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**ELEVENTH ANNUAL REPORT**

**OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

**FISCAL YEAR**

**JUNE 30, 1945**





LETTER OF TRANSMITTAL

SECURITIES AND EXCHANGE COMMISSION,  
*Philadelphia 3, Pa., February 21, 1946.*

Sir:

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

Because of the extensive report made a year ago covering the ten years of the Commission's existence, we have attempted to condense this report as much as possible.

In this first annual report following the cessation of hostilities, it is appropriate to express our grateful appreciation to the large number of Commission employees who entered the military service of our country. The Commission's honor roll of 472 employees is printed at the beginning of this report. It lists the names of those members of our staff who gave their service and those who gave their lives.

Respectfully,

Ganson Purcell,  
*Chairman.*

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

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TO JULY 30, 1945

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## PART I

### ADMINISTRATION OF THE SECURITIES ACT OF 1933

Objectives of the Securities Act of 1933, as amended, and the general nature and scope of registration and examination procedures developed by the Commission for their effectuation are discussed in the Tenth Annual Report, pages 13-17 inclusive, and previous annual reports. Briefly stated, the Act provides for full disclosure by means of registration statements and prospectuses of pertinent information regarding securities publicly offered for sale in interstate commerce or through the mails, without conferring upon the Commission the power to approve or pass upon the merits of any security. The Act is also designed to prevent misrepresentation, deceit, and other fraudulent practices in the sale of securities. While the Act does not insulate investors against risk, it does make available to them information with which to gage the risk.

#### NEW RULES, REGULATIONS AND FORMS FOR REGISTRATION OF SECURITIES

Simplification of registration procedure.—In continuance of its efforts to simplify the registration statements required to be filed under the Act, the Commission adopted, during the year, two new forms for use in registering certain classes of securities. Limitations placed on the use of both forms have permitted considerable simplification of previous forms. The first of these additional forms is designated as Form S-11. It is designed to facilitate the registration of shares of exploratory mining corporations. It is provided for the use of mining corporations that have not engaged in active ore production and have no mining property developed beyond the exploratory stage. Its use is limited to corporations that have not been involved in recent successions and are without important subsidiaries. It is believed that a large part of the registrants making offerings of unseasoned mine securities will be able to use the form.

The form also involves several innovations. It dispenses with the requirement for certification of financial statements by independent accountants, since the type of corporation eligible to use the form will generally have had few important financial transactions. In addition, a booklet has been designed for use in connection with the form to aid registrants in preparing registration statements. This booklet, entitled "Supplement to Form S-11 under the Securities Act of 1933", contains quotations of the various sections of the Act and the rules thereunder which are referred to in the form. It also contains a digest of certain views taken from the Commission's formal opinions which bear on problems which may arise under the Act in connection with primary mine financing. This compilation of applicable provisions of the Act, rules, and administrative decisions should greatly facilitate the preparation of registration statements on Form S-11.

The other new registration form is designated as Form S-12, and it is to be used for the registration of shares of corporations not more advanced than the development stage. This form may be used by such corporations (other than those in the insurance, investment and mining business) if they do not have and do not intend to acquire subsidiaries of importance, if they have not been involved in a recent succession, and if there is no long term debt. It is believed that the form will prove of value, particularly to new small corporations already organized and those to be organized in the postwar period.

The various items of the form and the instructions have been reduced in number and simplified in comparison with previous forms. A balance sheet is not required but may be filed. A supplement to the form has been prepared to facilitate the preparation of the registration statement. It contains the parts of the Securities Act and the rules thereunder that are generally pertinent to registration.

In keeping with the Commission's practice, draft copies of the form were circulated to attorneys, accountants, and others interested in public financing. Their comments and suggestions proved most helpful in preparing the final draft of the form.

STATISTICS OF SECURITIES REGISTERED UNDER THE ACT

The number of registration statements filed under the Securities Act of 1933 during the past fiscal year—400—exceeds that for any year since 1938 when 459 were filed. The following table shows the disposition of registration statements filed and examined under the Act.

Disposition of Registration Statements

	<u>Prior to July 1, 1944</u>	<u>July 1, 1944 to June 30, 1945 inclusive</u>	<u>Total as of June 30, 1945</u>
<u>Number of statements</u>			
Filed	5,420	400	5,820
Effective - net	4,337	344	4,680 (a)
Withdrawn - net	855	22	877
Under stop or refusal orders - net	182	0	182
Pending - June 30, 1944	46		
Pending - June 30, 1945			81 (a)
<u>Dollar value of securities</u>			
Filed	\$28,170,150,522	\$4,182,728,108	\$32,352,878,630
Fully effective	25,345,391,714	3,224,584,051	28,569,975,765

(a) One statement which was effective prior to July 1, 1944 was withdrawn during the fiscal year ended June 30, 1945.

There were also filed and examined during the past fiscal year 1,571 amendments to registration statements, of which amendments 789 were classed as material amendments filed before the effective date of the registration statements concerned, 279 as material amendments filed after such effective date, and 503 purely formal amendments filed for the purpose of delaying the statutory effective date of the registration statements.

In addition, 769 sets of supplemental prospectus material, not classified as amendments to registration statements, were filed during the year to comply with Rule 800 (b) or Section 10 (b) (1) of the Act, or for the purpose of showing material changes occurring after the commencement of the offering.

There were also examined during the year 377 annual and 300 quarterly reports filed by certain registrants pursuant to Section 15 (d) of the Securities Exchange Act of 1934. Companies registered as investment companies under the Investment Company Act of 1940 accounted for 82 of these annual reports and all of these quarterly reports.

There were 340 1/ registration statements that became fully effective under the Securities Act during the fiscal year ended June 30, 1945. These covered 508 issues in the total amount of \$3,224,584,000. The portion registered for sale for accounts of the issuers amounted to \$2,714,776,000, not including \$229,719,000 which were to be first offered in exchange for outstanding securities.

Bonds and notes accounted for \$1,707,574,000, or 63 percent, of all types of new issues registered for sale. Preferred stock amounted to \$406,875,000, or 15 percent, common stock to \$316,178,000, or 12 percent, and all other types, including certificates of participation and face amount installment certificates, aggregated \$284,149,000, or 10 percent, of the volume of all types registered for sale for accounts of the issuers.

A breakdown of the new issues registered for sale - by method of issuance - shows that \$2,662,416,000, or 98 percent, were to be offered through investment bankers: 81 percent by purchase and resale, and 17 percent on a "best-efforts" basis. Only 2 percent of the total, or \$52,360,000, were to be offered directly to investors by the issuers.

An analysis of the industries represented shows that electric, gas, and water companies registered \$1,285,262,000, or 47 percent of the new issues registered for sale for accounts of all issuers. Manufacturing concerns were next with \$786,003,000, or 29 percent. Finance and investment companies registered \$505,274,000, or 19 percent, transportation and communication companies, \$77,756,000, or 3 percent, and all other issuers, \$60,481,000, or 2 percent. 2/

Costs of flotation reported in the registration statements amounted to 3.7 percent of the aggregate value of the new issues registered for sale and this was divided between 3.2 percent commissions and discounts and 0.5 percent for all other expenses incidental to flotation (including costs related to registration). The proportion of aggregate gross proceeds paid in commissions to investment bankers on issues registered for sale through them to the general public 3/ showed a downward trend over recent years for each of the three principal types of security as shown in the following tabulation:

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1/ This number of statements "fully effective" differs from the 344 shown as "effective" in the above table in that the latter figure includes five statements effective subject to amendments which were not made and excludes one statement effective during the preceding fiscal year subject to the filing of an amendment covering receipt of competitive bids, which amendment became effective during the fiscal year ended June 30, 1945.

2/ See Appendix Table 1 for various breakdowns of the dollar volume of Securities Act registrations.

3/ Not including investment trust certificates, on which costs are usually not reported in terms comparable with those of other issues.

Year Ended June 30	Compensation % of Gross Proceeds <sup>1/</sup>		
	Bonds	Preferred Stock	Common Stock
1939	2.0	6.4	16.9
1940	1.9	7.2	16.4
1941	1.8	4.1	14.4
1942	1.5	4.1	10.1
1943	1.7	3.6	9.7
1944	1.5	3.1	8.1
1945	1.3	3.1	9.3

Unregistered corporate securities offered in amounts of more than \$100,000 for cash sale during the fiscal year aggregated \$2,026,589,000. Railroad issues accounted for \$1,191,007,000, or more than half of this total. Private placements in the amount of \$743,666,000 accounted for most of the remainder. This was the largest volume of private placements since 1941. However, publicly offered corporate issues (both registered and unregistered) increased in volume even more, so that the relative importance of private placements actually declined. Only a little over 20 percent of all issues of corporate bonds and notes were privately placed during the past fiscal year compared with 44 and 46 percent for the two preceding years.

The net proceeds to the issuers of all new corporate securities <sup>2/</sup> offered for sale during the fiscal year amounted to \$4,071,648,000. Retirement of bonds, other debt, and preferred stock absorbed \$3,293,467,000, or 80.9 percent of all corporate net proceeds. The net proceeds from the sale of new securities issued by public utilities and railroads were used almost entirely for that purpose, as was also a little over half of the proceeds from the sale of industrial issues. The amount of net proceeds destined for expansion of plant, equipment and working capital, \$732,995,000, was the highest since the fiscal year ended June 30, 1942, and was mainly from securities offered by industrial companies. <sup>3/</sup>

#### EXEMPTION FROM REGISTRATION

The Commission is authorized under Section 3 (b) of the Securities Act of 1933, as amended, to provide, by rules and regulations, conditional exemption from the registration requirements of that Act for certain small security offerings. The Act imposed a maximum limitation of \$100,000 upon the amount of an offering which the Commission could thus exempt from registration until, by amendment of the statute effective May 15, 1945, this limitation was increased to \$300,000. <sup>4/</sup> Promptly after the enactment of this amendment, the Commission on May 22 amended its Regulation A so as to extend the general exemption from the registration requirements which is provided thereby up to a maximum offering of \$300,000.

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- <sup>1/</sup> For greater detail, see Appendix Table 2, which gives the average compensation, as well as the number of issues and dollar volume, for registered offerings of various degrees of size and quality.
- <sup>2/</sup> Including both registered and unregistered of more than \$100,000 in size of offering but excluding continuously offered investment trust certificates.
- <sup>3/</sup> See Appendix Tables 3 and 4 for a statistical breakdown of the volume of all securities offerings, including those exempt from registration under the Securities Act.
- <sup>4/</sup> The Commission's views on this amendment as given to the Congressional committees considering the bill were as follows: "We have weighed carefully the advantages to be gained by adoption of the amendment against its disadvantages and have come to the conclusion that balancing all the interests concerned the proposal merits a trial. We therefore favor its adoption. In reaching this conclusion, we have been influenced by the fact that the exemption provided by the section remains permissive and that the amendment preserves the Commission's authority in granting exemption to impose terms and conditions found necessary to protect the public interest."



Regulation A amended to raise exemption limit to \$300,000.—Under Regulation A as thus amended by the Commission, issuers meeting the conditions of the Regulation may make a public offering of securities not exceeding \$300,000 in aggregate offering price without filing a registration statement with the Commission. Prior to the enactment of this amendment, the limitation on offerings under Section 3 (b) was \$100,000. The new Regulation still permits an offering not exceeding \$100,000 to be made by, on behalf of, or for the benefit of any person controlling, controlled by, or under common control with the issuer. However, the aggregate amount of such offerings, and those by the issuer, cannot exceed \$300,000 in any period of twelve months. The amended Regulation provides that offerings may be made at the expiration of five days after a letter of notification is filed with the appropriate regional office of the Commission.

Section 3 (b) as amended May 15, 1945 remains permissive and preserves the Commission's authority, in granting exemption, to impose terms and conditions found necessary to protect the public interest.

It should be emphasized that the Commission's amendment of Regulation A is of a temporary nature and is not to be construed as indicating a final determination by it that the requirements set forth in the new Regulation are regarded as adequate in the case of all issues up to \$300,000.

It is further pointed out that the exemption from registration permitted by Section 3 (b) is not complete exemption from all provisions of the Act. It is limited by express provisions in Section 12 which impose civil liability on persons who sell securities in interstate commerce or through the mails by means of untrue statements or misleading omissions, and by Section 17 which makes it unlawful to sell securities by such means or by other types of fraud. Sections 12 and 17 are applicable even though the securities involved are exempted under Section 3 (b).

In connection with small issues exempted under Regulation A, there were filed with the Commission during the fiscal year a total of 578 letters of notification, and 325 amendments thereto, representing an aggregate offering price of \$38,848,893. Included in this total were 46 letters of notification with an aggregate offering price of \$2,775,957, relating to oil and gas leases and securities of companies engaged in various phases of the oil and gas business. Some idea of the increase during the past 3 years in the number and dollar-amount involved in offerings under Regulation A may be gained from the following comparison:

<u>Fiscal year</u>	<u>Number of letters of notification</u>	<u>Aggregate offering price</u>
1943	353	\$17,986,987
1944	427	21,933,944
1945	578	38,848,893

The raising of the exemption limit under Regulation A to \$300,000 does not account for all the increase shown in the last line of this comparison. However, it may be noted that, during the first 5 weeks that the increased limit was in effect, there were filed with the Commission 31 letters of notification for offerings in amounts between \$100,000 and \$300,000 each, representing an aggregate offering price of \$6,866,372, which figures are included in the total shown for the year 1945. It may be worthwhile to note further below a classification of these 31 somewhat larger offerings according to specified size groups. 1/

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1/ Some of these exempted offerings were made by large established companies. In future reports, additional data will be presented as to the size and type of offerings under Regulation A.

<u>Size of offering</u>	<u>Number of offerings</u>	<u>Aggregate offering price</u>
\$100,001 to \$150,000	7	\$ 979,188
150,001 to 200,000	7	1,305,561
200,001 to 250,000	6	1,397,740
250,001 to 300,000	11	3,183,883
Total . . . .	31	\$6,866,372

Adoption of Rule 240 of Regulation A-M.—The Commission adopted on March 24, 1945 a new rule pursuant to Section 3 (b) of the Act, designated as Rule 240 of Regulation A-M, which provides under certain specified conditions a special exemption from registration for offerings of assessable shares of mining corporations to a maximum of \$100,000 in one year. Pursuant to this rule, the aggregate offering price of the issuer's securities offered to the public (other than securities effectively registered under the Act) in each successive yearly period commencing with the filing date of the latest prospectus required by the rule plus the amount received in each such period as a result of all assessments must not exceed \$100,000. The aggregate amount of the securities proposed to be offered must not exceed \$100,000 less the aggregate amount of securities being currently offered to the public (other than effectively registered securities) and the aggregate sales price of securities sold within one year (other than sales of effectively registered securities). Not more than one offering of securities by an issuer under the rule is allowable in any period of one year.

While the adoption of such a rule had been urged by various members of the mining industry, and the Commission benefited from the suggestions of various mining men, mining organizations, attorneys, accountants, and others who had been furnished draft copies for review and criticism before it was promulgated, a number of objections to the rule were raised on the ground that it was contrary to public interest. The Commission therefore adopted this rule on a trial basis. If abuses develop under the rule to a point where it appears to the Commission that the public interest is adversely affected, action will be taken to rescind or modify this rule.

During about three months that Rule 240 had been in effect up to the end of the fiscal year, there were filed under the rule two prospectuses with an aggregate offering price (including contemplated assessments for a period of one year) of \$117,000.

Exempt offerings under Regulation B.— Pursuant to Regulation B, which provides for the conditional exemption from registration of fractional undivided interests in oil or gas rights where the aggregate offering price does not exceed \$100,000, the Commission received and examined during the year 272 offering sheets, and 299 amendments to such offering sheets, with respect to which the following actions were taken:

Various actions on filings under Regulation B.

Temporary Suspension Orders (Rule 340 (a)). . . . .	76
Orders Terminating Proceedings after Amendment. . . . .	64
Orders Consenting to Withdrawal of Offering Sheet and Terminating Proceeding. . . . .	9
Orders Terminating Effectiveness of Offering Sheet (No Proceeding Pending). . . . .	17
Orders Consenting to Amendment of Offering Sheet (No Proceeding Pending). . . . .	137
Orders Consenting to Withdrawal of Offering Sheet (No Proceeding Pending) . . . . .	11

Total Orders . . . . . 314

Confidential written reports of sales under Regulation B.—The Commission also received and examined during the year 2,770 confidential written reports required pursuant to Rules 320 (e) and 322 (c) and (d) of Regulation B concerning sales made by a broker-dealer or offeror to an individual, and from one dealer to another. This total consisted of 1,930 reports on Form 1-G and 840 on Form 2-G, representing sales in the aggregate of \$1,509,740 and \$1,309,371, respectively. If the examination of these reports indicates that a violation of the law may have occurred, the Commission makes appropriate investigations and, in instances where the facts are deemed to warrant it, rescissions are required.

The Commission not only maintains an Oil and Gas Unit within the framework of the Corporation Finance Division at headquarters, but has also established a petroleum geologist at Tulsa, Oklahoma, to facilitate the making of field investigations and reports upon tracts with respect to which offering sheets have been filed. The establishment of this additional field representative provides the Commission and its various regional offices with facilities for research at the source and technical reports needed for the prompt disposition of offering sheets that are filed as well as for the orderly conduct of investigations that may be opened. The importance of this source of supplemental technical information was particularly marked last year when unusual activity occurred in the West Edmund field of Oklahoma and led to the filing of many offering sheets relating to tracts in that field.

Oil and gas investigations.—The Commission conducted a total of 125 investigations during the year in cases involving oil and gas properties or proposed offerings of oil and gas securities. Most of these investigations arose out of complaints received by the Commission and were aimed at determining whether transactions in question were effected in violation of Sections 5 or 17 of the Securities Act of 1933. Others related to the question of possible violation of Section 15 of the Securities Exchange Act of 1934. Five investigations were closed during the year and the remaining 120 were pending at the end of the year. A summary of these investigations is tabulated below:

Oil and Gas Investigations

	Preliminary	Informal	Formal	Total
Pending at June 30, 1944 . . . . .	16	40	27	83
Opened 7-1-44 to 6-30-45:				
New cases . . . . .	15	27	-	42
Transferred from preliminary or informal . . . . .	-	2	1	3
Total number of cases to be accounted for . . . . .	31	69	28	128
Closed . . . . .	1	4	-	5
Transferred to informal . . . . .	2	-	-	2
Transferred to formal . . . . .	-	1	-	1
Pending at June 30, 1945 . . . . .	28	64	28	120

To illustrate the results of such investigations, it may be pointed out that the persons concerned in 2 cases were enjoined from violating the registration or fraud provisions of the Securities Act of 1933; the facts developed in another case were referred to the Department of Justice for criminal prosecution, while in 3 cases indictments were returned. It may also be noted that convictions obtained in 4 cases led to the following sentences: (1) Roy E. Wilson was sentenced to 3 years imprisonment and \$5,000 fine, (2) four defendants in the case of S. S. Alexander, et al. were imprisoned for periods ranging from 3 years to 2 months, (3) W. W. Kesel, Jr.

was fined \$1,200, while (4) eleven defendants in the case of Frank Mansfield, et al. were sent to prison for periods ranging from 5 to 3 years.

