

TABLE 6.—Total sales of leading sponsors as of December 31, 1935—Continued

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|---|----------------------|
| Maryland Sponsors, Inc.—Continued. | |
| Management investment companies: | |
| Quarterly Income Shares, Inc. (1932)..... | \$35, 857, 000 |
| The Maryland Fund, Inc. (1934)..... | 4, 838, 000 |
| Total..... | <u>40, 695, 000</u> |
| Super-Corporations of America Depositors, Inc.: | |
| Fixed trusts: | |
| Super-Corporations of America Trust shares: | |
| Series A (1930)..... | 29, 790, 261 |
| Series B (1930)..... | 14, 155, 290 |
| Series C (1931)..... | 2, 834, 303 |
| Series D (1931)..... | 2, 803, 745 |
| Series AA (1932)..... | 5, 996, 374 |
| Series BB (1932)..... | 2, 773, 140 |
| Total..... | <u>58, 353, 113</u> |
| Management investment companies (sponsored by Lord, Abbett & Co., Inc.): | |
| American Business Shares, Inc. (1932)..... | 3, 916, 325 |
| Affiliated Fund, Inc. (1934)..... | 1, 491, 449 |
| Total..... | <u>5, 407, 744</u> |
| Transcontinent Shares Corporation (formerly Bank and Insurance Shares, Inc.): | |
| Fixed trusts: | |
| Deposited bank shares, series B-1 (1928)..... | \$2, 522, 123 |
| Deposited bank shares, series N. Y. (1929)..... | 4, 665, 054 |
| Deposited insurance shares, series A (1930)..... | 8, 882, 231 |
| Deposited bank shares, N. Y., series A (1930)..... | 9, 185, 829 |
| Deposited insurance shares, series B (1935)..... | ² 17, 000 |
| Total..... | <u>25, 272, 237</u> |
| Installment investment plans (cash paid in): | |
| Insurance stock plan certificates (1932)..... | 262, 740 |
| New York bank stock contract plan certificates (1932) .. | 110, 945 |
| Total..... | <u>373, 685</u> |
| Total sales of fixed trusts as of Dec. 31, 1935..... | <u>758, 863, 282</u> |

² Estimated.

EXCHANGE OFFERS TO HOLDERS OF FIXED TRUST SHARES

The following table contains data relating to exchange offers made to the holders of certificates for shares of the fixed trusts for which replies to the Commission's questionnaire were filed.

The material set forth herein was taken from the replies to the Commission's questionnaires for the trusts named.

Reported Exchange Offers to Holders of Fixed Trust Shares, 1927-35

[Trusts with distribution of \$500,000 or over]

| Name of trust | Number of shares exchanged | Approximate dollar value of shares exchanged | Original date of offer | Date of expiration of offer | Security offered in exchange | Premium allowed on shares submitted for exchange | Load on shares offered in exchange | |
|--|----------------------------|--|------------------------|-----------------------------|---|--|------------------------------------|----------------------------------|
| Diversified Trustee Shares, Original Series. | 953,105 | \$4,167,463 | Apr. 22, 1932 | Apr. 1, 1933 | Diversified Trustee Shares, Series D. | 20 cents per share | 8.46 percent of offering price. | |
| Diversified Trustee Shares, Series B. | | | Apr. 18, 1932 | June 15, 1932 | do | do | Do. | |
| Do | | | June 15, 1932 | Mar. 31, 1933 | do | do | Do. | |
| Do | | | Mar. 31, 1933 | Sept. 19, 1933 | do | do | Do. | |
| Do | | | Sept. 19, 1933 | | | Diversified Trustee Shares, Series D, or Supervised Shares, Inc. | do | Do. |
| Diversified Trustee Shares, Series C. | | | May 1, 1931 | June 17, 1931 | May 1, 1931 | Diversified Trustee Shares, Series D. | None | None. |
| Do | | | June 17, 1931 | Oct. 23, 1931 | June 17, 1931 | do | 5 percent discount on new shares. | 7½ percent of offering price. |
| Do | | | Oct. 23, 1931 | Feb. 1, 1932 | Oct. 23, 1931 | do | do | 8.46 percent of offering price. |
| Do | | | Feb. 1, 1932 | June 30, 1933 | Feb. 1, 1932 | do | 3 percent discount on new shares. | Do. |
| Do | | | June 30, 1933 | | June 30, 1933 | do | 3 percent of liquidating value. | 9½ percent of liquidating value. |
| United States Electric Light & Power Shares, Inc., Trust Certificates, Series B. | 764,000 | 1,715,000 | June 18, 1934 | Aug. 15, 1934 | Nation-Wide Securities Co. (Md.). | 3 percent of liquidating value. | 9½ percent of liquidating value. | |
| Nation-Wide Securities Co. Trust Certificates: | | | | | | | | |
| Series A | 3,980 | 30,000 | Jan. 18, 1934 | do | do | do | Do. | |
| Series B | 693,000 | 2,456,500 | do | do | do | do | Do. | |
| United States Electric Light & Power Shares, Inc., Trust Certificates, Series A. | 458,000 | 580,000 | do | do | do | do | Do. | |
| Fixed Trust Shares | 44,665 | 359,000 | Jan. 16, 1933 | Feb. 28, 1935 | Quarterly Income Shares, Inc. | Preferential-bid (amount not stated). | Do. | |
| Fixed Trust Shares, Series B. | 19,155 | 124,000 | do | do | do | do | Do. | |
| Basic Industry Shares | 13,400 | 399,000 | Jan. 14, 1933 | do | do | do | Do. | |
| Corporate Trust Shares, Original Series. | 9,037,740 | 26,891,000 | Nov. 19, 1931 | June 15, 1932 | Corporate Trust Shares, Accumulative Series or Series AA. | \$0.125 per share to Mar. 15, 1932. \$0.10 per share to June 15, 1932. | 9½ percent of cost of property. | |
| Do | 2,741,000 | 1,556,280 | Sept. 29, 1932 | Nov. 25, 1932 | Corporate Trust Shares, Accumulative (Modified), or Series AA (Modified). | \$0.03 to \$0.10 per share | Do. | |
| Do | 318,330 | 640,000 | Jan. 23, 1933 | Feb. 28, 1935 | Quarterly Income Shares, Inc. | Preferential-bid (amount not stated). | Do. | |

