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EIGHTH ANNUAL REPORT
of the
SECURITIES AND EXCHANGE COMMISSION

FISCAL YEAR ENDED JUNE 30, 1942
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LETTER OF TRANSMITTAL

SECURITIES AND EXCHANGE COMMISSION,
Philadelphia, Pa., June 9, 1943.

Sir:

I have the honor to transmit to you the Eighth Annual Report of the Securities and Exchange Commission, required by the provisions of Section 23 (b) of the Securities Exchange Act of 1934, approved June 6, 1934, Section 23 of the Public Utility Holding Company Act of 1935, approved August 26, 1935, Section 46 (a) of the Investment Company Act of 1940, approved August 22, 1940 and Section 216 of the Investment Advisers Act of 1940, approved August 22, 1940.

Because of war conditions, we are presenting the report in the most concise and least expensive manner we can devise. The statistical tables have also been substantially abridged. Data in statistical tables customarily shown in previous reports and now omitted are available on request.

In March 1942, the Commission was moved to Philadelphia by direction of the Director of the Bureau of the Budget. It was the Commission's hope that no issuer who was faced with a deadline in the marketing of securities would be subjected to any delay by the Commission because of the moving. We are happy to report that our hope was realized.

Respectfully,

Ganson Purcell,
Chairman.

THE PRESIDENT OF THE SENATE
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
Washington, D. C.

SECURITIES AND EXCHANGE COMMISSION

Central Office
18th and Locust Streets
Philadelphia, Pa.

SECURITIES AND
EXCHANGE COMMISSION



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COMMISSIONERS

Ganson Purcell, *Chairman*

Robert E. Healy

Sumner T. Pike

Edmund Burke, Jr.

Robert H. O'Brien

Orval L. DuBois, *Secretary*

LOCATION OF REGIONAL OFFICES

Atlanta, Georgia
Baltimore, Maryland
Boston, Massachusetts
Chicago, Illinois
Cleveland, Ohio
Denver, Colorado
Fort Worth, Texas
New York, New York
San Francisco, California
Seattle, Washington

Palmer Building (Room 415)
Baltimore Trust Building (Room 2410)
Shawmut Bank Building (Room 426)
Bankers Building (Room 630)
Standard Building (Room 1608)
Midland Savings Building (Room 822)
United States Courthouse (Room 103)
Equitable Building (Room 2006)
625 Market Street (Room 1301)
1411 Fourth Avenue Building (Room 810)

PART I

ADMINISTRATION OF THE SECURITIES ACT OF 1933

Registration of Securities under the Securities Act of 1933

For information as to the general scope of the registration provisions of the Securities Act of 1933, as amended, the registration and examination procedures, the power of the Commission to institute stop-order proceedings to suspend the effectiveness of the registration statement, and the statutory amendment authorizing the Commission in its discretion to accelerate the effective date of registration statements, reference is made to the Sixth Annual Report of the Commission, pp. 117-119, inc., the Seventh Annual Report, pp. 161-162, inc., and previous annual reports.

New Rules, Regulations, and Forms for Registration under the Securities Act of 1933

Further Simplification of Registration Forms. In order further to simplify the registration process, the Commission adopted early in the year two new forms - Form S-2 and Form S-3. Form S-2 is designed primarily for securities of small companies. Form S-3 is available for the registration of shares of mining corporations (other than those in the oil and gas field) in the promotional or the developmental stage. In the case of both forms simplification is secured principally by a provision which permits the prospectus to be filed as the basic part of the registration statement.

Further Simplification of Compliance with Similar Registration Requirements under Different Statutes. The Commission adopted Rule 524 to provide a simplified procedure for registration under the Securities Act of 1933 of securities of open-end management investment companies. The rule provides in effect that any such company may register securities under the Securities Act by filing copies of its registration statement filed under the Investment Company Act, together with copies of a prospectus containing the information given in answer to certain designated items on Form N-8B-1 and certain additional information not required by that form but deemed essential under the Securities Act.

A number of other changes of a minor nature were also made during the year in the rules and regulations governing registration of securities under the Securities Act.

Disclosures resulting from examination

Through its examination procedure the Commission secured fair and accurate disclosure of material information required in registration statements and prevented the use in many of these documents of information which was misleading and inaccurate. In some instances sales of securities were prohibited by the issuance of stop-orders following formal public hearings.

Statistics of securities registered under Securities Act of 1933

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

Disposition of Registration Statements

	: To	: July 1, 1941	:	Total
	: June 30,	: to June 30,	:	
	: 1941	: 1942	:	
Statements filed	:	:	:	
	: 4790	: 235 a/	:	5025
Statements effective	: 3823	: 183 b/	:	4006 b/
Statements withdrawn - net	: 754	: 48 c/	:	802
Stop or refusal orders - net	: 175	: 7	:	182
In process of examination or awaiting amendments:	:	:	:	
At close of year ended June 30, 1941	: 38	:	:	
At close of year ended June 30, 1942	:	:	:	35

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

b/ Does not include 19 registration statements effective at the beginning or during this period which were either withdrawn or placed under stop order.

c/ Does not include 1 registration statement withdrawn prior to this period, and refiled and withdrawn during this period.

A total of 755 amendments to registration statements were also filed and examined during the past fiscal 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 324 annual reports and 137 amendments thereto, all of which required examination.

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

(1) 180 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) 230 sets of supplemental prospectus material were filed by registrants to show material changes occurring after the commencement of the offering; and

(3) 315 sets of so-called 13-month prospectuses were filed pursuant to Section 10 (b) (1) of the Act.

Stop Orders, Consent Refusal Orders, And Withdrawal Orders

Withdrawals amounted to 49 during the year and none of the statements involved were refiled to June 30, 1942. Stop orders numbered 7, all of which were still in force at the close of the year. No consent refusal orders were issued during the year.

Securities Effectively Registered

During the fiscal year ended June 30, 1942, securities effectively registered under the Securities Act of 1933 amounted to \$2,003,000,000. The issues averaged \$7,130,000 in size.

Of all registrations effective during the fiscal year ended June 30, 1942, \$476,000,000 were not proposed for sale, \$62,000,000 were registered for sale for the account of others than the issuers, and \$1,465,000,000 consisted of securities intended to be sold for the account of issuers.

Of the total proposed for sale for the account of issuers manufacturing companies accounted for \$468,000,000 or 32 percent, transportation and communication companies \$446,000,000 or 30 percent, and electric, gas, and water utilities \$389,000,000 or 27 percent.

More than two-thirds of the total value of securities registered for cash sale by issuers or \$1,035,000,000 were fixed interest bearing. This included \$338,000,000 of secured bonds or 23 percent of the total, and \$697,000,000 of unsecured bonds or 48 percent of the total. Common stock amounted to \$220,000,000 or 15 percent, followed by preferred stock with \$162,000,000 or 11 percent. Certificates of participation, beneficial interest, face-amount installment certificates, etc., added up to \$48,000,000 or 3 percent.

A breakdown by methods of issuance showed that \$496,000,000 or 34 percent were offered directly by the issuers. Securities offered on an underwritten basis amounted to \$899,000,000 or 61 percent and those offered on a best efforts basis aggregated \$70,000,000 or 5 percent.

Compensation to be paid to distributors equalled \$23,000,000 or 1.6 percent of the gross proceeds of the securities proposed for sale for the account of issuers. Expenses amounted to \$8,000,000 or 0.5 percent. The cost of flotation, therefore, was equivalent to 2.1 percent of the gross proceeds. This cost was the lowest for any fiscal year since the series was begun approximately 8 years ago.

Net proceeds, after all issuing and distributing expenses, were estimated at \$1,434,000,000. Of these proceeds 51 percent was applied to repayment of indebtedness and 2 percent to retirement of preferred stock. Net proceeds to be used for the purchase of securities were \$83,000,000 or 6 percent, including \$67,000,000 used for the purchase of securities for investment and \$16,000,000 for affiliation. New money purposes accounted for \$591,000,000 or 41 percent of the total net proceeds. This included \$333,000,000 or 23 percent for plant and equipment and \$243,000,000 or 17 percent for working capital. The 41 percent for new money purposes was the greatest proportion of net proceeds for any fiscal year since the Securities Act became effective. The absolute amount intended for new money purposes was the largest amount to be applied from corporate securities to fixed and working capital of any fiscal year since 1937.

Detailed statistics of securities registered under the Securities Act of 1933 during the fiscal year are presented in Appendix Tables 1 to 3.

Security Offerings

The securities registered under the Securities Act of 1933 constitute only part of all new issues offered for cash. Comprehensive statistics of new cash offerings of securities are presented in Appendix Tables 4 and 5.

Exempt Issues Relating to Oil and Gas Interests

In connection with exempt issues relating to fractional undivided interests in oil or gas rights, covered by Regulation B, there were filed and examined during the year 965 offering sheets, and 876 necessary amendments to such offering sheets, involving securities with an aggregate offering price of approximately \$22,177,285.

The following table indicates the action taken with respect to these filings:

Various actions on filings under Regulation B

Temporary Suspension Orders (Rule 340 (a))	197
" " " (Rule 340 (b))	1
" " " (Rule 340 (c))	1
Orders Terminating Proceeding After Amendment	112
Orders Consenting to Withdrawal of Offering Sheet and Terminating Proceeding	55
Orders Terminating Effectiveness of Offering Sheet (No Proceeding Pending)	61
Orders Consenting to Amendment of Offering Sheet (No Proceeding Pending)	597
Orders Consenting to Withdrawal of Offering Sheet (No Proceeding Pending)	104

INVESTIGATIONS OF OIL AND GAS SECURITIES TRANSACTIONS

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

Oil and Gas Investigations

	Preliminary Investigations	Informal	Formal
Pending 6/30/41	54	58	24
Initiated 7/1/41 - 6/30/42	64	57	13
Total to be Accounted For	118	115	37
Changed to Informal or Formal	9	17	
Closed or Completed	62	45	5
Total Disposed of	71	62	5
Pending June 30, 1942	47	53	32

Where these investigations show evidence of a violation of the criminal provisions of the Securities Act of 1933, the results are transmitted by the Commission to the Department of Justice, and criminal proceedings are instituted in the discretion of the Attorney General of the United States. In the event such proceedings are instituted, the attorneys and engineers on the Commission staff who participated in the investigation leading up to the proceedings assist the United States Attorneys in the preparation of the cases for presentation to the grand jury and for trial.

Proposed Amendments to the Securities Act
of 1933 and the Securities Exchange Act of 1934

During the past fiscal year extensive hearings were held before the Committee on Interstate and Foreign Commerce of the House of Representatives on various proposals to amend the Securities Act of 1933 and the Securities Exchange Act of 1934.

Beginning in July 1940, the Commission and its staff conferred almost continuously with representatives of the securities industry and other interested persons on a large number of proposals to amend various provisions of the 1933 and 1934 Acts. The conferees consisted primarily of representatives of the Investment Bankers Association of America, the National Association of Securities Dealers, Inc., the New York Curb Exchange and the New York Stock Exchange, although both the Commission's staff and members of the Commission themselves met also with representatives of the regional exchanges and other interested persons. The purpose of these conferences was to define the areas of agreement and disagreement on the various proposals. A substantial area of agreement was found, although the Commission felt compelled to oppose certain of the securities industry's proposals.

On August 7, 1941, the Commission submitted to the House Committee on Interstate and Foreign Commerce and the Senate Committee on Banking and Currency a 54-page report on the various proposals for amendment of the 1933 and 1934 Acts. On July 30, 1941, a 287-page report had been submitted by the representatives of the four industry groups above named. Beginning on October 28, 1941, the Committee on Interstate and Foreign Commerce of the House of Representatives held hearings on the various proposals of the securities industry and of the Commission. These proposals were embodied in a comparative Committee Print rather than a bill.

The hearings were also concerned with three bills which had been introduced independently of the Commission-industry conferences. H. R. 4344 had been introduced by Representative Wadsworth of New York on April 14, 1941, to amend various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940 and the Investment Advisers Act of 1940. H. R. 5065 had been introduced by Representative Paddock of Illinois on June 16, 1941, to amend Section 2 (1) of the Securities Act of 1933 in order to exempt from the definition of the term "security" interests in employees' investment plans. H. R. 5832 had been introduced by Representative Oliver of Maine on October 15, 1941, to amend Section 12 (f) of the Securities Exchange Act of 1934 in order to prevent national securities exchanges from extending unlisted trading privileges to any security not listed and registered on a national securities exchange.

These hearings continued until December 5, 1941, and as a result of the declaration of war were interrupted until January 20, 1942. They were concluded on January 27, 1942, and the transcript has been printed in five volumes plus an index volume.

No bills embodying any of the proposals made by the securities industry or the Commission have as yet been introduced. The Commission did not initiate the amendment program, and it confined its proposals very largely to those which it deemed necessary in the light of certain of the proposals of the securities industry. Only a few additional proposals, of a corrective nature, were made by the Commission. None of the Commission's proposals would enlarge the area of the Commission's jurisdiction.

This program constituted one of the Commission's major tasks during the past fiscal year.

PART II

ADMINISTRATION OF THE SECURITIES EXCHANGE ACT OF 1934

Registration of Securities on Exchanges

The general purpose and nature of registration of securities on exchanges and the Commission's procedure in examining applications and reports for compliance with the requirements of Sections 12 and 13 of the Securities Exchange Act of 1934, have been described in the Sixth Annual Report of the Commission, pp. 100-102, inc., and previous annual reports.

New Rules, Regulations, and Forms For Registration
of Securities on Exchanges

Disclosure Contravening Code of Wartime Practices. The Commission adopted Rule X-6 providing for the omission or confidential treatment of any information, filed with the Commission or any securities exchange pursuant to the Securities Exchange Act of 1934, which is inconsistent with the standards of the Code of Wartime Practices promulgated by the United States Office of Censorship. 1/

Action under the rule may be taken either on the Commission's own motion or upon application. The Commission makes a preliminary examination of all applications and reports filed under Sections 12 and 13 in order to delete any such confidential information before these documents are made available for public inspection. The securities exchanges cooperate by temporarily withholding from public inspection the copies of these documents filed with them until the Commission's examination has been completed and the exchanges have had an opportunity to delete from the filings such information as is specifically directed or authorized by the Commission. Immediately thereafter these applications and reports are made available for public inspection. 2/

Temporary Exemption of Substituted or Additional Securities. Effective April 14, 1942, the Commission revised its Rule X-12A-5, 3/ which provides temporary exemption of certain securities from registration under Section 12 of the Act. The revision broadens the scope of the rule and sets forth definite bases for termination of the exemption.

-
- 1/ This rule became effective February 19, 1942. At the same time the Commission adopted and made effective companion Rules 171 under the Securities Act of 1933 and U-105 under the Public Utility Holding Company Act of 1935 providing for corresponding wartime censorship of information filed under these additional Acts. Under these three rules procedure has been established whereby the Commission, in cooperation with the Office of Censorship, will upon request render advance, informal opinions in cases where issuers, underwriters, or other persons are in doubt as to the extent to which, or the manner in which, particular information may be disclosed in a registration statement, prospectus, report, or other document.
 - 2/ During the last three months of the fiscal year approximately 2,700 filings under Sections 12 and 13 were examined under Rule X-6 and made available for public inspection.
 - 3/ In this system of designating rules, "X" indicates that the rule is under the Securities and Exchange Act, the "12A" that it is based on Section 12 (a) of that Act, and the "5" that it is the fifth rule under that Section.

Admission to "When Issued" trading of "Reorganization Rails". The Commission adopted, effective September 30, 1941, certain amendments to Regulation X-12D3 relating to registration of unissued securities for "when issued" dealing on national securities exchanges. The amendments, which are principally contained in a new rule designated Rule X-12D3-10, relaxed the provisions of the Commission's "when issued" trading rules insofar as they apply to "reorganization rails," that is, new securities issuable under a Plan of Reorganization for a railroad or other carrier required to make annual reports under Section 20 of the Interstate Commerce Act, as amended. The principal effect of the amendments is to make the new securities issuable under a Plan of Reorganization for a railroad eligible for admission to "when issued" trading as soon as the Plan of Reorganization has been finally confirmed by the court in which the reorganization is pending and the time during which appeals from the order of final confirmation may be taken has elapsed and no such appeal is pending.

Single periodic report forms adopted for use under Securities Exchange Act and Investment Company Act. As a further step in its program of simplifying filing requirements, the Commission adopted during the fiscal year a single annual report form and a single quarterly report form to be used by management investment companies under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940.

Statistics of Securities Registered on Exchanges

Up to and including June 30, 1942, 2,953 issuers had filed a total of 5,555 applications for registration of securities under Section 12 of the Securities Exchange Act of 1934 and a total of 28,705 annual and current reports under Section 13 of that Act. As of June 30, 1942, the registration of the securities of 2,299 of the issuers was in effect, and the registration of the securities of the remaining 654 issuers had ceased to be effective.

The numbers of applications, reports, and amendments filed with the Commission during the past year relating to the listing and registration of securities on national securities exchanges and to the listing of securities on exempted exchanges are as follows:

Number of applications, reports, and amendments relating to the listing and registration of securities on exchanges — Fiscal Year 1942

Applications for registration	160
Applications for "when issued" trading.....	20
Exemption statements for issued warrants.....	17
Annual and Current reports.....	4,562
Amendments to applications, statements and reports.....	1,487
Annual reports of issuers having securities listed on exempted exchanges.....	115

Withdrawal or Striking of Securities from Listing and Registration on National Securities Exchanges

During the year ended June 30, 1942, applications by issuers or exchanges involving 33 issues were filed with the Commission for the withdrawal or striking of such issues from listing and registration on national securities exchanges. At the beginning of the year, applications involving 8 issues were pending and decision upon 1 application remained suspended by the Commission. During the year, the Commission granted applications involving 32 issues and denied without prejudice an application involving 1 issue. Applications involving 9 issues were pending as of June 30, 1942.

During the year, registrations on national securities exchanges of the securities of 6 issuers were ordered withdrawn, under Section 19 (a) (2), upon failure to file the annual reports required under Section 13. Proceedings under this Section involving 3 issuers were pending as of June 30, 1942.

During the year, the Commission received from national securities exchanges certifications of removal involving 185 issues stricken from listing and registration because of payment, redemption, or retirement.

Applications for the granting, extension and termination of unlisted trading privileges on National Securities Exchanges

On June 30, 1942, unlisted trading privileges under clause (1) of Section 12 (f) of the Securities Exchange Act of 1934 continued in 1,341 stock and 192 bond issues. This is a reduction of 32 stock and 29 bond issues from the total as of June 30, 1941.

On June 30, 1942, unlisted trading privileges under clauses (2) and (3) of Section 12 (f) existed with respect to 255 stock and 34 bond issues, trading in odd lots only being authorized with respect to 12 of the stock issues. Except for 14 issues subsequently removed, these issues represent the total extension by the Commission of unlisted trading privileges to the national securities exchanges under these two clauses since May 27, 1936, when the clauses became effective.

Since various issues are admitted to unlisted trading privileges on more than one exchange, the authorizations mentioned above involve substantial duplication of issues of securities covered thereby. On June 30, 1942, 1,596 stock and 226 bond trading authorizations were in effect under clauses (1), (2) and (3), covering 1,065 stock and 226 bond issues counting each issue once only. The latter figures include 508 stock and 200 bond issues which are admitted to unlisted trading privileges only; the remaining issues are fully listed and registered (or, in a few cases, temporarily exempted from registration) on national securities exchanges other than those having unlisted trading privileges therein.

During the past fiscal year, 26 applications were filed with the Commission by exchanges seeking a determination that an altered or substituted security was substantially equivalent to a security theretofore admitted to unlisted trading privileges. Of these applications, 22 were granted and 4 were denied.

Toward the end of the past fiscal year the National Association of Securities Dealers, Inc. intervened in opposition to applications of the New York Curb Exchange for the extension of unlisted trading privileges in 3 bond issues pursuant to clause (3) of Section 12 (f) and in 1 stock issue pursuant to clause (2) thereof. The matter had not been disposed of by the end of the year.

Exempted exchanges

The number of exempted exchanges permitting unlisted trading in securities remained at four, and the totals of stock and bond issues admitted to unlisted trading thereon were 75 and 4, respectively, on June 30, 1942. Two of the five stock issues admitted to unlisted trading on the Wheeling Stock Exchange under Clause 2 of Section 12 (f) during the 1940 fiscal year were removed in 1941, by reason of exchange into another stock.

Amendment of Rule X-12F-5

Rule X-12F-5 was amended during the year to provide that transactions in listed and unlisted securities may be differentiated either by adding the letter "L" to ticker reports of quotations or transactions in listed securities or by adding the letter "U" to ticker reports of quotations or transactions in securities admitted to unlisted trading privileges.

Special offering plans

During the fiscal year, three national securities exchanges adopted plans which permit special offerings of blocks of certain securities to be effected on their respective floors. These plans provide that a special offering may be made when it is determined that the auction market on the floor of the exchange cannot absorb a particular block of a security within a reasonable time and at a reasonable price. The plans permit a person making such an offering to pay a special commission to the brokers of the purchasing customers and stipulate also that such brokers shall not receive any compensation from their own customers. Provision also is made for the appropriate designation on the exchange ticker tape of transactions effected as part of a special offering and for appropriate confirmations to customers, describing the special character of the transaction.

In order to permit such plans to be instituted on an experimental basis, the Commission, following conferences between its staff and brokers and exchange officials, amended its Rule X-10B-2, which in general prohibits any person engaged in distributing a security from compensating any other person for soliciting or inducing a third person to buy on an exchange the distributed security or any other security of the same issuer. The effect of the amendment, adopted February 6, 1942, is to exempt from the restrictions of the rule transactions which are effected pursuant to a special offering plan which has been declared effective by the Commission. The exemption, however, was declared to be only temporary, to expire on July 31, 1942. 4/

Pursuant to the terms of this exemption, the Commission declared effective, as of February 14, 1942, a plan submitted by the New York Stock Exchange. Similar action was taken with respect to a plan of the San Francisco Stock Exchange (effective April 17, 1942), and with respect to a plan of the New York Curb Exchange (effective May 15, 1942). Various modifications in the terms of these three plans have also been declared effective by the Commission. Moreover, on April 16, 1942, the Commission broadened the exemption to Rule X-10B-2 to include special offerings in certain issues having unlisted trading privileges, provided that information is available with respect to such securities approximating that available for listed securities.

In the last four and one-half months of the fiscal year, during which time the plan was operative, 19 special offerings were made on the New York Stock Exchange. Neither the New York Curb Exchange nor the San Francisco Stock Exchange had announced any special offerings by the close of the fiscal year.

4/ On July 8, 1942, the exemption was extended to January 31, 1943. (Securities Exchange Act Release No. 3270).

Aids to bookkeeping standards

During the past year the Commission staff prepared a series of fifteen forms on which the information necessary to comply with the requirements of Rule X-17A-3 (a) could be conveniently recorded. Such forms were furnished to all regional offices for distribution among brokers and dealers. The use of the forms is optional. They represent a conveniently uniform manner of recording information required to be kept by the rule.

Study of the Regional Exchanges

As a part of a general study of current developments in the securities markets, and at the request of officials of various regional exchanges, representatives of the Commission during the fiscal year undertook field studies of the problems of the regional exchanges. By the close of the fiscal year, Commission representatives had visited Boston, Chicago, Cleveland, Detroit, Los Angeles, Pittsburgh, Salt Lake City, San Francisco, Seattle, and Spokane, to investigate the problems of the exchanges located in those cities. The study had not been completed at the close of the year.

Study of over-the-counter markets in exchange stocks

A study of the characteristics of over-the-counter transactions in exchange stocks, which was begun in the preceding fiscal year, was continued throughout the past year. One phase of the study was completed during the year and the results were published on February 5, 1942, under the title "Report to the Commission by the Trading and Exchange Division on Secondary Distributions of Exchange Stocks". This report dealt with the nature, development, and magnitude of over-the-counter offerings of outstanding blocks of exchange stocks.

Substantial progress also was made in the second major phase of this study, dealing with over-the-counter transactions in exchange stocks other than secondary distributions. Approximately 250,000 transactions, representing every such over-the-counter transaction in every exchange stock reported by 4,700 brokers and dealers in the six months ending February 28, 1941 were tabulated in various ways and subjected to a number of different analyses. At the end of the fiscal year, however, the results were not yet in form for public release.

Saving study

The Commission on April 15, 1942, inaugurated a series of quarterly releases on the volume and composition of saving by individuals in the United States. These releases show the aggregate volume of individuals' savings; i.e., the increase in their assets less the increase in their liabilities, exclusive of gains or losses from revaluation of assets; they show also the components contributing to this total, such as bank balances and currency holdings, insurance, securities, consumers' indebtedness, and consumers' durable goods. Estimates of business or government saving are not included.

Rule for additional protection to investors

During the fiscal year the Commission adopted Rule X-10B-5 as an additional protection to investors. The new rule prohibits fraud by any person in connection with the purchase of securities, while the previously existing rules against fraud in the purchase of securities applied only to brokers and dealers.

Market surveillance and trading investigations

The Commission's aim in its administration of the statutory prohibitions of the Securities Exchange Act of 1934 against stock market manipulation is a sufficient policing of the markets in order to accomplish the extinction of manipulation without interfering with the legitimate functioning of those markets. Its methods of market surveillance and its investigatory procedure are set forth at pages 91 et seq. of the Sixth Annual Report of this Commission.

A tabular summary with respect to the Commission's trading investigations follows:

Trading investigations

	Flying quizzes a/	Preliminary investigations	Formal investigations
Pending June 30, 1941	18	3	9
Initiated July 1, 1941 to June 30, 1942	35	3	7
Total to be accounted for	<u>53</u>	<u>6</u>	<u>16</u>
<hr/>			
Changed to preliminary or formal	9	-	-
Closed or completed	38	<u>2 b/</u>	<u>4 b/</u>
Total disposed of	<u>47</u>	<u>2</u>	<u>4</u>
<hr/>			
Pending June 30, 1942	6	4	12

a/ A flying quiz is a quick informal survey of the trading in a security to determine if additional investigation is warranted.

b/ Includes reference of cases to the Department of Justice and to various national securities exchanges.

Criminal proceedings resulting from certain of these investigations are referred to in Part VIII of this Report, under the sub-heading "Securities Exchange Act of 1934" of the principal heading "Criminal Proceedings".

Pegging, fixing, and stabilizing of securities prices

During the fiscal year ended June 30, 1942, the Commission continued the administration of (a) Rule X-17A-2, which requires the filing of detailed reports of all transactions incident to offerings in respect of which a registration statement has been filed under the Securities Act of 1933 where any stabilizing operation is undertaken to facilitate the offering; and (b) Regulation X-9A-1, governing stabilizing transactions in securities registered on national securities exchanges effected to facilitate offerings of securities so registered in which the offering prices are represented to be "at the market" or at prices related to market prices.

Out of a total of 235 registration statements filed under the Securities Act of 1933 during the past fiscal year, 129 contained a statement of intention to stabilize to facilitate the offerings covered by such registration statements. Because of the fact that a

registration statement in some cases covers more than one offering, there were a total of 148 offerings of securities in respect of which the statement required by Rule 827 of the Rules and Regulations under the Securities Act of 1933 was made to the effect that a stabilizing operation was intended to be undertaken. Stabilizing operations were actually conducted to facilitate 91 of these offerings. In the case of bonds, public offerings of \$311,192,300 principal amount were stabilized. Offerings of stock issues aggregating 8,729,964 shares and having an aggregate estimated public offering price of \$288,356,806 were also stabilized. Of the 91 stabilizing operations commenced during the past fiscal year, 80 had been completed and notices of termination of stabilization filed with the Commission and the remaining 11 were still in progress as of the close of the fiscal year.

Also during the past fiscal year, 5 notices of intention to stabilize were filed with the Commission on Form X-9A6-1 pursuant to the provisions of Rule X-9A6-3. The offerings described in these notices, to facilitate which stabilizing operations were conducted, involved one offering of bonds of \$2,470,000 principal amount, and stock issues aggregating 211,900 shares and having an aggregate initial public offering price of \$8,310,675.

With a view toward simplifying the procedure for the reporting of transactions effected by persons engaged in stabilizing activities the Commission adopted on July 29, 1941 a new Form X-17A-1, with instructions therefor. This new form was designed to be "self-proving" and to replace the three forms required to be filed by those persons subject to the provisions of Rule X-17A-2 or Regulation X-9A6-1. An amendment to Rule X-17A-2, under the Securities Exchange Act of 1934, required by the adoption of the new form, was also adopted on that date.

To simplify further the filing of stabilizing reports, the Commission adopted on February 13, 1942 an amendment to Rule X-17A-2, eliminating the necessity of filing reports in triplicate and making it unnecessary, in most cases, for a stabilizer to file a report for any day on which his transactions are confined to retail sales of the offered security at the fixed public offering price. Certain other minor changes were made in the rule for clarification. The instructions for Form X-17A-1 were also revised to conform to the amendment to the rule.

Proceedings under Section 19 (b) with respect to the
multiple trading rule of The New York Stock Exchange

The Commission's first proceeding under Section 19 (b) of the Securities Exchange Act of 1934, which section empowers the Commission under certain conditions to alter or supplement the rules of an exchange in respect of certain matters if the exchange itself refuses to make such changes, was closed by an order of the Commission. 5/ This order which was entered after extended hearings and argument required that Section 8 of Article XIV (formerly Article XVI) of the Constitution of the New York Stock Exchange be amended to contain the following proviso:

5/ Securities Exchange Act Release No. 3053. See also Securities Exchange Act Release No. 3033. Section 8 of Article XIV (formerly Article XVI) was amended by the New York Stock Exchange to contain the required proviso, effective October 6, 1941.

"***nothing herein contained shall be construed to prohibit any member, allied member or member firm from, or to penalize any such firm for, acting as an odd-lot dealer or specialist or otherwise publicly dealing for his or its own account (directly or indirectly through a joint account or other arrangement) on another exchange located outside the City of New York (of which such member, allied member or member firm is a member) in securities listed or traded on such other exchange."

No appeal was taken by the Exchange from the order of the Commission. Many of the smaller exchanges had protested vigorously against the rule as it stood and was interpreted by the Exchange prior to the ordered amendment.

Exchanges Registered and Exempted from Registration

During the past fiscal year there was no change in the number of exchanges registered with the Commission as national securities exchanges, nor did any change occur in the number of exchanges exempted from such registration.

OVER-THE-COUNTER MARKETS

Commission Supervision of Over-The-Counter Brokers and Dealers

In the year ended June 30, 1942 the Commission received from its regional offices, 1,054 reports of inspections of registered brokers and dealers. These inspections are based on examination of books and records only and are designed to test compliance with the statutes and rules and regulations thereunder. Prominent points covered are best illustrated by a brief summary of the findings of these inspections. In 368 inspections there were found irregularities which may be classified as follows: 112 instances of unsatisfactory or precarious financial condition; 65 instances of improper use of customers' funds or securities (only 18 of which involved firms whose financial condition was not unsatisfactory); 161 instances of transactions at prices which tended to indicate that sales had been made to customers at prices not reasonably related to the current market; and 28 instances of secret profits, involving misrepresentations as to the prices at which customers' orders had been executed. In many other cases involving the sale of oil royalty interests it was found that sales to customers were at prices grossly in excess of the cost to the dealer.

Administrative Remedies

Public interest and protection of customers are factors which the Commission must weigh and consider prior to the application of a statutory remedy upon consideration of irregularities of the sort described above. In the course of our examination of the books of registered brokers and dealers cases are frequently encountered involving unsatisfactory financial condition or improper hypothecation of customers' securities. In many cases, circumstances suggest that the violations are unintentional. The inspection program being, in part, educational, it has been the Commission's policy, before considering statutory remedies, to give opportunity to firms to correct such conditions. In one case a firm had improperly pledged customers' fully paid for securities but officers who were also principal stockholders disclaimed knowledge of the situation and promptly contributed more than \$40,000 to the corporation, discharged responsible employees and reorganized the business. Subsequent surveillance failed to disclose further irregularities by the firm.

In the case of Ver Hulst & Co., Inc. of Denver, Colorado, 6/ the Commission, on information tending to show insolvency and improper use of customers' securities,

instituted proceedings in February, 1942 to determine whether the firm's registration should be revoked and whether it should be suspended or expelled from membership in the N.A.S.D. Subsequently the firm requested withdrawal of its registration, representing that it had paid or arranged to pay \$55,000 satisfying all creditors and protecting customers from the possibility of loss, that it was in the process of going out of business and contemplated dissolution, that it had resigned from the N.A.S.D., and that the registrant's President, George M. Ver Hulst, would not again enter the securities business. Under these circumstances, the Commission found that withdrawal would not be inconsistent with the public interest and the protection of investors and ordered, on April 22, 1942, that the withdrawal application be permitted to become effective.

