

**Third Annual Report**  
of the  
**Securities and Exchange  
Commission**

**Fiscal Year Ended June 30, 1937**



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**SECURITIES AND EXCHANGE COMMISSION**

Office: 1778 Pennsylvania Avenue NW.  
Washington, D. C.

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**COMMISSIONERS**

**WILLIAM O. DOUGLAS**, *Chairman*

**GEORGE C. MATHEWS**

**ROBERT E. HEALY**

**J. D. ROSS**

**FRANCIS P. BRASSOR**, *Secretary*

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**Address All Communications**

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D. C.**

**LETTER OF TRANSMITTAL**

SECURITIES AND EXCHANGE COMMISSION,  
*Washington, January 3, 1938.*

SIR: I have the honor to transmit to you the Third Annual Report of the Securities and Exchange Commission, in compliance with the provisions of Section 23 (b) of the Securities Exchange Act of 1934, approved June 6, 1934, and Section 23 of the Public Utility Holding Company Act of 1935, approved August 26, 1935.

Respectfully,

WILLIAM O. DOUGLAS,  
*Chairman.*

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





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# **THIRD ANNUAL REPORT OF THE SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D. C.

Section 23 (b) of the Securities Exchange Act of 1934 and Section 23 of the Public Utility Holding Company Act of 1935 provide that the Securities and Exchange Commission shall submit annually a report to the Congress covering the work of the Commission for the preceding year and such information, data, and recommendations for further legislation as it may find advisable. The following report, made pursuant to these provisions, covers the fiscal year ended June 30, 1937.

## **FUNCTIONS OF THE COMMISSION**

The Securities and Exchange Commission is responsible for the administration and enforcement of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934,<sup>1</sup> as amended, and the Public Utility Holding Company Act of 1935. In general, it may be stated that the Securities Act of 1933 is designed to require a complete and accurate disclosure of the material facts concerning securities offered for sale or sold in interstate commerce or by the use of the mails, and to prevent fraud in the sale of securities; the Securities Exchange Act of 1934 is designed to provide for regulation of trading upon national securities exchanges and in the over-the-counter markets; and the Public Utility Holding Company Act of 1935 is designed to provide for the regulation of gas and electric utility holding company systems.

A fuller description of the purposes and the objectives sought in the passage of these enactments, together with detailed statements of the functions of the various divisions of the Commission, may be found in the first and second annual reports of the Commission.

## **COMMISSIONERS AND STAFF OFFICERS**

### **Commissioners:**

Douglas, William O., Chairman <sup>2</sup>  
Mathews, George C., Commissioner  
Healy, Robert E., Commissioner  
Ross, J. D., Commissioner

<sup>1</sup> Under Section 7 of this Act, jurisdiction to regulate the extension and maintenance of credit on exchanges is vested exclusively in the Board of Governors of the Federal Reserve System.

<sup>2</sup> Commissioner William O. Douglas, was elected Chairman of the Commission on September 21, 1937, for the period ending June 30, 1938, vice James M. Landis, who resigned as Chairman and Commissioner, effective September 15, 1937.

**Staff Officers:**

Bane, Baldwin B., Director of Registration Division  
 Blough, Carman G., Chief Accountant  
 Brassor, Francis P., Secretary of the Commission  
 Gilman, Wm. C.,<sup>3</sup> Director of the Public Utilities Division  
 Gourrich, Paul P., Director of Research Division  
 Katz, Milton, Executive Assistant to the Chairman  
 Neff, Harold H., Director of the Division of Forms and Regulations  
 Saperstein, David, Director of Trading and Exchange Division  
 Sheridan, Edwin A., Supervisor of Information Research  
 Simpson, Kemper,<sup>4</sup> Economic Adviser  
 Smith, C. Roy,<sup>3</sup> Chief, Oil and Gas Unit  
 Throop, Allen A., General Counsel

**Regional Administrators:**

Allred, Oran H., Fort Worth Regional Office  
 Angell, Ernest, New York Regional Office  
 Caffrey, James J., Boston Regional Office  
 Cline, Foster, Denver Regional Office  
 Green, William, Atlanta Regional Office  
 Judy, Howard A., San Francisco Regional Office  
 Karr, Day, Seattle Regional Office  
 Kennedy, W. McNeill, Chicago Regional Office  
 Malone, William M., Washington Field Office

**REGISTRATION OF SECURITIES UNDER THE SECURITIES ACT OF 1933****Examination of Securities Act Registration Statements**

Under the Securities Act of 1933, as amended, with certain exceptions, securities may not be publicly offered for sale or sold in interstate commerce or through the mails unless a registration statement has been filed with the Commission and is effective. A prospectus, containing the more material ultimate facts set forth in the registration statement, is also required to be filed as part of the registration statement. The law provides that a copy of the prospectus to be used in connection with the sale of registered securities must be given to every person to whom the securities are offered for sale and to every purchaser at or before the time of the sale.

The registration statement serves a two-fold purpose: (1) it discloses to investors material facts concerning an issue of securities that is offered for sale to the public, and (2) it stands as a record of the representations made at the time the securities were sold, and thus, if any such representation should be false, simplifies the problem of proof in

<sup>3</sup> In September 1937, Mr. Gilman resigned; Mr. C. Roy Smith was appointed Director of the Public Utilities Division, and Mr. W. J. Kenney was appointed Chief of the Oil and Gas Unit.

<sup>4</sup> To September 30, 1937.

any legal proceedings which may result. The statement must be filed on the particular form prescribed by the Commission as appropriate to the type of the security proposed to be offered and each form provides for the submission of information essential to a fair disclosure of material facts relative to the issuer and the securities offered for sale.

With certain exceptions, the Act provides for the lapse of a period of twenty days after filing before the registration statement becomes effective. This provision gives the investors a reasonable period of time in which to look into the facts concerning the issue and the issuer before the issue is offered for sale, and, in addition, allows the Commission to make an examination of the statement for omissions, inaccuracies, and untruths. If the examination of the statement discloses deficiencies, but nevertheless indicates a sincere and honest effort to comply with the requirements, the registrant is so advised. The deficiencies may be corrected by the filing of amendments. If, on the other hand, the examination reveals that the registration statement includes untrue statements or omissions of material facts in intentional or reckless disregard of the standard of disclosure prescribed by the Act, stop order proceedings may be instituted immediately. The Commission is empowered also to refuse registration in those instances where the information given is incomplete or inaccurate on its face and to undertake investigations involving examination of the issuer, underwriters, or any other person for the purpose of determining whether a stop order should issue. Further, the Commission may suspend registration after a registration statement becomes effective if it develops that the information furnished in the statement is untrue or misleading in any material particulars.

Neither the fact that a registration statement for a security has been filed or is in effect, nor the fact that a stop order is not in effect with respect to that particular statement, can be treated as an indication that the Commission considers the registration statement to be true and accurate on its face or that it does not contain an untrue statement of fact or omits to state a material fact, or be held to mean that the Commission has in any way passed upon the merits of, or given approval to, the security. To represent otherwise is made a criminal act by the statute.

The annual reports filed with the Commission pursuant to the provisions of Section 15 (d) of the Securities Exchange Act of 1934, as amended, by issuers having securities registered under the Securities Act of 1933, are examined and analyzed in the same manner as registration statements.

For the purpose of giving some indication of the nature of disclosures made as a result of examinations, a few typical cases are briefly summarized below.



A company engaged in the business of creating and selling to the public a class of securities known as investment contracts sought to register \$10,000,000 face amount of certificates to be offered under a so-called investment trust accumulation plan. These contracts provided for either a lump sum payment or monthly installment payments on the part of the purchaser, the net proceeds being used for the purchase of shares of an underlying investment trust which were to be deposited with a trustee, who was to hold them for the account of certificate holders. The plan of investment thus involved a trust upon a trust with two sets of loading or service charges, one on the underlying trust shares and the other on the investment certificates.

The certificates to be issued under the periodic or installment investment plans were stated on the face thereof and in the prospectus as having a "maturity value" of \$2,000 for each \$1,200 agreed to be paid by the investor. The prospectus did not disclose the fact that this figure of \$2,000 was purely arbitrary, representing nothing more than the sum which the investor would obtain only when, as, and if the value of the underlying trust shares purchased with the funds paid in, less the charges and reductions, had reached \$2,000. The investor had no assurance that the so-called "maturity value" would ever be reached. In fact, by reason of the substantial charges deducted from the \$1,200 paid in by the investor, amounting to approximately \$200, the attainment of the stated "maturity value" would require a total appreciation of almost 100% of the market value of the underlying securities. This element of contingency was artfully concealed and the use of this term, appearing in the prospectus no less than twenty times, indicated an endeavor to import to the concept of "maturity value" a specious reality for apparently no purpose other than to mislead prospective investors. The prospectus, further, in connection with an elaborate recital of the routine duties of the trustee under the plan, gave unwarranted prominence to the name of the trustee, which was a well-known financial institution, in what appeared to be an unjustified attempt to trade on its reputation. In consequence of such misleading representations and the failure of the prospectus in certain other respects to set forth clearly the information required to be furnished, the Commission instituted stop-order proceedings. The registrant subsequently amended its registration statement and prospectus, eliminating all reference to "maturity value" and otherwise revising the prospectus in keeping with the requirements of full and fair disclosure of the material facts relating to the investment plan.

A registration statement filed by a bottling company in connection with a proposed public offering of common stock contained a balance sheet of the issuer which included among its assets franchise rights at a stated valuation of \$2,500,000. It appearing from information contained in the registration statement that the valuation ascribed to the franchise rights was excessive, the Commission proceeded to a

hearing under Section 8 (e) of the Act. At this hearing, evidence was adduced to indicate that no basis existed for the valuation placed upon this intangible asset, whereupon stop-order proceedings were instituted under Section 8 (d) of the Act. Upon notice of hearing the registrant filed an amended balance sheet reducing the valuation of the franchise rights from \$2,500,000 to \$1.

In a similar case involving the matter of property valuation, the balance sheet of a newly organized manufacturing company set forth its fixed assets at a valuation of approximately \$700,000. The properties in question had recently been acquired at a cost of \$200,000 and were appraised, on the basis of reproduction cost new less depreciation, at approximately \$1,200,000. For balance sheet purposes the company placed an arbitrary valuation of \$700,000 on the properties, thus creating a "surplus" of approximately \$500,000. The Commission instituted stop-order proceedings on the grounds that the balance sheet representations were misleading and that, in this instance, reproduction cost less depreciation did not constitute a criterion of value since the issuer had not demonstrated successful use of the properties warranting such valuation. As a result of the proceedings, the issuer amended its balance sheet to show the properties at cost, \$200,000, thereby eliminating the "surplus" of one-half million dollars which appeared on the balance sheet as originally filed.

A business trust filed a registration statement covering an issue of \$800,000 of certificates of beneficial interest, proposing to use the proceeds from their public sale to acquire oil properties which it had previously contracted to purchase from an oil operator in the Mid-Continent Field. Shortly after the effective date of the registration statement a preliminary investigation was undertaken which disclosed that the income of the properties was insufficient to support the dividends paid during the promotional period and, in addition, that the sponsors of the trust were misappropriating the proceeds from the sale of securities offered to the public instead of applying these proceeds on the purchase price of the properties. Injunction proceedings were instituted in the Federal Court, as a result of which the promoters were forced to restore the funds which had been diverted and the company was required to make full disclosure to prospective investors regarding the current earnings of the properties. Further investigation established that the estimates contained in the registration statement regarding the value, productivity, and income of the properties had been grossly exaggerated, the estimate of recoverable oil being overstated almost 500 percent. In addition, it was revealed that a certain over-the-counter dealer was selling the trust certificates in a nation-wide campaign involving willful and reckless misrepresentation.<sup>5</sup> Stop-order proceedings have been instituted under the

<sup>5</sup> On July 7, 1937, proceedings to revoke the registration of this dealer were instituted pursuant to Section 15 (b) of the Securities Exchange Act of 1934.

Securities Act of 1933 to suspend the effectiveness of the registration statement and proceedings under the Securities Exchange Act of 1934 have also been instituted with a view to revocation of the dealer's license.

An express trust, created in accordance with the laws of the State of Oklahoma with assets consisting of oil and gas interests in Oklahoma and Texas, filed a registration statement with the Commission on Form A-1 on December 12, 1935. The statement became effective, as amended, on February 19, 1936. Some \$1,070,000 of certificates of interest in the trust were sold to the public. In January, 1937, stop-order proceedings were instituted under Section 8 (d) of the Securities Act. After full and complete hearings before an examiner and argument before the Commission on exceptions to the examiner's findings, the Commission<sup>6</sup> issued its order stopping the effectiveness of the registration statement. The registration statement was found to be deficient in the following respects:

(a) The registration statement failed to disclose the identity of the one promoter and failed to disclose the amount of profit that he had made. A great majority of the assets of the trust had been purchased from him.

(b) The statement that quarterly reports would be furnished, when at the time of the hearing no reports at all had been issued.

(c) The failure to disclose certain pending litigation relative to certain of the properties in the trust.

(d) The engineer's reports attached as exhibits to the registration statement were found to include misstatements of material physical facts and to omit facts necessary to prevent the estimate arrived at from being misleading. The reports also, in some instances, failed to follow methods approved in the profession.

(e) The statement of the present monthly income in the registration statement was found to be erroneous. Motions to dismiss the proceedings and to withdraw the registration statement were made in the proceedings, but were both denied by the Commission.

A manufacturing company filed a registration statement with the Commission for the purpose of registering a large block of its common stock of which approximately 80% was outstanding and to be offered for the account of certain stockholders and 20% represented unissued stock to be offered for the account of the issuer. The registration statement stated that approximately 60% of the company's output was sold to one customer, a large automobile manufacturer. The reg-

<sup>6</sup> The Commission's order issued after the close of the fiscal year, on September 23, 1937.

istration statement contained also, as part of the required financial information, a profit and loss statement covering a six months period subsequent to the close of the issuer's last fiscal year which apparently indicated, in comparison with profit and loss statements for the three years preceding, a pronounced upward trend in its profits. Investigation by the Commission revealed that the principal customer of the registrant intended in the immediate future to reduce substantially its purchases from the issuer in consequence of certain changes effected in the design of its own product and, further, that this customer purchased most of its annual requirements during that portion of the year covered by the aforementioned six months profit and loss statement, a circumstance which would render such statement misleading unless the seasonal nature of the business were clearly indicated. Since full and fair disclosure respecting these matters had not been made in the registration statement, the Commission instituted stop-order proceedings whereupon the registrant, upon notice of hearing, withdrew its registration statement. The issuer later filed another registration statement. This statement properly set forth the limitations attached to the six months profit and loss statement and indicated clearly the possibility that a large portion of the issuer's business which had accounted for its profits in recent years might be lost as a result of an adverse change which appeared imminent in the business relationship between the registrant and its principal customer.

#### **Securities Act Forms, Rules and Regulations**

During the past year, the Commission adopted a new form (Form A-0-1) for the registration of securities under the Securities Act of 1933 for promotional mining companies. Theretofore, mining issues had been registered on the more general forms, A-1 and A-2. It had been found, however, that a number of the requirements of these forms were not well adapted to the problems of a newly organized mining enterprise. To meet the problem, the Commission prepared the new Form A-0-1, which is specifically designed to meet the needs of such new mining enterprises. In preparing this new form, the Commission not only drew heavily upon the services of its own experts, but also, in accordance with its usual practice, invited criticism and suggestions from many interested persons throughout the country, including the principal mining and engineering societies, and many engineers, lawyers, accountants, and other technicians experienced in the field.

The preparation of a general form having specialized alternative questions to be answered by particular categories of issuers has been undertaken. Experience gained from the registration statements on file with the Commission indicates that a form of this type will promote standardization of requirements and should materially lessen the

problems confronting the prospective registrant. For certain special types of securities, revised forms are in course of preparation. One of these forms, i. e., Form C-3, For American Certificates Against Foreign Issues and For the Underlying Securities, was adopted shortly after the close of the fiscal year.<sup>7</sup> In connection with this program, the instructions as to financial statements to be filed are being appropriately modified to conform to the other changes.

A considerable number of improving amendments have been made to the basic forms for registration under the Securities Act. These amendments are designed to clarify the requirements of the several forms and to extend the use of certain basic forms to additional classes of issuers upon the furnishing of appropriate specialized information.

Section 15 (d) of the Securities Exchange Act of 1934, as amended on May 27, 1936, requires registrants under the Securities Act of 1933 to file annual reports with the Commission under certain circumstances. During the year, the Commission adopted rules and regulations prescribing the nature of the information to be filed pursuant to this legislation. For the purpose of filing such annual reports, the Commission adopted a new general form (Form 1-MD), modeled after the basic form for annual reports of issuers having securities listed on national securities exchanges. Additional special forms for this purpose have also been adopted, i. e., Form 2-MD, For Investment Trusts having Securities Registered on Form C-1; Form 3-MD, For Voting Trust Certificates; and Form 4-MD, For Certificates of Deposit Issued by a Committee.

Revisions of numerous rules and regulations have been made from time to time to perfect the mechanics of registration and to provide for special situations.

In connection with the preparation of forms and rules, representatives of the Commission have been in close touch, through conferences and correspondence, with various accountants, lawyers, and other interested persons. Many of the suggestions received from such persons have been incorporated in the forms and rules and regulations as finally promulgated. Numerous legal opinions and interpretations have been prepared in connection with the application of the existing forms and rules to the individual problems of prospective registrants.

Several interpretative opinions by the Director of the Forms and Regulations Division have been published by the Commission. These opinions have been concerned primarily with the form in which information is to be given in the prospectus. They are designed to be the first of a series interpreting the requirements of the Commission as to the mode of furnishing information and are intended to assist registrants in making a prospectus a concise and legible presentation of the material facts of the particular offering.

<sup>7</sup> Published July 8, 1937.

**Statistics of Securities Registered Under the Securities Act**

At the beginning of the fiscal year, there were 2,314 registration statements on file. Of these, 1,757 were effective, 129 were under stop or refusal order, 294 had been withdrawn, and 134 were under examination or held pending the receipt of amendments.

During the period of July 1, 1936 to June 30, 1937, inclusive, 967 additional registration statements were filed. There were 887 registration statements which became effective during this period (of which all but 17 were fully effective); a total of 2,571 statements were effective at the end of the period, 73 of those effective at the beginning of the period or during the period either having been withdrawn or placed under stop order.

The net number of registration statements withdrawn increased by 128, to a total of 422 on June 30, 1937. The net number of stop or refusal orders increased during the period by 14, a total of 143 of such orders being in effect on June 30, 1937. As of June 30, 1937, there were 145 registration statements in the process of examination or awaiting amendments.

Appendix III contains a list of the registration statements as to which stop orders, consent refusal orders, and withdrawal orders were issued during the year.

During the fiscal year ended June 30, 1937, new securities with estimated gross proceeds of \$4,686,296,000 became fully effective. This total compares with \$4,677,302,000 effectively registered in the year ended June 30, 1936, \$948,471,000 during the year ended June 30, 1935, and \$759,406,000 from July 27, 1933, when the first statement became effective, to June 30, 1934.

In addition to these new issues, there were effectively registered, during the year ended June 30, 1937, \$164,462,000 of voting trust certificates, certificates of deposit and securities proposed to be offered in exchange for registrants' or predecessors' securities. This amount compares with \$157,747,000 of similar securities registered during the previous fiscal year.

Of the \$4,686,296,000 of new securities effectively registered during the past fiscal year, about \$298,515,000 were registered for reserve against the conversion of other securities, so that a total of \$4,387,781,000 was available for present or future sale for cash or other considerations for the accounts of the registrants or other persons. While the total of all new securities registered during the year ended June 30, 1937, was higher than for any fiscal year under the Securities Act, the total of securities other than amounts reserved for conversion amounted to \$4,387,781,000 or approximately \$45,000,000 less than the comparable figure for the year ended June 30, 1936.

In addition to the securities registered for reserve against conversion, there were other securities which were registered but not in-

tended to be immediately offered for sale for cash for the benefit of the registrants. Approximately \$374,395,000 of securities were registered during the past fiscal year "for the account of others". These represented securities already issued by the registrants and outstanding with security-holders at the time of registration; for the most part their registration was undertaken in connection with proposed resale to the general public, no part of the proceeds to accrue to the registrants. In addition, a total of \$245,587,000 of securities was proposed to be issued in exchange for other securities—\$120,843,000 to retire outstanding preferred stock issues by replacement, \$11,813,000 to pay off indebtedness through issuance of other securities, and \$112,931,000 for various other purposes. Finally, \$103,243,000 were reserved against the exercise of options and warrants, \$23,099,000 were reserved for other subsequent issuance and \$8,372,000 were intended to be issued for various assets, claims, and selling commissions. Thus, including the securities reserved against conversion, a total of \$1,053,210,000 of new securities effectively registered during the fiscal year, or 22.5% of total registrations, was intended for purposes other than immediate cash sale for the account of the registrants. After deducting this amount, registered securities with estimated gross proceeds of \$3,633,086,000 remained available for cash offering for the account of the registrants. Of these securities all but 3.1% represented issues of already established enterprises. In connection with the sale of these securities the registrants estimated that they would incur \$140,963,000<sup>8</sup> of expense; \$114,950,000<sup>8</sup> (3.2% of estimated gross proceeds) for commissions and discounts to underwriters and agents, and \$26,013,000 (0.7% of estimated gross proceeds) for other expenses in connection with flotation and issuance. The registrants estimated that upon the sale of their securities as contemplated in their registration statements and after payment of these expenses, they would retain as net cash proceeds \$3,492,123,000.

A comparison of the uses to which the registrants during the past fiscal year proposed to apply their net proceeds with the intentions of the registrants during the preceding fiscal period, indicates the declining importance of repayment of indebtedness and the increasing significance of the needs for additional working capital and expanded plant and equipment. Nevertheless, the main use proposed to be made of these cash funds still was the repayment of indebtedness. The table below shows the proposed employment of the net cash proceeds as indicated by the registrants of the year ended June 30, 1937, and of the preceding period.

<sup>8</sup> Not including \$2,215,000 of compensation given to underwriters or agents in the form of registered securities.

	Year ended June 30, 1937		Year ended June 30, 1936	
	(\$000)	Per cent of total	(\$000)	Per cent of total
Repayment of indebtedness.....	1, 933, 849	55. 4	2, 805, 442	74. 2
Retirement of preferred stock.....	225, 136	6. 5	213, 369	5. 6
Increase of working capital.....	633, 278	18. 1	207, 308	5. 5
Plant and equipment expenditures...	256, 979	7. 4	120, 489	3. 2
Purchase of securities for investment	352, 097	10. 1	382, 753	10. 1
Other purposes.....	90, 784	2. 5	52, 782	1. 4
Total.....	3, 492, 123	100. 0	3, 782, 143	100. 0

The registration statements disclosed that \$3,021,647,000, or 83.1%, of the \$3,633,086,000 of securities proposed for cash offering for the account of registrants were to be offered to the public generally, \$456,603,000, or 12.6%, to the registrants' security-holders and \$154,836,000, or 4.3%, to special persons. About \$2,839,375,000, or 78.2%, of the securities were underwritten while \$411,990,000, or 11.3%, were to be offered by the registrants themselves, and \$381,721,000, or 10.5%, were to be offered by various selling agents. The last fiscal year witnessed an increase in the number of offerings by registrants to their own security-holders. Such offerings were chiefly effected through the issuance of rights to stockholders to purchase common shares at a price below the market. More than 65% of the securities offered to security-holders was common stock, and slightly more than 48% of the common stock registered for cash sale was offered to the registrants' own security-holders.

Of the total of \$4,387,781,000 of securities effectively registered (after deducting amounts reserved against conversion) \$1,091,816,000, or 24.9%, were for common stock issues; \$569,371,000, or 13.0%, were for preferred stock issues; \$247,958,000, or 5.6%, were for certificates of participation, beneficial interest, and warrants; \$1,552,871,000, or 35.4%, were for secured bonds; \$921,186,000, or 21.0%, were for debentures, and \$4,579,000, or 0.1%, were for short term notes. Interest bearing obligations, then, totaled 56.5%, stock issues 37.9%, and other types of securities 5.6%.

Approximately \$1,249,333,000, or 28.5%, of the registrations (after deducting amounts reserved against conversion) were for manufacturing companies; \$1,175,468,000, or 26.8%, were for the electric light and power, gas and water utility companies; \$771,888,000, or 17.6%, were for financial and investment companies; \$557,477,000, or 12.7%, were for transportation and communication companies (exclusive of



common carriers exempt under the Securities Act of 1933); \$276,058,000, or 6.3%, for merchandising companies; \$61,068,000, or 1.4%, were for companies in the extractive industries; and \$296,489,000, or 6.7%, were for all other registrants including foreign governments.

Detailed statistical tables showing number of issues, type of security, classification of issuers, gross proceeds, cost of distribution and selling, channels of distribution, and proposed use of funds for the securities registered with the Securities and Exchange Commission are contained in Appendix V. In interpreting the tables, as well as the summary figures quoted above, it should be kept in mind that these statistics are based solely on the registration statements as filed by the registrants with the Securities and Exchange Commission. All data, therefore, refer to registrants' intentions and estimates as they appear in the registration statements on the effective dates. They thus represent, in reality, statistics of intentions to sell securities rather than statistics of actual sales of securities.

The statute does not provide for the accumulation of data showing the extent to which securities registered have actually been sold by the registrant. Although the Commission has endeavored to obtain such data, it does not yet have exact knowledge upon this subject. However, in cases where securities are underwritten by responsible banking houses, it is certain that the issuing corporation has received the stipulated sales price. As indicated above, of the \$3,633,086,000 of new securities proposed to be offered for cash about \$2,839,375,000, or 78.2%, were intended to be sold to underwriters and may, therefore, be assumed to have netted the issuing corporations the contemplated amount of funds.

For the purpose of ascertaining the proportion of registered securities not sold to underwriters which were actually disposed of by registrants through contracts with selling agents or their own facilities, follow-up questionnaires were sent to registrants, other than investment companies, who have registered on Form A-1 and whose registrations had become effective before April 30, 1936. Approximately 435 replies, inclusive of the 270 replies mentioned in the annual report of 1936, were received up to June 30, 1937. From these replies it appeared that only about 20% of the total estimated gross proceeds of the securities registered by this group of registrants which consists almost entirely of unseasoned companies disposing of their securities without the aid of underwriters, has actually been sold. About one third of the registrants reported no sales whatever of registered securities, while the remaining registrants reported sales of slightly more than one fourth of the amount registered.

### Statistics of Private Placings

Registered securities, of course, constitute only a part of all new securities offered for sale to investors in the United States. The Commission has no authoritative knowledge of the offerings of securities exempt under the Securities Act of 1933.<sup>9</sup> However, in view of the importance of private placings and of their affinity to certain types of registered offerings the Commission is keeping a record of unregistered private placings based on information published in the financial press and supplemented by short questionnaires sent to the issuers of securities reported as privately placed.

During the fiscal year ended June 30, 1937, 28 unregistered private placings with total estimated gross proceeds of almost \$296,000,000 came to the attention of the Commission comparing with 37 issues with estimated gross proceeds of over \$213,000,000 during the preceding fiscal year. The proceeds of these privately placed issues were equivalent to approximately 8% of the securities effectively registered for cash offering with the Commission during the fiscal year ended June 30, 1937, comparing with the corresponding ratio of approximately 5% during the preceding fiscal year. Industrial corporations sold slightly over one half of the reported private placings, public utilities accounting for about 80% of the rest. Repayment of indebtedness continued the chief purpose for which the proceeds of the securities placed privately were to be used but the proportion to total proceeds declined to 58% compared with 85% during the fiscal year ended June 30, 1936. The amounts to be used for working capital and plant and equipment rose to \$119,000,000 compared with slightly over \$30,000,000 during the preceding year. Monthly data on the type of securities, the classification of the issuers and the use of proceeds of the privately placed securities on which the Commission has information are presented in Table 10 of Appendix V.

Securities placed privately according to the information supplied by the issuer of the registration statements, but registered either on issuance or later under the Securities Act of 1933, (such securities are, of course, included in the statistics of the registered issues) were very small during the fiscal year ended June 30, 1937, amounting to less than \$12,000,000 in 4 issues compared to \$211,000,000 in 20 issues during the preceding fiscal year.

<sup>9</sup> The chief categories of exempt securities are: Securities issued or guaranteed by the United States Government; securities issued by any State or by any political subdivision or any public instrumentality of any State; securities issued by any banking institution; securities of common or contract carriers the issuance of which is subject to Section 20 (a) of the Interstate Commerce Act; securities of a noncommercial character issued by eleemosynary institutions; securities which are part of an issue sold only to residents within a single State where the issuer is incorporated by and doing business in such State; securities exchanged exclusively with security-holders of the issuer where no commission is paid for soliciting the exchange; and securities sold to a small number of purchasers not involving a public offering (so-called private placings).

**EXEMPTION FROM REGISTRATION REQUIREMENTS OF SECURITIES  
ACT**

**Exemptions of Fractional Undivided Interests in Oil or Gas Rights**

In order to secure a more effective supervision over the class of exemptions involving offerings relating to the sale of fractional undivided interests in oil or gas rights filed pursuant to Regulation B of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, on July 1, 1936, the Commission established the Oil and Gas Unit. The functions of this Unit are to examine all offering sheets and amendments thereto; to examine prospectuses involving oil and gas issues filed pursuant to Rule 202 of the Commission's General Rules and Regulations; to assist in the examination of and to furnish technical, engineering and valuation advice on registrations involving oil or gas properties; and to conduct formal investigations into the activities of oil royalty trusts and investigations to verify the representations made as to properties offered and the recoveries estimated to be realized therefrom.

Of the 1,720 offering sheets examined, suspension orders were issued in 443 cases. In 294 of these cases, the defects pointed out by the Commission were cured by amendment and the suspension orders lifted. The following statistics indicate the number of original offering sheets filed and the actions with respect thereto from July 1, 1936 to June 30, 1937:

Offering sheets filed.....	1,720
Suspension orders entered.....	443
Offering sheets withdrawn.....	94
Offering sheets amended.....	295
Number of hearings held and completed to determine whether temporary suspensions should be made permanent.....	25
(a) Resulting in withdrawals.....	2
(b) Resulting in amendments to correct deficiencies.....	1
(c) Resulting in permanent suspensions.....	22
Temporary suspensions pending June 30, 1937.....	29

**Exemptions Other Than Those Relating to Oil and Gas Interests**

Under the rules and regulations of the Commission adopted pursuant to Section 3 (b) of the Securities Act of 1933, which provide for conditional exemptions from registration for certain issues not in excess of \$100,000, the Commission, during the past year, received and examined 475 prospectuses, relating mostly to offerings of stock issues. Numerous amendments, which were required to correct the deficiencies found in the prospectuses as originally filed, were also examined. The aggregate offerings, as disclosed by the prospectuses, amounted to \$37,734,416.

## REGISTRATION OF NATIONAL SECURITIES EXCHANGES

**Exchanges Registered**

The 22 national securities exchanges as of June 30, 1937, are as follows:

Baltimore Stock Exchange	New York Real Estate Securities Exchange, Inc.
Board of Trade of the City of Chicago	New York Stock Exchange
Boston Stock Exchange	Philadelphia Stock Exchange
Chicago Curb Exchange	Pittsburgh Stock Exchange
Chicago Stock Exchange	St. Louis Stock Exchange
Cincinnati Stock Exchange	Salt Lake Stock Exchange
Cleveland Stock Exchange	San Francisco Curb Exchange
Detroit Stock Exchange	San Francisco Mining Exchange
Los Angeles Stock Exchange	San Francisco Stock Exchange
New Orleans Stock Exchange	Standard Stock Exchange of Spokane
New York Curb Exchange	Washington (D. C.) Stock Exchange

The Buffalo Stock Exchange and the Denver Stock Exchange, which had been permitted to withdraw their applications for registration as national securities exchanges with leave to apply for reinstatement before April 1, 1937, and May 1, 1937, respectively, requested extensions of time within which to apply for reinstatement as national securities exchanges. By order of the Commission, the Buffalo Stock Exchange was granted an extension to April 1, 1938 within which it might apply for reinstatement as a national securities exchange. The application of the Denver Stock Exchange was denied.

The Commission, during the year, revised its rules specifying the manner in which registered and exempt exchanges should file amendments and supplements in order to keep their applications for registration or exemption up to date. These revised rules eliminate the necessity for the filing of formal supplements containing certain information regularly published by the exchanges and require the submission to the Commission of annual financial statements for each exchange and its affiliates.

The amendments and financial statements are examined for the purpose of ascertaining compliance with the Securities Exchange Act of 1934 and the Rules and Regulations of the Commission. During the year, more than 250 amendments were filed.

**Exchanges Exempted From Registration**

As of June 30, 1937, the 7 exchanges granted exemption from registration as national securities exchanges remain the same as last year and are as follows:

Colorado Springs Stock Exchange	Richmond Stock Exchange
Honolulu Stock Exchange	Seattle Stock Exchange
Milwaukee Grain and Stock Exchange	Wheeling Stock Exchange
Minneapolis-St. Paul Stock Exchange	

**REGISTRATION OF SECURITIES ON EXCHANGES****Applications for the Registration of Securities on Exchanges**

One of the main objectives of the Securities Exchange Act of 1934 is to make available for the investor, reliable, current, and comprehensive information regarding the affairs of the company whose securities are listed, or are to be listed, on a national securities exchange. Certain information is also required to be furnished by companies whose securities are listed, or are to be listed, on exempt exchanges.

A company which seeks to list its securities on national securities exchanges may accomplish such listing by conforming to the requirements of the exchange to which it applies, and by filing, on the appropriate form, an application for the registration of such securities with the Commission and with the exchange on which the registration is sought. For the purpose of the basic registration, several forms have been adopted and each one provides for the submission of data of the character called for in the Act and appropriate to the particular type of issuer or security. These forms in general require non-financial as well as financial information. Data is required concerning the organization of the registrant and of the system of which it may be an integral part, its capital structure, its authorized outstanding funded debt, the debt structure of its subsidiaries, its authorized, issued and outstanding capital stock, the amount of securities of other corporations that it may have guaranteed, its position with reference to outstanding warrants and rights, an adequate description of the actual securities being registered, recent financing, control and management, stock options, balance sheets, profit and loss statements, together with supporting schedules, the remuneration of officers and directors, and other pertinent information.

The continuance of registration upon an exchange is conditioned upon the filing of interim reports covering material changes occurring from time to time, and the filing, within 120 days after the close of the fiscal year of the registrant, of an annual report. These reports are designed to bring up to date the information contained in the applications for permanent registration of securities.

A detailed examination is made of each of these applications, annual reports, and current reports for the purpose of determining whether they contain full and adequate disclosure of the information required by the Act and the rules and regulations promulgated thereunder. Deficiencies which are revealed by such examinations are communicated to the registrant and amendments correcting such deficiencies are required to be filed. Upon receipt, the correcting amendments are examined in the same manner as the applications and reports.

### Applications for the Withdrawal or Striking from Listing and Registration of Securities on Exchanges

In accordance with the provisions of Section 12 (d) of the Securities Exchange Act of 1934 and Rule JD2 (b) promulgated thereunder, the Commission received 78 applications for withdrawal or striking from listing of securities fully listed and registered on exchanges. Public hearings were held on these applications and 56 of them were granted. The remaining 22 were pending as of June 30, 1937.

Pursuant to Rule JD3 (a) of the Commission, 433 certifications were received from national securities exchanges relative to the withdrawal from listing and registration of maturing securities and securities redeemed or retired.

### Application for the Granting, Extension and Termination of Unlisted Trading Privileges on Exchanges.

The Commission, during the year, amended its rules governing unlisted trading privileges on national securities exchanges pursuant to Section 12 (f) of the Securities Exchange Act of 1934, as amended on May 27, 1936.<sup>10</sup> These rules permit the continuation of unlisted trading privileges in a security without further application to the Commission if only minor changes have occurred in such security, such as changes in the title thereof, the interest rate, the par value, the amount outstanding, etc. The exchanges are required to notify the Commission in writing of any changes promptly after they have knowledge thereof. During the fiscal year ended June 30, 1937, the Commission received 424 such notifications.

If more substantial changes are made in securities, an application must be filed by the exchange supporting the contention that the altered security is substantially equivalent to the security admitted to unlisted trading privileges. Before the altered security may be traded on an exchange, the application must be approved by the Commission. During the past year, 50 such applications were received, of which 24 were granted and 26 were denied.

It may be interesting at this point to sum up the record of reduction in the total number of securities admitted to unlisted trading privileges since October 1, 1934. The total number of securities originally admitted to unlisted trading privileges, pursuant to Clause 1 of Section 12 (f) of the Securities Exchange Act of 1934 amounted to:

Stocks.....	2,685
Bonds.....	1,288
<b>Total.....</b>	<b>3,973</b>

<sup>10</sup> For a discussion of background of this Amendment, see the Commission's Second Annual Report, p. 17.

On June 30, 1937, the number of securities still enjoying unlisted trading privileges, pursuant to Clause 1 of Section 12 (f) was:

Stocks.....	1,656
Bonds.....	615
Total.....	2,271

Thus, there has been a net decline of:

Stocks.....	1,029
Bonds.....	673
Total.....	1,702 <sup>11</sup>

During the fiscal year, 69 applications for the extension of unlisted trading privileges to securities duly listed and registered on other national securities exchanges were received. Of these, 11 were granted, 13 were denied and 45 were pending as of June 30, 1937. During the fiscal year, the Commission received 22 applications for the extension of unlisted trading privileges to securities in respect of which there is claimed to be available from registration statements and periodic reports or other data filed pursuant to rules or regulations prescribed by the Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, information substantially equivalent to that available pursuant to rules or regulations of the Commission in respect of a security duly listed and registered on a national securities exchange. These applications were still pending as of June 30, 1937.

The Commission received 5 applications from persons other than exchanges for the termination of unlisted trading privileges on national securities exchanges. Of these, 2 were granted, 1 was denied and 2 were pending as of June 30, 1937.

During the fiscal year, the Commission was notified of the removal by exchanges from unlisted trading privileges of 327 issues of securities.

As of June 30, 1937, 14 national securities exchanges traded in securities on an unlisted basis. Of this number, 5 exchanges traded in both stocks and bonds on an unlisted basis and the other 9 traded in stocks only. As of June 30, 1937, 2,282 issues of securities were

<sup>11</sup> We wish to emphasize that this reduction applies only to securities for which unlisted trading privileges have been continued pursuant to Clause 1 of Section 12 (f). This category of securities constitutes an anomaly in exchange trading, in that full and continuing information concerning the issuers thereof is not made available pursuant to law. Since an abrupt termination of trading in these securities might have resulted in serious dislocation, such trading was permitted to continue, in the belief that there would be a gradual decline therein. The statistical record justifies this expectation.

Securities admitted to so-called unlisted trading privileges pursuant to Clause 2 or Clause 3 of Section 12 (f) of the Securities Exchange Act of 1934, as amended, present an entirely different situation inasmuch as full and continuing information concerning these securities is filed pursuant to law.

admitted to unlisted trading privileges on the 14 registered exchanges, of which 1,666 were stock issues and 616 were bond issues.<sup>12</sup>

As of June 30, 1937, 3 exempted exchanges traded in securities on an unlisted basis, of which 2 traded in both stocks and bonds and 1 in stocks only. Approximately 164 issues of securities were admitted to unlisted trading privileges on exempted exchanges, of which 137 were stock issues and 27 were bond issues.

#### **Forms for the Registration of Securities on Exchanges**

During the past year, the Commission added three forms to the initial series of forms for registration of securities on national securities exchanges, i. e., Form 22, For Issuers Reorganized in Insolvency Proceedings or which have Succeeded to a Person in Insolvency Proceedings; Form 23, For Successor Issuers; and Form 24, For Bank Holding Companies. A form (Form 8-C) has also been adopted to facilitate the registration of securities on additional exchanges.<sup>13</sup> In connection with the promulgation of these forms, previously existing exemptions with respect to such issuers have in large part been repealed.

To the series of forms for annual reports, and as companion forms to the forms for registration previously adopted, the Commission has added four annual report forms, i. e., Form 18-K, For Foreign Governments and Political Subdivisions Thereof; Form 19-K, For American Certificates Against Foreign Issuers and for the Underlying Securities; Form 20-K, For Securities other than Bonds of Foreign Private Issuers; and Form 21-K, For Bonds of Foreign Private Issuers.

To supplement the information required in the annual reports and to provide a mechanism for making important events known to investors with as little delay as possible, a new form (Form 8-K) has been adopted for reporting shortly after the close of each month certain important events occurring during the month within which the specified events occur. In addition, the problem of obtaining financial information more frequently than once each year is being studied to determine whether a form for quarterly reports of listed companies should be adopted.

At the present time, there is in progress a complete revision of the existing forms with a view to coordination of their requirements with each other and with the requirements of forms for registration under the Securities Act of 1933. It is anticipated that such revision will result in the elimination of a number of the existing forms by combination into more general categories.

<sup>12</sup> Includes some duplication inasmuch as some securities are admitted to unlisted trading privileges on more than one registered exchange.

<sup>13</sup> Published July 7, 1937.



**Statistics of Securities Registered or Exempt from Registration on Exchanges**

The Commission is now engaged in the development of a new program for the collection and analysis of significant data relating to all phases of exchange trading. It is expected that the data yielded by this new program will be both more comprehensive and more significant than the data which have been accumulated to date. Further reference to this new program will be made below.

Certain interesting data concerning securities registered or exempt from registration upon exchanges follow:

Sales of securities on registered exchanges for the fiscal year ended June 30, 1937, amounted to \$28,052,500,834, increasing 9.1 per cent over sales in the fiscal year ended June 30, 1936. Stock sales totalled \$24,581,956,285, a figure 11.8 per cent higher than that of the preceding year, and bond sales were valued at \$3,470,144,794, declining 6.5 per cent from the comparable figure in the preceding year.

Shares of stock sold totalled 945,164,509, 1.8 per cent less than the total a year earlier, while the principal amount of bond sales declined 9.9 per cent to \$4,307,104,255.

These figures indicate that the average price per share of stock sold and the average price per hundred dollars of principal amount of bonds sold both increased.

The two leading New York exchanges accounted for 95.8 % of sales on all registered exchanges; 95.3 per cent of stock sales and 99.8 per cent of bond sales.

The Commission, in addition to continuing its regular monthly releases on the value and volume of trading on securities exchanges, has instituted, in the past year, several series of releases making available to the public for the first time regular data on the trading of various groups on the two leading New York exchanges.

In accordance with the program embodied in its report to Congress on the Feasibility and Advisability of the Complete Segregation of the Functions of Broker and Dealer, the Commission commenced in October 1936 to issue weekly releases showing daily the purchases and sales for their own account of several groups of members on the New York Stock Exchange and the New York Curb Exchange. A summary of these releases, with corrections as received from the exchanges, was made available in June 1937 at the public reference rooms of the Commission's Washington office and principal regional offices. Through the weekly releases and the annual summary, there is now available to the public a continuous record of members' trading on the New York Stock Exchange and the New York Curb Exchange since March 1936.

In June 1937, the Commission commenced to release to the public figures on odd-lot trading. There is made available daily at the Washington office figures showing for the second day preceding that

of the release the number of shares purchased and the number of shares sold in odd-lots by odd-lot dealers and specialists on the New York Stock Exchange, together with the number of orders involved in such trades. Weekly summaries of these figures, as corrected by more complete reports from the odd-lot dealers and expanded to include the value of daily purchases and sales in odd-lots, are publicly distributed in release form.

These two series enable the investing public to follow in some detail and with reasonable dispatch the extent and the direction of two important sections of total trading on the two largest stock exchanges; purchases and sales by members of the exchanges and transactions in small amounts (i. e., in amounts of less than full lots) which may be assumed to reflect purchases and sales by smaller traders. During the six-month period ending June 30, 1937, member trading has represented about 21% and odd-lot trading about 12% of total exchange trading (i. e., total purchases and sales both in round lots and odd-lots). The two new series, therefore, provide information concerning one third of the total stock exchange trading.

In addition to statistical information on the securities markets made available through public releases, the Commission has regularly collected from a number of member houses of the New York Stock Exchange and the New York Curb Exchange data on margin accounts, commission orders received and executed, orders on specialists' books and orders executed for account of foreign customers. Most of these series are still in an experimental stage, but have provided the Commission with current information valuable in its administration of the Securities Exchange Act. The Commission has been gratified by the ready cooperation of the member houses in furnishing the basic material for these statistics.

During the year, the Commission instituted proceedings to determine whether to suspend for a period not exceeding twelve months or to withdraw the registration of securities of seven companies listed on national securities exchanges. In general, these proceedings were based upon the failure of the registrants to conform to the requirements of certain sections of the Act, and the Rules and Regulations thereunder. At the close of the fiscal year, four of these proceedings had been terminated, two by entry of an order by the Commission directing the withdrawal of the securities registered on such national securities exchange, and two by dismissing the proceedings in view of the satisfactory fulfillment of the requirements by the registrant company, and three were pending.

Annual reports on Forms 18-K, 19-K, 20-K, and 21-K are due to be filed on or before September 30, 1937 by 155 foreign issuers having securities registered on a national securities exchange. As the securities of such issuers were exempt from registration until May

15, 1936, this will represent the initial filing of annual reports by foreign issuers. As of June 30, 1937, eight such reports were filed with the Commission.

The following table indicates the number of applications and reports filed in connection with the listing of securities on exchanges during the period from July 1, 1936 to June 30, 1937:

New applications on basic forms and supplemental applications.....	913.
New applications on provisional Form 7.....	40.
Applications for "when issued" trading in unissued warrants.....	69.
Applications for "when issued" trading in unissued securities other than warrants.....	6
Statements in respect of exemption of issued warrants.....	101.
Section 13 reports.....	3,931.

In addition, 3,941 amendments to these applications and reports were received.

The following table indicates the basic forms used by issuers in registering securities and the number of securities registered and issuers involved as of June 30, 1936 and as of June 30, 1937:

Form	As of June 30, 1936		As of June 30, 1937	
	Securities Registered	Issuers Involved	Securities Registered	Issuers Involved
7 Provisional registration form.....	10	8	18	11
10 General corporations.....	2,751	1,739	2,848	1,876
11 Unincorporated issuers.....	25	13	27	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.....	746	196	712	193
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.....	129	25	128	25
13 Insurance companies other than life and title insurance companies.....	17	17	16	16
14 Certificates of deposit issued by a committee.....	60	43	88	39
15 Incorporated investment companies.....	117	67	104	61
16 Voting trust certificates and underlying securities.....	41	35	43	35
17 Unincorporated issuers engaged primarily in the business of investing or trading in securities.....	7	5	8	5
18 Foreign governments and political subdivisions thereof.....	182	86	188	86
19 American certificates issued against foreign securities and for the underlying securities.....	13	11	13	11
20 Securities other than bonds of foreign private issuers.....	5	3	6	3
21 Bonds of foreign private issuers.....	92	55	95	55
22 Securities of issuers reorganized in insolvency proceedings or their successors.....	( <sup>a</sup> )	( <sup>a</sup> )	70	34
23 Securities of successor issuers other than those succeeding insolvent issuers.....	( <sup>a</sup> )	( <sup>a</sup> )	34	26
Total.....	4,195	2,303	4,368	2,489

<sup>a</sup> Forms were not promulgated as of June 30, 1936.

The following table indicates the industries engaged in by issuers having securities registered on national securities exchanges as of June 30, 1937:

Industry	Number of Issuers
Transportation and communication (railroads, telephone, etc.).....	318
Metal mining (including non-ferrous).....	269
Machinery and tools.....	202
Transportation equipment (automobiles, parts, accessories, etc.).....	164
Merchandising (chain stores, department stores, etc.).....	156
Financial and investment (investment trusts, fire insurance, etc.).....	136
Food and related products.....	105
Utility operating (electric and gas).....	98
Miscellaneous manufacturing.....	86
Oil and gas wells.....	77
Chemicals and allied products.....	73
Beverages (breweries and distilleries).....	66
Utility holding (electric and gas).....	61
Textiles and their products.....	58
Building and related companies.....	55
Iron and steel (excluding machinery).....	53
Oil refining and distributing.....	50
Tire, rubber, and leather products.....	35
Paper and paper products.....	32
Real estate.....	28
Coal mining.....	26
Printing, publishing, and allied industries.....	23
Tobacco products.....	22
Utility operating-holding (electric and gas).....	22
Agriculture.....	17
Miscellaneous other industries.....	257
Total.....	2,489

The following table indicates the total number of securities, classified as to stocks and bonds and as to the basis for admission to dealing on all exchanges as of June 30, 1936 and June 30, 1937. The number of shares and the principal amount of bonds are shown for securities other than those admitted to unlisted trading privileges. Duplications within identical bases for admission to dealing have been eliminated, e. g., where the same security is registered on more than one exchange, the security is counted only once. (Securities exempted under Section 3 (a) (12) of the Securities Exchange Act of 1934 are not shown).

## STOCKS

Basis for Admission to Dealing	Issues	June 30, 1936		Issues	June 30, 1937	
		Number of Shares Listed	No. of Shares Authorized for Addition to List		Number of Shares Listed	No. of Shares Authorized for Addition to List
Registered.....	2,653	2,322,630,732	220,048,486	2,851 <sup>(a)</sup>	2,540,996,661	293,866,374
Provisionally registered.....	9	2,964,235	1,093,465	16	13,523,323	3,898,149
Temporarily exempted from registration.....	152	112,432,093	20,350,989	94	46,315,844	1,898,083
Listed on exempted exchanges.....	235	(b)	-----	220	163,759,706	-----
Admitted to unlisted trading privileges on national securities exchanges.....	1,370 <sup>(c)</sup>	-----	-----	1,291	-----	-----
Admitted to unlisted trading privileges on exempted exchanges.....	145	-----	-----	144	-----	-----

(a) Includes 3 issues in the amount of 3,042,922 pounds sterling listed and 330,000 pounds sterling authorized for addition to list.

(b) Number of shares not reported as of June 30, 1936.

(c) This figure is as of December 15, 1935; no tabulation was made as of June 30, 1936.

## BONDS (Includes certificates for deposit of bonds)

Registered.....	1,532 <sup>(a)</sup>	\$23,843,208,508	\$1,189,130,734	1,499 <sup>(a)</sup>	\$24,247,705,280	\$1,172,461,258
Provisionally registered.....	1	1,225,000	-----	2	7,702,500	3,483,500
Temporarily exempted from registration.....	81	945,893,412	30,840,800	39	649,680,373	12,468,300
Listed on exempted exchanges.....	44	(b)	-----	41	186,196,200	-----
Admitted to unlisted trading privileges on national securities exchanges.....	846 <sup>(c)</sup>	-----	-----	592	-----	-----
Admitted to unlisted trading privileges on exempted exchanges.....	26	-----	-----	24	-----	-----

(a) Includes 9 bond issues in the amount of 9,093,400 pounds sterling listed and 1 bond issue in the amount of 65,353,000 French francs listed as of June 30, 1936; includes, as of June 30, 1937, 5 bond issues in the amount of 12,400,040 pounds sterling listed and 1 bond issue in the amount of 65,353,000 French francs.

(b) Amount not reported as of June 30, 1936.

(c) This figure is as of December 15, 1935; no tabulation was made as of June 30, 1936.

The following table indicates the number of securities permanently registered and securities admitted to unlisted trading privileges which were admitted to dealing on one and more than one exchange as of June 30, 1937:

STOCKS

Classification	(See footnote for explanation of column headings)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Total issues registered.....	2,851	1,951	0	346	0	284	150	56	64
Total issues admitted to unlisted trading privileges.....	1,291	0	714	0	23	284	150	56	64

Total registered stock issues admitted to dealing on more than one exchange..... 900  
 Total stock issues admitted to unlisted trading privileges which are admitted to dealing on more than one exchange..... 577  
 Unduplicated total of stock issues registered and admitted to unlisted trading privileges..... 3,588  
 Unduplicated total of stock issues registered and admitted to unlisted trading privileges which are admitted to dealing on more than one exchange..... 923—25.72% of unduplicated total.

BONDS

Classification	(See footnote for explanation of column headings)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Total issues registered.....	1,499	1,294	0	163	0	39	1	2	0
Total issues admitted to unlisted trading privileges.....	592	0	550	0	0	39	1	2	0

Total registered bond issues admitted to dealing on more than one exchange..... 205  
 Total bond issues admitted to unlisted trading privileges which are admitted to dealing on more than one exchange..... 42  
 Unduplicated total of bond issues registered and admitted to unlisted trading privileges..... 2,049  
 Unduplicated total of bond issues registered and admitted to unlisted trading privileges which are admitted to dealing on more than one exchange..... 205—10.00% of unduplicated total.

- (1) Registered on one exchange only.
- (2) Admitted to unlisted trading privileges on one exchange only.
- (3) Registered on more than one exchange.
- (4) Admitted to unlisted trading privileges on more than one exchange.
- (5) Registered on one exchange and admitted to unlisted trading privileges on one exchange.
- (6) Registered on one exchange and admitted to unlisted trading privileges on more than one exchange.
- (7) Registered on more than one exchange and admitted to unlisted trading privileges on one exchange.
- (8) Registered on more than one exchange and admitted to unlisted trading privileges on more than one exchange.

The following table indicates by exchanges the number of issuers and securities and the basis of admission to dealing as of June 30, 1937:

Name of Exchange	Issuers	Issues	STOCKS							BONDS								
			R	P	X	U	XL	XU	Total	R	P	X	U	XL	XU	Total		
Baltimore.....	85	132	52		4	25					81	38		1	12			51
Boston.....	357	460	174		1	195					370	89		1				90
Chicago Board of Trade.....	43	57	43	3		7					53	4						4
Chicago Curb.....	45	57	33	1		16					50	7						7
Chicago Stock.....	259	362	284	2	19						305	42		15				57
Cincinnati.....	68	110	99	1	1						101	9						9
Cleveland.....	76	95	94		1						94	1						1
Colorado Springs*.....	15	17					16				16				1			1
Detroit.....	109	119	101	1	2	15					119							0
Honolulu*.....	104	126					54	58			112				7	7		14
Los Angeles.....	170	215	141		7	49					197	18						18
Milwaukee Grain & Stock*.....	62	98							81	81							17	17
Minneapolis-St. Paul*.....	22	30					26	4		30								0
New Orleans.....	25	41	3			16				19	13			9				22
New York Curb.....	1,098	1,573	470	6	9	664				1,149	53	2	1	368				424
New York Real Estate.....	146	299				100				100				199				199
New York Stock.....	1,235	2,569	1,251	5	29					1,285	1,262		22					1,284
Philadelphia.....	429	552	60		9	388				457	91		4					95
Pittsburgh.....	83	105	69	1	3	29				102	3		4					3
Richmond*.....	34	44					40			40					4			4
St. Louis.....	59	97	80	6	2					88	7		2					9
Salt Lake.....	103	107	101			6				107				4				0
San Francisco Curb.....	179	194	28		2	160				190				4				4
San Francisco Mining.....	64	69	68		1					69								0
San Francisco Stock.....	113	171	141		6					147	24							24
Seattle*.....	70	77					56			56					21			21
Spokane.....	36	39	28			11				39								0
Washington.....	36	53	27		12					39	14							14
Wheeling*.....	26	40					32			32					8			8

\* Exempted from registration as a national securities exchange.

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

#### REGISTRATION OF BROKERS AND DEALERS TRANSACTING BUSINESS IN OVER-THE-COUNTER MARKETS

Section 15 (d) of the Securities Exchange Act of 1934, as amended on May 27, 1936, preserved all registrations of brokers and dealers which were in effect on the enactment date without the necessity of filing new applications for registration on the part of those so registered. Subsequent registrations were continued in substantially the same manner as prior to the amendment.

The statistics with reference to the registration of brokers and dealers under Section 15 of the Act are as follows:

	As of June 30, 1936		As of June 30, 1937	
Applications:				
Filed.....	6671		8276	
Withdrawn <sup>b</sup> .....		297		318
Registrations:				
Effective <sup>a</sup> .....		5740		6736
Denied <sup>b</sup> .....		17		18
Suspended <sup>c</sup> .....		6		1
Revoked <sup>c</sup> .....		2		16
Withdrawn <sup>c</sup> .....		392		1078
Applications and Suspended Registrations Cancelled by Operation of Amendment to Section 15 <sup>e</sup> .....				17
Applications pending.....		217		92
<b>Total</b> .....	<b>6671</b>	<b>6671</b>	<b>8276</b>	<b>8276</b>

<sup>a</sup> Cumulative from January 1, 1936, to the date given.

<sup>b</sup> Cumulative from May 28, 1935, to the date given.

<sup>c</sup> Of 6 registrations suspended prior to May 28, 1936, 2 were suspended on request of the registrants, and they were permitted to withdraw their first applications upon the filing of new applications under Section 15 as amended. The other 4 suspensions are covered in Footnote 5.

<sup>d</sup> An order of denial entered on December 26, 1935, was vacated after the close of the fiscal year 1936.

<sup>e</sup> Of these 17, 13 applicants failed to bring their applications under the amended Act and they were therefore cancelled by operation of the amendment. Four registrations, under suspension on the effective date of the amendment, were automatically eliminated by operation of the amendment.