CIVIL ACTIONS INSTITUTED BY THE COMMISSION

During the past fiscal year the Commission sought injunctions restraining violations of the fraud and registration provisions of the Securities Act of 1933 in a number of cases. None of these cases, however, was of sufficient novelty to warrant more than passing mention. 1/

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1/ See Appendix, Table 26, Injunctive Proceedings brought by Commission. See also S.E.C. v. Roy E. Wilson, et al., under Administration of the Investment Advisers Act of 1940 - Civil Actions Instituted by the Commission.

## PART II

### ADMINISTRATION OF THE SECURITIES EXCHANGE ACT OF 1934

The Securities Exchange Act of 1934 is designed to eliminate fraud manipulation and other abuses in the trading of securities both on the organized exchanges and in the over-the-counter markets, which together constitute the nation's facilities for trading in securities; to make available to the public information regarding the condition of corporations whose securities are listed on any national securities exchange; and to regulate the use of the nation's credit in securities trading. The authority to issue rules on the use of credit in securities transactions is lodged in the Board of Governors of the Federal Reserve System, but the administration of these rules and of the other provisions of the Act is vested in the Commission.

#### REGULATION OF EXCHANGES AND EXCHANGE TRADING

##### Registration of Exchanges

There was no change during the past fiscal year in the number of exchanges registered with the Commission as national securities exchanges, nor in the number of exchanges exempted from such registration; the numbers were 19 and 5, respectively.

Various changes were effected by the exchanges in their rules, practices, and organizations during the year, such changes being reflected in amendments to their applications for registration or exemption. A total of 99 amendments and supplements to these applications were filed by the exchanges and each was studied and analyzed for its effects upon the public interest and its compliance with the relevant regulatory provisions.

##### Value and Volume of Trading

As shown in Appendix Table 7, trading on registered securities exchanges during the fiscal year 1945 had an aggregate value of \$15,160,875,000, as against \$10,746,044,000 in the preceding year. Stock trading had a value of \$13,141,773,000 in the 1945 period, as against a value of \$8,792,692,000 a year earlier. The volume of stock trading was 595,133,000 shares in the twelve months ended June 30, 1945, as compared with 410,940,000 shares for the preceding twelve months.

##### Exchange Membership

As of the close of the fiscal year, according to Commission records, 2,840 individuals and 975 firms (sole proprietorships, partnerships, and corporations) were full or associate members of one or more of the registered exchanges, excluding The Board of Trade of the City of Chicago which is primarily a commodities exchange.

##### Disciplinary Actions

In connection with the Commission's investigatory activities, the exchanges report periodically to the Commission all cases of disciplinary action which they take against their membership for violations of the Securities Exchange Act of 1934, any rule or regulation thereunder, or any exchange rule. During the year, six exchanges reported such actions taken against a total of 29 members, member firms, or partners of member firms. The disciplinary actions included a six-month suspension of membership in one case and fines up to \$5,000 in other cases, while in some instances the members involved were required to make monetary adjustments to customers or were simply censured or reprimanded. Various infractions were involved in these actions, the principal violations being of exchange rules regarding minimum

capital, margin trading, partnership agreements, floor trading, splitting commissions with non-members, and special offerings. The individual who was suspended from membership was found guilty of rebating commissions and of allocating transactions subsequent to their execution, such allocations having been made at the expense of customers over whose accounts he had discretionary authority.

### Special Offering Plans

Rule X-10B-2 permits special offerings of blocks of securities on national securities exchanges where such offerings are effected pursuant to a plan filed with and declared effective by the Commission. No new special offering plan became effective during the year; the plans of seven exchanges, 1/ which had previously been declared effective, remained in effect throughout the year. 2/

Special offerings on registered securities exchanges in the twelve months ended June 30, 1945, produced sales of 1,115,201 shares of stock, as against 975,173 shares in the preceding twelve months. Special commissions amounted to \$626,000 as compared with \$593,000 in the preceding year. Offerings on the New York Stock Exchange accounted for 1,013,154 of the 1,115,201 shares sold in special offerings in the fiscal year 1945. Further details are given in Appendix Table 6.

### Floor Trading

On January 15, 1945, the Trading and Exchange Division recommended the adoption of a rule, pursuant to Section 11 (a) (1) of the Securities Exchange Act of 1934, which would prohibit floor trading in stocks on the New York Stock Exchange and the New York Curb Exchange. This recommendation was accompanied by a report which outlined the legislative background of the Commission's powers with respect to floor trading, discussed the steps which had been taken in the past to regulate that activity, and described the nature and effects of such trading in considerable detail. 3/

A public conference was held on May 16, 1945, for the purpose of considering the merits of the proposal. At the conference, the Commission heard statements from all persons who wished to be heard; in addition, the Commission received various communications and other documents, among them a supplementary report prepared by the staff. 4/ Subsequent to the public conference, representatives of the Commission and of the New York Stock Exchange met from time to time for additional discussions. Finally, acceding to the request of the New York Stock Exchange, the Commission agreed to withhold action on its staff's proposal and to permit the exchanges to adopt experimentally certain rules restricting floor trading. The Commission is continuing its studies of floor trading as announced in its decision as follows:

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1/ The seven exchanges were the Chicago Stock Exchange, Cincinnati Stock Exchange, Detroit Stock Exchange, New York Curb Exchange, New York Stock Exchange, Philadelphia Stock Exchange, and the San Francisco Stock Exchange.

2/ The Chicago Stock Exchange was the only exchange to file an amendment to its plan, such amendment being declared effective by the Commission on September 21, 1944.

3/ Report to the Commission by the Trading and Exchange Division on Floor Trading, January 15, 1945.

4/ Floor Trading on the New York Exchanges, May 8, 1945.

"...We shall continue to study the operation of floor trading during the trial period in which these rules are in effect. The Exchanges have undertaken to do the same. We shall review the operation of these rules with the Exchanges at frequent intervals and will recommend any changes in the rules which our studies indicate to be necessary for effective regulation. We shall also consider any modifications the Exchanges may recommend as likely to improve the effectiveness of their regulation. If at any time it becomes evident to us that the Exchanges' rules, either in the form now proposed, or as they may be modified, are inadequate for the effective regulation of floor trading, we shall reconsider the recommendations of our staff, or any appropriate modification of those recommendations, and take such action as, in our opinion, will provide an adequate solution of the problems created by floor trading." 1/

### Short Selling

The Commission adopted one minor amendment to its short-selling rules under Section 10 (a) of the Act. In general, these rules prohibit short sales on a decline in price, require the marking of orders for short sales, and require the covering of short sales which have been improperly executed as long sales. Rule X-10A-2 (b) provides an exemption from the requirements relating to the covering of improperly marked orders for short sales, if the exchange upon which the sale was executed makes certain findings. The amendment has the effect of reducing the necessary findings under certain circumstances. Whereas exchanges formerly were required to make findings relating to good faith and due diligence and to the hardship which would be incurred in covering the transaction, the amendment eliminates the necessity for the exchange's making any finding relating to hardship in order to grant relief, where the mistake in marking was made by a broker and the sale did not violate the price restrictions of the short-selling rules.

### REGISTRATION OF SECURITIES ON EXCHANGES

The general purpose and nature of the process of registering securities on exchanges and the Commission's procedure in examining applications for registration, and subsequent periodical and other reports, for their compliance with the provisions of Sections 12 and 13 of the Securities Exchange Act of 1934, have been described in the Tenth Annual Report, pages 45-50, and previous annual reports. Briefly stated, the purpose is to make available currently to investors reliable and comprehensive information regarding the affairs of companies whose securities are registered on any national securities exchange; and, in order to effectuate that purpose, each such company is required to file with the Commission and the exchange, under the conditions specified in those provisions, an application for registration of its securities, and annual and other periodic reports, setting forth certain specified information about its corporate affairs. All these applications and reports must be examined by the Commission to determine whether accurate and adequate disclosure has been made of the information required by the Act and the rules and regulations thereunder.

### New Rules, Regulations, and Forms for Registration of Securities on Exchanges

New rules requiring disclosure of certain war contract terminations.—The Commission adopted July 23, 1945 2/, just after the close of the past fiscal year, certain new rules providing for disclosure to investors and the public of current information concerning changes in the dollar volume of war business held by companies whose securities are registered on a national securities exchange.

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1/ Securities Exchange Act Release No. 3727, August 28, 1945.

2/ Securities Exchange Act Release No. 3718.

Under a new subparagraph of Rule X-13A-6, listed companies must notify the Commission of the cancellation of any war contract if the dollar value of the business covered by the terminated portion of the contract amounts to 20 percent or more of the total sales for the previous fiscal year. A current report is required in this situation to be mailed under confidential cover before the close of the day following receipt of effective notice of the termination. The report will, however, be placed in the public files unless in the opinion of the procurement agency involved publication of the report would contravene the Code of Wartime Practices or the security regulations of the particular agency.

In addition, listed companies whose war business amounted to more than 25 percent of total sales in the last preceding fiscal year are required by a new rule, designated X-13A-6A, to file a quarterly report on Form 8-K. A new item 11 which was added at the same time to Form 8-K requires such companies to report the dollar volume of unfilled orders at the beginning and end of each fiscal quarter and the dollar amount of sales during the quarter showing separately sales made pursuant to war contracts. This report must be filed within 30 days after the close of each fiscal quarter or within 30 days after the effective date of the new rule, whichever is later.

Prior to adoption, drafts of the proposed rules were widely distributed for comment to interested persons, as well as certain government agencies. Comments were received from many sources and a number of staff discussions were held with interested persons. In addition, the proposals were discussed with the Office of Censorship and the War and Navy Departments to ensure conformity to the requirements of the Code of Wartime Practices and the security regulations of these agencies.

As a result of these conferences and the comments received, the rules were simplified and clarified in certain respects before they were adopted. In addition, a number of special instructions were added to adapt the general requirements for use where war business is conducted under special types of contracts. Finally, it may be pointed out that the revised instructions permit the use of estimates where by reason of the nature of the business it is impracticable to furnish exact information as to certain of the items in the report.

Rule X-12A-5 expanded.—During the year the Commission adopted an amendment to Rule X-12A-5, effective December 29, 1944. This rule provides a temporary exemption from the registration requirements of Section 12 (a) of the Act for certain new securities arising out of old securities previously listed or admitted to unlisted trading privileges on a national securities exchange. The purpose of the amendment is to permit an exchange, under certain circumstances not previously covered by the rule, to trade in the entire class of the new securities under the temporary exemption afforded by this rule where the entire class of new securities has been lawfully admitted to dealing on another exchange.

Rules X-13A-6 (e) and X-15C2-2.—The nature and purpose of Rules X-13A-6 (e) and X-15C2-2, promulgated at the beginning of the fiscal year under review, were discussed in the last annual report, page 49. The first of these rules provides that, whenever a company with a security registered on a national securities exchange declares a dividend or distribution in a form other than cash or securities, it shall promptly file a telegraphic report with the Commission, containing a full and accurate description of the contemplated dividend or distribution. If the Commission finds that the available information with respect to the contemplated dividend or distribution is inadequate to permit investors to make a proper appraisal of the value of the security, it may exercise its authority under Section 19 (a) (4) of the Act to order a temporary suspension of trading in the security on the exchange on which it is registered, pending the availability of more adequate information. The second rule provides that, whenever exchange trading is thus summarily suspended



by the Commission, any act of a broker or dealer designed to effect or induce an over-the-counter transaction with a customer in the security during the period of suspension is a fraudulent, deceptive or manipulative act. These rules were designed to prevent potential abuses in trading in securities before adequate information was available as to the nature and amount of the dividend or distribution.

#### Termination of Registration under Section 19 (a) (2)

Two proceedings for the termination of registration pursuant to Section 19 (a) (2) were pending at the beginning of the year. During the year an additional one was instituted upon failure of an issuer to file the annual report required by Section 13, while another was dismissed upon the filing by the issuer of an amendment disclosing required information, leaving two such proceedings pending at the close of the period.

#### Investigation of Elastic Stop Nut Corporation of America

On December 8, 1940 the Commission authorized an investigation and public hearing to determine whether a registration statement filed under the Securities Act of 1933 and an application for registration filed under the Securities Exchange Act of 1934 were complete and accurate, and whether any violation of the anti-fraud provisions of those Acts had been committed.

The 1933 Act registration statement covering \$3,500,000 of the company's 15-Year 5% Sinking Fund Debentures became effective January 14, 1944. The application for registration on the New York Stock Exchange of the company's \$1 common stock became effective on September 29, 1944. Two months thereafter the President of the company took his own life. On the same day, November 29, 1944, the Commission for the first time issued an order under Section 19 (a) (4) of the Securities Exchange Act of 1934 which summarily suspended trading in the company's common stock on the New York Stock Exchange.

In a statement issued upon the conclusion of its hearings the Commission revealed that the 1933 Act registration statement had failed to disclose in full the facts regarding a downward trend in the company's incoming orders and backlog of orders, an abnormal inventory situation, and the company's increased costs of production. In addition, it appeared that the statement of the company regarding its controlling stockholders was inadequate in material respects. 1/

The Commission's release also pointed out that the application for registration under the 1934 Act failed to disclose adequately the facts regarding the operating losses in the months immediately preceding its filing, an excess and obsolete inventory condition, the surplus stocks in the hands of the industry which would constitute a block to new business, a drastic decline in the volume of incoming orders, and in the amount of unfilled orders on the books of the company. Moreover, the application for registration omitted to state that in 1944 its production was decreasing and that the demands of the aircraft industry were decreasing.

On December 4, 1944 the company filed a supplement to the prospectus issued in connection with the 1933 registration statement which contained material additions to the information theretofore supplied. On December 22 and 23, 1944 and January 1, 1945, while the Commission proceedings were in progress, the company filed amendments to its 1934 application. In addition, on May 31, 1945 the company filed its annual report, pursuant to the 1934 Act, for the fiscal year ended November 30, 1944.

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1/ Securities Act of 1933 Release No. 3072.  
Securities Exchange Act of 1934 Release No. 3701.

The investigation into the trading in the company's securities did not disclose any evidence of concentration of buying or selling or manipulation of securities of the company. The Commission concluded that neither stop-order proceedings with respect to the registration statement covering the debentures, nor delisting proceedings with respect to the company's common stock would be in the public interest or afford additional protection to the investors.

### Statistics of Securities Registered on Exchanges

At the close of the fiscal year, 2,185 issuers had 3,675 security issues listed and registered on national securities exchanges. These securities comprised 2,541 stocks representing a total of 2,302,066,187 shares and 1,134 bond issues in the aggregate principal amount of \$19,312,690,280.

During the past year alone, the following applications, reports, and amendments were filed with the Commission and examined for compliance with the requirements which govern the listing and registration of securities on national securities exchanges and the listing of securities on exempted exchanges.

#### Number of applications, reports, and amendments relating to the listing and registration of securities on exchanges -- Fiscal year 1945

Applications for registration of securities	351
Applications for "when issued" trading	22
Exemption statements for short-term warrants	19
Annual reports	2,167
Current reports	2,752
Amendments to applications and annual and current reports	741
Annual reports of issuers having securities listed on exempted exchanges	100

For those interested in more detailed statistics concerning securities registered on exchanges, reference is made to Appendix Tables 11-17, inclusive.

### SECURITY TRANSACTIONS OF CORPORATE INSIDERS

Each officer, director and principal stockholder <sup>1/</sup> of a company having equity securities listed and registered on any national securities exchange is required by Section 16 (a) of the Securities Exchange Act of 1934 to file with the Commission and the exchange an initial report showing his direct and indirect beneficial ownership of his company's equity securities and a report of transactions and holdings each month thereafter in which changes in such beneficial ownership occur. The provisions of Section 17 (a) of the Public Utility Holding Company Act of 1935 and Section 30 (f) of the Investment Company Act of 1940 require that corresponding security ownership reports be filed with the Commission by officers and directors of registered holding companies and by officers, directors, principal security holders, members of advisory boards, investment advisers and certain other affiliated persons of registered closed-end investment companies.

After these security ownership reports are received and examined by the Commission, the information they contain is extracted and published each month in the Official Summary of Security Transactions and Holdings which is distributed to newspapers, individual security holders and other persons interested in the security transactions and holdings of corporate insiders. Altogether during the past 11 years

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<sup>1/</sup> A principal stockholder means a beneficial owner of more than 10% of the issued amount of any class of listed and registered equity security.

more than 230,000 reports have been filed by more than 37,000 persons subject to these requirements. All such reports are available for public inspection at the Commission's main office in Philadelphia as well as the exchange at which additional copies must also be filed; while complete sets of the summary may be inspected at each regional office of the Commission as well as each national securities exchange.

Changes occurring in the volume of reports filed during recent war years are reflected in these figures for the past four fiscal years: 1942, 18,600; 1943, 14,972; 1944, 14,765; 1945, 16,613. It will be noted that the volume of these reports last year increase 12-1/2 percent over that of the preceding year. Details concerning the reports filed last year are tabulated below.

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

<u>Description of report</u>	<u>Fiscal Year</u> <u>1945</u>
Securities Exchange Act of 1934:	
Original reports--Form 4, 11,756, Form 5, 608, Form 6, 1817	14,181
Amended reports--Form 4, 788, Form 5, 23, Form 6, 53	364
Public Utility Holding Company Act of 1935:	
Original Reports--Form U-17-1, 100, Form U-17-2, 371	471
Amended Reports--Form U-17-1, 3, Form U-17-2, 24	27
Investment Company Act of 1940:	
Original Reports--Form N-30F-1, 170, Form N-30F-2, 848	1,018
Amended Reports--Form N-30F-1, 6, Form N-30F-2, 46	52
TOTAL --	<u>16,613</u>

SOLICITATION OF PROXIES, CONSENTS, AND AUTHORIZATIONS

The Commission's Regulation X-14, which was adopted pursuant to Sections 14 (a) of the Securities Exchange Act of 1934, 12 (e) of the Public Utility Holding Company Act of 1935 and 20 (a) of the Investment Company Act of 1940, prescribes information which companies subject to these acts must make available to their security holders whose proxies, consents or authorizations are solicited. 1/

During the year the Commission received and examined under that regulation both the preliminary and definitive material required with respect to 1,630 such solicitations, as well as "follow-up" material employed in 263 instances.

Modification of Proxy Rules.--An amendment to Rule X-14A-1 relating to the solicitation of proxies was adopted February 1, 1945. Paragraph (b) of the rule as originally adopted prevented the management of a corporation from soliciting proxies for use at a meeting at which the election of directors was an item of business unless security holders had been furnished or were concurrently furnished with an annual report including financial statements of the company. The effect of this provision was to confine the management's solicitation to the period between the date on which the financial statements became available and the date of the stockholders' meeting while opposition solicitation was not similarly limited. The amendment permits management's solicitation in advance of mailing the annual report in cases in which solicitations are being made in opposition to the management provided the management's proxy soliciting material contains an undertaking to furnish the annual report at least twenty days before the meeting.

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1/ For a detailed discussion of the Commission's proxy rules see the Tenth Annual Report, pp. 51-53.

Exception from the proxy rules.—Earlier in the year the Commission adopted, on September 20, 1944, an amendment to Rule X-14A-8 extending the exceptions from the proxy rules to a solicitation of assurances of acceptance of a plan of adjustment of a railroad under Chapter XV of the Bankruptcy Act when not more than 25 holders of claims affected by the plan are solicited.