In the case of Morrison Bond Co., Ltd., of Long Beach, California, 7/ a similar proceeding was instituted by the Commission on information that the company had filed a petition under Chapter XI of the Bankruptcy Act to effect an arrangement with unsecured creditors. The company proposed to continue its broker-dealer business. On April 8 registration was revoked and the firm was expelled from the N.A.S.D. on findings of misleading representations and fraudulent omissions of material facts in the sale of securities, willful violations of the hypothecation rules and alterations and false entries in its books and records. It was stated in the Commission's opinion that the Commission was convinced that the false entries had been made "to avoid discovery of the fact that it (the firm) has violated the Commission's hypothecation rule."

As a result of information obtained in some inspections, civil suits were filed and permanent injunctions obtained, the defendants consenting, against Kimball, Ware & Co., Portland, Maine, Seybolt & Seybolt, Inc., Springfield, Mass., John M. Wyatt & Co., El Paso, Texas, and Hartmann Inc., Wheeling, W. Va. In twelve instances facts relating to serious financial condition were referred to the Attorney General of the State of New York who, after independent inquiry, obtained injunctions against nine of the firms involved. One injunction was later vacated. The capital position of each of the three remaining firms was adjusted and no action against them was taken.

The most difficult current problem arising out of regulation of over-the-counter brokers and dealers stems from the practice of selling securities at prices which bear no reasonable relationship to current market. 8/ In such cases extensive investigations beyond the limits of books and records must be made. These investigations tax to the utmost the limited staff of the Commission now available for such work. They require the compilation of voluminous price schedules and the reconstruction of market prices at the time the transactions took place. Customers must be interviewed to determine what representations were made to induce the transactions and whether material facts were concealed from them. In a number of investigations made during the past year the evidence disclosed a pattern of fraudulent conduct which resulted in the formal proceedings. The chief remedy employed in such cases is the revocation of the firm's registration, coupled with expulsion from the N.A.S.D. where the firm is a member of that Association.

7/ Securities Exchange Act Release No. 3189.

8/ In July 1942 the Trading and Exchange Division offered to the industry for comment a proposed rule which would require the disclosure to the customer of the best available market for a security before the completion of a transaction in that security.

In ten of the cases decided during the year 9/ revocation of registration was ordered because of fraudulent over-reaching of the character just described. Seven of these firms were also expelled from membership in the N.A.S.D. Of the ten cases referred to above, two 10/ involved not only the sales of securities at prices inconsistent with prevailing market prices but also gross abuse of a relationship of trust and confidence which the firms had established with their customers. Both cases are of importance on the question of agency.

In its findings and opinion in the Allender case, the Commission discussed the legal principle that words alone on a "confirmation" to a customer do not establish the relationship between the parties and held that "the words 'we have this day sold to you' and 'bought from you' do not of themselves contravene the existence of an agency relationship between the respondent and its customers and do not justify respondent's failure to disclose its secret profits." The complete reliance of the customers on the firm's advise, the unequal circumstances of the parties in the transaction, and complete trust and confidence in the firm were held to impose upon it the duty to make full and complete disclosure of all material facts.

In the Stelmack case the evidence showed that the firm obtained lists of holdings from certain customers and then sent to these customers analyses of their securities with recommendations listing securities to be retained, to be disposed of, and to be acquired. The firm's order blanks, which customers signed, stated "I hereby authorize you as my agent, for my account and risk . . . to sell . . . buy," but also contained language which authorized the firm, as principal, to "buy from or sell to me . . . at prices to be fixed by you and I hereby ratify and confirm any transaction effected by you pursuant hereto." The Commission held that the conduct of the customers in soliciting the advice of the firm, their obvious expectation that it would act in their best interests, their reliance on its recommendations, and the conduct of the firm in making its advice and services available to them and in soliciting their confidence, pointed strongly to an agency relationship and that the very function of furnishing investment counsel constitutes a fiduciary function. As to the order form, the Commission held that where the language of a document or a course of conduct thereunder create an agency, other provisions in the document explicitly negating the existence of an agency are of no effect.

The Stelmack case is important in another respect. One of the admitted charges which the Commission found to be in violation of the fraud provisions of the Securities Act and the Securities Exchange Act was that, while the corporation was engaged in selling its own preferred stock, it failed to disclose to the purchasers thereof that it had submitted false and misleading financial reports to the Office of the Attorney General in that State which in effect permitted the registrant to remain in business only at the peril of discovery by the Attorney General.

Rules

To facilitate sales of federal stamps and bonds and tax saving notes, registered brokers and dealers and members of exchanges were no longer required to keep records or send written confirmations thereon by amendments to Rules X-17A-3 and X-15C1-4 effective January 21, 1942.

9/ In one case, In the Matter of W. K. Archer & Co., the Commission's order was appealed. The Circuit Court of Appeals (8th Circuit) affirmed the Commission's findings and order, 133 Fed. (2) 795 (C.C.A.8), 1943.

10/ In the Matter of Allendar Co., Inc. and In the Matter of William J. Stelmack Corporation, respectively, Securities Exchange Act Releases 2992 and 3254.

Rules X-15B-8 promulgated and effective June 9, 1942 provides that withdrawal of registration of a broker or dealer becomes effective on the thirtieth day after the filing of a notice, unless prior to its effective date the Commission has instituted a proceeding to revoke or suspend registration or to impose terms and conditions on such withdrawal. If the Commission institutes such proceeding, or if a notice of withdrawal is filed after the Commission has ordered proceedings to revoke or suspend registration, the withdrawal, during the pendency of such proceedings, becomes effective only at such time and on such conditions as the Commission may appropriately order.

The following table contains statistics relating to administrative proceedings under Section 15 (b) of the Securities Exchange Act, which Section governs registration of brokers and dealers:

Revocation proceedings pending July 1, 1941	11
Denial proceedings pending July 1, 1941.....	3
Revocation proceedings ordered during year.....	39
Denial proceedings ordered during year.....	6
	<u>59</u>
Revocation proceedings dismissed on withdrawal.....	4
Revocation proceedings dismissed and not revoked.....	2
Denial proceedings dismissed on withdrawal.....	5
Denial proceedings dismissed and registration permitted.....	1
Registration denied.....	2
Registration revoked.....	29
Revocation pending, June 30, 1942.....	15
Denial pending, June 30, 1942.....	1
	<u>59</u>

Registrations

The Commission's experience during the year ended June 30, 1942 with broker-dealer registrations is shown in the tabulations accompanying this report. Briefly, there was a net decline of 508 registrants to 5,557 as of the end of the period. It is clear that the war effort is a basic cause of at least part of this shrinkage.

The National Association of Securities Dealers, Inc.

The Commission's efforts in regulating the over-the-counter industry have been aided by the cooperation of National Association of Securities Dealers, Inc. (N.A.S.D.) pursuant to Section 15A of the Securities Exchange Act of 1934, otherwise known as the Maloney Act. During the year under review N.A.S.D. continued as the only national securities association registered as such with the Commission.

Due largely to diversion of personnel of its membership into war activities, membership in that Association suffered a 12.8% decline from 2,974 members as of July 1, 1941 to 2,593 as of June 30, 1942.

Examination program

As of June 30, 1942 the Association had completed, largely through questionnaires, its initial examination of more than 2,200 members. Less than 700 members then remained uninspected. These examinations, conducted by each of the fourteen District Business Conduct Committees, under the general supervision of the main office of the Association,

delve into the business practices of members with emphasis upon the compliance with the Rules of Fair Practice. Reports of examination which indicate violations of the Association's rules result in the filing of either formal or informal complaints by the appropriate District Business Conduct Committee. The scope and results of these disciplinary actions are discussed subsequently.

Cases referred by the Commission to the NASD

The Association's examination program outlined above is not the only source of disciplinary action against members. The Commission, as a matter of policy, frequently refers to the Association information uncovered in its own inspection which appears to concern either unfair prices or other violations of the Association's rules.

On July 1, 1941 there were before the Association 11 cases which had previously been referred to it by the Commission and, in the ensuing year, 46 other cases were referred. In that time the Association disposed of 46 cases and it held pending 11 cases on June 30, 1942. Of the cases disposed of 23 were handled informally and in the remaining cases 23 formal complaints were filed which resulted in five expulsions, two suspensions, three fines and censures, six fines, four censures, and no action or penalty in three instances.

Disciplinary proceedings by NASD

In disciplinary matters, minor or technical infractions of the Association's rules are generally handled informally and usually result in no more than a formal censure, but in more serious matters formal complaints are filed by the Association which may have as their consequence expulsion, suspension, fine or censure or any combination of those penalties.

On July 1, 1941 there were pending before the Association 19 formal complaints and 132 additional complaints were filed in the following year. Of these 151 cases, 130 were disposed of in the year and 21 remained in process on June 30, 1942.

Formal complaints were withdrawn or dismissed without penalty in 25 instances; 32 respondents were censured; 47 were fined, in amounts ranging from \$25 to \$2000; 12 were suspended for periods of from thirty days to one year; and 24 respondents were expelled. Cases referred by the Commission are included in this summary.

In 20 cases decisions of District Business Conduct Committees came before the Board of Governors for review. The Board affirmed three decisions; dismissed one complaint in which a Business Conduct Committee had censured and imposed a \$250 fine; modified a decision of suspension, censure and \$1500 fine to censure and \$300 fine; and modified a decision of "strong censure" and \$100 fine to eliminate the censure. One appeal for review was withdrawn and 12 cases were pending June 30, 1942.

A District Business Conduct Committee decision of censure and \$250 fine, affirmed by the Board of Governors was brought by the respondent to the Commission for review but by June 30, 1942 no action had been taken.

Amendments to Rules

Uniform Practice Code. The Commission not disapproving, a Uniform Practice Code covering "Settlement of Contracts and Trading Practice in Over-the-Counter Transactions in Securities" became effective August 1, 1941 after membership approval. This code is technical in substance and codifies on a national scale what was generally recognized as sound practice in the securities business.

Amendments to By-Laws and Rules of Fair Practice. On June 15, 1942 the Association forwarded to the membership for approval or disapproval an elaborate revision of the By-Laws and Rules of Fair Practice after the Board of Governors on May 18 and 19, 1942 had recommended its adoption. Many of the proposed changes only eliminated from the rules of the Association reference to a predecessor organization or material which was of value only in the original organization and registration of the Association. Other changes involved language or detail in which some ambiguity existed or in which experience indicated the necessity for alteration to make the material consistent with the statutes or rules of the Commission.

Of paramount importance was an amendment which would require, as a condition to membership, minimum net capital, exclusive of fixed assets of \$5000 for "clearing firms" or \$2500 for "non-clearing firms." ^{11/} Other changes included authority to assess a disciplined member some part of the cost of the proceedings in which he was involved and a requirement that members should diligently supervise the activities of salesmen.

The following tabulation relates to broker-dealer registration under Section 15 (b) of the Securities Exchange Act:

July 1, 1941 - June 30, 1942

Effective registrations at close of preceding fiscal year.....	6,065
Applications pending at close of preceding fiscal year.....	37
Applications filed during fiscal year.....	<u>572</u>
Total.....	6,674
Applications withdrawn during year.....	18
Registrations withdrawn during year.....	919
Registrations cancelled during year.....	97
Registrations denied during year.....	2
Registrations suspended during year.....	2
Registrations revoked during year.....	29
Registrations made inactive during year (a).....	11
Registrations effective at end of year (except those put on inactive status as explained in footnote (a)).....	5,557
Applications pending at end of year.....	<u>39</u>
Total.....	6,674

(a) The registration of 11 brokers and dealers, whose whereabouts, despite careful inquiry, could not be ascertained, have been placed on inactive status.

^{11/} Balloting, which resulted in membership approval of these changes, was completed on July 15, 1942. Subsequently, in Securities Exchange Act Release No. 3322, the Commission, after extensive hearings and argument, disapproved the minimum net capital requirement.

PART III

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Integration and Corporate Simplification of Public Utility Holding Company Systems

In the past fiscal year, the major activities of the Commission in its administration of the Public Utility Holding Company Act of 1935 revolved around the enforcement of the integration and simplification provisions of the Act. In several important cases we have entered orders prescribing most of the action which must be taken ultimately to comply with the requirements of Section 11, particularly Section 11 (b) (1). As to the remaining cases, a majority of the proceedings have reached the stage where such orders may be expected in the near future. In the course of these proceedings the Commission has had occasion to pass upon many of the disputed questions of interpretation of the Act, and the managements of most of the holding company systems are now either substantially advised as to, or in a position to judge the scope of, the action which we will order to be taken to bring about compliance with Section 11. A number of companies have appealed our orders to the courts and the cases now pending in the courts should settle most of the legal questions still in dispute. We are therefore moving toward completion of the first stage of entering orders and getting the legal formalities behind us, especially with respect to procedure and interpretation. When that stage is completed with respect to the various holding company systems, each will know definitely where it stands in relation to the requirements of Section 11. How and when such orders shall be enforced, is a matter for future determination in most of the cases.

We have not proceeded as yet under Section 11 (d) for enforcement of our Section 11 (b) orders by the courts. A significant result of the progress that we have made in nearing the completion of the first stage of the administration of Section 11 is that many of the major systems have now evidenced a willingness to proceed with the task of carrying out our orders. To that end several of the systems have filed voluntary plans and others are engaged in doing so and in discussing their proposals with us. In fact, with few exceptions we are finding an increasing tendency on the part of the holding company systems to facilitate either the entering of orders, or the trial of cases instituted by us, or compliance with the Act. In view of the progress already made, or in prospect, the Commission's major administrative concern today relates to the final steps in achieving the objectives of the statute, namely, the choice between the various alternative methods available under the Act for bringing about compliance with the requirements of Section 11 (b), and the determination of what treatment of the various claims of security holders is fair and equitable.

During the 1942 fiscal year, the Commission instituted 26 new proceedings looking to orders requiring registered public utility holding companies to comply with Section 11 of the Act and at the close of the fiscal year, 48 such proceedings were pending. These 48 proceedings involve substantially all of the public utility holding company systems registered under the Act although they do not encompass all of the Section 11 problems existing in such systems. In this connection, it may be noted that as of June 30, 1942, there were registered with the Commission 134 public utility holding companies, the total consolidated book assets of which amount to approximately \$16,000,000,000, or about 68 percent of the private electric and gas utility industry of the United States. Those 134 registered holding companies constitute 53 public utility holding company systems, which include 1,342 holding, subholding and operating companies. However, about 14 of them control total consolidated assets of \$12,195,000,000 and approximately 52% of the privately owned electric generating capacity of the country. The holding company systems involved in Section 11 proceedings as of June 30, 1942 had consolidated assets which aggregated \$14,237,000,000.

Section 11 (b) (1) - Geographic Simplification

The past fiscal year has seen rapid strides toward ultimate compliance by all holding company systems with the geographic integration provisions of the Act. As related in last year's annual report, the previous year was chiefly noted for the holding of public hearings as to the major holding company systems and the entry of initial orders as to some of them. At the close of that year, however, the records in most of those proceedings had not been completed, and there remained to be instituted additional proceedings as to several systems constituting a minor portion of the industry subject to the Act.

The more significant developments in the administration of Section 11 (b) (1) of the Act in the past fiscal year may be summarized as follows:

- (1) Hearings were completed in most of the integration proceedings instituted prior thereto and substantially completed in all others, including a number begun during the year. The Section 11 (b) (1) records were completed with respect to the following systems: Cities Service Power & Light Company, Consolidated Electric and Gas Company, Engineers Public Service Company, Great Lakes Utilities Company, Lone Star Gas Corporation, The Middle West Corporation, North American Gas and Electric Company, Southern Union Gas Company, Standard Gas and Electric Company, United Public Utilities Corporation and Utilities Stock & Bond Corporation. The record in the Associated Gas and Electric Corporation proceeding was completed on substantially all of the issues.
- (2) Important, far-reaching orders were entered by the Commission prescribing most of the steps which certain of the major systems must take to comply with Section 11 (b) (1). Attention is directed to the Commission's orders in the following cases:

Holding Company Act
Release No.

Engineers Public Service Company	2897, 3230
The North American Company	3405
Standard Gas and Electric Company	2929
The United Gas Improvement Company	2913, 3511
The United Light and Power Company	2923, 3189, 3242
United Public Utilities Corporation	3368

- (3) Two of the largest holding company systems, The United Gas Improvement Company and The North American Company, filed petitions to review the Commission's orders in United States Circuit Court of Appeals. 1/
- (4) Proceedings were instituted with respect to most of the holding company systems as to which Section 11 (b) (1) cases were not already pending. The new proceedings included the following:

1/ On December 24, 1942, without waiting for a decision on its appeal, U.G.I. filed a plan for the divestment of its principal assets (consisting of common stock of Philadelphia Electric Company and Public Service Corporation of New Jersey) by a distribution of such assets among its stockholders. We approved the plan on March 18, 1943 (Holding Company Act Release No. 4173). A petition for review of our order of approval has been filed by stockholders of U.G.I. Our order in the North American case was affirmed by the U.S. Circuit Court of Appeals, Second Circuit, on January 12, 1943; 133F. (2d) 148.

Holding Company Act
Release No.

Associated Gas and Electric Corporation	2983
Consolidated Electric and Gas Company	3225
Great Lakes Utilities Company	3243
Lone Star Gas Corporation	3370
Republic Service Corporation	3514
Southern Union Gas Company	3586
United Public Utilities Corporation	3105
Utilities Stock & Bond Corporation	3566

- (5) A number of important interpretations of the provisions of Section 11 (b) (1), together with determinations of general policy as to its administration, were handed down by the Commission in passing on specific questions raised in proceedings involving The North American Company (Holding Company Act Release Nos. 3405 and 3630), Engineers Public Service Company (Release No. 2897) and The United Gas Improvement Company (Release Nos. 2913 and 3511).
- (6) A number of transactions proposed by registered holding companies or their subsidiaries pursuant to Section 11 (e) and other applicable sections, and tending to effectuate partial or substantial compliance with the requirements of Section 11 (b) (1), were approved by the Commission. The following holding companies were among those affected:

Holding Company Act
Release No.

Associated Gas and Electric Corporation	3353	2/
Columbia Gas & Electric Corporation	3286	
Community Power and Light Company	3041,	3096
Engineers Public Service Company	3230	
Great Lakes Utilities Company	3419,	3456
Lone Star Gas Corporation	3589,	3591
Midland Utilities Company	3250,	3145 2/
The North American Company	2950	
National Power & Light Company	3612	
The United Gas Improvement Company	3433	
The United Light and Power Company	2991,	3189, 3242, 3316

Section 11 (b) (2) - Corporate Simplification

This section of the Act makes it the duty of the Commission to require registered holding companies and their subsidiaries to take such steps "as the Commission shall find necessary to insure that the corporate structure or continued existence of any company in the holding-company system does not unduly or unnecessarily complicate the structure, or unfairly or inequitably distribute voting power among security holders, of such holding-company system." This section also provides that not more than three tiers of companies may be permitted in any holding company system and concludes with the proviso that "Except for the purpose of fairly and equitably distributing voting power among the security holders of such company, nothing in this paragraph shall authorize the Commission to require any change in the corporate structure or existence of any company which is not a holding company, or of any company whose principal business is that of a public-utility company."

The important developments in the administration of Section 11 (b) (2) in the past fiscal year may be summarized as follows:

- (1) Under this provision the Commission instituted proceedings against the following companies:

	<u>Holding Company Act Release No.</u>
The United Corporation	2907
Florida Power & Light Company	2874
International Utilities Corporation	2885
Engineers Public Service Company	2898
Pennsylvania Power & Light Company	2906
Virginia Public Service Company	2933
Illinois Iowa Power Company	2953
Columbia Gas & Electric Corporation	2963
New England Gas & Electric Association	3035
New York Water Service Corporation	3156
Pennsylvania Gas & Electric Corporation	3251
Central Illinois Public Service Company	3080
North American Light & Power Company	3168
Consolidated Electric & Gas Company	3225
Michigan Gas & Electric Company	3408
Jacksonville Gas Company	3434
Great Lakes Utilities Company	3243
Cities Service Company	3498
Republic Service Corporation	3514
Southern Union Gas Company	3586
Central Public Utility Corporation, V.T.	3615
Northern States Power Company (Minn. & Del.)	3595

- (2) Section 11 (b) (2) hearings were held with respect to the following holding company systems:

	<u>File No.</u>
Associated Gas and Electric Company	59-30, 59-34
Central Public Utility Corporation	59-40, 59-49
Cities Service Company	59-46
Columbia Gas and Electric Corporation	59-33
Community Gas and Power Company	59-43
Electric Bond and Share Company	59-26, 59-29
Engineers Public Service Company	59-28
Federal Water Service Corporation	59-35
Great Lakes Utilities Company	59-45
International Utilities Corporation	59-27
Middle West Corporation	59-37, 59-41
The North American Company	59-31, 59-39
Pennsylvania Gas and Electric Corporation	59-36
Republic Service Corporation	59-47
Southern Union Gas Company	59-48
Standard Power and Light Corporation	59-50, 59-51
The United Corporation	59-25

- (3) Orders were entered by the Commission prescribing action which companies in some of the major holding-company systems must take to comply with the simplification requirements of Section 11 (b) (2), including those in the following cases:

	Holding Company Act Release No.
The Commonwealth & Southern Corporation	3432
The Middle West Corporation	3580
National Power & Light Company	2962
North American Light & Power Company	3233
Standard Power and Light Corporation	3607

- (4) A number of transactions proposed by registered holding companies or their subsidiaries pursuant to Section 11 (e) and other applicable sections, and tending to effectuate full or partial compliance with the requirements of Section 11 (b) (2), were approved by the Commission. The following companies were among those affected:

	Holding Company Act Release No.
Associated Gas and Electric Corporation	3137 3/
Columbia Gas & Electric Corporation	3286, 3415
Derby Gas & Electric Corporation	2875 3/
The Eastern Shore Public Service Company (Md.)	3633
Federal Water Service Corporation	3023
Great Lakes Utilities Company	3419 3/
Jacksonville Gas Company	3570 3/
Michigan Gas and Electric Company	3599
The Middle West Corporation	3580
National Power & Light Company	3211 3/
Northern Indiana Public Service Company	3145, 3250
North American Light & Power Company	3658
North Shore Gas Company	3131 3/ 3199
The United Light and Power Company	2886, 2991, 3140, 3189, 3198, 3242, 3345
United Public Service Corporation	3289
Virginia Public Service Company	3562
Wisconsin Electric Power Company	2950

Section 11 (e) provides a means whereby holding companies and their subsidiaries may file plans designed to bring about compliance with Section 11 (b). Twenty-nine such plans were filed during the fiscal year. Before a plan can be approved it must be found fair and equitable to persons affected thereby. An interesting example of the application of the Commission's powers under Section 11 (e) and Section 11 (b) (2) respecting an operating company is the Jacksonville Gas Company case. Jacksonville Gas Company was on the verge of bankruptcy but was able to file a voluntary reorganization plan pursuant to Section 11 (e) of the Act. In the space of a very short period of time a complete reorganization was approved and was duly enforced at the company's request in the United States District Court in Florida. 4/

3/ Section 11 (e) plan.

4/ For the Commission's opinion see Holding Company Act Release No. 3570. The Court's opinion approving the plan is reported, 46F. Supp. 852.

Public Utility Financing

At the close of the last fiscal year, 65 applications and declarations pursuant to Sections 6 and 7 were pending, and 199 were filed during the year ended June 30, 1942. Of these, 164 were approved, 11 were withdrawn or dismissed, and 6 were denied, leaving 83 pending at the close of the fiscal year.

Of the 164 approved applications and declarations, 124 pertained to security issuance and 40 to assumption of liability and alteration of rights.

The issues covered by the 124 approved applications and declarations totaled \$631,661,484. They were of the following types and for the following purposes:

Bonds	\$383,172,000	60.7%
Debentures	14,000,000	2.2%
Notes	97,914,390	15.5%
Preferred Stock	70,377,900	11.1%
Common Stock	66,197,194	10.5%
Total	\$631,661,484	100.0%
Refunding	\$409,141,721	64.8%
Reorganization	1,500,000	0.2%
Exchange for other securities	56,977,273	9.0%
Acquisition of property	54,844,140	8.7%
New financing	90,742,750	14.4%
Miscellaneous	18,455,600	2.9%
Total	\$631,661,484	100.0%

Competitive Bidding

The past year has provided the first opportunity for scrutiny of the operation of Rule U-50, which was adopted by the Commission on April 7, 1941^{5/} and became effective May 7, 1941. This rule prescribes public invitation of sealed bids in connection with the sale of securities by registered public utility holding companies and their subsidiaries. From the effective date of the rule to June 30, 1942, twenty-three security issues were sold at competitive bidding thereunder. The number of bids for the various issues was as follows:

Bids Per Issue	Bond Issues	Stock		Aggregates 6/
		Preferred	Common	
1	4	1	-	\$118,500,000
2	5	2	1	146,779,006
3	1	1	-	35,900,000
4	2	-	-	65,393,000
5	1	-	-	20,000,000
6	1	-	-	15,000,000
8	2	-	-	18,927,000
9	2	-	-	9,600,000
	18	4	1	\$430,099,006

Two of the bond issues, aggregating \$39,243,000, were bid in by insurance companies, and investment banking houses or groups thereof were the successful bidders for the remainder. Two of the preferred stock issues were the subject of "basket bids" with bonds of the same companies. In a few cases, the successful bid was that of the traditional underwriter.

5/ For a discussion of the reasons leading to the adoption of the rule, refer to Seventh Annual Report, pp. 98-102.

6/ The aggregates include \$391,170,000 face value of bonds, \$31,000,000 par value of preferred stocks and \$7,929,006 bid price for 590,527 shares San Diego Gas & Electric Co. common stock. The Commission's publication "Security Issues of Electric & Gas Utilities 1935-42" may be referred to for data with respect to all of these issues except the common stock which was a portfolio sale and not a new issue.

Prior to the adoption of the competitive bidding rule, the Commission's staff had made a study of underwriting spreads prevailing during the five-year period ending January 1, 1940. It was found that slightly over one-half of the 159 utility mortgage bond issues covered by the study were sold by underwriters on the basis of a two-point spread and that the spread fell below that level in only four cases. The average spread for the 159 issues sold under the traditional method of private negotiation was 2.49 points (\$2.49 per \$100 bond).

As mentioned in Part I, under "Securities Effectively Registered", the cost of flotation of corporate securities was the lowest during this fiscal year that it has been in the approximately eight-year period over which the Commission has kept records thereof. The decline in underwriting spreads has been most noticeable in the offerings under Rule U-50. The spread in 6 of the 13 mortgage bond issues offered to the public 7/ following bids made under this rule was less than one point per issue, a circumstance not equalled in other recent corporate offerings except for a number of serial issues (principally railroad equipment issues which are also required to be sold through competitive bidding). The spread, in percent of dollar proceeds registered for sale under the Securities Act, averaged 1.12 for the 15 "bank quality" bond issues offered to the public following bids made under this rule, compared with about 1.9 for 26 "bank quality" bond issues registered under the Securities Act and offered to the public between May 7, 1941 and June 30, 1942 but not subject to Rule U-50.

Exemption Cases

Generally speaking, Sections 2 and 3 of the Act contain definitions and exemption provisions pursuant to which the Commission determines whether companies are subject to the regulatory provisions of the Act.

In the past fiscal year the Commission disposed of applications filed by Moreau Manufacturing Company, 8/ Pacific Gas and Electric Company 9/ and Public Service Corporation of New Jersey 10/ each of which sought to be declared not to be a subsidiary of specified companies. All of these applications were denied because the Commission could not find that the applicants were not subject to the controlling influence defined in Section 2 (a) (8) by the specified holding companies. Another case of importance was the application filed by Standard Oil Company (New Jersey) for exemption as a holding company pursuant to paragraph 3 of Section 3 (a). This application was also denied but the operation of the Commission's order was suspended for a period of six months because of the problems arising from the applicant's interest in other businesses and its expressed willingness to cooperate with the Commission in the solving of its problems under the Act. 11/

7/ The 18 bond issues for which bids were submitted under Rule U-50 included 15 mortgage issues of which 2 were bid in by insurance companies, 2 collateral trust issues, and 1 Debenture issue. All of the 16 offerings to the public were rated "bank-quality" except the Debenture issue. All were offered within the fiscal year, except the 2 collateral trust issues which were offered just prior to the commencement thereof. One of the collateral trust issues (a serial note issue) was also offered with a spread of less than one point.

8/ Holding Company Act Release No. 2868.

9/ Holding Company Act Release No. 2988. The Commission's ruling was sustained on appeal; 127 F. (2d) 378.

10/ Holding Company Act Release Nos. 2998 and 3058. The Commission's ruling was sustained on appeal; 129 F. (2d) 899.

11/ Holding Company Act Release Nos. 3312 and 3322.

During the year the Commission also granted or extended a number of exemptions under Sections 3 (a) (4), 3 (a) (5) and 3 (b) of the Act relating respectively to temporary holding companies, foreign holding companies and foreign subsidiaries. 12/

Appendix Table 19 shows the number of applications received and disposed of under Sections 2 and 3 of the Act. 13/

Rules and Regulations

There were comparatively few changes in the Rules and Regulations under the Holding Company Act during the past fiscal year. 14/

A change, in addition to that shown in the first footnote under Part II, in the rules to meet wartime conditions was an amendment to Rule U-7 (b), which defines an electric utility company for purposes of the Act. It exempts an industrial or other company which is not a subsidiary of a registered holding company, and which was not an electric utility company as of January 1, 1941, from being classified as an electric utility company by reason of any sales of surplus electric energy at wholesale during the existence of the national emergency, and for one year thereafter. 15/

During the year a new provision was adopted to deal with the problem of equitable allocation of taxes between various companies in a holding company system which may join in filing a consolidated tax return. 16/ There was also a change, largely of an administrative character, in the Commission's Rules governing solicitation of security holders' authorizations regarding miscellaneous financial transactions. Under the amended rules, solicitations regarding a transaction which is itself the subject of Commission regulation are scrutinized in connection with the examination of other aspects of the proposed transaction. In cases where the solicitation is not part of a transaction subject to regulation (for example, solicitations in connection with an election of directors), the same rules are made applicable as have been adopted pursuant to the Securities Exchange Act for solicitation of proxies in respect of securities registered on a national securities exchange. 17/

A number of minor changes were made by way of simplification and clarification of the forms under the Holding Company Act. 18/

12/ See Holding Company Act Release Nos. 3337, 3348, 3218, 3617, 3101, 3263, 2952, 2920, 3318 and 3263.

13/ This table also shows the number of applications and declarations, and the purpose thereof, received and disposed of under Sections other than the previously discussed Sections 6 and 7.

14/ Reference is made to the Seventh Annual Report of the Commission (pp. 115-117) for a description of the general character of the rules adopted under the Holding Company Act, and the relationship of the Commission's rule-making powers to the administration of the Act.

15/ Holding Company Act Release No. 3506, effective May 7, 1942.

16/ Rule U-45 (F) (6), Holding Company Act Release No. 2902, effective July 23, 1941. A later amendment was adopted to cover consolidated returns made under the Revenue Act of 1942. See Holding Company Act Release No. 4167.

17/ Rules U-61 and U-62, effective July 15, 1941 and October 25, 1941, respectively. Holding Company Act Release Nos. 2836 and 3090.

18/ See Holding Company Act Release Nos. 2899, 3249 and 3257. After the close of the past fiscal year a substantial reduction was made in the amount of information required in the Annual Supplement to the Registration Statement which registered holding companies must file under the Holding Company Act.

PART IV

PARTICIPATION OF THE COMMISSION IN CORPORATE REORGANIZATIONS
UNDER CHAPTER X OF THE BANKRUPTCY ACT, AS AMENDED

Summary of Activities

The Commission actively participated in 148 reorganization proceedings involving the reorganization of 177 companies (148 principal debtor corporations and 29 subsidiary debtors). 1/ The aggregate stated assets of these 177 companies totaled approximately \$2,044,933,000, and their aggregate indebtedness was approximately \$1,317,556,000. For the first time the cases closed kept pace with the new cases in which the Commission filed a notice of appearance, there having been 34 of each during the year. The 114 proceedings, in which the Commission was actively participating as of June 30, 1942, involved 137 corporations (114 principal debtor corporations and 23 subsidiary debtors). These debtors had aggregate stated assets of approximately \$1,753,306,000, and aggregate listed liabilities of approximately \$1,116,670,000.