#### REGISTRATION OF PUBLIC UTILITY HOLDING COMPANIES

Registration of a public utility holding company, pursuant to the provisions of the Public Utility Holding Company Act of 1935, is accomplished by filing with the Commission a notification of registration and, later, a registration statement.

During the fiscal year, the Commission adopted a permanent form for notification of registration (Form U5A) and a form for the registration statement (Form U5B). In requiring the completion of statements on this latter form (Form U5B), the Commission made effective one of the vital provisions of the law.

Congress, by incorporating in the Public Utility Holding Company Act of 1935 the provisions of Sections 4 and 5, realized that the informatory process was fundamental to the positive powers of regulation established in other parts of the Act. Sections 4 and 5 require that interstate utility holding company systems disclose complete financial and operating information as well as management interests. Since many abuses enumerated in Section 1 of the Act have sprung from the inaccessibility and unavailability of information about the holding company, its interests and activities, the publicity thus



required will prove a great deterrent of future financial chicanery and abuse.

Although the registration provisions were established as the means whereby other parts of the law were made effective, they were designed to serve a necessary purpose in and by themselves, independent of other parts of the Act. They represent an important supplement to the regulations in the Securities Act of 1933 and the Securities Exchange Act of 1934 in providing protection, through disclosure, to investors, consumers, and the general public.

To provide full information regarding interstate holding company systems a comprehensive form was required. Perhaps the most essential requirement contained in Form U5B is that the registrant submit, as part of the exhibits, consolidating balance sheet, income and surplus statements. The consolidating type of statement reveals the financial interrelationships within a given system since it requires that the individual statements of the registrant and each subsidiary which is customarily consolidated shall be set forth separately, with explanations of the intercompany eliminations made by the accountants in compiling the consolidated statement.

In addition to these consolidating statements which in themselves provide a wealth of important financial data not generally available in the past, certain pertinent information is required, relating to specific subjects of which the following are representative: (except where noted, the various required data pertaining to these general subjects must be furnished for both the registrant and its subsidiary companies) (1) general character of business; (2) analysis of balance sheet accounts including funded debt, capital stock and property; (3) revaluations of property; (4) intercompany holdings of securities and evidences of indebtedness issued by companies within the system; (5) investments in outside holding companies and public utility companies; (6) interstate sales of electric energy and gas; (7) important leases; (8) important financing during the past five years; (9) distribution of capital stock of the registrant; (10) officers' and directors' other business affiliations, including connections with financial institutions; (11) loans to officers and directors; (12) interests of officers and directors in contracts to which the registrant or subsidiaries are parties; (13) compensation to officers, directors and highly-paid employees; (14) important sales, service, construction and other contracts; and (15) litigation relating to franchises, orders of a State Commission or other governmental agency and other important matters.

As exhibits, in addition to the consolidating statements referred to above, certain additional material is required. These include, among other things, maps showing the areas in which electric and gas service are furnished and maps showing the nature and location of various

types of electric and gas property, such as generating plants, transmission systems, points of interconnection with all other systems, and similar or related material.

The illumination of the facts required by Form U5B should be a potent influence in eradicating serious abuses which exist in some systems, and in dispelling suspicions which may unjustly be prevalent regarding the activities in other systems.

Upon filing with the Commission, the registration statements are thoroughly examined for the purpose of determining compliance with the Act and the rules and regulations promulgated thereunder. When the examination discloses the existence of deficiencies, the registrant is so advised. Deficiencies in the statements may be corrected by the registrant filing the necessary amendments. Amendments filed with the Commission are also examined.

Although it is difficult to accurately determine the total number of holding companies subject to regulation under the Act, or the volume of assets which they control, it is estimated that at the present time somewhat less than 45% of the total number of companies subject to the Act are registered. However, the assets controlled by these registered companies probably constitute not more than 30% of the total assets of the companies subject to the Act.

As of June 30, 1936, there were sixty-five holding companies registered under the Act. During the year ended June 30, 1937, there occurred a net increase of twenty-one companies, bringing the total number of registered holding companies to eighty-six. Included in the companies which registered during the last fiscal year were such large systems as The North American Company, American Water Works and Electric Company, Inc., and American Light and Traction Company.

The eighty-six holding companies which were registered at June 30, 1937, comprise the following:

American Light & Traction Company  
American Public Service Company  
American Utilities Service Corporation  
American Water Works and Electric Company, Inc.  
Arkansas-Missouri Power Company  
Lee Barroll, Charles H. Bliss, Mord M. Bogie, Robert D. Gordon, Thomas A. Tunney (Voting Trustees of the American Utilities Service Corporation)  
Lee Barroll, et al, Trustees of United Public Utilities Corporation  
British-American Utilities Corporation  
Brokaw, Dixon & McKee  
Central and South West Utilities Company  
Central New Hampshire Power Company  
Central States Edison, Inc.  
Central States Power & Light Corporation  
Central States Utilities Corporation  
Citizens Public Service Company  
Citizens Utilities Company

Colonial Utilities, Inc.  
 Colonial Utilities Corporation  
 Commonwealth Light & Power Company (Trustee of)  
 Community Power and Light Company  
 Consumers Natural Gas Company  
 Crescent Public Service Company  
 Derby Gas and Electric Corporation  
 East Coast Public Service Company  
 Foster Petroleum Corporation  
 Gary Electric and Gas Company  
 The Gas Company of New Mexico  
 General Public Utilities, Inc.  
 Georgia Natural Gas Corporation (Trustees of)  
 Granite City Generating Company (Voting Trustees)  
 Great Lakes Utilities Company  
 Great Lakes Utilities Company (Voting Trustees for Common Stock)  
 Great Lakes Utilities Corporation  
 Illinois Traction Company  
 Inland Power & Light Corporation (Trustees of)  
 International Hydro-Electric System, New England Power Association, and Old  
     Colony Trust Company (Trustees of)  
 Interstate Gas and Electric Company  
 Interstate Light and Power Company  
 Interstate Power Company  
 Iowa Public Service Company  
 Lone Star Gas Corporation  
 Middle West Corporation (The)  
 Midland United Company (Trustees of)  
 Midland Utilities Company (Trustees of)  
 Minneapolis General Electric Company  
 Mission Oil Company (The)  
 National Fuel Gas Company  
 National Gas and Electric Corporation (Trustees of)  
 National Gas and Electric Corporation  
 National Light, Heat and Power Company  
 New England Power Association  
 New England Public Service Company  
 North American Company (The)  
 North American Edison Company (The)  
 North American Gas and Electric Company  
 North American Light and Power Company  
 Northern States Power Company  
 North West Utilities Company  
 Penn Western Gas and Electric Company  
 Pennsylvania Gas & Electric Corporation  
 Peoples Light and Power Company  
 Peoples Light and Power Corporation (Trustees of)  
 Peoples Light and Power Corporation (Voting Trustees)  
 Public Service Corporation of Texas  
 Public Utilities Securities Corporation (Trustees for)  
 Republic Electric Power Corporation  
 Republic Service Corporation  
 Sandar Corporation  
 Southeast Power & Light Company

Southern Natural Gas Company  
Southern Union Gas Company  
Southwestern Development Company  
Southwestern Public Service Company  
States Electric & Gas Corporation  
Twin State Gas and Electric Company (The)  
Union Electric Power Corporation  
United Cities Utilities Company  
United Public Service Corporation  
United Public Utilities Corporation  
Utilities Holding Corporation  
Utilities Power & Light Corporation  
Utilities Stock and Bond Corporation  
Washington and Suburban Companies  
Washington Gas and Electric Company  
West Penn Electric Company (The)  
West Penn Railways Company

#### EXEMPTIONS FROM REGISTRATION UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Applications for exemptions from registration requirements under the Public Utility Holding Company Act of 1935 are filed with the Commission pursuant to specific sections of the Act which exempt by rule or order of the Commission holding companies of certain specified types and holding companies which meet certain specified requirements.

The requirements as to the various kinds of applications for exemption under Sections 2 and 3 of the Act are extremely flexible. The Commission has adopted rules specifying the minimum information which was thought relevant in the ordinary situation, but has suggested that each applicant omit irrelevant data and furnish any additional information which is pertinent to the particular case, reserving the right on the part of the Commission to call for any other data that might be necessary.

As of June 30, 1937, 399 applications for exemption of holding companies and for orders declaring companies not to be holding companies or declaring companies not to be electric or gas utilities had been received. Twenty-four of these applications were received during the past year. Of these 399 applications, there were 87 granted exemption, 172 withdrawals, and 140 pending at the close of the fiscal year.

#### RULES, REGULATIONS, AND FORMS UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

During the year ended June 30, 1937, the Commission adopted nine new rules, while sixteen rules were amended to a greater or lesser degree. In addition to adopting four new forms, the Commission also adopted the "Uniform System of Accounts for Public Utility Holding Companies".

The new rules adopted during the year include the following:

Rule 3B-2 exempts public utility companies operating within the United States from duties and obligations as holding companies under the Act if such companies would be considered holding companies under the Act solely because of a foreign public-utility subsidiary company operating in Mexico or Canada.

Rule 3D-6 exempts from the provisions of Section 6 (a) the issue of initial shares of a company in process of organization, if all such shares having a par, stated, or declared value not exceeding \$10,000 are acquired for cash by a single company.

Rule 5A-3 prescribes the use of Form U5A for notification of registration.

Rule 5B-1 prescribes the use of Form U5B for registration statements.

Rule 6B-1 prescribes the use of Form U6B-1 for applications for exemption from Section 6 (a) of the issue and sale of securities, the proceeds from which are to be used to finance the business of the applicant and which have been expressly authorized by the State commission of the State in which the applicant is organized and doing business.

Rule 12-C-2 provides that no dividend shall be declared or paid out of capital or unearned surplus, except upon application to and approval by order of the Commission.

Rule 13-60 requires the filing of annual reports by mutual and subsidiary service companies on Form U-13-60.

Rule 15-10 prescribes the use of the Uniform System of Accounts for Public Utility Holding Companies which do not own and operate public utility or other property.

Rule 17C-12 grants to newly registered holding companies and their subsidiary companies exemption until September 1, 1937, from the provisions of Section 17 (c), with reference to financial connections of directors and officers, which existed on August 26, 1936.

Of the many amendments to existing rules adopted during the year, the most far-reaching and important were to Rule 9C-3, dealing with exemptions from the requirement to obtain approval of the Commission as to certain acquisitions of securities. Certain new exemptions were included, namely, the acquisition of securities which have been issued in accordance with Rule 3D-6 and those which have been acquired in the exercise of preemptive rights. In this connection, Rule 14-1, providing for quarterly reports to the Commission on such acquisitions, redemptions and retirements of securities, was amended

to eliminate the necessity for filing duplicate reports under certain circumstances.

Other amendments included amendments to Rule 3, regarding applications for exemption under Sections 2 or 3 of the Act; Rule 9A2-2, permitting brokers, dealers, or underwriters to acquire securities of a public-utility company in certain circumstances; Rule 13-3, exempting newly registered holding companies from the provisions of Section 13 for a period of thirty days; Rule 17C-3, exempting from the provisions of Section 17 (c) officers or directors of financial institutions who are acting as directors of a registered holding company or subsidiary on express approval by a Federal Court.

Forms have been promulgated as follows:

(1) Form U5A—Notification of Registration pursuant to Section 5 (a) of the Public Utility Holding Company Act of 1935.

(2) Form U5B—Registration Statement, pursuant to Section 5 (b) of the Public Utility Holding Company Act of 1935.

(3) Form U6B-1—Application by a subsidiary of a registered holding company, pursuant to Section 6 (b) of the Public Utility Holding Company Act of 1935, for exemption of securities expressly authorized by a State commission.

(4) Form U-13-60—Annual Report of Mutual and Subsidiary Service Companies, pursuant to Section 13 of the Public Utility Holding Company Act of 1935.

(5) The Uniform System of Accounts for Public Utility Holding Companies, prescribing a system of accounts, pursuant to Section 15 of the Public Utility Holding Company Act of 1935.

Each form has presented a separate problem in the light of the particular provisions of the Act involved and the character of the information required. The Commission has attempted to make the forms simple, readily understandable and not unnecessarily burdensome to the industry, yet at the same time, comprehensive enough to elicit the requisite information.

#### **UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITY HOLDING COMPANIES**

Pursuant to Section 15 of the Public Utility Holding Company Act of 1935, the Commission, on August 8, 1936, adopted the "Uniform System of Accounts for Public Utility Holding Companies". This system became effective January 1, 1937, as to those registered holding companies for which the system was designed.

This system of accounts is applicable to public utility holding companies which derive practically all their income from dividends

and interest on investments in other companies. It was not designed to meet fully the requirements of those holding companies which derive a portion of their income from public utility or other physical property of similar character directly owned and operated by them.

It was the aim of the Commission to provide a system of accounts which would not impose burdensome requirements upon the companies, but sufficiently comprehensive to provide information essential in the administration of the Act. In formulating the system, certain matters had to be dealt with respecting which diverse accounting practices were being followed. It is not anticipated, however, that the companies will be faced with any serious problem in conforming their accounting practices to the uniform methods prescribed by the system.

Financial data for public utility holding companies, thus compiled for the first time on a uniform basis, will be of material assistance to investors, as well as to this Commission and to State regulatory commissions in protecting the interests of consumers and investors.

In the preparation of this system of accounts, the Commission invited the cooperation of accounting officers of public utility holding companies and of the American Institute of Accountants. Numerous conferences were held with representatives of the foregoing, at which extended discussions were had upon various matters involved. Upon completion of a tentative draft of the system, copies were distributed to holding companies and others inviting comments, suggestions and criticism in connection therewith. The replies received in response to this invitation were given careful consideration, and as a result, a number of modifications, amendments, and changes suggested were embodied in the system as finally adopted.

#### ISSUANCE OF SECURITIES BY REGISTERED HOLDING COMPANIES

One of the important provisions of the Public Utility Holding Company Act of 1935 relates to control over the issuance of securities. During the fiscal year just ended, the Commission received 95 applications and declarations under Sections 6 (b) and 7 relating to the issuance of securities by registered holding companies and their subsidiaries. Prior to July 1, 1936, 24 applications and declarations had been received, making a total of 119 received since the Act became effective. Of these, 87 have been approved, 11 withdrawn, and the balance of 21 were still pending on June 30, 1937.

The eighty-seven applications and declarations which have been approved by the Commission related to the issuance of over \$750,000,000<sup>14</sup> of securities, while the 11 withdrawals covered securities aggregating almost \$90,000,000. Applications and declarations pending on June 30, 1937 related to securities amounting to over

<sup>14</sup> Of this amount about \$500,000,000 were approved under Sec. 7 and the balance of \$250,000,000 under Sec. 6 (b).

\$225,000,000. Thus the issuance of well over \$1,000,000,000 of securities has been covered by applications and declarations filed with the Commission under this Act.

A very large proportion of the approved security issues were those of subsidiary operating companies of registered holding companies which were issued in refinancing outstanding securities with securities having smaller fixed charges. Representatives of companies appearing in these cases have maintained before the Commission that the resultant savings in the course of time should materially benefit consumers of these companies. Many of these issues had been authorized previously by State commissions. In certain instances, the Commission made suggestions which were adopted by the local commissions, which it is hoped resulted in improved security issues. In certain other instances where, because of the lack of local commission control, the initial responsibility lay with this Commission, it has likewise endeavored to improve the character of securities which were issued.

#### ACQUISITION OF SECURITIES, UTILITY ASSETS AND OTHER INTERESTS BY REGISTERED HOLDING COMPANIES OR THEIR SUBSIDIARIES

The Commission received, during the fiscal year ended June 30, 1937, 56 applications requesting approval of the acquisition of securities and assets under Section 10 of the Public Utility Holding Company Act of 1935. Since the effective date of the Act, 76 such applications had been received. Of these 76 applications, 53 were approved, 8 were withdrawn or dismissed, and 15 were pending on June 30, 1937.

The following statistics indicate the number of applications received, the number of applications approved, the number of applications withdrawn or dismissed, and the number of applications pending as of June 30, 1937:

	Number of applications received	Number of applications approved	Number of applications withdrawn or dismissed	Number of applications pending close of fiscal year
To June 30, 1936.....	20	15	4	3
July 1, 1936 to June 30, 1937.....	56	38	4	15

The preponderance of these applications related to the acquisition of securities, with 62 in this category compared with 14 applications for approval of the acquisition of utility assets or interest in a business.

Acquisition of securities and assets approved under these applications in many instances have constituted important steps in the simplification of holding companies in voluntary compliance with the purposes of Section 11.



**STATEMENTS REQUIRED PURSUANT TO SECTION 12 (i) OF THE  
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935**

During the past year, 25 reports on Form U-12 (i)-1 were filed with the Commission pursuant to Section 12 (i) of the Public Utility Holding Company Act of 1935. This section of the Act requires any person employed or retained by any registered holding company, or by any subsidiary company thereof, who presents, advocates, or opposes any matter affecting any registered holding company or any subsidiary company thereof before the Congress, or any member or committee of Congress, or before the Securities and Exchange Commission or the Federal Power Commission or any member, officer, or employee of either such Commission, to file a statement with the Securities and Exchange Commission. The information required in this statement covers the subject matter in respect of which a person is retained or employed, the nature and character of his retainer or employment, and the amount of compensation received or to be received, directly or indirectly, in connection therewith.

**CONTROL OF SERVICE COMPANIES**

Following the adoption on May 12, 1936 of a "Uniform System of Accounts For Mutual Service Companies and Subsidiary Service Companies"; the Commission, during the year, adopted Form U-13-60 as the form of annual report to be submitted to the Commission by such companies.

The principal requirements of the report embrace the following: a balance sheet statement as of the close of the year with supporting schedules; a statement of revenues and expenses classified in accordance with the prescribed accounts, together with detailed analyses of the more important classes; and various schedules to show the allocations made of charges for service, including a schedule of the amount of service charges billed to associated companies or other customers.

The purpose of this report is to secure information with respect to the financial condition of service companies and the charges made by them to associate companies and others in the performance of service, sales, or construction contracts. As a result of the information obtained, it is expected that the Commission will be in a position to adequately safeguard the interests of consumers and investors with respect to the operations of mutual service companies and subsidiary service companies without placing any undue burden on any such company with respect to the necessity of disclosing in full its methods and means of operations.

Furthermore, under the uniform system of accounts for service companies, detailed information with reference to the costs of furnishing services are made available for the first time to local regulatory

bodies and should be of value to them in determining the fairness of service charges paid by operating companies under their jurisdictions.

A report on Form U-13-60 covering the calendar year must be filed by each mutual service company or subsidiary service company on or before the first day of April, following the close of the year for which the report is made. The form of this annual report is based upon the requirements of the uniform system of accounts for such service companies. As this system of accounts became effective August 1, 1936, the first of the annual reports covered the five months period ended December 31, 1936.

During the past year, 3 applications were filed for approval of mutual service companies and 13 applications were filed for approval of subsidiary service companies. All of the applications in the first category have been approved, while in the second group 11 have been approved, one withdrawn, and one was pending on June 30, 1937.

#### **VOLUNTARY COMPLIANCE WITH THE PURPOSES OF SECTION 11 OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935 BY REGISTERED HOLDING COMPANIES AND SUBSIDIARIES**

Since the passage of the Public Utility Holding Company Act of 1935, a number of applications have been received and granted by the Commission, which involved simplification of corporate structures and indicated the desire of the applicant to comply with the provisions embodied in Section 11 of the Act.

#### **Transformation of Holding Companies Into Operating Companies by Acquisition of the Utility Assets of Subsidiaries**

There have been two outstanding examples of the type of simplification in which registered holding companies acquired the utility assets of their operating subsidiaries and thereby became entitled to the exemption provided for under Section 5 (d).

The Nevada-California Electric Corporation, a Delaware corporation, formerly owned three electric utility operating companies, namely,

The Nevada-California Power Company, a Wyoming corporation  
The Southern Sierras Power Company, a Wyoming corporation  
Yuma Utilities Company, an Arizona corporation

All the outstanding securities of these three utility subsidiary companies were owned by The Nevada-California Electric Corporation. The properties of such subsidiaries constituted and were operated as a single interconnected system for the generation, transmission and distribution of electric energy in the States of California, Nevada and Arizona.

On April 16, 1936, the Commission approved the acquisition by The Nevada-California Electric Corporation of all the assets of the subsidiary companies above named. Upon the acquisition of such

assets, The Nevada-California Electric Corporation surrendered all their outstanding securities of each of the subsidiary companies for cancellation and assumed their other obligations and liabilities.

As a result of the foregoing transaction, The Nevada-California Electric Corporation ceased to be a holding company and an order to that effect was issued by the Commission pursuant to Section 5 (d) of the Public Utility Holding Company Act of 1935, on December 10, 1936.

A further simplification of the corporate structure of The Nevada-California Electric Corporation was achieved by its acquisition of the properties of two of its non-utility subsidiaries, in exchange for which it surrendered all the outstanding securities of such subsidiaries. This transaction was likewise approved by the Commission, pursuant to Section 9 (a) of the Act.

On March 13, 1936, the Commission issued an order pursuant to Section 9 (a) of the Act, approving the acquisition by the Montana-Dakota Utilities Co., a Delaware corporation, which was both a registered holding company and an operating company, of the utility assets or any other interest in business of the following of its public utility subsidiary companies, subject to the funded debt and other liabilities of such subsidiaries:

Montana-Dakota Power Company, a Delaware corporation, and  
Montana Cities Gas Company, a Delaware corporation.

The Montana-Dakota Utilities Co. supplies natural gas to various communities in western North and South Dakota, eastern and northern Montana, and north-central Wyoming. The properties acquired from its two subsidiary companies are located in and serve the same general territory.

The three corporations named above were merged into a single corporation, the surviving corporation being the Montana-Dakota Utilities Co. The outstanding preferred and common stocks of the subsidiary companies held by the public were acquired by the Montana-Dakota Utilities Co. through exchange for its own securities. The capital stocks of subsidiaries thus acquired, together with such capital stocks already held by the Montana-Dakota Utilities Co. were cancelled.

The Montana-Dakota Utilities Co. also disposed of its holdings of the entire capital stock of Missoula Gas and Coke Company, another of its public utility subsidiaries.

As a result of the foregoing transaction, Montana-Dakota Utilities Co. ceased to be a holding company and an order to that effect, pursuant to Section 5 (d) of the Act, was issued by the Commission on March 29, 1936.

**Exchange of Control of Properties for the Purpose of Creating Integrated Public Utility Systems**

The Commission had occasion to approve two applications which involved the exchange by two holding company systems of minority interests in a group of operating companies for control of two utility companies. The purpose of these transactions was the ultimate elimination of a number of subsidiary holding companies and the creation of an integrated public utility system.

On March 19, 1937, the Commission, pursuant to Section 9 (a) of the Act, approved the acquisition by Massachusetts Utilities Associates of the outstanding minority interests in 16 of its existing subsidiary companies from New England Gas and Electric Association, in exchange for securities of Plymouth County Electric Company (representing 91.73% of voting control) and of Plymouth Gas Light Company (representing 84.04% of the voting control).

Massachusetts Utilities Associates, a subsidiary company of New England Power Association, both of which are registered holding companies, is a Massachusetts voluntary association. Massachusetts Utilities Associates has four subsidiary holding companies, and controls, directly or indirectly, 29 public utility companies, all of which operate in the Commonwealth of Massachusetts.

The electric properties of the subsidiaries of Massachusetts Utilities Associates, in which New England Gas and Electric Association owned a minority interest, together with other electric properties controlled by Massachusetts Utilities Associates and New England Power Association, form an interconnected system which serves generally contiguous areas. Two gas utility companies which were included in the above mentioned 16 companies likewise operate in the area served by subsidiaries of the New England Power Association.

The acquisition of the minority interests in these operating companies will facilitate the ultimate elimination of four subsidiary holding companies of Massachusetts Utilities Associates, and, therefore, result in the simplification of the corporate structure of the New England Power Association system.

New England Gas and Electric Association is a Massachusetts voluntary association, and an affiliate of a number of public utility companies, among which is Associated Gas and Electric Company.

Plymouth County Electric Company and Plymouth Gas Light Company, the companies acquired by New England Gas and Electric Association, are Massachusetts corporations and operate in the same area in the State of Massachusetts. The territory served by Plymouth County Electric Company is located between areas served by New Bedford Gas & Edison Light Company and Cape & Vineyard

Electric Company, existing subsidiaries of New England Gas and Electric Association, which are physically interconnected.

**Simplification of Corporate Structure of Holding Company Systems by Merger of Subsidiaries Operating in the Same Area**

There is one outstanding example of the type of transaction by which the corporate structure of a holding company system was simplified through a merger of a number of subsidiary companies into one operating company.

In orders dated May 24, May 27 and June 25, 1937, the Commission approved certain declarations and applications as a result of which five subsidiary companies of the Union Electric Light and Power Company (Missouri) were reorganized and merged into one company whose name was changed to Union Electric Company of Illinois. These five companies, all Illinois corporations, were as follows:

- East St. Louis Light & Power Co.—Surviving company
- Union Electric Light and Power Company of Illinois
- Alton Light & Power Co.
- Alton Gas Company
- Power Operating Company

The above companies are public utility companies operating in and around Alton and East St. Louis, Illinois. Power Operating Company owned no properties of its own, but leased its power generating facilities from Union Electric Light and Power Company of Illinois and sold electric energy at wholesale to Union Electric Light and Power Company (Missouri), to East St. Louis Light and Power Company and to Illinois-Iowa Power Corporation.

The parent company of the five merged companies was Union Electric Light and Power Company (Missouri), a subsidiary of the North American Edison Company, which in turn is a subsidiary of the North American Company, both registered holding companies.

Four of the five merged companies had securities outstanding with the public. Union Electric Light and Power Company (Missouri) acquired all the common stock and the first mortgage bonds of the new company so that only two small issues of underlying non-callable bonds remain outstanding in the hands of the public. The first mortgage bonds of Union Electric Company of Illinois were pledged under a new large issue of first mortgage and collateral trust bonds of Union Electric Light and Power Company (Missouri).

The result of these transactions, therefore, was the reduction of the number of subsidiaries in the North American Company system by four and a very substantial simplification in the capital structure of its Missouri and Illinois subsidiaries.

## COMMISSION REPORTS ON REORGANIZATION PLANS

Section 11 (g) of the Act requires the Commission to make reports on plans of reorganization of registered holding companies or their subsidiaries. Any person soliciting proxies or other authorizations in connection with a plan must accompany or precede such solicitation with a copy of the Commission's report. This section is applicable not only to court reorganization proceedings, but to readjustment plans affecting stockholders alone and consummated through their vote. Two large companies whose securities are widely held, have carried through stock readjustment plans and have obtained and submitted to their security holders reports of the Commission in connection with such plans.

One of the companies which carried through such a stock readjustment plan is Illinois Power & Light Corporation, all of whose common stock was held by its parent, North American Company. The company also had outstanding a large amount of publicly held preferred stock on which there were substantial accumulations of unpaid dividends. A plan was proposed to the preferred stockholders by the company and it may fairly be assumed that it represented the wishes of the parent company which was the sole owner of the common stock. The plan offered to preferred stockholders 60% of the common stock equity in return for a reduction in the dividend rate on the preferred stock and a funding of accumulated dividends into dividend arrears certificates. The Commission's report attempted to make clear to preferred stockholders the fact that the interest of the management proposing the plan was necessarily adverse to theirs and to set forth the considerations which would be relevant to appraise the fairness of the proposal made to them by the management. The application was filed with the Commission on March 1, 1937 and the plan was formally approved by the requisite vote of the company's stockholders on April 30, 1937.

The other plan presented to the Commission was that of the International Paper & Power Company, which presented questions on which there was a division of opinion on the part of the Commission, both as to its jurisdiction in the matter and as to the merits of the plan.

The division of opinion as to jurisdiction arose out of the circumstance that the company had not registered but was claiming the status of temporary exemption pending disposition by the Commission of an application for exemption under Section 3. It was not considered feasible to dispose of the exemption application immediately. The company desired, however, without delay to propose to its stockholders a plan calling for reclassification of its outstanding stock into

new securities, including preferred stock, convertible into common, and option warrants to purchase common stock. The company wished to avoid the risk of being unable to fulfill its commitments with respect to future issues of common stock in the event of termination of its existing status as to exemption prior to conversion of all the preferred stock and exercise of all the purchase warrants and applied for an order which would have the effect of exempting such future issues.

The application also submitted all information which would have been required from a registered company and requested a report on the plan in the manner provided in Section 11 (g).

The Commission rendered an opinion holding that it had jurisdiction and at the same time made the report on the plan. One Commissioner wrote a separate concurring opinion agreeing that the Commission should make a report on the plan but pointing out some features of the new securities which, in his opinion, were objectionable. Another Commissioner, in a dissenting opinion, denied the jurisdiction of the Commission to make the report and in certain respects disagreed with the report as made. No order was entered pursuant to the request for exemption until after the Commission was advised of the action taken by shareholders in voting to assent to the plan. Thereafter the Commission entered an order exempting from the Act the shares of common stock to be issued upon conversion of preferred stock and exercise of warrants. The Commissioner who had previously dissented did not participate in this and the Commissioner who had previously written the separate concurring opinion dissented because of the objections stated in such concurring opinion to some features of the new securities.<sup>15</sup>

#### **GENERAL POLICIES WITH RESPECT TO ADMINISTRATION OF PUBLIC UTILITY HOLDING COMPANY ACT**

In spite of pending litigation which has resulted in the failure of a substantial proportion of the holding companies to register under the Act, a sufficient number of companies have registered to provide exercise by the Commission of practically all important regulatory functions. Under Section 11 of the Public Utility Holding Company Act of 1935, it will be the duty of the Commission as soon as practicable after January 1, 1938, to take steps looking toward the simplification and integration of public utility holding company systems. The Commission has been preparing itself for the discharge of these duties, both by extensive research into these problems and by actual experience in working with companies which have voluntarily simplified their corporate structures.

<sup>15</sup> A common stockholder who had appeared before the Commission in opposition to the plan applied for a rehearing on September 9, 1937. This application was denied, under date of October 12th. This stockholder has filed a petition seeking review of the Commission's order by the United States Circuit Court of Appeals for the First Circuit.

The Commission continues to administer this law to the end that abuses which brought about its passage will not recur. But in carrying out this program it endeavors to impose no more than a minimum of necessary restrictions on the industry. The importance of active cooperation by utility holding companies in expediting the changes required under Section 11 and other sections of the law are clearly understood, and the Commission's general policy is designed to develop a spirit of cooperation by encouraging registered holding companies to initiate constructive policies wherever possible.

#### COMPLAINTS, INFORMAL AND FORMAL INVESTIGATIONS

The Commission receives thousands of letters annually complaining of fraudulent or other illegal activities by persons engaged in the sale of securities. While most of such letters are sent by members of the general public, many are likewise sent by State Securities Commissions, State and Federal officials, and voluntary agencies such as Better Business Bureaus and Chambers of Commerce.

If the information thus brought to the Commission's notice by complaint, or information independently obtained by the Commission from its own surveillance of trading activities and examination of registration statements, indicated a substantial possibility of a violation of any of the Acts administered by the Commission, it was handled as a complaint case, and the facts thereof were investigated informally. During the past year 678 new complaint cases were set up.

If an informal investigation disclosed no violation of the legislation administered by the Commission, or if sufficient facts did not appear to warrant a belief that there had been a violation, the case was closed at that point and no further action was taken by the Commission.

If, as a result of the informal investigation, sufficient facts were developed to warrant the institution of civil or criminal proceedings, appropriate action along those lines was immediately taken. Where enough facts were not elicited in the course of an informal investigation to merit immediate court proceedings, but substantial basis existed for the belief that the legislation administered by the Commission had in some respect been violated, a formal order for investigation was entered by the Commission pursuant to the powers conferred upon it under Sections 19 and 20 of the Securities Act of 1933 and Section 21 of the Securities Exchange Act of 1934. These formal orders empowered designated officers of the Commission to administer oaths and affirmations, subpoena witnesses, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records which were relevant or material to the inquiry. If facts indicating a violation of any of the Acts administered by the Commission were discovered in a formal investigation, such action as was deemed most fitting to the circumstances was thereafter undertaken. But if the facts as developed in the formal



investigation indicated that no violation had taken place, the case was closed.

During the past year formal orders were issued by the Commission in 87 cases. At the close of the preceding fiscal year 185 such investigations were pending, resulting in a total of 272 such investigations which were pursued by the Commission during the past year. Of the 272 cases in which formal investigations were undertaken, 123 are pending and 149 were concluded.

*Report of complaints, informal investigations, and formal investigations for fiscal year 1936* <sup>a</sup>

	Cases pending July 1, 1935	Cases docketed July 1, 1935 to June 30, 1936	Total cases to be accounted for	Cases closed July 1, 1935 to June 30, 1936	Cases pending July 1, 1936
Cases set up as result of complaints.....	2,330	1,708	4,038	2,864	1,174
Informal investigations.....	2,214	1,479	3,693	2,704	989
Formal investigations.....	116	229	345	160	185

*Report of complaints, informal investigations, and formal investigations for fiscal year 1937* <sup>a</sup>

	Cases pending July 1, 1936	Cases docketed July 1, 1936 to June 30, 1937	Total cases to be accounted for	Cases closed July 1, 1936 to June 30, 1937	Cases pending July 1, 1937
Cases set up as result of complaints.....	1,174	678	1,852	1,102	750
Informal investigations.....	989	591	1,580	953	627
Formal investigations.....	185	87	272	149	123

<sup>a</sup> Under both Securities Act of 1933 and Securities Exchange Act of 1934. For a decision which deals more particularly with investigations of manipulative practices, see *infra*, p. 69.

### PUBLIC HEARINGS

Many phases of the quasi-judicial work of the Commission necessitate the holding of public hearings. The following statistics indicate the number of orders entered for public hearings and the number of public hearings held from July 1, 1935 to June 30, 1937.

	Orders for Public Hearings		Public Hearings Held	
	July 1, 1935 to June 30, 1936	July 1, 1936 to June 30, 1937	July 1, 1935 to June 30, 1936	July 1, 1936 to June 30, 1937
Securities Act of 1933.....	70	550	55	174
Securities Exchange Act of 1934.....	46	132	37	44
Public Utility Holding Company Act of 1935 <sup>a</sup> .....	132	187	124	180
Total.....	248	869	216	398

<sup>a</sup> Exclusive of investment trust study.

The following represent a few of the situations in which public hearings are held by the Commission:

(a) Under the Securities Act of 1933, hearings are held in connection with the registration of securities in order to determine whether stop or refusal orders suspending the effectiveness of registration statements should be entered by the Commission.

(b) Under the Securities Exchange Act of 1934, hearings are held relating to registrations of brokers and dealers, withdrawal and striking from listing and registration of securities listed or registered on national securities exchanges; and suspension of members of exchanges for violations of the Securities Exchange Act of 1934.

(c) Under the Public Utility Holding Company Act of 1935, hearings are held in connection with the acquisition of securities and assets, the issuance of securities, exemptions, and other matters.

#### **LITIGATION UNDER THE SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934**

During the fiscal year ended June 30, 1937, 86 civil proceedings were initiated with respect to the enforcement of the Securities Act of 1933 and the Securities Exchange Act of 1934, bringing the total of such suits since the creation of the Commission to 209. The large majority of these proceedings have been injunctive suits instituted by the Commission to enjoin violations of Sections 5 and 17 of the Securities Act and Section 9 of the Securities Exchange Act. The remainder have included suits to enjoin enforcement of the Securities Act and the Securities Exchange Act, suits to enforce subpoenas issued by the Commission, and petitions for review of the Commission's determination that information for which application was made for confidential treatment, pursuant to Section 24 (b) of the Securities Exchange Act, be made public. In accordance with the provisions of Section 20 (b) of the Securities Act and Section 21 (e) of the Securities Exchange Act, the Commission has also referred a number of cases to the Attorney General for criminal prosecution. The status of the cases filed or pending during the fiscal year ended June 30, 1937, is given in the tables in Appendix VI, and the more important of these cases are there discussed in detail.

*Statement Indicating Number of Litigation Cases under the Securities Act and Securities Exchange Act by Types of Cases*

Types of Cases	Total Cases Initiated Prior to July 1, 1936	Total Cases Initiated During Fiscal year ended June 30, 1937	Total Cases Initiated Prior to July 1, 1937	Total Cases Closed Prior to July 1, 1936	Total Cases Closed During Fiscal Year ended June 30, 1937	Total Cases Closed Prior to July 1, 1937	Total Cases Pending as of June 30, 1937
Suits by Commission to enjoin violations of Securities Act and/or Securities Exchange Act.....	66	71	137	41	61	102	35
Suits against Commission to enjoin enforcement of Securities Act and/or Securities Exchange Act.....	4	3	7		3	3	4
Suits in which Commission has appeared and petitioned for leave to appear as <i>amicus curiae</i> or intervener in suits involving the Securities Act and/or Securities Exchange Act.....	20	2	22				22
Suits to compel appearance and testimony of witnesses before a trial examiner.....	12	1	13	6	6	12	1
Petitions for review of Commission orders by Circuit Courts of Appeals (or Court of Appeals for District of Columbia) pursuant to Section 9 (a) of Securities Act or Section 25 (a) of Securities Exchange Act.....	22	12	34		10	10	86
Totals.....	124	89	213	47	80	127	24

**Injunctions Against Violation of the Securities Act and the Securities Exchange Act**

As a result of suits instituted by the Commission, by June 30, 1937, 269 firms and individuals had been permanently enjoined from the acts and practices complained of, 121 of such injunctions having been obtained during the past fiscal year.<sup>16</sup>

The principal defendants in the injunction suits filed by the Commission during the past year, grouped according to the Federal District Courts in which the suits were instituted, are as follows:

Southern District of Arizona.....	Consolidated Gold Mines Company, Ltd., et al.
Colorado.....	The Metals Tunnel Company, et al. Crusader Aircraft Corporation, et al. Anaconda Mining and Milling Company, et al.

<sup>16</sup> These figures include some firms and individuals as to whom the injunction was subsequently vacated.

Colorado-----	The Union Trust Company, et al. Great Western Mine Trust, et al. Tip-Top Gold Mines, Inc., et al. Viking Gold Mines Corp., et al. McDowell Mines, Inc. United Empire Gold Mines Company, et al.
District of Columbia-----	The Krystal Chemical Company, Inc., et al. Hertz & Company, Inc., et al. The Columbia Company, et al. Automatic Guns, Inc., et al. National Reference Library, Inc., et al.
Idaho-----	Submarine Gold Mining Company. Dry Lake Oil Company. Granite Creek Dredging Company. Willis E. Smith. George D. Gottlieb. Boise Petroleum Corporation, et al. Edward L. Webster.
Northern District of Illinois-----	R. J. Koeppel & Company (2 suits); Edman Company, et al.
Maryland-----	Associated Pharmacists of Baltimore, Inc., et al.
Massachusetts-----	William Huke. Ralph A. Gallagher, et al. Harold Alton Meyer. W. A. Nash & Co., Inc. H. Gordon Oburg. H. Henry Anthony, et al. Albert Emerton & Co., Inc.
Eastern District of Michigan-----	Harold M. Saddlemire, et al.
Montana-----	Lawrence R. Hannah. Butte Mines Holding Company. Elkhorn Mines, Inc. Basin Goldfields, Ltd., et al.
Southern District of New York-----	Centennial Consolidated Mines Cor- poration, et al. Archie M. Andrews, et al. Aaron S. Saphier, et al. Connor, Leach & Co., Inc., et al. Frank V. Brecka, et al. George Hubert Heyman.
Nevada-----	United Goldfields Company, et al.
New Hampshire-----	Francis J. Sullivan, Inc.
Northern District of Ohio-----	The Hickox Finance Corporation, et al.
Southern District of Ohio-----	C. S. Parks.
Northern District of Oklahoma-----	E. R. Perry, et al.
Oregon-----	F. I. Lamb. Leo A. McGrail & Co., Inc., et al.
Eastern District of Pennsylvania-----	C. Raymond Wickes, Inc., et al.
Western District of Tennessee-----	Federal Compress and Warehouse Com- pany, et al. E. Randall Henderson.

Northern District of Texas.....	J. G. Jarvis, et al. A. D. Beck. Ben Banner.
Utah.....	The Royalty Securities Company, et al.
Western District of Virginia.....	Walter P. Spielberger, et al.
Eastern District of Washington.....	William LaVey, et al. L. O. Pickett. Montana Drum Lummon Extension, Inc.
Western District of Washington.....	Northwest Gas. & Oil Properties, Inc., et al. Record Gold Mining Company, et al. Indian Creek Mining Company, Inc., et al. Peter Ivanoff. Sunbeam Gold Mines Company (2 suits). Golden West Consolidated Mines, et al. C. R. Hesseltine. Engineers Gold Mining Co., et al. Gold Helm Mining Company.

#### **Suits to Enforce Subpenas**

The principal defendants in suits to enforce subpoenas issued by the Commission filed or pending during the fiscal year ended June 30, 1937, grouped according to the district in which they were filed, are as follows:

District of Columbia.....	The Krystal Chemical Co., Inc., et al.
Massachusetts.....	National Short Term Securities Corpo- ration, et al.
Western District of Oklahoma.....	Verser-Clay Co., et al.
Western District of Pennsylvania.....	A. C. Smith.
Northern District of Tennessee.....	J. Edward Mills, et al.

#### **Petitions for Review of Commission's Determination on Applications For Confidential Treatment**

During the fiscal year ended June 30, 1937, 31 petitions were filed or pending in 7 Circuit Courts of Appeal and in the Court of Appeals for the District of Columbia for review of determinations made by the Commission upon application for confidential treatment of material filed with it, that public disclosure of this material was in the public interest. As of June 30, 1937, the Courts had disposed of none of these petitions on the merits. Table X of Appendix VI indicates the name of the company, the date of the filing of the petition, the circuit within which filed, and the status of the case as of June 30, 1937.

#### **References to The Attorney General For Criminal Prosecution**

During the fiscal year, 42 cases were referred to the Attorney General for criminal prosecution, bringing the total so referred to 112. Most of these references followed formal investigations conducted by the Commission. Of the 112 cases referred, indictments containing counts charging violations of the Securities Act or conspiracy to violate the Securities Act were returned in 54 cases, 21 of such indict-

ments having been returned during the past fiscal year. During the same period, indictments charging violations of the Securities Exchange Act were returned in 3 cases.

Thirty of the cases in which violations of the Securities Act were charged have been tried, and 99 individuals have been convicted. Eighty-seven of these individuals were given jail sentences ranging from 5 days to 17 years, and were fined from \$50 to \$15,000; 9 received suspended sentences; 2 are awaiting sentences; and 1 has been placed on probation. The cases in which indictments were returned or pending during the fiscal year ended June 30, 1937, are listed and briefly described in Table VI of Appendix VI, and the more important are there discussed in some detail.

#### LITIGATION UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Litigation under the Public Utility Holding Company Act has consisted almost wholly of actions to determine the validity of that Act. Since its enactment, a total of 58 suits challenging the constitutionality of this Act have been brought. These suits may be classified into three groups according to the manner in which they have arisen: (1) suits by holding companies to enjoin enforcement of the Act; (2) petitions by trustees of holding companies in bankruptcy seeking determinations that the Act is unconstitutional; and (3) stockholders' suits seeking similar decisions. Two suits to enjoin the investigation of investment trusts conducted by the Commission pursuant to Section 30 of that Act were begun during the fiscal year ended June 30, 1937. These cases are discussed in detail in Part III of Appendix VI.

##### Suits by Holding Companies to Enjoin Enforcement

Thirty-nine of the 44 suits brought by holding companies to enjoin enforcement of the Holding Company Act of 1935 were pending during the fiscal year ended June 30, 1937. This number is exclusive of the suit brought by the Commission in the District Court of the United States for the Southern District of New York against the Electric Bond & Share Company and its principal intermediate holding companies (*Securities and Exchange Commission v. Electric Bond and Share Company*), in which defendants filed a cross bill and counter-claim seeking an injunction against enforcement and a declaratory judgment that the Act was unconstitutional. This case is discussed more fully in Appendix VI, Part III.

The Commission and the Attorney General announced at the time the latter case was instituted that no penalties would be sought for failure to comply with the requirements of the Act until its validity had been confirmed by the Supreme Court. Each of the 44 suits brought by holding companies involved substantially similar questions of law and fact; and the maintenance of those actions harassed the

government with a needless multiplicity of suits. All of these suits have been handled in accordance with a uniform policy developed by the Commission in collaboration with the Department of Justice. No effort was made to defend the suits outside the District of Columbia on their merits. In each such suit, appropriate motions were made for dismissal for lack of jurisdiction. The suits then remained pending as to the local government officials. In 26 of the suits, injunctions have been issued against such local government officials; in the remainder, the courts either refused to make any disposition until after a decision by the Supreme Court in the *Electric Bond and Share* case or the parties have agreed to hold the litigation in abeyance until such a decision.

In the 7 suits which were instituted in the District Court for the District of Columbia, the government obtained a stay of proceedings pending a determination of the *Electric Bond and Share* case (*North American Co. v. Landis*, D. C., decided January 6, 1936). On appeal, the Supreme Court, in a decision rendered December 7, 1936, remanded the causes for further proceedings on that stay. (*Landis v. North American Co.*, 299 U. S. 248). Four of these cases are now in the District Court for the District of Columbia awaiting further proceedings on the motion to stay. The *Tennessee Electric Power Company* case, the *American Water Works & Electric Co., Inc.*, case, and the *North American Co., Inc.*, case have been dismissed on motions by the plaintiffs.

Parties plaintiff in the cases in this group filed or pending during the fiscal year, listed according to the district court in which the suit was filed, are as follows:

Colorado.....	Public Service Co. of Colorado, et al.
Delaware.....	Delaware Electric Power Co.
	Susquehanna Utilities Co.
	The Commonwealth & Southern Corp.
	Eastern Texas Electric Co.
	El Paso Electric Co.
	Engineers Public Service
	The Toledo Edison Co., et al.
	Stone & Webster, Inc.
	Stone & Webster Utilities Corp.
	American Gas & Power Co.
	Louisville Gas & Electric Co.
	Standard Power & Light Corporation
	Cities Service Co., et al.
	North Continent Utilities Corp.
	The United Corporation, et al.
	Associated Gas & Electric Co., et al.
	H. M. Byllesby & Co.
	The Byllesby Corporation
	North American Edison Co.
	North American Light & Power Co.
	Northeastern Water & Electric Corp.

District of Columbia.....	The North American Company American Water Works and Electric Company, Inc. United Light and Power Co. United Light and Railway Co. Continental Gas & Electric Corp. American Light & Traction Co.
Maine.....	Sierra Pacific Electric Co.
Maryland.....	United States Electric Power Corp.
Minnesota.....	Northern States Power Co., et al.
Southern District of New York.....	Consolidated Gas Co. of New York The United Corporation, et al. Cities Service Co., et al. Federal Light & Traction Co., et al.
Northern District of Ohio.....	The Toledo Edison Co., et al.
Eastern District of Pennsylvania.....	Philadelphia Electric Co. United Gas Improvement Company
Western District of Virginia.....	East Tennessee Light & Power Com- pany, et al.

**Petitions by Trustees of Holding Companies in Bankruptcy**

Two of the six petitions filed in the District Courts by trustees of holding companies in bankruptcy, seeking determinations that the Holding Company Act is unconstitutional, were pending during the fiscal year. In another suit, that brought by the *Standard Gas and Electric Co.*, government officials were joined as parties. Except for the Burco case (*Burco, Inc. v. Whitworth*), discussed in the Second Annual Report, all of the bankruptcy suits have been either dismissed or are still pending. The three cases pending during the fiscal year are as follows:

<i>District Court</i>	<i>Parties Plaintiff</i>
Delaware.....	Standard Gas and Electric Company
Southern District of New York.....	North American Gas and Electric Co.
Eastern District of Pennsylvania.....	Lehigh Valley and Transit Company

**Stockholders' Suits**

There have also been instituted six stockholders' suits to enjoin compliance by utility holding companies with the Public Utility Holding Company Act on the ground that the Act is unconstitutional. In only one case was the Commission made a party. Each of the suits, insofar as the Commission is informed, is still pending; in certain cases temporary restraining orders have been granted. The cases are as follows:

Delaware.....	Albert E. Pierce v. Central Public Utility Corporation, et al.
Massachusetts.....	Charles B. Barnes v. Ford, et al.
Southern District of New York.....	Theodore Case v. Columbia Gas & Elec- tric Corporation Albert E. Pierce v. Coughlin, et al. Public Utility Investment Corporation v. Utilities Power and Light Corpo- ration



Eastern District of Virginia..... Public Utility Investment Corporation  
v. Utilities Power and Light Corporation, et al.

**Validity of Section 30 of Public Utility Holding Company Act of 1935**

*Fisher v. Landis, et al; Fisher v. The Equity Corporation, et al*—On July 27, 1936, the complainant filed two suits, one in his individual capacity and one as a stockholder of The Equity Corporation, challenging the validity of subpoenas issued by the Commission in its investigation into investment trusts conducted pursuant to Section 30 of the Holding Company Act. In the former suit, Fisher sought to enjoin the individual Commissioners from compelling his appearance pursuant to subpoenas, from issuing any further subpoenas, and from taking any steps to cause him to be prosecuted for refusal to obey these subpoenas. In the companion suit which named as defendants, in addition to the Commissioners, The Equity Corporation and its officers and directors, the complainant sought to restrain the Commission from taking any action to compel the giving of evidence by the latter persons, or the prosecution of such persons for failing to give evidence, and also sought to enjoin such persons from appearing and testifying at the inquiry. On August 11, 1936, the District Court for the District of Columbia denied the motions for preliminary injunctions on the ground of want of equity.

**SECURITIES VIOLATIONS FILES**

The Securities Violations Files, established on May 1, 1935, and described in the Commission's previous annual reports, were enlarged during the fiscal year by the addition of 5,613 items of information pertaining to existing files and by the addition of 3,604 new files. As of June 30, 1937, the Commission had assembled data relative to the records of 25,379 persons against whom State and Federal action had been taken during the past ten years in connection with the sale of securities.

**FORMAL OPINIONS**

The Commission, during the past year, issued 196 formal opinions involving matters under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935. These opinions were issued in the following cases:

**Securities Act of 1933, as Amended**

**FIXING EFFECTIVE DATE OF AMENDMENTS TO REGISTRATION**

**STATEMENTS:**

In the Matter of Bainbridge Colby, et al (Kreuger & Toll Company)..... June 26, 1937

**PERMANENT SUSPENSION ORDERS:**

**In the Matter of—**

American States Oil Company, Respondent—Offering Sheet of Producing Landowners' Royalty Interests in the American States Oil Company—Skelly-Dittmers Farm..... June 29, 1937

## PERMANENT SUSPENSION ORDERS—Continued.

## In the Matter of—Continued.

A. D. Beck, Respondent—Offering Sheet of Nonproducing Free-working Interests in the Smith-Fleet-Bell-Beaver Block Farms.....	Apr. 12, 1937
Louis Bernstein, Respondent—Offering Sheet of Producing Landowner's Royalty Interests in the British-American et al-McNabb Farm.....	May 20, 1937
Central Royalties Company, Respondent—Offering Sheet of Non-producing Landowner's Royalty Interests in the Central Royalties Company-Central-Sooy Farm...	June 30, 1937
Continental Investment Corporation, Respondent—Offering Sheet of Royalty Interests in the Gulf-Culp Farm..	Nov. 17, 1936
Continental Investment Corporation, Respondent—Offering Sheet of Landowner's Royalty Interests in the Magnolia-Metropolitan Life Tracts.....	Dec. 3, 1936
Fredrick Falkin & Company, Respondent—Offering Sheet of Producing Landowner's Royalty Interests in the Loual-Carter-Craddock Farm.....	May 14, 1937
G. E. Fisher, Respondent—Offering Sheet of Non-producing Landowner's Royalty Interests in the Anderson-Prichard Oil Corp.-Swisher Lease.....	Apr. 20, 1937
L. D. Greenfield Company, Respondent—Offering Sheet of Overriding Royalty Interests in the Avalon Oil Co.-Garfield Street Addition Lease.....	Dec. 5, 1936
L. D. Greenfield Company, Respondent—Offering Sheet of Overriding Royalty Interests in the W. C. W. Oil Co.-Garfield Street Addition Lease.....	Nov. 30, 1936
L. D. Greenfield Company, Respondent—Offering Sheet of Landowner's Producing Royalty Interests in the Windsor-Culbertson No. 1 Farm.....	Mar. 30, 1937
Park T. Grimes, Respondent—Offering Sheet of Royalty Interests in the Rosenthal and Beardmore Derby Karst Farm.....	Nov. 3, 1936
Kent K. Kimball, Respondent—Offering Sheet of Landowner's Producing Royalty Interests in the Central Petroleum Co.-Benso "A" Farm.....	May 25, 1937
Dion A. Kitsos, Respondent—Offering Sheet of Working Interests in the Sealy-Burke #2 Farm.....	Oct. 29, 1936
P. R. Knickerbocker, Respondent—Offering Sheet of Royalty Interests in the Pure Oil Co.-R. L. Wells No. 47 Lease.....	Nov. 12, 1936
Guy C. McBride, Respondent—Offering Sheet of Landowner's Producing Royalty Interests in the Carter-Smith Lease.....	Apr. 2, 1937
Guy C. McBride, Respondent—Offering Sheet of Landowner's Producing Royalty Interests in the Magnolia-Smith Lease.....	Apr. 5, 1937
E. M. Thomasson Producing Company, Respondent—Offering Sheet of Non-producing Overriding Royalty Interests in the Thomasson-Durham et al Community Farm.....	May 14, 1937

**PERMANENT SUSPENSION ORDER—Continued.****In the Matter of—Continued.**

E. M. Thomasson Producing Company, Respondent— Offering Sheet of Producing Overriding Royalty Interests in the Thomasson-Durham et al Community Farm.....	May 20, 1937
Stuart L. Vance, Respondent—Offering Sheet of Royalty Interests in the Alma and Skelly Johnson Farm.....	Oct. 20, 1936
John Wight, Respondent—Offering Sheet of Overriding Producing Royalty Interests in the O'Donnell Farm..	Apr. 9, 1937

**REFUSAL ORDERS:****In the Matter of—**

National Boston Montana Mines Corporation.....	Aug. 6, 1936
National Invested Savings Corporation.....	Nov. 5, 1936

**STOP ORDERS:****In the Matter of—**

American Kid Company.....	Sep. 29, 1936
American Terminals and Transit Company.....	Sep. 29, 1936
Avocalon Extension Syndicate, Ltd.....	Aug. 25, 1936
Bankers Union Life Company.....	Feb. 20, 1937
Condor Pictures, Inc.....	May 11, 1937
Consolidated Mines Syndicate.....	May 19, 1937
Emporia Gold Mines, Inc.....	Apr. 23, 1937
Gilpin Eureka Consolidated Mines, Inc.....	Oct. 8, 1936
Gold Hill Operating Company.....	Sep. 14, 1936
Great Dike Gold Mines, Inc.....	Aug. 3, 1936
Income Estates of America, Inc.....	June 29, 1937
The Livingston Mining Company.....	Apr. 3, 1937
Major Metals Corporation.....	Feb. 20, 1937
Mining and Development Corporation.....	Oct. 20, 1936
National Boston Montana Mines Corporation.....	Apr. 28, 1937
National Invested Savings Corporation.....	Mar. 24, 1937
Old Monroe Brewing Association.....	July 30, 1936
Rickard Ramore Gold Mines, Ltd.....	June 16, 1937
Sunset Gold Fields, Inc.....	May 20, 1937
Treasure Hill Extension Mines Co., Inc.....	Apr. 2, 1937
Yumuri Jute Mills Company.....	Mar. 2, 1937

**Securities Exchange Act of 1934****Broker and Dealer:****In the Matter of—**

Louis Grow.....	May 18, 1937
Michael James Hughes.....	Nov. 12, 1936
H. Owen Jones.....	May 26, 1937
Clyde Beall Mitchell.....	Nov. 30, 1936
Harry H. Natanson.....	Nov. 23, 1936
Lewis S. Parsons.....	Apr. 15, 1937
B. W. Sargent.....	May 18, 1937

**Manipulation:****In the Matter of—**

W. E. Hutton & Co., et al.....	Feb. 6, 1937
White, Weld and Company.....	July 14, 1936
Charles C. Wright et al.....	July 10, 1936
“ “.....	Dec. 14, 1936

## Unlisted Trading:

## In the Matter of—

American District Telegraph Company.....	June 30, 1937
“ “ “ “ .....	“ “
City and Suburban Homes Company.....	Jan. 5, 1937
Edison Electric Illuminating Co. of Boston.....	Dec. 16, 1936
Piedmont & Northern Railway Company.....	Dec. 16, 1936
Pittsburgh Stock Exchange (Applications for Unlisted Trading Privileges in 23 Securities).....	Apr. 14, 1937
Security-First National Bank of Los Angeles.....	Dec. 16, 1936

## Withdrawal from Listing and Registration:

## In the Matter of—

Allen Industries, Inc.....	Jan. 19, 1937
Connecticut Railway and Lighting Co.....	Jan. 22, 1937
Dolphin Paint & Varnish Co.....	Dec. 10, 1936
Teck-Hughes Gold Mines, Ltd.....	June 19, 1937

**Public Utility Holding Company Act of 1935**<sup>17</sup>

## Acquisition of Securities, Assets, Business or Other Interests:

## In the Matter of—

Amarillo Gas Company.....	Apr. 10, 1937
Arkansas-Missouri Power Corporation.....	June 25, 1937
Citizens Utilities Company.....	June 30, 1937
“ .....	“
Clam River Electric Company.....	June 30, 1937
East St. Louis Light & Power Company.....	May 27, 1937
Morris E. Feiwell, Emanuel M. Goodman and Edward P. Allen, Voting Trustees of the Capital Stock of Granite City Generating Company.....	June 30, 1937
Granite City Generating Company.....	June 30, 1937
Great Lakes Utilities Company.....	Apr. 2, 1937
Voting Trustees for Common Stock of Great Lakes Utilities Company.....	Apr. 2, 1937
Kentucky Utilities Company.....	June 26, 1937
Laclede Power & Light Company.....	June 30, 1937
Massachusetts Utilities Associates.....	Mar. 19, 1937
The Middle West Corporation.....	July 15, 1936
“ .....	Jan. 22, 1937
“ .....	Jan. 28, 1937
“ .....	June 15, 1937
“ .....	June 26, 1937
Middle West Utilities Company of Canada Limited.....	June 30, 1937
National Gas & Electric Corporation, The Industrial Gas Company, Gas Producing Company of Ohio.....	Mar. 19, 1937
Nevada-California Electric Corporation.....	July 1, 1936
Nevada-California Power Company.....	Oct. 14, 1936
New England Gas and Electric Association.....	Mar. 19, 1937
New England Power Association.....	Mar. 5, 1937
“ .....	June 24, 1937
Polk Electric Light Company.....	June 30, 1937
Public Service Company of New Hampshire.....	Oct. 9, 1936
“ .....	Mar. 24, 1937
Republic Service Corporation.....	Apr. 26, 1937

<sup>17</sup> In a few instances, opinions are duplicated under more than one classification.