UNLISTED TRADING PRIVILEGES ON EXCHANGES 1/

On Registered Exchanges

As of June 30, 1945, 991 stock issues were admitted to unlisted trading on the registered exchanges. Of these, 554 issues were fully listed and registered on exchanges other than those on which unlisted trading privileges existed, 4 issues were temporarily exempted from registration on another exchange and 433 issues had only an unlisted trading status.

The 433 issues having only an unlisted trading status aggregated 386,275,951 shares, or about 14.3 percent of the entire 2,707,206,388 shares on these exchanges. Reported trading volume in them for the calendar year 1944 was 24,059,373 shares, or about 5.2 percent of the total share volume on these exchanges. This reported volume included 22,450,306 shares on the New York Curb Exchange or about 28.6 percent of the total share volume on that Exchange, and 1,609,067 shares on the exchanges outside New York City or about 3.7 percent of the total share volume on those exchanges.

Of the 433 stock issues, 138 issues aggregating 117,088,390 shares were of domestic issuers which had in effect registrations under one or more of the Acts which the Commission administers or had securities listed upon exempted exchanges. All such issuers (or the exempted exchanges in case of the issuers appearing thereon) were required to file annual reports with the Commission and most of them had to comply fully or substantially with the reporting requirements under Section 13 of the Securities Exchange Act. Most of them were subject to the rules embodied in Regulation X-14 covering solicitation of proxies. Most of the shares were of issuers whose officers and directors, and in some cases whose 10% owners, were subject to the reporting and penalty clauses of Section 16 of the Securities Exchange Act or similar sections of other Acts with respect to corporate insiders' transactions. A breakdown of these issues according to their status under various Acts follows: 2/

	<u>No. of Stock Issues</u>	<u>Shares</u>
Issuers registered under the Investment Company Act of 1940	21	22,001,332
Issuers with voting shares registered under the Securities Exchange Act of 1934	16	32,139,362
Issuers registered under the Public Utility Holding Company Act of 1935	22	31,295,117
Subsidiaries of companies registered under the Public Utility Holding Company Act of 1935	51	21,053,660
Issuers with non-voting shares or bonds registered under the Securities Exchange Act of 1934	5	2,450,310
Issuers with securities registered under the Securities Act of 1933	13	4,845,844
Issuers having securities listed on exempted exchanges	10	3,302,765
	<u>138</u>	<u>117,088,390</u>

1/ For comprehensive data with respect to the status of issues on exchanges, see Appendix Tables 13, 14, 15, 16, 17 and 18.

2/ Some issuers are subject to the requirements of more than one of the Acts enumerated in the compilation. In such cases, to avoid duplication, issuers have been classified under that Act which appears to impose the more extensive requirements.

Reported volume in this group of 138 issues for the calendar year 1944 was 11,125,195 shares, or about 2.4 percent of the total share volume on the registered exchanges.

Of the remaining stock issues with unlisted trading privileges 193, aggregating 126,590,508 shares, were of domestic issuers. 1/ The reported volume in these for the calendar year 1944 was 9,839,507 shares or about 2.1 percent of the total share volume on the registered exchanges.

The 433 issues also included 102 issues aggregating 142,597,053 shares of Canadian stocks and American depositary receipts for foreign stocks. These were for the most part listed and had their principal markets on Canadian or British stock exchanges; their reported volume for the calendar year 1944 on our domestic exchanges was 3,094,671 shares or about 0.7 percent of the total share volume.

As of June 30, 1945, 168 bond issues were admitted to unlisted trading on the registered exchanges. Of these, 19 issues were fully listed and registered on exchanges other than those of which unlisted trading privileges existed and 149 issues had only an unlisted trading status. The 149 issues included 24 issues aggregating \$572,335,500 principal amount admitted under requirements substantially equivalent to those for registered issues. 2/ The remaining 125 issues, aggregating \$1,008,932,035 principal amount, represented original admissions made on the basis of the fact that unlisted trading privileges in these issues had existed prior to March 1, 1934. All of the 149 issues, except 3 issues aggregating \$4,860,000, were on the New York Curb Exchange.

The aggregate of stock and bond issues admitted only to unlisted trading has been diminishing through the years, in accordance with the expectation of Congress when it authorized continuance of such privileges in 1936. A survey of the stock issues removed from unlisted trading since the passage of the Securities Exchange Act indicates that if they were actively traded on the exchanges prior to their removal they or their successors for the most part subsequently became fully listed and registered. The principal exceptions were in cases of issues called for redemption or issues extinguished for one reason or another. In the latter category were issues extinguished upon reorganization or liquidation of issuers, rights and warrants expired at the end of their term, and depositary receipts withdrawn on termination of depositary agreements.

The decline in bond issues admitted only to unlisted trading has followed principally upon the listing of such issues or their successors and upon the retirement of issues by the private placing of new issues or by bank loans or otherwise. Bond issues admitted to exchange trading on an unlisted basis have been principally those of utility holding company systems and the outlook is for a continuing decline in such issues as the integration proceedings under the Holding Company Act continue.

#### On Exempted Exchanges

As of June 30, 1945, 43 stock issues comprising 11,273,924 shares and 1 bond issue of \$140,000 principal amount were admitted to unlisted trading on the exempted exchanges. Of the stocks, 6 issues comprising 4,109,596 shares were also registered on one or another of the registered exchanges and 1 issue of 1,645,643 shares was

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1/ This figure would be reduced well below 90,000,000 shares if controlling blocks were excluded; e.g., over 37,600,000 shares of Creole Petroleum Corporation and Humble Oil and Refining Company capital stock -- two of the issues among the 193 -- were reported to be owned directly or indirectly by Standard Oil Company (N. J.).

2/ Pursuant to Clause 3 of Section 12 (f) of the Securities Exchange Act of 1934. See Appendix Table 18.

admitted to unlisted trading on a registered exchange. The residue consisted of 36 issues comprising 5,518,685 shares, including 35 issues on the Honolulu Stock Exchange and 1 on the Minneapolis-St. Paul Stock Exchange. The bond issue was available for exchange trading only on the Honolulu Stock Exchange.

#### Applications for Unlisted Trading Privileges in the Fiscal Year 1/

During the fiscal year applications filed pursuant to Clause 2 of Section 12 (f) were granted to the Boston Stock Exchange with respect to 3 issues; Cincinnati Stock Exchange, 3 issues; Cleveland Stock Exchange, 1 issue; Philadelphia Stock Exchange, 21 issues; and San Francisco Stock Exchange, 6 issues. No applications filed pursuant to this clause were denied and, with the exception of 1 bond issue on the San Francisco Stock Exchange, all the applications granted were for stocks.

Applications filed by the New York Curb Exchange pursuant to Clause 3 of Section 12 (f) were granted with respect to 1 stock issue and denied with respect to 5 issues, 2/ while an application of the Cleveland Stock Exchange involving 1 issue was denied. Puget Sound Power & Light Company common stock, one of the issues denied unlisted trading privileges on the New York Curb Exchange pursuant to this clause, had been traded on that exchange under the temporary exemption provided by Rule X-12A-5 prior to the Commission's denial of the application for unlisted trading privileges therein. Thereafter the Commission, having been informed that the issuer was considering the listing and registration of the security on a national securities exchange, extended the period of exemption provided by the rule. 3/ At the close of the fiscal year the security was still traded pursuant to this exemption which expired on December 29, 1945 and the stock was accordingly removed from trading on the New York Curb Exchange.

#### Changes in Securities Admitted to Unlisted Trading Privileges

Whenever a security admitted to unlisted trading privileges is changed only with respect to its title, maturity, interest rate, par value, dividend rate, or amount authorized or outstanding, it is automatically deemed to be the same security previously admitted to such privileges. In such a case the exchange is required merely to notify the Commission, pursuant to Rule X-12F-2 (a), of the changes occurring in the security promptly after learning of them. Numerous such notifications were received during the fiscal year.

In the event changes more comprehensive than those enumerated above are effected in an unlisted security, however, unlisted trading privileges in the altered security may be continued only if the Commission finds, upon application by the exchange pursuant to Rule X-12F-2 (b), that such altered security is substantially equivalent to the security previously admitted to such privileges. During the fiscal year applications pursuant to this rule were granted with respect to 1 issue on the Boston Stock

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1/ For a discussion of Section 12 (f), pursuant to which unlisted trading privileges are granted, see Tenth Annual Report, pp. 58-60.

2/ Applications of New York Curb Exchange, Securities Exchange Act Release No. 3658, described briefly in Tenth Annual Report, p. 60.

3/ In this instance the period of exemption provided by Rule X-12A-5 would ordinarily have terminated at the close of business on the tenth day after the Commission had notified the exchange that its application for unlisted trading privileges in the security had been denied.

Exchange; 1 issue on the Chicago Board of Trade, and 13 issues on the New York Curb Exchange. In addition, the New York Curb Exchange was permitted to withdraw applications involving 3 issues upon being advised by the Commission that the applications would be denied.

#### DELISTING OF SECURITIES FROM EXCHANGES

##### Securities Delisted by Application

Section 12 (d) of the Securities Exchange Act of 1934 defines the Commission's powers with respect to applications by an issuer or an exchange to delist securities from an exchange. It provides that a security may be withdrawn or stricken from listing and registration in accordance with the rules of the exchange and upon such terms as the Commission may deem necessary to impose for the protection of investors.

Pursuant to this section and in accordance with the procedure prescribed by Rule X-12D2-1 (b), 8 issues were delisted upon application of issuers and 33 issues were delisted upon application of exchanges during the fiscal year. In one instance the same issue was delisted from two exchanges upon their applications; thus the total delistings, including this duplication, numbered 42. In each of these cases the application was granted without the imposition of any terms upon the delisting. Of the 8 issues delisted upon application of issuers, 4 had little or no exchange activity during recent years, 1 remained listed and registered on another exchange, and 1 had become very closely held with only a negligible number of shares remaining in public hands; in the remaining cases, holders of more than two-thirds of the shares had approved the action pursuant to the requirements of the exchange from which the securities were delisted.

During the fiscal year the Commission considered the application of The Torrington Company to withdraw its common stock from Boston Stock Exchange. The application was granted subject to the condition that the withdrawal should not become effective until the applicant had submitted the delisting proposal to its stockholders and obtained their consent thereto. 1/ After the close of the year the Commission dismissed this application upon being advised that the company had determined not to solicit its stockholders' consent to the proposed delisting. 2/

This was the second time that the Commission imposed material terms upon the granting of a delisting application. The first such case occurred in May 1944, when it granted the application of Shawmut Association to withdraw its common stock from Boston Stock Exchange. 3/ While the assent of stockholders to the proposed delisting was also required in that case, the precise terms differed. The Commission's order in the Shawmut case required consent by a majority of the company's 4,000 stockholders and by the holders of a majority of its outstanding stock. In the Torrington case, however, because of the apparent practical difficulties in obtaining assents from a majority of the company's 11,000 stockholders, the term imposed was to require assents by a majority of the shares voted and a majority of the stockholders voting, provided not less than fifty percent of the outstanding shares were voted.

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1/ Torrington Co., \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3687.

2/ Torrington Co., \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3735.

3/ Shawmut Ass'n \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1944), Securities Exchange Act Release No. 3564, aff'd sub nom. Shawmut Ass'n v. S.E.C., 146 F. (2d) 791 (C.C.A. 1st, 1945). At the close of the fiscal year Shawmut Association had not yet solicited its stockholders' assents to the proposed delisting.

### Securities Delisted by Certification

Under Rule X-12D2-2 (a) an exchange, without the necessity of application and hearing, may remove from listing and registration upon certification to the Commission securities which have been paid at maturity or are otherwise redeemed or retired in full, or issues which are exchangeable for other securities. During the year 319 issues were delisted under this rule. Some of these issues were delisted from more than one exchange; thus the total delistings, including these duplications, numbered 354.

Rule X-12D2-1 (d) provides that an exchange may remove any security from listing and registration if trading therein has been terminated pursuant to a rule of the exchange requiring such termination whenever the security becomes listed and admitted to trading on another exchange. Under this rule, 6 issues were delisted from the New York Curb Exchange when they became listed and registered on the New York Stock Exchange.

### Securities Removed from Listing on Exempted Exchanges

The listing of a security upon an exempted exchange may be terminated upon the filing by an exchange of an appropriate amendment to its application for exemption. Two exempted exchanges filed such amendments during the year, terminating the listing of 5 issues.

### Temporary Exemption of Substituted or Additional Securities

In order to provide continuity of exchange trading in cases where securities have come to evidence other securities, Rule X-12A-5 affords a temporary exemption from the operation of Section 12 (a) of the Act to such securities to the extent necessary to render lawful the effecting of transactions therein on the exchange. During the year, 67 issues were admitted to trading under this rule. In some instances the same issue was admitted to trading on more than one exchange; the total of such admissions, including these duplications, numbered 86.

## STABILIZATION AND MANIPULATION

### Manipulation

In its administration of the statutory provisions of the Securities Exchange Act of 1934 relating to the manipulation of securities markets, the Commission's policy is to attempt to detect manipulative practices at their inception, before the public has been harmed. At the same time, it seeks to avoid interfering with the legitimate functioning of the securities markets. In brief, the Commission's investigations in this area take two forms. The "flying quiz", or preliminary investigation, is designed to detect and discourage incipient manipulation by a prompt determination of the reason for unusual market behavior. If a legitimate reason for the activity is uncovered, the case is closed. If more extended investigation seems required, a formal order is sought of the Commission under which members of the staff are empowered to subpoena pertinent material and take testimony under oath. These formal investigations often cover substantial periods of time, and trading operations involving large quantities of shares are carefully scrutinized.

The Commission keeps confidential the fact that any security is under investigation so that the market in the security may not be unduly affected or reflections be unfairly cast upon individuals or firms whose activities are being investigated. As a result, the Commission occasionally receives criticism for failing to investigate situations when, in fact, it is actually engaged in an intensive investigation of those very matters.



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

Trading Investigations

	<u>Flying Quizzes</u>	<u>Informal Investigations</u>	<u>Formal Investigations</u>
Pending June 30, 1944	59	—	19
Initiated July 1, 1944 to June 30, 1945	306	5	14
Total to be accounted for	<u>365</u>	<u>5</u>	<u>33</u>
Changed to informal case or formal investigation	15	2	—
Closed or completed <u>a/</u>	<u>187</u>	<u>—</u>	<u>5</u>
Total disposed of	<u>202</u>	<u>2</u>	<u>5</u>
Pending June 30, 1945	163	3	28

a/ Includes reference of cases to the Department of Justice or to a national securities exchange.

Stabilization

During the fiscal year ended June 30, 1945, the Commission continued the administration of Rules X-17A-2 and X-9A6-1. Rule X-17A-2 requires the filing of detailed reports of all transactions incident to offerings in respect of which a registration statement has been filed under the Securities Act of 1933 where any stabilizing operation is undertaken to facilitate the offering. Rule X-9A6-1 governs stabilizing transactions in securities registered on national securities exchanges, effected to facilitate offerings of securities so registered, in which the offering prices are represented to be "at the market" or at prices related to market prices.

During the eleventh fiscal year of the Commission 402 registration statements were filed under the Securities Act of 1933. Of these, 276 contained a statement of intention to stabilize to facilitate the offerings covered by such registration statements. Because of the fact that a registration statement sometimes covers more than one class of security, there were 325 offerings of securities in respect of which a statement was made, as required by Rule 827 under the Securities Act, to the effect that a stabilizing operation was contemplated. Stabilizing operations were actually conducted to facilitate 64 of these offerings. In the case of bonds, public offerings of \$65,246,735 principal amount were stabilized. Offerings of stock issues aggregating 9,866,465-1/6 shares and having an aggregate estimated public offering price of \$173,984,000 were also stabilized. In connection with these stabilizing operations, 16,000 stabilizing reports were filed with the Commission during the fiscal year. Each of these reports has been analyzed, thereby enabling the staff to determine whether the stabilizing activities were lawful.

To facilitate compliance with the Commission's rules on stabilizing and to assist issuers and underwriters to avoid violation of the statutory provisions dealing with manipulation and fraud, many conferences were held with the representatives of such issuers and underwriters and many written and telephone requests were answered. A total of 1,611 letters and memoranda of such conferences and telephone requests and memoranda to the regional offices of the Commission were written in connection with the administration and enforcement of the stabilization and manipulation statutes and regulations.

REGULATION OF BROKERS AND DEALERS

Registration

Section 15 (a) of the Securities Exchange Act of 1934 provides for the registration of any broker or dealer who uses the mails or any other instrumentality of interstate commerce to effect over-the-counter transactions; brokers or dealers whose business is exclusively intrastate or exclusively in exempted securities are not required to register. Certain data are presented below with respect to the registration of brokers and dealers in the fiscal year ended June 30, 1945.

Registration of Brokers and Dealers  
under Section 15 (b) of the Securities Exchange Act of 1934

Year ending June 30, 1945

Effective registrations at close of preceding fiscal year . . . . .	4,278
Applications pending at close of preceding fiscal year. . . . .	29
Applications filed during fiscal year . . . . .	383
Total . . . . .	<u>4,690</u>
Applications withdrawn during year. . . . .	4
Registrations withdrawn during year . . . . .	546
Registrations cancelled during year . . . . .	54
Registrations denied during year. . . . .	2
Registrations suspended during year . . . . .	1
Registrations revoked during year . . . . .	9
Registrations expired by operation of Rule X-15B-3. . . . .	1
Registrations made inactive during year 1/. . . . .	7
Registrations effective at end of year (except those put on inactive status). . . . .	4,046
Applications pending at end of year . . . . .	20
Total . . . . .	<u>4,690</u>

Broker-Dealer Inspections

As authorized by Section 17 of the Securities Exchange Act, the Commission regularly inspects the books and records of registered brokers and dealers to determine whether registrants' financial condition and business practices conform with the requirements of law. The results of 825 broker-dealer inspections were reported by the regional offices during the 1945 fiscal year. For the first time in four years, the number of inspections reported during a fiscal year showed an increase over the number reported during the preceding year.

Among the situations reported in the inspections were: 27 cases of unsatisfactory financial condition, ranging from cases requiring immediate corrective action to cases requiring merely continued surveillance; 137 cases in which the prices charged by dealers may not have been reasonably related to the market; 119 cases of failure to comply with the provisions of Regulation T relating to the extension of credit; 47 cases of non-compliance with the rules relating to hypothecation and commingling of customers' securities, or the use of customers' free funds or securities;

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1/ This figure represents the net registrations placed on inactive status during the year. The registrations of eighteen brokers and dealers, whose whereabouts, despite careful inquiry, could not be ascertained, were placed on inactive status. Eleven such registrations were removed from this status either through cancellation or through restoration to active status.

and 21 cases in which brokers took secret profits from customers by misrepresenting prices at which the customers' orders had been executed.