| | | | | | | | | |
|---|----------------------------|----------------------------|--------------------|--------------------|---|---|---|------------------------------|
| Corporate Trust Shares: | | | | | | | | |
| Series AA..... | 654,465 | 1,233,000 | do..... | do..... | do..... | do..... | Preferential-bid (2 cents per share average). | Do. |
| Series AA (Modified)..... | 2,782,000 | 5,981,000 | do..... | do..... | do..... | do..... | do..... | Do. |
| Accumulative Series..... | 673,595 | 1,274,000 | do..... | do..... | do..... | do..... | do..... | Do. |
| Accumulative Series (Modified)..... | 2,748,000 | 6,010,000 | do..... | do..... | do..... | do..... | do..... | Do. |
| 5-Year Fixed Trust Shares..... | 63,800 | 206,000 | do..... | do..... | do..... | do..... | Preferential-bid (5 cents per share average). | Do. |
| Deposited Bank Shares: | | | | | | | | |
| Series N. Y..... | 104,000 | 230,000 | Late in 1931..... | December 1935..... | Deposited Bank Shares N. Y., Series A..... | do..... | Small variable premium..... | 8 percent of offering price. |
| Series B-1..... | 33,000 | 101,000 | December 1931..... | do..... | do..... | do..... | do..... | Do. |
| North American Trust Shares, 1953..... | { 16,000,000 to 18,000,000 | { 32,000,000 to 36,000,000 | { Nov. 5, 1931 | { May 16, 1932 | { North American Trust Shares, 1955; North American Trust Shares, 1956..... | { \$0.125 per share to Dec. 31, 1931; \$0.10 per share to May 16, 1932. | { 9½ percent of cost of property. | |
| Cumulative Trust Shares..... | 6,275 | 23,081 | Apr. 14, 1934 | Dec. 31, 1935 | Group Securities, Inc..... | 2¾ percent to 4¾ percent of asset value of Group Securities, Inc. | 8¾ percent of asset value. | |
| North American Trust Shares: | | | | | | | | |
| 1955..... | 228,395 | 505,287 | do..... | do..... | do..... | do..... | 2¾ percent to 4¾ percent of asset value of Group Securities, Inc. | Do. |
| 1956..... | 412,528 | 923,033 | do..... | do..... | do..... | do..... | do..... | Do. |
| 1958..... | 218,810 | 560,116 | do..... | do..... | do..... | do..... | 2¾ percent to 4¾ percent of asset value of Group Securities, Inc. | 6¾ percent of asset value. |
| Super-Corporations of America Trust Shares: | | | | | | | | |
| Series A..... | 31,620 | 120,524 | { Nov. 6, 1935 | { Nov. 14, 1935 | { American Business Shares..... | { 7 cents per share..... | { 9½ percent of net asset value. | |
| Series B..... | 17,025 | 68,429 | { Nov. 23, 1935 | { Dec. 17, 1935 | { do..... | { 13 cents per share..... | { Do. | |
| Series C..... | 4,375 | 31,793 | { Nov. 6, 1935 | { Nov. 14, 1935 | { American Business Shares..... | { 3 cents per share..... | { Do. | |
| Series D..... | 7,865 | 57,373 | { Nov. 23, 1935 | { Dec. 17, 1935 | { do..... | { 9 cents per share..... | { Do. | |
| Series AA..... | 89,956 | 238,659 | { Nov. 6, 1935 | { Nov. 14, 1935 | { American Business Shares..... | { 5 cents per share..... | { Do. | |
| Series BB..... | 52,350 | 140,107 | { Nov. 23, 1935 | { Dec. 17, 1935 | { do..... | { 17 cents per share..... | { Do. | |
| Series A..... | 75,620 | 374,775 | { Nov. 6, 1935 | { Nov. 14, 1935 | { do..... | { 7 cents per share..... | { Do. | |
| Series B..... | 37,710 | 179,530 | { Nov. 23, 1935 | { Dec. 17, 1935 | { do..... | { 19 cents per share..... | { Do. | |
| Fundamental Trust Shares: | | | | | | | | |
| Series A..... | 75,620 | 374,775 | Aug. 1, 1935 | Nov. 30, 1935 | Fundamental Investors, Inc..... | 5 percent over bid price..... | 8½ percent of asset value. | |
| Series B..... | 37,710 | 179,530 | do..... | do..... | do..... | do..... | Do. | |