**Acquisition of Securities, Assets, Business or Other Interests—Con.****In the Matter of—Continued.**

Southern Natural Gas Company .....	May 26, 1937
States Electric & Gas Corporation .....	June 18, 1937
Texas Utilities Company .....	Dec. 28, 1936
Union Electric Company of Missouri .....	June 25, 1937
Union Electric Light and Power Company .....	May 27, 1937
United Public Service Corporation .....	Dec. 5, 1936
Utility Service Company .....	Dec. 30, 1936
Virginia East Coast Utilities, Inc. ....	Dec. 11, 1936

**Approval as Mutual Service Company:****In the Matter of—**

Nepco Appliance Finance Corporation .....	July 30, 1936
Penn-Western Service Corporation .....	July 13, 1936
Republic Mutual Service Company .....	Oct. 5, 1936

**Authorizing Increase of Percentage of Short-Term Indebtedness****Pursuant to Clause (3) of the First Sentence of Section 6 (b):****In the Matter of—**

Cumberland County Power and Light Company .....	Sept. 25, 1936
Public Service Company of New Hampshire .....	Oct. 9, 1936
The Twin State Gas & Electric Company .....	Sept. 26, 1936
Union Electric Light and Power Company of Illinois .....	May 24, 1937

**Declaration with Respect to Organization and Conduct of Business****of Subsidiary Service Company:****In the Matter of—**

American Service Company .....	Mar. 8, 1937
John E. Barber, Joseph B. Wilson, Edward A. Olsen, Trustees .....	July 31, 1936
Bureau of Safety .....	July 30, 1936
Corporation Services, Inc. ....	July 31, 1936
Illinois Stock Transfer Company .....	July 31, 1936
Middle West Service Company .....	July 31, 1936
Midland Stock Transfer Company .....	July 31, 1936
Nepco Services, Inc. ....	July 30, 1936
New England Power Service Company .....	July 31, 1936
Republic Service Management Company .....	Dec. 31, 1936
Utilities Power & Light Operating Corporation .....	Sept. 3, 1936

**Declaring Applicant not to be a Holding Company:****In the Matter of—**

Indiana Southwestern Gas & Utilities Corporation .....	Dec. 29, 1936
The Nevada-California Electric Corporation .....	Dec. 10, 1936
Southern United Gas Company .....	May 3, 1937

**Declaring Applicant not to be Subsidiary Companies of a Specified Holding Company:****In the Matter of—**

Boise Gas Light and Coke Company .....	May 3, 1937
Chicago District Electric Generating Corporation .....	Jan. 13, 1937

**Dividend Declarations and Payments:****In the Matter of—**

Clam River Electric Company .....	June 30, 1937
Illinois Power and Light Corporation .....	May 1, 1937
Polk Electric Light Company .....	June 30, 1937

Exemption from Provisions of the Act:

In the Matter of—

American Allied Products Company, American Engineering & Management Corporation, and Associated Public Service Company.....	Dec. 10, 1936
The Arizona Edison Company, Inc.....	July 1, 1936
Central California Utilities Corporation.....	Jan. 5, 1937
Columbian Carbon Company, and F. F. Curtze, Reid L. Carr, George L. Bubbs, S. Vere Smith and Allan F. Kitchel as Voting Trustees of the Capital Stock of the Columbian Carbon Company.....	Aug. 5, 1936
Consolidated Oil Corporation.....	Apr. 9, 1937
Copper Range Company.....	Feb. 11, 1937
Dental Oil Company.....	Aug. 3, 1936
Essex and Hudson Gas Company.....	Nov. 6, 1936
Illinois Northern Utilities Company.....	Oct. 19, 1936
Insular Light and Power Corporation.....	Mar. 1, 1937
International General Electric Company, Inc.....	Oct. 21, 1936
International Pulp Company and Oswegatchie Light and Power Company.....	Dec. 15, 1936
The Millville Manufacturing Company.....	Dec. 17, 1936
Minnesota Tribune Company.....	Aug. 3, 1936
Monarch Mills.....	Nov. 5, 1936
Monroe Gas Company, Inc.....	Aug. 6, 1936
The National Supply Company of Delaware.....	Sep. 29, 1936
Newark Consolidated Gas Company.....	Nov. 7, 1936
New Brunswick Light, Heat and Power Company.....	Nov. 7, 1936
Northern Indiana Public Service Company.....	Apr. 8, 1937
Northern Paper Mills.....	Dec. 29, 1936
Petroleum Corporation of America.....	Apr. 20, 1937
Phelps Dodge Corporation.....	May 26, 1937
Reno Oil Company.....	Aug. 3, 1936
South American Utilities Corporation.....	May 18, 1937
Southeastern Indiana Corporation.....	Apr. 7, 1937
Tyler Oil Company.....	Aug. 3, 1936

Exemption of Security Transactions from Provisions of Section 6 (a) of the Act:

In the Matter of—

Abington Electric Company.....	Apr. 26, 1937
The Buckeye Light & Power Company, The Bradford & Gettysburg Electric Light & Power Company, The Brookville & Lewisburg Lighting Company, The New Madison Lighting Company, The Eaton Lighting Company, and the Western Ohio Public Service Company.....	June 12, 1937
Central Maine Power Company.....	Oct. 23, 1936
Central Ohio Light & Power Company.....	June 22, 1937
Central Vermont Public Service Corporation.....	Aug. 17, 1936
Copper District Power Company.....	July 8, 1936
Cumberland County Power and Light Company.....	Oct. 15, 1936
Green Mountain Power Corporation.....	Dec. 23, 1936

Exemption of Security Transactions from Provisions of Section 6  
(a) of the Act—Continued.

In the Matter of—Continued.

The Laclede Gas Light Company.....	Sept. 17, 1936
Lake Superior District Power Company.....	Oct. 16, 1936
Middle West Service Company.....	June 9, 1937
Missouri Gas & Electric Service Company.....	Jan. 28, 1937
The Narragansett Electric Company.....	July 14, 1936
New England Power Company.....	Nov. 7, 1936
Northern Berkshire Gas Company.....	June 24, 1937
Northwestern Wisconsin Electric Company.....	June 30, 1937
Public Service Company of New Hampshire.....	Aug. 10, 1936
“ “ .....	Dec. 19, 1936
Tidewater Electric Service Company.....	Dec. 11, 1936
Union Electric Company of Illinois.....	June 25, 1937
Washington Gas Light Company.....	June 22, 1937
Washington Gas Light Company of Montgomery County, Md.....	Aug. 28, 1936
Wisconsin Power and Light Company.....	Apr. 14, 1937

Exemption of Acquisition of Securities from Provisions of Section  
9 (a) of the Act:

In the Matter of—

The Middle West Corporation.....	June 30, 1937
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Exemption from Provisions of Section 13 (a) of the Act:

In the Matter of—

Citizens Utilities Company.....	Oct. 6, 1936
United Cities Utilities Company.....	Sep. 19, 1936

Fixing Date for Declaration to Become Effective:

In the Matter of—

Amarillo Gas Company and Southwestern Development Co.....	Apr. 10, 1937
American Public Service Company.....	Feb. 4, 1937
American Service Company.....	Mar. 8, 1937
Arkansas-Missouri Power Corporation.....	June 25, 1937
Central and South West Utilities Company.....	Feb. 4, 1937
Central Vermont Public Service Corporation.....	Aug. 7, 1936
Citizens Utilities Company.....	June 30, 1937
Deerfield River Electric Company.....	June 24, 1937
Great Lakes Utilities Company.....	Apr. 2, 1937
Voting Trustees for Common Stock of Great Lakes Utilities Company.....	Apr. 2, 1937
Illinois Power and Light Corporation.....	May 1, 1937
Iowa Public Service Company.....	Dec. 29, 1936
“ “ .....	June 29, 1937
The Kansas Electric Power Company.....	Nov. 27, 1936
“ “ .....	Dec. 14, 1936
Middle West Utilities Company of Canada Limited.....	June 30, 1937
The Mission Oil Company.....	Dec. 23, 1936
Missouri Public Service Corporation.....	Jan. 11, 1937
Nepco Appliance Finance Corporation.....	May 15, 1937
Nepco Services, Inc.....	May 15, 1937
Nevada-California Electric Corporation.....	Oct. 14, 1936

Fixing Date for Declaration to Become Effective—Continued.

In the Matter of—Continued.

New Hampshire Power Company and Public Service Company of New Hampshire.....	July 21, 1936
North American Gas and Electric Company.....	Apr. 22, 1937
Republic Service Corporation.....	Nov. 19, 1936
“ “.....	Feb. 3, 1937
San Antonio Public Service Company.....	May 29, 1937
Sioux City Gas and Electric Company.....	July 14, 1936
Southwestern Development Company.....	July 13, 1936
“ “.....	Dec. 17, 1936
States Electric & Gas Corporation.....	June 18, 1937
Texas Utilities Company.....	Dec. 28, 1936
Washington and Suburban Companies.....	Dec. 30, 1936

Permitting Declaration to Become Effective:

In the Matter of—

East St. Louis Light & Power Company.....	May 24, 1937
“ “.....	May 27, 1937
Granite City Generating Company.....	June 30, 1937
Morris E. Feiwell, Emanuel M. Goodman and Edward P. Allen, Voting Trustees of the Capital Stock of Granite City Generating Company.....	June 30, 1937
Union Electric Company of Missouri.....	June 25, 1937
Union Electric Light and Power Company of Illinois.....	May 27, 1937

Reorganization Plan—Jurisdiction of the Commission:

In the Matter of—

International Paper and Power Company.....	May 5, 1937
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**ADVISORY AND INTERPRETATIVE ASSISTANCE**

Numerous inquiries as to the application to particular transactions of the provisions of the Acts administered and the rules and regulations promulgated by the Commission are constantly received by the Commission, in both written and oral form. In order that legitimate financing might not be impeded, the Commission, during the year, continued carefully and promptly to consider such inquiries and, wherever possible, to render advisory assistance.

The extent of this service, however, is determined by the purpose which it is designed to serve, i. e., assistance to those who seek to comply with the law but who have a bona fide doubt as to the proper interpretation of particular provisions. The Commission declines to answer hypothetical questions or problems arising otherwise than from sections of the Acts which it administers. The Commission does not feel at liberty to render interpretative opinions with respect to possible civil liabilities since it has no jurisdiction over these matters, nor are advisory opinions rendered unless the inquirer states all the relevant facts of an existing or proposed transaction and, in addition, discloses the names of the persons or corporations, as well as the amounts involved.



New problems of interpretation are continually raised by the inquiries. In many instances, the solution of the question presented has necessitated, in addition to analysis of complicated factual situations, a thorough understanding both of the history of the legislative provisions in question and of the practical results of a particular interpretation. Furthermore, in order to answer many questions of this type, the general body of judicial case law must be searched for relevant analogies. While an advisory opinion upon a particular factual situation may serve as a basis for a similar opinion upon an analogous set of facts, the great variety of circumstances under which financing transactions are undertaken give rise to a constant stream of novel problems of interpretation.

The advisory service afforded by the Commission has been designed for the benefit of those seeking assistance in their endeavor to comply with the Acts. But the Commission has likewise benefited. Through correspondence and conferences incident to the rendering of advisory legal opinions, the Commission has itself obtained invaluable factual information which has provided the basis upon which existing rules and regulations have been improved and which has materially aided the Commission in the promulgation of new rules and regulations.

#### **REPORTS OF OFFICERS, DIRECTORS, AND PRINCIPAL STOCKHOLDERS**

As part of its new comprehensive survey of significant data relating to trading upon exchanges, the Commission is making new analyses of reports of officers, directors, and principal stockholders, filed pursuant to Section 16 (a) of the Securities Exchange Act of 1934.

Where any issuer has any class of equity security listed and registered on a national securities exchange, its officers, directors, and principal stockholders (i. e., persons who beneficially own, directly or indirectly, more than 10% of a class of registered equity security) are required under Section 16 (a) of the Securities Exchange Act to file initial reports showing their beneficial ownership of equity securities of such issuer and monthly reports showing all changes in their holdings of any equity security of their company. Corresponding reports are required under Section 17 (a) of the Public Utility Holding Company Act to be filed by officers and directors of registered holding companies concerning their holdings of all securities of the registered holding company and its subsidiaries.

The principal purpose of these reports is to make available information with respect to the amount of equity securities of issuers beneficially owned by their officers, directors, and principal stockholders and with respect to transactions on the part of such persons closely identified with the management or control of their enterprises.

The numbers of original and amended reports filed and examined during the fiscal year ended June 30, 1937 are compared below with corresponding figures for the two preceding fiscal years:

Reports filed and examined	Fiscal year 1935	Fiscal year 1936	Fiscal year 1937
Original reports—Securities Exchange Act.....	10, 114	37, 509	25, 022
Amended reports—Securities Exchange Act.....	2, 524	5, 754	5, 101
Original reports—Holding Company Act.....		464	416
Amended reports—Holding Company Act.....		45	44

A separate file is established for each person reporting on a given issuer or a given holding company system. At the close of the fiscal year 25,017 such files had been established for 23,340 different persons, representing largely the leaders of American business and industry, who had filed with the Commission a grand total of 86,993 reports, or an average of nearly 4 reports each. On the other hand, there are only about a half dozen cases of persons who have failed to file reports apparently required of them under Section 16 (a) of the Securities Exchange Act or to furnish a satisfactory statement or explanation regarding their apparent non-compliance with the statutory requirement. Appropriate action is being taken in these cases.

The Commission compiles and publishes semi-monthly an Official Summary of Security Transactions and Holdings of Directors, Officers, and Principal Stockholders as reported to it under Section 16 (a) of the Securities Exchange Act of 1934 and Section 17 (a) of the Public Utility Holding Company Act of 1935. Copies of these summaries are available at each regional office of the Commission and each national securities exchange, as well as at the office of the Commission in Washington, D. C. In addition, the actual reports filed are themselves available for public inspection at the office of the Commission in Washington, D. C. and the particular exchange with which copies relating to the issuer concerned are required to be filed.

#### SOLICITATION OF PROXIES, CONSENTS, AND AUTHORIZATIONS

The administration of the rules and regulations governing the solicitation of proxies, consents, or authorizations, adopted pursuant to Section 14 of the Securities Exchange Act of 1934, has involved, among other things, the examination of soliciting material sent to the security holders of more than 1,500 listed companies. This examination is for the purpose of determining whether the companies have complied with the rules and regulations of the Commission. The examination of proxy, consent, or authorization soliciting material has disclosed the need for a general revision of these rules and regulations, to the end that the purpose thereof may be more completely and effectively accomplished. Such a revision has been undertaken and is in the final stage of preparation.

During the past fiscal year, 1,896 proxies and approximately 230 amendments thereto were filed with the Commission:

In one case, the Commission, upon the examination of soliciting material, raised a question as to whether statements contained in such material might not be misleading, and suggested to the company that it recircularize its stockholders with supplemental information to correct any false impressions which might have been formed by them. When the company declined to do so, the Commission, acting pursuant to Section 21 (a) of the Securities Exchange Act of 1934, decided that it was in the public interest and in the interest of all the stockholders of the company to make public information available to the Commission bearing upon the adequacy of certain statements contained in the soliciting material. In the release which the Commission made public, the Commission set forth various particulars in which it appeared to the Commission that the soliciting material might be misleading.

In another case in which the Commission desired soliciting material to be supplemented in order to eliminate false impressions, and in which the corporation concerned agreed to do so, the Commission issued a public release explaining the particulars in which it felt that further disclosure was essential to the protection of stockholders and in the public interest generally.

#### **CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS OR DOCUMENTS**

Rules of the Commission provide that persons wishing to object to the public disclosure of any application, report, or document, filed by them with the Commission under the Securities Exchange Act may file the confidential portion of such material with the Chairman of the Commission, together with an application stating the grounds upon which the objection to public disclosure is based.

During the year, 234 applications for confidential treatment of material, involving a total of 308 separate items of information primarily in connection with annual reports filed with the Commission pursuant to Section 13 of the Securities Exchange Act of 1934 were filed. Material filed by 202 issuers, involving 288 items, was made public during the year, the Commission having determined that disclosure of such information is in the public interest; and material filed by 49 issuers, in respect of 62 items, was granted confidential treatment. During the year 48 private hearings on the applications for confidential treatment were held.

One application for confidential treatment with respect to ownership reports of equity securities required by Section 16 (a) of the Securities Exchange Act of 1934 to be filed by directors, officers, and certain securities holders, was filed with the Commission during the year. This report, together with 3 such reports covered by applications pending at the beginning of the year, were made available to the public.

Sixty-eight applications for confidential treatment of material contracts or portions thereof contained in registration statements filed under the Securities Act of 1933 were submitted during the year pursuant to Rule 580 under said Act. Of these 68 requests, 65 were granted in their entirety; 1 was granted in part, 1 was denied and 1 was withdrawn.

One application for confidential treatment of material filed under the Public Utility Holding Company Act of 1935 was received during the fiscal year and is still pending.

At the beginning of the year, petitions had been filed in the several Circuit Courts of Appeal by 31 issuers seeking to review findings of the Commission that disclosure of information filed by such issuers in pursuance of Rule UB2 is in the public interest. During the year, 10 of these petitions were dismissed by the petitioners, and the material in question, involving 17 items of information, was made public. No new petitions for judicial review of the Commission's determinations in these matters were filed during the fiscal year.

**ADMISSIONS TO PRACTICE AS ATTORNEY OR AGENT BEFORE THE COMMISSION**

In order to gain admission to practice before the Commission as Attorney or Agent, the Rules of Practice require the submission to the Commission of an application disclosing certain specified information regarding the qualifications of the applicant. During the year, 733 applications for admission to practice as Attorney and 143 applications for admission to practice as Agent were received. The register, which the Commission established November 1, 1935, containing the names and addresses of all persons admitted to practice before the Commission, was enlarged during the fiscal year by the addition of 873 names. The following statistics indicate the number of applications received since the register was established (November 1, 1935), the number of persons admitted to practice, and the number of applications pending as of June 30, 1937:

	Number of applications received		Number of persons admitted to practice		Number of applications pending June 30, 1937
	Nov. 1, 1935 to June 30, 1936	July 1, 1936 to June 30, 1937	Nov. 1, 1935 to June 30, 1936	July 1, 1936 to June 30, 1937	
Attorneys.....	876	733	840	731	38
Agents.....	528	143	517	142	12
Total.....	1,404	876	1,357	873	50

Total admitted to practice, 2,230.

The Rules of Practice, as amended November 4, 1936 and January 19, 1937, appear in Appendix I.

**REPORT ON THE STUDY AND INVESTIGATION OF PROTECTIVE AND REORGANIZATION COMMITTEES**

The Commission continued work on the report to the Congress based on its study and investigation of the work, activities, personnel and functions of protective committees. This study, investigation, and report were authorized and directed by Section 211 of the Securities Exchange Act of 1934.

During the preceding year, three parts of the report had been completed and submitted to the Congress. These were Part III, pertaining to the Committees for the Holders of Real Estate Bonds; Part IV, pertaining to the Committees for the Holders of Municipal and Quasi-Municipal Obligations; and Part VI, pertaining to Trustees Under Indentures.

During the current year, three additional parts of the report have been completed. These are the following:

Part I, entitled Strategy and Techniques of Protective and Reorganization Committees, which was transmitted to the Congress on May 10, 1937.

Part II, entitled Committees and Conflicts of Interest, which was transmitted to the Congress on June 21, 1937.

Part V, entitled Protective Committees and Agencies for Holders of Defaulted Foreign Governmental Bonds, which was transmitted to the Congress on May 14, 1937.

The two remaining parts of the report are in process of completion.

The basic recommendations contained in the Commission's reports were embodied in three bills introduced at the last session of Congress: The Barkley Bill (S. 2344); the Lea Bill (H. R. 6968); and Chapter X of the Chandler Bill (H. R. 6439; H. R. 8046). The last, Chapter X of which contains a complete revision of the corporate reorganization provisions of the existing law, revises the National Bankruptcy Act. It was passed by the House on August 10, 1937, and is now pending before the Senate, where it has been referred to the Committee on the Judiciary. The Barkley Bill, still pending before the Senate Committee on Banking and Currency, deals with the corporate trustee and the trust indenture. The Lea Bill, still pending before the House Committee on Interstate and Foreign Commerce, deals with the solicitation of deposits, proxies or assents in reorganization situations. Administrative powers created by the three bills would be vested in the Securities and Exchange Commission.

Representatives of the Commission aided in drafting these bills and appeared before the Congressional committees at hearings on the bills and testified in support of them.

**STUDY OF INVESTMENT TRUSTS AND INVESTMENT COMPANIES**

In the Commission's study of investment trusts and investment companies, undertaken pursuant to the Congressional mandate of Section 30 of the Public Utilities Act of 1935, the major portion of the work was completed during the fiscal year.

In addition to four questionnaires distributed at the inception of the study, the Commission, with cooperation of the representatives of the industry, prepared a questionnaire for common or commingled trust funds and another for investment counsel and investment advisory services. Both questionnaires were of the summary type and required only basic information.

As of June 30, 1937, the Commission had received questionnaire replies from 495 management investment companies; from 178 fixed investment trusts; from 37 investment special plans; from 5 companies offering guaranteed face amount certificates; from 16 common trust funds; and from 400 investment counsel organizations.

The great amount of material received by the Commission in response to its questionnaires, the unexpected ramifications of the activities of investment companies and investment trusts discovered in the course of the study, and the necessity of including a considerable number of additional investment organizations in the study, has delayed the Commission in submitting its final report and its recommendations to the Congress. On January 8, 1937, the Commission submitted to the Congress a progress report indicating the Commission's method of procedure and detailing the progress of the study and its status.

Detailed studies have been made of the larger investment trusts and investment companies and of a number of smaller companies regarded as representative examples. These have been based in most instances upon the information furnished by the companies in reply to the questionnaire and in some instances through a field study of the books and records of the companies. During the fiscal year, public examinations were held on approximately 125 investment companies and investment trusts at which about 20,000 pages of testimony were taken and 2,100 exhibits introduced into evidence. All public examinations were preceded by preliminary conferences with representatives of the companies.

At the close of the fiscal year, the Commission had received information from practically all companies believed to be within the purview of the study and had almost completed its field studies. Considerable progress had been made on the statistical and analytical study of the material collected, and on the preparation of the final report.

A list of public hearings held in connection with this study during the fiscal year ended June 30, 1937, follows:

*Investment Trusts and Investment Companies of the Management Type*

<i>Name of Trust or Company</i>	<i>Date of Public Examination</i>
Adams Express Company.....	December 1, 1936
Allied General Corp.....	November 5, 6, 1936
All American General Corp.....	May 28, June 28, 29, 30, 1937
American, British & Continental Corp.....	October 28, 29, 1936, June 28, 29, 30, 1937
American Capital Corporation.....	December 2, 3, 1936
American Cities Power & Light Corp.....	February 25, 26, March 1, 2, 3, 4, 5, 8, 9, 1937
American Company.....	June 2, 3, 4, 8, 9, 10, 11, 1937.
American-European Securities.....	September 30, 1936
American International Corporation.....	November 30, 1936
American Investors, Inc.....	June 28, 29, 30, 1937.
American Superpower Corp.....	January 6, 1937
Atlantic & Pacific International Corp.....	December 17, 18, 19, 21, 22, 23, 1936
Atlantic Securities Corp.....	June 28, 29, 30, 1937
Atlas Corporation.....	June 28, 29, 30, 1937
Atlas Utilities & Investors Co., Ltd.....	June 28, 29, 30, 1937
Aviation Securities Corp.....	June 28, 29, 30, 1937
Blue Ridge Corp.....	June 2, 3, 4, 8, 9, 10, 11, 28, 29, 30, 1937
Bond, Goodwin & Tucker, Inc.....	June 2, 3, 4, 8, 9, 10, 11, 1937
Bullock Fund, Ltd.....	October 14, 15, 16, 1936
Canadian Investment Fund, Ltd.....	October 14, 15, 16, 1936
Carriers and General Corporation.....	October 14, 15, 16, 1936.
Central Illinois Securities Corp.....	September 14, 15, 1936.
Central States Electric Corp.....	February 25, 26, March 1, 2, 3, 4, 5, 8, 9, 1937
Chain & General Equities, Inc.....	August 14, 1936
Chain Store Stocks, Inc.....	June 28, 29, 30, 1937
Chicago Corporation.....	January 14, 15, 1937.
Consolidated Equities, Inc.....	September 22, 1936
Consolidated Funds Corporation (Del.).....	December 17, 18, 19, 21, 22, 23, 1936
Dividend Shares, Inc.....	October 14, 15, 16, 1936
Eastern Shares Corporation.....	August 3, 1936
Federated Capital Corp.....	June 28, 29, 30, 1937.
Financial Corporation (Formerly known as Ungerleider Corp.).....	May 4, June 28, 29, 30, 1937
Financial & Industrial Securities Corp.....	June 2, 3, 4, 8, 9, 10, 11, 1937
Fourth National Investors.....	October 26, 28, 1936
General American Investors Company, Inc.....	November 12, 1936.
General American Securities Corporation.....	December 17, 18, 19, 21, 22, 23, 1936
General Capital Corporation.....	October 8, 1936
General Equities, Inc.....	December 17, 18, 19, 21, 22, 23, 1936

*Investment Trusts and Investment Companies of the Management Type—Contd.*

<i>Name of Trust or Company</i>	<i>Date of Public Examination</i>
General Investment Corp.....	May 7, 8, 1937
Granger Trading Corporation.....	September 16, 1936
Group Securities (Distributors Group).....	January 22, 1937
Home & Foreign Securities.....	April 29, 1937
Illuminating & Power Securities Corp.....	January 5, 1937
Incorporated Investors.....	September 22, 1936
Insuranshares Certificate Corp.....	November 5, 6, 1936
Insuranshares Management Corp.....	November 5, 6, 1936
International Superpower Corp.....	October 14, 15, 16, 1936
Interstate Equities Corp.....	July 27, 28, 29, 30, 31, 1936
Investors Company of America.....	December 2, 3, 1936
Investment Trust Fund A.....	February 1, 1937
Investment Trust Fund B.....	February 1, 1937
Investors Fund C, Inc.....	February 1, 1937
Iroquois Shares Corp.....	March 30, June 28, 29, 30, 1937
Italian Superpower Corp.....	December 15, 1936
Joint Investors, Inc.....	July 31, 1936
Lehman Corp.....	November 9, 10, 1936
Liberty Share Corp.....	December 29, 30, 1936
M & T Securities Corp.....	January 18, 1937
Maryland Fund, Inc. (Ross Beason Group).....	January 27, 28, 29, 1937
Massachusetts Investors Trust.....	September 21, 1936
Mayflower Associates, Inc.....	October 13, 1936
National Bond & Share Corp.....	September 16, 1936
National Investors.....	October 26, 27, 1936
National Liberty Insurance Companies.....	June 2, 3, 4, 8, 9, 10, 11, 1937
National Securities Investment Co.....	April 2, June 28, 29, 30, 1937
Nation-Wide Securities Company.....	October 14, 15, 16, 1936
Oil & Industries, Inc.....	April 1, 1937
Old Colony Investment Trust.....	November 19, 1936
Old Colony Trust Associates.....	November 19, 1936
Pacific American Co., Ltd.....	June 2, 3, 4, 8, 9, 10, 11, 1937
Pacific Eastern Corp (Formerly known as Goldman Sachs Trading Corp.).....	June 2, 3, 4, 5, 8, 9, 10, 11, 28, 29, 30, 1937
Pacific Investors, Inc.....	December 2, 3, 1936
Pacific Southern Investors, Inc.....	December 2, 3, 1936
Petroleum Corporation of America.....	September 28, 29, 1936
Phoenix Securities Corp.....	November 18, 1936
Prudential Investors, Inc.....	November 13, 1936
Public Utilities Corp.....	January 5, 1937
Reliance International Corp.....	August 5, 6, 7, 1936
Reliance Management Corp.....	August 5, 6, 7, 1936
Second National Investors.....	October 26, 27, 1936
Securities Allied Corp. (formerly known as Chatham Phenix Corp.).....	May 13, June 28, 29, 30, 1937
Securities Research Corporation.....	August 12, 1936
Shawmut Association.....	October 7, 1936
Shawmut Bank Investment Trust.....	October 7, 1936
Shenandoah Corporation.....	June 2, 3, 4, 8, 9, 10, 11, 28, 29, 30, 1937



*Investment Trusts and Investment Companies of the Management Type—Contd.*

<i>Name of Trust or Company</i>	<i>Date of Public Examination</i>
Special Equities, Inc.....	December 17, 18, 19, 21, 22, 23, 1936
Spencer Trask Fund, Inc.....	September 30, 1936
State Street Investment Corp.....	September 23, 1936
Sterling Securities Corp.....	April 16, June 28, 29, 30, 1937
The Equity Corporation.....	December 17, 18, 19, 21, 22, 23, 1936
Third National Investors.....	October 26, 27, 1936
Union Investors, Inc.....	August 12, 1936
United Equities, Inc.....	December 17, 18, 19, 21, 22, 23, 1936
U. S. Electric Light & Power Shares, Inc. of Md.	Oct. 14, 15, 16, 1936
U. S. & Foreign Securities Corp.....	February 12, 1937
U. S. & International Securities Corp.....	February 12, 1937
U. S. Shares Corporation (N. Y.).....	December 17, 18, 19, 21, 22, 23, 1936
Vick Financial Corporation.....	October 9, 1936
Yosemite Holding Corporation.....	August 12, 13, 1936

*Fixed Investment Trusts*

Ross Beason Group.....	January 22, 28, 29, 1937
(Basic Industry Shares Corporate Trust Shares Corporate Trust Shares, Accumulative Corporate Trust Shares, Series AA Corporate Trust Shares Accumulative Modified Corporate Trust Shares, Series AA modified Fixed Trust Shares Fixed Trust Shares, Series B Fixed Trust Oil Shares Five-Year Trust Shares)	
Distributors Group.....	January 22, 1937
(Accumulative Trust Shares Foreign Bond Associates North American Bond Trust North American Trust Shares, 1953, 1955, 1956, and 1958)	
Diversified Trustee Shares Series A, B, C and D.....	December 14, 1936
Nation-Wide Securities Company Trust Cer- tificates Series A & B.....	October 14, 15, 16, 1936
United States Electric Light & Power Shares, Inc. Trust Certificates Series A & B.....	October 14, 15, 16, 1936

*Special Investment Plans*

Bank & Insurance Shares (Transcontinent Shares).....	March 19, 20, 1937
Financial Independence Founders, Inc.....	November 20, 1936
Independence Fund of North America, Inc.	November 27, 1936

**MARGIN REGULATIONS**

Under Section 7 of the Securities Exchange Act of 1934, jurisdiction to regulate the extension and maintenance of credit on national securities exchanges is vested in the Board of Governors of the Federal Reserve System. The Commission has endeavored to assist the Board by making suggestions from time to time for methods to increase the effectiveness of Regulations T and U, which have been promulgated by the Board pursuant to Section 7.

The Commission has taken steps to eliminate violations of Regulation T in respect of the time when margin was required to be deposited by customers with members of exchanges. As a result of conferences held between representatives of exchanges, the Commission, and the Board, substantially all national securities exchanges adopted rules prohibiting members from permitting customers to make a practice of avoiding the requirement for depositing margin by liquidating the unmarginated commitment within three days.

Although Regulations T and U are promulgated by the Board of Governors of the Federal Reserve System in the exercise of the Board's exclusive jurisdiction, responsibility for the enforcement of Regulation T devolves entirely upon the Commission. The task is one of great magnitude, for which the Commission unfortunately only has a limited staff available. It involves the systematic inspection of accounts of firms which carry margin accounts for customers; the analysis of reports resulting from such inspections; the institution of proceedings to enforce the rule and the statute whenever violations are found. The Commission keeps the Board of Governors of the Federal Reserve System currently informed concerning the results.

During the fiscal year, 107 margin inspections were made, in which 62,876 accounts were examined. As a result, a number of cases involving members of exchanges have been referred to such exchanges for disciplinary action. As yet, no cases have been discovered which required the institution of legal proceedings by the Commission itself.

**DETECTION OF MANIPULATIVE AND DECEPTIVE PRACTICES**

Our national securities exchanges have not as yet demonstrated the capacity themselves to police their markets effectively against manipulative and deceptive practices. In consequence, the burden of detecting and instituting proceedings against such practices has rested almost entirely upon the Commission.

During the year, machinery was set up for a systematic coverage of trading in as large a number of securities as was considered practical in an effort to solve the problem of detection of manipulation. A total of 2,778 exchange issues were under regular observation at the close of the fiscal year and price and volume records of approximately 225 securities traded in the over-the-counter markets were made.

To facilitate the detection of manipulation, all securities, wherever traded in, were classified according to the broad categories of industry. The reports of changes in the beneficial ownership of equity securities by those persons called upon to report under Section 16 (a) of the Act were reviewed. The stock ticker tape quotations of the New York Stock Exchange and the New York Curb Exchange were under continued surveillance, and lists of daily security transactions were regularly examined. Transactions on all exchanges were constantly scrutinized.

On July 1, 1936, 54 preliminary and 30 formal investigations were in process. During the year, 420 reports dealing with the probability of manipulation on exchange markets, and 72 preliminary investigations were made. As a result of these preliminary investigations, 18 new formal investigations were authorized, 60 were closed or completed, and 48 were in process as of June 30, 1937. In addition to the 18 new formal investigations begun as the result of preliminary investigations, there were 12 authorized without preliminary investigations. Thus, with the 30 formal investigations carried over from the previous fiscal year, there were 60 formal investigations in process during the year. Of these 60 formal investigations, 31 were closed during the year, and 29 were still pending at the end of the year.

When a formal investigation develops evidence which makes it appear to the Commission that any person is violating or about to violate any provision of the Act, appropriate legal proceedings are instituted. Such proceedings may take the form of a suit for injunction; they may take the form of a reference to the Department of Justice for criminal proceedings; and they may take the form of a proceeding by the Commission under Section 19 (a) (3) of the Securities Exchange Act of 1934 to suspend or expel the offender (if the offender is a member of a national securities exchange) from the exchange of which he is a member. A brief description of injunctive proceedings brought during the fiscal year against violations of the Securities Exchange Act of 1934, and of criminal proceedings instituted against violations of that statute upon reference by the Commission to the Department of Justice, may be found in Appendix VI, Part II. A summary of proceedings instituted under Section 19 (a) (3) follows. (Although some of the events in these summaries preceded the fiscal year and some did not take place until after the fiscal year, it has been thought desirable to include them all, in the interest of giving a reasonably complete picture of the proceedings.)

*Securities Exchange Act of 1934—Cases in which Section 19 (a) (3) proceedings were instituted*

M. J. Meehan—(Bellanca Aircraft Corporation)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated October 25, 1935. Order expelling respondent from membership on national securities exchanges entered August 19, 1937.

Charles C. Wright, et al—(Kinner Airplane & Motor Corp.)

Commission directed public hearing under Section 19 (a) (3). Orders dated February 27, and April 9, 1936 for hearing. Oral argument on Report of Trial Examiner set down for November 11, 1937.

White, Weld and Co.—(A. O. Smith Corporation)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated April 22, 1936. Oral argument on Trial Examiner's Report April 23, 1937. Commission has matter under advisement.

Thomas F. Gagen, et al—(East Boston Company)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated May 4, 1936. Order expelling respondent from membership on Boston Stock Exchange entered, with consent of respondent on October 6, 1937.

W. E. Hutton, et al—(Atlas Tack Corporation)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated November 13, 1937. Hearings concluded and matter before Trial Examiner for Report of Findings.

Harry A. Dart, et al—(Lakey Foundry and Machine Co.)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated April 20, 1937. Respondents expelled from membership by Detroit Stock Exchange March 1, 1937; resigned from membership on Chicago Stock Exchange effective May 10, 1937. Because of above, Commission ordered proceedings discontinued and hearing scheduled for May 13, 1937 cancelled.

Abbott, Proctor & Paine, et al—(Root Petroleum Company)

Commission directed public hearing under Section 19 (a) (3). Order for hearing dated June 7, 1937. Commission ordered discontinuance of proceedings by order dated June 17, 1937, owing to resignations from memberships on national securities exchanges by certain individuals named as respondents in order for hearing.

As a result of surveillance of over-the-counter trading, the Commission authorized 15 preliminary investigations. Of these, 10 were closed and 5 were in process as of June 30, 1937.

## SPECIAL STUDIES AND RESEARCHES

**Study of Exchange Rules Governing Miscellaneous Exchange Practices**

As we have already indicated, the Commission has undertaken a comprehensive new program for the collection and analysis of data relating to all aspects of exchange trading. This program will cover the study of such subjects as: statistics on members' trading; status of margin accounts; orders on specialists' books; short sales statistics; printing on tape of all sales; round-lot orders entered and opened in commission houses; analysis of executed round-lot and odd-lot orders; analysis of executions of all orders of 1,000 shares or more; analysis of tenders and deliveries of certificates; transactions in foreign accounts; statistics of cash and margin accounts and firms' financial positions; analysis of the activity of brokers and dealers; analysis of broker-dealer income and expenses; volume of put and call sales; and data concerning the government and operation of the exchange. In devising this program, the Commission was guided by both its practical experience and its previous research.

During the past year, the Commission has undertaken a number of studies relating to problems arising in connection with the rules of national securities exchanges. These studies have been conducted with a view to obtaining a measure of uniformity in some of the essential rules of registered exchanges and with a view to improving the standards of practice and organization prevailing thereon. The studies undertaken are as follows:

1. A study of the rules of all registered exchanges dealing with those matters specified in Section 19 (b) of the Securities Exchange Act of 1934, concerning which the Commission is authorized to request any registered exchange to alter its rules. These matters include: (a) safeguards in respect of the financial responsibility of members and adequate provision against the evasion of financial responsibility through the use of corporate forms or special partnerships; (b) the limitation or prohibition of the registration or trading in any security within a specified period after the issuance or primary distribution thereof; (c) the listing or striking from listing of any security; (d) hours of trading; (e) the manner, method, and place of soliciting business; (f) fictitious or numbered accounts; (g) the time and method of making settlements, payments, and deliveries and of closing accounts; (h) the reporting of transactions on the exchange and upon tickers maintained by or with the consent of the exchange, including the method of reporting short sales, stopped sales, sales of securities of issuers in default, bankruptcy, or receivership, and sales involving other special circumstances; (i) the fixing of reasonable rates of commission, interest, listing, and other charges; (j) minimum units of trading; (k) odd-lot purchases and sales; (l) minimum deposits on margin accounts; and (m) similar matters.

2. Studies of specific practices have been combined with a general survey of the scope and effectiveness of all the important rules of four national securities exchanges.

3. A study of the rules and practices of national securities exchanges relating to specifications for admission of securities to listing and setting forth the conditions under which securities may be removed from the list. Conferences with exchange officials have been held in regard to matters relating to exchange policy on the listing and delisting of securities.

4. A study of the methods of providing adequate reporting of transactions effected on exchanges in securities of issuers in bankruptcy, reorganization or receivership, dissolution or liquidation, and securities in respect of which there has been a default in interest or principal or both; and in securities which have been called for retirement or redemption, or which have matured but have been extended, or which have not been fully paid for, or upon which assessments have been levied.

The Commission also continued its studies and researches preparatory to the drafting of rules and regulations on (1) puts, calls, straddles and other options; (2) borrowings and solvency of brokers and dealers, and the hypothecation of customers' securities; (3) pegging, fixing and stabilizing operations; and (4) short selling and stop-loss orders.

A study of the status of margin accounts was also made by the staff.

#### **Study of Over-the-Counter Practices and Problems**

The studies inaugurated by the Commission in 1934 of appropriate measures for the control of over-the-counter markets were continued during the year. Following the adoption of the original plan for registration of brokers and dealers on January 1, 1936, which plan became specifically part of the Act by the amendment of May 27, 1936, attention was directed to the need for comprehensive research into various significant problems in the investment banking and over-the-counter fields. Securities traded in on the over-the-counter markets were enumerated and classified. A special study was made with respect to the dissemination of quotations for securities traded in over-the-counter markets. The legal aspects of various problems of regulation for these markets were studied exhaustively and the possible economic effects of all such proposals were given due consideration. Conferences were held with representative members of the industry upon their problems. Representatives of the Commission cooperated with representatives of the over-the-counter business in the formation of the Investment Bankers Conference, Incorporated, and has maintained close contact with the officials of that organization since its inception in a joint endeavor to improve the standards of practice prevailing in the business. The Commission has also wel-

comed the assistance of other organizations, such as the New England Dealers' Association, the New York Security Dealers' Association, and the Investment Bankers' Association.

#### **Formulation of Rules to Define Manipulative, Deceptive and Other Fraudulent Devices in the Over-the-Counter Markets**

During the fiscal year, the Commission conducted studies and researches in connection with and drafted rules to define manipulative, deceptive and other fraudulent devices in the over-the-counter markets. These rules were drafted pursuant to Section 15 (c) of the Securities Exchange Act of 1934, as amended. In accordance with the custom of the Commission, drafts of the rules were forwarded to an extensive and representative list of members of the securities business for criticism during the latter part of the fiscal year.<sup>18</sup>

#### **Study of "When Issued" Trading Rules**

A complete revision of the rules and regulations governing the registration on national securities exchanges of unissued securities and the exemption of issued warrants from the provisions of Section 12 of the Securities Exchange Act of 1934 has been undertaken with a view to simplifying the regulations and the procedure thereunder. A draft of the revised rules has been sent by the Commission to all national securities exchanges for comment.

#### **Further Study of the Segregation of the Functions of Broker and Dealer**

Consideration is being given to methods of effectuating the suggestion contained in the Segregation Report that firms carrying margin accounts for customers, and general partners of such firms, should be prohibited from trading on margin for their own account.

The Segregation Report expressly left open for further study certain important questions concerning the status and functions of the specialist. This further study will, of course, be carried forward, as part of the comprehensive program to which reference has been made.

#### **SUMMARY OF ALL RULES AFFECTING EXCHANGE TRADING PROMULGATED BY THE COMMISSION OR ADOPTED BY EXCHANGES AT REQUEST OF COMMISSION.**

In view of the pendency of the Commission's new comprehensive survey of trading upon exchanges, it seems desirable to sum up at this point all rules affecting exchange trading which have either been promulgated by the Commission or adopted by exchanges at the request of the Commission since the effective date of the Securities Exchange Act of 1934. There follows a brief description of such rules, together with explanatory comment.

<sup>18</sup> These regulations were adopted by the Commission after the close of the fiscal year and become effective October 1, 1937.

### A. Rules Regulating Trading Practices Upon Exchanges Promulgated by the Commission.

In the strict sense, only two rules which actually regulate *trading practices* upon exchanges have been promulgated by the Commission. In addition to these two rules, a considerable body of regulations has, of course, been promulgated by the Commission under the Exchange Act. These other regulations, however, do not govern trading practices as such, but relate to such subjects as: registration by exchanges; registration of securities upon exchanges; annual and other reports; admission of securities to unlisted trading; admission of securities to when-issued trading; the solicitation of proxies in respect of securities registered upon national securities exchanges; the registration of over-the-counter brokers and dealers; regulation of over-the-counter trading; complete, limited, or temporary exemption from various provisions of the statute; and rules defining certain formal requirements, such as the format of registration statements, the mechanics of filing, etc. The two rules which regulate trading are:

(1) Rule ND1, which brings arbitrage transactions by officers and directors of issuers of listed equity securities under restrictions equivalent to those prescribed by Sections 16 (a) and 16 (b) of the Exchange Act for ordinary transactions.

(2) Rule GB2, which supplements Section 9 (a) (2) of the Act and outlaws an unmistakably manipulative practice.<sup>19</sup>

### B. Trading Rules Adopted by Exchanges at the Request of the Commission.

These rules consist of the following:

(1) The sixteen trading rules recommended by the Commission in April 1935 for adoption by national securities exchanges.

(2) The interpretation of the tenth of the foregoing sixteen rules, applicable to trading by specialists, made by the Director of the Trading and Exchange Division.

(3) The margin rules adopted by exchanges which desired to permit "when issued" dealing thereon, covering the amount of margin required on all commitments in securities or rights admitted to "when issued" dealing upon such exchanges.

(4) The rules embodying the requirement that commitments of members, their firms and their partners made during any single day shall be fully margined at all times.

#### (1) *The Sixteen Trading Rules:*

The sixteen rules for the regulation of trading on exchanges recommended by the Commission on April 16, 1935 for adoption by national securities exchanges are intended to provide additional safeguards against certain activities on exchanges which lend themselves to manipulative tendencies.

<sup>19</sup> Rule GB2 did not become effective until after the fiscal year, on October 1, 1937.



It should be noted, that although all of these rules relate to trading activities, three of the rules, in whole or in part, are applicable only to members while on the floor, i. e., the second, fourth and seventh rules.

It should also be noted that bonds, arbitrage and odd-lot transactions are exempted from the operation of some of the rules.

As is noted in the discussion, some of these rules approximate existing regulations of the exchange before April 1935 or codified existing practices.

The *First Rule* in general terms prohibits members, their firms and partners, from effecting transactions of purchase and sale for their own account, which transactions are excessive in view of the market for such security or in view of the financial resources of the member, firm, or partner.

The *Second Rule* reads as follows: *Trading for Joint Account.* (a) No member, while on the floor, shall, without the prior approval of the exchange, initiate the purchase or sale on the exchange of any security classified for trading as a stock by the exchange for any account in which he, or the firm of which he is a partner or any partner of such firm, is directly or indirectly interested with any person other than such firm or partner.

(b) The provisions of this rule shall not apply to any purchase or sale (1) by any member for any joint account maintained solely for effecting bona fide domestic or foreign arbitrage transactions, or (2) by an odd-lot dealer or a specialist for any joint account in which he is expressly permitted to have an interest or participation by the Eleventh or Fourteenth Rules, respectively.

This rule is intended to curtail the ability of members, while on the floor, to engage in manipulative practices by means of financial resources made available through joint accounts. The Senate investigation disclosed that members joined in such accounts to a very large extent, and that many manipulative operations were based on a combination of a member's manipulative skill and trading ability with the financial backing of outsiders jointly interested in the account. For the odd-lot dealer and specialist, other rules specifically govern the conditions, and this rule is therefore not applicable to them.

The *Third Rule* merely provides for the reporting of joint accounts to the exchange. It is supervisory in intent, and approximates an exchange regulation in force before the issuance of these rules.

The *Fourth Rule* deals with the fiduciary obligation which a broker owes to his customer. A member handling a customer's discretionary account is forbidden, while on the floor, to execute purchases or sales for such account which are excessive in size or frequency in view of the financial resources in the account. The purpose is twofold: (1) it is designed to eliminate trading for discretionary accounts which is primarily motivated by the broker's desire to increase his com-

missions; (2) to eliminate any opportunity for a member on the floor to effect transactions by means of discretionary accounts for the purpose of stimulating activity or raising or depressing the price.

The *Fifth Rule*, relating also to fiduciary obligations, is declaratory of prior New York Stock Exchange practice. It prohibits a broker, while holding a customer's unexecuted market or limited price order, from competing with the customer by trading for his own account in the same security on the same side.

The *Sixth Rule* is intended as a deterrent to a familiar device for manipulation. Members, firms and partners are prohibited from making purchases at successively higher prices or sales at successively lower prices for the purpose of creating a misleading appearance of activity, or making a price which does not reflect the true state of the market in any security.

The *Seventh Rule* is aimed at another device which might facilitate manipulation. It was disclosed by the Senate investigation that members of exchanges had participated in options to a large extent in connection with manipulative operations. This rule provides that a member, while on the floor, may not initiate the purchase or sale for his own account or for that of his firm or a partner, of any security classified for trading as a stock by the exchange, in which he or the firm or partner holds or has granted any put, call, straddle or option.

The *Eighth Rule* provides for the keeping of records of orders. This rule embodies what was considered by most firms as good practice. It is intended to aid the exchange in supervising activities.

The *Ninth Rule* requires the registration of specialists. It is supervisory in intent.

The *Tenth Rule* requires specialists to restrict their dealings for their own account in securities in which they specialize to those reasonably necessary to maintain a fair and orderly market.<sup>20</sup> Under date of March 30, 1937, an interpretation of this specialist rule was issued, which is summarized and discussed below.

The *Eleventh Rule* permits the specialist to carry a joint account in any security classified by the exchange as a stock only with a partner of such specialist, a member of the exchange, or a firm of which a member is a partner.

This rule is intended to prevent joint accounts between specialists and members of the public, in which the participation of the specialist might serve as a means to manipulative operations conducted from the floor of the exchange.

The *Twelfth Rule* provides merely for the keeping of records by specialists. It was always considered good practice by exchange officials.

<sup>20</sup> Section 11 (b) of the statute provides that if the Commission permits the specialist to act as both broker and dealer his dealings shall be limited to those reasonably necessary to maintain a fair and orderly market.

The *Thirteenth Rule* provides for the registration of odd-lot dealers. The *Fourteenth Rule* covers the conditions under which odd-lot dealers may carry joint accounts in the same way as the Eleventh Rule does for specialists.

The *Fifteenth Rule* prohibits the holding or granting of an option by an odd-lot dealer or specialist in any security classified for trading as a stock by the exchange in which such specialist or odd-lot dealer is registered. Its purpose follows that of the Seventh Rule, which governs all members.

The *Sixteenth Rule* forbids a member from effecting a short sale of a security at a price below the last sale price of such security on the exchange. This rule was a settled practice of the New York Stock Exchange before the issuance of these trading rules.

(2) *The Interpretation of the Tenth of the Sixteen Rules:*

The Tenth Rule, as noted, deals with appropriate restrictions of the activities of the specialist, in general terms. Under date of March 30, 1937, an interpretation of this rule was issued by the Director of the Trading and Exchange Division.

This interpretation stated that the phrasing of the rule prohibits all transactions for the account of a specialist in the security in which he is registered, excepting only such transactions as are properly a part of a course of dealings reasonably necessary to permit the specialist to maintain a fair and orderly market, or to act as an odd-lot dealer. Therefore, each transaction by a specialist for his own account must meet the test of reasonable necessity. A comprehensive affirmative statement of the criteria of reasonable necessity was considered inadvisable, but certain negative tests were set out in this interpretation.

For example, certain types of transactions effected by a specialist in taking or increasing a position were specifically described as tending to have a detrimental effect upon the market, and as being therefore commonly unjustifiable. In this category were placed:

(1) a purchase above the last sale price;

(2) the purchase of all or substantially all the stock offered on the book at the last sale price; and

(3) the supplying of all or substantially all the stock bid for on the book at the last sale price.

(3) *"When Issued" Margin Rules:*

These rules cover the requirements for commitments in securities or rights admitted to "when issued" dealings upon the exchanges. In general, these requirements are designed to be equivalent to those imposed in Regulation T in respect of transactions in issued securities.

(4) *"Daylight Trading" Margin Rules:*

These rules put into effect the recommendation made in the Commission's report to Congress that trading by members of exchanges,

exchange firms, and their partners be fully margined at all times. They were intended as a means for eliminating the "shoestring trader" and discouraging excessive trading, and to establish a parity between member traders and traders who were part of the public.

In essence, these rules apply the standards of Regulation T to transactions by members of the exchange during the course of a single day.

#### REGIONAL OFFICES

The Commission has established nine regional offices. The addresses of these offices and the States comprising the territory they serve are indicated below:

New York Regional Office, 120 Broadway, New York, N. Y.	New York, New Jersey, and Pennsylvania.
Boston Regional Office, 82 Devonshire Street, Boston, Mass.	Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire, and Maine.
Atlanta Regional Office, Palmer Building, Atlanta, Ga.	Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Florida, and that portion of Louisiana east of the Atchafalaya River.
Chicago Regional Office, 105 West Adams Street, Chicago, Ill.	Minnesota, Wisconsin, Michigan, Iowa, Illinois, Indiana, Ohio, Missouri, Kentucky, and Kansas City, Kans.
Fort Worth Regional Office, New Federal Building, Fort Worth, Tex.	Oklahoma, Arkansas, Texas, Kansas (with exception of Kansas City), and that portion of Louisiana west of the Atchafalaya River.
Denver Regional Office, Patterson Building, Denver, Colo.	Wyoming, Colorado, New Mexico, Nebraska, North Dakota, South Dakota, and Utah.
San Francisco Regional Office, 625 Market Street, San Francisco, Calif.	California, Nevada, Arizona, and Hawaii.
Seattle Regional Office, 1407 Exchange Building, 821 Second Avenue, Seattle, Wash.	Washington, Oregon, Idaho, Montana, and Alaska.
Washington Field Office, 1778 Pennsylvania Avenue, N.W., Washington, D. C.	Virginia, West Virginia, Maryland, Delaware, and District of Columbia.

The regional offices are charged with the responsibility of conducting trading, accounting and legal investigations with a view to the efficient enforcement of the Acts administered by the Commission,

and the rules and regulations thereunder. Each office serves the general and investing public within the zone over which it has jurisdiction, such as the holding of conferences and the carrying on of general correspondence relative to matters of enforcement or interpretation.

Personnel assigned to the regional offices not only conduct the afore-mentioned investigations but likewise assist in the conduct of formal and informal hearings, in the preparation and presentation in court of injunction proceedings and in the preparation of reports on criminal violations, which serve as bases for references to the Attorney General for criminal prosecution. It is customary to cooperate with the United States Attorneys in the presentment and trial of criminal cases, after they have been duly authorized.

### PUBLIC REFERENCE ROOMS

In the Public Reference Room of the Commission at Washington, D. C., all public registered information, including registration statements, applications, reports, declarations, and other documents filed with the Commission, is available to the public during business hours.

The facilities available in the Public Reference Room were utilized during the past year by more than 14,200 members of the public who visited the offices of the Commission seeking information. In addition to these visitors, thousands of letters and telephone calls were received requesting information concerning public registered information. Facilities are also available for the sale of copies of any material filed with the Commission and available for public inspection. More than 4,300 orders for photocopies of material, involving 346,342 pages, were filled.

In addition to the Public Reference Room in Washington, D. C., the Commission also maintains Public Reference Rooms in the regional offices located in New York City and in Chicago. In the Public Reference Room in the New York Regional Office, there are available to the public such copies of applications for permanent registration of securities on the Chicago Curb Exchange, the Chicago Stock Exchange, and the Chicago Board of Trade as have received final examination in the Commission, together with current and annual reports supplementing these applications and amendments thereto.

In the Public Reference Room in the Chicago Regional Office, there are available to the public such copies of applications for registration of securities on the New York Stock Exchange and the New York Curb Exchange as have received final examination in the Commission, together with current and annual reports supplementing these applications and amendments thereto.

Photocopies of registered public information may be procured from the offices of the Commission in Washington, D. C. only.

Duplicate copies of applications for registration of broker or dealer filed with the Commission are available for public inspection in each regional office having jurisdiction over the zone in which the broker or dealer has his principal office. Supplemental statements to these applications will also be available in these regional offices.

## PUBLICATIONS

### Registration Record, Securities Act of 1933

During the year, the Commission developed and put into operation a new daily report, known as the "Registration Record, Securities Act of 1933", containing information concerning registration events occurring each day in connection with the registration of securities under the Securities Act of 1933. At the time public distribution of this daily report was begun (May 10, 1937), the periodic releases covering registrations, hearings, orders, etc., under the Securities Act were discontinued.