In accordance with established policy, minor infractions are called to the attention of the firm at the time of the inspection and corrective measures are generally agreed to. In some of these instances, a check-up is made within a reasonable time to ascertain whether the promised corrections have been effected. When the circumstances indicate the infractions may be of a serious nature, further investigation is made to determine whether action by the Commission may be necessary or appropriate. In 50 inspections, matters were disclosed which required further inquiry or investigation. As a result of such investigations the Commission filed a bill in equity against one firm to enjoin certain fraudulent practices and obtained a permanent injunction. The facts in five instances were referred to state agencies and in six others to the National Association of Securities Dealers, Inc. (NASD). In eight other cases, including one in which an injunction was obtained, 1/ the Commission instituted administrative proceedings to revoke the registration of the broker-dealer involved.

Administrative Proceedings

A summary of the administrative proceedings of the Commission with respect to brokers and dealers is given below.

Record of Broker-dealer Proceedings and Proceedings  
to Suspend or Expel from Membership in a National Securities Association  
Instituted Pursuant to Section 15 of the Securities Exchange Act of 1934

Year ending June 30, 1945

Proceedings on revocation of registration pending at beginning of fiscal year. *	4
Proceedings on revocation of registration and suspension or expulsion from NASD pending at beginning of fiscal year . . . . .	11
Proceedings on denial of registration pending at beginning of fiscal year. . . .	—
Proceedings ordered during year on revocation of registration. . . . .	6
Proceedings ordered during year on revocation of registration and suspension or expulsion from NASD * . . . . .	2
Proceedings ordered during year on denial of registration. . . . .	5
Total. . . . .	<u>28</u>
Revocation proceedings dismissed on withdrawal or cancellation of registration ,	1
Revocation proceedings dismissed--registration continued in effect . . . . .	1
Revocation proceedings and proceedings to expel or suspend from NASD dismissed-- registration and membership continued. . . . .	1
Denial proceedings dismissed on withdrawal of application. * . . . .	1
Denial proceedings dismissed--registration permitted . . . . .	2
Registrations denied . . . . .	2
Registrations revoked. * . . . .	9
Firms suspended from membership in NASD. . . . .	4
Revocation proceedings pending at end of fiscal year . . . . .	2
Revocation proceedings and proceedings to expel or suspend from NASD at end of fiscal year * . . . . .	5
Denial proceedings pending at end of fiscal year . . . . .	—
Total. * . . . .	<u>28</u>

1/ Charles E. Greene & Company, S.E.C. (1945), Securities Exchange Act  
- Release No. 3684.

Among the administrative proceedings decided by the Commission during the fiscal year ended June 30, 1945, three are especially noteworthy. The proceeding against E. H. Rollins & Sons, Inc. and Walter C. Rawls 1/ involved the firm's and Rawls' transactions with the Board of Missions of the Methodist Episcopal Church, South, a religious and charitable corporation organized under the laws of the State of Tennessee. Since early in 1935 Rawls, on behalf of Rollins, had handled practically all of the securities business in three funds of the Board of Missions of the Methodist Episcopal Church, South. In 1940 he registered with the Commission individually as a broker-dealer and thereafter engaged in some transactions with the Board for his own account, but he also continued to handle Rollins' business with the Board. With respect to a great number of sales by Rollins to the three funds at prices far exceeding the prevailing prices and bearing no reasonable relation to such prices, the Commission found that the Board had not been truthfully informed of the differences between the current prices and the prices charged by Rollins, and that without such disclosure the prices charged operated as a fraud on the funds. The Commission also found that the excessive trading with one of the funds, in the light of the surrounding circumstances, operated as a fraud. Holding that Rawls, in dealings with the Board on his own behalf and on behalf of Rollins, was guilty of fraudulent conduct, the Commission ordered his registration revoked. On the further finding that Dryden, vice president in charge of Rollins' Chicago office through which its transactions with the Board were effected, was or should have been aware of the fraudulent nature of the firm's and Rawls' dealings with the Board of Missions and that Rollins could not escape responsibility for the conduct of its employees, the Commission suspended Rollins from membership in the NASD for a period of 60 days commencing March 6, 1945.

The opinion stated, however, that a case for revocation of Rollins' registration had been made, for Section 15 (b) of the Securities Exchange Act provides that the Commission shall revoke the registration of a broker or dealer if it finds that such action is in the public interest and if it finds that any "officer, director or branch manager" or "any person . . . controlled by such broker or dealer" has wilfully violated the Securities Act or the Securities Exchange Act or the regulations thereunder. The Commission said that this result might be avoided and hardship on any innocent persons be made unnecessary if Rawls and Dryden were separated from the organization. Subsequently, upon submission by Rollins of evidence showing that the resignations of Rawls and Dryden from their respective positions had been accepted, the Commission dismissed the proceeding with respect to revocation of Rollins' registration. A motion filed with the Commission by Rollins on April 11, 1945, asking relief from the suspension order on the ground that the suspension had resulted and would continue to result in large losses to Rollins both in current earnings and through disruption of its sales organization, was denied. 2/

In the proceeding against Hay, Fales & Co., 3/ the ultimate issue was whether a broker which effects transactions on the order of an outside person holding discretionary powers over customers' accounts is under the duty of making full disclosure to those customers of all material facts concerning the securities which are the subject of such transactions. The issues arose out of the purchase of the securities of two promotional companies by a limited group of customers, all of whom

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1/ E. H. Rollins & Sons, Inc. and Walter Cecil Rawls, \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945),  
- Securities Exchange Act Release No. 3661.

2/ E. H. Rollins & Sons, Incorporated and Walter Cecil Rawls, \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945),  
Securities Exchange Act Release No. 3683.

3/ William I. Hay, William Kiefer, Jr., et al. dba Hay, Fales & Company, \_\_\_\_\_  
S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3697.

were clients of R. C. M. Page. Page, who was not a registered broker or dealer, held discretionary authority over a number of investment accounts and customarily used registered firms in effecting transactions for these accounts. In 1939, in exchange for office space, Page transferred these accounts to the Hay, Fales firm. Page initiated transactions for the accounts, and the orders were executed by Hay, Fales as a broker; the firm confirmed transactions directly to the customers, sent them monthly statements, and took full brokerage commissions on transactions so executed.

Page was known by the firm to be president of the two promotional companies. Hay, one of the members of the firm, was a director of one of these promotional companies and was aware of its precarious financial condition, but he did not disclose the company's condition to customers whose orders, placed by Page, the firm executed. Upon orders of Page, the firm also confirmed purchases of securities not yet issued, and effected cross-trades between customers' accounts at prices which were obviously not the best prices at which such securities could be obtained; these facts were not disclosed to the customers.

In defense of its conduct, the firm insisted that it owed no duty of disclosure to any of Page's clients. It pointed out that although its confirmations were made out directly to Page's clients it neither recommended nor initiated the transactions of such clients. The firm claimed that since Page had discretionary power to deal with its clients' accounts the firm was fully authorized to accept his orders and that it owed no duties as broker except to Page.

The Commission rejected these claims. The facts which imbued all of the transactions with fraud were apparent and known to the firm. By continuing with the execution of Page's orders under these circumstances, the firm participated in and made itself a part of Page's scheme. To avoid individual responsibility for this fraud, the Commission said, the firm was obligated to make the fullest disclosure directly to the customer, and it held that this conclusion would be applicable even if the firm had dealt exclusively with Page and had not undertaken to make any direct disclosures to customers.

While concluding that it was necessary in the public interest to revoke the firm's registration under Section 15 (b), 1/ the Commission ordered that, because the major pattern of the firm's conduct was one of carelessness and misunderstanding rather than evasion or wilful violation of the Act, revocation would be without prejudice to an application for re-registration after 30 days.

The proceedings against Abe Abrahams, 2/ Emanuel & Company, 3/ and Baker, Weeks & Harden 4/ were companion cases and involved transactions effected for the Public Administrator of New York County. The Public Administrator is an official who, under the circumstances prescribed by state law, administers decedents' estates in New York County in the event that there is no private person qualified to perform that function. In general these estates are small, but in the aggregate the assets in

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1/ Revocation of registration under Section 15 (b) automatically disqualifies a firm from membership in the NASD while the revocation is in effect.

2/ Abe Abrahams, \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3645.

3/ Rudolph H. Deetjen, et al., dba Emanuel & Co., \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3643.

4/ K. P. Tsolainos, et al., dba Baker, Weeks & Harden, \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3644.

the Public Administrator's hands, including securities, run to substantial amounts. In liquidating estates, the Public Administrator sells securities through brokers.

In 1940, at the suggestion of Frank J. McCabe, then a member of the New York Curb Exchange and a friend of the Public Administrator, the latter employed Emanuel & Company as its broker. In exchange for this business Deetjen, a general partner in the Emanuel firm, agreed that the firm would use McCabe in the execution of Curb floor business and that it would give some over-the-counter business to Abrahams, a friend of McCabe. This arrangement continued from 1940 to 1942. McCabe, dissatisfied with the amount of his reciprocal Curb business from Emanuel & Company, had the Public Administrator transfer his official account to Baker, Weeks & Harden where it remained for about three months.

While the account was with Emanuel & Company, Abrahams purchased about 170 lots of listed and unlisted securities from the Public Administrator's official account through the Emanuel firm. These lots had been delivered to the firm for sale "at the market." Abrahams, with a free hand in the account, milked it by devious methods. He bought many listed securities from the account at prices substantially lower than the lowest contemporaneous exchange quotations, and many unlisted securities at prices lower than the lowest reported bids, and resold these securities on the day of the purchase or soon thereafter at substantial mark-ups, without risk and without any considerable investment of his own funds.

After the account had been transferred to Baker, Weeks & Harden, Abrahams continued this course of conduct; in twenty transactions he purchased securities from the Public Administrator's official account at prices below prevailing markets and profited through immediate resales. Abrahams' continued course of business defrauded not customers who could meet him face to face but the heirs of many small estates, in the main helpless to protect themselves.

The Commission, on findings of wilful violations of the Act, revoked Abrahams' registration as a broker and dealer. The Commission found, however, that Abrahams' scheme was possible only through the lack of effective supervision by both Emanuel & Company and Baker, Weeks & Harden over the handling of the Public Administrator's official account, amounting to an abdication of responsibility by the firm and an unwarranted delegation of control over the account to Abrahams.

Holding that four partners in Emanuel & Co. <sup>1/</sup> knew or should have known what was taking place and that it blinked at Abrahams' conduct, the Commission concluded that the firm had wilfully violated the Act, and ordered its registration revoked but without prejudice to an application for re-registration at the end of thirty days following the effective date of revocation order.

As to Baker, Weeks & Harden, however, the Commission concluded that the evidence did not establish that its violations were wilful and the proceedings, insofar as they involved the question of revocation of the firm's registration, were dismissed. But a violation of the Exchange Act need not be wilful for the purposes of disciplinary action suspending or expelling an exchange member under Section 19 (a) (3) or a member of a national securities association under Section 15A (1) (2) (A). The finding that Baker, Weeks & Harden had violated the Act, although not wilfully, resulted in an order suspending the firm from the NASD for a period of ten days.

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<sup>1/</sup> The firm of Emanuel & Co. included at the time of these proceedings five general partners and Victor Emanuel, a limited partner. As a limited partner, Victor Emanuel exercised no supervision over the firm. The evidence showed that he spent practically no time with the affairs of Emanuel & Co. and that he was completely unaware of the facts upon which this proceeding was based. No finding made with respect to the firm or any of its partners applied to Victor Emanuel.

## Capital Requirements

On October 29, 1942 the Commission adopted Rule X-15C3-1 prescribing for brokers and dealers a maximum ratio of aggregate indebtedness to net capital of 2,000 per cent, but deferred the effectiveness of the rule pending adoption of definitions of aggregate indebtedness and net capital. 1/ Shortly after the rule was announced a draft of proposed definitions of these terms was submitted to the industry for comment. During 1943 and the early part of 1944 the Commission experimentally applied a similar set of definitions to all financial statements filed under Rule X-17A-5, for the purpose of testing them in actual practice. The final rule announced on August 11, 1944 2/ and the amendment adopted on November 8, 1944 3/ reflect consideration of the comments from interested persons on the proposed definitions and of the results of the test applied to reports filed under Rule X-17A-5.

Exemption from the rule is given to brokers and dealers who do not extend credit to customers and who hold the funds or securities of customers only temporarily as an incident to the prompt consummation of cash transactions. Exemption is also given to the members of eight national securities exchanges whose rules and settled practices are deemed by the Commission to impose requirements more comprehensive than those of the rule; however, suspension or withdrawal of the exemption as to the members of any of these exchanges may be effected on due notice if such action appears necessary or appropriate in the public interest or for the protection of investors. The rule and the amendment became effective November 9, 1944.

## Amendments to Registration Forms

On April 9, 1945 the Commission adopted several amendments to Form 3-M, one of the forms on which applications are filed for broker-dealer registration pursuant to Section 15 (b) of the Securities Exchange Act, and an amendment to Rule X-15B-2, governing the filing of supplemental statements to such applications. 4/

Before adoption of the new amendments, Form 3-M had required a disclosure of certain relevant information concerning partners, officers, directors and branch office managers, including their business histories. The effect of the new amendments is to require similar information, under specific circumstances, with respect to salesmen and other employees.

Section 15 (b) of the Securities Exchange Act requires the Commission to deny or revoke the registration of any broker or dealer if it finds (1) that such action is in the public interest and (2) that such broker or dealer or any partner, officer, director, branch office manager, or any person controlling or controlled by such broker or dealer, has been convicted within ten years of any felony or misdemeanor involving the purchase or sale of securities or arising out of the business of a broker or dealer, or is enjoined from engaging in or continuing any acts or practices involving the purchase or sale of securities, or has wilfully violated any provision of the Securities Act of 1933 or the Securities Exchange Act of 1934 or any rule thereunder.

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1/ The reasons which impelled the adoption of the rule are described in National Association of Securities Dealers, Inc., 12 S.E.C. \_\_\_\_\_ (1942), Securities Exchange Act Release No. 3322.

2/ Securities Exchange Act Release No. 3602.

3/ Securities Exchange Act Release No. 3617.

4/ Securities Exchange Act Release No. 3674.

A salesman or other employee of a broker or dealer is a person "controlled by" him within the meaning of Section 15 (b), and the Commission has held that when a broker or dealer employs a person who has been convicted or enjoined or who has been found to have wilfully violated the Acts the broker or dealer is subject to denial or revocation of his registration if the Commission finds that such action is in the public interest. 1/

The new disclosures, insofar as they relate to past business histories of salesmen and other employees, are designed both to give investors the benefit of such disclosure and to facilitate enforcement of Section 15 (b). In announcing the rule the Commission made it clear that the adoption of the new disclosure requirement does not mark any departure from the Commission's policy of permitting persons who have been convicted or enjoined, or are otherwise disqualified from registration as brokers and dealers, to act as salesmen for other registered brokers and dealers under appropriate safeguards and proper supervision. The Commission further stated that it would continue to act on a case-by-case basis as it has in the past in determining whether denial or revocation of registration of a broker or dealer who retains such an employee would be in the public interest.

In those cases in which it does not appear necessary in the public interest to require registrants to disclose publicly any part of the business record of a salesman or other employee, consideration of confidential treatment under appropriate application will be given.

The amendment to Rule X-15B-2 adds to the requirement that every registered broker and dealer must keep current the information furnished in his application the new requirement that, within ninety days after the effective date of any amendment to Form 3-M which requires additional information, each registrant shall report such additional information as a supplement to his application.

#### SUPERVISION OF NASD ACTIVITY

The NASD (National Association of Securities Dealers, Inc.) continued to be the only association registered with the Commission under Section 15A as a national securities association. As of June 30, 1945 membership in the NASD stood at about 2,290, a gain of approximately 100 members during the year.

#### Disciplinary Proceedings

The NASD, in the year ending June 30, 1945, reported to the Commission final action on 21 disciplinary cases against members. The decisions included: dismissal or withdrawal of the complaint in 6 cases; acceptance of a statement pledging future observance and compliance in 1 instance; penalty of censure in 3 cases; the imposition of fines in 9 instances, ranging from \$50 to \$500; and 2 expulsions. Of six cases which the Commission referred to the NASD during the fiscal year, 3 had been disposed of and 3 were still pending at the year-end.

#### Appeals to the Commission from NASD Disciplinary Action

On July 5, 1944 an NASD member appealed to the Commission for a review of a one-year suspension imposed by the NASD. During the fiscal year hearings were held before a trial examiner and oral argument was held before the Commission. At the year-end

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1/ Bond & Goodwin, Inc., S.E.C. (1944), Securities Exchange Act Release No. 3543 and E. H. Rollins & Sons, Inc., S.E.C. (1945), Securities Exchange Act Release No. 3661.



the Committee had the matter under advisement. 1/

### Denial of Membership

On November 1, 1944 the Commission after appropriate notice and hearing, denied the application of J. A. Sisto & Co. for an order approving or directing its admission to the NASD. 2/ A similar application for approval or direction had been denied the same petitioner by the Commission on July 1, 1940. In its reconsideration, which involved a review of the original application and of petitioner's conduct in the intervening period, the Commission held that he had failed to establish any basis which would warrant a change in the previous order.

### The 5 Percent Mark-up Policy

On October 25, 1943 the Board of Governors of the NASD issued an interpretation of Article III, Section 1, of the Rules of Fair Practice that:

"It shall be deemed conduct inconsistent with just and equitable principles of trade for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security." 3/

In connection with this action, the Board pointed out, for the guidance of members and of the committees whose duty it is to enforce the rules, that of a large number of transactions effected in 1943, 71 percent had been effected at a gross mark-up over the current market of not over 5 percent.

The Commission was petitioned to set aside this action by the Board on the grounds that the interpretation was in fact a rule and as such was a nullity since it had not been submitted to the membership for approval as required by the NASD's By-laws. Public hearings were held on the petitions. On November 25, 1944 the Commission

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1/ On August 7, 1945 the Commission dismissed the review proceedings, finding that the member had violated the Rules of Fair Practice designated and that his conduct was inconsistent with just and equitable principles of trade. See Thomas Arthur Stewart, \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945), Securities Exchange Act Release No. 3720.

2/ A controlling partner of the petitioner had been expelled from and by the New York Stock Exchange on a finding that he had acted inconsistently with just and equitable principles of trade. That expulsion, by virtue of Section 15A (b) (4) of the Securities Exchange Act of 1934 and of Article I, Section 2 of the By-laws of the NASD, operates as a barrier to NASD membership on the part of any firm with which such person is connected, unless the Commission finds it appropriate in the public interest to approve or direct to the contrary. In denying the original application the Commission held, on an independent review of the record of the action by the Exchange and other evidence, that it was unable to find it appropriate in the public interest to approve or direct the admission of the firm to membership in the NASD. See J. A. Sisto & Co., 7 S.E.C. 647, 1102 (1940).

3/ For a more detailed discussion of this action by the Board and of events prior to the issuance of the Commission's opinion, see Tenth Annual Report, pp. 80-81.

dismissed the petitions on findings that the Board's action was well within the sphere of interpretation and that the policies in question did not constitute a rule. 1/ The Commission pointed out in its opinion that there were adequate safeguards in the Act against the improper use of the policy by the NASD's committees or its Board. The Commission stated also that it could pass upon the merits of the policy only upon review of an individual case where pertinent facts were in evidence and where the issue was whether, upon the whole record, the acts and practices complained of were inconsistent with just and equitable principles of trade.