With respect to the 34 new cases in which the Commission participated during the year, its notice of appearance was filed at the request of the judge in 12 proceedings, while in the remaining 22 the Commission entered its appearance upon the approval by the judge of the Commission's motion to participate. Of the 34 proceedings, 31 were instituted under Chapter X, and 3 under Section 77B. The debtors involved in these 34 proceedings had aggregate stated assets and aggregate indebtedness of approximately \$128,389,000 and \$92,423,000, respectively. 2/

The Commission As A Party To Proceedings

There have been no significant changes in the past fiscal year in the policies or practices of the Commission in performing its functions under Chapter X, which have been described in previous annual reports. However, four years of experience by the Commission, the federal courts and the reorganization bar with the operation of Chapter X have reduced the amount of time required to be spent on purely procedural questions, and have permitted greater concentration of the Commission's energies upon substantive matters. There now exists a substantial number of precedents on nearly all important procedural and interpretive questions.

Plans Of Reorganization Under Chapter X

The Commission's most important function under Chapter X is to aid the courts in effecting consummation of a fair and feasible plan of reorganization. After four years of experience there has been some change in the nature of the problems with which the Commission has to deal.

With respect to the fairness of plans, certain basic legal principles urged by the Commission throughout its activities under Chapter X are now firmly established as a result of the Supreme Court decisions in the Los Angeles Lumber 3/ and Consolidated Rock Products 4/ cases. The problem of fairness has become to a considerable extent one of studying and analyzing the law and facts of particular cases.

1/ Appendix Table 33 contains a complete list of reorganization proceedings in which the Commission participated as a party during the year ended June 30, 1942.

2/ Under Section 265a of the Bankruptcy Act, as amended, the Commission receives copies of every petition for reorganization filed under Chapter X and copies of other specified documents filed in the proceedings.

3/ 308 U.S. 106.

4/ 312 U.S. 510.

Perhaps the outstanding development in the Commission's Chapter X work during the fiscal year has been the increased importance and difficulty of problems of feasibility including such questions as the adequacy of working capital, the relationship of funded debt or capital structure to property values, the adequacy of corporate earning power in relation to interest and dividend charges, the effect of proposed new capitalization upon the company's prospective credit, and the desirable objective that new securities shall not by their terms or otherwise be deceptive to subsequent purchasers. Parties are inclined to gear their proposed capital structures to inflated war earnings, either because they do not recognize the extent to which the earnings are inflated or because they hope that the abnormal earnings will continue long enough to permit scaling down of debt to manageable proportions. The element of tax liability is an added force in the direction of excessive debt structures which provide interest deductions and sometimes other tax advantages which assume added importance in a period of high tax rates.

Although security holders' representatives frequently regard the fairness of the plan as their principal concern, the full protection of their interests requires also that the plan be feasible so that it will not hamper future operations or compel another reorganization. The extent to which the difficulties of debtors now in reorganization are attributable to previous non-feasible plans is apparent from an examination of the 34 cases in which a notice of appearance was filed by the Commission during the fiscal year. 17 involved companies which had already undergone reorganization since 1930, most of them under Section 77B since 1935. The Commission's insistence that plans should comply with reasonable standards of feasibility is designed to avoid a similar record as to Chapter X cases five or ten years hence and its continuing efforts in this respect constitute probably the most important phase of its present activities in connection with plans.

Advisory Reports on Plans Of Reorganization

During the fiscal year the Commission prepared formal advisory reports with respect to plans of reorganization and supplemental reports with reference to amendments to such plans in the proceedings involving Sayre & Fisher Brick Company and Philadelphia and Reading Coal and Iron Company and also a third supplemental report in the proceedings involving Penn Timber Company in which an advisory report and two supplemental reports had previously been filed.

Appeals

Although the Commission may not appeal in a proceeding under Chapter X it participates in appeals taken by others. During the fiscal year the Commission took part in appeals in six proceedings.

In In re Ulen and Company 5/ the Commission urged attorneys for debenture holders were not entitled to compensation in a Chapter X proceedings for services rendered in a prior Chapter XI proceedings which were not compensable under the rules prevailing in that type of proceeding. The District Court sustained this position and the Circuit Court of Appeals for the Second Circuit affirmed. In re Reynolds Investing Company 6/ involved the question whether a person who had violated Section 249 of the Bankruptcy Act by purchasing or selling claims against or stock of the debtor while acting in a representative capacity was barred from allowance of compensation for services in a different representative capacity which had been assumed after the transactions in the debtor's securities had terminated. The Circuit Court of Appeals held, as urged by the Commission, that Section 249 barred allowance of compensation for any services performed by the applicant.

5/ 130 F. (2d) 303 (C.C.A. 2d, August 3, 1942). Rehearing denied In re Ulen & Co.; Walker & Austin et al. v. Tyler et al. (C.C.A. 2d, August 29, 1942).

6/ 130 F. (2d) 60 (C.C.A. 3d, August 3, 1942).

In Dana v. Securities and Exchange Commission 7/ the Circuit Court of Appeals for the Second Circuit sustained the position consistently taken by the Commission that a formal order of intervention is unnecessary to permit committees representing security holders to participate fully in proceedings under Chapter X. In re Marine Harbor Properties, Inc. involved the question of good faith in filing a petition by a debtor the property of which was subject to a certificated mortgage which had been reorganized in the New York State Courts pursuant to the provisions of the Shackno Act (New York Laws of 1933, C. 745) and the Mortgage Commission Act (New York Laws of 1935, C. 19). The Circuit Court of Appeals reversed the District Court's order approving the debtor's petition. Certiorari was granted by the Supreme Court, which upheld the Commission's contention that the debtor's participation in state court proceedings under the Shackno and Mortgage Commission Acts did not bar later resort to a proceeding under Chapter X, but affirmed the decision of the Circuit Court of Appeals upon the ground that the debtor had not sustained the burden of establishing its need for relief under Chapter X (Section 130) and the existence of good faith in filing the petition (Section 146). 8/ In re Paloma Estates, Inc. 9/ raised similar questions. Sims v. Fidelity Assurance Association 10/ involved the question whether the debtor was an insurance company eligible to file a petition under the Bankruptcy Act and questions as to whether the debtor's petition had been filed in good faith. The Commission urged approval of the debtor's petition and its position was sustained by the District Court. However, upon appeal the Circuit Court of Appeals reversed, holding that the debtor was an insurance company not eligible to seek relief under the provisions of the Bankruptcy Act and that the petition had not been filed in good faith because the interests of creditors would be best subserved in the receivership proceeding pending in West Virginia and other states. Certiorari was granted by the United States Supreme Court which, without deciding whether the debtor was an insurance company, concluded 11/ that the petition had not been filed in good faith upon the ground stated by the Circuit Court of Appeals and upon the additional ground that it was unreasonable to expect that a plan of reorganization could be effected.

7/ 125 F. (2d) 296 (C.C.A. 2d, January 10, 1942).

8/ Marine Harbor Properties, Inc. v. Manufacturers Trust Co., 63 Sup. Ct. 93.

9/ 126 F. (2d) 72 (C.C.A. 2d, February 21, 1942).

10/ 123 F. (2d) 89 (C.C.A. 4th, October 21, 1941), 129 F. (2d) 442 (C.C.A. 4th, June 16, 1942).

11/ This was decided on April 5, 1943.

PART V

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

Information regarding the general purpose and scope of the requirements of the Trust Indenture Act of 1939, and the Commission's procedure in examining applications for qualification of indentures and trustee statements of eligibility and qualification for compliance with the statute, was set forth in the Sixth Annual Report of the Commission, pp. 133-135, inclusive.

Since then a rule has been adopted 1/ permitting a prospective trustee to obtain a declaratory ruling of the Commission as to whether or not it is an affiliate of a specified underwriter. This procedure is to enable complex questions of conflicting interests to be tried and decided in advance of any particular security issue, to avoid delaying securities transactions when they arise.

Under this rule J. P. Morgan & Co. Incorporated, a trust company, applied for a ruling as to its status in relation to Morgan Stanley & Co. Incorporated, an underwriting firm. The Commission held that the two houses were under common control within the meaning of the Act, and that J. P. Morgan & Co. Incorporated was therefore ineligible to act as trustee of securities issued by any company for which Morgan Stanley & Co. Incorporated was an underwriter. 2/

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, as amended

July 1, 1941 to June 30, 1942, Inclusive

	No.	Amount of Offering
Indentures pending 6/30/41	6 <u>a/</u>	\$442,534,900
Indentures filed	57 <u>b/</u>	978,214,800
Indentures qualified	46 <u>c/</u>	1,059,636,900
Indentures withdrawn	8 <u>d/</u>	134,853,000
Refusal orders issued	0	0
Indentures pending 6/30/42	8	293,234,800

a/ Refer to Seventh Annual Report, Page 182, for derivation of this figure and for the record from February 4, 1940 to June 30, 1941.

b/ Includes \$8,000,000 added by amendment; total filed subsequently reduced to \$832,097,800 and 56 indentures by amendments.

c/ Reduced to \$1,021,636,900 by amendments.

d/ Reduced to \$9,761,000 by amendments.

1/ Rule T-10B-3.

2/ Trust Indenture Act Release No. 15.

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

July 1, 1941 to June 30, 1942, Inclusive

	No.	Amount of Offering
Applications pending 6/30/41	1 a/	\$25,000,000
Applications filed	27	123,633,003
Applications effective	27	147,558,203
Applications withdrawn	0	0
Refusal orders issued	0	0
Applications pending 6/30/42	1	1,074,800

a/ Refer to Seventh Annual Report, Page 183, for derivation of this figure and for the record from February 4, 1940 to June 30, 1941.

Additional Information Relating to Trust Indentures

During the year the following additional material relating to trust indentures was filed and examined for compliance with the appropriate standards and requirements:

- 14 indentures exempt from the Trust Indenture Act of 1939 but subject to the Public Utility Holding Company Act of 1935.
- 98 trustee statements of eligibility and qualification under the Trust Indenture Act of 1939 (90 on Form T-1 for corporations, and 8 on Form T-2 for individuals). 3/
- 107 amendments to trustee statements of eligibility and qualification (99 "pre-effective," and 8 "post effective").
- 54 Supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933 1/.
- 17 applications for findings by the Commission pursuant to Sec. 310 (b) (1) (ii).
- 10 applications, on Form T-4, for exemption pursuant to Sec. 304 (c).
- 131 annual reports of indenture trustees pursuant to Sec. 313.

3/ During the period from February 4, 1940 to June 30, 1942, inclusive, an aggregate of 275 trustee statements (232 for corporations and 43 for individuals) and 155 Supplements S-T had been filed.

PART VI

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

The past fiscal year marked the first full fiscal year in the administration of the Investment Company Act of 1940. During the year the Commission concerned itself primarily with (1) the registration of companies subject to the Act; (2) the disposition of applications filed pursuant to the provisions of the Act seeking a determination of whether or not certain companies are investment companies within the meaning of the Act and applications requesting exemption from specific provisions of the Act; (3) the promulgation of rules prescribing the type of information and periodic reports to be filed with the Commission and the type of information and reports required to be transmitted to security holders; and (4) the disposition of general administrative problems arising under the various sections of the Act.

Registration of Investment Companies

The first step in the regulation of investment companies provided by the Investment Company Act of 1940 is the requirement that all investment companies must register with the Commission. Registration is accomplished by filing a simple notification of registration with the Commission pursuant to Section 8 (a) of the Act. Most companies registered under the Act during the fiscal year ended June 30, 1941. However, 17 companies filed notifications of registration during the past fiscal year. Two of these 17 companies were organized during the fiscal year and the others had not registered previously, either because they claimed an exemption from the provisions of the Act or for some other reason.

The next step in the registration process involves the filing with the Commission by every registered investment company of a detailed registration statement pursuant to Section 8 (b) of the Act. These registration statements are filed in accordance with rules, regulations and forms promulgated by the Commission which are specifically designed for investment companies.

In addition to Form N-8B-1, which relates to management companies and was promulgated during the fiscal year ended June 30, 1941, the Commission has promulgated two new forms to be used for filing detailed registration statements. These forms are designated Form N-8B-2 and Form N-8B-3. Form N-8B-2 is designed for use by unit investment trusts which are currently issuing securities, and Form N-8B-3 is designed for use by unincorporated management companies currently issuing periodic payment plan certificates.

The detailed registration statements contain complete information regarding each company, including certified financial statements, information regarding the organization of the company, management personnel and affiliated persons, compensation to officers, directors and certain employees, capital structure, nature of assets, distribution and redemption of securities, information regarding the trustee and sponsor of the company and a recital of the policies of the company with respect to certain specified subjects.

In connection with the adoption of forms to be used for filing registration statements under the Investment Company Act, the Commission also adopted rules which permit investment companies to file copies of information already filed under other Acts administered by the Commission in lieu of registration statements under the Investment Company Act, and thereby gave effect to the directive of the Congress as set forth in Section 8 (c) of the Act. These rules are designed to facilitate registration by companies which are subject to one or more of the other Acts administered by the Commission. Several companies have availed themselves of the privilege accorded by these rules.

Two hundred forty-five registered investment companies filed detailed registration statements under the Act during the past fiscal year. Of these 245 registration statements, 89 were filed by management open-end diversified companies, 8 by management open-end non-diversified companies, 62 by management closed-end diversified companies, 76 by management closed-end non-diversified companies, and 10 by unit investment trusts.

Every registration statement filed under the Act is carefully examined by the Commission's staff.

Periodic Reports to the Commission and to Security Holders

Section 30 (a) of the Investment Company Act provides that registered investment companies must file with the Commission such information, documents and reports as companies having securities registered on a national securities exchange are required to file with the Commission pursuant to Section 13 (a) of the Securities Exchange Act of 1934. Section 30 (b) of the Investment Company Act authorizes the Commission to require registered investment companies to file reports on a semi-annual or quarterly basis so as to keep reasonably current the information contained in the registration statements of such companies. The Commission promulgated two periodic report forms applicable to management investment companies during the past fiscal year. The periodic report forms for the other classes of investment companies had not been promulgated at the close of the fiscal year.

All registered management investment companies which filed detailed registration statements on Form N-8B-1 are required to file annual reports on Form N-30A-1 within 120 days after the close of each fiscal year. The annual report form is designed to bring up to date as of the close of each fiscal year of the registrant, the information originally furnished by the registrant in its detailed registration statement. Form N-30A-1 is designed for use under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940, and duplicate filings under these Acts are thereby eliminated.

All registered management investment companies which filed detailed registration statements on Form N-8B-1 are required to file quarterly reports on Form N-30B-1 within 30 days after the close of each fiscal quarter. The quarterly report form requires only the minimum information necessary to be kept current to aid the Commission in the administration of the Act. This form is also designed for use under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940, and supplants Form 8-K, the current report form under the Securities Exchange Act of 1934, insofar as it is applicable to management investment companies having securities listed and registered on a national securities exchange.

One hundred ninety-six companies filed annual reports on Form N-30A-1 during the fiscal year ended June 30, 1942 and a like number filed quarterly reports on Form N-30B-1.

Section 30 (d) of the Act provides that every registered investment company shall transmit to its stockholders, and file with the Commission, at least semi-annually, reports containing certain prescribed information and financial statements. During the fiscal year ended June 30, 1942, 633 periodic reports to security holders were filed with the Commission.

Applications for Exemptions or Exceptions

Applications under Section 3 (b) (2) of the Act. A company which comes within the quantitative definition of an "investment company" as contained in Section 3 (a) (3) of the Act may apply to the Commission for an order pursuant to Section 3 (b) (2) of the Act, declaring it to be primarily engaged in a business other than that of an investment company. Such other business may be conducted either directly or through majority-owned subsidiaries or controlled companies conducting similar types of businesses. During the past fiscal year two such applications were denied, two other applications were denied under Section 3 (b) (2) although exemptions were granted under other sections of the Act, and four such applications were withdrawn. The Commission granted five applications pursuant to this section during the fiscal year, and at June 30, 1942, fourteen applications were pending.

Other Applications for Exemptions. Section 6 (c) of the Act confers upon the Commission general exemptive powers if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title.

Eighty-one applications under this section were pending before the Commission during the last fiscal year. Of these 81 applications, 49 were filed during the last fiscal year and 70 were disposed of by the Commission during that period.

Section 6 (d) of the Act authorizes the Commission to exempt small closed-end investment companies from any and all provisions of the Act if the securities of such companies are not sold outside the states of incorporation and provided the exemption is not contrary to the public interest or inconsistent with the protection of investors.

Five applications under this section were pending before the Commission during the past fiscal year. Of these 5 applications, one was filed during the year and 4 were disposed of by the Commission during that period. With respect to the 4 applications which were disposed of, one was withdrawn and 3 were granted to a limited extent.

Dissolution of Investment Companies and Withdrawal of Registration Statements

Approximately 44 registered investment companies filed applications with the Commission during the fiscal year seeking orders of the Commission declaring that such companies had ceased to be investment companies within the meaning of the Act. These applications were filed pursuant to Section 8 (f) of the Act which provides that whenever the Commission on its own motion or upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order, and upon the taking effect of such order the registration of such company shall cease to be in effect.

The Commission passed upon approximately 38 Section 8 (f) applications during the fiscal year. Of these 38 applications, 34 were granted, 2 were dismissed and 2 were denied. The applications that were granted involved companies which had formally dissolved and distributed all of their assets to their security holders, companies which had merged with other companies and transferred all of their assets to such other companies, and companies whose outstanding securities were owned by less than 100 persons and which were not making and did not presently propose to make a public offering of their securities. The last category of companies mentioned is excepted from the definition of "investment company" by the provisions of Section 3 (c) (1) of the Act.

Affiliated Persons of Investment Companies

Transactions Between Investment Companies and Their Affiliated Persons. Section 17 of the Act makes it unlawful for any affiliated person, promoter or principal underwriter for a registered investment company to sell to, or purchase securities or other property, or borrow money or other property from, the investment company or any company controlled by it. However, authority is given to the Commission to exempt, by order, any proposed transaction if evidence establishes that the terms of such transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching by any person concerned, and that it is consistent with the policies of the investment company as recited in its registration statement and with the general purposes of the Act.

For the fiscal year ending June 30, 1942, there were 16 applications filed to exempt proposed transactions between affiliated persons and investment companies, or companies controlled by them. The Commission disposed of 5 of such applications after hearings; 4 were withdrawn without hearing, 1 was withdrawn after hearing and 6 are still pending. While the applications ostensibly sought exemption of a proposed transaction involving the purchase and sale of securities, the disposition of such applications often included such matters as reorganizations and recapitalizations of investment companies, as well as affiliated non-investment companies.

PART VII

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

Registration Statistics

As of June 30, 1941 there were registered with the Commission pursuant to the provisions of the Investment Advisers Act of 1940 753 investment advisers, consisting of 420 sole proprietors, 123 partnerships and 210 corporations. On June 30, 1942 there were 732 registered investment advisers consisting of 411 sole proprietors, 123 partnerships and 198 corporations.

The following table sets forth information with respect to the status of the registration of investment advisers under the Act as of the end of the fiscal year:

As of 6/30/42

Applications filed	931
App. Pending	7
App. Withdrawn	6
Effective Registrations	732
Reg. Withdrawn	132
Reg. Cancelled	52
Denied	1
Revoked	<u>1</u>
	<u>931</u>

In order to maintain reasonably current the information contained in the applications for registration, the Commission requires semi-annual reports to be filed by all registered investment advisers. These reports must be filed with the Commission within ten days after June 30, and December 31, of each year. Each registered investment adviser is required to disclose in the semi-annual report that after an examination of his original application for registration he finds either that (1) no changes have been effected in his business so that no amendments are required to the application for registration or (2) that changes have been effected in his business so that amendments are necessary for certain items in the original application for registration. If changes have been effected in business, amendments to the items affected are included in the semi-annual report.

Section 203 (d) of the Act empowers the Commission to deny, revoke or suspend the registration of an investment adviser if certain conditions exist. One of the grounds for denying, revoking or suspending the registration of an investment adviser is the fact that such investment adviser within ten years prior to the registration has been convicted of a crime in connection with securities transactions or has been enjoined by a court from acting as an investment adviser, underwriter, broker or dealer.

In the exercise of its power under this section, the Commission has revoked the registration of one investment adviser. In this case it was found that the investment adviser in question had been enjoined by an order of the United States District Court from engaging in certain conduct and practices in connection with the purchase and sale of securities. In addition to this it was found that the application for registration contained material misstatements. It was also found that the investment adviser in question had converted to his own benefit certain moneys sent to him by clients for the purchase of securities, that he had purchased securities contrary to the authority of his clients and had converted the remaining balances to his own use.

Absence of Power to Inspect Books and Records of Investment Advisers

Section 209 (a) of the Act provides that whenever it appears to the Commission that the provisions of this Act have been or are about to be violated the Commission

can institute a formal investigation for the purpose of determining whether there has been or is about to be a violation of the Act. The Act, however, does not confer upon the Commission the authority or duty to make periodic inspections of the accounts and records of registered investment advisers such as is conferred upon the Commission by Section 17 (a) of the Securities Exchange Act of 1934 with respect to registered broker-dealers. This omission leaves entirely unsupervised and unprotected a broad field in the handling of investment funds of the general public. Unfortunate situations involving large losses to clients have occurred which might have been averted if the Commission had authority to make regular periodic inspections of the accounts of registered investment advisers. The details of these situations and a further report to the Congress will be made concerning this matter.

PART VIII

OTHER ACTIVITIES OF THE COMMISSION UNDER THE VARIOUS STATUTES

LITIGATION

Civil Proceedings

At the beginning of the fiscal year ended June 30, 1942, 10 1/ civil proceedings instituted by the Commission were pending; during the year, the Commission instituted 36 additional proceedings, including 33 injunctive actions brought against 91 persons to restrain them from fraudulent and otherwise illegal practices in the sale of securities. Of this total of 46 proceedings, 35 were disposed of during the fiscal year, including 28 cases which resulted in the entry of injunctions against 61 persons. 11 civil proceedings were pending at the end of the year.

Since its inception, the Commission has instituted a total of 440 civil proceedings and disposed of 429. Permanent injunctions have been obtained against 940 firms and individuals.

Data with respect to civil cases and appellate proceedings, including a brief description of all civil proceedings commenced or pending during the fiscal year and the status at the close of the year, are included among Appendix Tables 20 to 31. Some of the more important and interesting of these cases are described in more detail below.

Injunctive Actions Instituted by the Commission.

Typical of the ingenious schemes to secure public investment in business enterprises without complying with the registration provisions of the Securities Act of 1933 was that involved in Securities and Exchange Commission v. Bailey. 2/ In this case the defendants were enjoined from selling investment contracts camouflaged as sales of land upon which tung trees were to be developed.

Another unorthodox form of securities was involved in Securities and Exchange Commission v. George Washington Memorial Park Cemetery Association. 3/ The defendants in this case had acquired unimproved rural land which they divided into cemetery lots and sold to purchasers in large quantities on an investment basis representing that cemetery lots constituted a sound investment. A large portion of the purchase price was to be used by the Association to make a number of contemplated improvements. To facilitate resale, the Association maintained a resale department through which purchasers might dispose of their lots. The Commission took the position that the factor of setting aside a portion of the purchase price for improvements designed to enhance the value of the land, coupled with the sale of multiple units and the resale provision, made the scheme merely a form of investment contract.

In Securities and Exchange Commission v. Hugh B. Monjar, 4/ the Commission charged the defendants with selling securities to members of the Mantle Club in excess of \$1,340,000 in connection with transactions described by the defendants as "personal

1/ Adjusted figure.

2/ 41 F. Supp. 647 (S.D. Fla. 1941). Consent judgment entered January 26, 1942.

3/ D. N.J. Consent judgment against eight defendants entered April 8, 1942.

4/ D. Mass. Pending at close of fiscal year.

"loans" to Hugh B. Monjar, organizer and head of the Club. The Commission contended that among the securities involved were "receipts" issued to the Club members and "subscription cards" and other instruments solicited from the members in connection with the "personal loans."

In the case of Securities and Exchange Commission v. S. W. Funk, 5/ the Commission filed a complaint to enjoin the sale of profit-sharing agreements relating to oil and gas leases. The proceeds from the sale of these securities, which the defendants termed "mutual escrow agreements," were used to finance the drilling of a test well within the area embraced by the leases.

In the first civil case involving Section 12 (h) of the Public Utility Holding Company Act, pertaining to political contributions, the Commission obtained a consent judgment enjoining Utah Power & Light Company from further violating that section. 6/

Appellate Litigation under the Holding Company Act.

Between May 15 and June 6, 1942, several of the largest holding company systems in the country filed petitions to review orders of the Commission requiring either geographical integration or corporate simplification or both under Sections 11 (b) (1) and 11 (b) (2) of the Public Utility Holding Company Act of 1935. 7/ These petitions represented the first major challenge of the constitutionality of the Holding Company Act since the original flood of litigation during the early days of that statute, which terminated when the Supreme Court sustained the constitutionality of the registration provisions in Electric Bond and Share Co. v. Securities and Exchange Commission, 305 U. S. 419 (1938). After the close of the fiscal year the Second Circuit Court of Appeals affirmed the Commission's integration order against The North American Company, 8/ and the Third Circuit Court affirmed the simplification order against The Commonwealth and Southern Corporation. 9/ Many other companies have not sought review, but have complied with, or are in the process of complying with, Commission orders under the integration and simplification sections.

Another group of cases during the year involved petitions to review Commission orders denying applications by public utility companies to be declared not subsidiaries of certain registered holding companies. Each of these orders was affirmed either during the fiscal year or after its close. 10/ In addition, the Supreme Court,

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- 5/ S.D. Cal. Consent judgment entered Sept. 1941.
- 6/ D. Utah.
- 7/ Columbia Oil & Gasoline Co. (C. C. A. 3d); United Gas Improvement Co. (C. C. A. 3d); Commonwealth and Southern Corp. (C. C. A. 3d); North American Co. (C. C. A. 2d); Washington Railway and Electric Co. (App. D. C.).
- 8/ North American Co. v. Securities and Exchange Commission, 133 F. (2d) 148 (C. C. A. 2d, Jan. 12, 1943).
- 9/ Commonwealth and Southern Corporation v. Securities and Exchange Commission, F. (2d) (C. C. A. 3d, March 31, 1943).
- 10/ Pacific Gas and Electric Co. v. Securities and Exchange Commission, 127 F. (2d) 378 (C. C. A. 9th, Apr. 14, 1942); rehearing granted and case still pending at close of fiscal year; Hartford Gas Co. v. Securities and Exchange Commission, 129 F. (2d) 794 (C. C. A. 2d, July 16, 1942); Public Service Corporation of New Jersey v. Securities and Exchange Commission, 129 F. (2d) 899 (C. C. A. 3d, Aug. 12, 1942); American Gas and Electric Co. v. Securities and Exchange Commission, F. (2d) (App. D. C., Feb. 1, 1943).

on October 13, 1941, denied a petition for a writ of certiorari to review the previous year's judgment of the Sixth Circuit sustaining the Commission's order denying a similar petition by Detroit Edison Company. 11/

In New York Trust Co. v. Securities and Exchange Commission, 131 F. (2d) 274 (C. C. A. 2d, Nov. 12, 1942), which was pending at the close of the fiscal year, the Court subsequently affirmed a Commission holding that the debenture holders of United Light and Power Company were entitled to the face value of their debentures and not to a redemption premium when the debentures were retired pursuant to an order of the Commission under the corporate simplification requirements of Section 11 (b) (2).

In Morgan Stanley and Co. v. Securities and Exchange Commission, 126 F. (2d) 325 (C. C. A. 2d, Feb. 20, 1942), the Court affirmed the Commission's order in the Dayton Power and Light Company, case. 12/ Rule U-12F-2, now superseded by the competitive bidding requirements of Rule U-50, prohibited the payment of any underwriter's fee on security issues if the underwriter stood in such a relation with the issuer that "there is liable to be or to have been an absence of arm's-length bargaining with respect to the transaction." The Commission's decision denied Morgan Stanley a \$100,500 underwriting fee which it would have received from Dayton Power & Light if there had been no violation of the rule.

In Cheney Corporation v. Securities and Exchange Commission, 128 F. (2d) 303 (App. D. C., Apr. 27, 1942), the Court reversed an order of the Commission holding that preferred stock purchased by certain members of the management of Federal Water Service Corporation while they were engaged in formulating and presenting to the Commission plans of reorganization should not be allowed to participate in the reorganized corporation on a parity with other preferred stock. 13/ The Commission had required those members to surrender that stock to the reorganized company at cost plus 4% interest. After the close of the fiscal year the Supreme Court of the United States affirmed the judgment of the Court of Appeals on the ground that the Commission's order had been erroneously based on "general equitable principles" apart from the statute. 14/ The Supreme Court directed that the case be remanded to the Commission for action not inconsistent with the Supreme Court's opinion.

Criminal Proceedings

The statutes administered by the Commission provide that evidence of violations may be transmitted to the Attorney General, who, in his discretion, may institute criminal proceedings. It is the policy of the Commission to make a thorough investigation of alleged violations of the Acts and to consider carefully whether the evidence obtained merits criminal prosecution. If violations of the penal provisions are indicated, the results of such investigation and the supporting evidence are referred to the Department of Justice. 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, in the trials which follow, and in the preparation of appellate briefs.

Where evidence does not warrant prosecution under the Acts administered by the Commission, but violations of other statutes are indicated, the evidence is submitted to the appropriate state or federal agency. This results in the reference of quite a few cases to the postal authorities, to state commissions or other local enforcement authorities.

11/ Detroit Edison Co. v. Securities and Exchange Commission, 119 F. (2d) 730 (C. C. A. 6th, May 12, 1941), cert denied, 314 U. S. 618.

12/ 8 S. E. C. 950, Holding Company Act Release No. 2693 (1941).

13/ Holding Company Act Release No. 2635 (Sept. 24, 1941).

14/ Securities and Exchange Commission v. Cheney Corporation, 87 L. Ed. 411 (Feb. 1, 1943).

Up to July 1, 1942, the Commission had referred to the Department of Justice 378 cases, including 49 cases which were referred during the past fiscal year. Since the organization of the Commission a total of 2,035 defendants have been indicted in 306 cases, including 27 cases which had been referred to the Post Office Department. During the past year indictments were returned against 183 defendants. Convictions have been obtained against 885 defendants in 216 cases, representing 91.3 percent of the 259 cases which have been disposed of as to principal defendants since the inception of the Commission. During the past fiscal year 142 defendants named in 44 cases were convicted.

Eight defendants have been convicted on indictments charging perjury arising out of Commission investigations. One defendant was acquitted.

The following table shows 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 a/	73	50	123
1938.....	36 a/	253	71	24 a/	95 a/
1939.....	51	327	73	35 a/	108
1940.....	65 a/	232	97 a/	52	149
1941.....	52	194	80 a/	52 a/	132 a/
1942.....	49	183	103 a/	43 a/	146 a/
Total..... b/	378	2035	592	293	885

a/ Adjusted figure.

b/ In addition, there were referred by the Commission to the Post Office Department 27 cases which resulted in the return of indictments included in the total number of defendants indicted.

Up to July 1, 1942, the Commission had caused to be instituted proceedings against 19 defendants for criminal contempt of court orders which had been obtained by the Commission. Of this number 13 were found guilty. One of these cases is now awaiting decision by the court.

A brief description of the criminal cases pending during the year ended June 30, 1942, showing their status on that date, is set forth in Appendix Tables 23, 24 and 27. A brief discussion of some of the more important cases follows:

SECURITIES ACT OF 1933.--Schemes to defraud uncovered in the enforcement of this Act are of infinite variety. Prosecutions during the year involved a large-scale cemetery promotion in Maine (U. S. v. Paul F. Cassidy et al); a pecan orchard enterprise in Southern

Louisiana (U. S. v. R. B. Brough et al.); a popcorn vending machine company in Ohio (U. S. v. F. E. Backmeier et al.); an automotive patent venture in Los Angeles (U. S. v. O. F. Lundelius et al.); an oil and gas lease promotion covering land in Texas and Oklahoma (U. S. v. H. R. Edwards); a mining company in Colorado (U. S. v. Amos Downs et al.); and an industrial plant in Carrollton, Ohio (U. S. v. Z. A. Gilbert et al.). Even the religious beliefs and social proclivities of prospective investors have been utilized as a basis for promotional ventures which were made the subject of prosecution. For example, there is the Universal Order of Plenocrats in Chicago (U. S. v. C. F. Davis et al.); and the Mantle Club, centering in Wilmington and fanning out all over the country (U. S. v. H. B. Monjar et al.).

