

Part VI

ADMINISTRATION OF THE SECURITIES ACT OF 1933¹

The Securities Act of 1933 is designed to compel full and fair disclosure to investors of material facts regarding securities offered or sold in interstate commerce and through the mails, and to prevent fraud in such sales. Issuers of securities subject to the registration requirements of the Act must file registration statements with the Commission. These registration statements are required to contain specified information about the issuer and the proposed offering and are available for public inspection. Issuers are also required to furnish to prospective investors a prospectus showing the more essential information contained in the registration statement.

STATUTORY AMENDMENT

Prior to August 22, 1940, Section 8 (a) of the Securities Act of 1933 provided that except in certain specified cases the effective date of the registration statement should be the twentieth day after its filing with the Commission.² However, Section 8 (a) was amended on that date to give the Commission discretionary authority to accelerate the effective date of the registration statement under certain circumstances. Specifically, the amended section now provides that the effective date of the registration statement shall be the twentieth day after the filing thereof or such earlier date as the Commission may determine, but requires the Commission to give due regard to the adequacy of information concerning the issuer which has previously been made available to the general public, the ease with which the nature of the securities to be registered, their relationship to the capital structure of the issuer, and the rights of the holders thereof can be understood, and to the public interest and the protection of investors. Coincident with this significant amendment of the statute, the Commission announced that, pursuant to such discretionary authority, it will be its general policy to accelerate the effective date of registration statements filed under the Securities Act of 1933 in accordance with the following procedure:

In determining the date on which a registration statement shall become effective, the Commission will consider, having due regard to the public interest and the protection of investors,

¹ For information regarding the general scope of the Act, registration and examination procedures, see Sixth Annual Report of the Commission, pp. 117-119, inclusive, as well as previous annual reports.

² The filing of an amendment to a registration statement prior to the effective date has the effect of establishing a new filing date and starting a new 20-day period running. However, the Commission is given the power under the Act to relate the filing of such an amendment back to the original filing date when such action is not detrimental to the public interest. An amendment filed after the effective date of the registration statement becomes effective on such date as the Commission may determine, with due regard to the public interest and the protection of the investor.

(a) The adequacy of the disclosure and compliance with the requirements of the Act, and compliance with the applicable form and instruction book and rules pertaining thereto at the time the registration statement is initially filed;

(b) The advisability of permitting the acceleration of material amendments filed after the initial filing date; and

(c) The character and date of information previously or concurrently filed under any Act administered by the Commission or by any other Federal agency or which is generally available to the public.

In connection with the above-mentioned amendment, the Commission also announced that its examination of registration statements and amendments which have been prepared with due regard to the matters set forth in (a) above, will ordinarily be completed within a few days after the filing date. Accordingly, as soon as an appropriate amendment correcting the deficiencies, if any, and an amendment setting forth the price (if the price and terms of offering were not originally included in the registration statement) are filed, the Commission will, subject to its statement of general policy and the requirements of the Act, consent to the filing of the amendments and declare the statement effective as soon as practicable.

At the same time, the Commission pointed out that the requirements of the Trust Indenture Act of 1939 have materially increased the examination work of its Registration Division with respect to registration statements for securities to be issued under indentures which must be qualified under that Act. Accordingly it was suggested that it will further the effectuation of the Commission's announced general policy if drafts of such indentures are submitted in reasonably final form for consideration and discussion with the staff as far as possible in advance of the actual filing of the registration statement. The Commission stated further that it will be its policy to cooperate with registrants in order that the effectiveness of registration statements filed under the Securities Act of 1933 may be expedited as much as possible consistent with the public interest and the protection of investors.

EXPERIMENTAL DECENTRALIZATION OF REGISTRATION FACILITIES

As stated in its Sixth Annual Report³ the Commission, on June 12, 1940, announced the establishment of an experimental unit in the San Francisco Regional Office for the purpose of assisting and advising prospective issuers of securities and their representatives on any problems arising in connection with their registration statements filed under the Securities Act of 1933. This experiment convinced the

³ Page 183.

Commission that much time can be saved and a good deal of difficulty avoided in this way. It was found that smaller issuers in particular availed themselves of this assistance. Because of the success of the experiment, the Commission extended this experimental registration service to its other regional offices and assigned experts trained in registration technique to those offices. The extension of this service became effective on February 1, 1941.

The Commission also undertook another experiment which, if proved successful, will constitute one of the most far reaching administrative changes ever undertaken by the Commission. Since February 1, 1941, it has been conducting an experiment in order to determine the feasibility and advisability of decentralization, to the extent practicable under the statute, of the administration of the registration provisions of the Securities Act of 1933. Registration units have been established in the regional offices at San Francisco and Cleveland and the rules and regulations have been amended to permit the filing of certain registration statements in those offices.⁴

These experiments will continue until later in the year, when the Commission will consider whether they should be continued, expanded, or abandoned.

Of the registration statements filed with the Commission during the period from February 1 to June 30, 1941, 26 registrants were eligible to file their statements in the San Francisco Regional Office, 13 by virtue of the location of their own principal executive offices and 13 because of that of a principal underwriter. Of these 26, 13 took advantage of the rules to file in that office. Only 1 of these was eligible solely on the basis of the location of the underwriter's offices.

During the same period, 26 registrants were eligible to file in the Cleveland Regional Office, 20 qualifying because of the location of their own offices and 6 because of that of one of their principal underwriters. Ten of these elected to file in Cleveland, all of them being eligible because of the location of their own offices. Two of the 10 withdrew their registration statements before they became effective.

NEW RULES, REGULATIONS, AND FORMS FOR REGISTRATION UNDER THE SECURITIES ACT

Rules implementing decentralized registration facilities.—During the past fiscal year the Commission made necessary amendments of its rules relating to registration procedure under the Securities Act of 1933 to provide complete facilities for the registration of securities under that Act in the San Francisco and Cleveland Regional Offices. Under the new procedure, which is more fully discussed elsewhere in this report, if the principal executive offices of the registrant or of a principal underwriter of the securities being registered are located in

⁴ Securities Act Release No. 2457.

the States of Ohio, Michigan, Indiana, or Kentucky, the registration statement may be filed with the Cleveland Regional Office; and if such executive offices are located in the States of California, Nevada, Arizona, Oregon, Washington, Idaho, or Montana, or the Territory of Hawaii, the registration statement may be filed with the San Francisco Regional Office.

This new procedure, which is experimental, went into effect February 1, 1941, and will be continued until October 1, 1941, at which time it will be reviewed by the Commission to determine in the light of its demonstrated practicability whether it should be extended to other regional offices or abandoned. Various appropriate amendments of existing rules were made to provide for the use of these regional registration facilities.⁵ In addition, the Commission adopted a new rule (Rule 923) which provides that registration statements which are to be filed with the principal office of the Commission in Washington, D. C., or any amendment to statements so filed, may be delivered, for forwarding to Washington, to the regional office of the Commission for the region in which the principal executive offices of the registrant, or of a principal underwriter of the securities being registered, are located.

Rule providing that foreign governments are not subject to liabilities of an underwriter under certain circumstances.—As a result of the transaction whereby the British Government, acting under its war powers, acquired from Courtaulds, Ltd., a block of securities of American Viscose Corporation and disposed of them to a banking group in the United States, the Commission was asked whether, in the event the banking group should in turn dispose of the securities by means of a public distribution in the United States, such distribution would make the British Government liable as an underwriter within the meaning of the Securities Act of 1933. The Commission concluded that under the circumstances the British Government will not be subject to the liabilities of an underwriter under the Act and, in order to give its conclusion the status of a rule, the Commission adopted Rule 143, effective as of April 18, 1941.⁶ The rule provides that the terms "has purchased," "sells for," "participates," and "participation," in Section 2 (11) of the Act, shall not be deemed to apply to any action of a foreign government in acquiring for war purposes securities of an American issuer from any person subject to its jurisdiction or in disposing of such securities for distribution by American underwriters.

Rules exempting from prospectus requirements of Securities Act certain competitive bids required under Public Utility Holding Company Act.—In connection with the adoption under the Public Utility

⁵ Securities Act Release No. 2457.

⁶ Securities Act Release No. 2532.

Holding Company Act of 1935 of Rule U-50, which requires, with certain exceptions, competitive bidding in the issuance and sale of securities of registered gas and electric public-utility holding companies and their subsidiaries, the Commission adopted Rule 881 under the Securities Act of 1933. This rule exempts from the prospectus requirements of the Securities Act of 1933 and the rules relating thereto any public invitation for bids which is required by Rule U-50, provided the invitation is an invitation for bids only and sets forth that, prior to the acceptance of any bid, the bidder will be furnished with a copy of the official prospectus.

Additional rule simplifies compliance with similar requirements arising under different statutes.—The Commission is constantly endeavoring to simplify the problem facing a person who is subject to the provisions of two or more of the Acts which are administered by the Commission and call for the filing of substantially identical information. In this connection, Rule 523 was adopted to provide a simplified procedure for registering under the Securities Act of 1933 securities of closed-end management investment companies which have filed registration statements under the Investment Company Act of 1940. By virtue of this new rule, closed-end management investment companies may file copies of their registration statements under the Investment Company Act of 1940 as a registration statement under the Securities Act of 1933, provided that no registration statement may be filed pursuant to this rule more than 30 days after the date on which the company filed its registration statement under the Investment Company Act of 1940. For this purpose, such registration statement must be accompanied by any additional information and documents required by the form which would otherwise be appropriate for registration under the Securities Act of 1933 and which are not included in the registration statement filed under the Investment Company Act of 1940.

Other changes of a minor nature were also made in the rules and regulations under the Securities Act of 1933 during the year.

Progress made on proposed further simplification of forms.—Substantial progress was made during the year in the projected revision of forms for registration of securities under the Securities Act of 1933. Tentative drafts of two special forms (Forms S-2 and S-3) were submitted to a number of lawyers, accountants, investment bankers, and other interested persons for criticism and suggestions. Form S-2 is designed to provide a simple vehicle for registration of securities of commercial and industrial companies which have not been in insolvency proceedings or had a succession during the past 3 fiscal years and which do not have any subsidiaries other than inactive or insignificant subsidiaries.

Form S-3 is likewise designed to simplify the registration of securities of promotional mining companies which have not had a succession during the past 3 fiscal years and which do not have any subsidiaries. A novel feature of both forms would permit registrants to file registration statements consisting primarily of the prospectus and the usual exhibits. This procedure would eliminate the necessity of preparing two separate documents, namely, the registration statement and the prospectus, containing largely the same information. These proposed forms were being re-examined at the end of the fiscal year in the light of the many suggestions received from representatives of the industry and it is expected that as finally revised they will be promulgated by the Commission in the near future.⁷

Substantial progress was also made during the year in the drafting of a proposed general form for registration under the Securities Act of 1933 of securities of issuers which have previously registered securities under the Act, or which have securities listed and registered on a national securities exchange pursuant to the Securities Exchange Act of 1934, or which are public-utility holding companies registered under the Public Utility Holding Company Act of 1935. This form also would permit registrants to file registration statements consisting chiefly of a prospectus and exhibits.

DISCLOSURES RESULTING FROM EXAMINATION

The cases which are briefly summarized below will illustrate some of the results of the Commission's examination procedure in securing fair and accurate disclosure of material information required in registration statements.⁸

(1) *Failure to provide for depreciation in company's investments.*— A registrant filed a registration statement in connection with an offering of first mortgage bonds and notes. Before filing its registration statement it submitted to the Commission for review the financial statements which it proposed to include therein. An examination of these financial statements disclosed that the registrant's investments in affiliated companies and in certain listed and unlisted securities were stated at \$66,802,233 on its balance sheet. This amount was approximately \$45,000,000 in excess of the market or appraised value of the investments at the balance sheet date. Most of these investments were to be pledged as a part of the security for the first mortgage bonds which the registrant proposed to offer. At the suggestion of the Commission the registrant, prior to filing its registration statement, revised its balance sheet to include an additional column giving effect to an adjustment in respect of the sub-

⁷ Form S-3 promulgated September 29, 1941, (Securities Exchange Act Release No. 2672).

⁸ Similar illustrations are shown in the previous annual reports of the Commission.

stantial depreciation of its investments. The amounts at which the assets and liabilities were stated on the two bases were shown in comparative columnar form. The revised consolidated balance sheet makes it clear that, after providing for the shrinkage of \$45,000,000 in investments, the company's total assets were \$67,211,805 instead of \$112,165,521, and that instead of an earned surplus of \$7,953,408 it had an operating deficit of \$34,211,056. The registrant in this case is a listed company and its securities are widely held by the public.

(2) *Inadequate disclosure of the character of long term investment contracts.*—The parent company of the registrant in this case had been engaged previously in a Nation-wide sale of face-amount investment contracts under which the investor made a specified number of monthly payments over a period of years and upon completion of such payments was entitled to receive from the company a certain sum, payable in full at that time or in installments over a subsequent period. Apparently finding itself unable to comply with the requirements of the Investment Company Act of 1940 and in order to continue the sale of its contracts, it organized a new company. A registration statement was filed by this newly organized company to continue the business in which its parent heretofore had been engaged. The registration statement and prospectus included statements emphasizing that the registrant would acquire its securities from independent underwriters, brokers, and dealers and would make no payments to its parent company other than a commission of a specified amount for each contract sold; that the contracts were a vital necessity, affording a medium for accumulating an estate, attaining financial stability, and providing substantial income.

Information was obtained shortly after the filing of the registration statement that the registrant intended to acquire securities through its parent, to pay its parent a premium for such securities and a fee each year thereafter, based on a percentage of the securities held in the registrant's portfolio; that the parent would also allocate some of its operating expenses to the registrant; and that the continuation of the registrant's business largely depended upon certificate holders becoming delinquent or permitting their contracts to lapse. The registration statement and prospectus were revised to state clearly the nature of all payments which would be made by the registrant to its parent company. Furthermore, in order to disclose with clarity the character of the security being offered, a table was included on the first page of the prospectus indicating, among other things, that a certificate holder who made his monthly payments regularly over a period of 15 years would receive a yield of 1.64 percent per annum on a compound interest basis. It was also disclosed that this yield would be decreased in the event the certificate holder became delinquent at any time during the 15-year period.

(3) *Failure to disclose decline in company's production and misleading description of contract for sale of registrant's product.*—A registrant engaged in the business of processing moving picture films and making prints thereof filed a registration statement in connection with an offering of its common stock. This registration statement was the second one filed, a previous offering having been made of its stock under an earlier effective registration statement. Certain correcting amendments had been filed and the registration statement had been presented to the Commission for disposition of the registrant's request that the effective date be accelerated because of the urgent need for financing. Subsequent to consideration by the Commission and 2 days before the registration statement would have become effective, the registrant filed an amendment. The principal information disclosed in the amendment was a statement to the effect that the registrant had entered into a contract with a certain motion picture producing company for supplying a minimum amount of 10,000,000 feet of film per year for a term of 5 years. In this connection it was noted that an increase of 10,000,000 feet of printing film would have substantially more than doubled the current production of the registrant on an annual basis.

Immediately the Commission endeavored to obtain from various sources in Washington, D. C., information concerning the moving picture producing company with which the registrant had entered into a contract. Neither Government sources of information nor representatives of the moving picture industry in Washington had heard of this moving picture production company, although the Commission was advised that any company producing as much as 10,000,000 feet per year would probably be recognized in its field. Thereupon, the Commission requested one of its regional offices to investigate the matter and furnish whatever information was available concerning the production company. As a result of this investigation, it was discovered that the production company had only recently been incorporated; no stock had been issued nor had any application for issuance of stock been filed with the appropriate State regulatory authorities; it had produced no pictures nor did it have any commitments for the production or distribution of any pictures; and its promoters had previously filed voluntary petitions in bankruptcy. It was further learned that the production company did not anticipate, even if successful, that its printing requirements could possibly reach 10,000,000 feet of film per year during its early existence.

As a result of the Commission's investigation, the prospectus was amended to indicate the facts respecting the promotional nature of the production company; to disclose that the "contract" with the production company contained no provision for penalties upon cancellation of the "contract" by either of the parties thereto; and to

remove the implication theretofore existing that the registrant's business would be substantially more than doubled in the ensuing year.

Because of the registrant's delay in correcting its registration statement, it became necessary to file more recent financial statements, which disclosed that the registrant's average monthly production had decreased some 70 percent and, in the most recent 3 months, it had sustained a relatively substantial loss. These facts had not previously been disclosed even at the time the registrant amended its statement to include a description of the "contract" referred to above.

(4) *Issuance of stock for promotional purposes and its effect not disclosed.*—A company engaged in the manufacture and sale of armaments filed a registration statement covering an offering of approximately 100,000 shares of common stock, at \$6.25 per share. About half this stock was to be sold for the account of the company and the balance for the accounts of certain large stockholders. The company was recently organized as the successor, through a series of reorganizations, to certain predecessor companies which had, since 1938, been engaged in the development of the registrant's products.

In the course of the examination of this registration statement, it was discovered that 260,000 shares (approximately two-thirds of the company's outstanding common capital stock) were in effect promotional shares which had been issued in exchange for junior stock of the predecessor companies. These latter shares had in turn been issued, for a purely nominal total cash consideration of approximately \$162, to certain persons interested in the original development of the enterprise. This situation was nowhere disclosed in the registration statement or prospectus as originally filed but was elicited as a result of questions raised by the Commission's staff in connection with certain material in the original filing. The circumstances thus discovered with respect to the issuance of these promotional shares were, of course, required to be set forth fully by appropriate amendments to the registration statement and prospectus. It is to be noted in this connection that the public was asked to pay \$6.25 per share for the same class of stock sold to promoters for approximately six one-hundredths of 1 cent per share.

STATISTICS OF SECURITIES REGISTERED UNDER SECURITIES ACT OF 1933

At the beginning of the fiscal year, there were 4,453 registration statements on file, of which 3,529 were effective, 172 were under stop or refusal order, and 704 had been withdrawn, while 48 were in process of examination or awaiting amendment.

During the period July 1, 1940, to June 30, 1941, inclusive, 337 registration statements were filed, and there were 318 registration statements which became effective during the period; a total of 3,823

statements were effective at the end of the period, 24 of those effective at the beginning of the period or during the period having been either withdrawn or placed under stop order:

The net number of registration statements withdrawn increased by 50 to a total of 754 on June 30, 1941. The net number of stop and refusal orders increased during the period by 3, a total of 175 such orders being in effect on June 30, 1941. As of June 30, 1941, there were 38 registration statements in process of examination or awaiting amendment.

The following table indicates the disposition of registration statements filed under the Securities Act of 1933, as amended:

Disposition of registration statements

	To June 30, 1940	July 1, 1940 to June 30, 1941	Total
Statements filed.....	4,453	• 337	4,790
Statements effective.....	3,529	294	• 3,823
Statements withdrawn—net.....	704	50	754
Stop or refusal orders issued—net.....	172	• 3	175
In process of examination or awaiting amendments:			
At close of year ended June 30, 1940.....			48
At close of year ended June 30, 1941.....			38

• Does not include 1 registration statement refiled during the year by a registrant who had withdrawn a statement previously filed.

• Does not include 24 registration statements effective at the beginning or during the period which were either withdrawn or placed under stop order.

• Eleven stop order proceedings were instituted during the fiscal year. Of these, four resulted in withdrawal of the registration statements and discontinuance of the proceedings; two resulted in stop orders and five were pending at the end of the fiscal year.

The following table indicates the number of Securities Act registration statements as to which stop orders, consent refusal orders, and withdrawal orders were issued July 1, 1940, to June 30, 1941:

Withdrawals, Consent Refusal Orders, and Stop Orders

Withdrawals:

Withdrawn and not refiled.....	50
Total additions to withdrawals.....	50
Withdrawn, refiled, and—	
Pending amendment.....	1
Effective.....	
Refiled and withdrawn during period.....	
Total.....	1
Grand total of withdrawals during year.....	51

Consent refusal orders: ^a

Orders issued and still in force.....	
Statements subsequently effective.....	
Total issued during year.....	0

Stop orders: ^b

Orders issued and still in force.....	8
Statements subsequently effective or re-effective.....	1
Total issued during year.....	9

^a One consent-refusal order issued prior to period was lifted during period.

^b Four additional stop orders were lifted during this year, two by withdrawal and two by becoming re-effective. These were in connection with stop orders issued prior to period.

A total of 1,025,⁹ amendments to registration statements were also filed and examined during the past fiscal year, compared with a corresponding total of 1,027 during the preceding year.

Certain registrants under the Securities Act of 1933 also filed during the year, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, a total of 255 annual reports and 63 amendments thereto, all of which required examination. This compares with figures for the previous fiscal year of 252 reports and 69 amendments.

In addition, the following supplemental prospectus material was filed during the past fiscal year under the Securities Act of 1933:

- (1) 312 prospectuses were filed pursuant to Rule 800 (b) which requires the filing of such information within 5 days after the commencement of the public offering;
- (2) 232 sets of supplemental prospectus material were filed by registrants to show material changes occurring after the commencement of the offering; and
- (3) 322 sets of so-called 13-month prospectuses were filed pursuant to Section 10 (b) (1) of the Act.

Thus during the past fiscal year there were filed in the aggregate 866 additional prospectuses of these 3 classes.

At the same time, 300 supplementary statements of actual offering price were filed as required by Rule 970; and there were 22 instances where registrants voluntarily filed supplemental financial data.

Securities effectively registered.—During the fiscal year ended June 30, 1941, securities effectively registered under the Securities Act of 1933 aggregated \$2,611,000,000. This compared with a total of \$1,787,000,000 for the preceding fiscal year and \$2,579,000,000 for the fiscal year ended June 30, 1939. Securities proposed for sale by issuers amounted to \$2,081,000,000 in the fiscal year 1941, as against \$1,433,000,000 in the preceding year and \$2,020,000,000 in the year 1939.

Of the indicated net proceeds amounting to \$2,018,000,000 new money uses accounted for \$287,000,000, or 14.2 percent. Included in this total were \$152,000,000 for plant and equipment, \$118,000,000 for working capital, and \$17,000,000 for other new money purposes. The greater part of net proceeds was to be applied to the repayment of indebtedness and retirement of stock in the aggregate amount of \$1,485,000,000, or 73.6 percent of the total. This included 70.1 percent for repayment of indebtedness and 3.5 percent for retirement of preferred stock. Net proceeds to be used for the purchase of securities equaled \$240,000,000, or 11.9 percent, with 11.8 percent of net proceeds being destined to the purchase of securities for investment.

⁹ These amendments include 759 classed as "pre-effective" and 266 as "post-effective," and do not take into account 359 others of a purely formal nature classed as "delaying" amendments.

Fixed interest-bearing securities amounted to \$1,566,000,000, equal to 75.3 percent of the total proposed for sale by issuers. Included in this total were secured bonds aggregating \$1,180,000,000, or 56.7 percent; and unsecured bonds aggregating \$386,000,000, or 18.6 percent. This left 24.7 percent for all equity issues combined, distributed as follows: certificates of participation, beneficial interest, face-amount installment certificates, etc., with \$235,000,000, or 11.3 percent; preferred stock with \$164,000,000, or 7.9 percent; and common stock with \$116,000,000, or 5.5 percent.

Electric, gas, and water utilities constituted the most important industry group of issuers, showing a total of \$1,022,000,000, or 49.1 percent of total securities proposed for sale by issuers. Next in importance were issues of manufacturing companies aggregating \$611,000,000, or 29.4 percent, followed by issues of financial companies with \$284,000,000, or 13.7 percent. These three leading industry groups accounted for all but 7.8 percent of the total.

Securities to be offered through underwriters totaled \$1,570,000,000, or 75.4 percent of all securities proposed for sale by issuers. Securities to be offered through agents amounted to \$293,000,000, or 14.1 percent, while securities to be offered directly by issuers amounted to \$218,000,000, or 10.5 percent. A total of \$1,836,000,000, or 88.2 percent, was to be offered to the general public, as compared with \$165,000,000, or 7.9 percent, to others and \$80,000,000, or 3.9 percent, to security holders.

A break-down of registration during the fiscal year ended June 30, 1941, indicates that the 313 statements covering 456 issues which became effective in the total amount of \$2,611,000,000 included \$28,000,000 of substitute securities, such as voting trust certificates and certificates of deposit, and \$204,000,000 of securities registered for the account of others, of which \$190,000,000 was proposed for sale. This left \$2,378,000,000 of securities other than substitute securities registered for the account of issuers. However, securities totaling \$297,000,000 were not to be offered for sale, the chief components being \$226,000,000 of securities to be exchanged for other securities and \$53,000,000 of securities reserved for conversion. The remainder of \$2,081,000,000 constituted securities proposed for sale by issuers, of which only \$197,000,000 represented the issues of newly organized companies.

Detailed statistics showing break-downs by types of securities, industry classification of issuers, purpose of registration, proposed use of net proceeds, and proposed methods of selling, for securities registered under the Securities Act of 1933 during the fiscal year ended June 30, 1941, are presented in tables 1 to 7 of Appendix II, pages 249 to 268. These statistics are kept current in regular monthly releases of the Commission. In interpreting the tables, as well as

the summary figures used in the text above, it should be kept in mind that these statistics are based solely on the registration statements which become effectively registered under the Securities Act of 1933. All data, therefore, refer to the registrants' intentions and estimates as reflected in registration statements on the effective date and consequently represent statistics of intentions to sell securities rather than statistics of actual sales of securities.¹⁰

Security offerings.—Securities registered under the Securities Act of 1933 constitute only part of all new issues offered for cash. On the other hand, the statistics of new offerings include only actual offerings, whereas the statistics of registrations reflect registrants' intentions to sell securities. Comprehensive statistics of new cash offerings of securities are presented in tables 8 and 9 of Appendix II, pages 269-75. Table 8, parts 1 and 2, show the estimated gross proceeds of all issues offered for sale, classified by type of offering, type of security, and type of issuer; in addition, table 9 presents data on the proposed use of proceeds of corporate issues.

In general, the data cover such issues over \$100,000 in amount, and (for debt issues) of a maturity of 1 year or over at date of issuance as were reported as offered for cash in the financial press, in documents filed with the Commission, or in other available sources. The statistics include offerings irrespective of whether the issues were publicly or privately placed and regardless of whether they were registered under the Securities Act of 1933. The statistics of new offerings thus embrace certain corporate and noncorporate issuing groups exempt from registration under the Securities Act of 1933, by virtue either of the nature of the transaction or issuer, and include securities of common carriers, most issues placed privately, and Federal, State, and local governmental issues.¹¹

New issues of securities offered for cash during the fiscal year ended June 30, 1941, amounted to \$9,847,000,000, as compared with \$5,512,000,000 during the preceding fiscal year. Of the total amount of issues offered during the 1941 fiscal period, \$5,530,000,000 was issued by the United States Government and Agencies,¹² \$2,991,000,000 by corporations, \$1,295,000,000 by States and municipalities, \$27,000,000 by eleemosynary institutions and \$4,000,000 by foreign governments (sold in this country). Fixed interest-bearing securities aggregated

¹⁰ The difference between the amount of securities registered and the amount of registered securities actually sold may be assumed to be largest—apart from registered issues of investment companies subject to continuous sale—for the issues of small and unseasoned corporations. A special study made by the Research and Statistics Section of the Trading and Exchange Division indicates that actual sales of unseasoned issues have averaged only about one-fourth of the amounts registered (see "Sales Record of Unseasoned Registered Securities 1933-1939," June 1941).

¹¹ The statistics include only Federal government issues sold to the public and exclude "Special Series" issues and other interagency sales. Also excluded from the corporate offerings statistics are issues which do not appear in the financial press (largely those sold through continuous offering, such as securities of open-end investment companies); and intercorporate transactions.

¹² Only agency issues guaranteed by the Government are included in these figures; agency issues not guaranteed by the Government are included with corporate issues.

\$9,608,000,000, or 97.6 percent of total new issues, both corporate and noncorporate.

Among corporate securities, public-utility issues ranked first of the industry groups with \$1,517,000,000, or 50.7 percent of total corporate offerings. Industrial issues amounted to \$968,000,000, or 32.4 percent of the total, while rail and other issues amounted to \$505,000,000, or 16.9 percent.

Corporate securities privately placed aggregated \$980,452,000, equal to 32.8 percent of all corporate offerings.¹³ This compared with \$807,342,000, or 34.1 percent of all corporate issues in the 1940 fiscal year. Corporate private placements in the 1941 fiscal year included \$586,805,000 of utility issues, \$281,451,000 of industrial issues and \$112,196,000 of rail and other issues.

The principal use of estimated net proceeds of \$2,931,000,000 raised from total corporate issues during the fiscal year was for repayment of indebtedness and retirement of preferred stock, \$2,132,000,000, or 72.7 percent of total net proceeds, being intended for that purpose. This included 65.3 percent for repayment of funded debt, 2.7 percent for payment of other debt, and 4.7 percent for retirement of preferred stock. New money purposes accounted for \$768,000,000, or 26.2 percent of total net proceeds, consisting of \$600,000,000 for plant and equipment and \$168,000,000 for working capital. The remainder of \$31,000,000, or 1.1 percent of net proceeds, was applied to miscellaneous other purposes.

Underwriting participations.—During the fiscal year ended June 30, 1941, the revised series of statistics of underwriting participations was continued on a quarterly and annual basis. The amount of participations in underwritten registered issues, classified by type of security, was shown for each of the 50 largest New York City firms and the 50 largest firms outside of New York City. The amount of issues managed, also classified by type of security, was shown for each of the 20 leading firms in and outside of New York City. These basic data make possible an analysis of the distribution of underwriting business, insofar as registered securities are concerned, among the various investment banking firms.¹⁴

Cost of flotation.—In March 1941 the Commission issued a report entitled "Cost of Flotation for Registered Securities 1938-1939," submitted to it by the Research and Statistics Section of the Trading and Exchange Division. This report, which included approximately 100 pages of text, tables and charts, presented detailed statistics regarding the cost of flotation for issues registered under the Securities

¹³ Includes issues sold directly to ultimate investors by competitive bidding in the following amounts, by fiscal years: 1935, \$2,906,000; 1936, \$23,917,000; 1937, \$87,935,000; 1938, \$21,560,000; 1939, \$39,268,000; 1940, \$50,523,000; and 1941, \$97,366,000.

¹⁴ Statistics of underwriting participations for the three months ended September 30, 1940, were presented in Statistical Series Release No. 488; for the calendar year 1940 and for the 3 months ended December 31, 1940, in Statistical Series Release No. 536; for the 3 months ended March 31, 1941, in Statistical Series Release No. 558; and for the 3 months ended June 30, 1941, in Statistical Series Release No. 597.

Act during the calendar years 1938 and 1939. The analysis of cost of flotation was broken down according to type of proposed offering; type of security, major industrial group, size of issue, size of issuer and type of underwriting contract. All data were shown separately for the two cost components—compensation to distributors and expenses. Additional statistics were presented covering the various items included in expenses. In all of the statistical break-downs, figures were shown separately for bonds, preferred stock, and common stock. These detailed statistics were continued for the calendar year 1940 in Statistical Series Release No. 572.

Security characteristics.—A comprehensive report on the characteristics of issues effectively registered under the Securities Act of 1933 for the combined 4-year period 1937–40, as well as for each year, was published in May 1941 in Statistical Series Release No. 568. This report contained for the first time a detailed text analysis of security characteristics. Particular attention was called to provisions for periodic retirement in the case of bonds and preferred stocks and to voting rights in the case of preferred and common stocks. The availability of data for the 4-year period also made possible a study of changes in basic security provisions during a considerable part of the period in which the Securities Act was operative.

Sales of unseasoned issues.—In June 1941 the Commission issued a report entitled "Sales Record of Unseasoned Registered Securities 1933–1939," which was submitted to it by the Research and Statistics Section of the Trading and Exchange Division. Included in this report were approximately 30 pages of text, tables, and charts. The study covered only those issues registered under the Securities Act of 1933 which were deemed to be unseasoned in character. It was based on questionnaire returns from 757 companies covering 849 issues with registered amount of \$409,204,000. Major emphasis was placed upon the ratio of the amount actually sold to the amount registered. Detailed break-downs of this sales ratio were made by type of concern (new venture or going concern), type of security, major industrial group, size of issue and size of issuer. Information also was presented on cost of flotation based on actual sales experience. The report was intended primarily to serve as a further contribution toward an understanding of the broad problem of small scale financing.

EXEMPTION FROM REGISTRATION UNDER SECURITIES ACT

Revision of Regulation A.

In a substantial revision of its procedures and rules in connection with the exemption from registration under the Securities Act of 1933 of offerings not in excess of \$100,000, the Commission repealed its former Rules 200 to 210, inclusive, and, effective December 9, 1940, substituted a simplified Regulation A, consisting of a single integrated exemption, contained in Rules 220 to 224, which in many respects

substantially broadens the availability of the exemption with respect to all such issues other than those relating to oil and gas interests.

Section 3 (b) of the Securities Act of 1933 gives the Commission the power, under such rules and regulations as it may deem necessary in the public interest and for the protection of investors, to exempt from the registration requirements of the Act security issues up to and including \$100,000. Heretofore, the Commission has given a total exemption on issues up to \$30,000. As to other issues not in excess of \$100,000, an exemption has been available only upon varying terms and conditions, such as the compliance with the laws of the States in which the securities were sold, or the use of a prospectus containing certain specified information. The former Rules 202 to 210 were rescinded effective January 1, 1941. During the 6 months from July 1, 1940, to December 31, 1940, proposed stock offerings (other than those of companies engaged in the oil and gas business) accounted for the filing of 46 prospectuses under the old Rule 202, representing a total offering price of \$3,765,000, and 73 letters of notification under the old Rule 210, involving a total offering price of \$4,818,000. At the same time stock offerings of oil and gas companies accounted for the filing of 3 additional prospectuses under the old Rule 202, representing an aggregate offering of \$121,980, and 10 additional letters of notification under the old Rule 210, representing a total offering of \$587,500.

The new simplified procedure does not require the use of a prospectus in any case. To avail itself of the exemption, a domestic issuer will need only to send to the nearest regional office of the Commission a letter notifying that office of its intention to sell, together with any selling literature it may plan to use. This letter of notification need contain only such information as the name of the company, the name of the underwriters, the title of the issue to be sold, and a brief summary of the intended use of the proceeds. The issuer can give this notice, at its option, either through an informal letter or through the use of a three-page form which has been adopted by the Commission for the issuer's convenience and which will be supplied on request. This optional form is designated as Form S-3b-1. Where the issuer nevertheless chooses to use a prospectus, the regulation indicates certain skeleton information to be included therein.

A broadened exemption is available in several important respects under the new regulation. For example, the Commission takes a new position as to future sales of the securities of the same issuer. Heretofore, the Commission's rules have been such that, if the offering was a part of a larger financial program, involving the future sale of additional securities of the same class, the exemption was not available. The new regulation specifically states that the exemption is available even if "it is contemplated that after the termination of the offering an offering of additional securities will be made." This will apply in instances, among others, where issuers wish to make annual offerings

of already outstanding securities for such purposes as employees' participation plans. In such instances, where the offering is not over \$100,000, the exemption will be available.

Furthermore, the exemption is now available to issuers and their controlling stockholders even though each may wish to offer \$100,000 under Regulation A within a single year. Heretofore, in such instances, a registration statement has been necessary.

The new regulation shifts the Commission's administrative emphasis from the disclosure requirements of the Act to the fraud prevention provisions. The examination procedure which has been followed in the past has been abandoned. While the use of a prospectus is no longer required, any selling literature which is employed must be forwarded to the appropriate regional office for its information. The new regulation is administered from the regional offices under the usual supervision from Washington. It is believed that the shifting of this activity to the regional offices will further simplify any problem of compliance with the Act by issuers needing relatively small amounts of capital.

Regulations B and B-T.

Regulations B and B-T, also adopted by the Commission pursuant to Section 3 (b) of the Securities Act of 1933, provide conditional exemptions from registration for fractional undivided interests in oil or gas rights and interests in an oil royalty trust or similar type of trust or unincorporated association, where the amount of the offering does not exceed \$100,000. During the past fiscal year, 1,048 offering sheets, together with 673 amendments, were filed and examined, pursuant to Regulation B, representing an aggregate offering price of the securities covered thereby in the approximate amount of \$23,642,637. In addition, one prospectus representing an aggregate offering price of \$45,000 for securities proposed to be offered thereunder was filed pursuant to Regulation B-T. A temporary suspension order was entered under Rule 380 (a) with respect to the latter prospectus.

The following list indicates the number of actions of various kinds taken by the Commission with respect to these filings:

Various actions on filings under Regulations B and B-T

Temporary Suspension Orders (Rule 340 (a)).....	171
Orders Terminating Proceeding After Amendment.....	132
Orders Consenting to Withdrawal of Offering Sheet and Terminating Proceeding.....	24
Orders Terminating Effectiveness of Offering Sheet (No Proceeding Pending).....	43
Orders Consenting to Amendment of Offering Sheet (No Proceeding Pending).....	423
Orders Consenting to Withdrawal of Offering Sheet (No Proceeding Pending).....	61
Temporary Suspension Orders (Rule 380 (a)).....	1

Efforts to Protect Investors in Oil and Gas Leases.

The Commission has for some time been confronted with problems arising out of the sale of oil and gas leases. Certain persons engaged in this business have maintained that a sale or assignment of an oil or gas lease on a specific property did not constitute under any circumstances the sale of a security. The Commission had an opportunity during the past year to state its position in this matter in connection with a registration statement filed in a specific case. Briefly, the Commission took the position in that case that assignments of 5-year term oil and gas leases, in parcels of not less than 5 acres, constitute investment contracts and therefore securities within the meaning of Section 2 (1) of the Securities Act of 1933, where it is contemplated that purchasers will buy the assignments in the expectation that they will increase in value as the result of drilling operations which have been started and are intended to be resumed; where the assignor is to pay for the drilling operations and is to be reimbursed for any sums thus expended from the proceeds of the sale of the assignments; and where the assignor has a reversionary interest in the central drilling block.

As a result of an investigation conducted by the Commission during the year in connection with an oil and gas lease promotion, several persons were convicted on charges arising out of violations of the fraud provisions of the Securities Act of 1933. In addition, conferences were held with officials of one of the principal oil producing States, and plans were made for closer cooperation between the Commission and such State authorities to facilitate consideration of problems arising in the sale of oil and gas leases. It is anticipated that this cooperation will offer a substantially greater degree of protection to those members of the investing public who may desire to invest in this type of security.

Oil and Gas Investigations.

During the past year investigations were conducted in a total of 284 cases involving oil and gas properties or proposed offerings of oil and gas securities. These investigations, which arose largely out of complaints received by the Commission, were primarily conducted to ascertain whether transactions in the oil and gas securities were effected in violation of Sections 5 or 17 of the Securities Act of 1933. However, in some of the cases, facts and circumstances were developed indicating violations of Section 15 of the Securities Exchange Act of 1934. Of the 284 investigations, 148 had been disposed of and 136 were pending at the close of the fiscal year. As a result of these investigations, the persons concerned in 6 cases were enjoined from violating the registration or fraud provisions of the Securities Act of 1933, and in 9 cases, involving approximately 25 persons, the facts were referred to the Department of Justice for criminal prosecution.

A tabular summary, with respect to the Commission's oil and gas investigations, follows:

Oil and gas investigations

Status	Preliminary investiga- tions	Informal investiga- tions	Formal investiga- tions
Pending June 30, 1940.....	69	60	7
Initiated July 1, 1940-June 30, 1941.....	71	51	26
Total to be accounted for.....	140	111	33
Changed to informal or formal.....	19	11	-----
Closed or completed.....	67	42	9
Total disposed of.....	86	53	9
Pending June 30, 1941.....	54	58	24

Part VII

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939 ¹

The Trust Indenture Act of 1939 requires that bonds, notes, debentures, and similar securities publicly offered for sale, sold, or delivered after sale through the mails or in interstate commerce (except as specifically exempted by the Act) be issued under an indenture which meets the requirements of the Act and has been duly qualified with the Commission. The provisions of the Securities Act of 1933 and the Trust Indenture Act of 1939 are so integrated that registration of indenture securities, pursuant to the Securities Act of 1933, is not permitted to become effective unless the indenture under which such securities are to be issued conforms to the specific requirements contained in the Trust Indenture Act of 1939, and has been qualified under that statute.

NEW RULES, REGULATIONS, AND FORMS UNDER TRUST INDENTURE ACT

At the same time that the Commission provided, as an experiment, complete facilities in its San Francisco and Cleveland Regional Offices for the registration of securities under the Securities Act of 1933, as discussed elsewhere in this report,² corresponding arrangements were made for the qualification of indentures under the Trust Indenture Act of 1939 in those regional offices. In order to carry out this further decentralization of registration facilities, various technical amendments to the general rules under the Trust Indenture Act of 1939 were adopted.³ As a further step in this connection, the Commission also adopted a new rule (Rule T-7A-9) under which any application under the latter Act which is to be filed with the Commission's central office in Washington, or any amendment to an application so filed, may be delivered to the Commission's regional office in the same section as that in which the applicant is located, for forwarding to Washington.⁴

Also during the year, the Commission adopted one new form (Form T-4), as well as certain amendments to Forms T-1, T-2, and T-3 under the Trust Indenture Act of 1939. Form T-4 is to be used for applications for exemption filed pursuant to Section 304 (c) of the Act. That section authorizes the Commission to exempt from one or more provisions of the Act securities to be issued under an indenture under which other securities are already outstanding, if the consent of the existing security holders to compliance with such provisions

¹ For information regarding the general scope and requirements of the Act and the Commission's examination procedure, see Sixth Annual Report of the Commission, pp. 133-135, inc.

² Page 163, *supra*.

³ Trust Indenture Act Release No. 7.

⁴ Page 164, *supra*.

would be required or if such compliance would impose an undue burden on the issuer. In this connection, the Commission also promulgated several new rules which are supplementary to the new form.

The Commission also promulgated during the past year two rules designated as Rules T-10B-2 and T-10B-3 pursuant to Section 310 (b) of the Act. Subparagraph (1) of that section provides that trusteeship under one or more indentures in addition to the indenture to be qualified shall not disqualify the trustee if the Commission determines that such additional trusteeship is not likely to involve a material conflict of interest. Rule T-10B-2 establishes a new procedure designed to expedite the disposition of certain applications filed under that section. It provides that where an application under this section is based upon the claim that no material conflict will arise because, prior to or concurrently with the delivery of the new indenture securities, the other indenture or indentures will be discharged or measures to assure the discharge will be provided, the application shall be deemed to have been granted unless, within seven days after it is filed, the Commission orders a hearing thereon. Rule T-10B-3 is also a procedural rule designed particularly to facilitate qualification of indentures. Specifically, it enables persons desiring to act as trustees to determine in advance of the filing of a registration statement or an application for qualification of an indenture whether or not the Commission would find them to be disqualified to act as such because of a control relationship with any particular person who might be named as underwriter for the obligor.

Certain other changes of a relatively minor nature were made in the rules and regulations during the year.

STATISTICS OF INDENTURES QUALIFIED

The following tables show the number of indentures filed with the Commission for qualification under the Trust Indenture Act of 1939, together with the disposition thereof and the amounts of indenture securities involved.

Indentures filed in connection with registration statements under the Securities Act of 1933

	February 4 to June 30, 1940, inclusive ^a		July 1, 1940, to June 30, 1941, inclusive		Total	
	Number	Amount of offering	Number	Amount of offering	Number	Amount of offering
Indentures filed.....	38	\$629,801,500	72	\$1,995,369,900	110	\$2,625,261,400
Indentures qualified.....	28	422,831,500	74	1,588,169,000	102	2,011,000,500
Indentures withdrawn.....	0	0	2	34,450,000	2	34,450,000
Refusal orders issued.....	0	0	0	0	0	0
Indentures pending.....	10	205,160,000	6	442,534,900	6	442,534,900

^a Adjusted figures.

^b Reduced to \$627,991,500 by amendments.

^c Reduced to \$1,859,993,900 by amendments.

^d Reduced to \$2,456,235,400 by amendments.

^e Reduced to \$2,700,000 by amendments.

^f Reduced amount.

Applications filed for qualification of indentures covering securities not required to be registered under the Securities Act of 1933

	February 4 to June 30, 1940, inclusive		July 1, 1940, to June 30, 1941, inclusive		Total	
	Number	Amount of offering	Number	Amount of offering	Number	Amount of offering
Applications filed.....	5	^a \$25,698,000	21	\$105,499,350	26	\$131,197,350
Applications effective.....	2	^a 17,295,000	20	82,259,850	22	99,554,850
Applications withdrawn.....	2	6,392,500	1	250,000	3	6,642,500
Refusal orders issued.....	1	^b 2,010,500	0	0	1	^b 2,010,500
Applications pending.....	0	0	1	25,000,000	1	25,000,000

^a Adjusted figures.

^b Refusal order rescinded and qualification made effective on July 6, 1940.

During the period July 1, 1940, to June 30, 1941, there were also filed with the Commission a total of 121 trustee statements of eligibility and qualification under the Trust Indenture Act of 1939. Of these 121 trustee statements, 97 were for corporate trustees (Form T-1) and 24 for individual trustees (Form T-2). In addition, there were filed 67 Supplements S-T (special items to be answered if any of the securities being registered under the Securities Act of 1933 are to be issued under an indenture to be qualified under the Trust Indenture Act of 1939). During the period from February 4, 1940, to June 30, 1941, inclusive, an aggregate of 177 trustee statements, of which 142 were for corporate trustees and 35 were for individual trustees, and a total of 101 Supplements S-T had been filed.

Part VIII

OTHER ACTIVITIES OF THE COMMISSION UNDER THE VARIOUS STATUTES

ACTIVITIES OF THE COMMISSION IN THE FIELD OF ACCOUNTING AND AUDITING

As has been emphasized in previous annual reports, much of the material filed with the Commission takes the form of financial statements. The utility of such statements is clearly and directly dependent upon the soundness of the accounting principles followed in their preparation, and in the quality and independence of the work of the public accountant whose certificate accompanies them. Improvement and clarification of auditing and accounting standards and insistence upon the independence of certifying accountants are, therefore, objectives of major importance to the Commission.

Auditing.

The Sixth Annual Report of the Commission¹ contained a brief resume of the principal facts disclosed by the investigation in *In the Matter of McKesson & Robbins, Inc.*, and of the conclusions set forth in the Commission's report thereon. It was indicated that, for the time being at least, the Commission would not seek to prescribe in detail the scope of and procedures to be followed in audits of the various types of registrants but instead would await the outcome of efforts of the accounting profession which had taken concrete form in the publication of several bulletins and resolutions embodying material extensions of auditing procedure. However, it was also indicated that the Commission's requirements as to the form and content of accountants' certificates would be revised to overcome certain shortcomings in such certificates as disclosed by its studies.

In furtherance of this program and after extended correspondence and discussion with committees of the several professional associations of accountants and a large group of other interested persons, the Commission promulgated amendments to its rules as to certification on February 5, 1941.² Both positive representations as to the scope and character of the work done and express indication of normal procedures omitted must now be included in the certificate in order to conform to the following requirements of paragraph (b) of Rule 2-02 of Regulation S-X, as amended:

¹ Page 164.

² Accounting Series Release No. 21.

“(b) *Representations as to the Audit.*—The accountant’s certificate (i) shall contain a reasonably comprehensive statement as to the scope of the audit made including, if with respect to significant items in the financial statements any auditing procedures generally recognized as normal have been omitted, a specific designation of such procedures and of the reasons for their omission; (ii) shall state whether the audit was made in accordance with generally accepted auditing standards applicable in the circumstances; and (iii) shall state whether the audit made omitted any procedure deemed necessary by the accountant under the circumstances of the particular case.

“In determining the scope of the audit necessary, appropriate consideration shall be given to the adequacy of the system of internal check and control. Due weight may be given to an internal system of audit regularly maintained by means of auditors employed on the registrant’s own staff. The accountant shall review the accounting procedures followed by the person or persons whose statements are certified and by appropriate measures shall satisfy himself that such accounting procedures are in fact being followed.

“Nothing in this rule shall be construed to imply authority for the omission of any procedure which independent accountants would ordinarily employ in the course of an audit made for the purpose of expressing the opinions required by paragraph (c) of this rule.”

In announcing the adoption of the new rules, the Commission explained its views as to the application of these new requirements:

“Section (b) contains the requirements for the accountant’s representations as to the nature of the audit which he has made. Under subdivision (i) the accountant must give a reasonably comprehensive description of the scope of the audit which he has performed. In accordance with the opinion of the Commission in the McKesson report, the subdivision also requires that, if any generally recognized normal auditing procedures have been omitted with respect to significant items in the financial statements, such omissions shall be stated with a clear explanation of the reasons for such omission. It is contemplated that designation of procedures omitted would be confined to the primary auditing requirements which have been recognized as normal auditing procedure, as for example, the circularization of receivables, and would not extend to detailed or mechanical steps. Since in particular circumstances such omissions may be proper, the specification of such omissions and the reasons therefor in connection with the description of the audit would not be considered as exceptions or qualifications unless specifically so noted in connection with subsection (ii) which requires that the accountant shall state whether the audit was made in accordance with generally accepted auditing standards applicable in the circumstances. In referring to generally recognized normal auditing procedures the Commission has in mind those ordinarily employed by skilled accountants and those prescribed by authoritative bodies dealing with this subject, as for example, the various accounting societies and governmental bodies having jurisdiction. In referring to generally accepted auditing standards the Commission has in mind, in addition to the employment of generally recognized normal auditing procedures, their application with professional competence by properly trained persons. The Commission further recognizes that the individual character of each auditing engagement and the facts disclosed through a vigilant, inquisitive, and analytical approach by the auditor may call for the extension of normal procedures or the employment of additional procedures. Therefore, subsection (iii) requires that the accountant also state whether he omitted any procedure deemed necessary by him under the circumstances of the particular case.

“Paragraphs two and three of section (b) incorporate provisions of previous rules and add the requirement that ‘appropriate consideration shall be given to the adequacy of the system of internal check and control,’ thus emphasizing the importance of this basic element.”

The new requirements have not been in force for a period long enough to warrant definitive conclusions as to their effect. It may be expected, however, that limitations imposed by management or normal procedures omitted through personal preferences will not henceforth escape disclosure and consequent administrative review, so far as reports filed with this Commission are concerned. While the revised rule is applicable only to reports subject to the Commission’s jurisdiction, yet the Committee on Auditing Procedure of the American Institute of Accountants has taken the position that “As a practical matter, however, practicing accountants may in course of time consider it advisable to apply the same standards of disclosure in reports for other purposes also, though the old form will doubtless continue to be used for an intermediate period.”³ It may be noted in this connection that Sections 30 and 32 of the Investment Company Act of 1940 incorporate requirements as to accountants’ certificates, the scope of the underlying audit, and the selection of auditors that are substantially similar to the recommendations contained in the McKesson report and the revised Rule 2-02 of Regulation S-X. Section 30, however, is applicable not only to certificates required to be included in reports to this Commission but also to certificates required to be included in reports to stockholders. The section further introduces the significant requirement that reports to stockholders “shall not be misleading in any material respect in the light of the reports” required to be filed with the Commission.

Questions as to the adequacy of the audit made or as to the accuracy of statements contained in the accountant’s certificate were raised in three stop order cases under the Securities Act of 1933, namely, *In the Matter of American Tung Grove Developments, Inc.*,⁴ *In the Matter of National Electric Signal Company*,⁵ and *In the Matter of Resources Corporation International*.⁶ None of these cases, however, arose under the provisions of the revised rules as to certificates. In the *American Tung Grove* case, the Commission’s opinion concluded:

“The materiality of the accountant’s failure to express any opinion with respect to the registrant’s accounting procedure is emphasized by the laxity and haphazardness of the procedure followed by the registrant. Registrant’s predecessors kept no complete set of books. Registrant’s own books were set up by H. E. Livermore, S. E. Stewart, their attorney, and a bookkeeper, and have been kept by Stewart and an assistant. None of these persons are accountants or are

³ Statements on Auditing Procedure, Bulletin No. 6, March 1941.

⁴ 8 S. E. C. 51.

⁵ 8 S. E. C. 160.

⁶ 7 S. E. C. 689.

qualified in accounting procedure. It appears that principal reliance was placed on Moore who came in at various times to make entries in the books on the basis of vouchers made by Stewart and his assistant. The details of all accounts and contracts were handled by H. E. Livermore. The practice was for Livermore to pocket all monies coming in and later to settle with the registrant on the basis of the difference between the amounts received and the commissions due him.

"The record contains many illustrations of the superficiality of the accountant's examination and audit and the doubtful value of his report. For example, he failed to make any inquiry as to the existence of contingent liabilities and apparently made no attempt to determine the collectibility of the accounts receivable, other than to accept the statement of an officer that the accounts were all good. Furthermore, he failed to make any disclosure of the unusual nature of the cash receipts system of the registrant under which all monies went through Livermore. The superficial nature of such an examination, the accountant's failure adequately to disclose the registrant's questionable accounting practices, and the fact that he admittedly ignored the Commission's regulations relating to financial statements included in a registration statement constitute a severe indictment of the value of his report."

In the *Resources* case, the Commission concluded that while the accountants' report was helpful in pointing out the matters upon which the accountants were unable to express any opinion and in flagging many of the material facts of particular interest to investors, it could not be considered to be a "certificate" within the meaning of the instructions calling for certified financial statements since the report contained exceptions pertaining to the value assigned to the corporation's principal assets and stated capital, and to the accounting principles followed in connection therewith and thus excluded from its purview all but approximately \$35,000 of assets out of total stated assets of more than \$9,000,000. As to the scope of the audit it was held that:

"Moreover, the auditors failed in two respects in the performance of their duties. In the first place, it appears that they were aware of certain additional material facts concerning Hoover's relationship to RCI which were not disclosed. Secondly, they failed to make as extensive an examination as, in our opinion, is required under the circumstances of this case.

"When auditors, in the course of an examination, gain knowledge of facts which are of material importance to investors, they are under a duty to report such facts to investors. If these facts are not set forth in the balance sheet, the accountant's report is an appropriate medium for conveying the information to investors.

"It is true that Arthur Andersen & Co. filed a report to the effect that they cannot 'express an opinion with respect to the * * * balance sheet that embraces the matter of value assigned therein to those assets and to the stated capital or the accounting principles followed in connection therewith.' However, they cannot excuse their failure to disclose the facts surrounding the organization of RCI and Hoover's true relationship to the Syndicate by pointing to this qualification. Nor does the qualification in their report run to the scope of their investigation, but merely to the fact that they were not able to express an opinion on certain matters of value. It must be assumed, therefore, that the auditors have represented that they have made the type of examination required by our

rules. However, the record shows that Arthur Andersen & Co. failed to make such an examination.

* * * * *

"It is, therefore, clear that, before the accountants prepared the data for the registration statement, their representative on the job had entertained grave doubts as to the bookkeeping methods employed by RCI and as to the nature of Hoover's relationship to the company. The obligation of the accountants to report material facts to investors made it their duty to express such doubts in their report unless, after such doubts arose, they made a careful investigation of available data and ascertained facts which reasonably justified them in setting those doubts at rest. But they made no such investigation. The evidence shows that they knew of the Syndicate and had access to the Syndicate subscription ledger, RCI's stock certificate books, and the minutes of the Syndicate and of the directors' meetings. Any adequate investigation of that available material would have revealed facts amply confirming the grave doubts expressed by Kuiper.

"In view, then, of those grave doubts and of the information which came to the attention and which was at the disposal of the accountants, they were, in our opinion, under an affirmative duty to examine, most carefully, into the relationship between Hoover and the Syndicate subscribers and between Hoover and RCI, and to disclose the true facts. An examination of the Syndicate agreement, the Syndicate subscription ledger, and the minutes of the organization meetings would have been sufficient to demonstrate to the accountants that Hoover had expended none of his own money in the acquisition of these properties; that the profits made by him were not disclosed either to the Syndicate subscribers or to RCI; and that the statements made in the registration statement with respect to Hoover's cost and the acquisition of the properties, not only do not constitute sufficient disclosure, but are in fact materially misleading."

To these formal decisions involving questions as to auditing procedures there should be added many more cases which have been informally resolved through discussion and conference between registrants, their accountants, and members of the Commission's staff. It appears from such conferences that the recommended extensions of auditing procedures to include physical checking or observation of inventory procedure, circularization of receivables, and more incisive analysis of the system of internal check and control are in fact being applied.

Professional Conduct.

No less important than the maintenance of sound auditing standards is the maintenance of high standards of independence and of professional conduct among certifying accountants.

The Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940 all incorporate the concept of independence as a prerequisite to certification by public accountants. The Commission's rules have always required independence in fact, and have refused to consider an accountant independent with respect to any person in whom he has any substantial interest, direct or indirect, or with whom he is, or was during the period of report, connected as a promoter, underwriter, voting trustee, director, officer, or

employee. Accounting Series Release No. 22⁷ first summarized previous stop order decisions on the point as follows:

“*In the Matter of Cornucopia Gold Mines*, 1 S. E. C. 364 (1936), the Commission held that the certification of a balance sheet prepared by an employee of the certifying accountants, who was also serving as the unsalaried but principal financial and accounting officer of the registrant, and who was a shareholder of the registrant, was not a certification by an independent accountant. *In the Matter of Rickard Ramore Gold Mines, Ltd.*, 2 S. E. C. 377 (1937), an accountant was held to be not independent by reason of the fact that he was an employee or partner of another accountant who owned a large block of stock issued to him by the registrant for services in connection with its organization. *In the Matter of American Terminals and Transit Company*, 1 S. E. C. 701 (1936), conscious falsification of the facts by the certifying accountant was held to rebut the presumption of independence arising from an absence of direct interest or employment. *In the Matter of Metropolitan Personal Loan Company*, 2 S. E. C. 803 (1937), it was held that accountants who completely subordinate their judgment to the desires of their client are not independent. *In the Matter of A. Hollander & Son, Inc.*, Securities Exchange Act of 1934, Release No. 2777 (1941), the Commission held that an accountant could not be considered independent when the combined holdings of himself, one of his partners, and their wives in the stock of the registrant had a substantial aggregate market value and constituted over a period of four years from 1½% to 9% of the combined personal fortunes of these persons. It was also held to be evidence of lack of independence, with respect to the registrant, that the accountant had made loans to, and received loans from, the registrant's officers and directors. In the same case, the evidence showed that registrant's president, over a period of years, had used the accountant's name as a false caption for an account on the books of an affiliate not audited by such accountant and that upon learning of these facts the accountant protested and procured a letter of indemnification in connection with such use. It was held that this continued use of the accountant's name, after his protest, and the overriding attitude apparently assumed by the registrant's president in this matter, constituted additional evidence of lack of independence.”

The release then went on to express the opinion that when an accountant and his client, directly or through an affiliate, have entered into an agreement of indemnity which seeks to assure to the accountant immunity from liability for his own negligent acts, whether of omission or commission, the accountant could not be recognized as independent.

In *In the Matter of A. Hollander & Son, Inc.*,⁸ the Commission outlined the considerations underlying the general concept of independence in these words:

“We cannot, however, accept the theory advanced by counsel for the interveners that lack of independence is established only by the actual coloring or falsification of the financial statements or actual fraud or deceit. To adopt such an interpretation would be to ignore the fact that one of the purposes of requiring a certificate by an independent public accountant is to remove the possibility of impalpable and unprovable biases which an accountant may unconsciously acquire because of his intimate nonprofessional contacts with his client. The requirement for certification by an independent public accountant is not so much a

⁷ Published March 14, 1941.

⁸ S. E. C. 586 (1941).

guarantee against conscious falsification or intentional deception as it is a measure to insure complete objectivity. It is in part to protect the accounting profession from the implication that slight carelessness or the choice of a debatable accounting procedure is the result of bias or lack of independence that this Commission has in its prior decisions adopted objective standards. Viewing our requirements in this light, any inferences of a personal nature that may be directed against specific members of the accounting profession depend upon the facts of a particular case and do not flow from the undifferentiated application of uniform objective standards."