Reported Exchange Offers to Holders of Fixed Trust Shares, 1927-35—Continued

| Name of trust | Number of shares exchanged | Approximate dollar value of shares exchanged | Original date of offer | Date of expiration of offer | Security offered in exchange | Premium allowed on shares submitted for exchange | Load on shares offered in exchange |
|-------------------------------------|----------------------------|--|------------------------|-----------------------------|-------------------------------------|--|------------------------------------|
| Trust Shares of America..... | (1) | \$350,000 | September 1933. | January 1934. | Dividend Shares, Inc. | None..... | About 8 percent of asset value. |
| Trusteed New York Bank Shares. | (1) | (1) | Nov. 16, 1932 | Dec. 31, 1932 | Trusteed New York City Bank Stocks. |do..... | Not known. |
| Investors Trustee Shares, Series A. | (1) | 100,000 | 1931..... | 1931..... | American Composite Trust Shares. |do..... | 8 percent to 9 percent. |
| Selected Cumulative Shares.. | (1) | (1) | Unlimited offer. | Unlimited offer. | Selected American Shares, |do..... | 9 percent. |

¹ Not available.

These 6 sponsors made 33 offers of exchange, either from one fixed trust into another, or from a fixed trust into an open-end management investment company. The dollar value of these exchanges was over \$90,000,000 to the end of 1935, for which investors paid gross loading charges of about \$5,000,000. Of the \$90,000,000 of shares exchanged, \$67,000,000 represented exchanges from one fixed trust into another and \$23,000,000 represented exchanges into open-end companies.

If these figures be made to include exchange offers by competitors, and projected to the total fixed trust sales it may be estimated that about \$120,000,000 of fixed trust shares were exchanged either for other fixed trusts or open-end companies at a cost (gross loading charges) to applicable investors of at least \$6,700,000. Since these investors had already been subjected to at least one previous loading charge, they had already paid at least \$12,000,000, on their investment or a total contribution to sponsors, for which they received nothing but the privilege of making these successive investments, of \$18,700,000.