The Registration Record, which is in tabular form, was designed: (1) To eliminate delay in reporting to investors and interested members of the public the fact that registration statements have been filed (on the great majority of issues, this information had been released only on a weekly basis); (2) to combine in a single daily release the registration information which had been made public through many different releases; and (3) to augment the information made available, by reporting daily the filing of each amendment, the date and manner in which each statement becomes effective, the data as to post-effective amendments, and all other material relating to each security issue with respect to which there is a Securities Act registration statement.

At the time of the inauguration of this Registration Record, a handbook was issued as a guide to its use. This handbook gives brief descriptions of the various types of actions in registration procedure, and contains a summary of each of the major registration forms.

### Releases

The Commission issues currently releases concerning its activities. Releases are issued announcing rules, regulations, orders, opinions, findings, filings of registration statements and applications, effectiveness of registration statements, public hearings, and reports and statements filed by security issuers, officers, directors, and principal stockholders. These releases are classified according to subject and are made available to the public through issuance to the press and through the medium of a mailing list maintained for the convenience of those members of the public who desire to receive them currently. Members of the public may have their names placed upon the mailing list to receive any or all classes of releases.

During the year ended June 30, 1937, the Commission published 625 releases under the Securities Act of 1933, 526 releases under the Securities Exchange Act of 1934, 459 releases under the Public Utility Holding Company Act of 1935, and 32 general releases. Of the total of 1,642 releases thus issued, 685 releases were orders of the Commission; 614 announced the filing of registration statements, applications, and other public documents filed with the Commission; 110 releases announced rules, regulations and interpretations by the Commission; 79 releases contained statistical data; and 154 miscellaneous releases covering such matters as civil and criminal actions taken by the Commission in the Courts, announcements of hearings held in connection with the Commission's Investment Trust Study, tabulations of effective registrations, personnel changes and appointments, etc.

For the convenience of the general public, the Commission has published compilations of releases issued by it under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935. These compilations cover releases issued from the date of the passage of each of the Acts to and including December 31, 1936.

#### **Accounting Opinions**

For the purpose of contributing to the development of uniform standards and practice in major accounting questions, the Commission instituted during the year a program for the publication from time to time of opinions on accounting principles. Many accounting problems have arisen during the course of the Commission's administration of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935 which have general application and in these instances the Commission, in following this program, intends to publish opinions as the necessity therefor arises in specific cases. It is believed that by this procedure the quality of the financial statements filed with the Commission will be improved materially and there will be a more general acceptance of good accounting practice in the handling of problems heretofore subject to wide variations in treatment.

#### **Other Publications**

Other publications issued by the Commission during the year included the following:<sup>21</sup>

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

Part I—Strategy and Techniques of Protective and Reorganization Committees.

<sup>21</sup> For list of publications as of November 1, 1937, see Appendix IV.

Part II—Committees and Conflicts of Interest.

Part V—Protective Committees and Agencies for Holders of Defaulted Foreign Governmental Bonds.

Preliminary Summary of the Progress of the Study of Investment Trusts and Investment Companies Made by the Securities and Exchange Commission.

Opinions of the Commission, Volume I, Number 2.

Opinions of the Commission, Volume I, Number 3.

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

Uniform System of Accounts for Public Utility Holding Companies under the Public Utility Holding Company Act of 1935.

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, together with supplements thereto, as of May 31, 1937.

#### PERSONNEL

The Commission and personnel, at the close of the fiscal year, consisted of 1,140 persons. This total comprised 5 Commissioners and 1,135 employees, 738 of whom were men and 397 were women

<i>Statistics</i>	
Commissioners.....	5
Departmental:	
Permanent.....	892
Temporary.....	38
Regional offices:	
Permanent.....	202
Temporary.....	3
Subject to retirement act.....	639

#### FISCAL AFFAIRS

Appropriations for fiscal year 1937	
Salaries and expenses.....	\$4, 200, 000
Printing and binding.....	45, 000
<hr/>	
Total appropriated.....	\$4, 245, 000
Obligations for fiscal year 1937	
Salaries	
Departmental.....	\$2, 479, 054
Field.....	599, 211
Expenses	
Mileage and witness fees.....	27, 571
Supplies and material.....	104, 638
Communication service.....	56, 108
Travel expense.....	168, 454
Transportation of things.....	2, 235
Reporting hearings.....	66, 487



## Obligations for fiscal year 1937—Continued

## Expenses—Continued

Light and power (Field) .....	\$3, 404
Rents .....	68, 917
Repairs and alterations .....	6, 810
Special and miscellaneous expenses .....	1, 686
Purchase of equipment .....	85, 992

Total obligations for salaries and expenses .....	\$3, 670, 567
Obligations for printing and binding .....	44, 971

Grand total obligations .....	3, 715, 538
Unobligated balance .....	529, 462 *

Appropriations .....

\$4, 245, 000

\* This means the Commission did not spend this sum out of the total appropriation made for it.

## RECEIPTS FOR THE FISCAL YEAR 1937

During the fiscal year the Commission received \$1,103,780.13 in revenue.\* The source and disposition of the amounts collected are as follows:

Character of Receipts	Transferred to General Fund of the Treasury During Fiscal Year	In Special Deposit Account at end of Fiscal Year	Sub-Total	In Special Deposit Account at beginning of F. Y. (Less Refunds account excessive fees)	Net Amount Collected During Fiscal Year
Sale of Photo Duplications .....	\$37, 364. 57	\$1, 537. 10	\$38, 901. 67	\$9, 288. 78	\$29, 612. 89
Registration of Securities .....	641, 493. 21	157, 466. 66	798, 959. 87	270, 939. 70	528, 020. 17
Registration of Exchanges .....	555, 183. 04	31. 66	555, 214. 70	9, 422. 62	545, 792. 08
Miscellaneous Revenue .....	354. 54	. 45	354. 99	.....	354. 99
Grand total .....	\$1, 234, 395. 36	\$159, 035. 87	\$1, 393, 431. 23	\$289, 651. 10	\$1, 103, 780. 13

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

*Comparison of receipts for the fiscal year 1937 with those for the fiscal years 1935 and 1936 and the total receipts of the Commission since its creation*

Character of Receipts	1935	1936	1937	Total
Registration of Securities .....	\$160, 299. 25	\$496, 850. 89	\$528, 020. 17	\$1, 185, 170. 31
Registration of Exchanges .....	61, 659. 86	382, 460. 11	545, 792. 08	989, 912. 05
Sale of Photo Duplications .....	5, 738. 75	20, 892. 61	29, 612. 89	56, 244. 25
Miscellaneous Revenue .....	. 95	196. 53	354. 99	552. 47
Grand total .....	\$227, 698. 81	\$900, 400. 14	\$1, 103, 780. 13	\$2, 231, 879. 08

## **APPENDIXES**



## APPENDIX I

### RULES OF PRACTICE <sup>1</sup>

#### RULE I

##### BUSINESS HOURS—REGIONAL OFFICES

The principal office of the Commission at Washington, D. C., is open on each business day, excepting Saturdays, from 9 a. m. to 4:30 p. m., and on Saturdays from 9 a. m. to 1 p. m. Regional offices are maintained at New York, Boston, Atlanta, Chicago, Fort Worth, Denver, San Francisco, and Seattle.

#### RULE II

##### APPEARANCE AND PRACTICE BEFORE THE COMMISSION <sup>2</sup>

(a) An individual may appear in his own behalf, a member of a partnership may represent the partnership, a bona-fide officer of a corporation, trust, or association may represent the corporation, trust, or association, and an officer or employee of a State commission or of a department or political subdivision of a State may represent the State commission or the department or political subdivision of the State, in any proceeding.

(b) A person may be represented in any proceeding by an attorney at law duly admitted to practice before the Commission.

(c) A person shall not be represented at any hearing before the Commission or a trial examiner except as stated in paragraphs (a) and (b) of this rule.

(d) In all matters other than hearings before the Commission or a trial examiner, a person may be represented by an agent who is duly admitted to practice before the Commission.

(e) All persons appearing before or transacting business with the Commission in a representative capacity may be required to file powers of attorney with the Commission showing their authority to act in such capacity.

(f) A register will be maintained by the Commission in which will be entered the names and addresses of all persons admitted to practice before the Commission. Only individual members of firms will be admitted.

<sup>1</sup> As amended January 19, 1937.

<sup>2</sup> Appearance and practice before the Commission under the Public Utility Holding Company Act of 1935 is subject also to the requirements of Sec. 12 (i) of that Act.

(g) Subject to the provisions of paragraphs (e) and (f) of this rule, the following classes of persons whom the Commission finds, on consideration of their applications, to be of good moral character and to possess the requisite qualifications to represent others, may be admitted to practice before the Commission:

(1) Attorneys at law who are admitted to practice before any court of the United States, or the highest court of any State or Territory.

(2) Any person, not an attorney, to be designated as agent, who is a citizen of the United States and who shall, in the opinion of the Commission, possess the necessary education, training, experience, and technical qualifications which would enable him properly to represent others before the Commission.

(h) An application for admission to practice shall be addressed to the Securities and Exchange Commission, Washington, D. C., stating under oath the name, residence address, and business address of the applicant. In the case of an attorney, the time and place of admission to the bar and whether the applicant has ever been suspended or disbarred as an attorney in any court or jurisdiction shall be stated. In the case of an agent, the application shall state briefly his education, training, experience, and technical qualifications.

(i) In the discretion of the Commission or trial examiner, an attorney at law may be permitted to appear for the purpose of any proceeding, though not theretofore admitted to practice before the Commission in the way prescribed.

(j) All persons appearing in any proceeding shall conform to the standards of conduct generally required of practitioners at law.

(k) The Commission may deny admission to, suspend, or disbar any person who is found by the Commission not to possess the requisite qualifications to represent others, or to be lacking in character, integrity, or proper professional conduct. A person who has been admitted to practice may be suspended or disbarred only after he has been afforded an opportunity to be heard, but contemptuous conduct at any hearing before the Commission or a trial examiner shall be ground for exclusion from said hearing and for summary suspension without a hearing for the duration of the proceeding.

### RULE III

#### NOTICE OF HEARINGS IN CERTAIN PROCEEDINGS

(a) Whenever a hearing is ordered by the Commission in any proceeding under Section 8 of the Securities Act of 1933, as amended, notice of such hearing shall be given by the Secretary or other duly designated officer of the Commission to the person designated in the registration statement as being authorized to receive service and notice of orders and notices issued by the Commission relating to such regis-

tration statement. Such notice shall state the time and place of hearing and shall include a statement of the items in the registration statement by number or name which appear to be incomplete or inaccurate in any material respect or to include any untrue statement of a material fact or to omit a statement of any material fact required to be stated therein or necessary to make the statements therein not misleading. Such notice shall be given either by personal service or by confirmed telegraphic notice a reasonable time in advance of the hearing. The personal notice or the confirmation of the telegraphic notice shall be accompanied by a short and simple statement of the matters to be considered and determined.

(b) Whenever a hearing is ordered by the Commission in any other proceeding, notice of such hearing shall be given by the Secretary or other duly designated officer of the Commission to the registrant, applicant, or other person or persons entitled to receive the same. Such notice shall state the time and place of hearing and shall include a short and simple statement of the matters to be considered and determined. Such notice shall be given by personal service, registered mail, or confirmed telegraphic notice, a reasonable time in advance of the hearing.

(c) Notice of any hearing before a trial examiner which may be called on the question of postponement of the effective date of registration of a broker or dealer under Section 15 (b) of the Securities Exchange Act of 1934, as amended, pending final determination whether such registration shall be denied, shall state that no trial examiner's report will be made on the question of postponement of registration, and that such question of postponement will be considered and determined by the Commission on the transcript of the testimony, and that prior to determination of such question of postponement the broker or dealer will be entitled to be heard before the Commission on the transcript.

## RULE IV

### HEARINGS—EVIDENCE

(a) Hearings shall be held as ordered by the Commission.

(b) All hearings, except hearings, if ordered, on objections to public disclosure of information pursuant to the provisions of Clause 30 of Schedule A of the Securities Act of 1933, as amended, or Section 24 (b) of the Securities Exchange Act of 1934, as amended, or Section 22 (b) of the Public Utility Holding Company Act of 1935, shall be public, unless otherwise ordered by the Commission, and shall be held before the Commission, one or more of its members, or a duly designated officer herein referred to as the trial examiner.

(c) Hearings shall be stenographically reported and a transcript thereof shall be made which shall be a part of the record of the proceeding. Transcripts will be supplied to the parties by the official reporter at such rates as may be fixed by contract between the Commission and the reporter.

(d) Objections to evidence before the Commission or trial examiner shall be in short form, stating the grounds of objections relied upon, and the transcript shall not include argument or debate thereon except as ordered by the Commission or the trial examiner. Rulings by the Commission or trial examiner on such objections shall be a part of the transcript.

(e) In any proceeding the Commission or the trial examiner may call for the production of further evidence upon any issue.

(f) Subpenas requiring the attendance of witnesses from any place in the United States at any designated place of hearing may be issued by any member of the Commission or any officer designated by it for that purpose in connection with any hearing ordered by the Commission, upon written application therefor.

(g) Subpenas for the production of documentary evidence will issue only upon application in writing which must specify, as nearly as may be, the documents desired and the facts to be proved by them: *Provided, however,* That nothing herein shall be deemed to require the issuance of any subpoena compelling the production of immaterial documentary evidence.

(h) Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid to witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States. Witness fees and mileage shall be paid by the party at whose instance the witnesses appear.

## RULE V

### MOTIONS

(a) Motions before the Commission or the trial examiner shall state briefly the purpose thereof and all supporting affidavits, records, and other papers, except such as have been previously filed, shall be filed with such motions and clearly referred to therein.

(b) Motions in any proceeding before a trial examiner which relate to the introduction or striking of evidence may be ruled on by the trial examiner. Exception to any such ruling must be noted before the trial examiner in order to be urged before the Commission. All other motions in any proceeding before a trial examiner shall be reserved and shall be ruled upon by the Commission.

## RULE VI

## EXTENSIONS OF TIME—CONTINUANCES AND ADJOURNMENTS

Except as otherwise expressly provided by law, the Commission for cause shown may extend any time limits prescribed by these rules for filing any papers, and may continue or adjourn any hearing. A hearing before a trial examiner shall begin at the time and place ordered by the Commission, but thereafter may be adjourned from time to time by the Commission or trial examiner.

## RULE VII

## DEPOSITIONS

(a) The Commission may, for cause shown, order testimony to be taken by deposition.

(b) Any party desiring to take a deposition shall make application in writing, setting forth the reasons why such deposition should be taken, the name and residence of the witness, and the matters concerning which it is expected the witness will testify. Thereupon the Commission may, in its discretion, issue an order which will name the witness whose deposition is to be taken and specify the time when, the place where, and the designated officer before whom the witness is to testify. Such order shall be served upon all parties by the Secretary, or other duly designated officer of the Commission, a reasonable time in advance of the time fixed for taking testimony.

(c) Witnesses whose testimony is taken by deposition shall be sworn or shall affirm before any questions are put to them. Each question propounded shall be recorded and the answers shall be taken down in the words of the witness.

(d) Objections to the form of questions or answers must be made before the officer taking the deposition and if not so made, shall be deemed waived.

(e) The testimony shall be reduced to writing by the officer, or under his direction, after which the deposition shall be subscribed by the witness and certified in usual form by the officer. The original deposition and exhibits shall be forwarded under seal to the Secretary of the Commission with such number of copies as may be requested by the Secretary of the Commission. Upon receipt thereof the Secretary shall file the original in the proceedings and shall forward a copy to each party or his attorney of record.

(f) Such depositions shall conform to the specifications of Rule XIV.

(g) Depositions not received in evidence at a hearing before the Commission or a trial examiner shall not constitute a part of the record in any proceeding, unless the parties shall so agree, or the Commission shall so order.



(h) Depositions may also be taken and submitted on written interrogatories in substantially the same manner as depositions taken by oral examination. The interrogatories shall be filed with the application in triplicate, and copies thereof shall be served on all other parties by the Secretary or other duly designated officer of the Commission. Within 5 days any other party may file with the Secretary, his objections, if any, to such interrogatories, and may file such cross-interrogatories as he desires to submit. Cross-interrogatories shall be filed in triplicate, and copies shall be served on all other parties, who shall have 3 days thereafter to file their objections, if any, to such cross-interrogatories. Objections to interrogatories or cross-interrogatories shall be settled by the Commission or trial examiner. Objections to interrogatories shall be made before the order for taking the deposition issues and if not so made shall be deemed waived. When a deposition is taken upon written interrogatories and cross-interrogatories, neither party shall be present or represented, and no person other than the witness, a stenographic reporter, and the officer shall be present at the examination of the witness, which fact shall be certified by the officer, who shall propound the interrogatories and cross-interrogatories to the witness in their order and reduce the testimony to writing in the witness' own words.

## RULE VIII

### TRIAL EXAMINER'S REPORT

(a) Following any hearing before a trial examiner on the question of postponement of the effective date of registration of a broker or dealer under Section 15 (b) of the Securities Exchange Act of 1934, as amended, pending final determination whether such registration shall be denied, the transcript of the testimony shall forthwith be filed with the Secretary of the Commission.

(b) Following any hearing before a trial examiner relating to any matter other than the question of postponement of the effective date of registration of a broker or dealer under Section 15 (b) of the Securities Exchange Act of 1934, as amended, pending final determination whether such registration shall be denied, the trial examiner shall, within 10 days after receipt of the transcript of the testimony, file with the Secretary of the Commission his report containing his findings of fact.

(c) Such report shall be advisory only, and the findings of fact therein contained shall not be binding upon the Commission. The initial page of the report shall contain a statement to such effect. In any proceeding in which, under the provisions of Rule XII (b) of the Rules of Practice of the Commission, the report is first to be made available to the public on the opening date of public hearing on the

merits before the Commission; the initial page of the report shall also contain a statement to the effect that the report is confidential, shall not be made public, and is for the use only of the Commission; the respondent or respondents, and counsel; but copies of the report issued on or after such opening date may omit such statement.

(d) A copy of such report shall be forthwith served on each party by the Secretary or other duly designated officer of the Commission.

(e) The trial examiner, in his discretion, may request from each party or his attorney a statement in writing in terse outline setting forth proposed findings of fact. Such statements shall not be exchanged between counsel and shall not be argued before the trial examiner. Any such statement shall be submitted within 5 days after the transcript has been filed with the Secretary of the Commission.

(f) The provisions of this rule and of Rules IX, X, and XI shall not be applicable to hearings pursuant to Clause 30 of Schedule A of the Securities Act of 1933, as amended, or hearings pursuant to Section 24 (b) of the Securities Exchange Act of 1934, as amended, or hearings pursuant to Section 22 (b) of the Public Utility Holding Company Act of 1935.

## RULE IX

### EXCEPTIONS

Any party may, within 5 days after receipt of a copy of the trial examiner's report, file exceptions to the findings of the trial examiner or his failure to make findings, or to the admission or exclusion of evidence. A copy of such exceptions shall be forthwith served on each party by the Secretary or other duly designated officer of the Commission. Exceptions shall be argued only at the final hearing on the merits before the Commission.

## RULE X

### BRIEFS

(a) Any party to a proceeding may file a brief in support of his contentions within 15 days from the date of service on such party of a copy of the trial examiner's report, or in the case of hearings before the Commission within 15 days from the time the transcript of the testimony is filed with the Secretary of the Commission.

(b) All briefs shall be confined to the particular matters in issue. Reply briefs shall be confined to matters in original briefs of opposing parties. Any scandalous or impertinent matter contained in any brief may be stricken on order of the Commission.

(c) All briefs containing more than 10 pages shall include an index and table of cases. The date of each brief must appear on its front cover or title page. If briefs are typewritten or mimeographed,

10 copies shall be filed; if printed, 20 copies. No briefs shall exceed 60 pages in length, except with the permission of the Commission.

(d) Copies of briefs shall be served by the Secretary or other duly designated officer of the Commission on the opposing party or parties and reply briefs may be filed within 5 days thereafter. Briefs not filed on or before the time fixed in these rules will be received only by special permission of the Commission.

## RULE XI

### HEARINGS ON REVIEW BEFORE THE COMMISSION

(a) Upon written request of any party, which must be made within the time provided for filing the original briefs, the matter will be set down for oral argument before the Commission.

(b) If oral argument before the Commission is not requested, the matter will be considered without argument by the Commission on the record of the hearing before the Commission or trial examiner, the trial examiner's report, exceptions thereto, and the respective briefs submitted.

(c) No exception to a trial examiner's report need be considered by the Commission unless such exception shall have been filed with the Commission within the time prescribed in these rules. Exceptions not briefed may be treated as waived.

(d) If any party shall apply to the Commission for leave to adduce additional evidence, and shall show to the satisfaction of the Commission that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence at the hearing before the Commission or the trial examiner, the Commission may hear such additional evidence or may refer the proceeding to the trial examiner for the taking of such additional evidence.

## RULE XII

### FILING PAPERS—DOCKET—COMPUTATION OF TIME

(a) All reports, exceptions, briefs, and other papers required to be filed with the Commission in any proceeding shall be filed with the Secretary, except that all papers containing data as to which confidential treatment is sought pursuant to Rules 580, UB2, or 22B-1 of the Rules and Regulations of the Commission, together with applications making objection to the disclosure thereof, shall be filed with the Chairman. Any such papers may be sent by mail or express to the officer with whom they are directed to be filed, but must be received by such officer at the office of the Commission in Washington, D. C.,

within the time limit, if any, for such filing, except that in any case where the hearing has been held in a district within which a regional office has been established, papers filed under Rules VIII (e), IX, X, and XI (a) may be filed with the Regional Administrator for the District, within the times prescribed. The Regional Administrator shall immediately transmit such papers to the Secretary or Chairman of the Commission, as the case may be, in accordance with the provisions of this rule.

(b) All papers containing data as to which confidential treatment is sought pursuant to Rules 580, UB2, or 22B-1 of the Rules and Regulations of the Commission, together with applications making objection to the disclosure thereof, shall be made available to the public only in accordance with the applicable provisions of Rules 580 (h), UB2 (i), or 22B-1 (b). All reports, exceptions, briefs, and other papers filed in connection with any hearing pursuant to Section 15 (b) or Section 19 (a) (3) of the Securities Exchange Act of 1934, as amended, shall first be made available to the public on the opening date of public hearing on the merits before the Commission.

(c) The Secretary shall maintain a docket of all proceedings, and each proceeding shall be assigned a number.

(d) When the time prescribed by these rules or by the Commission for doing any act expires on a Sunday or legal holiday, such time shall be extended to include the next succeeding day that is not a Sunday or a legal holiday, but Sundays and legal holidays shall be included in computing the time allowed for doing any act.

(e) Unless otherwise specifically provided in these rules, an original and eight copies of all papers shall be filed, unless the same be printed, in which case 20 copies shall be filed.

## RULE XIII

### SERVICE OF REPORTS, EXCEPTIONS, BRIEFS, AND OTHER PAPERS

Except as otherwise specifically provided by law or by these rules, all reports, exceptions, briefs, or other documents or papers required by these rules to be served on any party to a proceeding shall be served by the Secretary or other duly designated officer of the Commission as follows:

(1) Service, except on counsel for the Commission, shall be made by personal service on the party or his attorney of record or by registered mail addressed to the party or his attorney of record.

(2) Service on counsel for the Commission shall be made by delivery to the head of the division to which such counsel is assigned.

## RULE XIV

## FORMAL REQUIREMENTS AS TO PAPERS FILED IN PROCEEDINGS

(a) All papers filed under these rules shall be typewritten, mimeographed, or printed, shall be plainly legible, shall be on one grade of good unglazed white paper approximately 8 inches wide and 10½ inches long, with left-hand margin 1½ inches wide, and shall be bound at the upper left-hand corner. They shall be double-spaced, except that quotations shall be single-spaced and indented. If printed, they shall be in either 10- or 12-point type with double-leaded text and single-leaded quotations.

(b) All papers must be signed by the party filing the same, or his duly authorized attorney or agent, and must show the address of the signer.

(c) All papers filed must include at the head thereof, or on a title page, the name of the Commission, the names of the parties, and the subject of the particular paper or pleading, and the docket number assigned to the proceeding.

## RULE XV

## SIGNATURE OF COMMISSION ORDERS

All orders of the Commission shall be signed by the Secretary or such other person as may be authorized by the Commission.

## RULE XVI

## NONAPPLICABILITY OF RULES TO INVESTIGATIONS

These rules shall not be applicable to investigations conducted by the Commission pursuant to Sections 8 (e), 19 (b), and 20 (a) of the Securities Act of 1933, as amended; Sections 21 (a) and 21 (b) of the Securities Exchange Act of 1934, as amended; or Sections 11 (a), 13 (g), 18 (a), 18 (b), 18 (c), and 30 of the Public Utility Holding Company Act of 1935.

## APPENDIX II

### GUIDE TO FORMS <sup>1</sup>

#### GUIDE TO FORMS ADOPTED UNDER THE SECURITIES ACT OF 1933 FOR REGISTRATION STATEMENTS

##### FORM A-1—GENERAL FORM

(a) *General Rule.*—This form is to be used for registration under the Securities Act of 1933, as amended, of all securities for the registration of which no other form is specifically prescribed.

(b) *Special Rule.*—Notwithstanding the rules for the use of Form A-2 for corporations, Form A-1 may be used by any incorporated investment trust for registration under the Securities Act of 1933, as amended, of an additional block of securities of a class, part of which has previously been registered on Form A-1.

##### FORM A-0-1 FOR SECURITIES OF CORPORATIONS ORGANIZED WITHIN 2 YEARS TO ENGAGE IN THE EXPLOITATION OF MINERAL DEPOSITS (OTHER THAN OIL OR GAS)

This form is to be used for registration under the Securities Act of 1933, as amended, of securities of any corporation organized within 2 years prior to the date of filing the registration statement to engage primarily in the exploitation of mineral deposits (other than oil or gas) if such securities are to be sold to the public for cash or purchasers' obligations to pay cash.

This form shall not be used, however, by any corporation which (a) has any subsidiary, or (b) was organized to take over and continue the business of another person or persons, unless such other persons were organized within such 2 years.

##### FORM A-2—FOR CORPORATIONS

This form is to be used for registration statements, except such statements as to which a special form is specifically prescribed, under the Securities Act of 1933, as amended, by any corporation which files profit and loss statements for 3 years and which meets either

<sup>1</sup> This guide is designed to aid in the selection of appropriate forms and is revised from time to time as circumstances require. Copies of the forms herein referred to will be furnished without charge upon request.

one of the following conditions: (a) Such corporation has made annually available to its security holders, for at least 10 years, financial reports (which may be reports consolidating the reports of the corporation and its subsidiaries) including at least a balance sheet and a profit and loss or income statement, or (b) such corporation had a net income for any 2 fiscal years of the 5 fiscal years preceding the date of the latest balance sheet filed with the registration statement. If such corporation has subsidiaries, such income shall be determined on the basis of consolidated reports for such corporation and its subsidiaries. Notwithstanding what is hereinabove prescribed in this paragraph, however, this form shall not be used by any corporation organized within 10 years, if the majority of the capital stock thereof was issued to promoters of the corporation in consideration of property or services, or if more than one-half of the proceeds of the sale of securities of such corporation has been used to purchase property acquired by the corporation from the promoters of the corporation.

This form may also be used for registration statements (except such statements as to which a special form is specifically prescribed) by a corporation organized for the purpose of distributing to its stockholders only, water, electricity, or gas, and prohibited from paying any dividends to its stockholders except upon its dissolution or liquidation, provided that:

1. The corporation has been in existence at least 15 years prior to the date of the filing of the registration statement;

2. There has been no default by the corporation upon any of its funded indebtedness within the period of 15 years prior to the date of the filing of the registration statement;

3. The registrant will have a total indebtedness, upon the issuance of the securities registered, not exceeding 50 percent of the amount, less valuation reserves, at which the total assets of the registrant are carried on the latest balance sheet of the registrant filed with the registration statement, giving effect to the proceeds of the securities registered; and

4. Within the period of 10 years preceding the date of the filing of the registration statement, the corporation shall not have failed to levy and collect assessments in amounts sufficient to meet all current charges.

#### SPECIAL RULES AS TO THE USE OF FORM A-2 FOR CORPORATIONS

1. Notwithstanding that Form E-1 is specifically prescribed for use in cases involving an exchange of securities by the issuer thereof for others of its securities or a modification of the terms of securities by agreement between the issuer and its security holders, a registrant otherwise entitled to use Form A-2 may, at its option, use Form A-2 in any such case if the registrant is not in reorganization pursuant

to Section 77B of the Bankruptcy Act or in bankruptcy or receivership and if no default exists on any outstanding funded debt (other than a default in sinking fund payments which has been waived by the holders of at least 80 percent in principal amount of the issue outstanding). If Form A-2 is used pursuant to this rule, the fee payable for registration shall be calculated in accordance with Instruction 7 in Form E-1, and the table setting forth the calculation shall be prepared as prescribed in such form.

2. Form A-2 may be used by a registrant if all the following conditions exist:

(a) The registrant was organized as the successor to a single predecessor, or to a group of predecessors one of which, at the time of succession, directly or indirectly owned substantially all of the outstanding stock of all the other predecessors;

(b) The registrant acquired all of the assets and assumed all of the liabilities of such predecessor or predecessors, and the capital structure of the registrant immediately following the succession was substantially the same as the capital structure of the single predecessor, or as the consolidated capital structure of the group of predecessors, except for such changes as may have resulted from the substitution of issuers incident to the succession or from changes in capital stock liability per share; and

(c) The single predecessor, or the parent company in a group of predecessors, could have used Form A-2 if the succession had not taken place.

In determining whether such single predecessor or such parent company in a group of predecessors could have used Form A-2, the record of the registrant in regard to income or annual reporting to security holders shall be considered a continuation of the record of such single predecessor or such parent company. In the case of a group of predecessor companies, the income of the parent company of the group shall be determined on the basis of consolidated reports for such parent company and its subsidiaries, the subsidiaries to be included in the consolidated reports whether or not they were combined with the parent company to form the registrant.

3. Notwithstanding the provisions of the last sentence of the rule for the use of Form A-2 for corporations, that form may be used by a corporation otherwise entitled to use the form, if the property acquired from promoters under the circumstances stated in such last sentence consisted principally of one or more going businesses, or of securities representing directly or indirectly more than 50 percent of the voting power controlling such businesses.

4. Notwithstanding the rules as to the use of Form E-1, or the rule as to the use of Form A-2 for corporations, Form A-2 may be used in the situation described below for registration statements, except those for which a special form (other than Form E-1) is specifically prescribed, by corporations which file profit and loss statements of their own or of their predecessors for 3 years and which, or the predecessors



of which, have in the past 15 years paid dividends upon any class of common stock for at least 2 consecutive years. The situation in which Form A-2 may thus be used is that of registration of securities issued or sold in the course of a "reorganization", as defined in Rule 5 (1) as to the use of Form E-1, where the only operation which brings the transaction within the definition is the acquisition of assets of a subsidiary by the registrant in consideration of securities of the registrant, or the exchange of securities of the registrant for outstanding securities of a subsidiary.<sup>2</sup>

5. Any corporation which was formed by the consolidation of two or more corporations may use Form A-2, if each of the constituent corporations which collectively brought in a majority of the assets, as shown by the books of the constituent corporations prior to the consolidation, could have used Form A-2 if the consolidation had not taken place. In determining whether any such constituent corporation could have used Form A-2, the record of the registrant in regard to income or annual reporting to security holders shall be considered a continuation of such constituent corporation's record. In this rule, all the corporations consolidated to form the registrant are called the "constituent corporations."

6. Form A-2 may be used by a registrant if all the following conditions exist:

(a) The registrant was a wholly owned subsidiary of a corporation which, either alone or with one or more of its other wholly owned subsidiaries, was merged into the registrant;

(b) The registrant acquired all the assets and assumed all the liabilities of the corporations merged into it; and

(c) The parent corporation could have used Form A-2 had the merger not taken place. In determining whether such parent corporation could have used Form A-2, the record of the registrant subsequent to the merger, in regard to income or annual reporting to security holders, shall be considered a continuation of the record of such parent corporation.

**FORM A-R FOR CORPORATE BONDS SECURED BY MORTGAGE INSURED BY  
FEDERAL HOUSING ADMINISTRATION**

This form is to be used for registration under the Securities Act of 1933, as amended, of corporate bonds constituting part of an issue secured by mortgage insured by Federal Housing Administration under the authority of Section 207 of the National Housing Act.

**FORM C-1 FOR SECURITIES OF UNINCORPORATED INVESTMENT TRUSTS**

This form is to be used for registration under the Securities Act of 1933, as amended, of securities of unincorporated investment trusts of the fixed or restricted management type, having a depositor

<sup>2</sup> Rule 5 (1) defining the term "reorganization" is set forth below under the caption "Form E-1 for Securities in Reorganization."

or sponsor but not having a board of directors or persons performing similar functions.

FORM C-2 FOR CERTAIN TYPES OF CERTIFICATES OF INTEREST IN  
SECURITIES

This form is to be used for registration under the Securities Act of 1933, as amended, of certificates of interest in securities of a single class of a single issuer, if the following conditions exist:

(a) The major part of the certificates are to be sold to the public for cash;

(b) Under the terms of the deposit agreement the depositor (as defined below) has no rights or duties as depositor, subsequent to the deposit of the securities with the depository;

(c) Under the terms of the deposit agreement the power to vote or give a consent with respect to the deposited securities may be exercised only by, or pursuant to the instructions of, the holders of the certificates of interest, except a power, if any, to vote to effect a split-up of deposited stock in such manner as to cause no change in the aggregate capital stock liability of the issuer of the deposited securities; and

(d) The securities deposited by the depositor are registered under the Securities Act of 1933 in connection with the sale of the certificates of interest.

FORM C-3 FOR AMERICAN CERTIFICATES AGAINST FOREIGN ISSUES AND  
FOR THE UNDERLYING SECURITIES

This form shall be used for registration under the Securities Act of 1933, as amended, of American certificates (for example, so-called American depository receipts for foreign shares or American participation certificates in foreign bonds or notes) issued against securities of foreign issuers deposited or to be deposited with an American depository (whether physically held by such depository in America or abroad) and of the foreign securities so deposited.

FORM D-1 FOR CERTIFICATES OF DEPOSIT

In registering certificates of deposit issued in anticipation of or in connection with a plan of reorganization or readjustment, Form D-1 shall be used. If a plan of reorganization or readjustment is proposed at the time the call for deposits is to be made, Parts I and II of Form D-1 should be filed at the same time. If no such plan is proposed at the time the call for deposits is to be made, Part I may be filed alone, and Part II must then be filed before the plan is submitted to the security holders or deposits are solicited under the plan. Part II is an amendment of Part I and as such shall become effective on such date as the Commission may determine, having due regard to the public interest and the protection of investors.

In the event that a registrant is exempted from the necessity for filing Part I, he may nevertheless file Part II.

Before the issuance of the securities provided in the plan of readjustment or reorganization, Form E-1 is to be filed by the issuer of such securities, unless exempted from the necessity of such filing by the Act.

FORM D-1A FOR CERTIFICATES OF DEPOSIT ISSUED BY ISSUER OF SECURITIES CALLED FOR DEPOSIT

This form is to be used only where the issuer of the certificates of deposit is the original issuer of the securities called for deposit, and only if the certificates of deposit are issued in connection with a plan of reorganization or readjustment which involves the issue of new securities to the holders of certificates of deposit.

FORM E-1 FOR SECURITIES IN REORGANIZATION

This form is to be used to register securities (including contracts of guaranty but excepting voting trust certificates, certificates of deposit, and certificates of interest or shares in unincorporated investment trusts of the fixed or restricted management type not having a board of directors or a board of persons performing similar functions, but having a depositor or sponsor) sold or modified in the course of reorganization.<sup>3</sup>

The "Rules and Instructions Accompanying Form E-1" contain the following definition of the term "reorganization":

"5. As used in these rules and the accompanying instructions:

(1) The term "reorganization" includes any transaction involving:

(a) A readjustment by modification of the terms of securities by agreement;

or

(b) A readjustment by the exchange of securities by the issuer thereof for others of its securities; or

(c) The exchange of securities by the issuer thereof for securities of another issuer; or

(d) The acquisition of assets of a person, directly or indirectly, partly or wholly, in consideration of securities distributed or to be distributed as part of the same transaction directly or indirectly to holders of securities issued by such person or secured by assets of such person; or

(e) A merger or consolidation."

In the case of any guarantee of, or assumption of liability on, securities heretofore registered on Form D-2, registration of such guarantee or assumption of liability may, at the option of the issuer, be effected on Form D-2 or Form E-1.

<sup>3</sup> Attention is called to the rules as to the use of Form A-2 which permit the use of that form in certain instances for securities in reorganization.

## FORM F-1 FOR VOTING TRUST CERTIFICATES

This form is to be used to register voting trust certificates issued in the course of a reorganization or otherwise.

## FORM G-1 FOR FRACTIONAL UNDIVIDED OIL AND GAS ROYALTY INTERESTS

Form G-1 is to be used to register fractional undivided producing oil and gas royalty interests.

As used in the foregoing paragraph, the term "producing royalty interest" means any royalty interest in a tract of land from which oil and gas was being produced in commercial quantities within 7 days prior to the filing of the registration statement and from which production of oil or gas had not permanently ceased, to the knowledge of the issuer, on the date on which the statement became effective.

## FORM G-2 FOR FRACTIONAL UNDIVIDED NONPRODUCING OIL AND GAS ROYALTY INTERESTS

Form G-2 is to be used to register fractional undivided nonproducing oil and gas royalty interests.

As used in the foregoing paragraph, the term "nonproducing royalty interests" means any royalty interest not included in the definition of "producing royalty interest" above.<sup>4</sup>

## INFORMATION AND DOCUMENTS REQUIRED FOR EXEMPTION OF CERTAIN SECURITIES UNDER SECTION 3 (b) OF THE ACT

Certain issues of securities having an aggregate offering price to the public not exceeding \$100,000 are exempted from the registration provisions of the Act by regulations of the Commission pursuant to Section 3 (b) of the Act upon compliance with certain conditions provided in the regulations. The pertinent regulations are available without charge upon request.

## FORM 1-G FOR REPORT OF SALE OF OIL OR GAS RIGHT

This form is to be used for reports of sales of oil or gas rights, required by Rule 320.

## FORM 2-G FOR REPORT OF SALE OF OIL OR GAS RIGHT

This form is to be used for reports of sales of oil or gas rights, required by Rule 322.

<sup>4</sup> Form A-1 should be used for overriding royalties and working interests, as distinct from landowner's royalties for which Forms G-1 and G-2 are appropriate. In the case of overriding royalties or working interests, however, the information specified by Form G-1 or G-2 should be added to the statement on Form A-1 by way of supplemental material.

FOR ANNUAL REPORTS OF REGISTRANTS UNDER THE SECURITIES ACT  
OF 1933 <sup>5</sup>

## FORM 1—MD GENERAL FORM

This form is to be used for the annual reports, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, as amended, of all issuers except those for which another form is specifically prescribed.

## FORM 2—MD FOR SECURITIES OF FIXED INVESTMENT TRUSTS

This form is to be used for annual reports, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, as amended, relating to securities of unincorporated investment trusts of the fixed or restricted management type, having a depositor or sponsor but not having a board of directors or persons performing similar functions.

## FORM 3—MD FOR VOTING TRUST CERTIFICATES

This form is to be used for annual reports, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, as amended, relating to voting trust certificates.

## FORM 4—MD FOR CERTIFICATES OF DEPOSIT

This form is to be used for annual reports, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, as amended, relating to certificates of deposit issued by a Committee.

<sup>5</sup> The filing of annual reports on these forms is required by Rule MD1, pursuant to Section 15 (d) of the Securities Exchange Act of 1934, as amended.

GUIDE TO FORMS ADOPTED UNDER THE SECURITIES EXCHANGE  
ACT OF 1934FOR APPLICATIONS FOR REGISTRATION OF SECURITIES ON NATIONAL  
SECURITIES EXCHANGES

*Form 7. For provisional applications.*—Where the form for permanent registration of any particular class of security has not yet been authorized, and for a period of 90 days after the filing of applications on such form is authorized, a provisional application for registration of a security of such class may be filed on Form 7 pursuant to Rule JB2. (Rule JB2 sets forth the requirements of an application filed on Form 7.)

*Form 8. For amendments to applications for registration or amendments to annual reports.*—This form shall be used for amendments to applications for registration of securities pursuant to Section 12 (b) and (c) of the Securities Exchange Act of 1934 or amendments to annual reports pursuant to Section 13 of that Act.

*Form 8-A. For additional securities.*—This form shall be used for applications for registration of securities on an exchange on which other securities of the registrant, whether of the same or a different class, are registered pursuant to Section 12 (b) and (c) of the Act, if Form 10, 11, 13, 15, 17, 22, or 23 would be the form appropriate for registration in case the registrant did not have securities so previously registered: *Provided*, That if Form 22 or 23 would be appropriate for original registration, this form shall be used only if securities of the registrant issued pursuant to the plan of reorganization or succession by reason of which Form 22 or 23 would be appropriate for original registration have been registered on such exchange pursuant to an application on such form.

*Form 8-B. For securities issued in certain cases upon the registrant's succession to an issuer or issuers of previously registered securities.*—This form shall be used by an issuer, not having securities previously registered, for applications filed on and after March 12, 1936, for the registration of securities, if the conditions set forth in the following paragraphs (a), (b), (c), and (d) exist:

(a) (1) The registrant, having no assets at the time other than nominal assets, succeeded to a single predecessor which had securities registered pursuant to Section 12 (b) and (c) of the Act on the exchange or exchanges on which registration is applied for on this form; or

(2) The registrant was organized as the successor to, or, having no assets at the time other than nominal assets, succeeded to, a group of predecessors consisting of a parent which had securities so registered and one or more wholly owned subsidiaries of such parent; or

(3) The registrant was a wholly owned subsidiary of a corporation having securities so registered, which corporation, either alone or with one or more of its other wholly owned subsidiaries, was merged into the registrant.

(b) Substantially all of the securities to be registered on this form were or are to be issued in exchange for or otherwise in respect of previously registered securities of one or more of the predecessors, or are securities which, having been previously registered, have become or are to become securities of the registrant by operation of law or otherwise upon the succession.

(c) The registrant acquired all the assets and assumed all the liabilities of its predecessor or predecessors.

(d) Except for such changes as may have resulted (1) from the substitution of issuers incident to the succession, or (2) from changes in capital stock liability per share, or (3) from the issuance of securities in satisfaction of dividends or interest in arrears on securities of predecessors, the capital structure of the registrant immediately following the succession was substantially the same as the capital structure of the single predecessor or the combined capital structure of the predecessors, or in a case falling within paragraph (a) (3) above, the combined capital structure of all the constituent corporations.

The term "wholly owned subsidiary" as used in this rule refers to a subsidiary substantially all the outstanding stock of which is held, directly or indirectly, by a single parent.

*Form 8-C. For registration on an additional exchange.*—This form may be used for applications for registration of securities on an exchange upon which no securities of the registrant are listed and registered, if—

(a) Securities of the registrant are registered pursuant to Section 12 (b), (c) and (d) on another exchange, and

(b) An application on a form other than Form 7, 8-A, 8-B, or 8-C filed by the registrant (or by the predecessor of the registrant if the registrant had securities registered pursuant to an application on Form 8-B) became effective on such other exchange not more than three years before the filing of this application.

*Form 10. For corporations.*—This form shall be used for applications for the permanent registration of securities of corporations, filed on and after February 13, 1935, except the following: Securities of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934; certificates of deposit; American certificates against foreign issues, either Government or corporate; securities of insurance companies, other than companies engaged primarily in the title-insurance business; securities of banks and bank holding companies; securities of investment trusts; securities issued by any corporation organized under the laws of any foreign country other than a North American country or Cuba; bonds issued by any corporation

organized under the laws of a North American country or Cuba; which are guaranteed by any foreign government; securities issued by any corporation, foreign or domestic, which is directly or indirectly owned or controlled by any foreign government: *Provided, however,* That this form shall not be used for applications for the permanent registration of securities of any corporation for which, at the time the application is filed, Form 22 or 23 is prescribed. *And provided further,* That this form shall not be used for applications for the permanent registration of securities of any corporation, if, at the time the application is filed, such corporation is in bankruptcy or receivership or in the process of reorganization pursuant to Section 77 or 77B of the Bankruptcy Act, and (a) a trustee or receiver appointed in such proceedings has title to or possession of a substantial portion of the assets of such corporation, or (b) such corporation is in possession of a substantial portion of its assets pursuant to an order entered under Subdivision (c), Clause (2) of said Section 77 or Subdivision (c), Clause (1) of said Section 77B. Any foreign issuer which by this paragraph is to file on Form 10 as to any class of securities other than bonds may also file on such form for such bonds; and any issuer of bonds which is organized under the laws of any foreign country may at its option file on Form 10 until 90 days after the proper form applicable to such foreign issuer shall have been published.

*Form 11. For unincorporated issuers.*—This form shall be used for applications filed on or after March 30, 1935, for the permanent registration of securities of unincorporated issuers, except the following: Securities of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934; certificates of deposit; voting trusts certificates; American certificates against foreign issues, either Government or private; securities of insurance companies; securities of banks and bank holding companies; securities of investment trusts; securities issued by a national of a foreign country other than a North American country or Cuba; bonds issued by a national of a North American country or Cuba, which are guaranteed by any foreign government; securities of any issuer, foreign or domestic, which is directly or indirectly owned or controlled by any foreign government: *Provided, however,* That this form shall not be used for applications for the permanent registration of securities of any issuer for which, at the time the application is filed, Form 22 or 23 is prescribed. *And provided further,* That this form shall not be used for applications for the permanent registration of securities of any issuer, if, at the time the application is filed, such issuer is in bankruptcy or receivership or in the process of reorganization pursuant to Section 77 or 77B of the Bankruptcy Act, and (a) a



trustee or receiver appointed in such proceedings has title to or possession of a substantial portion of the assets of such issuer, or (b) such corporation is in possession of a substantial portion of its assets pursuant to an order entered under Subdivision (c), Clause (2) of said Section 77 or Subdivision (c), Clause (1) of said Section 77B.

*Form 12. For companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934.*—This form shall be used for applications filed on or after April 10, 1935, for the permanent registration of securities of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934, except such companies in receivership or in process of reorganization pursuant to Section 77 of the Bankruptcy Act.

*Form 12-A. For companies 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.*—This form shall be used for applications filed on or after June 17, 1935, for the permanent registration of securities of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934, and in receivership or in bankruptcy (including proceedings under Section 77 or 77B of the Bankruptcy Act).

*Form 13. For insurance companies other than life and title insurance companies.*—This form shall be used for applications filed on or after May 7, 1935, for permanent registration of securities of corporations engaged, directly or through subsidiaries, primarily in the insurance business, except corporations engaged primarily in the life or title insurance business. This form shall not be used by corporations engaged primarily in the business of guaranteeing mortgages or mortgage-participation certificates.

Pending the authorization of a form for registration of securities of corporations engaged primarily in the life insurance business, and for a period of 30 days after the filing of applications on such form is authorized, such corporations may file application on Form 13 for Insurance Companies other than Life and Title Insurance Companies.

Insofar as Form 13 may be inappropriate to the life insurance business, a corporation engaged in the life insurance business filing on Form 13, pursuant to this rule, shall furnish information comparable to that required by Form 13; and, in lieu of financial statements required under the Instructions as to Financial Statements in the Instruction Book for Form 13, such corporations may file a copy of its last annual statement filed with its State regulatory authority.

*Form 14. For certificates of deposit issued by a Committee.*—This form shall be used for applications on or after May 10, 1935, for the permanent registration of certificates of deposit issued by a Committee.

*Form 15. For incorporated investment companies.*—This form shall be used for applications filed on or after May 15, 1935, for the permanent registration of securities of any corporation which is engaged, either directly or through subsidiaries, primarily in the business of investing and reinvesting, or trading in securities, for the purpose of revenue and for profit, and not in general for the purpose, or with the effect, of exercising control; except securities of such corporations in process of reorganization pursuant to Section 77B of the Bankruptcy Act or securities of such corporations in bankruptcy or receivership.

*Form 16. For voting trust certificates and underlying securities.*—This form shall be used for applications filed on or after May 18, 1935, for the permanent registration of voting trust certificates and underlying securities.

*Form 17. For unincorporated issuers engaged primarily in the business of investing or trading in securities.*—This form shall be used for applications filed on or after May 31, 1935, for the permanent registration of securities of any unincorporated issuer which is engaged, either directly or through subsidiaries, primarily in the business of investing and reinvesting, or trading, in securities, for the purpose of revenue and for profit, and not in general for the purpose, or with the effect, of exercising control; except securities of such issuers in process of reorganization pursuant to Section 77B of the Bankruptcy Act or securities of such issuers in bankruptcy or receivership.

*Form 18. For foreign governments and political subdivisions thereof.*—This form shall be used for applications filed on or after July 1, 1935, for the permanent registration of securities of any foreign government or political subdivisions thereof: *Provided, however,* That any public corporation or other autonomous entity in the nature of a political subdivision, except a State, province, county, or municipality or similar body politic, may, at its option, use Form 21 in lieu of this form.

*Form 19. For American certificates against foreign issues and for the underlying securities.*—This form shall be used for applications filed on or after July 15, 1935, for the permanent registration of American certificates (for example, so-called American depositary receipts for foreign shares or American participation certificates in foreign bonds or notes) issued against securities of foreign issuers deposited with an American depositary (whether physically held by such depositary in America or abroad) and of the foreign securities so deposited.

*Form 20. For securities other than bonds of foreign private issuers.*—This form shall be used for applications filed on or after July

15, 1935, for the permanent registration of securities other than bonds or other evidences of indebtedness (a) issued by a national of a foreign country other than a North American country or Cuba, or (b) issued by any corporation or unincorporated association, foreign or domestic, which is directly or indirectly owned or controlled by any foreign government.

*Form 21. For bonds of foreign private issuers.*—This form shall be used for applications filed on or after July 15, 1935, for the permanent registration of bonds or other evidences of indebtedness (a) issued by a national of a foreign country other than a North American country or Cuba; (b) issued by a national of a North American country or Cuba which are guaranteed by any foreign government; (c) issued by any corporation or unincorporated association, foreign or domestic, which is directly or indirectly owned or controlled by any foreign government; or (d) issued by any public corporation or other autonomous entity in the nature of a political subdivision which shall at its option elect to use this form in lieu of Form 18, except that this form is not to be used by a State, province, county, or municipality or similar body politic.

*Form 22. For issuers reorganized in insolvency proceedings or which have succeeded to a person in insolvency proceedings.*—This form shall be used for applications for registration of securities of any issuer which, pursuant to a plan—

- (a) Has been or is being reorganized in insolvency proceedings;
- or
- (b) Has acquired or is to acquire, directly or indirectly, substantially all of its business and assets (other than cash) from a person in insolvency proceedings or from such person and one or more of its subsidiaries, and is continuing or is to continue the business so acquired; or
- (c) Being a subsidiary of a person in insolvency proceedings, has acquired or is to acquire directly or indirectly substantially all of its assets (other than cash and other than assets owned by it prior to such acquisition) from such person or from such person and one or more of its subsidiaries;

if the securities are, or are to be, outstanding or issued pursuant to the plan, or were or are to be issued after the consummation of the plan; provided that this form shall not be used by issuers for which Form 8-A, 12, or 12-A is prescribed, or for applications filed with the exchange after the expiration of a full fiscal year of the issuer commencing on or after the date on which the transfer or opening of accounts was made.

*Form 23. For successor issuers.*—This form shall be used for applications for registration of securities of any issuer which has acquired, or is presently to acquire, directly or indirectly (through the acquisi-

tion of securities or otherwise) the major portion of its business and assets (other than cash) by acquiring all or a part of the business and assets of one or more other persons, and is continuing or is to continue, the business so acquired: *Provided, however,* That this form shall not be used by issuers for which either Form 8-A, 8-B, 12, 12-A, 20, 21, or 22 is prescribed, or for applications filed with the exchange after the expiration of a full fiscal year of the issuer commencing on or after the date of succession.

*Form 24. For bank holding companies.*—This form shall be used for applications for the registration of securities of any person which is engaged, either directly or through subsidiaries, primarily in the business of owning securities of banks, for the purpose or with the effect of exercising control.

*Form 1-J. For registration of unissued warrants or certificates for "when issued" dealing.*—This form is to be used for applications for registration of unissued warrants or certificates, pursuant to Section 12 (d) of the Securities Exchange Act of 1934 and Rules JD4 and JD5 of the rules and regulations of the Commission thereunder, for "when issued" dealing on a national securities exchange.

*Form 2-J. For registration of unissued securities, other than unissued warrants or certificates, for "when issued" dealing.*—This form is to be used for applications for registration of unissued securities, other than unissued warrants or certificates, pursuant to Section 12 (d) of the Securities Exchange Act of 1934 and Rules JD7 and JD8 of the rules and regulations of the Commission thereunder, for "when issued" dealing on a national securities exchange.

*Form 3-J. For reporting deficiencies and changes in information contained in applications on Form 1-J or Form 2-J.*—Form 3-J must be used to report any inaccuracy, omission, or other deficiency in the information contained in the application for registration on Form 1-J or Form 2-J or in any supplemental statement filed by an issuer or an exchange and to report changes which have occurred since the filing of the application for registration or the last supplemental statement and which render no longer accurate the information contained therein.

*Form 4-J. For statements in respect of exemption of issued warrants or certificates.*—This form is to be used for statements in respect of exemption of issued warrants or certificates, pursuant to Section 3 (a) (12) of the Securities Exchange Act of 1934 and Rule AN15 of the rules and regulations of the Commission thereunder.

*Form 5-J. For reporting deficiencies and changes in information contained in statements on Form 4-J.*—Form 5-J must be used to report any inaccuracy, omission, or other deficiency in the information contained in the statement filed on Form 4-J or in any supplemental statement filed by an issuer or an exchange and to report changes

which have occurred since the filing of Form 4-J or the last supplemental statement and which render no longer accurate the information contained therein.

FOR REPORTS TO BE FILED BY OFFICERS, DIRECTORS, AND SECURITY HOLDERS

*Form 4. For reporting changes in ownership of equity securities.*—Every person who at any time during any month has been directly or indirectly the beneficial owner of more than 10 percent of any class of any equity security (other than an exempted security) which is listed on a national securities exchange, or a director or an officer of the issuer of such security, shall, if there has been any change during such month in his ownership of any equity security of such issuer, whether registered or not, file with each exchange on which any equity security of the issuer is listed and registered a statement on Form 4 (and a single duplicate original thereof with the Commission) indicating his ownership at the close of the calendar month and such changes in his ownership as have occurred during such calendar month. Such statements must be received by the Commission and the exchange on or before the 10th day of the month following that which they cover.

*Form 5. For reporting ownership of equity securities.*—In the case of an equity security (other than an exempted security) which is listed subsequent to February 15, 1935, on a national securities exchange, every person who at the time such registration becomes effective is directly or indirectly the beneficial owner of more than 10 percent of any class of such security or a director or an officer of the issuer of such security, shall file with each exchange on which any equity security of the issuer is listed and registered a statement on Form 5 (and a single duplicate original thereof with the Commission) of the amount of all equity securities of such issuer, whether registered or not, so beneficially owned by him at the time such registration became effective. Such statement must be received by the Commission and the exchange on or before the 10th day of the following calendar month. If such person files a statement on Form 4 for the same calendar month in respect of the same securities, he need not file an additional statement pursuant to this paragraph.

*Form 6. For reports by persons who have just become officers or directors or security holders of more than 10 percent of any class of equity security.*—Every person who becomes directly or indirectly the beneficial owner of more than 10 percent of any class of any equity security (other than an exempted security) which is listed on a national securities exchange, or becomes a director or an officer of the issuer of such security, shall file with each exchange on which any

equity security of the issuer is listed and registered a statement on Form 6 (and a single duplicate original thereof with the Commission) of the amount of all equity securities of such issuer, whether registered or not, so beneficially owned by him immediately after becoming such beneficial owner, director, or officer. Such statement must be received by the Commission and the exchange on or before the 10th day following the day on which such person became such beneficial owner, director, or officer. Such person need not file the statement required by this paragraph, if prior to such 10th day and during the calendar month in which he has become such beneficial owner, director, or officer, there has been a change in his beneficial ownership which will require him to file a statement on Form 4 with respect to the same securities.

FOR REGISTRATION OF BROKERS AND DEALERS TRANSACTING BUSINESS  
ON OVER-THE-COUNTER MARKETS

*Form 3-M. For applications for registration of brokers and dealers except applications for which Form 4-M is authorized.*—This form is to be used for applications filed on or after July 1, 1936, for the registration of brokers and dealers pursuant to Section 15 (b) of the Securities Exchange Act of 1934, as amended, except applications for which Form 4-M is authorized to be used.

*Form 4-M. For applications for registration of partnerships formed upon death, withdrawal, or admission of one or more partners in partnerships registered as brokers or dealers.*—This form is to be used (a) for applications filed by a registered partnership on or after July 1, 1936, pursuant to Section 15 (b) of the Securities Exchange Act of 1934, as amended, for the registration of a partnership to be formed as the successor to the applicant by the withdrawal or admission of one or more partners in the applicant; and (b) for applications filed on or after October 10, 1936, pursuant to said Section 15 (b) and Rule MB4, for the registration of a partnership formed as the successor to a registered partnership which has been dissolved by the death, withdrawal, or admission of one or more partners: *Provided*, That the application is filed within 30 days after such dissolution.