Cognate though not identical problems of ethics have arisen in a number of cases. State laws governing the issuance and revocation of licenses to practice as a certified public accountant or as a public accountant have recognized the necessity of maintaining high standards of professional conduct. The accounting profession through its national and State organizations has voluntarily established codes of ethics. Violation of these standards, established after appropriate hearings, may be grounds for public admonition, for suspension or expulsion from the societies, or, in the case of State regulatory bodies, for revocation of the license to practice. Strengthening revisions of the code were made by the American Institute of Accountants and by several State societies during the past year. Because of its direct bearing on the accounting work of the Commission, the revised Rule 5 of the American Institute of Accountants' "Rules of Professional Conduct" may be quoted:

"(5) In expressing an opinion on representations in financial statements which he has examined, a member or an associate shall be held guilty of an act discreditable to the profession if:

(a) He fails to disclose a material fact known to him which is not disclosed in the financial statements but disclosure of which is necessary to make the financial statements not misleading; or

(b) He fails to report any material misstatement known to him to appear in the financial statements; or

(c) He is grossly negligent in the conduct of his examination or in making his report thereon; or

(d) He fails to acquire sufficient information to warrant expression of an opinion, or his exceptions are sufficiently material to negative the expression of an opinion; or

(e) He fails to direct attention to any material departure from generally accepted accounting principles or to disclose any material omission of generally accepted auditing procedure applicable in the circumstances."

In view of the existence of disciplinary machinery of this character, it is the practice of the Commission to bring to the attention of the appropriate societies and State agencies each case in which the Commission has publicly criticized the work or professional conduct of accountants practicing before it. During the past year, for example, the Council of the American Institute of Accountants sitting as a trial board on five cases called to its attention by the Commission

found two members guilty as charged, one of whom was suspended and the other publicly admonished. The remaining three were found not guilty, although in each case a published statement reviewed the facts (without names) and indicated disapproval of certain of the practices.⁹

Voluntary disciplinary machinery of this kind can, if its sanctions are vigorously and uniformly applied, be of great importance in the maintenance of proper standards of professional conduct. It cannot, however, supplant or remove the Commission's direct disciplinary authority under its Rules of Practice. Rule II (g) of these rules includes as practice before the Commission the preparation of any statement, opinion, or other paper by an accountant, filed with the Commission with his consent. Rule II (e) provides that:

"The Commission may disqualify, and deny, temporarily or permanently, the privilege of appearing or practicing before it in any way to, any person who is found by the Commission after hearing in the matter

- (1) Not to possess the requisite qualifications to represent others; or
- (2) To be lacking in character or integrity or to have engaged in unethical or improper professional conduct."

Moreover, it should be noted that during the past year two certified public accountants were indicted and two others convicted as a result of criminal proceedings in which the Commission participated.

Accounting.

As in past years, the greater part of the Commission's accounting work consists of the review of financial statements to determine compliance with the Commission's requirements and conformity to generally accepted accounting principles. Moreover, while formal opinions, rules, regulations, and accounting series releases establish standards of accounting to be observed by registrants, a much larger part of the effort of the Commission to improve accounting practice under the securities Acts takes place in informal conferences between registrants, their accountants and counsel, and the Commission's staff. Such conferences deal principally with the application of rules to particular situations and with the determination of accounting principles applicable in the absence of specific rules. For the most part such conferences settle the issues by agreement and in many cases lead to the selection, out of several generally recognized modes of treatment, of what may be termed the most preferable method.

In several of the Commission's published opinions the accounting practices of particular registrants were severely criticized. In *In the Matter of Resources Corporation International*,¹⁰ it was held that it was misleading to imply that properties were carried in the balance sheet at valuations independently determined by the board of directors when in fact the directors had not independently valued the property but had merely accepted as true certain representations as to the

⁹ See Journal of Accountancy, Vol. LXX, p. 487 (1940) and Vol. LXXII, p. 89 (1941).

¹⁰ See page 188, *supra*.

amount paid for the property by a preexisting syndicate. On this point the Commission said:

"In the first place, the statements made in the balance sheet imply that the directors made an independent valuation of the properties at \$9,000,000. This is entirely untrue. The directors and Syndicate subscribers merely assumed that Hoover was telling them the truth in stating that the actual cost of the properties was \$9,000,000; they made no independent valuation, but, in the belief that Syndicate subscribers had contributed \$7,350,000 which had been paid on the properties and that the balance due was \$1,650,000, they issued the \$7,350,000 in stock, assumed a \$1,650,000 'obligation' and placed the figure represented by Hoover to be the original cost of the properties upon the books of RCI.

"In the second place, the statements made in the balance sheet, especially when coupled with the statements as to cost of properties and the amount of subscriptions received, contained in the exhibits to the registration statement, which are, of course, a part thereof, give an entirely misleading picture of the facts surrounding the acquisition of the properties and of Hoover's breach of his fiduciary duties. Thus, the impression is conveyed that at the time of the transaction, the profits were fully disclosed to the persons with whom Hoover was dealing; that such profits were realized by Hoover, as *vendor* of property, rather than as *agent* for the Syndicate subscribers; and that Hoover's profits were the result of arm's-length bargaining and were entirely lawful. As we have pointed out, the actual facts are to the contrary. Disclosure of the frauds of a promoter and the methods utilized by him becomes particularly important when, as here, such promoter, years later, is still in a controlling relationship with the corporation, and has continued, from time to time during the intervening period, to exact unlawful profits."

In the same case it was argued that juxtaposition of a \$9,000,000 carrying value and a \$359,154 "cost to the promoter" effected the maximum disclosure possible, namely, that the difference represented the promoter's profit. The opinion held this argument to be fallacious, quite apart from the fact that the difference was not an accurate indication of the promoter's profit, and that he had made no expenditure of his own money, all monies spent on acquisition of the property having been advanced to him as agent by the subscribers to a preexisting syndicate.

In *In the Matter of American Tung Grove Developments*,¹¹ profits on contracts for the sale, development, and maintenance of land were treated as realized at the time of signing the contract, although payments were to be made over a 3-year period. The procedure used, in the absence of evidence as to collectibility, collection experience, and resale value of retaken property, was held to be misleading unless accompanied by full explanation of its character and effect. In *In the Matter of A. Hollander & Son, Inc.*,¹² where the registrant's principal business was the curing, dressing, and dyeing of fur skins, the inclusion without further segregation of amounts advanced by the registrant in a joint merchandising venture among "Notes Receivable (trade)" was held to be an improper classification resulting in the concealment of material information. Inclusion of similar advances in

¹¹ See page 187, *supra*.

¹² See page 190, *supra*.

"Loans Receivable" without adequate qualifying statements was likewise held to conceal material information. Other cases dealt with accounting principles as to which the Commission had previously expressed its opinion, such as the disclosure of contingent liabilities due to sale of securities not registered under the Securities Act of 1933 and the arbitrary valuation of patent and mineral rights.

As noted elsewhere in this report¹³ the Commission, upon request by a registrant, is empowered to hold confidential certain material otherwise required to be filed publicly with it. Under the Securities Exchange Act of 1934 many requests have related to portions of the financial statements and, in particular, to the sales and cost of goods sold as reflected in the profit and loss statement. During the past year the opinion of the Commission in *In the Matter of American Sumatra Tobacco Corporation*, dated February 1, 1939, was published,¹⁴ ruling that data relating to sales and costs of goods sold should be made public. The text of the decision, publication of which was withheld pending the outcome of court proceedings,¹⁵ may be quoted in part

¹³ See page 234, *infra*.

¹⁴ 7 S. E. C. 1033, Published September 4, 1940.

¹⁵ In *American Sumatra Tobacco Corporation v. Securities and Exchange Commission*, 110 F. 2d 117, the United States Court of Appeals for the District of Columbia sustained the Commission. In its decision the court said:

" . . . it is clear that the Act contemplates publicity of corporate financial reports to insure the maintenance of fair dealing in the purchase and sale of securities not only for the benefit of the investing public, but as well for the protection of banks in which loans are collateralized by such securities. The provisions of Section 24, on the other hand, were, as we think, enacted to provide a means of avoiding the infliction of hardships in particular cases where full disclosure would more likely result in harm to the registrant than in benefit to the public. Congress imposed on the Commission the duty of determining the question, and as we said in a former hearing in this case, this requires the exercise of a judicial discretion. The Commission is correct, therefore, in saying that its duty is to weigh the respective equities. And this the Commission says is what it did.

"What does appear is that the obvious purpose and intent of the Act is a full and complete disclosure of each registrant's financial condition, including a true statement of its profits and losses from time to time. The general principle underlying this requirement is as apparent to the layman as to the expert, and grows out of scandals resulting from past frequent manipulation of securities by the 'insider,' to the detriment of the investor. To correct these abuses, no one doubts, was in the public interest, and while nothing unfair or improper is imputed to petitioner, the question whether its case presents such positive equities as entitles it to be excepted from the general rule is, after all, the only question for decision.

"This was recognized by Mr. Blough, the Commission's official expert, who frankly stated in his testimony that if public knowledge of the items in controversy would so seriously affect registrant as to wreck its business, disclosure should not be required. We are in accord with this view, and we think it correctly reflects the spirit of the Act. For unquestionably Congress, in giving a registrant the right to file objection to publication and in authorizing the Commission to grant or refuse the request in the exercise of a sound judicial discretion, imposed on the Commission the duty of considering the claimed danger of loss and damage and of weighing it in the scale of public interest. And this, at least, is what the Commission has attempted to do and, if the conclusion reached is just as likely to be correct as incorrect, it is our duty to let it stand.

"In saying this, we can also say that we have no difficulty in understanding petitioner's reasons for apprehension that the disclosure will be harmful, and if the question were before us as an original proposition, we could easily see our way to sustaining the objections to general publication. But the question is primarily not for us but for the Commission, and Congress unquestionably intended that the Commission should bring to bear upon the decision of this and like questions, what has been called in cases within the jurisdiction of the Interstate Commerce Commission, the knowledge and experience of experts. This does not by any means set up an inquisition destructive of the rights of the individual. The delegated power is not to be exercised arbitrarily or to be considered an unfettered discretion over the property of the citizen. Its exercise is subject to review. But so long as the Commission's decision rests on substantial evidence and on inferences which are not arbitrary and capricious, it should be sustained. . . ."

as expressive of the Commission's views as to the significance and utility to the investing public of this information:

"The first question to be answered is whether the registrant's figures on sales and cost of goods sold are necessary, or useful, to investors, present or prospective.

"As a part of the information designed to assure investors the protection and benefits of adequate corporate publicity, Congress prescribed the filing of 'profit and loss statements for not more than the three preceding fiscal years.' And the Commission, by virtue of the authority granted to it in Sections 12 and 13 of the Act, has by rule required to be included in such statements the registrant's figures of sales and cost of goods sold. The importance of this disclosure can readily be demonstrated by the functions of a profit and loss statement.

"The profit and loss statement is designed to disclose for the period selected the amount of net profit or loss, the sources of revenue, and the nature of expenses. It thereby provides a basis for analyzing the results of operation and the course of the business; and in addition it may be utilized in forecasting the future revenues, expenses, and operating results of the enterprise. It is generally agreed among accountants and analysts that in order to perform these functions the statement of profit and loss should show, as a minimum requirement, the dollar volume of commodities or services, the cost of goods sold and operating expenses of the business, income from other sources, income deductions or nonoperating charges, and net profit for the period.

"To particularize, one of the essential purposes of the profit and loss statement is to furnish the investor or prospective investor with adequate historical data definitive of past earning power, and of prime importance in forecasting future earning power. In order either to judge the past or to forecast intelligently, an investor must have not only a record of past earnings or losses, but also the significant details as to how the particular results were obtained. The starting point in forecasting earning power is, of course, sales and operating revenues. Moreover, since earning power results from the sale of commodities or services for an amount greater than the cost of producing or distributing such commodities or services, the next essentials are the cost of goods sold and operating expenses. Similarly, selling and administrative expenses are of prime significance. If there is made available the historical record of sales, cost of sales, and the resultant profit margin, the investor is provided an important guide in calculating future costs in relation to future sales.

"If, however, sales and cost of sales in dollars are not included in the profit and loss statement, information essential for analysis is absent. In the first place, there is no possibility of gauging the effect of changes in selling prices, wage rates, material costs and similar items upon the undisclosed primary elements—sales and revenues, and cost of goods sold—upon which the profit figure is partially based. Likewise the possibility of gauging the probable effect of such changes upon the resultant profit figure itself becomes less likely. The relationship of the trends of the primary elements from which the resultant profit figure is derived varies under different business and economic conditions. The effects of variations in this relationship cannot be measured by study of the trend of the gross profit on sales or of the net operating profit alone.

"In the second place, the investor is also directly concerned with the relative size of an enterprise's *profit margin*, since it may be vital in appraising the significance to the particular enterprise of other known factors and trends. A business enterprise may manifest particular efficiency of production, purchasing or distribution; its location, cost of capital, personnel, patents, trade-marks may all be highly favorable. If the factors contributing to the wide profit margin cannot

be duplicated, strength may be indicated. But, to the extent that the contributing factors may not be lasting, weakness may be indicated. So a wide profit margin constitutes a warning signal; the investor must determine to what extent the margin is likely to continue. A narrow profit margin may likewise be indicative of strength or weakness. If the narrow profit margin represents the choice of the management to do a large volume of business at prices but little above the cost of production and if this method has resulted in a large scale, integrated, efficient business, the very narrowness of the margin may be an effective barrier to competition. On the other hand, a narrow profit margin may be indicative of a variety of causes, such as strong or even destructive competition, managerial inefficiency, increasing prices of raw materials relative to selling price. It follows, therefore, that, unless the *size* of the profit margin is known to the investor, a vital element of the information necessary for informed judgment and for this minimum protection is lacking. Moreover, in either case the extent of fluctuations in sales and cost of sales is itself an important factor in appraising the degree of fluctuations in the profit margin.

"In the third place, knowledge of sales is vital also if the quality of various balance sheet items is to be tested. The comparison of sales to receivables, inventories, fixed assets, and net worth is ordinarily one of the first steps taken in attempting to appraise the results of operations, and to predict their future course.

"Unless, in short, an adequate profit and loss statement, including gross sales and cost of sales, is made available, a sound appraisal of the management is likely to be impossible. Institutional investors and investment experts, it is true, may on occasion be able to obtain the necessary information through their own analyses or investigations, even though it is not contained in the published records. It is possible in this case, for example, that a skilled analyst, possessing expert and detailed knowledge respecting the tobacco industry, could on the basis of the disclosures contained in the nonconfidential portion of the registrant's financial statements calculate approximately its gross sales and cost of sales in dollars. Similarly, controlling stockholders may have access to such information. But the average investor will not have this information and will not be able to obtain it. As a result, he may well be helpless in making an adequate estimate of the efficiency with which the management of the company has conducted the business during the period covered by the particular profit and loss statement, in judging the future trends of the business, or, in sum, in making a sound decision whether to 'hold, buy, or sell' a security.

"It should not be implied, of course, in our emphasis of the importance to the investor of the need of an adequate profit and loss statement, that it will automatically give him a perfect and detailed picture of the operating results that the management is achieving with the enterprise. If, however, the profit and loss statement is adequate, the investor can form some judgment as to the future. And as financial reporting becomes increasingly clear and adequate, the more comprehensive will be the analysis which the investor can make of his investment, and the more intelligent will be his investment decisions."¹⁶

Problems continued to arise during the year as to the use of what has been termed a quasi or accounting reorganization. Despite treatment of this problem in several opinions of the Commission and accounting series releases, as related in the Sixth Annual Report,¹⁷ it became apparent that it would be desirable to integrate and amplify

¹⁶ Footnote citations omitted.

¹⁷ Page 173.

the several statements on this question. Accordingly, an opinion of the Chief Accountant was issued as Accounting Series Release No. 25,¹⁸ indicating the conditions under which a quasi-reorganization may be said to have been effected:

“It has been the Commission’s view for some time that a quasi-reorganization may not be considered to have been effected unless at least all of the following conditions exist:

“ (1) Earned surplus as of the date selected is exhausted;

“ (2) Upon consummation of the quasi-reorganization no deficit exists in any surplus account;

“ (3) The entire procedure is made known to all persons entitled to vote on matters of general corporate policy and the appropriate consents to the particular transactions are obtained in advance in accordance with the applicable law and charter provisions;

“ (4) The procedure accomplishes with respect to the accounts substantially what might be accomplished in a reorganization by legal proceedings—namely, the restatement of assets in terms of present conditions as well as appropriate modifications of capital and capital surplus, in order to obviate so far as possible the necessity of future reorganizations of like nature.

“It is implicit in such a procedure that reductions in the carrying value of assets at the effective date may not be made beyond a point which gives appropriate recognition to conditions which appear to have resulted in relatively permanent reductions in asset values; as for example, complete or partial obsolescence, lessened utility value, reduction in investment value due to changed economic conditions, or, in the case of current assets, declines in indicated realization value. It is also implicit in a procedure of this kind that it is not to be employed recurrently but only under circumstances which would justify an actual reorganization or formation of a new corporation, particularly if the sole or principal purpose of the quasi-reorganization is the elimination of a deficit in earned surplus resulting from operating losses.’ ”

During the past year four amendments and two clarifying interpretations of Regulation S-X were published. One of these adapted the requirements of this regulation for use by companies in filing registration statements and annual reports under the Investment Company Act of 1940. It is intended that instructions as to the form and content of financial statements of such companies will be reconsidered with a view to further changes that may be deemed necessary or desirable as a result of experience gained from the original filings under that Act.

Miscellaneous Research.

Among other accounting research work performed during the year was the beginning of an extensive survey and study of annual reports to stockholders as compared with annual reports filed by industrial and commercial companies with this Commission under the Securities Exchange Act of 1934. The objective of this study will be to deter-

¹⁸ Published May 29, 1941.

mine, if possible, the extent to which the Commission's rules and decisions on accounting matters have influenced reports to stockholders which, with the exception of companies registered under the Investment Company Act of 1940, are not ordinarily subject to the jurisdiction of the Commission, and whether the financial statements accompanying such reports are in form, content, and disclosure reasonably consistent with and comparable to statements filed with this Commission. The study, however, has not progressed sufficiently to warrant a substantive report of its results.

Cooperation with Professional Organizations.

The development of uniform standards and practice in major accounting questions continues to be a common objective of the Commission and the accounting profession. Outstanding among efforts of professional associations toward this goal was the publication by the executive committee of the American Accounting Association, in June 1941, of a revised "Statement of Accounting Principles Underlying Corporate Financial Statements." Originally published in 1936, the statement gave rise to a very large volume of critical comment and discussion. The present revision should further stimulate progress toward its announced objective, the expression of a unified and coordinated body of accounting theory to the end that financial statements may be both intelligible and, as far as possible, comparable with statements of other periods and other corporations. Efforts of the authorized committees of the American Institute of Accountants toward improved accounting procedure resulted in the publication of seven official bulletins setting forth recommended procedure with respect to such auditing and accounting problems as the weight to be given a client's representations as to inventories and liabilities; the treatment of certain contingent liabilities; the accountant's certificate; accounting terminology; and combined income and surplus statements.

In connection with the promulgation of accounting series opinions and accounting rules, the practice of the Commission was continued of securing the comments and suggestions of cooperating committees of the various professional societies interested in accounting and of other interested persons. Many of the suggestions received in this manner are reflected in the substance of the rule or opinion as finally issued.

Not less important than the official and semiofficial publications are the papers presented at regular and annual meetings of the various societies and at accounting clinics and conferences frequently sponsored by leading universities and accounting societies. In addition to the educational value of such public discussions, the published papers form a valuable addition to accounting literature on a wide variety of

important issues and may be taken as a continuing indication of professional efforts to improve and clarify accounting and auditing procedures. Various members of the Commission and its staff have participated, from time to time, in such meetings.

INTERPRETATIVE AND ADVISORY SERVICE

From its inception, the Commission has realized that the technical nature of the statutes administered requires the maintenance of an interpretative and advisory service to provide attorneys and the general public with prompt advice concerning problems arising under those statutes. The large volume of requests for interpretations received annually by the Washington office and regional offices of the Commission was augmented this year by the many new problems arising under the Investment Company Act of 1940 and the Investment Advisers Act of 1940, which are administered by the Commission. These requests embrace an extremely wide area extending from complaints attending the failure of corporations to declare dividends—a situation over which the Commission has no jurisdiction—to inquiries by foreign governments desirous of selling, for war purposes, securities held locally by their nationals. Generally, however, inquiries relate to problems confronting modest business enterprises interested in capital expansion. In every case, the Commission attempts to aid the person making the inquiry to understand and comply with the law.

The jurisdiction of the Commission does not extend to private disputes of a civil nature arising under the Securities laws. Consequently, the Commission cannot advise litigants concerning the prosecution or defense in such cases.

COMPLAINTS AND INVESTIGATIONS

One of the important functions of the Commission is, of course, the enforcement of the several statutes which it administers. The Commission annually receives and replies to thousands of complaints from the public with respect to alleged violations. Information indicating statutory violations also reaches the Commission from other sources, such as the constant surveillance of market activities, the examination of registration statements, and the facts furnished by cooperating State and Federal agencies.

Every complaint lodged with the Commission receives careful consideration. Frequently, the complainant seeks the Commission's aid to recover money invested in securities or to rectify strictly internal conditions of a corporation, matters over which the Commission has no jurisdiction. While the Commission cannot assist investors directly in recovering money obtained from them in violation of law, it can, and does, give them helpful information contained in its public

records, investment manuals, and other public sources to which the investor may not have ready access.

Where the violation of a statute is indicated, preliminary inquiries are made to substantiate statements made by the complainant. If, after this preliminary inquiry, it appears to the Commission that one of the statutes has been violated, an investigation is initiated in an effort to determine the facts. Much of this investigative work is conducted through the Commission's nine regional offices and the Washington Field Office. These offices are strategically located in principal financial centers throughout the country. Such investigations may lead to civil, criminal, or administrative proceedings; on the other hand, they may prove negative. Sometimes a violation of statutes administered by other branches of the Federal government, or by State authorities, is indicated. It is the Commission's policy to cooperate fully with such bodies and to furnish them with information in which they are interested.

At the beginning of the past fiscal year, the enforcement section had pending 696 investigations and legal cases under the Securities Act of 1933, Securities Exchange Act of 1934, Public Utility Holding Company Act of 1935, Investment Company Act of 1940 and Investment Advisers Act of 1940. During the year, 484 additional investigations were initiated. Out of this total of 1,180 cases, 548 were disposed of during the past year, leaving 632 cases pending as of June 30, 1941. The following table indicates the number of such cases pending and disposed of during the past fiscal year:

Investigations and legal cases developed therefrom under the Securities Act of 1933, the Securities Exchange Act of 1934, Section 12 (h) of the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940, for the fiscal year ended June 30, 1941

	Investigations and legal cases pending July 1, 1940	Investigations initiated or docketed July 1, 1940 to June 30, 1941	Total to be accounted for	Investigations and legal cases closed (or changed to docketed cases) July 1, 1940 to June 30, 1941	Investigations and legal cases pending as of July 1, 1941		
					Investigations	Legal cases (civil and criminal) developed from investigations	Total investigations and legal cases
Preliminary investigations ^a	153	184	337	194	143		143
Docketed investigations ^b	543	300	843	354	^c 322	^d 167	489
Total	696	484	1,180	548	465	167	632

^a Investigations carried on primarily through correspondence.

^b Investigations assigned to field investigators.

^c Includes 180 informal and 142 formal docketed investigations.

^d Includes 55 informal and 112 formal docketed investigations.

The Commission has long recognized the advantages to be realized from cooperation between Federal and State agencies and certain private organizations interested in the prevention of fraud in the sale

of securities. Accordingly, in connection with the enforcement of the fraud and registration provisions of the Acts, the Commission has established through its Securities Violations Files a clearing house for information concerning fraudulent securities transactions. The information thus assembled with the assistance of State securities commissions and other public agencies, the members of the National Association of Better Business Bureaus, Inc., and members of the United States Chamber of Commerce, is made available only to those officials and agencies who are directly concerned with the suppression of fraudulent and other illegal practices in the sale of securities.

LITIGATION

Civil Proceedings.

At the beginning of the fiscal year ended June 30, 1941, 13 civil proceedings instituted by the Commission were pending; during the year, the Commission instituted 34 additional proceedings, including 28 injunctive actions brought against 82 persons to restrain them from fraudulent and otherwise illegal practices in the sale of securities. Of this total of 47 proceedings, 36 were disposed of during the fiscal year, including 32 cases which resulted in the entry of injunctions against 79 persons. Eleven civil proceedings were pending at the end of the year.

Since its inception, the Commission has instituted a total of 404 civil proceedings and disposed of 393. Permanent injunctions have been obtained against 853 firms and individuals.

The following tables indicate, by types of cases, the number of civil cases instituted by and against the Commission from its inception to the close of the fiscal year ended June 30, 1941:

Cases instituted by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935, and miscellaneous cases

Types of cases	Total cases instituted prior to July 1, 1940	Total cases pending as of June 30, 1940	Total cases instituted during fiscal year ended June 30, 1941	Total cases pending during fiscal year ended June 30, 1941	Total cases instituted prior to July 1, 1941	Total cases closed prior to July 1, 1940	Total cases closed during fiscal year ended June 30, 1941	Total cases closed prior to July 1, 1941	Total cases pending as of June 30, 1941
Actions to enjoin violations of Securities Act, Securities Exchange Act, and Public Utility Holding Company Act.....	338	12	28	40	366	326	31	357	9
Actions involving the enforcement of subpoenas issued pursuant to Securities Act and Securities Exchange Act.....	30	1	3	4	33	29	3	32	1
Miscellaneous proceedings..	2	0	3	3	5	2	2	4	1
Total.....	370	13	34	47	404	357	36	393	11

^a Adjusted figure.

Cases instituted against the Commission and cases in which the Commission was permitted to intervene

Types of cases	Total cases instituted prior to July 1, 1940	Total cases pending as of June 30, 1940	Total cases instituted during fiscal year ended June 30, 1941	Total cases pending during fiscal year ended June 30, 1941	Total cases instituted prior to July 1, 1941	Total cases closed prior to July 1, 1940	Total cases closed during fiscal year ended June 30, 1941	Total cases closed prior to July 1, 1941	Total cases pending as of June 30, 1941
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.....	62	1	3	4	65	61	4	65	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	7	0	0	0	7	7	0	7	0
Petitions for review of Commission's orders by circuit courts of appeals (or Court of Appeals for District of Columbia) under the Securities Act, Securities Exchange Act, and Public Utility Holding Company Act.....	50	1	8	9	58	49	1	50	8
Miscellaneous actions against Commission or officers of Commission.....	* 5	* 3	1	4	6	2	1	3	3
Total.....	* 124	* 5	12	17	136	119	6	125	11

* Adjusted figure.

A brief description of all civil proceedings commenced or pending during the year ended June 30, 1941, showing their status at the end of that year, is set forth in Appendix IV, page 323, of this report. Some of the more important or interesting of these cases are described below in more detail.

Past annual reports have discussed many ingenious schemes to secure public investment in business enterprises without complying with the provisions of the Securities Act of 1933. As was stated in the Commission's Sixth Annual Report: ¹⁹

" * * * These schemes usually are camouflaged as the 'sale' of real or personal property coupled with an arrangement under which the promoter-seller retains possession of the property, representing that he will manage or resell it for the benefit of the purchasers."

During the past fiscal year, the Commission has been successful in several actions brought to enjoin violation of the Securities Act of 1933 where attempts were made to disguise the actual sale of a security as a sale of personal property. Noteworthy among these cases were *Securities and Exchange Commission v. Louis Payne*; ²⁰ *Securities and*

¹⁹ Page 141.

²⁰ 35 F. Supp. 873; see also Sixth Annual Report, p. 140.

Exchange Commission v. Leo C. Pyne; ²¹ and *Securities and Exchange Commission v. The Sentenal Corporation et al.*²²

In the *Louis Payne* case, the defendant, without complying with the registration provisions of the Securities Act of 1933, offered to sell silver foxes under a bill of sale coupled with a ranching agreement. This agreement provided that the defendant would care for and breed the foxes and dispose of their offspring. In holding the entire transaction to constitute a sale of securities, Judge Edward A. Conger, of the United States District Court for the Southern District of New York, said:

"True the said documents on their face, and judged according to form, appear to be contracts of sale; true the purchaser is given title and the right to possession of the animal or animals mentioned in the contracts; true there are other indicia of ownership, such as marking of the animals for each individual 'purchaser', the recording in the proper office of the 'bill of sale' in the name of the purchaser and the payment of personal tax on each animal; nevertheless, viewing the various transactions by and large and all the surrounding circumstances one can conclude only that these transactions were investments and not actual and bona fide sales.

* * * * *

"Many in this world of ours desire to make money without effort. Men and women in all professions, busy men and women with good incomes, have an innate desire to increase their income or their principal. They do this by so-called investments. They venture into realms of which they know nothing. All the literature of the defendant appeals to this urge. Here was an appealing proposition to an investor. Under skillful handling and care by experienced men, and by the very law of nature, a pair of foxes would produce young each year (at least three). This increment was the profit. Properly handled by a skilled salesman, who had access to the proper markets, this increment would return dollars. All without any effort on the part of the purchasers."

In the *Leo C. Pyne* case, the Commission prevented public investment in securities offered in violation of the registration and fraud provisions of the Securities Act of 1933 by obtaining an injunction before any sales had been completed. The defendants were offering undivided interests or "ship shares" in two boats, which they were operating, and in additional boats which they represented would be built. Proceeds from the sale of these interests were proposed to be used in the construction of new fishing vessels. The shares or interests were offered at \$1,000 each and represented a temporary interest in the proceeds from the two existing vessels as well as an interest in the vessels to be built.

The complaint alleged that, in attempting to make sales to prospects, the defendants, either directly or through their agent, made many false and misleading statements. The court held that the "ship shares" or the undivided interests in vessels, which carried with them the right to the receipt of profits by prospective purchasers through efforts other than their own, and which involved "the invest-

²¹ U. S. D. C. Mass. (1941); see also Sixth Annual Report, p. 142.

²² U. S. D. C. S. D. Ohio (1941).

ment of money with the expectation of profits through the efforts of other persons", were securities within the meaning of the Securities Act of 1933. The court also held that the defendants had violated the fraud provisions of the Act, as well as its registration provisions in the sale of the securities.

Securities and Exchange Commission v. The Sentenal Corporation et al. involved the sale of popcorn-vending machines, coupled with a lease-back and profit-sharing agreement. The defendants consented to the entry of a permanent injunction against further sales in violation of the registration provisions of the Securities Act of 1933.

The injunction was used to prevent illegal sales of another type of security in *Securities and Exchange Commission v. Mario Casa-Massa et al.*²³ The security involved was described by the defendants as an "expectancy equity." The defendants were engaged in soliciting and selling equities in two trusts which allegedly held United States patents on a new and improved type of differential for automobiles and trucks. The defendants represented, among other things, that several large automobile manufacturers were interested in the invention. The Commission's complaint charged this was untrue, that no United States patents were held by the defendants, and that the differential had failed to prove practical in several tests. The complaint further alleged evidence that the defendants were appropriating a large part of the proceeds received from the sales to their own use. After the filing of the complaint, the defendants consented to the entry of a final judgment enjoining further violations of the registration and fraud provisions of the Securities Act of 1933.

Other forms of securities frequently involved in the Commission's civil litigation relate to oil and gas properties. These securities took the form either of outright sales of oil and gas leases or of fractional undivided interests in oil and gas leases. Typical of the former type of case is *Securities and Exchange Commission v. Claude D. Adams et al.*²⁴ In this case, the defendants were selling assignments of oil and gas leases covering unproven and speculative tracts of land in minimum parcels or units of 5 acres without complying with the registration provisions of the Securities Act of 1933. The prices of such parcels were determined by the location of the leases with respect to a test well the defendants had agreed and undertaken to drill and complete. The Commission's complaint charged violations of the registration and fraud provisions of the Act. The defendants agreed to discontinue the sale of the securities and consented to the entry of a final judgment enjoining further sales in violation of the registration provisions of that Act.

²³ U. S. D. C. N. D. Ill., March 1941.

²⁴ U. S. D. C. S. D. Cal., 1941.

The second type of securities referred to in the preceding paragraph was involved in *Securities and Exchange Commission v. Arthur Lewis Larson*.²⁵ In this case, the Commission filed a complaint seeking to enjoin the defendant from continuing to sell undivided fractional interests in oil and gas leases in violation of the registration and fraud provisions of the Securities Act of 1933 and the registration and fraud provisions of the Securities Exchange Act of 1934 relating to over-the-counter brokers and dealers. The Commission's motion for a summary judgment was granted and a permanent injunction was ordered by the court.

The cases in the field of civil litigation which have been discussed so far involved violations of both the registration and fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. In *Securities and Exchange Commission v. Timetrust Incorporated et al.*,²⁶ the injunction was sought solely upon the grounds that the defendants had violated the fraud provisions of the Securities Act of 1933. The court handed down a memorandum opinion finding that the defendants, Timetrust, Inc., Bank of America National Trust & Savings Association, Meredith Parker, Ralph W. Wood, H. E. Blanchett, A. P. Giannini, L. Mario Giannini, and John M. Grant, had violated the fraud provisions of the Securities Act of 1933 in the sale of certificates of interest in shares of the common stock of Bank of America National Trust & Savings Association. The complaint was filed on April 5, 1939, and after several preliminary matters had been heard and determined, as related in the Fifth and Sixth Annual Reports,²⁷ the case went to trial on May 10, 1940. The fraudulent acts and practices complained of consisted, in general, of misleading statements and representations concerning the nature and soundness of Timetrust certificates. These statements and representations, set forth in literature distributed by Timetrust, Inc., and made orally by salesmen, portrayed the Timetrust certificates as being similar to a savings account and represented that the investment would be bound to have a large increase in principal due to "dollar averaging," compounding income, and unrealized appreciation. The plan was represented as being a safe and sound investment, but the literature and representations of the salesmen did not disclose that the purchase of Timetrust certificates was merely a method of purchasing Bank of America common stock on the instalment plan. On the facts, the court concluded that, in addition to making false and misleading statements and omissions, the defendants were engaging in a device, scheme, and artifice to defraud purchasers and prospective purchasers and rendered judgment enjoining each of the defendants from these

²⁵ U. S. D. C. E. D. Mich., Jan. 13, 1941.

²⁶ U. S. D. C. N. D. Cal. (1941).

²⁷ Pages 102 and 147, respectively.

acts. All defendants have appealed to the Circuit Court of Appeals for the Ninth Circuit.

The Commission has also found it necessary, for the protection of investors, to seek to enjoin the sale of securities where no fraud appeared. Such was the case in *Securities and Exchange Commission v. Chinese Consolidated Benevolent Association, Inc.*,²⁸ filed June 12, 1940. In that case, the Commission sought to enjoin the defendant, a patriotic association, from selling unregistered bonds of the Chinese Government in violation of the Securities Act of 1933. The defendant, through mass meetings and newspaper advertisements, had solicited offers to buy the unregistered bonds. It had undertaken these activities, without profit to itself, in the interest of the Chinese Government and had no official or contractual relationship with that Government. The District Court of the Southern District of New York, on motions for judgment on the pleadings, found for the defendant on the ground that it was not an underwriter and was, therefore, exempt from the provisions of the Act. The Circuit Court of Appeals for the Second Circuit, in an opinion rendered by Judge A. N. Hand (Swan, C. J. dissenting), reversed the district court and directed it to issue an injunction.²⁹ The court found that the defendant was selling for an issuer within the meaning of the statute and was therefore an underwriter. It also found that, irrespective of whether the defendant was an underwriter, it was engaged in a transaction in which an issuer was distributing securities. The court pointed out that the action instituted by the Commission was undertaken "only to prevent the sale of Chinese securities through the mails without registry. If it cannot be prevented, there is nothing to stop Germany, Italy, Japan, or any other nation, as well as China, from flooding our markets with securities without affording purchasers the information which the Securities Act intends to render available for investors in foreign bond issues."

A different type of injunction is sought by the Commission in *Securities and Exchange Commission v. The North American Company et al.* which is now pending in the United States District Court for the District of Delaware. Here the Commission, in its efforts to effectuate the policies embodied in the Public Utility Holding Company Act of 1935, instituted an action against the North American Light & Power Company and The North American Company. The complaint seeks an injunction to prevent North American Light & Power Company from holding a stockholders' meeting for the purpose of voting on a resolution to dissolve the company and also to enjoin such dissolution and liquidation and to enjoin The North American Company from voting at the meeting.

²⁸ U. S. D. C. S. D., N. Y. (1941).

²⁹ U. S. C. C. A. 2d, (June 1941).

At the time this action was begun, there was a proceeding under Section 11 (b) (1) of the Public Utility Holding Company Act of 1935 pending before the Commission with respect to The North American Company and its subsidiaries. The contention of the Commission is that under the circumstances North American Light & Power Company, as a registered holding company, may not exercise the privilege of dissolving and liquidating pursuant to State statutes unless it has first submitted its proposed plan of liquidation to the Commission in the pending proceeding and unless the Commission has found, under Section 11 (e) of the Act and that such plan is "fair and equitable to the persons affected" thereby.

The Commission's duty to protect the investing public has necessitated the institution of a number of actions against over-the-counter brokers and dealers who have violated the provisions of the Securities Exchange Act of 1934. Two examples of such cases are *Securities and Exchange Commission v. John F. Cole*, doing business as Fulton, Cole & Roc,³⁰ and *Securities and Exchange Commission v. William E. Atwood & Company, Inc.*³¹

In the *Cole* case, the defendant represented himself as being a member of the "International Securities Dealers Association," a name confusingly similar to National Association of Securities Dealers, Inc. (a well-known association registered under the Securities Exchange Act of 1934) when, in fact, he was not a member of either association. Also, the defendant represented falsely that he was a member of the Investment Bankers Association and of a nonexistent "New York Curb Stock and Bond Market." The Commission sought an injunction to enjoin the continuance of these frauds in violation of Section 15 (a) of the Securities Exchange Act of 1934 and Section 17 (a) of the Securities Act of 1933. The court granted a preliminary injunction and, upon failure by the defendant to enter an appearance, made the injunction permanent.

In the *Atwood* case, the defendant represented that he was an over-the-counter broker and dealer, ready and able to execute his customers' orders for the purchase and sale of securities, without disclosing to his customers that he was insolvent. Although the defendant represented that money received from customers would be used to purchase securities for their account and that the securities would be held in safekeeping, the Commission alleged that Atwood did not intend to do either, but intended to and did convert the money to his own use and benefit. The defendant consented to an entry of both a temporary restraining order and a final judgment enjoining it from further violating Section 15 (c) (1) of the Securities Exchange Act of 1934 and Section 17 (a) (3) of the Securities Act of 1933.

³⁰ U. S. D. C. N. D. Ill., June 16, 1941.

³¹ U. S. D. C. D. of Me., July 2, 1940.

It has been said that the interpretation of an act by the agency charged with its administration should control, unless plainly erroneous, in order to accomplish the objects of the act without constant and disconcerting friction.³² The Commission, therefore, takes part in many actions between private parties which involve provisions of the statutes which it administers. It may intervene or appear as *amicus curiae*. In either case its purpose is to give the court the benefit of its experience in the special field and to inform the court of its interpretation and the reasons therefor.

Herman Geismar v. Bond & Goodwin et al., is the first case, within the knowledge of the Commission, in which the plaintiff claims that the Securities Exchange Act of 1934 gives a right to rescind or to recover damages for fraud in an over-the-counter sale of securities. The defendants moved to dismiss the amended complaint, contending that the statute did not create such claims for relief. The Commission appeared *amicus curiae* and argued that the right to rescind such a transaction was clear, at least since the 1938 amendment to Section 29 (b), which provided a statute of limitations for such actions.³³

In *A. C. Frost & Co. v. Coeur D'Alene Mines Corporation*,³⁴ the corporation gave an option to purchase all or any part of its treasury stock to plaintiff's assignor. The stock was unregistered and the corporation refused to deliver the stock on the ground that the option was in violation of the Securities Act of 1933 and therefore void.

A. C. Frost & Co. filed suit in the State court of Idaho charging that the corporation had repudiated the option and asked judgment for its breach and for money due under the terms of the option. On appeal, the Supreme Court of Idaho held the option void and denied recovery. The United States Supreme Court granted *certiorari* and the Commission filed an *amicus curiae* brief sponsored by the Solicitor General. The United States Supreme Court, through Mr. Justice McReynolds, referred to the Commission's brief and held that, even though the option contract contemplated a public offering, the Securities Act of 1933 gave the public adequate remedies against the seller and that such remedies are "inconsistent with the idea that every contract having relation to sales of unregistered shares is absolutely void," and reversed the judgment of the Supreme Court of Idaho.

In *Boudinot Atterbury et al. v. Consolidated Coppermines Corporation*,³⁵ the Commission's proxy rules were involved and the Commission obtained permission to file a brief as *amicus curiae*. The officers of the corporation, with the exception of the two plaintiffs, had

³² *Securities and Exchange Commission v. Associated Gas & Electric Co.*, 99F. (2d) 795, 798 (C. C. A. 2d, 1938).

³³ Judge Coxe of the District Court for the Southern District of New York, on July 8, 1941, handed down an opinion holding that the statute provides an action both for rescission and for damages.

³⁴ 312 U. S. 38 (1941).

³⁵ Ct. of Chancery, Del., Newcastle County (1940).

solicited the proxies of the shareholders, stating that the proxies were solicited by the management and further stating that the only business to be presented by the management or by anyone else within the knowledge of the management, was the election of directors. The plaintiffs thereupon solicited the revocation of any proxies given the management. The record also contained evidence that the management was informed that plaintiffs intended to present other business at the meeting. The meeting was held and the management elected directors and plaintiffs filed suit to set aside the corporate action.

The Commission in its brief contended (1) that the solicitation of the revocation of a proxy is itself a solicitation of a "proxy, consent, or authorization;" (2) that a solicitation "by the management" is not false and misleading, even though a minority of the management does not join in the solicitation; (3) that there is a duty to inform those whose proxies are solicited of questions to be presented and the use the proxies are to be put to; (4) that there is a duty on those soliciting the proxies to inform those whose proxies have been solicited of changed conditions which make statements made in the soliciting material no longer true; and (5) that the question of invalidity of action taken pursuant to proxies improperly solicited is for the court to decide. The court found in favor of defendants without specifically determining all the points raised by the Commission.

In *Leland Stanford, Jr., University v. The National Supply Company*,³⁶ the university filed an action to recover the par value of preferred stock held by it, together with the accumulated dividends. The complaint alleged that the university owned 1,300 shares of preferred stock of the First National Company and that this corporation consolidated with another to form The National Supply Company. Under the plan of consolidation, the preferred stock was exchangeable for stock in the new corporation and the accumulated dividends were eliminated.

The university contended that the exchange was a sale, that the new securities were unregistered, and that the prospectus was misleading, in that it failed to inform the stockholders of their rights and the manner in which to assert such rights. The Commission in its brief contended that (a) the distribution of the securities, being the result of a consolidation approved by a vote of the stockholders, was not a sale and therefore was not a violation of Section 5 of the Securities Act of 1933; (b) that even if a sale were involved, there would be no liability under Section 12 (1) of the Act if the defendant had relied upon the Commission's interpretative regulations;³⁷ and (c) if a sale were involved, the reliance upon the Commission's interpretative

³⁶ U. S. D. C. N. D. Cal. (1941).

³⁷ Under the theory adopted by the Commission and made public in a note to Rule 5 for the Use of Form E-1 under the Securities Act of 1933, no sale was involved in this transaction.

regulations could not protect defendant from liability under Section 12 of the Act for false and misleading statements. No decision has yet been rendered.

In *Samuel N. Levy et al. v. Irving Feinberg et al.*,³⁸ a group of stockholders sued to recover damages for the corporation, American Beverage Corporation, alleging that one of the defendants, formerly a majority stockholder, director, and president of the company, had given an option on his stock to Feinberg with the knowledge that Feinberg would defraud American Beverage Corporation and apply a large portion of its assets to extinguish the indebtedness of another corporation, Prendergast-Davies, owned by Feinberg. This was accomplished by the subsequent sale of the assets of Prendergast-Davies to American Beverage Corporation and the assumption of Prendergast-Davies liabilities.

Proxy material sent to the stockholders of American Beverage Corporation, just prior to the time the option was exercised, contained statements that the solicitation was being made by the management for the reelection of existing directors or such other persons as would maintain the existing management for the ensuing year. The material also stated that prospects for the coming year were very encouraging. No mention was made of the option, although it had been granted under circumstances indicating that it would be exercised and control of the corporation assumed by Feinberg to the detriment of the corporation. The option was exercised prior to the meeting and a new board of directors was elected by the vote of Feinberg's newly-acquired stock. Thereafter, the new board approved the purchase of Prendergast-Davies and the assumption of its liabilities.

The Commission filed an *amicus curiae* brief in which it took the position that the proxy material distributed by the management in the solicitation of proxies to vote in the election of directors did not meet the disclosure requirements of the Commission's proxy rules.³⁹ In a decision for the plaintiff, the court held that the Commission's proxy rules required the disclosure of the option. The court also held that the statements contained in the proxy statement concerning the purposes of the solicitation and the corporation's prospects were false and misleading.

Criminal Proceedings.

The statutes administered by the Commission provide for the transmission to the Department of Justice of evidence of violations of the criminal provisions of those statutes. Criminal proceedings are instituted in the discretion of the Attorney General. It is the policy of the Commission to make a thorough investigation of alleged violations of law before referring a case to the Department of Justice and to

³⁸ Supreme Court of New York, Special Term; *N. Y. Law Journal*, March 25, 1941.

³⁹ For discussion of these rules see p. 232, *infra*.

furnish to the Department the results of such investigation. Thereafter, if criminal proceedings are instituted, the members of the Commission's staff who participated in the investigation assist the United States Attorneys in the preparation of the cases for presentation to the grand jury and for trial.

Up to July 1, 1941, the Commission had referred to the Department of Justice 329 cases, including 52 cases which were referred during the past fiscal year. Since the organization of the Commission, a total of 1,852 defendants⁴⁰ have been indicted in 260 cases, including 27 cases which had been referred to the Post Office Department. During the past year indictments were returned against 194 defendants.

Since the inception of the Commission, convictions have been obtained against 739 defendants in 200 cases, representing 93 percent of the 213 cases which have been disposed of as to principal defendants; 124 defendants, named in 44 cases, were convicted during the past year.

The foregoing figures include perjury proceedings arising out of Commission investigations. A total of 20 defendants have been so indicted, and 8 convicted, including 2 defendants who were convicted during the past fiscal year. At the end of the year, indictments for perjury were pending as to 11 defendants.

The following table discloses the comparative statistics with respect to criminal proceedings in cases developed by the Commission.

Criminal cases developed by the Commission based upon violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the mail fraud statute, conspiracy, perjury, and other related Federal statutes

Year ended June 30	Number of cases referred to Department of Justice	Number of defendants indicted	Number of defendants convicted		
			As a result of plea of guilty or nolo contendere	By verdict	Total
1934.....	7	32	1	4	5
1935.....	28	186	18	4	22
1936.....	46	395	76	29	105
1937.....	44	233	73	50	123
1938.....	36	253	71	27	98
1939.....	51	327	73	40	113
1940.....	65	252	97	52	149
1941.....	52	194	72	52	124
Total.....	329	1,852	481	258	739

^a Adjusted figure

^b In addition, indictments have been returned in 27 cases referred by the Commission to the Post Office Department, including 1 case in which an indictment was returned during the past fiscal year.

Up to July 1, 1941, the Commission had secured the citation of 24 defendants in 7 proceedings for contempt of court orders which had

⁴⁰ This figure contains some duplication resulting from the fact that some persons were named as defendants in several indictments or in more than one case.

been obtained by the Commission. Nineteen of these defendants were found guilty. None were found guilty during the past fiscal year.

A brief description of the criminal cases filed or pending during the year ended June 30, 1941, showing their status at the end of that year, is set forth in the tables comprising Appendix IV, page 327 of this report. A more detailed description of some of the more important cases follows.

United States v. Union Electric Company of Missouri.—On January 17, 1941, an indictment was returned by a Federal grand jury in St. Louis, Mo., charging Union Electric Company of Missouri, a subsidiary of The North American Company, and Louis H. Egan, former president of the Union Electric Company, with violations of, and with conspiracy to violate, Section 12 (h) of the Public Utility Holding Company Act of 1935. This action resulted from an investigation by the Commission which extended over a period of nearly 2 years.

Under the provisions of Section 12 (h) of the Public Utility Holding Company Act of 1935, it is unlawful for any registered holding company to make, in any manner, any contribution, directly or indirectly, to political groups or in connection with the political campaign of any individual. In this case the indictment alleged that, to further the political campaigns and to assure the election to public office of certain individuals, the Union Electric Company made contributions out of a "slush fund" which was accumulated through various artifices, such as kickbacks on legal fees, payments to contractors, and the padding of expense accounts.

To further the prosecution of this case, members of the Commission's staff were appointed as special assistants to the Attorney General and in such capacity aided the United States attorney in St. Louis, Mo., in the presentation of the case to the grand jury. The proceeding has been marked thus far by various motions and demurrers asserting, among other defenses, that this particular section of the Act is unconstitutional. These motions and demurrers on the part of the defendant have been consistently overruled and the case will probably be tried in the fall of 1941.

During the course of the Commission's investigation, three employees of the company were indicted for perjury committed before officers of the Commission. The charges alleged that the defendants had testified falsely with respect to certain phases of the aforementioned practices. Albert C. Laun, vice president of the Union Electric Company, entered a plea of *nolo contendere*. He was sentenced to a year and a day in prison and was fined \$4,500. He was paroled after serving about one-third of his sentence. Frederick J. Martin, formerly a sales manager employed by the Union Electric Company,

pleaded guilty to the charge of perjury and was sentenced to 6 months in prison and fined \$501. After serving about 10 days, and after giving the Commission a full statement of the facts in regard to which he committed perjury, he was placed on probation. The third defendant indicted was Frank J. Boehm, former executive vice president of the company, who elected to stand trial, and was found guilty. He was sentenced to 5 years in prison on each of two counts, to run concurrently and was fined \$2,000. His case is now pending on appeal before the United States Circuit Court of Appeals for the Eighth Circuit. The appeal is set for argument on September 10, 1941.⁴¹

United States v. E. M. Hill et al.—Early in 1939, evidence acquired by the Commission in proceedings leading to the revocation of the broker-dealer registrations of certain firms was forwarded to the Attorney General and the Chief Inspector of the Post Office Department. This evidence disclosed that, for approximately 6 years, hundreds of small businesses or prospective businesses had been victimized by the operations of the so-called "front money racket."⁴² The victims had been induced to pay advance fees, estimated as aggregating \$1,000,000, for various services in connection with incorporation and registration, and the preparation of sales literature. This was accomplished by false and misleading representations as to the ability of persons engaged in such racket to secure financing and capital upon the payment of the advance fee. While almost every conceivable type of small business was represented in the list of victims, the investigation failed to reveal a single instance in which a share of stock had been sold or a dollar of capital secured for the victims.

As a result of this reference, a joint investigation was undertaken by the Post Office Department and the Commission which culminated on May 21, 1940, in an indictment at Cleveland, Ohio, charging 12 defendants, operating in their own names and in the names of some 23 different companies located throughout the United States and abroad, with carrying on a scheme to defraud persons who were desirous of securing financing or additional capital.

Members of the Commission's staff were appointed special assistants to the United States attorney and participated in the presentation of the case to the grand jury and in the trial which took place in February 1941. On the eighth day of the trial, pleas of guilty were entered by nine defendants and sentences were imposed as follows: E. M. Hill, Cleveland, and Arthur L. Rose, New York, 5 years imprisonment; Bernard V. Gross, Chicago, and Carl J. Barth, Cleve-

⁴¹ Affirmed on November 6, 1941.

⁴² Sixth Annual Report, p. 162.

land, 2 years imprisonment; William H. Gould and Roland S. Mott, both of New York, 3 months imprisonment; Edward Schofs, New York, Paul E. Reinhardt, Los Angeles, and Victor DeVilliers, New York, suspended sentence of 2 years; and W. M. Harvey, New York (who pleaded *nolo contendere*) 1 hour in the custody of the marshal. The case is still pending as to Samuel Lewis, who was granted a separate trial because of illness, and C. Wayne Gould, who has not as yet been apprehended.

United States v. Arnold Joerns et al.—This case is the most recent step in the Commission's efforts to uncover the facts underlying the promotion of Resources Corporation International, a very large securities promotion predicated on two million acres of timber and ranch land in Mexico. On December 13, 1940, an indictment was returned in Chicago, Ill., against nine of the promoters and their accomplices. The indictment charged that subscribers to International Syndicate, the original vehicle for the promotion, were told that two million acres of valuable timber properties had been acquired in Mexico at a cost of \$9,000,000; that \$7,350,000 had been subscribed to the syndicate; and that \$1,650,000 was still due and unpaid on the lands; when, in fact, only \$152,919.82 had been expended by the promoters in acquiring the properties, and substantially all the purported cost and remaining liability were fictitious.

On October 15, 1931, a meeting of International Syndicate subscribers was held to dissolve the syndicate and to form Resources Corporation International. According to the indictment, the late Harper S. Hoover and his associates were able to acquire the bulk of the stock of the latter company.

According to the indictment, Hoover and his associates proceeded to engage in an extensive stock-selling campaign, particularly in the year 1937, which they stimulated by various fraudulent devices, including sham timber-cutting contracts, payments upon which were used to give an appearance of earning power and income to the corporation. In this way, Hoover disposed of 528,709 shares of his personally owned stock in Resources Corporation International between 1931 and 1937 at a gross profit of \$4,759,140.95.

During the period from 1938 to 1940; there had been extensive litigation between the Commission and Resources Corporation International, Harper S. Hoover, and his associates. In March 1938, the Commission instituted a stop order proceeding pursuant to Section 8 of the Securities Act of 1933. The proceeding was interrupted several times because of litigation instituted by Resources Corporation International after its motion to withdraw its registration statement and terminate the stop order proceeding had been denied by the Commission. Resources Corporation sought a direct appeal to the Circuit Court of Appeals for the Seventh Circuit, which appeal

was dismissed on the ground that the Commission's order refusing to permit withdrawal of the registration statement was interlocutory and therefore not reviewable at that stage of the proceeding. The corporation then filed suit in the District of Columbia to enjoin the Commission from continuing the proceeding. The injunction was refused. The Commission issued a stop order suspending the effectiveness of the registration statement on July 10, 1940.

The criminal proceedings against Arnold Joerns and the other associates of Hoover are at present pending in the United States District Court for the Northern District of Illinois and should come to trial in the fall of 1941.

United States v. Central Securities Corporation et al.—In this case, three individuals and the Central Securities Corporation, a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, were indicted on charges of fraudulently effecting the redemption of municipal public improvement bonds issued by the cities of Gary, Hammond, and East Chicago, Ind. On November 8, 1940, an indictment was returned in South Bend, Ind., charging the defendants with conspiracy to violate Section 15 (c) of the Securities Exchange Act of 1934. This section prohibits fraud by brokers and dealers in security transactions effected in the over-the-counter markets as distinguished from the established national securities exchanges.

The three individuals named in the indictment were Edwin H. Dickmeyer, president of Central Securities Corporation; Louis F. Conter, former treasurer of Lake County, Ind.; and Edward L. Reil, former employee of the treasurer's office of Lake County. The indictment charged that the defendants entered into an agreement whereby Conter, as treasurer of Lake County, would give preference to Central Securities Corporation over all other persons in the redemption of the public improvement bonds and coupons issued by the three Indiana cities in return for the payment to him of bribes totalling 20 percent of the aggregate amount of principal and interest received by the corporation in the redemption of such bonds and coupons. It was also alleged that the agreement provided that Reil would be appointed by Conter as an employee of the county treasurer's office to maintain close scrutiny and supervision over the treasurer's accounts kept in the three cities.

The indictment alleged that, as a part of a conspiracy to defraud, the corporation would falsely advise customers, who had such bonds on deposit with it for collection or for sale, that it had an opportunity to sell their bonds at from 25 percent to 70 percent of their face values and would recommend acceptance of these offers for the purpose of reinvesting in other securities. The indictment charged that after authorization had been obtained from customers to sell their bonds and coupons the corporation, contrary to the authorization, would mail

the bonds and coupons to Reil who would present them to the treasurer's office in the particular cities where the bonds had been issued and collect 100 cents on the dollar, to the full extent of funds available.

The indictment further alleged that Reil would transmit the payments to Central Securities Corporation, which would remit to him 20 percent of the proceeds to be paid to Conter and 5 percent to be retained for his services in the transaction. According to the indictment, the corporation would then send a statement to the customer, indicating that it had purchased his bonds for its own account, together with a check for the amount of the pretended offer; and would retain for itself the remainder.

The defendants by demurrer challenged the indictment primarily on the ground that Section 15 (c) (1) of the Securities Exchange Act of 1934 was an unconstitutional delegation of legislative power, and that Rule X-15C1-2 was void because adopted pursuant to such statute. The defendants also contended that wilful violation of Section 15 (c) (1) does not constitute a crime, that the improvement bonds involved in the case were not securities within the meaning of the Act, and that the section was not effective until the adoption of the rule. On April 22, 1941, the court overruled the demurrer without opinion.

The case is at present awaiting trial in the United States District Court for the Northern District of Indiana.

United States v. W. J. Herring et al.—W. J. Herring, a securities broker, Little Rock, Ark., was sentenced to 3 years imprisonment on his plea of guilty to charges of violating the fraud provisions of the Securities Act of 1933 and Section 215 of the Criminal Code, in connection with the sale of the common stock of Investors Participating Corporation, of which he was the promoter.

The indictment, which was returned by the Federal grand jury at Little Rock, Ark., charged that Herring had falsely represented that the stock of the Investors Participating Corporation was an absolutely safe investment; that the funds received from the sale of the stock were being used to promote and advance the interests of the corporation; that a 100 percent dividend would shortly be declared because of the corporation's remarkable progress; and that the investors' money was backed by the assets of W. J. Herring & Company. Actually, the latter company was hopelessly insolvent; the corporation had operated at a deficit during its entire existence; and the funds from the sale of stock were being converted to the personal use of the defendant.

United States v. Robert J. Boltz.—In this case, Robert J. Boltz, an attorney and investment counselor of Philadelphia, Pa., was indicted on 21 counts alleging violations of the fraud provisions

of the Securities Act of 1933, the broker-dealer registration provisions of the Securities Exchange Act of 1934, and Section 215 of the Criminal Code.

A member of the Philadelphia bar and of the city's most exclusive clubs and institutions and a direct descendant of Philadelphia's first families, he used his name and position to attract some 200 persons to entrust to him more than \$2,500,000 in funds and securities. Prior to the effective date of the Investment Advisers Act of 1940, Boltz was told by representatives of the Securities and Exchange Commission that he must register with the Commission as an investment adviser, and that his books and records were subject to inspection by the Commission. Boltz challenged the Commission's jurisdiction and, when steps were taken to enforce inspection, he disappeared. The case of the missing investment counselor attracted Nation-wide attention as city, State, and Federal enforcement authorities cooperated in an exhaustive Nation-wide search. Four months after his disappearance, he was apprehended in Rochester, N. Y., and returned to Philadelphia for trial in the State courts, where he was sentenced to a term of from 20 to 40 years in prison.

The Federal indictment charged that Boltz had defrauded numerous investors residing in and around Philadelphia who had entrusted him with the investment of their funds in securities. It was alleged that he had charge of 167 active accounts and, contrary to limitations in the agreements with his customers, ran a margin trading account, executed short sales, and used customers' funds to speculate in securities and commodities for his own account with very large losses to the customers. Boltz allegedly guaranteed a minimum annual return of 6 percent and represented that he would preserve intact the principal of all funds entrusted to him. It was further charged that, in order to effectuate the fraud, Boltz delivered checks and quarterly statements falsely showing or representing substantial profits earned when, in fact, monies received by customers were returns of principal or payments from funds and securities received by him from other customers.