### The PSI Case

In a decision announced on June 11, 1945, 2/ the Commission, one Commissioner concurring and one dissenting, held that the NASD could not discipline its members for failure to comply with the terms of price-maintenance provisions contained in contracts used in the underwriting and distribution of securities.

The result of the decision was to set aside fines levied by the NASD against six of its members who, in the distribution in late 1939 and early 1940 of \$38,000,000 First Mortgage Bonds issued by Public Service Company of Indiana (PSI), failed to comply with minimum price and maximum discount provisions contained in the syndicate agreements.

The underwriters of the issue and the dealers in the selling group, all members of the NASD, had entered into agreements which provided that the bonds were to be sold to the public at 102 percent of principal amount and which allowed concessions of not more than 2 percent to underwriters, 1 percent to dealers, and 1/4 of 1 percent to non-participating NASD members. In the course of the offering numerous sales were made at less than the specified amounts and complaints were filed by the NASD against over 100 underwriters and dealers on the allegation that these off-price transactions were in violation of the NASD rule providing that "a member in the conduct of his business shall observe high standards of commercial honor and just and equitable principles of trade."

After hearings before various committees of the NASD, the Board of Governors imposed fines of from \$50 to \$500 against 70 members who were found to have violated the rule. The Commission thereupon called up for review six of the cases regarded as typical of the various fact situations involved. The anonymity of these six members was preserved in the Commission's proceedings.

The decision involved a review of the practices followed in the distribution of securities, particularly price-maintenance agreements. While the proceedings before the Commission were in progress, the Department of Justice intervened and argued that the price-fixing provisions of syndicate agreements violated the Sherman Act. The legality of these agreements was defended by the NASD.

The Commission's main opinion held that the provisions of Section 15A (b) (7) of the Securities Exchange Act specifically limited the scope of the NASD's rules so that they could not be used as a means of requiring members to adhere to price-maintenance contracts and that, consequently, the NASD could not discipline its members under the rules for failure to maintain the price of the bonds during

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1/ National Association of Securities Dealers, Inc., \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1944),  
Securities Exchange Act Release No. 3623.

2/ National Association of Securities Dealers, Inc., \_\_\_\_\_ S.E.C. \_\_\_\_\_ (1945),  
Securities Exchange Act Release No. 3700.

distribution. 1/ The opinion included statements that "an association rule designed to promote minimum prices and discounts runs directly counter to the statutory requirement that the association's rules be designed to remove 'impediments to . . . a free and open market'." Elsewhere the opinion said: "We emphasize that all we are holding is that the NASD erroneously construed its rule as authorization for the disciplining of members for violating price-maintenance agreements."

Chairman Purcell and Commissioner Pike, while not deciding the point, expressed views to the effect that the price-maintenance contracts in question did not violate the Sherman Act. Commissioner Healy expressed similar views and stated he thought a decision on this question was necessary to a proper disposition of the case. Commissioner McConaughy agreed that the disciplinary actions could not be allowed to stand but expressed no view on the antitrust question, stating that it was unnecessary to do so in deciding the case presented.

In his dissenting opinion, Commissioner Healy contended that the NASD was correct insofar as it held that an unexcused breach of the price-maintenance contract involved was conduct inconsistent with just and equitable principles of trade, and that there was nothing in Section 15A of the Securities Exchange Act which precluded this interpretation. However, he disagreed with the NASD's conclusion in three of the six cases that the syndicate agreements had been breached, and in a fourth case found that the dealer had been forced to sell by his bank and was thus not guilty of conduct inconsistent with just and equitable principles of trade. He concluded that the fines should be set aside in four cases and allowed to stand in two.

#### LITIGATION UNDER THE ACT

In Securities and Exchange Commission v. Charles E. Greene and Co. et al. 2/ and Securities and Exchange Commission v. Thomas B. Greening 3/ the Commission obtained injunctions against further violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 by broker-dealers.

In the Greene case, which involved a registered firm, the Commission's complaint charged the defendants, inter alia, with failing to reveal to customers that it was doing business while insolvent; wrongful hypothecation of customers' securities; making purchases and sales at prices bearing no reasonable relationship to the prevailing market prices, without disclosing to customers the prevailing market prices; and making various false representations. To insure the reimbursement of defrauded investors the Commission, in addition to seeking an injunction, asked that a receiver of the defendants' assets be appointed. 4/

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1/ That section requires that the rules of an association be "designed . . . to remove impediments to and perfect the mechanism of a free and open market" and "not designed . . . to fix minimum profits, to impose any schedule of prices, or to impose any schedule or fix minimum rates, commissions, allowances, discounts, or other charges."

2/ N. D. Ill., E. Div. Decree of permanent injunction and order continuing receiver entered November 11, 1944. See above for the Commission's administrative action in this case.

3/ W. D. Wash., N. Div. Decree of permanent injunction entered June 30, 1945.

4/ On July 11, 1945, after the close of the fiscal year, a judgment in the amount of \$19,916.66 was entered by the court in favor of the receiver, for the use and benefit of various customers of the firm.

In the Greening case, the Commission's complaint charged the defendant, inter alia, with effecting transactions in securities in the over-the-counter market without registering with the Commission as a broker or dealer; failure to make prompt delivery of securities and funds to customers; wrongful hypothecation of customers' securities; making various false representations; and failing to furnish customers with written confirmations.

In Securities and Exchange Commission v. Frank W. Bennett and Federal Corporation 1/ the Commission filed a complaint in the United States District Court for the Southern District of New York for a preliminary and final judgment enjoining the defendants from violating Section 9 (a) (2) of the Securities Exchange Act of 1934. The Commission alleged that the defendants had manipulated the market for the common stock of Red Bank Oil Company on the New York Curb Exchange while a registration statement under the Securities Act of 1933, relating to a proposed offering "at the market" of a large block of that stock, was pending.

American Distilling Co. et al. v. Brown 2/ and Clarence F. Avery v. Fred C. Moffatt et al. 3/ were two cases in which the Commission filed briefs as amicus curiae. The former was an action in the New York Supreme Court which had been brought by American Distilling Company under Section 16 (b) of the Securities Exchange Act of 1934 to recover certain profits alleged to have been made by some of its officers and directors in connection with short-term trading in the plaintiff's stock. The Commission's memorandum was filed in connection with a motion by the defendants to dismiss the action for want of jurisdiction, the contention being that Section 27 of the Act vested jurisdiction of such actions in the federal courts, to the exclusion of the New York Supreme Court. In its memorandum the Commission supported that contention, and the Supreme Court so held. Later in the year, this decision was affirmed by the Appellate Division of the Supreme Court, two justices dissenting. The Commission had likewise filed a memorandum as amicus curiae in that court. 4/

The Avery case was an action in the New York Supreme Court in which Avery, individually and as liquidating partner of Avery & Company, sought damages against Moffatt, as acting president of the New York Curb Exchange, and others for alleged illegal suspension of two of Avery's partners from the exchange and for refusal of the exchange to permit a member firm to employ Avery. The Commission's brief as amicus curiae was filed on the sole question whether members of a governing board of a national securities exchange who bring charges against a member of the exchange are necessarily disqualified from participating in the board's determination of such charges. The Court held that Avery had failed to establish any cause of action against the exchange and ordered judgment for the defendant.

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1/ The action for a final injunction had not yet been decided at the end of the fiscal year. On August 20, 1945 the Court denied the Commission's motion for a preliminary injunction. \_\_\_\_\_ F. Supp. \_\_\_\_\_ (S.D.N.Y. 1945).

2/ 184 Misc. 431, 51 N.Y.S. (2d) 614 (Sup. Ct., Dec. 19, 1944).

3/ \_\_\_\_\_ Misc. \_\_\_\_\_, 55 N.Y.S. (2d) 215 (Sup. Ct., April 16, 1945).

4/ \_\_\_\_\_ App. Div. \_\_\_\_\_, 54 N.Y.S. (2d) 855 (1st Dep't May 4, 1945). After the end of the fiscal year, a further appeal was taken to the Court of Appeals of the State of New York. The Commission again filed a memorandum taking the same position.

Civil Actions Instituted by the Commission

During the past year the need for more drastic action in dealing with violations of Rule X-10B-5 led the Commission to invoke the aid of the courts to protect sellers of securities from misrepresentation and nondisclosure of material facts by prospective purchasers. The usual pattern of such cases involved the attempt by management of an issuer to purchase its securities from investors without disclosing pertinent information regarding the company's financial condition.

In S.E.C. v. H. P. Mueller, et al., <sup>1/</sup> the president and controlling stockholder of the corporation sought to purchase its common stock from investors at \$2 per share. In making the offer he failed to disclose that the net current asset coverage per share was in excess of \$16, that the net earnings per share for the previous year had been \$4 and that during the two-month period immediately preceding the offer the corporation's sales had increased 70 percent. He also failed to disclose that the current over-the-counter price of the stock was between \$7 and \$10 per share and that he had refused to sell his controlling block of stock at less than its book value of \$40 per share. Information contained in an annual report which accompanied the offer was inadequate to enable investors properly to determine the value of their stock. After the Commission filed its complaint alleging violation of the Act and Rule X-10B-5, the defendants, by stipulation, consented to an injunction permanently restraining them from effectuating the transaction without disclosure of all material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

A similar but perhaps more subtle device attempted by the controlling common stockholders of Oils and Industries, Inc., a registered investment company, took the form of the proposed exchange of certain of the company's portfolio securities having a market value of approximately \$4.50 per share for its outstanding preferred stock on a share for share basis. <sup>2/</sup> Two officers and directors of Oils and Industries who controlled more than 50 percent of its common stock caused the company to propose the exchange with a view to retirement of the preferred stock thus repurchased. In making the offer preferred stockholders were not informed that their shares, which had a liquidating value of \$12.50 per share, then had an asset coverage of \$17 and a redemption value of \$13.50 per share. The company also failed to point out that retirement of the preferred would cause an increase in the asset value of the common and that if all the preferred were thus retired, the value of the common stock would increase approximately \$5 per share. Upon the filing of a complaint by the Commission seeking an injunction the defendants, by stipulation, agreed to rescission of the proposal and the return of all preferred stock tendered for exchange.

In S.E.C. v. L. A. Young, et al., <sup>3/</sup> the Commission made initial use of its authority under Section 21 (f) to seek a mandatory injunction to require compliance with Section 16 (a) of the Act. In the same action, also for the first time, the Commission enjoined controlling persons from violating Section 20 (c) of the Act. In that case Young, his wife and a corporation controlled by Young, each had owned more than 10 percent of the outstanding common stock of the L. A. Young Spring & Wire Corporation, which was registered on both the New York and Detroit Stock Exchanges. All three disposed of their holdings but failed to file the reports,

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<sup>1/</sup> USDC ED Wis., April 20, 1945.

<sup>2/</sup> S.E.C. v. Oils and Industries, Inc., et al., USDC SD NY (Complaint filed September 27, 1944).

<sup>3/</sup> USDC ED Mich., February 26, 1945.

regarding changes in beneficial ownership of registered securities by controlling persons, required by Section 16 (a). The judgment ordered and directed the defendants to file such reports and in addition permanently enjoined them from hindering, delaying or obstructing the company's filing of reports regarding the beneficial ownership of its common stock by defendants. The corporation was not a party to the action.

In S.E.C. v. Samuel Okin, 1/ the Commission for the first time sought and obtained an injunction which restrained the use of proxies obtained by Okin in violation of Section 14 (a) of the Securities Exchange Act of 1934 and Regulation X-14 but did not at the same time restrain the holding of the stockholders' meeting. Okin's sole purpose in obtaining proxies was to elect himself a director of Electric Bond and Share Company, of which he was the owner of 9,000 shares of common stock. Okin's proxies represented such a small fraction of the voting shares that his votes could not have effected his election and adjournment of the stockholders' meeting would have caused undue hardship to the corporation and the majority of its stockholders. The corporation was not in any way responsible for solicitation of proxies by Okin. The court, however, in its opinion 2/, expressed concern at the disenfranchisement of those common stockholders who had given proxies to Okin and suggested that they be given an opportunity to exercise the right to vote their stock.

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1/ 58 Fed. Supp. 20, USDC SD NY, 1944.

2/ Bright, J.

PART III

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

The Public Utility Holding Company Act of 1935 deals with holding companies having subsidiaries which are electric utility companies, or which are engaged in the retail distribution of natural or manufactured gas. The Act was passed for the express purpose of eliminating certain evils and abuses which the Congress had found to exist in connection with the activities of such companies, and was intended for the protection of both investors and consumers. It provides for the registration of holding companies (Sec. 5); regulation of security transactions of holding companies and their subsidiaries (Secs. 6 and 7); regulation of acquisitions of securities and utility assets by holding companies and their subsidiaries (Secs. 9 and 10); the regulation of payment of dividends, solicitation of proxies, intercompany loans and other intra-system transactions (Sec. 12); the control of service, sales, and construction contracts (Sec. 13); and the control of accounting practices (Sec. 15). The key provisions of the Act, however, are contained in Section 11, which requires the limitation of holding company systems to an integrated system or systems and related other businesses and the corporate simplification and equitable distribution of voting power of companies in holding company systems.

SUMMARY OF ACTIVITIES

The principal regulatory activities of the Commission under this Act in the past fiscal year continued to center around the administration of Section 11 and the disposition of applications designed to give effect to the Commission's orders under that section. In addition, an important segment of the Commission's work related to passing upon applications and declarations under Sections 6 and 7 of the Act for the issuance of securities, mainly by the subsidiaries of registered holding companies, in the aggregate amount of \$1,308,642,000.

As of June 30, 1945, there were registered under the Act 54 public utility holding company systems, the aggregate consolidated assets of which amounted to approximately \$16,200,000,000. These systems include 118 registered holding companies and 943 electric, gas and non-utility subsidiary companies.

Further significant progress was made during the past fiscal year in effectuating the requirements of Section 11 relating to integration, corporate simplification, and reorganization. At June 30, 1945, integration or simplification proceedings had been instituted by the Commission in regard to practically all of the holding company systems. Integration orders outstanding on June 30, 1945 require the divestment of holding companies' nonretainable interests in 147 subsidiary companies, having aggregate assets of \$4,352,000,000. <sup>1/</sup> This figure is exclusive of divestments already effected, as listed in Appendix Table 20 and discussed later in this section. Similarly, prior to the end of the past fiscal year the Commission had issued 46 orders involving simplification of corporate structures and equitable redistribution of voting power and there were 47 such proceedings pending in various stages of completion.

In the year ended June 30, 1945 the Commission instituted 7 new proceedings to require public utility holding companies to comply with Section 11. A classification of the proceedings instituted by the Commission under Section 11 (b) (1) integration and Section 11 (b) (2) corporate simplification which were pending at the close of the fiscal year is as follows:

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<sup>1/</sup> See Appendix Tables 21 and 22.

Section 11 Proceedings Pending as of June 30, 1945

	<u>No. of Pro- ceedings</u>	<u>No. of Systems</u>	<u>No. of Hold- ing Cos.</u>	<u>No. of Sub. Cos.</u>	<u>Aggregate Assets</u>
Sec. 11 (b) (1)	16	2	3	29	\$ 173,261,457
Sec. 11 (b) (2)	34	10	28	223	3,572,902,875
Secs. 11 (b) (1) and 11 (b) (2) combined	<u>13</u>	<u>21</u>	<u>61</u>	<u>516</u>	<u>9,855,707,763</u>
	63	33	92	768	<u>\$13,601,872,095</u>

Under Section 11 (e) of the Act, the Commission is authorized to approve voluntary plans of reorganization submitted by registered holding companies and their subsidiaries, and to seek court enforcement of such plans if they are necessary or appropriate to effectuate the geographic and corporate simplification requirements and are fair and equitable to the persons affected. Many such plans for complete or partial compliance with Section 11 have been approved by the Commission and have been or are being consummated. Others have been filed and are currently being considered by the Commission. Up to June 30, 1945, a total of 146 plans had been filed with the Commission under Section 11 (e). The Commission approved 56 of these plans, frequently after securing necessary modifications; 23 were withdrawn or dismissed; 3 were denied; and 64 were pending before the Commission in various stages of completion. As stated in the Commission's Tenth Annual Report, the filing, approval, and consummation of these plans represent major achievements in the financial and operating reorganization of the utility industry.

The Commission's experience in enforcing the Act shows that compliance with Section 11 (b) does not mean dumping or forced sale of securities on the markets. On the contrary, it is now clear that the favorable market reception of the portfolio utility stocks that have been sold has been an important factor in strengthening the market for utility equities. Moreover, in addition to sales, there have been other methods of compliance, such as exchanges of underlying portfolio securities for holding company securities, the issuance of subscription warrants to purchase portfolio securities, the distribution of portfolio stocks as dividends, and exchanges of securities of soundly reorganized companies for the old securities.

A factor of importance in facilitating the divestment of nonretainable properties and the reorganization of holding company systems has been the growing confidence of investors in the stability of operating utility common stock earnings, resulting in part from the more conservative capital structures of the operating companies. This has been reflected in the strong investment demand for portfolio utility common stocks which have been sold by holding companies in complying with Section 11 of the Holding Company Act. The supply of operating utility equities available for investors is still limited, although it is increasing steadily as the holding companies consummate their Section 11 programs. For many months the market for utility common stocks has been active and has been advancing. The current dividend yield on the common stock of most electric utilities at prevailing prices in the fall of 1945 was less than 5 percent. Since many of the holding companies have senior securities bearing interest or dividend rates of more than 5 percent, they have a net advantage in retiring their high-cost senior securities through the sale of portfolio securities at prevailing prices.

During the past fiscal year registered holding companies disposed of their non-retainable interests in 86 electric, gas, and other subsidiary companies, with total



assets of approximately \$575,000,000. <sup>1/</sup> This includes 40 electric utility companies, with assets of \$384,000,000; <sup>2/</sup> 21 gas utility companies, with assets of \$112,000,000; and 15 other companies, with assets of \$79,000,000. In addition, 17 companies sold a part of their assets in the total amount of \$33,000,000. The following table, which was prepared from the detailed data contained in Appendix Table 20, gives a summary of the total divestment program from December 1, 1935 to June 30, 1945.