*Form 5-M. For adoption of applications filed by predecessors.*—This form is to be used by a broker or dealer in adopting as its own an application for registration on Form 3-M or Form 4-M filed on its behalf by a predecessor.

*Form 6-M. For supplemental statements to applications for registration of brokers and dealers.*—This form is to be used for correcting inaccuracies and reporting changes in the information contained or incorporated in any application filed on Form 1-M, Form 3-M, or Form 4-M, or in any adoption filed on Form 5-M or in any supplemental statement filed on Form 2-M or Form 6-M.

FOR ANNUAL AND OTHER REPORTS OF ISSUERS HAVING SECURITIES  
REGISTERED ON NATIONAL SECURITIES EXCHANGES

*Form 8-K. For current reports.*—This form is to be used for the current reports required by Rule KA7.<sup>1</sup>

*Form 10-K. For corporations.*—This form is to be used for the annual reports of all corporations except those for which another form is specifically prescribed.

*Form 11-K. For unincorporated issuers.*—This form is to be used for the annual reports of all unincorporated issuers except those for which another form is specifically prescribed.

*Form 12-K. For companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934.*—This form is to be used for the annual

<sup>1</sup> *Rule KA7. Current reports.* (a) A current report on the appropriate form shall be filed by the issuer of a security registered on a national securities exchange (hereinafter called "the registrant") in case any of the events enumerated below occurred or shall occur at any time after the close of the first fiscal year or other one-year period for which an annual report is required to be filed by the registrant, or if the registrant had no security registered on a national securities exchange on December 31, 1935, at any time after the registration of any of its securities first became or shall become effective:

(1) A material amendment of any exhibit previously filed by the registrant pursuant to Section 12 or 13 of the Act;

(2) The execution of any voting trust agreement, contract, or indenture of a character required to be filed as an exhibit in the form of annual report appropriate for the registrant;

(3) A substantial restatement of the capital shares account of the registrant;

(4) The issuance of any new class of securities, or an aggregate increase or decrease of more than five percent in the amount of any class of securities of the registrant outstanding, as last previously reported, unless resulting from an ordinary sinking fund operation; provided that (i) no report need be made with respect to notes, drafts, bills of exchange, or banker's acceptances having a maturity at the time of issuance of not exceeding one year, and (ii) for the purposes of this paragraph (4), securities held by the registrant shall not be deemed "outstanding";

(5) The granting or extension of any option to purchase equity securities of the registrant from the registrant, provided that a current report need be made only when one or more options calling for an aggregate principal amount of \$50,000 or more of a single issue of convertible evidences of indebtedness, or an aggregate of 1,000 or more shares or other units of any other single class of equity securities, have been granted or extended and have not been previously reported;

(6) The exercise, in whole or in part, of any option to purchase equity securities of the registrant from the registrant, provided that a current report need be made only when a person or persons have acquired an aggregate principal amount of \$50,000 or more of a single issue of convertible evidences of indebtedness, or an aggregate of 1,000 or more shares or other units of any other single class of equity securities, through one or more exercises which have not been previously reported;

(7) A person becoming, or ceasing to be, a parent or subsidiary of the registrant, provided that no report need be made as to any subsidiary the name of which would not be required to be furnished in the form of annual report appropriate for the registrant;

(8) A substantial revaluation of the assets of the registrant;

(9) A substantial withdrawal or substitution with respect to property securing any issue of registered securities;

provided, however, that no report need be filed as to any event concerning which information substantially similar to that required by Form 8-K shall have been previously reported by the registrant.

(b) The current report shall be filed not more than 10 days after the close of the calendar month during which occurred the event obligating the registrant to file the current report, or if the event occurred prior to December 1, 1936, not later than January 10, 1937.

(c) As used in this rule, the term "*previously reported*" means previously reported in an application for registration or a report filed pursuant to Section 12 or 13 of the Act; the term "*option*" does not include options evidenced by an issue of securities, such as an issue of warrants or rights; the term "*unit*" means that unit of a class of securities representing the smallest interest in the registrant or in property of the registrant, or having the smallest par or face value or denomination which is separately transferable by a holder thereof. Unless the context otherwise requires, all other terms used in this rule have the same meanings as in the Act, in the form appropriate for an annual report of the registrant, and in the instruction book accompanying such form.

(d) The foregoing provisions of this rule shall not be applicable to issuers of securities which are registered pursuant to an application on Form 18, 19, 20, or 21.

reports of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, and of carriers making annual reports under Section 219 of the Communications Act of 1934, except such companies in receivership or in bankruptcy, including proceedings for reorganization pursuant to Section 77 or 77B of the Bankruptcy Act, at the close of the fiscal year for which the report is made.

*Form 12A-K. For companies in receivership or bankruptcy at close of fiscal year and making annual reports under Section 20 of the Interstate Commerce Act, as amended, or under Section 219 of the Communications Act of 1934.*—This form is to be used for the annual reports of companies making annual reports under Section 20 of the Interstate Commerce Act, as amended, and of carriers making annual reports under Section 219 of the Communications Act of 1934, if such companies were in receivership or in bankruptcy, including proceedings for reorganization pursuant to Section 77 or 77B of the Bankruptcy Act, at the close of the fiscal year for which the report is made.

*Form 13-K. For insurance companies other than life and title insurance companies.*—This form is to be used for the annual reports of corporations engaged, directly or through subsidiaries, primarily in the insurance business, except corporations engaged primarily in the life or title insurance business. This form is not to be used by corporations engaged primarily in the business of guaranteeing mortgages or mortgage-participation certificates.

*Form 14-K. For certificates of deposit issued by a Committee.*—This form is to be used for the annual report of issuers of certificates of deposit issued by a Committee.

*Form 15-K. For incorporated investment companies.*—This form is to be used for the annual reports of corporations engaged either directly or through subsidiaries primarily in the business of investing and reinvesting or trading in securities for the purpose of revenue and for profit, and not in general for the purpose or with the effect of exercising control.

*Form 16-K. For voting trust certificates and underlying securities.*—This form is to be used for annual reports relating to securities evidencing a participation in a voting trust agreement or a similar agreement for the holding of securities for voting purposes and to securities held subject to such agreements.

*Form 17-K. For unincorporated issuers engaged primarily in the business of investing or trading in securities.*—This form is to be used for the annual reports of unincorporated issuers engaged either directly or through subsidiaries primarily in the business of investing and reinvesting or trading in securities for the purpose of revenue and for profit, and not in general for the purpose or with the effect of exercising control.

*Form 18-K. For foreign governments and political subdivisions thereof.*—This form is to be used for the annual reports of foreign



governments or political subdivisions thereof, except any public corporation or other autonomous entity in the nature of a political subdivision, other than a State, province, county, or municipality or similar body politic which, at its option, has registered its securities on Form 21 in lieu of Form 18.

*Form 19-K. For issuers of American certificates against foreign issues and the underlying securities.*—This form is to be used for the annual reports of issuers of American certificates (for example, so-called American depositary receipts for foreign shares or American participation certificates in foreign bonds or notes) issued against securities of foreign issuers deposited with an American depositary (whether physically held by such depositary in America or abroad) and of the foreign securities so deposited.

*Form 20-K. For foreign private issuers registering securities other than bonds.*—This form is to be used for the annual reports of the following issuers with respect to securities other than bonds or other evidences of indebtedness: (a) Nationals of a foreign country other than a North American country or Cuba, and (b) corporations or unincorporated associations, foreign or domestic, which are directly or indirectly owned or controlled by any foreign government.

*Form 21-K. For foreign private issuers registering bonds.*—This form is to be used for the annual reports of the following issuers with respect to bonds or other evidences of indebtedness: (a) Nationals of a foreign country other than a North American country or Cuba, (b) nationals of a North American country or Cuba if such bonds or other evidences of indebtedness are guaranteed by any foreign government, (c) corporations or unincorporated associations, foreign or domestic, which are directly or indirectly owned or controlled by any foreign government, and (d) public corporations or other autonomous entities in the nature of political subdivisions which, at their option, have registered securities on Form 21 in lieu of Form 18.

FOR REGISTRATION OR EXEMPTION OF A NATIONAL SECURITIES  
EXCHANGE

*Form 1. Application for registration or exemption from registration as a National Securities Exchange.*—This form shall be filed in connection with the applications of securities exchanges for registration or exemption from registration.

*Form 9. Amendatory and/or supplementary statement to registration statement filed by an exchange.*—This form shall be used for filing amendatory and/or supplementary statements to registration statements of national securities exchanges.

*Form 9-A. Amendatory and/or supplementary statement to application for exemption from registration filed by an exchange.*—This form shall be used for filing amendatory and/or supplementary statements to applications for exemption from registration as national securities exchanges.

## GUIDE TO FORMS ADOPTED UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

*Form U-2. Declaration and periodic report.*—This form is to be used by a subsidiary of a registered holding company primarily engaged in business as a broker or dealer, which claims exemption under Rule 3D-4 and also for the quarterly reports to be filed by such a company.

*Form U-3A3-1. Quarterly statement filed by banks claiming exemption.*—This form is prescribed for quarterly reports to be filed by banks claiming exemption from any provisions of the Act by virtue of Rule 3A3-1.

*Form U5A. Notification of registration.*—This form is to be used for notification of registration pursuant to Section 5 (a) of the Act.

*Form U5B. Registration statement.*—This form is to be used for registration statements to be filed by registered holding companies pursuant to Section 5 (b).

*Form U6B-1. Application pursuant to Section 6 (b).*—This form is to be used for applications by subsidiary companies of registered holding companies, pursuant to Section 6 (b) of the Act, for exemption from the provisions of Section 6 (a) with respect to the issue or sale of securities solely for the purpose of financing the business of the applicant and expressly authorized by the State commission of the State in which the applicant is organized and doing business.

*Form U-7. Declaration pursuant to Section 7.*—This form is to be used for declarations filed pursuant to Section 7 of the Act, by a registered holding company or subsidiary company thereof, either in respect of the issue or sale of securities issued by it, or in respect of the exercise by the declarant of any privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of any outstanding securities issued by it.

*Form U-10-1. Application pursuant to Section 10 (a) (1).*—This form is to be used for applications for the approval of the acquisition of any securities by a registered holding company, or any subsidiary company thereof, or the acquisition of securities of a public-utility company by a person who is an affiliate (as defined in Clause (A) of Section 2 (a) (11) of the Act) of such company and of any other public utility or holding company, or will become such an affiliate by virtue of such acquisition.

*Form U-10-2. Application pursuant to Section 10 (a) (2) or 10 (a) (3).*—This form is to be used for applications for the approval of the acquisition of any utility assets or other interest in any business by a registered holding company, or any subsidiary company thereof.

*Form U-12 (i)-1. Statement required pursuant to Section 12 (i).*—This form is to be used for statements to be filed with the Commission,

pursuant to Section 12 (i), by any person employed or retained by any registered holding company or by any subsidiary company thereof, who presents, advocates, or opposes any matter affecting any such company before the Congress or any Member or committee thereof, or before the Securities and Exchange Commission or the Federal Power Commission or any member, officer, or employee of either such Commission.

*Form U-13-1. Application for approval of mutual service company or declaration with respect to organization and conduct of business of subsidiary service company.*—This form is to be used, pursuant to Rule 13-22, for an application for approval of a mutual service company or for a declaration with respect to the organization and conduct of business of a subsidiary service company.

*Form U-13-60. Annual report of mutual and subsidiary service companies.*—This form is to be used for the filing of annual reports by each mutual service company and each subsidiary service company pursuant to Rule 13-60.

*Form U-17-1. Reports of ownership by officers and directors.*—This form is to be used for statements of ownership required by Section 17 (a) of the Act to be filed by persons who are officers or directors of a registered holding company at the time when it is registered. A statement must be filed by every officer and director of a holding company following its registration and following his appointment or election after registration, even if he owns no securities of the company or its subsidiaries.

*Form U-17-2. Reports of changes of ownership by officers and directors.*—This form is to be used by officers and directors of registered holding companies in reporting changes in their beneficial ownership of securities of such holding companies or any of their subsidiaries, as required by Section 17 (a) of the Act.

*Form U-17-3. Statement to be signed by officer or director pursuant to Rule 17C-11.*—This form is to be used for statements to be signed by officers or directors with respect to whom exemption is claimed pursuant to Rule 17 C-11 from the provisions of Section 17 (c) of the Act.

**APPENDIX III**

**SECURITIES ACT REGISTRATION STATEMENTS AS TO WHICH  
STOP ORDERS, CONSENT REFUSAL ORDERS, AND WITHDRAWAL  
ORDERS WERE ISSUED JULY 1, 1936 TO JUNE 30, 1937<sup>1</sup>**

Docket no.	Issuer	Form	Amount	Type of order or action <sup>2</sup>	Date
2-2123	American Box Board Co., Grand Rapids, Mich.	A-2	\$918,000	W	Nov. 6, 1936
2-2503	American Carrier Call Corporation, New York, N. Y.	A-1	800,000	W	Dec. 9, 1936
2-2242	American Cereal Foods Corporation, Clinton, Mass.	A-1	960,000	{ SO	Aug. 15, 1936
2-2694	American Fidelity & Casualty Co., Inc., Richmond, Va.	A-2	750,000	{ EH.	Oct. 12, 1936
2-1234	American Fidelity Corporation, Ltd., San Diego, Calif.	G-1	281,600	W	Feb. 2, 1937
2-1929	American General Corporation, Jersey City, N. J.	A-1	40,665,836	SO	Oct. 27, 1936
2-2623	do.	E-1	15,450,000	W	May 25, 1937
2-2031	American Kid Co., Boston, Mass.	A-1	500,000	W	Mar. 17, 1937
2-2228	American Power Cycle Corporation, Frederick, Md.	A-1	250,000	SO	Sept. 29, 1936
				CRO	July 8, 1936
				W	Aug. 24, 1936
				Ref.	Sept. 24, 1936
2-2385	American Refrigerator Transit Co., St. Louis, Mo.	A-2	2,800,000	{ W	Oct. 15, 1936
				{ Eff.	as of Oct. 14, 1936
				W	Apr. 13, 1937
2-2727	American Rock Wool Corporation, Wabash, Ind.	A-1	420,000	W	Mar. 15, 1937
2-1289	American Terminals & Transit Co., Henderson, Ky.	E-1	500,000	SO	Sept. 29, 1936
2-2978	Apex Gold Mines, Ltd., Vancouver, British Columbia.	A-1	625,000	W	June 19, 1937
2-3024	Associated Gas & Electric Corporation, Jersey City, N. J.	A-2	10,000,000	W	June 1, 1937
2-2532	Associated Gold Producers, Inc., Washington, D. C.	A-1	150,000	{ CRO	Oct. 22, 1936
				{ Eff.	Mar. 3, 1937
2-2979	B. F. Avery & Sons Co., Louisville, Ky.	A-2	3,070,500	W	May 27, 1937
2-1443	Avocalan Extension Syndicate, Ltd., Toronto, Ontario, Canada.	A-1	364,100	SO	Aug. 25, 1936
2-3130	B. C. Alaska Mines American, Inc., Vancouver, British Columbia.	A-1	150,000	CRO	May 22, 1937
2-2690	Bagdad Copper Corporation, Hillside Post Office, Arizona.	A-1	267,763	SO	Apr. 12, 1937
2-50	Bankers Union Life Co., Denver, Colo.	A-1	2,000,000	SO	Feb. 20, 1937
2-2252	Basin Gold Mines, Ltd., Montreal, Quebec, Canada.	A-1	365,000	W	July 30, 1936
2-2127	Bayuk Cigars, Inc., Philadelphia, Pa.	A-2	2,620,400	W	July 16, 1936
2-2924	Blair Distilling Co., Chicago, Ill.	A-1	387,500	W	May 7, 1937
2-1972	Blue Lake Gold Mines, Inc., Buffalo, N. Y.	A-1	750,000	W	Oct. 1, 1936
2-3083	Boulder Dam Hotel Corporation, San Diego, Calif.	A-1	375,000	W	May 4, 1937
2-1954	S. F. Bowser & Co., Inc., Fort Wayne, Ind.	E-1	501,648	W	Mar. 3, 1937
2-1639	S. F. Bowser & Co., Inc., Readjustment Committee, Fort Wayne, Ind.	D-1	492,800	W	Do.
2-2220	Broad River Power Co., Columbia, S. C.	A-2	6,000,000	W	Feb. 11, 1937
2-2369	Edward G. Budd Mfg. Co., Philadelphia, Pa.	A-2	10,500,000	W	Mar. 24, 1937
2-2370	Budd Wheel Co., Philadelphia, Pa.	A-2	2,000,000	W	Do.
2-2911	California Concentrators, Ltd., New Orleans, La.	A-1	653,334	W	Mar. 15, 1937
2-2786	Calo Food Products, Inc., Oakland, Calif.	A-2	1,187,500	{ W	Mar. 18, 1937
				{ Ref.	June 12, 1937
2-1852	Campana Gold Mines, Inc., Chicago, Ill.	A-1	5,000,000	SO	Do.
2-1974	Edwin Carewe Productions, Inc., Los Angeles, Calif.	A-1	1,020,000	W	Dec. 24, 1936
2-3143	Carlboo Hudson Gold Mines, Ltd., Vancouver, British Columbia.	A-O-1	50,000	W	May 27, 1937
2-3092	Chateau Dubois International Vintages Corporation, New York, N. Y.	A-1	204,000	W	May 1, 1937
2-2574	Checker Cab Manufacturing Corporation, Kalamazoo, Mich.	A-2	2,152,500	W	Nov. 24, 1936
2-2926	Chicago Daily News, Inc., Chicago, Ill.	A-2	5,500,000	W	June 12, 1937
				W	Oct. 31, 1936
				Ref.	Mar. 27, 1937
2-2070	Chicago Rivet & Machine Co., Chicago, Ill.	A-2	250,000	{ W	Apr. 10, 1937
				{ Eff.	as of Apr. 16, 1937
				W	Sept. 25, 1936
2-2392	Coca Cola Bottling Co. of New York, Inc., New York, N. Y.	A-2	599,500	Ref.	Dec. 4, 1936
				EH.	Dec. 24, 1936
2-2348	D. C. Collier Guarantor, Barnesville, Ga.	A-1	75,000	W	Sept. 9, 1936
2-2876	Colonial Decorative Corporation, New York, N. Y.	A-1	1,000,000	W	Mar. 6, 1937
2-2075	Columbia Systems, Inc., Washington, D. C.	A-1	123,800	Ref.	Mar. 26, 1937
				W	July 11, 1936
2-3141	Comet Rice Mills, Inc., New York, N. Y.	A-1	705,200	W	June 16, 1937
				W	as of June 14, 1937

See footnotes at end of table.

## SECURITIES ACT REGISTRATION STATEMENTS AS TO WHICH STOP ORDERS, CONSENT REFUSAL ORDERS, AND WITHDRAWAL ORDERS WERE ISSUED JULY 1, 1936 TO JUNE 30, 1937—Continued

Docket no.	Issuer	Form	Amount	Type of order or action	Date
2-3025	Commonwealth Water Co., Summit, N. J.	A-2	\$5,710,000	W	Apr. 27, 1937
2-1812	Compo Shoe Machinery Corporation, V.T., New York, N. Y.	F-1	149,977	W	Aug. 8, 1936
2-2198	Comstock Dexter Mines, Inc., Prescott, Ariz.	A-1	125,000	Ref.	Sept. 19, 1936
2-2763	Condor Pictures, Inc., New York, N. Y.	A-1	4,170,092	Eff.	Oct. 9, 1936
2-3121	Consolidated Edison Co. of New York, Inc., New York, N. Y.	A-2	9,706,127	W	Aug. 18, 1936
2-127	Consolidated Mines Syndicate, Boise, Idaho	A-1	500,000	SO	May 11, 1937
2-2699	Consumers Credit Corporation, New York, N. Y.	A-1	135,000	W	May 27, 1937
2-2163	Container Corporation of America, Chicago, Ill.	A-2	13,929,200	W	Sept. 12, 1936
2-2872	Converse Rubber Co., Malden, Mass.	A-2	825,000	Ref.	May 7, 1937
2-2798	Crouch Bolas Aircraft Corporation, Providence, R. I.	A-1	1,250,000	Eff.	May 27, 1937
2-541	Dawes Gold Mines, Inc., Lovelock, Nev.	A-1	79,582	W	May 14, 1937
2-3213	Dayton Porcupine Mines, Ltd., Toronto, Ontario	A-0-1	350,000	W	Apr. 1, 1937
2-2835	Detroit City Gas Co., Detroit, Mich.	A-2	37,800,000	W	May 8, 1937
2-2766	Detrola Radio & Television Corporation, Detroit, Mich.	A-1	2,218,750	W	June 29, 1937
2-2647	Dictograph Products Co., Inc., New York, N. Y.	A-1	200,000	W	Dec. 5, 1936
2-2207	Driver Harris Co., Harrison, N. J.	D-1-A	1,889,457	W	July 20, 1936
2-2208	do	A-2	2,096,351	W	Do
2-1082	Durango Placer Gold Mining Co., Milwaukee, Wis.	A-1	347,500	W	Feb. 10, 1937
2-2281	Durbar Gold Mines, Ltd., Toronto, Ontario	A-1	1,000,000	W	Feb. 4, 1937
2-2467	East Side Associates, Inc., New York, N. Y.	A-1	54,000	W	Nov. 11, 1936
2-2418	Emerald Park Mining & Development Co., Buffalo, Wyo.	A-1	250,000	W	Oct. 8, 1936
2-1045	Emporia Gold Mines, Inc., Wilmington, Del.	A-1	250,000	W	as of Sept. 12, 1936
2-843	John L. Etheridge, Riverside, Calif.	C-1	2,000,000	SO	Apr. 23, 1937
2-3169	Frederick & Nelson, Inc., Seattle, Wash.	A-1	4,750,000	W	Jan. 6, 1937
2-2533	Gage County Electric Co., Beatrice, Nebr.	E-1	370,100	W	June 29, 1937
2-3078	Gardner Aircraft, Inc., Milwaukee, Wis.	A-1	260,000	W	Jan. 6, 1937
2-2769	Gateway Patricia Gold Mines, Ltd., Toronto, Ontario, Canada.	A-1	286,000	W	Apr. 28, 1937
2-2512	General American Oil Co. of Texas, Shreveport, La.	A-1	5,013,750	CRO	Feb. 10, 1937
2-2088	General Equities, Inc., Minneapolis, Minn.	A-1	165,000	W	Mar. 5, 1937
2-501	Gilpin Eureka Consolidated Mines, Inc., Kansas City, Mo.	A-1	65,000	SO	Nov. 11, 1936
2-2404	Globe Silver Mines, Inc., Wallace, Idaho	A-1	537,354	W	Oct. 8, 1936
2-2667	Globe Steel Tubes Co., Milwaukee, Wis.	A-2	1,000,000	W	Sept. 22, 1936
2-2248	Gold Hill Operating Co., Tacoma, Wash.	A-0-1	165,000	SO	May 27, 1937
2-2975	Gold Recovery Mining & Milling Corporation, Nederland, Colo.	A-0-1	210,000	W	Apr. 14, 1936
2-1099	Great Dike Gold Mines, Inc., San Francisco, Calif.	A-1	400,000	W	Apr. 8, 1937
2-2109	Great Dike Gold Mines, Inc., San Francisco, Calif.	A-1	250,000	Ref.	Sept. 25, 1934
2-2494	Great Northern Gold Mines, Inc., Nevada City, Calif.	A-1	650,000	W	Oct. 6, 1934
2-2575	Greenwich Gas System, Inc., Greenwich, Conn.	A-1	1,595,000	W	Jan. 25, 1937
2-2957	Hackensack Water Co., Weehawken, N. J.	A-2	16,173,500	SO	Aug. 3, 1936
2-2268	Hedley Chief Mines, Ltd., Vancouver, British Columbia.	A-1	30,000	W	Jan. 25, 1937
2-2535	Walter E. Heller & Co., Chicago, Ill.	A-2	3,025,000	W	Oct. 23, 1936
2-1919	H. R. Holtzman Corporation, Detroit, Mich.	A-1	250,000	Ref.	Oct. 30, 1936
2-2267	Hotel Plaza, Inc., Corpus Christi, Tex.	A-1	349,400	W	Nov. 18, 1936
2-2637	Houston Cotton Exchange Building Co., Inc., Houston, Tex.	A-2	760,000	Eff.	Mar. 8, 1937
2-2562	Humboldt Mines, Inc., Mayer, Ariz.	A-1	250,000	W	Feb. 11, 1937
2-1618	Income Estates of America, Inc., Philadelphia, Pa.	C-1	5,000,000	W	June 19, 1937
2-2289	Indiana Asphalt Paving Co., Inc., Indianapolis, Ind.	A-2	132,750	SO	June 29, 1937
2-2089	Insurance Investors Co., Seattle, Wash.	A-1	1,800,000	W	July 11, 1936
2-2621	Insurance Investors Fund, Inc., Seattle, Wash.	A-1	1,800,000	W	Nov. 11, 1936
2-2802	Investors Fund of America, Inc., New York, N. Y.	A-1	20,028,241	W	July 8, 1936
2-2897	Iowa Public Service Co., Sioux City, Iowa	A-2	16,833,100	W	Dec. 5, 1936
2-2939	Jade Petroleum Corporation, Dover, Del.	A-1	7,875,000	CRO	Jan. 14, 1937
2-2768	Kaw Crow Patricia Gold Mines, Ltd., Toronto, Ontario, Canada.	A-1	375,001	W	Mar. 27, 1937

See footnotes at end of table.

SECURITIES ACT REGISTRATION STATEMENTS AS TO WHICH STOP ORDERS, CONSENT REFUSAL ORDERS, AND WITHDRAWAL ORDERS WERE ISSUED JULY 1, 1936 TO JUNE 30, 1937—Continued

Docket no.	Issuer	Form	Amount	Type of order or action	Date
2-2747	Kentucky Mansion Distillery, Louisville, Ky. ....	A-1	\$250,000	W	May 5, 1937
2-3152	Keyroc Gold Mining Co., Ltd., Toronto, Ontario. .	A-0-1	1,250,000	W	May 28, 1937
2-2277	Gilbert Klinck Brewery Corporation, Buffalo, N. Y. .	A-1	945,000	W	July 27, 1936
2-2794	Lac Teck Gold Mines, Ltd., Toronto, Ontario. ....	A-1	900,000	W Ref. Eff.	Mar. 1, 1937 Mar. 18, 1937 May 7, 1937
2-2141	Lisarbo Andreas, S. A., Rio de Janeiro, Brazil. ....	A-1	1,500,000	W	Dec. 4, 1936
2-2142	Lisarbo Andreas, S. A., VT, New York, N. Y. ....	F-1	1,500,000	W	Do.
2-1711	Livingston Mining Co., Boulder, Colo. ....	A-1	474,906	SO	Apr. 3, 1937
2-2460	Maclou Corporation, Long Beach, Calif. ....	A-1	100,000	W	Nov. 11, 1936
2-3139	Magnetic Control Corporation, Manassas, Va. ....	A-1	232,500	W	May 26, 1937
2-2557	Major Metals Corporation, New York, N. Y. ....	A-1	5,000,000	SO	Feb. 20, 1937
2-1374	Manley Quebec Gold Mines, Ltd., Toronto, Ontario. .	A-1	175,000	W W Ref. Eff.	July 17, 1936 Dec. 11, 1936 Dec. 23, 1936 Apr. 2, 1937
2-1955	Mansul Chemical Co., Jacksonville, Fla. ....	A-1	200,000	W Ref. Eff.	as of Mar. 28, 1937 July 29, 1936 Aug. 25, 1936 Sept. 21, 1936
2-1809	Marine Airlines, Inc., New York, N. Y. ....	A-1	1,123,250	W Ref. Eff.	as of Sept. 14, 1936 Nov. 30, 1936
2-2613	Medical Arts Building Corporation, Baltimore, Md. .	A-2	575,000	W	Aug. 27, 1936 Sept. 9, 1936 Nov. 10, 1936
2-2384	Mergraf Oil Products Corporation, Detroit, Mich. .	A-1	1,875,000	W Ref. Eff.	as of Oct. 16, 1936 May 26, 1937
2-3124	Messenger Corporation, Auburn, Ind. ....	A-2	340,000	CRO	Mar. 25, 1937
2-2847	Metropolitan Personal Loan Corporation, New York, N. Y. .	A-1	2,313,324	SO	Mar. 31, 1937 Apr. 14, 1937 June 22, 1937
2-2584	Michigan Bumper Corporation, Grand Rapids, Mich. .	A-1	353,625	W Ref. Eff.	as of May 4, 1937
2-2014	Milmac Mines, Ltd., Sault Ste. Marie, Ontario. ....	A-1	300,000	W	Aug. 21, 1936
2-2280	Mining and Development Corporation, New York, N. Y. .	A-1	4,062,500	SO	Oct. 20, 1936
2-2719	Mount Baker Chromium Corporation, Seattle, Wash. .	A-1	125,000	W	Jan. 5, 1937
2-2553	Mountain State Water Co., Philadelphia, Pa. ....	A-2	246,250	W Ref. Eff.	Dec. 4, 1936 Dec. 12, 1936 Jan. 1, 1937
2-2866	Municipal Tax Certificates, Inc., Cleveland, Ohio. .	A-1	1,950,000	W	Mar. 27, 1937
2-1277	Murwood Gold Mines, Ltd., Toronto, Ontario. ....	A-1	175,000	W	July 17, 1936
2-2765	National Aircraft Co., Los Angeles, Calif. ....	A-1	500,000	W Ref. Eff.	Feb. 11, 1937 Mar. 20, 1937 Apr. 9, 1937
2-3008	National Bellas Hess, Inc., Kansas City, Mo. ....	A-2	1,660,100	W	June 17, 1937
2-2842	National Bond & Investment Co., Chicago, Ill. ....	A-2	15,300,000	W	Apr. 3, 1937
2-108	National Boston Montana Mines Corporation, Helena, Mont. .	A-1	650,000	SO	Apr. 28, 1937
2-2752	National Funding Corporation, Los Angeles, Calif. .	A-2	1,526,135	CRO Eff.	Jan. 27, 1937 Apr. 2, 1937
2-1428	National Invested Savings Corporation, Washington, D. C. .	A-1	259,468	SO	Mar. 24, 1937
2-2068	National Petroleum Company, Titusville, Pa. ....	A-1	414,000	W	Aug. 26, 1936
2-2121	National Petroleum Corporation, Dallas, Tex. ....	A-1	2,889,260	SO Re- Eff.	June 15, 1937 July 2, 1937
2-1952	National Surety Corporation, Albany, N. Y. ....	A-1	10,000,000	W	Dec. 5, 1936
2-3082	Naybob Gold Mines, Ltd., Toronto, Ontario. ....	A-1	1,100,000	SO	June 24, 1937
2-2408	935 Fifth Avenue Corporation, New York, N. Y. ....	A-1	1,320,000	W	Oct. 2, 1936
2-2348	North American Distillers, Inc., New Orleans, La. .	A-1	1,900,000	W	Feb. 23, 1937
2-2318	North Bangor Slate Co., Bangor, Pa. ....	A-2	125,000	W	Sept. 10, 1936
2-2393	Oakhurst Garden Apartments Corporation, Lynbrook, N. Y. .	A-1	330,000	W	Oct. 19, 1936
2-2755	Oakmere Cemetery Association, Inc., Stapleton, N. Y. .	E-1	362,000	W	Jan. 19, 1937
2-293	Old Monroe Brewing Association, St. Louis, Mo. . .	A-1	250,000	SO	July 30, 1936
2-1873	Oil Payment Purchase Corporation, Jersey City, N. J. .	A-1	200,000	W	Dec. 22, 1936
2-2617	Oliver Farm Equipment Co., Chicago, Ill. ....	A-1	3,333,225	W	Dec. 30, 1936

See footnotes at end of table.

## SECURITIES ACT REGISTRATION STATEMENTS AS TO WHICH STOP ORDERS, CONSENT REFUSAL ORDERS, AND WITHDRAWAL ORDERS WERE ISSUED JULY 1, 1936 TO JUNE 30, 1937—Continued

Docket no.	Issuer	Form	Amount	Type of order or action	Date
2-2695	Pacific Distillers, Inc., Culver City, Calif. ....	A-1	\$191,958	W	Apr. 7, 1937
2-2764	Panhandle Eastern Pipe Line Co., Kansas City, Mo. ....	A-1	4,100,000	W	May 14, 1937
2-2380	Peerless Corporation, Cleveland, Ohio.....	A-2	663,025	W	Aug. 21, 1936
2-3070	Pennsylvania Glass Sand Corporation, Lewistown, Pa. ....	A-2	3,471,910	Ref. Eff. W.	July 14, 1936 Sept. 16, 1936 May 1, 1937
2-2595	Petrie Stores Corporation, New York, N. Y. ....	A-2	1,600,000	W	Do.
2-2417	Politics, Inc., Washington, D. C. ....	A-1	353,750	W	Jan. 19, 1937
2-2918	Poundmaker Gold Mines, Ltd., Ottawa, Ontario....	A-1	500,000	W	July 14, 1936
2-2797	Pre Cambrian Investments, Ltd., Toronto, Ontario	A-1	800,000	CRO	Feb. 15, 1937
2-2718	Puritan Mills, Inc., Chicago, Ill. ....	A-1	55,000	Ref. Eff. W.	July 6, 1937 Jan. 12, 1937
2-2642	Ray Airconditioning Corporation, New York, N. Y.	A-1	281,250	W	Apr. 3, 1937
2-2272	Regal Textile Co., Inc., Barnesville, Ga. ....	A-1	250,000	Ref. Eff. W.	Apr. 15, 1937 May 27, 1937
2-2991	Reynolds Spring Co., Jackson, Mich. ....	A-2	1,537,000	W	Sept. 9, 1936
2-2592	Rickard Ramore Gold Mines, Ltd., Toronto, Ontario.	A-1	1,699,991	W	Apr. 9, 1937
2-1940	Rochester Distilling Co., Inc., Rochester, N. Y. ....	A-1	1,237,373	SO	June 16, 1937
2-2877	Rodama Gold Mines, Ltd., Vancouver, British Columbia.	A-1	405,000	W	Sept. 4, 1936
2-2423	Rotating Valve Corporation, New York, N. Y. ....	A-1	600,000	CRO	Mar. 5, 1937
2-2787	Rotating Valve Corporation, VT, New York, N. Y.	F-1	1,049,943	W	Apr. 15, 1937
2-2263	Royal Petroleum Co., Yakima, Wash. ....	A-1	60,000	CRO	Sept. 21, 1936
2-2341	St. John Gold and Copper Co., Phoenix, Ariz. ....	A-1	100,000	Ref. Eff. W.	May 15, 1937 Feb. 1, 1937
2-2919	San Jose Water Works, San Jose, Calif. ....	A-2	1,022,000	W	Apr. 8, 1937
2-3119	Sands O. Penn. Inc., Grand Valley, Pa. ....	A-1	796,000	W	Apr. 3, 1937
2-2409	Scottish Dye Works, Ltd., Vancouver, British Columbia.	A-1	472,500	Ref. Eff. W.	May 15, 1937 June 25, 1937
2-2061	Seeber Brewing Co., Elizabeth, N. J. ....	A-1	490,000	CRO	Sept. 16, 1936
2-2158	Silver Strike Mining Co., Murray, Idaho. ....	A-1	170,000	W	Oct. 21, 1936
2-2381	Silver Syndicate, Inc., Wallace, Idaho. ....	A-1	250,000	W	Feb. 3, 1937
2-2712	Small Industry Management Corporation, Buffalo, N. Y.	A-1	1,230,000	Ref. W.	Feb. 15, 1937 June 1, 1937
2-2609	Somoa Products Co., Inc., Chicago, Ill. ....	A-1	250,000	W	Dec. 11, 1936
2-1407	Soreno Hotel Co., Gage P. Committee, St. Petersburg, Fla.	D-1	248,500	Ref. SO	Mar. 17, 1937 Apr. 24, 1937
2-2561	South Umpqua Mining Co., Portland, Oreg. ....	A-1	225,000	W	Dec. 30, 1936
2-2440	Standard Life Insurance Co., Indiana, Indianapolis, Ind.	A-1	1,500,000	Ref. CRO	June 21, 1937 Sept. 16, 1936
2-2253	Stanley Gold Mines, Ltd., Montreal, Quebec. ....	A-1	400,000	W	July 1, 1936
2-2516	Sterling Aluminum Products, Inc., St. Louis, Mo. ....	A-2	3,948,600	Ref. Eff. W.	Sept. 26, 1936 Oct. 15, 1936 Nov. 13, 1936
2-2594	Store Kraft Manufacturing Co., Beatrice, Nebr. ....	A-2	165,000	W	Nov. 25, 1936
2-210	Strange Printing Co., Inc., Wilmington, Del. ....	A-1	50,000	Ref. W.	Dec. 15, 1936
2-2793	Stratoplane Corporation, New York, N. Y. ....	A-1	50,000	W	Dec. 5, 1936
2-1576	Summit Gold Mining Corporation, Vancouver, British Columbia.	A-1	445,500	Ref. W.	Jan. 21, 1937
2-148	Sunset Gold Fields, Inc., Silver City, N. Mex. ....	A-1	100,000	SO	May 20, 1937
2-2708	Sunset Mines, Inc., Forbestown, Calif. ....	A-1	100,000	W	Feb. 25, 1937
2-3084	The Time Cap Corporation, Brooklyn, N. Y. ....	A-1	100,002	W	Mar. 18, 1937
2-2530	Tips Glass Co., Three Rivers, Tex. ....	A-1	552,810	W	Feb. 8, 1937
2-3051	Transcontinental Petroleum Corporation, Dallas, Tex.	A-1	4,550,001	Ref. W.	Dec. 30, 1936 Jan. 21, 1937
2-1357	Treasure Hill Extension Mines Co., Inc., Ely, Nev. ....	A-1	750,000	SO	May 1, 1937
2-1780	Tri States Natural Gas Corporation, South River, N. J.	A-1	240,000	W	June 29, 1937
2-2379	Tulsa Oil Development Co., Tulsa, Okla. ....	A-1	500,000	SO	Apr. 2, 1937
2-2777	Underwriters Group, Inc., New York, N. Y. ....	C-1	1,000,000	W	Dec. 18, 1936
2-3135	Union Electric Co. of Illinois, Monsanto, Ill. ....	A-2	23,100,000	CRO	Mar. 15, 1937
2-1748	United Gold Fields of Nova Scotia, Ltd., Liverpool, Nova Scotia.	A-1	387,500	W	Feb. 10, 1937 May 19, 1937 Nov. 2, 1936

See footnotes at end of table.

SECURITIES ACT REGISTRATION STATEMENTS AS TO WHICH STOP ORDERS, CONSENT REFUSAL ORDERS, AND WITHDRAWAL ORDERS WERE ISSUED JULY 1, 1936 TO JUNE 30, 1937—Continued

Docket no.	Issuer	Form	Amount	Type of order or action	Date
2-2812	United Goldfields Co., Reno, Nev.....	A-1	\$23,784	W	Feb. 11, 1937
2-3137	United Investors Realty Corporation, New York, N. Y.....	A-1 <sup>1</sup>	550,000	W	June 1, 1937
2-1988	United States Casualty Co., New York, N. Y.....	A-2	4,250,000	W	Jan. 6, 1937
2-2426	Washington Gas Light Co., Washington, D. C.....	A-2	11,050,000	W	Feb. 25, 1937
2-2549	Washington National Cemetery Corporation, Washington, D. C.....	A-1	225,000	W	Nov. 19, 1936
2-2760	Western Petroleum Co., Inc., Aztec, N. Mex.....	A-1	155,500	W	Mar. 6, 1937
2-2709	Westgate Greenland Oil Co., San Antonio, Tex.....	A-2	228,742	W	Jan. 8, 1937
2-3018	Wilson & Bennett Manufacturing Co., Chicago, Ill.....	A-2	1,957,500	W	May 5, 1937
2-2913	Windsor Land Co., Inc., Jersey City, N. J.....	A-1	571,400	W	June 12, 1937
2-2770	Winoga Patricia Gold Mines, Ltd., Toronto, Ontario.....	A-1	1,056,000	W	Feb. 10, 1937
2-816	Woods Brothers Corporation, B. P. Committee, New York, N. Y.....	D-1	316,423	W	Oct. 12, 1936
2-2470	Yumuri Jute Mills Co., Chicago, Ill.....	A-1	1,000,000	SO	Mar. 2, 1937

<sup>1</sup> This list includes 198 registration statements, which are classified as follows:

Withdrawals:	
Withdrawn and not refiled.....	125
CRO followed by withdrawal.....	3
Withdrawn, refiled, withdrawn.....	1
Withdrawn, refiled, effective, withdrawn.....	1
Total additions to withdrawals.....	130
Withdrawn, refiled and—	
Pending amendment.....	8
Consent refusal order.....	1
CRO and later effective.....	1
Effective.....	14
Total.....	24
Grand total of withdrawals during year.....	*154
Consent refusal orders:	
Orders issued and still in force.....	8
Issued re refiled statement.....	1
Statements subsequently withdrawn.....	3
Statements subsequently effective.....	6
Issued re refiled statement which subsequently became effective.....	1
Total issued during year.....	*19
Stop orders:	
Orders issued and still in force.....	27
Statements subsequently effective or re-effective.....	3
Total issued during year.....	30

\* 5 statements are included in both withdrawal and consent refusal order data.

- W = Withdrawn.
- CRO = Consent refusal order.
- SO = Stop order.
- Ref. = Refiled.
- Eff. = Registration statement fully effective (stop or refusal order having been lifted, or statement having been refiled).
- Re-Eff. = Re-effective.



## APPENDIX IV

### List of publications available as of November 1, 1937

Copies of the material listed below may be procured from the Publications Unit, Securities and Exchange Commission, Washington, D. C.<sup>1</sup>

#### ACTS:

Securities Act of 1933, as amended.

Provisions of Federal Laws Relating to the Securities Act of 1933, as amended.

Securities Exchange Act of 1934, as amended.

Public Utility Holding Company Act of 1935.

#### MISCELLANEOUS:

Addresses by Commissioners and members of the staff of the Commission.

Official Summary of Security Transactions and Holdings of Officers, Directors, and Principal Stockholders. (Issued twice monthly, beginning with Vol. 1, no. 1, of April 1935.)

Directory of Over-the-Counter Brokers and Dealers Registered With the Securities and Exchange Commission as of January 31, 1936.

Directory of Brokers and Dealers in Oil or Gas Interests Registered With the Securities and Exchange Commission as of October 18, 1936.

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

Work of the Securities and Exchange Commission. (This pamphlet describes briefly the duties and activities of the Commission.)

#### RELEASES:

Releases are issued covering the Commission's official actions, orders, rulings, opinions, etc., under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935. An order blank is provided for placing names on the mailing list.

Compilation of Releases Under the Securities Act of 1933, to and including December 31, 1936.

Compilation of Releases Under the Securities Exchange Act of 1934, to and including December 31, 1936.

Compilation of Releases Under the Public Utility Holding Company Act of 1935, to and including December 31, 1936.

<sup>1</sup> Copies of the material listed below may be procured from the Superintendent of Documents, Government Printing Office, Washington, D. C.

Decisions of the Securities and Exchange Commission: Volume 1, no. 1 (July 2, 1934 to Sept. 3, 1935), price 15 cents; Volume 1, no. 2 (Sept. 4, 1935 to June 30, 1936), price 25 cents; Volume 1, no. 3 (July 1, 1936 to Dec. 31, 1936), price 45 cents.

Official Summary of Holdings of Officers, Directors, and Principal Stockholders as of December 31, 1935. Price 35 cents.

First Annual Report of the Securities and Exchange Commission, fiscal year ended June 30, 1935. Price 10 cents.

Second Annual Report of the Securities and Exchange Commission, fiscal year ended June 30, 1936. Price 15 cents.

Report on the Study and Investigation of the Work, Activities, Personnel, and Functions of Protective and Reorganization Committees: Part I—Strategy and Techniques of Protective and Reorganization Committees, price \$1; part II—Committees and Conflicts of Interest, price 60 cents; part III—Committees for the Holders of Real Estate Bonds, price 25 cents; part IV—Committees for Holders of Municipal and Quasi-Municipal Obligations, price 15 cents; part V—Protective Committees and Agencies for Holders of Defaulted Foreign Governmental Bonds, price \$1; part VI—Trustees Under Indentures, price 20 cents.

**REPORTS:**

Report on the Government of Securities Exchanges. (Published as House Document No. 85.)

Report on the Feasibility and Advisability of the Complete Segregation of the Functions of Dealer and Broker.

Preliminary Summary of the Progress of the Study of Investment Trusts and Investment Companies.

Report on Trading in Unlisted Securities Upon Exchanges.

**RULES, REGULATIONS, AND FORMS:**

General Rules and Regulations Under the Securities Act of 1933.

Guide to Forms Adopted Under the Securities Act of 1933, as amended.

Rules and Regulations Under the Securities Exchange Act of 1934.

Guide to Forms Adopted Under the Securities Exchange Act of 1934, as amended.

Rules, Regulations, and Forms Under the Public Utility Holding Company Act of 1935.

Rules of Practice.

Statement Regarding the Sale of Copies of Registered Information.

**UNIFORM SYSTEMS OF ACCOUNTS:**

Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies.

Uniform System of Accounts for Public Utility Holding Companies.

**APPENDIX V**

**TABLE 1.—Statistics, by months, of new securities,<sup>1</sup> included in registration statements fully effective Sept. 1, 1934–June 30, 1937**

[Amounts in dollars.]

Month	Total securities effectively registered			Total, less securities registered for reserve against conversion— Estimated gross proceeds	Total (after other deductions <sup>2</sup> ) proposed to be offered for cash for account of registrants— Estimated gross proceeds
	Number of statements	Number of issues	Estimated gross proceeds		
<b>1934</b>					
September.....	18	22	\$36,003,991	\$34,591,991	\$27,535,232
October.....	13	16	29,557,475	28,876,475	27,057,475
November.....	14	22	34,547,422	34,547,422	32,204,970
December.....	18	26	40,240,879	39,790,879	36,794,789
<b>1935</b>					
January.....	13	18	11,044,405	10,794,405	9,060,625
February.....	9	10	36,843,133	36,843,133	36,019,233
March.....	24	27	130,015,787	130,015,787	124,580,787
April.....	27	30	154,598,548	135,450,818	105,322,020
May.....	27	33	140,208,002	132,837,358	131,292,631
June.....	30	39	192,630,681	171,090,681	164,920,997
Total, September 1934–June 1935.....	193	253	805,698,323	754,838,949	684,788,759
<b>1935</b>					
July.....	47	52	530,474,751	508,215,876	476,792,255
August.....	34	50	254,062,322	253,447,322	227,406,992
September.....	30	42	319,874,100	291,404,982	244,304,181
October.....	49	65	406,086,507	400,877,307	370,145,784
November.....	46	56	289,771,988	256,408,405	250,790,897
December.....	43	57	212,084,696	205,618,076	196,201,247
<b>1936</b>					
January.....	39	48	275,606,001	273,941,001	258,394,711
February.....	42	56	212,083,937	207,249,921	175,937,752
March.....	53	83	583,391,363	573,798,963	475,110,306
April.....	87	128	751,012,738	701,100,402	612,198,856
May.....	59	83	319,318,654	307,243,773	282,106,100
June.....	59	104	523,439,405	453,005,924	385,821,516
Total fiscal year 1936.....	588	824	4,677,301,462	4,432,371,932	3,936,210,577
<b>1936</b>					
July.....	67	110	362,924,006	356,887,556	313,187,622
August.....	56	79	286,021,610	259,374,746	208,637,917
September.....	52	79	260,079,511	237,197,659	196,487,988
October.....	79	114	526,329,912	506,257,259	437,531,735
November.....	49	67	266,025,753	248,674,846	229,226,185
December.....	82	124	698,408,036	675,424,479	599,824,169
<b>1937</b>					
January.....	47	69	429,989,754	383,126,469	273,808,492
February.....	56	93	491,399,718	475,933,212	415,719,484
March.....	79	113	469,907,443	438,055,011	239,194,193
April.....	97	161	288,075,967	257,527,766	153,970,089
May.....	62	88	238,067,628	186,854,209	142,439,748
June.....	61	81	369,065,424	362,468,164	323,058,530
Total fiscal year 1937.....	787	1,178	4,686,295,680	4,387,731,376	3,633,086,152

<sup>1</sup> New securities in this table as well as in the following 6 tables include all securities registered with the Securities and Exchange Commission with the exception of reorganization and exchange securities, certificates of deposit, and voting trust certificates, for which see tables 3 and 9.

<sup>2</sup> For nature of these other deductions, see table 4.

TABLE 2, PART 1.—Type classification, by months, of new securities, included in registration statements fully effective July 1, 1936–June 30, 1937

[Amounts in dollars]

Month	Common stock				Preferred stock			
	Total securities effectively registered		Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds	Total securities effectively registered		Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds
	Number of issues	Estimated gross proceeds			Number of issues	Estimated gross proceeds		
<b>1936</b>								
July.....	46	\$84,066,432	\$78,029,082	\$38,315,717	14	\$15,131,020	\$15,131,020	\$13,375,820
August.....	46	92,749,674	67,024,430	24,034,198	16	35,728,188	34,806,568	27,718,932
September.....	40	76,140,112	53,258,260	27,867,758	16	29,270,540	29,270,540	18,086,684
October.....	59	112,776,931	92,704,278	52,228,502	23	55,642,713	55,642,713	39,722,752
November.....	32	47,420,718	30,160,811	20,088,647	11	30,201,325	30,110,325	23,536,200
December.....	53	167,125,958	144,142,401	101,291,051	27	34,531,323	34,531,323	19,318,863
<b>1937</b>								
January.....	30	85,621,980	38,758,695	12,598,044	10	134,719,496	134,719,496	71,112,044
February.....	43	168,474,244	154,457,738	126,036,989	13	38,214,725	36,764,725	35,557,735
March.....	68	231,005,652	199,153,220	109,381,767	19	36,363,504	36,363,504	29,727,048
April.....	78	139,396,970	109,048,749	50,882,509	35	49,490,615	49,296,615	25,784,190
May.....	54	114,789,312	63,875,895	29,952,727	14	34,441,994	34,141,994	24,830,248
June.....	43	67,055,355	61,202,470	24,700,779	10	78,592,350	78,592,350	77,168,760
Total...	592	1,386,623,338	1,091,816,029	617,378,688	208	572,333,793	569,371,173	405,939,266
<b>Certificates of participation, beneficial interest and warrants</b>								
<b>Secured bonds</b>								
<b>1936</b>								
July.....	28	\$32,897,985	\$32,897,985	\$31,666,616	13	\$165,786,744	\$166,786,744	\$165,786,744
August.....	6	4,660,000	4,660,000	4,583,046	7	45,633,748	45,633,748	45,051,741
September.....	11	17,211,558	17,211,558	17,000,000	9	127,918,475	127,918,475	126,455,258
October.....	10	29,245,488	29,245,488	24,524,581	14	104,752,280	104,752,280	103,093,400
November.....	10	7,191,536	7,191,536	4,389,164	11	159,036,349	159,036,349	159,036,349
December.....	9	39,548,228	39,548,228	22,511,728	21	234,634,897	234,634,897	234,134,897
<b>1937</b>								
January.....	7	11,082,200	11,082,200	10,649,700	18	146,508,654	146,508,654	127,391,280
February.....	17	52,248,920	52,248,920	23,460,000	14	212,560,260	212,560,260	211,075,260
March.....	14	16,542,909	16,542,909	15,090,000	7	164,468,263	164,468,263	163,468,263
April.....	25	9,166,688	9,166,688	5,010,476	12	52,198,000	52,198,000	51,607,000
May.....	10	11,179,547	11,179,547	10,000,000	3	2,778,000	2,778,000	2,778,000
June.....	13	16,982,943	16,982,943	15,498,600	9	136,339,632	135,595,257	135,595,257
Total...	160	247,958,002	247,958,002	184,383,911	138	1,553,615,302	1,552,870,927	1,525,473,449
<b>Debentures and short-term notes<sup>1</sup></b>								
<b>Total all securities</b>								
<b>1936</b>								
July.....	9	\$64,042,725	\$64,042,725	\$64,042,725	110	\$362,924,006	\$556,887,556	\$313,187,622
August.....	4	107,250,000	107,250,000	107,250,000	79	286,021,610	259,374,746	208,637,917
September.....	3	9,538,826	9,538,826	7,078,288	79	260,079,511	237,197,659	196,487,998
October.....	8	223,912,500	223,912,500	217,962,500	114	526,329,912	506,257,259	437,531,735
November.....	3	22,175,825	22,175,825	22,175,825	67	266,025,753	245,674,846	229,226,185
December.....	14	222,567,630	222,567,630	222,567,630	124	698,408,036	675,424,479	509,824,169
<b>1937</b>								
January.....	4	52,057,424	52,057,424	52,057,424	69	429,989,754	383,126,469	273,808,492
February.....	6	19,901,569	19,901,569	19,589,500	93	491,399,718	475,933,212	415,719,842
March.....	5	21,527,115	21,527,115	21,527,115	113	460,907,443	438,055,011	339,194,193
April.....	11	37,817,714	37,817,714	20,685,914	161	288,075,987	257,527,766	153,970,089
May.....	7	74,878,773	74,878,773	74,878,773	88	238,067,626	186,854,209	142,438,748
June.....	6	70,095,144	70,095,144	70,095,144	81	369,065,424	362,468,164	323,038,530
Total...	80	925,765,245	925,765,245	899,910,838	1,178	4,686,295,680	4,387,781,376	3,633,086,152

<sup>1</sup> Six issues of short-term notes (the entire amounts of which were intended to be offered for cash for the account of the registrants) were effectively registered during the fiscal year as follows: July 1936, 3 issues for \$2,000,000; January 1937, 1 issue for \$834,924; April 1937, 1 issue for \$1,000,000; June 1937, 1 issue for 474,375; total, 6 issues for \$4,579,299.

TABLE 2, PART 2.—Type classification, by months, of new securities, included in registration statements fully effective July 1, 1936–June 30, 1937.