According to the indictment, Boltz represented that he was a principal stockholder of North America Investment Fund, Inc., an incorporated investment trust with portfolio assets in excess of \$5,000,000, and that he actually pledged stock certificates of this fund with various national banks in Philadelphia as collateral for substantial loans. It was charged, however, that North America Investment Fund, Inc. was wholly fictitious, was never incorporated, and had no assets.

Boltz pleaded guilty on all counts and, on February 28, 1941, was sentenced, in the United States District Court for Eastern Pennsyl-

vania, to 20 years imprisonment. This is the longest sentence imposed in a criminal case under the Securities Act of 1933.

United States v. Eugene S. Gates.—A fictitious cement manufacturing enterprise was the subject of a large-scale stock promotion in this case. Having leased a cement plant at Chula Vista, Calif., Eugene S. Gates and his associates proceeded to engage in the promotion of the stock of the newly formed International White Cement Company in the States of Colorado, California, and Illinois.

As a result of the Commission's investigation into the affairs of this company, a Federal grand jury at Denver, Colo., indicted Gates and seven of his associates for violations of the fraud provisions of the Securities Act of 1933, and for mail fraud and conspiracy to defraud, in connection with the sale of stock of International White Cement Company. The defendants were charged with representing to prospective investors that the company was operating and manufacturing cement, when it was not operating and had never operated, and, in fact, did not have the machinery and equipment necessary for the production of cement. It was alleged that they also employed the not uncommon device of impressing investors with the payment of fictitious dividends to further the alleged fraudulent scheme and to induce additional purchases of the company's stock, when, in fact, the company had no income other than that from the sale of stock.

Eugene S. Gates, who was promoter and president of the company, was given a sentence of 8 years imprisonment and was fined \$2,300 after having been found guilty on 14 counts of the indictment. On December 2, 1940, he filed notice of appeal and his case is now pending in the United States Circuit Court of Appeals for the Tenth Circuit. Three other defendants were given lesser prison sentences; 3 others were placed on probation; and the indictment was dismissed as to the remaining defendant.

United States v. Bankers Industrial Service, Inc., et al.—On December 27, 1940, a certified public accountant and three officers and directors of Bankers Industrial Service, Inc., of Wilmington, Del., were given prison sentences ranging from 1 year and 1 day to 3½ years for violation of the fraud section of the Securities Act of 1933, in connection with the sale of the Class A common stock of Bankers Industrial Service, Inc.

This fraudulent scheme, which cost investors approximately \$1,000,000, was effectuated by means of misrepresentations with respect to the net profits of the company and other aspects of its financial condition. The defendants also falsely represented to investors that the DuPont family of Wilmington, Del., was financially interested in the company. They further represented that no compensation would be or had been paid to the directors of the company when, in fact, they intended to convert the entire proceeds of the sales to their own use.

Those convicted were Medford H. White, of Wilmington, Del., a former member of the State Board of Accountancy of that State; Frank Ware, of Garden City, N. Y.; Willard R. Jeffrey, of Dunmore, Pa.; Bankers Industrial Service, Inc., of New York City, N. Y., Jersey City, N. J., and Wilmington, Del., and its president, Leo F. Gaffaney, of Plainfield, N. J.; Hiltz & Co., a New York brokerage concern; and Henry I. Pitney, New York City securities broker, whose sentence of one year and one day imprisonment was suspended. White has taken an appeal to the Circuit Court of Appeals for the Second Circuit.

United States v. Baskette et al.—The indictment in this case was returned by the Federal grand jury at Los Angeles, Calif., on October 23, 1940, charging Walter C. Baskette of Los Angeles and five accomplices with violations of the fraud provisions of the Securities Act of 1933 and with mail fraud and conspiracy to defraud in connection with an oil and gas lease promotion under the name of Caloma Oil Company. It also charged that the defendants obtained oil and gas leases on 2,600 acres of "wildcat" land situated in Pontotoc County, Okla., and caused to be written a geological report on the property falsely indicating that there were favorable prospects of finding oil. It was further charged that the defendants were fully aware that the prospects of finding oil were unfavorable.

The defendants, according to the indictment, induced the purchase of the assignments of leases and interests in the drill site by numerous false statements and fraudulent representations including, among other things, statements that the property lay in oil-producing territory wherein every indication pointed to the probability that oil would be found in large quantities; that the surface outcroppings on the Caloma property were identical with the outcroppings found in the Fitts, Jesse, and other surrounding sites which were generally known to be lucrative; that the leases had been withdrawn from the market and were only available to a certain few investors; and that individual salesmen had invested their personal funds in Caloma leases.

Baskette and four other defendants, Andreas Atherton of San Jose, Frank Dent of Los Angeles, Raymond J. Standish of Los Angeles, and Guy C. McBride of Oklahoma City, were found guilty as charged. Thomas J. Finnerty of Los Angeles, formerly a deputy real estate commissioner of the State of California, was found guilty only on the charge of conspiracy. On May 16, 1941, Baskette was sentenced to 4 years imprisonment and placed on probation for 3 years after the expiration of the term. Atherton, Dent, and Standish were each sentenced to 2 years imprisonment and placed on probation for 3 years after the expiration of their terms. McBride, who had pleaded *nolo contendere*, was sentenced to 18 months imprisonment to be

followed by 3 years probation. Finnerty was placed on probation for 3 years.

United States v. Francis M. Cox.—On April 9, 1941, a jury in the United States District Court at Chattanooga, Tenn., found Francis M. Cox and Edward L. Kenyon guilty of violating the fraud provisions of the Securities Act of 1933 and Section 215 of the Criminal Code in connection with the sale of the capital stock of the Franklin Savings and Loan Company. F. Marion Johnson, the third defendant, pleaded *nolo contendere*. The defendants, Cox, Kenyon, and Johnson, were president, stock salesman, and secretary, respectively, of the company, a Chattanooga industrial bank and small loan company.

The charges in the indictment were based upon the operation of a fraudulent scheme by the defendants to effect sales of the company's stock. This involved the payment of fictitious dividends when the company consistently incurred large operating losses, the manipulation of the company's books and the diversion of funds for the use and benefit of the defendants, and false representations as to the company's financial condition.

Among the false representations made by the defendants were statements to the effect that the Franklin Savings and Loan Company was the oldest banking organization in existence; that the company had assets amounting to \$1,000,000; that the company was earning and paying dividends; and that its stock was guaranteed by the United States Government.

On April 12, 1941, the court imposed sentences on the three defendants. Francis M. Cox was sentenced to 8 years imprisonment and fined \$10,000. Edward L. Kenyon was given a prison sentence of 5 years and fined \$4,000. A sentence of 3 years imprisonment and a fine of \$2,000 was imposed on F. Marion Johnson, but he has recently been granted an executive pardon.

United States v. Alexander Mengarelli.—This case represents one of the instances in which the Commission has cooperated with a State agency in order to complete an investigation of a stock promotion which led beyond the territorial jurisdiction of the agency instituting the investigation. This particular case originated in the office of the Attorney General of the State of New York.

Mengarelli, a securities broker and dealer of Syracuse, N. Y., was convicted on June 15, 1941, of violating the fraud provisions of the Securities Act of 1933 and the mail fraud statute in the sale of the common stock of Ozonide Corporation, of Detroit, Mich., which had been organized for the purpose of exploiting and promoting an oil-cracking process. It appeared that Mengarelli had distributed some 30,000 shares of the stock at prices ranging from \$1.25 to \$2.50 a share, which he had taken down under an option at 75 cents a share. Mengarelli had told investors that Ozonide Corporation was newly formed, when

he knew it had been in existence for more than eight years; that the stock of the corporation was scarce, when he held an option on a very large block of the stock; and that he was selling it at cost, whereas his profits ranged from 50 cents to \$1.75 a share. Mengarelli also falsely represented that the Italian Government had deposited \$250,000 in escrow in a New York bank for the right to use the process, whereas, even if the representation had been true, the investors would not have benefited because Ozonide Corporation did not own the foreign rights to the process.

The United States District Court of the Northern District of New York sentenced Mengarelli to 18 months imprisonment. The sentence was suspended and he was placed on probation for 3 years.

United States v. Buckhorn Mining Company and James R. Davies.—This case resulted in the first convictions where the indictment was predicated solely upon the use of the mails and the instrumentalities of interstate commerce in the sale of securities without compliance with the registration provisions of the Securities Act of 1933.

In April 1938, the Commission obtained an injunction against James R. Davies and the Buckhorn Mining Company enjoining them from further violations of Section 5 of the Securities Act of 1933 in connection with the sale of the common stock of Buckhorn Mining Company. Despite the injunction, the sale of stock was wilfully continued. On May 15, 1940, an indictment was returned by a Federal grand jury at Pocatello, Idaho, charging that the stock of the Buckhorn Mining Company, of which Davies was the president and promoter, was sold to investors in Idaho and neighboring States in violation of the registration provisions of the Securities Act of 1933.

Davies was sentenced, in the United States District Court for the District of Idaho, to 15 months in prison and the company was fined \$1,000.

United States v. David A. Smart et al.—In this case, twelve individuals were charged with conspiracy to violate the anti-manipulation section of the Securities Exchange Act of 1934 in connection with trading on the New York Curb Exchange in the common stock of Esquire-Coronet, Inc., between May and September 1938. The indictment, which was returned in the United States District Court at Chicago on May 2, 1941, named as defendants David A. Smart, Alfred Smart, Arthur Greene, A. D. Elden, Jeannette Kilmnick, and Alfred R. Pastel, all of Chicago, Walter Lyon and Walter Stein, of Walter Lyon and Co., David Van Alstyne, J. J. Hindon Hyde, and Walter Winfield of Van Alstyne, Noel and Company, and Leo G. Seisfeld, all of New York City.

The indictment charged that the defendants conspired to create a rise in the price of the Esquire-Coronet stock on the New York Curb Exchange by means of a series of transactions designed to induce the

purchase of that stock by others, in violation of Section 9 (a) (2) of the Securities Exchange Act of 1934. It was alleged in the indictment that the defendants David A. Smart and Alfred Smart granted an option on 200,000 shares of Esquire-Coronet stock to the defendant Greene, who, in turn, optioned the shares to Walter Lyon and Co. According to the indictment Van Alstyne, Noel and Company joined in the distribution of these shares.

Among the devices alleged in the indictment to have been employed by the defendants in stimulating activity in the stock and thereby causing its rise, were agreements to guarantee persons against loss, and the domination of the volume of trading and over-bidding in order to raise the price of the stock on the exchange. Another device used by the defendants for the same purpose, the indictment alleged, was to sell certain individuals shares of Esquire-Coronet stock at a price substantially under the prevailing market price for the stock in order to compensate such persons for purchasing the stock on the Curb Exchange at prices above the last sales price. Some of these trades, the indictment charged, were strategically placed at the opening and closing of the trading session.

The defendants have filed demurrers to the indictment, which are set for argument in the United States District Court for the Northern District of Illinois on September 8, 1941.

Appellate Decisions in Criminal Cases.

In *Sidney J. Dillon et al. v. United States*, Sidney J. Dillon and Lewis E. Crowley had been convicted upon their pleas of *nolo contendere* to an indictment charging violations of the fraud provisions of the Securities Act of 1933 and the mail fraud statute.⁴³ On July 16, 1940, the Circuit Court of Appeals for the Eighth Circuit affirmed the convictions, holding that "the pleas of *nolo contendere* were confessions of guilt for the purpose of the case." The court also decided that there was no impropriety in joining in one indictment counts charging violations of the Securities Act of 1933 and the mail fraud statute. The defendants filed a petition for a writ of *certiorari*, which was denied by the Supreme Court on October 28, 1940.

In *John J. McKee and Moe Platt v. United States*, McKee and Platt had been convicted of conspiracy to defraud the United States in connection with its governmental functions of administering the Securities Act of 1933 and the Securities Exchange Act of 1934.⁴⁴ Both defendants appealed to the circuit court of appeals, which court dismissed the appeal on October 25, 1940.

In *Robert M. Thompson v. United States*, Thompson had been convicted of fraud in connection with the sale of contracts to stockholders of Atlas Holding Company. An appeal was taken to the Circuit

⁴³ Sixth Annual Report, p. 154.

⁴⁴ Sixth Annual Report, p. 160.

Court of Appeals for the Fifth Circuit. The court dismissed the appeal on the grounds that the defendant had failed to perfect the appeal within the prescribed time limit.

In *Alva Brown Davis v. United States*, Davis had been convicted of fraud in connection with the operation of the Santa Fe Land Trust & Title Company of Dallas, Texas. The Circuit Court of Appeals for the Fifth Circuit affirmed the conviction and, on October 14, 1940, the Supreme Court denied a petition for a writ of *certiorari*.

In *Leo S. Holmes v. United States*, Holmes had been convicted of violations of the fraud provisions of the Securities Act of 1933 in the sale of securities of First Mortgage Acceptance Corporation of Omaha, Nebraska.⁴⁵ On November 27, 1940, the Circuit Court of Appeals for the Eighth Circuit affirmed the conviction.

In *John H. McGloon v. United States*, McGloon, a former vice president and comptroller of McKesson & Robbins, Inc., was convicted of falsifying reports filed with the Securities and Exchange Commission.⁴⁶ The conviction was affirmed by the Circuit Court of Appeals for the Second Circuit on December 30, 1940. On March 17, 1941, the Supreme Court denied *certiorari*.

In *Paul B. Roubay v. United States*, and *M. E. Waggoner v. United States*, both Roubay and Waggoner had been convicted of fraud in connection with the sale of trade acceptances by Comanche Mining and Reduction Company against nonexistent gold and silver bullion. The Circuit Court of Appeals for the Ninth Circuit affirmed the conviction of Roubay on October 25, 1940, and affirmed the conviction of Waggoner on July 26, 1940. A petition for *certiorari* by Waggoner was denied by the Supreme Court on November 12, 1940.

In *Norman W. Minuse et al. v. United States*, Norman W. Minuse and Joseph E. H. Pelletier had been convicted of conspiracy to violate the anti-manipulation provisions of the Securities Exchange Act of 1934 in transactions on the New York Curb Exchange involving the stock of Tastyeast, Inc.⁴⁷ On August 7, 1940, the Circuit Court of Appeals for the Second Circuit reversed the convictions and ordered a new trial on the grounds that error had been committed in rulings of the lower court on matters of trial procedure.

In *Andrew G. Ilseng et al. v. United States*, Andrew G. Ilseng, Andrew G. Ilseng, Jr., and Leslie A. McKercher had been convicted of fraud and conspiracy to defraud in connection with the promotion of various mining ventures. On June 13, 1941, the Circuit Court of Appeals for the Ninth Circuit affirmed the convictions on all but one count, but reversed the conviction on that count because there had not been sufficient proof of the jurisdictional basis for that particular

⁴⁵ Sixth Annual Report, p. 157.

⁴⁶ Sixth Annual Report, p. 155.

⁴⁷ Sixth Annual Report, p. 158.

charge. The case was remanded to the district court for resentencing because the sentences imposed were to run concurrently with the sentence under the invalid count.

In *Hiram R. Edwards v. United States*, Edwards had been convicted of violations of the fraud and registration provisions of the Securities Act of 1933 and of mail fraud and conspiracy in connection with the sale of interests in five trusts having assets consisting of oil and gas leases. The conviction was affirmed by the United States Circuit Court of Appeals for the Tenth Circuit on June 29, 1940.

The Supreme Court granted *certiorari* and on March 3, 1941, reversed the conviction and remanded the case to the district court for trial of issues raised by a plea in abatement of the defendant in which he claimed that immunity had been conferred upon him in the course of hearings before the Securities and Exchange Commission. The court held that the district court erred in refusing the defendant an opportunity to be heard on that point.

The court sustained the Government's contention that an indictment, charging a violation of the registration provision of the Securities Act of 1933, need not negative the availability of an exemption. The court also ruled that the fraud provisions of the Securities Act of 1933 did not impliedly repeal the mail fraud statute in the field of securities sales and that the two statutes could be useful side by side.

In *Joshua F. Simons et al. v. United States*, Joshua F. Simons, Samuel Markowitz, and William Markowitz had been convicted of violations of the mail fraud provisions of the Securities Act of 1933 in the sale of oil and gas leases. An appeal was taken to the Circuit Court of Appeals for the Ninth Circuit, which court affirmed the convictions on April 21, 1941. A petition for *certiorari* has been filed.

In *Thomas W. Benson v. United States*, Benson had been convicted of violations of the fraud provisions of the Securities Act of 1933 in the sale of stock of the Suwannee Life Insurance Company. The Circuit Court of Appeals for the Fifth Circuit affirmed the conviction and, on October 21, 1940, a petition for *certiorari* was denied by the Supreme Court.

In *Joseph R. Rossignol v. United States*, Rossignol had been convicted of fraud in connection with the operation of a general security brokerage and investment business in Atlanta, Ga.⁴⁸ The conviction was affirmed by the Circuit Court of Appeals for the Fifth Circuit. On October 14, 1940, the Supreme Court denied a petition for a writ of *certiorari*.

In *Edward J. Hartenfeld v. United States*, Hartenfeld had been convicted of fraud in the sale of securities of the American Terminal and Transit Company.⁴⁹ The conviction was affirmed by the Circuit Court of Appeals for the Seventh Circuit. On October 14, 1941, the Supreme Court denied *certiorari*.

⁴⁸ Sixth Annual Report, p. 157.

⁴⁹ Sixth Annual Report, p. 153.

In *Joseph J. Mascuch v. United States*, Mascuch was convicted of perjury committed before officers of the Commission during an investigation into the stock market trading and the common stock of Breeze Corporations, Inc., of which he was president. The Circuit Court of Appeals for the Second Circuit affirmed the conviction and a petition for *certiorari* was denied by the Supreme Court on October 14, 1940.

FORMAL OPINIONS

The Opinions and Research Section of the General Counsel's Office prepares drafts of the Commission's formal opinions in contested cases arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. The work of this section is done by a group of approximately 30 attorneys, who are also engaged from time to time in rendering interpretative and advisory assistance to the public. While engaged in the preparation of opinions, these attorneys work under the direction of the Supervising Attorney in Charge of the Opinions and Research Section and are completely isolated, with respect to this work, from persons actively participating in the proceedings. It is an invariable rule that the attorney assigned to prepare an opinion must not have had any connection with any previous phase of the case with respect to which the opinion is to be prepared. In addition, the attorney is subject to the following instructions:

"In no cases assigned for the preparation of opinions should the attorney confer with the attorneys who have been responsible for the preparation or prosecution of the proceeding. * * * It is just as improper to consult employees of the Commission who have taken part in the proceedings as it would be to consult attorneys for the respondent. Even on formal or procedural matters not concerned with the merits of the case, attorneys should consult the supervising attorney and allow him to make any inquiries from other divisions of the Commission which may be necessary. The same inflexible rule must apply to consultation with the trial examiner."

After hearings have been held, and after consultation with the Commission, an attorney in this section analyzes the entire record and prepares a draft of the formal opinion in accordance with the Commission's instructions. In most cases he also prepares a narrative abstract of the record. Commission experts are from time to time consulted on technical problems arising in the course of the preparation of the opinion, but these experts are never individuals who have participated in the preparation of the case or testified at the hearing. When the draft of the opinion and the abstract of the record have been completed, they are submitted to the supervising attorney, who reviews the entire case and, in conjunction with the opinion attorney,

revises the draft. The revised draft is submitted to the Assistant General Counsel in charge of the section, in important or difficult cases to the General Counsel, and then to the Commission. After further discussion by the Commission with the attorneys responsible for the preparation of the draft opinion and after full consideration by the Commission, the opinion may be modified, amended, or completely rewritten in accordance with the Commission's directions. The typical opinion has been described in the Report of the Attorney General's Committee on Administrative Procedure as "an admirably clear and orderly exposition of the problems involved, of the conflicting contentions and the important relevant evidence, and of the rationale of the Commission's decision."⁵⁰

The Commission, during the past year, issued 264 formal opinions under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Some of the more interesting opinions which merit discussion are as follows:

*In the Matter of Cities Service Company.*⁵¹—The Commission in this case denied an application of the Cities Service Company under Sections 3 (a) (3) and 3 (a) (5) of the Public Utility Holding Company Act of 1935 for an order exempting it and its subsidiaries as such from the provisions of the Act. Cities Service Company is the top holding company in a system which combines very extensive public-utility operations with a huge oil and natural gas enterprise. It contended that, inasmuch as the bulk of its utilities holdings was pledged with banks as trustees and the right to vote all of the stock was assigned to such trustees, Cities Service Company had divested itself of the power to vote the pledged securities; that the companies whose securities had been pledged were no longer its subsidiary companies within the meaning of Section 2 (a) (8) (A) of the Act; that Cities Service was primarily engaged or interested in businesses other than the business of a public-utility company and was only incidentally a holding company within the meaning of Section 3 (a) (3) and did not derive a material part of its income from its public-utility subsidiaries within the meaning of that section; and that it did not derive a material part of its income from its domestic public-utility subsidiaries within the meaning of Section 3 (a) (5).

The Commission's opinion discussed at length the relationship between the applicant and its subsidiaries and the factors to be considered in determining whether an applicant is "only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company."

⁵⁰ Administrative Procedure in Government Agencies, 77th Cong., 1st Sess., S. Doc. No. 8, p. 458.

⁵¹ Holding Company Act Release No. 2444.

The record showed that the combined assets of applicant's public-utility subsidiaries were valued at more than \$400,000,000; that their operations extended to 20 States and Canada with an estimated population in the areas served of approximately 4,500,000; that the operations of the bulk of applicant's utility subsidiaries had no functional relationship to the business of its nonutility companies; that the aggregate fixed assets of applicant's consolidated utility subsidiaries, at book value, represented 38 percent of the fixed assets of all subsidiaries of the applicant; that the aggregate gross revenues of applicant's consolidated utility subsidiaries amounted to more than \$70,000,000 for the year 1938; and that applicant's holdings in its utility subsidiaries, and their assets, constituted a factor of prime importance in the ability of the applicant to function as a credit vehicle for financing the needs of its nonutility subsidiaries. The Commission concluded that Cities Service Company was not entitled to exemption under Sections 3 (a) (3) or 3 (a) (5).

Consideration of the legislative history of these provisions and the income statements of the applicant, furnished the Commission with additional support for its conclusions. The Commission noted the history of indulgence in practices explicitly condemned by Congress and the frequent reference in Congressional debate and Federal Trade Commission reports to Cities Service Company as an example of the type of company whose regulation was deemed necessary in order to effectuate the purposes of the Act. Finally, the position of Cities Service Company and its subsidiaries as one of the most important public-utility holding-company systems in the United States, its vast scope of operation, and the fact that its securities are widely held by the public caused the Commission to find that it would be detrimental to the public interest and the interest of investors and consumers to grant the application.

*In the Matter of The Dayton Power and Light Company, Morgan Stanley & Co. Incorporated.*⁵²—The decision in this case was the first to hold that an underwriting house (Morgan Stanley) was affiliated with a public-utility company (Dayton) for the purposes of the Commission's "arm's-length bargaining" rule.⁵³ The effect of the decision under the rule was to prohibit Morgan Stanley from retaining any share in the underwriting fees and commissions received in connection with \$25,000,000 principal amount of first mortgage bonds which were issued and sold by Dayton to the public early in 1940 through an underwriting group headed by Morgan Stanley.

The basis of the decision was that, at the time of the bond issue, Morgan Stanley, through J. P. Morgan & Co., stood in an influential

⁵² Holding Company Act Releases Nos. 2654 and 2693.

⁵³ Rule U-12F-2 of the General Rules and Regulations promulgated under the Public Utility Holding Company Act of 1935. This rule has been superseded by Rule U-50.

position with respect to the underwriting of securities of companies (including Dayton) which were within the orbit of influence of The United Corporation and Columbia Gas and Electric Corporation, registered holding companies under the Public Utility Holding Company Act of 1935.⁶⁴ The arm's-length bargaining rule was designed to meet the problems and eliminate the evils arising out of an absence of arm's-length bargaining in transactions between investment bankers and companies subject to the Act.

The Commission's opinion reviewed at length the histories of the companies involved and their officers and directors in relation to J. P. Morgan & Co., which had for years prior to 1934 engaged in both commercial banking and investment banking. The opinion stated that after the Banking Act of 1933 required the divorcement of investment banking from commercial banking, the members of J. P. Morgan & Co. organized Morgan Stanley to carry on the underwriting business which their firm could no longer transact, and that leading partners of J. P. Morgan & Co. had a substantial interest in the capital and profits of Morgan Stanley through ownership of its preferred stock. In 1929, J. P. Morgan & Co. had been a principal promoter of The United Corporation and had occupied a dominant position in its affairs for some years after.

The Commission concluded, among other things, that those partners of J. P. Morgan & Co. who had an interest in the preferred stock of Morgan Stanley possessed a substantial motive for using whatever influence they had to supply Morgan Stanley with underwriting business and that J. P. Morgan & Co. still held a position of influence, though no longer an official one, with The United Corporation, Columbia Gas and Electric Corporation, and their subsidiaries.

Morgan Stanley has taken an appeal from this decision to the Circuit Court of Appeals for the Second Circuit.

*In the Matter of The Detroit Edison Company.*⁶⁵—The Commission's opinion in this case made clear the scope of the phrase "subject to a controlling influence," as used in Section 2 (a) (8) of the Public Utility Holding Company Act of 1935. Under that section, if Company A owns 10 percent of the voting securities of Company B, Company B is a "subsidiary" of Company A unless Company B can show that it is not controlled by Company A or subject to Company A's "controlling influence." Thus, Detroit Edison was *prima facie* a subsidiary of The North American Company and of American Light & Traction Company, registered holding companies, since North American owned 19.28 percent and American Light 20.27 percent of Detroit Edison's outstanding voting securities. Detroit Edison

⁶⁴ Dayton was 100 percent controlled by Columbia Gas and Electric Corporation, which was a subsidiary of The United Corporation.

⁶⁵ 7 S. E. C. 968 (1940); petition for review denied, *The Detroit Edison Company v. Securities and Exchange Commission*, 119 F. (2d) 730 (C. C. A. 6th, 1941).

claimed, however, that it was not controlled by North American or American Light, and that its management and policies were not subject to a controlling influence by either of those holding companies so as to make regulation of Detroit Edison necessary within the standards prescribed by the Act.

It appeared that for many years the management of Detroit Edison had been headed by very able executives and that the holding companies were content and did not interfere with these executives. With respect to this attitude, however, on the part of the holding companies, the Commission held:⁵⁶

“But whether the holding company has exercised control or effectively exerted influence is, upon application such as this, material only insofar as such circumstances may evidence the existence in the holding company of the ultimate directory power. Inaction on the part of a holding company does not necessarily negate the existence of control or controlling influence. It may only evidence satisfaction with the manner in which a subsidiary is being operated. A subsidiary company, moreover, does not cease to be such merely because it has been given the opportunity to build up an able and self-contained management.”

After reviewing the history of the relationship between Detroit Edison and specified holding companies, the Commission concluded that Detroit Edison had sustained its burden of showing the absence of controlling influence by American Light, but had failed to sustain the same burden with respect to North American. The Circuit Court of Appeals for the Sixth Circuit denied Detroit Edison's petition for review and affirmed the Commission's order.

*In the Matter of Ebasco Services Incorporated.*⁵⁷—This decision was the first important step in the Commission's efforts to require service companies to comply with the provisions of Section 13 of the Public Utility Holding Company Act of 1935. Section 13 (b) of the Act requires that servicing by a subsidiary service company of associate companies must be at cost. In this case, the problem arose with respect to interlocking officers of Electric Bond and Share Company and Ebasco, its subsidiary service company. The functions of the interlocking officers were commingled with their functions as officers of Bond and Share. The Commission indicated that it was unreal to assume that the value of the services of these common officers to each company could be determined with any degree of accuracy and the ascertainment of cost of performing services for the operating companies in the Bond and Share system was thus an “almost impossible and wasteful task” by virtue of the commingling of the functions of the common officers of Bond and Share and Ebasco.

Section 13 (a) of the Act prohibits intra-system servicing for a charge by registered holding companies. One of the principal reasons

⁵⁶ 7 S. E. C., p. 969.

⁵⁷ 7 S. E. C. 1056 (1940).

for compelling the registered holding company to be divorced from the service company business was to provide a more accurate means of determining the cost of such services. Therefore, the Commission held that effective regulation pursuant to Section 13 (b) of the Act required that the officers and employees who held positions in both Bond and Share and Ebasco should sever their relations with one company or the other. As an alternative, Bond and Share might undertake to pay the entire compensation of these common officers and employees. Either course would be a step towards insuring performance by Ebasco of service, sales, or construction contracts for associate companies at cost, within the meaning of Section 13 (b). In the *Matter of Engineers Public Service Company, El Paso Electric Company*.⁵⁸—The Commission, in this case, approved the issue and sale of certain securities of El Paso for the purpose of refunding its outstanding bonds. Previously, in applying the standards of Section 7 (d) of the Public Utility Holding Company Act of 1935, the Commission had adopted a policy of being somewhat more liberal in refunding cases than in cases where securities were to be issued for the raising of new capital. It had taken the view that, if a proposed refunding promised to be beneficial to the issuing company and if the proposed capital structure and earnings coverages were to be somewhat better than before, the standards of Section 7 (d) should be applied less strictly than if the proposed securities were to increase the issuer's funded debt. The Commission felt bound to adhere to that principle for the purposes of this decision inasmuch as El Paso had planned its security issues in reliance upon the Commission's prior decisions.

However, in an appendix published with its opinion in this case, the Commission prospectively overruled its previous policy. It expressed the view that there was as much danger in the perpetuation of too much old debt as there was in the creation of too much debt. For illustration, the Commission drew extensively upon the experience of the Interstate Commerce Commission and others in connection with railway financing. The Commission stated its future policy, as follows:

"A refunding of outstanding senior securities where the issuer has a high ratio of debt to net property or where the security issue does not fully meet the standards of Section 7 (d) will not be permitted effectiveness *merely* because it is a refunding. Such effectiveness will be permitted only where it appears that the circumstances are so unusual and extraordinary as to justify a departure from the general policy announced. Even in such cases the applicants should also be prepared to have included in their refunding operations measures definitely providing for a reduction of the ratio of debt to net property and of debt to total capitalization to a reasonable level."

⁵⁸ Holding Company Act Release No. 2699.

*In the Matter of Columbia Gas & Electric Corporation.*⁵⁹—In this proceeding, which arose under Section 11 (e) of the Public Utility Holding Company Act of 1935, the Commission held that the provisions of the Act do not permit the combination of gas and electric utility properties in a "single integrated system." The Commission pointed out, however, that its holding in this respect does not mean that electric properties and gas properties can never be retained together by a registered holding company, for a combination of such properties may be retained where the electric properties are found to constitute an integrated electric utility system and the gas properties an integrated gas utility system, and where retention of both systems satisfies the standards applicable to retention by a holding company of more than one integrated utility system. This position was reconsidered and affirmed in the later case of *The United Gas Improvement Company and Its Subsidiary Companies*.⁶⁰

*In the Matter of A. Hollander & Son, Inc.*⁶¹—The opinion in this case, a proceeding under Section 19 (a) (2) of the Securities Exchange Act of 1934 to determine whether the registration of a corporation should be revoked or suspended because of failure to disclose material information, dealt with three important aspects of the Commission's policy with respect to registration statements and annual reports. In the first place, it was indicated clearly that a corporate management cannot avail itself of the existence of a separate corporate entity as a pretext for concealing transactions in which the management is involved. Thus, in setting forth the amount of securities owned beneficially by officers and directors of a registrant, it was held that a registrant must include securities in the portfolio of a corporation completely owned and controlled by such officers and directors. Secondly, it was held that where an interchange of information; advice, services, property, and other assistance takes place between a registrant and a corporation completely owned and controlled by the registrant's officers and directors, such an arrangement must be disclosed both as a material contract between registrant and its officers and directors and as a material advisory or service contract with an affiliate. The third aspect of the opinion dealt with the determination of who may certify financial statements as "independent" public accountants. In this connection, it was concluded that (1) the holding by accountants and their immediate families of securities of a registrant amounting to from 1½ percent to 9 percent of their combined approximate net worth, (2) the making of loans by accountants to and from a registrant's officers and directors, (3) the continuous and unexplained use of an accountant's name in a false and misleading connection on the books

⁵⁹ 8 S. E. C. 443 (1941), Holding Company Act Release No. 2477.

⁶⁰ 9 S. E. C. — (1941), Holding Company Act Release No. 2692.

⁶¹ Securities Exchange Act Release No. 2777.

of a company affiliated with the registrant, and (4) the concealment in registrant's financial statements of its participation in a venture not associated with its indicated line of business, each constituted evidence of a disqualifying lack of independence on the part of the accountants.

The order handed down by the Commission provided that registration would be revoked unless registrant filed appropriate amendments and mailed a copy of the Commission's decision to each of its stockholders of record. The registrant was also required to file with this Commission and with the New York Stock Exchange, for public inspection, quarterly reports summarizing the material transactions taking place between the registrant and its officers and directors (including transactions with wholly-owned companies of such officers and directors) and, in its annual reports to stockholders, to summarize all such transactions taking place during the preceding year.

SOLICITATION OF PROXIES, CONSENTS, AND AUTHORIZATIONS

During the past fiscal year, the Commission extended its rules and regulations governing the solicitation of proxies, consents, and authorizations to cover securities of investment companies registered under the Investment Company Act of 1940. This change became effective on November 1, 1940, through the adoption of Rule N-20A-1 under Section 20 (a) of that Act. The rules and regulations pursuant to Section 14 (a) of the Securities Exchange Act of 1934 were already applicable to securities listed and registered on national securities exchanges and, pursuant to Section 12 (e) of the Public Utility Holding Company Act of 1935, to securities of registered public-utility holding companies and their subsidiaries.

The work of the Commission in the enforcement of these rules, which are commonly referred to as the proxy rules, is unspectacular in nature. However, it constitutes one of the leading fronts in the current campaign for corporate democracy. Under the rules, stockholders must be given a fair chance to vote for or against each specific proposal that is submitted to them. Furthermore, a company's management, when it submits its own proxy material and if it has been given adequate notice, must include information concerning the proposals of minority stockholders and must cooperate in mailing whatever proxy material is submitted by such stockholders. Most important of all is the requirement of the rules that the security holders must be fully informed as to the nature of the proposals on which they will be asked to vote or give consents or authorizations. The assurance that security holders are adequately informed of the important developments taking place within their corporations is one of the best available guarantees for the existence of a responsive

corporate management, sensitive to its fiduciary responsibilities and public obligations.

Cases handled by the Commission this past year indicate that corporate managements, when releasing proxy material to their stockholders, may still sometimes fail to inform the solicited stockholders of the nature of their voting power. This is illustrated by a case in which the Commission brought about the adjournment of the annual stockholders' meeting and the resolicitation of proxies for the election of directors, because the corporate management had failed to state in its proxy material that, under the company's charter, the holders of preferred stock upon which dividends were in default were entitled to elect a majority of the company's directors.

A more complicated situation arose in another case involving a plan of recapitalization. The purpose of this plan was to eliminate dividend arrearages on the preferred stock of a company by a merger with an affiliated company. The amount of the accumulated dividend arrearages on the preferred stock far exceeded the net worth of the company. Nevertheless, the management of the company, which held a substantial amount of its common stock, claimed that some part of the new securities could with propriety be allotted to the holders of the common stock. Its justification was that the corporate charter contained a provision that, in the event of the company's liquidation, the assets would be divided among the preferred and common stockholders without taking into account arrearages of dividends on the preferred. The management, however, failed to disclose in its proxy material that, even if all of the common stock were voted in favor of the liquidation, the liquidation could not take place without the affirmative vote of approximately 60 percent of the outstanding preferred stock. Furthermore, the management failed to state that, on a going-concern basis, the interests of the common stockholders were subordinate to the rights of the preferred stockholders to the large amount of accumulated unpaid dividends on the preferred stock. The management, upon being advised that its proxy material was deficient, agreed not to vote any proxies which it might have received from its solicitation until *after* the stockholders had been given appropriate corrective information and had expressly confirmed their proxies.

The most usual item of corporate business to which proxy machinery is directed is, of course, the election of directors; other frequently recurring items are mergers, consolidations, transfers of all or a part of corporate assets, acquisitions of control of other businesses, issuances and modifications of securities, charter and by-law amendments, restatements of accounts, compensation plans for executives or other employees, etc. The past year has seen an increasing amount of proxy material filed with this Commission in connection with retire-

ment plans for officers and employees, and amendments to corporate by-laws providing for the indemnification of directors and officers against expenses and other costs of lawsuits that may be brought against them.

During the past fiscal year, the Commission examined both the preliminary and final proxy material with respect to 1,620 solicitations and in each case commented thereon to the persons making the solicitation. In many cases, it examined revised drafts of preliminary material. In addition, 450 pieces of supplemental or "follow-up" soliciting material were received and examined.

CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

Among the Acts administered by the Commission, 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 provide for the confidential treatment, upon application by registrants, of information contained in reports, applications, or documents which they are required to file. The Securities Act of 1933 empowers the Commission to hold confidential only material contracts, or portions thereof, if it is determined by the Commission that disclosure will impair the value of the contracts and is not necessary for the protection of investors. The other four statutes referred to are, in general, without specific restriction in this respect and empower the Commission to hold confidential under certain conditions any information contained in any reports required to be filed under those statutes. Disclosure of information confidentially filed under the latter statutes is made only when the Commission determines that disclosure is in the public interest.

Although registrants may seek judicial review of decisions by the Commission adverse to them, no petitions for such judicial review were filed in any of these cases during the past fiscal year.

The following table indicates the number of applications received and acted upon during the past year, together with the number pending at its close:

Applications for confidential treatment—Fiscal year ended June 30, 1941

Act under which filed	Number pending July 1, 1940	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1941
Securities Act of 1933.....	0	30	27	2	1
Securities Exchange Act of 1934.....	21	^a 63	49	^b 30	5
Public Utility Holding Company Act of 1935.....	0	^c 21	0	0	0
Investment Company Act of 1940.....	0	0	0	0	0
Investment Advisers Act of 1940.....	0	0	0	0	0
Total.....	21	114	76	32	6

^a These applications involved a total of 82 separate items of information.

^b Of this number 3 applications were granted in part.

^c Registered holding companies and their subsidiaries have not, generally speaking, requested confidential treatment, under the Public Utility Holding Company Act of 1935, as to any information pertaining to their business. All but one of these applications for confidential treatment relate either to reports filed by banks claiming exemption as holding companies under Rule U-3, or to one of the exhibits to the Form U6S filed by holding companies concerning which there was advance assurance that the staff saw no present need for public disclosure of the information in question. The rules of the Commission under that Act provide that, where a request for confidential treatment is made, the information in question "shall not be made available to the public unless and until the Commission so directs." The Commission has not taken steps to direct disclosure with respect to any of the applications filed during the current year.

REPORTS OF OFFICERS, DIRECTORS, PRINCIPAL SECURITY HOLDERS, AND CERTAIN OTHER AFFILIATED PERSONS ⁶²

New Rules, Regulations, and Forms to Implement Section 30 (f) of the Investment Company Act of 1940.

During the past year the Commission published two forms, N-30F-1 and N-30F-2, to be used by officers, directors, and other persons occupying specified relationships to registered closed-end investment companies in making reports prescribed by Section 30 (f) of the Investment Company Act of 1940. Form N-30F-1 is used for filing initial reports of holdings following registration of a closed-end investment company or assumption of one of the specified relationships to such a company, and Form N-30F-2 is used to report subsequent monthly purchases and sales and other changes in such holdings. The Commission adopted the companion Rules N-30F-1 and N-30F-2 governing the use of these new forms. In conjunction with the adoption of these rules and forms, and in order to avoid any unnecessary duplication in connection with the reporting requirements, the Commission also adopted Rule X-16A-7 under the Securities Exchange Act of 1934 to permit persons who are under the duty to file ownership reports under both the Investment Company Act of 1940 and the Securities Exchange Act of 1934 to use the new forms for

⁶² For information regarding the general purpose and scope of reporting requirements, the Commission's examination procedure, and the publication of security ownership reports, see Sixth Annual Report of the Commission, pp. 180, 182, as well as previous annual reports.

In addition to the reports required of certain persons closely identified with the management or control of companies required under other Acts administered by the Commission, the Investment Company Act of 1940 provides, under Section 30 (f) thereof, which became effective November 1, 1940, that every person who is directly or indirectly the beneficial owner of more than 10 percent of any class of outstanding securities (other than short-term paper) of which a registered closed-end investment company is the issuer or who is an officer, director, member of an advisory board, investment adviser, or affiliated person of an investment adviser of such a company, shall file an initial report disclosing his direct and indirect beneficial ownership of every class of outstanding securities (other than short-term paper) of the company, and report all subsequent changes in such ownership.

reports required under both Acts. Thus, an officer of a closed-end investment company registered under the Investment Company Act of 1940, which also has equity securities listed and registered on a national securities exchange, may comply with the reporting requirements of both Acts by filing reports on Form N-30F-1 or N-30F-2 with the Commission and the exchange on which the securities are listed.

In addition, the Commission adopted Rule N-30F-3 exempting for the purposes of Section 30 (f) of the Investment Company Act of 1940 securities held in a decedent's estate during a period of 2 years following the appointment and qualification of the executor or administrator; securities held by a guardian or committee for an incompetent; securities held by a receiver, trustee in bankruptcy, or other similar person duly authorized by law to administer the estate of another person; and securities reacquired and held by or for the account of the issuer. A similar rule has been in effect for some time under Section 16 of the Securities Exchange Act of 1934.

Forms 4, 5, and 6 under the Securities Exchange Act of 1934 and Forms U-17-1 and U-17-2 under the Public Utility Holding Company Act of 1935 were continued unchanged during the year.⁶³

Volume of Reports.

The number of ownership reports filed on the various forms in accordance with the requirements under these three Acts and examined by the Commission during each of the past 2 fiscal years is set forth in the following tabulation.

Number of ownership reports of officers, directors, principal security holders, and certain other affiliated persons filed and examined

Description of report	Fiscal year 1940	Fiscal year 1941
Original reports—Securities Exchange Act:		
Form 4.....	14,215	12,629
Form 5.....	392	322
Form 6.....	1,698	1,751
Total.....	16,305	14,702
Amended reports—Securities Exchange Act:		
Form 4.....	1,846	1,453
Form 5.....	109	83
Form 6.....	82	74
Total.....	2,037	1,610
Original reports—Holding Company Act:		
Form U-17-1.....	257	139
Form U-17-2.....	529	480
Total.....	786	619

⁶³ Form 4 is used for reporting changes in ownership of equity securities; Form 5 for reporting ownership of equity securities at the time an issuer for the first time secures registration of any equity security on a national securities exchange; Form 6 for reporting ownership of equity securities by additional persons who become officers, directors, or principal stockholders; Form U-17-1 for reporting ownership of securities at the time a holding company becomes registered or an additional person becomes an officer or director; and Form U-17-2 for reporting changes in ownership of utility securities.

Number of ownership reports of officers, directors, principal security holders, and certain other affiliated persons filed and examined—Continued

Description of report	Fiscal year 1940	Fiscal year 1941
Amended reports—Holding Company Act:		
Form U-17-1.....	23	19
Form U-17-2.....	94	55
Total.....	117	74
Original reports—Investment Company Act:		
Form N-30F-1 ^a		1,691
Form N-30F-2 ^b		605
Total.....		2,296
Amended reports—Investment Company Act:		
Form N-30F-1.....		65
Form N-30F-2.....		52
Total.....		117

^a November 1, 1940, was earliest date of ownership required to be reported on Form N-30F-1.

^b November 1940 was earliest month for which changes in ownership were required to be reported on Form N-30F-2.

Of the 3,764 officers, directors, and principal security holders who filed initial reports on Forms 5, 6, and N-30F-1 during the past year 2, 714 did so without the necessity for any action by the Commission. However, the remaining 1,050 persons did not file their initial reports until after the Commission had called the reporting requirements to their attention.

The Commission examines a wide variety of sources to obtain information as to the identity of persons who fail to file reports in compliance with the requirements of the statutes. Among these sources are applications for registration of securities, annual reports, current reports, and proxy statements filed by issuers pursuant to the Securities Exchange Act of 1934; registration statements filed by issuers under the Securities Act of 1933; notifications of registration, registration statements, and annual supplements filed by registered holding companies under the Public Utility Holding Company Act of 1935; notifications of registration under the Investment Company Act of 1940; letters received from issuers; and the current publications of certain daily, weekly, and quarterly financial news services.

During the period that the security ownership reporting requirements have been in effect—more than 6 years under the Securities Exchange Act of 1934, more than 5 years under the Public Utility Holding Company Act of 1935, and less than a year under the Investment Company Act of 1940—an aggregate of approximately 170,000 original and amended reports has been filed by 31,115 persons. There has been practically no necessity for any formal action by the Commission in order to secure the filing of these reports, notwithstanding the large number of reports and persons involved.

PUBLICATIONS

Releases.

The Commission conceives it to be its duty to see to it that the public is kept informed of the activities of the Commission through informational releases made available currently to the press and mailed free upon request to any person. The releases are classified into various categories so that a person may receive copies of all announcements relating to one particular phase of the Commission's work (for example—releases relating to the Securities Act of 1933) without obtaining other material in which such person would have no interest.

The releases promulgated by the Commission include its findings, opinions, and orders, as well as announcements of rules, filings of registration statements, utility company applications and corporate annual reports, public hearing notices, security transactions and holdings, statistical data, etc. Among those on the mailing lists, in addition to members of the general public, are banks, insurance companies, brokerage firms, security dealers, investment and financial services, statistical organizations, stock exchanges, corporations, universities, libraries, and law, accounting, and engineering firms.

Included among the announcements issued during the past fiscal year were 312 releases relating to the Commission's activities under the Securities Act of 1933; 374 releases dealing with activities under the Securities Exchange Act of 1934; and 717 releases with reference to activities under the Public Utility Holding Company Act of 1935. There were 153 releases concerning the Investment Company Act of 1940 and 18 under the Investment Advisers Act of 1940 (both Acts became effective November 1, 1940). In addition, there were 39 releases concerning the duties of the Commission under Chapter X of the Bankruptcy Act, while 11 releases were issued under the Trust Indenture Act of 1939.

The Commission continued the daily publication of the Registration Record, which presents a brief description of data filed under the Securities Act of 1933 and the Trust Indenture Act of 1939. This data includes a thumbnail sketch of registration statements and applications for qualifications of indentures, amendments, effective dates, withdrawals of registration statements or applications, and certain information with respect to formal proceedings instituted by the Commission under the provisions of these Acts.

A classification of releases issued by the Commission for the past fiscal year follows:

Opinions and orders.....	823
Filing of registration statements, applications, and other public documents.....	393
Reports on court actions.....	173
Statistical data.....	143

Rules, regulations, and interpretations.....	85
Survey series.....	30
Accounting opinions.....	3
Personnel changes.....	2
Miscellaneous.....	97

Other Publications.⁶⁴

Other publications issued by the Commission during the year included the following:

Report to the Congress on the Study and Investigation of the Work, Activities, Personnel, and Functions of Protective and Reorganization Committees:

Part VIII—(Final part.) A Summary of the Law Pertaining to Equity and Bankruptcy Reorganizations and of the Commission's Conclusions and Recommendations.

Report to the Congress on the Study of Investment Trusts and Investment Companies:

Part Three.—Abuses and Deficiencies in the Organization and Operation of Investment Trusts and Investment Companies:

Chapter VII—Problems in Connection with Management of Assets of Investment Trusts and Investment Companies.

Part Four.—The Control of Industry by Investment Companies and Their Economic Significance:

Chapter I—Control and Influence of Investment Companies Over Industry.

Twenty-four semimonthly issues of the Official Summary of Stock Transactions and Holdings of Officers, Directors, and Principal Stockholders.

An alphabetical list of Over-the-Counter Brokers and Dealers registered with the Commission as of June 30, 1940, together with supplements thereto.

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of June 30, 1940, and as of December 31, 1940, together with the supplements thereto.

Report on The Problem of Multiple Trading on Securities Exchanges.

The Problem of Maintaining Arm's-Length Bargaining and Competitive Conditions in The Sale and Distribution of Securities of Registered Public-Utility Holding Companies and their Subsidiaries.

Decisions and Reports of the Commission:

Paper-bound:

Volume 5, Part 1—June 1, 1939, to July 31, 1939.

Volume 5, Part 2—August 1, 1939, to September 30, 1939.

Volume 6, Part 1—October 1, 1939, to December 31, 1939.

Volume 6, Part 2—January 1, 1940, to March 31, 1940.

Volume 7, Part 1—April 1, 1940, to June 30, 1940.

Volume 7, Part 2—July 1, 1940, to August 31, 1940.]

Buckram-bound:⁶⁵

Volume 3—January 1, 1938, to October 31, 1938.

Volume 4—November 1, 1938, to May 31, 1939.

Volume 5—June 1, 1939, to September 30, 1939.

Investigation in the Matter of McKesson and Robbins, Inc.:

Report on Investigation.

⁶⁴ A complete list of the Commission's publications, the Rules of Practice or the Guide to Forms will be sent upon request made to the office of the Commission in Washington, D. C.

⁶⁵ The buckram-bound volumes contain all decisions and reports printed in their respective paper-bound volumes. They also contain a table of cases reported with the sections of the Acts involved and an index-digest of the cases.

PUBLIC INSPECTION OF REGISTERED INFORMATION

Under the provisions of the several Acts administered by the Commission, certain information filed with the Commission is made available to the public under such regulations and reasonable limitations and at such reasonable charge as the Commission may prescribe. Accordingly, there are available for inspection in the Public Reference Room of the Commission at Washington, D. C., copies of all public information contained in registration statements, applications, reports, declarations, and other public documents on file with the Commission. In addition to the thousands of letters and telephone calls received during the past fiscal year from members of the public requesting registered information, more than 8,380 members of the public visited this Public Reference Room during this period seeking such information. Also, through the facilities provided by the Commission for the sale of public registered information, more than 3,100 orders for photocopies of material, involving 155,679 pages, were filled during the fiscal year. Photocopies of registered public information may be procured from the offices of the Commission in Washington, D. C., only.

In order to make public information further available for inspection, the Commission has, insofar as practicable, made registered information filed with it available to the public in its regional offices. Thus, in the Public Reference Room which is maintained in the Commission's New York Regional Office, facilities are provided for the inspection of copies of (1) such applications for permanent registration of securities on all national securities exchanges, except the New York Stock Exchange and the New York Curb Exchange, as have received final examination in the Commission, together with copies of supplemental reports and amendments thereto, and (2) annual reports filed pursuant to the provisions of Section 15 (d) of the Securities Exchange Act of 1934, as amended, by issuers that have securities registered under the Securities Act of 1933, as amended. The fact that during the past fiscal year more than 14,700 members of the public visited the Public Reference Room of the New York Regional Office seeking registered public information, forms, releases, and other material indicates a continued demand for such information in this zone.

Likewise, in the Public Reference Room of the Chicago Regional Office there are available for public inspection copies of applications for permanent registration of securities on the New York Stock Exchange and the New York Curb Exchange, which have received final examination in the Commission, together with copies of all supplemental reports and amendments thereto. During the fiscal year

ended June 30, 1941, more than 4,580 members of the public utilized the facilities provided in this office by requesting registered information, forms, releases, and other material.

In each of the Commission's regional offices there are available for inspection copies of prospectuses used in public offerings of securities effectively registered under the Securities Act of 1933, as amended. Duplicate copies of applications for registration of brokers or dealers transacting business on over-the-counter markets, together with supplemental statements thereto, filed under the Securities Exchange Act of 1934, are also available for public inspection in each regional office having jurisdiction over the zone in which the principal office of the broker or dealer is located. Also, inasmuch as letters of notification under Regulation A exempting small issues of securities from the registration requirements of the Securities Act of 1933, as amended, may be filed with the regional office of the Commission for the region in which the issuer's principal place of business is located, copies of such material are available for inspection at the particular regional office where it is filed.

In addition, as a result of the Commission's regionalization during the past fiscal year of the registration of securities under the Securities Act of 1933 and the qualification of indentures under the Trust Indenture Act of 1939, there are available for inspection in the Commission's San Francisco and Cleveland Regional Offices, in which are provided complete facilities for such registration and qualification, copies of registration statements and applications for qualification of indentures filed at those regional offices.

Copies of all applications for permanent registration of securities on national securities exchanges are available for public inspection at the respective exchange upon which the securities are registered.

PUBLIC HEARINGS

The following statistics indicate the number of public hearings held by the Commission from July 1, 1935, to June 30, 1941.

	Public hearings held			
	July 1, 1935, to June 30, 1939	July 1, 1939, to June 30, 1940	July 1, 1940, to June 30, 1941	Total
Securities Act of 1933.....	320	19	11	350
Securities Exchange Act of 1934.....	395	112	98	605
Public Utility Holding Company Act of 1935 *.....	790	228	199	1,217
Trust Indenture Act of 1939.....		3	5	8
Investment Advisers Act of 1940.....			5	5
Investment Company Act of 1940.....			84	84
Total.....	1,505	362	402	2,269

* Exclusive of Investment Trust Study.

PERSONNEL

Commissioners.

Commissioner Edward C. Eicher was elected Chairman of the Commission on April 9, 1941, for the period ending June 30, 1941,⁶⁶ vice Chairman Jerome N. Frank, who resigned as Chairman and Commissioner on April 30, 1941.

Commissioner Robert E. Healy, of Vermont, was reappointed Commissioner on June 6, 1941, for the term ending June 5, 1946. Commissioner Healy was originally appointed Commissioner on July 3, 1934, and reappointed on June 19, 1936.

Ganson Purcell, of New York, was appointed Commissioner on June 11, 1941, for the term ending June 5, 1942, vice Jerome N. Frank.

The Commissioners, as of the close of the past fiscal year, were as follows:

- Eicher, Edward C., Chairman
- Healy, Robert E.
- Henderson, Leon ⁶⁷
- Pike, Sumner T.
- Purcell, Ganson

Staff Officers and Regional Administrators.

The staff officers and regional administrators, as of the close of the past fiscal year, were as follows:

Staff Officers:

- Bane, Baldwin B., Director of the Registration Division.
- Brassor, Francis P., Secretary of the Commission, Director of Personnel, and Director of the Administrative Division.
- Burke, Edmund; Jr., Director of the Reorganization Division.⁶⁸
- Lane, Chester T., General Counsel.
- Neff, Harold H., Foreign Expert.
- O'Brien, Robert H., Director of the Public Utilities Division.
- Raymond, William T., Supervisor of Information Research.
- Schenker, David, Director of Investment Company Division.⁶⁹
- Sheridan, Edwin A., Executive Assistant to the Chairman.
- Treanor, James A., Director of the Trading and Exchange Division.
- Werntz, William W., Chief Accountant.

Regional Administrators:

- Allred, Oran H., Fort Worth Regional Office.
- Caffrey, James J., New York Regional Office.
- Green, William, Atlanta Regional Office.
- Judy, Howard A., San Francisco Regional Office.
- Karr, Day, Seattle Regional Office.
- Kennedy, W. McNeil, Chicago Regional Office.

⁶⁶ Commissioner Eicher was reelected Chairman of the Commission on September 17, 1941, for the period ending June 30, 1942.

⁶⁷ Resigned as Commissioner on July 8, 1941. Edmund Burke, Jr., of New York, was appointed Commissioner on July 31, 1941, for the term ending June 5, 1944, vice Leon Henderson.

⁶⁸ Edmund Burke, Jr. was appointed Commissioner on July 31, 1941. Martin Riger was appointed as Director of the Reorganization Division on September 1, 1941.

⁶⁹ Mr. Schenker resigned on November 16, 1941. John H. Hollands was appointed Director of the Investment Company Division on November 16, 1941.

Lary, Howard N., Denver Regional Office.⁷⁰
 Malone, William M., Washington Field Office.
 Moore, Dan Tyler, Cleveland Regional Office.
 Rooney, Joseph P., Boston Regional Office.⁷¹

Statistics.

At the close of the fiscal year ended June 30, 1941, the personnel of the Commission comprised 5 Commissioners, and 1,678 employees. Of these 1,678 employees, 1,106 were men, and 572 were women.

Commissioners.....	5
Departmental:	
Permanent.....	1, 236
Temporary.....	63
Regional Offices:	
Permanent.....	370
Temporary.....	4
Total.....	1, 678
Subject to retirement act.....	970

FISCAL AFFAIRS**Appropriations for fiscal year 1941:**

Salaries and expenses.....	\$5, 330, 000
Printing and binding.....	70, 000
Total appropriated.....	<u>5, 400, 000</u>

Obligations for fiscal year 1941:

Salaries:	
Departmental.....	3, 357, 417
Field.....	1, 157, 414
Expenses:	
Mileage and witness fees.....	7, 042
Supplies and material.....	138, 545
Communication service.....	78, 446
Travel expense.....	296, 997
Transportation of things.....	4, 295
Reporting hearings.....	24, 918
Light and power.....	7, 102
Rents.....	114, 687
Repairs and alterations.....	4, 362
Special and miscellaneous expenses.....	2, 585
Purchase of equipment.....	56, 013

Total obligations for salaries and expenses.....	5, 249, 823
Obligations for printing and binding.....	69, 990
Grand total obligations.....	<u>5, 319, 813</u>
Unobligated balance.....	80, 187
Appropriations.....	<u>\$5, 400, 000</u>

⁷⁰ Deceased August 6, 1941. John L. Geraghty was appointed Regional Administrator of the Denver Regional Office on September 16, 1941.

⁷¹ Mr. Rooney resigned on November 16, 1941. Paul R. Rowen was appointed Regional Administrator of the Boston Regional Office on November, 17, 1941.

RECEIPTS FOR THE FISCAL YEAR 1941

Comparison of receipts for the fiscal year 1941 with those for the fiscal years 1938, 1939, and 1940, and the total receipts of the Commission since its creation^a

Character of receipts	To June 30, 1937	1938	1939	1940	1941	Total
Fees from registration of securities.....	\$1,185,170.31	\$220,480.39	\$276,072.12	\$204,210.75	\$308,525.98	\$2,194,459.55
Fees under Trust Indenture Act.....				400.00	2,100.00	2,500.00
Fees from registered exchanges.....	989,912.05	474,292.93	278,474.74	266,932.53	194,488.40	2,204,100.65
Fees from sale of photo duplications.....	56,244.25	21,475.44	20,840.04	19,960.72	12,439.35	130,959.80
Miscellaneous revenue.....	552.47	207.59	12.60	1,136.36	218.57	2,127.59
Grand total.....	2,231,879.08	716,456.35	575,399.50	492,640.36	517,772.30	4,534,147.59

^a This sum is not available for expenditure by the Commission but is deposited into the U. S. Treasury as miscellaneous receipts. The Commission is at liberty to expend only such funds as the Congress appropriates for its use.

PART IX
APPENDIXES

APPENDIX I

Addresses of and States comprising the territory served by the Commission's regional offices.

Address	Territory served
New York Regional Office, 120 Broadway, New York, New York.	New York, New Jersey, and Pennsylvania.
Boston Regional Office, 82 Devonshire Street, Boston, Massachusetts.	Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire, and Maine.
Atlanta Regional Office, Forsythe and Marietta Streets, Atlanta, Georgia.	Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Florida, and that portion of Louisiana east of the Atchafalaya River.
Cleveland Regional Office, 1370 Ontario Street, Cleveland, Ohio.	Michigan, Indiana, Ohio, and Kentucky.
Chicago Regional Office, 105 West Adams Street, Chicago, Illinois.	Minnesota, Wisconsin, Iowa, Illinois, Missouri, and Kansas City (Kansas).
Fort Worth Regional Office, Tenth and Lamar Streets, Fort Worth, Texas.	Oklahoma, Arkansas, Texas, that portion of Louisiana west of the Atchafalaya River, and Kansas (except Kansas City).
Denver Regional Office, 444 Seventeenth Street, Denver, Colorado.	Wyoming, Colorado, New Mexico, Nebraska, North Dakota, South Dakota, and Utah.
San Francisco Regional Office, 625 Market Street, San Francisco, California.	California, Nevada, Arizona, Philippine Islands, and Hawaii.
Seattle Regional Office, 821 Second Avenue, Seattle, Washington.	Washington, Oregon, Idaho, Montana, and Alaska.
Washington Field Office, 1778 Pennsylvania Avenue, N.W., Washington, D. C.	Virginia, West Virginia, Maryland, Delaware, and District of Columbia.