**SUMMARY**  
ELECTRIC, GAS AND NON-UTILITY PROPERTIES SOLD OR OTHERWISE DIVESTED  
BY REGISTERED PUBLIC UTILITY HOLDING COMPANIES  
December 1, 1935 to June 30, 1945

	<u>Number of Companies</u>				<u>Assets of Companies Divested</u> (000,000 omitted)			
	<u>Elec- tric</u>	<u>Gas</u>	<u>Non- Utility</u>	<u>Total</u>	<u>Elec- tric</u>	<u>Gas</u>	<u>Non- Utility</u>	<u>Total</u>
<u>Divested by Exchange or Distribution of Securities to Security Holders</u>								
No longer subject to Holding Company Act	11	7	2	20	\$1,155 <sup>5/</sup>	\$411	\$ 4	\$1,570
Still subject to Holding Company Act <sup>1/</sup>	5	- <sup>2/</sup>	-	5	952	0 <sup>2/</sup>	0	952
<u>Divested by Sale of Property or Securities <sup>3/</sup></u>								
No longer subject to Holding Company Act <sup>4/</sup>	100	79	93	272	1,029	335	211	1,575
Still subject to Holding Company Act <sup>1/</sup>	<u>29</u>	<u>13 <sup>2/</sup></u>	<u>3</u>	<u>45</u>	<u>205</u>	<u>25</u>	<u>20</u>	<u>250</u>
<b>TOTAL DIVESTED</b>	<u>145</u>	<u>99</u>	<u>98</u>	<u>342</u>	<u>\$3,341</u>	<u>\$771</u>	<u>\$235</u>	<u>\$4,347</u>

	<u>Number of Companies</u> <u>Making Such Sales</u>				<u>Sale Price</u>			
	<u>Elec- tric</u>	<u>Gas</u>	<u>Non- Utility</u>	<u>Total</u>	<u>Elec- tric</u>	<u>Gas</u>	<u>Non- Utility</u>	<u>Total</u>
Assets sold no longer subject to the Act	50	8	22	80	\$ 78	4	26	108
Assets sold still subject to the Act	<u>10</u>	<u>4</u>	<u>1</u>	<u>15</u>	<u>11</u>	<u>4</u>	<u>1</u>	<u>16</u>
<b>Totals</b>	<u>60</u>	<u>12</u>	<u>23</u>	<u>95</u>	<u>\$ 89</u>	<u>\$ 8</u>	<u>\$ 27</u>	<u>\$ 124</u>

<sup>1/</sup> By reason of their relationship to other registered holding companies.

<sup>2/</sup> Northern Natural Gas Co., which was a subsidiary in 3 different company systems and itself a registered holding company having consolidated assets of \$63,178,222, was not included in the above summary; Lone Star Gas Corp. distributed its common stock investment therein to its own stockholders and United Light & Power Co. sold its holdings for \$10,533,612.

<sup>3/</sup> Includes all cases where total divestment was effected by sales of entire property to 1 or more than 1 buyer.

<sup>4/</sup> In the case of sales to more than 1 buyer, the company was classified in accordance with the disposition of the majority of the assets sold.

<sup>5/</sup> Reflects divestment of Philadelphia Electric Co. by United Corporation. The divestment of Philadelphia Electric Co. by United Gas Improvement Co. is not included in the above summary table figures.

<sup>1/</sup> It should be noted that this figure represents the total assets of the divested companies in order to reflect the size of such companies. In most instances, of course, the parent holding company owned only the outstanding common stocks of the divested companies and not their total assets. See Appendix Table 20, which gives details of the manner of divestment and the consideration received as well as the total assets of the divested companies.

It may be noted that prior to June 30, 1945, 342 electric, gas, and other subsidiary companies, with assets aggregating approximately \$4,347,000,000 were divested by registered holding companies. Of the total of these divested companies, 292 companies, with total assets of \$3,145,000,000, are no longer subject to the provisions of the Holding Company Act or to the authority of the Commission under that Act; and 51 companies, with total assets of \$1,202,000,000, remain subject to the Act by reason of their relation to other holding companies.

A classification of the foregoing divestments with reference to the properties which were sold to municipalities and other public authorities, as contrasted with those which remain under private ownership, shows the following summary results: <sup>1/</sup>

	<u>No. of Cos.</u>	<u>Total Amounts</u>
Sales to municipalities, public authorities, rural cooperatives, and the T.V.A.	51	\$ 293,280,924
Divested properties which continue under private ownership	<u>291</u>	<u>4,053,719,333</u>
Totals	<u>342</u>	<u>\$4,347,000,257</u>

More than half the properties which were sold to municipalities and other public authorities had total assets of less than a million dollars each. The largest company that was sold to a public authority was the Tennessee Electric Power Company with gross book assets of \$110,000,000. Strictly speaking, the sale of this company to the Tennessee Valley Authority, in 1939, was not a Section 11 divestment but was the culmination of a long period of negotiation for the purchase of this and other properties in the Tennessee Valley Authority area by the T.V.A. and its wholesale distributors. The sale, therefore, was not effected pursuant to a Section 11 order, nor in contemplation of the provisions of Section 11. A similar statement may apply to certain other divestments where the decision to sell was reached independently of Section 11 requirements.

#### INTEGRATION AND SIMPLIFICATION OF HOLDING COMPANY SYSTEMS

There follows a brief summary of the status of each of the major holding company systems under Section 11 at the close of the past fiscal year. The summary includes an outline of the principal developments which have been related in fuller detail in the Commission's previous annual reports, together with an account of the major steps taken during the past fiscal year.

##### 1. Electric Bond and Share Company

The parent of this system, Electric Bond and Share Company (Bond and Share), controls five major subholding companies: National Power and Light Company (National), American Power and Light Company (American), Electric Power and Light Corporation (Electric), American and Foreign Power Company, Inc. (American Foreign), and American Gas and Electric Company (American Gas).

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<sup>1/</sup> In the Report of the Committee on Progress in the Regulation of Public Utilities, Proceedings of the National Association of Railroad and Utilities Commissioners, 1945, the following statement was made concerning the trend to public ownership: "We have attempted to determine if there is any important trend toward public ownership of utility property, and almost without exception we find that the commissions do not feel that there is any substantial change in this direction."

Section 11 (b) (2) proceedings with respect to Bond and Share and certain of its subsidiaries were commenced on May 9, 1940. 1/ In its Findings and Opinion of August 23, 1941, 2/ the Commission ordered National to dissolve since it served no useful function and constituted an undue and unnecessary complexity in the system. National's debt and preferred stock have been retired and its only outstanding security is now common stock. Its principal remaining assets are the common stocks of Birmingham Electric Company, Carolina Power and Light Company and Pennsylvania Power and Light Company. National proposed in plans filed with the Commission 3/ to distribute these stocks to its own common stockholders, together with its holdings in two minor subsidiaries. The Commission indicated to National that, prior to distribution or any other disposition of its holdings in its subsidiaries, the accounts and corporate structures of such subsidiaries should be conformed to the requirements of the Act with respect to distribution of voting power and other matters. 4/ Plans to this end were filed by National and approved by this Commission with respect to Carolina Power and Light, 5/ Birmingham Electric Company, 6/ and Pennsylvania Power and Light Company. 7/ It may be noted that in each of these cases, the State commission either alone or in conjunction with the Federal Power Commission, ordered the elimination of certain write-ups (Account 107) and the elimination or amortization of acquisition adjustment items (Account 100.5). Frequently in such cases, the accounting and structural reorganization of operating utility subsidiaries of holding companies under the Holding Company Act is accompanied by or based upon accounting orders of the State commission, and frequently also of the Federal Power Commission.

Two of the other subholding companies, American and Electric, were ordered to dissolve 8/ for similar reasons as set forth for National. Appeals were taken by these companies to the United States Circuit Court of Appeals for the First Circuit, which affirmed the order of the Commission on March 17, 1944. 9/ Application for rehearing was denied by the court, whereupon the companies petitioned the United States Supreme Court for a writ of certiorari, which was granted on May 28, 1945. Arguments were concluded on November 16, 1945 but no decision has been rendered by the court. Certain major steps taken by Electric and American and their subsidiaries in the over-all process of complying with Section 11 are detailed below.

On July 13, 1944 American filed an application for approval of a plan under Section 11 (e) of the Act for retirement of approximately \$36,400,000 principal amount of debentures at par plus accrued interest. Hearings were held and objections heard with respect to the plan. Briefs were filed by American and by an objecting debenture holder. On October 31, 1945 the Commission issued its Findings and Opinion disapproving the plan, the Commission concluding that the fair and equitable standards of Section 11 (e) required that holders of American's debentures should receive 110% of principal amount plus accrued interest, and leaving for subsequent determination

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1/ Holding Company Act Release No. 2051.

2/ Holding Company Act Release No. 2962.

3/ File No. 54-51.

4/ Holding Company Act Release No. 3896.

5/ Holding Company Act Release Nos. 3995 and 4746.

6/ Holding Company Act Release No. 4955.

7/ Holding Company Act Release Nos. 6080 and 6167.

8/ Holding Company Act Release No. 3750.

9/ American Power and Light Company v. S.E.C.; Electric Power and Light Company v. S.E.C., 141 Fed. (2d) 606.

the precise amount—in no event less than 110% of principal amount plus accrued interest—which should be received by holders of certain assumed debentures (not callable until 1947). 1/ American was given 30 days to file an amendment in accordance with the Commission's Findings and Opinion. An amendment designed to comply with this condition was filed on November 5, 1945 and approved by the Commission on November 8, 1945. 2/

Minnesota Power & Light Company, a subsidiary of American, filed an application on August 14, 1944 for approval of a plan pursuant to Section 11 (e) of the Act. The plan provided for correction of existing unfair and inequitable distribution of voting power in the company by increasing the equity represented by the common stock by means of capital contributions by American. The plan also provided for conversion of outstanding preferred stock into a new 5% preferred stock and the payment of cash to preferred stockholders. The Commission's Findings and Opinion approving the plan, as amended, were issued June 6, 1945, 3/ and the plan was subsequently enforced by the United States District Court for the District of Minnesota.

During the year American disposed of its interest in Nebraska Power Company for approximately \$14,000,000 and the oil properties of Glacier Production Company, a subsidiary of The Montana Power Company, for approximately \$9,600,000. 4/

During the spring of 1945, two of American's subsidiaries, Texas Electric Service Company and Texas Power & Light Company, went through accounting reorganizations under which American made cash capital contributions of \$15,500,000 to the two companies, and under which approximately \$50,000,000 of estimated inflationary items were eliminated from the plant accounts of the two companies. 5/ Subsequent to the close of the fiscal year, American formed a new Texas holding company which acquired the above-mentioned two companies and, in addition, acquired Electric's interest in the common stock of Dallas Power & Light Company, the latter for a cash consideration of \$17,350,000. 6/ American stipulated that it would dispose of Texas Utilities Company within one year from October 1945.

On May 5, 1941 United Gas Corporation, a subsidiary of Electric, filed an application proposing certain refinancing and in connection therewith the repayment of \$52,925,000 in debt claims held by Bond and Share. At the time the Commission ordered hearings on this application, it also instituted proceedings pursuant to Section 11 (b) (2) and other sections of the Act 7/ for the purpose of examining the transactions proposed and exploring the validity and rank of the debt claim of Bond and Share. After the close of the hearing, a Section 11 (e) plan was filed which provided for the reorganization of United Gas and a compromise settlement of the

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1/ Holding Company Act Release No. 6176. (Commissioner Healy dissenting).

2/ Holding Company Act Release No. 6176. On November 30, 1945, the Commission approved a supplemental amendment providing for the retirement of the assumed debentures at 115% of principal amount plus accrued interest (Commissioner Healy dissenting.) Holding Company Act Release No. 6258.

3/ Holding Company Act Release No. 5850.

4/ Holding Company Act Release No. 5463.

5/ Holding Company Act Release Nos. 5742 and 5798.

6/ Holding Company Act Release No. 6158.

7/ Holding Company Act Release No. 2790.

claim of Bond and Share. At the conclusion of hearings on this voluntary plan, the Commission issued its order approving the plan as fair and equitable. 1/ At the company's request, the Commission applied to the Federal Court for enforcement of the plan, which was approved by the court on November 20, 1944. 2/

On March 8, 1943 Utah Power and Light Company, a subsidiary of Electric, filed an application proposing certain refinancing and the Commission instituted 11 (b) (2) proceedings which were consolidated therewith. 3/ The Commission approved the refinancing and ordered a recapitalization of the company involving, among other things, the conversion of its preferred and common stock into a single class of new common stock and requiring certain other adjustments in its accounts. 4/ The Commission's decision in this case was preceded by an order of the Federal Power Commission on August 2, 1943 directing the company to eliminate from its property accounts inflationary items aggregating \$29,441,872 by charges to surplus; the order was based on a stipulation of facts entered into between the Federal Power Commission, the Public Service Commission of Utah, and Utah Power and Light Company.

On March 21, 1945 Utah filed an application with the Commission for the approval of a plan of reorganization under Section 11 (e) of the Act, in which Electric joined. The plan provided, among other things, that Electric would surrender all of its holdings in Utah, including its entire common stock interest, and would release Utah and its subsidiaries from all claims in favor of Electric against Utah and its subsidiaries in consideration for which Utah would (a) pay Electric \$650,000 cash, (b) release Electric from all claims in favor of Utah or any of its subsidiaries against Electric, and (c) assign to Electric all claims of Utah and its subsidiaries against Bond and Share of its wholly-owned subsidiaries. After hearings thereon, the Commission issued its Findings and Opinion approving the plan on November 13, 1945. 5/ The plan was subsequently enforced by the United States District Court for the District of Utah. One major result of the reorganization, in addition to greatly improving Utah's capital structure, will be to separate the company entirely from the Bond and Share system.

On May 18, 1943 hearings were reconvened with respect to the 11 (b) (2) proceedings of Bond and Share and its subsidiaries. 6/ The first issue to be considered was Bond and Share's relation to American Gas. Before the hearings were concluded, Bond and Share requested that it be permitted to present a plan for its disposition of its interest in American Gas. 7/

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1/ Holding Company Act Release No. 5271.

2/ In the Matter of United Gas Corporation, et al., 58 Fed. Supp. 501.

3/ Holding Company Act Release No. 4157.

4/ Holding Company Act Release No. 4716.

5/ Holding Company Act Release No. 6212. (Commissioner Healy dissenting as to the payment of \$650,000 to Electric and the assignment to Electric of Utah's claim against Bond and Share.)

6/ Holding Company Act Release No. 4305.

7/ After the close of the past fiscal year, Bond and Share filed a series of three plans for the stated purpose of enabling Bond and Share to comply with Section 11 (b) of the Act, including therein a plan for the disposition of its interest in American Gas. (Holding Company Act Release No. 5970).

On October 10, 1945, the Commission approved Plan 1 which provided for a distribution by Bond and Share to its preferred stockholders of approximately \$31,000,000 or \$30 per share in partial retirement of the stock, accompanied by a 30 percent reduction in dividends. (Holding Company Act Release No. 6121).

On October 26, 1944 American Foreign filed a plan of reorganization under Section 11 (e) of the Act which was joined in by Bond and Share. Proceedings on the plan were consolidated by the Commission with the proceedings directed to Bond and Share and American Foreign under Section 11 (b) (2) of the Act. 1/ Hearings on the consolidated proceedings have been held and the matter is pending.

Proceedings pursuant to Section 11 (b) (1) directed to American Gas were instituted December 1, 1939. Proceedings on an application previously filed by American Gas, requesting approval of the continuance of its Central System together with continuance of alleged South Jersey and Northeast Pennsylvania systems, were consolidated therewith. Hearings were held from time to time in such consolidated proceedings. On February 6, 1945 this Commission issued its Statement of Tentative Conclusions with respect to the properties of American Gas subsidiaries. 2/ The Commission tentatively concluded that properties comprising the Central System could be retained under common control under the standards of Section 11 (b) (1) of the Act but that other properties must be divested if such Central System was to be retained. Hearings to consider whether such tentative conclusions should be adopted as the final conclusions of the Commission have been held and the decision was pending at the end of the fiscal year. 3/

## 2. The North American Company

Section 11 (b) (1) proceedings were commenced March 8, 1940 with respect to the North American Company (North American) 4/ and its subsidiaries and 11 (b) (2) proceedings were initiated on December 2, 1941 with respect to North American Light and Power Company (Light and Power), 5/ a subsidiary holding company of North American.

On April 14, 1942, the Commission's order and opinion were rendered in the 11 (b) (1) proceedings, directing North American to confine its operations to a single integrated system built around the Union Electric Company of Missouri. 6/ The order permitted the company to file an alternative plan within 15 days, whereupon the company requested a modification of the order, which was denied. 7/ North American appealed the order to the United States Circuit Court of Appeals for the Second Circuit, which court affirmed the order on January 12, 1943. 8/ On March 1, 1943, the United State Supreme Court granted a writ of certiorari 9/ to review the case, but on April 15, 1943 indefinitely deferred the case because of the lack of a qualified quorum. Subsequent to the end of the fiscal year, November 18, 1945, the Supreme Court heard argument on the case but no decision has as yet been rendered.

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1/ Holding Company Act Release No. 5388.

2/ Holding Company Act Release No. 5591.

3/ On December 26, 1945, the Commission issued its Findings, Opinion and Order in this proceeding reaffirming in all essential respects its earlier tentative conclusions. Holding Company Act Release No. 6333.

4/ Holding Company Act Release No. 1960.

5/ Holding Company Act Release No. 3168.

6/ Holding Company Act Release No. 3405.

7/ Holding Company Act Release No. 3630.

8/ 133 F. (2d) 148.

9/ 318 U.S. 750.

North American has continued its policy of paying common stock dividends in the stock of its subsidiary, Pacific Gas and Electric Company, and in addition has sold 700,000 shares of Pacific common stock in a public offering. The cash so realized and conserved has been used to retire North American's entire issue of 6% Series preferred stock aggregating \$30,317,950, and to reduce its debt obligations. North American sold its Pacific Gas stock on a 5.13 percent basis (on resale the yield was 5 percent) and used the proceeds to retire preferred stock on which the dividend rate was 6 percent. 1/ As a result of its disposition of holdings in the Pacific Gas and Electric Company, the latter company has been declared not to be a statutory subsidiary in the North American system. On May 4, 1945, the Commission approved a voluntary plan filed under Section 11 (e) for the simplification of the corporate structure of Union Electric Company of Missouri, 2/ subholding company of North American, whereby two of Union's subsidiaries were eliminated.

On December 30, 1941, the Commission ordered the dissolution of North American Light & Power Company, 3/ a subsidiary of the North American Company, finding that it constituted an undue and unnecessary complexity in the system and served no useful purpose. However, the determination of a fair and equitable plan of dissolution has been delayed pending the disposition of claims asserted by Illinois Power Company, an indirect subsidiary of Light and Power. Extensive hearings have been held with respect to these claims but have not yet been completed. Meanwhile, Light & Power has retired \$3,376,500 principal amount of its publicly held debentures without the payment of redemption premiums. This action was approved by the Commission and was appealed by the trustees under the indenture securing such debentures to the United States Circuit Court of Appeals for the Seventh Circuit which upheld the Commission's order. 4/

A plan for the dissolution of Illinois Traction Company, a subsidiary holding company in the Light & Power system, filed pursuant to the provisions of Section 11 (e), was approved by the Commission on October 24, 1944 5/ and was affirmed by the U.S. District Court for the District of Maine on December 19, 1945.

### 3. The United Gas Improvement Company

Section 11 (b) (1) proceedings with respect to this system were instituted on March 4, 1940. The United Gas Improvement Company (UGI) subsequently requested the Commission to state its views, whereupon the Commission issued its tentative conclusions with respect to this system and defined its integrated system as the electric properties in the Pennsylvania-Delaware-Maryland area. Orders of divestment were issued 6/ on July 30, 1941 and May 7, 1942 on the basis of this interpretation. These orders were appealed by the company to the United States Circuit Court of Appeals for the Third Circuit, which court sustained the orders on November 17, 1943. 7/

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1/ In December 1945, North American borrowed \$32,000,000 from certain banks at 1-3/4 percent interest and has used the proceeds, together with other funds, to retire its remaining 5-3/4 percent preferred stock. The company's capitalization, therefore, now consists solely of bank loans and common stock.

2/ Holding Company Act Release No. 5776.

