mining Co., Ltd.  
 Trans Nation Minerals, Ltd.  
 Trans-Oceanic Hotels Corp.  
 Trenton Petroleum & Minerals Corp., Ltd.  
 Tri-Cor Mining Co., Ltd.

## CANADIAN RESTRICTED LIST—Continued

Triform Explorations, Ltd.	Ver-Million Gold Placer Mining, Ltd.
Trio Mining Explorations, Ltd.	Vico Explorations, Ltd.
Trojan Consolidated Mines, Ltd.	Vimy Explorations, Ltd.
Tunac Mining & Development Co., Ltd.	Viscount Oil and Gas, Ltd.
Turbenn Minerals, Ltd.	Wakefield Uranium Mines, Ltd.
Turzzone Explorations, Ltd.	Webbwood Exploration Co., Ltd.
Tyndall Explorations, Ltd.	Western Allenbee Oil and Gas Co., Ltd.
Upper Ungava Mining Corp., Ltd.	Westwind Explorations, Ltd.
Val Jon Exploration, Ltd.	Windy Hill Mining Corp.
Valray Explorations, Ltd.	Wingdam & Lightning Creek Mining Co., Ltd.
Vanguard Explorations, Ltd.	Yukon Prospectors' Syndicate
Venus Chibougamau Mines, Ltd.	

## SECTION OF SECURITIES VIOLATIONS

A section of securities violations is maintained by the Commission as a part of its enforcement program to provide a further means of detecting and preventing fraud in securities transactions. The section maintains files providing a clearinghouse for other enforcement agencies for information concerning persons who have been charged with violations of various Federal and State securities statutes. Considerable information is also available concerning violators resident in the Provinces of Canada. The specialized information in these files is kept current through the cooperation of the U.S. 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 76,399 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 13,281 persons, including 4,651 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 as to persons wanted on securities violations charges. The bulletin is distributed to a limited number of officials of cooperating law enforcement and other agencies in the United States and Canada.

Extensive use is made of the information available in these records by regulatory and law enforcing officials. Numerous requests are received each year for special reports on individuals in addition to the information supplied by regular distribution of the quarterly bulletin. All available information is supplied in response to inquiries

from law enforcement agencies. During the fiscal year the Commission received and disposed of 3,216 "securities violations" letters or reports and dispatched 812 communications to cooperating agencies.

**APPLICATION FOR NONDISCLOSURE OF CERTAIN INFORMATION**

The Commission is authorized under the various acts administered by it to grant requests for nondisclosure of certain types of information which would otherwise be disclosed to the public in applications, reports or other documents filed pursuant to these statutes. Thus, under paragraph (30) of schedule A of the Securities Act of 1933, disclosure of any portion of a material contract is not required if the Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of 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. Under section 24(b) of that act written objection to public disclosure of information contained in any material filed with the Commission 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 procedure to be followed by applicants seeking 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 nondisclosures during 1961 fiscal year*

	Number pending July 1, 1960	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1961
Securities Act of 1933 <sup>1</sup> .....	3	43	33	8	5
Securities Exchange Act of 1934 <sup>2</sup> .....	1	12	4	1	8
Investment Company Act of 1940 <sup>3</sup> .....	0	9	9	0	0
Total.....	4	61	46	9	13

<sup>1</sup> Filed under rule 485.  
<sup>2</sup> Filed under rule 24b-2.  
<sup>3</sup> Filed under rule 45a-1.

**ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING**

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 requirements under those statutes or included in other material available to stockholders or prospective investors, are indispensable to investors as a basis for investment decisions. The Congress, cognizant of the fact that such statements lend themselves readily to misleading inferences or even deception, whether or not intended, included express provisions with respect to disclosure requirements. 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"<sup>10</sup> and authorizes the Commission to prescribe the "items or details to be shown in the balance sheet and earnings statement, and the methods to be followed in the preparation of accounts \* \* \*."<sup>11</sup> Similar authority is contained in the Securities Exchange Act,<sup>12</sup> and even more comprehensive power is embodied in the Investment Company Act<sup>13</sup> and the Public Utility Holding Company Act.<sup>14</sup>

Pursuant to the broad rule-making power thus conferred with respect to the preparation and presentation of financial statements, the Commission has prescribed uniform systems of accounts for companies subject to the Holding Company Act;<sup>15</sup> has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers;<sup>16</sup> and has promulgated rules contained in a single, comprehensive regulation, identified as regulation S-X,<sup>17</sup> 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 89 have so far been issued. These releases were inaugurated in 1937 and were designed as a program for making public, from time to time, opinions on accounting principles for the purpose of contributing to the development of uniform standards and practice in major accounting questions. The rules and regulations thus established, except for the uniform systems of accounts which are regulatory reports, prescribe accounting principles to be followed only in certain limited areas. In the large area of financial reporting not covered by such rules, the Commission's principal means of protecting investors from inadequate financial reporting, fraudulent practices and overreaching

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<sup>10</sup> Sections 7 and 10(a) (schedule A, pars. 25, 26).

<sup>11</sup> Section 19(a).

<sup>12</sup> Section 13(b).

<sup>13</sup> Sections 30, 31.

<sup>14</sup> Sections 14, 15.

<sup>15</sup> Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies (effective August 1, 1936); Uniform System of Accounts for Public Utility Holding Companies (effective January 1, 1937; amended effective January 1, 1943).

<sup>16</sup> Rule 17a-5 and Form X-17A-5 thereunder.

<sup>17</sup> Adopted February 21, 1940 (Accounting Series Release No. 12); revised December 20, 1950 (Accounting Series Release No. 70).

by management under the various acts is by requiring the report of an independent public accountant which is based on auditing standards and prepared in accordance with accounting principles and practices which are recognized as sound and which have attained general acceptance.

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."<sup>18</sup> The other three statutes permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,<sup>19</sup> 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. The Commission's rules are designed to accept accountants qualified to practice in their own State as qualified to practice before the Commission unless they have entered into disqualifying relationships with a particular client, such as becoming a promoter, underwriter, voting trustee, director, officer, employee, or stockholder;<sup>20</sup> or, in rare cases, have demonstrated incompetence, subservience to the management, or have engaged in unethical and improper professional conduct.<sup>21</sup> The Commission has worked along these lines to encourage and foster an independent state of mind of the accountant with respect to his dealings with his client so that he may better be able to perform the service to the public contemplated by the Congress in the various acts.

The Commission is vigilant in its efforts to assure itself that the audits which it requires are performed by independent accountants; that the information contained in the financial reports represents full and fair disclosure and that appropriate auditing and accounting practices and standards have been followed in their preparation. In addition it recognizes that 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 and that accounting and auditing procedures cannot remain static and continue to serve well a dynamic economy. The Commission's accounting staff, therefore, studies the changes and new developments for the purpose of estab-

<sup>18</sup> Sections 7 and 10(a) (schedule A. pars. 25, 26).

<sup>19</sup> Securities Exchange Act, section 13(a)(2); Investment Company Act, section 30(e); Holding Company Act, section 14.

<sup>20</sup> See, for example, rule 2-01 of Regulation S-X.

<sup>21</sup> See, for example, Securities Exchange Act Release No. 3073 (1941); 10 S.E.C. 982 (1942); Accounting Series Release No. 68 (1949); Accounting Series Release No. 82 (1959); and Accounting Series Release No. 88 (1961).

lishing and maintaining appropriate accounting and auditing policies, procedures and practices for the protection of investors. The primary responsibility for this program rests with the Chief Accountant of the Commission, who has general supervision with respect to accounting and auditing policies and their application.

Progress in these activities requires continuing contact and consultation between the staff and accountants both individually and through such representative groups as, among others, the American Accounting Association, the American Institute of Certified Public Accountants, the American Petroleum Institute, the Controllers Institute of America, the National Association of Railroad and Utilities Commissioners, and the National Federation of Financial Analysts Societies, as well as other Government agencies. Recognizing the importance of cooperation in the formulation of accounting principles and practices, adequate disclosure and auditing procedures which will best serve the interests of investors, the American Institute of Certified Public Accountants, the Controllers Institute of America, and the National Federation of Financial Analysts Societies appoint committees which maintain liaison with the Commission's staff. The Commission on its part has authorized its Chief Accountant to continue to serve as a member of an advisory committee to the accounting principles board of the American Institute of Certified Public Accountants.

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. As a result of this day-to-day activity of the Commission and the need to keep abreast of current accounting problems, the Chief Accountant's staff spends much time in the examination and reexamination of sound and generally accepted accounting and auditing principles and practices. From time to time members of the staff are called upon to assist in field investigations, to participate in hearings and to review opinions insofar as they pertain to accounting matters.

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 reg-

ulations 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.

These procedures are particularly applicable to the problems which arise in connection with initial filings made by new corporate entities and by corporations whose securities had been closely held or traded over the counter. Currently there are many such filings being made by companies whose business is closely associated with rapidly growing technological and scientific developments and with our expanding population, as in real estate and recreational activities.

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

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

During the fiscal year the Chief Accountant and his staff cooperated with other divisions of the Commission in the preparation of proposals to amend articles 7 and 12 of regulation S-X governing the form and content of financial statements and schedules filed by insurance companies other than life and title insurance companies; to amend form 10-K and regulation S-X setting forth the disclosures and financial statements required by employee stock purchase, savings or similar plans; and for a new form for the registration of securities of certain real estate companies. The revision of articles 7 and 12 of regulation S-X was adopted July 26, 1961.<sup>22</sup> This revision reflects changes in requirements of the annual statement filed with State regulatory authorities and developments in insurance reporting since these articles were originally adopted.

As a result of the reluctance on the part of independent public accountants to express an opinion in respect of the financial statements included in the annual statement and the accounting principles and practices reflected therein as required by rule 2-02(c) of regulation S-X without taking exception to certain insurance accounting practices, there has grown up the practice of reconciling the statutory capital share equity and net income or loss with capital share equity and net income or loss as determined in accordance with generally accepted accounting principles and practices. Special note 2 of rule 7-05 gives recognition to this practice where such differences are deemed to be material, the principal differences being in the accounting for nonadmitted assets and commissions and expenses incurred in writing insurance.

With respect to commission and expenses written off it has been the practice to add back such expenses only to the extent of increase in equity in unearned premiums, less Federal income tax effect, which can be supported by reliable loss and expense ratios. Comparable conservative practices are followed in making the other adjustments.

The Chief Accountant's office also cooperated with other divisions of the Commission in the preparation of a rule under the Investment Advisers Act of 1940 which requires investment advisers subject to registration with the Commission to maintain specified books and records relating to their business. This rule as adopted by the Commission became effective July 1, 1961.<sup>23</sup>

Early in 1959 the Commission issued its findings, opinion, and order pursuant to rule II(e) of the Commission's Rules of Practice denying to Theodore Bollt, formerly a partner in Bollt & Shapiro, a firm of certified public accountants, now dissolved, who was found

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<sup>22</sup> Accounting Series Release No. 89.

<sup>23</sup> Investment Advisers Act of 1940, Release No. 114, May 25, 1961.

to have engaged in unethical and improper professional conduct, the privilege of practicing before the Commission until he obtained the approval of the Commission.<sup>24</sup>

Late in 1960 Bollt filed a petition for reinstatement of his privilege of practicing before the Commission.

In his petition Bollt represented, among other things, that his professional and business reputation had not been impugned prior to the Commission's proceedings; that on the basis of the Commission's findings against him he was suspended from membership in the American Institute of Certified Public Accountants for a period of 6 months, which period of suspension has expired; that although he was no longer engaged in the practice of public accounting, and had no intention of actively practicing as an accountant before the Commission, the issuance and continuance of the Commission's suspension order of January 28, 1959, and the widespread publicity received by it had severely adversely affected his business and professional standing; and that the further continuance of such order was not necessary or appropriate in the public interest.

The Commission considered the representations set forth in the petition and, being satisfied that under all the circumstances it would not be inconsistent with the public interest, early in 1961 it terminated its order denying Bollt the privilege of practicing before the Commission.<sup>25</sup>

During the fiscal year the Commission issued its findings, opinion, and order in a proceeding instituted under rule 2(c) of its rules of practice against Myron Swartz, a certified public accountant. The Commission found that the respondent had made it possible for false and misleading financial statements and certificates to be circulated on his stationery over his signature and, thereafter, without disclosing the falsity of such statements, continued to perform accounting services, including the preparation of incorrect and misleading statements for filing with the Commission. The Commission found also that in a subsequent Commission investigation respondent testified falsely with respect to certain of the matters referred to above. The Commission concluded that, in view of the gravity of the misconduct in the case before it and in view of the high standard of honesty and professional conduct the Commission must demand of accountants and others practicing before it if it is to fulfill its responsibility to protect the public interest, Swartz should be denied the privilege of practicing before the Commission in the future.<sup>26</sup>

<sup>24</sup> Accounting Series Release No. 82, January 28, 1959. See also 25th annual report, p. 197.

<sup>25</sup> Accounting Series Release No. 87, January 17, 1961.

<sup>26</sup> Accounting Series Release No. 88, May 24, 1961.

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Section 15 of the Bretton Woods Agreements Act, as amended, exempts from registration under both the Securities Act of 1933 and the Securities Exchange Act of 1934 securities issued, or guaranteed as to both principal and interest, by the International Bank for Reconstruction and Development. The Bank is required to file with the Commission such annual and other reports with respect to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors. Pursuant to the above authority, the Commission has 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.

During the fiscal year ending June 30, 1961, the Bank made 27 loans totaling the equivalent of \$610 million, compared with a total of \$659 million last year. The loans were made in Argentina, British Guiana, Burma, Ceylon, Chile, Colombia (2 loans), Costa Rica, El Salvador, India (2 loans), Israel, Japan (4 loans), Mexico (2 loans), Norway, Pakistan (2 loans), Panama, Peru, Sudan, Thailand, Uganda, and Yugoslavia. This brought the gross total of loan commitments at June 30 to \$5,790.5 million. By June 30, as a result of cancellations, repayments and sales of loans, the portions of loans signed still retained by the bank had been reduced to \$4,217.2 million.

During the year the Bank sold or agreed to sell \$202 million principal amount of loans, all without its guarantee. On June 30 the total sales of loans amounted to \$1,013 million, of which \$69 million was with the Bank's guarantee.

The outstanding funded debt of the Bank amounted to \$2,228 million on June 30, 1961, reflecting a net increase of \$155.5 million over the past year. In this period there was a gross increase in borrowings of \$837.5 million consisting of three public bond issues, two in Swiss francs equivalent to \$37.3 million and one in Netherlands guilders equivalent to \$13.8 million; the private placement of bonds and notes equivalent to \$736 million, partly to raise new funds and partly as refunding operations (\$508 million in U.S. dollars, \$220.2 million in deutsche marks and \$7.8 million in Swiss francs); the delivery of \$14.5 million of dollar bonds and \$23.8 million in deutsche mark notes of issues sold previously subject to delayed delivery arrangements and

\$12.1 million equivalent which was added to the funded debt as a result of the revaluation of outstanding Netherlands guilder, Canadian dollar, and deutsche mark bonds and notes. An amount of \$182.5 million of the U.S. dollar and deutsche mark borrowings in the fiscal year had not been drawn down at June 30, 1961. The funded debt was decreased by \$499.5 million as a result of the maturing of \$15 million of bonds and notes; sinking fund and purchase fund transactions amounting to \$18.5 million; and the refunding of privately placed issues equivalent to \$466 million.

Pursuant to the increase in the authorized capital of the Bank from \$10 billion to \$21 billion on September 15, 1959, 62 members have doubled their subscriptions and 29 members have subscribed to \$1,396.9 million in addition to their 100 percent increases. During the fiscal year, Cuba and the Dominican Republic withdrew from membership and Portugal and Nigeria became members of the Bank with capital subscriptions of \$80 million and \$66.7 million, respectively, making total membership 68. The subscribed capital of the Bank amounted to \$20.093 billion on June 30, 1961.

#### **INTER-AMERICAN DEVELOPMENT BANK**

The Inter-American Development Bank Act, which authorizes the United States to participate in the new Inter-American Development Bank, provides an exemption for certain securities which may be issued by the Bank similar to the exemption provided for securities of the International Bank for Reconstruction and Development. Acting pursuant to this authority, the Commission, during the fiscal year, adopted regulation IA which requires the Bank to file with the Commission substantially the same information, documents, and reports as are required from the International Bank for Reconstruction and Development. The Bank is also required to file a report with the Commission prior to the sale of any of its primary obligations to the public in the United States. Up to June 30, 1961, no such sales had been made.

The first meeting of the Board of Governors of the Bank took place in February 1960, and the Bank officially commenced operations on October 1, 1960. As of June 30, 1961, the Bank had approved loans from its ordinary capital totaling \$4,700,000 to borrowers located in Brazil. As of that date additional applications for loans from ordinary capital were pending in the amount of \$36,189,974 from applicants located in Brazil, Chile, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Peru, and Venezuela. In addition, loans from the Bank's Fund for Special Operations had been made in Bolivia in the total amount of \$10 million. Additional loans from the fund for

special operations were pending in the amount of \$19,150,000 with respect to borrowers in Brazil, Haiti, Honduras, and Paraguay.

### STATISTICS AND SPECIAL STUDIES

During the past fiscal year the Branch of Economic Research continued its regular work in connection with the statistical activities of the Commission and the overall Government statistical program under the direction of the Office of Statistical Standards, Bureau of the Budget. In addition, the Branch of Exchange Regulation continued its compilation of data on the stock market.

The statistical series described below are published in the Commission's Statistical Bulletin and in addition, except for data on registered issues and on the stock market, current figures and analyses of the data are published in quarterly press releases.

#### **Issues Registered Under the Securities Act of 1933**

Monthly and quarterly statistics are compiled on the number and volume of registered securities, classified by industry of issuer, type of security, and use of proceeds. Summary statistics for the years 1935-61 are given in appendix table 1 and detailed statistics for the fiscal year 1961 appear in appendix table 2.

#### **New Securities Offerings**

This is a monthly and quarterly series covering all new corporate and noncorporate issues offered for cash sale in the United States. The series includes not only issues publicly offered but also issues privately placed, as well as other issues exempt from registration under the Securities Act, such as intrastate offerings and railroad securities. The offerings series includes only securities actually offered for cash sale, and only issues offered for account of issuers. Annual statistics on new offerings for recent years as well as monthly figures from January 1960 through June 1961 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.

#### **Individuals' Saving**

The Commission compiles quarterly estimates of the volume and composition of individuals' saving in the United States. The series represents net increases in individuals' financial assets less net in-

creases 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 Department of Commerce as well as in the Securities and Exchange Commission Statistical Bulletin.

#### **Corporate Pension Funds**

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

#### **Financial Position of Corporations**

The series on working capital position of all U.S. 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 U.S. 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 U.S. 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.

#### **Stock Market Data**

The Branch of Exchange Regulation regularly compiles statistics on the market value and volume of sales on registered and exempted securities exchanges, round-lot stock transactions on the New York exchanges for accounts of members and nonmembers, odd-lot stock transactions on the New York exchanges, special offerings, and secondary distributions. It also computes indexes of stock market prices each week based upon the closing market prices of common stocks listed on the New York Stock Exchange. This stock price in-

dex and data on round-lot and odd-lot trading on the two New York exchanges are released weekly. The other statistical data mentioned above, as well as these weekly series, are published regularly in the Commission's Statistical Bulletin.

During the fiscal year, the Commission revised its stock price index to conform with the recommendation of the Office of Statistical Standards that all Government indexes be compiled on a uniform and recent base period where feasible. There were two major changes in the stock price index: (1) The base period was changed to the years 1957-59 from the former base year of 1939; and (2) the coverage was expanded to include 32 industry classifications and 300 stocks, in place of 29 groups covering 265 issues. Weekly indexes were computed on the new base back to January 1939. The Commission published a pamphlet containing the revised indexes, a description of the method of computation, and a list of stocks included in the indexes.

### OPINIONS OF THE COMMISSION

The Commission issues opinions 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, as well as individual Commissioners to whom particular cases may be assigned for the preparation of an opinion, 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 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 assists in the drafting of opinions.

The opinions of the Commission 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 1961, the Commission issued 167 opinions and other rulings of an adjudicatory nature.

### **DISSEMINATION OF INFORMATION**

The objective of the laws administered by the Commission of providing public disclosure of pertinent financial and other information concerning securities offered for public sale and those traded on exchanges so that they may be realistically evaluated by the investing public, is furthered by various activities of the Commission which facilitate the dissemination of such information. This is accomplished in part, of course, through the requirements of the law and Commission rules for the distribution of the prospectus or offering circular on new offerings and the filing of annual and other periodic reports. All registration statements and reports are available for public inspection. Much of the data also is reprinted and receives general circulation through published securities manuals, investment advisory services and statistical services, which are reference material for securities analysts and investment advisers.

To facilitate public dissemination of the financial and other proposals filed with and actions taken by it, the Commission issues a daily News Digest containing a résumé of these filings and actions. The Digest is distributed daily to the press; and it also is distributed on a daily, subscription basis through the Government Printing Office (1,195 copies) and on a weekly basis by the Commission to a mailing list comprising the names of over 11,000 individuals and firms. Included in the Digests issued during the year were summary reports on the 1,674 registration statements filed during the year (not including amendments pursuant to section 24(e) of the Investment Company Act) which proposed the public offering of \$16.5 billion of securities. Also included were résumés of the 1,302 notices, orders, decisions, rules, and other announcements issued by the Commission. Much of the information is published in the daily press and in financial and other periodicals. The texts of the Commission's pronouncements are available to the press and given more limited distribution to registrants, practicing lawyers, and others.

Members of the Commission and its staff frequently deliver addresses before professional, business, and other groups, and participate in "briefing" and other conferences in order to explain the Commission's functions and activities, explain important rules and policies, and otherwise contribute to a better understanding by individuals and firms subject to its jurisdiction as well as the investing public of the role of the Commission.

**Information Available for Public Inspection**

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

Photocopies of reports or portions thereof and other material in the public files of the Commission may be obtained upon request directed to the Commission's public reference room in Washington. The charge per page for photocopies varies from 15 cents to 50 cents depending upon the size of the page being copied. A minimum charge of \$1 is made for less than seven pages (legal size). The charge for each certification of any such document by the Commission is \$2.

Each year many thousands of requests for photocopies of and information from the public files of the Commission are received by the public reference room in Washington, D.C. During the year 5,848 persons examined material on file in the Washington office, and several thousand others examined files in the New York and Chicago regional offices. About 210,251 photocopy pages were sold pursuant to 3,444 individual orders.

**PUBLICATIONS**

Publications currently being issued include:

Weekly: Index of Weekly Closing Prices.

Monthly:

Statistical Bulletin.<sup>1</sup>

Official Summary of Security Transactions and Holdings of Officers, Directors, and Principal Stockholders.<sup>1</sup>

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<sup>1</sup> Must be ordered from the Superintendent of Documents, Government Printing Office, Washington 25, D.C.

**Quarterly :**

- Financial Report, U.S. Manufacturing Corporations<sup>1</sup> (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.<sup>1</sup>
- Securities Traded on Exchanges under the Securities Exchange Act of 1934.
- Companies Registered under the Investment Company Act of 1940.
- Corporate Pension Funds.
- Directory of Companies Filing Annual Reports.

**Other publications :**

- Decisions and Reports of the Commission.<sup>1</sup>
- The Work of the Securities and Exchange Commission.

### ORGANIZATION

The Commission's staff consists of attorneys, security analysts, accountants, engineers, investigators, and administrative and clerical personnel.

The following organizational changes have been made since June 30, 1960, in accordance with the Commission's policy of continuing review of its organization and functional alignments:

In August 1960, the Commission established an additional Branch of Investigations and an additional Branch of Enforcement in the New York regional office. This action was designed to permit improved utilization of available personnel for the mounting workload of cases requiring investigative and enforcement action and for the regulation A, corporate reorganization and interpretative functions of the New York regional office.

In November 1960, the position of Adviser to the Commission was abolished and the functions were transferred to other staff officials.

In June 1961, the positions of Executive Director and Associate Executive Director were abolished and certain functions thereof were delegated to other members of the staff.

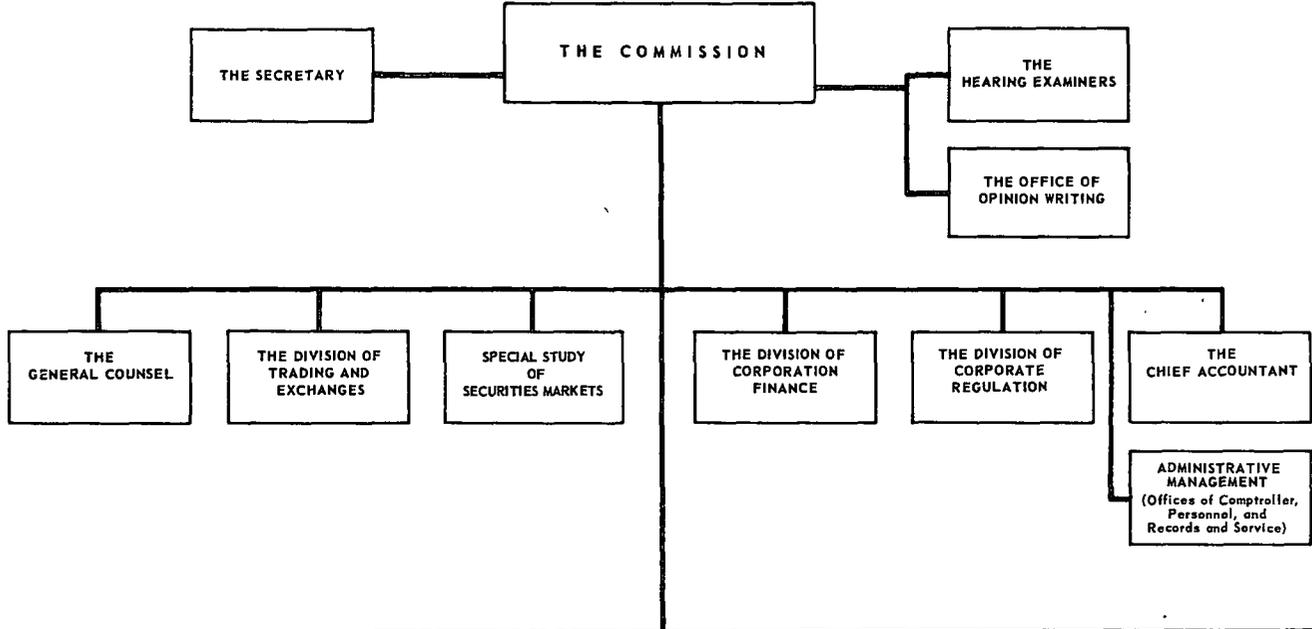
In August 1961, the Commission established three additional Branches of Corporate Analysis and Examination in the Division of Corporation Finance to handle the increased volume of filings on proposed new financing under the Securities Act of 1933.

In October 1961, the Commission established a special study of securities markets to conduct the study and investigation of the adequacy of the rules of the national securities exchanges and na-

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<sup>1</sup> Must be ordered from the Superintendent of Documents, Government Printing Office, Washington 25, D.C.

# SECURITIES AND EXCHANGE COMMISSION



THE REGIONAL OFFICES								
NEW YORK REGIONAL OFFICE	BOSTON REGIONAL OFFICE	ATLANTA REGIONAL OFFICE	CHICAGO REGIONAL OFFICE	FORT WORTH REGIONAL OFFICE	DENVER REGIONAL OFFICE	SAN FRANCISCO REGIONAL OFFICE	SEATTLE REGIONAL OFFICE	WASHINGTON, D.C. REGIONAL OFFICE
		Miami, Fla. Branch	Cleveland, Ohio Branch Detroit, Mich. Branch St. Paul, Minn. Branch St. Louis, Mo. Branch	Houston, Texas Branch	Salt Lake City, Utah Branch	Los Angeles, Calif. Branch		

AS OF NOVEMBER 1, 1961

tional securities associations provided for by Public Law 87-196, dated September 5, 1961.

Also in October 1961, the Commission established two new branches, the Branch of Special Investigations, Trial and Enforcement, and the Branch of Criminal References, in the Division of Trading and Exchanges. This action was designed to consolidate in one division the Commission's investigation and enforcement activities in the headquarters office and to contribute to more effective coordination of such activities in the several regional offices.

### PERSONNEL, BUDGET, AND FINANCE

In fiscal 1961, the Commission continued its efforts to recruit outstanding college and law school students with the specialized academic training required for its fields of work. Recruitment brochures covering specific positions were prepared and articles in the recruiting literature published by the Civil Service Commission updated. Close contacts with placement officers and finance and law professors of various colleges and law schools enabled the Commission to hire a number of high-caliber recent finance and law graduates to fill positions at the entrance levels.

Early in the fiscal year, an attorney honors program was adopted, aimed directly at those law school graduates whose academic achievements, special training and career objectives indicated an unusual suitability for the work involved in carrying out the objectives of the Federal securities laws. On June 19, 1961, hiring procedures for filling attorney positions were further revised to provide for giving an examination to those candidates who, on initial review and evaluation of their applications, are considered to be well qualified for employment on the Commission's staff.

The Federal service entrance examination conducted by the U.S. Civil Service Commission continues to be an excellent source of supply for the filling of competitive positions at the GS-5 and GS-7 levels, particularly in the financial analyst category. Appointments also are made from the lists of eligibles established under this examination to investigator (trainee) and other professional job categories at the entrance levels.