APPENDIX II

STATISTICAL TABLES

TABLE 1.—*Effective registrations under the Securities Act of 1933*¹—Totals from September 1934 to June 1937, inclusive, by fiscal years, and from July 1937 to June 1941, inclusive, by months

[Amounts in thousands of dollars ²]

Year and month	Total securities effectively registered			Total, less securities reserved for conversion or substitution ³	Securities proposed for sale by issuers
	Number of statements	Number of issues	Amount	Amount	Amount
Total, September 1934-June 1935.....	284	364	913, 130	796, 102	686, 245
Total fiscal year 1936.....	689	966	4, 835, 050	4, 484, 542	3, 935, 903
Total fiscal year 1937.....	840	1, 266	4, 881, 465	4, 510, 391	3, 634, 608
<i>1937</i>					
July.....	61	88	278, 174	205, 389.	152, 510
August.....	48	69	302, 343	224, 459	181, 631
September.....	40	54	228, 802	180, 190	86, 486
October.....	32	40	128, 209	126, 984	124, 399
November.....	40	57	62, 130	59, 230	31, 861
December.....	48	103	216, 294	193, 745	145, 429
<i>1938</i>					
January.....	19	41	81, 474	78, 808	63, 162
February.....	24	31	206, 993	186, 650	140, 465
March.....	23	34	77, 369	68, 522	63, 803
April.....	27	37	97, 899	97, 349	91, 289
May.....	28	44	97, 048	85, 537	53, 850
June.....	21	32	327, 979	286, 248	213, 903
Total fiscal year 1938.....	411	630	2, 104, 714	1, 793, 111	1, 348, 788
<i>1938</i>					
July.....	25	39	225, 624	224, 322	195, 674
August.....	34	51	414, 405	317, 204	287, 382
September.....	30	43	130, 587	112, 147	95, 550
October.....	21	29	411, 878	405, 063	358, 079
November.....	31	58	303, 392	249, 989	218, 519
December.....	29	43	166, 327	140, 709	130, 349
<i>1939</i>					
January.....	19	50	143, 001	142, 137	135, 939
February.....	17	25	24, 020	21, 366	16, 360
March.....	37	45	87, 282	69, 614	62, 257
April.....	36	57	308, 519	278, 371	235, 667
May.....	20	24	88, 062	55, 588	31, 228
June.....	44	56	276, 096	271, 720	252, 910
Total fiscal year 1939.....	343	520	2, 579, 193	2, 288, 230	2, 019, 914
<i>1939</i>					
July.....	36	47	234, 969	228, 694	188, 081
August.....	34	48	304, 829	296, 294	277, 487
September.....	17	26	35, 956	26, 688	24, 816
October.....	21	25	30, 817	28, 461	13, 500
November.....	17	44	114, 924	113, 994	112, 153
December.....	25	35	166, 571	153, 367	149, 542

See footnotes at end of table.

TABLE 1.—Effective registrations under the Securities Act of 1933¹—Totals from September 1934 to June 1937, inclusive, by fiscal years, and from July 1937 to June 1941, inclusive, by months—Continued

[Amounts in thousands of dollars²]

Year and month	Total securities effectively registered			Total, less securities reserved for conversion or substitution ³	Securities proposed for sale by issuers
	Number of statements	Number of issues	Amount	Amount	Amount
<i>1940</i>					
January.....	26	36	146,482	143,542	102,375
February.....	30	42	249,933	241,143	231,314
March.....	29	38	70,996	60,474	46,929
April.....	36	53	245,723	225,510	133,065
May.....	15	21	102,761	99,739	97,270
June.....	20	28	82,577	76,882	56,240
Total fiscal year 1940.....	306	443	1,786,538	1,694,988	1,432,781
<i>1940</i>					
July.....	24	31	200,313	199,591	195,286
August.....	22	38	123,242	116,780	73,858
September.....	24	43	130,581	115,167	95,162
October.....	26	35	287,456	273,307	256,125
November.....	42	55	161,748	158,886	107,197
December.....	35	50	322,618	318,856	292,166
<i>1941</i>					
January.....	26	35	415,699	393,713	365,928
February.....	13	20	183,098	182,543	161,342
March.....	27	36	162,828	157,514	127,398
April.....	27	47	186,996	182,325	92,774
May.....	26	37	272,521	269,620	164,480
June.....	21	29	163,584	161,071	149,233
Total fiscal year 1941.....	313	456	2,610,684	2,529,373	2,080,949

¹ Included in the data presented in tables 1 to 7, inclusive, are "reorganization and exchange securities" which, in annual reports prior to 1940, were shown only in separate tables.

² Rounding off figures has resulted in slight differences between the totals and the actual sums of the components in tables 1 to 7.

³ "Securities reserved for conversion or substitution" include in addition to securities reserved for the conversion of securities having convertible features, voting trust certificates and certificates of deposit. In previous annual reports these "substitute securities" were included in reorganization and exchange securities.

TABLE 2.—Effective registrations under the Securities Act of 1933—By types of securities, from July 1940 to June 1941, inclusive, by months

[Amounts in thousands of dollars]

Year and month	Total, all securities				Secured bonds			
	Total securities effectively registered		Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers	Total securities effectively registered		Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers
	Number of issues	Amount	Amount	Amount	Number of issues	Amount	Amount	Amount
<i>1940</i>								
July.....	31	200,313	199,591	195,286	6	105,148	105,148	105,148
August.....	38	123,242	116,780	73,858	2	6,650	6,650	6,650
September.....	43	130,581	115,167	95,162	5	39,541	39,541	38,550
October.....	35	287,456	273,307	256,125	6	230,483	230,483	230,483
November.....	55	161,748	158,886	107,197	6	70,607	70,607	70,607
December.....	50	322,618	318,856	292,166	7	147,045	147,045	147,045
<i>1941</i>								
January.....	35	415,699	393,713	365,928	10	135,365	135,365	135,365
February.....	20	183,098	182,543	161,342	2	133,159	133,159	133,159
March.....	36	162,828	157,514	127,398	6	82,670	82,670	82,348
April.....	47	186,996	182,325	92,774	6	89,770	89,770	32,788
May.....	37	272,521	269,620	164,480	4	88,434	88,434	86,350
June.....	29	163,584	161,07	149,233	4	111,480	111,480	111,480
Total.....	456	2,610,684	2,529,373	2,080,949	64	1,240,351	1,240,351	1,179,971
Unsecured bonds								
<i>1940</i>								
July.....	2	72,000	72,000	72,000	6	11,040	11,040	11,040
August.....	2	24,878	24,878	24,500	6	16,465	16,465	10,549
September.....	4	22,598	22,598	22,598	8	16,016	16,016	3,175
October.....	2	11,428	11,428	11,428	10	23,869	23,869	10,056
November.....	1	1,766	1,766	1,766	5	24,262	24,262	8,149
December.....	7	107,318	107,318	107,223	14	48,907	48,907	28,739
<i>1941</i>								
January.....	5	60,037	60,037	60,037	3	6,537	6,537	2,050
February.....	2	2,983	2,983	2,983	8	37,565	37,565	21,527
March.....	0				10	48,422	48,422	18,635
April.....	4	33,288	33,288	33,288	7	10,920	10,570	10,500
May.....	1	49,500	49,500	49,500	10	75,181	75,181	17,964
June.....	1	1,000	1,000	1,000	5	21,980	21,980	21,980
Total.....	31	386,795	386,795	386,322	92	341,165	340,815	164,363
Common stock								
<i>1940</i>								
July.....	11	9,474	9,209	4,911	6	2,651	2,194	2,187
August.....	16	63,956	57,917	21,289	12	11,293	10,870	10,870
September.....	11	19,383	19,375	13,340	15	33,042	17,637	17,500
October.....	13	15,803	7,397	4,158	4	5,873	130	
November.....	21	26,578	26,578	16,655	22	38,535	35,672	10,020
December.....	21	19,314	15,552	9,159	1	35	35	
<i>1941</i>								
January.....	13	53,812	31,826	8,529	4	159,948	159,948	159,948
February.....	6	9,387	8,832	3,674	2	5	5	
March.....	9	5,069	2,151	2,149	11	26,667	24,270	24,267
April.....	21	48,332	44,010	11,782	9	4,687	4,687	4,417
May.....	19	58,640	56,404	10,666	3	765	100	
June.....	12	23,408	21,111	9,513	7	5,715	5,499	5,260
Total.....	173	353,157	300,364	115,825	96	289,216	261,048	234,469
Certificates of participation, beneficial interest, warrants, certificates of deposit, and voting trust certificates								

¹ Includes 2 guaranties. ² Includes 1 issue of face amount installment certificates totaling \$154,350,000.

NOTE.—For back figures, see Sixth Annual Report, p. 246; Fifth Annual Report, p. 199; Fourth Annual Report, p. 144; Third Annual Report, p. 127; Second Annual Report, pp. 98 and 99.

TABLE 3.—Effective registrations under the Securities Act of 1933—By major industrial groups of issuers, from July 1940 to June 1941, inclusive, by months

[Amounts in thousands of dollars]

Year and month	Total, all Industries					Extractive				
	Total securities effectively registered			Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers	Total securities effectively registered			Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers
	Number of statements	Number of issues	Amount	Amount	Amount	Number of statements	Number of issues	Amount	Amount	Amount
1940										
July	24	31	200,313	199,591	195,286	2	2	3,974	3,974	3,974
August	22	38	123,242	116,780	73,858	1	2	28	28	27
September	24	43	130,581	115,167	95,162	2	3	25,250	12,750	12,750
October	26	35	287,456	273,307	256,125	1	2	6,195	3,177	159
November	42	55	161,748	158,886	107,187	5	6	1,731	1,731	1,267
December	35	50	322,618	318,856	292,166	1	1	250	250	250
1941										
January	26	35	415,699	393,713	365,928	0	0			
February	13	20	183,098	182,543	161,342	0	0			
March	27	36	162,828	157,514	127,398	0	0			
April	27	47	186,996	182,325	92,774	1	2	571	571	571
May	26	37	272,521	269,620	164,480	1	1	250	250	250
June	21	29	163,584	161,071	149,233	2	2	1,687	1,687	1,469
Total	313	456	2,610,684	2,529,373	2,080,949	16	21	39,936	24,418	20,717
Manufacturing										
1940										
July	14	18	82,118	81,396	77,256	1	1	2,186	2,186	2,186
August	10	15	61,667	55,205	28,843	3	12	19,407	19,407	19,407
September	10	18	40,705	38,158	31,284	2	5	6,815	6,815	6,515
October	8	9	73,327	70,097	60,484	2	4	2,669	1,779	1,779
November	11	14	19,796	18,243	16,126	15	19	49,926	49,926	21,814
December	14	20	119,456	115,944	111,931	5	7	19,353	19,353	19,353
1941										
January	11	16	134,595	114,377	91,714	5	6	162,693	162,693	161,059
February	5	8	24,652	24,097	22,205	1	2	2,983	2,983	2,983
March	7	10	44,720	41,013	41,013	7	8	25,976	25,976	25,976
April	11	18	68,287	65,136	62,661	8	17	72,221	72,221	15,019
May	10	16	125,335	123,499	55,005	4	6	3,701	3,301	3,000
June	9	11	17,902	15,605	12,713	3	4	5,260	5,260	5,260
Total	120	173	812,560	762,770	611,235	56	91	373,190	371,900	284,351
Financial and investment										
Merchandising										
1940										
July	1	3	358	358	194	0	0			
August	2	2	16,560	16,560		1	1	500	500	500
September	2	3	6,063	6,063	6,063	0	0			
October	1	1	700	700	178	7	8	14,732	7,722	6,867
November	1	2	8,663	8,663	6,300	2	2	1,510	200	209
December	6	9	11,395	11,395	7,390	1	1	209	209	
1941										
January	1	2	5,255	3,487		4	4	69,488	69,488	69,488
February	2	3	3,842	3,842	587	0	0			
March	0	0				4	4	3,752	2,468	2,468
April	1	2	400	400	400	3	4	7,594	6,074	6,004
May	0	0				3	4	8,171	8,171	3,569
June	0	0				2	4	16,690	16,690	16,451
Total	17	27	53,236	51,468	21,112	27	32	122,646	111,522	105,547
Transportation and communication										

See footnote at end of table.

TABLE 3.—*Effective registrations under the Securities Act of 1933—By major industrial groups of issuers, from July 1940 to June 1941, inclusive, by months—Continued*

[Amounts in thousands of dollars]

Year and month	Electric light and power, gas and water					Other industries ¹				
	Total securities effectively registered			Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers	Total securities effectively registered			Total, less securities reserved for conversion or substitution	Securities proposed for sale by issuers
	Number of statements	Number of issues	Amount	Amount	Amount	Number of statements	Number of issues	Amount	Amount	Amount
<i>1940</i>										
July	6	7	111,676	111,676	111,676	0	0	-----	-----	-----
August	2	2	13,319	13,319	13,319	3	4	11,763	11,763	11,763
September	5	6	50,386	50,386	38,550	3	8	1,302	995	-----
October	6	10	189,833	189,833	186,658	1	1	1	-----	-----
November	5	8	78,052	78,052	59,418	3	4	2,072	2,071	2,071
December	6	8	171,360	171,360	152,992	2	4	595	345	250
<i>1941</i>										
January	5	7	43,668	43,668	43,668	0	0	-----	-----	-----
February	4	5	151,341	151,341	135,303	1	2	280	280	265
March	7	9	87,729	87,729	57,942	2	5	651	329	-----
April	2	2	37,061	37,061	7,258	1	2	863	863	863
May	5	7	133,644	133,644	101,985	3	3	1,420	755	671
June	3	6	121,829	121,829	113,340	2	2	216	-----	-----
Total	56	77	1,189,898	1,189,898	1,022,109	21	35	19,223	17,401	15,883

¹ Includes agriculture, real estate, service industries, and miscellaneous domestic companies.

NOTE.—For back figures, see Sixth Annual Report, pp. 247 and 248; Fifth Annual Report, pp. 201 and 202; Fourth Annual Report, pp. 145 and 146; Third Annual Report, pp. 129 and 130; Second Annual Report, p. 100; First Annual Report, pp. 72 and 73.

TABLE 4.—Effective registrations under the Securities Act of 1933—Total amount effective, amount not proposed for sale by issuers, issuing and distributing expenses and net proceeds, from July 1940, to June 1941, inclusive, by months

[Amounts in thousands of dollars]

Year and month	Total amount effective					Cost of flotation (applicable to amount proposed for sale by issuers) ¹			
	Total	Registered for account of issuers (excluding substitute securities)		Substitute securities (v. t. cts. and cts. of deposit)	Registered for account of others	Total	Compensation to underwriters, agents, etc.	Expenses	Net proceeds from amount proposed for sale by issuers
		Proposed for sale	Not proposed for sale						
<i>1940</i>									
July.....	200,313	195,286	429	457	4,140	5,705	4,523	1,182	189,581
August.....	123,242	73,858	16,717	422	32,246	3,784	3,410	374	70,074
September.....	130,581	95,162	14,162	15,405	5,851	3,905	3,248	657	91,257
October.....	287,456	256,125	22,219	5,743	3,369	6,107	4,874	1,233	250,018
November.....	161,748	107,197	46,931	2,862	4,758	4,442	3,747	695	102,755
December.....	322,618	292,166	25,594	-----	4,850	8,508	6,882	1,626	283,658
<i>1941</i>									
January.....	415,699	365,928	24,620	-----	25,150	11,938	10,677	1,262	353,990
February.....	183,098	161,342	18,242	-----	3,514	2,047	1,174	874	159,294
March.....	162,828	127,398	33,033	2,397	-----	4,987	4,267	720	122,411
April.....	186,996	92,774	62,174	-----	32,048	2,935	2,384	551	89,839
May.....	272,521	164,480	30,861	665	76,515	4,710	3,983	727	159,770
June.....	163,584	149,233	2,297	216	11,838	3,781	2,726	1,055	145,452
Total.....	2,610,684	2,030,949	297,279	28,168	204,287	62,850	51,895	10,955	2,018,099

AMOUNT REGISTERED BY ISSUERS BUT NOT PROPOSED FOR SALE

Year and month	Reserved for conversion	Reserved for options	Reserved for other subsequent issuance	To be issued in exchange for other securities	To be issued against claims	To be issued for assets	To be issued for selling and distributing expenses
<i>1940</i>							
July.....	264	165	-----	-----	-----	-----	-----
August.....	6,040	8,030	741	1,906	-----	-----	-----
September.....	8	700	-----	13,454	-----	-----	-----
October.....	8,406	-----	-----	13,291	522	-----	-----
November.....	-----	2,460	3,059	41,413	-----	-----	-----
December.....	3,762	1,693	-----	20,140	-----	-----	-----
<i>1941</i>							
January.....	21,986	-----	-----	2,634	-----	-----	-----
February.....	553	140	-----	17,542	-----	-----	5
March.....	2,918	-----	-----	30,116	-----	-----	-----
April.....	4,672	425	-----	57,052	-----	-----	25
May.....	2,236	115	-----	28,189	-----	303	18
June.....	2,297	-----	-----	-----	-----	-----	-----
Total.....	53,144	13,728	3,800	225,736	522	303	48

¹ Not including amounts set forth as securities "to be issued for selling and distributing expenses."

NOTE.—For back figures, see Sixth Annual Report, p. 249; Fifth Annual Report, p. 203; Fourth Annual Report, p. 147; Third Annual Report, p. 132; Second Annual Report, p. 101; First Annual Report, p. 74.

TABLE 5, PART 1.—Effective registrations under the Securities Act of 1933—Estimated net proceeds from sale of securities, by proposed uses, from July 1940 to June 1941, inclusive, by months

[Amounts in thousands of dollars]

Year and month	Grand total	New money					Repayment of indebtedness and retirement of stock				Purchase of securities			Purchase of other assets	Organization expense	Miscellaneous and unaccounted for
		Total	Plant and equipment	Working capital	Reimbursement of corporate treasuries for capital expenditures	Other new-money purposes	Total	Bonds and notes	Other debt	Preferred stock	Total	For investment	For affiliation			
<i>1940</i>																
July	189,581	22,985	12,899	4,350	5,581	155	164,329	161,423	997	1,909	2,016	2,016		200	1	52
August	70,074	31,996	6,699	25,173		124	19,241	19,181	60		18,576	18,039	537	60	6	196
September	91,257	45,432	36,711	7,580	1,046	95	41,159	37,342	2,694	1,123	4,515	4,363	152	20		132
October	250,018	14,899	10,086	4,813			234,833	233,624	697	512	13		13		4	269
November	102,755	9,309	3,342	5,705		262	79,933	69,825	681	9,427	13,463	13,381	82		10	40
December	283,658	33,862	4,259	29,503		100	244,090	223,900	1,934	18,256	4,861	4,612	249	173		672
<i>1941</i>																
January	353,990	18,147	1,194	8,126	8,827		181,853	154,049	2,093	25,711	152,842	152,842				1,148
February	159,294	13,069	4,348	8,721			144,241	128,973	13,000	-2,268	1,372		1,372			613
March	122,411	46,801	45,387	1,414			51,647	46,038	540	5,069	23,493	23,493		133		337
April	89,839	20,182	11,522	8,586		74	56,627	54,650	1,802	175	11,339	11,339		1,564	8	120
May	159,770	12,642	4,076	8,010		556	144,698	144,390	206	101	2,356	2,256	100		6	69
June	145,452	17,493	11,705	5,787			122,361	113,247	-2,546	-6,598	-4,853	-4,853	-700			15
Total	2,018,099	286,814	152,228	117,768	15,453	1,364	1,485,039	1,386,642	27,250	71,147	239,699	237,194	2,505	2,850	34	3,663

NOTE.—For back figures, see Sixth Annual Report, p. 250; Fifth Annual Report, p. 204; Fourth Annual Report, p. 148; Third Annual Report, p. 133; Second Annual Report, p. 102; First Annual Report, p. 75.

TABLE 5, PART 2.—*Effective registrations under the Securities Act of 1933—Estimated net proceeds from sale of securities, by proposed uses, from July 1940 to June 1941, inclusive, by months*

[In percent of net proceeds]

Year and month	Grand total	New money					Repayment of indebtedness and retirement of stock				Purchase of securities			Purchase of other assets	Organization expense	Miscellaneous and unaccounted for
		Total	Plant and equipment	Working capital	Reimbursement of corporate treasuries for capital expenditures	Other new-money purposes	Total	Bonds and notes	Other debt	Preferred stock	Total	For investment	For affiliation			
<i>1940</i>																
July.....	100	12.1	6.8	2.3	2.9	0.1	86.7	85.2	0.5	1.0	1.1	1.1		0.1	0.0	0.0
August.....	100	45.7	9.6	35.9		.2	27.5	27.4	.1		26.5	25.7	0.8	.1	.0	.2
September.....	100	49.8	40.2	8.3	1.2	.1	45.1	40.9	3.0	1.2	5.0	4.8	.2	.0	.0	.1
October.....	100	6.0	4.1	1.9			93.9	93.4	.3	.2	.0		.0		.0	.1
November.....	100	9.1	3.2	5.6		.3	77.8	68.0	.6	9.2	13.1	13.0	.1		.0	.0
December.....	100	11.9	1.5	10.4		.0	86.1	78.9	.7	6.5	1.7	1.6	.1	.1		.2
<i>1941</i>																
January.....	100	5.1	.3	2.3	2.5		51.4	43.5	.6	7.3	43.2	43.2				.3
February.....	100	8.2	2.7	5.5			90.5	81.0	8.1	1.4	.9		.9		.0	.4
March.....	100	38.2	37.1	1.1			42.2	37.6	.5	4.1	19.2	19.2		.1		.3
April.....	100	22.5	12.8	9.6		.1	63.0	60.8	2.0	.2	12.6	12.6		1.8	.0	.1
May.....	100	7.9	2.5	5.0		.4	90.6	90.4	.1	.1	1.5	1.4	.1		.0	.0
June.....	100	12.0	8.0	4.0			84.2	77.9	1.8	4.5	3.3	3.3		.5		.0
Total.....	100	14.2	7.5	5.8	0.8	.1	73.6	68.7	1.4	3.5	11.9	11.8	0.1	0.1	0.0	0.2

NOTE.—For back figures, see Sixth Annual Report, p. 251; Fifth Annual Report, p. 205; Fourth Annual Report, p. 149; Third Annual Report, p. 134; Second Annual Report, p. 103; First Annual Report, p. 75.

TABLE 6.—Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941

[Amounts in thousands of dollars]

Industry	Number of issues	Total registrations							Substitute securities (v. t. ctf. and ctf. dep.)	Securities registered for account of others	Securities registered for account of issuers (excluding substitute securities)	Securities not offered for sale or exchange			
		Total	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Ctf. of part., beneficial interest, warrants, v. t. ctf. and ctf. dep.	Total				Reserved for conversion	Reserved for options	Reserved for other subsequent issuance	
		1	2	3	4	5	6	7				8	9	10	11	12	13	14
Agriculture.....	2	2,111				671	1,440			2,111					
Extractive:															
Coal mining.....	1	1,469				1,469				1,469					
Metal mining.....	8	2,723				2,158			212	2,511					
Oil and gas wells.....	9	25,774			565	2,158	25,306	12,500	218	13,056	1		1		
Quarries and non-metal mining.....	3	9,969	3,774		3,177	468	3,018	3,018		6,951					
Total extractive.....	21	39,935	3,774		3,742	4,095	28,324	15,518	429	23,987	1		1		
Manufacturing:															
Food and related products.....	18	124,297		98,278	3,399	22,164	457	422	21,330	102,545	350	350			
Tobacco products.....	2	14,899		14,899			0			14,899					
Beverages (incl. breweries and distill.).....	6	6,475	5,000		500	975	0			6,475	375	375			
Textiles and textile products.....	8	94,461		24,500	28,802	41,006	153	150	62,197	32,114	3,143	3,143			
Lumber and lumber products.....	6	2,545			778	1,310	457	515		1,573					
Paper and paper products.....	8	5,403			896	2,955	1,552	1,552	2,946	905	5	5			
Printing, publishing, and allied industries.....	1	2,100			2,100					2,100					
Chemicals and allied products.....	14	84,295	22,440	24,628	17,773	19,455			3,171	81,124	1,514	1,514			
Petroleum refining.....	9	141,054	175	121,425	875	18,580				141,054	18,580	18,580			
Tire and other rubber products.....	1	49,500		49,500						49,500					
Building and related products.....	5	16,938	200	10,658	4,020	2,060			650	16,288					
Iron and steel.....	9	129,930	110,100	15,925	2,000	1,905				129,930	1,693	1,693			
Non-ferrous metals.....	3	19,238	7,688	10,200		1,350				19,238					

TABLE 6.—Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941—Con.
[Amounts in thousands of dollars]

Industry	Number of issues	Total registrations								Securities not offered for sale or exchange				
		Total	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Ctfs. of part., beneficial interest, warrants, v. t. ctfs. and ctfs. dep.	Substitute securities (v. t. ctfs. and ctfs. dep.)	Securities registered for account of others	Securities registered for account of issuers (excluding substitute securities)	Total	Reserved for conversion	Reserved for options	Reserved for other subsequent issuance
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Manufacturing—Continued.														
Machinery and tools:														
Industrial machinery and tools.....	18	24,677			4,830	19,842	5		7,477	17,200	3,773	3,589	125	59
Electrical machinery and equipment.....	4	2,630				2,630			2,155	475	175		175	
Office machinery and equipment.....	2	1,794		1,766	28					1,794				
Miscellaneous machinery and tools.....	1	837				837			702	135				
Total machinery and tools.....	25	29,939		1,766	4,858	23,310	5		10,335	19,604	3,948	3,589	300	59
Transportation equipment:														
Railroad equipment.....	2	8,173			5,376	2,797				8,173	2,797	2,797		
Automobile parts and accessories.....	6	12,891		8,120	3,000	1,767	3		635	12,255	97		97	
Aircraft.....	24	12,900			3,582	8,891	427		583	12,317	2,296	1,738	557	
Shipbuilding.....	7	30,257			8,798	21,326	132		18,055	12,202	7,447	6,747	700	
Radio.....	5	13,247			3,740	9,507			2,940	10,307	3,568	3,230	338	
Total transportation equipment.....	44	77,468		8,120	24,496	44,289	563		22,214	55,254	16,204	14,513	1,691	
Miscellaneous manufacturing.....	14	14,018			1,699	9,140	3,178	3,178	8,858	1,982	369	369		
Total manufacturing.....	173	812,560	145,602	364,999	107,093	188,499	6,366	5,760	132,215	674,584	46,079	44,029	1,991	59
Financial and investment:														
Investment and trading:														
Closed-end management.....	1	4,030	4,030							4,030				
Open-end management.....	44	105,645				35,244	70,402			105,645	3,000			3,000
Investment plans.....	13	17,162					17,162			17,162				

Face amount certificates.....	1	154,350					154,350			154,350				
Total investment and trading.....	59	281,187	4,030			35,244	241,914			281,187	3,000			3,000
Holding companies.....	3	56,982	56,982							56,982				
Commercial credit, finance and mortgage.....	13	7,274		2,983	2,196	2,095			64	7,210	1,291	1,291		
Industrial and personal loan.....	6	13,526		11,565	550	1,411			300	13,226				
Insurance.....	5	10,195				9,976		220		9,975				
Other financial and investment.....	5	4,026				421	3,605			4,026				
Total financial and investment.....	91	373,190	61,012	14,548	2,746	49,145	245,739		584	372,606	4,291	1,291		3,000
Merchandising.....	27	53,236		5,970	17,795	29,470	1		17,374	35,862	14,229	1,708	11,720	741
Real estate.....	19	2,639	1,398	95		4	1,140	1,136	2	1,501				
Construction.....														
Transportation and communication:														
Railroads (incl. terminal and switching).....	2	4,009					4,009	4,009						
Pipe lines.....	6	37,423	28,720		924	7,780				37,423				
Steam shipping.....	2	4,852	2,250			2,602			4,602	250				
Aviation.....	11	13,362			5,250	7,982	130		439	12,923	4,286	4,286		
Telephone and telegraph.....	10	61,689	52,194		4,038	5,218	239		864	60,826	1,520	1,520		
Radio.....	1	1,310					1,310	1,310						
Total transportation and communication.....	32	122,645	83,164		10,212	23,581	5,688	5,318	5,904	111,422	5,806	5,806		
Service.....	13	4,903			1,950	2,517	435	435		4,467	265	250	15	
Electric light, power, heat, water, and gas:														
Holding companies.....	3	64,106	61,276			2,830				64,106				
Operating-holding companies.....	2	101,725	85,900		15,825					101,725				
Operating companies.....	72	1,024,087	798,224	1,183	181,801	42,776	83		47,778	976,289				
Total electric light, power, heat, water, and gas.....	77	1,189,898	945,401	1,183	197,626	45,605	83		47,778	1,142,120				
Miscellaneous domestic companies.....	1	9,569				9,569				9,569				
Foreign companies.....	0													
Foreign governments and municipalities.....	0													
Grand total.....	456	2,610,684	1,240,351	386,795	341,165	353,157	289,216	28,168	204,287	2,378,229	70,671	53,144	13,728	3,800

TABLE 6.—Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941—Con.

[Amounts in thousands of dollars]

Industry	Securities offered in exchange for						To be issued for selling and distributing expenses	Total securities proposed for sale by issuer	Cost of flotation (applicable to amount proposed for sale by issuers)		
	Total	Securities of issuer	Certificates of deposit	Securities of other issuers	Claims against issuer	Tangible and intangible assets			Total	Compensation to underwriters, agents, etc.	Expenses
	15	16	17	18	19	20			21	22	23	24	25
Agriculture.....								2,111	864	854	10
Extractive:											
Coal mining.....								1,469	14		14
Metal mining.....								2,511	497	463	34
Oil and gas wells.....	250			250				12,805	1,340	1,311	30
Quarries and non-metal mining.....	3,018		3,018					3,933	166	96	69
Total extractive.....	3,268		3,018	250				20,718	2,017	1,871	147
Manufacturing:											
Food and related products.....	556	178	378					101,639	2,005	1,503	502
Tobacco products.....								14,899	370	223	146
Beverages (incl. breweries and distill.).....								6,100	293	215	78
Textiles and textile products.....								28,971	1,172	963	210
Lumber and lumber products.....	800			800				773	86	68	18
Paper and paper products.....								900	7		7
Printing, publishing, and allied industries.....	1,676	1,676						424	18	12	6
Chemicals and allied products.....	7,000	7,000						72,611	1,913	1,376	536
Petroleum refining.....								122,475	2,546	2,017	530
Tire and other rubber products.....								49,500	1,283	1,125	158
Building and related products.....	1,410			1,107		303		14,878	401	288	114
Iron and steel.....								128,338	3,683	2,968	715
Non-ferrous metals.....								19,238	668	485	183
Machinery and tools:											
Industrial machinery and tools.....	1,350	1,350						5	12,072	1,527	1,315
Electrical machinery and equipment.....									300	68	8
Office machinery and equipment.....									1,794	73	43
Miscellaneous machinery and tools.....									135	25	5
Total machinery and tools.....	1,350	1,350						5	14,301	1,693	1,438
Total manufacturing.....											
Transportation equipment:											
Railroad equipment.....									5,376	115	66
Automobile parts and accessories.....									12,159	622	492
Aircraft.....	1,504			1,504					8,475	680	485
Shipbuilding.....	625	625							4,130	373	322

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Radio.....	2,302	2,302						4,438	571	497	74
Total transportation equipment.....	4,430	2,927	1,504			43	34,577	2,362	1,862	500	
Miscellaneous manufacturing.....							1,612	343	299	44	
Total manufacturing.....	17,223	13,132	378	3,411		303	48	611,234	18,843	14,841	4,002
Financial and investment:											
Investment and trading:											
Closed-end management.....								4,030	116	90	26
Open-end management.....	26,683	26,683						75,962	5,880	5,843	37
Investment plans.....								17,162	1,515	1,352	163
Face amount certificates.....								154,350	6,694	6,611	83
Total investment and trading.....	26,683	26,683						251,504	14,205	13,896	309
Holding companies.....	56,982	56,982									
Commercial credit, finance and mortgage.....	301	301						5,618	279	225	54
Industrial and personal loan.....								13,226	404	308	86
Insurance.....								9,975	730	617	114
Other financial and investment.....								4,026	75	54	20
Total financial and investment.....	83,966	83,966						284,349	15,692	15,100	593
Merchandising.....	522				522			21,111	1,281	1,084	196
Real estate.....	1,501	871	545	84							
Construction.....											
Transportation and communication:											
Railroads (incl. terminal and switching).....											
Pipe lines.....	70	70						37,353	948	609	339
Steam shipping.....								250	7	4	4
Aviation.....								8,637	636	527	109
Telephone and telegraph.....								59,306	1,159	869	290
Radio.....											
Total transportation & communication.....	70	70						105,547	2,750	2,008	742
Service.....								4,202	334	276	57
Electric light, power, heat, water, and gas:											
Holding companies.....								64,106	1,474	1,106	368
Operating-holding companies.....								101,725	2,179	1,813	366
Operating companies.....	120,012	120,012						856,277	17,304	12,943	4,451
Total electric light, power, heat, water, and gas.....	120,012	120,012						1,022,108	21,047	15,862	5,185
Miscellaneous domestic companies.....								9,569	22		22
Foreign companies.....											
Foreign governments and municipalities.....											
Grand total.....	226,561	218,051	3,941	3,745	522	303	48	2,080,949	62,860	51,895	10,955

TABLE 6.—Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941—Con.

[Amounts in thousands of dollars]

Industry	Net proceeds from amount proposed for sale by issuers	New money					Repayment of indebtedness and retirement of stock			
		Total	Plant and equipment	Working capital	Reimbursement of corporate treasuries for capital expenditures	Other new money purposes	Total	Bonds and notes	Other debt	Preferred stock
	26	27	28	29	30	31	32	33	34	35
Agriculture.....	1,247	1,247		797		450				
Extractive:										
Coal mining.....	1,456	210	210				1,245		1,245	
Metal mining.....	2,013	1,872	783	627		462	54		54	
Oil and gas wells.....	11,464	11,464	11,335	25		104				
Quarries and nonmetal mining.....	3,787	76		76			3,614	3,614		
Total extractive.....	18,700	13,622	12,328	728		566	4,913	3,614	1,299	
Manufacturing:										
Food and related products.....	99,634	3,010	1,211	1,799			96,307	82,592	85	13,630
Tobacco products.....	14,529	2,467	1,135	1,332			11,750		11,750	
Beverages (including breweries and distilleries).....	5,807	810	458	351			4,797	4,797		
Textiles and textile products.....	27,799	17,249	1,985	15,264			10,550	10,550		
Lumber and lumber products.....	687	537	196	341			150		150	
Paper and paper products.....	893	382	357	25			511		511	
Printing, publishing, and allied industries.....	406	240		240			126			126
Chemicals and allied products.....	70,698	33,820	30,091	3,729			36,828	34,560	1,777	491
Petroleum refining.....	119,929	2,780	459	2,321			117,149	92,800	104	24,184
Tire and other rubber products.....	48,217	2,279		2,270			45,938	45,938		
Building and related products.....	14,476	3,875	3,510	365			10,601			
Iron and steel.....	124,655	5,454	353	5,101			119,201	115,374	3,826	
Non-ferrous metals.....	18,569	2,963	1,190	1,772			15,607	15,607		
Machinery and tools:										
Industrial machinery and tools.....	10,545	7,175	2,780	4,396			2,546	648	1,002	896
Electrical machinery and equipment.....	232	202	15	182			27		27	
Office machinery and equipment.....	1,721	58	19	39		4	1,663	1,063	600	
Miscellaneous machinery and tools.....	110	110	110							
Total machinery and tools.....	12,608	7,545	2,924	4,617		4	4,235	1,711	1,629	896
Transportation equipment:										
Railroad equipment.....	5,260	5,260	1,900	3,360						
Automobile parts and accessories.....	11,537	3,534	2,690	844			8,000	7,955	45	
Aircraft.....	7,795	4,873	1,313	3,358		202	1,347		1,347	
Shipbuilding.....	3,756	2,191	573	1,618			1,449	1,348		101

Radio	3,867	1,792	205	1,562		25	1,909			1,909
Total transportation equipment	32,215	17,651	6,681	10,743		227	12,705	9,303	1,392	2,010
Miscellaneous manufacturing	1,269	1,022	433	482		107	165		120	45
Total manufacturing	592,391	102,083	50,983	50,762		338	486,619	423,894	21,344	41,381
Financial and investment:										
Investment and trading:										
Closed-end management	3,914	2		2			3,913	3,913		
Open-end management	70,082									
Investment plans	15,647									
Face amount certificates	147,656									
Total investment and trading	237,299	2		2			3,913	3,913		
Holding companies:										
Commercial credit, finance, and mortgage	5,339	2,339		2,339			2,983	2,501		482
Industrial and personal loan	12,822	11,264		11,264			450		450	
Insurance	9,244	5,399		5,399			3,371			3,371
Other financial and investment	3,951	242	0	232		10	17		17	
Total financial and investment	268,657	19,246	0	19,236		10	10,734	6,414	467	3,853
Merchandising	19,831	7,453	288	7,165			12,039	34	2,200	9,805
Real estate										
Construction										
Transportation and communication:										
Railroads (including terminal and switching)										
Pipe lines	36,406	7,640	961	6,679			27,201	26,850	351	
Steam shipping	243						176		176	
Aviation	8,001	7,953	7,364	589			48		48	
Telephone and telegraph	58,146	8,129	3,044	2,408	2,677		50,017	48,125		1,892
Radio										
Total transportation and communication	102,797	23,723	11,370	9,676	2,677		77,442	74,975	575	1,892
Service	3,869	3,791	2,942	849			54		10	44
Electric light, power, heat, water, and gas:										
Holding companies	62,632	35		35			62,597	62,597		
Operating-holding companies	99,546	1,272		1,272			98,275	98,275		
Operating companies	838,883	104,796	74,318	17,702	12,776		732,367	716,840	1,355	14,172
Total electric light, power, heat, water, and gas	1,001,061	106,102	74,318	19,008	12,776		893,239	877,711	1,355	14,172
Miscellaneous domestic companies	9,547	9,547		9,547						
Foreign companies										
Foreign governments and municipalities										
Grand total	2,018,099	286,814	152,228	117,768	15,453	1,364	1,485,039	1,386,642	27,250	71,147

TABLE 6.—*Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941—Continued*

[Amounts in thousands of dollars]

Industry	Purchase of securities			Purchase of other assets	Organization expense	Miscellaneous and unaccounted for
	Total	For investment	For affiliation			
	36	37	38			
Agriculture.....						
Extractive:						
Coal mining.....						
Metal mining.....	82		82		1	5
Oil and gas wells.....					0	
Quarries and nonmetal mining.....						77
Total extractive.....	82		82		1	82
Manufacturing:						
Food and related products.....						317
Tobacco products.....						313
Beverages (incl. breweries and distill.).....				200		
Textiles and textile products.....						
Lumber and lumber products.....						
Paper and paper products.....						
Printing, publishing and allied industries.....						41
Chemicals and allied products.....						50
Petroleum refining.....						
Tire and other rubber products.....						
Building and related products.....						
Iron and steel.....						
Nonferrous metals.....						
Machinery and tools:						
Industrial machinery and tools.....				700	3	120
Electrical machinery and equipment.....						4
Office machinery and equipment.....						
Miscellaneous machinery and tools.....						
Total machinery and tools.....				700	3	124
Transportation equipment:						
Railroad equipment.....						4
Automobile parts and accessories.....						50
Aircraft.....	1,524		1,524			116
Shipbuilding.....						165
Radio.....						
Total transportation equipment.....	1,524		1,524			335
Miscellaneous manufacturing.....				60		22
Total manufacturing.....	1,524		1,524	960	3	1,202
Financial and investment:						
Investment and trading:						
Closed-end management.....						
Open-end management.....	70,082	70,082				
Investment plans.....	15,393	15,393				254
Face amount certificates.....	147,656	147,656				
Total investment and trading.....	233,131	233,131				254
Holding companies:						
Commercial credit, finance and mortgage.....	13		13		2	2
Industrial and personal loan.....						1,108
Insurance.....	475	475				
Other financial and investment.....	3,688	3,588	100		5	
Total financial and investment.....	237,307	237,194	113		7	1,363
Merchandising.....	249		249	20		70
Real estate.....						
Construction.....						

See footnote at end of table.

TABLE 6.—*Effective registrations under the Securities Act of 1933—Detailed statistics by industries—Fiscal year ended June 30, 1941—Continued*

[Amounts in thousands of dollars]

Industry	Purchase of securities			Purchase of other assets	Organization expense	Miscellaneous and unaccounted for
	Total	For investment	For affiliation			
	36	37	38	39	40	41
Transportation and communication:						
Railroads (incl. terminal and switching).....						
Pipe lines.....				1,564		1
Steam shipping.....						67
Aviation.....						
Telephone and telegraph.....						
Radio.....						
Total transportation and communication.....				1,564		68
Service.....					24	0
Electric light, power, heat, water, and gas:						
Holding companies.....						
Operating-holding companies.....						
Operating companies.....	537		537	305	0	877
Total electric light, power, heat, water, and gas.....	537		537	305	0	877
Miscellaneous domestic companies.....						
Foreign companies.....						
Foreign governments and municipalities.....						
Grand Total.....	239,699	237,194	2,505	2,850	34	3,663

NOTE.—For back figures, see Sixth Annual Report, pp. 252-261; Fifth Annual Report, pp. 206-213; Fourth Annual Report, pp. 150-157; Third Annual Report, pp. 135-143; Second Annual Report, pp. 104-111; First Annual Report, pp. 76-83.

TABLE 7.—*Effective registrations under the Securities Act of 1933—Securities proposed for sale by issuers—By proposed methods of selling and by industries—Fiscal year ended June 30, 1941*

[Amounts in thousands of dollars]

Industry	Amount distributed				To security holders				To public				To "others"			
	Grand total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents
Agriculture.....	2, 111	671		1, 440					2, 111	671		1, 440				
Extractive:																
Coal mining.....	1, 469	1, 469			1, 469	1, 469										
Metal mining.....	2, 511	700	571	1, 240					2, 511	700	571	1, 240				
Oil and gas wells.....	12, 805	12, 500		305					12, 805	12, 500		305				
Quarries and non-metal mining.....	3, 933		3, 933						3, 933		3, 933					
Total extractive.....	20, 718	14, 669	4, 503	1, 545	1, 469	1, 469			10, 248	13, 200	4, 503	1, 545				
Manufacturing:																
Food and related products.....	101, 639		76, 450	25, 189	251		251		101, 388		76, 450	24, 938				
Tobacco products.....	14, 899		14, 899		14, 899		14, 899									
Beverages (incl. breweries and distill.).....	6, 100	600	5, 500		600	600			5, 500		5, 500					
Textiles and textile products.....	28, 971	231	28, 740		231	231			28, 740		28, 740					
Lumber and lumber products.....	773		773						773		773					
Paper and paper products.....	900	900							900	900						
Printing, publishing and allied industries.....	424		424						424		424					
Chemicals and allied products.....	72, 611	10, 320	62, 291		14, 202	10, 320	3, 882		58, 409		58, 409					
Petroleum refining.....	122, 475		122, 300	175	20, 000		20, 000		102, 475		102, 300	175				
Tire and other rubber products.....	49, 500		49, 500						49, 500		49, 500					
Building and related products.....	14, 878		14, 828	50					14, 878		14, 828	50				
Iron and steel.....	128, 338		128, 025	313					128, 338		128, 025	313				
Non-ferrous metals.....	19, 238		19, 238						19, 238		19, 238					
Machinery and tools:																
Industrial machinery and tools.....	12, 072	5	11, 531	535	5	5			12, 066		11, 531	535				
Electrical machinery and equipment.....	300			300					300			300				
Office machinery and equipment.....	1, 794		1, 794						1, 794		1, 794					
Miscellaneous machinery and tools.....	135		135						135		135					

Total machinery and tools	14,301	5	13,461	835	5	5			14,296		13,461	835				
Transportation equipment:																
Railroad equipment	5,376		5,376		5,376		5,376									
Automobile parts and accessories	12,159		11,221	938					12,159		11,221	938				
Aircraft	8,475	4,501	300	3,675	3,989	3,556		433	4,486	945	300	3,242				
Shipbuilding	4,130		4,130		1,100		1,100		3,030		3,030					
Radio	4,438		4,138	300					4,438		4,138	300				
Total transportation equipment	34,577	4,501	25,164	4,912	10,464	3,556	6,476	433	24,113	945	18,689	4,480				
Miscellaneous manufacturing	1,612		612	1,001					1,566		566	1,001	46			46
Total manufacturing	611,234	16,557	562,203	32,474	60,653	14,712	45,257	684	550,535	1,845	516,900	31,790	46			46
Financial and investment:																
Investment and trading:																
Closed-end management	4,030		4,030						4,030		4,030					
Open-end management	75,962			75,962					75,962			75,962				
Investment plans	17,162			17,162					17,162			17,162				
Face amount certificates	154,350			154,350					154,350			154,350				
Total investment and trading	251,504		4,030	247,474					251,504		4,030	247,474				
Commercial credit, finance and mortgage	5,618	798	3,483	1,338	1,285		500	785	4,333	798	2,083	553				
Industrial and personal loan	13,226	1,111	11,565	550					12,115		11,565	550	1,111	1,111		
Insurance	9,975	500	8,725	750	2,785		2,785		6,089		5,939	750	500	500		
Other financial and investment	4,026	4,026							421	421			3,605	3,605		
Total financial and investment	284,349	6,435	27,802	250,112	4,070		3,285	785	275,063	1,219	24,517	249,327	5,216	5,216		
Merchandising	21,111	629	19,358	1,124	4,872	400	4,186	286	15,935		15,172	763	304	220		75
Real estate																
Construction																

TABLE 7.—Effective registrations under the Securities Act of 1933—Securities proposed for sale by issuers—By proposed methods of selling and by industries—Fiscal year ended June 30, 1941—Continued

[Amounts in thousands of dollars]

Industry	Amount distributed				To security holders				To public				To "others"			
	Grand total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents	Total	By issuers	By underwriters	By agents
Transportation and communication:																
Pipe lines.....	37,353	7,780	29,574						29,574		29,574		7,780	7,780		
Steam shipping.....	250		250										250		250	
Aviation.....	8,637	290	7,548	800					8,348		7,548	800	290	290		
Telephone and telegraph.....	59,306	6,774	51,259	1,273	3,074	2,949	125		52,407		51,134	1,273	3,825	3,825		
Total transportation and communication.....	105,547	14,843	88,631	2,073	3,074	2,949	125		90,329		88,256	2,073	12,144	11,894	250	
Service.....	4,202	2,096		2,106	71			71	3,916	1,881		2,035	215	215		
Electric light, power, heat, water and gas:																
Holding companies.....	64,106	2,830	61,276						61,276		61,276		2,830	2,830		
Operating-holding companies.....	101,725		101,725						101,725		101,725					
Operating companies.....	856,277	149,988	704,584	1,705	5,763	5,727	36		706,586	333	704,584	1,669	143,928	143,928		
Total electric light, power, heat, water, and gas.....	1,022,108	152,817	867,586	1,705	5,763	5,727	36		869,588	333	867,586	1,669	146,757	146,757		
Miscellaneous domestic companies.....	9,569	9,569							9,569	9,569						
Foreign companies.....																
Foreign governments and municipalities.....																
Grand total.....	2,080,949	218,287	1,570,083	292,579	79,973	25,258	52,853	1,862	1,836,293	28,718	1,516,934	290,641	164,683	164,312	296	75

¹ Includes one issue sold directly to ultimate investor by competitive bidding, amounting to \$36,814,000.

TABLE 8, PART 1.—*New issues of securities offered for cash in the United States* ^{1 2}

 [Estimated gross proceeds in thousands of dollars ³]

Year and month	Grand total	By types of offerings					By types of securities			
		Public		Private ⁵			Intrastate and unascertained	Bonds, notes, and debentures	Preferred stocks	Common stocks
		Registered	Exempt ⁴	Registered ⁶	Exempt ⁶	Other ⁷				
Total, July 1934 to June 1935.....	3,761,602	497,705	2,914,618	.....	83,474	261,508	4,298	3,742,560	12,161	6,881
Total, July 1935 to June 1936.....	11,258,199	3,206,549	7,604,067	67,161	43,416	325,493	11,514	10,962,924	188,752	106,524
Total, July 1936 to June 1937.....	7,601,506	2,989,969	4,173,900	11,814	105,655	302,590	17,577	6,772,299	410,019	419,188
Total, July 1937 to June 1938.....	3,523,943	890,579	2,245,702	3,988	27,744	350,838	5,092	3,277,164	186,030	60,749
Total, July 1938 to June 1939.....	6,830,626	1,659,834	4,322,289	62,836	106,924	670,988	7,756	6,650,232	106,650	73,745
Total, July 1939 to June 1940.....	5,511,741	1,298,026	3,364,968	14,712	96,181	731,322	6,532	5,280,649	135,681	95,411
Total, July 1940 to June 1941.....	9,846,600	1,645,628	7,199,716	148,680	118,353	724,218	10,005	9,608,345	172,314	65,941
<i>1940</i>										
July.....	1,347,041	183,186	1,093,905	.....	5,857	63,219	874	1,339,761	2,139	5,141
August.....	298,260	54,918	164,057	.....	15,821	62,909	555	273,737	19,731	4,792
September.....	224,632	62,299	125,968	.....	1,798	33,888	678	218,465	4,105	2,062
October.....	711,870	276,264	382,700	.....	2,752	49,752	403	682,732	14,010	15,128
November.....	275,341	40,157	205,195	.....	2,922	26,864	202	250,990	13,199	11,152
December.....	1,388,815	349,443	824,541	.....	1,371	212,757	704	1,347,577	37,172	4,066
<i>1941</i>										
January.....	1,149,994	198,701	892,639	.....	20,329	36,857	1,468	1,141,695	2,300	5,999
February.....	342,587	38,512	226,503	.....	39,145	38,276	151	335,322	6,577	687
March.....	1,106,608	123,497	837,972	103,616	5,100	34,773	1,650	1,068,909	33,434	4,266
April.....	950,011	70,040	807,887	8,000	100	63,468	515	935,485	10,370	4,156
May.....	1,411,167	156,908	1,187,460	250	8,857	55,236	2,456	1,389,433	17,677	4,057
June.....	640,275	91,704	450,887	36,814	14,301	46,219	350	624,238	11,600	4,437

¹ Reported as offered in the financial press or in records of the Commission. Data exclude issues having maturities of less than 1 year; issues with gross proceeds of \$100,000 or less; offerings which do not appear in the financial press (largely those sold through continuous offering, such as securities of open-end investment companies); and inter-corporate transactions. Revised figures through fiscal year ended June 1940. All figures subject to revision as new data are received.

² Rounding off figures has resulted in slight differences between the totals in the table and the actual sum of the components.

³ Gross proceeds derived by multiplying principal amounts or numbers of units by offering prices, except for municipal issues where principal amount was used.

⁴ Includes offerings by the United States Government and agencies, and by United States insular and territorial possessions; by States, municipalities, and other govern-

mental subdivisions; by common carriers; by banks; and by charitable, religious, educational, and other non-profit institutions.

⁵ Issues placed privately consist primarily of corporate securities, the amounts of non-corporate issues included in the above total being as follows, by fiscal years: 1935, \$80,568,000; 1936, none; 1937, \$4,500,000; 1938, \$3,250,000; 1939, \$52,351,000; 1940, \$34,873,000; and 1941, \$10,800,000.

⁶ Includes issues sold directly to ultimate investors by competitive bidding in the following amounts, by fiscal years: 1935, \$2,906,000; 1936, \$23,917,000; 1937, \$87,935,000; 1938, \$21,560,000; 1939, \$39,268,000; 1940, \$50,523,000; and 1941, \$97,366,000.

⁷ Securities for which registration under the Securities Act of 1933 would be required if they were publicly offered.

TABLE 8, PART 2.—New issues of securities offered for cash in the United States ^{1 2}[Estimated gross proceeds in thousands of dollars] ³

Year and month	By types of issuers									
	Corporate ⁴					Noncorporate ⁴				
	Total	Public utility	Industrial	Rail	Other	Total	United States Government and Agency ⁵	State and municipal ⁶	Foreign government ⁷	Educational, religious, and other non-profit
Total, July 1934 to June 1935.....	1,162,920	377,605	328,948	137,404	318,963	2,598,682	1,572,410	1,020,326	4,978	968
Total, July 1935 to June 1936.....	4,499,849	2,008,143	1,340,552	659,857	491,298	6,758,350	5,354,660	1,248,675	130,538	24,477
Total, July 1936 to June 1937.....	3,730,807	1,637,526	1,203,865	501,036	388,380	3,870,700	2,589,372	1,060,212	163,239	57,877
Total, July 1937 to June 1938.....	1,440,532	577,281	659,730	41,428	162,093	2,083,411	1,206,754	863,794	3,250	9,613
Total, July 1938 to June 1939.....	2,522,270	1,365,540	954,950	106,351	95,428	4,308,357	2,904,127	1,322,048	66,797	15,385
Total, July 1939 to June 1940.....	2,369,426	1,108,325	691,039	297,935	272,127	3,142,315	2,140,357	952,491	27,939	21,527
Total, July 1940 to June 1941.....	2,991,037	1,517,339	963,291	375,026	130,381	6,855,563	5,529,808	1,294,579	4,120	27,055
<i>1940</i>										
July.....	277,912	130,098	116,441	16,070	15,303	1,069,129	986,116	81,308	-----	1,704
August.....	173,158	43,965	87,442	40,196	1,555	125,102	49,411	75,519	-----	172
September.....	108,304	59,561	36,502	11,241	1,000	116,328	43,242	72,593	-----	492
October.....	373,276	216,782	107,628	46,857	2,009	338,594	160,601	177,142	-----	851
November.....	148,429	17,970	38,143	27,904	64,411	126,912	46,321	77,507	-----	3,084
December.....	577,913	370,043	175,967	12,210	19,694	810,902	607,425	202,531	-----	946
<i>1941</i>										
January.....	270,104	124,589	111,325	32,228	1,961	879,890	813,755	63,635	-----	2,500
February.....	150,583	38,237	20,385	72,141	19,819	192,004	115,572	64,920	-----	11,512
March.....	267,637	186,062	72,654	8,221	700	838,971	652,654	179,637	-----	2,560
April.....	144,786	71,490	67,533	2,037	3,725	805,225	701,716	101,825	-----	1,685
May.....	264,890	146,821	70,904	46,960	205	1,146,277	1,032,163	113,289	-----	825
June.....	234,046	111,719	63,367	58,959	-----	406,229	320,832	84,673	-----	724

¹ See footnote 1 of table 8, part 1.² See footnote 2 of table 8, part 1.³ See footnote 3 of table 8, part 1.⁴ Corporate plus noncorporate issues, shown in table 8, part 2, are equal to grand total of issues shown in table 8, part 1.⁵ Includes only issues sold to the public; excludes "Special Series" issues and interagency sales.⁶ Source: Commercial and Financial Chronicle (includes security offerings of United States possessions).⁷ Excludes portions of issues offered abroad.

TABLE 9, PART 1.—*New issues of securities offered for cash in the United States*¹—*Proposed uses of net proceeds from sale of corporate securities—By major industrial groups of issuers*

TOTAL CORPORATE

[Amounts in thousands of dollars]

Year and month	Total estimated gross proceeds	Total estimated net proceeds	New money			Repayment of indebtedness and retirement of preferred stock				All other purposes ²
			Total ³	Plant and equipment ⁴	Working capital	Total	Funded debt	Other debt	Preferred stock	
Total, July 1934 to June 1935	1,162,920	1,137,226	112,067	55,795	56,272	993,981	893,655	99,661	665	31,178
Total, July 1935 to June 1936	4,499,849	4,369,879	454,095	200,586	193,509	3,891,171	3,421,168	253,312	216,691	24,613
Total, July 1936 to June 1937	3,730,807	3,614,525	1,198,207	561,910	636,297	2,352,271	2,006,536	91,786	253,949	64,047
Total, July 1937 to June 1938	1,440,532	1,406,646	746,300	412,191	334,109	655,053	484,854	152,747	17,452	5,293
Total, July 1938 to June 1939	2,522,270	2,468,180	642,503	379,370	263,133	1,811,716	1,510,653	174,461	126,602	13,961
Total, July 1939 to June 1940	2,369,426	2,314,730	295,100	184,099	111,001	1,993,087	1,740,010	182,657	70,420	26,543
Total, July 1940 to June 1941	2,991,037	2,931,171	767,989	599,693	168,296	2,132,152	1,914,420	80,310	137,421	31,030
<i>1940</i>										
July	277,913	271,525	54,576	48,371	6,205	214,586	209,440	2,912	2,234	2,363
August	173,158	169,244	47,986	31,967	16,019	119,403	100,966	16,324	2,113	1,855
September	108,304	105,743	43,329	34,729	8,600	61,726	55,453	4,734	1,539	688
October	373,276	365,612	45,032	38,876	6,156	318,490	311,813	2,037	4,640	2,090
November	148,429	145,355	65,438	24,875	40,563	79,165	58,903	5,761	14,501	752
December	577,913	567,326	193,389	158,249	35,140	372,936	317,502	5,893	49,541	1,001
<i>1941</i>										
January	270,104	264,732	47,839	43,488	4,351	215,055	183,658	6,286	25,711	1,238
February	150,583	148,114	29,473	24,913	4,560	103,416	101,023	125	2,268	15,225
March	267,637	263,251	67,228	55,206	12,022	193,892	170,727	14,768	8,397	2,131
April	144,786	142,317	27,113	18,263	8,850	113,114	90,445	1,732	20,937	2,090
May	264,890	258,560	66,304	51,139	15,165	192,073	187,825	4,052	196	1,813
June	234,046	229,392	80,282	69,617	10,665	147,696	126,665	15,686	5,344	1,414

See footnotes end of table.

TABLE 9, PART 2.—*New issues of securities offered for cash in the United States*¹—*Proposed uses of net proceeds from sale of corporate securities*—*By major industrial groups of issuers*

PUBLIC UTILITY

[Amounts in thousands of dollars]

Year and month	Total estimated gross proceeds	Total estimated net proceeds ²	New money			Repayment of indebtedness and retirement of preferred stock				All other purposes ³
			Total ⁴	Plant and equipment ⁴	Working capital	Total	Funded debt	Other debt	Preferred stock	
Total, July 1934 to June 1935	377,605	366,631	10,351	4,673	5,678	348,489	316,537	31,952	-----	7,791
Total, July 1935 to June 1936	2,008,143	1,955,387	63,863	43,300	20,563	1,888,828	1,786,965	33,169	68,694	2,696
Total, July 1936 to June 1937	1,637,526	1,595,666	73,207	64,923	8,284	1,508,983	1,388,098	12,342	108,543	13,476
Total, July 1937 to June 1938	577,281	563,894	151,898	114,885	37,013	410,704	327,027	83,219	-----	1,292
Total, July 1938 to June 1939	1,365,640	1,337,126	86,882	77,017	9,865	1,249,107	1,105,117	47,579	96,411	1,137
Total, July 1939 to June 1940	1,108,325	1,086,454	65,275	54,556	10,719	1,012,482	939,338	35,738	37,406	8,697
Total, July 1940 to June 1941	1,617,337	1,491,710	300,926	275,137	25,789	1,187,000	1,124,307	12,772	49,922	3,782
<i>1940</i>										
July	130,098	127,272	26,970	25,167	1,803	100,299	99,502	499	298	3
August	43,965	43,025	15,668	15,646	22	26,333	25,659	674	-----	1,024
September	59,561	58,487	10,702	9,760	942	47,276	46,860	-----	416	509
October	216,782	212,541	9,390	7,756	1,634	202,251	197,217	650	4,384	900
November	17,970	17,555	7,85	700	85	16,767	12,390	1,201	3,176	3
December	370,043	364,741	143,508	134,961	8,547	220,918	209,912	2,097	8,909	315
<i>1941</i>										
January	124,589	122,298	15,007	14,453	554	107,291	105,110	1,700	481	-----
February	38,237	37,367	929	720	209	36,178	33,828	82	2,268	260
March	186,062	183,916	46,259	41,054	5,205	137,249	131,338	842	5,069	408
April	71,490	70,541	10,903	14,800	2,043	53,625	33,113	493	20,019	13
May	146,821	144,209	5,965	3,270	2,695	138,244	137,644	600	-----	-----
June	111,719	109,756	8,840	6,790	2,050	100,569	91,734	3,934	4,902	347

See footnotes end of table.