Many of these cases involved nation-wide solicitation of investments. In the Brough case, in which convictions were obtained in Oklahoma and five-year prison sentences imposed, more than \$700,000 had been obtained by the defendants from about 1,400 investors residing in many different states. In the Monjar case, involving the Mantle Club, a socio-fraternal organization, investments had been obtained from people residing from Baltimore, Maryland to Portland, Oregon. In the Downs case, the stock of a mining company was sold in almost every state of the Union, as well as in the District of Columbia and in Canada. The defendants were tried and convicted in federal court at Denver.

The current prosecutions included a number involving efforts to evade the provisions of the securities laws by casting the enterprise into a form calculated to appear to be something other than an investment in securities as defined by the Act. For example, in the Brough case it was made to appear that the investors were purchasing pecan orchard acreage; in the Backmeier case that they were purchasing vending machines; in the Davis case that they were subscribing to memberships in a divinely inspired farm program; and in the Monjar case that they were contributing to some transcendental program for the moral, as well as the financial, benefit of the members of the Mantle Club.

Also during the fiscal year a large number of convictions obtained in similar cases were affirmed by the appellate courts. These included the affirmance of convictions in Seattle for fraud in the sale of oil and gas leases (J. F. Simons et al v. U. S.); convictions in Denver for fraud in the sale of stock of a cement company (E. S. Gates v. U. S.; C. S. Rice v. U. S.); a conviction in Detroit for fraud in the sale of stock of a company making beer barrels (J. K. Edlin v. U. S.); convictions in California for the sale of oil leases, and interests therein, on properties in California (A. Atherton et al v. U. S.); a conviction for fraud in the sale of notes and trade acceptances issued by a whiskey rectifying company in Florida (A. F. Fisher v. U. S.); a conviction for fraudulent sale of securities of a mortgage company in Nebraska (L. S. Holmes v. U. S.); a conviction in New Mexico for the sale of stock in an insurance shares corporation (S. C. Pandolfo v. U. S.); and the conviction in New York of a certified public accountant for complicity in the fraudulent sale of stock of an industrial service company (M. H. White v. U. S.). In many of these cases only a few of the defendants appealed. In all of these cases the convictions were affirmed by the appellate courts.

SECURITIES EXCHANGE ACT OF 1934. Of the more outstanding of the prosecutions during the past year which arose from investigations under the 1934 Act, three involved stock market manipulations. In U. S. v. Ery Kehaya et al. convictions were obtained in New York on charges of manipulating the New York Stock Exchange market for the common stock of Standard Commercial Tobacco Company in order to permit the defendants to unload large blocks of the stock upon the unsuspecting public investors. It was charged that this was accomplished by means of the well known manipulative devices of wash sales, matched orders, and "touting" of the stock. Similar manipulative activity, this time on a regional stock exchange, was involved in U. S. v. Raymond R. Taylor where a prison sentence of approximately two years was imposed on Taylor for violations involving the market on the Detroit Stock Exchange for stock of Mid-West Abrasive Company. In U. S. v. David Smart et al., the manipulation involved a well known publishing concern, Esquire-Coronet, Inc. Convictions were obtained in Chicago against executives of the publishing concern and securities

brokers of New York City, all of whom were charged with conspiring to raise artificially the price of the company's stock on the New York Curb Exchange in order to unload at the manipulated prices 200,000 shares of stock belonging to two of the defendants.

Another extremely important case which arose under the 1934 Act was that of U. S. v. Russell W. McDermott, a securities broker of Indianapolis, who was convicted of violations of the margin rules, fraud in over-the-counter transactions in securities with his own customers, and fraud perpetrated by means of excessive trading in a discretionary account. During the year the conviction of G. A. Gantz, a securities broker of St. Louis, on charges which involved operation of his business while insolvent and unauthorized use of customers' money, was affirmed by the Circuit Court of Appeals.

OTHER ACTS. Convictions were obtained during the year against Union Electric Company of Missouri on charges of making political contributions, made unlawful by Section 12 (b) of the Public Utility Holding Company Act of 1935. Louis H. Egan, former president of the company, was found guilty of conspiracy to violate the same section, which makes it unlawful for a holding company or subsidiary thereof to make political contributions. The company was fined \$80,000 and Egan was sentenced to two years' imprisonment, in addition to a fine of \$10,000. Union Electric Company is a subsidiary of The North American Company. The indictment charged the defendants with setting up a "slush fund" accumulated through kick-backs from legal fees, payments to contractors and insurance agents, and the padding of expense accounts.

The conviction of Frank J. Boehm, former vice president of Union Electric Company, on charges of perjury was affirmed by the Circuit Court of Appeals, and the Supreme Court denied certiorari. The conviction was based upon perjury committed by Boehm while testifying before officers of the Commission in an investigation involving alleged violations of the anti-political contribution section of the 1935 Act.

The appeal of Howard G. Hopson, former president of the Associated Gas & Electric Company, was dismissed during the past year. He had been convicted of fraud in connection with the operation of the huge Associated Gas & Electric System.

An indictment was returned against one of the largest of the investment companies for an alleged fraud in the sale of 215,000 investment certificates in the face amount of \$600,000,000 through an organization which extended into at least twenty-nine states. The indictment alleged that the defendants made use of deceptive financial statements, concealed artificial write-ups of securities values, manipulated trust funds, engaged in stock market manipulation, and operated while insolvent. The indictment was returned in Detroit. (U. S. v. Fidelity Investment Association et al.)

An appeal during the year involved charges of defrauding an investment company by a controlling person, Wallace Groves, whose conviction was affirmed by the Second Circuit Court of Appeals. The indictment had charged him with defrauding the General Investment Company in connection with sales to it of its own securities and payment of fictitious commissions on transactions pretended to be beneficial to the company. The conviction of George S. Groves was reversed. The Supreme Court denied certiorari to Wallace Groves.

COMPLAINTS AND INVESTIGATIONS

During the fiscal year ended June 30, 1942, the Commission received approximately 11,638 items of mail classified as "complaint-enforcement". The major part of this mail consisted of letters from the general public seeking information, complaining of fraudulent or other illegal practices, and seeking various types of aid. The Commission has carefully considered and replied to every inquiry sent in by the public and investigated every complaint over which it has jurisdiction.

The complaint correspondence is a fruitful source of information for the Commission; it is mainly from this source that the Commission obtains important leads on securities violations. Other clues to irregularities in the investment field are obtained by the Commission from investigations made by its own staff or from other governmental or voluntary agencies. The following chart gives some indication of the extent of the Commission's investigatory activities:

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, 1942.

Investi- gations	:	:	:	:	Investiga-	Investiga-	Investiga-	Investiga-	Investiga-	Investiga-	Investiga-
	:	:	:	:	gations	cases	Pending as of				
	:	:	:	:	and legal	July 1, 1942					
	:	Investi-	Investi-	cases	cases			:			
	:	gations	gations	closed (or:			Legal				
	:	and legal	initiated	changed to:			cases				Total
	:	cases	or or	docketed			(civil				Investi-
	:	pending	docketed	cases)			and crim-				gations
	:	July 1,	July 1,	July 1,			inal) de-				and
	:	1941	1941	1941			veloped				Legal
	:		to	to			from in-				Cases
	:		June 30,	June 30,			vestiga-				
	:		1942	1942			tions				
	:		:	:			:				:
Preliminary a/	:	143	161	185	119						119
Docketed b/	:	489	309	257	380 c/	161 d/					541
Total	:	632	470	442	499	161					660
	:		:	:	:	:					:

- a/ Investigations carried on through correspondence and limited field work.
- b/ Investigations assigned to field investigators.
- c/ Includes 243 informal and 137 formal docketed investigations.
- d/ Includes 37 informal and 124 formal docketed investigations.

Through these investigations, and with the helpful assistance of such other agencies, the Commission has compiled a very extensive Securities Violations File which serves as a clearing house for information which is made available to those officials and agencies directly concerned with the eradication of illegal practices in the securities field. As of June 30, 1942, the Commission had assembled data concerning 41,065 persons and corporations against whom State or Federal action has been taken in connection with the sale of securities. During the past fiscal year approximately 5,170 items of information pertaining to existing files and 3,134 new names were added to those files.

INTERPRETATIVE AND ADVISORY SERVICE

The Commission has always recognized that the technical nature of the statutes it administers requires an interpretative and advisory service by the Commission to provide attorneys and the general public with prompt advice concerning problems arising under these statutes.

Inquiries are handled by correspondence as well as personal and telephone conferences.

The jurisdiction of the Commission does not extend to private disputes of a civil nature arising under the securities laws. Therefore, the Commission cannot advise litigants concerning the prosecution or defense in such cases. Where a civil suit between private parties has involved a disputed question of law under the Acts administered by the Commission, however, the Commission has on occasion filed a brief with the court as amicus curiae in order to advise the court of its interpretation of the law as the agency administering it.

ACTIVITIES OF THE COMMISSION IN THE FIELD OF ACCOUNTING AND AUDITING

Effect of the War Effort

During the past year, accountants have been faced with many new and serious problems arising from the war effort and the earlier National Defense program. The Commission likewise, because of the importance which it attaches to financial statements, has had to give careful consideration to these problems and to the need for all appropriate adjustments.

The Commission, in common with the accounting profession, has been especially interested in the maintenance of appropriate auditing standards. Fortunately, all concerned are agreed that the high standards of present practice should not be foregone. A principal difficulty has been the loss by most public accounting firms of much trained personnel to other phases of the war effort. Furthermore, a similar loss of accounting personnel by private business, coupled, in many instances, with a large new volume of war work, has meant that internal accounting and auditing controls, upon which the public accountant must rely in many respects, have in many instances suffered and hence, with a smaller or less experienced staff, the public accountant is often faced with the necessity of being even more painstaking in his audit.

Members of the Commission's staff have cooperated with registrants and public accountants in exploring various means of meeting the situation. As a result, registrants have been encouraged to change their fiscal periods from a calendar year to a "natural business" year in an effort to lessen the year-end burden so as to utilize the public accountant's services more efficiently. In Accounting Series Release No. 30, the Commission outlined a special procedure and method of disclosure to be followed by registrants and their accountants where the press of war production prevented normal inventory-taking. It has also been indicated that lack of personnel could provide a proper basis for requesting an extension of time for filing annual reports with this Commission. Study of these problems is being continued and informal conferences are held as occasion warrants with individual accountants and with the appropriate committees of professional societies.

The Commission has also cooperated with various Federal war agencies through consultation and through utilization of its expert help for specialized work.

Cooperation with Professional Societies

The Commission has sought to cooperate with the accounting profession and to add its full influence to that of the professional societies and others in a joint effort to maintain and raise accounting and auditing standards. As heretofore, the Commission, in its promulgation of rules or opinions on accounting matters, has, wherever

practicable, invited the comments or suggestions of other Federal and State agencies interested in accounting, of committees of professional societies, and of other interested persons. Reciprocally, the Commission has been invited to offer suggestions or comments on proposed actions or bulletins of these organizations. The past year has produced much gratifying evidence as to the effectiveness of these activities.

Professional Conduct

While the Commission has cooperated with the accounting profession to secure a common objective of high professional standards, yet it has, as it must, reserved to itself the right to invoke sanctions against accountants who wilfully or carelessly violate its rules. During the past year the Commission for the first time found it necessary to invoke against an accountant the sanctions found in Rule II (e) of its Rules of Practice. In In the Matter of Abraham H. Puder, et al. 15/, the Commission, on the basis of stipulated facts, issued an order suspending Puder and the firm of Puder and Puder from practice before the Commission for three months. In In the Matter of Kenneth N. Logan 16/, the accountant was denied the right to practice before the Commission for sixty days.

Accounting and Auditing

Several opinions involving accounting or auditing matters were issued by the Commission during the year. Of these, the case of outstanding significance was In the Matter of Associated Gas and Electric Company 17/, a delisting proceeding under Section 19 (a) (2) of the Securities Exchange Act of 1934. The findings and opinion in this case contain an extensive criticism of various accounting practices followed in the financial statements of the registrant and of certain aspects of the certificates furnished by Haskins & Sells.

Other opinions under the Securities Act of 1933 and the Securities Exchange Act of 1934 dealt with the independence of the certifying accountant 18/; the adequacy of the representations made in an accountant's certificate 19/; and the failure of financial statements to conform to sound accounting principles. 20/ In addition, many of the findings and opinions under other Acts administered by the Commission, particularly the Public Utility Holding Company Act of 1935, included discussion and decision of varied accounting issues.

Informal Consideration of Accounting Problems Raised in the Case of Individual Registrants

As in the past, the greatest part of the Commission's accounting and auditing activities stems from the examination of financial statements filed by particular registrants. Deficiency memoranda, issued against more than half of the financial

15/ Securities Exchange Act of 1934, Release No. 3073 (1941).

16/ Accounting Series Release No. 28 (1942).

17/ Securities Exchange Act of 1934, Release No. 3285A (1942).

18/ In the Matter of Southeastern Industrial Loan Company,
Securities Act of 1933, Release No. 2726 (1941).

19/ In the Matter of Automatic Telephone Dialer, Inc.,
Securities Act of 1933, Release No. 2736 (1941).

20/ In the Matter of Condor Gold Mining Company, Securities Exchange Act of 1934,
Release No. 3196 (1942); In the Matter of Comstock-Dexter Mines, Inc.,
Securities Act of 1933, Release No. 2691 (1941).

statements currently filed, have continued to play an important role in securing satisfactory financial statements for investors. Also, accounting and auditing problems have been the subject of innumerable informal conferences between the Commission's staff and representatives of particular registrants. These conferences have proved to be an expeditious means of resolving difficult or unusual questions with respect to which no specific rules have been issued or the application of existing rules is uncertain.

SOLICITATION OF PROXIES, CONSENTS AND AUTHORIZATIONS

The Congress, three times, has in effect directed the Commission to adopt rules governing the solicitation of proxies.^{21/} The Commission's proxy rules, which are contained in Regulation X-14, require certain information to be made available to security holders whose proxies, consents or authorization are solicited.

During the fiscal year the Commission examined both the preliminary and final proxy material with respect to 1,655 solicitations and in each case commented on the material to the persons making the solicitation. In many cases it examined revised drafts of preliminary material. Aside from the initial material, 333 pieces of supplemental or "follow-up" soliciting material were received and examined. In addition to the regular examination which is made of all proxy material filed, the Commission continued its policy of furnishing every assistance to persons who desired to obtain informal opinions or suggestions in advance of the filing date.

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

The general purpose and scope of the ownership reporting requirements, prescribed by Section 16 (a) of the Securities Exchange Act of 1934, 17 (a) of the Public Utility Holding Company Act of 1935 and 30 (f) of the Investment Company Act of 1940 and the Commission's rules and regulations promulgated thereunder, as well as the Commission's procedures for obtaining the filing of required reports, examining them for compliance with the statutes and the rules, obtaining amended reports where necessary and the publication of information contained in the reports, have been described in the Sixth Annual Report of the Commission, pp. 180, 182 and previous annual reports.

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

<u>Description of Report</u>	<u>Fiscal Year 1942</u>
Original reports—Securities Exchange Act (4) 13,196, (5) 222, (6) 1,650	15,068
Amended reports—Securities Exchange Act (4) 1,256, (5) 26, (6) 62	1,344
Original reports—Holding Company Act (U-17-1) 155, (U-17-2) 517	672
Amended reports—Holding Company Act (U-17-1) 10, (U-17-2) 60	70
Original reports—Investment Company Act (N-30F-1) 315, (N-30F-2) 1,019	1,334
Amended reports—Investment Company Act (N-30F-1) 39, (N-30F-2) 73	112

Figures in parentheses are Form numbers, thus (4) is Form 4.

Figures for previous years are shown in the Seventh Annual Report,
pp. 236-7.

^{21/} Section 14 (a) Securities Exchange Act of 1934.

Section 12 (e) Public Utility Holding Company Act of 1935.

Section 20 (a) Investment Company Act of 1940.

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; Form U-17-2 for reporting changes in ownership of utility securities; Form N-30F-1 for reporting ownership of securities at the time a closed-end investment company becomes registered or an additional person assumes any of specified relationships; and Form N-30F-2 for reporting changes in ownership of securities of closed-end investment companies.

PUBLICATIONS

Public Announcements

Under the various Acts it is the Commission's duty to publish its decisions and generally to inform Congress and the public of its activities. Its releases are classified into various categories so that a person may receive the material relating only to those phases of the Commission's work in which he is interested. The Commission has made an exhaustive check of its mailing lists to eliminate those no longer desiring specified material.

The announcements issued during the past fiscal year included 250 releases under the Securities Act of 1933; 320 under the Securities Exchange Act of 1934; 780 under the Public Utility Holding Company Act of 1935; 153 under the Investment Company Act of 1940; and 13 under the Investment Advisers Act of 1940. In addition, two releases concerned the Commission's activities in corporate reorganizations and six were issued under the Trust Indenture Act of 1939.

The following is a partial classification of the announcements by subject matter:

Opinions and orders	936
Reports on Court actions	111
Statistical data	138
Survey series	19

Other Publications

Decisions and Reports of the Commission:

Buckram-Bound:

- Volume 6—October 1, 1939 to March 31, 1940
Volume 7—April 1, 1940 to August 31, 1940
Volume 8—September 1, 1940 to March 31, 1941

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

Part Four, Chapter II:
Economic Significance of Investment Companies

Part Five:
Conclusions and Recommendations

(The decisions of the Commission and the reports to Congress on the study of Investment Trusts and Investment Companies are for sale at the Government Printing Office, Washington, D. C., and a price list will be furnished upon request.)

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 August 31, 1941

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of June 30, 1941, and as of December 31, 1941, together with the Supplements thereto

Report on Secondary Distributions of Exchange Stocks

(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 Philadelphia, Pa.)

INSPECTION OF REGISTERED INFORMATION BY THE PUBLIC

Copies of all public information on file with the Commission, appearing in registration statements, applications, reports, declarations, and other public documents, are available for inspection in the Public Reference Room of the Commission at Philadelphia, Pa. During the past fiscal year more than 8,667 members of the public visited this Public Reference Room seeking such information, and thousands of letters and telephone calls were received requesting registered information. The Commission, through the facilities provided for the sale of public registered information, filled more than 2,127 orders for photocopies of material, involving 137,084 pages.

Insofar as practicable, the Commission has sought to make some of the public registered information filed with it available in its regional offices. In the New York Regional Office at 120 Broadway, facilities are provided for the inspection of certain public information on file with the Commission. This includes 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, (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. During the past fiscal year 10,241 members of the public visited the New York Office Public Reference Room, and more than 3,900 made telephone calls to this office, seeking registered public information, forms, releases, and other material.

In the Chicago Regional Office, which is located at 105 West Adams Street, there are available for public inspection copies of applications for permanent registration of securities on the Chicago exchanges, 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 3,230 members of the public requested 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 the 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.

During the past fiscal year duplicate copies of applications for registration of Investment Advisers, together with supplemental statements thereto filed under the Investment Advisers Act of 1940, have been made available for public inspection in the regional offices having jurisdiction over the zone in which the principal office of the investment adviser is located.

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, 1942:

	<u>7-1-35</u> <u>6-30-40</u>	<u>7-1-40</u> <u>6-30-41</u>	<u>7-1-41</u> <u>6-30-42</u>	<u>Totals</u>
Securities Act of 1933	339	11	5	355
Securities Exchange Act of 1934	507	98	84	689
Public Utility Holding Company Act of 1935	1018	199	170	1387
Trust Indenture Act of 1939	3	5	0	8
Investment Advisers Act of 1940	0	5	5	10
Investment Company Act of 1940	0	84	133	217
Totals	1867	402	397	2666

PERSONNEL

Commissioner Ganson Purcell was elected Chairman of the Commission on January 20, 1942 for the term expiring June 30, 1942, vice Chairman Edward C. Eicher who resigned. On June 6, 1942 he was reappointed as Commissioner for the term expiring on June 5, 1947. Commissioner Purcell was reelected Chairman of the Commission on June 5, 1942 for the period ending June 30, 1943.

Edmund Burke, Jr., of New York, was appointed Commissioner July 31, 1941 for the term expiring June 5, 1944 vice Leon Henderson.

Robert H. O'Brien, of Montana, was appointed Commissioner on February 3, 1942 for the term expiring June 5, 1945 vice Edward C. Eicher.

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

Purcell, Ganson, Chairman
Healy, Robert E.
Pike, Sumner T.
Burke, Edmund, Jr.
O'Brien, Robert H.

As of the close of the past fiscal year the personnel of the Commission comprised five Commissioners and 1437 employees, of which 377 were assigned to the regional offices. These figures do not include 170 employees who had entered the military service and were carried on the payrolls in a furlough status. (As of May 21, 1943, the number of employees in the military service increased to 341.)

FISCAL AFFAIRS

<u>Appropriations</u>	<u>Obligations</u>	<u>Unobligated Balance</u>
<u>Title</u>	<u>Amount</u>	
Salaries and Expenses	\$5,380,000	\$5,089,456
Printing and Binding	60,000	59,923
	<u>\$5,440,000</u>	<u>\$5,149,379</u>

Receipts for the Fiscal Year 1942

<u>Character of Fee</u>	<u>Amount</u>
Fees for Registration of Securities	\$145,396.58
Fees under Trust Indenture Act	2,700.00
Fees from Registered Exchanges	152,060.93
Fees for the Sale of Photo duplicates	12,402.90
Miscellaneous	361.55
Total	<u>\$312,921.96</u>

APPENDIX TABLES FOLLOW

Table 1.—Monthly registrations effective under the Securities Act of 1933 ^{1/}—Fiscal year ended June 30, 1942
 (Amounts in thousands of dollars ^{2/})

Year and month	All effectively registered			Proposed for sale for account of issuers		
	Number of statements	Number of issues	Amount	Number of statements	Number of issues	Amount
1941						
July	17	27	648,401	13	19	290,785
August	14	21	108,230	9	13	91,086
September	24	33	176,042	15	19	141,561
October	19	25	154,477	17	19	144,854
November	23	30	193,416	17	19	186,066
December	17	22	76,082	12	15	61,246
1942						
January	13	25	225,171	11	16	166,062
February	10	13	55,467	8	9	52,109
March	18	41	86,215	16	36	65,271
April	13	15	123,059	11	11	111,647
May	11	13	97,601	9	10	96,957
June	14	16	59,259	12	13	57,516
Total fiscal year 1942	193	281	2,003,421	150	199	1,465,160

Table 2.—Type of security, method of distribution and group to whom offered—Securities proposed for sale for the account of issuers—Effectively registered under the Securities Act of 1933—Fiscal year ended June 30, 1942

(Amounts in thousands of dollars)

Method of distribution and group to whom offered	Type of security					
	All types	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Other types ^{3/}
All methods of distribution	1,465,160	338,411	696,926	161,816	219,633	48,374
To public	982,306	333,036	453,216	109,468	41,963	44,624
To security holders	394,876	-	238,136	52,221	104,519	-
To "others"	87,978	5,375	5,575	127	73,151	3,750
Through investment bankers	969,517	334,561	361,858	143,580	90,273	39,244
By purchase and resale	899,465	334,561	360,624	137,316	66,964	-
To public	801,060	329,186	359,699	93,972	18,203	-
To security holders	92,456	-	351	43,344	48,762	-
To "others"	5,949	5,375	575	-	-	-
On best efforts basis	70,052	-	1,234	6,265	23,309	39,244
To public	66,980	-	1,234	3,765	22,737	39,244
To security holders	3,072	-	-	2,500	572	-
To "others"	-	-	-	-	-	-
By issuers	495,643	3,850	335,068	18,236	129,360	9,129
To public	114,267	3,850	92,283	11,731	1,023	5,379
To security holders	299,348	-	237,785	6,377	55,185	-
To "others"	82,029	-	5,000	127	73,151	3,750

^{1/} All data are shown as of the effective date of registration with the exception of issues subject to competitive bidding, which are included in the period during which the results of the bidding were made known to the Commission by post-effective amendment.

^{2/} Rounding off figures has resulted in slight differences between the totals and the actual sums of the components.

^{3/} Includes certificates of participation, face-amount certificates and warrants.

Table 3.—Purpose of registration and use of proceeds by industry—Securities effectively registered under the Securities Act of 1933—Fiscal Year ended June 30, 1944
(Amounts in thousands of dollars)

Purpose of registration and use of proceeds		Industry							
Number of issues		All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric light, power, heat, water and gas	Miscellaneous
For all purposes of registration (estimated value)		2,003,421	15,701	94,789	92,263	75,246	804,041	446,896	13,525
Less: Not for sale		476,479	-	37,779	7,003	18,925	356,315	50,047	6,090
For account of issuers		414,332	-	36,773	7,003	6,729	330,620	27,157	6,090
Reserved for conversion		275,909	-	34,698	1,229	1,184	235,704	-	3,094
Reserved for option		97,399	-	1,690	630	1,425	93,564	-	-
Reserved for other subsequent issuance		4,220	-	-	4,220	-	-	-	-
For substitution ¹		12,952	-	346	-	4,120	1,353	9,700	2,906
For exchange for other securities		23,907	-	5	923	-	-	17,457	90
For selling and distributing expense		35	-	-	-	-	-	-	-
For account of others		62,147	-	1,006	-	12,197	25,694	23,250	-
For sale (estimated gross proceeds)		1,526,942	15,701	908,010	85,260	56,320	457,726	396,449	74475
Less: For account of others than issuers		61,781	-	40,096	-	2,951	11,368	7,367	-
For sale for account of issuers		1,465,160	15,701	467,914	85,260	53,369	446,358	389,082	7,475
Less: Cost of flotation		31,370	423	13,623	5,011	1,660	2,0895	7,665	94
Compensation to distributors		23,024	100	10,598	4,838	1,165	883	5,124	-
Expenses		8,345	123	5,025	173	494	2,012	2,424	94
Expected net proceeds from sales for account of issuers		1,433,790	15,278	454,292	80,249	51,710	443,463	381,417	7,382
New money		590,785	5184	272,063	13,7505	23,487	157,999	111,651	6,896
Plant and equipment		382,547	79	70,853	2	3,715	157,597	95,541	-
Working capital		242,918	5,019	201,077	13,903	19,772	402	1,010	4,660
Reimbursement of corp. taxes. for cap. exp.		215,133	-	233	-	-	-	35,000	2,136
Other new money purposes		186	86	-	-	-	-	-	-
Repayment of indebted. and retirement of stock		753,938	10,094	173,868	-	25,450	274,602	267,438	485
Bonds and notes		558,859	10,094	86,675	-	10,435	185,876	265,788	-
Other debt		168,664	-	77,780	-	9,826	77,828	1,230	-
Preferred stock		24,405	-	7,413	-	5,189	10,898	420	485
Purchase of securities		83,263	-	5,775	66,678	-	10,930	-	-
For investment		68,678	-	-	66,678	-	-	-	-
For affiliation		18,585	-	5,775	-	-	10,830	-	-
Purchase of other assets		4,852	-	-	2,606	66	2,750	-	2,102
Miscellaneous and unaccounted for		2,952	-	-	-	-	32	32	-

¹/ Includes voting trust certificates and certificates of deposit.

Note.—For earlier data see First to Seventh Annual Reports of the Commission.

Table 4.—New issues^{1/} of securities offered for cash in the United States ^{1/ 2/}

Part 1.—Type of offering

(Estimated gross proceeds in thousands of dollars) ^{3/}

Year and month	All types of offerings	Public ^{4/}			Private ^{5/}			Intrastate and Unascertained
		Registered	Exempt ^{6/}	Registered	Exempt	Other ^{7/}		
July 1934 to June 1935	3,553,976	497,705	2,709,898	0	80,568	261,508	4,298	
July 1935 to June 1936	11,060,996	3,206,549	7,430,781	67,161	19,499	325,493	11,514	
July 1936 to June 1937	7,801,906	2,993,117	4,258,687	8,666	20,869	302,590	17,577	
July 1937 to June 1938	3,523,943	891,614	2,266,227	2,953	7,219	350,838	5,092	
July 1938 to June 1939	6,830,626	1,661,366	4,380,025	61,304	69,188	670,988	7,756	
July 1939 to June 1940	5,511,741	1,298,026	3,415,491	11,712	45,599	731,322	6,532	
July 1940 to June 1941	9,954,372	1,682,442	7,254,733	111,866	57,800	837,526	10,005	
July 1941 to June 1942	15,839,127	1,280,345	14,052,745	5,375	7,886	490,652	2,125	
1941								
July	1,091,475	65,294	993,220	0	0	32,962	0	
August	726,303	319,506	333,820	0	100	72,877	0	
September	467,191	114,186	327,750	3,300	0	21,955	0	
October	1,883,880	125,179	1,705,178	2,075	0	51,448	0	
November	464,545	111,937	315,011	0	0	36,330	1,266	
December	2,335,817	46,689	2,219,766	0	0	69,237		
1942								
January	1,344,955	153,901	1,188,979	0	1,800	275	0	
February	2,334,501	36,985	2,260,519	0	0	36,997	0	
March	709,254	64,270	612,942	0	0	32,042	0	
April	707,717	117,980	588,749	0	0	3,654	234	
May	2,964,888	49,911	2,839,749	0	0	75,228	0	
June	808,602	75,408	669,063	0	5,986	57,646	500	

^{1/} Data include all offerings reported in the financial press or in records of the Commission. Excluded are issues having maturities of less than one 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 sales of securities of open-end investment companies); and intercorporate transactions. All figures are 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 are derived by multiplying principal amounts or numbers of units by offering prices, except for municipal issues where principal amount is used.

^{4/} Issues sold by competitive bidding directly to ultimate investors are included as publicly offered issues.

^{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, \$5,351,000; 1940, \$24,873,000; 1941, \$10,800,000; and 1942, \$1,900,000.

^{6/} Includes offerings by the United States Government and territorial possessions; by states, municipalities, and other governmental subdivisions; by common carriers; by banks, and by charitable, religious, educational, and other non-profit institutions.