Training activities in fiscal 1961 were conducted in accordance with the Commission's basic policies of (1) training employees to do their work more efficiently and effectively, (2) stimulating and encouraging employee self-development and self-training to the fullest extent and (3) affording equal opportunities for development. Supervisory officials were enrolled in a special training course for middle and top management officials. Professional training, though largely on the job, was supplemented by special critique and instructional sessions

to meet identifiable needs. For example, in the Denver regional office, new attorneys and investigators attended sessions conducted by the regional administrator and senior officials on special aspects of gathering evidence and developing securities fraud cases. In Washington, a briefing conference on securities laws and regulations, which was sponsored by the Federal Bar Association and in which members of the Commission and top officials participated, served an additional purpose of training junior and intermediate staff members, who were selected to attend at no cost to the Commission those sessions particularly pertinent to their work.

The average grade level of positions in the Commission in fiscal 1961 was GS-8.88 compared with GS-8.93 for 1960. Approximately 200 positions were studied and grades substantiated or adjusted. Proper grade allocations for its top-level positions continue to be of utmost importance to the Commission for the effective execution of its programs. In the interest of attracting and retaining highly qualified persons for these positions, continuous efforts are being made to obtain favorable consideration of recommendations, heretofore submitted to the Civil Service Commission, to place these positions in grades GS-16, GS-17 and GS-18 as spaces become available.

A total of 955 employees were eligible to enroll in the Federal employees health benefits program which went into effect on July 10, 1960. Of this number 845, or 89 percent, elected to enroll in health plans offered under the program. Sixty percent selected the service (Blue Cross) plan, 32 percent the indemnity (Aetna Life Insurance Co.) plan and 8 percent local comprehensive medical plans. Ninety-three percent of the employees enrolling in plans chose the high option.

In its sixth annual service and merit awards ceremony held in October 1960, the Commission for the first time gave formal recognition to those members of the staff whose term of service included time completed in other Federal agencies. The length-of-service emblem pin used by various Federal agencies was adopted. In addition, new 15-year and 25-year SEC service pins now make it possible to reward length of service with the Commission at 5-year intervals commencing with the completion of 10 years. Pins covering total Federal service were awarded to 3 employees for 40 years, 7 employees for 35 years and 16 employees for 30 years. Fifty-five employees received pins for 25 years of SEC service. Cash awards totaling \$6,800 and certificates of merit were presented to 54 employees and 13 employees received a total of \$395 for suggestions adopted during the fiscal year.

During the fiscal year, the outstanding achievements of members of the Commission's staff received further public recognition in the form

of awards made by other organizations. On March 21, 1960, Manuel F. Cohen, Director, Division of Corporation Finance, was 1 of 10 employees throughout the Federal service to receive a Career Service Award presented by the National Civil Service League annually. Mr. Cohen was selected on the basis of a "record of Federal service exemplifying outstanding qualities of technical competence and efficiency, and personal and intellectual integrity of the highest order." On May 20, 1961, the Federal Government Accountants Association presented its first National Award for Distinguished Leadership to Andrew Barr, Chief Accountant of the Commission. Mr. Barr received his award "for distinguished leadership in formulating and administering financial requirements placed upon the business community under the laws administered by the Securities and Exchange Commission."

In February 1961, Magdalen B. Murphy, attorney-adviser, and Helen K. Steiner, analytical statistician, both on the staff of the Division of Trading and Exchanges, were presented citations in recognition of their contributions to the public service and to the prestige of women employees in the Federal Government.

The trustees of the William A. Jump Memorial Foundation in May 1961 presented Andrew N. Grass, Jr., a chief enforcement attorney in the New York regional office, a certificate and citation in recognition of his exemplary accomplishments and special contributions to the efficiency and prestige of the public service.

The Commission is justifiably proud of the devoted, conscientious, and competent service rendered by its staff. Public recognition is an essential factor in building and maintaining the prestige of public careers and awards of this nature serve to improve the quality of public administration and the morale and public service motivations of Federal employees.

The following comparative table shows the personnel strength of the Commission as of June 30, 1960 and 1961 :

	June 30, 1961	June 30, 1960
Commissioners.....	.5	5
Staff:		
Headquarters office.....	675	600
Regional offices.....	407	375
Total staff.....	1,082	975
Grand total.....	1,087	980

The table facing page 198 shows the status of the Commission's budget estimates for the fiscal years 1952 to 1962, 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.<sup>27</sup>

The following table shows the Commission's appropriation, total fees collected, percentage of fees collected to total appropriation, and the net cost to the taxpayers of Commission operations for the fiscal years 1959, 1960, and 1961:

Year	Appropriation	Fees collected <sup>2</sup>	Percentage of fees collected to total appropriation (percent)	Net cost of Commission operation
1959.....	<sup>1</sup> \$7,705,000	\$2,407,706	31	\$5,297,294
1960.....	8,100,000	2,631,498	32	5,468,502
1961.....	9,517,500	2,927,407	31	6,590,093

<sup>1</sup> Includes a supplemental appropriation of \$605,000 to cover statutory pay increases.

<sup>2</sup> Fees are deposited in the general fund of the Treasury and are not available for expenditure by the Commission.

<sup>27</sup> 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)  $\frac{1}{500}$  of 1 percent of the aggregate dollar amount of stock exchange transactions. Fees for other services are only nominal.

*Securities and Exchange Commission*

*Action taken on budget estimates and appropriation from fiscal 1952 through fiscal 1962*

ACTION	Fiscal 1952		Fiscal 1953		Fiscal 1954		Fiscal 1955		Fiscal 1956		Fiscal 1957		Fiscal 1958		Fiscal 1959		Fiscal 1960		Fiscal 1961		Fiscal 1962		
	Average employment	Money																					
Estimate submitted to the Bureau of the Budget.....	1,127	\$6,605,000	1,092	\$6,360,000	1,080	\$6,810,000	780	\$5,124,760	734	\$4,997,000	794	\$5,749,000	935	\$7,178,000	974	\$7,500,000	995	\$8,437,000	1,135	\$9,760,000	1,228	\$11,450,000	
Action by the Bureau of the Budget.....	-77	-681,000	-157	-410,000	-142	-810,000	-63	-299,760						-58	-400,000	-17	-162,000	-93	-860,000	-42	-435,000		
Amount allowed by the Bureau of the Budget..	1,050	5,924,000	935	5,950,000	938	6,000,000	717	4,825,000	731	4,997,000	794	5,749,000	935	7,178,000	916	7,100,000	978	8,275,000	1,042	8,900,000	1,186	\$ 11,015,000	
Action by the House of Representatives.....	-50	-225,000	-125	-704,920	-152	-754,920	-26	-125,000	-9	-122,000	-8	-49,000	-80	-478,000	-46	-300,000	-55	-475,000	-46	-375,000		-15,000	
Subtotal.....	1,000	5,699,000	810	5,245,080	786	5,245,080	691	4,700,000	725	4,875,000	780	5,700,000	855	6,700,000	870	6,800,000	923	7,800,000	996	8,525,000	1,186	11,000,000	
Action by the Senate.....	-93	-320,520			-42	-245,080	+14	+75,000	+9	+122,000	+8	+49,000			+46	+300,000	+55	+475,000	+92	+775,000			
Subtotal.....	907	5,378,480	810	5,245,080	744	5,000,000	705	4,775,000	731	4,997,000	794	5,749,000	855	6,700,000	916	7,100,000	978	8,275,000	1,088	9,300,000	1,186	11,000,000	
Action by Conferees.....							-6	-25,000	-4	-42,000					-24	-175,000	-47	-387,500					
Annual appropriation.....	907	5,378,480	810	5,245,080	744	5,000,000	699	4,750,000	730	4,955,000	794	5,749,000	855	6,700,000	916	7,100,000	954	8,100,000	1,041	8,912,500	1,186	11,000,000	
Supplemental appropriation for statutory pay increases.....		435,000						93,180		323,000						605,000				* 605,000			
Total appropriation.....	907	5,813,480	810	5,245,080	744	5,000,000	699	4,843,180	730	5,278,000	794	5,749,000	855	6,935,000	916	7,705,000	954	8,100,000	1,041	9,517,500	1,186	* 11,000,000	

<sup>1</sup> Includes a supplemental request for \$400,000.

<sup>2</sup> Includes a supplemental request for \$100,000.

<sup>3</sup> Excludes a supplemental appropriation of \$412,500 for the special study of securities markets.



**PART XII**  
**APPENDIX**  
**STATISTICAL TABLES**



TABLE 1.—A 27-year record of registrations fully effective under the Securities Act of 1933  
1935-1961

[Amounts in millions of dollars]

Fiscal year ended June 30	Number of state-ments <sup>1</sup>	All regis-trations	For cash sale for account of issuers			
			Total	Bonds, debentures, and notes	Preferred stock	Common stock
1935 <sup>2</sup> .....	284	\$913	\$686	\$490	\$28	\$168
1936 .....	689	4,835	3,936	3,153	252	531
1937 .....	840	4,851	3,635	2,426	406	802
1938 .....	412	2,101	1,349	666	209	474
1939 .....	344	2,579	2,020	1,593	109	318
1940 .....	306	1,787	1,433	1,112	110	210
1941 .....	313	2,611	2,081	1,721	164	196
1942 .....	193	2,003	1,465	1,041	162	263
1943 .....	123	659	486	316	32	137
1944 .....	221	1,760	1,347	732	343	272
1945 .....	340	3,225	2,715	1,851	407	456
1946 .....	661	7,073	5,424	3,102	991	1,331
1947 .....	493	6,732	4,874	2,937	787	1,150
1948 .....	435	6,405	5,032	2,817	537	1,678
1949 .....	429	5,333	4,204	2,795	326	1,083
1950 .....	487	5,307	4,381	2,127	468	1,786
1951 .....	487	6,459	5,169	2,838	427	1,904
1952 .....	635	9,500	7,529	3,346	851	3,332
1953 .....	593	7,507	6,326	3,093	424	2,808
1954 .....	631	9,174	7,381	4,240	531	2,610
1955 .....	779	10,960	8,277	3,951	462	3,864
1956 .....	833	13,096	9,206	4,123	539	4,544
1957 .....	860	14,624	12,019	5,689	472	5,858
1958 .....	809	16,490	13,281	6,857	427	5,998
1959 .....	1,055	15,657	12,095	5,265	443	6,387
1960 .....	1,398	14,367	10,908	4,221	252	6,435
1961 .....	1,507	19,070	14,115	6,150	247	7,719

<sup>1</sup> Statements registering American Depositary Receipts against outstanding foreign securities as provided by Form S-12 are not included.

<sup>2</sup> For 10 months ended June 30, 1935.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1961

## PART 1.—DISTRIBUTION BY MONTHS

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

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>1960</i>						
July.....	117	170	\$1,278,624	96	135	\$999,268
August.....	107	140	1,505,199	84	110	1,202,488
September.....	112	145	823,333	96	117	656,102
October.....	118	159	1,494,574	96	124	1,179,647
November.....	121	153	1,121,386	101	117	687,459
December.....	97	132	918,107	76	93	628,901
<i>1961</i>						
January.....	88	121	951,677	69	94	688,276
February.....	103	134	2,319,499	88	109	1,808,219
March.....	124	160	1,017,059	112	136	840,026
April.....	159	191	2,675,457	143	163	2,233,094
May.....	181	224	2,108,364	152	179	1,432,111
June.....	180	231	2,858,802	144	177	1,759,199
Total, fiscal year 1961.....	<sup>2</sup> 1,507	1,960	19,070,082	1,257	1,554	14,114,791

## PART 2.—PURPOSE OF REGISTRATION AND TYPE OF SECURITY

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

Purpose of registration	All types	Type of security		
		Bonds, debentures, and notes <sup>2</sup>	Preferred stock	Common stock <sup>4</sup>
All registrations (estimated value).....	\$19,070,082	\$6,233,503	\$484,489	\$12,352,091
For account of issuers for cash sale.....	14,114,791	6,149,635	246,594	7,718,561
Corporate.....	<sup>3</sup> 13,959,916	6,004,760	236,594	7,718,561
Offered to:				
General public.....	11,009,667	5,598,207	235,511	5,175,950
Security holders.....	2,072,750	400,468	600	1,671,681
Other special groups.....	877,499	6,085	483	870,930
Foreign governments.....	154,875	144,875	10,000	0
For account of issuers for other than cash sale.....	3,563,444	62,994	192,040	3,308,411
For account of others than issuers.....	1,391,847	20,873	45,854	1,325,119
For cash sale.....	1,124,682	62	35,971	1,088,649
For other purposes.....	267,164	20,812	9,883	236,469

See footnotes at end of part 4 of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1961—Continued

PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT

[Amounts in thousands of dollars ]

Purpose of registration	Industry									
	All regis- trants	Manufac- turing	Extractive	Electric, gas, and water	Transpor- tation other than railroad	Communi- cation companies	Investment companies	Other fi- nancial and real estate	Commer- cial and other	Foreign govern- ments
Number of statements.....	1,507	556	48	133	15	39	241	249	219	7
Number of issues.....	1,960	746	57	153	25	44	304	325	294	12
All registrations (estimated value).....	\$19,070,082	\$4,766,272	\$163,930	\$2,538,341	\$381,992	\$2,435,238	\$5,400,690	\$2,348,272	\$880,471	\$154,875
For account of issuers.....	17,678,235	3,726,699	151,784	2,489,305	381,932	2,420,048	5,400,560	2,282,716	670,317	154,875
For cash sale.....	14,114,791	2,278,162	105,248	2,385,490	221,300	2,388,886	4,481,789	1,702,595	396,447	154,875
Corporate.....	\$13,959,916	2,278,162	105,248	2,385,490	221,300	2,388,886	4,481,789	1,702,595	396,447	0
Noncorporate.....	154,875	0	0	0	0	0	0	0	0	154,875
For other than cash sale.....	3,563,444	1,448,537	46,536	103,815	160,632	31,161	918,771	580,121	273,870	0
For exchange for other securities <sup>a</sup> .....	560,763	212,688	8,483	10,853	11,284	11,577	10,649	245,834	49,397	0
Reserved for conversion.....	720,532	363,191	15,825	88,692	54,598	0	1,700	117,773	78,753	0
For other purposes.....	2,282,149	872,658	22,229	4,270	94,751	19,585	906,422	216,514	145,721	0
For account of others than issuers.....	1,391,847	1,039,573	12,146	49,036	60	15,190	130	65,556	210,155	0
For cash sale.....	1,124,682	878,043	9,654	33,146	0	15,190	0	32,494	156,156	0
For other purposes.....	267,164	161,530	2,493	15,890	60	0	130	33,063	53,999	0

See footnotes at end of part 4 of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933, fiscal year ended June 30, 1961—Continued

## PART 4.—USE OF PROCEEDS AND INDUSTRY OF REGISTRANT

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

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).....	\$ 13,959,916	\$2,278,162	\$105,248	\$2,335,490	\$221,300	\$2,388,886	\$4,481,789	\$1,702,595	\$396,447
Cost of flotation.....	573,607	66,066	3,441	37,476	3,867	19,109	374,299	45,012	24,337
Commissions and discounts.....	489,518	49,356	2,373	24,867	2,387	10,530	345,284	36,213	18,509
Expenses.....	84,089	16,710	1,067	12,609	1,480	8,579	29,015	8,799	5,828
Expected net proceeds.....	13,386,309	2,212,096	101,807	2,348,014	217,433	2,369,777	4,107,490	1,657,583	372,109
New money purposes.....	7,728,274	1,918,361	83,252	2,193,652	174,758	1,963,233	1,680	1,096,550	296,787
Plant and equipment.....	5,496,293	1,025,869	16,538	2,157,810	168,042	1,955,627	0	101,814	70,592
Working capital.....	2,231,981	892,493	66,714	35,842	6,716	7,606	1,680	994,736	220,195
Retirement of securities.....	692,730	161,915	7,372	68,669	0	405,436	18,510	1,190	29,638
Purchase of securities.....	4,634,855	16,868	0	0	0	1,108	4,087,300	506,486	23,093
Other.....	330,449	114,952	11,182	85,693	42,674	0	0	53,357	22,591

<sup>1</sup> Dollar amounts are rounded and will not necessarily add to totals shown.<sup>2</sup> The 1,507 fully effective registrations shown in this table differ from the 1,538 net effectives shown in text table "Number and disposition of registration statements filed" as follows:

Excluded from fully effective but included in net effectives:

43 registrations of American Depositary Receipts

1 registration effective prior to seeking competitive bids. The amendment disclosing the accepted terms was not received in fiscal 1961.

Included in fully effective but excluded from net effectives:

4 registrations which became effective in fiscal 1960 subject to amendments which were filed in fiscal year 1961.

9 registrations which became effective in fiscal 1961 but were later withdrawn.

<sup>3</sup> Includes face amount certificates.<sup>4</sup> Includes certificates of participation and warrants.<sup>5</sup> This total differs from the sum of the monthly figures (\$7,981,657,000) 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, 1960..... \$34,334,000

Included in this table but excluded from offerings:

Investment companies..... \$4,481,789,000

Employee purchase plans and other continuous offerings..... 932,974,000

Effectively registered issues not yet offered for sale..... 206,403,000

Issues sold outside the United States, intercorporate offerings, etc..... 391,427,000

<sup>6</sup> Includes voting trust certificates and certificates of deposit registered for issuance in exchange for original securities deposited.

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

PART 1.—TYPE OF OFFERING

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

Calendar year or month	All offerings (corporate and non-corporate)	CORPORATE								NON-CORPORATE
		Total corporate	Classified by type of offering							
			Public offerings <sup>3</sup>						Private placements <sup>6</sup>	
			Total public offerings	Registered under 1933 act	Not registered under 1933 act					
Total	Railroad issues	Issues exempt because of size <sup>4</sup>			Other exempt offerings <sup>5</sup>					
1956 .....	22,405,413	10,938,718	7,052,574	6,138,792	913,782	370,362	176,096	367,324	3,886,144	11,466,695
1957 .....	30,570,624	12,883,533	8,958,974	8,171,410	787,564	343,647	114,433	329,484	3,924,559	17,687,090
1958 .....	34,443,069	11,558,343	8,068,461	7,579,337	489,123	237,852	112,226	139,045	3,489,883	22,884,726
1959 .....	31,074,208	9,748,069	5,993,154	5,426,192	566,962	151,415	161,180	254,368	3,754,915	21,326,139
1960 .....	27,540,560	10,153,980	6,657,092	6,047,677	609,414	193,744	196,357	219,314	3,496,888	17,386,560
<i>1960</i>										
January .....	1,951,944	640,674	441,253	396,889	44,364	18,867	12,774	12,722	199,421	1,311,269
February .....	2,123,050	735,483	429,162	386,180	45,031	4,736	14,668	23,627	306,322	1,387,567
March .....	2,072,907	833,878	533,958	482,566	51,392	7,553	13,352	30,482	354,920	1,184,029
April .....	4,573,043	805,180	568,120	487,717	80,402	28,924	18,615	32,864	237,069	3,767,854
May .....	1,938,952	607,796	350,037	285,753	64,304	19,789	18,789	25,726	257,740	1,331,156
June .....	2,501,608	1,123,672	760,888	709,876	81,011	46,089	18,924	15,999	332,784	1,377,936
July .....	1,637,233	777,378	529,664	492,363	37,302	13,692	17,143	6,467	247,714	859,853
August .....	3,186,543	995,859	734,159	687,794	46,365	16,141	14,758	15,466	261,690	2,190,684
September .....	1,808,113	746,591	449,201	398,937	55,264	16,282	18,858	20,123	297,390	1,061,522
October .....	1,814,142	928,185	743,703	688,763	54,939	7,637	20,624	26,378	184,483	885,956
November .....	1,985,863	1,009,485	644,816	619,968	24,847	2,604	14,055	8,189	364,669	976,378
December .....	1,947,163	894,790	442,112	415,919	26,193	11,125	13,797	1,272	452,678	1,052,373
<i>1961</i>										
January .....	1,773,744	600,616	293,524	241,006	52,518	23,870	14,811	13,837	307,092	1,173,128
February .....	5,454,957	695,413	400,397	353,749	46,648	17,063	13,635	15,950	295,016	4,759,544
March .....	2,161,069	696,272	352,589	291,432	61,156	22,537	21,147	17,473	343,684	1,464,797
April .....	3,392,807	2,231,437	1,870,928	1,827,149	43,779	10,154	18,526	15,099	360,509	1,161,370
May .....	4,432,323	1,341,815	895,438	842,578	52,860	14,204	18,386	20,270	446,377	3,090,508
June .....	3,493,786	1,778,662	1,185,458	1,126,998	58,460	1,237	22,079	35,144	593,203	1,715,124

See footnotes at end of part 4.

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

## PART 2.—TYPE OF SECURITY

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

Calendar year or month	All types of securities			Bonds, debentures, and notes			Preferred stock	Common stock
	All issuers	Corporate	Noncorporate	All issuers	Corporate	Noncorporate		
1956.....	22,405,413	10,938,718	11,466,695	19,468,795	8,002,100	11,466,695	635,527	2,301,091
1957.....	30,570,624	12,883,533	17,687,090	27,643,959	9,956,869	17,687,090	410,504	2,516,160
1958.....	34,443,069	11,558,343	22,884,726	32,537,517	9,652,791	22,884,726	571,474	1,334,079
1959.....	31,074,208	9,748,069	21,326,139	28,515,908	7,149,769	21,326,139	531,191	2,027,109
1960.....	27,540,560	10,153,980	17,386,580	25,467,927	8,081,346	17,386,580	408,525	1,664,109
<i>1960</i>								
January.....	1,951,944	640,674	1,311,269	1,826,095	514,825	1,311,269	25,595	100,254
February.....	2,123,050	735,483	1,387,567	1,934,338	546,771	1,387,567	31,067	157,645
March.....	2,072,907	888,878	1,184,029	1,851,913	667,883	1,184,029	43,789	177,205
April.....	4,573,043	805,189	3,767,854	4,347,456	579,601	3,767,854	31,767	193,821
May.....	1,938,952	607,796	1,331,156	1,737,106	405,950	1,331,156	44,234	157,612
June.....	2,501,608	1,123,672	1,377,936	2,236,908	858,972	1,377,936	34,057	230,643
July.....	1,637,233	777,378	859,855	1,510,637	650,782	859,855	20,957	105,639
August.....	3,186,543	995,859	2,190,684	3,011,801	821,117	2,190,684	33,860	140,882
September.....	1,808,113	746,591	1,061,522	1,680,173	618,650	1,061,522	37,206	90,735
October.....	1,814,142	928,185	885,956	1,663,678	777,721	885,956	45,024	105,440
November.....	1,985,863	1,009,485	976,378	1,851,562	875,185	976,378	15,869	118,431
December.....	1,947,163	894,790	1,052,373	1,816,261	763,888	1,052,373	45,101	85,801
<i>1961</i>								
January.....	1,773,744	600,616	1,173,128	1,644,973	471,845	1,173,128	29,891	98,880
February.....	5,454,957	695,413	4,759,544	5,288,187	528,643	4,759,544	37,262	129,508
March.....	2,161,069	696,272	1,464,797	2,007,181	542,384	1,464,797	28,545	125,343
April.....	3,392,807	2,231,437	1,161,370	2,222,548	1,061,178	1,161,370	59,595	1,110,664
May.....	4,432,323	1,341,815	3,090,508	4,111,953	1,021,445	3,090,508	92,416	227,954
June.....	3,493,786	1,778,662	1,715,124	3,210,366	1,495,242	1,715,124	39,895	243,525

See footnotes at end of part 4.

## PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars.]

Calendar year or month	Corporate									Noncorporate					
	Total corporate	Manufacturing	Extractive	Electric, gas, and water	Railroad	Other transportation	Communication	Financial and real estate <sup>1</sup>	Commercial and other	Total noncorporate	U.S. Government (including issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government and international	Non-profit institutions
1956.....	10,938,718	3,647,243	455,523	2,529,175	382,012	342,000	1,419,457	1,855,953	307,355	11,466,695	5,516,972	169,450	5,446,420	300,343	33,510
1957.....	12,883,533	4,233,708	288,574	3,938,087	343,647	479,921	1,461,748	1,795,413	342,435	17,587,090	9,600,598	571,550	6,958,152	504,898	51,892
1958.....	11,558,343	3,515,407	246,565	3,804,105	238,352	585,539	1,423,776	1,088,299	656,299	22,884,726	12,062,886	2,321,105	7,448,803	995,403	56,529
1959.....	9,748,069	2,072,820	161,396	3,257,790	173,913	792,829	717,101	1,852,906	719,314	21,326,139	12,322,475	706,998	7,681,054	545,658	69,955
1960.....	10,153,980	2,152,419	245,682	2,851,215	211,244	507,286	1,049,810	2,524,619	611,705	17,386,580	7,906,326	1,672,086	7,229,500	504,445	74,223
<i>1960</i>															
January.....	640,674	67,437	29,213	158,040	18,867	40,473	36,998	254,543	35,103	1,311,269	420,468	181,830	695,779	4,042	9,150
February.....	735,483	71,936	10,175	253,227	4,739	14,580	85,561	203,105	92,164	1,387,567	435,082	140,625	621,614	175,246	6,000
March.....	888,878	181,013	78,745	202,021	7,558	68,353	69,803	225,346	56,004	1,184,029	391,485	150,000	567,509	70,436	4,600
April.....	805,189	179,261	7,800	326,225	28,924	24,778	52,518	143,688	41,996	3,767,854	2,859,881	147,551	717,496	33,547	9,379
May.....	607,796	103,576	35,178	146,719	19,789	60,020	37,250	164,492	40,773	1,331,156	367,850	354,318	555,700	50,536	2,753
June.....	1,123,672	260,806	2,454	370,818	46,089	28,055	61,745	303,493	50,243	1,377,936	350,324	0	978,407	40,343	8,862
July.....	777,378	188,786	23,669	143,116	30,692	20,028	58,361	287,150	25,578	859,855	352,940	0	475,190	28,875	2,850
August.....	995,859	233,134	9,339	225,531	16,141	7,282	167,682	223,866	43,882	2,190,684	1,371,141	198,938	606,855	1,599	12,152
September.....	746,591	169,014	4,872	307,253	16,282	34,854	95,747	74,287	44,281	1,061,522	338,493	0	682,037	36,092	4,900
October.....	928,185	195,739	8,734	215,422	8,437	27,713	255,620	150,414	66,105	885,956	345,066	159,800	342,988	34,250	3,852
November.....	1,009,485	283,319	13,614	320,076	2,604	43,454	27,303	245,212	73,904	976,378	325,930	149,250	490,572	3,395	2,250
December.....	894,790	218,399	21,888	182,768	11,125	68,697	101,225	249,055	41,634	1,052,373	347,667	180,775	495,353	26,084	7,475
<i>1961</i>															
January.....	600,616	173,177	15,171	139,643	27,620	55,123	21,300	148,570	20,012	1,173,128	454,952	0	706,396	6,005	5,775
February.....	695,413	106,322	28,283	162,751	17,063	44,615	41,306	227,664	67,410	4,759,544	4,069,143	0	659,784	29,117	1,500
March.....	696,272	285,626	16,756	85,067	22,537	60,434	90,200	97,401	38,251	1,464,797	433,797	252,320	755,880	19,950	2,850
April.....	2,231,437	601,932	9,935	278,098	10,404	23,623	1,044,870	190,836	71,738	1,161,370	347,509	100,125	709,955	1,581	2,200
May.....	1,341,815	480,831	34,168	461,286	14,204	54,134	97,929	117,686	81,577	3,090,508	2,244,233	148,500	625,447	65,754	6,575
June.....	1,778,662	584,897	10,675	408,145	13,237	109,741	269,544	243,233	139,190	1,715,124	368,885	278,438	1,034,636	29,201	3,965

See footnotes at end of part 4.

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

## PART 4.—PRIVATE PLACEMENT OF CORPORATE SECURITIES \*

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

Calendar year or month	All private placements	Type of security		Industry of issuer							
		Bonds, debentures, and notes	Stocks	Manufacturing	Extractive	Electric, gas, and water	Railroad	Other transportation	Communication	Financial and real estate	Commercial and other
1956.....	3,886,144	3,776,994	109,151	1,612,952	134,812	616,319	11,650	215,494	91,539	1,028,338	175,041
1957.....	3,924,559	3,838,917	85,642	1,656,940	146,685	665,506	0	419,319	137,455	714,662	183,993
1958.....	3,489,883	3,320,294	169,589	1,397,250	105,483	616,692	500	505,126	175,792	501,659	187,380
1959.....	3,754,915	3,632,417	122,498	1,978,778	59,023	676,987	22,498	659,161	101,170	982,567	274,730
1960.....	3,496,888	3,275,407	221,482	958,134	112,926	517,568	17,500	386,146	107,027	1,093,362	304,225
<i>1960</i>											
January.....	199,421	190,404	9,017	34,226	7,500	11,119	0	38,890	6,525	93,119	8,043
February.....	306,322	293,652	12,670	28,461	1,500	29,789	0	8,612	6,998	153,969	76,993
March.....	354,920	311,372	43,548	49,450	48,350	67,976	0	48,153	13,818	90,056	37,117
April.....	237,069	231,669	5,400	98,242	5,400	64,559	0	19,098	1,352	38,348	10,070
May.....	257,740	219,914	37,825	61,597	25,838	36,995	0	14,690	12,872	76,858	28,890
June.....	332,784	318,804	13,980	98,950	1,271	45,672	0	27,040	5,599	133,557	20,694
July.....	247,714	236,011	11,702	78,845	3,553	19,330	17,000	20,028	5,578	94,220	9,159
August.....	261,699	228,863	32,836	48,417	0	66,939	0	76,282	16,719	38,600	14,742
September.....	297,390	289,448	7,942	97,434	1,500	93,733	0	25,315	18,405	43,993	17,010
October.....	184,483	156,986	27,497	53,861	634	40,345	500	27,413	359	40,838	20,532
November.....	364,669	357,024	7,645	169,675	3,597	13,796	0	12,454	5,652	129,556	29,951
December.....	452,678	441,259	11,419	138,977	13,782	27,325	0	68,172	13,150	160,248	31,024
<i>1961</i>											
January.....	307,092	293,775	13,317	122,905	12,371	17,200	3,750	52,523	21,000	64,568	12,775
February.....	295,016	255,336	39,680	86,708	16,500	29,187	0	43,298	17,950	54,224	47,150
March.....	343,684	331,384	12,300	195,622	5,614	21,771	0	42,084	9,500	52,295	16,798
April.....	360,509	348,359	12,150	73,480	5,750	119,189	250	23,623	11,250	109,355	17,611
May.....	446,377	354,960	91,418	155,164	30,473	128,283	0	27,420	4,870	59,880	40,288
June.....	593,203	571,726	21,478	260,835	3,600	80,031	12,000	31,638	9,949	145,151	50,001

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

amounts instead of gross proceeds. All figures are subject to revision as new data are received. For data for the years 1934-55, see 25th Annual Report.