TABLE 9, PART 3.—*New issues of securities offered for cash in the United States¹—Proposed uses of net proceeds from sale of corporate securities—By major industrial groups of issuers*

INDUSTRIAL

[Amounts in thousands of dollars]

Year and month	Total estimated gross proceeds	Total estimated net proceeds ²	New money			Repayment of indebtedness and retirement of preferred stock				All other purposes ³
			Total ³	Plant and equipment ⁴	Working capital	Total	Funded debt	Other debt	Preferred stock	
Total, July 1934 to June 1935.....	328,948	321,656	49,900	19,500	30,400	251,652	239,139	11,848	665	20,104
Total, July 1935 to June 1936.....	1,340,552	1,295,398	191,242	96,764	94,478	1,092,997	809,427	151,178	132,392	11,159
Total, July 1936 to June 1937.....	1,203,865	1,150,608	602,827	239,994	362,833	507,499	334,333	57,772	115,394	40,282
Total, July 1937 to June 1938.....	659,730	642,079	461,609	268,473	193,136	177,227	114,241	45,993	16,993	3,243
Total, July 1938 to June 1939.....	954,950	933,170	444,029	253,524	190,505	478,368	328,521	126,882	22,965	10,773
Total, July 1939 to June 1940.....	691,039	666,063	118,932	50,408	68,524	532,202	455,254	44,203	32,745	14,929
Total, July 1940 to June 1941.....	908,291	942,092	171,395	87,503	83,891	761,087	631,392	49,052	80,644	9,611
<i>1940</i>										
July.....	116,440	113,578	11,899	7,994	3,905	99,820	95,471	2,413	1,936	1,859
August.....	87,442	85,241	17,410	2,405	15,005	67,576	63,964	1,500	2,112	255
September.....	36,502	35,070	21,941	15,276	6,665	12,950	7,093	4,734	1,123	179
October.....	107,628	105,122	18,757	15,533	3,224	85,195	84,073	998	154	1,170
November.....	38,143	36,677	3,670	1,911	1,759	32,734	24,519	671	7,544	273
December.....	175,987	171,359	25,792	10,918	14,874	144,881	100,453	3,796	40,632	686
<i>1941</i>										
January.....	111,326	108,405	5,713	1,916	3,797	102,556	72,740	4,586	25,230	136
February.....	20,385	19,672	6,777	3,149	3,628	12,893	12,849	44	-----	2
March.....	72,654	70,545	17,241	11,030	6,211	51,584	37,330	13,926	328	1,723
April.....	67,533	66,208	7,325	3,403	3,921	56,806	54,650	1,239	918	2,077
May.....	70,904	68,766	14,755	2,468	12,287	53,828	50,181	3,452	195	183
June.....	63,367	61,446	20,115	11,500	8,615	40,264	28,069	11,753	442	1,068

See footnotes end of table.

TABLE 9, PART 4.—*New issues of securities offered for cash in the United States*¹—*Proposed uses of net proceeds from sale of corporate securities—By major industrial groups of issuers*

RAIL

[Amounts in thousands of dollars]

Year and month	Total estimated gross proceeds	Total estimated net proceeds ²	New money			Repayment of indebtedness and retirement of preferred stock				All other purposes ³
			Total ¹	Plant and equipment ⁴	Working capital	Total	Funded debt	Other debt	Preferred stock	
Total, July 1934 to June 1935.....	137,404	133,871	31,540	31,323	217	101,186	63,429	37,757	-----	1,145
Total, July 1935 to June 1936.....	659,857	637,588	122,603	120,522	2,080	514,985	452,072	62,913	-----	-----
Total, July 1936 to June 1937.....	501,036	489,861	265,753	256,654	9,099	224,108	203,891	16,479	3,738	-----
Total, July 1937 to June 1938.....	41,428	40,815	29,328	28,827	501	11,487	11,487	-----	-----	-----
Total, July 1938 to June 1939.....	106,351	104,352	48,778	48,778	-----	55,574	55,574	-----	-----	-----
Total, July 1939 to June 1940.....	297,935	293,481	80,585	79,136	1,450	212,896	212,684	212	-----	-----
Total, July 1940 to June 1941.....	375,024	368,981	236,711	236,711	-----	131,980	110,941	18,039	3,000	289
<i>1940</i>										
July.....	16,070	15,472	15,210	15,210	-----	-----	-----	-----	-----	262
August.....	40,196	39,436	13,915	13,915	-----	25,494	11,344	14,150	-----	27
September.....	11,241	11,192	9,692	9,692	-----	1,500	1,500	-----	-----	-----
October.....	46,857	46,110	15,587	15,587	-----	30,523	30,523	-----	-----	-----
November.....	27,904	27,455	22,264	22,264	-----	5,191	1,302	3,889	-----	-----
December.....	12,210	12,027	12,027	12,027	-----	-----	-----	-----	-----	-----
<i>1941</i>										
January.....	32,228	32,120	27,120	27,120	-----	5,000	5,000	-----	-----	-----
February.....	72,141	71,461	21,045	21,045	-----	50,416	50,416	-----	-----	-----
March.....	8,221	8,122	3,122	3,122	-----	5,000	2,000	-----	3,000	-----
April.....	2,037	1,994	-----	-----	-----	1,994	1,994	-----	-----	-----
May.....	46,960	45,401	45,401	45,401	-----	-----	-----	-----	-----	-----
June.....	58,959	58,191	51,328	51,328	-----	6,862	6,862	-----	-----	-----

See footnotes end of table.

TABLE 9, PART 5. — *New issues of securities offered for cash in the United States* ¹—*Proposed uses of net proceeds from sale of corporate securities — By major industrial groups of issuers*

OTHER

[Amounts in thousands of dollars]

Year and month	Total estimated gross proceeds	Total estimated net ² proceeds	New money			Repayment of indebtedness and retirement of preferred stock				All other purposes ³
			Total ²	Plant and equipment ⁴	Working capital	Total	Funded debt	Other debt	Preferred stock	
Total, July 1934 to June 1935.....	318,963	315,068	20,276	300	19,976	292,655	274,550	18,105		2,137
Total, July 1935 to June 1936.....	491,298	481,506	76,387		76,387	394,361	372,704	6,052	15,605	10,758
Total, July 1936 to June 1937.....	388,380	378,389	256,419	338	256,081	111,680	80,214	5,191	26,275	10,290
Total, July 1937 to June 1938.....	162,093	159,859	103,466	6	103,460	55,634	32,099	23,535		759
Total, July 1938 to June 1939.....	95,428	93,532	62,813	50	62,763	28,668	21,442		7,226	2,051
Total, July 1939 to June 1940.....	272,127	268,732	30,308		30,308	235,507	132,734	102,504	269	2,917
Total, July 1940 to June 1941.....	130,382	128,388	58,959	343	58,616	52,081	47,778	450	3,853	17,348
<i>1940</i>										
July.....	15,303	15,202	497		497	14,467	14,467			238
August.....	1,555	1,543	993		993					550
September.....	1,000	993	993		993					
October.....	2,009	1,838	1,298		1,298	521		450	71	19
November.....	64,411	63,668	38,719		38,719	24,473	20,691		3,782	476
December.....	19,694	19,197	12,061	343	11,718	7,136	7,136			
<i>1941</i>										
January.....	1,961	1,909				807	807			1,102
February.....	19,819	19,614	723		723	3,929	3,929			14,962
March.....	700	665	606		606	59	59			
April.....	3,725	3,575	2,886		2,886	689	689			
May.....	205	184	183		183					1
June.....										

¹ See footnotes to table 8, part 1.

² Total estimated net proceeds are equal to total estimated gross proceeds less cost of flotation, i. e., compensation to underwriters, agents, etc., and expenses.

³ Excludes the category "Other new money purposes" used in statistics of effective registrations under the Securities Act of 1933. The relatively small amounts involved are included under "All other purposes."

⁴ Includes the category "Reimbursement of corporate treasuries for capital expenditures" used in statistics of effective registrations under Securities Act of 1933.

⁵ Includes the category "Purchase of securities" used in statistics of effective registrations under the Securities Act of 1933. Because of the practical exclusion of investment companies from the statistics of new issues, the amounts involved are small.

TABLE 10.—*Ordinary transactions in stocks registered on all national securities exchanges reported by officers, directors, and principal stockholders under Section 16 (a) of the Securities Exchange Act of 1934—Monthly averages for the years 1936-40; monthly from July 1939 to June 1941*

Year or month ¹	Number of transactions			Number of shares (in thousands)								
	Purchases	Sales	Total	Purchases			Sales			Balances		
				All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more	All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more	All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more
1936 monthly average	1,124	1,343	2,467	1,407	356	1,051	1,870	633	1,237	-463	-277	-186
1937 monthly average	1,247	1,295	2,542	989	374	615	1,823	657	1,166	-834	-283	-551
1938 monthly average	765	956	1,721	787	292	495	1,005	411	594	-218	-119	-99
1939 monthly average	882	629	1,511	650	240	410	500	260	240	+150	-20	+170
1940 monthly average	875	610	1,485	399	271	128	580	249	331	-181	+22	-203
1939												
July	709	576	1,285	503	215	288	475	208	267	+28	+7	+21
August	868	402	1,270	221	198	23	164	122	42	+57	+76	-19
September	980	1,189	2,169	950	262	688	1,536	683	853	-586	-421	-165
October	861	815	1,676	204	183	21	373	350	23	-169	-167	-2
November	870	660	1,530	300	220	80	373	259	114	-73	-39	-34
December	1,218	899	2,117	521	377	144	516	347	169	+5	+30	-25
1940												
January	886	664	1,550	288	228	60	803	232	571	-515	-4	-511
February	826	545	1,371	283	271	12	325	255	70	-42	+16	-58
March	839	570	1,409	375	266	109	646	191	455	-271	+75	-346
April	889	942	1,831	307	252	55	684	418	266	-377	-166	-211
May	1,776	766	2,542	731	529	202	446	366	80	+285	+163	+122
June	799	524	1,323	619	244	375	410	198	212	+209	+46	+163
July	666	399	1,065	241	211	30	747	163	584	-506	+48	-554
August	557	294	851	205	180	25	363	74	289	-158	+106	-264
September	636	471	1,107	222	192	30	398	197	201	-176	-5	-171
October	747	536	1,283	303	220	83	256	168	88	+47	+52	-5
November	735	647	1,382	260	210	50	788	242	546	-528	-32	-496
December	1,144	960	2,104	961	451	510	1,096	481	615	-135	-30	-105

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1941													
January.....	963	488	1,451	882	318	564	547	139	408	+335	+179	+156	
February.....	882	320	1,202	650	269	381	385	120	265	+265	+149	+116	
March.....	767	390	1,157	394	226	168	226	156	70	+168	+70	+98	
April.....	840	358	1,198	397	215	182	439	140	299	-42	+75	-117	
May.....	787	400	1,187	544	231	313	444	162	282	+100	+69	+31	
June.....	663	518	1,181	597	216	381	221	162	59	+376	+54	+322	

¹ Beginning July 1938, in addition to the types of transactions previously classified as "special", the following types have also been excluded from "ordinary" transactions: acquisitions through exercise of rights, warrants, and options; transactions in securities arising from part or full payment of debt previously contracted; transfers under trust agreements; and transactions between family members and affiliated persons.

Data pertaining to periods prior to May 31, 1938, computed on basis of reports received up to July 31, 1938; data pertaining to periods between June 1, 1938, and April

30, 1939, computed on basis of reports received up to May 30, 1939; data pertaining to period after May 1, 1939, computed on the basis of reports received within the calendar month following each month reported. For descriptions of the methods of computation coverage, and limitation of data see "Selected Statistics on Securities and on Exchange Markets," pp. 83 ff.

Note.—For back figures, see Sixth Annual Report, table 10, p. 267.

TABLE 11.—*Ordinary transactions in stocks listed on the New York Stock Exchange reported by officers, directors, and principal stockholders under Section 16 (a) of the Securities Exchange Act of 1934—Monthly averages for the years 1936–40; monthly from July 1939 to June 1941*

Year or month ¹	Number of transactions			Number of shares (in thousands)								
	Purchases	Sales	Total	Purchases			Sales			Balances		
				All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more	All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more	All trans- actions	Transac- tions under 10,000 shares	Transac- tions of 10,000 shares or more
1936 monthly average	538	658	1,196	370	162	208	559	282	277	-189	-120	-69
1937 monthly average	533	691	1,224	309	165	144	631	265	366	-322	-100	-222
1938 monthly average	258	546	804	155	69	86	375	236	139	-220	-167	-53
1939 monthly average	340	321	661	125	89	36	178	131	47	-53	-42	-11
1940 monthly average	383	336	719	166	137	29	208	129	79	-42	+8	-50
1939												
July	268	300	568	159	89	70	155	94	61	+4	-5	+9
August	328	180	508	81	81	0	93	65	28	-12	+16	-28
September	358	739	1,097	86	86	0	546	427	119	-460	-341	-119
October	271	419	690	56	56	0	170	170	0	-114	-114	+0
November	287	288	575	52	52	0	102	102	0	-50	-50	+0
December	454	491	945	142	142	0	309	221	88	-167	-79	-88
1940												
January	410	330	740	160	115	45	310	128	182	-150	-13	-137
February	307	270	577	138	138	0	192	122	70	-54	+16	-70
March	335	295	630	79	66	13	227	101	126	-148	-35	-113
April	287	517	804	79	63	16	230	103	127	-151	-40	-111
May	827	450	1,277	367	305	62	266	250	16	+101	+65	+46
June	374	317	691	206	149	57	314	101	13	+92	+48	+44
July	280	219	499	127	127	0	193	76	117	-66	+61	-117
August	254	126	380	96	96	0	188	33	165	-102	+63	-165
September	291	271	562	98	98	0	90	90	0	+8	+8	0
October	343	267	610	115	115	0	85	85	0	+30	+30	0
November	348	402	750	116	116	0	176	146	30	-60	-30	-30
December	542	573	1,115	405	255	150	411	308	103	-6	-53	+47

	1941											
January.....	478	262	740	242	185	57	236	78	158	+6	+107	-101
February.....	398	155	553	376	126	250	287	66	221	+89	+60	+29
March.....	329	217	546	168	84	84	128	58	70	+40	+26	+14
April.....	369	213	582	107	73	34	83	63	20	+24	+10	+14
May.....	281	205	486	73	73	0	84	74	10	-11	-1	-10
June.....	307	312	619	142	105	37	142	97	45	0	+8	-8

¹ Beginning July 1938, in addition to the types of transactions previously classified as "special," the following types have also been excluded from "ordinary" transactions: acquisitions through exercise of rights, warrants, and options; transactions in securities arising from part or full payment of debt previously contracted; transfer under trust agreements; and transfer between family members and affiliated persons. Data pertaining to periods prior to May 31, 1938, computed on basis of reports received up to

July 31, 1938; data pertaining to periods between June 1, 1938, and April 30, 1939, computed on basis of reports received up to May 30, 1939; data pertaining to period after May 1, 1939, computed on the basis of reports received within the calendar month following each month reported. For descriptions of the methods of computation, coverage and limitation of data see "Selected Statistics on Securities and on Exchange Markets," pp. 83 ff.

NOTE.—For back figures see Sixth Annual Report, table 11, p. 268.

TABLE 12.—*Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934—Effective registrations, classified by type of organization*¹—*Annually for the years 1935–1940; monthly from January 1939 to June 1941*

End of—	Total	Sole proprietorships	Partnerships	Corporations	Other
1935 ²	5,326	2,048	1,537	1,732	9
1936.....	6,372	2,640	1,634	2,086	12
1937.....	6,882	3,049	1,671	2,151	11
1938.....	6,815	3,160	1,586	2,062	7
1939.....	6,679	3,219	1,517	1,935	8
1940.....	6,417	3,170	1,437	1,802	8
1939					
January.....	6,772	3,148	1,579	2,038	7
February.....	6,756	3,158	1,565	2,026	7
March.....	6,779	3,187	1,564	2,021	7
April.....	6,801	3,217	1,551	2,026	7
May.....	6,815	3,242	1,545	2,021	7
June.....	6,796	3,247	1,532	2,010	7
July.....	6,783	3,247	1,529	1,993	7
August.....	6,756	3,254	1,521	1,972	7
September.....	6,752	3,254	1,522	1,969	7
October.....	6,750	3,258	1,519	1,966	7
November.....	6,701	3,228	1,523	1,942	8
December.....	6,679	3,219	1,517	1,935	8
1940					
January.....	6,629	3,192	1,505	1,924	8
February.....	6,633	3,206	1,496	1,923	8
March.....	6,638	3,221	1,496	1,913	8
April.....	6,618	3,224	1,491	1,896	7
May.....	6,609	3,234	1,484	1,885	6
June.....	6,602	3,238	1,478	1,880	6
July.....	6,561	3,215	1,470	1,870	6
August.....	6,586	3,229	1,475	1,875	7
September.....	6,511	3,210	1,453	1,840	8
October.....	6,472	3,197	1,448	1,819	8
November.....	6,460	3,193	1,446	1,813	8
December.....	6,417	3,170	1,437	1,802	8
1941					
January.....	6,389	3,157	1,437	1,787	8
February.....	6,325	3,132	1,422	1,763	8
March.....	6,293	3,112	1,427	1,746	8
April.....	6,265	3,095	1,422	1,740	8
May.....	6,199	3,058	1,408	1,725	8
June.....	6,133	3,020	1,397	1,708	8

¹ Includes domestic and foreign registrants.

² January 2, 1936.

TABLE 13.—*Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934—Monthly changes in effective registrations during the fiscal year ended June 30, 1941, classified by type of organization*¹

Month	Total			Sole proprietorships			Partnerships			Corporations ²		
	Added	Canceled	Net change	Added	Canceled	Net change	Added	Canceled	Net change	Added	Canceled	Net change
1940												
July.....	46	87	-41	22	45	-23	13	21	-8	11	21	-10
August.....	49	24	+25	25	11	+14	13	8	+5	11	5	+6
September.....	48	123	-75	29	48	-19	14	36	-22	5	39	-34
October.....	52	91	-39	22	35	-13	21	26	-5	9	30	-21
November.....	45	57	-12	28	32	-4	11	13	-2	6	12	-6
December.....	38	81	-43	24	47	-23	6	15	-9	8	19	-11
1941												
January.....	73	101	-28	38	51	-13	25	25	0	10	25	-15
February.....	82	146	-64	31	56	-25	40	55	-15	11	35	-24
March.....	59	91	-32	24	44	-20	25	20	+5	10	27	-17
April.....	57	85	-28	29	46	-17	19	24	-5	9	15	-6
May.....	67	133	-66	23	60	-37	28	42	-14	16	31	-15
June.....	47	113	-66	23	61	-38	17	28	-11	7	24	-17
	663	1,132	-469	318	536	-218	232	313	-81	113	283	-170

¹ Includes domestic and foreign registrants.

² Includes corporations and other forms of organization (except sole proprietorships and partnerships).

NOTE.—For back figures see Sixth Annual Report, p. 269, table 13.

TABLE 14.—*Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934*¹—*Effective registrations as of June 30, 1941, classified by type of organization and by location of principal office*

Location of principal office	Total								Sole proprietorships				Partnerships				Corporations ²			
	Number of registrants	Number of proprietors, partners, officers, etc. ³	Number of employees	Number of branch offices					Number of registrants	Number of proprietors ³	Number of employees	Number of branch offices, total	Number of registrants	Number of partners, etc. ³	Number of employees	Number of branch offices, total	Number of registrants	Number of officers, directors, etc. ³	Number of employees	Number of branch offices, total
				Total	Located in—															
					Home city	Home State	Other parts of continental U. S.	Abroad												
Alabama.....	25	56	79	5	0	5	0	0	11	11	17	1	5	16	26	4	9	29	36	0
Arizona.....	7	12	10	0	0	0	0	0	4	4	2	0	2	5	8	0	1	3	0	0
Arkansas.....	24	58	63	2	0	1	1	0	13	13	14	0	3	8	13	1	8	37	36	1
California.....	284	947	3,929	218	10	176	31	1	99	99	190	8	80	274	1,515	75	105	574	2,224	135
Colorado.....	98	227	333	7	0	4	3	0	56	56	65	1	8	24	77	4	34	147	191	2
Connecticut.....	60	187	674	22	0	19	3	0	20	20	71	2	18	59	300	7	22	108	303	13
Delaware.....	13	52	257	11	1	1	9	0	5	5	1	0	2	20	239	6	6	27	17	5
District of Columbia.....	113	298	836	8	0	1	7	0	62	62	87	1	12	49	250	4	39	187	499	3
Florida.....	49	112	131	12	0	11	1	0	24	24	38	1	3	8	2	0	22	80	91	11
Georgia.....	42	90	231	18	0	8	10	0	25	25	33	2	5	12	108	11	12	53	90	5
Idaho.....	14	32	39	2	0	2	0	0	6	6	6	0	2	4	5	0	6	22	28	2
Illinois.....	362	1,187	4,590	180	5	43	132	0	122	122	212	11	77	256	1,739	94	163	809	2,639	75
Indiana.....	92	216	384	2	0	2	0	0	45	45	184	1	10	20	37	0	37	151	163	1
Iowa.....	53	158	304	16	0	12	4	0	17	17	51	1	6	15	18	1	30	126	235	14
Kansas.....	67	154	179	11	0	5	6	0	47	47	29	1	5	11	25	1	15	96	125	9
Kentucky.....	18	64	166	3	0	2	1	0	6	6	12	0	4	26	95	3	8	32	56	0
Louisiana.....	72	169	261	15	0	1	14	0	37	37	57	1	18	55	118	11	17	77	86	3
Maine.....	39	96	135	1	0	0	1	0	17	17	44	0	1	4	17	0	21	75	74	0
Maryland.....	76	168	660	21	3	5	13	0	44	44	32	0	21	76	545	15	11	48	83	6
Massachusetts.....	283	852	4,370	130	5	33	92	0	147	147	398	8	53	242	2,474	79	83	463	1,498	43
Michigan.....	87	310	941	34	1	27	6	0	18	18	98	1	24	85	411	13	45	207	432	20
Minnesota.....	70	271	3,242	23	1	12	10	0	21	21	48	1	12	34	117	5	37	216	3,077	17
Mississippi.....	31	42	36	5	0	3	2	0	23	23	23	5	3	6	3	0	5	13	10	0
Missouri.....	135	465	1,274	59	1	11	46	1	40	40	58	1	34	135	555	21	61	290	661	37
Montana.....	15	33	53	1	0	0	1	0	9	9	8	1	0	0	0	0	6	24	45	0
Nebraska.....	43	102	136	4	0	4	0	0	23	23	23	1	3	6	4	0	17	73	109	3
Nevada.....	9	20	4	0	0	0	0	0	6	6	2	0	0	0	0	0	3	14	2	0
New Hampshire.....	6	11	22	0	0	0	0	0	3	3	7	0	2	4	11	0	1	4	4	0
New Jersey.....	198	415	497	37	1	12	24	0	124	124	87	8	17	39	93	9	57	252	317	20
New Mexico.....	15	17	18	0	0	0	0	0	14	14	17	0	1	3	1	0	0	0	0	0

New York (excluding New York City).....	482	750	966	21	3	14	4	0	375	375	287	5	38	108	259	8	69	267	420	8
North Carolina.....	21	70	113	6	0	3	3	0	8	8	7	0	1	2	0	0	12	60	106	6
North Dakota.....	8	16	11	0	0	0	0	0	5	5	3	0	1	2	0	0	2	9	8	0
Ohio.....	172	613	1,488	76	1	46	29	0	41	41	109	2	51	157	529	17	80	415	850	57
Oklahoma.....	202	285	635	5	0	2	3	0	175	175	148	2	6	19	9	0	21	91	478	3
Oregon.....	32	97	119	3	0	0	3	0	7	7	23	0	6	13	12	0	19	77	84	3
Pennsylvania.....	275	837	4,081	135	10	67	58	0	97	97	198	3	98	348	1,897	70	80	392	1,986	62
Rhode Island.....	40	81	201	5	0	0	5	0	21	21	43	1	12	34	99	0	7	26	59	4
South Carolina.....	33	77	78	5	0	2	3	0	13	13	14	1	6	16	15	0	14	48	49	4
South Dakota.....	8	15	10	0	0	0	0	0	5	5	6	0	1	2	0	0	2	8	4	0
Tennessee.....	62	180	404	20	0	11	9	0	27	27	21	0	10	29	70	7	25	124	313	13
Texas.....	249	452	446	29	0	20	9	0	186	186	154	4	23	53	73	4	40	213	219	21
Utah.....	30	92	159	8	0	3	5	0	14	14	10	1	5	28	112	6	11	50	37	1
Vermont.....	2	12	9	0	0	0	0	0	0	0	0	0	0	0	0	0	2	12	9	0
Virginia.....	30	85	129	5	0	2	3	0	12	12	21	1	7	28	56	0	11	45	52	4
Washington.....	141	294	521	11	1	9	1	0	88	88	102	2	12	25	18	0	41	181	401	9
West Virginia.....	12	33	38	3	0	2	1	0	6	6	7	0	4	16	27	3	2	11	4	0
Wisconsin.....	89	294	493	9	1	5	3	0	32	32	30	0	7	16	19	0	50	246	444	9
Wyoming.....	4	4	1	0	0	0	0	0	4	4	1	0	0	0	0	0	0	0	0	0
Total (excluding New York City).....	4,292	11,108	33,756	1,188	44	586	556	2	2,204	2,204	3,098	80	719	2,392	12,001	479	1,369	6,512	18,657	629
New York City.....	1,790	5,067	29,141	861	97	586	636	33	791	791	834	22	670	2,824	24,367	657	329	1,452	3,940	182
Total, including New York City.....	6,082	16,175	62,897	2,049	141	681	1,192	35	2,995	2,995	3,932	102	1,389	5,216	36,368	1,136	1,698	7,964	22,597	811

1 Domestic registrants only.

2 Includes corporations and other forms of organization (except sole proprietorships and partnerships).

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

NOTE.—For similar data relating to previous periods, see Sixth Annual Report, table 14, pp. 270-271.

New Jersey.....	99	119	66	167	144	24	90	154	6	20	73	2	12	65	1	7	61	0	0	0
New Mexico.....	8	8	6	8	7	0	0	0	1	1	11	0	0	0	0	0	0	0	0	0
New York (excl. N. Y. C.).....	263	291	169	282	335	29	74	182	13	56	181	7	36	203	1	11	65	0	0	0
North Carolina.....	4	7	12	27	23	2	6	13	1	5	10	2	25	67	0	0	0	0	0	0
North Dakota.....	4	5	3	5	6	1	6	5	0	0	0	0	0	0	0	0	0	0	0	0
Ohio.....	17	55	70	176	163	44	154	279	20	98	261	16	98	454	4	28	229	1	4	102
Oklahoma.....	114	127	79	119	133	4	12	26	3	12	43	1	1	27	0	0	0	1	14	406
Oregon.....	3	8	17	45	38	9	31	51	3	13	30	0	0	0	0	0	0	0	0	0
Pennsylvania.....	40	54	102	238	198	49	132	332	34	135	469	35	173	1,033	11	73	770	4	32	1,279
Rhode Island.....	5	11	24	39	50	7	17	49	2	5	30	1	4	21	1	5	51	0	0	0
South Carolina.....	10	20	20	42	43	2	9	10	0	0	0	1	6	25	0	0	0	0	0	0
South Dakota.....	3	4	5	11	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee.....	20	25	23	51	51	9	33	53	5	23	62	3	19	84	2	29	154	0	0	0
Texas.....	128	156	96	177	173	14	46	93	8	55	110	3	18	70	0	0	0	0	0	0
Utah.....	8	8	17	49	33	3	14	24	0	0	0	1	17	28	1	4	74	0	0	0
Vermont.....	0	0	1	4	1	1	8	8	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	4	10	19	40	41	3	12	19	3	17	44	1	6	25	0	0	0	0	0	0
Washington.....	43	47	75	143	146	14	56	92	7	34	97	0	0	0	1	10	65	1	4	121
West Virginia.....	1	1	9	23	16	1	4	6	1	5	16	0	0	0	0	0	0	0	0	0
Wisconsin.....	16	24	49	126	94	13	56	88	5	33	66	4	26	121	2	29	124	0	0	0
Wyoming.....	3	3	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total, excluding New York City.....	1,262	1,692	1,838	3,908	3,738	544	1,849	3,573	307	1,289	4,051	241	1,405	7,218	66	534	4,469	34	431	10,707
New York City.....	599	850	665	1,380	1,306	166	525	1,089	117	451	1,623	116	640	3,633	63	443	4,353	64	778	17,137
Total, including New York City.....	1,861	2,542	2,503	5,288	5,044	710	2,374	4,662	424	1,740	5,674	357	2,045	10,851	129	977	8,822	98	1,209	27,844

¹ Domestic registrants only.

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

NOTE.—For similar data relating to previous periods, see Sixth Annual Report, table, 15, pp. 272-3.

TABLE 16.—*Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934*¹—*Effective registrations as of June 30, 1941, classified by type of credit extension and by type of business*

Type of credit extension	Type of business	Number of registrants	Number of proprietors, partners, officers, etc. ²	Number of employees	Average number of person- nel per regis- trant ³
Total, all registrants.....	Total.....	6,082	16,175	62,897	13.0
	Dealers.....	1,009	2,366	3,984	6.3
	Brokers.....	586	1,330	5,965	12.4
	Combination ⁴	4,448	12,352	51,966	14.5
	Other ⁵	39	127	982	28.4
Registrants not extending credit to customers in any form.	Total.....	4,703	10,602	21,496	6.8
	Dealers.....	888	1,908	2,987	5.5
	Brokers.....	424	743	880	3.8
	Combination ⁴	3,360	7,859	16,750	7.3
	Other ⁵	31	92	879	31.3
Registrants carrying margin accounts for customers, but extending no other credit facilities.	Total.....	792	3,319	25,497	36.4
	Dealers.....	12	23	36	4.9
	Brokers.....	124	450	3,549	32.3
	Combination ⁴	655	2,844	21,911	37.8
	Other ⁵	1	2	1	3.0
Registrants selling securities to customers on partial payment contracts, but extending no other credit facilities.	Total.....	209	579	1,732	11.1
	Dealers.....	63	200	287	7.7
	Brokers.....	15	27	74	6.7
	Combination ⁴	126	330	1,295	12.9
	Other ⁵	5	22	76	19.6
Registrants extending credit facilities to customers, other than through margin accounts and through sale of securities on partial payment contracts.	Total.....	191	839	2,903	19.6
	Dealers.....	33	174	648	24.9
	Brokers.....	6	28	65	15.5
	Combination ⁴	150	626	2,169	18.6
	Other ⁵	2	11	26	18.5
Registrants carrying margin accounts for customers and selling securities on partial payment contracts, but extending no other credit facilities.	Total.....	39	110	310	10.8
	Dealers.....	2	3	1	2.0
	Brokers.....	1	1	3	4.0
	Combination ⁴	36	106	306	11.4
	Other ⁵	0	0	0	0.0
Registrants extending credit to customers in all forms, except through sale of securities on partial payment contracts.	Total.....	93	537	7,806	89.7
	Dealers.....	1	4	0	4.0
	Brokers.....	13	78	1,393	113.2
	Combination ⁴	79	455	6,413	86.9
	Other ⁵	0	0	0	0.0
Registrants extending credit to customers in all forms, except through carrying of margin accounts.	Total.....	35	139	2,971	88.9
	Dealers.....	10	54	25	7.9
	Brokers.....	2	2	1	1.5
	Combination ⁴	23	83	2,945	131.7
	Other ⁵	0	0	0	0.0
Registrants extending credit to customers in all forms.	Total.....	20	50	177	11.4
	Dealers.....	0	0	0	0.0
	Brokers.....	1	1	0	1.0
	Combination ⁴	19	49	177	11.9
	Other ⁵	0	0	0	0.0

¹ Domestic registrants only.

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

³ Number of proprietors, partners, officers, etc., plus number of employees, divided by number of registrants.

⁴ Brokers and dealers.

⁵ Registrants claiming to be neither brokers nor dealers.

NOTE.—For similar data relating to previous periods, see Sixth Annual Report, table 16, p. 274.

TABLE 17.—*Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934*¹—*Effective registrations as of June 30, 1941, of brokers and dealers engaged in or qualified to engage in the sale of fractional oil and gas royalties and other fractional or undivided interests in oil and gas rights, classified by type of organization and by location of principal office*

Location of principal office	Total			Sole proprietorships			Partnerships			Corporations ²		
	Number of registrants	Number of proprietors, partners, officers, etc. ³	Number of employes	Number of registrants	Number of proprietors ³	Number of employes	Number of registrants	Number of partners, etc. ³	Number of employes	Number of registrants	Number of officers, directors, etc. ³	Number of employes
Alabama.....	3	5	1	2	2	1	0	0	0	1	3	0
Arizona.....	1	1	0	1	1	0	0	0	0	0	0	0
Arkansas.....	3	3	0	3	3	0	0	0	0	0	0	0
California.....	47	100	190	28	28	38	3	6	65	16	66	87
Colorado.....	10	20	11	8	8	6	0	0	0	2	12	5
Connecticut.....	4	6	14	3	3	6	0	0	0	1	3	8
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0
District of Columbia.....	22	28	33	19	19	29	1	3	1	2	6	3
Florida.....	9	15	15	7	7	5	0	0	0	2	8	10
Georgia.....	2	2	0	2	2	0	0	0	0	0	0	0
Idaho.....	1	1	0	1	1	0	0	0	0	0	0	0
Illinois.....	30	48	83	24	24	15	2	8	35	4	16	33
Indiana.....	6	8	3	5	5	0	0	0	0	1	3	3
Iowa.....	1	1	0	1	1	0	0	0	0	0	0	0
Kansas.....	38	44	15	37	37	8	0	0	0	1	7	7
Kentucky.....	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana.....	16	25	18	12	12	9	1	2	1	3	11	8
Maine.....	0	0	0	0	0	0	0	0	0	0	0	0
Maryland.....	5	9	4	4	4	1	0	0	0	1	5	3
Massachusetts.....	16	19	25	14	14	22	1	2	1	1	3	2
Michigan.....	5	7	2	4	4	2	0	0	0	1	3	0
Minnesota.....	5	12	10	3	3	0	0	0	0	2	9	10
Mississippi.....	15	20	10	11	11	5	3	6	3	1	3	2
Missouri.....	11	11	3	11	11	3	0	0	0	0	0	0
Montana.....	5	8	4	4	4	2	0	0	0	1	4	2
Nebraska.....	3	3	0	3	3	0	0	0	0	0	0	0
Nevada.....	3	5	1	2	2	1	0	0	0	1	3	0
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	35	41	27	32	32	17	0	0	0	3	9	10
New Mexico.....	10	10	5	10	10	5	0	0	0	0	0	0
New York (excluding New York City).....	114	155	143	95	95	58	7	17	24	12	43	61
North Carolina.....	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota.....	4	9	5	3	3	0	0	0	0	1	6	5
Ohio.....	5	9	9	4	4	4	0	0	0	1	5	5
Oklahoma.....	190	259	607	167	167	142	5	17	8	18	75	457
Oregon.....	3	11	14	1	1	8	0	0	0	2	10	6
Pennsylvania.....	19	36	74	10	10	28	5	14	33	4	12	13
Rhode Island.....	3	3	13	3	3	13	0	0	0	0	0	0
South Carolina.....	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota.....	2	2	0	2	2	0	0	0	0	0	0	0
Tennessee.....	13	13	5	13	13	5	0	0	0	0	0	0
Texas.....	141	217	180	122	122	85	7	17	8	12	78	87
Utah.....	3	8	11	0	0	0	2	5	8	1	3	3
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	0	0	0	0	0	0	0	0	0	0	0	0
Washington.....	12	12	11	12	12	11	0	0	0	0	0	0
West Virginia.....	0	0	0	0	0	0	0	0	0	0	0	0
Wisconsin.....	1	1	0	1	1	0	0	0	0	0	0	0
Wyoming.....	1	1	0	1	1	0	0	0	0	0	0	0
Total, excluding New York City.....	817	1,188	1,546	685	685	529	37	97	187	95	406	830
New York City.....	140	238	266	99	99	101	9	22	33	32	117	132
Total, including New York City.....	957	1,426	1,812	784	784	630	46	119	220	127	523	962

¹ Domestic registrants only.

² Includes corporations and other forms of organization (except sole proprietorships and partnerships).

³ Includes directors, officers, trustees, and all other persons occupying a similar status or performing similar functions.

NOTE.—For similar data relating to previous periods, see Sixth Annual Report, table 17, p. 276.

TABLE 18.—Market value and volume of sales on all registered securities exchanges ¹—grand totals, by exchanges, for the year ended June 30, 1941

	Totals	Stocks ²		Bonds ³		Rights and warrants	
	Market value (thousands of dollars)	Market value (thousands of dollars)	Number of shares (thousands)	Market value (thousands of dollars)	Principal amount (thousands of dollars)	Market value (thousands of dollars)	Number of units (thousands)
Total all registered exchanges.....	7,204,495	5,897,410	260,457	1,303,559	2,312,275	3,526	3,864
Baltimore Stock Exchange.....	5,810	5,021	283	789	1,870		
Boston Stock Exchange.....	129,005	127,930	3,623	1,075	2,341	(⁶)	6
Chicago Board of Trade.....	18	18	15	0	0		
Chicago Stock Exchange.....	127,607	127,490	5,598	116	99	1	76
Cincinnati Stock Exchange.....	7,156	6,850	277	101	109	205	71
Cleveland Stock Exchange.....	11,639	11,512	479	0	0	127	35
Detroit Stock Exchange.....	22,525	22,524	2,296			1	(⁶)
Los Angeles Stock Exchange.....	31,047	31,044	3,207	0	0	3	21
New Orleans Stock Exchange.....	379	320	56	59	56		
New York Curb Exchange.....	656,065	429,870	31,510	224,928	266,260	1,267	1,405
New York Real Estate Securities Exchange ⁴	7	0	0	7	16		
New York Stock Exchange.....	6,079,320	5,001,700	196,076	1,075,735	2,040,310	1,885	2,207
Philadelphia Stock Exchange.....	56,704	56,703	2,730	1	1	(⁶)	3
Pittsburgh Stock Exchange.....	12,765	12,762	929	3	3		
St. Louis Stock Exchange.....	3,383	3,042	210	327	732	14	13
Salt Lake Stock Exchange.....	915	915	6,257				
San Francisco Mining Exchange.....	107	107	2,097				
San Francisco Stock Exchange.....	58,985	58,869	4,088	93	170	23	27
Standard Stock Exchange of Spokane.....	168	168	712				
Washington Stock Exchange.....	890	565	14	325	308		

¹ The rounding off of monthly figures results in some slight discrepancies between totals contained in this table and totals derived by adding the monthly figures in the succeeding tables.

² "Stocks" include voting-trust certificates, American depository receipts, and certificates of deposit for stocks.

³ "Bonds" include mortgage certificates and certificates of deposit for bonds.

⁴ Trading suspended by the exchange in all issues May 14, 1941, and the exchange closed June 16, 1941.

⁵ \$500 or less.

⁶ 500 units or less.

NOTE.—Value and volume of sales on registered securities exchanges are reported in connection with fees paid under sec. 31 of the Securities Exchange Act of 1934. For most exchanges the figures represent transactions cleared during the calendar month. Figures in this and other tables differ in some cases from comparable figures in the monthly releases due to revision of data by exchanges. For earlier data see the Sixth Annual Report of the Commission, pp. 276-283; the Fifth Annual Report, pp. 222-227; the Fourth Annual Report, pp. 166-171; the Third Annual Report, insert facing p. 156; the Second Annual Report, insert facing p. 116; and the First Annual Report, pp. 87-91.

TABLE 19.—Market value of total sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of dollars]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	402,249	387,970	567,442	706,584	991,058	831,615	760,828	494,820	502,199	549,948	503,714	506,067
Baltimore Stock Exchange.....	354	324	300	415	570	655	529	548	503	609	599	405
Boston Stock Exchange.....	8,946	8,609	10,141	12,159	16,441	14,924	11,900	9,022	9,054	9,633	9,523	8,654
Chicago Board of Trade.....	1	1	(¹)	3	(¹)	1	2	1	1	1	2	4
Chicago Stock Exchange.....	6,632	7,045	10,124	13,195	16,973	14,343	13,641	10,403	8,923	9,890	8,626	7,822
Cincinnati Stock Exchange.....	487	366	451	682	797	657	746	669	404	542	636	719
Cleveland Stock Exchange.....	508	567	864	1,198	1,909	1,491	1,259	648	696	702	518	1,279
Detroit Stock Exchange.....	1,356	1,561	2,133	2,243	3,079	2,476	2,387	1,644	1,378	1,719	1,303	1,248
Los Angeles Stock Exchange.....	2,556	1,945	2,324	2,571	3,697	3,230	3,215	2,153	2,272	2,705	2,372	2,006
New Orleans Stock Exchange.....	15	14	20	44	55	31	39	16	18	39	46	43
New York Curb Exchange.....	43,674	35,400	46,472	63,538	72,752	78,258	67,951	46,342	53,975	55,486	45,939	46,277
New York Real Estate Securities Exchange.....	0	0	4	0	0	0	0	0	3	0	0	0
New York Stock Exchange.....	329,882	324,042	485,322	598,725	858,982	700,050	644,450	412,503	414,912	457,577	424,462	428,412
Philadelphia Stock Exchange.....	3,007	3,280	4,033	5,167	6,241	6,996	5,981	4,824	4,370	5,228	4,000	3,576
Pittsburgh Stock Exchange.....	616	701	826	1,177	1,865	1,725	1,434	897	842	1,040	739	903
St. Louis Stock Exchange.....	203	207	276	278	325	450	370	243	234	261	266	269
Salt Lake Stock Exchange.....	43	46	48	61	201	96	61	76	72	76	66	66
San Francisco Mining Exchange.....	21	11	6	7	6	13	8	6	6	10	6	5
San Francisco Stock Exchange.....	3,867	3,799	3,999	5,029	7,067	6,103	6,790	4,758	4,446	4,320	4,522	4,284
Standard Stock Exchange of Spokane.....	3	5	18	10	14	8	9	19	32	14	23	14
Washington Stock Exchange.....	78	47	81	82	81	108	56	48	58	106	66	81

¹ \$500 or less.

TABLE 20.—Market value of stock sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of dollars]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges	320,803	320,811	471,541	590,735	870,129	706,105	613,053	403,250	383,266	416,582	384,360	410,776
Baltimore Stock Exchange	300	291	247	343	496	596	438	480	443	533	513	342
Boston Stock Exchange	8,785	8,425	10,050	12,074	16,383	14,538	11,820	8,985	8,897	9,589	9,475	8,610
Chicago Board of Trade	1	1	(1)	3	(1)	1	2	1	1	1	2	4
Chicago Stock Exchange	6,632	7,040	10,124	13,170	16,905	14,327	13,641	10,403	8,921	9,880	8,626	7,822
Cincinnati Stock Exchange	482	358	446	672	788	636	742	664	404	537	576	545
Cleveland Stock Exchange	508	567	772	1,163	1,009	1,491	1,259	648	696	702	518	1,279
Detroit Stock Exchange	1,356	1,561	2,133	2,242	3,079	2,476	2,387	1,644	1,378	1,719	1,303	1,248
Los Angeles Stock Exchange	2,556	1,944	2,324	2,571	3,697	3,230	3,215	2,153	2,272	2,705	2,371	2,006
New Orleans Stock Exchange	8	13	10	40	49	22	24	16	18	34	45	42
New York Curb Exchange	28,052	22,079	30,320	42,343	53,597	56,267	45,518	30,942	31,493	32,185	27,423	29,651
New York Real Estate Securities Exchange	0	0	0	0	0	0	0	0	0	0	0	0
New York Stock Exchange	264,352	270,471	405,915	504,383	763,482	596,796	519,344	336,483	318,735	347,707	323,885	350,146
Philadelphia Stock Exchange	3,007	3,280	4,033	5,167	6,241	6,995	5,981	4,824	4,370	5,228	4,000	3,576
Pittsburgh Stock Exchange	610	701	826	1,177	1,865	1,724	1,434	896	842	1,039	739	903
St. Louis Stock Exchange	188	183	250	244	290	430	344	233	204	237	244	196
Salt Lake Stock Exchange	43	46	48	61	201	96	61	76	72	76	66	66
San Francisco Mining Exchange	21	11	6	7	6	13	8	6	6	10	6	5
San Francisco Stock Exchange	3,865	3,797	3,980	5,005	7,059	6,093	6,781	4,746	4,439	4,311	4,509	4,284
Standard Stock Exchange of Spokane	3	5	18	10	14	8	9	19	32	14	23	14
Washington Stock Exchange	28	38	39	60	68	66	45	31	43	75	36	37

1 \$500 or less.

TABLE 21.—Volume of stock sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of shares]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	15,117	14,144	20,378	23,721	36,827	32,309	25,723	18,169	18,442	20,113	17,564	17,951
Baltimore Stock Exchange.....	22	15	20	23	30	33	20	34	21	26	27	14
Boston Stock Exchange.....	215	218	268	315	474	483	333	249	253	301	264	249
Chicago Board of Trade.....	2	2	1	2	1	1	2	1	1	1	2	1
Chicago Stock Exchange.....	280	308	434	553	690	717	566	438	401	438	395	377
Cincinnati Stock Exchange.....	17	13	23	24	37	30	27	25	22	22	19	19
Cleveland Stock Exchange.....	24	25	34	49	69	59	52	27	32	34	28	45
Detroit Stock Exchange.....	159	134	205	196	297	236	217	173	199	184	151	145
Los Angeles Stock Exchange.....	196	289	258	265	290	380	399	207	290	277	178	178
New Orleans Stock Exchange.....	1	3	2	10	10	5	5	4	2	6	7	2
New York Curb Exchange.....	2,335	1,661	2,102	2,615	4,010	4,842	3,137	2,395	2,271	2,111	1,979	2,052
New York Real Estate Securities Exchange.....	0	0	0	0	0	0	0	0	0	0	0	0
New York Stock Exchange.....	10,828	10,420	15,923	18,309	29,040	23,690	19,367	13,147	13,073	15,343	13,194	13,740
Philadelphia Stock Exchange.....	138	156	180	281	337	369	264	224	189	243	182	167
Pittsburgh Stock Exchange.....	46	46	58	86	88	148	144	80	78	56	47	53
St. Louis Stock Exchange.....	13	13	17	17	23	29	22	14	14	16	17	13
Salt Lake Stock Exchange.....	341	385	306	394	808	430	411	664	892	565	596	465
San Francisco Mining Exchange.....	226	137	125	167	87	355	268	124	228	134	155	90
San Francisco Stock Exchange.....	257	307	358	362	464	452	431	289	297	296	303	273
Standard Stock Exchange of Spokane.....	16	11	63	52	70	49	57	73	178	58	19	67
Washington Stock Exchange.....	1	1	1	1	2	1	1	1	1	2	1	1

TABLE 22.—Market value of bond sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of dollars]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	81,388	67,057	94,701	114,881	114,606	125,383	147,634	91,476	118,851	133,274	119,252	95,055
Baltimore Stock Exchange.....	54	33	53	72	74	59	91	68	60	76	86	63
Boston Stock Exchange.....	161	184	91	85	58	86	80	37	157	44	48	44
Chicago Board of Trade.....	0	0	0	0	0	0	0	0	0	0	0	0
Chicago Stock Exchange.....	0	5	0	25	68	16	0	0	2	0	0	0
Cincinnati Stock Exchange.....	5	8	5	10	9	21	4	5	0	5	19	10
Cleveland Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	0	0
Los Angeles Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	0	0
New Orleans Stock Exchange.....	7	1	10	4	6	9	15	0	0	5	1	1
New York Curb Exchange.....	15,565	13,221	16,067	21,082	18,837	21,876	22,311	15,330	22,416	23,213	18,456	16,554
New York Real Estate Securities Exchange.....	0	0	4	0	0	0	0	0	3	0	0	0
New York Stock Exchange.....	65,530	53,571	78,397	93,532	95,500	103,243	125,090	75,999	96,162	109,867	100,577	78,266
Philadelphia Stock Exchange.....	0	0	0	0	0	1	0	0	0	0	0	0
Pittsburgh Stock Exchange.....	0	0	0	0	0	1	0	1	0	1	0	0
St. Louis Stock Exchange.....	14	24	25	34	33	19	23	7	29	23	22	73
San Francisco Stock Exchange.....	2	1	7	15	8	10	9	12	7	9	13	0
Washington Stock Exchange.....	50	9	42	22	13	42	11	17	15	31	30	44

TABLE 23.—Principal amount of bond sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of dollars]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	121,857	99,101	148,956	185,154	186,432	248,906	276,042	148,219	235,872	269,892	218,628	173,216
Baltimore Stock Exchange.....	143	99	152	183	177	139	208	163	127	155	187	138
Boston Stock Exchange.....	330	477	195	150	84	130	172	82	381	115	127	97
Chicago Board of Trade.....	0	0	0	0	0	0	0	0	0	0	0	0
Chicago Stock Exchange.....	0	4	0	21	59	14	0	0	2	0	0	0
Cincinnati Stock Exchange.....	5	8	6	11	10	23	5	5	0	5	20	11
Cleveland Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	0	0
Los Angeles Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	0	0
New Orleans Stock Exchange.....	7	1	9	4	6	8	14	0	0	5	1	1
New York Curb Exchange.....	19,062	16,040	19,257	24,966	21,929	27,000	26,850	17,848	25,894	26,794	21,238	19,381
New York Real Estate Securities Exchange.....	0	0	8	0	0	0	0	0	8	0	0	0
New York Stock Exchange.....	102,228	82,424	129,205	159,704	164,080	221,475	248,732	130,068	209,379	242,720	196,932	153,363
Philadelphia Stock Exchange.....	0	0	0	0	0	1	0	0	0	0	0	0
Pittsburgh Stock Exchange.....	0	0	0	0	0	1	0	1	0	1	0	0
St. Louis Stock Exchange.....	30	39	72	62	62	59	32	14	53	50	75	184
San Francisco Stock Exchange.....	4	1	11	32	12	17	20	21	14	18	20	0
Washington Stock Exchange.....	48	8	41	21	13	39	9	17	14	29	28	41

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APPENDIX II

TABLE 24.—Market value of right and warrant sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive
 [Thousands of dollars]

	1940						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	58	102	1,200	968	323	127	141	94	82	92	102	236
Boston Stock Exchange.....	0	0	0	0	0	0	(1)	0	(1)	0	0	0
Chicago Stock Exchange.....	0	0	0	0	0	0	0	(1)	(1)	0	0	0
Cincinnati Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	41	164
Cleveland Stock Exchange.....	0	0	92	35	0	0	0	0	0	0	0	0
Detroit Stock Exchange.....	0	0	(1)	1	0	0	0	0	0	0	0	0
Los Angeles Stock Exchange.....	(1)	1	(1)	0	(1)	(1)	(1)	(1)	0	0	1	0
New York Curb Exchange.....	57	100	85	113	318	115	122	70	66	88	60	72
New York Stock Exchange.....	0	0	1,010	810	0	11	16	21	15	3	0	0
Philadelphia Stock Exchange.....	0	0	0	0	0	0	(1)	0	0	0	0	0
St. Louis Stock Exchange.....	1	(1)	1	(1)	5	1	3	3	1	1	0	(1)
San Francisco Stock Exchange.....	(1)	1	12	9	0	(1)	(1)	(1)	(1)	0	(1)	0

¹ \$500 or less.

TABLE 25.—Volume of right and warrant sales on all registered securities exchanges, monthly, July 1940 to June 1941, inclusive

[Thousands of units]

	1940.						1941					
	July	August	September	October	November	December	January	February	March	April	May	June
Total all registered exchanges.....	74	70	350	285	195	694	822	387	727	105	55	101
Boston Stock Exchange.....	0	0	0	0	0	0	6	0	(1)	0	0	0
Chicago Stock Exchange.....	0	0	0	0	0	0	0	4	71	0	0	0
Cincinnati Stock Exchange.....	0	0	0	0	0	0	0	0	0	0	14	57
Cleveland Stock Exchange.....	0	0	27	9	0	0	0	0	0	0	0	0
Detroit Stock Exchange.....	0	0	(1)	(1)	0	0	0	0	0	0	0	0
Los Angeles Stock Exchange.....	1	17	(1)	0	(1)	(1)	(1)	(1)	0	0	1	0
New York Curb Exchange.....	71	41	35	60	191	640	114	45	34	91	40	43
New York Stock Exchange.....	0	0	283	213	0	53	697	334	616	13	0	0
Philadelphia Stock Exchange.....	0	0	0	0	0	0	3	0	0	0	0	0
St. Louis Stock Exchange.....	1	(1)	1	(1)	4	(1)	2	2	1	1	0	1
San Francisco Stock Exchange.....	1	12	4	3	0	1	(1)	2	5	0	(1)	0

1 500 units or less.

TABLE 26.—Round-lot stock transactions ¹ on the New York Stock Exchange for the account of members and nonmembers, by weeks, July 1, 1940, to June 28, 1941

[Thousands of shares]

Week ended Saturday	All round-lot sales		Round-lot transactions for the account of members ²											Round-lot transactions for the account of nonmembers				
			Transactions of specialists in stocks in which they are registered			Transactions for the odd-lot accounts of specialists and odd-lot dealers			Other transactions initiated on the floor			Other transactions initiated off the floor						
	Total	Short ³	Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		
				Total	Short ³		Total	Short ³		Total	Short ³		Total	Short ³		Total	Short ³	
1940																		
July	6	1,483	60	136	133	27	65	36	(0)	82	73	9	42	50	7	1,158	1,191	17
	13	1,601	64	138	145	29	67	47	(0)	87	74	11	57	46	5	1,272	1,289	19
	20	1,724	67	180	176	31	74	50	(0)	85	87	12	50	69	9	1,335	1,342	15
	27	1,326	55	112	113	23	59	46	(0)	45	52	10	42	61	4	1,068	1,054	18
Aug.	3	2,358	102	277	262	46	87	69	(0)	155	133	15	91	78	8	1,748	1,816	33
	10	1,584	51	151	133	22	70	55	(0)	71	64	7	87	52	5	1,205	1,280	17
	17	1,950	86	173	208	27	77	65	0	98	117	13	58	68	10	1,544	1,492	36
	24	1,620	86	190	183	30	47	58	(0)	118	104	15	68	65	10	1,197	1,210	31
	31	2,050	79	231	200	33	63	72	(0)	163	121	10	74	90	10	1,519	1,567	26
Sept.	7	3,754	143	435	423	63	111	84	(0)	284	288	24	110	131	8	2,814	2,828	48
	14	2,356	83	266	264	29	71	78	(0)	140	150	10	80	68	7	1,799	1,796	37
	21	2,401	92	243	242	36	71	84	(0)	159	145	18	90	94	5	1,838	1,836	33
	28	3,722	138	376	401	59	105	121	(0)	196	215	26	114	133	12	2,931	2,852	41
Oct.	5	3,652	158	394	389	55	95	125	(0)	254	221	27	122	160	28	2,787	2,757	48
	12	2,265	85	205	205	38	84	91	(0)	105	123	16	61	86	12	1,820	1,760	19
	19	3,280	124	341	316	52	92	120	(0)	242	190	23	111	109	14	2,494	2,545	35
	26	3,401	100	326	307	43	104	107	(0)	177	189	16	95	100	11	2,699	2,698	30
Nov.	2	5,204	166	464	466	72	142	134	(0)	263	296	31	140	158	25	4,195	4,150	38
	9	8,124	303	800	855	130	238	130	(0)	489	514	56	210	239	23	6,387	6,386	94
	16	6,942	190	586	614	99	204	97	(0)	468	454	40	130	179	10	4,554	4,598	34
	23	3,283	99	320	329	46	123	94	(0)	198	210	18	73	97	5	2,569	2,557	30
	30	3,528	113	287	287	49	133	94	(0)	168	186	19	94	116	8	2,846	2,845	37
Dec.	7	3,381	82	279	279	41	123	96	(0)	149	134	13	89	144	12	2,741	2,778	17
	14	4,579	87	356	322	52	155	121	(0)	190	174	13	141	134	10	3,737	3,828	12
	21	4,654	91	289	288	45	156	129	(0)	133	125	12	120	134	17	3,956	3,978	17
	28	5,240	85	386	292	47	180	126	(0)	168	108	7	143	184	25	4,373	4,530	6

TABLE 27.—Round-lot and odd-lot stock transactions¹ on the New York Curb Exchange for the account of members and nonmembers, by weeks, July 1, 1940-June 28, 1941

[Thousands of shares]

Week ended Saturday	All round-lot sales		Round-lot transactions for the account of members ²									Round-lot transactions for the account of nonmembers			Odd-lot transactions for the account of customers ³			
			Transactions of specialists in stocks in which they are registered ⁴			Other transactions initiated on the floor			Other transactions initiated off the floor									
	Total	Short ⁴	Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		
				Total	Short ⁴		Total	Short ⁴		Total	Short ⁴		Total	Short ⁴				
<i>1940</i>																		
July 6	333	2	31	38	1	6	4	(⁵)	10	13	(⁵)	286	278	1	15	21	0	
13	465	5	41	59	2	11	8	1	16	14	1	397	384	1	18	36	0	
20	346	3	41	49	2	9	11	1	14	16	(⁵)	282	270	(⁵)	16	32	0	
27	353	3	34	51	2	6	4	(⁵)	8	18	1	305	280	(⁵)	16	29	(⁵)	
Aug. 3	400	4	53	57	3	13	14	(⁵)	14	16	1	320	313	(⁵)	18	33	(⁵)	
10	322	4	27	43	2	5	8	1	12	9	1	278	262	(⁵)	17	29	0	
17	342	2	32	53	1	6	9	(⁵)	8	12	1	296	265	0	18	28	(⁵)	
24	284	3	36	37	2	8	6	(⁵)	12	15	1	228	226	(⁵)	13	26	0	
31	267	3	28	48	2	7	7	1	7	12	(⁵)	225	200	(⁵)	15	30	(⁵)	
Sept. 7	504	4	50	80	3	19	18	(⁵)	23	14	(⁵)	412	392	1	23	43	0	
14	343	4	36	62	3	6	6	0	11	15	1	290	260	(⁵)	20	32	0	
21	407	5	48	54	4	10	8	(⁵)	14	16	(⁵)	335	329	1	19	40	(⁵)	
28	493	4	62	80	3	11	11	(⁵)	12	16	1	408	386	(⁵)	26	45	(⁵)	
Oct. 5	488	6	48	71	4	16	13	1	15	19	(⁵)	409	385	(⁵)	23	45	0	
12	421	5	33	75	4	9	10	(⁵)	14	11	(⁵)	365	325	1	18	39	(⁵)	
19	503	7	63	63	5	17	15	1	19	19	(⁵)	404	406	1	23	46	(⁵)	
26	534	7	59	73	3	15	12	1	21	22	2	439	427	1	23	49	0	
Nov. 2	769	10	74	95	5	22	20	1	20	24	4	653	621	(⁵)	38	60	0	
9	1,206	18	126	149	10	39	40	2	25	43	2	1,016	974	4	51	64	0	
16	857	16	83	111	11	29	32	3	22	34	1	723	680	1	45	64	0	
23	524	10	65	65	9	15	10	(⁵)	13	15	(⁵)	431	434	1	27	51	0	
30	767	9	70	78	7	13	14	1	19	27	1	665	618	(⁵)	33	41	(⁵)	
Dec. 7	751	4	75	7	3	16	7	0	18	20	1	642	646	0	32	55	0	
14	910	7	76	92	4	19	13	1	23	29	1	792	776	1	34	75	0	
21	1,049	6	71	110	5	21	13	(⁵)	27	26	1	930	900	(⁵)	37	74	(⁵)	
28	1,117	7	77	87	7	20	9	(⁵)	31	31	(⁵)	959	990	(⁵)	35	79	(⁵)	
<i>1941</i>																		
Jan. 4	783	6	76	95	4	19	24	1	24	31	1	664	633	(⁵)	33	57	0	
11	652	6	70	92	3	14	16	1	33	29	1	535	515	1	37	44	(⁵)	

	18	546	8	51	99	6	10	17	(⁵)	35	25	2	450	405	(⁵)	30	39	0
	25	497	6	51	60	4	10	19	1	23	21	1	413	397	(⁵)	27	41	(⁵)
Feb.	1	580	5	51	85	4	7	12	0	29	24	1	493	459	(⁵)	30	44	(⁵)
	8	455	4	47	58	3	8	8	(⁵)	12	14		358	375	(⁵)	24	38	
	15	734	13	44	98	7	19	26	5	22	13	(⁵)	649	589	1	29	39	0
	22	429	6	36	46	4	10	9	2	13	21	(⁵)	370	361	(⁵)	18	28	0
Mar.	1	417	6	44	46	5	16	9	(⁵)	20	15	1	337	347	(⁵)	18	33	0
	8	373	3	36	50	2	7	10	0	21	10	1	309	303	(⁵)	15	30	(⁵)
	15	555	4	52	69	3	18	21	1	51	28	(⁵)	434	437	(⁵)	20	40	0
	22	479	4	48	65	3	13	10	(⁵)	20	14	1	398	390	(⁵)	27	37	0
	29	504	5	39	61	4	8	11	0	8	12	(⁵)	449	420	1	22	38	(⁵)
Apr.	5	501	8	51	60	5	11	7	0	19	14	1	417	420	2	23	39	0
	12	367	5	31	51	2	5	6	0	11	10	2	320	291	1	21	29	(⁵)
	19	390	6	28	62	4	3	8	(⁵)	14	8	1	345	312	1	18	34	0
	26	390	3	36	43	3	3	1	(⁵)	12	9	(⁵)	339	337	(⁵)	18	36	0
May	3	388	2	33	50	2	6	7	(⁵)	17	11	0	332	320	0	17	38	0
	10	442	5	44	58	4	8	6	(⁵)	23	16	(⁵)	367	362	1	21	40	0
	17	446	4	31	56	3	7	4	(⁵)	25	14	(⁵)	383	372	1	18	33	(⁵)
	24	373	6	33	52	4	6	6	1	13	7	(⁵)	321	308	1	17	33	0
	31	239	2	21	29	2	4	4	(⁵)	8	11	(⁵)	206	195	(⁵)	11	26	0
June	7	464	7	43	50	4	15	9	(⁵)	15	15	2	391	390	1	20	36	(⁵)
	14	497	6	48	59	3	10	10	(⁵)	12	15	2	427	413	1	22	37	0
	21	380	4	33	53	3	4	5	0	10	12	0	333	310	1	-17	33	0
	28	462	7	48	60	5	7	5	(⁵)	13	12	1	394	385	1	22	36	0

¹ Round-lot transactions are transactions in the unit of trading or multiples thereof, while odd-lot transactions are transactions involving less than the unit of trading. The unit of trading on the New York Curb Exchange is not the same in all stocks, but ranges from 10 to 100 shares. Transactions in rights and warrants are not included in these data, although ticker volumes for the New York Curb Exchange include such transactions.