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

Table 4.-New issues of securities offered for cash in the United States 1/ 2/

Part 2.-Type of security

(Estimated gross proceeds in thousands of dollars) 3/

Year and month	All Issuers			All Types of Securities			Corporate			Bonds			Preferred stock			Common stock		
	All Issuers	Non-corporate		All Issuers	Non-corporate		All Issuers	Non-corporate		Bonds	Corporate		Preferred stock		Common stock			
July 1934 to June 1935	3,553,976	2,98,682		955,294	3,524,934		2,598,682	936,252		12,161	6,881							
July 1935 to June 1936	11,060,996	6,758,350		4,302,646	10,765,721		6,758,350	4,007,371		188,722	106,524							
July 1936 to June 1937	7,501,506	3,870,700		3,750,807	6,772,299		2,901,599	410,920		2,901,599	410,920							
July 1937 to June 1938	3,523,943	2,083,411		1,440,532	3,277,164		2,083,411	1,193,753		186,929	60,749							
July 1938 to June 1939	6,530,626	4,308,557		2,522,270	6,650,232		4,308,357	2,241,875		106,620	73,745							
July 1939 to June 1940	5,511,741	3,142,315		2,369,426	5,280,649		3,142,315	2,138,334		135,581	95,411							
July 1940 to June 1941	9,954,372	6,950,927		3,100,345	9,716,337		6,849,852	2,366,485		172,313	65,721							
July 1941 to June 1942	15,839,127	13,846,277		1,992,850	15,541,350		13,846,277	1,695,073		181,564	115,813							
1941																		
July	1,091,475	969,893		121,582	1,056,095		969,893	86,201		31,863	3,518							
August	726,303	309,431		416,872	720,883		309,431	411,452		3,570	1,839							
September	467,191	284,891		188,299	448,862		284,891	163,971		13,568	4,791							
October	1,883,880	1,644,572		239,308	1,825,634		1,644,572	181,082		3,791	54,435							
November	2,464,265	2,309,277		155,287	444,037		2,309,277	134,760		12,333	8,375							
December	2,335,817	2,191,711		144,105	2,301,885		2,191,711	110,174		20,437	13,494							
1942																		
January	1,344,955	1,180,734		164,221	1,290,494		1,180,734	109,760		37,394	17,067							
February	2,334,501	2,226,649		77,852	2,315,091		2,226,649	58,442		19,410	0							
March	709,254	607,246		102,008	693,392		607,246	85,946		15,762	300							
April	707,717	586,749		120,968	701,390		586,749	114,641		4,270	2,056							
May	2,964,888	2,838,899		125,989	2,951,707		2,838,899	112,808		10,216	2,885							
June	808,602	666,223		142,379	792,099		666,223	125,836		9,450	7,093							

1/ See footnote 1 of table 4, part 1

2/ See footnote 2 of table 4, part 1

3/ See footnote 3 of table 4, part 1

Table 4.-New issues of securities offered for cash in the United States ^{1/} ^{2/}

Part 3.-Type of issuer

(Estimated gross proceeds in thousands of dollars) ^{3/}

Year and month	Corporate			Non-corporate			Educational, religious and other non-profit	
	Total	Industrial	Public Utility	Rail	Other	United States Government and Agency ^{4/}	State and munic- ipal ^{5/}	Foreign govrn- ment ^{6/}
July 1934 to June 1935	9,552,294	3,28,948	377,605	137,404	111,337	2,558,682	1,272,410	4,978
July 1935 to June 1936	4,302,646	1,349,552	2,008,143	659,857	294,095	6,758,350	5,354,660	24,477
July 1936 to June 1937	3,730,807	1,203,865	1,637,526	501,016	388,380	3,870,700	2,389,372	163,339
July 1937 to June 1938	1,440,532	659,730	577,281	41,428	162,093	2,083,411	1,206,754	3,250
July 1938 to June 1939	2,522,270	934,950	1,365,540	106,351	954,428	4,304,315	2,904,127	863,794
July 1939 to June 1940	2,369,426	691,039	1,108,325	297,935	272,127	3,162,315	2,140,357	1,322,048
July 1940 to June 1941	3,104,345	1,047,928	1,530,509	375,026	150,882	6,850,027	5,523,604	952,491
July 1941 to June 1942	1,992,850	769,057	960,390	174,202	89,201	13,846,277	13,163,575	4,120
							673,367	0
1941								
July	121,582	48,950	39,122	28,326	10,184	969,893	915,604	56,289
August	416,872	77,429	309,367	24,489	5,388	309,491	265,706	0
September	182,299	23,949	114,492	42,838	1,000	284,891	232,327	43,478
October-	29,308	76,675	79,738	25,783	57,112	1,644,572	1,578,132	50,789
November	155,267	87,201	60,133	1,253	6,480	309,277	233,487	64,168
December	144,105	47,879	62,172	28,055	6,000	2,191,711	2,131,020	74,349
							60,287	0
1942								
January	164,221	44,347	108,695	10,025	1,135	1,180,734	1,060,546	118,256
February	77,852	38,982	35,000	3,870	0	2,256,649	2,215,534	40,949
March	102,008	47,255	49,057	5,696	0	607,246	557,892	48,679
April	120,968	109,726	11,242	0	0	586,749	530,502	56,247
May	125,989	103,801	21,338	8,850	0	2,838,899	2,808,880	29,618
June	142,379	62,865	70,036	8,825	653	666,223	633,445	32,278
							0	0

^{1/} See footnote 1 of table 4, part 1

^{2/} See footnote 2 of table 4, part 1

^{3/} See footnote 3 of table 4, part 1

^{4/} Includes only issues sold to the public; excludes "Special Series" issues and interagency sales. Sales of Treasury Bills, Certificates of Indebtedness and Tax Series Notes are excluded because of their short-term maturity.

^{5/} Source: Commercial and Financial Chronicle (includes security offerings of United States possessions).

^{6/} Excludes portions of issues offered abroad.

Table 5.-Private placements ^{1/} of new issues of corporate securities
offered for cash in the United States ^{2/} ^{3/}
(Estimated gross proceeds in thousands of dollars) ^{4/}

Year and month	All Private Placements	Type of Securities		Types of Issuers		
		Bonds Notes and Dobentures	Stocks	Industrial	Public Utility	Railroad
July 1934 to June 1935	261,908	299,459	2,050	158,169	77,700	0
July 1935 to June 1936	412,152	409,264	2,889	165,124	215,510	19,499
July 1936 to June 1937	327,625	324,161	3,564	121,938	151,905	11,800
July 1937 to June 1938	357,759	357,588	601	226,998	123,243	40,695
July 1938 to June 1939	749,128	748,729	399	360,771	264,232	500
July 1939 to June 1940	756,319	747,890	8,227	138,703	418,614	7,219
July 1940 to June 1941	996,392	994,094	2,298	261,090	263,160	9,932
July 1941 to June 1942	502,012	496,448	5,964	261,845	204,198	48,000
Total						
July	32,962	32,962	0	12,500	11,448	0
August	72,877	72,877	0	31,271	41,456	0
September	25,255	25,255	0	8,575	15,880	0
October	53,523	53,523	0	21,550	19,683	0
November	36,330	35,670	660	29,015	5,115	0
December	69,237	69,237	0	20,936	43,101	0
Total						
January	275	275	0	6,997	275	0
February	36,997	36,997	0	24,000	30,000	0
March	32,042	32,042	0	3,654	8,042	0
April	3,654	3,654	0	75,228	13,238	0
May	75,228	75,228	0	63,632	15,896	0
June	63,632	63,632	0		5,986	0

^{1/} Excludes issues sold by competitive bidding directly to ultimate investors.
^{2/} See footnote 1 of table 4, part 1.
^{3/} See footnote 2 of table 4, part 1.
^{4/} See footnote 3 of table 4, part 1.

Table 6.—Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934 ^{1/}--Effective registrations as of June 30, 1942,
classified by type of organization and by location of principal office

Location of prin- cipal office	Number of regis- trants etc. <i>[2]</i>	Total		Sole Proprietorships		Partnership		Corporations <i>[2]</i>								
		Number of branch offices		Number of regis- trants <i>[2]</i>		Number of regis- trants <i>[2]</i>		Number of regis- trants <i>[2]</i>								
		Propri- etary part- ners, offi- cers, etc. <i>[2]</i>	Total	Located in—	Other parts of continen- tal U. S.	Abroad	Propri- etors <i>[2]</i>	Part- ners, etc. <i>[2]</i>	Empl- oyees	Offi- cials, etc., total	Empl- oyees	Offi- cials, etc., total	Empl- oyees	Offi- cials, etc., total	Empl- oyees	Offi- cials, etc., total
Alabama	22	48	69	3	0	3	0	0	8	7	0	6	16	32	3	24
Arizona	7	13	8	0	0	0	0	4	4	2	0	6	6	6	3	0
Arkansas	24	51	46	0	0	0	0	11	11	13	0	5	11	476	29	0
California	263	816	3,304	166	6	136	23	1	98	184	3	80	272	1,311	85	1,809
Colorado	82	192	289	55	0	3	2	0	49	49	50	4	25	79	25	160
Connecticut	58	159	612	23	20	3	0	23	60	60	0	4	16	282	7	19
Delaware	10	29	274	6	1	0	5	0	5	5	1	0	2	22	5	3
District of Columbia	89	233	690	7	0	1	6	0	43	43	63	0	12	152	4	34
Florida	35	79	93	7	0	5	2	0	17	36	0	10	5	14	0	162
Georgia	30	66	187	13	0	7	6	0	16	16	16	0	5	14	0	48
Idaho	13	31	39	1	0	1	0	0	5	5	6	0	2	4	0	6
Illinois	334	1,083	4,174	166	5	39	122	0	113	202	9	80	264	1,911	88	1,141
Indiana	81	186	306	1	0	1	0	0	41	138	1	9	18	34	0	31
Iowa	43	123	216	8	0	5	3	0	15	15	54	1	4	9	17	0
Kansas	64	144	188	11	0	4	7	0	44	44	28	0	6	12	32	2
Kentucky	17	60	191	13	0	2	1	0	6	6	16	0	4	26	123	3
Louisiana	91	164	204	11	0	1	10	0	62	62	64	1	18	58	17	7
Maine	36	89	110	0	0	0	0	0	16	16	26	0	1	4	17	8
Maryland	70	159	648	16	3	4	9	0	38	38	29	0	21	75	17	0
Massachusetts	259	788	4,152	114	2	25	87	0	131	345	5	48	211	2,391	70	12
Michigan	78	277	815	22	0	20	2	0	16	70	0	21	70	334	8	41
Minnesota	65	245	2,056	16	1	8	7	0	21	21	21	1	11	31	109	33
Mississippi	31	145	34	4	0	2	2	0	24	24	24	0	1	6	0	17
Missouri	124	430	1,315	72	1	10	60	1	19	39	51	2	30	127	55	49
Montana	13	30	52	0	0	0	0	0	7	7	0	1	2	0	5	0
Nebraska	39	100	121	2	0	0	0	0	21	21	23	0	2	4	3	16
Nevada	8	13	3	0	0	0	0	0	6	6	3	0	1	2	1	5
New Hampshire	6	12	18	0	0	0	0	0	5	5	0	1	2	2	0	2
New Jersey	192	495	410	35	0	0	0	0	87	87	87	0	15	89	0	15
New Mexico	12	12	0	0	0	0	0	0	12	12	12	0	0	0	0	0

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Table 6.-Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934 1/-Effective registrations as of June 30, 1942,
classified by type of organization and by location of principal office-Continued

Location of principal office	Number of proprietors, partners, etc., 2/	Total						Sole Proprietorships			Partnerships			Corporations 2/		
		Number of branch offices			Located in-			Number of registrants	Number of employees 2/	Number of branch offices, total	Number of partners, etc. 2/	Number of registrants	Number of employees, etc. 2/	Number of officers, directors, etc. 2/	Number of branch offices, total	
		Home City	Home State	Other parts of continental U. S.	Total	Abroad	U. S.									
New York (excluding New York City)	453	652	20	3	13	4	0	359	241	2	39	111	8	55	202	310
North Carolina	20	72	81	6	0	3	0	38	6	0	1	6	0	10	58	68
North Dakota	7	15	9	0	0	0	0	4	4	1	0	1	0	2	9	16
Ohio	172	603	1,129	69	1	42	26	0	43	112	2	50	158	16	79	402
Oklahoma	174	260	190	6	0	1	5	0	160	113	1	4	8	12	2	92
Oregon	228	85	103	3	0	0	3	0	7	7	0	7	15	13	0	14
Pennsylvania	264	825	3,119	99	8	53	38	0	94	194	3	95	359	1,860	63	372
Rhode Island	37	73	178	3	0	0	2	0	19	19	0	11	33	66	0	75
South Carolina	30	66	74	4	0	2	0	2	12	12	1	6	16	15	0	12
South Dakota	7	13	9	0	0	0	0	4	4	0	1	1	2	0	0	7
Tennessee	145	136	251	18	0	8	10	0	21	21	0	9	23	56	5	18
Texas	245	475	143	31	0	21	10	0	177	177	3	27	62	80	5	92
Utah	27	82	143	8	0	0	5	0	13	13	1	4	22	97	6	10
Vermont	2	12	0.2	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	30	84	121	31	0	2	1	0	12	12	0	0	29	56	0	12
Washington	134	279	156	8	1	0	6	1	84	84	5	2	12	26	0	16
West Virginia	11	31	34	3	0	2	1	0	5	5	0	5	18	27	3	1
Wisconsin	83	280	149	8	1	0	5	2	31	31	5	0	11	15	0	8
Wyoming	5	5	1	0	0	0	0	0	5	5	1	0	0	0	0	0
Total (excluding New York City)	1,966	10,211	10,439	1,005	33	472	998	2	2,053	2,681	55	705	2,746	11,567	427	1,206
New York City	1,624	14,630	25,801	763	80	98	559	26	734	784	19	612	2,663	21,739	574	2,278
Total, including New York City	5,550	14,841	36,210	1,768	113	570	1,057	28	2,787	3,165	74	1,317	5,009	33,306	1,001	1,486

1/ Domestic registrants only, excludes 46 foreign.

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

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

Table 7.-Market value and volume of sales on all registered securities exchanges
(In thousands)

For 12 Months Ended June 30, 1942

Exchange	Total Market Value (Dollars)	Stocks 1/		Bonds 2/		Rights and Warrants	
		Market Value (Dollars)	Number of Shares	Market Value (Dollars)	Principal Amount (Dollars)	Market Value (Dollars)	Number of Units
All Registered Exchanges	6,872,298	5,583,945	281,833	1,282,679	2,483,925	5,674	6,060
Baltimore Stock Exchange	7,425	6,334	344	1,091	2,186	—	—
Boston Stock Exchange	133,836	132,667	4,128	867	1,062	302	337
Chicago Board of Trade	26	26	19	0	0	—	—
Chicago Stock Exchange	128,168	127,874	6,780	91	82	203	190
Cincinnati Stock Exchange	7,123	6,991	363	124	122	8	2
Cleveland Stock Exchange	11,340	11,282	541	0	0	58	43
Detroit Stock Exchange	18,076	18,059	2,595	—	—	17	13
Los Angeles Stock Exchange	35,942	35,897	3,081	0	0	45	42
New Orleans Stock Exchange	398	363	66	35	34	—	—
New York Curb Exchange	555,396	392,233	35,130	162,449	211,139	714	1,188
New York Stock Exchange	5,846,935	4,726,541	211,504	1,116,494	2,267,240	3,900	3,821
Philadelphia Stock Exchange	51,725	51,189	3,078	363	336	173	142
Pittsburgh Stock Exchange	11,591	11,573	939	2	2	16	24
St. Louis Stock Exchange	2,928	2,672	225	251	514	5	20
Salt Lake Stock Exchange	906	906	5,335	—	—	—	—
San Francisco Mining Exchange	164	164	2,878	—	—	—	—
San Francisco Stock Exchange	58,522	57,845	4,186	448	785	229	235
Standard Stock Exch. of Spokane	168	168	606	—	—	—	—
Washington Stock Exchange	1,629	1,161	35	464	423	4	3

Breakdown of 12-month Totals by Months

1941	July	727,736	611,097	28,855	116,272	222,973	367	218
	August	502,854	412,311	20,648	87,766	160,891	2,777	1,439
	September	618,258	512,481	24,325	105,508	177,029	269	356
	October	618,919	492,022	22,788	125,159	209,219	1,738	1,936
	November	597,389	508,960	26,478	88,348	161,048	81	158
	December	1,220,311	1,085,447	62,081	134,712	277,038	152	595
1942	January	638,247	512,290	27,189	125,744	256,089	213	1,170
	February	385,857	296,385	14,149	89,449	178,409	23	43
	March	478,233	341,211	16,329	137,004	306,812	18	62
	April	371,964	272,874	13,585	99,075	202,862	15	27
	May	357,447	265,598	12,585	91,838	179,690	11	39
	June	355,083	273,269	12,821	81,804	151,865	10	17

1/ "Stocks" includes voting trust certificates, American depository receipts, and certificates of deposit for stocks.

2/ "Bonds" includes mortgage certificates and certificates of deposit for bonds.

Note: Value and volume of sales on registered securities exchanges are reported in connection with fees paid under Section 16 of the Securities Exchange Act of 1934. For most exchanges the figures represent transactions cleared during the calendar month. Figures may differ from comparable figures in the Statistical Bulletin due to revision of data by exchanges. For earlier data, see the Seventh Annual Report of the Commission, pages 288-295; the Sixth Annual Report, pages 276-283; the Fifth Annual Report, pages 222-227; the Fourth Annual Report, pages 166-171; the Third Annual Report, insert facing page 156; the Second Annual Report, insert facing page 116; and the First Annual Report, pages 87-91.

Table 5.--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, 1941, and June 30, 1942

Form	Description	As of June 30, 1941		As of June 30, 1942	
		Securities Registered	Issuers Involved	Securities Registered	Issuers Involved
7	Provisional registration form.....	5	3	9	5
10	General corporations.....	2,684	1,749	2,654	1,711
11	Unincorporated issuers.....	24	14	21	13
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.....	649	183	637	185
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.....	101	22	100	21
13	Insurance companies other than life and title insurance companies.....	15	15	15	15
14	Certificates of deposit issued by a committee.....	42	27	46	24
15	Incorporated investment companies.....	92	57	67	54
16	Voting trust certificates and underlying securities.....	28	25	27	23
17	Unincorporated issuers engaged primarily in the business of investing or trading in securities.....	8	5	8	5
18	Foreign governments and political subdivisions thereof.....	200	85	199	82
19	American certificates issued against foreign securities and for the underlying securities.....	11	10	9	8
20	Securities other than bonds of foreign private issuers.....	2	1	2	1
21	Bonds of foreign private issuers.....	81	48	80	47
22	Securities of issuers reorganized in insolvency proceedings or their successors.....	101	51	100	52
23	Securities of successor issuers other than those succeeding insolvent issuers.....	89	57	87	56
24	Bank holding companies.....	4	4	4	4
Total.....		4,056	2,356	3,985	2,806
			1/		2/

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

2/ Includes 5 issuers having securities registered on 2 basic forms and 1 issuer having securities registered on 3 basic forms.

Table 9.--Classification, by industries, of issuers having securities registered on national securities exchanges as of June 30, 1941 and June 30, 1942

Industry	Number of Issuers	
	As of June 30, 1941	As of June 30, 1942
Transportation and communication (railroads, telephone, etc.).....	308	300
Mining, other than coal.....	248	244
Machinery and tools.....	200	195
Transportation equipment (automobiles, aircraft, parts, accessories, etc.).....	166	165
Merchandising (chain stores, department stores, etc.).....	162	156
Financial and investment (investment trusts, fire insurance, etc.).....	129	126
Food and related products.....	100	99
Utility operating (electric, gas and water).....	86	86
Miscellaneous manufacturing.....	80	76
Oil and gas wells.....	75	76
Building and related companies (including lumber, building materials and construction).....	76	75
Chemicals and allied products.....	72	73
Textiles and their products.....	55	55
Iron and steel (excluding machinery).....	54	54
Beverages (breweries, distilleries, etc.).....	54	49
Services (including advertising, amusements, hotels, etc.).....	48	48
Utility holding (electric, gas and water).....	47	45
Oil refining and distributing.....	40	39
Paper and paper products.....	39	37
Rubber and leather products (tires, shoes, etc.).....	34	34
Coal mining.....	25	26
Real estate.....	23	25
Printing, publishing and allied industries.....	26	24
Agriculture.....	20	20
Tobacco products.....	19	19
Utility operating-holding (electric, gas and water).....	16	15
Miscellaneous domestic companies.....	11	1
Foreign private issuers, other than Canadian and Cuban.....	58	55
Foreign governments and political subdivisions.....	84	82
Total.....	2,356	2,299

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Table 10.--Number of securities, separately for stocks and bonds, classified according to basis for admission to dealing, on all exchanges as of June 30, 1942. (The number of shares of stock and the principal amount of bonds are shown for securities other than those admitted to unlisted trading privileges)

S T O C K S

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.....	2,661 3/	2,254,063,297	196,688,877	2,661 3/	2,254,063,297	196,688,877
Temporarily exempted from registration.....	40 5/ 122	8,108,687 33,628,779	843,935 342,737	40 5/ 165	8,108,687 100,767,492	843,935 1,222,316
Listed on exempted exchanges.....	491	----	----	1,065	----	----
Admitted to unlisted trading privileges on national exchanges.....	56	----	----	77	----	----
Admitted to unlisted trading privileges on exempted exchanges.....						
Total.....	3,370 3/	2,295,800,763	197,875,549	----	----	----

B O N D S

Basis for admission to dealing	Issues	Principal amount listed	Principal amount authorized for addition to list	Issues	Principal amount listed	Principal amount authorized for addition to list
Registered.....	1,307 4/	\$22,396,886,992	\$992,640,010	1,307 4/	\$22,396,886,992	\$992,640,010
Temporarily exempted from registration.....	27 5/ 9	364,841,797 14,633,000	0 2,000,000	27 5/ 9	364,841,797 14,633,000	0 2,000,000
Listed on exempted exchanges.....	200	----	----	226	----	----
Admitted to unlisted trading privileges on national exchanges.....	4	----	----	4	----	----
Admitted to unlisted trading privileges on exempted exchanges.....						
Total.....	1,547 4/	\$22,776,361,789	\$994,640,010	----	----	----

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 £492,101 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 £30,734,340 and 68,353,680 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 11.--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, 1942

S T O C K S

Classification	(see footnote for explanation of column headings)								
	1/	2/	3/	4/	5/	6/	7/	8/	
Total stock issues registered.....	2,661	1,759	0	345	0	262	146	63	86
Total stock issues admitted to unlisted trading privileges on national exchanges.....	1,065	0	490	0	18	262	146	63	86

B O N D S

Total bond issues registered.....	1,307	1,145	0	136	0	26	0	0	0
Total bond issues admitted to unlisted trading privileges on national exchanges.....	226	0	200	0	0	26	0	0	0

Unduplicated total of stock issues registered and admitted to unlisted trading privileges on national exchanges..... 3,169

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..... 920 -- 29.05% of unduplicated total

Unduplicated total of bond issues registered and admitted to unlisted trading privileges on national exchanges..... 1,507

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..... 162 -- 10.75% 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 12.--Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1942, 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.....	2,299	2,299
Issuers having securities temporarily exempted from registration.....	35	42
Issuers having securities listed on exempted exchanges.....	108	147
Issuers having securities admitted to unlisted trading privileges on national exchanges.....	427	1,002
Issuers having securities admitted to unlisted trading privileges on exempted exchanges.....	44	64
Total Issuers.....	2,913	-----

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 13.--Number of issuers having stocks only, bonds only, and both stocks and bonds, admitted to dealings on all exchanges as of June 30, 1942

Classification	Number of Issuers	% of Total Issuers
1. Issuers having only stocks admitted to trading on exchanges.....	2,172	74.56
2. Issuers having only bonds admitted to trading on exchanges.....	414	14.21
3. Issuers having both stocks and bonds admitted to trading on exchanges.....	327	11.23
Total Issuers.....	2,913	100.00
4. Issuers having stocks admitted to trading on exchanges (Classification 1 plus 3).....	2,499	86.79
5. Issuers having bonds admitted to trading on exchanges (Classification 2 plus 3).....	741	25.44

Table 14.--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, 1942

Name of Exchange	Total Issuers	Total Issues	S T O C K S						Percentage traded on 1 or more other exchanges	B O N D S						Percentage traded on 1 or more other exchanges
			R	X	U	XL	XU	Total		R	X	U	XL	XU	Total	
Baltimore.....	69	103	44	4	23	71	50.7	23	...	9	32	46.9
Boston.....	345	438	153	...	214	367	80.7	71	71	64.8
Chicago Board of Trade...	36	40	34	...	5	39	51.5	1	1	00.0
Chicago Stock Exchange...	275	364	301	18	20	334	61.1	19	11	30	40.0
Cincinnati.....	67	102	88	1	6	95	25.3	6	1	7	85.7
Cleveland.....	85	100	81	...	18	99	52.5	1	1	00.0
Colorado Springs 1/.....	14	15	15	...	15	26.7	0	00.0
Detroit.....	158	168	109	1	58	168	75.5	0	00.0
Honolulu 1/.....	96	121	58	52	110	23.6	7	4	11	00.0	
Los Angeles.....	179	213	130	1	69	200	80.5	15	13	84.6
Minneapolis-St. Paul 1/...	16	20	18	2	20	65.0	0	00.0
New Orleans.....	14	30	1	...	16	17	17.8	10	...	3	13	50.8
New York Curb.....	919	1,248	465	...	538	1,003	25.5	52	...	213	245	9.0
New York Stock.....	1202	2,430	1,255	1	1,254	51.2	1,158	18	1,176	12.2
Philadelphia.....	429	535	66	1	391	458	95.2	76	1	77	70.1
Pittsburgh.....	107	124	60	2	60	122	72.1	2	2	00.0
Richmond 1/.....	26	35	34	...	34	14.7	1	1	00.0
St. Louis.....	51	89	75	75	22.7	14	14	71.4
Salt Lake.....	98	98	92	...	6	98	9.2	0	00.0
San Francisco Mining....	50	50	50	50	12.0	0	00.0
San Francisco Stock.....	287	354	167	4	161	332	68.4	21	...	1	22	90.9
Seattle 1/.....	34	36	19	16	35	60.0	1	1	00.0
Spokane.....	30	32	21	...	11	32	53.1	0	00.0
Washington, D. C.....	33	52	29	12	41	9.8	11	11	27.5
Wheeling 1/.....	23	27	22	5	27	37.0	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 15.—Disposition, from May 27, 1936 (date on which Section 12 (f) of the Act was amended) to June 30, 1942, 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	Pending	Withdrew	Granted	Denied	Withdrawn
Baltimore Stock	1	0	0	6(b)	0	0	1	0	0	0	0
Boston Stock	56	18	15(a)	0	13	2	0	0	0	0	0
Chicago Stock	20	20	0	0	0	0	0	0	0	0	0
Cincinnati Stock	7	6	0	0	0	0	0	0	0	0	0
Cleveland Stock	18	18	0	0	0	0	0	0	0	0	0
Detroit Stock	47	43	0	0	4	0	0	0	0	0	0
Los Angeles Stock	54	24	0	0	4	0	3	2	5	0	0
New York Curb	7	3	0	0	0	0	4	0	2	0	0
Philadelphia Stock	58	36	4(d)	3(b)	10	0	5	0	0	0	0
Pittsburgh Stock	78	37	8(e)	0	32	0	1	0	6	0	4
San Francisco Stock (E)	39	24	0	0	15	0	0	0	0	0	0
	385	229	27	9	79	2	11	28	11	3	2

(a) Two of these issues were subsequently removed. Six of the remaining thirteen issues were granted round lot trading privileges on July 17, 1939.

(b) Odd-lot trading privileges were previously granted to these issues.

(c) One of these issues was subsequently removed.

(d) Three of these issues were granted round-lot trading privileges on September 7, 1939.

(e) Four of these issues were subsequently removed.

(f) Unlisted trading privileges were subsequently granted in this issue.

(g) San Francisco Curb Exchange merged with San Francisco Stock Exchange on April 30, 1938. Seven applications filed by the San Francisco Curb Exchange prior to that date are included herein.

Table 16.—Disposition, from May 27, 1936 (date on which Section 12 (f) of the Act was amended) to June 30, 1942, 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	Pending	Withdrew	Granted	Denied	Withdrawn	
New York Curb	6	5	0	0	0	0	1	0	53	39(h)	6	5

(h) Seven of these issues were subsequently removed.

Table 17.—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, 1942—Distribution of debtors by type of industry

Industry	Number of debtors		Total assets		Total indebtedness	
	Princi- pal	Subsidi- ary	Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Agriculture	1	7	1,100	0.1	100	(1) 7.7
Mining and other extractive	10	7	125,796	7.2	85,623	11.6
Manufacturing	19	1	173,526	9.9	129,119	6.0
Financial and investment	10	1	105,308	6.0	67,542	0.7
Merchandising	3	1	9,635	0.5	7,783	22.4
Real estate	52	3	230,249	13.1	250,091	1.2
Construction	2	1	28,377	1.6	13,851	0.2
Transportation and communication	3	3	40,052	2.3	44,520	0.0
Service	4	6	4,414	0.3	1,982	0.2
Electric light, power and gas	10	8	(2) 1,034,849	59.0	(2) 516,239	46.2
Grand total	114	23	1,733,306	100.0	1,116,670	100.0

1/ Less than 0.05 percent.
 2/ Approximately \$84,000,000 of assets and \$400,000,000 of indebtedness were accounted for by 2 large utility companies, one a subsidiary of the other.

Table 18.—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, 1942—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	3	4	249	(1) 0.2
100,000 - 249,999	13	1	2,574	0.6
250,000 - 400,999	12	6	7,244	1.2
500,000 - 999,999	15	3	13,291	2.6
1,000,000 - 1,999,999	17	3	28,468	3.6
2,000,000 - 4,994,999	14	2	40,255	12.4
5,000,000 - 9,999,999	26	1	138,295	15.5
10,000,000 - 20,999,999	9	1	173,143	8.5
25,000,000 - 49,999,999	2	1	94,881	55.4
50,000,000 and over	3	2	(2) 618,310	
Grand total	114	23	1,116,670	100.0

1/ Less than 0.05 percent.

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

TABLE 29.—Number of applications and declarations received and disposed of during the fiscal year ended June 30, 1942 under the Public Utility Holding Company Act of 1935

Section and description	Period	Number filed	Number Approved	Number withdrawn or dismissed	Number denied	Number pending at close of fiscal year
Section 11(6) Plans for the simplification of registered holding companies or subsidiaries thereof	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	37 66	14 22	8 11	1 2	14 31
Sections 11(7), 11(e) and 12(e) Reorganisation and Simplification	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	69 18 87	24 15 39	21 2 23	5 0 5	19 20
Section 12(b) and Rule U-45 Loans, extensions of credit, donations and capital contributions to associate companies	Pending June 30, 1941 July 1, 1941 to June 30, 1942 Total	57 57	46 48	2 2	2 2	14 19
Section 12(c) and Rule U-46 Loans, extensions of credit, donations and capital contributions to associate companies	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	56 33 89	40 25 65	1 1 2	5 0 5	10 17
Section 12(c) and Rule U-42 Loans, extensions of credit, donations and capital contributions to associate companies	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	220 139 359	154 109 263	21 9 30	3 3 6	42 60
Sections 2 and 3 Exemption from provisions of the act	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	523* 12* 535*	137 8 145	297 9 366	33 7 40	56 43
Section 10 Acquisition of securities or other assets	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	484 201 685	317** 153** 480**	61 16 82	11 2 12	92 111
Sections 12(f), 12(g) and Rules U-43, U-44 Sale of securities and utility assets	To June 30, 1941 July 1, 1941 to June 30, 1942 Total	333 272 605	218 210 426	37 12 149	7 4 11	71 117

* Number filed or reopened.

** Number approved or exempted by rule.

TABLE 20.—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, 1941	Total cases pending as of June 30, 1941	Total cases instituted during fiscal year ended June 30, 1942	Total cases pending during fiscal year ended June 30, 1942	Total cases instituted prior to July 1, 1941	Total cases closed during fiscal year ended June 30, 1942	Total cases closed prior to July 1, 1942	Total cases pending as of June 30, 1942
	Total cases instituted prior to July 1, 1941	Total cases instituted during fiscal year ended June 30, 1942	Total cases instituted prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942
Actions by Commission to enjoin violations of Securities Act, Securities Exchange Act, and Public Utility Holding Company Act	366	8 ^a	31	39 ^a	397	358 ^a	29	387
Actions by Commission involving the enforcement of subpoenas issued pursuant to Securities Act and Securities Exchange Act	33	1	1	2	34	32	2	34
Miscellaneous proceedings brought by Commission	5	1	4	5	9	4	4	8
Total	404	10	36	46	440	394	35	429

^a/ Adjusted figure.

TABLE 21.—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, 1941	Total cases pending as of June 30, 1941	Total cases instituted during fiscal year ended June 30, 1942	Total cases instituted prior to July 1, 1942	Total cases closed prior to July 1, 1941	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases pending as of June 30, 1942
	Total cases instituted prior to July 1, 1941	Total cases instituted during fiscal year ended June 30, 1942	Total cases instituted prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942	Total cases closed prior to July 1, 1942
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	65	- 1 ^a	2	3	67	64 ^a	1	65
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission	7	0	0	0	7	7	0	7
Petitions for review of Commission's orders by Circuit Court of Appeals (or Court of Appeals for District of Columbia) under the Securities Act, Securities Exchange Act, and Public Utility Holding Company Act	58	8	12	20	70	50	4	54
Miscellaneous actions against Commission or officers of Commission	6	3	1	4	7	3	1	4
Total	136	12	15	27	151	124	6	130

^a/ Adjusted figure.

Table 22.—Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1942.