<sup>2</sup> 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.

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

<sup>4</sup> Issues in this group include those between \$100,000 and \$300,000 in size which are exempt under Regulation A of the Securities Act of 1933.

<sup>5</sup> Chiefly bank stock issues.

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

<sup>7</sup> Excluding issues of investment companies.

<sup>8</sup> 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]

Calendar year or month <sup>2</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>4</sup>	Total new money	Plant and equipment	Working capital		
1956.....	10,938,718	10,748,836	9,062,952	6,709,126	2,953,826	364,459	721,424
1957.....	12,883,533	12,661,300	11,783,879	9,039,778	2,744,101	214,294	663,127
1958.....	11,558,343	11,371,563	9,907,135	7,792,008	2,115,127	548,952	915,475
1959.....	9,748,069	9,526,631	8,577,764	6,084,152	2,493,612	134,548	814,319
1960.....	10,153,980	9,923,779	8,758,240	5,661,567	3,096,673	270,784	894,755
<i>1960</i>							
January.....	640,674	625,956	547,920	313,310	234,610	55,636	22,401
February.....	735,483	718,702	661,205	401,211	259,995	4,269	53,317
March.....	888,878	869,143	762,399	465,810	296,588	8,709	98,036
April.....	805,189	782,869	674,818	478,641	196,177	21,960	86,091
May.....	607,796	589,524	513,769	331,098	182,672	12,952	62,802
June.....	1,123,672	1,092,403	991,984	602,759	389,224	48,143	52,277
July.....	777,378	759,727	656,529	325,354	331,175	23,962	79,236
August.....	995,859	976,270	894,819	613,608	281,211	10,166	71,285
September.....	746,591	731,130	671,120	541,240	129,880	5,258	54,752
October.....	928,185	910,297	830,177	626,613	203,564	20,214	59,906
November.....	1,009,485	998,474	804,515	466,010	338,505	32,321	151,638
December.....	894,790	879,102	748,984	495,912	253,072	27,194	103,014
<i>1961</i>							
January.....	600,616	590,250	551,575	359,176	192,399	10,346	28,328
February.....	695,413	681,810	611,885	304,253	307,632	14,327	55,598
March.....	696,272	679,178	484,111	288,762	195,349	117,655	77,412
April.....	2,231,437	2,202,858	2,055,451	1,780,209	275,242	84,749	62,658
May.....	1,341,815	1,314,344	1,090,014	833,809	256,205	55,279	169,051
June.....	1,778,662	1,743,947	1,126,731	758,816	367,915	426,340	190,877

## PART 2.—MANUFACTURING

1956.....	3,647,243	3,578,502	2,944,378	1,928,034	1,016,344	242,684	391,440
1957.....	4,233,708	4,153,534	3,764,423	2,644,460	1,119,963	49,131	339,980
1958.....	3,515,407	3,459,399	2,851,033	2,027,328	823,705	194,629	413,738
1959.....	2,072,820	2,011,306	1,684,071	863,709	820,362	70,419	256,815
1960.....	2,152,419	2,076,267	1,710,743	944,632	766,111	79,327	286,196
<i>1960</i>							
January.....	67,437	63,580	54,822	33,681	21,140	4,236	4,522
February.....	71,936	67,226	59,178	26,458	32,719	603	7,446
March.....	181,013	173,298	150,492	96,421	54,071	1,181	21,625
April.....	179,261	172,948	132,024	51,429	80,595	2,309	38,615
May.....	103,576	98,309	73,876	24,365	49,512	6,294	18,139
June.....	260,806	249,121	219,720	107,834	111,886	459	28,942
July.....	188,786	182,293	162,670	72,742	89,927	583	19,041
August.....	233,134	225,907	206,122	156,790	49,331	6,075	13,710
September.....	169,014	164,699	134,871	79,143	55,729	3,785	26,042
October.....	195,739	189,151	160,572	107,427	53,145	4,491	24,087
November.....	283,319	276,624	204,758	100,983	103,775	27,160	44,706
December.....	218,399	213,112	151,640	87,359	64,280	22,151	39,321
<i>1961</i>							
January.....	173,177	169,784	155,356	97,322	58,034	1,246	13,183
February.....	106,322	103,654	75,114	29,653	45,461	4,739	23,801
March.....	285,626	279,351	182,692	79,230	103,462	31,736	64,923
April.....	601,932	590,049	543,257	439,882	103,375	16,390	30,412
May.....	480,831	468,993	339,003	203,516	135,487	22,449	107,542
June.....	584,897	573,715	340,098	170,549	169,549	127,677	105,939

See footnote at end of table.

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

PART 3.—EXTRACTIVE

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

Calendar year or month <sup>2</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1956.....	455,523	435,691	304,909	211,029	93,880	37,849	92,934
1957.....	288,574	276,809	242,826	159,783	83,042	6,838	27,145
1958.....	246,565	239,274	184,092	95,221	88,871	2,033	53,149
1959.....	161,396	154,495	119,555	39,190	80,365	12,245	22,695
1960.....	245,682	239,469	154,216	71,338	82,879	8,476	76,777
<i>1960</i>							
January.....	29,213	27,975	21,357	18,435	2,922	0	6,618
February.....	10,175	9,927	9,827	3,166	6,661	0	99
March.....	78,745	77,178	21,248	12,937	8,311	0	55,930
April.....	7,800	7,579	3,919	1,910	2,010	0	3,659
May.....	35,178	34,759	29,833	11,339	18,494	1,008	3,918
June.....	2,454	2,311	1,060	487	572	0	1,251
July.....	23,669	22,793	14,912	2,594	12,348	7,068	784
August.....	9,339	9,273	9,237	220	9,017	0	36
September.....	4,872	4,600	2,876	285	2,591	0	1,724
October.....	8,734	8,608	8,518	2,470	6,048	0	90
November.....	13,614	13,109	11,594	3,140	8,454	0	1,515
December.....	21,888	21,358	19,806	14,356	5,450	400	1,152
<i>1961</i>							
January.....	15,171	15,105	13,282	6,414	6,867	593	1,230
February.....	28,283	27,682	25,071	9,024	16,047	817	1,794
March.....	16,756	16,130	15,136	6,387	8,749	249	745
April.....	9,935	9,762	5,852	2,828	3,024	286	3,623
May.....	34,168	33,644	32,017	24,791	7,226	514	1,113
June.....	10,675	9,965	9,476	3,822	5,654	32	458

PART 4.—ELECTRIC, GAS AND WATER

1956.....	2,529,175	2,487,493	2,409,885	2,394,928	14,957	13,794	63,814
1957.....	3,938,087	3,871,899	3,659,189	3,645,919	13,271	51,280	161,430
1958.....	3,804,105	3,743,395	3,441,074	3,411,355	29,719	138,392	163,928
1959.....	3,257,790	3,204,090	3,056,634	3,036,644	19,990	15,250	132,205
1960.....	2,851,215	2,805,315	2,655,559	2,624,059	31,500	51,170	98,587
<i>1960</i>							
January.....	158,040	155,387	154,757	153,708	1,019	0	630
February.....	253,227	247,631	245,007	244,738	270	2,250	374
March.....	202,021	198,142	196,933	194,787	2,146	459	750
April.....	326,225	320,657	282,737	282,737	0	18,155	19,765
May.....	146,719	143,939	137,678	137,678	0	0	6,262
June.....	370,818	365,050	354,109	350,668	3,441	3,445	7,496
July.....	143,116	140,869	118,446	117,319	1,126	14,450	7,973
August.....	225,531	222,287	217,287	216,187	1,101	0	5,000
September.....	307,253	303,269	302,544	302,311	234	125	600
October.....	215,422	212,344	199,149	198,387	762	9,794	3,400
November.....	320,076	315,454	267,483	246,508	20,974	1,789	46,183
December.....	182,768	180,287	179,430	179,033	397	702	155
<i>1961</i>							
January.....	139,643	137,235	134,198	134,160	37	0	3,037
February.....	162,751	159,999	159,961	159,923	38	0	38
March.....	85,067	83,693	81,912	81,546	366	0	1,782
April.....	278,098	274,984	247,393	247,116	277	21,442	6,149
May.....	461,286	455,732	408,095	406,670	1,425	16,757	30,880
June.....	408,145	401,912	387,411	385,859	1,552	13,174	1,327

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 <sup>1</sup>]

Calendar year or month <sup>2</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1956.....	382,012	378,159	365,447	365,447	0	12,713	0
1957.....	343,647	340,244	326,409	326,409	0	13,835	0
1958.....	238,352	235,542	206,381	188,784	17,597	29,161	0
1959.....	173,913	172,244	172,244	169,314	2,930	0	0
1960.....	211,244	209,146	174,485	174,485	0	34,661	0
1960							
January.....	18,867	18,697	18,697	18,697	0	0	0
February.....	4,736	4,697	4,697	4,697	0	0	0
March.....	7,558	7,486	7,486	7,486	0	0	0
April.....	28,924	28,659	28,659	28,659	0	0	0
May.....	19,789	19,574	19,574	19,574	0	0	0
June.....	46,089	45,446	10,785	10,785	0	34,661	0
July.....	30,692	30,482	30,482	30,482	0	0	0
August.....	16,141	16,017	16,017	16,017	0	0	0
September.....	16,282	16,143	16,143	16,143	0	0	0
October.....	8,437	8,345	8,345	8,345	0	0	0
November.....	2,604	2,582	2,582	2,582	0	0	0
December.....	11,125	11,016	11,016	11,016	0	0	0
1961							
January.....	27,620	27,384	27,384	27,384	0	0	0
February.....	17,063	16,848	10,374	10,175	200	6,473	0
March.....	22,537	21,984	13,171	13,171	0	8,812	0
April.....	10,404	10,300	10,300	10,300	0	0	0
May.....	14,204	14,065	14,065	14,065	0	0	0
June.....	13,237	13,185	7,200	7,200	0	5,985	0

## PART 6.—OTHER TRANSPORTATION

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	8,595	97,088
1959.....	792,829	784,469	747,347	699,873	47,474	15,077	22,045
1960.....	507,286	501,031	451,064	423,993	27,071	3,908	46,059
1960							
January.....	40,473	39,649	37,940	36,020	1,920	855	855
February.....	14,580	14,014	13,588	13,045	543	426	0
March.....	68,353	67,628	65,406	64,295	1,111	1,111	1,111
April.....	24,778	24,476	24,476	24,197	279	0	0
May.....	60,020	58,872	54,140	52,781	1,358	0	4,732
June.....	28,055	27,779	27,320	21,632	5,718	459	0
July.....	23,028	19,834	19,751	19,710	41	41	41
August.....	76,282	75,943	53,590	51,410	2,181	0	22,353
September.....	34,854	34,536	27,609	19,525	8,084	0	6,927
October.....	27,713	27,512	27,362	27,242	120	75	75
November.....	43,454	42,569	39,501	36,675	2,826	0	3,069
December.....	68,697	68,219	60,381	57,490	2,891	941	6,897
1961							
January.....	55,123	54,396	53,544	51,236	2,308	322	529
February.....	44,615	44,230	44,051	43,108	943	90	90
March.....	60,434	59,653	58,210	53,084	5,125	722	722
April.....	23,623	23,524	20,871	19,259	1,611	830	1,823
May.....	54,134	53,181	52,959	49,297	3,662	111	111
June.....	109,741	108,656	67,842	66,975	867	708	40,106

See footnotes at end of table.

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

PART 7.—COMMUNICATION

[Amounts in thousands of dollars ]

Calendar year or month <sup>1</sup>	Proceeds		New money			Retire-ment of securities	Other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1956.....	1,419,457	1,405,006	1,371,471	1,369,832	1,639	20,674	12,861
1957.....	1,461,748	1,444,446	1,427,977	1,425,696	2,281	3,904	12,566
1958.....	1,423,776	1,411,831	1,265,315	1,262,382	2,933	118,112	28,404
1959.....	717,101	707,265	702,959	701,347	1,612	113	4,192
1960.....	1,049,810	1,036,460	1,031,659	1,022,870	8,790	682	4,119
<i>1960</i>							
January.....	36,998	36,345	36,245	36,154	91	0	100
February.....	85,561	84,535	84,535	84,490	45	0	0
March.....	69,803	69,124	68,442	68,397	45	682	0
April.....	52,518	51,733	51,123	48,182	2,940	0	611
May.....	37,250	36,462	36,462	35,452	1,010	0	0
June.....	61,745	60,698	60,361	60,341	19	0	337
July.....	58,361	57,432	56,432	52,855	3,577	0	1,000
August.....	167,682	165,434	163,974	163,974	0	0	1,460
September.....	95,747	94,101	93,886	93,322	564	0	215
October.....	255,620	253,560	253,560	253,516	45	0	0
November.....	27,303	26,792	26,397	25,944	453	0	395
December.....	101,225	100,243	100,243	100,243	0	0	0
<i>1961</i>							
January.....	21,300	21,140	17,857	17,588	270	0	3,283
February.....	41,306	40,527	38,700	36,914	1,786	0	1,827
March.....	90,200	88,994	18,885	18,709	176	69,933	176
April.....	1,044,870	1,038,794	993,779	991,649	2,130	44,973	42
May.....	97,929	97,193	84,881	84,623	158	12,154	168
June.....	269,544	266,613	13,948	13,778	169	250,531	2,134

PART 8.—FINANCIAL AND REAL ESTATE

1956.....	1,855,953	1,831,550	1,703,487	39,038	1,664,449	16,947	111,116
1957.....	1,795,413	1,768,353	1,635,740	241,464	1,394,276	67,314	65,298
1958.....	1,088,299	1,060,792	900,109	186,773	713,336	46,887	113,796
1959.....	1,852,906	1,807,390	1,568,990	300,592	1,268,398	6,116	232,285
1960.....	2,524,619	2,472,229	2,143,135	267,586	1,875,549	71,366	257,728
<i>1960</i>							
January.....	254,543	251,007	192,837	6,794	186,042	50,480	7,690
February.....	203,105	200,695	185,037	9,090	175,947	0	15,659
March.....	225,346	222,523	213,623	9,702	203,921	3,247	5,653
April.....	143,688	137,313	115,336	30,957	84,379	987	20,990
May.....	164,492	158,427	137,884	45,954	91,930	1,142	19,401
June.....	303,463	294,948	276,725	27,752	248,973	8,612	9,611
July.....	287,150	282,108	235,327	25,246	210,081	50	46,731
August.....	223,866	219,213	194,853	4,020	190,863	3,863	20,407
September.....	74,287	71,821	63,321	21,833	41,488	112	8,388
October.....	150,414	147,222	125,229	11,879	113,350	109	21,885
November.....	245,212	242,433	206,972	33,022	173,950	150	35,311
December.....	249,055	244,518	195,961	41,337	154,624	2,614	45,943
<i>1961</i>							
January.....	148,570	146,232	132,005	18,781	113,224	8,106	6,121
February.....	227,664	223,842	220,843	7,215	213,628	1,022	1,977
March.....	97,401	93,643	85,816	27,044	58,772	1,400	6,427
April.....	190,836	186,144	168,987	59,420	109,566	410	16,748
May.....	117,686	113,014	90,146	27,368	62,837	1,834	21,034
June.....	243,233	236,587	203,184	77,870	125,314	5,442	27,992

See footnotes at end of table.

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

## PART 9.—COMMERCIAL AND OTHER

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

Calendar year or month <sup>2</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1956.....	307,355	296,663	240,521	102,281	138,239	12,652	43,491
1957.....	342,435	330,593	262,220	130,382	122,828	21,788	46,585
1958.....	656,299	641,298	584,602	161,819	422,873	11,234	45,372
1959.....	719,314	685,374	525,963	273,483	252,480	15,328	144,082
1960.....	611,705	583,860	437,378	132,604	304,774	21,194	125,288
<i>1960</i>							
January.....	35,103	33,316	31,265	9,821	21,444	65	1,986
February.....	92,164	90,067	59,337	15,527	43,810	990	29,740
March.....	56,040	53,766	38,770	11,786	26,984	2,029	12,967
April.....	41,996	39,505	36,545	10,571	25,974	509	2,451
May.....	40,773	39,181	24,322	3,954	20,368	4,508	10,352
June.....	50,243	47,052	41,005	23,290	18,616	507	4,640
July.....	25,578	23,915	18,479	4,405	14,074	1,770	3,666
August.....	43,882	42,196	33,708	4,990	28,718	228	8,259
September.....	44,281	41,961	29,869	8,679	21,189	1,237	10,855
October.....	66,105	63,555	47,441	17,347	30,094	5,745	10,369
November.....	73,904	68,910	45,229	17,156	28,073	3,222	20,459
December.....	41,634	40,437	30,507	5,076	25,431	385	9,546
<i>1961</i>							
January.....	20,012	18,975	17,950	6,291	11,659	80	945
February.....	67,410	65,028	37,771	8,242	29,530	1,186	26,070
March.....	38,251	35,730	28,289	9,590	18,699	4,803	2,638
April.....	71,738	69,300	65,013	9,754	55,258	428	3,860
May.....	81,577	78,521	68,848	23,439	45,409	1,460	8,213
June.....	139,190	133,315	97,573	32,764	64,809	22,792	12,951

<sup>1</sup> Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.<sup>2</sup> For earlier data see 26th annual report.<sup>3</sup> Total estimated gross proceeds represent the amount paid for the securities by investors, while total estimated net proceeds represent the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

TABLE 5.—A summary of corporate securities publicly offered and privately placed in each year from 1934 through June 1961

[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	4,109	3,660	539	373	369	4	8.2	9.2
1937.....	2,309	1,618	691	1,979	1,291	688	330	327	3	14.3	20.2
1938.....	2,155	2,044	111	1,463	1,353	110	692	691	1	32.1	33.8
1939.....	2,164	1,979	185	1,458	1,276	181	706	703	4	32.6	35.5
1940.....	2,677	2,386	291	1,912	1,628	284	765	758	7	28.6	31.8
1941.....	2,667	2,389	277	1,854	1,578	276	813	811	2	30.5	33.9
1942.....	1,062	917	146	642	506	136	420	411	9	39.5	44.8
1943.....	1,170	990	180	798	621	178	372	369	3	31.8	37.3
1944.....	3,202	2,670	532	2,415	1,892	524	787	778	9	24.6	29.1
1945.....	6,011	4,855	1,155	4,989	3,851	1,138	1,022	1,004	18	17.0	20.7
1946.....	6,900	4,882	2,018	4,983	3,019	1,963	1,917	1,863	54	27.8	38.2
1947.....	6,577	5,036	1,541	4,342	2,889	1,452	2,235	2,147	88	34.0	42.6
1948.....	7,078	5,973	1,106	3,991	2,965	1,028	3,087	3,008	79	43.6	50.4
1949.....	6,052	4,890	1,161	3,550	2,437	1,112	2,502	2,453	49	41.3	50.2
1950.....	6,362	4,920	1,442	3,681	2,360	1,321	2,680	2,560	120	42.1	52.0
1951.....	7,741	5,691	2,050	4,326	2,364	1,962	3,415	3,326	88	44.1	58.4
1952.....	9,534	7,601	1,933	5,533	3,645	1,888	4,002	3,957	45	42.0	52.1
1953.....	8,898	7,083	1,815	5,580	3,856	1,725	3,318	3,228	90	37.3	45.6
1954.....	9,516	7,488	2,029	5,848	4,003	1,844	3,668	3,484	184	38.5	46.5
1955.....	10,240	7,420	2,820	6,763	4,119	2,644	3,477	3,301	176	34.0	44.5
1956.....	10,939	8,002	2,937	7,053	4,225	2,827	3,886	3,777	109	35.5	47.2
1957.....	12,884	9,957	2,927	8,959	6,118	2,841	3,925	3,839	86	30.5	38.6
1958.....	11,558	9,653	1,906	8,068	6,332	1,736	3,490	3,320	170	30.2	34.4
1959.....	9,748	7,190	2,558	5,993	3,657	2,436	3,755	3,632	122	38.5	50.5
1960.....	10,154	8,081	2,073	6,657	4,806	1,851	3,497	3,275	221	34.4	40.5
1961 (January-June).....	7,344	5,121	2,223	4,998	2,965	2,033	2,346	2,156	190	31.9	42.1

TABLE 6.—*Brokers and dealers registered under the Securities Exchange Act of 1934*<sup>1</sup>—*effective registrations as of June 30, 1961, classified by type of organization and by location of principal office*

Location of principal office	Number of registrants				Number of proprietors, partners, officers, etc. <sup>2,3</sup>			
	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>	Total	Sole proprietorships	Partnerships	Corporations <sup>4</sup>
Alabama.....	39	14	4	21	119	14	13	92
Alaska.....	4	3	0	1	8	3	0	5
Arizona.....	30	7	5	18	117	7	13	97
Arkansas.....	33	6	3	24	122	6	6	110
California.....	415	152	86	177	1,568	152	532	884
Colorado.....	95	27	6	62	330	27	21	282
Connecticut.....	46	17	12	17	188	17	59	112
Delaware.....	20	7	4	9	79	7	22	50
District of Columbia.....	139	33	21	85	616	33	120	463
Florida.....	136	53	10	73	387	53	25	309
Georgia.....	37	9	5	23	219	9	26	184
Hawaii.....	36	13	6	17	139	13	15	111
Idaho.....	15	7	1	7	40	7	3	30
Illinois.....	196	44	55	97	945	44	300	601
Indiana.....	57	26	4	27	180	26	9	145
Iowa.....	36	13	5	18	105	13	14	78
Kansas.....	32	10	5	17	125	10	15	100
Kentucky.....	22	8	6	8	66	8	22	36
Louisiana.....	54	28	11	15	126	28	43	55
Maine.....	28	9	2	17	79	9	7	63
Maryland.....	64	20	12	32	212	20	84	108
Massachusetts.....	216	92	33	91	932	92	240	600
Michigan.....	62	9	17	36	329	9	100	220
Minnesota.....	67	9	9	49	329	9	35	285
Mississippi.....	22	8	7	7	51	8	18	25
Missouri.....	87	23	17	47	509	23	144	342
Montana.....	16	9	2	5	40	9	4	27
Nebraska.....	27	9	0	18	127	9	0	118
Nevada.....	5	3	0	2	11	3	0	8
New Hampshire.....	11	7	1	3	25	7	2	16
New Jersey.....	256	131	3	87	585	131	104	350
New Mexico.....	11	3	3	5	37	3	10	24
New York State (excluding New York City).....	446	248	44	154	920	248	129	543
North Carolina.....	42	14	4	24	210	14	10	186
North Dakota.....	10	3	2	5	27	3	4	20
Ohio.....	135	27	35	73	626	27	191	408
Oklahoma.....	39	23	5	11	80	23	11	46
Oregon.....	31	5	6	20	112	5	12	95
Pennsylvania.....	240	69	82	89	996	69	400	527
Rhode Island.....	21	5	9	7	49	5	24	20
South Carolina.....	33	10	4	19	99	10	9	80
South Dakota.....	8	4	0	4	19	4	0	15
Tennessee.....	49	11	7	31	213	11	23	179
Texas.....	205	88	20	97	648	88	72	488
Utah.....	44	15	6	23	135	15	27	93
Vermont.....	4	2	0	2	14	2	0	12
Virginia.....	51	21	12	18	170	21	63	86
Washington.....	86	43	4	39	273	43	8	222
West Virginia.....	14	9	2	3	31	9	5	17
Wisconsin.....	48	9	5	34	229	9	28	192
Wyoming.....	12	8	0	4	23	8	0	15
Total (excluding New York City).....	3,832	1,423	637	1,772	13,619	1,423	3,022	9,174
New York City.....	1,614	379	588	647	7,563	379	3,834	3,350
Total.....	5,446	1,802	1,225	2,419	21,182	1,802	6,856	12,524

<sup>1</sup> Does not include 54 registrants whose principal offices are located in foreign countries or other territorial jurisdictions not listed.

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

<sup>3</sup> 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, 1961.

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

TABLE 7.—Number of issuers and security issues on exchanges

PART 1.—UNDUPLICATED NUMBER OF STOCK AND BOND ISSUES ADMITTED TO TRADING ON EXCHANGES AND THE NUMBER OF ISSUERS INVOLVED, AS OF JUNE 30, 1961

Status under the act <sup>1</sup>	Stocks	Bonds	Total stocks and bonds	Issuers involved
Registered pursuant to sec. 12 (b), (c), and (d).....	2, 748	1, 183	3, 931	2, 341
Temporarily exempted from registration by Commission rule.....	12	22	34	9
Admitted to unlisted trading privileges on registered exchanges pursuant to sec. 12(f).....	197	28	225	183
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.....	3, 042	1, 241	4, 283	2, 604

<sup>1</sup> Registered: Sec. 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. Sec. 12(c) authorizes the Commission to require the submission of information of a comparable character if in its judgment information specified under sec. 12(b) is inapplicable to any specified class or classes of issuers. Sec. 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: Sec. 12(f) provides, in effect, that securities which were admitted to unlisted trading privileges on Mar. 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 sec. 15(d).

Listed on exempted exchanges: Certain exchanges were exempted from full registration under sec. 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 sec. 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 sec. 12(f).

PART 2.—NUMBER OF STOCK AND BOND ISSUES ON EACH EXCHANGE AND NUMBER OF ISSUERS INVOLVED, AS OF JUNE 30, 1961

Exchanges	Issuers	Stocks					Total	Bonds				
		R	X	U	XL	XU		R	X	U	XL	Total
American.....	910	760	4	213	-----	-----	977	35	1	29	-----	65
Boston.....	436	69	1	381	-----	-----	451	12	-----	-----	-----	12
Chicago Board of Trade.....	10	6	-----	4	-----	-----	10	-----	-----	-----	-----	-----
Cincinnati.....	147	41	1	113	-----	-----	155	9	1	-----	-----	10
Colorado Springs.....	10	-----	-----	-----	11	-----	11	-----	-----	-----	-----	-----
Detroit.....	232	100	5	134	-----	-----	239	-----	-----	-----	-----	-----
Honolulu.....	56	-----	-----	-----	51	16	67	-----	-----	-----	8	8
Midwest.....	456	401	1	111	-----	-----	513	15	-----	-----	-----	15
New York Stock.....	1, 332	1, 544	2	-----	-----	-----	1, 546	1, 124	21	-----	-----	1, 145
Pacific Coast.....	507	332	1	245	-----	-----	578	21	-----	-----	-----	21
Philadelphia-Baltimore.....	544	171	6	457	-----	-----	634	52	-----	-----	-----	52
Pittsburgh.....	111	41	2	75	-----	-----	118	1	-----	-----	-----	1
Richmond.....	18	-----	-----	-----	27	-----	27	-----	-----	-----	-----	-----
Salt Lake.....	89	85	1	3	-----	-----	89	-----	-----	-----	-----	-----
San Francisco Mining.....	41	42	-----	-----	-----	-----	42	-----	-----	-----	-----	-----
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 sec. 3(a) (12) of the act, such as obligations of the U.S. Government, the States and cities, are not included in this table.

TABLE 8.—Unlisted stocks on stock exchanges <sup>1</sup>PART 1.—NUMBER OF STOCKS ON THE EXCHANGES IN THE VARIOUS UNLISTED CATEGORIES <sup>2</sup> AS OF JUNE 30, 1961

Exchanges	Unlisted only <sup>3</sup>		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 <sup>4</sup>
American.....	174	2	32	4	1
Boston.....	1	0	145	235	0
Chicago Board of Trade.....	2	0	2	0	0
Cincinnati.....	0	0	0	113	0
Detroit.....	0	0	13	121	0
Honolulu.....	16	0	0	0	0
Midwest.....	0	0	0	111	0
Pacific Coast.....	19	0	55	171	0
Philadelphia-Baltimore.....	3	0	222	232	0
Pittsburgh.....	0	0	16	59	0
Salt Lake.....	2	0	0	0	1
Spokane.....	4	0	1	1	0
Wheeling.....	0	0	0	3	0
Total <sup>5</sup> .....	221	2	486	1,050	2

PART 2.—UNLISTED SHARE VOLUME ON THE EXCHANGES—CALENDAR YEAR 1960

Exchanges	Unlisted only <sup>3</sup>		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 <sup>4</sup>
American.....	25,494,995	17,060	5,448,030	4,076,300	18,200
Boston.....	10,067	0	2,159,034	2,143,638	0
Chicago Board of Trade.....	0	0	0	0	0
Cincinnati.....	0	0	0	441,031	0
Detroit.....	0	0	359,108	1,892,455	0
Honolulu.....	51,556	0	0	0	0
Midwest.....	0	0	0	10,181,358	0
Pacific Coast.....	5,078,804	0	3,589,739	5,435,949	0
Philadelphia-Baltimore.....	200	0	4,515,325	4,229,628	0
Pittsburgh.....	0	0	253,438	180,432	0
Salt Lake.....	0	0	0	0	190
Spokane.....	250,682	0	20,041	185	0
Wheeling.....	0	0	0	1,254	0
Total.....	30,886,304	17,060	16,345,615	28,582,230	18,390

<sup>1</sup> 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.<sup>2</sup> The categories are according to clauses 1, 2, and 3 of sec. 12(f) of the Securities Exchange Act.<sup>3</sup> None of these issues has any listed status on any domestic exchange, except that 6 of the 19 Pacific Coast Stock Exchange issues are also listed on an exempted exchange.<sup>4</sup> These issues became listed and registered on other exchanges subsequent to their admission to unlisted trading on the exchanges as shown.<sup>5</sup> Duplication of issues among exchanges brings the figures to more than the actual number of issues involved.