² The term "members" includes all regular and associate members, their firms, and their partners.

³ On the New York Curb Exchange odd-lot transactions are handled solely by specialists in stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. However, on the New York Stock Exchange all but a fraction of the

odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the 2 exchanges.

⁴ Short sales which are exempted from restriction by the Commission's and Exchange's rules are not included in these figures.

⁵ 500 shares or less.

NOTE.—For earlier data see the Sixth Annual Report of the Commission, p. 285; the Fifth Annual Report, p. 230; the Fourth Annual Report, p. 164; and the Third Annual Report, p. 154.

TABLE 28.—*Odd-lot stock transactions on the New York Stock Exchange for the odd-lot account of odd-lot dealers and specialists, by weeks, July 1, 1940 to June 23, 1941*

Week ended Saturday	Purchases by customers from odd-lot dealers and specialists			Sales by customers to odd-lot dealers and specialists				
	Number of orders	Shares	Market value	Total			Customers' short sales ¹	
				Number of orders	Shares	Market value	Number of orders	Shares
1940								
July 6	9,574	237,421	8,513,425	8,175	200,272	6,711,069	190	6,323
13	10,063	250,161	9,247,444	10,452	249,407	8,422,499	255	5,939
20	10,744	274,640	10,301,448	10,365	248,675	8,388,961	180	4,998
27	8,451	208,636	7,869,378	9,115	215,081	6,887,670	279	7,596
Aug. 3	12,465	328,513	12,239,493	12,624	314,920	10,303,117	292	8,118
10	9,939	249,865	9,314,210	10,196	240,372	7,737,309	177	5,192
17	12,077	302,196	11,130,666	12,474	307,396	10,296,852	417	11,492
24	8,812	220,877	7,891,117	10,319	245,443	7,755,083	379	6,847
31	10,130	268,272	9,361,358	11,953	287,331	8,655,030	301	6,610
Sept. 7	17,566	482,717	15,857,806	17,400	446,361	13,690,270	384	10,690
14	12,663	324,883	12,075,238	13,937	347,087	11,735,707	374	8,823
21	11,444	299,818	11,439,338	13,183	308,590	10,540,118	346	9,935
28	17,034	464,726	16,872,105	19,298	487,068	15,781,337	482	12,627
Oct. 5	16,386	439,630	16,071,884	18,865	476,997	16,014,271	406	11,503
12	11,985	310,912	13,541,021	14,151	350,216	12,790,642	274	6,610
19	14,230	385,144	16,108,616	16,297	415,081	14,670,591	287	8,312
26	15,330	419,021	16,479,946	16,740	423,581	14,591,902	321	7,834
Nov. 2	23,971	655,212	24,888,024	23,382	609,717	20,936,474	390	10,248
9	32,667	951,024	33,438,578	29,507	813,196	26,895,644	874	22,158
16	25,945	731,302	25,892,339	22,951	617,219	20,103,409	392	10,819
23	16,482	438,711	17,991,016	15,994	416,408	15,797,368	217	7,315
30	17,077	471,966	18,453,366	17,026	446,156	15,320,432	369	9,773
Dec. 7	15,722	415,451	16,442,887	15,890	399,721	13,301,610	234	4,312
14	19,001	515,778	20,563,333	19,704	497,019	16,640,201	204	4,931
21	19,456	544,471	20,352,993	19,862	517,858	16,410,735	229	5,204
28	20,126	566,673	20,398,259	18,327	536,030	15,791,963	68	2,198
1941								
Jan. 4	20,718	554,911	20,519,651	15,878	419,767	13,121,352	220	5,107
11	20,844	558,155	21,277,610	18,353	462,837	15,477,971	336	6,118
18	17,420	456,738	18,033,465	16,465	409,450	14,487,010	246	6,520
25	15,371	397,263	16,177,699	15,225	379,859	13,653,695	256	6,427
Feb. 1	17,993	469,709	18,040,846	17,990	470,177	16,200,564	343	9,527
8	14,816	370,216	15,226,628	14,315	343,415	11,810,220	349	9,197
15	16,291	417,674	15,444,485	16,303	411,533	13,490,263	245	6,742
22	12,706	313,808	11,510,878	12,566	310,455	10,161,311	422	11,717
Mar. 1	11,809	300,156	11,222,494	12,817	300,540	9,741,059	345	8,496
8	11,545	292,459	11,722,289	11,758	283,845	9,388,796	266	5,773
15	13,649	358,811	13,412,460	13,367	332,517	10,389,636	267	6,422
22	13,818	358,233	13,171,202	13,046	326,543	9,935,725	270	7,269
29	12,281	312,199	11,985,113	13,914	338,670	10,154,550	233	5,584
Apr. 5	14,884	394,182	13,936,687	15,828	407,617	11,701,438	199	6,372
12	13,455	344,267	12,088,800	14,154	361,545	11,393,038	313	9,778
19	14,046	354,967	12,748,792	14,329	360,091	11,092,505	390	12,336
26	12,681	330,175	12,248,017	14,840	370,332	11,299,109	332	9,764
May 3	12,182	311,099	12,486,637	13,445	317,723	10,619,400	294	7,293
10	14,998	391,830	13,663,776	16,551	402,924	12,314,169	240	7,927
17	11,848	304,836	11,329,046	12,692	311,220	9,793,130	266	6,546
24	9,914	258,634	10,142,040	12,893	310,576	9,938,941	211	5,451
31	8,277	207,781	8,514,316	10,629	250,896	8,271,264	144	3,331
June 7	11,119	289,260	11,274,440	13,481	320,127	10,302,544	193	4,711
14	15,125	377,674	14,441,585	16,037	400,915	13,152,108	190	7,112
21	11,326	301,818	11,863,008	13,232	317,088	10,482,595	240	4,788
28	11,570	307,620	12,244,914	14,184	348,422	10,789,509	144	4,196

¹ Short sales which are exempted from restriction by the Commission's and Exchange's rules are not included in these figures.

² NOTE.—For earlier data see Sixth Annual Report of the Commission, p. 287; Fifth Annual Report, p. 232; and "Selected Statistics on Securities and on Exchange Markets," table 66.

TABLE 29.—Basic forms used by issuers in registering securities on national securities exchanges and, for each form, the number of securities registered and issuers involved as of June 30, 1940, and June 30, 1941

Form	Description	As of June 30, 1940		As of June 30, 1941	
		Securities registered	Issuers involved	Securities registered	Issuers involved
7	Provisional registration form.....	4	4	5	3
10	General corporations.....	2,660	1,796	2,584	1,749
11	Unincorporated issuers.....	25	14	24	14
12	Issuers making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934.....	667	183	649	183
12-A	Issuers in receivership or bankruptcy and making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934.....	115	25	101	22
13	Insurance companies other than life and title insurance companies.....	15	15	15	15
14	Certificates of deposit issued by a committee.....	46	30	42	27
15	Incorporated investment companies.....	94	57	92	57
16	Voting trust certificates and underlying securities.....	33	27	28	25
17	Unincorporated issuers engaged primarily in the business of investing or trading in securities.....	10	7	8	5
18	Foreign governments and political subdivisions thereof.....	203	86	200	85
19	American certificates issued against foreign securities and for the underlying securities.....	11	10	11	10
20	Securities other than bonds of foreign private issuers.....	2	1	2	1
21	Bonds of foreign private issuers.....	89	50	81	48
22	Securities of issuers reorganized in insolvency proceedings or their successors.....	91	47	101	51
23	Securities of successor issuers other than those succeeding insolvent issuers.....	89	58	89	57
24	Bank holding companies.....	4	4	4	4
	Total.....	4,158	2,414	4,036	2,356

¹ Includes 6 issuers having securities registered on 2 basic forms.

² Includes 4 issuers having securities registered on 2 basic forms and 1 issuer having securities registered on 3 basic forms.

TABLE 30.—*Classification, by industries, of issuers having securities registered on national securities exchanges as of June 30, 1940, and June 30, 1941*

Industry	Number of issuers	
	As of June 30, 1940	As of June 30, 1941
Transportation and communication (railroads, telephone, etc.)	311	303
Mining, other than coal	258	248
Machinery and tools	204	200
Transportation equipment (automobiles, aircraft, parts, accessories, etc.)	166	166
Merchandising (chain stores, department stores, etc.)	163	162
Financial and investment (investment trusts, fire insurance, etc.)	136	129
Food and related products	101	100
Utility operating (electric, gas, and water)	87	86
Miscellaneous manufacturing	83	80
Building and related companies (including lumber, building materials and construction)	78	76
Oil and gas wells	79	75
Chemicals and allied products	73	72
Textiles and their products	56	55
Beverages (breweries, distilleries, etc.)	57	54
Iron and steel (excluding machinery)	52	54
Services (including advertising, amusements, hotels, etc.)	54	48
Utility holding (electric, gas, and water)	50	47
Oil refining and distributing	40	40
Paper and paper products	37	39
Rubber and leather products (tires, shoes, etc.)	34	34
Printing, publishing, and allied industries	25	26
Coal mining	27	25
Real estate	24	23
Agriculture	20	20
Tobacco products	21	19
Utility operating-holding (electric, gas, and water)	17	16
Miscellaneous domestic companies	10	11
Foreign private issuers, other than Canadian and Cuban	60	58
Foreign governments and political subdivisions	85	84
Total	2,408	2,350

TABLE 31.—Number of securities, separately for stocks and bonds, classified according to basis for admission to dealing, on all exchanges as of June 30, 1941. (The number of shares of stock and the principal amount of bonds are shown for securities other than those admitted to unlisted trading privileges)

STOCKS

Basis for admission to dealing	Column I ¹			Column II ²		
	Issues	Number of shares listed	Number of shares authorized for addition to list	Issues	Number of shares listed	Number of shares authorized for addition to list
Registered.....	³ 2, 694	2, 270, 335, 923	213, 910, 562	³ 2, 694	2, 270, 335, 923	213, 910, 562
Temporarily exempted from registration.....	⁴ 43	8, 899, 969	843, 935	⁴ 43	8, 899, 969	843, 935
Listed on exempted exchanges.....	130	33, 949, 483	210, 148	174	101, 794, 774	2, 080, 118
Admitted to unlisted trading privileges on national exchanges.....	505	-----	-----	1, 077	-----	-----
Admitted to unlisted trading privileges on exempted exchanges.....	66	-----	-----	91	-----	-----
Total.....	³ 3, 438	2, 313, 185, 375	214, 964, 645	-----	-----	-----

BONDS

Basis for admission to dealing	Issues	Principal amount listed	Principal amount authorized for addition to list	Column II ²		
				Issues	Principal amount listed	Principal amount authorized for addition to list
Registered.....	⁴ 1, 342	\$22, 522, 766, 945	\$1, 019, 018, 498	⁴ 1, 342	\$22, 522, 766, 945	\$1, 019, 018, 498
Temporarily exempted from registration.....	⁵ 35	562, 706, 847	0	⁵ 35	562, 706, 847	0
Listed on exempted exchanges.....	10	13, 113, 000	2, 600, 000	10	13, 113, 000	2, 600, 000
Admitted to unlisted trading privileges on national exchanges.....	222	-----	-----	252	-----	-----
Admitted to unlisted trading privileges on exempted exchanges.....	4	-----	-----	4	-----	-----
Total.....	⁴ 1, 613	23, 098, 586, 792	1, 021, 618, 498	-----	-----	-----

¹ Duplications in this column have been eliminated both as to exchanges and bases for admission to dealing, e. g., if a security is registered on more than one national securities exchange, listed on an exempted exchange and also unlisted on another national securities exchange, it is counted only once under "Registered." Thus, the totals for this column are the totals of securities admitted to trading on all exchanges after elimination of all duplications.

² Duplications in this column have been eliminated *only* as to exchanges, e. g., if a security is listed on more than one exempted exchange, it is counted only once under such status.

³ Includes 1 stock issue in pounds sterling in the amount of £499,393 listed. This amount is excluded from the number of shares shown above.

⁴ Includes 8 bond issues in pounds sterling and 2 bond issues in French francs in the amounts of £30, 734,840 and 65,370,000 French francs listed. These amounts are excluded from the principal amount in dollars shown above.

⁵ Includes certain securities resulting from modifications of previously listed securities, securities of certain banks, and securities of certain issuers in bankruptcy or receivership or in the process of reorganization under the Bankruptcy Act. These securities have been temporarily exempted from the operation of Section 12 (a) of the Securities Exchange Act of 1934 upon specified terms and conditions and for stated periods pursuant to rules and regulations of the Commission.

TABLE 32.—Number of securities, separately for stocks and bonds, registered and admitted to unlisted trading privileges on one, or more than one, national securities exchange as of June 30, 1941

		STOCKS							
Classification		(See footnote for explanation of column headings)							
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total stock issues registered	2,694	1,784	0	358	0	266	145	60	81
Total stock issues admitted to unlisted trading privileges on national exchanges	1,077	0	506	0	19	266	145	60	81
		BONDS							
Total bond issues registered	1,342	1,176	0	136	0	29	0	1	0
Total bond issues admitted to unlisted trading privileges on national exchanges	252	0	222	0	0	29	0	1	0
Unduplicated total of stock issues registered and admitted to unlisted trading privileges on national exchanges		3,219							
Unduplicated total of stock issues registered and admitted to unlisted trading privileges on national exchanges which were admitted to dealings on more than 1 such exchange		929—28.86% of unduplicated total							
Unduplicated total of bond issues registered and admitted to unlisted trading privileges on national exchanges		1,564							
Unduplicated total of bond issues registered and admitted to unlisted trading privileges on national exchanges which were admitted to dealings on more than 1 such exchange		166—10.61% of unduplicated total							
¹ Registered on 1 exchange only. ² Admitted to unlisted trading privileges on 1 exchange only. ³ Registered on more than 1 exchange. ⁴ Admitted to unlisted trading privileges on more than 1 exchange. ⁵ Registered on 1 exchange and admitted to unlisted trading privileges on 1 exchange. ⁶ Registered on 1 exchange and admitted to unlisted trading privileges on more than 1 exchange. ⁷ Registered on more than 1 exchange and admitted to unlisted trading privileges on 1 exchange. ⁸ Registered on more than 1 exchange and admitted to unlisted trading privileges on more than 1 exchange.									

TABLE 33.—Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1941, classified according to basis for admission of their securities to dealings

Basis of admission of securities to dealing	Column I ¹	Column II ²
	Number of issuers	Number of issuers
Issuers having securities registered	2,350	2,350
Issuers having securities temporarily exempted from registration	39	48
Issuers having securities listed on exempted exchanges	112	152
Issuers having securities admitted to unlisted trading privileges on national exchanges	438	1,013
Issuers having securities admitted to unlisted trading privileges on exempted exchanges	55	77
Total issuers	2,994	

¹ Duplications in this column have been eliminated both as to exchanges and bases for admission of the issuers' securities to dealing, e. g., if an issuer has securities registered on more than one national exchange, listed on an exempted exchange, and also admitted to unlisted trading privileges on other exchanges, the issuer is counted only once as having securities registered. Thus, the total of this column is the total number of issuers having securities admitted to trading on all exchanges after elimination of all duplications.

² Duplications in this column have been eliminated only as to exchanges, e. g., if an issuer has securities admitted to unlisted trading privileges on more than one exchange, the issuer is counted only once under such status.

TABLE 34.—Number of issuers having stocks only, bonds only, and both stocks and bonds, admitted to dealings on all exchanges as of June 30, 1941

Classification	Number of issuers	Percent of total issuers
1. Issuers having only stocks admitted to trading on exchanges.....	2,219	74.12
2. Issuers having only bonds admitted to trading on exchanges.....	436	14.56
3. Issuers having both stocks and bonds admitted to trading on exchanges.....	339	11.32
Total issuers.....	2,994	100.00
4. Issuers having stocks admitted to trading on exchanges (classification 1 plus 3).....	2,558	85.44
5. Issuers having bonds admitted to trading on exchanges (classification 2 plus 3).....	775	25.88

TABLE 35.—Number of issuers and securities, basis for admission to dealings, and the percentage of stocks and bonds, for each exchange, admitted to dealings on one or more other exchanges as of June 30, 1941

Name of exchange	Total issuers	Total issues	Stocks						Percent traded on 1 or more other exchanges	Bonds						Percent traded on 1 or more other exchanges
			R	X	U	XL	XU	Total		R	X	U	XL	XU	Total	
Baltimore.....	72	106	45	4	23			72	50.0	24	1	9			34	44.1
Boston.....	352	444	155		216			371	80.3	73					73	64.4
Chicago Board of Trade.....	36	41	35		5			40	50.0	1					1	00.0
Chicago Stock Exchange.....	258	350	304	14				318	58.5	21	11				32	37.5
Cincinnati.....	69	109	93	2	5			100	23.0	8	1				9	66.7
Cleveland.....	88	102	83		18			101	52.5	1					1	00.0
Colorado Springs ¹	14	15				15		15	26.7						0	00.0
Detroit.....	132	142	112		30			142	71.8						0	00.0
Honolulu ¹	99	126			60	54		114	23.7			8	4		12	00.0
Los Angeles.....	182	218	132	1	70			203	80.3	15					15	86.7
Minneapolis-St. Paul ¹	19	26				23	3	26	50.0						0	00.0
New Orleans.....	15	31	2		16			18	16.7	10		3			13	30.8
New York Curb.....	961	1,320	486		559			1,045	25.5	36		239			275	9.5
New York Stock.....	1,210	2,441	1,237	3				1,240	51.7	1,176	25				1,201	11.9
Philadelphia.....	418	526	65	1	382			448	96.0	77	1				78	69.2
Pittsburgh.....	96	114	62	2	48			112	68.8	2	1				2	00.0
Richmond ¹	26	35				34		34	17.6				1		1	00.0
St. Louis.....	52	90	78					78	23.1	12					12	75.0
Salt Lake.....	99	101	95		6			101	8.9						0	00.0
San Francisco Mining.....	50	50	50					50	12.0						0	00.0
San Francisco Stock.....	273	342	169	4	144			317	66.6	24		1			25	84.0
Seattle ¹	46	49				21	27	48	47.9				1		1	00.0
Spokane.....	32	34	23		11			34	55.9						0	00.0
Washington, D. C.....	33	50	28	12				40	10.0	10					10	20.0
Wheeling ¹	23	27				22	5	27	44.4						0	00.0

¹ Exempted from registration as a national securities exchange.

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

TABLE 36.—Disposition, from May 27, 1936 (date on which Section 12 (f) of the Act was amended) to June 30, 1941, of applications filed by national securities exchanges for the extension of unlisted trading privileges to securities pursuant to clause (2) of Section 12 (f) of the Securities Exchange Act of 1934, as amended

Exchange	Stocks							Bonds					
	Number filed	Granted odd lots and round lots	Granted odd lots only	Granted round lots only	Denied	Decision reserved	Withdrawn	Pending	Number filed	Granted	Denied	Withdraw	Pending
Boston Stock	56	18	^a 15	^b 6	13	2	2	0	0	0	0	0	0
Chicago Stock	20	0	0	0	0	0	0	20	0	0	0	0	0
Cincinnati Stock	6	5	0	0	1	0	0	0	0	0	0	0	0
Cleveland Stock	18	18	0	0	0	0	0	0	0	0	0	0	0
Detroit Stock	19	15	0	0	3	0	0	1	0	0	0	0	0
Los Angeles Stock	31	24	0	0	4	0	3	0	0	0	0	0	0
New York Curb	3	3	0	0	0	0	0	0	5	^c 3	2	0	0
Philadelphia Stock	41	22	^d 4	^e 3	7	0	5	0	0	0	0	0	0
Pittsburgh Stock	53	23	^f 8	0	21	0	1	0	6	0	4	2	0
San Francisco Stock	11	5	0	0	6	0	0	0	0	0	0	0	0
Total	258	133	27	9	55	2	11	21	11	3	6	2	0

^a 2 of these issues were subsequently removed. 6 of the remaining 13 issues were granted round-lot trading privileges on July 17, 1939.
^b Odd-lot trading privileges were previously granted to these issues.
^c 1 of these issues was subsequently removed.
^d 3 of these issues were granted round-lot trading privileges on Sept. 7, 1939.
^e 2 of these issues were subsequently removed.
^f San Francisco Curb Exchange merged with San Francisco Stock Exchange on Apr. 30, 1938. 7 applications filed by the San Francisco Curb Exchange prior to that date are included herein.

TABLE 37.—Disposition, from May 27, 1936 (date on which Section 12 (f) of the Act was amended) to June 30, 1941, of applications filed by national securities exchanges for the extension of unlisted trading privileges to securities pursuant to clause (3) of Section 12 (f) of the Securities Exchange Act of 1934, as amended

Exchange	Stocks							Bonds					
	Number filed	Granted odd lots and round lots	Granted odd lots only	Granted round lots only	Denied	Decision reserved	Withdrawn	Pending	Number filed	Granted	Denied	Withdrawn	Pending
New York Curb	6	4	0	0	0	0	1	1	49	^a 35	6	4	4

^a 6 of these issues were subsequently removed.

TABLE 38.—*Reorganization cases instituted under Chapter X and Section 77B in which the Commission filed a notice of appearance during the fiscal year ended June 30, 1941—Distribution of debtors by type of industry*

Industry	Number of debtors		Total assets		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Agriculture.....						
Mining and other extractive.....	4	2	16,893	12.5	7,055	7.2
Manufacturing.....	9		26,355	19.6	15,501	15.9
Financial and investment.....	7	1	27,757	20.6	23,092	23.7
Merchandising.....		1	9	(¹)	17	(¹)
Real estate.....	16		47,354	35.1	41,920	42.9
Construction.....						
Transportation and communication.....	1	1	9,346	6.9	3,871	4.0
Service.....	2		2,764	2.1	2,648	2.7
Electric light, power and gas.....	1		4,335	3.2	3,517	3.6
Grand total.....	40	5	134,813	100.0	97,621	100.00

¹ Less than 0.05 percent.

TABLE 39.—*Reorganization cases instituted under Chapter X and Section 77B in which the Commission filed a notice of appearance during the fiscal year ended June 30, 1941—Distribution of debtors by amount of individual indebtedness*

Amount of individual indebtedness in dollars	Number of debtors		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total
Less than 100,000.....	2	1	69	0.1
100,000-249,999.....	6		1,039	1.1
250,000-499,999.....	6	2	3,232	3.3
500,000-999,999.....	8		5,287	5.4
1,000,000-1,999,999.....	6	1	8,793	9.0
2,000,000-2,999,999.....	6	1	16,846	17.3
3,000,000-9,999,999.....	4		21,037	21.5
10,000,000-24,999,999.....	2		41,318	42.3
Grand total.....	40	5	97,621	100.0

TABLE 40.—*Reorganization cases instituted under Chapter X and Section 77B in which the Commission filed a notice of appearance and in which the Commission was actively interested in the proceedings as of June 30, 1941—Distribution of debtors by type of industry*

Industry	Number of debtors		Total assets		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Agriculture.....	1		1,100	0.1	100	(¹)
Mining and other extractive.....	11	9	143,457	7.6	94,561	7.8
Manufacturing.....	25	1	222,296	11.7	161,174	13.4
Financial and investment.....	9	1	50,884	2.7	41,193	3.4
Merchandising.....	2	1	72,232	3.8	42,812	3.6
Real estate.....	45	7	203,478	10.7	220,117	18.3
Construction.....	2		28,377	1.5	13,851	1.2
Transportation and communication.....	3	2	39,662	2.1	44,143	3.7
Service.....	4		5,872	0.3	3,023	0.3
Electric light, power and gas.....	12	6	² 1,126,969	59.5	² 580,808	48.3
Grand total.....	114	27	1,894,327	100.0	1,201,782	100.0

¹ Less than 0.05 percent.

² Approximately \$800,000,000 of assets and \$400,000,000 of indebtedness were accounted for by 2 large utility companies, one a subsidiary of the other.

TABLE 41.—*Reorganization cases instituted under Chapter X and Section 77B in which the Commission filed a notice of appearance and in which the Commission was actively interested as of June 30, 1941—Distribution of debtors by amount of individual indebtedness*

Amount of individual indebtedness in dollars	Number of debtors		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total
Less than 100,000.....	4	4	283	(1)
100,000-249,999.....	14	5	3,193	0.3
250,000-499,999.....	15	5	8,054	0.7
500,000-999,999.....	13	3	11,507	1.0
1,000,000-1,999,999.....	19	3	29,944	2.5
2,000,000-2,999,999.....	10	2	29,721	2.5
3,000,000-9,999,999.....	23	1	129,803	10.8
10,000,000-24,999,999.....	8	1	152,542	12.7
25,000,000-49,999,999.....	4	1	159,412	13.2
50,000,000 and over.....	4	2	2 677,323	56.3
Grand total.....	114	27	1,201,782	100.0

¹ Less than 0.05 percent.

² Approximately \$400,000,000 was accounted for by 2 large utility companies, one a subsidiary of the other.

TABLE 42.—*Status, with reference to confirmation of plan, of reorganization proceedings in which the Commission was actively interested, as of June 30, 1941, and June 30, 1940—By indebtedness size groups*

Status	Amount of individual indebtedness											
	Over \$3,000,000				\$250,000 to \$3,000,000				Under \$250,000			
	Number of companies		Total indebtedness (thousands of dollars)		Number of companies		Total indebtedness (thousands of dollars)		Number of companies		Total indebtedness (thousands of dollars)	
	1941	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941	1940
Pre-confirmation.....	32	36	842,940	963,037	50	43	61,154	43,836	19	18	2,330	2,628
Post-confirmation.....	12	9	276,140	223,325	20	15	18,072	22,525	8	10	1,146	1,385
Total.....	44	45	1,119,080	1,186,362	70	58	79,226	66,361	27	28	3,476	4,013

TABLE 43.—*Number of applications under Section 11 (e) of the Public Utility Holding Company Act of 1935, relating to plans for the simplification of registered holding companies or subsidiaries thereof, received and disposed of during the fiscal year ended June 30, 1941*

	Number received	Number approved	Number withdrawn or dismissed	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	24	7	4	0	13
July 1, 1940, to June 30, 1941.....	13	7	4	1	14
Total.....	37	14	8	1	-----

TABLE 44.—Number of applications under Sections 11 (f), 11 (g), and 12 (e) of the Public Utility Holding Company Act of 1935, relating to plans for the reorganization and simplification of registered holding companies or their subsidiaries, received and disposed of during the fiscal year ended June 30, 1941

	Number received	Number approved	Number withdrawn or dismissed	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	60	21	17	5	17
July 1, 1940, to June 30, 1941.....	9	3	4	0	19
Total.....	69	24	21	5	-----

TABLE 45.—Number of applications under Section 11 (f) and Rule U-11F-2 of the Public Utility Holding Company Act of 1935, relating to fees and expenses, received and disposed of during the fiscal year ended June 30, 1941

	Number received	Number approved	Number withdrawn or dismissed	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	85	20	5	1	59
July 1, 1940, to June 30, 1941.....	0	40	0	0	19
Total.....	85	60	5	1	-----

TABLE 46.—Number of applications under Section 12 (c) of the Public Utility Holding Company Act of 1935, and Rules U-12C-2 and U-12C-3 thereunder, relating to the payment of dividends out of capital or unearned surplus, received and disposed of during the fiscal year ended June 30, 1941

	Number filed	Number approved	Number dismissed or withdrawn	Number denied	Number pending
To June 30, 1940.....	45	29	0	4	12
July 1, 1940, to June 30, 1941.....	11	11	1	1	10
Total.....	56	40	1	5	-----

TABLE 47.—Number of applications under Section 12 (c) of the Public Utility Holding Company Act of 1935 and Rule U-12C-1 thereunder, relating to the acquisition of securities by the issuer, received and disposed of during the fiscal year ended June 30, 1941

	Number received	Number exempt by rule or approved	Number withdrawn or dismissed	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	97	58	6	0	33
July 1, 1940, to June 30, 1941.....	123	96	15	3	42
Total.....	220	154	21	3	-----

TABLE 48.—Number of declarations and applications under Section 13 of the Public Utility Holding Company Act of 1935, relating to mutual and subsidiary service companies, received and disposed of during the fiscal year ended June 30, 1941

	Number received	Number approved	Number exempted	Number denied or revoked	Number withdrawn or dismissed	Number pending at close of fiscal year
To June 30, 1940.....	54	29	4	1	5	15
July 1, 1940, to June 30, 1941.....	1 10	1	2	0	2	20
Total.....	64	30	6	1	7	-----

¹ 7 reopened.

TABLE 49.—Number of applications under Sections 2 and 3 of the Public Utility Holding Company Act of 1935, relating to exemption from the provisions of the Act, received and disposed of during the fiscal year ended June 30, 1941

	Number received	Number reopened	Number granted	Number denied	Number withdrawn	Number pending at close of fiscal year
To June 30, 1940.....	487	2	121	16	282	70
July 1, 1940, to June 30, 1941.....	29	5	16	17	15	56
Total.....	516	7	137	33	297	-----

TABLE 50.—Number of applications under Section 10 of the Public Utility Holding Company Act of 1935, relating to the acquisition of securities or other assets, received and disposed of during the fiscal year ended June 30, 1941

	Number filed	Number exempt by rule or approved	Number dismissed or withdrawn	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	310	200	45	2	63
July 1, 1940, to June 30, 1941.....	1 174	117	19	9	92
Total.....	484	317	64	11	-----

¹ 3 reopened.

TABLE 51.—Number of applications under Sections 12 (f) and 12 (d) of the Public Utility Holding Company Act of 1935, relating to the sale of securities and utility assets, received and disposed of during the fiscal year ended June 30, 1941

	Number filed	Number approved	Number dismissed or withdrawn	Number denied	Number pending at close of fiscal year
To June 30, 1940.....	191	123	25	1	42
July 1, 1940, to June 30, 1941.....	142	95	12	6	71
Total.....	333	218	37	7	-----

TABLE 52.—Investment advisers registered under Sec. 203 (c) of the Investment Advisers Act of 1940—Status of registration applications filed with the Commission from Nov. 1, 1940, to June 30, 1941, classified by type of organization

Period	Applications filed				Applications withdrawn				Registrations withdrawn				Registrations canceled				Registrations effective end of period ¹			
	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total
As of Nov. 1, 1940.....	320	112	181	613	0	2	0	2	0	0	0	0	0	0	0	0	314	110	181	605
Nov. 2-30.....	32	8	19	59	0	0	0	0	2	2	0	4	0	0	0	0	311	108	182	601
December.....	24	4	10	38	1	0	0	1	0	1	1	2	0	0	0	0	354	116	201	671
January 1941.....	15	2	2	19	1	0	0	1	0	2	0	2	1	0	0	1	373	116	210	699
February.....	12	2	2	16	0	0	0	0	3	0	1	4	0	0	0	0	385	117	211	713
March.....	8	10	8	26	0	0	0	0	1	1	1	3	0	4	4	4	396	118	214	728
April.....	13	2	1	16	0	0	0	0	0	1	1	2	0	4	1	5	403	121	218	742
May.....	11	2	2	15	0	0	0	0	3	0	1	4	0	0	2	2	416	122	217	755
June.....	6	3	1	10	0	0	0	0	2	1	5	8	2	2	3	7	420	123	210	753
Total, June 30, 1941..	441	145	226	812	2	2	0	4	11	8	10	29	3	10	6	19				

¹ Application was denied; 6 applications were pending as at June 30, 1941.

TABLE 53.—Investment advisers registered under Section 203 (c) of the Investment Advisers Act of 1940—Effective registrations as of June 30, 1941, classified by type of organization and by location of principal office

Location of principal office	Total							Sole proprietors				Partnerships				Corporations				
	Number of registrants	Number of full-time personnel in home office ¹	Number of part-time personnel in home office ¹	Total home office personnel	Number of branch offices ²	Number of sales offices ³	Total branch and sales offices personnel ^{2,3}	Number of correspondent firms ³	Number of registrants	Number of home office personnel ¹	Number of branch and sales offices ^{2,3}	Number of branch and sales office personnel ^{2,3}	Number of registrants	Number of home office personnel ¹	Number of branch and sales offices ^{2,3}	Number of branch and sales office personnel ^{2,3}	Number of registrants	Number of home office personnel ¹	Number of branch and sales offices ^{2,3}	Number of branch and sales office personnel ^{2,3}
Alabama.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona.....	1	1	1	2	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0
Arkansas.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
California.....	90	254	280	534	9	0	21	6	49	85	0	0	17	183	1	3	24	266	8	18
Colorado.....	6	13	8	21	0	0	0	0	2	3	0	0	1	6	0	0	3	12	0	0
Connecticut.....	6	18	11	29	0	0	0	1	3	5	0	0	2	18	0	0	1	6	0	0
Delaware.....	2	5	1	6	0	0	0	0	1	2	0	0	0	0	0	0	1	4	0	0
District of Columbia.....	4	25	6	31	3	0	11	0	1	3	0	0	1	16	2	7	2	12	1	4
Florida.....	3	4	1	5	0	0	0	1	3	5	0	0	0	0	0	0	0	0	0	0
Georgia.....	6	12	3	15	0	0	0	0	5	12	0	0	0	0	0	0	1	3	0	0
Idaho.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Illinois.....	53	203	130	333	3	0	8	1	26	57	1	2	12	82	0	0	15	194	2	6
Indiana.....	5	1	11	12	0	0	0	0	4	7	0	0	0	0	0	0	1	5	0	0
Iowa.....	4	6	2	8	0	0	0	0	4	8	0	0	0	0	0	0	0	0	0	0
Kansas.....	1	1	1	2	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0
Kentucky.....	4	6	1	7	0	0	0	0	4	7	0	0	0	0	0	0	0	0	0	0
Louisiana.....	4	17	7	24	0	0	0	1	0	0	0	3	18	0	0	1	6	0	0	0
Maine.....	1	0	2	2	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0
Maryland.....	8	30	18	48	2	1	3	0	4	7	0	0	4	41	3	3	0	0	0	0
Massachusetts.....	84	814	264	1,078	10	19	96	5	37	81	0	0	9	317	4	36	38	680	25	60
Michigan.....	17	89	28	117	0	1	0	0	7	27	0	0	2	13	0	0	8	77	1	1
Minnesota.....	15	20	71	91	1	2	7	0	8	16	0	0	0	0	0	7	75	3	7	0
Mississippi.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Missouri.....	19	35	26	61	0	0	0	0	14	31	0	0	0	0	0	5	30	0	0	0
Montana.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska.....	1	0	2	2	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire.....	1	1	0	1	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0
New Jersey.....	24	110	44	154	4	4	72	0	19	41	0	0	1	2	0	4	111	8	72	0
New Mexico.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York.....	305	1,564	1,451	3,015	35	32	210	19	166	382	6	19	57	537	13	39	82	2,096	48	152
North Carolina.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ohio.....	22	55	29	84	1	0	2	1	18	38	0	0	2	26	1	2	2	0	0	0

Oklahoma.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oregon.....	2	10	2	12	0	0	0	0	1	10	0	0	0	0	0	0	0	1	2	0
Pennsylvania.....	42	146	70	216	1	0	1	2	28	62	0	0	7	58	0	0	7	96	1	0
Rhode Island.....	2	4	51	55	0	3	10	0	0	0	0	0	1	4	0	0	1	51	3	10
South Carolina.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee.....	1	2	0	2	0	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0
Texas.....	4	5	6	11	0	0	0	0	2	4	0	0	0	1	4	0	0	1	3	0
Utah.....	1	0	1	1	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington.....	5	5	8	13	0	0	0	0	4	11	0	0	1	2	0	0	0	0	0	0
West Virginia.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wisconsin.....	10	34	11	45	1	0	2	0	3	5	0	0	2	10	0	0	0	0	30	1
Wyoming.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Total.....	753	3,490	2,547	6,037	70	62	444	37	420	921	7	21	123	1,337	24	90	210	3,779	101	333

¹ Includes sole proprietors, partners, and officers; does not include directors.

² Only those branch or sales offices engaged in investment adviser activities.

³ These offices or firms are related to the home office, and do not necessarily mean that these branch or sales offices, or correspondent firms are located in these States.

APPENDIX III

STATISTICAL ANALYSIS OF REORGANIZATION PROCEEDINGS INSTITUTED UNDER CHAPTER X OF THE BANKRUPTCY ACT, AS AMENDED, DURING THE FISCAL YEAR ENDED JUNE 30, 1941

During the fiscal year ended June 30, 1941, 291 companies were made the subject of reorganization proceedings instituted under Chapter X of the Bankruptcy Act, as amended. The listed assets of these companies had an aggregate stated value of approximately \$162,000,000; corresponding listed indebtedness was \$144,000,000.¹ The tables below show the distribution of the companies by type of industry, location of principal assets, location of principal place of business, Federal judicial district having jurisdiction, amount of individual indebtedness, and by type of petition and month when instituted.

Industrial Classification.

Approximately two-thirds of the 291 companies involved were engaged either in manufacturing, real estate,² or merchandising. The manufacturing group led with 102 companies, while the totals in the real estate and merchandising groups were 57 and 47, respectively. The mining and other extractive classification with 27 and service companies with 24 were the only other groups accounting for more than 20 companies each. Real estate companies had the greatest aggregate stated value of assets with \$55,000,000, or 34 percent of the grand total, and largest aggregate indebtedness with \$57,700,000, or 40 percent of the grand total. The manufacturing group was second largest in amount of assets with \$35,700,000, or 22 percent of the grand total, and third in indebtedness with \$22,400,000, or 16 percent of the grand total. The 8 companies in the financial and investment group, with aggregate assets of \$27,100,000, or 17 percent, and combined indebtedness of \$22,700,000, or 16 percent of the total, ranked second in amount of indebtedness and third in amount of assets.¹ Although the merchandising companies were third in number, this group accounted for only 6 percent each of the total stated assets and indebtedness.

Geographical Distribution.

Chapter X proceedings were instituted in 57 different judicial districts during the fiscal year while 37 States were named as the location of the principal assets and 36 States as the location of the principal place of business of one or more of the 291 companies

¹ The values of assets and amounts of indebtedness in almost all cases were taken from balance sheets, schedules, and allegations found in the petitions and other documents filed in reorganization proceedings. Estimates were made of the assets of 20 companies and the indebtedness of 9 companies, figures for which were not available from these sources. The totals appearing in the text and in the following tables include unpledged assets and direct operating indebtedness of one of the investment companies, but do not include outstanding face amount certificates on which the company's net cash liability was approximately \$23,000,000, against which were deposited securities having a market value, as of June 30, 1941, of approximately \$20,000,000.

² In this classification are included, among others, companies owning apartment houses, hotel buildings, and office buildings.

involved.³ Approximately one-half of the companies, however, were concentrated in five States. New York, with 40 and 42 companies, respectively, led both in location of principal assets and principal place of business, followed by Illinois with 36 in each classification, Pennsylvania with 28 and 27, New Jersey with 22 and 23, and California with 22 in each classification. The 40 companies having principal assets in New York accounted for \$43,400,000, or 27 percent of the total stated value of assets of all 291 companies, and the 42 companies with principal place of business in New York listed aggregate assets of \$43,700,000, or 27 percent, and aggregate indebtedness of \$44,500,000, or 31 percent of the grand total. New Jersey ranked second in each classification. The 22 companies with principal assets in that State had a total of \$30,100,000 stated assets; while the 23 companies with principal place of business therein had combined assets of \$34,500,000 and total indebtedness of \$28,100,000.

The Federal District Court for the Northern District of Illinois took jurisdiction over proceedings for the reorganization of 31 companies. Other districts with at least 12 companies were: The District of New Jersey with 22; the Southern District of New York with 18; and the Southern District of California, the District of Massachusetts, and the Eastern District of Missouri, each with 14. The proceedings filed in the Southern District of New York, which involved total assets and indebtedness of \$38,600,000 and \$41,500,000, respectively, together with those in the District of New Jersey, with corresponding figures of \$34,400,000 and \$28,000,000, accounted for over 40 percent of the respective grand totals of stated assets and indebtedness.

Amount of Indebtedness.

Of the total of 291 companies, 219 listed indebtedness of less than \$250,000 each⁴ but their combined indebtedness was only 13 percent of the total. An additional 37 percent of the total was accounted for by the 63 companies with indebtedness of at least \$250,000 but less than \$3,000,000 each. The remaining 50 percent of the aggregate indebtedness was accounted for by 9 companies having individual indebtedness of \$3,000,000⁵ or more.

Type of Petition.

Cases instituted by debtor petitions involved 250 companies with \$133,600,000 aggregate stated assets, and combined indebtedness of \$112,700,000. An additional 35 companies with combined assets of \$26,600,000 and indebtedness of \$29,500,000 were made the subject of reorganization proceedings by creditors' petitions. Indenture trustees filed the petitions which instituted proceedings for the 6 remaining companies whose assets and indebtedness totaled \$1,800,000 and \$1,700,000, respectively.

³ Section 128 under Chapter X permits a petition to be filed in the Federal district court in whose territorial jurisdiction the company has either its principal place of business or its principal assets.

⁴ Section 156 of Chapter X provides that in all cases involving indebtedness of \$250,000 or over, disinterested trustees shall be appointed to perform certain functions set out in the statute. In cases involving indebtedness of less than \$250,000, the court may continue the debtor company in possession or appoint trustees.

⁵ Section 172 of Chapter X provides that in all cases involving indebtedness of more than \$3,000,000, the proposed plans of reorganization deemed worthy of consideration by the judge shall be submitted to the Commission for advisory reports whereas in the remaining cases, proposed plans of reorganization may be, but are not required to be, submitted to the Commission for such reports.

TABLE 1.—*Distribution of cases by type of industry—Total assets and total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941*

Industry	Number of companies	Total assets		Total indebtedness	
		Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Agriculture.....	3	318	0.20	203	0.14
Mining and other extractive.....	27	17,387	10.73	12,673	8.81
Manufacturing.....	102	35,677	22.01	22,401	15.57
Financial and investment.....	8	27,095	16.72	22,730	15.80
Merchandising.....	47	10,115	6.24	7,915	5.50
Real estate.....	57	55,004	33.94	57,650	40.07
Construction and allied.....	3	274	.17	299	.21
Transportation and communication.....	11	5,044	3.11	10,078	7.01
Service.....	24	5,124	3.16	5,013	3.49
Electric light, power, and gas.....	3	4,769	2.94	3,787	2.63
Charitable, religious, etc.....	6	1,258	.78	1,111	.77
Grand total.....	291	162,065	100.00	143,860	100.00

TABLE 2.—*Geographical distribution of cases in accordance with location of principal assets—Total assets of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941*

State or territorial possession	Number of companies	Total assets ¹		State or territorial possession	Number of companies	Total assets ¹	
		Amount (thousands of dollars)	Percent of grand total			Amount (thousands of dollars)	Percent of grand total
Alabama.....	1	600	0.37	New Hampshire.....	1	472	0.29
Arkansas.....	1	50	.03	New Jersey.....	22	30,115	18.58
California.....	22	4,605	2.84	New York.....	40	43,362	26.76
Colorado.....	1	150	.09	North Carolina.....	1	5	(?)
Connecticut.....	3	471	.29	Ohio.....	12	4,902	3.03
Dist. of Columbia.....	1	174	.11	Oklahoma.....	4	872	.54
Florida.....	4	2,296	1.42	Oregon.....	1	13	.01
Georgia.....	4	248	.15	Pennsylvania.....	28	7,459	4.60
Illinois.....	36	15,088	9.31	South Carolina.....	1	181	.11
Indiana.....	13	6,527	4.03	Tennessee.....	1	51	.03
Iowa.....	2	107	.07	Texas.....	15	6,965	4.30
Kansas.....	5	789	.49	Utah.....	1	250	.15
Kentucky.....	3	484	.30	Vermont.....	1	80	.05
Maryland.....	1	409	.25	Virginia.....	2	588	.38
Massachusetts.....	14	4,298	2.65	Washington.....	1	72	.04
Michigan.....	12	11,243	6.94	West Virginia.....	5	12,411	7.66
Minnesota.....	5	1,544	.95	Wisconsin.....	6	2,288	1.41
Missouri.....	18	2,517	1.55				
Nebraska.....	1	316	.20	Grand total..	291	162,065	100.00
Nevada.....	2	63	.04				

¹ In most cases the total assets of the companies were located in one State. A few companies had assets in more than one State. The figures in this table include the total amount of the assets (not the amount of principal assets) of each individual company in the figures for the State in which its principal assets were located.

² Less than 0.005 percent.

TABLE 3.—*Geographical distribution of cases in accordance with location of principal place of business—Total assets and total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941*

State or territorial possession	Number of companies	Total assets		Total indebtedness	
		Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Alabama.....	1	600	0.37	592	0.41
Arkansas.....	1	50	.03	50	.03
California.....	22	4,605	2.84	2,987	2.08
Connecticut.....	3	471	.29	395	.27
District of Columbia.....	1	174	.11	120	.08
Florida.....	4	2,296	1.42	2,432	1.69
Georgia.....	4	248	.15	276	.19
Illinois.....	36	13,855	8.55	14,076	9.79
Indiana.....	13	6,527	4.03	11,719	8.15
Iowa.....	2	107	.07	92	.06
Kansas.....	5	789	.49	376	.26
Kentucky.....	3	484	.30	415	.29
Maryland.....	1	409	.25	445	.31
Massachusetts.....	14	4,298	2.65	3,500	2.43
Michigan.....	11	7,347	4.53	4,844	3.37
Minnesota.....	5	1,544	.95	1,008	.70
Missouri.....	19	3,763	2.32	2,523	1.75
Nebraska.....	1	316	.20	269	.19
Nevada.....	1	50	.03	50	.03
New Hampshire.....	1	472	.29	352	.24
New Jersey.....	23	34,450	21.26	28,067	19.51
New York.....	42	43,693	26.96	44,547	30.97
North Carolina.....	1	5	(1)	3	(1)
Ohio.....	13	8,798	5.43	6,880	4.79
Oklahoma.....	4	872	.54	1,016	.71
Oregon.....	1	13	.01	12	.01
Pennsylvania.....	27	7,278	4.50	5,591	3.89
South Carolina.....	1	181	.11	146	.10
Tennessee.....	1	51	.03	19	.01
Texas.....	15	6,965	4.30	8,168	5.68
Utah.....	1	250	.15	27	.02
Vermont.....	1	80	.05	139	.10
Virginia.....	2	588	.36	352	.24
Washington.....	1	72	.04	45	.03
West Virginia.....	4	8,076	4.98	1,394	.97
Wisconsin.....	6	2,288	1.41	933	.65
Grand total.....	291	162,065	100.00	143,860	100.00

¹ Less than 0.005 percent.

TABLE 4.—Distribution of cases by Federal judicial districts—Total assets and total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941

Judicial district	Number of companies	Total assets		Total indebtedness	
		Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Alabama: Northern.....	1	600	0.37	592	0.41
Arkansas: Western.....	1	50	.03	50	.03
California:					
Northern.....	8	930	.57	629	.44
Southern.....	14	3,675	2.27	2,358	1.64
Connecticut.....	3	471	.29	395	.27
Delaware.....	1	3,021	2.42	8,820	6.13
Florida: Southern.....	4	2,296	1.42	2,432	1.69
Georgia:					
Northern.....	3	230	.14	268	.18
Middle.....	1	18	.01	8	.01
Illinois:					
Northern.....	31	12,365	7.63	13,135	9.13
Eastern.....	6	2,755	1.70	2,067	1.44
Southern.....	1	5	(¹)	8	.01
Indiana:					
Northern.....	19	2,247	1.39	2,587	1.80
Southern.....	3	359	.22	312	.22
Iowa:					
Northern.....	1	22	.01	7	(²)
Southern.....	1	85	.06	85	.06
Kansas.....	5	789	.49	376	.26
Kentucky:					
Eastern.....	1	50	.03	180	.13
Western.....	2	434	.27	235	.16
Maryland.....	1	409	.25	445	.31
Massachusetts.....	14	4,298	2.65	3,500	2.43
Michigan:					
Eastern.....	6	4,514	2.79	1,955	1.36
Southern.....	1	73	.05	78	.05
Western.....	3	2,736	1.69	2,706	1.88
Minnesota.....	5	1,644	.96	1,008	.70
Missouri:					
Eastern.....	14	2,335	1.44	1,320	.92
Western.....	4	182	.11	174	.12
Nebraska.....	1	316	.20	269	.19
Nevada.....	1	50	.03	50	.03
New Hampshire.....	1	472	.29	352	.24
New Jersey.....	22	34,421	21.24	28,028	19.48
New York:					
Northern.....	11	2,667	1.65	1,397	.97
Eastern.....	8	1,737	1.07	1,272	.89
Southern.....	18	38,582	23.81	41,508	28.85
Western.....	7	900	.56	529	.37
North Carolina: Western.....	1	5	(¹)	3	(²)
Ohio:					
Northern.....	9	8,056	4.97	6,098	4.24
Southern.....	4	742	.46	782	.55
Oklahoma:					
Northern.....	2	110	.07	53	.04
Eastern.....	2	762	.47	963	.67
Oregon.....	1	13	.01	12	.01
Pennsylvania:					
Eastern.....	8	2,118	1.31	1,595	1.11
Western.....	11	3,844	2.37	3,157	2.20
Middle.....	8	1,316	.81	839	.58
South Carolina: Eastern.....	1	181	.11	146	.10
Tennessee: Middle.....	1	51	.03	19	.01
Texas:					
Northern.....	11	4,439	2.74	6,111	4.25
Eastern.....	2	1,239	.77	813	.57
Southern.....	1	732	.45	938	.66
Western.....	1	555	.34	306	.21
Utah.....	1	250	.15	27	.02
Vermont.....	1	80	.05	139	.10
Virginia: Eastern.....	2	588	.36	352	.24
Washington: Eastern.....	1	72	.04	45	.03
West Virginia:					
Northern.....	1	380	.23	80	.06
Southern.....	3	7,696	4.75	1,314	.91
Wisconsin: Eastern.....	6	2,288	1.41	933	.65
Grand total.....	291	162,065	100.00	143,860	100.00

¹ One debtor which had both its principal place of business and principal place of assets in Indiana filed its petition in the district of Delaware where the proceeding for the reorganization of its parent was pending.

² Less than 0.005 percent.

TABLE 5.—Distribution of cases by amount of individual indebtedness—Total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941

Amount of individual indebtedness in dollars	Number of companies	Total indebtedness	
		Amount (thousands of dollars)	Percent of grand total
Less than 10,000.....	12	78	0.05
10,000 to 24,999.....	25	421	.29
25,000 to 49,000.....	37	1,372	.95
50,000 to 99,999.....	69	5,080	3.53
100,000 to 249,999.....	76	11,678	8.12
250,000 to 499,999.....	31	11,458	7.97
500,000 to 999,999.....	16	10,899	7.58
1,000,000 to 1,999,999.....	7	8,661	6.02
2,000,000 to 2,999,999.....	9	21,740	15.11
3,000,000 and over.....	9	72,473	50.38
Grand total.....	291	143,860	100.00

TABLE 6.—Distribution of cases in accordance with type of petition and month when instituted—Total assets and total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941

Month	Type of petition	Number of companies	Total assets (thousands of dollars)	Total indebtedness (thousands of dollars)
July..... <i>1940</i>	Debtor.....	14	10,099	3,057
	Creditor.....	4	1,993	1,218
	Trustee.....			
	Total.....	18	12,092	4,275
August.....	Debtor.....	24	6,860	4,377
	Creditor.....	5	5,858	8,922
	Trustee.....	1	305	162
	Total.....	30	13,023	13,461
September.....	Debtor.....	22	6,779	5,359
	Creditor.....	1	150	57
	Trustee.....			
	Total.....	23	6,929	5,416
October.....	Debtor.....	29	10,896	9,689
	Creditor.....	2	2,390	3,961
	Trustee.....	1	225	104
	Total.....	32	13,511	13,754
November.....	Debtor.....	31	7,452	7,288
	Creditor.....	5	2,564	2,738
	Trustee.....			
	Total.....	36	10,016	10,026
December.....	Debtor.....	19	2,875	2,110
	Creditor.....	5	4,992	3,802
	Trustee.....	2	441	372
	Total.....	26	8,308	6,284

TABLE 6.—*Distribution of cases in accordance with type of petition and month when instituted—Total assets and total indebtedness of companies entering into reorganization proceedings during the fiscal year ended June 30, 1941—Continued*

Month	Type of petition	Number of companies	Total assets (thousands of dollars)	Total indebtedness (thousands of dollars)
January..... 1941	Debtor.....	21	10,906	9,842
	Creditor.....	2	1,495	1,992
	Trustee.....	1	732	838
	Total.....	24	13,133	12,772
February.....	Debtor.....	19	28,270	23,263
	Creditor.....	1	83	85
	Trustee.....	1	83	85
	Total.....	20	28,353	23,348
March.....	Debtor.....	15	5,514	10,179
	Creditor.....	2	1,548	2,402
	Trustee.....	1	1,548	2,402
	Total.....	17	7,062	12,581
April.....	Debtor.....	17	31,566	28,341
	Creditor.....	4	915	712
	Trustee.....	1	915	712
	Total.....	21	32,481	29,053
May.....	Debtor.....	16	2,237	2,058
	Creditor.....	1	50	180
	Trustee.....	1	50	180
	Total.....	17	2,287	2,238
June.....	Debtor.....	23	10,181	7,159
	Creditor.....	4	4,689	3,493
	Trustee.....	1	4,689	3,493
	Total.....	27	14,870	10,652
Fiscal year ended June 30, 1941.	Debtor.....	250	133,635	112,722
	Creditor.....	35	26,644	29,477
	Trustee.....	6	1,786	1,661
	Total.....	291	162,065	143,860

APPENDIX IV

LITIGATION INVOLVING STATUTES ADMINISTERED BY THE COMMISSION

TABLE I.—*Injunctive proceedings brought by Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935, which were pending during the fiscal year ended June 30, 1941*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Adams, Claude D., et al.....	3	Southern District of California.	Apr. 25, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by stipulation May 15, 1941, enjoining Claude D. Adams, Claude D. Adams doing business as Claude Adams Organization, Stella J. Adams, and Southwestern Drilling, Inc., from violating secs. 5 (a) (1) and (2) of 1933 act. Count 2 of the complaint which charged violation of sec. 17 (a) (2) of 1933 act was dismissed by stipulation.
Alaska Gold Mines, Inc., et al. . .	2	Western District of Oklahoma.	June 12, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent June 12, 1941, as to Alaska Gold Mines, Inc., and C. E. Harrell.
Alpine Mining Company, Inc., et al.	2	Western District of Texas.	July 12, 1940	Secs. 5 (a) (1) and (2) of 1933 act.	Permanent injunction by consent July 12, 1940, as to Alpine Mining Company, Inc., and A. C. Stone.
Atwood (Wm. E.) & Co., Inc.....	1	Maine.....	June 28, 1940	Sec. 17 (a) (3) of 1933 act and sec. 15 (c) (1) of 1934 act.	Permanent injunction by consent July 2, 1940.
Automatic Telephone Dialer, Inc.	1	New Jersey.....	Mar. 3, 1941	Secs. 5 (a) (1) and (2) of 1933 act.	Permanent injunction by consent Mar. 3, 1941.
Bagold Corporation et al.....	10	Southern District of New York.	May 10, 1940	Sec. 17 (a) (2) of 1933 act.....	Suit dismissed by stipulation on court order Aug. 23, 1940, as to all defendants.
Blue Bucket Mining Company (a corporation) et al.	2	Western District of Washington.	Nov. 19, 1940	Secs. 5 (a) (1) and (2) of 1933 act.	Permanent injunction by consent Nov. 26, 1940, as to Blue Bucket Mining Company, a corporation, and R. H. Russell.
Burel & Company, a corporation, et al.	5	Northern District of Illinois.	June 28, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent July 11, 1940, as to Burel & Company, a corporation, E. J. Burel, Aloise Burel, Fred Lorch, and Ed Schwartz.
Casa-Massa, Mario, et al.....	3	Northern District of Illinois.	Feb. 21, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent Mar. 19, 1941, as to Mario Casa-Massa, individually and as trustee of Connell, Ltd., a trust, and Posito Development, Ltd., a trust, Bianca Casa-Massa, individually and as trustee of Posito Development, Ltd., a trust, and Philip D. Clark.

