

## MEMORANDUM

August 11, 1942

DATE \_\_\_\_\_

TO: Mr. James A. Treanor, Jr., Director, Trading and Exchange Division

FROM: Woolvin Patten

SUBJECT:

On October 28, 1939, Frank S. Wright, a middle-aged investor of Clermont, Florida, sold five \$75.00 U. S. Savings bonds through Guaranty Underwriters, Inc. using the proceeds as part payment on 1/4 acre J. O. Shanafelt "C" Landowner's Producing Royalty.

On October 23, 1941, F. E. Brewer, an elderly investor, residing on R. F. D. #1, Orlando, Florida, sold \$2000 principal amount U. S. Treasury 3 1/4 % Bond through Guaranty Underwriters, Inc. and on the same day purchased with proceeds thereof 25 shares of Ware River Railroad common stock at 84. The high offering for Ware River in the National Quotation Sheets on this day was 71, 19% above market indications.

On July 15, 1942, Mr. Brewer sold \$1000 principal amount of HOLC 3% Bonds and with the proceeds of such sale purchased 100 U. S. Trucking common at 9 7/8. U. S. Trucking on this day was being offered in the Sheets from 8 to 8 1/2 .

On May 1, 1942, Mrs. Dora Crockett, an elderly resident of Winter Park, Florida, sold \$500 principal amount Treasury 2 7/8 % Bonds through Guaranty Underwriters, Inc. and applied the proceeds thereof toward the purchase of 100 shares Wickwire Spencer Steel Company at 14 1/2. On this day Wickwire Spencer Steel was being offered at 13.

During the summer of 1938, Margaret S. Green, an elderly investor of Daytona Beach, Florida, sold through Guaranty Underwriters, Inc. \$10,000 principal amount U. S. Treasury 3 1/4% Bonds and with the proceeds thereof purchased 1/2 acre Smith-Atkine, 1/2 acre MacGregor-Belk, 1/4 acre Dahl, 1/4 acre Marvel, 1 Lot Alta Vista, 1 1/2 Jackson.

On April 30, 1942, Mrs. Nora F. Wilde, an elderly widow of Winter Park, Fla., Sold through Guaranty Underwriters 1M U.S. Tres. 2 7/8% Bonds, 1M U.S. Tres. 3 1/8% Bonds, and 1/2M U.S. Tres. 3 1/4% Bonds using the proceeds of such sale to Purchase

200 shares of Wickwire Spencer Steel at 14 ½. On this day Wickwire was being offered at 13.

Approximately 14% profit.

On or about April 18, 1941 a representative of Florida Bond and Share, Inc. induced Mr. and Mrs. William P. Bealey of Clermont, Florida, to sell their \$1,000 Treasury 4% Bond and to invest the proceeds thereof in 61 Broadway Bldg. Bonds on the representation that the Bldg. Bonds would provide them a better income and would increase more rapidly in value. The Treasury Bond was sold by the company for \$1,123.67, and the Bealey's received in return 3-\$1,000 61 Broadway Bldg. 3-1/2 to 5% bonds. These bonds were represented as selling in the market at that time at 33-1/4 when, in fact, brokers and dealers were quoting these bonds in the sheets at prices ranging from 16-1/4 to 17-1/4 and such brokers and dealers were actually selling these bonds to members of the public at or around that very time at 16-1/2 to 17-1/4. The profit above cost was 89.6% and the mark-up above indicated market value was 96.1%.

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On May 2, 1941 Alex Klein appears to have parted with an unidentified amount of U.S. Treasury Bonds (issue not known) and received from Florida Bond & Share, Inc. the sum of \$7500. Florida Bond & Share appears to have sold these bonds on the following day to Kuhn, Morgan & Co. of Tampa, Florida