TABLE 9.—Dollar volume and share volume of sales effected on securities exchanges in the calendar year 1960 and the 6-month period ended June 30, 1961

[Amounts in thousands]

PART 1.—12 MONTHS ENDED DEC. 31, 1960

	Total dollar volume	Stocks		Bonds		Rights and warrants	
		Dollar volume	Share volume	Dollar volume	Principal amount	Dollar volume	Number of units
Registered exchanges.	46,900,318	45,218,535	1,388,610	1,606,985	1,614,233	74,797	51,316
American.....	4,262,445	4,176,296	300,601	26,760	26,359	59,390	20,305
Boston.....	272,156	272,156	5,606	0	0	0	0
Chicago Board of Trade.....	0	0	0	0	0	0	0
Cincinnati.....	34,928	34,825	690	103	162	0	0
Detroit.....	154,538	154,501	4,806	0	0	37	103
Midwest.....	1,235,464	1,235,160	31,432	15	16	289	291
National.....	0	0	0	0	0	0	0
New York.....	39,552,249	37,959,591	958,310	1,579,816	1,587,414	12,842	28,568
Pacific Coast.....	883,358	881,155	43,415	2	1	2,201	1,438
Philadelphia-Baltimore.....	471,325	470,996	12,171	290	282	39	610
Pittsburgh.....	28,271	28,271	793	0	0	0	0
Salt Lake.....	2,396	2,396	16,727	0	0	0	0
San Francisco.....	1,186	1,186	11,153	0	0	0	0
Spokane.....	2,316	2,316	2,906	0	0	0	0
Exempted exchanges.	12,991	12,712	1,086	33	36	246	35
Colorado Springs.....	89	89	547	0	0	0	0
Honolulu.....	11,654	11,375	510	33	36	246	35
Richmond.....	808	808	18	0	0	0	0
Wheeling.....	441	441	12	0	0	0	0

PART 2.—6 MONTHS ENDED JUNE 30, 1961

Registered exchanges.	36,785,968	35,514,513	1,171,205	1,088,454	1,027,757	183,001	92,279
American.....	4,339,871	4,238,175	332,340	35,833	23,129	65,864	8,049
Boston.....	172,119	171,695	3,376	0	0	424	283
Chicago Board of Trade.....	0	0	0	0	0	0	0
Cincinnati.....	25,766	25,722	508	39	52	5	8
Detroit.....	115,333	115,251	3,346	0	0	82	55
Midwest.....	908,472	905,997	23,007	51	56	2,425	1,966
National.....	0	0	0	0	0	0	0
New York.....	30,144,543	28,982,441	735,686	1,052,434	1,004,411	109,668	79,303
Pacific Coast.....	693,104	690,093	42,671	0	0	3,011	1,639
Philadelphia-Baltimore.....	363,053	361,433	8,704	97	109	1,523	976
Pittsburgh.....	18,662	18,662	578	0	0	0	0
Salt Lake.....	1,474	1,474	9,613	0	0	0	0
San Francisco Mining.....	1,330	1,330	8,778	0	0	0	0
Spokane.....	2,240	2,240	3,598	0	0	0	0
Exempted exchanges.	14,812	14,795	630	17	18	0	0
Colorado Springs.....	40	40	120	0	0	0	0
Honolulu.....	14,235	14,218	499	17	18	0	0
Richmond.....	353	353	9	0	0	0	0
Wheeling.....	184	184	3	0	0	0	0

NOTE.—Data on the value and volume of securities sales are reported in connection with fees paid under sec. 31 of the Securities Exchange Act of 1934. They include all securities sales effected on exchanges except sales of bonds of the U.S. Government which are not subject to the fee. The data cover odd-lot as well a round-lot transactions. Reports of most exchanges for a given month cover transactions cleared during the calendar month; clearances occur for the most part on the 4th day after that on which the trade actually was effected.

TABLE 10.—Comparative share sales and dollar volumes on exchanges

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

Year	Share sales	NYS %	AMS %	MSE %	PCS %	PBS %	BSE %	DSE %	PIT %	CIN %	Other %
1935	681,970,500	73.13	12.42	1.91	2.69	0.76	0.96	0.85	0.34	0.03	6.91
1936	962,135,940	73.02	16.43	2.18	2.96	.69	.72	.74	.32	.04	2.90
1937	838,469,889	73.19	14.75	1.79	3.23	.70	.83	.59	.38	.03	4.51
1938	543,331,878	78.08	10.55	2.27	2.67	.79	1.03	.75	.25	.04	3.57
1939	468,330,340	78.23	11.39	2.26	2.35	.93	1.18	.76	.25	.05	2.60
1940	377,896,572	75.44	13.20	2.11	2.78	1.02	1.19	.82	.31	.08	2.05
1941	311,150,395	73.96	12.73	2.72	2.69	1.24	1.50	.87	.36	.14	3.79
1942	221,159,616	76.49	11.64	2.70	2.62	1.08	1.39	.90	.29	.12	2.77
1943	486,290,926	74.58	16.72	2.20	1.92	.85	.76	.64	.20	.07	2.06
1944	465,523,183	73.40	16.87	2.07	2.40	.79	.81	.86	.26	.06	2.48
1945	769,018,138	65.87	21.31	1.77	2.98	.66	.66	.79	.40	.05	5.51
1946	803,076,532	66.07	19.37	1.74	3.51	.68	.84	.63	.28	.05	6.83
1947	513,274,867	69.82	16.98	1.67	4.22	.90	1.05	.66	.19	.08	4.43
1948	571,107,842	72.42	15.07	1.63	3.95	.87	.76	.68	.18	.08	4.36
1949	516,408,706	73.51	14.49	1.67	3.72	1.21	.93	.73	.18	.09	3.47
1950	893,320,458	76.32	13.54	2.16	3.11	.79	.65	.55	.18	.09	2.61
1951	863,918,401	74.40	14.60	2.10	3.54	.76	.70	.58	.16	.08	3.08
1952	732,400,451	71.21	16.08	2.43	3.85	.85	.73	.55	.16	.09	2.85
1953	716,732,406	72.64	15.85	2.28	3.90	.83	.81	.55	.15	.11	4.00
1954	1,053,941,443	71.04	16.87	2.00	3.24	.88	.50	.53	.13	.07	4.74
1955	1,321,400,711	68.85	19.19	2.09	3.08	.75	.48	.39	.10	.05	5.02
1956	1,182,487,085	66.31	21.01	2.32	3.25	.72	.47	.49	.11	.05	5.27
1957	1,293,021,856	70.70	18.14	2.33	2.73	.98	.40	.39	.13	.06	4.14
1958	1,400,578,512	71.31	19.14	2.13	2.99	.73	.45	.35	.11	.05	2.74
1959	1,699,696,619	65.69	24.50	2.00	2.81	.90	.37	.31	.07	.04	3.41
1960	1,441,047,564	68.48	22.27	2.20	3.11	.89	.39	.34	.06	.05	2.21
Six months to June 30, 1961	1,264,313,919	64.46	26.92	1.91	3.50	.77	.29	.27	.05	.04	1.79
	Dollar volume (000 omitted)										
1935	\$15,396,139	86.64	7.83	1.32	1.39	.68	1.34	.40	.20	.04	.16
1936	23,640,431	86.24	8.69	1.39	1.33	.62	1.05	.31	.20	.03	.14
1937	21,023,865	87.85	7.56	1.06	1.25	.60	1.10	.24	.20	.03	.11
1938	12,345,419	89.24	5.57	1.03	1.27	.72	1.51	.37	.18	.04	.07
1939	11,434,528	87.20	6.56	1.70	1.37	.82	1.70	.34	.18	.06	.07
1940	8,419,772	85.17	7.63	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	8.00	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	18,928,477	82.65	10.73	2.00	1.87	.79	1.23	.33	.16	.07	.17
1947	11,596,806	84.01	8.77	1.82	2.26	.91	1.51	.36	.14	.11	.11
1948	12,911,665	84.67	8.07	1.85	2.53	.88	1.33	.34	.14	.10	.09
1949	10,746,935	83.85	8.44	1.95	2.49	1.11	1.43	.39	.13	.12	.09
1950	21,808,284	85.91	6.85	2.35	2.19	.92	1.12	.39	.11	.11	.05
1951	21,306,087	85.48	7.56	2.30	2.06	.89	1.06	.36	.11	.11	.07
1952	17,394,395	84.86	7.39	2.67	2.20	.99	1.11	.43	.15	.12	.08
1953	16,715,533	85.25	6.79	2.84	2.20	1.06	1.04	.46	.16	.13	.07
1954	28,140,117	86.23	6.79	2.42	2.02	.94	.89	.39	.14	.10	.08
1955	38,039,107	86.31	6.98	2.44	1.90	.90	.78	.39	.13	.09	.08
1956	35,143,115	84.95	7.77	2.75	2.08	.96	.80	.42	.12	.08	.07
1957	32,214,846	85.51	7.33	2.69	2.02	1.00	.76	.42	.12	.08	.07
1958	38,419,560	85.42	7.45	2.71	2.11	1.01	.71	.37	.09	.08	.05
1959	52,001,255	83.66	9.53	2.67	1.94	1.01	.66	.33	.08	.07	.05
1960	45,306,603	83.81	9.35	2.73	1.95	1.04	.60	.34	.06	.08	.04
Six months to June 30, 1961	35,712,309	81.46	12.05	2.54	1.94	1.02	.48	.32	.05	.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 11.—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 <sup>1</sup>	79	812,390	22,694				116	2,397,454	82,840
1943	80	1,097,338	31,054				81	4,270,580	127,462
1944	87	1,053,667	32,454				94	4,097,298	135,760
1945	79	947,231	29,878				115	9,457,358	191,961
1946	23	308,134	11,002				100	6,481,291	232,398
1947	24	314,270	9,133				73	3,961,572	124,671
1948	21	238,879	5,466				95	7,302,420	175,991
1949	32	500,211	10,956				86	3,737,249	104,062
1950	20	150,308	4,940				77	4,280,681	88,743
1951	27	323,013	10,751				88	5,193,756	146,459
1952	22	357,897	9,931				76	4,223,258	149,117
1953	17	380,680	10,486				68	6,906,017	108,229
1954	14	189,772	6,670	57	705,781	24,664	84	5,738,359	218,490
1955	9	161,850	7,223	19	258,348	10,211	116	6,756,767	344,871
1956	8	131,755	4,557	17	156,481	4,645	146	11,696,174	520,966
1957	5	63,408	1,845	33	390,832	15,855	99	9,324,599	339,062
1958	5	88,152	3,286	38	619,876	29,454	122	9,508,505	361,886
1959	3	33,500	3,730	28	545,038	26,491	148	17,330,941	822,336
1960	3	63,663	5,439	20	441,664	11,108	92	11,439,065	424,688

<sup>1</sup> 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 12.—Reorganization proceedings under ch. X of the Bankruptcy Act in which the Commission participated during the fiscal year 1961

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, 1935	Dec. 20, 1935	May 1, 1940
Buekye Fuel Co.	do.	Nov. 28, 1939	Nov. 23, 1939	Do.
Buckeye Gas Service Co.	do.	do.	do.	Do.
Carbreath Gas Co.	do.	do.	do.	Do.
Inland Gas Distributing Co.	do.	do.	do.	Do.
Automatic Washer Co.	S. D. Iowa	Oct. 17, 1956	Nov. 2, 1956	Nov. 2, 1956
Brookwood Country Club	N. D. Ill.	Feb. 17, 1959	Mar. 3, 1959	Mar. 19, 1959
Central States Electric Corp.	E. D. Va.	Feb. 26, 1942	Feb. 27, 1942	Mar. 11, 1942
Coastal Finance Corp.	D. Md.	Feb. 15, 1956	Feb. 18, 1956	Apr. 16, 1956
Coffeyville Loan & Investment Co., Inc.	D. Kans.	July 17, 1959	July 17, 1959	Aug. 10, 1959
Corn Belt Packing Co. <sup>1,2</sup>	N. D. Iowa	June 24, 1960	June 24, 1960	Sept. 8, 1960
Crusader Oil & Gas Corp. <sup>1,2</sup>	S. D. Texas	June 10, 1960	do.	July 25, 1960
DePaul Educational Aid Society	N. D. Ill.	Jan. 1, 1959	Jan. 13, 1959	Feb. 4, 1959
Dixie Aluminum Corp. <sup>1</sup>	N. D. Georgia	Dec. 12, 1960	Dec. 16, 1960	Dec. 21, 1960
Dumont-Airplane & Marine Instruments, Inc.	S. D. N. Y.	Oct. 27, 1958	Oct. 27, 1958	Nov. 10, 1958
Le John Manufacturing Co.	do.	Oct. 31, 1958	Oct. 31, 1958	Do.
El-Tronics Inc.	F. D. Pa.	Nov. 25, 1958	Nov. 25, 1958	Jan. 16, 1959
Equitable Plan Co.	S. D. Calif.	Mar. 18, 1958	May 29, 1958	Mar. 27, 1958
Frank Fehr Brewing Co. <sup>2</sup>	W. D. Ky.	Aug. 13, 1957	Aug. 14, 1957	Nov. 8, 1957
Fleetwood Motel Corp. <sup>1</sup>	D. N. J.	Sept. 26, 1960	Sept. 27, 1960	Nov. 3, 1960
Food Town Inc.	D. Md.	July 29, 1959	July 29, 1959	Aug. 13, 1959
General Stores Corp.	S. D. N. Y.	Apr. 30, 1956	May 1, 1956	May 23, 1956
Green River Steel Corp.	W. D. Ky.	Sept. 13, 1956	Sept. 18, 1956	Oct. 5, 1956
Horsting Oil Co. <sup>1</sup>	D. N. Dak.	Mar. 17, 1952	Mar. 17, 1952	Sept. 30, 1955
Hudson & Manhattan Railroad Co.	S. D. N. Y.	Aug. 11, 1954	Dec. 14, 1954	Jan. 7, 1955
Inland Gas Corp.	E. D. Ky.	Oct. 14, 1935	Nov. 1, 1935	Mar. 28, 1939
F. L. Jacobs Co.	E. D. Mich.	Mar. 17, 1959	Mar. 18, 1959	Mar. 20, 1959
Keeshin Freight Lines, Inc.	N. D. Ill.	Jan. 31, 1946	Jan. 31, 1946	Apr. 25, 1949
Keeshin Motor Express Co., Inc.	do.	do.	do.	Do.
Seaboard Freight Lines, Inc.	do.	do.	do.	Do.
National Freight Lines, Inc.	do.	do.	do.	Do.

See footnotes at end of table.

TABLE 12.—Reorganization proceedings under ch. X of the Bankruptcy Act in which the Commission participated during the fiscal year 1961—Continued

Debtor	District court	Petition filed	Petition approved	Securities and Exchange Commission notice of appearance filed
Kentucky Fuel Gas Corp.	E. D. Ky.	Oct. 25, 1935	Nov. 1, 1935	Mar. 28, 1939
Kentucky Jockey Club, Inc.	W. D. Ky.	Dec. 9, 1959	Dec. 9, 1959	Jan. 18, 1959
Kirehofer & Arnold, Inc.	E. D. N. C.	Nov. 5, 1959	Nov. 5, 1959	Nov. 9, 1959
Liberty Baking Corp.	S. D. N. Y.	Apr. 22, 1957	Apr. 22, 1957	May 2, 1957
Magie Mountain, Inc. <sup>1</sup>	D. Colo.	Oct. 3, 1960	Dec. 15, 1960	Oct. 20, 1960
Magnolia Park, Inc.	E. D. La.	Oct. 16, 1957	Feb. 26, 1958	Oct. 24, 1957
Mason Mortgage & Investment Co. <sup>1</sup>	D. D. C.	Oct. 31, 1960	Oct. 31, 1960	Nov. 9, 1960
Mason Mortgage Fund of Florida, Inc.	do.	do.	do.	Do.
Mason Acceptance Corp.	do.	do.	do.	Do.
Southern Mortgage Co., Inc.	do.	do.	do.	Do.
Morehead City Shipbuilding Corp.	E. D. N. C.	Nov. 5, 1959	Nov. 5, 1959	Nov. 9, 1959
Muntz TV Inc. <sup>2</sup>	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.
H. H. Mundy Corp. <sup>1</sup>	N. D. Okla.	Apr. 17, 1961	Apr. 17, 1961	May 22, 1961
Rutang Corp.	do.	do.	do.	Do.
Muskegon Motor Specialties <sup>1</sup>	E. D. Mich.	May 11, 1961	May 11, 1961	May 12, 1961
Parker Petroleum Co., Inc.	W. D. Okla.	May 6, 1958	May 6, 1959	June 9, 1958
Pickman Trust Deed Corp.	N. D. Calif.	June 13, 1960	June 13, 1960	June 13, 1960
Reynolds Engineering & Supply, Inc.	D. Md.	Feb. 1, 1960	Feb. 1, 1960	Feb. 17, 1960
San Souci Hotel, Inc.	D. Nev.	Aug. 1, 1958	Aug. 1, 1958	Sept. 16, 1958
Scrantron Corp.	M. D. Pa.	Apr. 3, 1959	Apr. 3, 1959	Apr. 15, 1959
Hal Roach Studios	do.	do.	do.	Do.
Chemical & Rubber Corp. of America	do.	July 17, 1959	July 17, 1959	Do.
Rabco TV	do.	Oct. 1, 1959	Oct. 1, 1959	Do.
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 Corp.	D. Wyo.	Apr. 3, 1959	Apr. 13, 1959	May 20, 1959
Silesian American Corp.	S. D. N. Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
Southern Enterprise Corp.	S. D. Tex.	Oct. 31, 1958	Nov. 3, 1958	June 18, 1960
West American Corp. <sup>1</sup>	do.	May 18, 1961	May 18, 1961	Do.
Stardust, Inc.	D. Nev.	July 19, 1956	Sept. 10, 1956	Sept. 7, 1956
Sure Seal Corp. <sup>2</sup>	D. Utah	May 13, 1958	Aug. 12, 1958	Sept. 30, 1958
Swan Finch Oil Corp.	S. D. N. Y.	Jan. 2, 1958	Jan. 2, 1958	Jan. 27, 1958
Keta Gas & Oil Corp.	do.	Oct. 20, 1959	Oct. 28, 1959	Oct. 29, 1959
Texas Portland Cement Co.	E. D. Tex.	July 7, 1958	July 7, 1958	Aug. 12, 1958
Third Avenue Transit Corp.	S. D. N. Y.	Oct. 25, 1948	June 21, 1949	Jan. 3, 1949
Surface Transportation Corp.	do.	June 21, 1949	do.	July 7, 1949
Westchester St. Transportation Co., Inc.	do.	do.	do.	Do.
Westchester Electric Railroad 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
Trans-Caribbean Transport, Inc.	do.	do.	do.	Do.
Trans-Caribbean Motor Transport	do.	do.	do.	Do.
Trailer Marine Transportation, Inc.	do.	do.	do.	Do.
Commonwealth Inter-Island Towing Co., Inc.	do.	do.	do.	Do.
Townsend Growth Fund, Inc. <sup>1</sup>	S. D. N. Y.	May 10, 1961	May 10, 1961	May 10, 1961
Trinity Buildings Corp. of New York	S. D. N. Y.	Jan. 18, 1945	Jan. 18, 1945	Feb. 19, 1945
U. S. Durox Corp. of Colorado	D. Colo.	Feb. 4, 1959	Feb. 9, 1959	Mar. 31, 1959
Vactron Corp. <sup>1,2</sup>	N. D. Tex.	Oct. 21, 1960	Oct. 21, 1960	Nov. 17, 1960
Verdi Development Co. <sup>2</sup>	C. D. Utah	Feb. 25, 1959	Mar. 11, 1959	Apr. 3, 1959
Windermere Hotel Co. <sup>1</sup>	N. D. Ill.	Sept. 13, 1960	Oct. 12, 1960	Oct. 24, 1960

<sup>1</sup> Commission filed notice of appearance in fiscal year 1961.<sup>2</sup> Reorganization proceeding closed during fiscal year 1961.

TABLE 13.—Summary of criminal cases developed by the Commission which were pending at June 30, 1961

	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 pending and reasons therefor		
				Not yet apprehended	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in the fiscal year—						
1938.....	1	2	1	1	0	0
1939.....	0	0	0	0	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	4	13	1	0
1943.....	1	5	2	2	1	0
1944.....	1	7	2	5	0	0
1945.....	1	1	0	1	0	0
1946.....	4	16	1	15	0	0
1947.....	1	5	1	4	0	0
1948.....	0	0	0	0	0	0
1949.....	0	0	0	0	0	0
1950.....	0	0	0	0	0	0
1951.....	0	0	0	0	0	0
1952.....	0	0	0	0	0	0
1953.....	1	11	10	1	0	0
1954.....	1	16	9	7	0	0
1955.....	0	0	0	0	0	0
1956.....	1	1	0	0	1	0
1957.....	6	45	6	0	37	2
1958.....	3	16	2	0	12	2
1959.....	11	137	36	26	73	2
1960.....	17	126	33	16	69	8
1961.....	21	136	10	29	97	0
Total.....	172	1542	117	120	291	14

SUMMARY

Total cases pending <sup>1</sup> .....	100
Total defendants <sup>1</sup> .....	791
Total defendants as to whom cases are pending <sup>1</sup> .....	674

<sup>1</sup> As of the close of the fiscal year, indictments had not yet been returned as to 249 proposed defendants in 28 cases referred to the Department of Justice. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 14.—Summary of cases instituted in the courts by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940

Types of cases	Total cases instituted up to end of 1961 fiscal year	Total cases closed up to end of 1961 fiscal year	Cases pending at end of 1961 fiscal year	Cases pending at end of 1960 fiscal year	Cases instituted during 1961 fiscal year	Total cases pending during 1961 fiscal year	Cases closed during 1961 fiscal year
Actions to enjoin violations of the above acts.....	1,076	981	95	84	90	174	79
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	77	77	0	0	2	2	2
Actions to carry out voluntary plans to comply with sec. 11(b) of the Holding Company Act.....	139	133	6	2	10	12	6
Miscellaneous actions.....	35	33	2	5	2	7	5
Total.....	1,327	1,224	103	91	104	195	92

TABLE 15.—Summary of cases instituted against the Commission, cases in which the Commission participated as intervenor or amicus curiae, and reorganization cases on appeal under ch. X in which the Commission participated

Types of cases	Total cases instituted up to end of 1961 fiscal year	Total cases closed up to end of 1961 fiscal year	Cases pending at end of 1961 fiscal year	Cases pending at end of 1960 fiscal year	Cases instituted during 1961 fiscal year	Total cases pending during 1961 fiscal year	Cases closed during 1961 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.....	9	9	0	0	0	0	0
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission.....	240	230	10	10	17	27	17
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or amicus curiae.....	229	220	9	3	13	16	7
Appeal cases under ch. X in which the Commission participated.....	175	173	2	3	4	7	5
Total.....	717	696	21	16	34	50	29

**TABLE 16.—Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year.**

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Abrams, Joseph (Automatic Washer Co., Inc.).	6	Southern District of New York.	Apr. 3, 1961	Sec. 5(a)(1) and 5(a)(2), 1933 act; sec. 371, title 18, U.S.C.	One defendant deceased. Pending.
Addison, John Milton.	10	Northern District of Texas.	May 16, 1960	Secs. 5(a)(2), 5(c), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	On Feb. 17, 1961, jury found 6 individual defendants guilty on various counts; one defendant sentenced to 15 years and fined \$36,000; another defendant sentenced to 7 years and fined \$20,000; three defendants sentenced to 3 years and fined \$5,000; and remaining defendant sentenced to 5 years. These defendants are appealing. Indictment pending as to four remaining defendants. Pending.
Albert, Sydney L. (Bellanca Corp.).	7	Southern District of New York.	Mar. 14, 1960	Secs. 5(a)(1) and (2), 1933 Act; secs. 9(a)(2), 16(a), and 32(a), 1934 act; secs. 2 and 1621, title 18, U.S.C.	All defendants arraigned, pleaded not guilty and posted bonds. Pending.
Alexander, Robert Tally (American Reserve Life and Casualty Insurance Co.).	1	Eastern District of Oklahoma.	Aug. 23, 1960	Secs. 5(a)(2) and 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant changed his plea to guilty to 1 sec. 5 and 1 sec. 17 and 1 mail fraud count, and was sentenced to 2 years on each count; sentences to run concurrently.
Ames, Harry G.-----	1	Northern District of Illinois.	July 3, 1956	Secs. 5(a)(2) and 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty to 1 sec. 17 count and on Nov. 11, 1960, was sentenced to 3 years and fined \$5,000; prison sentence suspended and defendant placed on probation for 2 years.
Autrey, Basil P.-----	7	Southern District of Florida.	Jan. 23, 1958	Secs. 5(a)(1) and (2), and 17(a)(1), 1933 act; secs. 371, 1341, and 1343, title 18, U.S.C.	Opinion by Court of Appeals, Fifth Circuit, Mar. 15, 1960, refusing to grant Government's petition for mandamus or prohibition, but stating that U.S. District Court for the Southern District of Florida did not have power to transfer to U.S. District Court for the Northern District of Alabama counts in the indictment which did not charge Commission of the offenses in the transferee district; and therefore case to continue in the Southern District of Florida. Petition for rehearing by U.S. District Court judge for the Northern District of Alabama denied June 29, 1960. Order of the district court entered Aug. 15, 1960, directing retransfer of case to the Southern District of Florida. Order entered Aug. 19, 1960, dismissing the indictment as to deceased defendant. Order entered Dec. 21, 1960, by the district court denying defendants' motions to dismiss and transfer. Court of Appeals for the Fifth Circuit stayed proceedings pending hearing on defendants' petition for writ of mandamus and prohibition concerning district court order denying motion to transfer. Government's brief filed Jan. 17, 1961, in Court of Appeals for the Fifth Circuit. Petition for rehearing denied July 5, 1961. Pending.

TABLE 16.—*Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year—Continued*

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Bales, Charles C. (Cardinal Life Insurance Co.)	6	Western District of Kentucky.	Mar. 22, 1961	Sec. 17(a), 1933 act; sec. 371, title 18, U.S.C.	All defendants apprehended and pleaded not guilty. Two defendants withdrew their pleas and entered pleas of nolo contendere to 20 sec. 17(a) counts and 1 conspiracy count.
Do.....	4	.....do.....	June 29, 1961	Rule 10b-5, 1934 act.....	All defendants entered pleas of nolo contendere to 5 counts of the information. Indictment dismissed superseded by information.
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.	One defendant pleaded nolo contendere to conspiracy count and sentenced to 3 years suspended sentence and fined \$3,000, payable \$1,000 per year. Other defendant awaiting trial. Pending.
Berman, Charles E. (Cornelis DeVroedt Co.).	25	Southern District of New York.	Dec. 2, 1958	Sec. 17(a), 1933 act; secs. 371, 1341, and 1343, title 18, U.S.C.	All defendants, except three, arraigned and entered pleas of not guilty and were released on their own recognizances, except one defendant released on \$500 bail. Opinion filed May 18, 1959, denying motions of three defendants for severance and granting limited inspection and certain particulars. Pending.
Birrell, Lowell M. (Doeskin Products, Inc.).	16	.....do.....	Mar 1, 1961	Secs. 17(a) and 24, 1933 act; secs. 10(b), 32(a), and rule 10b-5, 1934 act; secs. 2, 1341, and 2314, title 18, U.S.C.	Four individual defendants and two corporate defendants pleaded guilty to various counts of the indictment; another defendant pleaded to an information charging violations of sec. 10(b) of the 1934 act. Pending.
Do.....	1	.....do.....	Apr. 17, 1961	Sec. 10(b), rule 10b-5, 1934 act.	Defendant pleaded guilty.
Bowden, Norman E. (S D C Distributors and Sales Co.).	1	Northern District of Georgia.	Aug. 31, 1960	Secs. 5(a)(2), 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Pending.
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.	1 defendant deceased; remaining defendants not yet apprehended. Pending.
Burka, Edward A.....	1	District of Columbia.	July 29, 1960	Sec. 22, D.C. Code 2201 (grand larceny); sec. 17 (a)(3), 1933 Act.	Defendant received a 5-year suspended sentence on his guilty plea to 2 counts of the information and was ordered to make restitution.
Cage, Ben Jack (Bankers Bond Co., Inc.).	6	Northern District of Texas.	Apr. 22, 1960	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Bond of \$50,000 set for 1 defendant and \$10,000 for each of the other defendants. 1 defendant deceased. On Dec. 5, 1960, court deferred rulings on motions pending receipt of briefs. Pending.
Caine, James E. (Estates Life of Washington).	6	Western District of Washington.	Mar. 28, 1961	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	All defendants apprehended; 4 defendants released on \$1,500 bond. Pending.