TABLE I.—*Injunctive proceedings brought by Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935, which were pending during the fiscal year ended June 30, 1941—Continued*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Chinese Consolidated Benevolent Association, Inc.	1	Southern District of New York.	June 12, 1940	Secs. 5 (a) (1) and (2) of 1933 act.	Opinion rendered by district court on Aug. 26, 1940, denying the Commission's motion for judgment on the pleadings and granting defendant's motion to dismiss the complaint. The Commission appealed; on June 6, 1941, the Circuit Court of Appeals for the Second Circuit reversed judgment of district court and held that the defendant had violated sec. 5 (a) of 1933 act. On July 16, 1941, an order was entered staying the mandate of the circuit court of appeals to and including Aug. 8, 1941.
Cole, John F.-----	1	Northern District of Illinois.	Mar. 27, 1941	Secs. 17 (a) (1), (2), and (3) of 1933 act and sec. 15 (a) of 1934 act.	Permanent injunction by default June 6, 1941, as to John F. Cole, doing business as Fulton, Cole & Roe.
Conservative Securities Company (The), a corporation, et al.	2	Nebraska-----	July 15, 1940	Secs. 17 (a) (1) and (3) of 1933 act and sec. 15 (c) of 1934 act.	Permanent injunction by consent July 25, 1940, as to The Conservative Securities Company, a corporation, and Hermann E. Gebers.
Davenport Mining and Reduction Company et al.	3	Nevada-----	June 12, 1941	Sec. 17 (a) (2) of 1933 act.-----	Permanent injunction by consent June 12, 1941, as to Davenport Mining and Reduction Company, a corporation, Ogden C. Chase, and Vilas F. Adams.
Fairbanks, Harry W.-----	1	Southern District of California.	June 23, 1941	Secs. 5 (b) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent June 23, 1941, as to Harry W. Fairbanks individually and doing business as H. W. Fairbanks Co.
Ferguson (Julian H.), Inc., et al..	6	Eastern District of Pennsylvania.	Jan. 27, 1938	Secs. 5 (a) and (b) and 17 (a) of 1933 act.	Permanent injunction by consent Jan. 27, 1938, against all defendants except J. H. Ferguson. Pending as to him.
Gardner (Frank W.) Company et al.	5	Massachusetts-----	Aug. 14, 1940	Secs. 17 (a) (2) and (3) of 1933 act and sec. 15 (c) (1) of 1934 act.	Permanent injunction by consent Aug. 16, 1940, as to Frank W. Gardner Company, Frank W. Gardner, Lou K. Dichter, Hiram Winston, and Frederick E. Dunlap.
Gilbert, M. L., et al.-----	2	Southern District of Ohio.	May 8, 1939	Secs. 5 (a) (1) and (2) of 1933 act.	Permanent injunction by consent July 9, 1940, as to M. L. Gilbert and Christian W. Beck.
Gillham Mining Company, Inc., et al.	2	Western District of Arkansas.	July 25, 1940	.....do-----	Permanent injunction by consent July 25, 1940, as to Gillham Mining Company, Inc., and George J. Werner.
Hewitt, Arthur C.-----	1	Eastern District of Michigan.	Dec. 4, 1940	.....do-----	Permanent injunction by consent Dec. 4, 1940.
Kanaka Gold Placers, Inc., et al..	2	Western District of Washington.	Sept. 9, 1940	.....do-----	Permanent injunction by consent Sept. 9, 1940, as to Kanaka Gold Placers, Inc., and R. G. McLeod.
Lakeland Oil Corporation-----	1	Western District of Michigan.	Feb. 4, 1941	.....do-----	Permanent injunction by consent Feb. 27, 1941.

Larson, Arthur Lewis.....	1	Eastern District of Michigan.	June 12, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (2) and (3) of 1933 act and secs. 15 (a) and (c) of 1934 act.	Upon motion of Commission for summary judgment, permanent injunction was entered Jan. 13, 1941, as to Arthur Lewis Larson, individually and doing business as Geophysical Testing and Developing Company.
Lauer, Albert, et al.....	7	Northern District of Illinois.	June 24, 1941	Secs. 15 (a) and (c) of 1934 act....	Pending.
McBride Drilling Corporation (The) et al.	3	Western District of Oklahoma.	July 15, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act.	Permanent injunction granted by court July 17, 1940, as to The McBride Drilling Corporation, J. M. McBride, and E. A. Keller; judgment entered July 24, 1940.
McComb, C. L., et al.....	2	Nevada.....	Nov. 6, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent Nov. 6, 1940, as to C. L. McComb, C. L. McComb, Trustee of the Avenal Trust, and Avenal Corporation.
Mesel, W. W., Jr., et al.....	2	Western District of Michigan.	June 2, 1941	Secs. 5 (a) (1) and (2) of 1933 act.	Answer filed June 30, 1941, on behalf of both defendants. Pending.
Modern Aircraft Company et al..	3	Colorado.....	May 12, 1941	Sec. 5 (a) (1) of 1933 act.....	Permanent injunction by consent May 16, 1941, as to Modern Aircraft Company, H. M. Little, and L. M. Sells.
Mon-Ark Mining Company, Inc., et al.	2	Western District of Missouri.	Mar. 26, 1941	Sec. 17 (a) (2) of 1933 act.....	Permanent injunction by consent Apr. 16, 1941, as to Mon-Ark Mining Company, Inc., and R. F. Harris.
Orler, Jordan S., et al.....	2	Massachusetts.....	May 27, 1940	....do.....	Permanent injunction by consent Sept. 26, 1940, as to Jordan S. Orler, individually and as trustee of General Credit and Finance Company, and as to Charles A. Jordan.
Overman, James A.....	1	Western District of Washington.	June 26, 1941	Secs. 5 (b) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent June 26, 1941, as to James A. Overman, individually and doing business as James A. Overman Co.
Parker Methods, Inc. (The) et al.	13	Western District of Louisiana.	May 14, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (1), (2), and (3) of 1933 act.	Preliminary injunction entered June 4, 1941, restraining Colorado River Magnetic Black Sand Company, a corporation, Darrell C. Walters, and Joseph E. Parker from violating secs. 5 (a) (1) and (2) and 17 (a) (1), (2), and (3) of 1933 act; and restraining The Parker Methods, Inc., Magnetic Gold Mining Company, a corporation, Parker Patents Corporation, Western Black Sand Company, Inc., Western Patent Brokerage Corporation, Malcolm H. Sneed, Mrs. Hugh M. Sneed, Hugh M. Sneed, N. C. Watts, and Mrs. Lenora Wilkerson Watts from violating secs. 17 (a) (1), (2), and (3) of 1933 act. Pending.
Payne, Louis.....	1	Southern District of New York.	June 29, 1939	Secs. 5 (a) (1) and (2) of 1933 act.	Opinion rendered Nov. 15, 1940, granting the motion of the Commission for summary judgment to enjoin Louis Payne, doing business as Louis Payne Diversified Fur Farms, from violating secs. 5 (a) (1) and (2) of 1933 act. Order in accordance with opinion entered Dec. 2, 1940.
Pyne, Leo C., et al.....	3	Massachusetts.....	Apr. 9, 1940	Secs. 5 (a) (1) and 17 (a) (2) and (3) of 1933 act.	Opinion rendered June 16, 1941, granting permanent injunction as to Leo C. Pyne, doing business as Central Wharf Fishing Company, Carl L. Edgerly, and Curtis L. Jones. Order in accordance with opinion entered July 12, 1941.
Ridge & Company et al.....	2	Utah.....	Sept. 26, 1940	Sec. 15 (a) of 1934 act.....	Permanent injunction by consent Sept. 27, 1940, as to Ridge & Company and Harry Armstrong Thompson.

TABLE I.—*Injunctive proceedings brought by Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935, which were pending during the fiscal year ended June 30, 1941—Continued*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Ryan-Florida Corporation et al	2	Southern District of Florida	May 3, 1938	Sec. 15 (a) of 1934 act	Trial of this case has been postponed pending outcome of criminal case.
Sentenal Corporation (The) et al	4	Southern District of Ohio	Mar. 12, 1941	Secs. 5 (a) (1) and (2) of 1933 act	Permanent injunction by consent Mar. 12, 1941, as to The Sentenal Corporation, Frederick E. Backmeier, Alvin T. Stata, and James Hughes.
Sentinel Gold Syndicate et al	5	Nevada	June 12, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Permanent injunction by consent June 12, 1941, as to Sentinel Gold Syndicate, an unincorporated association, Harry Hedrick, H. R. Adams, William H. Westerland, and Harold V. Friedman.
Timetrust, Incorporated, et al	8	Northern District of California	Apr. 5, 1939	Secs. 17 (a) (1) and (2) of 1933 act.	Trial of case was completed July 17, 1940, and on Dec. 11, 1940, the district court handed down findings of fact to the effect that all of the defendants were responsible for violations of secs. 17 (a) (1) and (2) of the 1933 act. Judgment for permanent injunction was entered Jan. 17, 1941, as to Timetrust, Incorporated, Bank of America National Trust & Savings Association, Meredith Parker, Ralph W. Wood, H. E. Blanchett, A. P. Giannini, L. Mario Giannini, and John M. Grant. The defendants have appealed to the Circuit Court of Appeals for the Ninth Circuit. Pending.
Universal Aircraft Corporation et al.	4	Western District of Washington	May 1, 1941	Secs. 5 (a) (1) and (2) of 1933 act.	Permanent injunction by consent May 8, 1941, as to Universal Aircraft Corporation, John A. Kutz, and Fr�eric Vincent. Pending as to R. H. Goodwin.
Virginia Oil and Gas Syndicate et al.	3	District of Columbia	Sept. 16, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (2) of 1933 act.	Order entered Oct. 14, 1940, denying the Commission's motion for preliminary injunction and granting defendants' motion for bill of particulars. Bill of particulars filed Oct. 14, 1940. Defendants filed answer on Oct. 29, 1940. On Mar. 19, 1941, the Commission filed request that defendants admit genuineness of documents and truth of facts, pursuant to Rule 36 of the Rules of Civil Procedure. Answer to request to admit genuineness of documents has not been filed. Pending.

TABLE II.—*Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941*

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Horton B. G. Abell et al. (Dry Lake Oil Co.).	3	Idaho.....	Feb. 6, 1940	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act.	Trial opened Sept. 9, 1940. Talbot pleaded <i>nolo contendere</i> to one count of the indictment after the trial commenced; the remaining counts were dismissed as to him. The jury acquitted the corporation but was unable to reach a verdict as to Abell. Retrial as to Abell opened Feb. 12, 1941; he was found guilty and sentenced to serve 10 months; Talbot was fined \$250.
U. S. v. American Trusteed Funds, Inc., et al.	4	Southern District of New York.	June 10, 1941	Sec. 24 of 1933 act (false statements filed) and conspiracy to violate this statute.	Pending.
	4	do.....	do	Sec. 338, title 18, U. S. C.; and conspiracy to violate this statute.	
U. S. v. Robert E. Ames et al. (Surety Investment and Finance Company, Inc.).	75	do.....	Sept. 30, 1938	do.....	Bokal, Comerford, Gallant, Goldie, Mussman, Seidler, and Strahl entered pleas of guilty. Bokal was sentenced to serve 2 months; Comerford to 1 year and 1 day, to run concurrently with sentence under another indictment. The other defendants who pleaded guilty have not been sentenced. Rubin Goren is deceased. All of the remaining defendants have been apprehended except 5. Trial set for Aug. 4, 1941.
U. S. v. Henry L. Baker.....	1	Southern District of California.	Mar. 25, 1939	Secs. 17 (a) (1) and (3) of 1933 act and sec. 338, title 18, U. S. C.	Baker has not been apprehended. Pending.
U. S. v. Bankers Service Corporation et al.	11	Southern District of New York.	Dec. 2, 1935	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 338, title 18, U. S. C.	Trial on second indictment opened Jan. 6, 1939. Bob, Rogers, Wiseman, Bankers Service Corporation, Coronado Gold Mines, Inc., and Kelly Gold and Silver Mines, Inc., were found guilty. Sentences ranged from 2 to 7 years, and each corporation was fined \$1,000. Bob, Rogers, and Wiseman appealed to the Circuit Court of Appeals for the Second Circuit. Judgments affirmed July 27, 1939. The second indictment was <i>nolle prossed</i> as to Morse on Mar. 6, 1939. Dorn, Mack, and Schiff pleaded guilty to the first indictment in February 1939. Sentences ranged from a suspended sentence to 2½ years' imprisonment. The first indictment was dismissed as to Bankers Service Corporation and Coronado Gold Mines, Inc., and <i>nolle prossed</i> as to Adams, Clark, Morse, Rogers, Sawyer, and Wiseman. The second indictment was <i>nolle prossed</i> as to Peterson on June 4, 1941.
	8	do.....	May 24, 1938	Sec. 338, title 18, U. S. C.; and conspiracy to violate this statute.	

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—*Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued*

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Walter C. Baskette et al. (Caloma Oil Company).	7	Southern District of California.	Oct. 23, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Apr. 8, 1941. Atherton, Baskette, Dent, Finnerty, and Standish were found guilty; Black was acquitted. McBride pleaded <i>nolo contendere</i> after trial commenced and was found guilty upon this plea. Baskette and Dent were sentenced to serve 4 years; Atherton and Standish to 2 years; McBride to 18 months. Finnerty was placed on probation. Atherton, Dent, and Standish have filed notice of intention to appeal. Pending.
U. S. v. Bauersfeld and Aue, Inc., et al.	3	Southern District of Ohio.	Nov. 25, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	The indictment was <i>nolle prossed</i> as to the corporate defendant. Trial opened June 23, 1941, as to the 2 remaining defendants; still in progress.
U. S. v. Harris O. Bedford et al.	2	Western District of Texas.	Oct. 3, 1938	Sec. 17 (a) (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	H. O. Bedford was sentenced Oct. 13, 1938, upon plea of guilty, to serve 3 years in a reformatory. Application for an order to extradite Edward P. Lamar was denied by a Canadian court on Feb. 19, 1940. Pending.
U. S. v. Thomas W. Benson et al. (Suwannee Life Ins. Co.).	1	Southern District of Florida.	Oct. 26, 1938	Secs. 17 (a) (1) and (2) of 1933 act, and sec. 338, title 18, U. S. C.	Trial opened Oct. 16, 1939, on the first, second, and third indictments, which were consolidated for trial. J. P. Atkins, T. W. Benson, C. O. Davenport, and W. H. Gillespie were found guilty. Sentences ranged from 6 to 18 months. Directed verdict of not guilty was entered as to 8 defendants. T. W. Benson appealed to the Circuit Court of Appeals for the Fifth Circuit; judgment affirmed June 4, 1940; petition for rehearing denied July 8, 1940. Petition for <i>certiorari</i> denied Oct. 21, 1940. The fourth indictment is pending as to both defendants.
	12	do	do	Conspiracy to violate sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	
	12	do	Apr. 11, 1939	Sec. 338, title 18, U. S. C.	
	2	do	do	do	
U. S. v. Harold L. Bishop et al. (Stammler & Co.).	4	Southern District of New York.	Dec. 7, 1939	Sec. 338, title 18, U. S. C.	Trial opened Dec. 9, 1940, as to Kennedy and Stegman on second indictment. Stegman pleaded guilty during trial; Kennedy was acquitted. McDermott pleaded guilty prior to trial. Bishop is deceased. On Jan. 6, 1941, Stegman was sentenced to 1½ years' imprisonment; McDermott to 1 year and 1 day. Pending.
	7	do	Feb. 1, 1940	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	
U. S. v. E. Leroy Blessing et al. (Albatross Gold Mines, Inc.).	3	Western District of New York.	Nov. 2, 1940	Sec. 338, title 18, U. S. C.	Blessing pleaded guilty Apr. 7, 1941; sentenced to 2 years' imprisonment. Walker has been apprehended and pleaded not guilty. Read has not been apprehended. Pending.

U. S. v. James J. Boland et al.	2	do	Dec. 15, 1939	Secs. 5 (a) (1) and (2) and 17 (a) (1) and (2) of 1933 act, and conspiracy to violate these statutes.	Milton Rabow has been apprehended. Boland is deceased. Pending.
U. S. v. Robert J. Boltz	2	do	do	Sec. 338, title 18, U. S. C.	
U. S. v. Robert J. Boltz	1	Eastern District of Pennsylvania.	Dec. 6, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 15 (a) of 1934 act; and sec. 338, title 18, U. S. C.	Boltz pleaded guilty Feb. 28, 1941, and was sentenced to 20 years' imprisonment, to run concurrently with sentence on a State charge.
U. S. v. Bruce B. Brady et al. (Hickox Finance Corp.).	7	Northern District of Ohio.	Mar. 25, 1938	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Curtz, Gray, Phillips, and Stein pleaded guilty to 5 Securities Act counts in October and November 1939. Sentences ranged from a suspended sentence to 2 years' imprisonment. Gilson was acquitted on Nov. 30, 1939. Brady is deceased. Potts has not been apprehended; case pending as to him.
U. S. v. Edmond B. Bronson et al. (Bagdad Copper Corp.).	8	Southern District of New York.	Mar. 8, 1939	Secs. 5 (a) (1) and (2) and 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	All of the defendants have been apprehended. Trial to be held in October 1941.
U. S. v. James Marshall Brown et al. (Equities, Inc.).	2	Eastern District of Louisiana.	May 1, 1940	Sec. 17 (a) (1) of 1933 act, and sec. 338, title 18, U. S. C.	Brown pleaded <i>nolo contendere</i> to the indictment on Mar. 3, 1941. Imposition of sentence was suspended. The indictment was <i>nolle prossed</i> as to Ashton on Mar. 10, 1941.
U. S. v. Buck Horn Mining Company et al.	2	Idaho	Mar. 11, 1940	Secs. 5 (a) (1) and (2) of 1933 act.	Trial on second indictment opened Oct. 22, 1940. Both defendants were found guilty on all counts except 1, which was dismissed. James R. Davies was sentenced to serve 15 months; Buck Horn Mining Company was fined \$1,000. Demurrers were sustained as to 5 counts of the first indictment; the remaining counts of this indictment were dismissed Oct. 15, 1940.
	2	do	May 15, 1940	do	Trial opened May 14, 1940. Holt pleaded <i>nolo contendere</i> prior to trial. Buckman and Louis C. George were found guilty. Crofoot, R. E. George, Malkson, Spain, and Winebrenner were acquitted. On Aug. 5, 1940, Buckman was sentenced to 5 years' imprisonment, and fined \$2,000; George to 6 years and \$2,000. Holt received a suspended sentence and \$500 fine and was placed on probation. The indictment was <i>nolle prossed</i> as to Bracy, Casey, and Shotola.
U. S. v. Barton E. Buckman et al.	11	Western District of Wisconsin.	Aug. 14, 1939	Sec. 17 (a) (3) of 1933 act; sec. 338; title 18, U. S. C.; and conspiracy to violate these statutes.	Both defendants pleaded <i>nolo contendere</i> . On Feb. 12, 1941, Marshall Campbell was sentenced to serve 3 years; Charles P. Campbell to 1 year and 1 day, suspended, and defendant placed on probation. Demurrers to the indictment were overruled Apr. 22, 1941. Case awaiting trial.
U. S. v. Charles P. Campbell et al.	2	Northern District of Illinois.	June 2, 1939	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	
U. S. v. Central Securities Corporation et al.	4	Northern District of Indiana.	Nov. 8, 1940	Conspiracy to violate sec. 15 (c) (1) of 1934 act.	

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. E. Fairbanks Chase et al. (Donald P. Kenyon).	11	Southern District of New York.	Mar. 29, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 338, title 18, U. S. C.	Trial opened Oct. 2, 1939. Dizer and Grantham pleaded guilty prior to trial. Charles Russell Kenyon pleaded guilty after trial commenced. Eddy, Embree, Kenyon & Co., Inc., Schwartz, Sobel, and Weil Management, Inc., were found guilty. Sentences ranged from a suspended sentence to 2 years' imprisonment. The 2 corporations were each fined \$10,000. The indictment was <i>nolle prossed</i> as to Chase on Oct. 29, 1940; pending as to Wayne.
U. S. v. Francis M. Cox et al. (Franklin Savings & Loan Co.).	1 3	Eastern District of Tennessee. -----do-----	Nov. 13, 1939 Sept. 17, 1940	Sec. 17 (a) (1) of 1933 act, and sec. 338, title 18, U. S. C. Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Mar. 24, 1941. Johnson entered plea of <i>nolo contendere</i> to the second indictment prior to trial. Cox and Kenyon were each found guilty on all counts of the second indictment. Cox, who was the sole defendant in the first indictment, was also found guilty on 2 counts of first indictment. Cox was sentenced to serve 8 years and fined \$10,000; Kenyon to 5 years and \$4,000; and Johnson to 3 years and \$2,000. Both defendants have been apprehended. Pending.
U. S. v. Morris Davidow et al. (McKean Company).	2	Eastern District of Pennsylvania.	Aug. 28, 1940	Secs. 17 (a) (1) and (2) of the 1933 act and sec. 338, title 18, U. S. C.	
U. S. v. Alva Brown Davis et al. (Santa Fe Land, Trust & Title Co.).	2	Northern District of Texas	Sept. 21, 1939	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Oct. 2, 1939. Both defendants were found guilty. Davis was sentenced to 2 years' imprisonment and fined \$5,000; Summerfield to 2 years. Davis appealed to the Circuit Court of Appeals for the Fifth Circuit; judgment affirmed June 28, 1940; petition for <i>certiorari</i> denied Oct. 14, 1940.
U. S. v. C. Franklin Davis et al. (Universal Service Assn.).	6	Northern District of Illinois.	May 1, 1940	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act, and sec. 338, title 18, U. S. C.	All defendants have been apprehended. The motion to quash the indictment filed on behalf of Chancellor was denied June 18, 1941.
U. S. v. H. Anderson Davis et al.	3	Idaho-----	May 13, 1937	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18 U. S. C.; and conspiracy to violate sec. 338 title 18 U. S. C.	J. E. Bass pleaded guilty on Sept. 8, 1939, and H. Anderson Davis on July 26, 1940, to three counts of the first indictment and both counts of the second; each sentenced to serve 2 years and 2 days. The remaining counts of the first indictment were dismissed July 26, 1940, as to J. E. Bass and Anderson. Both indictments were dismissed as to J. G. Bass.
	3	-----do-----	Sept. 14, 1938	Sec. 17 (a) (3) of 1933 act and conspiracy to violate this statute.	All defendants have been apprehended except Morton Lewis. H. B. Keller is incarcerated on a State charge. Pending.
U. S. v. Victor de Villiers et al. (Mineral Mining Co.).	11	Northern District of Illinois.	July 22, 1938	Secs. 5 (a) and 17 (a) (1) of 1933 act, and sec. 338 title 18 U. S. C.	

U. S. v. Sidney J. Dillon et al. (Cooperative Trust Shares).	2	Southern District of Iowa...	Apr. 13, 1939	Secs. 17 (a) (1) and (2) of 1933 act and sec. 338, title 18, U. S. C.	Both defendants pleaded <i>nolo contendere</i> to 1 Securities Act and 1 mail fraud count. On Nov. 27, 1939, Dillon was sentenced to 5 years' imprisonment and fined \$1,000; Crowley to 3 years and \$1,000. Both defendants appealed to the Circuit Court of Appeals for the Eighth Circuit; convictions affirmed July 16, 1940; petition for rehearing denied Aug. 5, 1940. Petition for <i>certiorari</i> denied Oct. 28, 1940, as to both defendants.
U. S. v. Ethel Pitt Donnell et al. (American Terminals & Transit Co.).	4	Southern District of Indiana.	June 6, 1939	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Nov. 13, 1939. Hartenfeld was found guilty and Knapp acquitted. Beckett and Donnell pleaded guilty. Donnell and Hartenfeld were each sentenced to 10 years and fined \$5,000; Beckett, 8 years and \$2,500 fine. Hartenfeld appealed to the Circuit Court of Appeals for the Seventh Circuit; judgment affirmed June 11, 1940; petition for <i>certiorari</i> denied Oct. 14, 1940.
U. S. v. Amos Downs et al. (Humboldt Consolidated Mining Co.).	3	Colorado.....	Sept. 23, 1940	.....do.....	The demurrers and motions to quash the indictment were overruled Mar. 1, 1941, as to each defendant. Case awaiting trial.
U. S. v. Hiram R. Edwards et al. (Edwards Petroleum Co.).	2	Western District of Oklahoma.	Nov. 15, 1938	Secs. 5 (a) (1) and (2) and 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Edwards was found guilty upon his plea of <i>nolo contendere</i> and sentenced to 3 years' imprisonment. The indictment was dismissed as to Binger on Jan. 29, 1940. Edwards appealed to the Circuit Court of Appeals for the Tenth Circuit; judgment affirmed June 29, 1940. Edwards filed petition for <i>certiorari</i> which was granted; and on Mar. 3, 1941, the U. S. Supreme Court reversed the judgment of the district court and remanded the case to that court for further proceedings not inconsistent with its opinion. Pending.
U. S. v. Albert Emerton et al.....	2	Massachusetts.....	May 20, 1938	Sec. 17 (a) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Emerton and Bottis pleaded guilty Nov. 19, 1940; each sentenced to serve 1 year and 1 day.
U. S. v. Hyman B. Essinfeld et al..	21	Southern District of New York.	Sept. 2, 1937	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Nov. 15, 1937. Essinfeld, Klein, Parker, Max Silver, Spero, and Wolfson pleaded guilty before trial. D. B. Howe, H. Neditch, and J. T. Swan were convicted; verdict set aside as to J. T. Swan. The jury disagreed as to H. Melman; he pleaded guilty Apr. 29, 1938. Sentences ranged from a suspended sentence to 2 years' imprisonment. The indictment was dismissed as to 4 defendants and <i>nolle prosequi</i> as to 8 defendants. On Sept. 18, 1940, Klein and Wolfson were each given suspended sentences and placed on probation.
U. S. v. Caroline Evans et al. (N. J. Stokes & Co.) .	3	Colorado.....	Mar. 11, 1938	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	On Sept. 13, 1938, Evans and White were found guilty upon their pleas of <i>nolo contendere</i> ; each placed on probation. N. J. Stokes is a fugitive.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. G. E. Fisher et al.	5	Western District of Wisconsin.	Jan. 8, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Clausen pleaded guilty Mar. 21, 1940. G. E. Fisher, G. F. Fisher, and Yount were found guilty Mar. 21, 1940, upon their pleas of <i>nolo contendere</i> . On Sept. 25, 1940, G. E. Fisher and G. F. Fisher were each sentenced to 7 years' imprisonment and fined \$5,000; Clausen to 2 years. Yount received a suspended sentence and \$500 fine; placed on probation for 3 years. Benson is incarcerated on a State charge. Pending.
U. S. v. E. Andre Florian et al. (Plymouth Consolidated Gold Mines, Ltd.).	6	Delaware	Mar. 10, 1936	Sec. 5 (a) of 1933 act and conspiracy to violate this statute.	Florian pleaded guilty on Sept. 17, 1937, and received \$5,000 fine. The indictment was <i>nolle prossed</i> as to Emmons. The case is pending as to the two corporate defendants and as to Flickinger and Taylor, who are fugitives.
U. S. v. Leo E. Gaffney et al.	7	Southern District of New York.	Oct. 19, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Nov. 8, 1940. Pitney pleaded guilty after trial commenced. Gaffney, Jeffrey, Ware, White, Bankers Industrial Service, Inc., and Hiltz & Company, Inc., were found guilty. Sentences ranged from a suspended sentence to 3½ years' imprisonment. The two corporations were each fined \$1 on each of 19 counts. White has filed notice of intention to appeal; pending.
U. S. v. Gordon A. Gantz	1	Eastern District of Missouri.	Jan. 17, 1941	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Trial opened June 9, 1941. Gantz was found guilty and sentenced to 4 years' imprisonment. He has filed notice of intention to appeal. Pending.
U. S. v. Eugene S. Gates et al. (International White Cement Co.).	8	District of Colorado	Mar. 9, 1939	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Nov. 22, 1940, as to Gates and Rice; each found guilty as to certain counts of the indictment. Prior to trial Manning and Taylor pleaded <i>nolo contendere</i> to the conspiracy count, and Carpenter, Givens, and Hailam pleaded guilty to the same count. Sentences ranged from a probationary sentence to 8 years' imprisonment and \$2,300 fine. Gates and Rice have appealed to the Circuit Court of Appeals for the Tenth Circuit. Petition for removal of Earl was denied; indictment dismissed as to him.
U. S. v. Louis C. George et al. (Automatic Products Corp.).	3	Southern District of New York.	Apr. 30, 1940	Secs. 9 (a) (1) (B) and (C) and 9 (a) (2) of 1934 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	George pleaded guilty May 9, 1941, and was sentenced to 18 months; execution of sentence suspended and George to be placed on probation at expiration of 6-year term imposed on him in the B. E. Buckman case. Kirby has been apprehended. Pending.

U. S. v. Morey Getz et al. (Ralph A. Gallagher & Co.).	2	Massachusetts.....	Jan. 4, 1937	Secs. 9 (a) (1) (A), (B), and (C) of 1934 act (manipulation).	Getz pleaded <u>guilty</u> to both indictments on Jan. 21, 1938. He was sentenced on each indictment to 1 year and 1 day, to run concurrently.
	2	do.....	do.....	Conspiracy to violate secs. 9 (a) (1) (A), (B), and (C) and 9 (a) (2) of 1934 act.	Execution of sentence was suspended and he was placed on probation for 1 year. Both indictments were <i>notte prossed</i> as to Hull on Aug. 27, 1940.
U. S. v. Zelmer A. Gilbert et al. (Mayfair Potteries, Ltd.).	5	Northern District of New York.	Nov. 20, 1940	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	All defendants have been apprehended and have pleaded not guilty. Pending.
U. S. v. Hector Gomez et al. (Minas Del Plomo, S. A.).	4	Southern District of New York.	June 18, 1941	Secs. 5 (a) (1) and 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Gomez and Robinson have pleaded guilty. The other 2 defendants have not been apprehended. Pending.
U. S. v. Ivan E. Goodner et al. (Pioneer Gold Producers, Inc.).	6	Colorado.....	Apr. 26, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	On Oct. 14, 1940, the district court sustained the plea in abatement and motion to quash the indictment which were filed on behalf of Goodner. The remaining defendants have been apprehended. Pending.
U. S. v. Wallace Groves et al.....	9	Southern District of New York.	Dec. 1, 1938	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Feb. 6, 1941. Wallace Groves, George Groves, Delaware Trading Company, Erwar Corporation, Limited, Nassau Securities, Limited, and North American, Limited, were found guilty. Indictment severed as to Philip De Ronde, Philip De Ronde, Limited, and Warriner. Wallace Groves was sentenced to 2 years' imprisonment and fined \$22,000; George Groves to 8 months and \$22,000. Each of the four corporations was fined \$1,000. Wallace and George Groves appealed. On Aug. 4, 1941, the Circuit Court of Appeals for the Second Circuit affirmed the conviction of Wallace Groves but reversed the conviction of George S. Groves and ordered new trial for him. Pending.
U. S. v. Jacob Gruber et al.....	3	Southern District of New York.	Apr. 7, 1941	Conspiracy to defraud the United States through listening in on official telephone conversations (sec. 88, title 18, U. S. C.) and unauthorized interference with communications—wire tapping (secs. 605 and 501, title 47, U. S. C.).	Gruber was found guilty May 29, 1941; he was sentenced to serve 1 year and 1 day and fined \$1,000. Elizabeth Miller pleaded guilty; imposition of sentence was suspended and she was placed on probation. The indictment was dismissed as to Fay Werthman.
U. S. v. Robert W. Hacking et al. (National Credit Finance Corp.).	2	District of Minnesota.....	Feb. 29, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Mar. 11, 1941. Robert W. Hacking and Paul Hacking were found guilty on certain mail fraud and Securities Act counts. Each was sentenced to serve 3 years in a reformatory.
U. S. v. William A. Hart.....	1	Southern District of California.	Nov. 13, 1940	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Hart has been apprehended. Pending.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.— *Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued*

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Thomas H. Hawkes et al. (American Tung Oil Products Corp.).	3	District of Columbia.....	Oct. 3, 1938	Sec. 85, title 6, District of Columbia Code (obtaining money and property under false pretenses).	Trial opened Mar. 4, 1941, as to 2 defendants. Hawkes was found guilty and sentenced to serve from 1 to 3 years' imprisonment. Curtis Jones was acquitted. Hastings has not been apprehended; indictment pending as to him.
U. S. v. Arthur Hays et al.....	2	District of Columbia.....	Dec. 29, 1939	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Both defendants have been apprehended. Pending.
U. S. v. Melvau D. Haynes et al. (Benner, Owens & Co.).	7	Eastern District of Michigan.	Oct. 19, 1936	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Feb. 6, 1940. Goldman and Haynes pleaded <i>nolo contendere</i> prior to trial. After the trial commenced Benners and Wiseman pleaded <i>nolo contendere</i> ; Wood entered a similar plea to 1 Securities Act count. Goldman, Wiseman, and Wood were each sentenced to 15 months; Haynes to 18 months; Benners to 4 years. Fraino surrendered Jan. 6, 1941. Brooks is a fugitive.
U. S. v. Theodore P. Heider et al. (Tiblemont Siscoe Mining, Ltd.).	9	Southern District of New York.	June 10, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Pending.
U. S. v. E. Randall Henderson et al.	3	Eastern District of Missouri.	June 23, 1941	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	All defendants have been apprehended. Trial set for January 1942.
U. S. v. W. J. Herring et al.....	4	Eastern District of Arkansas.	Sept. 23, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	W. J. Herring pleaded guilty to all the substantive counts of the first indictment and to all counts of the second. The conspiracy count of the first indictment was dismissed as to him. On Apr. 18, 1941, he was sentenced to 3 years' imprisonment. Both indictments were dismissed as to the remaining 3 defendants.
	4	.....do.....	Sept. 24, 1940	Sec. 338, title 18, U. S. C.....	
U. S. v. Edward M. Hill et al.....	12	Northern District of Ohio.	May 21, 1940	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Feb. 6, 1941. After trial commenced Barth, W. H. Gould, Gross, Hill, Mott, Rose, Reinhardt, Schofs, and de Villiers pleaded guilty and Harvey pleaded <i>nolo contendere</i> . Sentences ranged from a suspended sentence to 5 years imprisonment. The indictment was severed as to Lewis due to illness. C. W. Gould has not been apprehended. The indictment is pending as to these 2 defendants.

U. S. v. Eugene M. Hilton. (Calmore Oil Co.).	1	Southern District of California.	Sept. 20, 1939	Sec. 17 (a) (3) of 1933 act.....	Hilton was acquitted Aug. 30, 1940, on count 1 of the second indictment; count 2 of this indictment was dismissed when the Government elected to go to trial on the first count. The 3 remaining indictments were dismissed Nov. 8, 1940.
	1	do.....	do.....	do.....	
	1	do.....	do.....	Secs. 5 (a) (1) and (2) of 1933 act.	
U. S. v. Leo S. Holmes et al. (First Mortgage Acceptance Corp.).	3	Nebraska.....	July 27, 1939	Secs. 17 (a) (2) and (3) of 1933 act. Sec. 17 (a) (1) of 1933 act; sec. 338, title 18 U. S. C.; and conspiracy to violate these statutes.	Trial opened Apr. 16, 1940. Hauser and McCormack pleaded <i>nolo contendere</i> after trial commenced. Holmes was found guilty on all counts of the indictment, except the second count, which was dismissed. Holmes was sentenced to serve 15 years and fined \$25,000; Hauser to 6 years and \$1,000; and McCormack to 15 months. Holmes appealed to the Circuit Court of Appeals for the Eighth Circuit; judgment affirmed Nov. 27, 1940.
U. S. v. Howard C. Hopson et al. (Associated Gas & Electric Co.).	4	Southern District of New York.	May 9, 1940	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Nov. 6, 1940. Hopson was found guilty and sentenced to 5 years' imprisonment. Brownback and Travis were acquitted. The indictment was abated as to Burroughs. Hopson has filed notice of intention to appeal; pending.
U. S. v. Elam Huddleston et al....	6	Western District of Kentucky.	Dec. 10, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	On June 13, 1941, Huddleston, Duckett, Neusch, Osborne, and Elam Huddleston & Company, Inc. were convicted; King was acquitted. Sentences ranged from 1 year and 1 day to 5 years. The corporation was fined \$1,500.
U. S. v. R. Fay Hull et al. (Intercredit Corp.).	3	Southern District of Florida.	May 16, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Hull and Richmire have been apprehended. Childress is incarcerated on a State charge. Trial set for Sept. 8, 1941.
U. S. v. Illinois Iowa Power Company et al.	5	Southern District of Illinois.	Dec. 3, 1940	Sec. 12 (h) of 1935 act (political contributions by public utility holding company's subsidiary) and conspiracy to violate this statute.	All defendants have been apprehended. Pending.
U. S. v. Andrew G. Ilseng et al. (International Mining & Milling Co.).	7	Southern District of California.	Sept. 29, 1937	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened on Jan. 3, 1939. A. G. Ilseng, A. G. Ilseng, Jr., and McKercher were found guilty. Sentences ranged from a suspended sentence to 5 years' imprisonment. The indictment was dismissed as to the remaining 4 defendants. The three convicted defendants appealed. On June 13, 1941, the Circuit Court of Appeals for the Ninth Circuit affirmed the judgments of the district court as to all counts upon which they were found guilty except three. The judgments were reversed as to one of these and the case was remanded to district court for resentencing on the other two. Pending.
U. S. v. Albert Edward Janis et al. (Parking Meter Corp. of America).	3	Northern District of Ohio.	May 6, 1941	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	All defendants have been apprehended. Pending.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Arnold Joerns et al. (Resources Corp. International).	9	Northern District of Illinois.	Dec. 13, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	8 defendants have been apprehended. Trial set for Oct. 6, 1941.
U. S. v. A. B. Jones et al. (Colonial Trading Co.).	11	Nevada.....	July 16, 1935	Secs. 5 (a) and 17 (a) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	The indictment was <i>nolle prossed</i> Dec. 13, 1937, as to Nelson J. Sykes, who is deceased, and dismissed Sept. 30, 1940, as to 8 defendants. A. B. Jones and M. J. Jones, who are the principal defendants, have not been apprehended. Case pending as to them. All defendants have been apprehended. Trial set for Sept. 29, 1941.
U. S. v. Philip J. Kealy et al. (Campana Gold Mines, Inc.).	7	Northern District of Illinois.	Apr. 15, 1940	Sec. 338, title 18, U. S. C.....	All defendants have been apprehended. Trial set for Sept. 29, 1941.
U. S. v. Ery Kehaya et al. (Standard Commercial Tobacco Co.).	6	Southern District of New York.	Jan. 3, 1940	Secs. 9 (a) (1) (A), (B), and (C) and 9 (a) (2) of 1934 act (manipulation); sec. 338, title 18, U. S. C.; and conspiracy to violate secs. 9 (a) (1) and (2) of 1934 act and sec. 338, title 18, U. S. C.	Louis C. George pleaded guilty to certain counts of both indictments on May 9, 1941. He was sentenced to 18 months, suspended and placed on probation. The remaining defendants have been apprehended. Pending.
	6	.....do.....	Feb. 23, 1940	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate secs. 17 (a) (1) and (2) of 1933 act, secs. 9 (a) (1) and (2) of 1934 act, and sec. 338, title 18, U. S. C.	
U. S. v. S. G. Kennedy et al.....	3	Eastern District of Tennessee.	Mar. 3, 1941	Sec. 338 (mail fraud) and sec. 339 (using fictitious name to promote a fraud through the postal establishment), title 18, U. S. C.; and conspiracy to violate these statutes.	Kennedy and Clancy have been apprehended. Pending.
U. S. v. William E. Kirby.....	1	Nebraska.....	Jan. 24, 1941	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Kirby pleaded guilty on Feb. 20, 1941. He was sentenced Mar. 14, 1941, to serve 3 years.
U. S. v. Edgar T. Kongsberg et al..	4	Northern District of Illinois.	May 1, 1941	Sec. 17 (a) (1) of 1933 act; sec. 8 (b) of 1934 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	All defendants have been apprehended except R. H. Breseman. Pending.

U. S. v. Kopald-Quinn and Company et al.	5	Southern District of New York.	Aug. 30, 1935	Sec. 9 (a) (2) of 1934 act (manipulation) and conspiracy to violate this statute.	Trial on second indictment opened Apr. 19, 1937. Gould and Company, Kopald-Quinn and Company, Joseph R. Mendelson, Ricebaum, Joseph N. Sherman, and Sutterman were found guilty. A mistrial was declared as to 2 defendants; the indictment was later <i>nolle prosequi</i> as to them. Four defendants were acquitted; directed verdicts of not guilty were entered as to 9 defendants; Belmont, William Mendelson, and Trause pleaded guilty prior to trial. Sentences ranged from a suspended sentence to 5 years' imprisonment. Kopald-Quinn and Company was fined \$55,000; Gould and Company \$10,000. The 6 defendants who were found guilty appealed. Judgments affirmed on Feb. 16, 1939, as to Kopald-Quinn and Company, Mendelson, Sherman, and Sutterman. With respect to Gould & Company and Ricebaum, the judgments were affirmed by the Circuit Court of Appeals for the Fifth Circuit as to 1 count and reversed as to another. Petition for <i>certiorari</i> denied May 15, 1939. The first indictment was <i>nolle prosequi</i> as to all defendants on Oct. 7, 1940, and the second as to 4 defendants on Mar. 31, 1941. The second and third indictments are pending as to Novak.
	29	Northern District of Georgia.	July 14, 1936	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	
	1	do	Jan. 12, 1938	Sec. 338, title 18, U. S. C.	
U. S. v. Fred H. Korff et al.	2	Southern District of New York.	Aug. 3, 1939	Sec. 338, title 18, U. S. C.	Both defendants pleaded not guilty on Aug. 14, 1939. Pending.
U. S. v. Barton La Fonte	1	Colorado	Sept. 23, 1940	Sec. 338, title 18, U. S. C.	La Fonte pleaded guilty on Feb. 17, 1941, and was sentenced to serve 10 months.
U. S. v. William D. LaVey et al.	10	Eastern District of Washington.	June 25, 1937	Secs. 5 (a) (1) and (2) and 17 (a) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	LaVey was sentenced Mar. 9, 1938, to 3 years' imprisonment upon plea of guilty. Trial opened Dec. 5, 1938; Harry A. Ross was convicted and sentenced to 15 months; Burke, Kamerman, Sargent, and Wise were acquitted; indictment dismissed as to Conley and Leo Ross; mistrial as to Friedlander due to illness. Barnett has not been apprehended; case pending as to him and Friedlander.
U. S. v. Maurice A. Levine et al. (Paymaster Plan, Inc.)	7	Massachusetts	July 16, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act, and conspiracy to violate this statute.	All defendants have been arraigned and have pleaded not guilty. Pending.
	7	do	do	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	
U. S. v. Harry Low et al. (Trenton Valley Distillers Corporation).	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Low surrendered on Feb. 24, 1939, and was later released on bail. He failed to appear at the pre-trial hearing set for June 23, 1941, and his bond was forfeited on this date. Walter H. Hardie is a fugitive in Canada. Pending.
U. S. v. Oscar Frederick Lundelius et al.	2	Southern District of California.	Jan. 15, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Lundelius and Eccleston pleaded guilty Mar. 3, 1941, to the Securities Act counts of the indictment. Each defendant sentenced to serve 1 year. No disposition has been made as to the mail fraud counts.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Joseph M. Lydon et al.	6	Massachusetts	Nov. 15, 1939	Secs. 17 (a) (1) and (2) of 1933 act, and conspiracy to violate this statute.	Five defendants have been apprehended. Trial set for October 1941.
	6	do	do	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	
U. S. v. James R. Macon et al.	2	Northern District of Ohio	Feb. 2, 1940	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Trial opened Jan. 14, 1941. Macon was found guilty and Schley acquitted. Macon was sentenced to 3 years' imprisonment and fined \$2,500. He has filed notice of intention to appeal.
U. S. v. Harry J. Mallen (Santa Cruz Mining Co.)	1	Northern District of Illinois	Mar. 15, 1940	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Mallen has been apprehended. Trial set for Sept. 29, 1941.
U. S. v. J. M. May (Texas Mutual Reserve Life Ins. Co.)	1	Eastern District of Texas	Feb. 13, 1940	Secs. 17 (a) (1) and (2) of 1933 act and sec. 338, title 18, U. S. C.	Trial opened Feb. 11, 1941. May was found guilty on all counts except two, which were dismissed; sentenced to 1 year and 1 day and fined \$2,500.
U. S. v. J. M. McBride et al.	2	Western District of Oklahoma	Mar. 5, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	McBride and Keller pleaded guilty on May 17, 1941, and June 19, 1941, respectively; each sentenced to 18 months, suspended, and placed on probation.
U. S. v. George McGhie, Jr., et al.	2	Western District of Wisconsin	Feb. 17, 1940	Secs. 17 (a) (1), (2), and (3) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	McGhie pleaded <i>nolo contendere</i> on July 12, 1940. He was found guilty upon this plea as to ten counts and fined \$1,500; the remaining counts were dismissed as to him. Rothe pleaded guilty Feb. 1, 1941; sentenced to 18 months' imprisonment.
U. S. v. McKesson & Robbins, Inc., et al.	4	Southern District of New York	Dec. 15, 1938	Sec. 32 (a) of 1934 act (false or misleading statements) in connection with a document filed under sec. 13 of 1934 act, and conspiracy to violate sec. 32 (a) of 1934 act.	Trial on third indictment opened Mar. 7, 1940, as to 5 defendants; John and Leonard Jenkins pleaded guilty to certain counts of the indictment after trial commenced; Merwin and Phillips were acquitted; McGlooin was found guilty on 1 Securities Exchange Act count. Prior to trial, Arthur, George, and Robert Musica, and Benjamin Simon entered plea of guilty to each indictment in which they were named as defendants. Coster is deceased. Sentences ranged from a suspended sentence to 3 years' imprisonment. McGlooin, who was sentenced to 1 year and 1 day and fined \$5,000, appealed to the Circuit Court of Appeals for the Second Circuit; judgment affirmed, without opinion, Dec. 30, 1940. Petition for <i>certiorari</i> denied Mar. 17, 1941. The first and second indictments are pending as to McKesson & Robbins, Inc.
	4	do	Dec. 22, 1938	do	
	9	do	Mar. 30, 1939	Sec. 32 (a) of 1934 act in connection with a document filed under sec. 13 of 1934 act; sec. 338, title 18, U. S. C., and conspiring to violate sec. 32 (a) of 1934 act and sec. 338, title 18, U. S. C.	

U. S. v. Alex A. Mengarelli. (Ozonide Corporation).	1	Northern District of New York.	July 18, 1940	Secs. 17 (a) (1) and (2) of 1933 act, and sec. 338, title 18, U. S. C.	On June 18, 1941, Mengarelli was found guilty on 1 Securities Act count and acquitted on all other counts of the indictment. He was sentenced to 1½ years, suspended, and placed on probation.
U. S. v. Norman W. Minuse et al.	3	Southern District of New York.	Oct. 26, 1938	Conspiracy to violate secs. 9 (a) (1) (A), (B), and (C) and sec. 9 (a) (2) of 1934 act (manipulation).	Trial opened Jan. 8, 1940. Stuart pleaded guilty during trial. Minuse and Pelletier were found guilty. Minuse was sentenced to 2 years and fined \$5,000; Pelletier to 18 months and \$1,000. Stuart was given a suspended sentence and placed on probation. Minuse and Pelletier appealed. On Aug. 7, 1940, the Circuit Court of Appeals for the Second Circuit reversed the judgments of the district court as to these 2 defendants on the ground they were not given a fair trial. Pending.
U. S. v. Clarence J. Morley et al.	7	Southern District of Indiana.	Oct. 24, 1936	Sec. 338, title 18, U. S. C.	Trial opened June 21, 1937. Anderson, Chase, Morley, Stephenson, and Ward were found guilty. Sentences ranged from 1 year and 1 day to 5 years. Morley appealed; his conviction was affirmed by the Circuit Court of Appeals for the Seventh Circuit on Oct. 20, 1938. Petition for <i>certiorari</i> denied Feb. 3, 1939. James and Joseph Gualano have not been apprehended; case pending as to them.
U. S. v. Jesse H. Morrow et al. (G. K. Rodgers).	3	Northern District of New York.	June 12, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 17 (a) of 1933 act and sec. 338, title 18, U. S. C.	Pending.
U. S. v. William Mark Muchow.	1	Northern District of Illinois.	June 28, 1940	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act, and sec. 338, title 18, U. S. C.	Muchow has filed plea in abatement, motion to quash, and demurrer to indictment. Pending.
U. S. v. Samuel J. Mustain et al. (Continental Securities Corp.).	15	Southern District of New York.	Dec. 3, 1937	Sec. 17 (a) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Oct. 8, 1940. H. W. and J. H. Williams, Goodman, and Colonial Securities Corporation pleaded guilty. The indictment was dismissed as to Feinberg, Casale, Collins, Martin, Mustain, Continental Securities Corp., Dealers Royalty Co., Inc., and Standard Dealers Co., Inc., were found guilty. Sentences ranged from a suspended sentence to 3½ years' imprisonment. The 4 corporations were each fined \$10,000. The indictment was severed as to 3 defendants; pending as to them.

1 Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. National Investment Transcript, Inc., et al.	20	Southern District of New York.	July 2, 1936	Sec. 338, title 18, U. S. C. and conspiracy to violate this statute.	Dinter pleaded guilty to the conspiracy count prior to trial and was given a suspended sentence. Berman, Congden, Gold, Greene, Halpert, Hermanson, Levin, Manchel, National Investment Transcript, Inc., Rollnick, Smiler, Steinberg, Tettelman, Ward, and Werblen were convicted Dec. 23, 1939. Jury disagreed as to Lazar and Schwartz. Sentences ranged from a suspended sentence to 7 years' imprisonment and \$5,000 fine. The corporation was fined \$10,018. 11 defendants appealed to the Circuit Court of Appeals for the Second Circuit; judgments affirmed Aug. 16, 1937. Berman, who received a suspended sentence, also appealed. The Circuit Court of Appeals for the Second Circuit dismissed his appeal. On Dec. 6, 1937, the Supreme Court held that he had a right to appeal from such a judgment and remanded the case to the Circuit Court of Appeals for the Second Circuit for further proceedings. On July 28, 1938, this court affirmed the judgment of the district court as to Berman. Hennigan and Strauss pleaded guilty to the conspiracy count on Mar. 20, 1939; each given a suspended sentence. Case pending as to Lazar and Schwartz.
U. S. v. Frank E. Nemec	1	Delaware	Sept. 13, 1939	Sec. 17 (a) (1) of 1933 act and sec 338, title 18, U. S. C.	Trial opened Jan. 29, 1940. Frank E. Nemec was found guilty on 4 Securities Act and 2 mail fraud counts. On Feb. 13, 1940, he was sentenced to 4 years' imprisonment and fined \$1,000. The second indictment is pending.
	1	do	do	Title 18, sec. 241 of U. S. C. (attempting to influence a witness).	
U. S. v. Robert S. Odell et al. (Pacific States Savings & Loan Co.)	14	Southern District of California.	Dec. 20, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 338, title 18, U. S. C.	Trial opened Apr. 30, 1940, as to all defendants except Rohrer and Randolph. On June 20, 1940, the court directed verdicts of not guilty as to the 12 defendants who stood trial. The indictment was dismissed on Apr. 30, 1940, as to Rohrer, and, on Sept. 16, 1940, as to Randolph.
U. S. v. Paine Statistical Corporation et al.	6	New Jersey	Jan. 12, 1940	Sec. 15 (a) of 1934 act	All defendants have been apprehended. Pending.
	6	do	do	Sec. 338, title 18, U. S. C.	

U. S. v. Stephen Paine et al.-----	17	Southern District of New York.	Nov. 2, 1938	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Robb pleaded guilty to third indictment Oct. 18, 1939. Hansell, Morris, Paine, and Solomon were found guilty as to certain counts of the third indictment on Dec. 1, 1939. This indictment was <i>nolle prossed</i> as to Northern Fiscal Corporation, Limited. Hansell, Morris, Robb, and Solomon were each sentenced to 2 years; Paine to 1 year and 1 day. Execution of sentence as to Robb was suspended and he was placed on probation. On May 21, 1940, the second indictment was <i>nolle prossed</i> as to all defendants. Morris pleaded guilty to the first indictment on June 26, 1940; imposition of sentence suspended and defendant placed on probation. The first indictment is pending as to all defendants except Morris.
	6	do-----	Mar. 31, 1939	do	
	7	do-----	May 31, 1939	do	
U. S. v. Samuel C. Pandolfo (Old Line Ins. Shares Corp.).	1	New Mexico-----	Mar. 26, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (1) of 1933 act and sec. 333, title 18, U. S. C.	Trial opened June 23, 1941. Pandolfo was found guilty on the mail fraud counts of the indictment on July 1, 1941; sentenced to 10 years' imprisonment and fined \$800.
U. S. v. Pennsylvania Finance Company, Inc., et al.	13	Eastern District of Pennsylvania.	Apr. 11, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (1) of 1933 Act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Sept. 23, 1940. Howard J. Levitt, Samuel Sussman, Pennsylvania Finance Company, Inc., and First National Finance Corporation were found guilty on all counts except 2 as to which the court directed verdict of not guilty. The remaining 9 defendants were acquitted. Levitt was sentenced to serve 2 years; Sussman to 1 year and 1 day. The corporations were not fined as neither had any assets from which a fine could be collected.
U. S. v. Todd M. Pettigrew et al. (Western Plains Oil Corp.).	2	Western District of New York.	Dec. 12, 1940	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Both defendants have been apprehended. Pending.
U. S. v. Moe Platt et al.-----	6	Western District of Pennsylvania.	Sept. 22, 1937	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	McKee and Platt were found guilty under the fourth indictment on Sept. 29, 1939; each sentenced to 2 years' imprisonment and fined \$2,500. Frankel, Lutz, and McNey pleaded guilty Nov. 6, 1939, to the third indictment; each defendant was placed on probation for 2 years and fined \$200. This indictment was <i>nolle prossed</i> as to the remaining 4 defendants. Platt pleaded guilty Dec. 4, 1939, to the second indictment; sentenced to 2½ years to run concurrently with sentence imposed under fourth indictment. The second indictment was <i>nolle prossed</i> as to the remaining 6 defendants, and the first indictment as to all defendants. On Oct. 25, 1940, the Circuit Court of Appeals for the Second Circuit dismissed the appeals of McKee and Platt.
	7	do-----	Feb. 22, 1938	do	
	7	do-----	do-----	Sec. 17 (a) (2) of 1933 act and conspiracy to violate sec. 17 (a) (3) of 1933 act.	
	2	Southern District of New York.	June 15, 1939	Conspiracy to defraud the United States of and concerning its governmental function of administering the 1933 and 1934 acts.	
U. S. v. Paul G. Remington-----	1	North Dakota-----	Oct. 1, 1940	Sec. 17 (a) (1) of 1933 act; sec. 15 (c) (1) of 1934 act; and sec. 338, title 18, U. S. C.	Remington pleaded guilty on Oct. 8, 1940, and was sentenced to 5 years' imprisonment.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Joseph R. Rossignol et al.	2	Northern District of Georgia.	June 23, 1938	Sec. 17 (a) (1) of 1933 act; sec. 338; title 18, U. S. C.; and conspiracy to violate secs. 17 (a) (1), (2), and (3) of 1933 act and sec. 338, title 18, U. S. C.	Both defendants were found guilty as to the substantive counts of the second indictment on Nov. 4, 1939. Crocy was sentenced to 2½ years' imprisonment; Rossignol to 4 years. Rossignol appealed to the Circuit Court of Appeals for the Fifth Circuit; judgment affirmed June 20, 1940; petition for <i>certiorari</i> denied Oct. 14, 1940. The first indictment was <i>nolle prosequere</i> as to both defendants on Jan. 22, 1941.
	2	do	Jan. 20, 1939	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	
U. S. v. Paul B. Roubay et al. (Acceptance & Exchange Co.).	7	Southern District of California.	Nov. 27, 1935	Conspiracy to violate sec. 17 (a) of 1933 act.	Trial on third indictment opened July 19, 1938. Boyd, Heyman, Nelson, Padgham, Phelps, Roubay, and Waggoner were found guilty. Directed verdict of not guilty entered as to Thorp. Sentences ranged from 2 years probation to 6½ years' imprisonment. Roubay and Waggoner appealed to the Circuit Court of Appeals for the Ninth Circuit; judgment affirmed as to Waggoner on July 26, 1940, and as to Roubay on Oct. 25, 1940. Petition of Waggoner for rehearing denied Aug. 30, 1940. Waggoner filed petition for <i>certiorari</i> ; denied Nov. 12, 1940. The first and second indictments were dismissed as to all defendants.
	8	do	Jan. 22, 1936	Conspiracy to violate secs. 5 (a) and 17 (a) of 1933 act.	
	9	do	Nov. 18, 1936	Sec. 338, title 18, U. S. C.	
U. S. v. Frank J. Ryan et al. (E. Muge Co.).	4	Southern District of Florida.	Sept. 25, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	All defendants have been apprehended. Order entered Feb. 23, 1940, overruling the demurrer to the indictment filed on behalf of Fisher and denying the motions to quash the indictment filed on behalf of Crews, Fisher, and Terral. The motions of Crews and Terral for separate trials were granted July 20, 1940. Pending.
U. S. v. Harold M. Saddlemire et al. (Ozark Barrel & Body Corp.).	10	Eastern District of Michigan.	Sept. 23, 1938	Sec. 17 (a) (1) of 1933 act; sec. 338; title 18, U. S. C.; and conspiracy to violate these statutes.	Hawkes and Saddlemire pleaded guilty. Riker entered plea of <i>nolo contendere</i> to 1 mail fraud count and 2 Securities Act counts. On Dec. 15, 1939, Saddlemire was sentenced to 4 years and 8 months and fined \$5,000; Riker to 3 years, suspended, and placed on probation, fined \$2,500; Hawkes was placed on probation. The indictment was <i>nolle prosequere</i> as to 1 defendant on Apr. 27, 1940, and dismissed as to the 6 remaining defendants on May 16, 1941.