3/ Holding Company Act Release No. 3233.

4/ 134 F. (2d) 165.

5/ Holding Company Act Release No. 5367.

6/ Holding Company Act Release Nos. 2913 and 3511.

7/ 138 F. (2d) 1010.

After argument before the court but prior to the issuance of its decision, UGI and its subsidiary, Philadelphia Electric Company, filed voluntary plans under Section 11 (e) with a view to complying at least partially with the provisions of Section 11 (b). Briefly, the plan provided for the distribution to UGI stockholders of \$30,600,000 in cash and substantially all the stock holdings in two of its subsidiaries, Philadelphia Electric Company and Public Service Corporation of New Jersey. The plan was approved by the Commission on March 18, 1943 <sup>1/</sup> and by the common stockholders on April 19, 1943. In May 1944, UGI distributed to its stockholders its holdings of Delaware Power & Light Company and subsidiaries. During the past fiscal year, UGI has disposed of its interests in three additional companies, namely, Nashville Gas & Heating Company, <sup>2/</sup> Arizona Power Corporation <sup>3/</sup> and Manchester Gas Company. <sup>4/</sup> Subsequent to the close of the fiscal year, UGI filed another voluntary plan <sup>5/</sup> under Section 11 (e), designed to effect further compliance with the requirements of Section 11. This plan provides for the voluntary exchange of certain miscellaneous investments in public utility holding companies having a present market value of approximately \$25,000,000 for shares of UGI common stock. No decision has as yet been rendered by the Commission with respect to this plan.

#### 4. The Commonwealth & Southern Corporation

On March 6, 1940, Section 11 (b) (1) proceedings were begun with respect to this system and on April 8, 1941 Section 11 (b) (2) proceedings were instituted and consolidated with the former proceedings. In its order of April 9, 1942, <sup>6/</sup> the Commission directed Commonwealth & Southern Corporation (Commonwealth) to reduce its then outstanding preferred and common stock to a single class of new common stock. The order was appealed by the company to the Circuit Court of Appeals for the Third Circuit which affirmed the Commission's order on March 31, 1943. <sup>7/</sup>

On April 20, 1943, Commonwealth filed a plan of recapitalization providing for the reclassification of its stock into a new class of common stock and a distribution of its holdings of all the common stock of Consumers Power Company to stockholders of Commonwealth. On February 26, 1944, the company filed an amended plan proposing a change in the allocation between its preferred and common stockholders and further proposing the distribution of its stock holdings in its other Northern subsidiaries in addition to Consumers Power Company.

Hearings on the amended plan were concluded on March 27, 1944 and the staff filed its proposed findings on May 29, 1944 approving the basic features of the amended plan but recommending that certain further amendments be made. Briefs were filed and oral argument held on the issues involved by various stockholders participating in the proceedings. On May 31, 1945, the Commission issued its Findings and

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<sup>1/</sup> Holding Company Act Release No. 4173.

<sup>2/</sup> Holding Company Act Release No. 5896.

<sup>3/</sup> Holding Company Act Release No. 5882.

<sup>4/</sup> Holding Company Act Release No. 5130.

<sup>5/</sup> File No. 54-140.

<sup>6/</sup> Holding Company Act Release No. 3432.

<sup>7/</sup> 134 F. (2d) 747.



Opinion 1/ which stated that if the plan were amended in several respects, the Commission would approve it. Commonwealth filed the amendments requested and thereupon the Commission on June 30, 1945 issued its order 2/ approving the amended plan. Among the provisions of this amended plan was one requiring that the plan receive the affirmative vote of the holders of a majority of each class of stock of Commonwealth at a special meeting, before the Commission applied to an appropriate federal district court for an order approving and enforcing the plan. A period of several months thereafter elapsed without arrangements having been completed for conducting the vote contemplated in the plan. No vote having been taken, the Commission, by order dated November 1, 1945, 3/ modified its previous order so as to approve the plan on condition that the company delete that portion of the plan requiring a stockholders vote. On November 9, 1945, Commonwealth filed modifications of its plan stating that it would eliminate the provision for a stockholders vote if the Commission would approve an extensive amendment of the plan which essentially altered it. 4/

The Commission, in all these orders, has retained jurisdiction to determine the retainability of Commonwealth's remaining subsidiaries and any of the utility operations and other businesses of the system under Section 11 (b) (1).

Commonwealth has continued to refinance and recast the security structure of its utility subsidiaries and in the process has materially improved their financial condition.

#### 5. Cities Service Company

On May 5, 1944, the Commission issued its order in the Section 11 (b) (1) proceeding involving Cities Service Company (Cities), the top company in this system. 5/ The order directed Cities to comply with Section 11 (b) (1) by reducing the operations of its system to certain gas distribution properties located in the Mid-Continent section, together with certain gas production and transmission properties. The order, however, permitted the retention of the system's nonutility properties if Cities should choose to comply with Section 11 (b) (1) by disposing of all its direct or indirect interests in utility companies. Cities elected to retain its nonutility properties, whereupon the Commission, on October 12, 1944, entered a supplemental order 6/ providing, in substance, that Cities might dispose of its interests in utility properties in lieu of complying with the provisions of the

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1/ Holding Company Act Release No. 5825.

2/ Holding Company Act Release No. 5895.

3/ Holding Company Act Release No. 6177.

4/ On January 24, 1946, the Commission issued a memorandum opinion stating that the modifications of the plan did not have sufficient merit to warrant scheduling of hearings thereon in view of their highly complicated and confusing nature, aside from difficult questions of fairness. The Commission indicated that further proceedings in this case would be withheld for a period of 30 days in order to afford an opportunity to Commonwealth and to any person having a bona fide interest in the reorganization to file a plan for compliance with the Commission's order of April 9, 1942 based upon the principle of retiring the preferred stock through the sale or other disposition of assets. Holding Company Act Release No. 6381.

5/ Holding Company Act Release No. 5028.

6/ Holding Company Act Release No. 5350.

earlier order. Since the original order, Cities has disposed of its interests in 32 subsidiaries 1/ and has consummated a program effectuating various intercorporate transfers preparatory to a divestment of its interest in Cities Service Power & Light Company.

The order of May 5, 1944 also directed Arkansas Natural Gas Corporation, a subsidiary holding company of Cities, to confine its operations to the natural gas business and dispose of its interest in its nonutility subsidiaries. Arkansas Natural Gas Corporation appealed the order of the Commission to the U. S. Circuit Court for the Fifth Circuit, which court had arguments on the case but has not yet rendered a decision.

On August 17, 1943, the Commission ordered 2/ Cities Service Power & Light Company (Power & Light), a holding company subsidiary of Cities Service Company, to dispose of its interest in 43 companies, including Federal Light & Traction Company (Federal) and its 14 subsidiaries. Since this order was issued, Power & Light, as indicated above, has disposed of its interests in 30 companies. The order of August 17, 1943 required that Federal confine its operations to the electric utility business conducted by subsidiaries in the States of New Mexico and Colorado, jurisdiction being reserved with respect to certain properties in New Mexico and Arizona. On March 30, 1944, 3/ the Commission granted Federal an option to retain as its utility system either the properties in New Mexico and Colorado or in Arizona. Federal applied for a year's extension to comply with the Commission's order of March 30, 1944, which was granted, and Federal's option to elect to retain one of the two integrated systems was continued until March 30, 1946.

#### 6. Associated Gas and Electric Company

In 1940, Associated Gas and Electric Company (Ageco) and its subsidiary holding company, Associated Gas and Electric Corporation (Agecorp), filed petitions in the U. S. District Court for reorganization under Chapter X of the Bankruptcy Act. Both companies are registered holding companies. The Trustees of Agecorp (Denis J. Driscoll and Willard L. Thorp) also registered as a holding company. On August 13, 1942, the Commission issued an order 4/ pursuant to Section 11 (b) (1) in which it directed the trustees, among other things, to dispose of their interest in 115 companies, reserving for further consideration questions relating to the retainability of certain other properties. At the end of the first year, the trustees reported that they had disposed of their interest in 60 of these companies. During the next succeeding year, disposition was made of an additional 22 companies and 14 others were under contract for sale. Of the original 115 companies, the trustees retained, as at the close of the fiscal year, an interest in only 16. On February 9, 1945, upon application of the trustees, the Commission modified its order of August 13, 1942 by removing Manila Electric Company, its subsidiary, Associated Utilities Investing Corporation (an inactive corporation which is the original obligor under the mortgage on the bonds of Manila Electric Company), and Escudero Electric Service Company from the list of companies required to be divested. Both Manila Electric Company and Escudero Electric Service Company operate properties in the Philippine Islands.

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1/ Of these, 2 companies were direct subsidiaries and 30 companies were subsidiaries of Cities Service Power & Light Company or of its subsidiary holding company, Federal Light & Traction Company.

2/ Holding Company Act Release No. 4489.

3/ Holding Company Act Release No. 4960.

4/ Holding Company Act Release No. 3729.

On August 9, 1945, the U. S. District Court for the Southern District of New York confirmed a comprehensive reorganization plan 1/ proposed by the trustees, pursuant to Chapter X of the Bankruptcy Act and Section 11 (b) of the Holding Company Act, and which had been approved by the Commission on April 14, 1944. 2/ After the close of the fiscal year, the U. S. Supreme Court dismissed a petition for certiorari, and the plan was consummated. The new company, General Public Utilities Corporation, took over the affairs of Ageco and Agecorp in January 1946.

On February 3, 1941, the Commission instituted proceedings pursuant to Section 11 (b) (2) with respect to General Gas and Electric Corporation (Gengas) a subsidiary holding company of Agecorp. 3/ Subsequently, Section 11 (e) plans for the reorganization of Gengas were filed, the hearings on which were consolidated with the Section 11 (b) (2) proceedings. On August 12, 1944, a revised plan was filed jointly by Agecorp and Gengas, which provided for the distribution by Gengas of certain assets among its public security holders, after which there would remain no claims against Gengas except those held by the trustees of Agecorp, who would turn in their holdings and receive in exchange an entire issue of new common stock of Gengas. This plan was approved by the Commission on July 25, 1945. 4/ By orders dated October 15, 1945 and October 22, 1945, the District Court of the United States for the Southern District of New York approved and enforced the plan.

Section 11 (b) (2) proceedings were instituted with respect to Georgia Power and Light Company, another subsidiary of Gengas, on February 10, 1943. On April 24, 1944, Georgia, Gengas, and Florida Power Corporation, an associated company, filed a joint plan proposing, among other things, the recapitalization of Georgia. The proposal included the donation by Florida to Georgia of \$1,400,000 in cash to be used in part for the reduction of the mortgage debt of Georgia and for a cash payment in the amount of \$150 per share in full satisfaction of the public holders of the preferred stocks of Georgia. The proposed recapitalization, together with the related donation and an issue and sale by Florida of preferred stock through competitive bidding, was approved by the Commission on January 23, 1945 5/ subject to the condition that within one year Georgia divest itself of its water and ice properties.

On September 29, 1943, the Commission instituted Section 11 (b) (2) proceedings with respect to Tide Water Power Company, a subsidiary of Gengas, raising the issue as to whether the voting power of Tide Water was fairly and equitably distributed. After appropriate hearings, the Commission issued its order on August 25, 1944, 6/ providing, among other things, for a recapitalization of the company by substituting a single class of common stock for the then outstanding classes of stock. Thereafter, Tide Water filed a plan 7/ to comply with the Commission's one-stock order. The plan was approved on December 22, 1944 8/ subject to reservation of jurisdiction as to the percentage of new common stock to be received by Gengas.

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1/ 61 Fed. Supp. 11.

2/ Holding Company Act Release No. 4985.

3/ Holding Company Act Release No. 2543.

4/ Holding Company Act Release No. 5950.

5/ Holding Company Act Release No. 5568.

6/ Holding Company Act Release No. 5238.

7/ Holding Company Act Release No. 5309.

8/ Holding Company Act Release No. 5512.

On March 30, 1945, a plan of reorganization was filed by York Railways Company, a debtor in possession under Section 77B of the Bankruptcy Act, in proceedings which had been pending since November 30, 1937. 1/ The plan provided for the raising of sufficient cash to pay all public creditors and preferred stockholders the full amount of their claims and for the liquidation of York Railways Company. Hearings were held in May 1945 and the matter was pending at the end of the fiscal year. 2/

On September 30, 1941, the Commission instituted proceedings under Section 11 (b) (2) with respect to New England Gas and Electric Association (Negea), a registered holding company. After hearings were held but prior to the final order of the Commission, the trustees of Ageco and Agecorp and a subsidiary company in the Associated system instituted proceedings in both a State and Federal Court asserting claims against Negea arising from various transactions in the years 1930 and 1932. It appeared to the Commission that before a determination could be made with respect to the recapitalization of Negea, the validity and rank of the asserted claims would have to be resolved. Therefore, on February 17, 1943, the Commission instituted further proceedings with respect to these claims. 3/ On March 29, 1945, Negea filed a plan 4/ of recapitalization pursuant to the provisions of Section 11 (e). This plan was based on the assumption that the aforementioned claims would be held not valid. At the close of the fiscal year, the Commission had reached no decision with respect to the claims but hearings were going forward in connection with the proposed plan on matters not related directly to the claims. 5/

#### 7. Standard Power and Light Corporation - Standard Gas and Electric Company

Proceedings pursuant to Section 11 (b) (1) were instituted by the Commission on March 6, 1940 with regard to Standard Power and Light Corporation (Standard Power) and Standard Gas and Electric Company (Standard Gas) and their subsidiaries. On June 5, 1940, the Commission instituted proceedings pursuant to Section 11 (b) (2) with respect to Standard Power. After subsequent hearings, the Commission, on June 19, 1942, issued an order requiring the liquidation and termination of existence of Standard Power. 6/ A dissolution plan for Standard Power was approved by the Commission on February 22, 1945. 7/

On March 24, 1943, Standard Gas filed a plan pursuant to Section 11 (e), to comply with the provisions of Section 11 (b), and at the same time the Commission instituted proceedings pursuant to Sections 11 (b) (2), 15 (f), and 20 (a) and directed consolidation of the two proceedings. The Commission issued its findings and opinion on May 29, 1944, 8/ after hearings and oral argument, stating that it could not make findings necessary for approval of the plan, and withheld entry of

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1/ Holding Company Act Release No. 5744.

2/ Subsequently the plan was approved by the Commission and by the U. S. District Court (Del.).

3/ Holding Company Act Release No. 4124.

4/ Holding Company Act Release No. 5730.

5/ Holding Company Act Release No. 5799.

6/ Holding Company Act Release No. 3607.

7/ Holding Company Act Release No. 5625.

8/ Holding Company Act Release No. 5070.

an order for 90 days to afford Standard Gas the opportunity to file an amendment in accordance with the views of the Commission. In August 1944, Standard Gas submitted an amended plan, which was approved by the Commission on November 15, 1944. 1/

On December 20, 1944, the Commission, at the request of Standard Gas, applied to the U. S. District Court for the District of Delaware for an order of enforcement of the amended plan. On March 2, 1945, the District Court in an opinion stated that the plan would not be approved as fair and equitable and appropriate to effectuate compliance with the Act unless the note and debenture holders were paid off in cash, although it would be approved as to stockholder participation. The Commission, Standard Gas, and several other parties to the proceedings, took an appeal from the judgment of the District Court to the United States Circuit Court of Appeals for the Third Circuit. After the end of the fiscal year, on September 14, 1945, the latter Court rendered a decision reversing the judgment of the District Court and upholding the opinion of the Commission that the amended plan was fair and equitable to the note and debenture holders.

Subsequently, Standard Gas filed a motion with the District Court requesting an order of the court disapproving the amended plan for recapitalization as being unfair and inequitable because of changed conditions, and stating that it proposed to borrow money with which, together with treasury cash, it would effectuate a call of the notes and debentures and pay off the bank notes then outstanding by the sale of portfolio securities. A decree of the U. S. District Court for the District of Delaware, issued on December 29, 1945 and amended January 9, 1946, held that Standard Gas had the right to call the notes and debentures and provided that such call should be made within thirty days or within such further time as the Securities and Exchange Commission might grant. 2/

On June 5, 1942, Northern States Power Co. (Delaware) filed its plan of liquidation pursuant to Section 11 (e) and on the same date the Commission instituted proceedings pursuant to Section 11 (b) (2) and other sections of the Act with respect to that Company and each of its subsidiary companies. Extensive hearings were held, subsequent to which (March 31, 1944) the Company submitted an amended plan, upon which hearings were also held, briefs submitted, and argument heard. The Commission issued its Findings and Opinion on the Northern States Power Company amended plan on April 26, 1945, 3/ stating that if an amendment to the plan were made in accordance with the views expressed therein, an appropriate order would be entered approving the plan as so further amended. Subsequent to the end of the fiscal year the required amendment was filed. The Commission in a subsequent Memorandum Opinion, dated October 12, 1945, 4/ required a further amendment reducing the stated value of the proposed new common stock from \$6.75 to \$6.00 per share. Upon the filing of this amendment, the Commission issued its order on October 31, 1945, 5/ approving the plan as

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1/ Holding Company Act Release No. 5430.

2/ Holding Company Act Release No. 6385. Notice of appeal from the court order has been filed with the Third Circuit Court of Appeals by a debenture holder.

3/ Holding Company Act Release No. 5745. (Commissioner Healy concurred in a separate opinion stating his differences with the majority as to the meaning and effect of the U. S. Supreme Court decision in Otis & Co. v. Securities and Exchange Commission, 323 U. S. 624.)

4/ Holding Company Act Release No. 6127.

5/ Holding Company Act Release No. 6173.

amended, granting applications and declarations in connection therewith, subject to certain reservations of jurisdiction. 1/

On June 30, 1942, Southern Colorado Power Co., a subsidiary of Standard Gas, filed a plan pursuant to Section 11 (e) for recapitalization and, on July 2, 1942, the Commission instituted proceedings under Section 11 (b) (2) and ordered consolidated hearings thereon. On August 3, 1943, the Commission approved the plan subject to certain modifications, which were later satisfied by amendments to the plan. The amended plan was approved by the Commission on November 24, 1943, 2/ and by the United States District Court in Colorado on December 31, 1943. 3/ Appeal was taken therefrom to the United States Circuit Court of Appeals for the Tenth Circuit, which has rendered its decision upholding the Commission's approval of the plan. The Supreme Court denied writ of certiorari, and on June 26, 1945 the District Court for the District of Colorado entered its order declaring the plan effective as of June 30, 1945.

### 8. Columbia Gas & Electric Corporation

Section 11 (b) (1) and Section 11 (b) (2) proceedings were commenced with respect to Columbia Gas & Electric Corporation (Columbia) and were consolidated with a Section 11 (e) plan filed by the Company on July 14, 1942. The plan involved, among other things, the sale by Columbia Oil & Gasoline Corp, a subsidiary of Columbia, of its interest in Panhandle Eastern Pipe Line Company, the transfer of its five oil and gasoline subsidiaries to Columbia Gas and the liquidation of Columbia Oil & Gasoline Corp. This voluntary plan was approved by the Commission on October 2, 1942. 4/ The Commission's order was affirmed by the United States Circuit Court of Appeals for the Third Circuit, 5/ and the United States District Court for the District of Delaware entered its order approving the plan. 6/

Further proceedings were instituted by the Commission on May 2, 1944 with respect to subsidiaries not included in the Company's 11 (e) plan. At the close of the hearings in this matter, the Commission issued its Findings, Opinion and Order, 7/ in which it stated which properties of Columbia might be retained and reserved jurisdiction with respect to the retainability of the remaining properties.