Campbell, T. J.-----	3	Southern District of Texas.	Dec. 9, 1959	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Defendants apprehended and posted bond. On May 3, 1960, jury found 2 individual defendants guilty on 2 sec. 17(a) counts and 1 mail fraud count. On July 12, 1960, the court suspended imposition of sentence and defendants placed on probation for 5 years. Indictment dismissed as to corporate defendant on July 25, 1960.
Cardall, Richard T. (Stanley I. Younger).	2	Southern District of New York.	Oct. 3, 1960	Secs. 2, 371, 1621, 1622, 2314, title 18, U.S.C.; secs. 5(a), 17(a), 1933 act.	1 defendant pleaded guilty to conspiracy count and 1 stolen property (sec. 2314) count and sentenced to 3½ years; other defendant pleaded guilty to 2 perjury counts and sentenced to 30 days and placed on probation for 2 years.
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.	6 defendants previously convicted and sentenced; 1 defendant acquitted. Court of Appeals for the Tenth Circuit on Jan. 6, 1961, affirmed conviction of 1 defendant who had appealed, and on Jan. 25, 1961, petition for rehearing denied.
Chapman, Frederick L. (Barrett Herrick & Co., Inc.).	1	Southern District of New York.	Feb. 6, 1961	Sec. 17(a), 1933 act; sec. 2, title 18, U.S.C.	Pending.
Clark, William-----	2	District of Massachusetts.	Mar. 2, 1960	Sec. 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Both defendants arraigned and pleaded not guilty; each defendant posted \$10,000 bond. Pending.
Cohen, Leon Allen (Continental Underwriters, Inc.).	9	Northern District of Georgia.	Sept. 17, 1959	Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	1 defendant pleaded guilty to 1 mail fraud count and 1 sec. 17 count; 2 other defendants convicted by jury on mail fraud counts and sec. 17 counts. 2 defendants sentenced to 3 years imprisonment followed by 2 years probation; other defendant sentenced to serve a year and a day. 4 other defendants acquitted by jury and 2 other defendants acquitted by court.
Columbus Rexall Consolidated Mines Co.	23	Southern District of Florida.	May 31, 1961	Secs. 5(a)(1), 5(a)(2), 5(c), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Pending.
Costello, Arthur C.-----	1	Eastern District of Missouri.	Mar. 29, 1961	Sec. 17, 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty to 4 counts and sentenced to 18 months to be followed by 3 years' probation.
Crane, John Joseph (Southern Investment & Finance Corp.)	4	Middle District of Georgia.	Jan. 31, 1961	Sec. 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	2 defendants each sentenced to 3 years on their guilty pleas to sec. 17 counts. Pending.
Crippen, Dale W.-----	1	Southern District of Iowa.	Mar. 15, 1961	Secs. 5(a)(1), 5(a)(2), 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty to 1 sec. 17 and 1 mail fraud count and was sentenced to 5 years on sec. 17 count and to 5 years probation on the mail fraud count.
Crosby, Francis Peter (Jefferson Custodian).	1	Southern District of New York.	Oct. 4, 1960	Sec. 371, title 18, U.S.C.; sec. 10(b), rule 10b-5, 1934 act; sec. 17(a)(1), Investment Company Act of 1940.	Defendant pleaded guilty and was sentenced to 2 years on 1 conspiracy count and 2 years on 1 sec. 10(b) count; sentences to run consecutively, but to be served concurrently with 5-year sentence he is now serving on other charges.
Curtis, Lee A., Jr. (Greater Georgia Investment Corp.).	8	Northern District of Georgia.	Sept. 17, 1959	Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	1 defendant deceased. All other defendants arraigned and pleaded not guilty; 1 defendant changed plea to guilty to 1 mail fraud count and 1 sec. 17(a) count and sentenced to 4 years. 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.	Both defendants previously convicted; and Court of Appeals for the First Circuit on Sept. 9, 1960, affirmed conviction of defendant who had appealed.

TABLE 16.—*Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year—Continued*

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Denner, Robert M. (DuPont Mortgage Co.).	5	Southern District of Florida.	May 18, 1960 <sup>1</sup>	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	1 defendant pleaded nolo contendere to 1 sec. 17(a) count and 1 mail fraud count; sentence deferred. Another defendant found guilty on nolo contendere plea on 1 sec. 17(a) count and sentenced to 3 years to be suspended after 3 months' service, and to be followed by probation for balance of term. Indictment dismissed as to defendant who pleaded nolo contendere to superseding information; another defendant pleaded not guilty and remaining defendant not apprehended. Pending.
Do.....	1	.....do.....	May 3, 1961 <sup>2</sup>	Sec. 10(b) of the 1934 act and rule 10b-5.	Defendant pleaded nolo contendere and was sentenced to pay a fine of \$500.
Dwire, George J. (Southwestern Productions Investment Co.).	2	Eastern District of Oklahoma.	Mar. 1, 1961	Secs. 5(a)(2), 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendants apprehended; bonds set at \$5,000 each. Pending.
Edens, Arnold E.....	1	Eastern District of Arkansas.	June 14, 1961	Sec. 17(a) (1) and (2), 1933 act; secs. 1341 and 2314, title 18, U.S.C.	Defendant posted \$20,000 bond. Pending.
Emigh, Leslie F. (Uranium & Federated Minerals Co.).	1	District of South Dakota.	Mar. 16, 1961	Secs. 5(a) and 17(a)(2), 1933 Act	Trial set for August 1961. Pending.
Farrell, David (Los Angeles Trust Deed & Mortgage Exchange).	3	Southern District of California.	Mar. 8, 1961	Sec. 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Bonds for 3 defendants set at \$50,000, \$25,000, and \$10,000. Defendants' motions to dismiss, to strike and bill of particulars denied May 16, 1961. Pending.
Fenderson, Lloyd B...	1	District of New Hampshire.	June 16, 1960	Sec. 17(a), 1933 act; secs. 1341 and 2314, title 18, U.S.C.	Defendant arraigned and pleaded not guilty. Indictment dismissed because of death of defendant.
Fry, Clark L.....	1	Western District of Wisconsin.	Jan. 7, 1960	Secs. 5(a)(2) and 17(a), 1933 act	Defendant found guilty on 5 sec. 17 counts and 1 sec. 5 count and sentenced to 10 years, 4 of which were suspended, and fined \$5,000. Appeal pending.
Getchell, Francis E....	4	Southern District of Florida.	Jan. 15, 1957 <sup>3</sup>	Secs. 5(a) and 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Court of Appeals for the Fifth Circuit reversed judgment of conviction as to 4 defendants convicted; ordered new trial for 1 defendant. Pending.
Gibbons, Edward L. (American National Investment Co.).	4	District of Idaho.	Mar. 24, 1960	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	1 defendant pleaded guilty to 4 mail fraud counts, 3 sec. 17 counts and 1 conspiracy count; and sentenced to 2-year prison term. 2 other defendants acquitted and remaining defendant deceased.
Gradsky, Norman (Credit Finance Corp.).	11	Southern District of Florida.	June 14, 1961	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Pending.

Graye, James C. (James C. Graye Co.).	50	District of Connecticut.	May 18, 1960	Secs. 5(a) (1) and (2), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	20 defendants pleaded nolo contendere; 16 to 1 sec. 5(a) count and 4 de- fendants to 1 sec. 17(a) count. 5 defendants pleaded guilty; 4 to 2 mail fraud counts and 1 to 1 sec. 17(a) count. Sentences imposed on 20 de- fendants ranging from 1 year to 8½ years with various conditions for probation as to some defendants. Remaining defendants awaiting sen- tence. 1 defendant dismissed. 3 defendants deceased. Pending.
Do.....	2	Do.....	Sept. 15, 1960	Secs. 5(a)(1), 5(a)(2), 5(c), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Dismissed as to defendant who entered guilty plea on perjury indictment. Pending.
Greenberg, Jacob H. (Morris MacSchwobel).	2	Southern District of New York.	Feb. 6, 1961	Sec. 371, title 18, U.S.C.....	Pending.
Do.....	2	Do.....	Do.....	Secs. 5(a)(1), 5(a)(2), 17(a), 1933 act; secs. 2 and 371, title 18, U.S.C.	Do.
Greenman, Clifford A.	1	District of Utah...	Oct. 7, 1960	Sec. 17(a), 1933 act; sec 15(c) (1), 1934 act; Sec. 206(3), Investment Advisers Act of 1940.	Jury returned a verdict of not guilty.
Guterman, Alexander L. (United Dye & Chemical Corp.).	8	Southern District of New York.	Aug. 25, 1959	Sec. 17(a), 1933 act; Secs. 13, 14, 20(c), and 32(a), 1934 act; sec. 371, title 18, U.S.C.	1 defendant pleaded guilty; sentencing deferred. Pending.
Do.....	6	do.....	Nov. 2, 1960	Sec. 5(a)(1), 1933 act; Sec. 371, title 18, U.S.C.	Do.
Hand, Thomas E.....	2	Southern District of Texas.	Jan. 6, 1960	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Bond set at \$1,500 for each defendant. Pending.
Hensley, David Earle (D. Earle Hensley Co., Inc.).	1	Western District of Washington.	Mar. 22, 1961	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded not guilty and posted \$2,500 bond. Pending.
Henson, Owen H. (Mountain States Oil & Uranium Corp.).	5	District of Kansas.	May 25, 1960	Secs. 5(a) (1) and (2), 17(a) (1) and (2), 1933 act; secs. 1341, title 18, U.S.C.	3 defendants pleaded guilty and sentenced as follows: 1 defendant 3-year sentence to be suspended after 90 days service, followed by probation for 5 years; another defendant 3-year prison term; and the third defendant placed on probation for 5 years. Indictment dismissed as to the corporate defendant and another defendant who died.
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. Pendin as to all defendants.
Do.....	1	do.....	do.....	Sec. 15(a), 1934 act.	
Do.....	5	do.....	do.....	Sec. 15(a) (1) and (2), 1933 act; sec. 88 (now sec. 371), title 18, U.S.C.	
Homsey, Anton E.....	1	District of Massachusetts.	Dec. 5, 1961	Secs. 8(c), 8(d), 10(b), and Rule 10b-5, 1934 act.	Defendant pleaded guilty to 3-count information and was sentenced to 2 1 years and fined \$5,000 on each count; sentences to run concurrently.
Howard, Robert A.....	1	District of Colorado.	Dec. 7, 1960	Sec. 17(a), 1933 act; sec. 1001, title 18, U.S.C.	Defendant apprehended Dec. 30, 1960, and posted \$5,000 bond. Pending.

See footnotes at end of table.

TABLE 16.—Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year—Continued

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Hughes, Paul M. (World Wide Investors Corp.).	18	Southern District of New York.	Nov. 18, 1960	Secs. 5(a)(1), 5(a)(2), 17(a), and 24, 1933 act; secs. 2 and 371, title 18, U.S.C.	2 defendants pleaded guilty; sentencing deferred. 6 other defendants pleaded not guilty and were admitted to bail in amounts ranging from \$500 to \$15,000. Pending.
Hughes, Paul M. (Stock of Shawano Development Corp.).	12	do	Apr. 13, 1961	Secs. 5(a), 5(c), 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	1 defendant pleaded guilty; sentencing deferred. Pending.
Karal, William C.	1	District of Massachusetts.	Nov. 30, 1960	Sec. 10(b) and rule 10b-5, 1934 act; sec. 1341, title 18, U.S.C.	Pending.
Kerr, George Alexander (Great Northwest Investments, Ltd.).	1	Western District of Washington.	Apr. 5, 1961 <sup>2</sup>	Sec. 1341, title 18, U.S.C.	Defendant sentenced to 3 years imprisonment on his guilty plea to mail fraud count.
Kimball Securities, Inc.	20	Southern District of New York.	Dec. 7, 1959	Secs. 5(a)(1), 17(a), and 24, 1933 act; secs. 2 and 371, title 18, U.S.C.	Guilty pleas filed as to 4 defendants; sentencing deferred; pending trial as to remaining defendants. Pending.
Do.	1	Do.	Mar. 25, 1960	Sec. 1621, title 18, U.S.C.	Pending.
Kirchofer, Robert Carl (Kirchofer and Arnold, Inc.).	2	Eastern District of North Carolina.	Apr. 11, 1960	Secs. 5(a)(2) and 17(a), 1933 act; sec. 15(a), 1934 act; secs. 371 and 1341, title 18, U.S.C.	Pending.
Klos, Lee (Federal Old Line Insurance Co.).	2	Eastern District of Washington.	Nov. 19, 1959	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Indictment dismissed as to both defendants, 1 of whom previously died.
Larkin, Robert B.	1	Western District of Louisiana.	Feb. 19, 1960	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty; imposition of sentence suspended and defendant placed on probation for 5 years on condition that restitution be made.
Lincoln Securities Corp.	21	District of Ohio	Apr. 19, 1960	Secs. 5(a)(1) and (2), 5(c), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	2 defendants each pleaded guilty to 1 sec. 17 count and each were sentenced to 3 years to be suspended after 3 months' service, and placed on probation for 5 years. Pending.
Lord, Linda (Shoreland Mines, Ltd.).	1	Southern District of New York	July 30, 1958 <sup>2</sup>	Sec. 21(c), 1934 act.	Dismissed on motion of U.S. attorney.
Low, Harry (Trenton Valley Distillers Corp.).	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Pending as to Hardie, who is a fugitive, dismissed as to other defendant, now deceased.
Lutes, Wendell Ralph (American Stock & Investment Corp.).	1	Southern District of Indiana.	Aug. 12, 1960	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant found guilty by jury and sentenced on 6 counts to 4 years on each count to run concurrently and fined \$1,500 on each count totaling \$9,000; and on the 4 mail fraud counts, defendant sentenced to 3 years on each count to run concurrently, but consecutively to the sec. 17 counts, and fined \$1,000 on each count. Total sentence: 7 years' imprisonment and fined \$13,000.

Mallen, George E.....	6	Eastern District of Michigan.	June 2, 1944	Secs. 5(a)(2) and 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	2 defendants deceased; pending as to remaining defendants who are fugitives
Massa, Anthony P....	2	District of Connecticut.	Dec. 1, 1960	Sec. 17, 1933 act; sec. 1343, title 18, U.S.C.	Defendants pleaded not guilty and each posted \$5,000 bond. 1 defendant changed his plea to guilty to both counts, but died prior to sentencing. Dismissed by U.S. attorney as to other defendant.
McLean & Co., E. M. (Devon Gold Mines Ltd.)	2	Eastern District of Michigan.	Oct. 21, 1941	Sec. 15(a), 1934 act.....	Case pending as to 1st indictment; 3 defendants previously convicted and sentenced on 2d and 3d indictments. Indictment as to another defendant dismissed June 25, 1958. Pending as to remaining 8 defendants on the 2d and 3d indictments.
Do.....	7	do.....	do.....	Secs. 5(a)(1) and (2), 1933 act; sec. 371, title 18, U.S.C.	
Do.....	12	do.....	do.....	Sec. 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	
Mende, Milton Z. (North American Petroleum Corp.)	4	Southern District of California.	Apr. 26, 1961	Secs. 5(a), 5(a)(1), 17(a), 1933 act; secs. 2, 371, and 1341, title 18, U.S.C.	Pending.
Meyer, John (Treasure State Life Insurance Co.)	13	Eastern District of Washington.	Mar. 21, 1961	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	All defendants apprehended; bonds set at \$1,000 for each defendant except 1, which was set at \$2,500. Pending.
Do.....	2	do.....	do.....	do.....	Defendants apprehended and bond of \$1,000 was set for each defendant. Pending.
Morris, Thomas A. (Evergreen Memorial Park Association)	2	Eastern District of Pennsylvania	Dec. 9, 1959	Sec. 17(a), 1933 act.....	Defendant pleaded nolo contendere and sentenced to 1 year and a day; sentence suspended and defendant placed on probation for 5 years. Indictment dismissed as to the corporate defendant.
Murray, John (Alabama Acceptance Corp.)	5	Northern District of Alabama.	Sept. 4, 1959	Sec. 17(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	On Apr. 18, 1960, 3 defendants entered plea; of nolo contendere and on Apr. 30, 1960, jury found remaining 2 defendants guilty on 9 sec. 17(a)(1) counts and 10 mail fraud counts and they were sentenced on June 13, 1960, to a 3-year and 2-year jail term respectively. Appeal filed. Sentencing of 3 other defendants deferred. Pending.
Newman Associates, Philip.	28	District of New Hampshire.	June 16, 1960	Secs. 5(a)(1), 5(a)(2), 5(a), and 17(a)(1), 1933 act; secs. 371 and 1341, title 18, U.S.C.	14 defendants pleaded guilty and 4 defendants pleaded nolo contendere and some received sentences ranging from 3 months to 3 years; and probation periods up to 3 years; other sentences suspended and defendants placed on probation, and some defendants fined \$400. Sentence deferred as to 1 defendant. Indictment dismissed as to 2 defendants. Pending.
Noonan, John A. (Security Finance Plan, Inc.)	1	District of Massachusetts.	Dec. 12, 1960	Sec. 17(a) and 24 and rule 260, 1933 act; secs. 1001 and 1341, title 18, U.S.C.	Defendant pleaded not guilty and posted \$1,000 bond. Pending.
Do.....	1	do.....	June 16, 1961	Secs. 3(b) and 24, 1933 act; sec. 1001, title 18, U.S.C.	

See footnotes at end of table.

TABLE 16.—*Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year—Continued*

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Northern Biochemical Corp.	4	Northern District of Iowa.	Feb. 17, 1961	Sec. 5(a)(2), 1933 act; sec. 371, title 18, U.S.C.	All defendants convicted by jury on Apr. 28, 1961. 3 defendants found guilty on 13 sec. 5(a)(2) counts, and 1 conspiracy count and sentenced as follows: 1 defendant sentenced to 5 years on each of the 14 counts to run concurrently to each other and the 8-year term in indictment returned Apr. 12, 1961; corporate and 1 individual defendant each fined \$350. Another defendant received an 18-month suspended sentence and 3 years probation on the conspiracy count.
Do.....	1	do.....	Apr. 12, 1961	Sec. 17(a), 1933 act; secs. 371 and 656, title 18, U.S.C.	Defendant pleaded guilty to 1 sec. 656 and 1 sec. 17(a) count and was sentenced to 5 years and 3 years for each count respectively for a total of 8 years.
Olen, Maurice (H. L. Green Co.).	5	Southern District of New York (transferred to Southern District of Alabama).	Dec. 3, 1959	Sec. 17(a), 1933 act; secs. 14 and 32(a), 1934 act; sec. 2, title 18, U.S.C.	1 defendant pleaded nolo contendere and was fined \$2,500; indictment dismissed as to remaining defendants.
Pandolfo, Samuel Parker (Universal Securities, Inc.).	8	District of North Dakota.	Jan. 17, 1959	Secs. 5(a)(2) and 17(a)(2), 1933 act; sec. 15 (a) and (b), 1934 act; sec. 1341, title 18, U.S.C.	All defendants previously convicted; Court of Appeals for the Eighth Circuit affirmed the judgment of conviction of the 1 defendant who appealed.
Do.....	8	do.....	Mar. 26, 1959	Sec. 17(a)(2), 1933 act; sec. 1341, title 18, U.S.C.	
Parker, T. M., Inc.	16	Eastern District of Michigan.	Apr. 27, 1964	Sec. 371, title 18, U.S.C.	8 defendants previously sentenced on guilty pleas to 1 sec. 15(a) count. 1 defendant deceased. Remaining defendants not apprehended. Pending.
Do.....	15	do.....	do.....	Sec. 1341, title 18, U.S.C.	
Do.....	15	do.....	do.....	Sec. 17(a), 1933 act.	
Do.....	15	do.....	do.....	Sec. 15(a), 1934 act.	
Patton, Guy P.	5	Connecticut.	Apr. 22, 1960	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	1 defendant pleaded guilty under rule 20 to all counts of the indictment and fined \$500 and received 1-year summary probation. 2 other defendants changed plea to guilty to 1 sec. 17(a) count and 1 was sentenced to pay a fine of \$2,000, given a 4-year suspended jail term and placed on probation for 5 years. Other defendant died before sentencing. Indictment nolle prossed as to 2 other defendants. Pending.
Peel, Joseph A., Jr. (Insured Capital Corp.).	6	Southern District of Florida.	June 14, 1961	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	
Pope, Fortune.....	2	Southern District of New York.	July 19, 1960	Sec. 24, 1933 act; secs. 14 and 32, 1934 act.	Both defendants pleaded guilty to sec. 14 counts (proxy) and pleaded nolo contendere to 5 sec. 32 counts (false filing) and each received a 1-year suspended sentence and placed on probation for 1 year and each fined \$2,500 on each of the 10 counts for a total fine of \$25,000 for each defendant.

Powis, Francis Algernon Gaylord (A. G. Powis & Co., Ltd.).	22	Connecticut.....	May 10, 1961	Secs. 5(a)(1), 5(a)(2), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Bench warrants issued on all defendants with the exception of corporate defendants, and bonds in the amount of \$10,000 set for each defendant. Pending
Poynter, A. M.....	1	Western District of Louisiana.	Feb. 19, 1960	Secs. 5(a), 5(c), and 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Indictment dismissed because of death of defendant.
Price, Daniel (National Electro Process Corp.).	13	Eastern District of Virginia.	Dec. 18, 1959	Secs. 5(a)(2), 5(c), and 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Pending.
Proffler, 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.	4 defendants pleaded guilty on May 28, 1960, and on June 13, 1960, 2 defend- ants were convicted by jury on various counts and all 6 defendants were sentenced to 5 years each; another defendant pleaded guilty on Jan. 12, 1961, to 1 mail fraud count and was sentenced to 13 months and fined \$1,000; fine was paid and defendant placed on probation for 1 day. Opin- ion Mar. 16, 1961, by Court of Appeals for the Fifth Circuit affirming judgments of convictions against 2 defendants who had appealed; petition for rehearing denied by Court of Appeals for the Fifth Circuit on May 12, 1961.
Pruett, Carl A. (Pruett and Company, Inc.).	2	Northern District of Georgia.	June 1, 1961	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	Pending.
Raible, Arthur J.....	1	Southern District of Ohio.	June 17, 1960	Sec. 17(a), 1933 act; secs. 1341, and 1343, title 18, U.S.C.	Defendant changed plea to guilty to all counts of indictment and sentenced to 2 years and 3 years probation and fined \$2,500.
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.	3 defendants convicted by jury on Feb. 1, 1961, on 16 counts of the 21-count indictment and the individual defendant was sentenced to 3 months on 1 sec. 17(a) count; and a 1-year suspended sentence on the 15 other counts, and corporate defendant fined \$1,000; and imposition of sentence suspend- ed as to other corporate defendant. Notice of appeal filed. Pending.
Roe, D. H. (Stratoday 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.	2 defendants convicted, 1 defendant acquitted. Court of Appeals for the Fifth Circuit reversed judgment of conviction and remanded case for new trial. Petition by defendants for rehearing denied on May 23, 1961; petition to U.S. Supreme Court for writ of certiorari filed June 19, 1961. 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.	1 defendant previously convicted; other defendant pleaded guilty to 4 sec. 17(a)(1) counts and sentenced on May 4, 1961, to 1 year on each count to run concurrently.
Schaefer, Carl D.....	1	Northern District of Illinois.	Mar. 26, 1958	Secs. 5(a)(2) and 17(a), 1933 act.	Defendant found guilty on all counts of indictment and sentenced to 6 years and fined \$12,000 and cost of prosecution. Defendant out on \$15,000 bond pending appeal. 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.	1 defendant deceased; other defendants awaiting trial. Pending.
Sills, Robert Bernard (Sills & Co.).	2	Southern District of Florida.	Feb. 5, 1959	Sec. 17(a)(1), 1933 act; sec. 32, 1934 act; sec. 1341, title 18, U.S.C.	1 defendant previously convicted; other defendant apprehended on Apr. 25, 1961, and released on \$10,000 bond. Pending.
Silver, Benjamin W. (Stardust, Inc.).	6	Nevada.....	May 26, 1960	Secs. 5(a)(2), 19(a)(1), 1933 act; sec. 1341, title 18, U.S.C.	Pending.

See footnotes at end of table.

TABLE 16.—*Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (18 U.S.C. 1341), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1961 fiscal year—Continued*

Name of principal defendant	Number of defendants	U.S. District Court	Indictment returned	Charges	Status of case
Silver State Farms, Inc. (Valley Farms, Inc.).	6	Nevada.....	Jan. 26, 1960	Sec. 371, title 18, U.S.C.....	3 defendants convicted by jury on the conspiracy count and another defendant pleaded nolo contendere to the same count. Trial of another defendant and sentencing deferred. 1 defendant appealing. Pending.
South, Dudley Pritchett (William Newman & Co.).	8	New Jersey.....	Dec. 11, 1958	Secs. 5(a)(1) and 17(a), 1933 act; secs. 2, 371 and 1341, title 18, U.S.C.	1 defendant deceased; 2 defendants are still fugitives and remaining defendants are awaiting trial. Pending.
Spiller, William (Budget Funding Corp.).	3	Eastern District of New York.	June 5, 1959	Sec. 17(a), 1933 act; secs. 2 and 1341, title 18, U.S.C.	On May 24, 1961, all defendants pleaded guilty to 1 mail fraud count and the individual defendant received 18 months suspended sentence and placed on probation for that period. The 2 corporate defendants were each fined \$1,000 and given 60 days in which to pay fine.
Springer, Alan C. (Arkansas Business Development Corp.).	1	Eastern District of Arkansas.	Feb. 20, 1961	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Pending.
Talenfeld, Murray A.	4	Western District of Pennsylvania.	May 15, 1960 <sup>4</sup>	Secs. 9(a)(2) and 32, 1934 act; sec. 5(a)(2), 1933 act; secs. 2, 371, 1001, 1341, 1343, and 2314, title 18, U.S.C.	Do.
Tellier, Walter F. (Consolidated Uranium Mines, Inc.).	1	Eastern District of New York.	Apr. 26, 1956	Sec. 17(a), 1933 act; sec. 1341, title 18, U.S.C.	Defendant pleaded not guilty. Pending.
Tellier, Walter F.	7	do.....	Aug. 3, 1956	Sec. 17(a), 1933 act; secs. 371 and 1341, title 18, U.S.C.	1 defendant arraigned and bond of \$25,000 continued. Pending.
Do.....	1	do.....	do.....	Sec. 1621, title 18, U.S.C.	
Todd, Douglas M.	5	Southern District of California.	Jan. 25, 1961	Secs. 5(a)(1), 17(a) (1), (2), and (3); secs. 2, 371, and 1341, title 18, U.S.C.	3 individual defendants withdrew guilty pleas previously entered and bail increased from \$2,000 to \$20,000. Pending.
Todd, F. Payson.....	1	Massachusetts.....	Apr. 22, 1960	Sec. 17(b), 1933 act; sec. 206 (1) and (2), 1940 act.	Defendant changed plea of not guilty to nolo contendere and sentenced on Nov. 28, 1960 to 6 months, 3 years probation, and \$10,000 fine; jail term suspended and defendant given 30 days to pay fine.
U.S. Manganese Corp.	3	Southern District of New York.	May 20, 1957	Sec. 371, title 18, U.S.C.....	Dismissed on motion of U.S. attorney on Dec. 1, 1960.
Van Allen, John.....	20	do.....	Mar. 24, 1960	Secs. 5(a) (1) and (2), 5(c), 17, and 24, 1933 act; secs. 2 and 1341, title 18, U.S.C.	6 corporate and 10 individual defendants pleaded not guilty. Pleas not yet entered as to remaining defendants. Bonds set at various amounts. Pending.
Do.....	2	do.....	June 16, 1960	Secs. 2 and 1001, title 18, U.S.C.	Defendants arraigned. Pending.

Warner, J. Arthur & Co., Inc.	11	Massachusetts	July 7, 1953	Sec. 17(a)(3), 1933 act; secs. 371 and 1341, title 18, U.S.C.	6 defendants previously convicted; indictment dismissed as to 3 defendants and abated as to 1 defendant who is deceased. Pending as to 1 defendant, fugitive since 1953, indicted Nov. 4, 1957, at Boston, Mass., for "bail jumping," sec. 3146, title 18, U.S.C. Pending.
Whalen, Joseph F., Jr.	1	do	Dec. 22, 1960 <sup>2</sup>	Sec. 10(b), rule 10b-5, 1934 act; sec. 1341, title 18, U.S.C.	Defendant pleaded guilty to a 3-count information and sentenced to 1 year.
Weschler, Nathan (Coombs & Co., Inc.).	2	District of Columbia.	May 25, 1961	Secs. 371, 1341, and 1343, title 18, U.S.C.	Defendants arraigned and pleaded not guilty. Pending.
Yetman, Jack	1	Connecticut	Sept. 15, 1960	Sec. 1621, title 18, U.S.C.	Defendant pleaded guilty to 1 perjury count; sentencing deferred.

<sup>1</sup> Superseding indictment returned May 1, 1961.  
<sup>2</sup> Information filed.

<sup>3</sup> Superseding indictment returned Aug. 19, 1957.  
<sup>4</sup> 3 superseding indictments returned Mar. 8, 1961.