[In percent of estimated gross proceeds]

Month	Total securities effectively registered							Total, less securities registered for reserve against conversion							Total (after other deductions) proposed to be offered for cash for account of registrants						
	Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes	Total	Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes	Total	Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes	Total
<i>1936</i>																					
July.....	23.2	4.2	9.1	45.9	17.1	0.5	100	21.9	4.2	9.2	46.7	17.4	0.6	100	12.2	4.3	10.1	52.9	19.8	0.7	100
August.....	32.4	12.5	1.6	16.0	37.5	-----	100	25.8	13.4	1.8	17.6	41.4	-----	100	11.5	13.3	2.2	21.6	51.4	-----	100
September.....	29.3	11.2	6.6	49.2	3.7	-----	100	22.5	12.3	7.3	53.9	4.0	-----	100	14.2	9.2	8.6	64.4	3.6	-----	100
October.....	21.4	10.6	5.6	19.9	42.5	-----	100	18.3	11.0	5.8	20.7	44.2	-----	100	11.9	9.1	5.6	23.6	49.8	-----	100
November.....	17.8	11.4	2.7	59.8	8.3	-----	100	12.1	12.1	2.9	64.0	8.9	-----	100	8.7	10.3	1.9	69.4	9.7	-----	100
December.....	23.9	4.9	5.7	33.6	31.9	-----	100	21.3	5.1	5.9	34.7	33.0	-----	100	16.9	3.2	3.8	39.0	37.1	-----	100
<i>1937</i>																					
January.....	19.9	31.3	2.6	34.1	11.9	.2	100	10.1	35.2	2.9	38.2	13.4	.2	100	4.6	26.0	3.9	46.5	18.7	.3	100
February.....	34.3	7.8	10.6	43.3	4.0	-----	100	32.4	7.7	11.0	44.7	4.2	-----	100	30.3	8.6	5.6	50.8	4.7	-----	100
March.....	49.2	7.7	3.5	35.0	4.6	-----	100	45.5	8.3	3.8	37.5	4.9	-----	100	32.2	8.8	4.5	48.2	6.3	-----	100
April.....	48.4	17.2	3.2	18.1	12.8	.3	100	42.3	19.1	3.6	20.3	14.3	.4	100	33.0	16.8	3.2	33.5	12.8	.7	100
May.....	48.2	14.5	4.7	1.2	31.4	-----	100	34.2	18.2	6.0	1.5	40.1	-----	100	21.0	17.4	7.0	2.0	52.6	-----	100
June.....	18.2	21.3	4.6	36.9	18.8	.2	100	16.9	21.7	4.7	37.4	19.1	.2	100	7.6	23.9	4.8	42.0	21.5	.2	100
Total....	29.6	12.2	5.3	33.1	19.7	.1	100	24.9	13.0	5.6	35.4	21.0	.1	100	17.0	11.2	5.1	42.0	24.6	.1	100

TABLE 3, PART 1.—Group classification, by months, of issuers of new securities fully effective July 1, 1936–June 30, 1937

[Amounts in dollars]

Month	Extractive industries					Manufacturing industries				
	Total securities effectively registered			Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds	Total securities effectively registered			Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds
	Number of statements	Number of issues	Estimated gross proceeds			Number of statements	Number of issues	Estimated gross proceeds		
<i>1936</i>										
July.....	6	6	\$3,701,256	\$3,701,256	\$1,261,671	25	35	\$61,402,188	\$57,090,488	\$39,668,746
August.....	4	4	2,212,116	2,212,116	2,282,116	30	43	55,473,098	48,229,073	24,575,165
September..	2	2	2,958,478	2,958,478	1,250,000	29	46	116,051,932	97,785,699	77,127,713
October.....	4	5	3,237,534	2,425,034	1,994,097	21	60	109,923,115	101,463,075	58,206,208
November...	3	4	1,903,845	1,903,845	612,345	29	42	109,419,449	100,389,792	89,287,567
December...	4	4	14,274,128	14,274,128	13,581,300	30	47	79,234,265	69,839,547	44,124,530
<i>1937</i>										
January.....	7	8	5,430,766	5,430,766	2,170,651	17	24	185,533,130	140,345,626	75,305,043
February....	6	8	3,642,505	3,642,505	3,037,290	27	48	205,491,010	194,202,004	142,032,288
March.....	17	24	10,437,683	8,138,811	6,794,343	43	61	97,427,511	79,389,386	50,057,060
April.....	6	7	4,457,227	3,874,459	1,904,500	53	93	159,782,271	138,911,972	72,485,089
May.....	8	9	2,985,473	2,985,473	1,253,694	31	50	155,131,227	105,812,810	75,948,716
June.....	6	7	9,671,527	8,521,527	3,759,027	33	46	117,685,392	115,872,832	93,730,252
Total.....	73	88	65,812,538	61,068,398	39,901,034	388	595	1,452,554,588	1,249,333,274	836,548,377
<i>Financial and investment companies</i>										
<i>1936</i>										
July.....	15	42	\$106,653,559	\$104,927,809	\$97,789,040	4	8	\$4,948,234	\$4,948,234	\$1,846,196
August.....	5	6	114,140,000	114,140,000	113,015,000	7	10	46,071,039	34,543,851	18,670,491
September..	10	16	56,455,976	51,839,387	36,493,117	1	1	204,000	204,000	—
October.....	13	17	90,346,550	87,945,300	85,047,444	5	10	11,990,165	9,657,065	3,440,360
November...	4	5	7,248,800	7,182,800	6,458,164	1	2	16,957,500	8,835,000	8,835,000
December...	15	20	89,565,209	86,833,009	70,457,853	13	23	119,133,524	110,089,385	82,964,992
<i>1937</i>										
January.....	8	15	48,374,480	48,374,480	31,295,900	4	8	14,547,030	12,871,249	9,049,924
February....	12	20	37,211,404	35,471,404	31,661,664	2	3	5,345,074	4,407,574	4,181,324
March.....	9	10	154,179,093	154,179,093	97,842,934	4	9	45,297,557	33,782,122	25,275,257
April.....	12	23	13,892,614	13,577,614	11,457,773	13	23	37,754,793	29,174,639	14,386,477
May.....	7	10	14,984,742	14,684,742	14,519,305	8	10	8,114,229	7,794,229	3,732,908
June.....	8	9	52,731,850	52,731,850	51,914,850	5	6	20,237,120	19,749,620	17,721,250
Total.....	118	193	785,784,277	771,887,588	647,953,044	67	113	330,600,265	276,057,568	190,104,179
<i>Transportation and communication companies</i>										
<i>1936</i>										
July.....	2	2	\$22,002,274	\$22,002,274	\$22,002,274	11	13	\$158,604,895	\$158,604,895	\$149,619,695
August.....	1	1	2,766,921	2,766,921	—	5	8	49,516,236	47,173,925	45,095,135
September..	2	2	3,861,250	3,861,250	3,782,500	7	9	79,997,875	79,997,875	77,334,658
October.....	5	7	190,918,007	188,140,194	184,183,375	10	14	119,774,541	116,485,991	104,520,251
November...	4	4	18,723,078	18,723,078	—	4	4	63,543,271	63,543,271	63,543,271
December...	4	7	198,393,497	197,080,997	193,792,532	12	16	193,570,962	193,570,962	193,570,962
<i>1937</i>										
January.....	1	1	4,657,500	4,657,500	4,657,500	8	10	86,696,848	86,696,848	67,579,474
February....	5	8	143,962,760	142,462,760	140,977,760	2	3	134,800,000	134,800,000	133,260,000
March.....	4	4	23,005,000	23,005,000	6,925,000	4	4	10,547,250	10,547,250	9,956,250
April.....	1	1	43,375,000	43,375,000	43,375,000	2	2	2,492,000	2,492,000	1,022,000
May.....	1	1	26,099,677	26,099,677	26,099,677	6	10	142,339,858	139,092,658	129,433,474
June.....	2	2	26,099,677	26,099,677	26,099,677	6	10	142,339,858	139,092,658	129,433,474
Total.....	30	37	561,567,803	557,477,490	529,515,535	76	101	1,185,846,496	1,175,468,435	1,115,902,930
<i>Electric light and power, gas, and water companies</i>										
<i>1936</i>										
July.....	11	13	\$158,604,895	\$158,604,895	\$149,619,695	5	8	49,516,236	47,173,925	45,095,135
August.....	7	9	79,997,875	79,997,875	77,334,658	10	14	119,774,541	116,485,991	104,520,251
September..	4	4	63,543,271	63,543,271	63,543,271	4	4	63,543,271	63,543,271	63,543,271
October.....	12	16	193,570,962	193,570,962	193,570,962	12	16	193,570,962	193,570,962	193,570,962
<i>1937</i>										
January.....	8	10	86,696,848	86,696,848	67,579,474	5	8	143,962,760	142,462,760	140,977,760
February....	2	3	134,800,000	134,800,000	133,260,000	4	4	10,547,250	10,547,250	9,956,250
March.....	2	2	2,492,000	2,492,000	1,022,000	2	2	2,492,000	2,492,000	1,022,000
April.....	6	10	142,339,858	139,092,658	129,433,474	6	10	142,339,858	139,092,658	129,433,474
May.....	6	10	142,339,858	139,092,658	129,433,474	6	10	142,339,858	139,092,658	129,433,474
June.....	6	10	142,339,858	139,092,658	129,433,474	6	10	142,339,858	139,092,658	129,433,474
Total.....	76	101	1,185,846,496	1,175,468,435	1,115,902,930	76	101	1,185,846,496	1,175,468,435	1,115,902,930

TABLE 3, PART 1.—Group classification, by months, of issuers of new securities fully effective July 1, 1936-June 30, 1937—Continued

[Amounts in dollars]

Month	Other registrants <sup>1</sup>					Total, all registrants				
	Total securities effectively registered			Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds	Total securities effectively registered			Total, less securities registered for reserve against conversion—Estimated gross proceeds	Total (after other deductions) proposed to be offered for cash for account of registrants—Estimated gross proceeds
	Number of statements	Number of issues	Estimated gross proceeds			Number of statements	Number of issues	Estimated gross proceeds		
<i>1936</i>										
July.....	4	4	\$5,612,500	\$5,612,500	\$1,000,000	67	110	\$362,924,906	\$356,887,556	\$313,187,622
August.....	4	7	14,842,200	9,308,860	5,000,010	56	79	286,021,610	259,374,746	208,637,917
September...	1	3	550,000	550,000	500,000	52	79	260,079,511	237,197,659	196,487,988
October.....	1	1	140,000	140,000	140,000	79	114	526,329,912	506,257,259	437,531,735
November...	4	6	48,229,810	48,097,060	47,766,760	49	67	266,025,753	248,674,846	229,226,185
December...	4	7	4,236,451	3,736,451	1,332,000	82	124	698,408,036	675,424,479	599,824,169
<i>1937</i>										
January.....	2	3	84,750,000	84,750,000	83,750,000	47	69	429,989,754	383,126,469	273,808,492
February....	4	6	95,746,965	95,746,965	93,829,158	56	93	491,399,718	475,933,212	415,719,484
March.....						79	113	469,907,443	438,055,011	339,194,193
April.....	5	7	38,636,832	38,436,832	36,855,000	97	161	288,075,987	257,527,766	153,970,089
May.....	5	6	10,984,955	9,709,955	2,588,125	62	88	238,067,626	186,854,209	142,439,748
June.....	1	1	400,000	400,000	400,000	61	81	369,065,424	362,468,164	323,058,530
Total.....	35	51	304,129,713	296,488,623	273,161,053	787	1178	4,686,295,680	4,387,781,376	3,633,086,152

<sup>1</sup> Includes agriculture, real estate, construction and allied industries, service industries, miscellaneous domestic companies and foreign governments.

TABLE 3, PART 2.—Group classification, by months, of issuers of new securities fully effective July 1, 1936–June 30, 1937

(In percent of estimated gross proceeds)

Month	Total securities effectively registered							Total, less securities registered for reserve against conversion							Total (after other deductions) proposed to be offered for cash for account of registrants									
	Extractive industries	Manufacturing industries	Financial and investment companies	Merchandising	Transportation and communication	Electric light and power, gas, and water companies	Other <sup>1</sup>	Total	Extractive industries	Manufacturing industries	Financial and investment companies	Merchandising	Transportation and communication	Electric light and power, gas, and water companies	Other <sup>1</sup>	Total	Extractive industries	Manufacturing industries	Financial and investment companies	Merchandising	Transportation and communication	Electric light and power, gas, and water companies	Other <sup>1</sup>	Total
<i>1936</i>																								
July.....	1.0	16.9	29.4	1.4	6.1	43.7	1.5	100	1.0	16.0	29.4	1.4	6.2	44.4	1.6	100	0.4	12.7	31.2	0.6	7.0	47.8	0.3	100
August.....	1.1	19.4	39.9	16.1	1.0	17.3	5.2	100	1.2	19.6	44.0	13.3	1.1	18.2	3.6	100	1.1	11.3	54.2	8.9	-----	21.6	2.4	100
September.....	1.1	44.6	21.7	.1	1.5	30.7	.3	100	1.3	41.2	21.9	.1	1.6	33.7	.2	100	.6	39.3	18.6	-----	1.9	39.4	.3	100
October.....	2.0	20.9	17.2	2.3	36.3	22.7	.0	100	.5	20.0	17.4	1.9	37.2	23.0	.0	100	.5	13.3	19.4	-----	42.1	23.9	.0	100
November.....	2.7	41.1	2.7	6.4	7.1	23.9	18.1	100	.8	40.4	2.9	3.6	7.5	25.5	19.3	100	2.3	36.3	2.8	3.9	8.2	27.7	20.8	100
December.....	2.0	11.4	12.8	17.1	28.4	27.7	.6	100	2.1	10.3	12.9	16.3	29.2	28.7	.5	100	2.3	7.4	11.7	13.8	32.3	32.3	.2	100
<i>1937</i>																								
January.....	1.3	43.1	11.2	3.4	1.1	20.2	19.7	100	1.4	36.7	12.6	3.4	1.2	22.6	22.1	100	.8	27.5	11.4	3.3	1.7	24.7	30.6	100
February.....	.7	41.8	7.6	1.1	-----	29.3	19.5	100	.8	40.8	7.5	.9	-----	29.9	20.1	100	.7	34.2	7.6	1.0	-----	33.9	22.6	100
March.....	2.2	20.7	32.8	9.7	5.9	28.7	-----	100	1.9	18.1	35.2	7.7	6.3	30.8	-----	100	2.0	14.8	28.8	7.4	7.7	39.3	-----	100
April.....	1.5	55.5	4.8	13.1	8.0	3.7	13.4	100	1.5	54.0	5.3	11.3	8.9	4.1	14.9	100	1.2	47.1	7.4	9.3	4.5	6.5	24.0	100
May.....	1.3	65.2	6.3	8.3	18.2	1.1	4.6	100	1.6	56.6	7.9	4.2	23.2	1.3	5.2	100	.9	53.3	10.2	2.6	30.5	.7	1.8	100
June.....	2.6	31.9	14.3	5.5	7.1	38.5	.1	100	2.4	32.0	14.5	5.4	7.2	38.4	.1	100	1.2	29.0	16.0	5.5	8.1	40.1	.1	100
Total.....	1.4	31.0	16.8	7.0	12.0	25.3	6.5	100	1.4	28.5	17.6	6.3	12.7	26.8	6.7	100	1.1	23.0	17.8	5.3	14.6	30.7	7.5	100

<sup>1</sup> Includes agriculture, real estate, construction and allied industries, service industries, miscellaneous domestic companies, and foreign governments.



TABLE 4.—Reduction of estimated gross proceeds to net proceeds, by months, of new securities fully effective July 1, 1936–June 30, 1937

[Amounts in dollars]

	July 1936	August 1936	September 1936	October 1936	November 1936	December 1936	January 1937	February 1937	March 1937	April 1937	May 1937	June 1937	Total, July 1, 1936–June 30, 1937
Gross amount of all effective securities.....	362,924,906	286,021,610	260,079,511	526,329,912	266,025,753	698,408,036	429,989,754	491,399,718	469,907,443	288,075,987	238,067,026	369,065,424	4,686,295,680
Gross amount of effective securities not now intended to be offered for sale by issuers:													
Registered for "account of others".....	26,703,776	18,732,865	22,905,507	34,615,466	10,996,473	44,525,063	34,859,782	46,576,148	25,500,107	59,227,266	20,012,489	29,739,924	374,394,866
Reserved for conversion.....	6,037,350	26,646,864	22,881,852	20,072,653	17,350,907	22,983,557	46,863,285	15,466,506	31,852,432	30,548,221	51,213,417	6,597,260	298,514,304
Reserved for subsequent issuance against options and warrants.....	8,006,789	12,318,852	2,989,270	17,474,162	1,221,300	5,699,500	5,185,375	9,676,183	10,013,242	15,988,468	7,067,198	7,602,210	103,242,549
Reserved for other subsequent issuance.....	3,000,000	11,281,675	-----	1,048,911	1,750,513	3,825,821	300,700	880,132	741,000	81,250	189,300	-----	23,099,302
To be issued against claims.....	-----	66,488	-----	80,000	-----	1,209,983	65,274	-----	63,456	292,500	611,124	-----	2,388,825
To be issued for tangible and intangible assets.....	70,400	884,647	-----	600,500	-----	50,000	-----	-----	-----	1,945,518	52,875	163,000	3,766,940
To be issued as selling commissions.....	1,187,500	-----	113,000	196,018	100,000	250	-----	148,465	89,000	374,711	6,453	-----	2,215,397
To be issued in exchange for other securities.....	4,731,469	7,452,302	14,701,894	14,710,467	5,380,375	20,289,693	68,906,846	2,932,800	62,454,013	25,647,964	16,475,022	1,904,500	245,587,345
Total not now intended to be offered for sale by issuers.....	49,737,284	77,383,693	63,591,523	88,798,177	36,799,568	98,583,867	156,181,262	75,680,234	130,713,250	134,105,898	95,627,878	46,006,894	1,053,209,528
Gross proceeds of securities now intended to be offered for sale by issuers.....	313,187,622	208,637,917	196,487,988	437,531,735	229,226,185	599,824,169	273,808,492	415,719,484	339,194,193	153,970,089	142,439,748	323,058,530	3,633,086,152
Selling and distributing expenses:													
Commissions and discount to underwriters and agents.....	10,926,082	6,504,921	7,713,078	13,343,830	7,164,567	15,435,104	7,489,117	11,268,363	12,187,322	8,253,616	5,462,225	9,201,909	114,950,134
Other selling and distributing expenses.....	2,396,540	1,169,935	1,452,304	2,744,508	2,089,681	3,609,508	1,346,748	3,429,797	2,339,921	1,655,862	1,357,032	2,420,740	26,012,576
Total selling and distributing expenses.....	13,322,622	7,674,856	9,165,382	16,088,338	9,254,248	19,044,612	8,835,865	14,698,160	14,527,243	9,909,478	6,819,257	11,622,649	140,962,710
Estimated net proceeds.....	299,865,000	200,963,061	187,322,606	421,443,397	219,971,937	580,779,557	264,972,627	401,021,324	324,666,950	144,060,611	135,620,491	311,435,881	3,492,123,442

<sup>1</sup> Not including amounts set forth above as securities "to be issued as selling commissions."

TABLE 5, PART 1.—*Proposed uses of net proceeds, by months, of new securities registered for account of issuers and fully effective, July 1, 1936–June 30, 1937*

[Amounts in dollars]

	July 1936	August 1936	September 1936	October 1936	November 1936	December 1936	January 1937	February 1937	March 1937	April 1937	May 1937	June 1937	Total, July 1, 1936–June 30, 1937
Organization and development expenses.....	408, 515	400, 984	208, 800	897, 824	169, 100	1, 453, 511	554, 168	570, 075	1, 086, 967	314, 986	789, 718	649, 735	7, 504, 383
Purchase of—													
Real estate.....		20, 401	598, 000	125, 000		231, 874		99, 397	221, 000	38, 673	39, 419		1, 373, 764
Plant and equipment...	6, 683, 809	7, 709, 377	29, 275, 840	20, 259, 941	31, 732, 150	40, 250, 317	15, 008, 285	14, 322, 371	16, 466, 033	20, 469, 222	31, 981, 016	22, 810, 612	256, 978, 973
Other assets.....		665, 650	35, 000	892, 725	355, 500	186, 241	185, 482	378, 871	1, 166, 030	173, 050	216, 268	939, 701	5, 194, 518
Securities for investment.....	46, 659, 205	7, 619, 790	25, 853, 373	47, 380, 709	4, 477, 120	48, 562, 999	20, 042, 511	25, 588, 254	93, 936, 841	6, 092, 017	11, 895, 599	13, 988, 256	352, 096, 674
Securities for affiliation.....	750, 000	4, 000, 000	400, 000	9, 193, 275	600, 000	1, 913, 663		5, 467, 370	7, 809, 870	5, 028, 483	164, 000	577, 100	35, 903, 761
Total purchase of assets.....	54, 093, 014	20, 015, 218	56, 162, 213	77, 861, 650	37, 164, 770	91, 145, 094	35, 235, 278	45, 856, 263	119, 599, 774	31, 801, 445	44, 296, 302	38, 315, 669	651, 547, 690
Increase of working capital.....	36, 792, 070	109, 257, 045	31, 750, 503	54, 032, 208	31, 865, 456	99, 186, 783	21, 406, 882	52, 341, 640	19, 786, 611	34, 821, 073	26, 091, 478	115, 945, 811	633, 277, 560
Retirement of preferred stock.....	1, 456, 415	14, 224, 465	10, 715, 158	19, 174, 431	1, 736, 250	1, 108, 752	72, 083, 755	24, 960, 454	12, 700, 447	6, 489, 030	18, 932, 840	41, 553, 747	225, 135, 744
Reimbursement of loans for capital expenditures.....		2, 926, 330	250, 000	47, 483	1, 538, 893	12, 083, 365	307, 194	3, 500, 000		283, 224	100, 000		21, 036, 479
Repayment of—													
Bonds and notes.....	193, 022, 931	51, 402, 230	87, 390, 719	264, 281, 862	138, 234, 754	371, 320, 820	115, 030, 533	262, 622, 754	169, 528, 015	67, 540, 259	44, 596, 756	98, 552, 696	1,863,524,329
Other debt.....	13, 931, 405	2, 000, 714	845, 213	5, 001, 141	5, 262, 714	1, 487, 719	20, 292, 483	7, 025, 118	1, 965, 136	2, 810, 594	809, 554	8, 893, 223	70, 325, 014
Total repayment of indebtedness.....	206, 954, 336	53, 402, 944	88, 235, 932	269, 283, 003	143, 497, 468	372, 808, 539	135, 323, 016	269, 647, 872	171, 493, 151	70, 350, 853	45, 406, 310	107, 445, 919	1,933,849,343
Miscellaneous and unaccounted for.....	160, 650	736, 075		146, 798	4, 000, 000	2, 993, 513	61, 344	4, 145, 020			3, 843	7, 525, 000	19, 772, 243
Total.....	299, 865, 000	200, 963, 061	187, 322, 606	421, 443, 397	219, 971, 937	580, 779, 557	204, 972, 627	401, 021, 324	324, 066, 950	144, 060, 611	135, 620, 491	311, 435, 881	3,492,123,442

TABLE 5, PART 2.—Proposed uses of net proceeds, by months, of new securities registered for account of issuers and fully effective July 1, 1936–June 30, 1937

[In percent of net proceeds]

	July 1936	August 1936	September 1936	October 1936	November 1936	December 1936	January 1937	February 1937	March 1937	April 1937	May 1937	June 1937	Total, July 1, 1936–June 30, 1937
Organization and development expenses.....	0.1	0.2	0.1	0.2	0.1	0.3	0.2	0.2	0.3	0.2	0.6	0.2	0.2
Purchase of—													
Real estate.....		.0	.3	.0		.0		.0	.1	.0	.0		.0
Plant and equipment.....	2.2	3.8	15.7	4.8	14.4	6.9	5.6	3.6	5.1	14.2	23.6	7.3	7.4
Other assets.....		.3	.0	.2	.2	.0	.1	.1	.4	.1	.2	.3	.1
Securities for investment.....	15.6	3.8	13.8	11.3	2.0	8.4	7.6	6.4	28.9	4.2	8.8	4.5	10.1
Securities for affiliation.....	.2	2.0	.2	2.2	.3	.3		1.3	2.4	3.5	.1	.2	1.0
Total purchase of assets.....	18.0	9.9	30.0	18.5	16.9	15.6	13.3	11.4	36.9	22.0	32.7	12.3	18.6
Increase of working capital.....	12.3	54.3	17.0	12.8	14.5	17.1	8.1	13.1	6.1	24.2	19.2	37.2	18.1
Retirement of preferred stock.....	.5	7.1	5.7	4.6	.8	.2	27.2	6.2	3.9	4.5	13.9	13.4	6.5
Reimbursement of loans for capital expenditures.....		1.5	.1	.0	.7	2.1	.1	.9		.2	.1		.6
Repayment of—													
Bonds and notes.....	64.3	25.6	46.7	62.7	62.8	63.9	43.4	65.5	52.2	46.9	32.9	31.6	53.4
Other debt.....	4.7	1.0	.4	1.2	2.4	.3	7.7	1.7	.6	2.0	.6	2.9	2.0
Total repayment of indebtedness.....	69.0	26.6	47.1	63.9	65.2	64.2	51.1	67.2	52.8	48.9	33.5	34.5	55.4
Miscellaneous and unaccounted for.....	.1	.4		.0	1.8	.5	.0	1.0			.0	2.4	.6
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 6.—Statistics, by industries, of new securities fully effective under the Securities Act of 1933 from July 1, 1936—June 30, 1937

[Amounts in dollars]

Industry	Number of issues	Gross proceeds						Securities registered for account of others	Securities registered for account of issuers	Securities not now offered for sale or exchange					
		Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes			Total amount registered	Reserved for conversion	Reserved for options	Reserved for other purposes	Total	
		1	2	3	4	5	6			7	8	9	10	11	12
Agriculture.....	1				2,500,000			2,500,000		2,500,000					
Extractive industries:															
Coal mining.....	3	2,167,000	500,000					2,667,000		2,667,000	375,000	450,000			825,000
Metal mining.....	51	24,594,143	802,930					26,459,148	9,602,154	16,856,994	834,375	1,685,383	36,000		2,555,758
Oil and gas wells.....	28	26,705,156	6,451,360	75,000				33,231,522	3,076,130	30,155,392	3,534,765	3,442,500	416,328		7,393,593
Quarrying and nonmetal mining.....	2	146,426						146,426		146,426					
Other extractive industries.....	4	1,808,442	1,500,000					3,308,442	1,777,037	1,531,405					
Total extractive industries.....	88	55,421,167	9,254,302	75,000				65,812,538	14,455,321	51,357,217	4,744,140	5,577,883	452,328		10,774,351
Manufacturing industries:															
Food and related products.....	43	48,007,161	39,718,392	67,050	32,512,500	7,815,000		128,120,103	13,803,375	114,316,728	13,149,600	2,375,625	542,462		16,067,687
Tobacco products.....	1	5,193,300						5,193,300		5,193,300					
Beverages:															
Beer, ale, etc.....	22	6,128,025	750,000	565,710	600,000			8,043,735	797,675	7,246,060	345,200	320,000	1,960		667,160
Distilled liquors.....	28	11,137,433	18,604,539	101,444		1,000,000		30,843,416	1,175,760	29,667,656	3,325,000	4,200,000			7,525,000
Other beverages.....	1	2,476,875						2,476,875	1,175,000	1,301,875		126,875	705,000		831,875
Total beverages.....	51	19,742,333	19,354,539	667,154	600,000	1,000,000		41,364,026	3,148,435	38,215,591	3,670,200	4,646,875	706,960		9,024,035
Textiles and their products.....	24	25,930,411	7,907,602	780,731				34,618,744	6,096,005	28,522,739	2,265,500	3,465,903			5,731,403
Lumber and lumber products.....	14	13,828,616	5,521,723	103,944	2,500,000			21,954,283	3,950,256	18,004,027	6,987,706				6,987,706
Paper and paper products.....	35	33,836,596	10,933,000	180,000	20,183,863	8,502,115	1,000,000	74,635,574	7,828,500	66,809,074	11,843,825	6,527,500			18,371,325
Printing, publishing, and allied industries.....	20	9,611,828	1,085,588	87,800				10,800,919		10,800,919					
								20,966,135	6,660,833	14,305,302	663,575	222,875	212,500		1,098,950

TABLE 6.—Statistics, by industries, of new securities fully effective under the Securities Act of 1933 from July 1, 1936—June 30, 1937—Con.

[Amounts in dollars]

Industry	Number of issues	Gross proceeds							Securities registered for account of others	Securities registered for account of issuers	Securities not now offered for sale or exchange			
		Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes	Total amount registered			Reserved for conversion	Reserved for options	Reserved for other purposes	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Manufacturing industries—Continued														
Chemicals and allied products.....	23	20,936,743	57,577,000	-----	-----	5,841,273	-----	84,355,016	7,448,700	76,906,226	6,131,385	308,000	-----	6,439,385
Mineral oil refining (including distribution).....	30	126,246,312	57,927,500	23,350,410	587,500	54,950,000	-----	263,061,722	24,695,522	238,366,200	51,504,510	2,180,000	612,500	54,297,010
Tire and other rubber products.....	13	6,894,551	918,808	-----	27,613,000	-----	-----	35,426,359	2,754,362	32,671,997	-----	644,750	-----	644,750
Leather and leather manufactures.....	9	12,025,353	1,500,000	-----	1,246,875	-----	-----	14,772,228	2,275,000	12,497,228	-----	726,300	-----	726,300
Building and related products.....	38	59,282,143	25,585,273	5,711,007	-----	8,028,826	-----	98,607,249	18,825,176	79,782,073	25,480,391	4,455,217	298,013	30,233,621
Iron and steel (excluding machinery).....	32	32,598,218	13,023,750	164,091	100,305,000	10,750,000	-----	156,941,059	10,647,358	146,193,701	7,428,875	1,520,000	-----	8,948,875
Nonferrous metals.....	10	52,272,830	-----	-----	346,750	20,285,000	-----	72,904,580	1,700,000	71,204,580	20,970,288	-----	-----	20,970,288
Machinery and tools (excluding transportation equipment).....	107	96,412,355	20,265,439	1,701,251	2,654,750	3,757,500	-----	124,791,295	23,304,577	96,486,718	15,622,838	22,700,733	841,290	39,164,861
Transportation equipment.....	91	130,606,739	24,123,335	3,873,340	686,000	13,420,000	-----	172,709,414	41,538,534	131,170,880	22,271,000	10,457,965	547,132	33,276,097
Miscellaneous manufacturing industries.....	54	74,239,965	6,379,502	5,012,034	6,602,000	10,000,000	-----	102,233,501	24,976,349	77,257,152	15,231,621	5,568,225	776,937	21,576,783
Total manufacturing industries.....	595	767,665,454	291,821,451	41,698,812	195,838,238	154,530,633	1,000,000	1,452,554,558	204,651,072	1,247,903,516	203,221,314	65,799,968	4,537,794	273,559,076
Financial and investment companies:														
Investment and trading companies:														
General and limited management.....	78	211,480,635	7,125,000	126,041,437	13,835,000	29,772,500	-----	388,254,572	9,969,738	378,284,834	2,399,946	3,825,000	1,195,500	7,420,446
Fixed trusts.....	12	-----	-----	62,250,500	-----	-----	-----	62,250,500	-----	62,250,500	-----	-----	-----	-----
Total investment and trading companies.....	90	211,480,635	7,125,000	188,291,937	13,835,000	29,772,500	-----	450,505,072	9,969,738	440,535,334	2,399,946	3,825,000	1,195,500	7,420,446

Commercial credit, finance, and mortgage	57	23,633,984	20,082,459		1,505,060	218,545,000	2,000,000	265,766,503	8,943,795	256,822,708	6,745,093	5,684,900		12,429,993
Industrial and personal loan companies	24	14,279,037	22,510,252	66,000		2,470,000		39,325,289	570,000	38,755,289	3,251,650	1,752,000		5,003,650
Insurance companies	16	16,930,000	2,010,000	244,000				19,184,000	6,444,000	12,740,000	1,500,000			1,500,000
Banks and trust companies	1	7,000,000						7,000,000		7,000,000				
Other financial and investment companies	5	3,603,413	400,000					4,003,413	298,413	3,705,000		2,100,000		2,100,000
<b>Total financial and investment companies</b>	<b>103</b>	<b>276,927,069</b>	<b>52,127,711</b>	<b>188,601,937</b>	<b>15,340,050</b>	<b>250,787,500</b>	<b>2,000,000</b>	<b>785,784,277</b>	<b>26,225,946</b>	<b>759,558,331</b>	<b>13,896,639</b>	<b>13,361,900</b>	<b>1,195,500</b>	<b>28,454,089</b>
Merchandising	113	203,055,027	84,895,800	16,074,023	2,170,491	20,560,000	834,924	330,600,265	47,937,464	232,662,801	51,542,697	11,984,863	14,703,233	81,230,843
Real estate	11	911,625	2,049,250			74,500		3,035,375	1,000,000	2,035,375		50,000		50,000
Construction and allied industries	3	441,600				132,750		574,350		574,350	132,750			132,750
Transportation and communication	37	20,605,032	2,980,257	973,465	115,343,824	421,665,225		561,567,803	24,189,636	537,378,167	4,090,313	1,183,922	810,397	6,084,632
Service industries	22	27,789,502	10,400,000	534,765	563,000	200,000		39,487,267	8,763,951	30,723,316	6,808,330	5,159,013	400,000	12,367,343
Electric light and power, gas, and water:														
Operating-holding companies	6	1,200,000	28,325,000		191,712,500	15,075,000		236,312,500	1,200,000	235,112,500				
Operating companies	95	26,319,151	90,030,012		797,879,639	34,560,769	744,375	949,533,996	43,455,775	906,078,221	10,378,061		1,000,000	11,378,061
<b>Total electric light and power, gas, and water</b>	<b>101</b>	<b>27,519,151</b>	<b>118,355,012</b>		<b>989,592,189</b>	<b>49,635,769</b>	<b>744,375</b>	<b>1,185,846,496</b>	<b>44,655,775</b>	<b>1,141,190,721</b>	<b>10,378,061</b>		<b>1,000,000</b>	<b>11,378,061</b>
Miscellaneous domestic companies	8	3,277,711	450,010		25,000,000	800,000		29,527,721	2,515,701	27,012,020	700,010	125,000		825,010
Foreign companies														
Foreign governments and subdivisions	6				207,267,500	21,737,500		229,005,000		229,005,000				
<b>Grand total</b>	<b>1178</b>	<b>1,386,623,338</b>	<b>572,333,793</b>	<b>247,958,002</b>	<b>1,553,615,302</b>	<b>921,185,946</b>	<b>4,579,299</b>	<b>4,686,295,680</b>	<b>374,394,866</b>	<b>4,311,900,814</b>	<b>298,514,304</b>	<b>103,212,549</b>	<b>23,099,302</b>	<b>424,856,155</b>

TABLE 6.—Statistics, by industries, of new securities fully effective under the Securities Act of 1933 from July 1, 1936—June 30, 1937—Contd.

[Amounts in dollars]

Industry	Securities offered in exchange for—						Securities issued as selling commissions	Total securities proposed to be offered for sale	Selling and distributing expenses paid in cash		
	Securities of issuer	Certificates of deposit	Securities of other issuers	Claims against issuer	Tangible and intangible assets	Total			Commission and discount	Other expense	Total <sup>1</sup>
	15	16	17	18	19	20			21	22	23
Agriculture.....								2,500,000	100,000	43,415	143,415
Extractive industries:											
Coal mining.....								1,842,000	122,000	72,355	194,355
Metal mining.....				28,211	10,400	38,611	54,000	14,208,025	3,845,105	232,181	4,077,286
Oil and gas wells.....					582,768	582,768	6,453	22,172,578	2,761,889	334,182	3,096,071
Quarrying and nonmetal mining.....								140,426		4,094	4,094
Other extractive industries.....								1,531,405	61,784	12,550	74,334
Total extractive industries.....				28,211	593,168	621,379	60,453	39,901,034	6,790,778	655,362	7,446,140
Manufacturing industries:											
Food and related products.....	12,252,393			35,245	600,500	12,888,138	57,018	85,303,885	3,354,919	700,105	4,055,024
Tobacco products.....								5,193,300		59,089	59,089
Beverages:											
Beer, ale, etc.....	75,000					75,000	25,000	6,478,900	566,824	138,500	705,324
Distilled liquors.....	490,000				13,000	503,000		21,639,656	1,380,273	239,478	1,619,751
Other beverages.....								470,000	50,000	5,715	55,715
Total beverages.....	565,000				13,000	578,000	25,000	28,588,556	1,997,097	383,693	2,380,790
Textiles and their products.....	150,000		252,166			402,166	20,000	22,369,170	1,683,766	399,254	2,083,020
Lumber and lumber products.....		2,298,123		1,062,573		3,360,696		7,655,625	423,350	148,139	571,489
Paper and paper products.....			3,708,000		150,000	3,858,000		44,579,749	1,890,250	497,911	2,388,161
Printing, publishing, and allied industries.....	812,000		239,800	188,000		1,239,800		11,966,552	769,929	192,992	962,921
Chemicals and allied products.....							15,000	70,451,841	2,534,156	392,754	2,926,910
Mineral oil refining (including distribution).....	51,500,000				120,000	51,620,000	100,000	132,349,190	1,675,500	816,962	2,492,462
Tire and other rubber products.....								32,027,247	1,363,350	367,595	1,730,945
Leather and leather manufactures.....	3,647,160					3,647,160		8,123,768	252,010	94,351	346,361
Building and related products.....	2,145,375	2,599,659				4,745,034	7,750	44,795,668	2,078,184	525,268	2,603,452
Iron and steel (excluding machinery).....	10,998,750				355,797	11,354,547		125,890,279	3,219,788	1,257,290	4,477,048
Nonferrous metals.....								50,234,292	520,289	446,922	967,211
Machinery and tools (excluding transportation equipment).....	16,379,059		2,043,600	497,974	52,875	18,973,508	223,020	38,125,329	3,516,326	679,604	4,195,990

Transportation equipment.....	13,931,535		1,949,500		1,572,750	17,453,785	164,991	80,276,007	5,615,452	1,257,722	6,873,174
Miscellaneous manufacturing industries.....	7,062,450					7,062,450		48,617,919	2,538,098	506,654	3,104,752
Total manufacturing industries.....	119,443,722	4,897,782	8,193,066	1,783,792	2,864,922	137,183,284	612,779	836,548,377	33,432,404	8,786,335	42,218,799
Financial and investment companies:											
Investment and trading companies:											
General and limited management.....	2,444,641		52,093,286			54,537,927		316,326,461	15,758,059	1,576,060	17,334,119
Fixed trusts.....								62,250,500	4,068,048	1,176,503	5,244,651
Total investment and trading companies.....	2,444,641		52,093,286			54,537,927		378,576,961	19,826,107	2,752,563	22,578,670
Commercial credit, finance, and mortgage.....	3,001,751					3,001,751	78,750	241,312,214	5,139,073	998,535	6,137,608
Industrial and personal loan companies.....	17,345,270					17,345,270	1,187,500	15,218,869	1,107,986	100,363	1,208,349
Insurance companies.....								11,240,000	947,500	59,997	1,007,497
Banks and trust companies.....			7,000,000			7,000,000					
Other financial and investment companies.....								1,605,000	300,000	8,282	308,282
Total financial and investment companies.....	22,791,662		59,093,286			81,884,948	1,266,250	647,953,044	27,320,666	3,919,740	31,240,406
Merchandising.....	9,328,136	4,900	1,767,133	51,910		11,152,079	175,700	190,104,179	6,152,980	1,910,212	8,063,192
Real estate.....							250	1,085,125	115,375	36,296	151,671
Construction and allied industries.....					308,850	308,850		132,750	12,750	2,500	15,250
Transportation and communication.....	1,450,000		265,000			1,715,000	63,000	529,515,535	10,469,433	2,327,184	12,796,617
Service industries.....	4,459,416		50,000	458,424		4,967,840	36,965	13,351,168	1,679,691	113,960	1,793,651
Electric light and power, gas and water:											
Operating-holding companies.....								235,112,500	4,687,500	1,200,290	5,887,790
Operating companies.....	12,314,342		1,528,900	66,488		13,909,730		880,790,430	17,462,797	6,307,547	23,770,344
Total electric light and power, gas and water.....	12,314,342		1,528,900	66,488		13,909,730		1,115,902,930	22,150,297	7,507,837	29,658,134
Miscellaneous domestic companies.....								26,187,010	763,500	336,700	1,100,200
Foreign companies.....											
Foreign governments and subdivisions.....								229,005,000	5,962,200	373,035	6,335,235
Grand total.....	169,787,278	4,902,682	70,897,385	2,388,825	3,766,940	251,743,110	2,215,397	3,633,086,152	114,950,134	26,012,576	140,962,710

<sup>1</sup> Exclusive of amounts paid in securities as shown in column 21.



TABLE 6.—Statistics, by industries, of new securities fully effective under the Securities Act of 1933 from July 1, 1936–June 30, 1937—Con.

[Amounts in dollars]

Industry	Net proceeds less cost of selling and distributing	Net proceeds of securities offered for sale to be used for—								
		Organi- zation and de- velop- ment	Purchase of—						Total all assets	Increase of working capital
			Real estate	Plant and equipment	Other tangible assets	Securities—		Intan- gible assets		
						For invest- ment	For affilia- tion			
26	27	28	29	30	31	32	33	34	35	
Agriculture.....	2,356,585									295,025
Extractive industries:										
Coal mining.....	1,647,645			976,293					976,293	
Metal mining.....	10,131,339	2,450,338	32,000	3,805,045	97,835	807,986	957,280	47,000	5,747,146	1,484,758
Oil and gas wells.....	19,076,507	2,394,828	158,673	10,183,969	420,548			1,558,316	12,321,536	2,470,666
Quarrying and nonmetal mining.....	142,332			85,000					85,000	57,332
Other extractive industries.....	1,457,071			668,511					668,511	89,160
Total extractive industries.....	32,454,894	4,845,166	190,673	15,718,818	518,383	807,986	957,280	1,605,346	19,798,486	4,101,916
Manufacturing industries:										
Food and related products.....	81,248,861	225,000	94,891	10,973,560	419,400		12,256,823	325,030	24,069,674	27,180,804
Tobacco products.....	5,134,211									1,934,211
Beverages:										
Beer, ale, etc.....	5,773,576			3,024,738					3,024,738	1,440,523
Distilled liquors.....	20,019,905	500	-15,000	6,497,130					6,512,130	12,136,081
Other beverages.....	414,285			135,055					135,055	120,716
Total beverages.....	26,207,766	500	-15,000	9,656,923					9,671,923	13,697,320
Textiles and their products.....	20,286,150	188,500		10,855,134			15,000		10,870,134	7,533,221
Lumber and lumber products.....	7,084,136			1,349,700					1,349,700	-1,711,223
Paper and paper products.....	42,191,588			14,390,616			2,000,000		16,390,616	7,282,176
Printing, publishing, and allied industries.....	11,003,631	29,300		1,090,000			750,000	230,897	2,070,897	1,861,818
Chemicals and allied products.....	67,524,931	157,986	47,000	5,074,630			1,000,000	161,368	6,282,998	54,508,412
Mineral oil refining (including distribution).....	129,856,728	185,000		5,191,286	23,250	86,330	7,710,000		13,010,866	30,311,802
Tire and other rubber products.....	30,296,302			375,000					375,000	10,622,125
Leather and leather manufactures.....	7,777,497									783,579
Building and related products.....	42,192,216	103,510		4,479,595			600,000	118,693	5,198,288	11,796,263

Iron and steel (excluding machinery).....	121,413,231			60,922,965					60,922,965	16,428,311
Nonferrous metals.....	49,267,081			22,680,982					22,680,982	6,700,674
Machinery and tools (excluding transportation equip- ment).....	33,929,339	410,620	11,150	2,969,458	446,125		343,754	150,000	3,920,487	12,826,241
Transportation equipment.....	73,402,833	967,732	2,000	6,518,572	146,367		4,973,921	425,963	12,086,823	42,412,866
Miscellaneous manufacturing industries.....	45,513,167	140,000		7,581,744			242,000	95,855	7,919,599	8,397,854
<b>Total manufacturing industries.....</b>	<b>794,329,578</b>	<b>2,408,148</b>	<b>170,041</b>	<b>164,110,165</b>	<b>1,035,142</b>	<b>86,330</b>	<b>29,891,498</b>	<b>1,507,776</b>	<b>196,800,952</b>	<b>255,988,900</b>
<b>Financial and investment companies:</b>										
<b>Investment and trading companies:</b>										
General and limited management.....	298,992,342					259,390,037	302,100		259,692,137	5,122,459
Fixed trusts.....	57,005,949					56,487,940			56,487,940	
<b>Total investment and trading companies.....</b>	<b>355,998,291</b>					<b>345,877,977</b>	<b>302,100</b>		<b>346,180,077</b>	<b>5,122,459</b>
Commercial credit, finance, and mortgage.....	235,174,606	2,065								213,541,466
Industrial and personal loan companies.....	14,010,520									13,761,271
Insurance companies.....	10,232,503	10,000		7,550		5,324,381	2,590,000	220,000	8,051,931	2,170,572
Banks and trust companies.....										
Other financial and investment companies.....	1,296,718									1,296,718
<b>Total financial and investment companies.....</b>	<b>616,712,638</b>	<b>12,065</b>		<b>7,550</b>		<b>351,202,358</b>	<b>2,802,100</b>	<b>220,000</b>	<b>354,232,008</b>	<b>235,892,486</b>
Merchandising.....	182,040,987	161,799	216,269	15,671,536	307,871		1,500,000		17,695,676	117,949,363
Real estate.....	1,833,454		771,771	146,508					918,279	262,239
Construction and allied industries.....	117,500									44,835
Transportation and communication.....	516,718,918	61,300	25,000	23,988,420			355,000		24,368,420	5,227,083
Service industries.....	11,557,517	2,905	10	1,174,266			309,000		1,483,266	7,202,617
Electric light and power, gas, and water:										
Operating-holding companies.....	229,224,710			475,000					475,000	1,690,413
Operating companies.....	857,020,086			35,678,720			88,883		35,767,603	3,045,336
<b>Total electric light and power, gas, and water.....</b>	<b>1,086,244,796</b>			<b>36,153,720</b>			<b>88,883</b>		<b>36,242,603</b>	<b>4,735,749</b>
Miscellaneous domestic companies.....	25,086,810	13,000		8,000					8,000	1,577,347
Foreign companies.....										
Foreign governments and subdivisions.....	222,669,765									
<b>Grand total.....</b>	<b>3,492,123,442</b>	<b>7,504,383</b>	<b>1,373,764</b>	<b>256,978,973</b>	<b>1,861,396</b>	<b>352,096,674</b>	<b>35,903,761</b>	<b>3,333,122</b>	<b>651,547,690</b>	<b>633,277,560</b>

TABLE 6.—Statistics, by industries, of new securities fully effective under the Securities Act of 1933 from July 1, 1936–June 30, 1937—Con.

[Amounts in dollars]

Industry	Net proceeds of securities offered for sale to be used for—							
	Retirement of preferred stock	Reimbursement of loans for capital expenditures	Repayment of indebtedness				Miscellaneous and unaccounted for	
			Bonds and notes		Bank credits	Other debt		Total
			Before maturity	At maturity				
36	37	38	39	40	41	42	43	
Agriculture.....			2,061,560				2,061,560	
Extractive industries:								
Coal mining.....			321,352			350,000	671,352	
Metal mining.....	88,900		25,000	5,000	42,500	252,409	324,909	35,288
Oil and gas wells.....	6,765		910,870	26,667	521,584	423,591	1,882,712	
Quarrying and nonmetal mining.....								
Other extractive industries.....	57,772		250,000		391,628		641,628	
Total extractive industries.....	153,437		1,507,222	31,667	955,712	1,026,000	3,520,601	35,288
Manufacturing industries:								
Food and related products.....	9,427,547		15,704,783		278,294	244,785	16,227,862	4,117,974
Tobacco products.....					3,200,000		3,200,000	
Beverages:								
Beer, ale, etc.....			179,588	3,000	9,730	1,115,997	1,308,315	
Distilled liquors.....		357,350	63,000	72,000	276,300	662,544	1,013,844	
Other beverages.....			34,000	64,000	75,000	49,514	158,514	
Total beverages.....		357,350	242,588	109,000	361,030	1,768,055	2,480,673	
Textiles and their products.....	294,175		35,000	401,144	203,325	760,651	1,400,120	
Lumber and lumber products.....	191,916		3,794,523			36,774	3,831,207	
Paper and paper products.....	115,500		16,286,258			2,117,038	18,403,296	
Printing, publishing, and allied products.....	204,120		6,159,538		68,367	603,610	6,831,515	5,981
Chemicals and allied products.....	2,744,905		3,248,562	15,000	292,160	274,908	3,830,630	
Mineral oil refining (including distribution).....	13,253,205	2,926,330	45,030,800	2,815,251	18,826,000	3,497,474	70,169,525	
Tire and other rubber products.....	295,672		18,253,505		750,000		19,003,505	
Leather and leather manufactures.....	5,811,673		1,182,255				1,182,255	
Building and related products.....	17,841,145	3,500,000	3,559,430	41,664		152,016	3,753,010	

Iron and steel (excluding machinery).....	4,094,200		33,421,825	6,113,000	299,930	83,000	39,917,755	50,000
Nonferrous metals.....	19,320,000		229,425			336,000	565,425	
Machinery and tools (excluding transportation equipment).....	5,692,042	156,813	4,295,470	3,637,663	621,742	2,368,261	10,923,136	
Transportation equipment.....	12,627,340		3,233,518	120,253	173,000	1,538,801	5,065,572	262,500
Miscellaneous manufacturing industries.....	424,555	100,000	22,187,323	3,103,251	2,505,896	734,639	28,531,159	
<b>Total manufacturing industries.....</b>	<b>92,337,895</b>	<b>7,040,493</b>	<b>176,864,803</b>	<b>16,356,126</b>	<b>27,579,744</b>	<b>14,516,062</b>	<b>235,316,735</b>	<b>4,436,455</b>
<b>Financial and investment companies:</b>								
<b>Investment and trading companies:</b>								
General and limited management.....			3,446,790				3,446,790	730,956
Fixed trusts.....								518,009
<b>Total investment and trading companies.....</b>			<b>3,446,790</b>				<b>3,446,790</b>	<b>1,248,965</b>
Commercial credit, finance, and mortgage companies.....	210,000		21,371,075		50,000		21,421,075	
Industrial and personal loan companies.....			137,760			111,489	249,249	
Insurance companies.....								
Banks and trust companies.....								
Other financial and investment companies.....								
<b>Total financial and investment companies.....</b>	<b>210,000</b>		<b>24,955,625</b>		<b>50,000</b>	<b>111,489</b>	<b>25,117,114</b>	<b>1,248,965</b>
Merchandising.....	21,959,636		13,690,113	849,400	9,070,000	100,000	23,709,513	565,000
Real estate.....			164,651	350,000		138,285	652,936	
Construction and allied industries.....					72,665		72,665	
Transportation and communication.....	24,260,600	291,187	435,249,153	24,588,000	2,125,000	548,175	462,510,328	
Service industries.....	1,964,710		524,275		22,000	357,744	904,019	
Electric light and power, gas, and water:								
Operating-holding companies.....	7,948,082		211,611,215				211,611,215	7,500,000
Operating companies.....	76,301,384	13,704,799	699,576,058	13,837,686	1,195,089	7,609,439	722,218,272	5,982,692
<b>Total electric light and power, gas, and water.....</b>	<b>84,249,466</b>	<b>13,704,799</b>	<b>911,187,273</b>	<b>13,837,686</b>	<b>1,195,089</b>	<b>7,609,439</b>	<b>933,829,487</b>	<b>13,482,692</b>
Miscellaneous domestic companies.....			18,637,010		4,847,610		23,484,620	3,843
Foreign companies.....								
Foreign governments and subdivisions.....			140,458,465	82,211,300			222,669,765	
<b>Grand total.....</b>	<b>225,135,744</b>	<b>21,036,479</b>	<b>1,725,300,150</b>	<b>138,224,179</b>	<b>45,917,820</b>	<b>24,407,194</b>	<b>1,933,849,343</b>	<b>19,772,243</b>

TABLE 7.—Channels of distribution of new securities registered for account of issuers and fully effective July 1, 1936–June 30, 1937

[Estimated gross proceeds in dollars]

Industry	To own security holders by—				To public by—			
	Issuers	Underwriters	Agents	Total	Issuers	Underwriters	Agents	Total
Agriculture.....						2,500,000		2,500,000
Extractive industries:								
Coal mining.....		1,122,000		1,122,000		500,000		500,000
Metal mining.....	222,170	1,053,996		1,276,166	2,021,138	1,080,960	9,723,186	12,825,284
Oil and gas wells.....	1,150,000	1,350,600	162,500	2,663,100	345,345	11,937,885	4,107,448	16,390,678
Quarrying and nonmetal mining.....	146,426			146,426				
Other extractive industries.....		1,000,005		1,000,005		421,400	110,000	531,400
Total extractive industries.....	1,518,596	4,526,601	162,500	6,207,697	2,366,483	13,940,245	13,940,634	30,247,362
Manufacturing industries:								
Food and related products.....	6,132,340		135,160	6,267,500		65,781,634	6,061,001	71,842,635
Tobacco products.....	5,193,300			5,193,300				
Beverages:								
Beer, ale, etc.....	1,949,914	734,265		2,684,179	2,005,000	622,886	1,166,835	3,794,721
Distilled liquors.....	440,000	958,906		1,393,906	202,000	17,550,000	2,362,500	20,114,500
Other beverages.....						470,000		470,000
Total beverages.....	2,389,914	1,693,171		4,083,085	2,207,000	18,642,886	3,529,335	24,379,221
Textiles and their products.....	539,096	7,034,178	557,880	8,131,154	544,704	11,643,376	1,851,936	14,040,016
Lumber and lumber products.....	1,569,375		355,000	1,924,375		5,331,250	400,060	5,731,250
Paper and paper products.....	4,178,134	4,578,000		8,756,134	972,200	33,250,165	575,000	34,797,365
Printing, publishing, and allied industries.....	391,815		412,500	804,315	87,800	9,929,119	1,077,093	11,094,012
Chemicals and allied products.....	75,000	841,273		916,273	506,000	68,480,840	535,000	69,515,840
Mineral oil refining (including distribution).....	73,825,060	4,150,000		77,975,060		52,592,500	1,780,000	54,372,500
Tire and other rubber products.....		1,761,950		1,761,950		29,598,297	593,000	30,191,297
Leather and leather manufactures.....		1,500,000		1,500,000	4,058,053	2,533,715		6,591,768
Building and related products.....	2,215,175	25,423,305	217,847	27,856,327		14,137,386	2,781,122	16,918,508
Iron and steel (excluding machinery).....	1,318,203	21,238,589		22,556,792		103,333,487		103,333,487
Nonferrous metals.....	25,992,760	23,065,970		49,058,730		916,750	225,812	1,172,562
Machinery and tools (excluding transportation equipment).....	2,232,682	10,779,554		13,012,236		19,497,180	5,339,709	24,836,889
Transportation equipment.....	13,715,120	25,860,885	310,000	39,886,005	1,935,389	27,005,582	10,944,631	39,885,602
Miscellaneous manufacturing industries.....	7,672,556	23,990,019		31,662,575	500,000	12,967,218		16,485,343
Total manufacturing industries.....	147,440,530	151,916,894	1,988,387	301,345,811	10,805,146	475,671,385	38,711,764	525,188,295

Financial and investment companies:								
Investment and trading companies:								
General and limited management companies.....	200,400			200,400	59,236,179	8,625,000	215,246,839	283,108,018
Fixed trusts.....			2,500,600	2,500,000			59,750,500	59,750,500
Total investment and trading companies.....	200,400		2,500,000	2,700,400	59,236,179	8,625,000	274,997,339	342,858,518
Commercial credit, finance, and mortgage.....	125,000	1,882,152	1,317,500	3,424,652	2,500,000	231,367,830	4,019,732	237,887,582
Industrial and personal-loan companies.....	750,000	716,659	910,810	2,377,469		8,834,950	4,006,450	12,841,400
Insurance companies.....	1,960,000			1,960,000	205,000	5,070,000	1,475,000	6,750,000
Banks and trust companies.....								
Other financial and investment companies.....					480,000		1,125,000	1,605,000
Total financial and investment companies.....	3,035,400	2,698,811	4,728,310	10,462,521	62,421,179	253,897,780	285,623,521	601,942,480
Merchandising.....	29,819,661	44,085,415		73,905,676	2,882,500	89,252,739	6,093,676	98,228,915
Real estate.....	140,000			140,000		150,000	1,695,125	1,845,125
Construction and allied industries.....						132,750		132,750
Transportation and communication.....		6,329,387		6,329,387	623,719	470,818,409	1,300,000	472,742,128
Service industries.....	515,433	887,917		1,403,350	4,723,160	2,862,999	3,961,659	11,547,818
Electric light and power, gas, and water:								
Operating-holding companies.....						235,112,500		235,112,500
Operating companies.....	304,095	56,504,770		56,808,865	150,000	769,494,374	17,323,265	786,967,639
Total electric light and power, gas, and water.....	304,095	56,504,770		56,808,865	150,000	1,004,606,874	17,323,265	1,022,080,139
Miscellaneous domestic companies.....					200,010	25,500,000	487,600	26,187,010
Foreign companies.....								
Foreign governments and subdivisions.....						229,005,000		229,005,000
Grand total.....	182,773,715	206,949,795	6,879,197	456,602,707	84,172,197	2,568,338,181	369,136,644	3,021,647,022

TABLE 7.—Channels of distribution of new securities registered for account of issuers and fully effective July 1, 1936–June 30, 1937—Continued

[Estimated gross proceeds in dollars]

Industry	To "others" by—				Total distribution by—			Grand total
	Issuers	Underwriters	Agents	Total	Issuers	Underwriters	Agents	
Agriculture.....						2,500,000		2,500,000
Extractive industries:								
Coal mining.....	220,000			220,000	220,000	1,622,000		1,842,000
Metal mining.....	107,175			107,175	2,350,483	2,134,956	9,723,186	14,208,625
Oil and gas wells.....		3,118,800		3,118,800	1,495,345	16,407,285	4,269,948	22,172,578
Quarrying and nonmetal mining.....					146,426			146,426
Other extractive industries.....						1,421,405	110,000	1,531,405
Total extractive industries.....	327,175	3,118,800		3,445,975	4,212,254	21,585,646	14,103,134	39,901,034
Manufacturing industries:								
Food and related products.....	7,193,750			7,193,750	13,326,090	65,781,634	6,196,161	85,303,885
Tobacco products.....					5,193,300			5,193,300
Beverages:								
Beer, ale, etc.....					3,954,914	1,357,151	1,166,835	6,478,900
Distilled liquors.....			126,250	126,250	642,000	18,508,906	2,488,750	21,639,656
Other beverages.....						470,000		470,000
Total beverages.....			126,250	126,250	4,596,914	20,336,057	3,655,585	28,588,556
Textiles and their products.....	180,000	18,000		198,000	1,263,800	18,695,554	2,409,816	22,369,170
Lumber and lumber products.....					1,569,375	5,311,250	765,000	7,655,625
Paper and paper products.....	1,026,250			1,026,250	6,176,584	37,828,165	575,000	44,579,749
Printing, publishing, and allied industries.....	68,225			68,225	547,840	9,929,119	1,489,593	11,966,552
Chemicals and allied products.....	19,728			19,728	594,728	69,322,113	535,000	70,451,841
Mineral oil refining (including distribution).....	1,630			1,630	73,826,690	56,742,509	1,780,000	132,349,190
Tire and other rubber products.....	74,000			74,000	31,360,247		593,000	32,027,247
Leather and leather manufactures.....		32,000		32,000	4,058,053	4,065,715		8,123,768
Building and related products.....	20,833			20,833	2,236,008	39,560,691	2,998,969	44,795,668
Iron and steel (excluding machinery).....					1,318,203	124,572,076		125,890,279
Nonferrous metals.....	3,000			3,000	25,995,780	24,012,720	225,812	50,234,292
Machinery and tools (excluding transportation equipment).....	276,204			276,204	2,508,886	30,276,734	5,339,709	38,125,329
Transportation equipment.....	433,150	71,250		504,400	16,033,659	52,937,717	11,254,631	80,276,007
Miscellaneous manufacturing industries.....	101,750	368,251		470,001	8,274,306	37,325,488	3,018,125	48,617,919
Total manufacturing industries.....	9,398,520	489,501	126,250	10,014,271	167,644,196	628,077,780	40,826,401	836,548,377

Financial and investment companies:								
Investment and trading companies:								
General and limited management companies.....	33,018,043			33,018,043	92,454,622	8,625,000	215,248,839	316,328,461
Fixed trusts.....							62,250,500	62,250,500
Total investment and trading companies.....	33,018,043			33,018,043	92,454,622	8,625,000	277,497,339	378,578,961
Commercial credit, finance, and mortgage:					2,625,000	233,349,982	5,337,232	241,312,214
Industrial and personal-loan companies.....					750,000	9,551,609	4,917,260	15,218,869
Insurance companies.....	2,530,000			2,530,000	4,695,000	5,070,000	1,475,000	11,240,000
Banks and trust companies.....								
Other financial and investment companies.....					480,000		1,125,000	1,605,000
Total financial and investment companies.....	35,548,043			35,548,043	101,004,622	256,596,591	290,351,531	647,953,044
Merchandising.....	17,459,188	478,500	32,500	17,970,188	50,161,349	133,816,654	6,126,176	190,104,179
Real estate.....					140,000	150,000	1,695,125	1,685,125
Construction and allied industries.....						132,750		132,750
Transportation and communication.....	50,444,020			50,444,020	51,067,739	477,147,796	1,300,000	529,515,535
Service industries.....	400,000			400,000	5,638,593	3,750,916	3,961,659	13,351,168
Electric light and power, gas, and water:								
Operating-holding companies.....						235,112,500		235,112,500
Operating companies.....	31,467,676		5,546,250	37,013,926	31,921,771	825,999,144	22,869,515	880,796,430
Total electric light and power, gas and, water.....	31,467,676		5,546,250	37,013,926	31,921,771	1,061,111,644	22,869,515	1,115,902,930
Miscellaneous domestic companies.....					200,010	25,500,000	487,000	26,187,010
Foreign companies.....								
Foreign governments and subdivisions.....						229,005,000		229,005,000
Grand total.....	145,044,622	4,086,801	5,705,000	154,836,423	411,990,534	2,839,374,777	381,720,841	3,633,086,152



TABLE 8.—Type classification, by months, of securities included in registration statements for reorganization and exchange issues fully effective July 1, 1936-June 30, 1937

Month	Number of statements	Number of issues								Approximate market value <sup>1</sup> in dollars									
		Common stock	Preferred stock	Certificates of participation, etc.	Secured bonds	Debentures	Short-term notes	Certificates of deposit	Voting trust certificates	Total	Common stock	Preferred stock	Certificates of participation, beneficial interest, etc.	Secured bonds	Debentures	Short-term notes	Certificates of deposit	Voting trust certificates	Total
<i>1936</i>																			
July	7	2	2	1	1	1		2		9	1,767,512	630,667	675,000	1,029,159	392,933		1,824,507		6,319,778
August	4	1			1			1	2	5	25,151			339,349			372,225	2,746,666	3,483,391
September	5				1			6		7				44,226			5,974,777		6,019,003
October	4	2	1					2	2	5	1,628,680	566,911						303,685	2,499,276
November	7				1			6	3	10				3,738,900			4,913,711	662,500	9,315,111
December	5	1			1	1		2	1	6	3,018,750			74,333	141,833		3,569,339	300,284	7,104,539
<i>1937</i>																			
January	6	3	1		1	1		10	2	18	17,546,881	936,636		40,310	2,622,375		1,143,964	12,663,281	34,953,447
February	4							2	2	4							738,766	2,329,126	3,067,892
March	4	1	1	1	1	1		4	3	12	4,868	486,778	4,000,000	65,000,000	1,216,946		725,000	249,490	71,683,082
April	4	1	2		1			2	6	6	3,250,000	1,515,334		312,000				900,705	5,978,039
May	0		2							2		13,641,921							13,641,921
June	3	1			1				2	4	9,501			199,318				188,097	396,916
Total	53	12	9	2	9	4		33	19	88	27,251,343	17,778,247	4,675,000	70,777,595	4,374,087		19,262,289	20,343,834	164,462,395

<sup>1</sup> Represents actual market value or ½ of face value when market value was not available or applicable.