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Bailey, E. R., et al.	8	Southern District of Florida	Sept. 8, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) and (3) of 1933 Act	This case consolidated with case of Walter K. Earl, et al. Permanent injunction pursuant to stipulation restraining violations of secs. 5 (a) (1) and (2) of '33 Act and dismissing without prejudice counts one and two of complaint charging violations of secs. 17 (a) (2) and (3) of '33 Act entered by consent against all defendants on Jan. 26, 1942. Permanent injunction by consent Sept. 8, 1941. Permanent injunction by consent as to both defendants Oct. 11, 1941.
Boyce, Aubrey	1	Northern District of Illinois	Aug. 12, 1941	Sec. 17 (a) (2) of 1933 Act	Commission's action for judgment on the pleading denied and defendant's motion to dismiss granted on Aug. 26, 1940. On June 6, 1941, Circuit Court of Appeals for the Second Circuit reversed judgment of district court, holding that defendant had violated Sec. 6 (a) of 1933 Act. On July 16, 1941, order entered staying mandate of Circuit Court of Appeals to Aug. 8, 1941. Defendant's petition for writ of certiorari filed Aug. 8, 1941, denied by U. S. Supreme Court Oct. 18, 1941.
The Burtsite Corporation, et al.	2	Northern District of Texas	Oct. 11, 1941	Secs. 5 (a) (1) and (2) or 1933 Act	Permanent injunction by consent July 22, 1941.
Chinese Consolidated Benevolent Association, Inc.	1	Southern District of New York	June 12, 1940	Secs. 5 (a) (1) and (2) of 1933 Act	Permanent injunction by consent as to all defendants entered Sept. 15, 1941, enjoining violations of Secs. 17 (a) (2) and (3) of '33 Act; and enjoining Continental Finance Corporation from violating Sec. 16 (c) of '34 Act.
Collier, Cornelius E.	1	Western District of Washington	July 21, 1941	Secs. 5 (a) (1) and (2) of 1933 Act	Permanent injunction by consent July 22, 1941.
Continental Finance Corporation, et al.	6	Eastern District of Michigan	July 16, 1941	Secs. 17 (a) (1) and (2) of 1933 Act, and 16 (c) of 1934 Act.	Permanent injunction by consent as to all defendants entered Sept. 15, 1941, enjoining violations of Secs. 17 (a) (2) and (3) of '33 Act; and enjoining Continental Finance Corporation from violating Sec. 16 (c) of '34 Act.
Dickey, Robert C., et al.	2	Western District of Louisiana	July 23, 1941	Sec. 17 (a) (2) of 1933 Act	Permanent injunction by consent based on stipulation Aug. 9, 1941, as to both defendants.
Dyer, F. W., Earl, Walter K., et al.	1	District of Colorado	Dec. 26, 1941	Sec. 208 (1) (2) of 1940 Act Secs. 5 (a) (1) and (2) and 17 (a) (2) and (3) of 1933 Act.	Permanent injunction by consent Jan. 3, 1942.
	4	Southern District of Florida	Sept. 8, 1941		This case consolidated with the case of E. R. Bailey, et al. Permanent injunction pursuant to stipulation restraining violations of secs. 5 (a) (1) and (2) of '33 Act and dismissing without prejudice counts one and two of complaint charging violations of secs. 17 (a) (2) and (3) of '33 Act entered by consent against all defendants on Jan. 26, 1942.

Table 22.--Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Act of 1935 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1942--Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Ely Gold and Manganese Company, et al. Ferguson (Julian H.) Inc., et al.	2	District of Nevada Eastern District of Pennsylvania	Nov. 1, 1941 Jan. 27, 1942	Secs. 6 (a) (1) and (2) and 17 (a) (2) of 1933 Act. Secs. 5 (a) and (b) and 17 (a) of 1933 Act.	Permanent injunction by consent as to both defendants Nov. 14, 1941. Permanent injunction by consent Jan. 27, 1942, against all defendants except J. H. Ferguson. Pending as to him.
Fitzsimons Mining Company, et al. Funk, S. W., et al.	3	Western District of Washington Southern District of California	July 16, 1941 Sept. 12, 1941	Secs. 5 (a) (1) and (2) of 1933 Act Secs. 5 (a) (1) and (2) of 1933 Act	Permanent injunction by consent as to all defendants July 17, 1941.
Globe Securities Company, Ltd., et al. Hartmann, Inc., et al.	2	Western District of Oklahoma Northern District of West Virginia	May 26, 1942 Aug. 20, 1941	Secs. 17 (a) (3) of 1933 Act and 15 (a) and 15 (c) (1) of 1934 Act Secs. 17 (a) (3) of 1933 Act and 16 (a) (1) of 1934 Act	Permanent injunction by consent as to both defendants Sept. 12, 1941. Permanent injunction by consent as to both defendants from violating sec. 17 (a) (3) or '33 Act and 16 (a) (1) of '34 Act and the hypothecation rules promulgated under secs. 8 (c) and 15 (c) of '34 Act-Aug. 21, 1941.
Heath, Frank	1	District of Massachusetts	Feb. 11, 1942	Secs. 5 (a) (1) and (2) of 1933 Act	Permanent injunction by consent Feb. 11, 1942.
Joiner, (C. M.) Leasing Corporation, et al.	5	Northern District of Texas	Feb. 16, 1942	Secs. 6 (a) (1) and (2) and 17 (a) (2) and (3) of 1933 Act.	Permanent injunction by consent as to John F. Johnson Mar. 16, 1942. Complaint for injunction denied June 2, 1942, as to C. M. Joiner Leasing Corporation and C. M. Joiner. Notice of appeal filed.
Kimbball, Ware and Company, et al. Lackman, Jesse	3	District of Maine Western District of Washington	May 6, 1942 Dec. 16, 1941	Secs. 17 (a) (3) of 1933 Act and 16 (a) (1) of 1934 Act Secs. 6 (b) (1) and (2) and 17 (a) (2) of 1933 Act	Permanent injunction by consent as to all defendants May 11, 1942. Permanent injunction by consent Dec. 17, 1941.
Lauer, Albert, et al.	7	Northern District of Illinois	June 24, 1941	Secs. 16 (a) and (e) of 1934 Act.	Permanent injunction by consents of July 3, 1941, and July 14, 1942, as to 6 defendants. Order of Mar. 26, 1942, dismissed complaint as to Waller for want of equity nullifying preliminary injunction as to him.
Lost Wheelbarrow Mining Company, et al. Meagher, George E., et al. (George Washington Memorial Park Cemetery Association) Mesi, W. W., Jr., et al.	5	Western District of Washington District of New Jersey	July 16, 1941 Mar. 16, 1942	Secs. 5 (a) (1) and (2) of 1933 Act Sec. 6 (a) of 1933 Act	Permanent injunction by consent as to all defendants July 17, 1941. Permanent injunction by consent entered as to eight defendants Apr. 8, 1942. Pending as to Cemetery Sales, Inc.
Monjar, Hugh B., et al.	6	Western District of Michigan	June 2, 1941	Secs. 6 (a) (1) and (2) of 1933 Act.	Permanent injunction by consent, based on stipulation, entered Dec. 20, 1941, as to both defendants.
Nature Food Centers, Inc., et al.	3	District of Massachusetts	Feb. 27, 1942	Secs. 6 (a) of 1933 Act.	Bill of particulars filed Apr. 2, 1942. Joint answer of defendants denying allegations and asking that complaint be dismissed filed Apr. 11, 1942.
			May 27, 1942	Secs. 6 (a) and 17 (a) of 1933 Act.	Preliminary injunction granted as to all defendants. Hearing on merits set for Sept. 16, 1942.

Table 22.--Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1942--Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Parker Methods, Inc., 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.	Final judgment entered Dec. 6, 1941, enjoining violations of Secs. 5 (a) (1) (2) and 17 (a) (1), (2) and (3) of 1935 Act as to Colorado River Magnetic Black Sand Company and Darrell C. Walters; and, enjoining violations of Sec. 17 (a) (1), (2) and (3) of 1935 Act as to ten remaining defendants except Joseph E. Parker who is to be tried on merits.
Pounderter Oil Company, Inc., et al.	2	Eastern District of Oklahoma	Mar. 25, 1942	Sec. 17 (a) of 1933 Act	Permanent injunction by consent as to both defendants March 25, 1942.
Ryan-Florida Corporation, et al.	2	Southern District of Florida	May 5, 1938	Sec. 16 (a) of 1934 Act.	Order entered on Dec. 9, 1941, dismissing action without prejudice. (Ryan was convicted in criminal case and sentenced on charges of violating Sec. 17 (a) (1) of 1935 Act, mail fraud and conspiracy.) Permanent injunction by consent Nov. 19, 1941.
Seybold & Seybolt, Inc.	1	District of Massachusetts	Nov. 19, 1941	Sec. 16 (o) (1) of 1934 Act	Permanent injunction by default against W. Vernon Archer and Southeastern Ohio Oil and Gas Company Feb. 15, 1942. Permanent injunction based on stipulation of Dec. 18, 1941, entered against Charles Reese Wards on Feb. 15, 1942.
Southeastern Ohio Oil and Gas Company, et al.	3	Southern District of Ohio	Nov. 7, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (2) and (3) of 1933 Act.	Pending.
Southwest Reserve Mutual Life Insurance Company, et al.	12	Eastern District of Texas	May 6, 1942	Sec. 17 (a) of 1935 Act.	Permanent injunction by consent Oct. 7, 1941.
Taylor, Melvin J.	1	District of Massachusetts	Oct. 7, 1941	Secs. 5 (a) (1) and (2) of 1935 Act and 16 (a) of 1934 Act.	Permanent injunction by consent based on stipulation as to both defendants Nov. 15, 1941.
Terry Oil Company, Inc., et al.	2	Northern District of Texas	Nov. 10, 1941	Secs. 5 (a) (1) and (2) of 1935 Act.	Trial of case completed July 17, 1940. District Court found violations of Secs. 17 (a) (1) and (2) of the 1935 Act by all defendants. Judgment for permanent injunction so entered Jan. 17, 1941. Appeal taken to the Circuit Court of Appeals for the Ninth Circuit. Argument on appeal was held June 11, 1942.
Timetrust, Incorporated, et al.	8	Northern District of California	Apr. 5, 1939	Secs. 17 (a) (1) and (2) of 1935 Act.	Permanent injunction by consent May 8, 1941, as to Universal Aircraft Corporation, Pending as to R. H. Goedzin, and Frederic Vincent.
Universal Aircraft Corporation, et al.	4	Western District of Washington	May 1, 1941	Secs. 5 (a) (1) and (2) of 1935 Act.	John A. Kutz, and Frederic Vincent. Permanent injunction by consent based on stipulation May 25, 1942.
Utah Power and Light Company	1	District of Utah	May 14, 1942	Sec. 12 (h) of 1935 Act	Stipulation filed May 22, 1942, disassociating action without prejudice; respondents having agreed before the Court not to engage in activities violative of the Act and having subsequently conformed to registration regulations.
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 1935 Act.	

Table 22.--Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1942--Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violation(s)	Status of case
Wright, John, et al. (Montana Development Company) Wyatt, Arthur H.	4	District of Montana Southern District of Indiana Western District of Texas	Dec. 6, 1941 Dec. 9, 1941 July 31, 1941	Sec. 5 (a) (1) and (2) of 1933 Act Sec. 17 (a) (2) and (3) of 1933 Act and 16 (b) (1) of 1934 Act Sec. 17 (a) (3) of 1933 Act and 8 (b) of 1934 Act	Pending. Permanent injunction by consent Dec. 16, 1941. Permanent injunction by consent as to both defendants July 31, 1941.
Watt, John M., et al.	1				
	2				

Table 23.—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, 1942.

Name of case	1	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Frederick E. Bachmeier, et al. (The Sentenial Corporation)	6	Southern District of Ohio	Feb. 2, 1942	Sec. 17 (a) of 1933 Act, Sec. 338, Title 18, U. S. C.	Bachmeier pleaded guilty on Apr. 28, 1942. After trial, other defendants were found guilty as to certain counts. Sentences were imposed as follows: Scheitahl, Mallison and May each to serve a total imprisonment of 5 years with probation for 5 years; Ascher, 3 years' imprisonment, probation for 5 years; Woolums, 18 months' imprisonment, probation for 5 years. Bachmeier died before sentence was imposed. The remaining defendants have filed notices of appeal.	
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. Walter C. Baskette, et al. (Calione 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.	On May 19, 1942, the Circuit Court of Appeals for the Ninth Circuit affirmed the judgment of the district court as to Dent, Standish and Atherton who had been sentenced to serve a total imprisonment of 4 years, 2 years and 2 years, respectively. On June 29, 1942, orders were entered suspending sentences imposed on these appellants and placing them on probation for 5 years each, condition of probation being that they refrain from engaging in the sale of real estate or securities of any type. The indictment was nolle prossed as to the corporate defendant. Trial opened June 23, 1941. On July 8, 1941, jury returned verdict of guilty as to Bauersfeld and Aus, and they were sentenced to imprisonment of 3 years each. Motion for a new trial on behalf of Bauersfeld was overruled July 8, 1941. Defendants apprehended. Pending.	
U. S. v. Bauersfeld and Aus, 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.		
U. S. v. Charles Beaton, et al.	2	District of Massachusetts	Oct. 16, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C.; and conspiracy to violate these statutes.		
U. S. v. Charles R. Beall, et al. (Carolina Industrial Securities Corporation)	4	Eastern District of South Carolina	Mar. 17, 1942	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Pending.	
U. S. v. Harris O. Bedford, et al. (Bedford & Company)	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 Sec. 338, Title 18, U. S. C.	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. Indictment dismissed June 30, 1942, as to Lamar on motion of U. S. Attorney.	

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

Table 23.—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, 1942—continued

Number of case	Name of case	Number of de- fendants	United States District Court	Indictment returned	Charges	Status of case
1	U. S. v. Morris Berman (Warren Group #1)	1	Eastern District of Pennsylvania	Sept. 11, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C.; and conspiracy to violate these statutes. Sec. 338, Title 18, U. S. C.	On Dec. 9, 1941, Berman was sentenced, upon his plea of guilty, to 1 year and 1 day, sentence suspended and defendant placed on 2 years' probation. Blessing pleaded guilty Apr. 7, 1941; sentenced to 2 years' imprisonment and Walker has been apprehended and pleaded not guilty. Read has not been appre- hended. Pending. Boland is deceased. Pending.
2	U. S. v. E. Lacy Blessing, et al. (Allitross Gold Mines, Inc.)	3	Western District of New York	Nov. 2, 1940	Secs. 5 (a) (1) and (2) and 17 (a) (1) and (2) of 1933 Act, and conspiracy to violate these statutes. Sec. 338, Title 18, U. S. C. Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	All of the defendants have been appre- hended. Trial to be held Nov. 2, 1942.
3	U. S. v. James J. Boland, et al.	2	Western District of New York	Dec. 15, 1939	Secs. 5 (a) (1) and (2) and 17 (a) (1) and (2) of 1933 Act, and conspiracy to violate these statutes. Sec. 338, Title 18, U. S. C. Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Pending.
4	U. S. v. Ray O. Braden, et al. (Braden, Figgott and Company)	2	Northern District of West Virginia	do	Sec. 17 (a) (1) and (2) and Sec. 338, Title 18, U. S. C.	Upon their pleas of no contest, the court adjudged both defendants guilty on Oct. 13, 1941. Each defendant was sentenced to serve 5 years' imprison- ment.
5	U. S. v. Edmund B. Bronson, et al. (Bagdad Copper Corporation)	6	Southern District of New York	Mar. 8, 1939	Sec. 17 (a) (1) and (2) and Sec. 338, Title 18, U. S. C.; Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes. Sec. 17 (a) (1) or 1933 Act, Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	Order entered Jan. 26, 1942, granting motion of all defendants for a directed verdict of acquittal. Carpenter pleaded guilty to all counts of first indictment on Mar. 6, 1942. Sentence postponed indefinitely. Other 3 defendants found not guilty after trial. Case pending as to second indictment.
6	U. S. v. R. Bruce Brongh, et al. (Tex-La Pecan Orchards)	2	Western District of Oklahoma	July 8, 1941	Sec. 17 (a) (1) or 1933 Act, Sec. 338, Title 18, U. S. C.	
7	U. S. v. Emilie J. Burel, et al. (Burel & Company)	10	Northern District of Illinois	Aug. 29, 1941	Sec. 17 (a) (1) or 1933 Act, Sec. 338, Title 18, U. S. C.	
8	U. S. v. Archie H. Carpenter, et al.	4	Southern District of New York	Mar. 6, 1942	Sec. 17 (a) (1) or 1933 Act, Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	
9	U. S. v. Paul F. Cassidy, et al. (Oracelawn Corporation)	5	do	Apr. 6, 1942	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.	Defendants were sentenced, on their pleas of guilty, as follows: Cassidy, 1 year and 1 day; MacKnight, 7 months; Conway, 1 year in jail, execution of sentence suspended and Conway placed on probation for 3 years on condition that he make restitution.
10	do	3	District of Maine	Sept. 17, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	

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

Table 23.—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, 1942.—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Central Securities Corporation, et al.	4	Northern District of Indiana	Nov. 8, 1940	Conspiracy to violate Sec. 15 (a) (1) or 1934 Act.	On Jan. 12, 1942, all the defendants were found guilty upon their pleas of nolo contendere. Sentences were imposed as follows: All defendants, except Central Securities Corporation, 2 years; imprisonment each, exemption of sentence suspended and defendants placed on probation for 4 years. Fines were imposed as follows: Rail, \$200; Dickmeyer, Conter and Central Securities Corporation, \$5,000 each and one-third of costs.
U. S. v. James H. Collins, et al. (Union Associated Mines Company)	5	Southern District of California	Feb. 4, 1942	See. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	Pending.
U. S. v. William R. Corey, et al.	2	District of Rhode Island	Sept. 19, 1941	See. 17 (a) (1) and (2) of 1933 Act and conspiracy to violate this statute.	Defendants apprehended. Pending as both indictments.
U. S. v. Jacob Morris Danziger, et al. (Prindid International Petroleum, Ltd.)	2	do	do	Sec. 338, Title 18, U. S. C. and conspiracy to violate this statute.	Two defendants apprehended. Pending.
U. S. v. Morris Davidson, et al. (Mekan Company)	6	Southern District of California	Dec. 30, 1941	Sec. 17 (a) (1) and 5 (a) (2) of 1933 Act, Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	On Mar. 16, 1942, Davidson was found guilty and was sentenced to serve 2 years' imprisonment. Case pending as to Melnhulch.
U. S. v. Franklin Davis, et al. (Universal Service Association, Inc. and Universal Order of Pioncots)	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.	After trial, the following defendants were found guilty and sentenced as follows: C. Franklin Davis, 1 year and 1 day; Claude H. Carter, probation for 3 years; Fred E. Bennett, 2 years; and Charles E. Oldenburgh, 1 year and 1 day. Durfee Chanceller was found not guilty. Indictment was dismissed as to Danner, deceased.
U. S. v. Hubert G. Dickey	1	Western District of Louisiana	Feb. 17, 1942	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	On June 16, 1942, Dickey pleaded guilty and was sentenced to serve 3 years.
U. S. v. Amos Downs, et al. (Burboldt Consolidated Mining Company)	3	Colorado	Sept. 23, 1940	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	After trial, the defendants were all found guilty and sentenced as follows: Amos Downs, 2 years; J. R. Heard, 1 year, which sentence was subsequently changed to 2 years' probation and \$2,500 fine; G. A. Hawley, 18 months. Pending appeal.

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Table 23.—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, 1942—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Hiram R. Edwards, et al. (Edwards Petroleum Company)	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 after plea of nolo contendere and sentenced to 3 years' imprisonment. On appeal, judgment was affirmed. The U. S. Supreme Court, on a writ of certiorari, remanded case to district court. Edwards was subsequently found guilty and sentenced for 5 years. Appeal pending. Indictment as to Bangor dismissed on motion of U. S. Attorney. Pending.
U. S. v. Irving Feinberg, et al. (American Beverage Corporation—G. H. Graves & Sons Company)	4	Eastern District of New York	Nov. 19, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Five defendants apprehended. Carmi A. Thompson deceased June 22, 1942. Pending.
U. S. v. Fidelity Investment Association, et al.	18	Eastern District of Michigan	Dec. 1, 1941	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, 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 \$1.00 on each of 19 counts. On Dec. 1, 1941, the Circuit Court of Appeals for the Second Circuit affirmed judgment as to Medford H. White. Trial opened June 9, 1941. Gantz was found guilty and sentenced to 4 years' imprisonment. On appeal, judgment affirmed April 28, 1942. Gantz has filed petition for writ of certiorari.
U. S. v. Leo E. Gaffney, et al. (Bankers Industrial Services, Inc.)	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.	After trial, Gates and Rice found guilty as to certain counts. Manning and Taylor pleaded nolo contendere to the conspiracy count, and Carpenter, Givens and Hallam pleaded guilty to the same count. Sentences ranged from a probationary sentence to 8 years' imprisonment and \$2,300 fine. Indictment dismissed as to Earl. Convictions of Gates and Rice affirmed on appeal. U. S. Supreme Court denied writ of certiorari filed on behalf of Gates.
U. S. v. Gordon A. Gantz (G. A. Gantz and Company)	1	Eastern District of Missouri	Jan. 17, 1941	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	
U. S. v. Eugene S. Gates, et al. (International White Cement Company)	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.	

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Table 23.—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, 1942—Continued

1 Name of case	Number of de- fendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Louis C. George, et al. (Automatic Products Corporation)	3	Southern District of New York	Apr. 30, 1940	Secs. 9 (e) (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 and sentenced to 18 months, execution suspended; 2 years probation at expiration of 6 year term being served by him in R. E. Buckman case. Kirby apprehended. Case pending.
U. S. v. Mark L. Gilbert, et al.	4	Southern District of Ohio	Apr. 8, 1942	Secs. 5 (a) and 17 (a) (1) of 1933 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. Secs. 17 (a) (1) and (2) of 1933 Act; Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Beck and Slater pleaded guilty and were sentenced to imprisonment for 2 years and 1 year and 1 day, respectively. West pleaded guilty and was sentenced to serve 2 years, execution of sentence suspended. Trial of Gilbert pending. McDongall, Mikans and Gilbert pleaded guilty. After trial, Schweizer acquitted. Sentences ranged from 5 years' probation to 5½ years' imprisonment. Robinson and Gomes were sentenced July 14, 1941, upon their pleas of guilty, to serve 9 months and 15 months, respectively. The 2 remaining defendants have not been apprehended.
U. S. v. Zelmar A. Gilbert, et al. (Mayfair Potteries Ltd.)	5	Northern District of New York	Nov. 20, 1940	Secs. 5 (a) (1) and 17 (a) (1) 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. On Aug. 19, 1942, indictment dismissed on motion of U. S. Attorney as to 5 remaining defendants.
U. S. v. Hector Gomes, et al. (Kinas 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.	After trial, Wallace Groves was found guilty, sentenced to 2 years' imprisonment and fined \$22,000. George Groves was found guilty, sentenced to 6 months and fined \$22,000. On appeal, the conviction of Wallace Groves was affirmed and a new trial ordered for George Groves. The Delaware Trading Company, Exwar Corporation, Limited, and North American, Limited, were found guilty and each fined \$1,000. Pending.
U. S. v. Ivan E. Goodner, et al. (Pioneer Gold Producers, Inc.)	6	Colorado	Apr. 26, 1940	Secs. 17 (a) (2) and (3) of 1933 Act; Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	
U. S. v. George L. Green, et al.	2	District of Kansas	May 2, 1942	Sec. 17 (a) of 1933 Act and conspiracy to violate this statute.	
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.	See. 17 (a) (2) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.
U. S. v. Edgar G. Hamilton, et al. (Great States Life Company)	2	District of Nevada	Apr. 8, 1942	Sec. 338, Title 18, U. S. C.	On Mar. 12, 1942, Hansberger was found guilty. Imposition of sentence has been deferred indefinitely.
U. S. v. Ernest S. Hansberger	1	Western District of Oklahoma	July 8, 1941		

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Table 23.—Indictments returned for violation of the acts administered by the Commission, the mail fraud statute (sec. 398, 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, 1942—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charge	Status of case
U. S. v. C. H. Hargrove, et al. (Teachers' Amity Life Insurance Company)	3	Western District of Texas	May 4, 1942	Secs. 17 (a) (1) and (2) of 1933 Act, Sec. 398, Title 18, U. S. C.; and conspiracy to violate these statutes.	Pending.
U. S. v. William Hart	1	Southern District of California	Nov. 13, 1940	Sec. 17 (a) (1) of 1933 Act, and Sec. 398, Title 18, U. S. C.	Hart pleaded nolo contendere and was sentenced to 10 years' imprisonment, execution of sentence suspended and placed on probation for 10 years, on condition that he refrain from all securities activities for 10 years and that he make restitution.
U. S. v. Floyd E. Harvey, et al. (Commercial Investment Corporation)	6	Southern District of Iowa	Nov. 5, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 398, Title 18, U. S. C.	Harvey pleaded guilty, was sentenced to 5 years' imprisonment and fined \$1,000; Burr and Heidberg pleaded nolo contendere and were sentenced to 1 year and 1 day, and 3 years and \$1,000 fine, respectively. Burr's judgment subsequently modified to \$1,000 fine and costs and 2 years' probation provided fine and costs are paid within 6 months. Carpenter and Reed were acquitted. Jury disagreed as to Horner and retrial ordered.
U. S. v. Marvin D. Hayes, et al. (Benners, Owens and Company)	7	Eastern District of Michigan	Oct. 19, 1936	Secs. 17 (a) (1) and (2) of 1933 Act; Sec. 398, Title 18, U. S. C.; and conspiracy to violate these statutes.	Before trial, Goldman and Hayes pleaded nolo contendere and were sentenced to 15 months' and 18 months' imprisonment, respectively. After trial, Benners, Wiseman and Wood pleaded nolo contendere; Benners was sentenced to 4 years' imprisonment, Wiseman and Wood to 15 months each. Fraino surrendered Jan. 6, 1941, and Brooks is a fugitive in Canada.
U. S. v. Arthur Hays, et al.	2	District of Columbia	Dec. 29, 1939	Sec. 398, Title 18, U. S. C. ²	Pending.
U. S. v. Theodore P. Heider, et al. (American Trust Fund Units, Inc.)	4	Southern District of New York	June 10, 1941	Sec. 24 of 1933 Act and conspiracy to violate this statute.	On July 10, 1941, American Trust Fund Units, Inc. pleaded nolo contendere to both indictments and was placed on probation for a period of 5 years, its executive officers to report to the probation officer during the ensuing 3 year period. Case pending as to Heider, Kane, Auslander and Mourad.
U. S. v. Theodore P. Heider, et al. (Tribemont Siasco Mining, Ltd.)	9	Southern District of New York	June 10, 1941	Sec. 17 (a) (1) of 1933 Act; Sec. 398, Title 18, U. S. C.; and conspiracy to violate Sec. 398, Title 18, U. S. C.	Pending.

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Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
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 Sec. 17 (a) of 1933 Act and Sec. 338, Title 18, U. S. C.	Trial opened Apr. 28, 1942, and on May 20, 1942, defendants were found guilty as to various counts and sentenced as follows: Henderson, 5 years' imprisonment and fined \$6,000; May, 2 years' imprisonment and fined \$1,000; Roberts, 3 years' imprisonment and fined \$1,000. Trial opened Feb. 6, 1941. After trial commenced, Barth, W. H.; Gould, Gross, Hall, Scott, Rose, Reinhardt, Schoffs, and de Villiers pleaded guilty and Harvey pleaded nolo contendere. 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. 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 Nov. 6, 1940. Hopson was found guilty and sentenced to 5 years' imprisonment. Fromback and Travil were acquitted. The indictment was stated as to Burroughs. All defendants were found guilty upon their pleas of nolo contendere and were sentenced as follows: Richardson, 90 days; Hull, 5 months; and Childress, 18 months to commence at the expiration of 2 year sentence now being served by him in the State Penitentiary at Raiford, Florida.
U. S. v. Howard C. Hopson, et al. (Associated Gas and Electric Company)	4	Southern District of New York	May 9, 1940	Sec. 17 (a) of 1933 Act; sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	The corporate defendants, Illinois Iowa Power Co. and Missouri Power & Light Co., entered pleas of guilty on Oct. 22, 1941, and each was fined \$5,000. The indictment was dismissed as to Mortimer, Handley and Hall on Oct. 22, 1941. A. O. Tseng, A. J. Tseng, Jr. and L. McFerther were found guilty after trial. On appeal, convictions were affirmed but cause was remanded to trial court for reexamination of appellants and for disposition on two counts. A. O. Tseng and L. McFerther were resentenced to 5 years in prison; A. O. Tseng, Jr. was placed on 3 years' probation. Remaining counts of indictment dismissed. Indictment was dismissed as to remaining 4 defendants.
U. S. v. R. Key Hull, et al. (Inter-Credit Corporation)	3	Southern District of Florida	May 16, 1941	Sec. 17 (a) of 1933 Act; sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	
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 company's subsidiary) and conspiracy to violate this statute.	
U. S. v. Andrew G. Tseng, et al. (International Mining and Milling Company)	7	Southern District of California	Sept. 29, 1937	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	

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1 Name of case	Number of de- fendants	United States District Court	Indictment returned	Charges	Status of case
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.	Bolden and Kraus pleaded guilty June 1, 1942, and each was sentenced to serve 1 year and 1 day. Execution of sentence suspended. Case is to be nolle prossed as to Janis.
U. S. v. Arnold Joens, et al. (Resources Corporation 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.	Trial opened Jan. 12, 1942. Indictment dismissed as to Horneins, Jennings, and Durland. On Mar. 17, 1942, the jury was discharged, having failed to reach a verdict. Cause set for retrial on Sept. 26, 1942.
U. S. v. A. B. Jones, et al. (Colonial Trading Company)	11	Nevada	July 16, 1935	Sects. 5 (a) and 17 (a) or 1933 Act; Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Indictment was nolle prossed as to Nelson J. Sykes, deceased, and dismissed Sept. 30, 1940, as to 8 defendants. A. B. Jones and M. J. Jones, principal defendants, have not been apprehended. Case pending as to them.
U. S. v. Kalmatsoo Land Company, et al.	6	Southern District of New York	July 7, 1941	Sects. 17 (a) (1) and (2) of 1933 Act, and Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Pending.
U. S. v. Philip J. Kealy, et al. (Camps Gold Mines, Inc.)	7	Northern District of Illinois	Apr. 15, 1940	Sec. 338, Title 18, U. S. C.	I. C. George pleaded guilty and sentenced to 18 months' execution of sentence suspended and placed on probation. Ery Keaya, Standard Commercial Export and Finance Corp., Harry D. Meyer and Harry Rothman pleaded guilty and sentences ranged from suspended sentences with probationary periods to fines. Both indictments were nolle prossed as to Standard Commercial Tobacco Company, Inc.
U. S. v. Ery Keaya, et al. (Standard Commercial Tobacco Company, Inc.)	6	Southern District of New York	Jan. 3, 1940	Sects. 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 Sects. 9 (a) (1) and (2) of 1934 Act and Sec. 338, Title 18, U. S. C.	Each of the indictments were nolle prossed as to various defendants on Nov. 13, 1941, and Jan. 16, 1942.
U. S. v. Philip J. Kealy, et al. (Camps Gold Mines, Inc.)	6	Southern District of New York	Feb. 23, 1940	Sects. 17 (a) (1) and (2) of 1933 Act; Sec. 338, Title 18, U. S. C., and conspiracy to violate Sects. 17 (a) (1) and (2) of 1933 Act; Sects. 9 (a) (1) and (2) of 1934 Act, and Sec. 338, Title 18, U. S. C.	All defendants have been apprehended except R. H. Bressman. Pending.
U. S. v. Edgar T. Konsberg, et al.	4	Northern District of Illinois	May 1, 1941	Sec. 17 (a) (1) of 1933 Act; Sec. 3 (b) of 1934 Act; Sec. 338, Title 18, U. S. C., and conspiracy to violate Sect. 17 (a) of 1933 Act and Sec. 338, Title 18, U. S. C.	