TABLE 17.—*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, 1961.*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
C. H. Abraham & Co., Inc.	2	Southern District of New York.	Apr. 11, 1960	Secs. 15(c)(1), 15(c)(3), and rules 15c1-2 and 15c3-1, 1934 act.	Complaint filed Apr. 11, 1960. Preliminary injunction as to both defendants, Aug. 12, 1960. Pending.
John Milton Addison...	7	Northern District of Texas.	June 30, 1959	Secs. 5(a)(1), 5(a)(2), 5(c), and 17(a), 1933 act.	Final judgment as to all defendants, June 2, 1961. Closed.
Aircraft Dynamics International Corporation.	3	Southern District of New York.	Aug. 18, 1960	Sec. 17(a), 1933 act.....	Complaint filed Aug. 18, 1960. Preliminary injunction entered as to all defendants, Feb. 17, 1961. Pending.
Alaska Consolidated Oil Co., Inc.	4	.....do.....	Apr. 21, 1961	Sec. 5(b) (1) and (2), 1933 act.	Summons and complaint filed Apr. 21, 1961. Consent final judgment entered as to 2 defendants and order dismissing 1 defendant, June 5, 1961. Pending as to remaining defendant.
Allen, McFarland & Co., Inc.	3	District of Columbia.	Dec. 21, 1960	Secs. 15(c)(1), 15(c)(3), and rules 15c1-2 and 15c3-1, 1934 act.	Complaint and order for an appointment of a receiver filed Dec. 21, 1960. Final judgment by consent as to all defendants, Dec. 22, 1960. Receiver appointed Feb. 27, 1961. Pending.
Robert Carter Allen...	2	Colorado.....	Aug. 16, 1960	Sec. 17(b), 1933 act; sec. 206(2), Investment Advisers Act of 1940.	Complaint and motion for a preliminary injunction filed Aug. 16, 1960. Final judgments by consent entered on Sept. 1, 1960 and Sept. 26, 1960. Closed.
American Barides & Reduction Co., Inc.	4	Northern District of Illinois.	May 11, 1960	Sec. 5(a) and 5(c), 1933 act..	Consent judgment as to 3 defendants, Sept. 12, 1960. Remaining defendant deceased. Closed.
American Diversified Securities, Inc.	5	District of Columbia.	Sept. 3, 1960	Sec. 17(a) and rule 17a-3, 1934 act.	Complaint filed Sept. 3, 1960. Final judgment by consent entered as to all defendants, Sept. 26, 1960. Closed.
Do.....	1	.....do.....	May 15, 1961	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint and order for an appointment of a receiver filed Apr. 6, 1961. Final judgment by consent entered Apr. 18, 1961. Order appointing a receiver entered Apr. 25, 1961. Pending.
American Dryer Corp.	12	Southern District of New York.	Jan. 27, 1960	Sec. 5(a) and 5(c), 1933 act...	Permanent injunction by consent as to 9 defendants. Stipulation for discontinuance of action as to 1 defendant. Final judgment by consent as to 1 defendant, May 1, 1961. Action dismissed as to remaining defendant, May 5, 1961. Closed.
American Equities Corp.	4	.....do.....	Mar. 22, 1961	Secs. 5(a), 5(c), and 17(a), 1933 act.	Summons and complaint filed Mar. 22, 1961. Answer filed by 1 defendant, Apr. 25, 1961. Default judgment as to 3 defendants entered Mar. 31, 1961. Pending.
The American Founders Life Insurance Co. of Denver, Colo.	7	Colorado.....	Apr. 1, 1958	Secs. 5(a) and (c), and 17(a), 1933 act.	Final judgment by consent as to remaining defendant, May 1, 1961. Closed.
American Sales Training Research Associates, Inc.	3	Northern District of Illinois.	Nov. 17, 1960	Sec. 5(a) and 5(c), 1933 act..	Complaint filed Nov. 17, 1960. Consent judgment as to all defendants, Dec. 5, 1960. Closed.
American Seal Savings & Loan Association, Inc.	3	Maryland.....	May 9, 1960	Sec. 17(a) (2) and (3), 1933 act.	Motion for permanent injunction and appointment for a liquidating receiver filed and granted Apr. 28, 1961. Order not submitted because other parties appeared and expressed a desire to take over and rehabilitate company. Petition under ch. X filed and approved by court. Pending.

American Televison & Radio Co.	2	Minnesota.....	Apr. 6, 1960	Sec. 17(a)(2), 1933 act.....	Preliminary injunction as to both defendants, Apr. 22, 1960. Pending.
Anaconda Lead & Silver Co.	2	Colorado.....	June 3, 1960	Sec. 17(a), 1933 act; sec. 10(b), and rule 10b-5, 1934 act.	Preliminary injunction granted June 14, 1960. Default judgment as to 1 defendant entered Feb. 20, 1961. Pending as to remaining defendant.
Angelson, John P.....	3	Eastern District of Virginia.	Dec. 21, 1959	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Receiver appointed Feb. 16, 1960. Final judgment by consent as to all defendants entered Apr. 19, 1960. Pending.
Arkansas Business Development Corp.	5	Eastern District of Arkansas.	Oct. 5, 1959	Sec. 17(a), 1933 act; sec. 15(c)(1) and rule 15c1-2, 1934 act.	Final judgment by consent as to all defendants entered Aug. 2, 1960. Closed.
Arlee Associates, Inc....	4	Southern District of New York.	June 1, 1961	Sec. 17(a), 1933 act; secs. 10(b), 15(a), and rule 10b-5, 1934 act.	Summons, complaint and order for an appointment of a receiver filed June 1, 1961. Permanent injunction by consent and order appointing a receiver entered June 1, 1961. Pending.
Lloyd Arnold & Co....	2	Southern District of California.	Feb. 27, 1961	Sec. 17(a)(3), 1933 act; sec. 15(c)(1), 15(c)(3), and rules 15c1-2, 15c3-1, 1934 act.	Complaint and order for an appointment of a receiver filed Feb. 27, 1961. Judgment of preliminary injunction signed Mar. 15, 1961. Order appointing a receiver entered Apr. 10, 1961. Pending.
Atlee Corp.....	1	District of Massachusetts.	Oct. 7, 1960	Secs. 5(a) and 5(c), 1933 act....	Complaint filed Oct. 7, 1960. Consent judgment entered Oct. 21, 1960. Closed.
Babson, Kaye & Robb Co.	4	Southern District of New York.	Nov. 18, 1960	Secs. 15(c)(3), 17(a), and rules 15c3-1 and 17a-3, 1934 act.	Summons, complaint and order for appointment of receiver filed Nov. 18, 1960. Order entered appointing a receiver. Consent judgment entered as to 3 defendants Dec. 2, 1960. Final judgment by consent as to remaining defendant, Dec. 16, 1960. Pending.
Ball, Pablo & Co.....	3	District of Columbia.	Aug. 25, 1960	Sec. 17(a) and rule 17a-3, 1934 act.	Complaint filed and preliminary injunction by consent entered Aug. 25, 1960. Motion for appointment of a receiver and receiver appointed Dec. 20, 1960. Pending.
Howard Bandolik.....	1	Southern District of New York.	Nov. 23, 1960	Sec. 10(b) and rule 10b-5, 1934 act.	Complaint filed Nov. 23, 1960. Permanent injunction by consent entered Nov. 30, 1960. Closed.
Banner Securities, Inc.	3	.....do.....	Oct. 14, 1960	Sec. 15(c)(3), and rule 15c3-1, 1934 act.	Summons and complaint filed Oct. 14, 1960. Final judgment by consent entered as to all defendants, Oct. 21, 1960. Closed.
A. G. Bellin Securities Corp.	6	.....do.....	Nov. 5, 1958	Secs. 5 and 17(a), 1933 act....	Consent judgment as to 5 defendants and dismissal as to remaining defendant, Mar. 3, 1961. Closed.
Belmont Oil Corp.....	15	.....do.....	June 30, 1959	Sec. 5, 1933 act.....	Notice of appeal from the order of preliminary injunction filed by 1 defendant, Jan. 7, 1960. Opinion rendered by Court of Appeals for the Second Circuit affirming the order of the district court entered Dec. 15, 1959. Pending.
Do.....	10	.....do.....	Aug. 3, 1959	Sec. 17(a), 1933 act.....	Preliminary injunction as to 7 defendants entered Dec. 15, 1959. Notice of appeal from the order of preliminary injunction filed by 1 defendant Jan. 7, 1960. Opinion rendered by Court of Appeals for the Second Circuit affirming order of the district court entered Dec. 15, 1959. Pending.
Beverly Hills Security Investments.	5	Southern District of California.	Feb. 6, 1961	Secs. 5(a) and 5(c), 17(a)(2) and (3), 1933 act; secs. 10(b), 15(a), 15(c)(1), and rules 10b-5 and 15c1-2, 1934 act.	Complaint filed Feb. 6, 1961. Final judgments by consent entered Feb. 20 and Mar. 1, 1961 as to 4 defendants. Pending as to remaining defendant.
Biltmore Securities Corp.	3	Southern District of New York.	Aug. 12, 1960	Sec. 17(a), 1933 act.....	Summons and complaint filed and temporary restraining order signed Aug. 12, 1960. Temporary restraining order extended by consent of parties until final determination of Commission's application for permanent injunction. Pending.
Morris Blumberg.....	1	.....do.....	Aug. 15, 1960	Sec. 10(b), 1934 act.....	Complaint filed Aug. 15, 1960. Final judgment by consent entered Aug. 16, 1960. Closed.

TABLE 17.—*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, 1961—Continued*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
Luther L. Bost.....	1	Maryland.....	April 26, 1960	Sec. 17(a) (2) and (3), 1933 act.	Motion for reinstatement of complaint denied July 22, 1960. Closed.
Brandel Trust.....	16	Southern District of New York.	July 15, 1958	Secs. 5(b) and 17(a), 1933 act; sec. 15(c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 act.	Receiver appointed July 21, 1958. Final judgment by consent as to 2 defendants July 22, 1958. Pending.
Francis J. Brenek & Co., Inc.	3	Western District of Washington.	May 1, 1961	Sec. 17(a), 1933 act; secs. 15(c)(1), 15(c)(3), 17(a), and rules 15c1-2, 15c1-4, 15c3-1, 17a-3, and 17a-4, 1934 act.	Complaint and order for an appointment of receiver filed May 1, 1961. Preliminary injunction as to all defendants entered May 23, 1961. Pending.
Burka, Inc., E. A.....	2	District of Columbia.	May 9, 1960	Secs. 15(c)(1) and 17(a), and rules 15c1-2 and 17a-5, 1934 act.	Receiver appointed Aug. 8, 1960. Final judgment by consent as to both defendants, Aug. 31, 1960. Pending.
Richard Byquist, Jr....	3	Eastern District of Washington.	June 7, 1961	Secs. 5(a) and 5(c), 1933 act.	Complaint filed June 7, 1961. Preliminary injunction as to all defendants entered June 21, 1961. Pending.
T. J. Campbell Investment Co., Inc.	4	Southern District of Texas.	Oct. 16, 1958	Secs. 17(a)(2), 17(a)(3), 1933 act; secs. 15(c)(3) and 10(h), 1934 act.	Final judgment entered as to all defendants and receiver appointed; 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(h), 1934 act.	Injunction by consent as to 3 defendants Nov. 24, 1958. Undertaking filed as to 1 defendant, June 1959. Pending.
Capital Funds, Inc....	3	District of Alaska.	Sept. 20, 1960	Secs. 5(a) and 5(c), 1933 act.	Summons and complaint filed Sept. 20, 1960. Consent judgment entered as to all defendants, Sept. 29, 1960. Closed.
Capital Gains Research Bureau, Inc.	2	Southern District of New York.	Nov. 17, 1960	Sec. 206 (1) and (2), Investment Advisers Act of 1940.	Complaint filed Nov. 17, 1960. Opinion rendered denying motion for preliminary injunction. Notice of appeal filed by Commission from the order of the district court denying motion for preliminary injunction. Pending.
Fred L. Carvalho.....	1	New Jersey.....	May 3, 1960	Sec. 17(a) and rule 17a-3, 1934 act.	Order denying permanent injunction and vacating preliminary injunction, May 3, 1961. Closed.
Chamberlain Associates.	7	Southern District of New York.	June 19, 1961	Secs. 5(a), 5(c) and 17(a), 1933 act.	Complaint filed June 19, 1961. Pending.
Clinton Mining & Milling Co.	5	Eastern District of Washington.	Aug. 12, 1959	Sec. 5 (a) and (c), 1933 act...	Order entered dismissing action as to remaining defendant, Sept. 2, 1960. Closed.
Charles E. Cohn.....	2	New Jersey.....	June 30, 1960	Secs. 15(c)(1), 15(c)(3), and 17(a), and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Order of preliminary injunction as to both defendants signed July 21, 1960. Pending.
Howard Coleman.....	1	Southern District of New York.	Sept. 26, 1960	Secs. 15(c)(1), 15(c)(3), and 17(a) and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Summons and complaint filed Sept. 26, 1960. Consent judgement entered Sept. 27, 1960. Closed.

Colorado Trust Deed Funds, Inc.	5	Colorado.....	Apr. 25, 1961	Sec. 17(a) (2) and (3), 1933 act.	Complaint and order for an appointment of a receiver filed Apr. 25, 1961. Consent judgment entered as to all defendants, May 2, 1961. Pending.
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.
C. Berkeley Cooke, Jr.	4	Southern District of New York.	Apr. 12, 1961	Sec. 10(b), rule 10b-5, 1934 act.	Summons and complaint filed Apr. 12, 1961. Preliminary injunction entered as to 3 defendants Apr. 28, 1961, and as to remaining defendant May 8, 1961. Pending.
T. C. Corwin & Co....	2	do.....	Apr. 6, 1960	Secs. 15(c)(1), 15(c)(3), 17(a), and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Default judgment as to both defendants entered Jan. 31, 1961. Final report or receiver filed June 7, 1961. Notice of settlement and order approving the final report entered June 27, 1961. Closed.
Costello, Arthur C.....	2	Eastern District of Missouri.	July 27, 1959	Secs. 17(a)(2) and 17(a)(3), 1933 act; secs. 15(c)(1), 15(c)(3), and 10(b) and rules 15c1-2, 15c3-1, and 10b-5, 1934 act.	Petitions to reclaim property filed Oct. 13, 1959. Order entered denying petitions, June 30, 1960. Appeal filed Aug. 25, 1960. Pending.
Dale W. Crippen.....	1	Southern District of Iowa.	Dec. 22, 1960	Sec. 17(a)(1) and 17(a)(3), 1933 act.	Complaint filed Dec. 22, 1960. Consent judgment entered May 26, 1961. Closed.
Cryan, Frank M. (Jefferson Custodian Fund, Inc.).	5	Southern District of New York.	Mar. 14, 1958	Secs. 36 and 16(a), Investment Company Act of 1940.	Default judgment entered as to 1 defendant, Feb. 29, 1960. Stipulation and order of admission of wrongdoing by defendant Frank M. Cryan, June 9, 1960. Pending.
Sol A. Dann.....	1	Eastern District of Michigan.	Mar. 23, 1961	Sec. 14(a) and regulation 14, 1934 act.	Complaint filed Mar. 23, 1961. Order of preliminary injunction signed Mar. 31, 1961. Pending.
Leslie d'Avigdor.....	1	Southern District of New York.	Nov. 28, 1960	Secs. 5 (a) and (c), 1933 act; secs. 15(c)(3) and 17(a) and rules 15c3-1 and 17a-3, 1934 act.	Summons and complaint filed Nov. 28, 1960. Consent judgment entered Dec. 6, 1960. Closed.
Arthur C. Decker, Jr..	4	Western District of Louisiana.	Mar. 2, 1961	Secs. 5(a), 5(c), 1933 act; secs. 15(c), 15(c)(1), 15(c)(3), 17(a), 32(a), and rules 15c1-2(a), 15c3-1, 15c1-5, and 17a-3, 1934 act.	Complaint filed Mar. 2, 1961. Consent judgment as to all defendants entered Mar. 10, 1961. Closed.
DiRoma, Alexik & Co.	4	Massachusetts....	July 19, 1960	Sec. 17(a), 1933 act; sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed July 19, 1960. Amended complaint filed seeking additional violations of sec. 15(c)(3) and rule 15c3-1, 1934 act, and for an order appointing receiver, Aug. 17, 1960. Preliminary injunction and appointment of a receiver entered Aug. 17, 1960. Consent judgment as to 3 defendants and dismissal as to 1 defendant, Sept. 8, 1960. Pending.
Diversified Securities, Inc.	2	Colorado.....	Sept. 12, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint and motion for preliminary injunction filed Sept. 12, 1960. Consent judgment as to both defendants entered Sept. 22, 1960. Closed.
Dodge, Sherburn J.....	1	Eastern District of Wisconsin.	Sept. 28, 1959	Secs. 15(c)(1), 15(c)(3), and 10(b) and rules 15c1-2, 15c3-1, and 10b-5, 1934 act; secs. 17(a)(2) and 17(a)(3), 1933 act.	Receiver appointed Oct. 2, 1959, and permanent injunction by consent entered Oct. 16, 1959. Pending.
Tarris D. Dolan.....	9	Eastern District of Washington.	Sept. 19, 1960	Sec. 17(a), 1933 act.....	Complaint filed Sept. 19, 1960. Permanent injunction by consent entered as to all defendants, Mar. 6, 1961. Closed.
Erwin J. Druke.....	1	District of Oregon.	Sept. 19, 1960	do.....	Complaint filed Sept. 19, 1960. Consent judgment entered Dec. 19, 1960. Closed.
James L. Duffy.....	3	Northern District of Ohio.	June 19, 1961	Secs. 5(a) and 5(c), 1933 Act.	Complaint and motion for preliminary injunction filed June 19, 1961. Pending.

TABLE 17.—*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, 1961—Continued*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
Dupont, Homsey & Co.	2	District of Massachusetts.	Sept. 17, 1960	Secs. 15(c)(1), 10(b), 8(c), 8(d), and rules 15c1-2, 10b-5, and 8c-1, 1934 act.	Complaint and order for an appointment of receiver filed Sept. 17, 1960. Receiver appointed and temporary restraining order signed Sept 17, 1960. Permanent injunction entered as to both defendants Sept. 26, 1960. Pending.
J. Raymond Dyer.....	1	Eastern District of Missouri.	Apr. 9, 1957	Sec. 12(e), 1935 act.....	Order Mar. 8, 1960, denying defendant's motion to vacate Nov. 16, 1959, judgment. Notice of appeal filed May 6, 1960. Finding of violation affirmed. Injunction vacated. Opinion filed June 30, 1961. Pending.
The Equity Corp.....	3	Delaware.....	Apr. 21, 1960	Secs. 7(a) and 12(d)(1), Investment Company Act of 1940.	Final judgment by consent entered as to all defendants May 11, 1960. Affidavit in compliance with court's order of May 11, 1960, filed July 14, 1960. Petition for reimbursement of expenses filed Oct. 28, 1960. Order approving petition Nov. 9, 1960. Closed.
Equity Investment Corp.	2	District of Colorado.	Oct. 26, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Oct. 26, 1960. Preliminary injunction signed Dec. 8, 1960. Consent judgment as to both defendants entered Dec. 21, 1960. Closed.
The Fall River Exploration & Mining Co.	2	.....do.....	Mar. 8, 1960	Secs. 5(b), 10(f), and rule 424(c), 1933 act.	Consent judgment as to 1 defendant and dismissal as to remaining defendant, Nov. 10, 1960. Closed.
Federal Shopping Way, Inc.	19	Western District of Washington.	Mar. 10, 1961	Secs. 17(a) (2) and (3), 1933 act.	Complaint filed Mar. 10, 1961. Interrogatories and various motions to dismiss filed. Pending.
First Capitol Savings & Loan Association, Inc.	2	Maryland.....	Apr. 11, 1960	Secs. 5 and 17(a) (2) and (3), 1933 act.	Conservator appointed June 30, 1960. Order adjudicating First Capitol bankrupt entered Sept. 30, 1960. Closed.
Flo-Mix Fertilizers Corp.	3	Eastern District of Louisiana.	Jan. 13, 1960	Sec. 15(d), 1934 act.....	Final judgment by consent as to 1 defendant entered Mar. 31, 1960. Pending.
Matthew M. Fox.....	2	Southern District of New York.	Mar. 10, 1960	Sec. 5, 1933 act.....	Stipulation of dismissal as to remaining defendant. Closed.
Fruit of the Loom, Inc.	6	.....do.....	Feb. 20, 1961	Sec. 10(b) and rule 10b-5, 1934 act.	Summons and complaint filed Feb. 20, 1961. Final judgment by consent as to all defendants Mar. 10, 1961. Closed.
Robert B. Gibson.....	4	Montana.....	Mar. 23, 1961	Secs. 5(a) and 5(c), 1933 act.	Complaint filed Mar. 23, 1961. Pending.
Glass Marine Industries, Inc.	1	Delaware.....	Dec. 7, 1960	Secs. 17(a)(1), 17(a)(3), and 24, 1933 act; sec. 10(b) and rule 10b-5, 1934 act.	Complaint and order for appointment of receiver filed Dec. 7, 1960. Pending.
Globe Securities Corp..	10	Southern District of New York.	Apr. 29, 1958	Sec. 17(a), 1933 act.....	Final judgments entered as to 1 defendant by consent on Apr. 4, 1960, and by default as to 6 defendants, Apr. 12, 1960. Stipulation of discontinuance as to 1 defendant Apr. 10, 1961. Pending as to remaining defendants.
Golden-Dersch & Co., Inc.	1	.....do.....	Sept. 7, 1956	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Order entered for receiver to liquidate securities of defendant company, Dec. 29, 1959. Receivership terminated. Closed.
Sidney Gondelman....	8	.....do.....	May 19, 1958	Sec. 14(a) and regulation X-14, 1934 act.	Stipulation and order dismissing action Mar. 30, 1961. Closed.

James C. Gray.....	4	do.....	Jan. 23, 1958	Sec. 17(a), 1933 act.....	Permanent injunction by consent entered as to 1 defendant Apr. 3, 1958. Pending.
H. M. Green Corp.....	3	do.....	Nov. 9, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Summons and complaint filed Nov. 9, 1960. Preliminary injunction entered Dec. 5, 1960. Permanent injunction by consent as to all defendants entered Dec. 9, 1960. Closed.
Gerald Greenspan.....	1	do.....	Oct. 26, 1960	Sec. 10(b) and rule 10b-5, 1934 act.	Summons and complaint filed Oct. 26, 1960. Permanent injunction by consent entered Nov. 10, 1960. Closed.
William Greenwald.....	3	do.....	Mar. 11, 1960	Sec. 10(b) and rule 10b-5, 1934 act.	Preliminary injunction by consent entered as to 1 defendant, Mar. 31, 1960, and by default as to 1 defendant Apr. 8, 1960. Pending.
Gulld Films Co., Inc.....	4	do.....	Sept. 25, 1959	Sec. 5, 1933 act.....	Notice of appeal filed from the order of preliminary injunction. Order entered by Court of Appeals for the Second Circuit affirming the judgment of the district court. Petition for certiorari filed and denied on Oct. 10, 1960. Pending.
Alexander L. Guterman (F. L. Jacobs Co.).	2	do.....	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.	Mandatory injunction by consent as to 1 defendant entered Feb. 26, 1959. Petition for reorganization under ch. X of the Bankruptcy Act filed in District Court for the Eastern District of Michigan. Pending as to remaining defendant.
Warren M. Hamburger, d/b/a Warren Hamburger's House of Securities.	1	Eastern District of New York.	July 26, 1960	Secs. 15(c)(1), 15(c)(3), 17(a), and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Summons and complaint filed July 26, 1960. Permanent injunction by consent entered Aug. 25, 1960. Closed.
Howard F. Hansell, Jr.	1	Southern District of New York.	Apr. 3, 1961	Secs. 9(a)(1), 10(b), and rule 10b-5, 1934 act.	Summons and complaint filed and consent judgment entered Apr. 3, 1961. Closed.
Harwyn Securities, Inc	6	do.....	Jan. 16, 1961	Sec. 17(a), 1933 act; secs. 10(b), 15(c)(3), 17(a), and rules 10b-6, 15c3-1, and 17a-3, 1934 act.	Summons and complaint filed Jan. 16, 1961. Final judgment by consent entered as to 3 defendants, Feb. 8, 1961. Permanent injunction as to 1 defendant, Mar. 22, 1961. Pending as to remaining defendants.
Miriam G. Hein, dba Hein Co.	1	do.....	Oct. 26, 1960	Sec. 15(c)(1) and 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act.	Summons and complaint filed Oct. 26, 1960. Consent judgment entered Mar. 9, 1961. Closed.
J. Henry Helsler & Co.	2	Northern District of California.	Nov. 19, 1954	Sec. 17(a) (2) and (3), 1933 act; sec. 10(b) and rule 10b-5 (2) and (3), 1934 act; sec. 206(2). Investment Advisers Act of 1940.	Final compliance order by consent, Mar. 22, 1958. Order Mar. 26, 1958, granting application for amendment of ex. A to interlocutory order dated Apr. 29, 1955. Amended compliance order, May 8, 1958. Pending.
D. Earle Hensley Co., Inc.	7	Western District of Washington.	Aug. 21, 1959	Sec. 17(a), 1933 act; secs. 15(c)(1), 15(c)(3), and 17(a) and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Final judgment by consent as to 2 defendants Jan. 9, 1961. Dismissal as to remaining defendants May 15, 1961. Closed.
Barrett Herrick & Co., Inc.	2	Southern District of New York.	Sept. 11, 1956	Sec. 15(c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 act.	Opinion rendered granting allowance of fees in receivership proceedings. Pending.
Leo Hershman & Co., Inc.	2	do.....	Aug. 8, 1960	Sec. 15(c)(1), 15(c)(3), and rules 15c1-2 and 15c3-1, 1934 act.	Summons and complaint filed Aug. 8, 1960. Judgment of permanent injunction by consent entered as to both defendants, Oct. 14, 1960. Closed.
G. Sterling Higgins.....	6	New Mexico.....	July 27, 1960	Sec. 17(a), 1933 act; sec. 10(b) and rule 10b-5, 1934 act.	Complaint filed July 27, 1960. Preliminary injunction entered as to all defendants Aug. 15, 1960. Final judgment by consent entered as to 2 defendants, Nov. 22, 1960. Default judgment as to 3 defendants entered Dec. 12, 1960. Pending as to remaining defendant.

TABLE 17.—*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, 1961—Continued*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
Hillsborough Investment Corp.	3	New Hampshire	Sept. 22, 1958	Sec. 5 (a) and (c), 1933 act.	Injunction issued against 2 defendants and affirmed on appeal by Court of Appeals for the First Circuit. Action dismissed as to remaining defendant. Closed.
J. P. Howell & Co., Inc.	2	New Jersey	June 20, 1960	Sec. 15(c)(1), 15(c)(3), and rules 15c1-2 and 15c3-1, 1934 act.	Preliminary injunction as to both defendants entered Aug. 3, 1960. Pending
Insured Mortgage & Title Corp.	4	Southern District of Florida	Nov. 15, 1960	Secs. 5(a), 5(c), and 17(a), 1933 act; sec. 15(a), 1934 act.	Complaint and order for an appointment of receiver filed Nov. 15, 1960. Preliminary injunction entered Dec. 14, 1960. Receiver appointed Mar. 9, 1961. Pending.
International Petroleum Holding Corp.	4	Utah	Feb. 11, 1960	Sec. 5(a) and 5(c), 1933 act.	Default judgment as to 1 defendant and consent as to 1 defendant, Oct. 6, 1960. Pending as to remaining defendants.
International Planning, Inc.	5	District of Columbia	Mar. 2, 1960	Secs. 5 (a) and (c) and 17(a), 1933 act.	Consent judgment as to 3 defendants and dismissal as to 1 defendant, Dec. 13, 1960. Pending as to remaining defendant.
Investment Bankers of America, Inc.	3	do	Feb. 8, 1960	Secs. 15(c)(1), 15(c)(3), 17(a), and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Final judgment by consent entered as to 1 defendant as to sec. 15(c)(3) of 1934 act and order dismissing remaining defendants, Dec. 23, 1960. Closed.
Investment Brokers of New Jersey, Inc.	2	New Jersey	Mar. 2, 1960	Secs. 15(c)(1), 15(c)(2), and 17(a) and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Order entered approving final report of receiver and discharging him upon filing a supplemental final report, June 26, 1961. Pending.
Jacoby & Co., Inc.	2	Southern District of California	Jan. 11, 1961	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed Jan. 11, 1961. Pending.
Jacwin & Costa, Inc.	8	Southern District of New York	Nov. 2, 1959	Sec. 17(a), 1933 act.	Final judgment as to 1 defendant entered Jan. 27, 1960. Default judgment as to remaining defendants, Oct. 4, 1960. Closed.
Sidney B. Josephson (Stratford Securities Co., Inc.)	5	do	Nov. 26, 1958	Secs. 5 and 17(a), 1933 act.	Consent judgment as to 1 defendant entered as to sec. 5, 1933 act, Mar. 3, 1961. Pending as to remaining defendants.
Sidney B. Josephson (Phoenix Securities Corp.)	6	do	Dec. 16, 1958	do	Consent judgment as to 3 defendants as to sec. 5, 1933 act and dismissal as to remaining defendants, Mar. 3, 1961. Closed.
Sidney B. Josephson (Stanley Brown)	2	do	Dec. 16, 1958	do	Consent judgments entered as to sec. 5, 1933 act, on Sept. 2, 1960, and Mar. 3, 1961. Closed.
William C. Karal	1	Massachusetts	Sept. 19, 1960	Sec. 10(b) and rule 10b-5, 1934 act.	Complaint filed Sept. 19, 1960. Preliminary injunction entered Sept. 27, 1960. Permanent injunction entered Nov. 21, 1960. Closed.
Keller Brothers Securities Co., Inc.	2	do	Apr. 26, 1961	Sec. 10(b) and rule 10b-6, 1934 act.	Complaint filed Apr. 26, 1961. Consent judgment entered May 5, 1961, as to both defendants. Closed.
Do	2	do	May 15, 1961	Secs. 10(b), 15(c)(1), 15(c)(3), and rules 10b-5, 15c1-2, and 15c3-1, 1934 act.	Complaint and order for an appointment of a receiver filed May 15, 1961. Temporary restraining order and appointment of 2 receivers entered May 15, 1961. Preliminary injunction as to both defendants signed May 22, 1961. Pending.