TABLE 9.—Industry group classification, by months, of securities included in registration statements for reorganization and exchange issues fully effective July 1, 1936–June 30, 1937

Month	Number of issues										Approximate market value <sup>1</sup> in dollars													
	Agriculture	Extractive	Manufacturing	Financial and investment	Merchandising	Real estate	Construction	Transportation and communication	Service	Electric light, power, gas, and water	Other	Total	Agriculture	Extractive	Manufacturing	Financial and investment	Merchandising	Real estate	Construction	Transportation and communication	Service	Electric light, power, gas, and water	Other	Total
<i>1936</i>																								
July			5	3					1			9			3,890,019	2,097,092					332,667			6,319,778
August	1		1			3						5	372,225		2,721,515			389,651						3,483,391
September			2					3	1			7			2,688,585				3,081,747	44,226			204,445	6,019,003
October			4	1								5			2,345,565	153,708								2,499,276
November			1	2		1		4				10			487,500	500,785		156,600		7,652,800			517,420	9,315,111
December			1		2					1		6			3,427,506		283,666					300,284	3,093,083	7,104,539
<i>1937</i>																								
January			3	1		12					2	18			10,522,055	2,080,236		1,184,681					21,166,475	34,953,447
February		1	1			1						4		234,132	392,966			345,800			2,094,994			3,067,892
March			3									12			249,490								71,433,592	71,683,082
April			5			1						6			5,660,039			312,000						5,973,039
May			2									2			13,641,921									13,641,921
June			1						3			4			178,605						218,311			396,916
Total	1	1	29	8	2	18		7	5	2	15	88	372,225	234,132	46,211,769	4,831,821	283,666	2,388,732		10,734,547	595,204	2,395,278	96,415,021	164,462,395

<sup>1</sup> Represents actual market value or 1/3 of face value when market value was not available or applicable.

TABLE 10.—Private placings of securities <sup>1</sup> July 1, 1934—June 30, 1937

Year and month	Total		Type of security		Group classification of issuer			Proceeds intended for—			
	Number of issues	Gross proceeds	Bonds and notes	Stocks	Public utility	Industrial	Other	Repayment of indebtedness	Plant and equipment	Working capital	Other
<i>1934</i>											
July.....	1	\$6,500,000	\$6,500,000	-----	-----	\$6,500,000	-----	\$6,500,000	-----	-----	-----
August.....	2	9,999,250	9,999,250	-----	\$5,999,250	4,000,000	-----	9,499,250	\$500,000	-----	-----
September.....	1	9,774,760	9,774,760	-----	9,774,760	-----	-----	9,774,760	-----	-----	-----
October.....	2	1,045,508	-----	\$1,045,508	-----	1,045,508	-----	-----	-----	-----	-----
November.....	6	48,033,804	47,893,804	140,000	18,602,800	28,991,004	\$440,000	44,843,204	-----	\$2,610,600	\$1,045,508
December.....	3	4,898,501	4,898,501	-----	2,017,896	2,880,605	-----	2,650,396	2,248,105	-----	550,000
<i>1935</i>											
January.....	7	45,507,037	45,507,037	-----	450,736	22,306,301	22,750,000	31,036,000	456,037	13,665,000	350,000
February.....	2	38,919,775	38,919,775	-----	1,919,775	37,000,000	-----	38,919,775	-----	-----	-----
March.....	1	443,025	443,025	-----	443,025	-----	-----	443,025	-----	-----	-----
April.....	4	6,866,068	5,108,500	1,757,568	3,866,068	3,000,000	-----	5,108,500	1,757,568	-----	-----
May.....	3	33,451,250	33,451,250	-----	13,451,250	20,000,000	-----	32,954,250	-----	497,000	-----
June.....	7	51,431,000	51,431,000	-----	21,181,000	28,000,000	2,250,000	49,181,000	-----	2,250,000	-----
Total, fiscal year 1935.....	39	256,869,978	253,926,902	2,943,076	77,706,560	153,723,418	25,440,000	230,910,160	4,961,710	19,022,600	1,975,508
<i>1935</i>											
July.....	4	15,511,000	15,511,000	-----	12,511,000	3,000,000	-----	15,511,000	-----	-----	-----
August.....	7	31,626,270	31,626,270	-----	24,374,270	7,252,000	-----	31,191,270	83,000	352,000	-----
September.....	4	16,147,250	16,147,250	-----	1,517,250	14,630,000	-----	16,147,250	-----	-----	-----
October.....	4	24,690,000	24,690,000	-----	21,690,000	3,000,000	-----	24,690,000	-----	-----	-----
November.....	4	31,017,934	31,017,934	-----	15,017,934	16,000,000	-----	29,952,000	1,065,934	-----	-----
December.....	1	3,500,000	3,500,000	-----	3,500,000	-----	-----	3,500,000	-----	-----	-----
<i>1936</i>											
January.....	3	36,050,000	36,050,000	-----	35,000,000	1,050,000	-----	36,050,000	-----	-----	-----
February.....	2	8,650,000	8,650,000	-----	-----	8,650,000	-----	8,650,000	-----	-----	-----
March.....	4	24,386,600	23,201,000	1,185,600	16,080,000	8,306,600	-----	-----	23,201,000	1,185,600	-----
April.....	1	7,000,000	7,000,000	-----	-----	7,000,000	-----	7,000,000	-----	-----	-----
May.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
June.....	3	14,620,000	14,620,000	-----	3,120,000	11,500,000	-----	10,142,000	-----	4,478,000	-----
Total, fiscal year 1936.....	37	213,199,054	212,013,454	1,185,600	132,810,454	80,388,600	-----	182,833,520	24,349,934	6,015,600	-----

<i>1936</i>										
July.....	6	76,254,105	76,254,105		66,183,105	10,071,000		76,254,105		
August.....										
September.....	1	5,500,000	5,500,000		5,500,000			5,500,000		
October.....	1	1,362,000	1,362,000		1,362,000			1,362,000		
November.....	3	41,495,000	41,495,000		5,000,000	3,000,000	33,495,000	5,000,000		36,495,000
December.....	3	14,010,151	14,010,151		14,010,151			14,010,151		
<i>1937</i>										
January.....	4	36,515,000	36,515,000		1,515,000	35,000,000		36,029,000		486,000
February.....	1	2,000,000	2,000,000		2,000,000			2,000,000	2,000,000	
March.....	2	8,000,000	8,000,000		2,000,000	6,000,000		5,150,000	2,000,000	850,000
April.....	4	8,817,700	8,210,000	607,700	8,817,700			5,010,000	3,807,700	
May.....	3	101,625,000	101,625,000			101,625,000		23,125,000		73,500,000
June.....										5,000,000
Total, fiscal year 1937....	28	295,578,956	294,971,256	607,700	106,387,956	155,696,000	33,495,000	171,440,256	7,807,700	111,331,000
Grand total.....	104	765,647,988	760,911,612	4,736,376	316,904,970	389,808,018	58,935,000	585,183,936	37,119,344	136,369,200

<sup>1</sup> Registered private placings and private placings of exempt securities are excluded.

TABLE 11, PART 1.—Transactions in all stocks for account of members, New York Stock Exchange, by weeks, Mar. 2, 1936—June 26, 1937

(Thousands of shares)

Week ended Saturday	Total volume of round-lot sales effected on the exchange	Round-lot transactions initiated on the floor by members (except specialists and odd-lot dealers in stocks in which they are registered)				Round-lot transactions initiated off the floor by members (except specialists and odd-lot dealers in stocks in which they are registered)				Round-lot transactions of specialists in stocks in which they are registered				Round-lot transactions of odd-lot dealers in stocks in which they are registered			Odd-lot transactions of odd-lot dealers and specialists in stocks in which registered		
		Purchases	Sales	Total	Percent of round-lot volume <sup>1</sup>	Purchases	Sales	Total	Percent of round-lot volume <sup>1</sup>	Purchases	Sales	Total	Percent of round-lot volume <sup>1</sup>	Purchases	Sales	Total	Purchases	Sales	Total
<i>1936</i>																			
Mar. 7	(?)	1,173.4	1,227.8	2,401.2	(?)	689.9	770.0	1,459.9	(?)	1,361.3	1,350.4	2,711.7	(?)	383.9	352.1	736.0	2,020.5	1,986.1	4,006.6
14	(?)	1,167.7	1,151.6	2,319.3	(?)	615.9	821.7	1,437.6	(?)	1,525.1	1,588.3	3,113.4	(?)	369.5	355.8	725.3	2,030.0	2,129.0	4,159.0
21	(?)	1,036.5	1,021.2	2,057.7	(?)	501.0	596.5	1,097.5	(?)	1,002.1	1,051.9	2,054.0	(?)	246.8	263.4	510.2	1,523.8	1,423.7	2,947.5
28	(?)	854.2	901.7	1,755.9	(?)	387.7	505.0	892.7	(?)	931.7	940.0	1,871.7	(?)	244.1	280.1	524.2	1,364.2	1,359.2	2,723.4
Apr. 4	(?)	646.9	677.9	1,324.8	(?)	372.2	444.9	817.1	(?)	817.2	836.0	1,653.2	(?)	234.5	241.5	476.0	1,277.2	1,243.2	2,520.4
11	(?)	648.4	707.7	1,356.1	(?)	412.8	397.9	810.7	(?)	735.2	708.0	1,443.2	(?)	222.9	219.6	442.5	1,186.2	1,207.8	2,394.0
18	(?)	535.1	600.0	1,135.1	(?)	385.5	403.7	789.2	(?)	830.9	858.8	1,689.7	(?)	260.0	199.8	459.8	1,244.2	1,321.0	2,565.2
25	(?)	717.4	701.2	1,418.6	(?)	469.7	592.9	1,062.6	(?)	993.6	1,006.1	1,999.7	(?)	256.6	246.6	503.2	1,402.0	1,460.9	2,862.9
May 2	(?)	846.3	884.1	1,730.4	(?)	524.8	618.5	1,143.3	(?)	1,105.4	1,800.0	2,905.4	(?)	297.9	215.9	513.8	1,566.5	1,736.2	3,302.7
9	(?)	465.0	475.4	940.4	(?)	269.3	294.1	563.4	(?)	621.3	618.4	1,239.7	(?)	219.4	116.9	336.3	816.6	905.7	1,722.3
16	(?)	350.9	334.2	685.1	(?)	245.4	235.4	480.8	(?)	486.1	447.5	933.6	(?)	178.5	121.9	300.4	702.2	729.7	1,431.9
23	(?)	364.8	344.2	709.0	(?)	238.8	262.5	501.3	(?)	486.3	461.2	947.5	(?)	144.5	135.5	279.9	728.5	686.7	1,415.2
30	(?)	382.8	368.7	751.5	(?)	299.2	218.9	518.1	(?)	453.5	445.0	898.5	(?)	146.3	162.0	308.3	717.3	655.7	1,373.0
June 6	(?)	278.1	299.5	577.6	(?)	152.1	190.6	342.7	(?)	378.1	375.8	753.1	(?)	137.7	124.5	262.2	632.6	646.8	1,279.4
13	(?)	462.5	435.6	898.1	(?)	271.4	291.3	562.7	(?)	526.4	497.2	1,023.6	(?)	142.6	170.9	313.5	796.5	724.0	1,520.5
20	(?)	407.0	422.4	829.4	(?)	242.9	275.4	518.3	(?)	515.8	532.8	1,048.6	(?)	137.0	194.4	331.4	809.7	740.0	1,549.7
27	(?)	461.4	516.0	977.4	(?)	291.0	333.4	624.4	(?)	549.1	578.9	1,128.0	(?)	139.2	240.3	379.5	900.3	808.6	1,708.9
July 4	(?)	407.6	391.8	799.4	(?)	255.7	254.2	509.9	(?)	437.8	423.2	861.0	(?)	150.4	170.4	320.8	729.2	735.0	1,464.2
11	(?)	549.4	498.9	1,048.3	(?)	376.7	353.5	730.2	(?)	640.3	598.7	1,239.0	(?)	181.5	217.0	398.5	1,013.1	935.8	1,948.9
18	(?)	642.5	651.6	1,294.1	(?)	424.5	509.9	934.4	(?)	901.8	884.7	1,786.5	(?)	216.8	308.8	525.6	1,256.6	1,220.9	2,477.5
25	(?)	579.2	566.3	1,145.5	(?)	396.1	404.9	801.0	(?)	767.5	774.0	1,541.5	(?)	212.2	234.7	446.9	1,208.3	1,157.5	2,365.8
Aug. 1	(?)	723.3	778.9	1,502.2	(?)	372.2	518.7	890.9	(?)	898.6	934.5	1,833.1	(?)	282.7	263.8	546.5	1,356.2	1,439.7	2,795.9
8	(?)	526.1	494.6	1,020.7	(?)	276.1	328.0	604.1	(?)	696.6	664.5	1,361.1	(?)	225.9	188.4	415.3	1,061.9	1,086.3	2,148.2
15	(?)	374.7	416.5	791.2	(?)	241.0	281.1	522.1	(?)	619.2	690.7	1,309.9	(?)	216.8	202.1	418.9	1,081.0	1,085.2	2,166.2
22	(?)	307.5	327.2	634.7	(?)	220.1	253.9	474.0	(?)	547.6	569.2	1,116.8	(?)	182.9	178.7	361.6	903.4	924.4	1,827.8
29	(?)	411.7	386.0	797.7	(?)	277.5	278.9	556.4	(?)	627.6	601.9	1,229.5	(?)	174.3	209.3	383.6	901.4	862.8	1,764.2
Sept. 5	(?)	420.3	395.6	815.9	(?)	334.7	370.1	704.8	(?)	660.8	602.8	1,263.6	(?)	170.9	221.1	392.0	1,029.6	970.8	1,980.4
12	(?)	441.5	460.1	901.6	(?)	322.6	389.1	711.7	(?)	601.4	638.5	1,239.9	(?)	209.9	205.9	415.8	987.5	999.6	1,987.1
19	(?)	400.3	384.1	784.4	(?)	327.9	379.0	706.9	(?)	602.7	588.0	1,190.7	(?)	200.8	189.9	390.7	911.0	910.7	1,821.7
26	(?)	611.8	657.2	1,269.0	(?)	436.1	457.3	893.4	(?)	808.6	809.5	1,618.1	(?)	219.5	273.8	493.3	1,194.6	1,114.6	2,309.2

Oct. 3	9,916.3	734.8	680.8	1,415.6	7.1	469.5	507.9	977.4	4.9	803.1	781.5	1,584.6	8.0	215.7	292.2	507.9	1,268.6	1,158.4	2,427.0
10	14,401.2	1,220.7	1,071.0	2,291.7	8.0	727.6	664.3	1,391.9	4.8	1,285.5	1,224.6	2,510.1	8.7	256.1	448.0	704.1	1,801.6	1,627.1	3,428.7
17	9,921.8	641.5	650.4	1,291.9	6.6	507.5	499.3	1,006.8	5.1	813.0	854.2	1,667.2	8.4	191.2	374.5	565.7	1,304.8	1,195.5	2,497.3
24	10,445.4	736.5	699.0	1,435.5	6.6	663.8	450.2	1,114.0	5.3	897.2	863.5	1,760.7	8.4	227.5	349.6	577.1	1,416.3	1,290.3	2,706.6
31	9,630.0	587.5	623.9	1,211.4	6.3	453.7	461.1	914.8	4.8	787.6	821.2	1,608.8	8.4	202.1	306.6	608.7	1,331.5	1,240.7	2,572.2
Nov. 7	14,710.9	929.3	891.2	1,820.5	6.2	664.6	698.3	1,372.8	4.7	1,289.9	1,297.2	2,587.1	8.8	380.7	279.0	659.7	1,753.7	1,930.1	3,683.8
14	13,421.2	730.8	750.1	1,480.9	5.5	479.8	630.6	1,110.4	4.1	1,265.4	1,257.9	2,523.3	9.4	510.0	249.0	759.0	1,715.9	2,033.6	3,749.5
21	15,272.4	1,042.3	985.7	2,028.0	6.6	580.0	728.9	1,308.9	4.3	1,281.4	1,311.4	2,592.8	8.5	466.6	316.8	783.4	1,866.3	2,016.0	3,882.3
28	10,664.6	752.3	698.7	1,451.0	6.8	421.9	548.5	970.4	4.6	958.9	958.9	1,918.8	9.0	288.0	244.0	532.0	1,318.9	1,304.5	2,623.4
Dec. 5	13,307.3	1,006.8	1,009.0	2,015.8	7.6	457.4	560.8	1,018.2	3.8	1,150.9	1,152.2	2,303.1	8.6	268.3	299.5	567.8	1,549.7	1,527.8	3,077.5
12	12,761.4	997.0	933.8	1,980.8	7.7	554.1	653.7	1,207.8	4.7	1,052.3	1,042.5	2,094.8	8.2	258.4	282.5	540.9	1,476.7	1,432.7	2,909.4
19	13,986.6	1,023.8	1,072.8	2,096.6	7.5	602.0	715.3	1,317.3	4.1	1,187.6	1,148.9	2,336.5	8.4	310.9	346.4	657.3	1,728.8	1,688.9	3,417.7
26	7,725.4	500.4	557.9	1,058.3	6.8	334.0	336.3	670.3	4.3	700.8	651.9	1,352.7	8.8	208.2	162.8	371.0	912.7	979.0	1,881.7
1937																			
Jan. 2	9,684.4	540.2	527.4	1,067.6	5.5	485.6	512.4	998.0	5.2	853.3	833.9	1,687.2	8.7	292.8	201.8	494.6	1,204.7	1,317.9	2,522.6
9	14,335.4	968.7	1,112.3	2,081.0	7.2	607.6	796.4	1,404.0	4.9	1,154.0	1,226.2	2,380.2	8.3	453.4	278.6	732.0	1,664.6	1,840.4	3,505.0
16	19,693.5	1,515.9	1,570.3	3,086.2	7.8	750.9	971.6	1,722.5	4.4	1,577.7	1,569.5	3,147.2	8.0	547.1	381.3	928.4	2,294.6	2,409.9	4,704.5
23	17,162.6	1,133.2	1,253.9	2,387.1	7.0	618.9	767.6	1,386.5	4.0	1,521.8	1,537.0	3,058.8	8.9	458.2	343.2	801.4	2,097.0	2,197.3	4,294.3
30	13,104.7	866.1	878.3	1,744.4	6.7	500.0	697.5	1,197.5	4.6	1,111.7	1,112.7	2,224.4	8.5	426.8	280.3	707.1	1,665.0	1,834.2	3,499.2
Feb. 6	15,689.5	1,037.0	1,092.5	2,129.5	6.8	653.8	817.5	1,471.3	4.7	1,453.2	1,465.2	2,918.4	9.3	455.2	340.2	795.4	1,970.4	2,065.7	4,036.1
13	14,303.5	941.0	1,044.2	1,985.2	6.9	561.8	727.4	1,289.2	4.5	1,229.7	1,287.1	2,516.8	8.8	440.3	261.8	702.1	1,767.9	1,962.5	3,730.4
20	14,555.1	1,045.3	1,036.6	2,081.9	7.2	632.8	832.5	1,465.3	5.0	1,177.2	1,186.8	2,364.0	8.1	409.6	314.0	723.6	1,838.7	1,927.9	3,766.6
27	11,371.7	710.0	760.0	1,470.0	6.5	450.5	516.3	966.8	4.2	1,025.5	1,019.4	2,044.9	9.0	356.0	222.5	578.5	1,434.8	1,551.7	2,986.5
Mar. 6	16,513.9	1,032.0	1,244.2	2,276.2	6.9	735.2	1,201.4	1,936.6	5.9	1,452.3	1,402.3	2,853.6	8.6	485.9	391.5	877.8	2,110.6	2,192.4	4,303.0
13	16,177.8	1,041.2	1,306.5	2,347.7	7.3	683.0	1,081.3	1,764.3	5.4	1,376.2	1,386.1	2,762.3	8.5	604.5	337.3	941.8	2,159.0	2,442.3	4,601.3
20	11,381.6	684.0	733.3	1,417.8	6.2	493.3	657.0	1,150.3	5.0	1,028.8	1,053.8	2,082.6	9.2	377.3	247.8	625.1	1,603.1	1,749.7	3,352.8
27	7,449.4	406.5	463.1	869.6	5.8	315.5	350.5	666.0	4.5	917.4	731.0	1,648.4	9.7	256.9	174.5	431.4	1,196.1	1,317.3	2,513.4
Apr. 3	7,862.8	514.7	516.6	1,031.3	6.6	340.4	405.0	745.4	4.7	713.9	724.6	1,438.5	9.2	293.1	174.6	467.7	1,134.7	1,250.3	2,385.0
10	9,444.2	699.4	748.8	1,448.2	7.7	419.8	529.2	949.0	5.0	889.8	946.1	1,835.9	9.7	358.7	183.5	542.2	1,249.1	1,467.7	2,716.8
17	7,198.7	606.4	605.9	1,212.3	8.4	250.4	417.8	668.2	4.6	676.8	657.9	1,334.7	9.3	305.2	151.2	456.4	985.6	1,090.0	2,075.6
24	6,950.7	462.5	566.9	1,029.4	7.4	284.0	408.9	672.9	4.8	599.8	618.0	1,217.8	8.8	295.6	165.8	461.4	1,005.5	1,141.2	2,146.7
May 1	10,932.1	806.8	829.0	1,635.8	7.5	413.2	622.8	1,066.0	4.9	1,062.6	1,098.3	2,160.9	9.9	466.1	169.8	655.9	1,435.6	1,839.3	3,274.9
8	4,450.6	282.7	344.0	626.7	7.4	220.8	283.9	504.7	5.8	432.2	433.6	865.8	9.7	235.8	104.9	340.7	703.9	790.6	1,494.5
15	6,012.8	368.8	436.4	805.2	6.7	196.0	331.5	527.5	4.4	538.3	569.1	1,107.4	9.2	302.7	123.9	426.6	984.7	1,086.3	1,951.0
22	5,420.0	323.2	342.5	665.7	6.1	205.8	282.7	488.5	4.5	531.8	533.9	995.9	9.8	245.0	136.7	381.7	805.7	916.8	1,722.5
29	3,470.6	203.4	247.0	450.4	6.5	139.7	171.9	311.6	4.5	335.9	329.9	665.8	9.6	160.6	89.8	250.4	530.4	583.2	1,113.6
June 5	3,146.4	166.8	195.8	362.6	5.8	112.6	173.3	285.9	4.5	309.4	308.7	609.1	9.7	150.8	82.2	232.8	505.6	577.1	1,082.7
12	3,685.5	181.4	232.8	414.2	5.6	138.1	222.7	360.8	4.9	325.9	322.7	648.6	8.8	187.0	93.0	280.0	587.5	683.2	1,270.7
19	5,450.4	318.7	334.2	662.9	6.1	208.3	230.3	438.6	4.0	555.2	590.5	1,146.7	10.5	292.5	117.5	410.0	797.9	1,005.8	1,803.7
26	3,130.0	172.7	209.7	382.4	6.1	119.6	225.4	345.0	5.5	272.2	269.0	541.2	8.7	183.3	67.2	250.5	484.4	575.2	1,059.6

<sup>1</sup> In calculating these percentages the total of members' transactions is compared with twice the total exchange volume for the reason that the total of members' transaction includes both purchases and sales while the total exchange volume includes only sales.

<sup>2</sup> Not available. Mar. 2, 1936, through Sept. 26, 1936.

TABLE 11, PART 1.—Transactions in all stocks for account of members, New York Curb Exchange, by weeks, Mar. 16, 1936-June 26, 1937—Con.

[Thousands of shares]

Week ended Saturday—	Total volume of round-lot sales effected on the exchange	Round-lot transactions initiated on the floor by members (except specialists in stocks in which they are registered)				Round-lot transactions initiated off the floor by members (except specialists in stocks in which they are registered)				Round-lot transactions of specialists in stocks in which they are registered 1				Odd-lot transactions of specialists in stocks in which they are registered		
		Purchases	Sales	Total	Percent of round-lot volume 2	Purchases	Sales	Total	Percent of round-lot volume 2	Purchases	Sales	Total	Percent of round-lot volume 2	Purchases	Sales	Total
1936																
Mar. 21	(2)	202.6	262.2	554.8	(2)	127.8	126.1	253.9	(2)	347.9	447.8	795.7	(2)	242.0	156.3	398.3
28	(2)	176.1	197.4	373.5	(2)	87.1	105.6	193.7	(2)	328.2	345.2	673.4	(2)	193.6	148.8	342.4
Apr. 4	(2)	133.6	135.5	269.1	(2)	92.2	94.2	186.4	(2)	275.7	308.8	584.5	(2)	169.3	136.2	305.5
11	(2)	114.6	108.9	223.5	(2)	84.6	67.0	151.6	(2)	208.8	275.4	484.2	(2)	148.0	120.9	268.9
18	(2)	143.2	151.0	294.2	(2)	95.1	82.8	177.9	(2)	268.6	328.7	597.3	(2)	162.1	127.4	289.5
25	(2)	115.6	143.8	259.4	(2)	83.3	80.6	163.9	(2)	276.2	309.3	585.5	(2)	151.0	126.7	277.7
May 2	(2)	131.1	148.4	279.5	(2)	106.6	80.6	187.2	(2)	281.0	332.7	613.7	(2)	133.1	120.8	253.9
9	(2)	57.2	59.6	116.8	(2)	58.9	66.7	125.6	(2)	167.9	177.2	345.1	(2)	88.1	66.2	154.3
16	(2)	40.0	35.8	75.8	(2)	36.0	32.4	68.4	(2)	118.7	159.1	277.8	(2)	87.8	52.9	140.7
23	(2)	45.8	45.5	91.3	(2)	48.6	33.9	82.5	(2)	128.3	169.9	298.2	(2)	91.5	57.2	148.7
30	(2)	47.5	38.8	86.3	(2)	55.9	31.6	87.5	(2)	108.9	144.3	253.2	(2)	96.0	55.4	151.4
June 6	(2)	27.9	23.1	51.0	(2)	44.0	44.7	88.7	(2)	112.8	131.9	244.7	(2)	80.1	52.3	132.4
13	(2)	61.8	53.1	114.9	(2)	67.6	37.3	104.9	(2)	149.0	180.6	329.6	(2)	117.3	64.6	181.9
20	(2)	68.8	58.5	127.3	(2)	89.9	56.8	146.7	(2)	146.0	218.9	364.9	(2)	125.4	69.3	194.7
27	(2)	56.7	52.4	109.1	(2)	81.7	67.6	149.3	(2)	137.8	174.5	312.3	(2)	118.5	69.6	188.1
July 4	(2)	111.3	69.8	181.1	(2)	62.5	46.6	109.1	(2)	142.0	171.6	313.6	(2)	113.6	59.7	173.3
11	(2)	114.8	92.9	207.7	(2)	70.7	58.0	128.7	(2)	183.6	221.6	405.2	(2)	138.6	74.2	212.8
18	(2)	92.3	103.6	195.9	(2)	65.1	78.3	143.4	(2)	202.2	275.0	477.2	(2)	152.5	94.4	246.9
25	(2)	69.8	68.9	138.7	(2)	74.6	61.9	136.5	(2)	166.1	250.8	416.9	(2)	158.0	89.1	247.1
Aug. 1	(2)	88.1	97.7	185.8	(2)	92.2	81.5	173.7	(2)	234.8	279.3	514.1	(2)	162.1	114.6	276.7
8	(2)	60.8	60.8	121.6	(2)	79.2	63.5	142.7	(2)	176.7	219.1	395.8	(2)	125.3	87.1	212.4
15	(2)	56.2	53.3	109.5	(2)	79.7	53.7	133.4	(2)	154.1	202.5	356.6	(2)	125.7	80.2	205.9
22	(2)	44.3	51.5	95.8	(2)	60.0	31.8	91.8	(2)	145.2	171.5	316.7	(2)	103.1	65.9	169.0
29	(2)	45.1	72.2	117.3	(2)	64.1	28.2	92.3	(2)	137.0	184.1	322.0	(2)	110.8	71.4	182.2
Sept. 5	(2)	57.4	56.2	113.6	(2)	68.2	49.9	118.1	(2)	156.3	181.9	338.2	(2)	122.6	79.0	201.6
12	(2)	55.8	48.4	104.2	(2)	52.4	45.1	97.5	(2)	149.7	175.8	325.5	(2)	123.9	77.0	200.9
19	(2)	65.7	61.6	127.3	(2)	70.9	47.8	118.7	(2)	193.7	237.5	431.2	(2)	136.4	86.9	223.3
26	(2)	63.7	75.3	139.0	(2)	86.5	55.0	141.5	(2)	206.2	271.4	477.6	(2)	156.8	95.4	252.2
Oct. 3	(2)	79.2	70.4	149.6	(2)	119.7	85.2	204.9	(2)	253.2	274.4	527.6	(2)	164.5	103.9	268.4
10	(2)	132.8	139.3	272.1	(2)	147.4	129.5	276.9	(2)	321.6	402.7	724.3	(2)	228.7	141.7	370.4
17	(2)	2,054.4	71.9	153.9	3.7	80.2	86.1	166.3	4.1	198.3	281.6	479.9	11.7	154.2	105.6	259.8
24	(2)	2,451.6	171.2	260.1	5.4	119.5	107.6	227.1	4.7	246.2	337.4	583.6	12.0	177.3	199.9	377.2
31	(2)	2,516.4	93.3	183.2	3.6	95.9	79.3	175.2	3.5	269.6	294.4	564.0	11.2	189.6	110.8	300.4

	21	3,650.7	199.7	180.9	380.6	5.2	148.2	125.6	273.8	3.8	382.8	450.0	832.8	11.1	200.3	176.2	376.5
	28	2,860.9	134.6	122.0	257.2	4.5	108.6	119.8	228.4	4.0	332.2	351.8	684.0	11.4	235.9	192.0	427.9
Dec.	5	3,355.9	135.4	118.3	253.7	3.8	141.9	109.3	251.2	3.7	315.2	398.1	713.3	12.0	176.0	141.7	317.7
	12	3,931.4	165.7	134.3	300.0	3.8	149.3	129.0	278.3	3.5	403.1	423.1	826.2	10.6	218.9	163.0	381.9
	19	4,207.5	151.4	175.6	327.0	3.9	168.6	161.9	330.5	3.9	366.2	525.5	891.7	10.6	237.9	165.7	403.6
	26	2,002.0	66.2	68.9	135.1	3.4	67.1	79.6	146.7	3.7	220.3	231.5	451.8	10.6	261.9	189.5	451.4
														11.3	134.3	99.8	234.1
1937																	
Jan.	2	2,632.5	74.8	85.1	159.9	3.0	121.9	123.8	245.7	4.7	287.5	329.5	617.0	11.7	180.0	129.3	309.3
	9	4,206.7	189.7	186.5	376.2	4.5	216.1	226.0	442.1	5.3	439.1	496.4	935.5	11.1	256.1	200.7	456.8
	16	6,411.6	327.2	312.1	639.3	5.0	255.7	214.3	470.0	3.7	624.6	704.1	1,328.7	10.4	338.3	306.0	644.3
	23	5,675.7	231.6	210.5	442.1	3.9	151.8	185.5	337.3	3.0	586.9	577.2	1,164.1	10.3	280.9	271.3	552.2
	30	4,043.9	147.4	157.3	304.7	3.8	100.8	142.0	242.8	3.0	431.4	436.9	868.3	10.7	230.2	230.7	470.9
Feb.	6	4,515.5	180.0	195.8	375.8	4.2	128.2	179.1	307.3	3.4	485.5	555.3	1,040.8	11.5	276.1	237.7	513.8
	13	3,814.8	141.5	134.2	275.7	3.6	105.5	129.5	235.0	3.1	426.8	446.8	873.6	11.5	235.6	219.4	455.0
	20	3,852.3	130.9	130.0	260.9	3.4	136.0	121.3	257.3	3.3	430.5	427.3	857.8	11.1	251.9	220.9	472.8
	27	4,032.7	137.3	181.4	318.7	4.0	83.9	126.6	210.5	2.6	328.3	412.9	741.2	9.2	196.3	177.4	373.7
Mar.	6	3,888.6	89.4	91.2	180.6	2.3	125.7	120.8	246.5	3.2	360.7	406.2	766.9	9.7	263.5	203.8	467.3
	13	3,680.4	99.2	138.8	238.0	3.2	96.6	108.5	205.1	2.8	386.7	484.8	871.5	11.8	259.1	220.8	479.9
	20	2,787.6	117.6	116.2	233.8	4.2	92.1	89.0	181.1	3.3	267.9	314.3	582.2	10.4	209.3	157.8	367.1
	27	1,851.1	47.7	59.8	107.5	2.9	45.6	42.5	88.1	2.4	207.4	243.3	450.7	12.2	137.7	107.2	244.9
Apr.	3	2,208.0	95.6	96.4	192.0	4.4	52.2	63.4	115.6	2.6	219.4	243.9	463.3	10.5	164.5	136.9	301.4
	10	2,375.7	69.3	105.9	175.2	3.7	88.2	75.8	164.0	3.5	280.3	345.8	626.1	13.2	162.1	147.0	309.1
	17	1,767.7	55.3	45.1	100.4	2.8	54.8	67.8	122.6	3.5	215.6	204.7	420.3	11.9	142.7	110.2	252.9
	24	1,618.6	36.8	40.1	76.9	2.4	54.7	61.5	116.2	3.6	177.5	226.8	404.3	12.5	131.7	102.7	234.4
May	1	2,345.7	71.8	94.0	165.8	3.5	72.6	79.7	152.3	3.3	317.7	326.2	643.9	13.7	150.0	146.8	296.8
	8	1,224.0	55.6	45.7	101.3	4.1	47.3	32.4	79.7	3.3	131.2	149.4	280.6	11.5	102.3	73.9	176.2
	15	1,446.9	43.0	63.9	106.9	3.7	34.3	43.1	77.4	2.7	168.4	187.9	356.3	12.3	100.5	89.9	190.4
	22	1,542.2	63.1	62.9	126.0	4.1	59.3	42.4	101.7	3.3	180.8	187.7	368.5	12.0	113.6	94.4	208.0
	29	937.0	27.9	27.4	55.3	3.0	40.5	36.3	76.8	4.1	106.2	128.8	235.0	12.5	83.5	55.5	139.0
June	5	777.8	19.4	21.8	41.2	2.7	35.2	28.7	63.9	4.0	90.5	102.2	192.7	12.4	69.2	44.9	114.1
	12	941.0	18.0	27.4	45.4	2.4	44.2	30.9	75.1	4.0	84.2	142.2	226.4	12.0	82.9	60.5	143.4
	19	1,235.2	44.6	49.1	93.7	3.8	50.6	29.2	79.8	3.2	141.6	170.4	312.0	12.6	88.1	75.8	163.9
	26	834.9	36.3	29.5	65.8	3.9	43.2	30.9	74.1	4.4	105.3	99.2	204.5	12.1	69.9	50.4	120.3

<sup>1</sup> On the New York Curb Exchange the round-lot transactions of specialists in stocks in which they are registered are not strictly comparable with data similarly designated for the New York Stock Exchange, since specialists on the New York Curb Exchange perform the functions of the New York Stock Exchange odd-lot dealer, as well as those of the specialist.

<sup>2</sup> In calculating these percentages the total of members' transactions is compared with twice the total exchange volume for the reason that the total of members' transactions includes both purchases and sales while the total exchange volume includes only sales.

<sup>3</sup> Not available Mar. 16, 1936, through Oct. 10, 1936.



(TABLE 12.—Value and volume of sales on registered exchanges, by months, July 1, 1936–June 30, 1937, follows.)



## **APPENDIX VI**

### **LITIGATION INVOLVING STATUTES ADMINISTERED BY THE COMMISSION**

This appendix lists the court proceedings in which this Commission or the Acts administered by it have been involved. Included are those cases instituted during the period from June 30, 1936 to June 30, 1937, as well as those instituted before that date in which no final disposition had been made on June 30, 1936. The more important litigation is described at some length; the less important cases are indicated by a brief notation. Although the cases are grouped and discussed under three main headings with reference to the statute primarily in issue in the particular case and into subheadings depending on the principal topic in issue, each case is also classified under all statutes and subheadings which it involves. The status of litigation is described only as it existed as of June 30, 1937, no attempt being made to describe developments occurring subsequent to that date.

#### **I. SECURITIES ACT OF 1933, AS AMENDED**

Suits under the Securities Act of 1933, as amended, are considered under seven groupings: (1) Suits against the Commission under that Act to enjoin enforcement of its provisions; (2) miscellaneous proceedings instituted by the Commission pursuant to Section 20 (b) of the Act to enjoin violations thereof, generally violations of Sections 5 and/or 17; (3) suits against brokers and dealers operating "bucket shops"; (4) suits involving the use of the "sell and switch" device; (5) cases dealing with the definition of "security"; (6) criminal prosecutions; and (7) civil litigation between private parties involving the civil liability provisions of the Securities Act.

##### **SUITS TO ENJOIN ENFORCEMENT OF THE SECURITIES ACT**

Three suits brought directly against the Commission for the purpose of enjoining the enforcement of the Securities Act were pending during the fiscal year. The Commission was also forced to intervene in an action brought by one person to enjoin another from complying with subpoenas issued by the Commission in the course of its investigations under the Securities Act and the Securities Exchange Act. These cases are:

TABLE I

Name of case	District in which suit brought	Date of filing bill	Status
<i>Benjamin L. Abraham v. Securities and Exchange Commission et al.</i>	Eastern district of Pennsylvania.	June 13, 1935	Pending.
<i>R. R. Crawford v. Securities and Exchange Commission et al.</i>	Northern district of Oklahoma.	Aug. 9, 1935	Suit dismissed without prejudice Nov. 4, 1936.
<i>National Short Term Securities Corporation v. Securities and Exchange Commission et al.</i>	District of Columbia.	Feb. 21, 1936	Preliminary injunction denied Mar. 6, 1936. On Apr. 13, 1937, the case was dismissed under Law Rule 74 for want of prosecution.
<i>McMann v. Engel et al., Securities and Exchange Commission, Intervener.</i>	Southern district of New York.	July 21, 1936	Plaintiff's motion for a preliminary injunction to restrain compliance with the Commission's subpoena denied Aug. 5, 1936 (16 F. Supp. 446). On appeal from this decree the Circuit Court of Appeals for the Second Circuit on Jan. 19, 1937, affirmed the order of the court below (87 F. (2d) 377). A petition for certiorari was denied by the Supreme Court on Apr. 12, 1937.

## MISCELLANEOUS INJUNCTION PROCEEDINGS

The majority of injunction proceedings instituted by the Commission under the Securities Act have been to enjoin violations of Sections 5 and/or 17. Section 5, subject to the exemptions therefrom provided in Sections 3 (a) and 4 and in the Commission's rules promulgated pursuant to Section 3 (b), prohibits in paragraph (a) the use of the mails or the channels of interstate commerce to offer, sell, or deliver after sale unregistered securities, and in paragraph (b) prohibits the use of the mails or facilities of interstate commerce to transmit a prospectus relating to registered securities unless it meets the requirements of Section 10, or to deliver registered securities after sale unless accompanied or preceded by such a prospectus. Section 17, in general, prohibits fraud in the sale of securities by the use of the mails or the channels of interstate commerce.

*McDowell Mines, Inc. et al.*—This action was instituted on April 16, 1937, in the District Court of the United States for the District of Colorado to enjoin defendants from violating the provisions of Section 17 (a) (2) in the sale of defendants' stock. The complaint alleged that the company, in the sale of its securities, had misrepresented the proven quality as well as the state of development of its mine, and that there had been omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The court, in an oral opinion rendered May 14, 1937, granted a permanent injunction against violation of Section 17 (a) (2).

*Otis & Company.*—The Commission filed a bill in the District Court for the Northern District of Ohio on April 1, 1936, alleging that the defendants in the sale to its customers of stock of the Murray-

Ohio Company had violated and would continue to violate Section 17 (a) (2) of the Securities Act and Section 9 (a) (2) of the Securities Exchange Act. The defendants in acquiring a block of approximately 5,000 shares of this stock had received agreements from the vendors thereof that they would withhold the balance of their stock, some 17,000 shares of a total issue of 60,000 shares, from the market for sixty days. During this period the price of the stock on the Cleveland Exchange was stimulated by a series of purchases made by the defendant. These purchases constituted approximately 90 percent of the trading. The Commission claimed that the failure of the defendants to disclose these facts in selling the stock to the public "at the market" constituted an "omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading." On December 28, 1936, Judge West sustained this argument and granted an injunction against violation of Section 17 (a) (2) by such omissions. With respect to Section 9 (a) (2) of the Securities Exchange Act, the court held that the evidence was "insufficient to establish with the necessary degree of certainty to warrant an injunction" the claim that the defendants contemplated any future violation of that Section (18 F. Supp. 100). An appeal by the defendants is pending.

*Boise Petroleum Corporation and C. S. Hassler.*— On April 15, 1937, the defendant corporation and its sales manager, C. S. Hassler, consented in the District Court for the District of Idaho to the entry of a permanent injunction restraining them from selling unregistered oil and gas leasehold interests in an area known as "Beacon Hills, Idaho", contrary to the provisions of Section 5 (a) of the Securities Act of 1933, and in the sale of these securities from obtaining money or property by means of certain untrue statements of material facts in violation of Section 17 (a) (2) of that Act. The decree also enjoined Hassler from acting as a broker or dealer in the sale of securities unless registered as such with the Commission in accordance with the requirements of Section 15 (b) of the Securities Exchange Act. Later, the Commission instituted criminal contempt proceedings against the corporation and Hassler on the ground that they were continuing to engage in the acts and practices against which the court had issued the injunction. The defendants in their answer admitted that since the entry of the decree, the mails had been used in the sale and delivery of the securities, but alleged as a defense that such sales and deliveries had been made solely within the State of Idaho. The court held that the use of the mails violated the injunction order, and on June 7, 1937, fined the corporation \$500 and Hassler \$300. This is the first case in which a penalty has been imposed in contempt proceedings for violation of an injunction obtained by the Commission.

Other miscellaneous cases are:

TABLE II

Principal defendants	United States district court	Date bill filed	Violations alleged	Disposition
Stock Market Finance, Inc.	New York.....	1934 Aug. 17	Sec. 17.....	Stipulation to discontinue filed Oct. 30, 1936.
Aldrich Blake, Inc., et al.	District of Columbia.	Sept. 7	Secs. 5 and 17.....	Permanent injunction granted May 19, 1936. Appeal dismissed Sept. 18, 1936.
J. Edward Jones.....	Southern district of New York.	1935 Feb. 4	do.....	Pending.
Wall Street Security Corporation et al.	Northern district of Illinois.	Feb. 27	do.....	Permanent injunction entered on order <i>pro confesso</i> on Dec. 9, 1936.
K. W. Todd Co., Inc., et al.	Western district of Pennsylvania.	May 20	Secs 5 (b) and 17 (a) of 1933 act, and secs. 7 (c) (2) and 11 (d) (2) of 1934 act.	On Jan. 11, 1937, the consent decree entered on June 14, 1935, was vacated on application of defendants.
Secord, Vanderpoel & Co., Ltd., et al.	Southern district of New York.	June 21	Secs. 5 and 17.....	Hearing on merits scheduled for Dec. 15, 1937.
Durante, A. A. (A. A. Durante & Co. and I. W. Goodwin), Direct Royalty Sales Corporation.	do.....	June 24	do.....	Hearing on merits scheduled for Nov. 15, 1937.
Whealton Co., Inc., et al.	District of Columbia.	Sept. 23	do.....	Motion for preliminary injunction scheduled for hearing in fall of 1937.
Boyette, W. E.....	New Jersey.....	Oct. 14	Sec. 17.....	No further action has been taken in suit for injunction pending disposition of criminal proceedings.
Goldfields Consolidated Mines, Inc., et al.	Southern district of Florida.	Oct. 21	Secs 5 and 17.....	Permanent injunction entered by consent of defendants May 19, 1937.
	Montana.....	Nov. 2	do.....	Motion to vacate order to show cause and dismiss amended bill denied Mar. 30, 1937; defendants granted 10 days within which to plead further; bill taken <i>pro confesso</i> as to defendant corporation and 2 other defendants on May 10, 1937; case pending as to remaining defendants.
Kerpel & Co.....	Southern district of New York.	Nov. 2	Sec. 17 (a).....	Temporary injunctions granted Feb. 21, 1936; pending.
Jack R. Vale.....	Northern district of Mississippi.	Nov. 12	Secs. 5 and 17 (a).....	A preliminary injunction was granted on Nov. 25, 1935, and a permanent decree of injunction was entered with the consent of the defendant on Feb. 2, 1937.
John M. Torr, et al...	Southern district of New York.	Dec. 23	Sec. 17 (a) of the 1933 act and Sec. 9 (a) of the 1934 act.	A temporary injunction was granted May 4, 1936. An appeal was taken to the C. C. A. and the order was reversed on Jan. 18, 1937. On May 11, the hearing on the permanent injunction was adjourned to Oct. 4, 1937.
Universal Service Association et al.	Northern district of Illinois.	1936 Mar. 30	do.....	Preliminary injunction as to all defendants entered on July 9, 1936; preliminary injunction vacated Feb. 17, 1937; amended bill filed June 10, 1937; case scheduled for hearing on merits on date to be fixed on motion.
Levett & Company...	Eastern district of Michigan.	June 15	Sec. 17 (a).....	Temporary injunctions were granted June 15 and Sept. 12, 1936, case pending.

TABLE II—Continued

Principal defendants	United States district court	Date bill filed	Violations alleged	Disposition
The Krystal Chemical Company, Inc., et al.	District of Columbia.	1936 July 10	Sec. 17 (a)-----	Permanent consent injunction entered on Jan. 29, 1937.
Centennial Consolidated Mines Corp. et al.	Southern district of New York.	July 13	----do-----	Permanent injunction entered on order <i>pro confesso</i> on June 26, 1937.
J. G. Jarvis et al.-----	Northern district of Texas.	Aug. 14	----do-----	Permanent consent injunction entered on Aug. 21, 1936.
Aaron S. Saphier et al.	Southern district of New York.	Aug. 25	Sec. 17 (a) (2) of 1933 act; sec. 9 (a) (1) (2) and (4) of 1934 act.	Injunction <i>pendente lite</i> denied without prejudice on Dec. 19, 1936. Suit dismissed on Jan. 26, 1937, on stipulation that defendants would discontinue practices complained of.
William Huke et al.---	Massachusetts.---	Sept. 2	----do-----	Permanent consent injunction entered on Sept. 4, 1936.
R. F. J. Koeppe & Co. et al.	Northern district of Illinois.	Sept. 14	Sec. 17 (a) (2) of 1933 act; sec. 9 (a) (1) (A) and 9 (a) (2) and (3) of 1934 act.	Permanent injunction granted Apr. 13, 1937; defendants are taking an appeal.
Francis J. Sullivan.---	New Hampshire.---	Sept. 25	Sec. 17 (a) (2) and (3)..	Permanent consent injunction entered on Sept. 25, 1936.
The Metals Tunnel Company et al.	Colorado.-----	Oct. 8	Secs. 5 (a) and 17 (a) (2).	Permanent consent injunction entered on Dec. 16, 1936.
Crusader Aircraft Corporation et al.	Colorado.-----	Oct. 19	Sec. 17 (a) (2)-----	Permanent consent injunction entered as to 5 defendants and suit dismissed as to remaining 2 defendants, Nov. 2, 1936.
United Goldfields Company et al.	Nevada.-----	Oct. 24	Sec. 5 (a)-----	Permanent consent injunction entered Nov. 5, 1936.
Federal Compress and Warehouse Company et al.	Western district of Tennessee.	Nov. 5	----do-----	Preliminary injunction denied Nov. 7, 1936; defendants' motion to dismiss suit granted June 30, 1937.
Anaconda Mining & Milling Co. et al.	Colorado.-----	Nov. 21	Sec. 17 (a)-----	Permanent consent injunction entered Nov. 21, 1936.
E. R. Perry et al. (Seminole Provident Trust).	Northern district of Oklahoma.	Nov. 24	----do-----	Suit dismissed on Jan. 13, 1937, without prejudice on agreement of defendants to correct practices complained of.
A. D. Beck.-----	Northern district of Texas.	Dec. 16	Secs. 5 (a) and 17 (a)---	Permanent consent injunction entered Dec. 16, 1936.
E. Randall Henderson.	Western district of Tennessee.	Dec. 22	----do-----	Permanent consent injunction entered Jan. 22, 1937.
William La Vey et al..	Eastern district of Washington.	Dec. 28	Sec. 5 (a)-----	Application for preliminary injunction denied Mar. 15, 1937.
Hertz & Company, Inc., et al.	District of Columbia.	Dec. 29	Sec. 17 (a) (2)-----	Preliminary injunction granted Jan. 28, 1937; pending on petition for special appeal.
The Columbia Company et al.	----do-----	1937 Jan. 8	----do-----	Permanent consent injunction entered Jan. 8, 1937.
The Union Trust Company et al.	Colorado.-----	Jan. 11	Sec. 5 (a)-----	Court reserved decision on a motion to dismiss argued Jan. 29, 1937.
Harold Alton Meyer..	Massachusetts.---	Jan. 27	Sec. 17 (a)-----	Permanent consent injunction entered Jan. 27, 1937.
Great Western Mine Trust et al.	Colorado.-----	----do----	----do----	Permanent consent injunction entered Feb. 23, 1937.
H. Gordon Oburg.---	Massachusetts.---	Feb. 3	----do-----	Permanent consent injunction entered Feb. 3, 1937.

TABLE II—Continued

Principal defendants	United States district court	Date bill filed	Violations alleged	Disposition
		<i>1937</i>		
Consolidated Gold Mines Company, Ltd., et al.	Southern district of Arizona.	Feb. 12	Sec. 17 (a).....	Preliminary consent injunction entered Feb. 23, 1937; pending.
Harold M. Saddle-mire et al.	Eastern district of Michigan.	Feb. 19	Sec. 5 (b) (2).....	Preliminary consent injunction entered Feb. 19, 1937; pending.
W. A. Nash & Co., Inc.	Massachusetts.....	Feb. 26	Sec. 17 (a).....	Preliminary consent injunction entered Mar. 8, 1937; answer filed Mar. 19, 1937; pending.
Associated Pharmacists of Baltimore, Inc., et al.	Maryland.....	Mar. 3	Sec. 17 (a) (2).....	Permanent injunction entered on Apr. 26, 1937, on order <i>pro confesso</i> .
Tip-Top Gold Mines, Inc., et al.	Colorado.....	.....do.....	.....do.....	Suit dismissed on motion of defendants on Apr. 14, 1937.
Northwest Gas and Oil Properties, Inc., et al.	Western district of Washington.	Mar. 5	Secs. 5 (a) and 17 (a) (2) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Mar. 5, 1937.
The Royalty Securities Company et al.	Utah.....	Mar. 12	Secs. 5 (a) and 17 (a) (2).	Permanent consent injunction entered on Mar. 13, 1937.
Connor, Leach & Co., Inc., et al.	Southern district of New York.	Mar. 17	Secs. 5 (a), 17 (a) and 17 (b).	Permanent consent injunction entered on Apr. 12, 1937.
Edman Company et al.	Northern district of Illinois.	.....do.....	Sec. 5 (b).....	Permanent consent injunction entered on May 6, 1937.
R. J. Koeppe & Co., Inc., et al.	.....do.....	.....do.....	.....do.....	Do.
Record Gold Mining Co. et al.	Western district of Washington.	.....do.....	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Mar. 17, 1937.
Automatic Guns, Inc., et al.	District of Columbia.	Mar. 18	Sec. 5 (a).....	Corporate defendant consented to entry of a permanent injunction on Mar. 18, 1937; pending as to other defendants.
Viking Gold Mines Corporation et al.	Colorado.....	Mar. 31	Sec. 17 (a) (2).....	Permanent consent injunction entered Mar. 31, 1937.
Indian Creek Mining Company, Inc.	Western district of Washington.	.....do.....	Sec. 5 (a).....	Do.
Peter Ivanoff.....	.....do.....	Apr. 3	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Apr. 3, 1937.
Sunbeam Gold Mines Co.	.....do.....	Apr. 10	Sec. 17 (a) (2) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Apr. 10, 1937.
Submarine Gold Mining Company.	Idaho.....	Apr. 15	Sec. 5 (a).....	Permanent consent injunction entered Apr. 15, 1937; vacated June 30, 1937.
Dry Lake Oil Company.	.....do.....	Apr. 22	.....do.....	Permanent consent injunction entered Apr. 22, 1937.
Granite Creek Dredging Company et al.	.....do.....	Apr. 23	.....do.....	Permanent consent injunction entered Apr. 23, 1937.
C. Raymond Wickes, Inc., et al.	Eastern district of Pennsylvania.	Apr. 26	Secs. 5 (a) and 17 (a).....	Preliminary consent injunction entered June 14, 1937.
C. S. Parks.....	Southern district of Ohio.	Apr. 28	Sec. 5 (a) (2).....	Permanent consent injunction entered Apr. 28, 1937.
Walter P. Spielberger et al.	Western district of Virginia.	Apr. 30	Secs. 5 (a) and (b) and 17 (a) (2).	On May 20, 1937, 1 of the defendants appeared specially and moved to quash service of process. This motion is pending. On May 25, 1937, the Commission filed a praecipe for an order <i>pro confesso</i> as to another defendant.
Golden West Consolidated Mines et al.	Western district of Washington.	May 5	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered May 5, 1937.
Lawrence R. Hannah.	Montana.....	May 7	.....do.....	Permanent consent injunction entered May 7, 1937.