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Name of case 1	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Kopald-Quim 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 these statutes.	Trial on second indictment opened Apr. 19, 1937. Gould and Company, Kopald-Quim and Company, Joseph R. Mendelsohn, Floebaum, Joseph N. Sherman and Suttermann were found guilty. On appeal, judgments affirmed except as to Gould and Company and Ricebaum, which reversed as to one count. Petition for certiorari denied May 15, 1939. Indictment nolle prossed as to two defendants, after mistrial. Four defendants were acquitted, directed verdicts of not guilty were entered as to 9 defendants; Belmont, Mendelsohn and Trause pleaded guilty prior to trial. Sentences ranged from a suspended sentence to 5 years' imprisonment. Kopald-Quim and Company was fined \$55,000; Gould and Company \$10,000. The first indictment was nolle prossed as to all defendants on Oct. 7, 1940, and the second as to 4 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 Norek.
	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.	Fred H. Koff apprehended Feb. 26, 1942. Furnished \$2,000 bond. Trial pending.
	1	Northern District of Georgia	Jan. 12, 1938	Sec. 338, Title 18, U. S. C.	Krog pleaded guilty and was sentenced to serve 6 months' imprisonment on the first count and 18 months' imprisonment on remaining 7 counts, execution of sentence on 7 counts suspended and defendant placed on probation for 3 years.
U. S. v. Fred H. Koff, et al.	2	Southern District of New York	Aug. 3, 1939	Sec. 338, Title 18, U. S. C.	Lane sentenced to 3 years' imprisonment on all counts of the indictment.
U. S. v. Carl E. Krog (Investment Securities Company)	1	Northern District of Texas	Nov. 10, 1941	Sec. 338, Title 18, U. S. C.	Levey sentenced to 3 years' imprisonment upon plea of guilty. Harry A. Ross was convicted and sentenced to 15 months; Burke, Kamerman, Sargent and Wise were acquitted; indictment dismissed as to Conley, Ross and Barnett. Friedlander pleaded guilty to eleven counts and was sentenced to a term of two years on each count; execution of sentence suspended on condition that defendant shall not engage for period of 5 years in the sale of securities.
U. S. v. LeRoy Lane (Lane, Roswell and Company)	1	District of Maryland	Mar. 24, 1942	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	
U. S. v. William D. Levey, et al. (Fiscal Securities Company)	10	Eastern District of Washington	June 25, 1937	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.	

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Table 23.—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, 1942—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
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. Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute. Sec. 17 (a) (1) of 1933 Act and Sec. 338, Title 18, U. S. C.	All defendants have been arraigned. Trial pending.
U. S. v. Harry Low, et al. (Trenton Valley Distillers Corporation)	7	do	do	Sec. 17 (a) (1) of 1933 Act and conspiracy to violate this statute. Sec. 338, Title 18, U. S. C.	Low surrendered on Feb. 26, 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. Walter H. Hardie is a fugitive in Canada. Pending.
U. S. v. Joseph Mc Lydon, et al.	2	Eastern District of Michigan	Feb. 3, 1939	Sec. 17 (a) (1) of 1933 Act and conspiracy to violate this statute. Sec. 338, Title 18, U. S. C.	Five defendants have been apprehended. Case awaiting trial.
U. S. v. James R. Macon, et al. (Macon & Company)	6	Massachusetts	Nov. 15, 1939	Secs. 17 (a) (1) and (2) of 1933 Act, and conspiracy to violate this statute. Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute. Sec. 338, Title 18, U. S. C.	Pending.
U. S. v. R. A. McArthur U. S. v. Russell W. McDermott	6	do	Aug. 20, 1941	Secs. 17 (a) (1) and (2) of 1933 Act, 7 (c) of 1934 Act, and Sec. 338, Title 18, U. S. C.	Trial began May 14, 1942. On May 22, 1942, defendant found guilty on all counts and was sentenced to serve 5 years imprisonment. Appeal filed. After trial, Schlesinger was acquitted and Macon was found guilty, sentenced to 3 years imprisonment and fined \$2,500.
U. S. v. Kenneth B. Martin, (Memorial Estates)	1	Western District of Arkansas Southern District of Indiana	Mar. 25, 1942	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Appeal taken. Appellant's and Government's briefs filed. Pending.
U. S. v. James R. Macon, et al. (Macon & Company)	2	Northern District of Ohio	Feb. 2, 1940	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Mallen has been apprehended. Case set for trial Sept. 21, 1942.
U. S. v. Harry J. Mallen (Santa Cruz Mining Company) U. S. v. Kenneth B. Martin, et al. (Memorial Estates)	1	Northern District of Illinois District of Columbia	Mar. 15, 1940 Sept. 16, 1941	Sec. 17 (a) (1) of 1933 Act and Sec. 338, Title 18, U. S. C. Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.; and conspiracy to violate these statutes.	Pleas of guilty were entered by Martin, Simon, Sarshik, Arlen and Moore while Herman pleaded guilty to the conspiracy count only. Sentences ranged from 4 months to 3 years. Martin withdrew his plea of guilty and entered a plea of not guilty on 5-29-42. Layarte failed to appear in Washington, D. C. on Oct. 10, 1941, to answer the indictment. Pending.
U. S. v. Frank Minick, (Continental Securities Company)	2	District of Maryland	Sept. 30, 1941	Sec. 17 (a) (1) of 1933 Act, and conspiracy to violate this statute.	Trial opened Mar. 31, 1942. Lazarus pleaded guilty and was fined \$750. Minick was found guilty and fined \$2,500. On May 1, 1942, each defendant took a pauper's oath before U. S. Commissioner in the Federal District Court at Baltimore and both were released from custody after serving 30 days.

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Table 23.—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, 1942—Continued

Name of case 1	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Norman W. Minuse, et al. (The Mantle Club)	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, pleased guilty, was given a suspended sentence and placed on probation. Minuse and Peltier were found guilty, sentenced to 2 years and fined \$5,000 and to 18 months and \$1,000, respectively. On appeal, the Circuit Court of Appeals for the Second Circuit reversed the judgments of the district court as to these two defendants. Pending. Defendants surrendered May 29, 1942. Demurrer to indictment together with supporting brief filed. Brief in opposition to demurrer filed June 25, 1942. Hearing on demurrer set for July 6, 1942.
U. S. v. Hugh E. Monjar, et al. (The Mantle Club)	5	District of Delaware	May 26, 1942	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	Indictment nolle prossed as to both defendants. (Moore deceased 1-28-42.) Grayson K. Rodgers and Marshall C. Rodgers died during Sept., 1941. Case pending as to Morrow.
U. S. v. William Moore, et al.	2	Western District of Michigan	Nov. 4, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C.	Pending.
U. S. v. Jesse H. Morrow, et al. (G. K. Rodgers)	3	Northern District of New York	June 19, 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.	Demurrer to indictment sustained Oct. 28, 1941, and indictment dismissed. Motion to quash indictment of Dec. 11, 1941, overruled. Trial set for Oct. 19, 1942.
U. S. v. Jennings B. Moss U. S. v. William Mark Muchow (U. S. Chromium, Inc.)	1	District of Colorado	May 27, 1942	Sec. 17 (a) (2) and 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	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.
	1	Northern District of Illinois	June 28, 1940	Sec. 17 (a) (2) and 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Casale, Collins, Martin, Mustain, Continental Securities Corp., Dealers Royal Co., Inc. and Standard Dealers Co., Inc. were found guilty. Sentences ranged from a suspended sentence to 3½ years' imprisonment. The four corporations were each fined \$10,000. The indictment was severed as to 3 defendants, pending as to them.
	1	do	Dec. 11, 1941	Sec. 17 (a) (2) and 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	All defendants apprehended. Motions for bill of particulars, to quash indictment and demurrer to indictment filed on behalf of various defendants, were denied. Case pending.
U. S. v. Samuel J. Mustain, et al. (Continental Securities Corporation)	15	Southern District of New York	Dec. 3, 1937	Sec. 17 (a) (1) of the 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate both statutes.	Sec. 17 (a) (1) of the 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate both statutes.
U. S. v. Morris J. Newman, et al. (Eureka Petroleum Company)	8	Southern District of California	May 27, 1942		

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

Table 23.—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, 1942—Continued

1 Name of case	Number of de-fendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Paine Statistical Corporation, et al.	6	New Jersey	Jan. 12, 1940 do	Sec. 15 (a) of 1934 Act. Sec. 338, Title 18, U. S. C.	All defendants have been apprehended. On Jan. 14, 1942, J. Overture Paine was found guilty on various counts, sentenced to imprisonment for 3 years, execution of which was suspended and defendant placed on 3 years' probation. Case pending as to remaining defendants. Robb pleaded guilty to third indictment Oct. 18, 1939, sentenced to a year, execution of sentence suspended, 2 years' probation. Hansell, Morris, Paine and Solomont were found guilty as to certain counts of the third indictment on Dec. 1, 1939. This indictment was nolle prossed as to Northern Fiscal Corporation, Limited. Hansell, Morris and Solomont were each sentenced to 2 years; Paine to 1 year and 1 day. On May 21, 1940, the second indictment was nolle prossed 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.
U. S. v. Stephen Paine, et al. (Continental Securities Corporation)	17	Southern District of New York	Nov. 2, 1938	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	Trial opened June 23, 1941. Pandolfo was found guilty on the mail fraud counts of the indictment sentenced to 10 years' imprisonment and fined \$800. Opinion rendered May 6, 1942, by CCA affirming conviction. Petition for writ of certiorari filed in the U. S. Supreme Court during July, 1942. Defendants were arraigned on Nov. 12, 1941. Case awaiting trial.
U. S. v. Samuel C. Pandolfo (Old Lane Insurance Shares Corporation)	6	do	Mar. 31, 1939	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	On Oct. 31, 1941, Piero was sentenced, upon his plea of guilty, to serve 1 year and 1 day and placed on 3 years' probation.
U. S. v. Todd M. Petrigreen, et al. (Western Plains Oil Corporation)	7	do	May 31, 1939	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute.	Four defendants apprehended. Pending.
U. S. v. Cliff M. Piero	1	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.	
U. S. v. George A. Reynolds, et al. (Avon Gold Mines, Ltd.)	6	Northern District of Oklahoma	Oct. 22, 1941	Secs. 5 (a) (1) and (2) and 17 (a) (1) of 1933 Act; and Sec. 338, Title 18, U. S. C.	
		Northern District of New York	Feb. 24, 1942	Secs. 5 (a) (2) and 17 (a) (2) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	

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

Table 23.—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, 1942—Continued

Name of case 1	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. M. James Riedel, et al. (Cornbelt Distilling Company)	2	Southern District of Illinois	July 1, 1941	Sec. 17 (a) (7) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Trial opened Sept. 8, 1941. Riedel pleaded guilty and was sentenced to 9 months' imprisonment. Jury found Riedel guilty on various counts and he was sentenced to serve 5 years' imprisonment. The Circuit Court of Appeals for the Seventh Circuit affirmed the judgment as to Riedel.
U. S. v. Frank J. Ryan, et al.	4	Southern District of Florida	Sept. 24, 1939	Sec. 17 (b) (1) of 1933 Act; Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	The motions of Crews and Terrall for separate trials were granted July 20, 1940. Trial began as to Ryan and Fisher on Sept. 2, 1941, and jury returned a verdict of guilty against both. Fisher was sentenced to serve an imprisonment of 5 years with additional 5 years' probation. Ryan was sentenced to serve an imprisonment of 2 years with additional 5 years' probation to commence after the expiration of any other sentences pending against him. Fisher filed notice of intention to appeal and argument was set for May 20, 1942. Later his appeal was dismissed. On Nov. 18, 1941, Terrall's motion for a directed verdict was granted. On Nov. 25, 1941, Crews was acquitted. On Nov. 25, 1941, Terrall was acquitted on all counts except the conspiracy count on which the jury disagreed. On Sept. 26, 1941, Bell pleaded guilty to this count, was sentenced to 11 months' imprisonment, execution of sentence suspended and placed on 2 years' probation. Mistrial declared as to Saunders and 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 and were sentenced to serve 1 year and 1 day, each execution of sentence suspended and each placed on probation for 3 years. On Jan. 15, 1942, Saunders pleaded guilty and was sentenced to serve 1 year and 1 day. Indictment nolle prossed as to James Kelly on Jan. 9, 1942; as to Stapleton (deceased in 1939), and as to Brandt, Bushman, Crawford, Hayden, Roberts, Roth, Walter Sheldon and Stevens on Apr. 9, 1942.
U. S. v. Garleton 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.	

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

Table 23.—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, 1942—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Herbert C. Schlesel, et al.	4	Eastern District of Michigan	June 20, 1940	Sec. 338, Title 18, U. S. C. and conspiracy to violate this statute. Sec. 17 (a) of 1933 Act; Sec. 338, Title 18, U. S. C. and conspiracy to violate Sec. 338, Title 18, U. S. C.	Schlesel pleaded guilty on June 27, 1940; sentenced to 15 months' imprisonment. Indictment pending as to the remaining 3 defendants. Sixteen defendants pleaded guilty Mar. 11, 1935; sentences ranged from 1 year and 1 day to 7 years. Don Simons pleaded nolo contendere Apr. 5, 1938, and was sentenced to 90 days in jail (to run concurrently with sentence in another case). Sidney P. Klein pleaded nolo contendere Oct. 12, 1939, and was sentenced to 1 year and 1 day. Pending as to three defendants. Trial opened June 17, 1941. Shaw was found guilty and sentenced to imprisonment for 6 months. Upon his plea of nolo contendere, Tyler received a suspended sentence and was placed on probation for 5 years. Shaw filed notice of appeal to CGA 9 on Sept. 15, 1942. Transcript of record filed May 1, 1942. Appellant's brief filed June 29, 1942. Government's brief due Aug. 15, 1942.
U. S. v. William Jackson Shaw, et al. (Consolidated Mines of California)	2	Southern District of California	Dec. 19, 1939	Sec. 5 (a) (2) of 1933 Act; Sec. 338, Title 18, U. S. C. and conspiracy to violate these statutes.	Trial on third indictment opened Feb. 14, 1939. Four defendants were found guilty and three acquitted. Jury disagreed as to Myers. Tanib pleaded nolo contendere to one count of the third indictment. William Markowitz and J. F. Simons were each sentenced 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; judgment affirmed Apr. 21, 1941; petition for rehearing denied May 22, 1941. Petition for certiorari denied Oct. 13, 1941. The first and second indictments are pending. The third indictment is pending as to Meyers who is to be retried. Pending.
U. S. v. Joshua F. Simons, et al. (Peoples Gas & Oil Corporation)	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.	do do do do do do do do do do do
U. S. v. August F. Slater (Automatic Engineering, Inc.)	1	Southern District of California	Sept. 17, 1941	Sec. 17 (a) (1) of 1933 Act, Sec. 338, Title 18, U. S. C.	Pending.

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

Table 23.—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, 1942—Continued

Name of case 1	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
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. Sec. 338, Title 18, U. S. C.	On Feb. 24, 1942, Edward A. Sloane and Edward P. Tuber pleaded guilty to both indictments. Albert Tuber pleaded guilty to the one indictment returned against him. Edward Sloane and Albert A. Tuber were each placed on probation for 2 years while Edward P. Tuber was placed on probation until Feb. 20, 1943. Trial as to gets set for Sept. 24, 1942. All defendants except Van Alstyne and Hyde pleaded nolo contendere on Sept. 22, 1941, and were sentenced as follows: Alfred Smart, David A. Smart and Arthur Green each to serve 2 years and fined \$10,000. Elden, Farrel, Lyon and Stein each to serve 1 year and 1 day and fined \$5,000. Minfield and Seufeld each to serve 1 year and 1 day and fined \$2,000. Kilmark, 1 year and 1 day. Prison sentences suspended and defendants placed on probation for 2 years. On Nov. 5, 1941, the indictment was dismissed as to Van Alstyne and Hyde, on motion of U. S. Attorney.
U. S. v. David A. Smart, et al. (Esquire, Coronet, Inc.)	4	do	do	Conspiracy to violate Sec. 9 (a) (2) of 1934 Act.	Pending.
U. S. v. Edward A. Smart, et al. (Esquire, Coronet, Inc.)	12	Northern District of Illinois	May 2, 1941	Conspiracy to violate Sec. 9 (a) (2) of 1934 Act.	Smith has been apprehended. Pending.
U. S. v. Milton Smith, et al. (North Penn Oil Lands, Inc.)	4	Southern District of New York	Nov. 7, 1941	Secs. 5 (a) (2) and 17 (a) (3) of 1933 Act, Sec. 338, Title 18, U. S. C., and conspiracy to violate these statutes.	On Apr. 30, 1942, Spofforth was sentenced, upon his plea of guilty, to 4 years' imprisonment and was fined \$5,000. One indictment was dismissed; the remaining 13 were consolidated. Trial opened Jan. 17, 1939. Each defendant was found guilty and sentenced to 7 years. On appeal, the Circuit Court of Appeals reversed the judgments and remanded case for new trial. Government's petition for rehearing denied Sept. 16, 1940. Petition of Anderson opened June 19, 1941; the jury disagreed and a mistrial was declared. Kennedy, Shaw, Elias T. Stone and Harold F. Stone entered pleas of guilty prior to retrial. On July 8, 1941, Anderson entered a plea of guilty. Anderson, Kennedy, Harold F. Stone and Shaw were each sentenced on July 8, 1941, to serve 2 years in a penitentiary and Elias T. Stone was sentenced to serve 11 months and 29 days.
U. S. v. Joseph H. Smiths (Advance Oil Company, Inc.)	1	Northern District of Georgia	Apr. 29, 1941	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	
U. S. v. Sydney Spofforth	1	Western District of Missouri	Apr. 1, 1942	Secs. 5 (a) (1) and 17 (a) (1) and (3) of 1933 Act, Sec. 338, Title 18, U. S. C.	
U. S. v. Elias T. Stone, et al.	45	Eastern District of Tennessee	Mar. 16, 1938	Sec. 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 Parenthetical reference is to name under which investigation was carried prior to indictment.

* Total of 14 indictments against total of 5 defendants.

Table 23.—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, 1942—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Max Strahl, et al. (C. O. 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 two defendants are involved. Pending as to remaining defendants.
U. S. v. David R. Strong, et al. (Five Point Mining and Milling Company)	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.	Trial opened Sept. 29, 1941. On Oct. 9, 1941, jury returned a verdict of not guilty on all counts as to each of the 3 defendants.
U. S. v. Phillip Sutter	1	District of Oregon	May 23, 1942	Defendant apprehended. Pending.	
U. S. v. Raymond R. Taylor (Midwest Abrasive Company)	1	Eastern District of Michigan	June 9, 1942	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.; and Sec. 9 (a) (1) (A) (B) (C) and 9 (a) (2) of 1934 Act.	Defendant pleaded guilty June 9, 1942. Pending.
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.	Linson suspended to 2 years, suspended, and placed on probation. Lervinon is incarcerated on a State charge; Thurman has not been apprehended; case pending as to them.
U. S. v. Robert M. Taylor, et al. (Taylor-Jones, Inc.)	2	Eastern District of Arkansas	Sept. 22, 1941	Defendants apprehended. Pending.	
U. S. v. Union Electric Company of Missouri, et al.	2	Eastern District of Missouri	Jan. 17, 1941	Sec. 17 (a) (1) of 1933 Act; Sec. 338, Title 18, U. S. C.; and conspiracy to violate these statutes.	Trial opened Jan. 12, 1942. On Feb. 22, 1942, Union Electric Company of Missouri was found guilty on all counts and fined \$80,000, while Egan was found guilty on the conspiracy count only, fined \$10,000 and sentenced to serve 2 years' imprisonment. Both defendants have appealed.
U. S. v. Albert John Van Scovoc, et al.	3	Southern District of New York	Mar. 25, 1941	See. 338, Title 18, U. S. C.; and conspiracy to violate this statute.	Trial opened Apr. 14, 1941. Van Scovoc pleaded guilty and was sentenced to 4 years' imprisonment. Arlen pleaded guilty prior to trial, and was sentenced to 5 years. Sarshik pleaded guilty on July 9, 1941. He was sentenced Sept. 3, 1941, to serve an imprisonment of 4 years, 8 months, and 1 day.
U. S. v. Richard Vidaver, et al. (Jerome T. Caldwell Company)	2	Eastern District of Virginia	Nov. 3, 1941	Sec. 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Upon their pleas of nolo contendere, defendants were sentenced Feb. 10, 1942, as follows: Vidaver, 5 years, execution of sentence suspended and defendant placed on probation for 5 years upon condition that he make restitution; Arlen, 3 years, to commence at expiration of sentences now being served.

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

Table 23.—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, 1942.—Continued

Name of case ¹	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Victor de Villiers, et al. (Mineral Mining Company) U. S. v. Phillip Cornelius Welsh, et al. (El Canada Mines, Inc.)	11 21	Northern District of Illinois Southern District of New York	July 22, 1938 Sept. 26, 1940	Secs. 5 (a) and 17 (a) (1) of 1933 Act, and Sec. 338, Title 18, U. S. C. 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 except Lewis and Kellen. Pending. Thirteen defendants have been apprehended and pleaded not guilty. Pending.
U. S. v. W. A. Wellington, et al. (Coastal Minerals Development, Inc.)	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 Esellos, Juria, Sibley and Wellington; trial declared as to each on Jan. 31, 1941. Galbo is incarcerated on a State charge. Pending.
U. S. v. Morris Frank Whealton, et al. (Whealton Company, Inc.)	14	New Jersey	June 23, 1936	Sec. 338, Title 18, U. S. C., and conspiracy to violate this statute. Sec. 17 (a) of 1933 Act.	Trial on first indictment opened June 15, 1938. Barous pleaded guilty. Coffin, M. F. Whealton, Whealton Company and Commonwealth Trust Company were found guilty. Hartman was acquitted. Sentence ranged from a suspended sentence to 2½ years' imprisonment. Whealton Company received \$10,000 fine and Commonwealth Trust Co., \$4,000. First indictment dismissed Aug. 3, 1938, as to Alexander, Lipsey, Messer, Turner and Wilson. Coffin, M. F. Whealton and Commonwealth Trust Company appealed; judgment was reversed and case remanded for new trial. On Nov. 12, 1941, Commonwealth Trust Company, Phillip Coffin and Morris Frank Whealton pleaded guilty to the conspiracy count. Coffin was fined \$1,000; Commonwealth Trust Company was fined \$1.00 (the company had a \$36,000 deficit). Whealton was sentenced to one year and one day, execution of which was suspended and defendant placed on probation for five years, on condition that he is not to deal in securities in any manner. Pending.
	14		do	do	

Table 24.--Status of perjury cases arising 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	Mar. 13, 1940	Perjury	Trial opened June 25, 1940. Boehm found guilty on 2 counts. Sentenced to serve 5 years and fined \$1,000 on Aug. 3, 1940. Circuit Court of Appeals for Eighth Circuit affirmed his conviction on Nov. 6, 1941. Defendant's petition for certiorari filed Dec. 22, 1941, denied on Feb. 2, 1942. Petition for rehearing denied Mar. 2, 1942. Defendant's application for probation denied by District Court May 1, 1942.
U. S. v. B. E. Buckman, et al.	1	Northern District of Illinois	Nov. 15, 1938	Perjury	Buckman and George were convicted June 5, 1940, in another case for violating the Securities Act of 1933 and the mail fraud statute. The five indictments were dismissed Sept. 25, 1941.
U. S. v. Albert G. Laun, et al.	1	Eastern District of Missouri	do	do	Martin pleaded guilty Jan. 3, 1940, and was sentenced to 6 months and fined \$501. Laun was sentenced under his plea of nolo contendere to the indictment returned against him Mar. 13, 1940. The indictment against him returned Nov. 17, 1939, was stricken from the court calendar on Mar. 16, 1940, with leave to reinstate. Commission closed its files on this case Nov. 7, 1941.
U. S. v. Joseph J. MacEach, et al.	1	Southern District of New York	June 14, 1939	Perjury do Conspiracy to commit perjury	MacEach found guilty on both counts of first indictment Nov. 26, 1939; sentenced to 2 years' imprisonment and fined \$4,000. On May 6, 1940, Circuit Court of Appeals for the Second Circuit affirmed his conviction. Petition for certiorari denied Oct. 14, 1940. Hoff pleaded guilty May 29, 1941, to second indictment. Received suspended sentence and placed on probation. Roille prosequit entered on third indictment July 28, 1941.

Table 25.—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 1936 pending in circuit courts of appeals during the fiscal year ended June 30, 1942.

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 to review Commission's order denying petitioner's application under Sec. 2 (a) (8) of the 1936 Act for an order declaring petitioner not to be a subsidiary of Electric Bond and Share Company.	Petitioner's brief filed Oct. 30, 1941. Commission's brief filed Dec. 31, 1941. Argument held Jan. 16, 1942. Pending.
Archer, W. K., et al.	Eighth	June 16, 1942	Petition to review Commission's order under Secs. 16 (b), 16 A (1) (2) and 19 (c) (3) of 1934 Act, revoking petitioners' registration as broker and dealer and expelling them from the National Association of Securities Dealers, Inc. and the Chicago Stock Exchange.	Order entered June 19, 1942, based upon stipulation staying Commission's order pending review and restraining petitioners from violations of Sec. 17 (a) of 1933 Act and 7 (c) (2) and 16 (c) (1) of 1934 Act.
Chemurgy Corporation, et al.	District of Columbia	Oct. 22, 1941	Petition to review, modify or set aside Commission order approving a plan of reorganization under the 1935 Act to the extent necessary to treat petitioners, officers and directors of Federal Water Service Corporation, on the same basis as other holders of preferred stock of the corporation.	Opinion rendered Apr. 27, 1942, reversing Commission order and remanding the cause to the Commission for action, in accordance with the opinion. On motion of the Commission, the court stayed certification of its opinion pending determination by the Supreme Court of petition for certiorari.
Columbia Oil & Gasoline Corporation	District of Columbia	Mar. 28, 1942	Petition to review, modify or set aside two orders of the Commission dated Jan. 27, 1942, and Feb. 10, 1942, under Sec. 11 (b) (1) of the 1935 Act.	On May 6, 1942, Commission moved to dismiss petition for review. Upon stipulation of both parties, filed May 16, 1942, this cause was dismissed under Rule 21 without costs to either party.
Columbia Oil & Gasoline Corporation	Third	May 14, 1942	Petition for review of Commission order dated Mar. 31, 1942, to dismiss the proceedings under Sec. 11 (b) (1) of the 1935 Act because of want of jurisdiction of the Commission over issues raised under that section, and to set aside order.	Pending.
Commonwealth & Southern Corporation	Third	June 6, 1942	Petition to review Commission orders, dated Apr. 9, 1942, and May 16, 1942, under Sec. 11 (b) (2) of the 1935 Act, to set aside that part of order of Apr. 9, 1942, requiring petitioner to change its capital structure to one class of stock, to declare said order beyond the authority conferred upon the Commission by the Act; in case of failure to grant the foregoing prayer then to modify the order; and to grant such other relief as may seem just and equitable.	Petition to review Commission order, denying petitioner's application under Sec. 2 (a) (8) of 1935 Act for an order declaring petitioner not to be a subsidiary of The North American Company.
Detroit Edison Company (The)	Sixth	Aug. 22, 1940	Petition to review Commission order denying petitioner's application 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 and affirming the Commission's opinion. Petition for certiorari denied Oct. 18, 1941.

Table 25.—Petitions for review of orders or 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 1936 pending in circuit courts of appeals during the fiscal year ended June 30, 1942—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature of case	Status of case
Hartford Gas Company (The)	Second	Apr. 25, 1941	Petition to review Commission's order denying petitioner's application under Sec. 2 (a) (8) of 1935 Act for an order declaring petitioner not to be a subsidiary of The United Gas Improvement Company, The United Corporation or The Connecticut Gas and Coke Securities Company.	Transcript of record and petitioner's brief filed Mar. 16, 1942. Commission's brief filed Apr. 15, 1942. Petitioner's reply brief filed and argument held on May 19, 1942. Pending.
Morgan Stanley & Co., Incorporated	Second	June 11, 1941	Petition to review Commission order under Rule U-12B-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.	Opinion rendered Feb. 20, 1942, affirming Commission's order. Decree entered May 20, 1942.
The New York Trust Company (The United Light and Power Company)	Second	Apr. 17, 1942	Petition to review Commission order, to modify it and to set aside that part which granted Application No. 8 and approved the proposed plan under Sec. 11 (b) (2) of 1935 Act, for the retirement of outstanding debentures at principal plus accrued interest, without the redemption premium of nine per cent.	Transcript of record filed; petitioner's brief filed June 30, 1942.
North American Company, The	Second	June 12, 1942	Petition to review an order of divestiture issued by the Commission on Apr. 14, 1942, under Sec. 11 (b) (1) of 1935 Act, to stay said order during the pendency of review and to set aside said order in its entirety and grant such further relief as may seem just and equitable.	Pending.
Pacific Gas and Electric Company	Ninth	Sept. 18, 1941	Petition to review and set aside Commission order denying petitioner's application under Sec. 2 (a) (8) of 1935 Act for an order declaring it not to be a subsidiary of The North American Company.	Opinion dated Apr. 14, 1942, denied petition to review the Commission order. Petition for rehearing granted June 6, 1942. Pending.
Public Service Company of Oklahoma	Tenth	Nov. 4, 1940	Petition to review Commission's order denying petitioner's application filed pursuant to Secs. 5 (a) (1) and (2) of 1935 Act for exemption of Southwestern Light and Power Company as its subsidiary.	Upon petitioner's motion, order entered Mar. 19, 1942, dismissing petition for review.
Public Service Corporation of New Jersey	Third	Nov. 5, 1941	Petition to review and modify or set aside Commission order denying petitioner's application for an order under Sec. 2 (a) (8) of 1935 Act declaring it not to be a subsidiary of The United Gas Improvement Company or The United Corporation, or both.	Petitioner's brief served Feb. 19, 1942; Commission's brief served Apr. 5, 1942. Petitioner's reply brief filed about Apr. 22, 1942. Pending.

Table 25.---Petitions for review of orders or 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 1936 pending in circuit courts of appeals during the fiscal year ended June 30, 1942--Continued

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 petitioner's application pursuant to Sec. 16 (b) (4) of 1934 Act, for an order approving or directing admission of J. A. Sisto & Co. to membership in 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. Pending.
Sisto, Joseph A., et al. (Case No. 2)	Second	Oct. 24, 1940	Petition to review Commission's order denying rehearing on the order denying petitioner's application pursuant to Sec. 16 A (b) (4) of 1934 Act, for an order approving or directing admission of J. A. Sisto & Co. 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. Pending.
United Gas Improvement Company, The	Third	Nov. 28, 1941	Petition (1) to review order of disvestiture issued by the Commission under Sec. 11 (b) (1) of 1935 Act on July 30, 1941, reaffirmed by order of Sept. 26, 1941, (2) to set aside said orders, and (3) to grant such other relief as may seem just and equitable.	Order based upon stipulation entered June 12, 1942, consolidating this case with appeal taken by U.G.I. Co. from Commission's order of May 7, 1942; extending time to July 8, 1942, for filing consolidated record. Pending.
United Gas Improvement Company, The	Third	May 29, 1942	Petition (1) to review order of disvestiture issued by the Commission under Sec. 11 (b) (1) of 1935 Act on May 7, 1942, (2) to set aside said order, and (3) to grant such other relief as may seem just and equitable.	Order based upon stipulation entered June 12, 1942, consolidating this case with appeal taken by U.G.I. Co. from Commission's order of July 30, 1941, consolidating the record and extending the time to July 8, 1942, for filing of the record. Pending.
Washington Railway and Electric Company, et al.	District of Columbia	June 12, 1942	Petition to review order of disinvestment issued by the Commission under Sec. 11 (b) (1) of 1935 Act on Apr. 14, 1942, to set aside paragraphs 3 and 4 thereof requiring petitioners to dispose of direct and indirect ownership of securities leased and properties owned, controlled or operated by Great Falls Power Company, Capital Transit Company, Montgomery Bus Lines, Incorporated and The Glen Echo Park Company and to grant such other relief as may seem just and equitable.	