U. S. v. Carleton E. Saunders et al.	16	New Jersey	June 29, 1937	Conspiracy to violate sec. 17 (a) of 1933 act; and sec. 338, title 18, U. S. C.	Trial opened Feb. 18, 1941, as to 3 defendants. Ball was acquitted on all counts of the indictment except the conspiracy count on which the jury was unable to agree. Mistrial declared as to Carleton E. Saunders and Frank Sheldon. On May 8, 1941, Frank Sheldon pleaded guilty to the conspiracy count and was sentenced to 18 months' imprisonment. Haskell, Jordan, and Lester pleaded guilty to the conspiracy count prior to trial. The indictment was severed as to 3 defendants and 7 have not been apprehended. Pending.
U. S. v. Herbert C. Schelzel et al.	4	Eastern District of Michigan.	June 20, 1940	Sec. 338, title 18, U. S. C.; and conspiracy to violate this statute.	Schelzel pleaded guilty on June 27, 1940; sentenced to 15 months' imprisonment. Indictment pending as to the remaining 3 defendants.
U. S. v. Robert E. Scott et al.	21	Western District of Louisiana.	Oct. 17, 1934	Sec. 17 (a) of 1933 act; sec. 338, title 18, U. S. C., and conspiracy to violate sec. 338, title 18, U. S. C.	16 defendants pleaded guilty Mar. 11, 1935; sentences ranged from 1 year and 1 day to 7 years. Don Simmons pleaded <i>nolo contendere</i> Apr. 5, 1938, and was sentenced to 90 days in jail (to run concurrently with sentence in another case). Sidney P. Klein pleaded <i>nolo contendere</i> Oct. 12, 1939, and was sentenced to 1 year and 1 day in a reformatory. Pending as to 3 defendants.
U. S. v. William Jackson Shaw et al. (Consolidated Mines of California).	2	Southern District of California.	Dec. 13, 1939	Sec. 5 (a) (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Tyler pleaded <i>nolo contendere</i> to 1 Securities Act and 1 mail fraud count on Feb. 5, 1940; he will not be sentenced until case is disposed of as to Shaw. The demurrer to the indictment filed by Shaw was overruled June 17, 1940, as to all counts except the conspiracy count, to which it was sustained. Trial opened June 17, 1941; still in progress.
U. S. v. Joshua F. Simons et al. (Peoples Oil & Gas Co.).	11	Western District of Washington.	Oct. 20, 1937	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 17 (a) of 1933 act and sec. 338, title 18, U. S. C.	Trial on third indictment opened Feb. 14, 1939. 4 defendants were found guilty and 3 acquitted. Jury was unable to reach a verdict as to Myers. Taub pleaded <i>nolo contendere</i> to one count of the first indictment. William Markowitz and J. F. Simons were each sentenced to 8 years' imprisonment and fined \$10,000; Samuel Markowitz to 3 years; Milton Simons was given a suspended sentence. Samuel and William Markowitz and J. F. Simons appealed to the Circuit Court of Appeals for the Ninth Circuit; judgments affirmed Apr. 21, 1941; petition for rehearing denied May 22, 1941. Petition for <i>certiorari</i> filed June 19, 1941. The second indictment is pending as to all defendants; the first as to all defendants except Taub; and the third is pending as to Myers.
	10	do	June 25, 1938	do	All defendants except Harold I. Getz have been apprehended. Case to be set for trial on Sept. 22, 1941.
	9	do	Dec. 3, 1938	do	All defendants have been apprehended. Pending.
U. S. v. Edward A. Sloane et al. (A. D. Lowe & Associates).	2	Northern District of Illinois.	May 28, 1941	Sec. 15 (a) of 1934 act.	
	4	do	do	Sec. 338, title 18, U. S. C.	
U. S. v. David A. Smart et al. (Esquire-Coronet).	12	Northern District of Illinois.	May 2, 1941	Conspiracy to violate sec. 9 (a) (2) of 1934 act.	

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE II.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Samuel Robert Smith (Bankers Credit & Acceptance Corp.)	1	District of Columbia.....	June 28, 1940	Secs. 5 (b) (2) and 17 (a) (1) of 1933 act.	Smith pleaded guilty on July 23, 1940, and received a sentence of 1 to 3 years.
U. S. v. Joseph H. Smitha (Advance Oil Co.)	1	Northern District of Georgia.....	Apr. 29, 1941	Sec. 17 (a) (1) of 1933 act and sec. 338, title 18, U. S. C.	Smitha has been apprehended. Pending.
U. S. v. Robert B. Spafford et al.	2	District of Columbia.....	Mar. 25, 1941	Sec. 851, District of Columbia Code (larceny after trust).	Spafford pleaded guilty to 4 indictments. On May 29, 1941, he was sentenced to serve 1 to 3 years on each indictment to which he pleaded guilty, sentences to run concurrently. The 3 remaining indictments returned against him were <i>nolle prossed</i> . All 6 of the indictments in which Downs was named as a defendant were <i>nolle prossed</i> as to him.
	1	do.....	do.....	do.....	
	2	do.....	do.....	do.....	
	2	do.....	do.....	do.....	
	2	do.....	do.....	do.....	
	2	do.....	do.....	do.....	
U. S. v. Max Strahl et al. (C. G. Blackwell).	11	Southern District of New York.....	Apr. 26, 1938	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C., and conspiracy to violate sec. 338, title 18, U. S. C.	Edell and Strahl pleaded guilty on Nov. 16, 1938; imposition of sentences deferred pending disposition of other cases in which these 2 defendants are involved. The remaining defendants have been apprehended. Pending.
U. S. v. Max Strahl et al. (Secord-Vanderpoel & Co.)	16	Southern District of New York.....	Dec. 24, 1936	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C., and conspiracy to violate sec. 338, title 18, U. S. C.	Alshire and Secord pleaded guilty June 7, 1938. Indictment was dismissed as to Leslie and Tucker on June 21, 1938. Edell, Gutterson, Strahl, Edwin T. Vanderpoel, and Secord-Vanderpoel & Co., Inc., were found guilty June 29, 1938. Camp, Lawrence, Mandel, and Washington Irving Vanderpoel were acquitted. Sentences ranged from a suspended sentence to 3 years' imprisonment. The corporation was fined \$1,000. Warner pleaded guilty Apr. 3, 1941, and was sentenced to serve 6 months. Indictment pending as to Bryan and Kelly.
U. S. v. Elias T. Stone et al.....	25	Eastern District of Tennessee.....	Mar. 16, 1938	Secs. 17 (a) (1) and 5 (a) of 1933 act; sec. 338, title 18, U. S. C., and conspiracy to violate secs. 17 (a) (1), (2), and (3) of 1933 act and sec. 338, title 18, U. S. C.	1 indictment was dismissed; the remaining 13 were consolidated. Trial opened Jan. 17, 1939. Each defendant was found guilty and sentenced to 7 years. Defendants appealed. On June 27, 1940, the Circuit Court of Appeals for the Sixth Circuit reversed the judgments of the district court and remanded case for new trial upon the ground that an attempt was made to influence the jury. Government's petition for rehearing denied Sept. 16, 1940. Retrial of Anderson opened June 19, 1941; the jury was unable to reach a verdict and a mistrial was declared. Kennedy, Shaw, Elias T. Stone, and Harold F. Stone entered pleas of guilty prior to retrial. These defendants have not been sentenced. Pending.

U. S. v. David R. Strong et al. (Five Points Mining & Milling Co.).	3	Idaho.....	Feb. 5, 1941	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate sec. 17 (a) of 1933 act and sec. 338, title 18, U. S. C.	All defendants have been apprehended. Pending.
U. S. v. Harry Armstrong Thompson (Ridge & Co.).	1	Utah.....	Oct. 30, 1940	Sec. 17 (a) (1) of 1933 act.....	Thompson pleaded guilty on Nov. 14, 1940; imposition of sentence was suspended and defendant placed on probation.
U. S. v. Robert M. Thompson et al. (Southwestern Detective Agency).	3	Northern District of Texas.	Jan. 24, 1940	Sec. 338, title 18, U. S. C. and conspiracy to violate this statute.	Trial opened Feb. 3, 1940. All 3 defendants were found guilty. Thompson was sentenced to 7 years; Allen to 5 years; Combs to 30 days in jail. On Feb. 20, 1940, the defendants paid to the clerk of court a large proportion of the funds they had obtained for restitution to persons defrauded, and the court reduced Thompson's sentence to 5 years and Allen's to 18 months. On Nov. 15, 1940, the Circuit Court of Appeals for the Fifth Circuit dismissed the appeal filed by Thompson on the ground that the appeal was not perfected within the required time limit.
U. S. v. Arthur G. Thurman et al.	3	Massachusetts.....	Jan. 19, 1939	Sec. 17 (a) (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Lincoln pleaded guilty May 6, 1941, and was sentenced to 2 years, suspended, and placed on probation. Levinson is incarcerated on a State charge; Thurman has not been apprehended; case pending as to them.
U. S. v. Charles R. Topping et al. (Trinity Mining Co.).	3	Northern District of California.	Aug. 15, 1940	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	On Dec. 7, 1940, Barnard and Topping pleaded guilty to one mail fraud count. Wicks entered plea of <i>nolo contendere</i> to the same count. The remaining counts of the indictment were dismissed as to all defendants. Barnard was sentenced to serve 3 years; Topping to 1 year. Wicks was sentenced to 2 years, suspended, and placed on probation.
U. S. v. Union Electric Company of Missouri et al.	2	Eastern District of Missouri.	Jan. 17, 1941	Sec. 12 (h) of 1935 act (political contributions by public utility holding company or subsidiary) and conspiracy to violate this statute.	On May 23, 1941, the court overruled the demurrer to the indictment as to both defendants. Pending.
U. S. v. Albert John Van Scoyoc et al.	3	Southern District of New York.	Mar. 15, 1941	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial opened Apr. 14, 1941, as to Van Scoyoc; he pleaded guilty after trial commenced. Arlen entered plea of guilty prior to trial. Van Scoyoc was sentenced to 4 years' imprisonment; Arlen to 5 years. Sarshik has been apprehended; indictment pending as to him.
U. S. v. Philip Cornelius Walsh et al. (El Canada Mines, Inc.).	21	Southern District of New York.	Sept. 27, 1940	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	All of the individual defendants have been apprehended except 4. Pending.
U. S. v. W. A. Walsingham et al.	5	Eastern District of Louisiana.	Sept. 6, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate secs. 17 (a) (1), (2), and (3) and sec. 23 of 1933 act and sec. 338, title 18, U. S. C.	Trial opened Jan. 20, 1941, as to Emellos, Luria, Sibley, and Walsingham; mistrial declared as to each on Jan. 31, 1941. Galbo is incarcerated on a State charge. Pending.

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

² Total of 14 indictments against total of 5 defendants.

TABLE II.—*Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1941—Continued*

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. H. Armin Weil et al. (Plymouth Cooperage Co.).	3	Eastern District of Michigan.	Apr. 6, 1939	Secs. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Jan. 21, 1941, as to Edlin. He was found guilty as to certain counts of the indictment. Weil pleaded guilty prior to trial. Edlin was sentenced to 4 years' imprisonment; Weil to 15 months. Edlin has filed notice of intention to appeal. The indictment is pending as to the corporate defendant.
U. S. v. Morris Frank Whealton et al.	14	New Jersey	June 23, 1936	Sec. 338, title 18, U. S. C., and conspiracy to violate this statute.	Trial on first indictment opened June 15, 1938. Coffin, M. F. Whealton, Whealton Company, and Commonwealth Trust Company were found guilty; Hartman was acquitted; Barcus pleaded guilty prior to trial. First indictment dismissed Aug. 3, 1938, as to Alexander, Lipsy, Massey, Turner, and Wilson. Sentences ranged from a suspended sentence to 2½ years' imprisonment. Whealton Company received \$10,000 fine and Commonwealth Trust Co. \$4,000. Coffin, M. F. Whealton, and Commonwealth Trust Company appealed. On June 29, 1940, the Circuit Court of Appeals for the Third Circuit reversed the judgment of the district court as to these defendants and remanded case for new trial. Pending.
	14	do	do	Sec. 17 (a) of 1933 act	

¹ Parenthetical reference is to name under which investigation was carried prior to indictment.

TABLE III.—Indictments returned for perjury committed in the course of investigations conducted by the officers of the Commission

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Frank J. Boehm.....	1	Eastern District of Missouri.	Mar. 13, 1940	Perjury.....	Trial opened June 25, 1940. Boehm was found guilty on 2 counts of the indictment. He was sentenced to serve 5 years and fined \$4,000. Boehm has appealed to the Circuit Court of Appeals for the Eighth Circuit. Argument on appeal set for Sept. 10, 1941. Pending.
U. S. v. B. E. Buckman et al.....	1	Northern District of Illinois.	Nov. 15, 1938	Perjury.....	Jackson and Sletteland have been apprehended. Buckman and George were convicted June 5, 1940, in another case for violating the Securities Act of 1933 and the mail fraud statutes. Pending as to all defendants.
	1	do.....	do.....	do.....	
	1	do.....	do.....	do.....	
	1	do.....	Nov. 21, 1938	do.....	
	4	do.....	do.....	Conspiracy to commit perjury.....	
U. S. v. Albert C. Laun et al.....	1	Eastern District of Missouri.	Nov. 17, 1939	Perjury.....	Martin pleaded guilty Jan. 3, 1940, to the indictment returned against him; he was sentenced to 6 months and fined \$501. On Apr. 26, 1941, Laun pleaded <i>nolo contendere</i> to the indictment returned against him on Mar. 13, 1940. He was found guilty upon this plea and sentenced to serve 1 year and 1 day and fined \$4,500. The indictment returned Nov. 17, 1939, against Laun is pending.
	1	do.....	do.....	do.....	
	1	do.....	Mar. 13, 1940	do.....	
U. S. v. Joseph J. Mascuch et al...	1	Southern District of New York.	June 14, 1939	Perjury.....	Mascuch was found guilty on both counts of the first indictment Nov. 28, 1939. He was sentenced to 2 years' imprisonment and fined \$4,000. On May 6, 1940, the Circuit Court of Appeals for the Second Circuit affirmed his conviction. Petition for <i>certiorari</i> denied Oct. 14, 1940. Hoff pleaded guilty May 29, 1941, to the second indictment. He received a suspended sentence and was placed on probation. The third indictment is pending as to both defendants.
	1	do.....	do.....	do.....	
	2	do.....	do.....	Conspiracy to commit perjury.....	

TABLE IV.—*Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934 (other than confidential treatment cases), and the Public Utility Holding Company Act of 1935 pending in circuit courts of appeals during the fiscal year ended June 30, 1941*

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature of case	Status of case
American Gas and Electric Company..	District of Columbia.	June 27, 1941	Petition for review of Commission's order which denied the application of petitioner under sec. 2 (a) (8) of the 1935 act for an order declaring petitioner not to be a subsidiary of Electric Bond and Share Company.	Pending.
Detroit Edison Company (The).....	Sixth.....	Aug. 22, 1940	Petition for review of Commission's order which denied the application of petitioner under sec. 2 (a) (8) of 1935 act for an order declaring petitioner not to be a subsidiary of The North American Company.	Opinion rendered May 12, 1941, by the Circuit Court of Appeals for the Sixth Circuit denying the petition for review. The court found that the evidence was sufficient to support the Commission's findings.
Hartford Gas Company (The).....	Second.....	Apr. 25, 1941	Petition for review of Commission's order which denied the application of petitioner under sec. 2 (a) (8) of 1935 act for an order declaring petitioner not to be a subsidiary of The United Gas Improvement Company or of The United Corporation or of The Connecticut Gas and Coke Securities Company.	Motion filed Apr. 25, 1941, for an order staying Commission's order. Argument on motion for a stay held May 12, 1941; motion withdrawn by petitioner May 17, 1941.
Morgan Stanley & Co., Incorporated..	Second.....	June 11, 1941	Petition for review of an order of the Commission under Rule U-12F-2, promulgated under the 1935 act, prohibiting The Dayton Power and Light Company from paying certain fees to Morgan Stanley & Co., Incorporated, in connection with the underwriting of an issue of the former's securities on the ground that these companies stand in such relation that there is liable to have been an absence of arm's length bargaining with respect to the transaction.	Pending.

Morris, Lewis H., et al. (as a committee for the protection of 7-percent preferred stockholders of International Paper & Power Company).	Second.....	Jan. 25, 1940	Petition for review of Commission's order dismissing application of International Paper & Power Company for approval of its plan of recapitalization; and for an order directing Commission to reinstate the proceedings under sec. 7 of 1935 act and to grant petitioners an opportunity to apply for order of restitution.	Opinion rendered Jan. 13, 1941, by the Circuit Court of Appeals for the Second Circuit granting the motion of the Commission to dismiss the petition for review and denying the motion of International Paper and Power Company to intervene as a respondent. The court held the Commission's later order declaring International Paper & Power Company not to be a public utility holding company made the case moot and that in view of the fact that this case involved the construction of a mandate of the Circuit Court of Appeals for the First Circuit it did not have jurisdiction. Orders in accordance with opinion entered Jan. 29, 1941.
Public Service Company of Oklahoma.	Tenth.....	Nov. 4, 1940	Petition for review of Commission's order denying petitioner's application filed pursuant to secs. 3 (a) (1) and (2) of 1935 act for exemption as a holding company and for the exemption of Southwestern Light and Power Company as its subsidiary.	Order entered Nov. 20, 1940, staying Commission's order. The Commission filed an application for leave to adduce additional evidence on Jan. 9, 1941; order entered Jan. 17, 1941, granting the application. The transcript of record and briefs have been filed. On June 20, 1941, a stipulation was filed, agreeing that submission of case be postponed to next term of court, for the reason that there is pending before the Commission an application of petitioner to acquire all of the assets of Southwestern Light and Power Company, and if such application is granted this case will become moot.

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature of case	Status of case
Sisto, Joseph A., et al. (Case No. 1)...	Second....	Aug. 29, 1940	Petition to review Commission's order denying the application of petitioners, pursuant to sec. 15A (b) (4) of 1934 act, for an order approving or directing admission of J. A. Sisto & Co., a partnership consisting of Joseph A. Sisto and Charles J. Sisto, to membership in the National Association of Securities Dealers, Inc.	Case No. 2 consolidated with Case No. 1 by stipulation on court order Oct. 24, 1940. Stipulation filed June 20, 1941, extending time for filing of record to Aug. 10, 1941.
Sisto, Joseph A., et al. (Case No. 2)...	Second....	Oct. 24, 1940	Petition to review Commission's order denying rehearing on the order which denied the application of petitioners, pursuant to sec. 15A (b) (4) of 1934 act, for an order approving or directing admission of J. A. Sisto & Co., a partnership consisting of Joseph A. Sisto and Charles J. Sisto, to membership in the National Association of Securities Dealers, Inc.	Case No. 2 consolidated with Case No. 1 by stipulation on court order Oct. 24, 1940. Stipulation filed June 20, 1941, extending time for filing of record to Aug. 10, 1941.

TABLE IV.—*Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934 (other than confidential treatment cases), and the Public Utility Holding Company Act of 1935 pending in circuit courts of appeals during the fiscal year ended June 30, 1941—Continued*

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature of case	Status of case
Walston, Vernon C., et al.	Ninth	Aug. 26, 1940	Petition to review and set aside Commission's order revoking, under sec. 15 (b) of 1934 act, the registration of Walston & Co. as brokers and dealers and suspending, under sec. 19 (a) (3) of 1934 act, Vernon C. Walston and William Sherman Hoelscher from membership on the New York Stock Exchange and the San Francisco Stock Exchange, respectively.	Stipulation for dismissal of petition for review filed July 1, 1941.

TABLE V.—*Proceedings by Commission, pending during the fiscal year ended June 30, 1941, to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Lost Canon Mountain Mining Company et al.	2	Northern District of Illinois	June 19, 1941	Sec. 22 (b) of 1933 act	Order entered by default July 1, 1941, requiring William Berg to appear before an officer of the Commission on July 8, 1941, and produce documentary evidence relating to Lost Canon Mountain Company.
Producers Finance Corporation	1	Western District of Oklahoma	July 16, 1940	Sec. 22 (b) of 1933 act	Order entered by consent July 26, 1940, granting application.
Texas Reserve Life Company et al.	2	Eastern District of Texas	Mar. 17, 1941	Sec. 22 (b) of 1933 act	Order entered Apr. 17, 1941, directing Texas Reserve Life Company and J. M. May to appear before an officer of the Commission and produce documentary evidence.
Tung Corporation of America et al.	2	Northern District of Illinois	Dec. 19, 1939	Sec. 22 (b) of 1933 act	Order entered Aug. 15, 1940, on motion of Commission dismissing application. (The documents were produced without court order.)

TABLE VI.—Miscellaneous actions against Commissioners or employees of the Commission pending during fiscal year ended June 30, 1941

Parties plaintiff	Name of court	Initiating papers filed	Nature of case	Status of case
American Gyro Company...	United States District Court for the State of Colorado.	Oct. 22, 1940	Action for an order requiring all defendants except Howard N. Lary, an employee of the Commission, to make an accounting of the assets of the plaintiff which are in their possession and to deliver such assets to the plaintiff; and for an order requiring Howard N. Lary to return to plaintiff all of its books, records, etc., which are in his possession.	Disclaimer filed Nov. 8, 1940, by Howard N. Lary offering to deposit the books and records of plaintiff which are in his possession with the court for delivery to proper party. Order entered Feb. 10, 1941, on plaintiff's motion directing Howard N. Lary to deliver books and records of the plaintiff to clerk of court and that action be dismissed as to him.
Bronson, Edmond D.....	Supreme Court of the State of New York, County of New York.	June 1, 1939	Action at law for damages against H. Victor Schwimmer and George S. Parlin, employees of the Commission, Bagdad Copper Corporation, and Severance A. Millikin, its president, for conspiracy to depreciate the value of the stock of Bagdad Copper Corporation.	Motion of defendants Schwimmer and Parlin to dismiss the complaint for failure to state a cause of action granted Nov. 1, 1939. Amended complaint filed Nov. 14, 1939. Plaintiff's motion to drop Bagdad Copper Corporation as a defendant granted Dec. 1, 1939. Opinion rendered Feb. 24, 1940, granting the motion of defendants Schwimmer and Parlin to strike the amended complaint; order in accordance with opinion entered. Plaintiff filed notice of appeal from this order on Mar. 5, 1940. Record on appeal has not been filed.
Coronado Development Corporation.	Supreme Court of the State of New York, County of New York.	Apr. 5, 1940	Action at law for damages against H. Victor Schwimmer, George S. Parlin, employees of the Commission, and Severance A. Millikin, president of Bagdad Copper Corporation, for conspiracy to depreciate the value of the stock of Bagdad Copper Corporation.	Opinion rendered Sept. 24, 1940: (1) Dismissing complaint upon the grounds that it contained improper allegations which could not be regarded as mere surplusage; and (2) denying motion of Schwimmer and Parlin to dismiss complaint upon the grounds (a) that the complaint failed to state a cause of action; (b) that the court did not have jurisdiction over the action; (c) that no cause of action ever accrued against them because the action taken by them was done in an official capacity as attorneys for the Commission; and (d) that there was another action pending between the same parties for the same cause of action. Order in accordance with opinion entered Oct. 11, 1940. Amended complaint filed Oct. 18, 1940. Motion of defendant Millikin to dismiss the amended complaint denied Jan. 3, 1941; this order has been appealed. Defendants Schwimmer and Parlin appealed the order of Oct. 11, 1940. Papers on appeal filed in April 1941. Stipulation filed Apr. 16, 1941, extending the time to Oct. 1, 1941, for defendants Schwimmer and Parlin to file brief.

TABLE VI.—*Miscellaneous actions against Commissioners or employees of the Commission pending during fiscal year ended June 30, 1941—Con.*

Parties plaintiff	Name of court	Initiating papers filed	Nature of case	Status of case
Jones, J. Edward.....	United States District Court for the District of Columbia.	May 23, 1938	Action at law for damages against individual Commissioners for conspiring to maliciously prosecute and defame the character of the plaintiff.	Demurrers to complaint sustained on Apr. 20, 1939; plaintiff was given leave to amend complaint. Amended complaint filed May 16, 1939. Amended complaint dismissed June 14, 1939. Order entered June 20, 1939, granting plaintiff leave to file second amended complaint. Second amended complaint filed June 26, 1939. Second amended complaint dismissed Sept. 6, 1939. Order entered Oct. 6, 1939, dismissing action for failure of plaintiff to file a further amended complaint within the time allowed by the order dismissing the second amended complaint. Plaintiff appealed; on Mar. 17, 1941, the Court of Appeals for the District of Columbia affirmed the judgment of the district court. Order entered June 24, 1941, staying the mandate of the Court of Appeals for the District of Columbia until July 26, 1941. Pending.

TABLE VII.—*Contempt proceedings pending during the fiscal year ended June 30, 1941*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Plymouth Consolidated Gold Mines, Ltd. et al..	5	Delaware.....	Oct. 31, 1935	Order for writ of attachment for sequestration of property of Plymouth Consolidated Gold Mines, Ltd., and Plymouth Company signed; writ issued and served on Nov. 25, 1935. Pending.

TABLE VIII.—*Actions against Commission or employees of the Commission to enjoin enforcement of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935—Fiscal year ended June 30, 1941*

Parties plaintiff	Number of defendants	United States District Court	Initiating papers filed	Nature of case	Status of case
Bagdad Copper Corporation.	-----	District of Columbia..	Aug. 4, 1937	Action for declaratory judgment that securities of defendant corporation are exempt from the registration provisions under sec. 3 (a) (1) of 1933 act; and that plaintiff has a right to withdraw its registration without the consent of the Commission.	Action dismissed Feb. 27, 1941, for want of prosecution in accordance with court rules.
Magnetic Gold Mining Company, Incorporated.	2	Western District of Louisiana.	Aug. 13, 1940	Action to enjoin H. B. Sessions and Edwin L. Booth, agents of the Commission, from contacting or circularizing the stockholders of the plaintiff in any manner which might tend to prejudice the stockholders against it.	Action dismissed on motion of plaintiff Sept. 3, 1940.
Parker Methods Incorporated.	2	Western District of Louisiana.	Aug. 13, 1940	Action to enjoin H. B. Sessions and Edwin L. Booth, agents of the Commission, from contacting or circularizing the stockholders of the plaintiff in any manner which might tend to prejudice the stockholders against it.	Action dismissed on motion of plaintiff Sept. 3, 1940.
Parker Patents Corporation.	2	Western District of Louisiana.	Aug. 13, 1940	Action to enjoin H. B. Sessions and Edwin L. Booth, agents of the Commission, from contacting or circularizing the stockholders of the plaintiff in any manner which might tend to prejudice the stockholders against it.	Action dismissed on motion of plaintiff Sept. 3, 1940.

TABLE IX.—*Probation and parole proceedings resulting from evidence submitted by Commission—Fiscal year ended June 30, 1941*

Name of defendant	United States District Court	Proceedings instituted	Status of case
Horshor, John C.	Southern District of New York	May 20, 1941	On May 20, 1941, the probationary sentence imposed Jan. 30, 1935, upon John C. Horshor for violation of the mail fraud statute was revoked due to his activities in violation of his probation. He was sentenced to serve 1 year and 1 day and placed on probation for 2 years after expiration of prison term. As a result of the activities of William LaVey in the sale of securities in violation of the conditions of his parole, he was recommitted to prison on Feb. 1, 1941, to serve the balance of the 3-year sentence which he commenced to serve on Mar. 11, 1940, for violation of the Securities Act of 1933 and the mail fraud statute.
LaVey, William	Western District of Washington	Jan. 24, 1941	

TABLE X.—Cases (other than under the Bankruptcy Act)¹ in which the Commission was permitted to file briefs as *amicus curiae* during the fiscal year ended June 30, 1941

Name of case	United States Circuit Court of Appeals	Commission granted leave to file brief	Status of case
Boudinot Atterbury et al. v. Consolidated Coppermines Corporation et al.	Court of Chancery of the State of Delaware, Newcastle County.	Nov. 26, 1940	Case involves the interpretation of the Commission's proxy rules. The Commission in its brief as <i>amicus curiae</i> , took the position (1) that the solicitation of the revocation of a proxy is itself a solicitation of a "proxy, consent or authorization"; (2) that a solicitation "by the management" is not false and misleading, even though a minority of the management do not join in the solicitation; (3) that there is a duty to inform those whose proxies are solicited of questions to be presented and the use the proxies are to be put to; (4) that there is a duty on those soliciting the proxies to inform those whose proxies have been solicited, of changed conditions which make statements made in the soliciting material no longer true; and (5) that the question of invalidity of action taken pursuant to proxies improperly solicited is for the court to decide. The court found in favor of defendants without specifically determining the points raised by the Commission in its brief.
A. C. Frost & Company v. Coeur D'Alene Mines Corporation.	United States Supreme Court.....	-----	Case originated as a suit for breach of an option agreement to purchase shares of stock. One of the questions presented was whether an individual's option to purchase for distribution 1,300,000 shares of the corporation's treasury stock, which stock was unregistered, was void under the Securities Act of 1933. The corporation defendant so contended and argued that a void contract afforded no basis for relief for its breach. The Supreme Court of Idaho held for defendant. The United States Supreme Court granted <i>certiorari</i> and reversed the Supreme Court of Idaho. The Commission in its <i>amicus curiae</i> brief contended that such a contract was not in and of itself a violation of the Act but whether or not a violation existed was dependent upon the intent of the parties as to the future disposal of the securities by the buyer, and that the contract even though in violation of the Securities Act of 1933 was not necessarily void.
Herman Geismar v. Bond & Goodwin et al.	U. S. District Court for the Southern District of New York.	June 6, 1941	Case originated as a suit to rescind a contract for the over-the-counter sale of corporate bonds and to recover the difference between the sale price and the actual value. One of the main issues was whether section 29 (b) of the Securities Exchange Act of 1934 provides a basis for such an action where it is alleged that the sale was induced by false and fraudulent representations as to value of the bonds. The Commission filed an <i>amicus curiae</i> brief contending that the Act does provide a basis for the action and the court, through Judge Cox, denied defendant's motions to dismiss.
Samuel N. Levy v. Irving Feinberg et al.	Supreme Court of the State of New York..	Nov. 14, 1940	Case involves the proxy rules. The Commission filed an <i>amicus curiae</i> brief, taking the position that a majority stockholder who solicits proxies is under a duty to inform the minority stockholders of the fact that his controlling shares of the corporation are under option to purchase by a third party. The court found in favor of plaintiff.

Leland Stanford, Jr., University.....	U. S. District Court for the Northern District of California.	Mar. 24, 1941	Case originated as suit by the University to recover the par value of preferred stock, plus accumulated dividends. One of the questions involved in the suit was the interpretation of sections 2 (3), 12 (1) and (2) of the Securities Act of 1933. The Commission filed an <i>amicus curiae</i> brief, contending (a) that the distribution of securities by a corporation formed by the consolidation of two other corporations in exchange for the securities of one of the consolidating corporations, was not a sale under section 2 (3); (b) even if the distribution was a sale, the defendant is protected against liability under section 12 (1) if it relied on the Commission's interpretative regulations; and (c) if a sale was involved, defendant is not protected by reliance on the Commission's interpretative regulations against liability under section 12 (2). The case is under submission for decision.
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¹ See pages 142 to 153, *supra*, for a list and discussion of the cases under Chapter X of the Bankruptcy Act in which the Commission participated as appellee or filed briefs as *amicus curiae* during the year ended June 30, 1941.

TABLE XI.—Cases in which the Government on behalf of the Commission was permitted to intervene for the purpose of presenting evidence and arguments in support of the constitutionality of the Securities Exchange Act of 1934—Fiscal year ended June 30, 1941

Name of case	United States District Court	Initiating papers filed	Nature of case	Status of case
M. William Levy v. Henry C. Kaplan et al.	Southern District of New York.	Nov. 1940	Action under sec. 16 (b) of 1934 act for an order directing the defendants to account for any profits realized by them from the purchase and sale of the common stock of Delendo Corporation made within periods of less than 6 months, and to pay the profits realized by them to the Delendo Corporation, and for the appointment of a receiver.	The motion of the Government to intervene for the purpose of presenting evidence and argument in support of the constitutionality of sec. 16 (b) of the 1934 act was granted Feb. 3, 1941. The defendant's motion to consolidate this case with the case of Smolowe v. Kaplan et al., was granted Mar. 21, 1941, and the plaintiff's motion to dismiss Smolowe case was denied on this date. Pending.
Philip Smolowe v. Henry C. Kaplan et al.	Southern District of New York.	Aug. 7, 1940	Action under sec. 16 (b) of 1934 act for an order directing the defendants to account for any profits realized by them from the purchase and sale of the common stock of Delendo Corporation made within a period of less than 6 months, and to pay the profits realized by them to the Delendo Corporation.	The motion of the Government to intervene for the purpose of presenting evidence and arguments in support of the constitutionality of sec. 16 (b) of the 1934 act was granted Dec. 26, 1940. The defendants' motion to consolidate this case with the case of Levy v. Kaplan et al., was granted on Mar. 21, 1941, and the plaintiff's motion to dismiss the Levy case was denied on this date. Pending.

TABLE XII.—*Applications to compel answer on oral deposition*

Name of case	United States District Court	Initiating papers filed	Nature of case	Status of case
In the matter of the deposition of Curtis L. Jones in the action of Securities and Exchange Commission <i>v.</i> Leo C. Pyne et al., Civil Action No. 622, in the United States District Court for the District of Massachusetts.	District of Columbia.....	Mar. 4, 1941	Motion for order compelling respondent to answer questions on oral deposition pursuant to rule 37 (a) of the Federal Rules of Civil Procedure.	Case dismissed Mar. 10, 1941, on motion of Commission.
In the matter of the deposition of Curtis L. Jones in the action of Securities and Exchange Commission <i>v.</i> Leo C. Pyne et al., Civil Action No. 622, in the United States District Court for the District of Massachusetts.	District of New Hampshire.	Mar. 21, 1941	.....do.....	Judgment entered Apr. 1, 1941, dismissing case without costs.

TABLE XIII.—*Miscellaneous injunctive proceedings brought by Commission during fiscal year ended June 30, 1941*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Nature of case	Status of case
North American Company (The) et al.	2	District of Delaware.	June 4, 1941	Action to enjoin The North American Company and the North American Light and Power Company from dissolving or liquidating the North American Light and Power Company except in accordance with appropriate orders of the Commission pursuant to secs. 11 and 12 of 1935 act, and from violating order of Commission prohibiting such action.	Hearing held June 27, 1941, on Commission's motion for preliminary injunction. Decision reserved.

TABLE XIV.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1941

Debtor	District court	Proceedings instituted under—	Petition—		Participation ¹	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Adam Block Corporation	N. D. Ill.	Ch. X	Nov. 28, 1939	Dec. 29, 1939	Request	Sept. 27, 1940
Allied Properties Co. (The)	N. D. Ohio	do	Jan. 26, 1939	Mar. 13, 1939	do	May 13, 1939
Buckeye Sheriff St. Realty Co. (The)	do	do	do	Mar. 9, 1939	do	Do.
American Fuel & Power Co.	E. D. Ky.	Sec. 77-B	Dec. 6, 1935	Dec. 20, 1935	do	May 1, 1940
Buckeye Fuel Co. (The)	do	Ch. X	Nov. 28, 1939	Nov. 28, 1939	do	Do.
Buckeye Gas Service Co.	do	do	do	do	do	Do.
Carbreath Gas Co.	do	do	do	do	do	Do.
Inland Gas Distributing Corporation	do	do	do	do	do	Do.
American Maltng Co.	E. D. Mich.	do	Apr. 6, 1940	Apr. 6, 1940	do	Apr. 11, 1940
American-National Co. (The)	N. D. Ohio	do	June 4, 1940	June 7, 1940	do	June 12, 1940
Arcade Malleable Iron Co.	D. Mass.	do	Dec. 5, 1938	Dec. 5, 1938	Motion	Dec. 22, 1938
Arrowhead Lake Corporation	S. D. Calif.	do	Mar. 1, 1940	Mar. 1, 1940	do	Mar. 19, 1940
Associated Gas & Electric Co.	S. D. N. Y.	do	Jan. 10, 1940	Jan. 10, 1940	do	Jan. 15, 1940
Associated Gas & Electric Corporation	do	dg	do	do	do	Do.
Associated Owners, Inc.	E. D. Wis.	do	Dec. 15, 1938	Dec. 15, 1938	Request	May 24, 1939
Atlas Pipeline Corporation	W. D. La.	do	Sept. 20, 1939	Sept. 20, 1939	Motion	Oct. 3, 1939
Auburn Automobile Co.	N. D. Ind.	Sec. 77-B	Dec. 11, 1937	Dec. 11, 1937	do	June 3, 1939
Auburn Automobile Sales Corporation	do	do	Jan. 19, 1938	Jan. 19, 1938	do	Do.
Lycoming Mfg. Co.	do	do	Dec. 11, 1937	Dec. 11, 1937	do	Do.
Austin Silver Mining Co.	S. D. N. Y.	Ch. X	June 14, 1939	June 15, 1939	Request	July 19, 1939
Balfour Manor Apartments Co.	E. D. Mich.	Sec. 77-B	May 6, 1935	May 11, 1935	do	Apr. 10, 1939
Barnett Petroleum Corporation	E. D. Texas	Ch. X	Aug. 31, 1940	Aug. 31, 1940	Motion	Jan. 15, 1941
Beacon Building Corporation	D. Mass.	do	Nov. 18, 1940	Nov. 18, 1940	do	Dec. 3, 1940
Bellevue-Stratford Co.	E. D. Pa.	Sec. 77-B	Oct. 30, 1936	Oct. 31, 1936	Request	Feb. 24, 1939
Blinrig Realty Corporation	E. D. N. Y.	Ch. X	Jan. 13, 1940	Feb. 9, 1940	Motion	Mar. 1, 1940
Book-Cadillac Properties, Inc.	E. D. Mich.	do	Feb. 14, 1939	Mar. 7, 1939	Request	Feb. 24, 1939
Bradley Knitting Co.	E. D. Wis.	do	July 10, 1940	July 10, 1940	do	Aug. 19, 1940
Brand's Restaurant Control Corporation	S. D. N. Y.	do	Aug. 2, 1939	Aug. 10, 1939	Motion	Aug. 30, 1939
Brown Co.	D. Maine	Sec. 77-B	Sept. 4, 1935	Sept. 4, 1935	do	Mar. 14, 1939
Cadillac Square Improvement Co., Ltd.	E. D. Mich.	do	Sept. 21, 1938	Oct. 3, 1938	Request	Dec. 14, 1938
Castle Beach Apartments, Inc.	S. D. N. Y.	Ch. X	Mar. 5, 1940	Mar. 7, 1940	Motion	July 24, 1940
Chancery Lane Corporation	D. N. J.	do	Sept. 30, 1938	Dec. 16, 1938	Request	Dec. 12, 1938
Coast & Valley Properties, Inc.	S. D. Calif.	do	Aug. 10, 1939	Aug. 19, 1939	do	Sept. 11, 1939
Colonial Utilities, Inc.	D. Del.	Sec. 77-B	Aug. 4, 1937	Aug. 4, 1937	Motion	Aug. 8, 1939
Colonial Utilities Corporation	do	do	do	do	do	Do.
Commonwealth Light & Power Co. (The)	N. D. Ill.	do	Oct. 9, 1934	Oct. 15, 1934	Request	June 21, 1940
Inland Power & Light Corporation	do	do	Oct. 10, 1934	do	do	Do.
Consolidated Press & Printing Co. (The)	N. D. Ohio	Ch. X	May 20, 1939	Sept. 2, 1939	Motion	Sept. 22, 1939
Consolidated Rock Products Co.	S. D. Calif.	Sec. 77-B	May 24, 1935	May 24, 1935	do	July 22, 1940
Consumers Rock & Gravel Co., Inc.	do	do	do	do	do	Do.
Union Rock Co.	do	do	do	do	do	Do.

¹ "Request" denotes participation at the request of the judge; "motion" refers to participation upon approval by the judge of the Commission's motion to participate.

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TABLE XIV.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1941—Continued

Debtor	District court	Proceedings instituted under—	Petition—		Participation ¹	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Cosgrove-Meehan Coal Corporation.....	D. Del.	Sec. 77-B	June 22, 1937	June 22, 1937	Motion	June 22, 1937
Cosgrove & Co., Inc.....	do.	do	do	do	do	Do.
Cosgrove-Meehan Coal Co. of Pennsylvania.....	do.	do	do	do	do	Do.
Lenox Coal Co.....	do.	do	do	do	do	Do.
Covered Wagon Co.....	E. D. Mich.	Ch. X	Aug. 29, 1940	Aug. 30, 1941	Request	Sept. 27, 1940
Cuyahoga Finance Co.....	N. D. Ohio	do	Apr. 11, 1941	Apr. 25, 1941	do	Apr. 28, 1941
Deep Rock Oil Corporation.....	N. D. Okla.	Sec. 77-B	June 19, 1934	June 19, 1934	Motion	June 14, 1939
Dermon (Dave) Developments, Inc.....	W. D. Tenn.	Ch. X	June 30, 1939	Dec. 30, 1939	Request	Nov. 6, 1939
Detroit Paper Products Corporation.....	E. D. Mich.	do	Jan. 16, 1941	Jan. 16, 1941	do	Jan. 28, 1941
Diversified Royalties of America.....	S. D. Calif.	do	Oct. 4, 1940	Oct. 7, 1940	Motion	Nov. 12, 1940
Diversified Royalties, Ltd.....	do.	do	do	do	do	Do.
Eastern Brewing Corporation (The).....	D. Conn.	do	Sept. 6, 1939	Sept. 6, 1939	Request	Feb. 23, 1940
Eleven Park Place Corporation.....	S. D. N. Y.	do	Dec. 5, 1940	Dec. 19, 1940	Motion	Dec. 27, 1940
Elms Holding Co.....	E. D. Wis.	do	Nov. 19, 1938	Nov. 21, 1938	Request	Apr. 5, 1939
Equitable Office Building Corporation.....	S. D. N. Y.	do	Apr. 10, 1941	Apr. 10, 1941	Motion	Apr. 14, 1941
Euclid Doan Co.....	N. D. Ohio	Sec. 77-B	June 8, 1937	June 8, 1937	do	Dec. 20, 1939
Federal Facilities Realty Trust.....	N. D. Ill.	do	Dec. 26, 1934	Apr. 25, 1935	do	Oct. 29, 1940
Fidelity Assurance Association.....	S. D. W. Va.	Ch. X	June 6, 1941	June 7, 1941	Request	June 13, 1941
Flour Mills of America, Inc.....	W. D. Mo.	do	Mar. 20, 1939	Mar. 20, 1939	do	Mar. 27, 1939
Fort Shelby Hotel Co.....	E. D. Mich.	Sec. 77-B	Dec. 7, 1934	Dec. 7, 1934	do	Nov. 6, 1940
Fylgia Corporation.....	E. D. Wis.	Ch. X	Dec. 11, 1939	Dec. 11, 1939	do	Mar. 22, 1940
Garland Manufacturing Co.....	W. D. Pa.	do	Mar. 26, 1940	Mar. 26, 1940	do	May 3, 1940
Goldine Apartments Co.....	E. D. Mich.	Sec. 77-B	May 4, 1935	May 4, 1935	do	Apr. 10, 1939
Guardian Coal Co.....	S. D. W. Va.	Ch. X	July 9, 1940	July 31, 1940	Motion	July 31, 1940
Guardian Investors Corporation.....	S. D. N. Y.	do	Mar. 18, 1941	May 14, 1941	do	Apr. 4, 1941
Harrison Hotel Co.....	W. D. Mo.	do	Aug. 12, 1939	Aug. 21, 1939	Request	Dec. 14, 1939
Herbert V. Apartments Corporation.....	D. N. J.	Sec. 77-B	July 8, 1937	July 16, 1937	do	Jan. 17, 1939
Higbee Co. (The).....	N. D. Ohio	do	Aug. 9, 1935	Aug. 9, 1935	Motion	Jan. 23, 1940
Highland Towers Co.....	E. D. Mich.	do	Mar. 30, 1937	Apr. 3, 1937	Request	Feb. 9, 1939
Hun School (The).....	D. N. J.	Ch. X	Nov. 29, 1940	Nov. 29, 1940	do	Dec. 16, 1940
Hupp Motor Car Corporation.....	E. D. Mich.	do	Oct. 29, 1940	Nov. 7, 1940	do	Nov. 7, 1940
Inland Gas Corporation.....	E. D. Ky.	Sec. 77-B	Oct. 14, 1935	Nov. 1, 1935	do	Mar. 28, 1939
Insurance Building Corporation.....	D. Mass.	do	June 3, 1938	June 3, 1938	Motion	Dec. 13, 1938
International Mining & Milling Co.....	D. Nev.	Ch. X	June 29, 1939	June 29, 1939	do	Aug. 7, 1939
Mount Gaines Mining Co.....	do.	do	do	do	do	Do.
International Power Securities Corporation.....	D. N. J.	do	Feb. 24, 1941	Feb. 24, 1941	do	Mar. 3, 1941
Jay Vee Realty Co.....	do	Sec. 77-B	Sept. 27, 1937	June 27, 1938	Request	Jan. 17, 1939
Johnson Fare Box Co.....	N. D. Ill.	Ch. X	Nov. 21, 1938	Nov. 22, 1938	Motion	Aug. 9, 1940
Joliet Elks Building Association.....	do	do	Jan. 10, 1939	Feb. 2, 1939	Request	Feb. 6, 1939
Kentucky Fuel Gas Corporation.....	E. D. Ky.	Sec. 77-B	Oct. 25, 1935	Nov. 1, 1935	do	Mar. 28, 1939
Keystone Realty Holding Co.....	W. D. Pa.	Ch. X	Feb. 10, 1939	Feb. 11, 1939	do	Mar. 8, 1939
King Edward Hotel Corporation.....	S. D. N. Y.	do	Sept. 13, 1939	Sept. 13, 1939	Motion	Sept. 26, 1939

Kings County Postal Building Corporation	E. D. Mo.	Ch. X	Nov. 7, 1938	Nov. 7, 1938	Motion	Mar. 17, 1939
Kinsey Distilling Co.	E. D. Pa.	do	Mar. 9, 1939	Mar. 9, 1939	do	Do
LaFrance Industries	do	Sec. 77-B	July 24, 1936	July 24, 1936	do	Jan. 19, 1939
Pendleton Manufacturing Co.	do	do	Sept. 24, 1936	Sept. 24, 1936	do	Do
La Salle Petroleum Co.	N. D. Okla.	Ch. X	Mar. 9, 1939	Mar. 9, 1939	do	Apr. 6, 1939
Lemp (Wm. J.) Brewing Co.	E. D. Ill.	do	Aug. 30, 1940	Aug. 30, 1940	Request	Nov. 30, 1940
Los Angeles Lumber Products Co., Ltd.	S. D. Calif.	Sec. 77-B	Jan. 28, 1938	Jan. 28, 1938	Motion	Jan. 29, 1940
Majestic Radio & Television Corporation	N. D. Ill.	Ch. X	Nov. 6, 1939	Nov. 6, 1939	do	Nov. 10, 1939
Mara Villa Realty Co.	E. D. Mich.	Sec. 77-B	Feb. 16, 1937	Feb. 18, 1937	Request	Dec. 6, 1938
Mar-Tex Oil Co. (The)	N. D. Tex.	Ch. X	Oct. 31, 1940	Nov. 1, 1940	Motion	Dec. 5, 1940
Mar-Tex Pipeline Co.	do	do	Nov. 1, 1940	do	do	Do
Willard Pipe Co.	do	do	do	do	do	Do
Martin Co. of Utica (Hotel)	N. D. N. Y.	Sec. 77-B	June 6, 1935	June 19, 1935	do	June 24, 1939
Mason Block Realty Corporation	S. D. Tex.	Ch. X	Jan. 11, 1941	Jan. 15, 1941	do	Mar. 1, 1941
Maxfield-Wilton & Associates, Inc.	S. D. Calif.	Sec. 77-B	Aug. 11, 1938	Aug. 11, 1938	Request	May 23, 1939
Residential Income Properties, Inc.	do	do	Aug. 22, 1938	Aug. 22, 1938	do	Do
Wilton-Maxfield Management Co.	do	do	do	do	do	Do
McKesson & Robbins, Inc.	S. D. N. Y.	Ch. X	Dec. 8, 1938	Dec. 8, 1938	Motion	Dec. 8, 1938
Metropolitan Holding Co.	E. D. Mich.	Sec. 77-B	Mar. 25, 1937	Apr. 3, 1937	Request	Dec. 6, 1938
Midland United Co.	D. Del.	do	June 9, 1934	June 9, 1934	Motion	Jan. 10, 1940
Midland Utilities Co.	do	do	do	do	do	Do
Minnesota & Ontario Paper Co.	D. Minn.	do	June 11, 1934	July 11, 1934	do	Feb. 10, 1939
Mortgage Guarantee Co.	D. Md.	Ch. X	Sept. 16, 1939	Sept. 16, 1939	do	Sept. 27, 1939
Druid Park Apartments Co. (The)	do	do	Dec. 8, 1939	Dec. 8, 1939 ²	do	(?)
Saratoga Building & Land Corporation (The)	do	do	Sept. 25, 1939	Sept. 25, 1939	do	Sept. 27, 1939
Wyman Park Apartments Co. (The)	do	do	Dec. 8, 1939	Dec. 8, 1939 ²	do	(?)
Mt. Forest Fur Farms of America, Inc.	E. D. Mich.	Sec. 77-B	Aug. 15, 1938	Aug. 15, 1938	Request	Sept. 28, 1938
Mountain States Power Co.	D. Del.	do	Dec. 31, 1937	Dec. 31, 1937	Motion	Feb. 27, 1940
Mutual Creamery Co.	D. Utah	Ch. X	Mar. 11, 1939	Mar. 11, 1939	do	Apr. 4, 1939
National Realty Trust	N. D. Ill.	Sec. 77-B	Dec. 26, 1934	Apr. 25, 1935	do	Oct. 29, 1940
Nebel (Oscar) Co., Inc. (Pa.)	E. D. Pa.	Ch. X	Feb. 6, 1939	Feb. 6, 1939	Request	Apr. 5, 1939
Nebel (Oscar) Co., Inc. (Va.)	do	do	do	do	do	Do
1934 Realty Corporation	S. D. N. Y.	do	Dec. 23, 1938	Dec. 21, 1940	Motion	Jan. 8, 1941
Northern Redwood Lumber Co.	N. D. Calif.	Sec. 77-B	Apr. 4, 1936	Apr. 4, 1936	do	Apr. 13, 1939
Northwest Cities Gas Co.	E. D. Wash.	do	Jan. 13, 1938	Jan. 15, 1938	do	June 20, 1939
Ohmer Fare Register Co.	S. D. Ohio	do	Dec. 29, 1937	Dec. 29, 1937	Request	May 16, 1939
Oklahoma Railway Co.	W. D. Okla.	Ch. X	Sept. 27, 1939	Sept. 27, 1939	Motion	Oct. 13, 1939
Old England Brewing Co., Inc. (The)	D. Conn.	do	Dec. 6, 1939	Dec. 6, 1939	Request	Feb. 23, 1940
188 Randolph Building Corporation	N. D. Ill.	Sec. 77-B	Aug. 5, 1935	Dec. 30, 1935	Motion	Jan. 17, 1939
Ozark Corporation (The)	E. D. Mich.	do	Jan. 15, 1938	Jan. 17, 1938	Request	Mar. 2, 1939
Faloma Estates, Inc.	S. D. N. Y.	Ch. X	June 18, 1941	do	do	June 23, 1941
Penn Timber Co.	D. Oreg.	Sec. 77-B	Feb. 18, 1938	Feb. 18, 1938	do	Jan. 5, 1939
Philadelphia & Reading Coal & Iron Co.	E. D. Pa.	do	Feb. 26, 1937	Feb. 26, 1937	Motion	Jan. 27, 1939
Philadelphia & Western Ry.	do	do	July 2, 1934	July 3, 1934	do	Dec. 17, 1940
Pine Hill Collieries Co.	do	Ch. X	May 16, 1939	May 16, 1939	Request	May 19, 1939
Pine Hill Coal Co.	do	do	do	do	do	Do

¹ "Request" denotes participation at the request of the judges; "motion" refers to participation upon approval by the judge of the Commission's motion to participate.

² Order approving petition also consolidated the proceedings with those involving Mortgage Guarantee Company and the Saratoga Building and Land Corporation.

³ Amended notice of appearance filed July 14, 1939.

TABLE XIV.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1941—Continued

Debtor	District court	Proceedings instituted under—	Petition—		Participation ¹	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Pittsburgh Railways Co.	W. D. Pa.	Sec. 77-B	May 10, 1938	May 10, 1938	Request	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	do	do	Do.
Pittsburgh Terminal Coal Corporation	do	Ch. X	Dec. 4, 1939	Jan. 2, 1940	do	Jan. 6, 1940
Plankinton Building Co.	E. D. Wis.	do	June 25, 1940	June 27, 1940	do	July 16, 1940
Portland Electric Power Co.	D. Oreg.	do	Apr. 3, 1939	Apr. 3, 1939	do	Apr. 18, 1939
Porto Rican American Tobacco Co.	S. D. N. Y.	do	July 13, 1939	July 13, 1939	Motion	July 18, 1939
Postal Telegraph & Cable Corporation	do	Sec. 77-B	June 14, 1935	June 14, 1935	Request	Feb. 29, 1940
Associated Companies (The)	do	do	June 21, 1938	June 21, 1938	do	Do.
Radio-Keith-Orpheum Corporation	do	do	June 7, 1934	June 28, 1934	do	Aug. 14, 1939
Real Estate Mortgage Guaranty Co.	E. D. Pa.	Ch. X	July 11, 1940	Nov. 12, 1940	Motion	Nov. 12, 1940
Realty Co. (The)	N. D. Ohio	do	Oct. 1, 1938	June 21, 1939	do	July 1, 1939
Realty Guarantee & Trust Co. (The)	do	do	do	do	do	Do.
Union Land & Building Co. (The)	do	do	do	do	do	Do.
Reb Holding Co.	E. D. Wis.	do	Apr. 20, 1939	Apr. 20, 1939	Request	July 29, 1940
Rentals Building Corporation	S. D. Ohio	do	July 31, 1939	Nov. 1, 1939	Motion	Apr. 23, 1940
Reo Motor Car Co.	E. D. Mich.	do	Dec. 16, 1938	Dec. 17, 1938	Request	Jan. 9, 1939
Reynolds Investing Co., Inc.	D. N. J.	Sec. 77-B	May 18, 1938	June 22, 1938	do	Dec. 6, 1938
Ritz-Carlton Restaurant & Hotel Co. of Atlantic City (The)	do	Ch. X	Jan. 17, 1939	Jan. 20, 1939	do	Jan. 23, 1939
Roach (W. R.) & Co.	W. D. Mich.	do	Jan. 9, 1941	Jan. 9, 1941	Motion	Feb. 1, 1941
Roberts & Oake, Inc.	N. D. Ill.	do	Apr. 19, 1941	Apr. 19, 1941	do	May 28, 1941
Saltex Looms, Inc. (The)	D. Conn.	do	Nov. 10, 1939	Nov. 10, 1939	do	Dec. 2, 1939
San Francisco Bay Toll-Bridge Co.	N. D. Calif.	do	Aug. 17, 1939	Aug. 18, 1939	do	Aug. 28, 1939
Sayre & Fisher Brick Co.	D. N. J.	Sec. 77-B	Aug. 20, 1934	Aug. 20, 1934	Request	Feb. 2, 1940
Shelbourne Apartment Co.	E. D. Wis.	Ch. X	June 26, 1939	June 26, 1939	do	Dec. 29, 1939
South State St. Building Corp.	N. D. Ill.	do	Oct. 17, 1938	Oct. 18, 1938	Motion	Nov. 29, 1938
Southeastern Gas & Water Co.	D. N. J.	do	Aug. 17, 1940	(²)	do	Feb. 25, 1941
Southport-Irving Building Corporation	N. D. Ill.	Sec. 77-B	Aug. 18, 1938	Aug. 29, 1938	Request	Dec. 23, 1938
Standard Commercial Tobacco Co., Inc. (The)	S. D. N. Y.	do	Apr. 15, 1938	Apr. 15, 1938	Motion	Dec. 2, 1938
Tampa Union Terminals, Inc.	S. D. Fla.	Ch. X	Nov. 29, 1940	Nov. 29, 1940	do	Dec. 12, 1940
Thomas Allec Corporation (The)	N. D. Calif.	do	May 12, 1939	May 13, 1939	do	June 26, 1939
Title Bond & Mortgage Co.	W. D. Mich.	Ch. X	Dec. 23, 1940	Dec. 23, 1940	Motion	Jan. 31, 1941
Toledo Theatres & Realty Co. (The)	N. D. Ohio	do	June 21, 1939	June 30, 1939	Request	Sept. 15, 1939
Transportation Building Corporation of Chicago	N. D. Ill.	do	Jan. 16, 1941	Feb. 13, 1941	do	Feb. 21, 1941
Turnbow Petroleum Corporation (W. C.)	E. D. Tex.	do	Feb. 21, 1940	Feb. 21, 1940	Motion	Apr. 18, 1940
263 West 38th St. Corporation	S. D. N. Y.	do	Dec. 26, 1940	Dec. 26, 1940	do	Jan. 29, 1941
Ulen & Co.	do	do	Jan. 14, 1940	June 14, 1940	do	June 17, 1940
Utilities Power & Light Corporation	N. D. Ill.	Sec. 77-B	Jan. 4, 1937	Jan. 4, 1937	Request	May 31, 1940
Van Sweringen Corporation	N. D. Ohio	do	Oct. 13, 1936	Oct. 15, 1936	Motion	Jan. 23, 1940
Cleveland Terminals Bldg. Co (The)	do	do	do	do	do	Do.
Vermont Lighting Corporation	D. Vt.	Ch. X	Jan. 7, 1939	Jan. 17, 1939	do	Feb. 9, 1939
Warner Sugar Corporation	S. D. N. Y.	do	June 7, 1940	July 9, 1940	Request	July 9, 1940

Warren Brothers Co.....	D. Mass.....	Sec. 77-B.....	Feb. 1, 1937.....	Feb. 1, 1937.....	Motion.....	Jan. 30, 1939.....
Watson Realty Co.....	E. D. Mich.....	do.....	Apr. 28, 1936.....	Apr. 28, 1936.....	Request.....	Jan. 7, 1939.....
Webster Apartments Co.....	do.....	do.....	May 4, 1935.....	May 4, 1935.....	do.....	Nov. 27, 1939.....
Whitmore Plaza Corporation.....	do.....	do.....	May 4, 1937.....	May 5, 1937.....	do.....	Dec. 6, 1938.....
Wilton Realty Corporation.....	do.....	do.....	May 27, 1937.....	June 1, 1937.....	do.....	Do.....
Windsor-Wilson Liquidation Trust.....	N. D. Ill.....	Ch. X.....	Mar. 18, 1941.....	May 28, 1941.....	do.....	June 12, 1941.....

¹ "Request" denotes participation at the request of the judge; "motion" refers to participation upon approval by the judge of the Commission's motion to participate.

² Petition not approved. Proceedings dismissed Mar. 10, 1941.

TABLE XV.—Miscellaneous cases in which the Commission appeared as a party litigant arising by reason of its duties under Chapter X of the Bankruptcy Act ¹

Name of case	Court	Nature and status of case
In the Matter of Penfield Distilling Co., debtor. Securities and Exchange Commission v. Jacob Goldman, Harold H. Goldman (ancillary proceedings).	United States District Court, Northern District of Illinois, Eastern Division.	Due to the necessity of obtaining personal jurisdiction over the parties involved, the Commission brought ancillary proceedings to enforce an order of the United States District Court of Kentucky for an accounting and to enforce a contempt order issued by the same court. In this ancillary proceeding the defendant, Jacob Goldman, was adjudged in contempt of the original orders and a writ of commitment issued. The defendant was committed to jail and released on bail when he promised to file the accounting. Sometime later the accounting was filed and the Commission has objected to its sufficiency as an accounting. At the present the proceedings are awaiting the outcome of a Commission inquiry into the accuracy of the information furnished by the defendant, Jacob Goldman. The Commission is also attempting to subpoena said defendant for further questioning in connection with the purported accounting.
In the Matter of Reinforced Paper Bottle Corporation, debtor.	United States District Court, District of Delaware.	The Commission filed motions for leave to intervene and to dismiss proceedings for an arrangement under Chapter XI of the Bankruptcy Act on the ground that the district court ought not to entertain proceedings under Chapter XI involving the debtor, a large corporation with publicly held securities. The court has as yet rendered no decision.

¹ See pp. 142 to 153 *supra*, for a list and discussion of the cases under Chapter X of the Bankruptcy Act in which the Commission participated as appellee or filed briefs as *amicus curiae* during the fiscal year ended June 30, 1941.