Kormel, Inc.....	4	Nevada.....	June 12, 1961	Sec. 17(a)(2) and 17(a)(3), 1933 act.	Complaint filed and temporary restraining order signed June 12, 1961. Pending.
L-Wood Co., Inc.....	2	Northern District of Texas.	June 14, 1961	Secs. 5(c) and 17(a)(1), 1933 act.	Complaint filed and consent judgment as to both defendants entered June 14, 1961. Closed.
Lambert, M. W., Inc.....	2	New Mexico.....	June 23, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Final judgment by consent entered as to both defendants, July 1, 1960. Closed.
Lederer, J. H. Co., Inc.:	46	Southern District of New York.	Dec. 9, 1958	Secs. 5(b) (1) and (2), 10, 17(a) (1), (2), and (3), 1933 act.	Permanent injunction by consent entered as to 2 defendants. Pending as to remaining defendants.
Norman Lemmons, Inc.	2	Northern District of Indiana.	May 12, 1961	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed May 12, 1961. Pending.
J. Logan & Co.....	5	Southern District of California.	Aug. 20, 1958	Sec. 17(a)(3), 1933 act; secs. 10(b) or 15(c)(1), 1934 act.	Findings of fact and conclusions of law and order denying preliminary injunction on condition that defendants not engage in securities business pending outcome of administrative proceeding.
Los Angeles Trust Deed & Mortgage Exchange.	9	do.....	Mar. 24, 1958	Secs. 5 (a) and (c) and 17(a), 1933 act; secs. 15(a) and 15(c)(1) and rule 15c1-2, 1934 act.	Petition for writ of certiorari filed Mar. 28, 1961, to review the judgment of Court of Appeals for the Ninth Circuit, as modified by its order on petition for rehearing entered Jan. 10, 1961, affirming and modifying the judgment of the district court entered May 20, 1960. Certiorari denied May 8, 1961. Closed.
Luckhurst & Co., Inc.:	4	Southern District of New York.	Jan. 28, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Note of issue filed Nov. 28, 1960. Pending.
McKinney, Howard W	1	Northern District of Indiana.	July 24, 1959	Sec. 15(a), 1934 act.....	Consent judgment entered Aug. 19, 1960. Closed.
Russell McPhall.....	4	Southern District of New York.	July 7, 1958	Sec. 36, Investment Company Act of 1940.	Final judgment by consent as to all defendants entered Sept. 2, 1960. Closed.
Mainland Securities Corp.	2	do.....	Jan. 27, 1961	Sec. 17(a) and rules 17a-3 and 17a-4, 1934 act.	Summons and complaint filed Jan. 27, 1961. Preliminary injunction signed as to both defendants. Pending.
Merritt, Vickers, Inc.:	2	do.....	Mar. 24, 1961	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Summons and complaint filed Mar. 24, 1961. Consent judgment as to both defendants entered Apr. 24, 1961. Closed.
Sidney Miller.....	2	do.....	May 24, 1960	Sec. 17(a) and rule 17a-3, 1934 act.	Preliminary injunction entered as to both defendants. Motion by defendants to vacate preliminary injunction denied Sept. 23, 1960. Pending.
Miller Smith & Co., Inc.	3	Colorado.....	May 19, 1961	Sec. 17(a), 1933 act; secs. 15(c)(1), 15(c)(3), and 17(a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 act.	Complaint filed May 19, 1961. Consent judgment as to all defendants, May 24, 1961. Closed.
Ralph Mineo.....	1	Southern District of New York.	Oct. 11, 1960	Sec. 15(c)(1) and 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act.	Summons and complaint filed Oct. 11, 1960. Consent judgment entered Oct. 31, 1960. Closed.
Mon-O-Co Oil Corp....	3	Western District of Washington.	June 8, 1960	Secs. 5(a), 5(c), and 17(a), 1933 act.	Consent judgment entered as to all defendants, Aug. 1, 1960. Closed.
Mono-Kearsarge Consolidated Mining Co.	7	Utah.....	June 2, 1958	Sec. 5 (a) and (c), 1933 act....	Final judgments as to 5 defendants and appeal filed by 1 defendant. Appeal dismissed Mar. 31, 1959. Pending as to remaining defendants.
Montana Reserve Underwriting Corp.	6	Montana.....	Apr. 6, 1961	Sec. 17(a), 1933 act.....	Complaint filed Apr. 6, 1961. Permanent injunction by consent entered as to all defendants, Apr. 14, 1961. Closed.
New England Electronic Components, Inc.	2	Massachusetts....	Apr. 20, 1961	Secs. 5(a), 5(c), and 17(a), 1933 act.	Complaint and motion for preliminary injunction filed Apr. 20, 1961. Permanent injunction by consent entered as to both defendants, May 2, 1961. 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.	Consent judgment as to 9 defendants, Apr. 7, 1961. Pending as to remaining defendants.

TABLE 17.—*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, 1961—Continued*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
Edward M. Obele, Jr.	3	Colorado.....	Aug. 30, 1960	Secs. 5(a), 5(c), and 17(a)(2), 1933 act.	Complaint and motion for preliminary injunction filed Aug. 30, 1960. Consent judgment as to all defendants entered Oct. 11, 1960. Closed.
Oil Lease Development Co., Inc.	2	Western District of Kentucky.	Sept. 15, 1960	Sec. 5(a) and 5(c), 1933 act...	Complaint filed Sept. 15, 1960. Preliminary injunction entered Sept. 26, 1960. Consent judgment as to both defendants, Nov. 7, 1960. Closed.
Osborne, Clark & Van Buren, Inc.	2	Southern District of New York.	Mar. 16, 1961	Sec. 17(a) and rule 17a-3, 1934 act.	Summons and complaint filed Mar. 16, 1961. Order of preliminary injunction entered as to 1 defendant, Apr. 6, 1961. Pending as to remaining defendant.
Peerless-New York, Inc.	1	.....do.....	Nov. 7, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Preliminary injunction entered Feb. 3, 1958. Pending.
Do.....	6	.....do.....	Feb. 13, 1960	Secs. 5 and 17(a), 1933 act; sec. 10(b) and rule 10b-6, 1934 act.	Permanent injunction by consent as to 3 defendants and receiver appointed Feb. 26, 1960. Final judgment by consent as to remaining defendants for violations of sec. 5 of 1933 act. Pending.
Peruvian Oil Concessions Co., Inc.	5	.....do.....	Apr. 2, 1959	Sec. 15(d), 1934 act.	Mandatory judgment by consent as to 2 defendants, May 4, 1959. Pending.
N. Pinsker & Co., Inc.	2	.....do.....	Jan. 26, 1960	Sec. 15(c)(1), 15(c)(3), and Rules 15c1-2 and 15c3-1, 1934 act.	Dismissal as to remaining defendant, Jan. 20, 1961. Closed.
Platalloy Corp.....	7	Southern District of California.	Feb. 19, 1960	Sec. 5(a) and 5(c), 1933 act...	Consent judgment as to 6 defendants and dismissed as to remaining defendant, June 5, 1961. Closed.
R. D. Potee.....	2	Montana.....	Mar. 23, 1961	Secs. 5(a), 5(c), and 17(a), 1933 act.	Complaint filed Mar. 23, 1961. Consent judgment entered as to both defendants, May 8, 1961. Closed.
Pruett & Co., Inc.....	3	Northern District of Georgia.	May 15, 1961	Sec. 17(a)(2), 17(a)(3), 1933 act; secs. 15(c)(1), 15(c)(3), 10(b), 17(a), and rules 15c1-2, 15c3-1, 10b-5, and 17a-3, 1934 act.	Complaint and order for an appointment of a receiver filed May 15, 1961. Consent judgment and receiver appointed, May 15, 1961. Pending.
E. J. Quinn & Co., Inc.	2	Southern District of New York.	Jan. 20, 1960	Secs. 15(c)(1), 15(c)(3), and 17(a) and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Preliminary injunction granted as to sec. 17(a) but denied as to sec. 15(c)(1) and 15(c)(3) of 1934 act. Pending.
Herbert Rapp.....	15	.....do.....	Apr. 29, 1958	Sec. 17(a), 1933 act.....	Preliminary injunction by consent entered as to 5 defendants, June 9, 1958. Permanent injunction as to 1 defendant entered Jan. 27, 1960. Pending.
Reed, Hutchinson & Co., Inc.	4	.....do.....	Oct. 20, 1960	Sec. 17(a) and rule 17a-3, 1934 act.	Summons and complaint filed Oct. 20, 1960. Default judgment as to 3 defendants, Mar. 21, 1961. Pending as to remaining defendant.
Cecil Rhodes.....	3	.....do.....	Jan. 30, 1960	Secs. 9(a)(1), 9(a)(2), 10(b), and rule 10b-5, 1934 act.	Summons and complaint filed Jan. 30, 1961. Consent judgments as to 2 defendants entered on Feb. 15, 1961 and Feb. 17, 1961. Stipulation withdrawing motion for preliminary injunction as to remaining defendant. Motion for dismissal of action as to remaining defendant granted. Closed.
John Richmond.....	1	Southern District of Ohio.	Nov. 3, 1960	Sec. 5(a) and 5(c), 1933 act...	Complaint filed Nov. 3, 1960. Final judgment by consent entered Dec. 9, 1960. Closed.

Casper Rogers & Co.,	2	Southern District of New York.	Apr. 7, 1961	Secs. 15(c)(3), 17(a), and rules 15c3-1 and 17a-3, 1934 act.	Summons and complaint filed Apr. 7, 1961.
Sanders Investment Co.	1	New Mexico.....	Dec. 12, 1957	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Order entered on Nov. 3, 1960. Approving receiver's final report and discharging receiver and releasing bond. Closed.
Anthony J. Sano.....	2	Southern District of New York.	June 30, 1959	Sec. 15(c)(1) and 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act.	Final judgment by consent as to both defendants and receiver appointed July 1, 1959. Pending.
Security Adjustment Corp.	3	Eastern District of New York.	Feb. 15, 1960	Sec. 15(c)(1), 15(c)(3) and rules 15c1-2 and 15c3-1, 1934 act.	Summons and complaint and order for an appointment of a receiver filed Feb. 15, 1960. Answer served Mar. 1, 1960. Preliminary injunction as to 1 defendant entered on Mar. 11, 1960. Pending.
Security Credit Corp..	3	Utah.....	June 14, 1960	Secs. 5(a), 5(c), and 17(a), 1933 act.	Consent judgment as to all defendants entered Sept. 9, 1960. Closed.
Neil James Shanman..	4	Southern District of New York.	Nov. 15, 1960	Secs. 15(c)(3) and 17(a) and rules 15c3-1 and 17a-3, 1934 act.	Summons and complaint filed Nov. 15, 1960. Amended complaint filed seeking additional violations of sec. 17(a) and rule 17a-3 of 1934 act and for an order appointing a receiver. Stipulation consenting to withdrawal of receiver filed. Consent judgment as to 2 defendants entered Apr. 24, 1961. Pending as to remaining defendants.
Shiels Securities, Inc.---	4	Oregon.....	Apr. 18, 1961	Sec. 17(a), 1933 act.....	Complaint and motion for preliminary injunction filed Apr. 18, 1961. Answer filed by defendants on May 10, 1961. Pending.
H. S. Simmons & Co., Inc.	2	Southern District of New York.	Jan. 6, 1961	Secs. 15(c)(1), 15(c)(3), 10(b), and rule 15c1-2, 15c3-1, and 10b-5, 1934 act.	Summons and complaint and order for an appointment of a receiver filed Jan. 6, 1961. Preliminary injunction and appointment of a receiver entered Jan. 23, 1961. Pending.
Hilton H. Slayton.....	3	Eastern District of Missouri.	Nov. 24, 1959	Secs. 15, 34(b), and 36, Investment Company Act of 1940.	Consent judgment as to all defendants entered Sept. 27, 1960. Closed.
Bert L. Snyder, Jr.----	1	Western District of Kentucky.	Sept. 28, 1960	Secs. 5(a) and 5(c), 1933 act..	Complaint filed Sept. 28, 1960. Consent judgment entered Jan. 16, 1961. Closed.
Southern Investment & Finance Corp.	2	Middle District of Georgia.	Oct. 21, 1960	Secs. 5(a), 5(c), and 17(a), 1934 act.	Complaint filed Oct. 21, 1960. Default judgment entered as to 1 defendant, Feb. 2, 1961. Final judgment by consent entered as to remaining defendant, Mar. 30, 1961. Closed.
Robert J. Southwell, dba R. J. Southwell Co.	1	New Jersey.....	Aug. 26, 1960	Secs. 17(a), 15 (b), and rules 15b-2 and 17a-3, 1934 act.	Summons and complaint filed Aug. 26, 1960. Preliminary injunction entered Jan. 10, 1961. Pending.
The Stanford Corp.----	2	District of Columbia.	Jan. 19, 1961	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed and consent judgment entered as to both defendants, Jan. 19, 1961. Closed.
Sterling Mining & Milling Co., Inc.	4	Northern District of Illinois.	May 11, 1960	Secs. 5(a) and 5(c), 1933 act..	Consent judgment as to 3 defendants Sept. 12, 1960. Remaining defendant dismissed due to death, Sept. 12, 1960. Closed.
Strand Investment Co.	1	Utah.....	July 29, 1960	Sec. 15(c)(3) and rule 15c3-1, 1934 act.	Complaint filed July 29, 1960. Final judgment by consent entered Aug. 30, 1960. Closed.
Strong Productions, Inc.	3	Northern District of California.	Dec. 6, 1960	Secs. 5(a) and 5(c), 1933 act..	Summons and complaint filed Dec. 6, 1960. Pending.
W. Edward Tague.....	1	Western District of Pennsylvania.	Mar. 30, 1961	Secs. 15(c)(1), 15(c)(3), and 17(a) and rules 15c1-2, 15c3-1, and 17a-3, 1934 act.	Complaint and order for an appointment of a receiver filed Mar. 30, 1961. Order entered appointing a receiver, Mar. 30, 1961. Preliminary injunction signed Apr. 3, 1961. Amended complaint filed seeking additional violations of secs. 15(c)(1), 17(a), and rules thereunder of the 1934 act. Consent judgment entered May 24, 1961. Pending as to receivership.
Tannen & Co., Inc.----	20	Southern District of New York.	Aug. 2, 1957	Secs. 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.

TABLE 17.—*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, 1961—Continued*

Names of principal defendant	Number of defendants	U.S. District Court	Initiating papers filed	Alleged violations	Status of case
Scott Taylor & Co., Inc.	7	do	Jan. 28, 1959	Sec. 17(a), 1933 act.	Final judgment by consent as to 1 defendant, June 6, 1961. Pending.
Do.	3	do	Aug. 18, 1959	Sec. 17(a), 1933 act; sec. 10(b), 1934 act.	Opinion, findings, and order of preliminary injunction as to all defendants signed Dec. 16, 1959. Note of issue filed. Pending.
Texas Ore Lands Corp.	5	Arizona	Apr. 4, 1961	Secs. 5(a)(1), 5(a)(2), and 5(c), 1933 act.	Complaint filed Apr. 4, 1961. Preliminary injunction as to all defendants signed Apr. 6, 1961. Consent judgment entered as to 3 defendants and dismissal as to remaining defendants, May 29, 1961. Closed.
Tower Hotel Corp.	7	Nevada	Jan. 23, 1961	Secs. 5(a), 5(c), and 17(a), 1933 act.	Complaint filed Jan. 23, 1961. Consent judgments as to 6 defendants on various dates. Pending as to remaining defendant.
Townsend Corp. of America.	14	New Jersey	Apr. 24, 1961	Secs. 7, 12, 18, 20, 21, 30, 34, 36, 48, and rule 30d-1, Investment Company Act of 1940.	Complaint and order for an appointment of a receiver filed Apr. 24, 1961. Consent judgments as to 5 defendants entered on May 31, 1961. Dismissal as to remaining defendants, May 31, 1961. Order entered appointing interim board of directors. Pending.
Triumph Mines, Ltd.	3	Western District of Washington	Mar. 18, 1958	Sec. 5(a) and (c) and 17(a), 1933 act.	Permanent injunction by consent as to 2 defendants, Mar. 18, 1958. Pending as to remaining defendant.
Union Corp. of America.	8	Eastern District of Missouri.	May 22, 1961	Sec. 15(d), 1934 act.	Complaint filed May 22, 1961. Answers filed on June 20, 1961. Pending.
Vanco, Inc.	5	New Jersey	July 2, 1958	Secs. 5(a) (1) and (2) and 5(c), 1933 act.	Default judgment as to 1 defendant and dismissal as to remaining defendants, Mar. 28, 1961. Closed.
Jean R. Veditz Co., Inc.	1	Southern District of New York.	Oct. 18, 1957	Sec. 15(c) (3) and rule 15c3-1, 1934 act.	Notice of appeal filed by Commission from the order of the district court denying permanent injunction, Jan. 12, 1959. Pending.
Vickers, Christy & Co., Inc.	3	do	Feb. 6, 1961	Secs. 15(c) (3), 15(c) (1), 17(a) and rules 15c3-1, 15c1-2, and 17a-3, 1934 act.	Summons and complaint filed Feb. 6, 1961. Amended complaint filed seeking additional violations of Sec. 15(c) (1) and rule 15c1-2 of 1934 act and for an order appointing a receiver. Order of preliminary injunction entered Mar. 27, 1961 and receiver appointed Mar. 30, 1961. Court enlarged receiver's powers and directed him to liquidate corporate defendant. Pending.
C. B. Whitaker, A. J. Zappa & Co., Inc.	3	do	Sept. 28, 1960	Sec. 15(c) (3) and rule 15c3-1, 1934 act.	Summons and complaint filed Sept. 28, 1960. Order of preliminary injunction signed Dec. 30, 1960. Pending.
Geoffrey P. Williams.	4	Idaho	July 10, 1960	Sec. 5(a) and 5(c), 1933 act.	Complaint filed July 10, 1960. Permanent injunction by consent entered as to all the defendants, Feb. 21, 1961. Closed.
York Securities, Inc.	3	Southern District of New York.	June 6, 1960	Secs. 15(c) (1), 15(c) (3), and 17(a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 act.	Permanent injunction by consent as to 2 defendants and appointment of receiver entered June 29, 1960. Dismissal as to remaining defendant due to cause of death. Petition and order to file petition in bankruptcy. Resignation of receiver as directed by court order dated Dec. 5, 1960. Closed.
Stanley I. Younger.	1	do	Aug. 1, 1960	Sec. 10(b) and rule 10b-5, 1934 act.	Summons and complaint filed Aug. 1, 1960. Consent judgment entered Apr. 18, 1961. Closed.
Benjamin Zwang & Co., Inc.	2	do	Sept. 27, 1956	Sec. 15(c) (3) and rule 15c3-1, 1934 act.	Note of issue filed Aug. 6, 1958. Pending.

TABLE 18.—Proceedings by the Commission to enforce subpoenas, pending during the fiscal year ended June 30, 1961

Principal defendants	Number of defendants	U.S. District Court	Initiating papers filed	Sections of act involved	Status of case
American Sales Training Research Associates, Inc. aka ASTRA.	1	Northern District of Illinois.	Jan. 13, 1961	Sec. 22(b), 1933 Act.-----	Order Jan. 13, 1961, directing respondents to show cause why order should not issue requiring compliance with subpoena. Commission's memorandum of law filed Feb. 21, 1961. Order Mar. 24, 1961, requiring compliance with subpoena. Closed.
Hays, Norman C.-----	1	Utah-----	Dec. 21, 1960	-----do-----	Order Dec. 21, 1960, directing respondent to show cause why order should not issue requiring compliance with subpoena. Respondent produced documents on Dec. 30, 1960, order to show cause continued without date at request of the SEC. Closed.

TABLE 19.—Actions pending during fiscal year ended June 30, 1961, 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	U.S. District Court	Initiating papers filed	Status of case
American Water Works & Electric Co., Inc., et al., In re.	Delaware.....	Reopened Apr. 13, 1961....	Motion by Allegheny Power System, Inc. (formerly the West Penn Electric Co.) for supplemental enforcement order approving as reasonable efforts of movant to locate all holders of certain certificates and releasing jurisdiction, filed. Order Apr. 21, 1961, approving efforts of movant to locate all holders of certain certificates and setting Aug. 1, 1961, for surrender of certificates and releasing court's jurisdiction over Allegheny Power System, Inc. Closed.
Arkansas Natural Gas Corp. et al., In re.	.....do.....	Reopened June 25, 1956....	Petition filed June 25, 1956, by Cities Service Co. for an order requiring Elias Auerback to show cause why he should not be adjudged in contempt of order entered Jan. 29, 1953. Petition filed by Louis E. Marron July 23, 1956, seeking intervention. Order Oct. 26, 1956, denying petition for intervention but directing the petitioner be permitted to appear amicus curiae. Pending.
Arkansas Fuel Oil Corp. et al.	.....do.....	July 19, 1960.....	Application filed by Commission for an order enforcing the carrying out of a plan pursuant to secs. 11(d) and 18(f) of the 1935 act as per Commission order of July 14, 1960. Order Sept. 2, 1960, approving and enforcing plan with the court taking jurisdiction and possession of Arkansas Fuel Oil Corp. and its assets. Pending.
Consolidated Electric and Gas Co., In re (Central Public Utility Corp.).	.....do.....	Reopened Aug. 20, 1959....	Supplemental application filed Aug. 20, 1959, by Central Public Utility Corp. for an order requiring all interested persons to show cause why proposed amendments should not be approved. Order to show cause entered Aug. 20, 1959. Commission's letter to the court dated Aug. 24, 1959 in support of the application. Order Sept. 3, 1959, approving application and continuing as supplemented the order of the court entered July 29, 1952, in full force and effect. Order Oct. 31, 1960, granting supplemental applications filed by consolidated Electronics Industries Corp. Order Jan. 24, 1961, granting application filed by Consolidated requesting the Hanover Bank pay applicant the moneys held by it; and releasing Hanover Bank from all obligations and duties under the 1st supplemental plan and enforcement order; and directing the applicant to publish in newspapers a notice to bondholders for cash surrender of their bonds. Closed.
Long Island Lighting Co. et al, In re.	Eastern District of New York.	Reopened Oct. 14, 1960....	Application by Long Island Lighting Co. for an order extending time, for the exchange of its old stock for the new stock provided in the plan of consolidation from Oct. 24, 1960, to Oct. 24, 1962. Order Oct. 19, 1960, granting application with Commission's consent attached. Pending.
Louisiana Gas Service et al., In re.	Eastern District of Louisiana.	Reopened Aug. 12, 1960....	Supplemental application filed by Commission for an order enforcing the carrying out of amendments to a plan pursuant to secs. 11(e) and 18(f) of the 1935 act approved by Commission order of Aug. 11, 1960, and to enjoin interference of amended plan. Order Sept. 14, 1960, approving and enforcing amendments to the plan. Pending.
The Middle West Corp., In re.	Delaware.....	Reopened Dec. 12, 1960....	Final report by the Middle West Corp. on consummation of amended plan for divestment of securities and assets and liquidation and dissolution of the Middle West Corp. and application for order releasing jurisdiction taken by the court in order dated June 29, 1950. Order Dec. 23, 1960, discharging the Middle West Corp. and all its assets from jurisdiction of the court. Closed.
Niagara Hudson Power Corp. et al., In re.	Northern District of New York.	Reopened Jan. 23, 1961....	Application of Niagara Mohawk Power Corp. for an order releasing and discharging it and its assets from the jurisdiction of the court, filed. Order Jan. 23, 1961, approving the application. Closed.

Standard Gas & Electric Co. et al, In re.	Delaware.....	Reopened Jan. 26, 1961.....	Supplemental application filed by Commission for an order enforcing the carrying out of step V as amended of the standard plan pursuant to sec. 11 (e) of the 1935 act approved by Commission order of Jan. 19, 1961, and to enjoin interference with carrying out of the plan. Order Apr. 22, 1961, approving and enforcing plan and reserving jurisdiction to the court. Pending.
The United Corp., In re.....	3d circuit.....	Reopened Aug. 12, 1960.....	Notice of appeal by Randolph Phillips et al, filed Aug. 12, 1960, from the order of the district court entered June 20, 1960, relating to fees and expenses. Motion Sept. 19, 1960, by United Corp. for an order to dismiss appeal, filed. Commission's memorandum Sept. 30, 1960, in support of motion to dismiss appeal. Brief and appendix for appellants filed Oct. 10, 1960. Opinion and order Nov. 1, 1960, affirming the order of the district court entered June 20, 1960, approving the supplemental application of the Commission regarding payment of fees and expenses. Closed.
United Public Service Corp., In re.	Delaware.....	Reopened Dec. 12, 1960.....	Final report of United Public Service Corp. and the Bank of Delaware, its depository and paying agent, on consummation of plan for the liquidation and dissolution of United Public Service Corp. and application for order closing the proceedings. Order Dec. 23, 1960, approving report and releasing company and its assets from jurisdiction of the court. Closed.
Valley Gas Co., In re.....	Rhode Island.....	Aug. 12, 1960.....	Application filed by Commission for an order enforcing step I of a plan pursuant to sec. 11 (e) of the 1935 act as approved by Commission order of Aug. 10, 1960. Commission's memorandum on its application filed. Brief and supplemental brief filed by John B. Kelaghan in support of his statement of objections. Order Oct. 21, 1960, enforcing provisions of step I of plan with the court reserving jurisdiction. Notice of appeal filed Jan. 25, 1961, by Kelaghan from the order of the district court. Stipulation and order Jan. 5, 1961, suspending order of Oct. 21, 1960, pending appeal. Briefs for appellants and Valley Gas Co. et al., filed. Commission's brief Feb. 23, 1961, served. Judgment by Court of Appeals for the First Circuit Mar. 24, 1961, affirming order of the district court. Pending.

TABLE 20.—*Actions under sec. 11(d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1961, to enforce compliance with the Commission's order issued under sec. 11(b)*

Name of case	U.S. District Court	Initiating papers filed	Nature and history of case
International Hydro-Electric System.	Massachusetts.....	Reopened July 15, 1957....	Supplemental application of Commission Jan. 6, 1960, for an order relating to allowances for fees and expenses. Various objections to supplemental application filed in February 1960. Opinion Apr. 20, 1960, affirming in part and denying in part Commission's application. Order May 18, 1960, authorizing the trustees of International Hydro-Electric System to pay fees and allowances. Petition Dec. 2, 1960, by the trustee in the district court for approval and allowance of his first and final account. Closed.

TABLE 21.—Contempt proceedings pending during the fiscal year ended June 30, 1961

PART 1.—CIVIL CONTEMPT PROCEEDINGS

Principal defendants	Number of defendants	U.S. District Court	Initiating papers filed	Status of case
Flo-Mix Fertilizers Corp. et al.	2	Eastern District of Louisiana.	Aug. 11, 1960	Order of Aug. 11, 1960, directing the defendants to show cause why they should not be adjudged in civil contempt for failure to comply with the final judgment entered Mar. 31, 1960, for failure to file form 10K reports. Answer filed by defendants Sept. 7, 1960. Adjudication and order by consent entered Sept. 7, 1960, adjudging defendants in civil contempt. Closed.

PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

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 <i>S.E.C. v. Swan-Finch Oil Corp. et al.</i> 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 Court of Appeals for the Second Circuit, 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. Defendant fugitive. 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 violations of 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. Individual defendant on Sept. 23, 1960, pleaded guilty and received a suspended sentence for 6 months and placed on probation. Case dismissed as to corporate defendant.
Ross, James, Reimer, Collins & Co., Inc., et al.	2	.....do.....	Dec. 27, 1960	Order Dec. 27, 1960, directing the defendants to show cause why they should not be punished for criminal contempt for violating temporary restraining order in <i>S.E.C. v. Neil James Shanman</i> . Defendants adjudged guilty of criminal contempt on Feb. 2, 1961. Individual defendant sentenced to 6 months imprisonment and fined \$5,000; corporate defendant fined \$100.
Wagner, George H.....	2	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 temporary restraining order, permanent injunction, and order appointing a receiver in <i>S.E.C. v. Philip Newman Associates, Inc., et al.</i> Order Jan. 31, 1961, granting Government's motion to dismiss application.