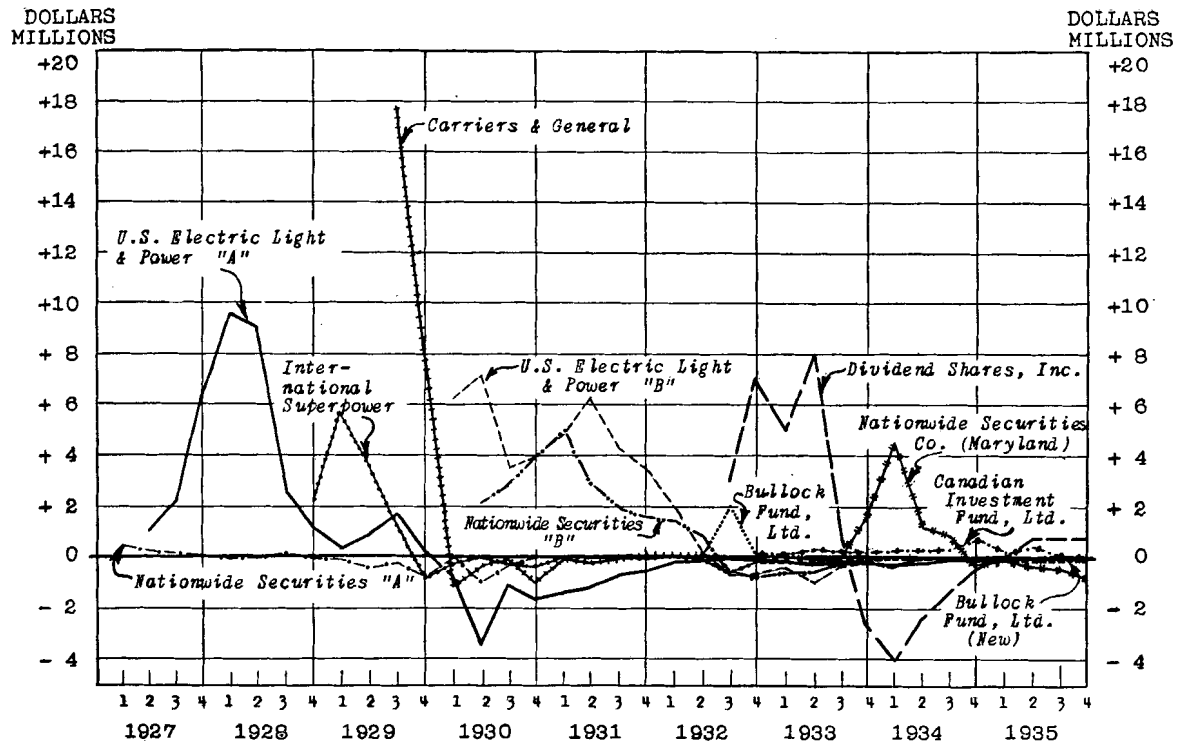
A graph showing the recurrent promotions—the “new model system”—of Calvin Bullock is shown on page 958.

Further figures may be cited as to the fixed trusts. Of the total sales of about \$760,000,000 by the 6 sponsors, the value of the shares outstanding at the end of 1938 was about \$44,000,000—less than 6 percent of the total sold. This difference, while it reflects the effect of general market decline and of redemptions by holders, also reflects the effect of exchanges, loading charges, disadvantageous sales by holders through over-the-counter dealers and the like.

The detail of various exchange offers by leading sponsors will be found in the Fixed Trust Report, pages 212-227.

The following tables indicate that the practice of multiple sponsorship was not confined to the open-end and fixed-trust fields.

NET SALES OF INVESTMENT COMPANIES IN BULLOCK GROUP



Excludes Electric Light & Power Shares, Inc. (Md.)
Organized June 1932, Max. Assets less than \$500,000

Table showing chronological promotions and affiliations of investment companies by sponsor groups

LEHMAN BROTHERS

| Date of promotion or affiliation | Contributed capital or approximate size at first of year and | Name of investment company | Genesis of affiliation | Period of affiliation | Change of status or present condition | Approximate present size or at change of status |
|----------------------------------|--|---|-------------------------------------|---------------------------------|---|---|
| Jan. 25, 1927 | Dec. 31, 1927 \$10,836,000 | General American Investors Co., Inc. | Copromoters with Lazard Freres..... | Jan. 25, 1927- Aug. 3, 1928. | Merged with Second General American American Investors Co., Inc., on Sept. 5, 1928. | June 30, 1939 \$19,402,000 |
| Oct. 15, 1928 | June 30, 1929 \$18,322,000 | Second General American Investors, Inc. | do..... | Oct. 15, 1928 | Name changed to General American Investors Co., Inc., on Sept. 5, 1928. | Dec. 31, 1939 \$20,475,000 |
| Sept. 11, 1929 | Dec. 31, 1929 \$100,382,652 | The Lehman Corporation..... | Sole promoters and sponsor..... | Sept. 11, 1929 | do..... | Aug. 30, 1939 \$67,357,000 |

Table showing chronological promotions and affiliations of investment companies by sponsor groups