TABLE II—Continued

Principal defendants	United States district court	Date bill filed	Violations alleged	Disposition
Elkhorn Mines, Inc.	Montana	1937. May 8	Secs. 5 (a) and 17 (a) (2).	Permanent consent injunction entered May 8, 1937.
Basin Goldfields, Ltd. et al.	do	May 10	Secs. 5 (b) and 17 (a) (2).	Permanent consent injunction entered May 10, 1937.
L. O. Pickett	Eastern district of Washington.	May 12	Secs. 5 (a) and 17 (a) (2) and (3).	Permanent consent injunction entered May 12, 1937.
Montana Drum Lummon Extension, Inc. Ben Banner.	do	do	Sec. 5 (a)	Do.
Sunbeam Gold Mines Company et al.	Northern district of Texas.	May 13	do	Permanent consent injunction entered May 13, 1937.
United Empire Gold Mines Company et al.	Western district of Washington.	May 14	do	Hearing on application for preliminary injunction held June 5, 1937; decision reserved.
C. R. Hesseltine	Colorado	May 21	do	Preliminary injunction granted June 3, 1937.
O. R. Hesseltine	Western district of Washington.	May 28	Sec. 17 (a) (2).	Permanent consent injunction entered May 28, 1937.
Engineers Gold Mining Company et al.	do	June 1	Sec. 5 (a)	Permanent consent injunction entered June 1, 1937.
Gold Helm Mining Co.	do	June 5	do	Permanent consent injunction entered June 5, 1937.
Leo A. McGrail & Co., Inc., et al.	Oregon	June 9	do	Permanent consent injunction entered June 9, 1937.
National Reference Library, Inc., et al.	District of Columbia.	June 11	Sec. 17 (a) (2).	Permanent consent injunction entered June 15, 1937.
The Hickox Finance Corporation et al.	Northern district of Ohio.	June 14	Sec. 17 (a) (1), (2), and (3).	Permanent consent injunction entered June 24, 1937.
H. Henry Anthony et al.	Massachusetts	June 29	Sec. 17 (a) (2) and (3).	Permanent consent injunction entered June 29, 1937.

#### PROCEEDINGS AGAINST BROKERS AND DEALERS OPERATING "BUCKET SHOPS"

Securities are often sold on margin or deferred payment plans wherein the broker or dealer makes no provision for acquiring securities with which to fulfill his commitment to the customer. In the normal case this involves "bucketing" orders, a fraudulent practice which is specifically defined as a crime under the laws of most States. In many instances the operator of a "bucket shop", in addition to failing to provide for the acquisition of securities with which to meet his commitment to his customer, embezzles the partial payments made, or the margin collateral deposited, by customers. The following cases instituted by the Commission involve this type of fraudulent operation:

TABLE III

Principal defendants	United States district court	Filed	Violations alleged	Disposition
Turivas & Co., Inc. (Louis Turivas et al).	Eastern district of Louisiana.	1934 Dec. 7	Secs. 5 and 17.	Principal defendants consented to entry of permanent injunction on Jan. 9, 1935. On May 23, 1935, indictments were returned against 20 defendants. All defendants except 6 who have not yet been apprehended and 4 whose indictments are held in abeyance to be used as Government witnesses when the fugitives are apprehended, pleaded guilty to the second indictment and were sentenced in February 1937. Sentences ranged from 1 year and 1 day probation to 2 years and a \$5,000 fine.
Roberts, Howard M. (Howard M. Roberts Co.)	District of Columbia.	1935 May 3	....do....	Temporary injunctions granted May 14, 1935, and May 17, 1935. Order vacated as to 2 defendants and a permanent injunction granted as to the remaining 2 defendants on Dec. 10, 1936.
Kattleman & Co. (H. J. Kattleman).	Eastern district of Missouri.	June 29	....do....	Decrees <i>pro confesso</i> entered Aug. 26, 1935. On or about Sept. 9, 1935, defendants' motions to set aside these decrees were granted and the court filed the following memorandum: "Motion of defendants to set aside decree <i>pro confesso</i> , and to file answer sustained. Motion of plaintiff for injunction <i>pendente lite</i> is overruled, without prejudice, as the reason and necessity thereof does not now exist." On June 24, 1936 an indictment was returned against Kattleman and others charging violations of section 17 (a) (1), (2) and (3) of the Securities Act and of the mail fraud statute. Kattleman entered a plea of guilty on April 2, 1937, was sentenced to serve 5 years in the penitentiary and was fined \$1,000. On May 7, 1937, 6 defendants pleaded guilty; 4 were fined \$500 each, 1 was sentenced to serve 1 year and 1 day in the penitentiary, and the sentence of 1 was deferred. The case is pending as to the other defendants.

#### "SELL AND SWITCH" DEVICE

The practice of first selling seasoned, dividend-paying stocks listed on major securities exchanges to customers, and after gaining their confidence, "switching" them to a low-grade speculative stock being distributed by the dealer, which, of course, he highly recommends, has been frequently encountered by the Commission. This device, often involving as concomitant features the use of "tipster sheets" as well as the misrepresentation of bid and asked prices in a fictitious over-the-counter market, was involved in the following court proceedings:

TABLE IV

Principal defendants	United States district court	Filed	Violations alleged	Disposition
National Investment Transcript et al.	New Jersey -----	Sept. 14, 1934	Sec. 17	Permanent injunction entered by consent Sept. 24, 1936. Twenty defendants indicted July 2, 1936. 14 individual defendants and 1 corporate defendant found guilty in December 1936. Corporation sentenced to \$10,018 fine. Individual sentences varied from 7 years imprisonment and \$5,000 fine to 1 year and 1 day suspended sentence. One defendant testified for the Government and received a suspended sentence. The indictment is still pending against the remaining 4 defendants.
Benners, Owens & Co. et al.	Eastern district of Michigan.	May 15, 1936	...do..	Temporary injunctions entered against 3 defendants May 15, 1936. One defendant has filed answer. Pending.

#### CASES INVOLVING THE DEFINITION OF "SECURITY"

*Crude Oil Corporation of America, et al.*—On April 27, 1936, the Commission filed a bill in the western district of Wisconsin to restrain the Crude Oil Corporation of America, B. C. Buckmann Company, Wells-Kendall Company, and Douglas Winslow Adams from further violations of Sections 5 and 17 of the Securities Act in the sale of certain oil contracts. The bill alleged that while the oil contracts purported to constitute a sale of a number of barrels of oil, such contracts were sold to people who never intended to take delivery of the oil, and that the contracts were in fact "investment contracts" within the meaning of the term "security" as defined in Section 2 (1). The bill further alleged that the defendants in the sale of these contracts had made certain misrepresentations constituting violations of Section 17. On December 1, 1936, Judge Stone in his findings of fact and conclusions of law held that the contracts were "securities" within Section 2 (1), that the Securities Act was constitutional, that the petition should be granted as against Crude Oil Corporation and B. C. Buckmann Company, and that the bill should be dismissed as to Wells-Kendall Company. The Commission had previously dismissed the bill as to the only other defendant, Douglas Winslow Adams. A permanent injunction was granted on January 21, 1937. The case is now pending on appeal by the enjoined defendants to the Circuit Court of Appeals for the Seventh Circuit.

Other cases involving the definition of the term "security" are:

TABLE V

Principal defendants	United States district court	Filed	Violations alleged	Disposition
Cultivated Oyster Farms Corporation. Irwin Kott et al. ....	Southern district of Florida.	1936 Jan. 10	Secs 5 and 17	Temporary injunction granted May 20, 1936. Pending.
	Southern district of Texas.	July 11	Sec 17 (a) (1) and (3) of the 1933 act; mail fraud; conspiracy to violate same.	Criminal prosecution involving question of whether forged bonds are "securities." Two defendants pleaded guilty and were sentenced to 3 years imprisonment, 1 was sentenced to 32 months and indictments were dismissed as to 3 defendants. One defendant who was convicted and sentenced to serve 5 years appealed and the Circuit Court of Appeals for the Fifth Circuit remanded the case for new trial on May 28, 1937, on the ground of an error in the admission of evidence, but the Court expressly held the forged bonds to be "securities" (90 F. (2d) 88).

#### CRIMINAL PROSECUTIONS UNDER THE SECURITIES ACT OF 1933, AS AMENDED

The Commission has frequently exercised the authority conferred upon it by Section 20 (b) to transmit evidence accumulated in the course of its investigations into violations of the Securities Act to the Attorney General for use in criminal proceedings involving unlawful securities transactions.

*W* *Arizona-Comstock Corporation.*—An indictment was returned on September 14, 1934, in the western district of Washington against fifteen individuals. Three of the defendants, Alexander S. Coplin, Ben F. Serlis, and Joseph Konwiser, were convicted in January 1936 on the ninth count of the indictment which charged a violation of Section 17 (a) (2) of the Securities Act in using a means of communication in interstate commerce, the long distance telephone, to obtain money and property by omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading. Coplin received a sentence of two years' imprisonment and a fine of \$2,500; Serlis, three years and a \$4,000 fine; and Konwiser, eighteen months and a \$500 fine. On appeal to the Circuit Court of Appeals for the Ninth Circuit the judgment was unanimously affirmed on March 1, 1937 (88 F. (2d) 652). The Supreme Court denied a petition for a writ of certiorari on May 24, 1937.

✓ *Benness, Owens & Company.*—On October 19, 1936, an indictment was returned in the eastern district of Michigan against Melvin D. Haynes, A. Paul Benness, Angelo Fraino, alias Angelo Franco, Leroy Brooks, alias John Bookbinder, Douglas F. Wood, Harry Goldman, and William Wiseman. The indictment charged violations of the fraud provisions of the Securities Act, Section 17 (a) (1) and (2), and a mail fraud conspiracy to violate both of these statutes through misrepresentations in the sale of the stock of the Old Dutch Refining Company, of Muskegon, Michigan, and through artificial manipulation of the market price of this stock. The case is pending.

✓ *Irwin Kott, et al.*—An indictment was returned on July 11, 1936, in the southern district of Texas, charging certain individuals with violations of Section 17 (a) (1) and (3) of the Securities Act, the mail fraud statutes, and with conspiracy to violate these statutes in the sale of certain forged securities. Of the seven defendants, two pleaded guilty and were sentenced to three years' imprisonment; one was sentenced to serve thirty-two months; while the indictments were dismissed as to three of the defendants. One of the defendants, Jerihem Seeman, convicted and sentenced to serve five years, appealed to the Circuit Court of Appeals for the Fifth Circuit. On May 26, 1937, that court held that the forged bonds were within the scope of the Securities Act, but remanded the case for a new trial because of errors in the admission of evidence (*Seeman v. United States*, 90 F. (2d) 88).

✓ *Polymet Manufacturing Corporation.*—Indictments were returned in the district of Massachusetts on February 8, August 20, and September 9, 1935, charging W. L. Jarvis, and others, with violation of the mail fraud statute and conspiracy to violate Section 17 (a) of the Securities Act. The indictments charged Jarvis and his co-defendants with selling Polymet Manufacturing Corporation stock to the investing public by means of a high pressure telephone sales campaign run in conjunction with the circulation of a so-called investment service which purported to be unbiased, at a market price previously inflated by defendants' manipulative transactions. Jarvis and his principal co-defendant, Gaines, as well as certain others, have been convicted and sentenced. On appeal, the Circuit Court of Appeals for the First Circuit in an opinion rendered by Judge Morton on May 24, 1937, sustained the conviction (90 F. (2d) 243). Jarvis, Gaines, and two of his associates were also indicted in the southern district of New York in connection with manipulative operations in the stock of Atlas Tack Corporation listed on the New York Stock Exchange. The trial, held in October 1935, ended in a jury disagreement. A new trial has been scheduled.

✓ *Colonial Investment Syndicate.*—Indictments were obtained in the District Court for the Western District of Tennessee on February

14, April 13, April 14, and April 15, 1936, charging violation of the mail fraud statute, Section 17 (a) of the 1933 Act and conspiring to violate the same. During the fiscal year, one defendant, who pleaded guilty, and two who were convicted, were sentenced to terms ranging from five to seventeen years. Judge Martin, in an exhaustive opinion treating all phases of the case, held the Securities Act constitutional (*United States v. Bogy*, 16 F. Supp. 407). The two defendants who were convicted have filed notices of their intention to appeal.

- *Ernest R. Wooley*.—On October 28, 1936, the defendant was indicted in the southern district of California for perjury, the charge being that he falsely testified in an investigation by the Commission of the Cota Oil Company. In November 1936 the defendant demurred to the indictment, alleging, *inter alia*, that the Securities Act of 1933 was unconstitutional. This demurrer was overruled by the court without opinion on January 5, 1937. The case was pending at the end of the fiscal year.

Other criminal prosecutions arising under the Securities Act or the mail fraud statute in the preparation of which the Commission took part, pending or instituted during the fiscal year are as follows:

TABLE VI

Name of case	United States district court where indictment returned	Date of indictment	Charges	Number of defendants named	Disposition as of June 30, 1937
✓ American Bond & Share Corporation.	Northern district of Georgia.	Mar. 26, 1935 Mar. 27, 1935 Apr. 17, 1935 July 31, 1935	Conspiracy to violate mail fraud statute and secs. 5 (a) and 17 (a) of 1933 act; mail fraud; conspiracy to violate mail fraud statute.	4	Convictions were obtained on the indictment returned July 31, 1935 for violations of the mail fraud statute and conspiracy to violate same. One defendant appealed. Conviction was sustained June 30, 1937.
✓ Turivas & Co., Inc. (Louis Turivas et al.).	Eastern district of Louisiana.	May 23, 1935 Oct. 7, 1935	Mail fraud; sec. 17(a) of the 1933 act; conspiracy to violate same.	23	All defendants, except 6 who have not been apprehended, and 4 whose indictments are held in abeyance to be used as Government witnesses when the fugitives are apprehended, pleaded guilty to the second indictment and were sentenced in February 1937. Sentences ranged from 1 year and 1 day probation to 2 years and \$5,000 fine.
✓ Wall Street Security Corp. ....	Northern district of Illinois.	Aug. 9, 1935	Mail fraud. ....	1	Defendant convicted of mail fraud June 25, 1937.
✓ Kopald-Quinn and Company. ....	Northern district of Georgia.	July 14, 1936.	Sec. 17(a) of 1933 act and mail fraud; conspiracy to violate same.	31	Trial on second indictment in progress June 30, 1937.
✓ Collingsworth & Company. ....	Western district of Oklahoma.	September 1935.	Mail fraud. ....	11	Seven defendants pleaded <i>nolo contendere</i> (2 later changed their pleas to <i>guilty</i> ): 1 was sentenced to 3 years imprisonment, 1 was fined \$500 and sentenced to 6 months in jail on Oct. 16, 1936; 1 was sentenced to 6 months in jail Jan 5, 1937. Case was dismissed against 3 defendants. One was held not guilty. Four are fugitives
W F C. S. Goddard & Co. ....	Utah. ....	Oct. 22, 1935	Mail fraud; sec. 17 (a) (1), (2) and (3) of 1933 act.	2	Both defendants were convicted in December 1935 on mail fraud counts. They appealed and the conviction was sustained in September, 1936. One defendant was sentenced to 2 years imprisonment, the other to 18 months.
✓ Norman Berry & Co. ....	Eastern district of Michigan.	Nov. 1, 1935	Mail fraud; sec. 17 (a)(1), (2) and (3) of 1933 act.	9	Four defendants apprehended. Pending.
✓ Acceptance and Exchange Co. ....	Southern district of California.	Nov. 27, 1935 Jan. 22, 1936 Nov. 18, 1936	Secs. 5(a) and 17(a) of 1933 act; conspiracy to violate same; and mail fraud statute.	10	All 3 indictments pending.
✓ Bankers Service Corp. ....	Southern district of New York.	Dec. 2, 1935	Mail fraud; sec. 17(a) (1) of 1933 act; conspiracy to violate mail fraud statute.	11	Pending.
✓ Big Wedge Gold Mining Co. ....	District of Columbia.	Jan. 6, 1936	Sec. 24 of 1933 act. ....	4	Indictment nolle prossed as to all defendants June 21, 1937.
✓ C. B. Kelley & Co., Inc. ....	Delaware. ....	Jan. 8, 1936 Mar. 10, 1936	Mail fraud; sec. 17(a) (1), (2) and (3) of 1933 act; conspiracy to violate same.	5	Pending.
✓ Gregory Hughes & Company. ....	Southern district of New York.	Feb. 7, 1936	Mail fraud; conspiracy to commit same	35	Do.

TABLE VI—Continued

Name of case	United States district court where indictment returned	Date of indictment	Charges	Number of defendants named	Disposition as of June 30, 1937
W ✓ Oklahoma City Oil Journal.....	Western district of Oklahoma.	Mar. 9, 1936	Secs. 5 (a) and 17 (a) (1), (2) and (3) of 1933 act; mail fraud; conspiracy to violate mail fraud statute.	2	Oct. 16, 1936, 1 defendant found guilty of violation of sec. 5 of the Securities Act and of the mail fraud statute. Other defendant found not guilty. On May 15, 1937, the court upheld the constitutionality of sec. 5 and sentenced the first defendant to 2 years imprisonment, suspended the sentence and placed him on probation for a period of 3 years.
Plymouth Consolidated Gold Mines.....	Delaware.....	Mar. 10, 1936	Sec. 5 (a) of 1933 act and conspiracy to violate same.	6	Pending.
Standard Royalty Co.....	Western district of Louisiana.	Apr. 2, 1936	Mail fraud; sec. 17 (a) of 1933 act; conspiracy to violate same.	3	Defendants convicted and sentenced in November 1936. Appeals pending.
W ✓ Lory T. Gardner & Co.....	Western district of Texas.	May 6, 1936	Mail fraud; sec. 17 (a) of 1933 act; conspiracy to violate same.	2	Both defendants tried and found guilty on mail fraud counts. Sentenced to 5 years and \$5,000 fine each.
W ✓ J. Edward Jones.....	Southern district of New York.	May 8, 1936	Mail fraud.....	1	Acquitted on Apr. 30, 1937.
Continental Distillers & Importers Corp.	District of Columbia.	May 27, 1936 Dec. 21, 1936	Conspiracy to violate 1933 act; sec. 24 of 1933 act.	3	Trial on second indictment. 2 defendants acquitted; other not tried.
W ✓ Southern States Refinery Co.....	Northern district of Georgia.	June 16, 1936	Mail fraud; sec. 17 (a) (1), (2) and (3) of 1933 act.	1	Pending.
W ✓ Zimmerman & Company.....	Northern district of Georgia.	June 17, 1936	Sec. 17 (a) of 1933 act; mail fraud.....	2	One defendant pleaded guilty and was sentenced to 3 years' imprisonment. Indictment nolle prossed as to other.
✓ Whealton Company, Inc.....	New Jersey.....	June 23, 1936	Sec. 17 (a) of 1933 act; mail fraud; conspiracy to violate mail fraud statute.	14	Pending.
✓ H. J. Kattleman et al.....	Eastern district of Missouri.	June 24, 1936	Sec. 17 (a) (1), (2) and (3) of 1933 act; mail fraud.	12	Kattleman entered a plea of guilty on Apr. 2, 1937, and received a sentence of 5 years in the penitentiary and a \$1,000 fine. On May 7, 1937, 6 defendants pleaded guilty; 4 were fined \$500 each, 1 was sentenced to serve 1 year and 1 day in the penitentiary and the sentence of 1 was deferred. Case is pending as to other defendants.
✓ National Investment Transcript et al.	Southern district of New York.	July 2, 1936	Mail fraud; conspiracy to violate mail fraud statute.	20	14 individual defendants and 1 corporate defendant found guilty in December 1936. Corporation sentenced to \$10,018 fine. Individual sentences varied from 7 years imprisonment and \$5,000 fine to 1 year and 1 day suspended sentences. One defendant testified for the Government and received a suspended sentence. The jury disagreed as to 2 defendants, and 2 have not been arraigned. The indictment is still pending as to these 4.
W North American Bond and Share Corp.	Colorado.....	Sept. 29, 1936	Conspiracy to violate sec. 17 (a) of the 1933 act.	5	Three defendants entered pleas of guilty and were sentenced in -December 1936. Indictment dismissed against remaining defendants.



✓ R. B. Vaughn et al.....	Western district of Pennsylvania.	Sept. 30, 1936	Secs. 17 (a) (1) and 5 (a) (1) of the 1933 act; sec. 9 (a) (2) of the 1934 act; mail fraud; and conspiracy to violate secs. 17 (a) (1), (2), and (3), 5 (a) (1) of the 1933 act and the mail fraud statute.	4	Two convicted defendants and 1 who pleaded guilty given 3-year suspended sentences and placed on probation for 5 years on Mar. 12, 1937; 1 defendant acquitted.
✓ B. & M. Mining Syndicate.....	Western district of Washington.	Dec. 11, 1936 Feb. 27, 1937	Mail fraud; secs. 5 (a) (1) and (2) and 17 (a) (1) of 1933 act; conspiracy to violate the same.	2	Pending.
✓ Secord-Vanderpoel & Co.....	Southern district of New York.	Dec. 24, 1936	Mail fraud; conspiracy to violate mail fraud statute; sec. 17 (a) (1) of 1933 act.	17	Do.
✓ Union Trust Co.....	Colorado.....	Jan. 27, 1937	Mail fraud; sec. 17 (a) of 1933 act; conspiracy to violate same.	4	Do.
✓ Royalty Bond and Share Co.....	New Mexico.....	Feb. 13, 1937	Mail fraud; sec. 17 (a) (1) and (2) of 1933 act; conspiracy to violate same.	14	Do.
✓ Lyman Hess Co.....	Southern district of New York.	Feb. 25, 1937	Sec. 17 (a) (1) of 1933 act.....	2	Defendants pleaded guilty and were sentenced in February 1937.
✓ Charles Jones et al.....	Western district of Washington.	Feb. 27, 1937	Mail fraud; sec. 17 (a) (1) of 1933 act; conspiracy to violate same.	4	Pending.
✓ Thomas J. Lawson et al.....	Northern district of Texas.	Mar. 10, 1937	Mail fraud; sec. 17 (a) (1) and (2) of 1933 act; conspiracy to violate same.	2	One defendant pleaded guilty and was sentenced in March 1937. Indictment dismissed as to remaining defendant.
✓ A. A. Durante and Co.....	Southern district of New York.	Mar. 18, 1937	Mail fraud; sec. 17 (a) (1) of 1933 act; conspiracy to violate same.	4	Defendants pleaded guilty and were sentenced in May 1937.
✓ H. W. Schmid Company.....	Southern district of New York.	Mar. 30, 1937	Mail fraud; sec. 17 (a) (1) of 1933 act; sec. 9 (a) (1) (A) and 9 (a) (2) of 1934 act; conspiracy to violate same.	7	Pending.
✓ R. Cummins & Co., Inc.....	Eastern district of Michigan.	.....do.....	Mail fraud; secs. 5 (a), 17 (a) (1) and (2) of 1933 act; conspiracy to violate mail fraud statute and sec. 17 (a) (1) and (2) of 1933 act.	7	Do.
✓ Atlas Holding Co., Inc.....	Northern district of Texas.	Mar. 31, 1937	Sec. 17 (a) (1), (2), and (3) of 1933 act; conspiracy to violate same.	4	All defendants sentenced in June 1937.
✓ Crumpton and Company.....	District of Columbia.	Apr. 5, 1937	Mail fraud; sec. 17 (a) (1) of 1933 act.....	1	Pending.
✓ Whitney Investment Co.....	Northern district of Oklahoma.	Apr. 15, 1937	Mail fraud; sec. 17 (a) (1) and (3) of 1933 act.	3	Two defendants pleaded guilty and were given suspended sentences in May 1937. Remaining defendant placed on probation.
✓ Major Royalty Corp.....	Northern district of Oklahoma.	.....do.....	Mail fraud; sec. 17 (a) (1), (2), and (3) of 1933 act; conspiracy to violate same.	6	Pending.
✓ B. C. McMordie et al.....	Northern district of Texas.	Apr. 28, 1937	Sec. 17 (a) (1) of 1933 act.....	2	One defendant pleaded guilty and was sentenced in June 1937. Case pending as to remaining defendant.
✓ Thomas J. Dix et al.....	Southern district of Texas.	May 10, 1937	Conspiracy to violate sec. 17 (a) (1), (2), and (3) of 1933 act.	4	Pending.
✓ Winton L. Googins.....	Western district of Washington.	May 12, 1937	Mail fraud; sec. 17 (a) (1) of 1933 act.....	1	Do.
✓ Loudon, Adler & Co.....	Delaware.....	June 11, 1937	Mail fraud; conspiracy to violate mail fraud statute and sec. 17 (a) of 1933 act.	13	Do.

TABLE VI—Continued

Name of case	United States district court where indictment returned	Date of indictment	Charges	Number of defendants named	Disposition as of June 30, 1937
✓ J. Edward Mills.....	Northern district of Texas.	June 14, 1937	Secs. 17 (a) (1) and 5 (a) (1) and (2) of 1933 act.	1	Pending
✓ Wm. D. Levey.....	Eastern district of Washington.	June 25, 1937	Secs. 5 (a) (1), (2), and 17 (a) (1) of 1933 act, mail fraud, conspiracy to violate same.	10	Do.
✓ Carleton Saunders & Co.....	New Jersey.....	June 29, 1937	Mail fraud and conspiracy to violate sec. 17 (a) of 1933 act.	16	Do.

## CIVIL LITIGATION UNDER THE SECURITIES ACT OF WHICH THE COMMISSION IS INFORMED

*Continental Distillers and Importers Corporation.*—Various purchasers of securities of the Continental Distillers and Importers Corporation sued the corporation and its directors in the District Court for the District of Columbia under Section 11 of the Securities Act, alleging that they had purchased these securities which were then registered under the Act, relying partly upon false and misleading representations in a prospectus filed with the Federal Trade Commission. Nineteen suits of identical nature brought in the District of Columbia against the same defendants were by agreement stayed pending the determination of a single such action by the Court of Appeals for the District of Columbia. On June 1, 1937, the latter court held in *Martin v. Hull et al.* that the standard of care which must be exercised by a director in submitting for filing with the Commission statements compiled on the authority of experts was one of reasonableness and was not “the high degree of care necessary in the protection of the interests of the stockholders of the corporation.” A petition for re-argument was filed on June 14, 1937.

*Lawrence Adams & Company.*—Three bills were filed under Section 12 (1) and (2) of the Securities Act in companion suits in the District Court for the District of Columbia on May 8, 1936, by Arnold K. Balls, Charles A. Browne, and Marion E. Lapp against Lawrence Adams & Company and Clarence Falk to rescind certain sales of oil royalty interests. The bills alleged that the defendants in failing to register the interests sold had violated Section 5, and further alleged that the sales had been induced by certain misrepresentations in charts purporting to show the location of producing oil wells and in misleading omissions to disclose that the oil wells were not in condition to begin production. Lawrence Adams & Company moved to quash service made upon it in New York. This motion was overruled on the theory that a plea in abatement should have been filed. The case is pending.

## II. THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

## MISCELLANEOUS INJUNCTION PROCEEDINGS

*Archie M. Andrews et al.*—On August 12, 1936, suit was instituted by the Commission in the southern district of New York to enjoin the defendants from effecting wash sales, matched orders, and other manipulative transactions in the capital stock of the Dictograph Products Company, Inc., in violation of the provisions of Section 9 (a) of the Securities Exchange Act of 1934. On September 24, 1936, one of the defendants consented to the entry of a permanent injunction. While the suit was pending as to the other defendants upon the bill,

answer, and plaintiff's motion for a preliminary injunction, the Commission by order dated November 11, 1936, authorized an investigation to determine whether unlisted trading privileges on the New York Curb Exchange in the Dictograph stock should be suspended or terminated. The plaintiff's motion for an injunction *pendente lite* was denied November 23, 1936. On the same date the defendants filed a cross bill seeking to enjoin the Commission from engaging in any activity or investigation with respect to the capital stock of Dictograph Products Company, Inc., and the trading therein, until final determination of the Commission's suit. The relief requested in the cross bill was predicated upon numerous grounds, among them the unconstitutionality of the Act. The Commission moved to dismiss the cross bill for lack of jurisdiction and failure of the cross bill to state a cause of action in equity. That motion was granted, and on November 25, 1936, defendants took an appeal from the entry of the order granting the motion. On March 1, 1937, the Circuit Court of Appeals of the Second Circuit affirmed the order dismissing the cross bill, on the ground that a suit against the Commission could only be maintained in the manner and upon the terms specified in the statute (88 F. (2d) 441). The time for filing an application for a writ of certiorari was extended to July 29, 1937, and the defendants' petition was pending before the Supreme Court on June 30, 1937.

*Aaron S. Saphier et al.*—On August 25, 1936, the Commission filed suit in the southern district of New York to enjoin the defendants from further violations of Sections 9 (a) (1), (2) and (4) of the Securities Exchange Act and 5 (a) and 17 (a) of the Securities Act. An injunction *pendente lite* was denied without prejudice by Judge Mack on December 19, 1936. The suit was dismissed on January 26, 1937, on stipulation that the defendants would discontinue the practices of which complaint was made.

*Northwest Gas and Oil Properties, Inc., et al.*—This represents the first case in which an injunction was obtained against violation of Section 15 (a) of the Securities Exchange Act. A bill was filed March 5, 1937, in the western district of Washington, charging violations of Section 15 (a) of the Securities Exchange Act and of Sections 5 (a) and 17 (a) (2) of the Securities Act and a permanent consent injunction was entered on the same date.

Additional cases involving miscellaneous injunctions under the Securities Exchange Act are as follows:

TABLE VII

Principal defendants	United States district court	Date bill filed	Violations alleged	Disposition
K. W. Todd Co., Inc., et al.	Western district of Pennsylvania.	<i>1935</i> May 20	Secs. 5 (b) and 17 (a) of 1933 act, and secs. 7 (c) (2) and 11 (d) (2) of 1934 act.	On Jan. 11, 1937, the consent decree entered on June 14, 1935, was vacated on application of defendants.
John M. Torr et al.....	Southern District of New York.	Dec. 23	Sec. 17 (a) of the 1933 act and sec. 9 (a) of the 1934 act.	Pending.
Otis & Co.....	Northern district of Ohio.	<i>1936</i> Apr. 1	Sec. 17 of 1933 act, and sec. 9 of 1934 act.	Permanent injunction restraining violation of section 17 (a) (2) granted; as to violation of section 9 (a) (2) denied on Dec. 28, 1936 (18 F. Supp. 100).
R. J. Koeppe & Co. et al.	Northern district of Illinois.	Sept. 14	Sec. 17 (a) (2) of 1933 act; secs. 9 (a) (1) (A) and 9 (a) (2) and (3) of 1934 act.	Permanent injunction granted Apr. 13, 1937; defendants are taking an appeal.
R. A. Gallagher et al.	Massachusetts.....	Nov. 13	Sec. 9 (a) (1) and (2)	Preliminary injunction granted Nov. 23, 1936. Pending.
Record Gold Mining Co. et al.	Western district of Washington.	<i>1937</i> Mar. 17	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Mar. 17, 1937.
F. I. Lamb.....	Oregon.....	Mar. 29	Sec. 15 (a).....	Permanent consent injunction entered Mar. 29, 1937.
Peter Ivanoff.....	Western district of Washington.	Apr. 3	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Apr. 3, 1937.
Sunbeam Gold Mines Co.	.....do.....	Apr. 10	Sec. 17 (a) (2) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Apr. 10, 1937.
Frank V. Brecka et al.	Southern district of New York.	Apr. 13	Sec. 9 (a) (1) and (2)	Permanent consent injunction entered as to one defendant on Apr. 13, and as to another defendant on Apr. 24, 1937.
Willis E. Smith.....	Idaho.....	Apr. 15	Sec. 15 (a).....	Permanent consent injunction entered Apr. 15, 1937.
Boise Petroleum Corp. et al.	.....do.....	Apr. 15	Secs. 5 (a), 17 (a) (2) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered Apr. 15, 1937.
George D. Gottlieb.....	.....do.....	Apr. 23	Sec. 15 (a).....	Permanent consent injunction entered Apr. 23, 1937.
Golden West Consolidated Mines et al.	Western district of Washington.	May 5	Sec. 5 (a) of 1933 act; sec. 15 (a) of 1934 act.	Permanent consent injunction entered May 5, 1937.
Lawrence R. Hannah.	Montana.....	May 7	.....do.....	Permanent consent injunction entered May 7, 1937.
Butte Mines Holding Co.	.....do.....	May 8	Sec. 15 (a).....	Permanent consent injunction entered May 8, 1937.
Edward L. Webster.....	Idaho.....	June 4	.....do.....	Permanent consent injunction entered June 4, 1937.
George Herbert Heyman.	Southern district of New York.	June 18	Sec. 9 (a) (1), (2), and (4).	Permanent consent injunction entered June 18, 1937.

**CRIMINAL PROSECUTIONS INVOLVING THE SECURITIES EXCHANGE ACT**

Three criminal prosecutions were instituted during the fiscal year involving the Securities Exchange Act. Violations of Section 9 were alleged in each of these cases. Their status is as follows:

TABLE VIII

Name of case	United States district court where indictment returned	Date of indictment	Charges	Number of defendants named	Disposition
Joseph Mendelson et al.	Southern district of New York.	1935 Aug. 30	Sec. 9 (a) (2) of 1934 act; conspiracy to violate same.	5	Pending.
R. B. Vaughn et al.	Western district of Pennsylvania.	1936 Sept. 30	Secs. 17 (a) (1) and 5 (a) (1) of 1933 act; sec. 9 (a) (2) of 1934 act; mail fraud; and conspiracy to violate secs. 17 (a) (1), (2) and (3), 5 (a) (1) of the 1933 act and the mail fraud statute.	4	Two convicted defendants and one who pleaded guilty given 3-year suspended sentences and placed on probation for 5 years in March 1937; one defendant acquitted.
Morey Getz et al.	Massachusetts	1937 Jan. 4	Sec. 9 (a) (1) (A), (B), and (C) of 1934 act and conspiracy to violate same.	2	Pending.
H. W. Schmid Company.	Southern district of New York.	Mar. 30	Mail fraud; sec. 17 (a) (1) of 1933 act; sec. 9 (a) (1) (A) and 9 (a) (2) of 1934 act; conspiracy to violate same.	7	Do.

**CASES INVOLVING SUBPENA POWERS**

*McMann v. Engel et al, Securities and Exchange Commission, intervenor.*—On July 21, 1936, McMann filed suit in the District Court of the United States for the Southern District of New York to enjoin the defendant Engel and others, partners in the stock brokerage firm of Engel and Company, from producing statements of the plaintiff's account in response to subpoenas issued by the Securities and Exchange Commission in the course of its investigation to determine whether the plaintiff and others were engaged or about to engage in manipulative and other fraudulent acts and practices in the stock of the Budd Wheel Company and Wil-low Cafeterias in violation of the Securities Act of 1933, and the Securities Exchange Act of 1934. The bill of complaint alleged that the transactions in question were confidential; that the information called for by the subpoenas was privileged and protected by the fourth amendment; that the subpoenas infringed the plaintiff's immunity against "unreasonable searches"; and that the statutes under which the subpoenas were issued were unconstitutional and void. Engel and Company, the primary defendant, took a neutral position and the Commission

found it necessary to intervene to protect its rights. On August 5, 1936, the district court decided against the plaintiff on all questions raised and denied the motion for a preliminary injunction (16 F. Supp. 446). From this decree McMann appealed to the Circuit Court of Appeals for the Second Circuit. On January 19, 1937, the circuit court of appeals affirmed the order of the court below (87 F. (2d) 377). McMann secured a stay pending application to the Supreme Court for a writ of certiorari but the petition was denied by the Supreme Court on April 12, 1937.

*Ryan and Ryan Florida Corp. v. Newfield and Western Union Telegraph Co.; Ryan and Ryan Florida Corp. v. Newfield and Postal Telegraph-Cable Co., Inc.; Florida Tex. Oil Co. v. Ballentine and Postal Telegraph-Cable Co., Inc.*—These three cases, involving almost identical questions, were consolidated for purposes of argument. The suits were brought in March 1937 in the southern district of Florida against representatives of the Commission and against Western Union and Postal Telegraph to enjoin enforcement of and compliance with certain subpoenas *duces tecum* issued by the Commission, calling for the production by the telegraph companies of copies of certain telegrams in their possession sent or received by the plaintiffs. The subpoenas had been issued only after preliminary investigations and the issuance of formal orders of investigation to ascertain possible violations of Sections 5 and 17 of the Securities Act, and after the Commission had expressly found that the telegrams called for in the subpoenas were relevant and material to the investigations authorized. On the ground that the subpoenas violated the plaintiff's rights under the fourth and fifth amendments, the District Court for the Southern District of Florida, on April 14, 1937, granted interlocutory orders restraining enforcement and compliance. An appeal was taken by the Commission's representatives to the Circuit Court of Appeals for the Fifth Circuit, and on July 22, 1937, that court reversed the decision of the district court. A unanimous court speaking through Judge Hutcherson held that the plaintiffs had no standing to invoke the fourth and fifth amendments, and that the subpoenas in question had been issued pursuant to lawful authority and were valid process.

In a number of instances the Commission, under the authority conferred by Section 22 (b) of the Securities Act and Section 21 (c) of the Securities Exchange Act, has deemed it necessary to resort to the courts to enforce compliance with subpoenas issued in connection with investigations of violations of the Acts. Although several applications to enforce subpoenas have been fully argued before the courts, many were continued indefinitely because the Commission, prior to decision, obtained the required evidence from other sources. The applications filed or pending during the fiscal year are:

TABLE IX

Principal defendants	District in which suit brought	Date of filing application	Disposition
Verser-Clay Co., Mid-Continent Crude Oil Purchasing Co., and E. C. Clay, president.	Western district of Oklahoma.	Dec. 16, 1935	Order applied for, granted Mar. 20, 1937. Respondents have noted an appeal.
Black Gold Exploration Trust, et al.	Western district of Oklahoma.	Dec. 17, 1935	Cause dismissed July 21, 1936 on motion of the Commission.
Krystal Chemical Co., Inc., et al.	District of Columbia.	Jan. 29, 1936	Order granted by district court Mar. 30, 1936; appeal taken and argued in court of appeals, Oct. 9, 1936. Motion by Commission to remand case to district court for dismissal granted Nov. 6, 1936. On motion of the Commission an order to vacate was entered by the district court, Nov. 10, 1936.
National Short Term Securities Corporation et al.	Massachusetts....	Jan. 31, 1936	Order entered Feb. 3, 1936. Defendant on Feb. 11, 1936, moved to vacate on various grounds, alleging the invalidity of the Securities Act of 1933. Case is pending.
Mills, J. Edward et al.....	Northern district of Texas.	Feb. 2, 1936	Defendants on Feb. 28, 1936, moved to dismiss application on ground that Securities Act of 1933 unconstitutional. Cause dismissed Jan. 21, 1937, on agreement of respondents to appear and testify.
Thomas Bracken, et al.....	Southern district of New York.	Feb. 19, 1936	Order granted by district court March 26, 1936. Appeal taken and argued in Court of Appeals and the order was affirmed on June 1, 1936. On Oct. 12, 1936, certiorari was granted by the Supreme Court and the case remanded to the district court with directions to vacate the decree on the grounds that the cause was moot since the evidence had been obtained from other sources.
American Rand Corp.....	Western district of Washington.	June 9, 1936	Dismissed July 18, 1936, on motion of the Commission; after the required documents had been produced by the defendant.
A. C. Smith.....	Western district of Pennsylvania.	Sept. 1, 1936	Order applied for, granted Sept. 2, 1936.

#### APPEALS FROM ORDERS OF THE COMMISSION PROMULGATED UNDER THE SECURITIES EXCHANGE ACT

Section 24 (b) of the Securities Exchange Act permits any person filing any application or report with the Commission to make written objection to the public disclosure of some or all of the information contained therein. Under Section 25 (a) of the Act provision is made for review in a circuit court of appeals or in the Court of Appeals for the District of Columbia of orders of the Commission rendered in a proceeding under this Act. More than 600 issuers seeking registration upon national securities exchanges filed, in connection with their application for registration, objections to disclosure of certain information, for the most part relating to sales and itemized break-down of the cost of sales. In many other instances objection was made to public disclosure of salaries and other remuneration paid to officers and directors. At the request of the issuers concerned, pursuant to Section 24 (b) the Commission, in private hearings, heard the objections to public disclosure of the information for which confidential treatment was sought. Approximately 30 issuers whose applications for confidential treatment of information filed had been denied by



the Commission, purporting to act under Section 25 (a) of the Act, filed petitions in various circuit courts of appeal and in the Court of Appeals for the District of Columbia to review the Commission's action. A group of these cases was consolidated and argument was had June 11, 1937, before the Court of Appeals for the District of Columbia, on the question whether the Commission's determination under Section 24 (b) is the type of order which is reviewable under the special appeal section, 25 (a). As of the close of the fiscal year no decision had been rendered in these cases, nor had any circuit court of appeals made any disposition on the merits of any such petition. The names of the petitioners, the date of the filing of the petition, and the circuit court of appeals in which the petition is now pending are as follows:

TABLE X

Name of petitioner	Date filed	Circuit	Status
Allied Chemical & Dye Corporation..	Apr. 9, 1936	Second.....	Pending.
American Can Company.....	Dec. 27, 1935	Third.....	Dismissed by petitioner Mar. 16, 1937.
American Sumatra Tobacco Corp....	July 9, 1936	District of Columbia.	Pending.
The American Tobacco Company....	Mar. 26, 1936	Second.....	Dismissed by petitioner Apr. 5, 1937.
Brillo Manufacturing Company.....	July 18, 1936	do.....	Pending.
Bulova Watch Company, Inc.....	Nov. 13, 1936	District of Columbia.	Do.
Congoleum-Nairn, Inc.....	Mar. 25, 1936	Third.....	Do.
The Cuneo Press, Inc.....	June 3, 1936	Seventh.....	Do.
The Diamond Match Company.....	July 3, 1936	District of Columbia.	Dismissed by petitioner Apr. 27, 1937.
The Electric Auto-Lite Company....	Feb. 15, 1936	Sixth.....	Dismissed by petitioner June 3, 1937.
Evans Products Company.....	Jan. 18, 1936	do.....	Pending.
General Baking Company.....	Mar. 27, 1936	Second.....	Do.
General Mills, Inc.....	July 23, 1936	District of Columbia.	Do.
The International Nickel Company of Canada, Limited.	Aug. 25, 1936	do.....	Do.
P. Lorillard Company.....	Mar. 26, 1936	Third.....	Dismissed by petitioner Apr. 12, 1937.
Matheson Alkali Works.....	Apr. 3, 1936	Second.....	Pending.
Mesta Machine Company.....	Nov. 26, 1935	Third.....	Do.
National Biscuit Company.....	Mar. 26, 1936	do.....	Dismissed by petitioner Apr. 15, 1937.
J. J. Newberry Company.....	June 12, 1936	Second.....	Dismissed by petitioner June 14, 1937.
New York Trap Rock Corp.....	July 24, 1936	do.....	Pending.
Oliver United Filters, Inc.....	May 23, 1936	Ninth.....	Do.
Pullman, Incorporated.....	Sept. 4, 1936	Third.....	Do.
R. J. Reynolds Tobacco Company...	Mar. 24, 1936	Fourth.....	Dismissed by petitioner Apr. 12, 1937.
Sloss-Sheffield Steel & Iron Co.....	Apr. 8, 1936	Third.....	Pending.
A. Stein & Company.....	June 4, 1936	Seventh.....	Do.
The Superheater Company.....	May 15, 1936	Second.....	Do.
W. A. Sheaffer Pen Company.....	June 25, 1936	Eighth.....	Do.
The Torrington Company.....	Nov. 6, 1936	Second.....	Dismissed by petitioner Apr. 15, 1937.
U. S. Industrial Alcohol Co.....	Apr. 23, 1936	do.....	Pending.
The United States Leather Co.....	Nov. 17, 1936	do.....	Do.
United States Tobacco Company.....	Mar. 24, 1936	do.....	Dismissed by petitioner Apr. 12, 1937.

### THE THIRD AVENUE RAILWAY COMPANY

On July 31, 1936, The Third Avenue Railway Company filed a petition for review by the United States Circuit Court of Appeals for the Second Circuit of an alleged order of the Securities and Exchange Commission. The petitioners had requested that the Commission amend its requirement that the financial statements included in the annual report submitted to the Commission be certified by public accountants, to provide that where the principal properties of the

registrant were common-carriers, required by the laws of New York to make annual reports to the Department of Public Service, they could file annual financial statements not so certified. The Commission denied this request but there were no proceedings and it did not enter a formal order. On October 19, 1936, the Court of Appeals dismissed the petition on the ground that since this was not a proceedings inter parties the court was without jurisdiction to entertain the petition.

#### SUITS TO ENJOIN ENFORCEMENT OF THE SECURITIES EXCHANGE ACT

In addition to the case of *McMann v. Engel et al* in which the Commission intervened, and the cases brought by Ryan, Ryan Florida Corp., and the Florida Tex., Oil Company against Agents of the Commission, the Western Union Telegraph Company, and the Postal Telegraph-Cable Company all of which are described above\*, the only action to enjoin the application of the Act is that commenced by J. Edward Jones on January 2, 1936 to enjoin enforcement against him of Section 15 of the Act. This case is described in detail in the Second Annual Report of the Securities and Exchange Commission. On April 17, 1937 the suit was dismissed by the court for want of prosecution.

### III. THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Thus far, cases which have arisen under the Public Utility Holding Company Act of 1935 have been for the purpose of obtaining an adjudication as to the constitutionality of the Act. The constitutional question has been raised directly in suits by holding companies to enjoin enforcement of the provisions of that Act, in suits by trustees of holding companies in bankruptcy instituted for the nominal purpose of obtaining instructions from the court as to whether to comply with the Act, and in stockholders' suits against the corporation to enjoin compliance with the Act. At an early date the Commission instituted the *Electric Bond and Share* case in the southern district of New York in order fairly to present all the issues in a single case. The majority of the other suits were not defended by the Commission.

*Electric Bond and Share Company et al.*—The provisions of the Public Utility Holding Company Act of 1935 became effective on December 1, 1935. Even before this date the Government was faced with a multitude of injunction suits, actual or anticipated, on the part of most of the larger holding companies. The Commission, desiring a prompt and fair test of the provisions of the Act, brought suit in the southern district of New York against the Electric Bond and Share Company and its principal intermediate holding companies

\* Under the heading *Cases Involving Subpena Powers.*

to enjoin activities which were declared unlawful by that Act. Other defendants were subsequently added in order to bring before the court as many typical situations to which the terms of the Act apply as was possible without confusing the issues of the case. A stipulation of facts, approximately 2,000 pages in length, was filed with the court on June 30, 1936. Thus, the court had before it a record comprehensively detailing many of the more important instances in which the Public Utility Holding Company Act impinged upon holding company activities. On January 29, 1937, Judge Mack in an exhaustive opinion held that the defendant utility companies, under existent circumstances, could only attack the registration provisions of the Act, that these provisions were separable from the remainder of the Act, and that they came within the ambit of congressional power to regulate interstate commerce. A petition for certiorari directly to the Supreme Court, joined in by all parties, was denied by that Court on June 1, 1937. The case is now pending on appeal to the Circuit Court of Appeals for the Second Circuit.

*Landis v. North American Company.*—Seven suits were filed in the District of Columbia to enjoin enforcement of the Holding Company Act. On December 7, 1935, a motion was made by the Commission to stay these suits pending a decision of the Supreme Court in the *Electric Bond and Share* case. This motion was granted by the district court on January 6, 1936, but on special appeal the stay order was reversed by the Court of Appeals for the District of Columbia on the ground that the parties and issues were not identical with those in the *Electric Bond and Share* case. Certiorari was granted by the Supreme Court October 5, 1936. On December 7, 1936, the Supreme Court reversed the decision of the court of appeals, vacated the order of the district court, and remanded the cause to the lower court for a reconsideration of the motion for a stay. Mr. Justice Cardozo, speaking for a unanimous Court (Mr. Justice McReynolds concurring in result only), stated that although the Court did have the power to grant the stay, the stay was excessive insofar as it was to continue in effect beyond the decision of the district court in the *Electric Bond and Share* case (299 U. S. 248). The cases are now in the District Court for the District of Columbia awaiting further proceedings on the motion to stay.

The status of the cases arising under the Public Utility Holding Company Act which were pending during the fiscal year is as follows:

TABLE XI.—Suits, by holding companies.

Parties plaintiff	District court	Date of filing suit	Disposition
United Gas Improvement Co.	Eastern district of Pennsylvania.	1935 Nov. 20	Pending.
Delaware Electric Power Co.	Delaware.	Nov. 21	Order taking bill <i>pro confesso</i> entered against local United States attorney and postmaster, Sept. 25, 1936. Pending as to other defendants.
Susquehanna Utilities Co.	do.	do.	Do.
Philadelphia Electric Co.	Eastern district of Pennsylvania.	do.	Pending.
The Commonwealth & Southern Corporation.	Delaware.	Nov. 23	Order taking bill <i>pro confesso</i> entered against local United States attorney and postmaster Jan. 30, 1936. Bill dismissed as to other defendants Apr. 22, 1936.
Consolidated Gas Co., of New York.	Southern district of New York.	Nov. 25	On Jan. 3, 1936, bill dismissed as to other than local defendants. The court ruled on Feb. 22, 1936, that the Attorney General and Postmaster General were not necessary parties defendant in suits against the local postmasters and United States marshals (reported sub nomine ( <i>Consolidated Gas Co. v. Hardy</i> , 14 F. Supp. 223). Motion to dismiss by these parties was therefore denied and <i>pro confesso</i> decree entered. A final decree was entered on Oct. 24, 1936.
Eastern Texas Electric Co.	Delaware.	Nov. 26	Bill dismissed on June 25, 1936, as to all but local defendants. Order taking bill <i>pro confesso</i> as to latter entered Aug. 25, 1936.
El Paso Electric Co.	Delaware.	do.	Do.
Engineers Public Service.	do.	do.	Do.
The North American Co.	District of Columbia.	do.	Discontinued by plaintiff on Apr. 26, 1937.
Stone & Webster, Inc.	Delaware.	do.	Bill dismissed on June 25, 1936, as to all but local defendants. Order taking bill <i>pro confesso</i> as to latter entered Aug. 25, 1936.
Stone & Webster Utilities Corporation.	do.	do.	Do.
American Gas & Power Co.	do.	Nov. 27	Order taking bill <i>pro confesso</i> entered against United States attorney Sept. 25, 1936. Pending as to other defendants.
American Water Works and Electric Co., Inc.	District of Columbia.	do.	Discontinued by plaintiff on Apr. 26, 1937.
Louisville Gas & Electric Co.	Delaware.	do.	Bill dismissed on Oct. 6, 1936, as to all but local defendants. Order taking bill <i>pro confesso</i> as to latter entered on Oct. 14, 1936.
Sierra Pacific Electric Co.	Maine.	do.	Pending.
Standard Power & Light Corporation.	Delaware.	do.	Order taking bill <i>pro confesso</i> entered against local defendants Sept. 25, 1936. Pending as to other defendants.
The United Corporation et al.	Southern district of New York.	do.	Same disposition as in Consolidated Gas Co. case except that the final decree was entered on Nov. 10, 1936.
Do.	Delaware.	Nov. 29	Order taking bill <i>pro confesso</i> entered against local defendants Sept. 25, 1936. Pending as to other defendants.
North Continent Utilities Corp.	do.	do.	Pending.
Cities Service Co. et al.	do.	do.	Do.
American Light & Traction Co.	District of Columbia.	do.	Pending.
Cities Service Co. et al.	Southern district of New York.	do.	Same disposition as in Consolidated Gas Co. case except that the final decree was entered on Nov. 10, 1936.
United States Electric Power Corporation.	Maryland.	do.	Pending.
The Columbus Railway Power & Light Co.	Southern district of Ohio.	do.	Order taking bill <i>pro confesso</i> entered against local defendants March 11, 1936. Pending as to other defendants.
Continental Gas & Elec. Corp.	District of Columbia.	do.	Pending.
East Tennessee Light & Power Co. et al.	Western district of Virginia.	do.	Do.

<sup>1</sup> Complainants which have registered under the Public Utility Holding Company Act, reserving all constitutional rights, and without withdrawing suits to enjoin enforcement of the Act.

TABLE XI.—Suits by holding companies—Continued

Parties plaintiff	District court	Date of filing suit	Disposition
Federal Light & Traction Co. et al.	Southern district of New York.	1935 Nov. 29	Same disposition as in Consolidated Gas Co. case except that the final decree was entered on Nov. 19, 1936. Bill dismissed on Feb. 10, 1936, as to all nonlocal defendants. Action dismissed by 17 of 22 plaintiffs. Pending by other 5 plaintiffs.
Northern States Power Co. et al. <sup>1</sup>	Minnesota.....	do.....	
Public Service Co. of Colorado et al.	Colorado.....	do.....	
The Toledo Edison Co. et al.....	Northern district of Ohio.	do.....	
United Light and Power Co.....	District of Columbia.	do.....	
United Light and Railway Co.	do.....	do.....	
Associated Gas & Electric Co. et al.	Delaware.....	Nov. 30	
H. M. Byllesby & Co.....	do.....	do.....	
The Byllesby Corporation.....	do.....	do.....	
North American Edison Co. <sup>1</sup>	do.....	do.....	
North American Light & Power Co.	do.....	do.....	Order taking bill <i>pro confesso</i> entered against local defendants July 7, 1936. Pending as to other defendants. Suit discontinued by plaintiff April 1937.
Northeastern Water & Electric Corporation.	do.....	Dec. 4	Bill dismissed on June 8, 1936, as to all but local defendants. Order taking bill <i>pro confesso</i> as to latter entered July 7, 1936. Suit discontinued by plaintiff April 1937.
Community Gas & Power.....	do.....	1936 Jan. 20	Order taking bill <i>pro confesso</i> entered against local United States Attorney Mar. 31, 1936. Pending.

<sup>1</sup> Complainants which have registered under the Public Utility Holding Company Act, reserving all constitutional rights, and without withdrawing suits to enjoin enforcement of the Act.

TABLE XII.—Suits by trustees in bankruptcy or by the company as debtor

Company	District court	Date of filing suit	Disposition
Lehigh Valley Transit Co.....	Eastern district of Pennsylvania.	1935 Nov. 25	Pending.
Standard Gas & Electric Co.....	Delaware.....	Nov. 27	
North American Gas & Electric Co.	Southern district of New York.	1936 June 6	Government officials, joined as defendants, moved to dismiss on grounds of lack of jurisdiction and improper venue on Dec. 16, 1935. Pending. Trustees' petition for instructions not pressed and still pending.

TABLE XIII.—*Stockholders' suits*

Case	District court	Date of filing suit	Disposition
<i>Charles B. Barnes v. Ford et al.</i> .....	Massachusetts.....	1935 Nov. 30	Government officials made parties defendant moved to dismiss on Dec. 17, 1935, on procedural grounds. Case pending.
<i>Theodore W. Case v. Columbia Gas &amp; Electric Corporation.</i>	Southern district of New York.	Nov. 20	Temporary restraining order dismissed as to 3 corporate defendants on Dec. 10, 1935. Plaintiff's motion for temporary injunction continued.
<i>Albert E. Pierce v. Coughlin et al.</i> .....	.....do.....	Nov. 30	
<i>Albert E. Pierce v. Central Public Utility Corporation et al.</i>	Delaware.....	Dec. 4	Temporary restraining order entered Dec. 5, 1935. Preliminary injunction denied Apr. 26, 1937.
<i>Public Utility Investing Corporation v. Utilities Power &amp; Light Corporation et al.</i>	Eastern district of Virginia.	Dec. 5	Temporary injunction denied Dec. 17, 1935, on ground of want of equity. The Circuit Court of Appeals for the Fourth Circuit denied temporary restraining order pending appeal on same grounds on Feb. 22, 1936 (82 F. (2d) 21). Pending.

TABLE XIV.—*Stockholders' suits under section 30*

Case	District court	Date of filing suit	Disposition
<i>Fisher v. Landis et al.</i> .....	District of Columbia.	1936 July 27	Bill to enjoin Commissioners from compelling his appearance to testify. Temporary injunction denied Aug. 11, 1937, on the ground of want of equity.
<i>Fisher v. The Equity Corporation et al.</i>	.....do.....	.....do.....	Bill to enjoin the officers of the corporation from giving evidence and the Commission from compelling the giving of evidence. Temporary injunction denied Aug. 11, 1937, on the ground of want of equity.