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Table 26.—Miscellaneous actions against Commissioners or employees of the Commission pending during fiscal year ended June 30, 1942

Parties plaintiff	Name of Court	Initiating paper filed	Nature of case	Status of case
Bronson, Edmond B., et al.	Supreme Court of the State of New York, County of New York	June 1, 1939	Action at law for damages against H. V. Schwimmer and G. S. Parlin, employees of the Commission, Bagdad Copper Corporation and S. A. Millikin, the president, for conspiracy to depreciate the value of the stock of the Bagdad Copper Corporation.	Motion of defendants Schwimmer and Parlin to dismiss complaint for failure to state cause of action granted Nov. 1, 1939. Amended complaint filed Nov. 14, 1939 and in opinion rendered Feb. 24, 1940, motion of defendants to strike amended complaint granted. Notice of appeal filed Mar. 5, 1940. Pending.
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. V. Schwimmer, G. S. Parlin, employees of the Commission, and 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 ground that it contained improper allegations and (2) denying motion of Schwimmer and Parlin to dismiss complaint upon the grounds that the complaint failed to state a cause of action; that the court did not have jurisdiction; that there was another action pending between the same parties for the same cause of action. Order entered Oct. 11, 1940, and defendants Schwimmer and Parlin appealed. Argument held Oct. 21, 1941, and court dismissed appeal without prejudice. Amended complaint filed Oct. 18, 1940. Motion of defendant Millikin to dismiss amended complaint denied Jan. 3, 1941, but in Oct. 1942, the Appellate Court reversed and directed dismissal of amended complaint with leave to serve another amended complaint. Second amended complaint served Nov. 25, 1941. Order entered Apr. 14, 1942, granted motion to dismiss second amended complaint for failure to state a cause of action. On Apr. 23, 1942, plaintiff filed notice of appeal. Pending.
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 Apr. 20, 1939; amended complaint dismissed June 14, 1939. Second amended complaint dismissed Sept. 6, 1939. Order entered Oct. 6, 1939, dismissed action, and plaintiff appealed. On Mar. 17, 1941, the Court of Appeals for the District of Columbia affirmed the judgment of the district court. Subsequent orders stayed mandate until Sept. 4, 1941. Petition for writ of certiorari denied Oct. 20, 1941. Motion for leave to file third amended complaint denied by order of the District Court Feb. 16, 1942. Notice of appeal to the Court of Appeals for the District of Columbia filed Mar. 15, 1942. Commission moved to dismiss appeal May 21, 1942. Pending.

Table 27.—Contempt proceedings pending during the fiscal year ended June 30, 1942

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Lost Canyon Mountain Mining Company and William Berg	2	Northern District of Illinois	Sept. 12, 1941	Petition for rule to show cause why defendant should not be held in criminal contempt of court for violation of an order of court issued July 1, 1941, directing appearance and production of documentary evidence before a designated officer of the Commission filed Sept. 12, 1941. Defendant turned over a partial set of books and was released on his own recognizance Sept. 29, 1941.
Shoemaker, R. L.	1	Eastern District of Oklahoma	Apr. 14, 1942	Petition for rule to show cause why Shoemaker should not be held in criminal contempt for violation of decree of Nov. 17, 1939, permanently enjoining him from violation of Secs. 5 (a) and 17 (a) of '33 Act filed Apr. 14, 1942. Rule to show cause issued Apr. 14, 1942, returnable Apr. 28, 1942. On Apr. 17, 1942, Shoemaker ordered removed from the Northern District of Mississippi to the Eastern District of Oklahoma. Trial opened Apr. 28, 1942, later recessed. Pending.

Table 28.—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, 1942

Parties plaintiff	Number of defendants	United States District Court	Initiating papers filed	Nature of case	Status of case
Bank of America National Trust and Savings Association, et al.	10	United States District Court for the District of Columbia	Jan. 16, 1939; Amended complaint filed Jan. 7, 1942 Aug. 30, 1941	Injunction and declaratory relief under the 1934 Act.	Commission's motion to dismiss for lack of jurisdiction granted Mar. 13, 1942. Order entered Mar. 20, 1942, and appeal taken Apr. 15, 1942.
Morrison Bond Co., Ltd., et al.	2	Southern District of California	May 14, 1942	Injunction sought against continuation of revocation proceedings under 1934 Act. Suit to enjoin the Commission from enforcing Rule U-42 or 1935 Act, in connection with the purchase by Electric Bond and Share Co. of its outstanding preferred stock.	On Commission's motion, petition dismissed for lack of jurisdiction and temporary restraining order dissolved Sept. 26, 1942.
Okin, Samuel	1	Southern District of New York			Order to show cause why a preliminary injunction should not be entered pending the determination of this action filed May 15, 1942. Opinion rendered June 24, 1942, denied plaintiff's motion for a temporary injunction and granted Commission's cross-motion for a dismissal of the action for lack of jurisdiction. Final Judgment filed June 29, 1942, and notice of appeal served July 7, 1942.
Tomasini, T. A., et al.	14	Northern District of California	Dec. 26, 1941	Complaint asks declaratory judgment construing 1933 Act and Trust Indenture Act of 1939.	Motion of Commission and Commissioners individually to quash service of summons and dismiss action for lack of jurisdiction filed Mar. 16, 1942, and granted by court June 20, 1942.

Table 29.—Cases (other than under the Bankruptcy Act) in which the Commission was permitted to file briefs as amicus curiae pending during the fiscal year ended June 30, 1942

Name of case	Court	Commission granted leave to file brief	Status of case
Dederick, William v. The North American Company and The North American Light & Power Company Leland Stanford, Jr., University	U. S. District Court for the Southern District of New York United States District Court for the Northern District of California	June 30, 1942 Mar. 21, 1941	Stockholder action to change parent company as agent and trustee for its subsidiary in the acquisition of certain securities of the subsidiary, to compel parent to sell their subsidiary to buy those securities at cost price to parent, and for an accounting. Pending. Case originated as suit by the University to recover the par value of preferred stock, plus accumulated dividend. 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 <u>amicus curiae</u> brief, containing (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 (5); (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). Opinion on June 25, 1942, granted recovery to plaintiff on grounds of breach of trust on part of directors and officers in failing to apprise stockholders of their statutory right to appraisal.
Gelman, Herman, v. Bond & Goodwin, et al.	United States District Court for the Southern District of New York	June 6, 1941	In a suit to rescind a contract for the over-the-counter sale of bonds or to recover the difference between the sale price and the actual value, one of the main issues was whether the 1934 Act creates a right to rescission if a broker or dealer, by means of fraud, induces an investor to sell securities in the over-the-counter market. In an <u>amicus curiae</u> brief filed June 20, 1941, the Commission contended that it did. The court, sustaining the sufficiency of the complaint, denied defendant's motions to dismiss July 8, 1941. Pending.

Table 30.—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, 1942

Name of case	United States District Court	Initiating papers filed	Nature of case	Status of case
Solow, Philip, v. Henry O. Kaplan, et al.	Southern District of New York	Aug. 7, 1940	Action under Sec. 16 (b) of 1934 Act for order directing defendants to account for profits realized from purchase and sale of common stock of Delendo Corporation and to pay such profits to the corporation.	Motion of Government to intervene for purpose of presenting arguments in support of constitutionality of Sec. 16 (b) of 1934 Act granted Dec. 26, 1940. Defendants' motion to consolidate Levy v. Kaplan, et al. granted and plaintiff's motion to dismiss the Levy case denied Mar. 21, 1941. Defendants moved for judgment on grounds set forth in the several separate defenses of the answers. Decision reserved. Date case up for trial Dec. 16, 1941. Plaintiff's opening brief filed Jan. 5, 1942. Defendants' brief filed Jan. 26, 1942. Plaintiff's reply brief filed Feb. 26, 1942. Commission's brief as <u>amicus curiae</u> filed Mar. 2, 1942. Defendants' reply brief filed. Pending.
Levy, M. William, et al., v. Henry O. Kaplan, et al.	Southern District of New York	Nov. 2, 1940	Action under Sec. 16 (b) of 1934 Act for order directing defendants to account for profits realized from purchase and sale of common stock of Delendo Corporation, to pay such profits to the corporation, and for the appointment of a receiver.	Motion of Government to intervene for purpose of presenting arguments in support of constitutionality of Sec. 16 (b) of 1934 Act granted Feb. 3, 1941. Defendants' motion to consolidate this case with Solow v. Kaplan, et al., granted and plaintiff's motion to dismiss the Solow case denied Mar. 21, 1941. Defendant moved for judgment on the grounds set forth in the several separate defenses of the answer. Decision reserved. Pending.

Table 31.—Miscellaneous injunctive proceedings brought by Commission, pending or closed, during fiscal year ended June 30, 1942

Principal defendants	United States District Court	Initiating papers filed	Nature of case	Status of case
Gesher Corporation	Southern District of New York	Sept. 30, 1941	Injunction sought directing defendant to make available for inspection by the Commission all books and records required to be kept under Rule X-17a-3 adopted under Sec. 17 (a) of 1934 Act.	Final judgment, by consent, requiring defendant to make its records available to the Commission entered Apr. 1, 1942.
Golden, David	Northern District of Oklahoma	Dec. 29, 1941	Suit to enjoin defendant from misusing confidential information acquired by him while employed as an attorney for the Commission and to require him to return any files or reports belonging to the Commission.	Upon stipulation of both parties, and motion of the Commission, this action was dismissed without prejudice to plaintiff or defendant on Mar. 4, 1942.
Great Lakes Utility Company	Eastern District of Pennsylvania	Mar. 31, 1942	Application of Commission under Sec. 11 (e) of 1935 Act to enforce plan of reorganization to effectuate the provisions of Sec. 11 (b) of the Act.	Upon findings of fact and conclusions of law, court approved the plan as fair, equitable, and appropriate on Apr. 21, 1942.
Jacksonville Gas Company	Southern District of Florida	May 29, 1942	Application of Commission under Sec. 11 (e) of 1935 act to enforce and carry out plan to effectuate the provisions of Sec. 11 (b) of the Act, and to enjoin interference with enforcement of plan.	Pending.
North American Company (The) et al.	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 latter 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.	Dismissed on stipulation Jan. 21, 1942.

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Table 32.—Proceedings by Commission, pending during the fiscal year ended June 30, 1942, 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
Murray, Lawrence	1	District of Massachusetts	July 22, 1941	Sec. 22 (b) of 1933 act.	Order entered Aug. 4, 1941, directing Lawrence Murray to appear before an officer of the Commission on Aug. 19, 1941, and testify in the matter of Gracelawn Corporation.

Table 33.—Reorganisation proceedings in which the Commission participated during the fiscal year ended June 30, 1942

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)	E. D. Ky.	Sec. 77-B	do	Mar. 9, 1939	do	do
American Fuel & Power Co.	Buckeye Fuel Co. (The)	Ch. X	Dec. 6, 1935	Dec. 20, 1935	do	May 1, 1940
Buckeye Gas Service Co.	do	do	Nov. 28, 1939	Nov. 28, 1939	do	do
Caribsea Gas Co.	do	do	do	do	do	do
Inland Gas Distributing Corporation	E. D. Mich.	do	Apr. 6, 1940	Apr. 6, 1940	do	Apr. 11, 1940
American Malting Co.	N. D. Ohio	do	June 4, 1940	June 7, 1940	do	June 12, 1940
Associated Lake Corporation	S. D. Calif.	do	Mar. 10, 1940	Mar. 1, 1940	Motion	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	W. D. La.	do	do	do	do	do
Atlas Pipeline Corporation	E. D. Mich.	Sec. 77-B	Sept. 20, 1939	Sept. 20, 1939	do	Oct. 3, 1939
Balfour Manor Apartments Co.	S. D. N. Y.	Ch. X	May 6, 1935	May 11, 1935	Request	Apr. 10, 1939
Barclay Hotel Corporation	E. D. Texas	do	May 29, 1942	June 10, 1942	Motion	June 19, 1942
Barnett Petroleum Corporation	D. Mass.	do	Aug. 31, 1940	Aug. 31, 1940	do	do
Beacon Building Corporation	E. D. Pa.	Sec. 77-B	Nov. 18, 1940	Nov. 18, 1940	do	Dec. 3, 1940
Bellview-Stratford Co.	N. D. Texas	Ch. X	Oct. 30, 1936	Oct. 31, 1936	Request	Feb. 24, 1939
Bennett Oil Corporation	do	do	Oct. 31, 1940	Nov. 2, 1940	do	Aug. 29, 1941
Southern Grade Oil Purchasing Co.	E. D. Wis.	do	July 10, 1940	July 10, 1940	do	Aug. 19, 1940
Bradley Knitting Co.	S. D. N. Y.	do	Aug. 2, 1939	Aug. 2, 1939	Motion	Aug. 30, 1939
Brand's Restaurant Control Corporation	do	do	Apr. 9, 1942	Apr. 9, 1942	do	Apr. 11, 1942
Broadway-Exchange Corporation	D. Maine	Sec. 77-B	Sept. 4, 1935	Sept. 4, 1935	do	Mar. 14, 1939
Brown Co.	D. Col.	Ch. X	Oct. 8, 1941	Oct. 8, 1941	do	do
Butterfly Consolidated Mines, Inc.	W. D. N. C.	do	Mar. 27, 1942	(2) Mar. 27, 1942	do	Mar. 28, 1942
Caroline Building Corporation	S. D. N. Y.	do	Mar. 5, 1940	Mar. 7, 1940	do	May 15, 1942
Castle Beach Apartments, Inc.	E. D. Va.	do	Feb. 26, 1942	Feb. 27, 1942	Request	July 26, 1942
Central States Electric Corporation	S. D. N. Y.	do	Mar. 17, 1942	Apr. 3, 1942	Motion	Mar. 11, 1942
Centwest Corporation	D. N. J.	do	Sept. 30, 1938	Dec. 16, 1938	Request	Mar. 21, 1942
Chancery Lane Corporation	S. D. Calif.	do	Aug. 10, 1939	Aug. 19, 1939	do	Dec. 12, 1938
Coast & Valley Properties, Inc.	D. Del.	do	Aug. 4, 1937	Aug. 4, 1937	Motion	Sept. 11, 1939
Colonial Utilities, Inc.	N. D. Ill.	do	do	do	do	Aug. 8, 1939
Commonwealth Light & Power Co. (The)	do	do	do	do	do	do
Inland Power & Light Corporation	do	do	do	do	do	do
Consolidated Associates, Inc.	do	do	do	do	do	do
Consolidated Rock Products Co.	S. D. Calif.	Sec. 77-B	Ch. X	Sept. 15, 1941	Request	Sept. 15, 1941
Consumers Rock & Gravel Co., Inc.	do	do	do	do	do	July 22, 1940
Union Rock Co.	do	do	do	do	do	do
Cogrove-Mehan Coal Corporation	D. Del.	do	do	do	do	June 22, 1939
Cogrove & Co., Inc.	do	do	do	do	do	do
Lenox Coal Co.	do	do	do	do	do	do

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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 dismissed June 13, 1942.

Table 33.—Reorganisation proceedings in which the Commission participated during the fiscal year ended June 30, 1942—Continued

Debtors	District court	Proceedings instituted under Sec. 77-B	Petition		Participation ¹	Securities and Exchange Commission notice of ap- pearance filed
			Filed	Approved		
Covered Wagon Co.	E. D. Mich.	Ch. I.	Aug. 29, 1940	Aug. 30, 1940	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	Motion	June 14, 1939	
Derman (Dave) Paper Products Corporation	N. D. Tenn.	Ch. I.	June 20, 1939	Request	Nov. 6, 1939	
Detroit Paper Products Corporation	E. D. Mich.	do	Jan. 16, 1941	Motion	Jan. 28, 1941	
Diversified Royalties of America	S. D. Calif.	do	Oct. 4, 1940	do	Nov. 12, 1940	
Diversified Royalties, Inc.	do	do	do	do	Do.	
Eastern Bankers Corporation	D. Del.	do	May 16, 1941	do	July 16, 1941	
Eleven Park Place Corporation	S. D. N. Y.	do	May 16, 1941	Request	July 16, 1941	
Elm Street Trust	N. D. Ill.	do	Dec. 5, 1940	Motion	Dec. 27, 1940	
Equitable Office Building Corporation	S. D. N. Y.	do	July 22, 1941	do	Aug. 21, 1941	
Evard Co., Inc.	do	do	July 23, 1941	do	Aug. 14, 1941	
Federal Facilities Realty Trust	N. D. Ill.	Sec. 77-B	Apr. 10, 1941	do	Apr. 15, 1942	
Fidelity Assurance Association	S. D. W. Va.	Ch. I.	Apr. 4, 1942	do	Oct. 29, 1940	
Flour Mills of America, Inc.	W. D. Mo.	do	Dec. 26, 1941	do	June 13, 1941	
Fort Shelly Hotel Co.	E. D. Mich.	Sec. 77-B	June 6, 1941	Request	Mar. 27, 1939	
Fylips Corporation	R. D. Wash.	Ch. I.	June 7, 1941	do	Mar. 27, 1939	
Gardland Manufacturing Co.	W. D. Pa.	do	Mar. 20, 1939	do	Mar. 27, 1940	
Gobel (Adolf) Inc.	S. D. N. Y.	do	Dec. 20, 1939	do	May 3, 1940	
Guardian Apartments Co.	E. D. Mich.	Sec. 77-B	Dec. 7, 1934	Motion	May 3, 1940	
Guldale Apartments Co.	S. D. N. Y.	Ch. I.	Dec. 11, 1939	do	May 3, 1940	
Harrison Hotel Co.	W. D. Mo.	do	Mar. 26, 1940	Motion	May 3, 1940	
Higbee Co. (The)	N. D. Ohio	Sec. 77-B	Sept. 29, 1941	Request	Oct. 25, 1941	
Highland Towers Co.	E. D. Mich.	do	May 4, 1935	Request	Apr. 10, 1939	
Hotel Sylvania Co. (Delaware Corp.)	E. D. Pa.	Sec. 77-B	May 18, 1944	Motion	Apr. 4, 1942	
Hotels Majestic, Inc.	do	do	Aug. 12, 1939	Request	Dec. 14, 1939	
Hun School (The)	D. N. J.	do	Aug. 9, 1935	Motion	Jan. 23, 1940	
E. D. Mich.	do	do	Aug. 30, 1937	Request	Feb. 9, 1939	
S. D. Ohio	do	do	Nov. 24, 1936	Motion	June 16, 1942	
E. D. Ky.	do	do	do	do	Do.	
D. N. Nev.	do	do	Oct. 30, 1936	do	Feb. 26, 1942	
D. N. J.	do	do	Nov. 29, 1940	Request	Dec. 16, 1940	
N. D. Ill.	Sec. 77-B	Ch. I.	Aug. 29, 1940	Motion	Nov. 7, 1940	
International Power Securities Corporation	do	do	Aug. 21, 1941	do	Sept. 25, 1941	
Jay Vee Realty Co.	do	do	Aug. 21, 1941	Motion	Mar. 28, 1939	
Johnson Fare Box Co.	N. D. Ill.	do	Jan. 10, 1939	Request	Aug. 7, 1939	
Joliet Elks Building Association	do	do	Feb. 20, 1942	Motion	Aug. 7, 1939	
Karcher Hotel Co.	do	do	Feb. 25, 1935	Request	Mar. 3, 1941	
Kentucky Fuel Gas Corporation	E. D. Ky.	do	Feb. 10, 1939	do	Jan. 17, 1939	
Keystones Realty Holding Co.	W. D. Pa.	Sec. 77-B	Sept. 13, 1939	Motion	Feb. 6, 1939	
King Edward Hotel Corporation	S. D. N. Y.	do	Nov. 7, 1938	do	Sept. 26, 1939	
Kings County Portal Building Corporation	E. D. Mo.	do	July 24, 1936	do	Mar. 27, 1939	
LaFrance Industries	E. D. Pa.	Sec. 77-B	Sept. 24, 1936	do	Jan. 19, 1939	
Pendleton Manufacturing Co.	E. D. Wash.	Ch. I.	Apr. 2, 1942	do	Do.	
La Salle Hotel Co.	E. D. Ill.	do	Aug. 30, 1940	Request	May 30, 1940	

1 "Request" denotes participation at the request of the judges; "motion" refers to participation upon approval by the judge or the Commission's motion to participate.

Table 33.—Reorganisation proceedings in which the Commission participated during the fiscal year ended June 30, 1942—Continued

Debtor	District court	Proceedings instituted under -	Petition		Participation ¹	Securities and Exchange Commission notice of ap- pearance filed
			Filed	Approved		
Los Angeles Lumber Products Co., Inc.	S. D. Calif.—	See. 77-B Ch. I—	Jan. 28, 1938 Aug. 11, 1941	Jan. 28, 1938 Aug. 13, 1941	Motion— Request—	Jan. 29, 1940
Mahlestedt Materials, Inc.	S. D. N. Y.—	Ch. do—	Dec. 4, 1940 Feb. 16, 1937	Dec. 20, 1940 Feb. 18, 1937	do— do—	Aug. 14, 1941
Meier Brewing Co.	S. D. Calif.—	See. 77-B Ch. I—	Sept. 17, 1941	Sept. 17, 1941	Motion— do—	Ang. 4, 1941
Mercy Villa Realty Co.	E. D. Mich.—	do—	Oct. 31, 1940	Nov. 1, 1940	Motion— do—	Dec. 6, 1938
Mer-Harbor Properties, Inc.	S. D. N. Y.—	do—	Nov. 1, 1940	do—	Motion— do—	Oct. 14, 1942
Mer-Tex Oil Co. (The)	N. D. Texas—	do—	do—	do—	Motion— do—	Dec. 5, 1940
Mar-Tex Pipeline Co.	do—	do—	do—	do—	do— do—	do—
Mar-Tex Pipe Co.	N. D. N. Y.—	See. 77-B Ch. I—	June 6, 1935 Jan. 11, 1941	June 19, 1935 Aug. 11, 1938	do— do—	June 26, 1939
Martin Co. of Utica (Hotel)	S. D. Tenn.—	See. 77-B Ch. do—	Aug. 22, 1938	Aug. 22, 1938	Request— do—	Mar. 1, 1941
Mason Block Realty Corporation	S. D. Calif.—	do—	do—	do—	do— do—	MAY 25, 1939
McClintock-Wilton & Associates, Inc.	N. D. Ill.—	do—	do—	do—	do— do—	Do— Do—
Residential Income Properties, Inc.	E. D. Mich.—	do—	do—	do—	do— do—	Do— Do—
Wilton-Merfield Management Co.	E. D. Mo.—	Ch. I—	Oct. 20, 1941	Oct. 21, 1941	Motion— do—	Nov. 18, 1941
Mayfair Hotel Co.	S. D. N. Y.—	Ch. I—	Dec. 8, 1938	Dec. 8, 1938	do— do—	Dec. 8, 1938
McKesson & Robbins, Inc.	N. D. Ill.—	do—	June 4, 1941	July 28, 1941	Request— do—	JULY 28, 1941
Medich Building Corporation	E. D. Mich.—	do—	Mar. 25, 1937	Apr. 3, 1937	do— do—	do— do—
Metropolitan Holding Co.	E. D. Del.—	do—	June 9, 1934	June 9, 1934	Motion— do—	Jan. 6, 1938
Midland United Co.	D. Minn.—	do—	do—	do—	do— do—	Jan. 10, 1940
Midland Utilities Co.	M. D. Pa.—	Ch. I—	June 11, 1934	July 11, 1934	do— do—	Do— Do—
Minnesota & Ontario Paper Co.	D. Md.—	do—	June 19, 1941	June 24, 1941	do— do—	Feb. 10, 1939
Mocheead Knitting Co.	E. D. Mich.—	do—	Sept. 16, 1939	Sept. 16, 1939	do— do—	Aug. 6, 1941
Mortgage Guarantee Co.	do—	do—	do—	do—	do— (2),	Sept. 27, 1939
Druil Park Apartments Co. (The)	do—	do—	do—	do—	do— (2),	Sept. 27, 1939
Saratoga Building & Land Corporation (The)	do—	do—	do—	do—	do— do—	Sept. 27, 1939
Wyman Park Apartments Co. (The)	do—	do—	do—	do—	do— do—	Sept. 27, 1939
Mr. Forest Pur Farms of America, Inc.	E. D. Mich.—	See. 77-B Ch. I—	Aug. 15, 1938	Aug. 15, 1938	Request— do—	Sept. 26, 1938
Mountain States Power Co.	E. D. Del.—	do—	Dec. 31, 1937	Dec. 31, 1937	Motion— do—	Feb. 27, 1940
Mutual Creamery Co.	D. Utah—	Ch. I—	Mar. 11, 1939	Mar. 11, 1939	do— do—	APR. 4, 1939
National Realty Trust	N. D. Ill.—	See. 77-B Ch. I—	Dec. 26, 1934	Apr. 25, 1935	do— do—	OCT. 26, 1940
1934 Realty Corporation	S. D. N. Y.—	do—	Dec. 23, 1938	Dec. 25, 1939	do— do—	Jan. 6, 1941
Northern Redwood Lumber Co.	N. D. Calif.—	See. 77-B Ch. I—	Apr. 4, 1936	Apr. 4, 1936	do— do—	APR. 13, 1939
Northwest Cities Gas Co.	E. D. Wash.—	do—	Jan. 13, 1938	Jan. 15, 1938	do— do—	JUNE 26, 1939
Owner Fare Register Co.	S. D. Ohio—	do—	Dec. 29, 1937	Dec. 29, 1937	Request— do—	MAY 5, 1939
Oklahoma Railway Co.	W. D. Okla.—	Ch. I—	Sept. 27, 1939	Sept. 27, 1939	Motion— do—	OCT. 13, 1939
Old Point Comfort Corporation	E. D. Va.—	do—	July 3, 1941	(3)	do— do—	NOV. 27, 1941
168 Randolph Building Corporation	N. D. Ill.—	See. 77-B Ch. I—	Aug. 5, 1935	Dec. 30, 1935	do— do—	JAN. 17, 1939
P.A. Holding Corporation	S. D. N. Y.—	do—	Apr. 24, 1942	May 21, 1942	do— do—	MAY 22, 1942
Palm Estates, Inc.	do—	do—	June 18, 1941	(4)	Request— do—	JUNE 23, 1941
Penn Timber Co.	D. Oregon—	See. 77-B Ch. I—	Feb. 18, 1938	Feb. 18, 1938	do— do—	JAN. 5, 1939
R. D. Pa.—	do—	do—	Feb. 26, 1937	Feb. 26, 1937	Motion— do—	JAN. 27, 1939
Philadelphia & Reading Coal & Iron Co.	do—	do—	July 2, 1934	July 3, 1934	do— do—	DEC. 17, 1940
Pine Hill Collieries Co.	do—	do—	May 16, 1939	May 16, 1939	Request— do—	MAY 19, 1939
Pine Hill Coal Co.	do—	do—	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.

2 Order approving petition also consolidated the proceedings with those involving Mortgage Guarantee Company and the Saratoga Building and Land Corporation.

3 Petition not approved. Proceedings dismissed Feb. 4, 1942.

4 Order dismissing petition being appealed.

Table 22.—Reorganisation proceedings in which the Commission participated during the fiscal year ended June 30, 1942—Continued.

Debtors	District court	Proceedings instituted under Sec. 77-B	Petition		Participation 1		Securities and Exchange Commission notice of ap- pearance filed
			Filed	Approved	Filed	Approved	
Pittsburgh Railways Co.	W. D. Pa.	Sec. 77-B	May 10, 1938	May 10, 1938	do	do	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	Dec. 4, 1939	Jan. 2, 1940	do	do	Do. Jan. 6, 1940
Pittsburgh Terminal Coal Corporation	do	Ch. I.	June 25, 1940	June 27, 1940	do	do	July 16, 1940
Plantation Building Co.	D. Fla.	do	Apr. 3, 1939	Apr. 3, 1939	do	do	Apr. 18, 1939
Portland Electric Power Co.	D. Oregon	do	Dec. 17, 1941	Feb. 13, 1942	Motion	Motion	Jan. 28, 1942
Quaker City Cold Storage Co.	E. D. N. Y.	do	May 7, 1942	July 22, 1942	do	do	May 22, 1942
R. A. Security Holdings, Inc.	S. D. N. Y.	See. 77-B	June 7, 1934	June 28, 1934	Request	do	Aug. 26, 1939
Radio-Keith-Orpheum Corporation	E. D. Pa.	Ch. I.	July 11, 1940	Nov. 12, 1940	Motion	Motion	Nov. 12, 1940
Real Estate Mortgage Guaranty Co.	E. D. Fla.	do	Apr. 20, 1939	Apr. 20, 1939	Request	do	July 29, 1940
Reed Holding Co.	E. D. Ohio	do	July 31, 1939	Nov. 1, 1939	Motion	do	Aug. 23, 1940
Reynolds Investing Co., Inc.	D. N. J.	See. 77-B	May 18, 1938	June 22, 1938	Request	do	Dec. 6, 1938
Ritz-Carlton Restaurant & Hotel Co. of Atlantic City (The)	do	Ch. X.	Jan. 17, 1939	Jan. 20, 1939	do	do	Jan. 23, 1939
Reach (W. R.) & Co.	W. D. Mich.	do	Jan. 9, 1941	Jan. 9, 1941	Motion	do	Feb. 1, 1941
Roberts & Oak, Inc.	N. D. Ill.	do	Apr. 19, 1941	Apr. 19, 1941	do	do	May 28, 1941
Salter Looms, Inc. (The)	D. Conn.	do	Nov. 10, 1939	Nov. 10, 1939	do	do	Dec. 2, 1939
Sayre & Fisher Brick Co.	N. J.	See. 77-B	Aug. 20, 1934	Aug. 20, 1934	Request	do	Feb. 2, 1940
Silesian American Corporation	S. D. N. Y.	Ch. I.	July 29, 1941	July 29, 1941	Motion	do	Aug. 1, 1941
640 South Main Corporation	S. D. Calif.	do	Nov. 26, 1941	Nov. 26, 1941	do	do	Dec. 3, 1941
South State St. Building Corporation	N. D. Ill.	do	Oct. 17, 1938	Oct. 18, 1938	do	do	Nov. 29, 1938
Southport-Tivoli Building Corporation	do	See. 77-B	Aug. 18, 1938	Aug. 29, 1938	Request	do	Dec. 23, 1938
Standard Commercial Tobacco Co., Inc. (The)	S. D. N. Y.	do	Apr. 15, 1938	Apr. 15, 1938	Motion	do	Dec. 2, 1938
Stora Building Corporation	E. D. Fla.	Ch. I.	Nov. 14, 1941	Nov. 14, 1941	Request	do	Dec. 3, 1941
Tampa Union Terminals, Inc.	S. D. Fla.	do	Nov. 29, 1940	Nov. 29, 1940	Motion	do	Dec. 12, 1940
Thomas Allec Corporation (The)	N. D. Calif.	do	May 12, 1939	May 13, 1939	do	do	June 26, 1939
Title Bond & Mortgage Co.	W. D. Mich.	do	Dec. 23, 1940	Dec. 23, 1940	do	do	Jan. 31, 1941
Transportation Building Corporation of Chicago	N. D. Ill.	do	Jan. 16, 1941	Feb. 23, 1941	Request	do	Feb. 22, 1941
Turnbow Petroleum Corporation (W. C.)	E. D. Texas	do	Feb. 21, 1940	Feb. 21, 1940	Motion	do	Apr. 18, 1940
263 West 38th St. Corporation	S. D. N. Y.	do	Dec. 26, 1940	Dec. 26, 1940	do	do	Jan. 29, 1941
Ulen & Co.	do	do	June 14, 1940	June 14, 1940	do	do	June 17, 1940
Utilities Power & Light Corporation	N. D. Ill.	See. 77-B	Jan. 4, 1937	Jan. 4, 1937	Request	do	May 31, 1940
Valier-Montana Land & Water Co.	S. D. Mont.	Ch. I.	Jan. 15, 1942	Jan. 15, 1942	Motion	do	Mar. 5, 1942
Van Rensselaer Estates, Inc.	N. D. Ohio	do	July 12, 1935	July 12, 1935	do	do	July 22, 1941
Vermont Lighting Corporation	D. Vt.	Ch. I.	Jan. 13, 1936	Oct. 15, 1936	do	do	Jan. 23, 1940
Warren Sugar Corporation	S. D. N. Y.	do	do	do	do	do	Do. Feb. 9, 1939
Watson Brothers Co.	D. Mass.	See. 77-B	Jan. 7, 1939	Jan. 17, 1939	Request	do	July 9, 1940
Washington Gas & Electric Co.	S. D. N. Y.	Ch. I.	June 7, 1940	June 7, 1940	Motion	do	July 30, 1940
Webster Apartments Co.	E. D. Mich.	See. 77-B	Sept. 29, 1941	Sept. 29, 1941	Request	do	Oct. 14, 1941
William Jameson & Co.	do	do	Apr. 28, 1936	Apr. 28, 1936	Request	do	Jan. 7, 1939
Wilton Realty Corporation	S. D. N. Y.	Ch. I.	May 4, 1935	May 4, 1935	do	do	Nov. 27, 1939
Winton-Milson Liquidation Trust	E. D. Mich.	See. 77-B	Apr. 21, 1941	Apr. 21, 1941	do	do	Dec. 3, 1941
Winton-Milson Liquidation Trust	N. D. Ill.	Ch. I.	May 27, 1941	June 1, 1941	do	do	June 12, 1941

¹ "Request" denotes participation at the request of the judge; "Motion" refers to participation upon approval by the judge or the Commission's motion to participate.