TABLE 22.—Petitions for review of orders of the Commission pending in courts of appeal during the fiscal year ended June 30, 1961

Petitioner	U.S. Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Associated Securities Corp. et al.	10th Circuit.....	Sept. 9, 1960	Order July 12, 1960, revoking the petitioner's broker-dealer registration and finding Norman B. Jenson to be the cause. SEC's answer filed Sept. 23, 1960, to petitioners' motion for stay. Court of Appeals for the Tenth Circuit, Oct. 18, 1960, denied motion for stay. Petitioners' brief served Apr. 3, 1961. Brief and supplemental memorandum of the SEC filed. Order of Commission affirmed July 21, 1961. Closed.
Barnett & Co., Inc.....	2d Circuit.....	July 15, 1960	Order July 5, 1960, suspending petitioner's broker-dealer registration pending final determination of the issue of revocation. Order Aug. 25, 1960, withdrawing the petition for review as per stipulation. Closed.
Berko, Irwin.....	do.....	Apr. 5, 1961	Order Feb. 6, 1961, finding petitioner to be a cause of the broker-dealer registration of Mac Robbins Co., Inc. Petitioner's brief and appendix filed. Pending.
Biltmore Securities Corp.....	do.....	Oct. 13, 1960	Order Oct. 11, 1960, suspending petitioner's broker-dealer registration pending determination of the issue of revocation. Memorandum October 1960 of the SEC in opposition to petitioner's motion for stay. Court of Appeals for the Second Circuit denied petitioner's motion for stay on Oct. 26, 1960. Motion of Dec. 12, 1960, by the SEC and consented to by petitioner for dismissal of petition for review. Closed.
Boruski, Ernest F., Jr.....	do.....	Oct. 24, 1960	Order Oct. 7, 1960, affirming the disciplinary action taken against petitioner by NASD, Inc. Petitioner's brief and appendix filed Feb. 15, 1961. SEC's brief served Mar. 15, 1961. Opinion Apr. 13, 1961, affirming order of the Commission and dismissing petition for review. Closed.
Civil & Military Investors Mutual Fund, Inc.	District of Columbia..	June 2, 1960	Order Apr. 8, 1960, declaring that the corporate name of petitioner is deceptive or misleading within the scope of sec. 35(d) of the Investment Company Act of 1940. Brief and reply briefs filed. Opinion and judgment entered Feb. 23, 1961, affirming the Commission order. Closed.
D'Antoni & Associates, Inc., Blaise, et al.	5th Circuit.....	June 16, 1960	Order Apr. 19, 1960, revoking the broker-dealer registration of Blaise D'Antoni & Associates, Inc., and denying application for withdrawal of registration of Blaise D'Antoni. Briefs and reply briefs filed. Opinion Apr. 20, 1961, affirming the Commission order. Opinion June 12, 1961, denying petition for rehearing. Order June 15, 1961, granting stay of mandate for a period of 90 days from June 12, 1961. Pending.
Dyer, Nancy Corinne, et al..	8th Circuit.....	Mar. 29, 1957	Order of Mar. 21, 1957, permitting the declaration filed under sec. 12(e) of the 1935 act by Union Electric Co., to become effective regarding solicitation of proxies. Judgment Jan. 24, 1958, dismissing petition for review; and order Feb. 25, 1958, denying petition for rehearing. Petition for writ of certiorari filed May 20, 1958, in the Supreme Court. The Supreme Court on May 18, 1959, granted petition for certiorari, vacated judgment of Court of Appeals for the Eighth Circuit and remanded case to that court for further consideration in view of its decision in <i>Dyer v. S.E.C.</i> , C.A. 8, No. 15989, decided Apr. 10, 1959. Reargument heard on the merits in Court of Appeals for the Eighth Circuit Nov. 17, 1959. Opinion and judgment by Court of Appeals for the Eighth Circuit Feb. 27, 1961, affirming the order of the Commission; and on Apr. 21, 1961, denied petition for rehearing. Closed.
Do.....	do.....	Apr. 3, 1959	Order of Mar. 27, 1959, permitting declaration filed under sec. 12(e) of the 1935 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. Brief and reply briefs filed. Opinion and judgment entered Apr. 14, 1961, affirming the order of the Commission; and order entered May 29, 1961, denying petition for rehearing. Closed.
Do.....	do.....	Oct. 2, 1959	Order Sept. 3, 1959, permitting to become effective an amended declaration filed under sec. 7 of the 1935 act authorizing Union to offer its underwritten common stock to stockholders and offer its unsubscribed shares to employees. Order Oct. 21, 1959, denying petitioners' motion for stay of Commission's order and denying motion for rehearing on motion for stay on Oct. 27, 1959. Briefs filed; argument heard on the merits on Jan. 25, 1960. Opinion and judgment entered Apr. 24, 1961, affirming the Commission order and on May 29, 1961, denying petition for rehearing. Closed.

Do.....	do.....	Mar. 23, 1960	Alleged orders Feb. 12, Mar. 9, and Mar. 18, 1960, respecting the 1960 proxy material of Union's management which adversely affect the stockholders of Union and its ratepayers, and the general public pursuant to sec. 24(a) of the 1935 act. Government's motion to dismiss petition on basis that there was no reviewable order involved. Order Apr. 4, 1960, denying petitioners' motion for stay. Opinion and judgment entered May 10, 1961, affirming the decision of the Commission not to follow the procedure required by rule 62 of the 1935 act. Order entered June 26, 1961, denying petition for rehearing. Closed.
Do.....	do.....	Apr. 10, 1961	Orders, determinations, and rulings concerning proxy material of Union Electric Co. for its 1961 annual meeting involving secs. 12(e) and 24 of the 1935 act and sec. 14 of the 1934 act. Order Apr. 14, 1961, denying petitioners' application for stay and SEC's motion to dismiss is taken under advisement. Order Apr. 14, 1961, granting Stadin's motion to intervene as party petitioner. Motion filed Apr. 19, 1961, by the SEC to dismiss petition for intervention and for review of intervenor. Briefs in opposition to SEC's motion to dismiss. Court of Appeals for the Eighth Circuit dismissed petition for review on June 30, 1961. Closed.
Franklin, Samuel B., & Co.	9th Circuit.....	June 15, 1959	Order of Mar. 24, 1959, dismissing proceedings instituted by petitioner pursuant to sec. 15A(g) of the 1934 act for review of disciplinary action by the NASD, Inc.; and Commission's order of Apr. 20, 1959, denying rehearing. Briefs and reply briefs filed. Opinion May 1, 1961, affirming the order of the Commission. Petition for rehearing denied June 3, 1961. Pending.
Do.....	do.....	Aug. 29, 1960	Commission order entered pursuant to rule 261(a) of the general rules and regulations under the 1933 act temporarily suspending the exemption of Comanche Creek Oil Co. Court of Appeals for the Ninth Circuit on Nov. 17, 1960, granted petitioner's motion to dismiss petition for review. Closed.
Gob Shops of America, Inc.	2d Circuit.....	June 12, 1959	Order of May 6, 1959, denying withdrawal of notification and permanently suspending exemption from registration pursuant to regulation A. Petitioner's brief and appendix filed. Stipulation filed Apr. 27, 1961, for withdrawal of petition for review. Closed.
Greenberg, Gerald M.	10th Circuit.....	Sept. 19, 1960	Order July 21, 1960, dismissing petitioner's application for review of disciplinary action by the NASD, Inc. pursuant to sec. 15A (g) and (h) of the 1934 act. Memorandum Oct. 6, 1960, of the SEC in opposition to motion for stay. Court of Appeals for the Tenth Circuit on Oct. 18, 1960, denied motion for stay. Order Nov. 21, 1960, granting petitioner's motion for dismissal of petition for review. Closed.
Hennesey, Dorothy, dba Hennesey & Co.	3d Circuit.....	Sept. 13, 1960	Order July 15, 1960, pursuant to sec. 6(c) of the Investment Company Act of 1940, exempting Great American Life Underwriters, Inc., of which petitioner is a stockholder from all provisions of the act after Jan. 1, 1940. Motion and memorandum by intervenor-respondent Great American Life Underwriters, Inc., to dismiss petition for review served Nov. 23, 1960. SEC's memorandum in opposition to motion to dismiss filed Dec. 2, 1960. Petitioner's brief and intervenor's briefs on motions to dismiss filed. Opinion and order Jan. 10, 1961, denying intervenor's motion to dismiss petition for review. Various briefs filed by all parties. Pending at the end of the year. Subsequently order of Commission affirmed July 1961 and motion for rehearing denied August 1961.
Holman & Co., Inc., R. A. . .	U.S. District Court for the District of Columbia, Court of Appeals for the Dis- trict of Columbia.	June 13, 1961	(Considered a petition for review although filed in the district court.) Summons and complaint filed demanding a judgment enjoining pending proceeding before the Commission and declaring invalid rule 252(e)(2) of regulation A which curtails plaintiff's underwriting activities in exempt offerings. Motion June 21, 1961, by the SEC for dismissal of complaint, served. Plaintiff's brief in opposition to motion to dismiss filed June 26, 1961. Pending after the fiscal year. Order July 6, 1961, granting motion for dismissal of complaint; denying plaintiff's motions for preliminary injunction and for stay. Notice of appeal filed by R. A. Holman & Co., Inc. Pending.
Kahn, Arnold Leonard.....	2d Circuit.....	Mar. 24, 1961	Order Feb. 6, 1961, revoking the broker-dealer registration of Mac Robbins & Co., Inc., and finding Kahn among others a cause of such revocation. Petitioner's brief and appendix filed. Pending.
Leighton, William.....	2d Circuit, U.S. Su- preme Court.	Aug. 26, 1960	To review Commission's failure to take action against management of Paramount Pictures Corp. for alleged violations of proxy rules under sec. 14(a) of the 1934 act. Order Nov. 3, 1960, granting SEC's motion to dismiss petition for review; and denying petitioner's cross motion for summary judgment. Order Feb. 7, 1961, denying petitioner's motion to vacate order of Nov. 3, 1960. Petition for writ of certiorari and SEC's brief in opposition filed. Supreme Court on Apr. 17, 1961, denied petition for certiorari. Petitioner's motion filed in the district court to vacate order of Nov. 3, 1960, on grounds of new evidence. SEC's response served June 9, 1961. Pending.

TABLE 22.—Petitions for review of orders of the Commission pending in courts of appeal during the fiscal year ended June 30, 1961—Contd.

Petitioner	U.S. Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Midland Securities, Inc., et al.	2d Circuit.....	Jan. 16, 1961	Order Nov. 16, 1960, affirming the order of NASD, Inc., which expelled petitioner Midland Securities, Inc., from the NASD, Inc., and revoked the registration of Ben De Gaetano as a registered representative. SEC's memorandum in opposition to petitioners' motion for stay pending appeal. Order Feb. 6, 1961, denying petitioners' motion for stay. Petition dismissed by consent July 18, 1961. Closed.
Nadler, Aaron M.	.....do.....	Feb. 17, 1961	Order Dec. 23, 1960, affirming Commission order of Dec. 30, 1959, exempting Securities Corp. General, a registered investment company, from provisions of sec. 17(a) of the 1940 act and permitting it to purchase its own preferred stock in accord with sec. 23(c)(3) of the act. Order Mar. 6, 1961, granting Securities Corp. General to intervene as intervenor-respondent. Pending.
Organ & Co., Inc., N. Sims.	.....do.....	Mar. 21, 1961	Order Mar. 14, 1961, revoking the broker-dealer registration of the petitioner and finding N. Sims Organ a cause of such revocation. Memorandum of the SEC filed Apr. 10, 1961, in opposition to petitioner's motion for stay. Briefs and reply briefs filed. Argument held on June 7, 1961; decision pending.
Peoples Securities Co. et al.	5th Circuit.....	Apr. 7, 1960	Order Feb. 10, 1960, denying application of petitioner for registration as a broker-dealer and its motions to cancel or withdraw such application and to dismiss proceedings. Appeal involves interpretation of sec. 15(b) of the 1934 act. Briefs filed. Judgment entered Apr. 20, 1961, affirming the order of the Commission. Closed.
Powell, I. Vincent.	2d Circuit.....	Jan. 14, 1961	Order Nov. 15, 1960, which amended previous order of Sept. 26, 1960, instituting public proceedings pursuant to sec. 15(c) and 15(A) of the 1934 act. SEC's motion to dismiss petition for review served on Feb. 24, 1961. Order entered Mar. 20, 1961, granting SEC's motion for dismissal of petition for review. Closed.
Do.....	.....do.....	May 3, 1961	Orders Mar. 8, 1961, and Mar. 31, 1961, instituting proceedings to determine whether to deny broker-dealer registration and postponing the effective date of registration until a final determination on the question of denial. Response of the SEC to petitioner's motion to stay SEC orders filed June 1, 1961. Pending.
Sterling Securities Co. et al.	9th Circuit.....	Dec. 30, 1959	Order Nov. 2, 1959, pursuant to sec. 15(b) of the 1934 act, revoking the broker-dealer registrations; expelling membership in NASD, Inc., and holding Marc Sterling as a cause of order. Petition for review dismissed by Court of Appeals for the Ninth Circuit on Dec. 5, 1960. Closed.

TABLE 23.—Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1961

Plaintiff	Court	Initiating papers filed	Status of case
Biltmore Securities Corp. et al.	Southern District of New York.	Aug. 29, 1960	Motions by plaintiffs for an order to stay SEC's administrative proceedings set for Aug 30, 1960. Order Aug. 29, 1960, to show cause why a stay should not be granted. Commission's memorandum Aug. 30, 1960, in opposition to motion for stay. Memorandum decision Aug. 30, 1960, denying motion for stay. Closed.
Levinson, Herman D. ....	U.S. Court of Claims.	July 30, 1954	Petition for judgment alleging improper separation in reduction in force and seeking recovery of lost pay filed July 30, 1954. Government's first amended answer filed Jan. 12, 1961. Trial was held during January 1961. Pending.

TABLE 24.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1961.

Name of case	U.S. District Court, Court of Appeals, or U.S. Supreme Court	Date of entry	Nature and status of case
Bellanca Corp. v. Sydney L. Albert, et al.	Northern District of Ohio.	Feb. 21, 1961	Action under sec. 20(c) and 10(b) of the 1934 act and rule 10b-5 thereunder alleging that the plaintiff was fraudulently induced by Albert to transfer its stock or other assets in connection with transactions whereby Bellanca acquired assets of other companies and that Albert hindered the filing of reports required by the act. The defendant-directors of Bellanca aided and abetted the fraud on the corporation by authorizing, acquiescing in, or ratifying Albert's actions in connection with these transactions. Commission's memorandum Mar. 6, 1961, as amicus curiae in opposition to motions to dismiss the complaint, served. Pending.
Blau, Isadore, et al. v. Robert Lehman et al.	2d Circuit..... {U.S. Supreme Court..	Jan. 4, 1961 Apr. 1961	{An action based upon sec. 16(b) of the 1934 act in which recovery is sought of "short swing" profits realized by a partnership from trading in securities of a corporation of which a partner was a director. Decision Dec. 20, 1960, affirming the judgment of the district court. Petition by appellant for rehearing and motion Jan. 4, 1961, by the Commission for leave to participate amicus curiae denied by Court of Appeals for the Second Circuit on Feb. 21, 1961. Petition for writ of certiorari to the Supreme Court filed. Commission's brief April 1961, amicus curiae, in support of petition for certiorari, filed. Supreme Court Apr. 24, 1961, granted petition for certiorari. Brief of SEC amicus curiae in support of appellant filed August 1961. Pending.
Brouk, J. John, et al. v. Managed Funds, Inc., et al.	8th Circuit..... {U.S. Supreme Court..	Feb. 8, 1961 June 9, 1961	{Action under the Investment Company Act of 1940 in connection with petition for rehearing since there is a question of law as to whether a private right of action lies under this act. Order Feb. 8, 1961, denying petition for rehearing of opinion Jan. 13, 1961, reversing district court order and denying Commission participation. Petition by Managed Funds, Inc., for writ of certiorari to the Supreme Court, filed. Commission's brief June 9, 1961, amicus curiae in support of petition for certiorari. Certiorari granted June 19, 1961. Pending on the merits.
Brown, Ethel, et al. v. Hugh Bullock et al.	{Southern District of New York. 2d Circuit.....	Dec. 1960 May 4, 1961	{Action under secs. 20(a), 36, and 37 of the Investment Company Act of 1940. Commission's memorandum Dec. 12, 1960, as amicus curiae, served. Brief and reply briefs filed. Commission's supplemental memorandum Mar. 1, 1961, amicus curiae, served. Opinion Mar. 9, 1961, denying motion to dismiss. Defendants' application for leave to appeal granted May 3, 1961, by Court of Appeals for the Second Circuit. Briefs filed in Court of Appeals for the Second Circuit. Commission's brief May 16, 1961, amicus curiae filed. Argument held May 22, 1961; decision pending in Court of Appeals for the Second Circuit. Pending.
Chabot, Allen v. Empire Trust Co., Inc.	2d Circuit.....	May 3, 1961	Action against directors for violations of the Investment Company Act of 1940. The preliminary issue raised in this appeal is whether the provision of the trust agreement requiring security for costs may be enforced in the face of sec. 17(h) of the act. Pending.
Dann, Sol A., et al. v. Studebaker-Packard Corp.	-----do-----	Dec. 14, 1959	Private action based, in part, upon alleged violations of sec. 14 of the 1934 act and the Commission's proxy rules. Commission's brief amicus curiae served Jan. 15, 1960. Oral argument heard Feb. 19, 1960. Opinion Feb. 6, 1961, reversing the judgment of the district court and remanding case for further proceeding. Petition by Studebaker-Packard Corp. for rehearing denied Mar. 24, 1961. Closed.
Dumont, Nathaniel R., et al. v. United Industrial Corp.	Court of Chancery State of Delaware	Apr. 19, 1961	This is an action concerning the annual meeting of United Industrial Corp. and the election by proxy. Order Apr. 13, 1961, enjoining United Industrial Corp. from changing date or postponing annual meeting. Suggestion of the Commission Apr. 19, 1961, for an order postponing or directing adjournment of annual meeting so that the Commission may protect the rights of stockholders to full and fair disclosure in the corporate election by proxy. Order Apr. 23, 1961, denying plaintiff's motion for a preliminary injunction and dissolving the restraining order entered Apr. 13, 1961. Closed.

Ferguson, Murray v. Fred Tabah et al.	2d Circuit.....	Feb. 9, 1961	Action in which the Commission appeared as amicus curiae to urge the right of a trustee of a corporation in reorganization under ch. X of the Bankruptcy Act to initiate derivative lawsuits on behalf of the debtor in Federal courts despite the pendency in the State court of an earlier instituted suit seeking similar relief. Amended notices of appeal by Fred Tabah, defendant-appellants, et al., from the order of the district court denying motion for stay pending action in State court; appointing 2 special fiscal agents; an enjoining escrow attorney from relinquishing his custody and control of shares of Doeskin stock. Court of Appeals for the Second Circuit on Jan. 16, 1961, consolidated appeals. Brief and reply briefs filed. Commission's memorandum amicus curiae filed February 1961. Opinion Apr. 13, 1961, dismissing appeal from order denying stay; affirming orders of the district court and denying writ of mandamus. Closed.
Honigman, Edith v. Green Giant Co. et al.	District of Minnesota.	Feb. 20, 1961	Action under sec. 10(b) of the 1934 act and secs. 12(2) and 17(a) of the 1933 act in which plaintiff demands recovery. Briefs filed. Commission memorandum Mar. 10, 1961, amicus curiae, served. Plaintiff's motion Mar. 17, 1961, in support of Commission's motion of Feb. 20, 1961, for leave to participate amicus curiae, filed. Pending.
Hooper, Perry O. v. Mountain States Securities Corp. et al.	5th Circuit, U.S. Supreme Court.	Mar. 24, 1960	Action under sec. 10(b) of the 1934 act by the trustee in bankruptcy alleging fraud in the purchase of the corporation's unissued stock by the defendants. District court dismissed the action and trustee appealed. Commission's brief amicus curiae filed Apr. 26, 1960, urging the court of appeals to express its disagreement with the district court's ruling. Opinion July 12, 1960 by Court of Appeals for the Fifth Circuit reversing judgment of the district court and remanding to the district court. Order entered by Court of Appeals for the Fifth Circuit denying petition for rehearing. Petition by appellee for a writ of certiorari filed Dec. 27, 1960. Brief for the SEC amicus curiae in opposition to petition for certiorari. Certiorari denied Feb. 20, 1961. Closed.
Hotel St. George Corp., In re.	Supreme Court of New York County of Kings.	June 18, 1961	Action which involves sec. 312(b) of the Trust Indenture Act of 1939 concerning the reorganization of the debtor. Order Apr. 17, 1961, directing the trustee to reject the request of the Protective Committee to mail to all bondholders solicitation material. Motion June 2, 1961, by the Protective Committee for reargument and modification of the order of Apr. 17, 1961. Motion June 8, 1961, by the Commission for leave to participate amicus curiae by filing the attached memorandum. Petitioner's memorandum June 12, 1961, in opposition to motion for reargument and modification. Protective committee withdrew motion for reargument and modification. Closed.
Matheson, Jack D. v. George Armbrust.	9th Circuit..... (U.S. Supreme Court..)	July 21, 1960 Mar. 20, 1961	Action under sec. 10(b) of the 1934 act and rule 10b-5 in which the appellant is appealing from the district court order entered Dec. 3, 1959, awarding damages in favor of the appellee and declaring certain contracts void. Commission's brief filed July 21, 1960, amicus curiae. Opinion Nov. 23, 1960, affirming the order of the district court. Petition for writ of certiorari to the Supreme Court filed. Commission's brief Mar. 20, 1961, amicus curiae in opposition to petition for certiorari, filed. Certiorari denied Apr. 3, 1961. Closed.
Moses, W. S., et al. v. Fred Michael et al.	5th Circuit.....	Mar. 31, 1961	Action on questions relating to various sections of the 1933 act. Notice of appeal filed July 23, 1960, from the order of the district court entered June 25, 1960, granting appellees recovery of the purchase price of undivided working interests which interests were allegedly sold in violation of the 1933 act. Briefs filed. Commission's brief May 13, 1961, amicus curiae, holding that the order of the district court should be affirmed. Pending.
Sawyer, Harriet B. v. Pioneer Mill Co., Ltd., et al.	9th Circuit.....	Mar. 28, 1961	Action under sec. 10 of the 1934 act as implemented by rule 10b-5. Commission's brief Mar. 28, 1961, amicus curiae, served. Briefs and reply briefs filed. Commission's reply brief May 20, 1961, filed. Order June 15, 1961, directing the case to heard en banc. Pending.

TABLE 25.—*Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1961, in which the Commission participated when district court orders were challenged in appellate courts*

Name of case and U.S. Court of Appeals	Nature and status of case
Automatic Washer Co., debtor; Harvey Gill, J. L. Wellinger, C. M. Cuny, R. Sowinski, H. J. Luke, C. E. Davis, Leonard Ashback, and Harold Shensky, appellants (8th Circuit).	Appeals from order of Sept. 2, 1960, approving a compromise of the claims of debtor and authorizing the settlement of certain claims of the debtor against Joseph Abrams and Richland Securities, Inc. Commission's brief Feb. 1, 1961, supporting the position of appellants by requesting that district court order be reversed although Commission is an appellee in this action. Opinion and judgment Apr. 10, 1961, entered setting aside district court order and remanding case for further proceeding. Closed.
General Stores Corp., debtor; Lewis J. Ruskin, appellant (2d Circuit).	Appeal from order of Mar. 6, 1961, awarding supplemental allowances. Pending.
Jacobs Co., F. L., debtor; Milton S. Gould, Lazarus Joseph, appellants (6th Circuit).	Appeal from order of Apr. 15, 1959, denying the receivers' motion to vacate the order approving the petition for reorganization or to dismiss the petition and transfer the ch. X proceedings to the Southern District of New York. Order June 23, 1959, extending time to docket record on appeal. Appeal withdrawn. Closed.
Parker Petroleum Co., Inc., debtor; Occidental Petroleum Corp., appellant (10th Circuit).	Appeal from order of July 20, 1960, requiring appellant to invest a certain amount of money in new common stock of the debtor as per plan of reorganization. Commission's memorandum Nov. 15, 1960, stating that the order of the district court should be reversed and proceedings remanded to the district court, and if this court conclude that any limitation of the trustee's damages to the \$25,000 set forth in the liquidated damages provision is contrary to law the remand should contain instruction that appellant should be required to pay all damages caused by its failure to undertake its obligation under the agreement. Briefs and reply briefs filed. Opinion and judgment entered Feb. 7, 1960, reversing order of the district court and remanding cause for further proceeding. Appellees' petition for rehearing and clarification denied Apr. 11, 1961. Closed.
Parker Petroleum Co., Inc., debtor; Webster Drilling Co., appellant (10th Circuit).	Appeal from order of Mar. 15, 1960, and modified Mar. 28, 1960, denying certain portions of appellant's claim against debtor. Commission's memorandum Nov. 15, 1960, in support of trustee's motion to dismiss appeal, served. Appellant's reply brief and response to motion to dismiss, served. Court of Appeals for the Tenth Circuit Jan. 4, 1961, reversed that part of district court order insofar as it denied the claim for attorney's fees, and cause is remanded. Closed.
Swan-Finch Oil Corp., debtor; Barton Grubbs II, appellant (2d Circuit).	Appeal from order of Nov. 13, 1959, denying motion to dismiss proceedings and vacate order approving ch. X petition of subsidiary Keta Gas & Oil Co. Order Apr. 22, 1960, to show cause to dismiss appeal or fix date for argument. Answer May 9, 1960, by appellant to rule to show cause. Appellant's brief and appendix filed. Commission's brief in support of the district court order, filed June 6, 1960. Brief and appendix of Wm. D. Pettit et al., filed. Brief of debtor submitted in support of position of appellees, filed. Relevant sections of the Bankruptcy Act submitted by the Commission, filed June 14, 1960. Appellant's reply brief, filed about June 21, 1960. Opinion by Court of Appeals for the Second Circuit affirming order of the district court, Aug. 29, 1960. Closed.
TMT Traller Ferry, Inc., debtor; Protective Committee for Independent Stockholders, Arthur H. Shaffer, M. James Spitzer, appellants (5th Circuit).	Appeal from order of Mar. 6, 1959, confirming trustee's plan of reorganization and various other orders dated Aug. 12, 1960, Aug. 15, 1960, Sept. 30, 1960, Dec. 22, 1960, Feb. 6, 1961, and Apr. 27, 1961. Court of Appeals for the Fifth Circuit on Sept. 9, 1960, denied motion of trustee to dismiss appeal. Order Oct. 4, 1960, consolidating appeals. Commission's telegram to the court Jan. 25, 1961, in opposition to appellants' motion to file petition for writ of prohibition and/or mandamus. Court of Appeals for the Fifth Circuit Jan. 26, 1961, denied motion for leave to file petition. Commission's brief as appellee May 15, 1961, stating that the order of the district court entered Aug. 15, 1960, vacating the order of confirmation of Mar. 6, 1959, should be affirmed or the order of confirmation of the district court entered Mar. 6, 1959, should be reversed, filed. Briefs and reply briefs filed. Pending.

TABLE 26.—A 28-year summary of criminal cases developed by the Commission—fiscal years 1934-61

[See table 27 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 US attorneys	Number of defendants indicted in such cases <sup>1</sup>	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed on motion of US attorneys	Number of these defendants as to whom cases are pending <sup>2</sup>
1934.....	7	36	3	32	17	0	15	0
1935.....	29	177	14	149	84	5	60	0
1936.....	43	379	34	368	164	46	158	0
1937.....	42	128	30	144	78	32	34	0
1938.....	40	113	33	134	75	13	45	1
1939.....	52	245	47	292	199	33	60	0
1940.....	59	174	51	200	96	33	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	24	5
1945.....	19	47	18	61	36	10	14	1
1946.....	16	44	14	40	13	8	4	15
1947.....	20	50	13	34	9	5	16	4
1948.....	16	32	15	29	20	3	6	0
1949.....	27	44	25	57	19	13	25	0
1950.....	18	28	15	27	21	1	5	0
1951.....	29	42	24	48	37	5	6	0
1952.....	14	26	13	24	17	4	3	0
1953.....	18	32	15	33	20	7	5	1
1954.....	19	44	19	52	29	10	6	7
1955.....	8	12	8	13	7	0	6	0
1956.....	17	43	16	44	28	5	10	1
1957.....	26	132	18	80	30	5	6	39
1958.....	15	51	13	31	10	5	2	14
1959.....	45	217	36	229	99	19	10	101
1960.....	53	281	42	186	66	8	19	93
1961.....	<sup>3</sup> 42	240	28	149	21	0	2	126
Total.....	836	3,071	<sup>4</sup> 689	2,982	1,507	329	<sup>5</sup> 721	425

<sup>1</sup> The number of defendants in a case is sometimes increased by the Department of Justice over the number against whom prosecution was recommended by the Commission. Also more than 1 indictment may result from a single reference.

<sup>2</sup> See table 13 for breakdown of pending cases.

<sup>3</sup> 14 of these references as to 117 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year, and also 14 of the prior years references as to 132 proposed defendants. 621 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 536, or 86 percent of such cases. Only 85, or 14 percent, of such cases have resulted in acquittals or dismissals as to all defendants. This includes numerous cases in which indictments were dismissed without trial because of the death of defendants or for other administrative reasons. See note 5, *infra*.

<sup>4</sup> Includes 69 defendants who died after indictment.

TABLE 27.—A 28-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1961

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed on motion of U.S. attorneys	Number as to whom cases are pending
Registered broker-dealers <sup>1</sup> (including principals of such firms).....	441	256	30	103	52
Employees of such registered broker-dealers.....	236	95	17	50	74
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	789	389	64	262	74
All others <sup>2</sup> .....	1,516	767	218	306	225
Total.....	2,982	1,507	329	721	425

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

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

TABLE 28.—28-year summary of all injunction cases instituted by the Commission, 1934 to June 30, 1961, 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 <sup>1</sup>	
	Cases	Defendants	Cases	Defendants
1934.....	7	24	2	4
1935.....	36	242	17	56
1936.....	42	116	36	108
1937.....	96	240	91	211
1938.....	70	152	73	153
1939.....	57	154	61	165
1940.....	40	100	42	99
1941.....	40	112	36	90
1942.....	21	73	20	54
1943.....	19	81	18	72
1944.....	18	80	14	35
1945.....	21	74	21	57
1946.....	21	45	15	34
1947.....	20	40	20	47
1948.....	19	44	15	26
1949.....	25	59	24	55
1950.....	27	73	26	71
1951.....	22	67	17	43
1952.....	27	103	18	50
1953.....	20	41	23	68
1954.....	22	59	22	62
1955.....	23	54	19	43
1956.....	53	122	42	89
1957.....	58	192	32	93
1958.....	71	408	51	158
1959.....	58	206	71	179
1960.....	99	270	84	222
1961 (to June 30).....	44	172	48	141
Total.....	1,076	3,403	958	2,485

SUMMARY

	Cases	Defendants
Actions instituted.....	1,076	3,403
Injunctions obtained.....	932	2,485
Actions pending.....	48	<sup>2</sup> 336
Other dispositions *.....	96	582
Total.....	1,076	3,403

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

<sup>2</sup> Includes 26 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

<sup>3</sup> Includes 53 defendants in 17 cases in which injunctions have been obtained as to 56 codefendants.

<sup>4</sup> Includes (a) actions dismissed (as to 510 defendants); (b) actions discontinued, abated, vacated, abandoned, stipulated, or settled (as to 54 defendants); (c) actions in which judgment was denied (as to 12 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 4 defendants).