NATIONAL INVESTORS GROUP

| Date of promotion or affiliation | Contributed capital or approximate size at first year end | Name of investment company | Genesis of affiliation | Period of affiliation | Change of status or present condition | Approximate present size or at change of status |
|----------------------------------|---|--|---|-----------------------------|--|---|
| June 16, 1927 | \$4,400,000 (paid-in). | National Investors Corporation. | Organized and managed by Presley. Underwriters were Guardian Detroit Co., Inc., and Shawmut Corporation of Boston. | June 16, 1927-Apr. 1, 1937. | Consolidated with Second, Third, and Fourth National Investors Corporations to form a new National Investors Corporation. | \$4,737,000 (Apr. 1, 1937). |
| Nov. 9, 1928 | \$10,600,000 (paid-in). | Second National Investors Corporation. | Organized and managed by National Investors. Underwriters were Guardian Detroit Co., Inc., and Shawmut Corporation of Boston. National Investors purchased 100,000 shares of common and 200,000 warrants for \$1,000,000. | Nov. 9, 1928-Apr. 1, 1937. | Consolidated with other 3 National Investors Corporations to form a new national investors corporation. Management contract terminated at end of 1934 but another entered into March 1936 to April 1937. | \$6,902,000 (Apr. 1, 1937). |
| Feb. 27, 1929 | \$10,400,000 (paid-in). | Third National Investors Corporation. | Organized and managed by National Investors Corporation. Underwriters were Guardian Detroit Co. and Shawmut Corporation. National Investors paid \$1,000,000 for 20,000 common shares and option warrants to purchase 130,000 common shares. | Feb. 27, 1929-Apr. 1, 1937. | Same as Second National Investors..... | \$6,544,000 (Apr. 1 1937). |
| Aug. 13, 1929 | \$27,000,000.. | Fourth National Investors Corporation. | Organized and managed by National Investors Corporation. Underwriters were Guardian Detroit Co. and Shawmut Corporation of Boston. Marine Trust Co. (Buffalo) and N. W. Harris Co. (Chicago). National Investors paid \$3,000,000 for 750,000 common stock option warrants. | Aug. 13, 1929-Apr. 1, 1937. | do..... | \$23,831,000 (Apr. 1, 1937). |
| Apr. 1, 1937 | \$30,864,000 (gross assets, Apr. 1, 1937). | National Investors Corporation (a Maryland corporation). | This company is the result of the consolidation of the 4 preceding corporations. | Apr. 1, 1937, to date. | No change..... | \$14,937,000 (Dec. 31, 1939). |

Investment companies organized by Jonathan B. Lovelace

| Date of affiliation | Name of investment company | Contributed capital | Genesis of affiliation | Period of affiliation | Change of status or present condition | Size at change of status or at present |
|---------------------|------------------------------------|---|--|------------------------|--|--|
| Mar. 1926.... | The Investment Company of America. | \$13,832,000 (paid-in at end of 1930). | Organized by Lovelace and E. E. MacCrone & Co. Lovelace supplied investment advisory service through Investment Research Corporation. E. E. MacCrone was underwriter and broker. Bonbright & Co. underwrote the issue of debentures. | March 1926 to date. | The original company was The Investment Trust of America, a common law trust administered by a Michigan trustee corporation. The name was changed to the Investment Co. of America in October 1926. The present company was incorporated in Delaware in August 1933 to carry out a plan of capital readjustment of the predecessor trust. In December 1933, the company amended its certificate of incorporation to provide for the repurchase of its shares at 92½ percent of net asset value. At end of 1939, Pacific Southern Investors, Inc. held 39 percent of outstanding stock. | \$4,412,000 (gross assets at Dec. 31, 1939). |
| April 1927.... | Pacific Investing Corporation. | \$13,411,000 (paid-in at end of 1930). | Organized and managed by Lovelace and a group of Los Angeles business men. Securities underwritten by Blythe, Witter & Co. | April 1927-April 1932. | Merged into Southern Bond & Share Corporation to form Pacific Southern Investors, Inc. | \$4,541,000 (gross assets at Apr. 25, 1932). |
| May 1928.... | American Capital Corporation. | \$13,153,000 (paid-in). | Organized and managed by Lovelace and a group of Los Angeles businessmen. Securities underwritten by Bonbright & Co. | May 1928 to date. | At end of 1939, Pacific Southern Investors, Inc., held 23 percent of preferred, 13 percent of class A, common, and 12 percent of class B common. | \$5,682,000 (gross assets at Dec. 31, 1939). |
| July 1928.... | Southern Bond & Share Corporation. | \$3,120,000 (paid-in). | Organized and managed by Lovelace. E. E. MacCrone & Co. was principal underwriter. | July 1928-April 1932. | Merged with Pacific Investing Corporation to form Pacific Southern Investors, Inc. | \$1,414,000 (gross assets less treasury stock at Apr. 25, 1932). |
| April 1932.... | Pacific Southern Investors, Inc. | \$5,944,000 (gross assets at organization). | Result of merger of Pacific Investing Corporation and Southern Bond & Share Corporation. | April 1932 to date. | No change..... | \$7,556,000 (gross assets at Dec. 31, 1939). |