Columbia on December 21, 1944 filed a plan pursuant to Section 11 (e) providing for its recapitalization through the conversion of its Preferred and Common Stocks into one class of Common Stock, the partial payment and refunding of the remaining debt of Columbia; and the distribution to the new common stockholders of its interest in the Dayton and Cincinnati groups of companies. The plan also proposes certain inter-system transactions prior to its completion. Public hearings

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1/ On January 22, 1946, the Commission applied to the U. S. District Court (Minn.) for enforcement of the plan.

2/ Holding Company Act Release No. 4501.

3/ Enforced without opinion.

4/ Holding Company Act Release Nos. 3829 and 3885.

5/ 134 F. (2d) 822.

6/ 50 F. Supp. 965.

7/ Holding Company Act Release No. 5455.

with respect to this plan were held from time to time and during said hearings the plan was opposed by The United Corporation, the holder of 19 percent of the voting securities of Columbia. During a temporary adjournment of these hearings Columbia asked for an indefinite postponement, stating that Columbia and United had agreed upon a modified program which they intended to present to the Commission. The program, as outlined, provided for the sale of the Dayton and Cincinnati groups of companies after certain refundings and inter-system transactions with respect thereto, and the retirement for cash of the debt and preferred stock of Columbia. Such cash would be obtained from the sale of the before-mentioned companies and others covered by the Commission's divestment order and by the issuance of new debt by the revised Columbia. The postponement was granted. Subsequent thereto Columbia has completed the refinancing of the Dayton and Cincinnati groups of companies and has completed the inter-system transactions related thereto.

#### 9. Niagara Hudson Power Corporation

In 1942, the Commission instituted proceedings pursuant to Section 11 (b) (2) with respect to Niagara Hudson Power Corporation (Niagara Hudson), Buffalo, Niagara and Eastern Power Corporation (BNE), and their subsidiary companies. A public conference was also held to explore means of resumption of dividend payments on preferred stock of the two holding companies. A plan, pursuant to Section 11 (e), was filed in June 1943, providing for the consolidation of principal public utility companies with BNE, the dissolution of Niagara Hudson, and payment in cash of all accrued and unpaid dividends. The consolidation, as contemplated, was disapproved by the New York Public Service Commission on January 21, 1944.

On June 19, 1944, the Securities and Exchange Commission denied the application of BNE for exemption as a holding company from provisions of the Act insofar as applicable to Section 11 (b) (2). The Commission's order also required BNE to substitute common stock for its then outstanding \$1.60 cumulative preferred, Class A and common stocks, and the extension of appropriate voting rights to its \$5 preferred stock. 1/

On October 3, 1944, BNE and its parent company, Niagara Hudson Power Corporation, filed separate plans pursuant to Section 11 (e) providing for the reorganization of BNE in order that the company might comply with the Commission's order of June 19, 1944. Both plans were substantially the same, providing for the consolidation of BNE and three of its subsidiaries and the reclassification of BNE's Second Preferred Stock, Class A Stock and Common Stock into one new class of stock namely, Common Stock. The difference in the two plans was in the allocation among the various classes of security holders of the new Common Stock. Public hearings were held from time to time with respect to this plan. On July 16, 1945, amended plans were filed by BNE and Niagara Hudson. These amended plans were identical insofar as they provided for the reorganization of BNE. They provided for the payment of all arrears on the First Preferred Stock of BNE; the contribution by Niagara Hudson to BNE of \$63,000,000 from treasury cash, the sale of portfolio securities and a bank loan in the approximate amount of \$40,000,000; the use of such funds by BNE for the retirement of its \$1.60 Preferred Stock at the redemption price thereof plus accrued dividends; the consolidation of BNE and three of its subsidiaries; the exchange of the 5 percent Preferred Stock of the new company, share for share, for the outstanding \$5 First Preferred Stock of BNE; and the issuance to Niagara Hudson of all the Common Stock of the new company. The plan of Niagara Hudson further provided for the subsequent divestment by Niagara Hudson of all of its holdings of the Common Stock of the new company and set forth certain steps designed to

accomplish further simplification of the corporate structure of Niagara Hudson and its subsidiaries other than the new company. These plans were approved by the Commission on October 4, 1945. 1/

10. International Hydro-Electric System

On June 17, 1940, proceedings involving International Hydro-Electric System (IHES) were instituted pursuant to Section 11 (b) (2). After appropriate hearings, the Commission, on July 21, 1942, ordered IHES to liquidate and dissolve, finding that it performed no useful function. 2/ On March 17, 1943, the Commission ordered that Massachusetts Utilities Associates Common Voting Trust be liquidated and dissolved and that certain other companies be eliminated from IHES. 3/ On September 19 and December 20, 1942, Paul H. Todd, a stockholder and director of IHES, filed petitions in the United States Circuit Court of Appeals for the Sixth Circuit for review of the Commission's order of July 21, 1942, which directed the dissolution of IHES. This petition was dismissed, thereby sustaining the order of the Commission. 4/ In July 1943, IHES notified the Commission that, because of certain asserted claims against its former parent, International Paper Company, it would be impossible for it to comply with the Commission's order of July 21 without the aid of court enforcement. The Commission therefore, on August 12, 1943, instituted a proceeding under Section 11 (d) to enforce compliance with its liquidation order and on October 11, 1943 the court appointed Bartholomew A. Brickley of Boston, Massachusetts, as special counsel, to investigate certain transactions alleged to give rise to cause of action on behalf of IHES against International Paper Company. On November 13, 1944, the court appointed Mr. Brickley as trustee for IHES and he has effectuated a settlement between the two companies, which settlement was approved by the Court on December 26, 1945. 5/

On March 6, 1944, New England Power Association and its subsidiary holding companies filed an application for approval of a plan of simplification of the New England Power Association holding company system for the purpose of complying with the provisions of Section 11 (b) (2) and with the Commission's order of March 17, 1943. After hearings on that plan were completed, the company was informally advised that it would not serve to effectuate the provisions of Section 11 (b) (2) and the Commission's previous order, whereupon the company filed an amended plan, upon which hearings have been completed, oral argument heard and briefs filed, but decision has not been rendered by the Commission.

11. The Middle Wes. Corporation

The Commission instituted Section 11 (b) (1) proceedings with respect to The Middle West Corporation (Middle West) and its subsidiaries on March 1, 1940. On January 24, 1944, the Commission ordered Middle West to sever its relations with its

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1/ Holding Company Act Release No. 6108.

2/ Holding Company Act Release No. 3679.

3/ Holding Company Act Release No. 4168.

4/ 137 F. (2d) 475.

5/ Notices of appeal to the Circuit Court of Appeals of the United States for the First Circuit from the decree of this Court approving said settlement have been filed by Osmond Y. Ladd, Paul H. Todd, stockholders of IHES, and by J. Dudley Clark and William Elwell, bondholders of IHES.



subsidiary companies, except Central Illinois Public Service Company, and Kentucky Utilities Company and its subsidiaries. 1/ On May 9, 1944, a further hearing was ordered to permit the introduction of additional evidence with respect to the question of what constituted the integrated system of Central and South West Utilities Company (Central) and with respect to the retainability of certain other businesses. On February 16, 1945 2/ and on July 4, 1945, 3/ the Commission entered its opinions and orders with respect to the issues involved in the rehearing, finding that the major electric utility properties of the subsidiaries of Central form a single integrated system retainable by Central. The electric utility properties of Oklahoma Power and Water Company, a subsidiary of Middle West, were found to constitute a part of Central's integrated system. Central was ordered to dispose of its interest in its retail gas distribution properties as well as its interest in certain small isolated electric properties and was further ordered to dispose of its interest in certain of its nonutility properties. A substantial number of the non-utility properties have been disposed of in compliance with these orders. Sales by Middle West of its interest in Arkansas-Missouri Power Corporation and Missouri Edison Company and the sale by Arkansas-Missouri Power Corporation of its subsidiary, East Missouri Power Company, were approved by the Commission on June 1, 1945. 4/

In February 1940, Central and American Public Service Company (American), two subsidiaries of Middle West, filed a joint application proposing a consolidation of the two companies. On December 5, 1940, the Commission instituted proceedings under Section 11 (b) (2) and ordered that the hearings on the two cases be consolidated. The proponents of the plan of consolidation contended that preferred stock was necessary in the new company in order to preserve the priorities of the holders of the prior lien and preferred stocks of Central and the preferred stock of American. The Commission on June 4, 1942, ruled that the new corporation could have only common stock. 5/ The respondents filed a petition for review in the United States Court of Appeals for the District of Columbia, which upheld the Commission in its opinion of June 7, 1943. 6/ On August 2, 1943, Central and American filed an amended plan of merger to be effectuated through the issuance of a single class of capital stock. The plan also provided that Middle West would distribute to its stockholders the new shares of Central allocated to Middle West. Hearings were held on this matter and, subsequent to the close of the fiscal year, the plan was further amended primarily with respect to the allocation of the new common stock to the security holders of Central. Hearings are in progress on the present plan and the companies have stated that due to present market conditions additional amendments to the plan are being formulated.

The Commission on June 9, 1941, instituted proceedings pursuant to Section 11 (b) (2) which raised issues as to the equitable distribution of voting power among security holders of the North West Utilities Company (North West) system, and also as to the continued existence of North West, a subsidiary holding company in the Middle West system. The proceeding was consolidated on June 11, 1941, with a

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1/ Holding Company Act Release No. 4846.

2/ Holding Company Act Release No. 5606.

3/ Holding Company Act Release No. 5906.

4/ Holding Company Act Release No. 5845.

5/ Holding Company Act Release No. 3580.

6/ 136 Fed. (2d) 273.

plan of recapitalization of North West which had been submitted by North West and Middle West. The Commission on September 10, 1943, held that the proposed plan of recapitalization fell short of effectuating the provisions of Section 11 (b) and ordered that North West be liquidated. 1/ Sale by North West of its subsidiary, Lake Superior District Power Company, was approved by the Commission on April 21, 1945, 2/ and recapitalization of another subsidiary, Wisconsin Power and Light Company, preparatory to its disposal, was approved on October 26, 1945. 3/

12. The United Light and Power Company

Proceedings pursuant to Section 11 (b) (1) instituted on May 8, 1940, together with proceedings under Section 11 (b) (2) started on December 6, 1940, involving The United Light and Power Company (United Light), were consolidated in 1941. The liquidation of United Light was ordered by the Commission under the standards of Section 11. An important step towards liquidation involved the distribution of the common stock of The United Light and Railways Company (Railways) to preferred and common stockholders of United Light. On April 5, 1943, the Commission disapproved the distribution originally proposed by the company but thereafter approved the plan as amended to allow the preferred stockholders approximately 95 percent of Railways common stock. 4/ Commissioner Healy dissented on the ground that the preferred stockholders were entitled to receive all the assets. On June 30, 1943, Judge Leahy, of the United States District Court of Delaware, confirmed the order of the Commission, and on April 10, 1944, the United States Circuit Court of Appeals, Third Circuit, affirmed the order. A petition for certiorari in the United States Supreme Court was granted on June 12, 1944. On January 29, 1945, the Supreme Court rendered its decision affirming the Commission's approval of the plan. 5/ Following this decision United Light accomplished its liquidation and dissolution in compliance with the Commission's order of March 20, 1941. 6/ Railways, which has two subsidiary holding companies, American Light & Traction Company (American Light) and Continental Gas & Electric Corporation (Continental), thus became the top holding company in the system.

On June 2, 1945, 7/ the Commission issued a Memorandum Opinion which concluded that the most appropriate means for achieving compliance with its order of August 5, 1941 requiring Railways to dispose of its interests in certain subsidiaries was the liquidation and dissolution of American Light and the disposition by Railways of all securities received by it in such liquidation. To accomplish this and other action recommended by the Commission in its Memorandum Opinion, American Light on July 2, 1945 filed an amended plan of liquidation and dissolution. The principal point at issue in this plan relates to the amount which should be paid to the holders of the company's non-callable 6 percent preferred stock. Hearings were concluded and oral argument was heard before the Commission in December 1945, but no decision has been rendered.

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1/ Holding Company Act Release No. 4552.

2/ Holding Company Act Release No. 5747.

3/ Holding Company Act Release No. 6169.

4/ Holding Company Act Release No. 4215.

5/ Three Justices dissenting. Otis & Co. v. Securities and Exchange Commission, 323 U. S. 624.

6/ Holding Company Act Release No. 2636.

7/ Holding Company Act Release No. 5840.

Subsequent to the close of the fiscal year, Railways and Continental filed a plan under Section 11 (e) proposing the divestment of stock interest in four companies 1/ to be received by Railways upon the liquidation of American Light, the proceeds from which are proposed to be used to retire senior securities. Other divestments and retirements are also proposed, together with intra-system adjustments necessary to comply with the Commission's order of August 5, 1941.

Railways, through its subsidiary, Continental, was authorized on July 18, 1945, to acquire St. Joseph Light & Power Company (St. Joseph). 2/ Negotiations are also pending for the purchase by Continental of the common stock of Missouri Power & Light Company, a subsidiary of North American Light and Power Company operating in territory adjacent to that of St. Joseph.

13. American Water Works and Electric Company, Inc.

This was the first registered holding company to file a corporate simplification plan pursuant to Section 11 (e). The plan contemplated no divestments of any of the utility properties or utility investments of the system, but did provide for the elimination of several "second degree" holding company relationships and for certain other intra-system readjustments. Consummation of the main features of the plan was contingent upon the accomplishment of extensive refinancing.

The Commission approved the plan on December 31, 1937, with various modifications and reservations. The Commission held that the applicant's interests in certain agricultural properties in California and in an office building in New York were not retainable, and that the distribution of voting power in the system was not fair and equitable; it reserved jurisdiction with respect to the retention of American's interest in a water subholding company to afford it an opportunity to increase its equity therein and to recapitalize it; and also reserved for future consideration the question of adjustments of write-ups of system properties and in investments. 3/ American recently announced a plan for divesting itself of all the water companies in its system.

14. Engineers Public Service Company

Section 11 (b) (1) proceedings were instituted with regard to Engineers Public Service Company (Engineers) and its subsidiaries on February 28, 1940. On July 23, 1941, the Commission ordered Engineers to dispose of its interest in Puget Sound Power & Light Company and The Key West Electric Company, and on the same date initiated Section 11 (b) (2) proceedings with respect to The Western Public Service Company (a Maryland corporation), a subsidiary of Engineers. 4/ On December 29, 1941, the Commission approved the sale of Western's Nebraska and South Dakota properties. 5/ Western then redeemed its publicly-held securities and liquidated. 6/

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1/ Detroit Edison Company, Madison Gas and Electric Company, Michigan Consolidated Gas Company and Milwaukee Gas Light Company.

2/ Holding Company Act Release No. 5943.

3/ 2 S.E.C. 972.

4/ Holding Company Act Release Nos. 2897 and 2898.

5/ Holding Company Act Release Nos. 3230 and 3245.

6/ For further details see Tenth Annual Report, p. 135.

On September 16, 1942, the Commission ordered the divestment of the remaining properties in the Engineers system except the electric utility properties of Virginia Electric and Power Company, allowing Engineers, however, fifteen days within which to petition for leave to retain instead the electric utility properties of Gulf States Utilities Company. 1/ Engineers appealed to the United States Court of Appeals for the District of Columbia, which on November 22, 1943 rendered an Opinion upholding the Commission's order in most respects but setting it aside upon the ground that the Commission had misinterpreted the so-called "incidental business clause" of Section 11 (b) (1). The Court indicated also that Engineers must be given a further right to designate the principal integrated utility system which it desired to retain. Both Engineers and the Commission filed petitions for writs of certiorari in the Supreme Court of the United States. On June 5, 1944, the petitions were granted and on November 14, 1945 the matter was argued before the Supreme Court. No decision has yet been rendered by the court.

Engineers has divested itself of its interest in Puget Sound Power & Light Company, The Key West Electric Company, El Paso Natural Gas Company, El Paso & Jaurez Traction Company, Baton Rouge Bus Company, The North Kansas Power Company, Missouri Service Company, Savannah Electric & Power Company and the transportation businesses conducted by El Paso Electric Company (Texas) and Virginia Electric & Power Company.

Subsequent to the close of the fiscal year (September 10, 1945), Engineers filed a plan under Section 11 (e) proposing the disposition of its remaining subsidiaries and the dissolution of Engineers. 2/ Hearings have not been concluded on the plan.

#### 15. The United Corporation

On July 28, 1941, the Commission instituted proceedings under Sections 11 (b) (1) and 11 (b) (2) with respect to the United Corporation, and consolidated such proceedings for hearing with United's Section 11 (e) plan filed in March 1941. In its plan, United proposed to reduce its holdings in each of its statutory subsidiaries to less than 10 percent of the outstanding voting securities and pending such reduction, to refrain from voting the securities without the prior approval of the Commission. On August 14, 1943, after extensive hearings, the Commission disapproved United's plan, and, pursuant to Section 11 (b) (2), ordered that United change its existing capitalization to one class of stock and cease to be a holding company. 3/

On June 27, 1944, the United Corporation filed a plan pursuant to Section 11 (e) which provided for the exchange of substantially all of its holdings of the common stocks of Philadelphia Electric Company and Delaware Power & Light Company, plus cash for approximately one-half of its outstanding preferred stock. 4/ The plan was subsequently amended to provide for the exchange of only the Philadelphia Electric common stock and an increased amount of cash. The plan, as amended, was

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1/ Holding Company Act Release No. 3796.

2/ Holding Company Act Release No. 6131. The plan, however, referred to the review proceedings pending in the Supreme Court of the United States with respect to Engineers and stated that it was not expected that any portion of the plan would be consummated until after the Supreme Court's decision.

3/ Holding Company Act Release No. 4478.

4/ Holding Company Act Release No. 4870.

approved by the Commission on November 24, 1944, 1/ and has since been consummated.

The United Corporation on January 17, 1945 filed a plan pursuant to Section 11 (e) providing for the exchange on a voluntary basis of two shares of the Common Stock of Delaware Power & Light Company and \$5 in cash for outstanding shares of United's \$3 Cumulative Preferred Stock. The plan was subsequently amended to provide for the payment of \$6 in lieu of the \$5 in cash as originally proposed. The plan, as amended, was approved by the Commission on June 9, 1945 2/ and has been consummated.

16. Midland United Company and Midland Utilities Company

A plan of reorganization for Midland United Company (United) and its subsidiary, Midland Utilities Company (Utilities), both of which controlled important operating utility subsidiaries in Indiana, was filed by the Trustee of United in February 1943 under Section 11 (f). In September 1943, the Trustees of Utilities filed a separate plan for its reorganization. In November 1943, a joint plan for both companies was filed by the Trustees of the two companies. The Commission issued its preliminary findings on the joint plan approving it subject to certain conditions. 3/ The Trustees then filed an amended plan meeting the conditions, which plan was approved by the Commission by orders dated October 5, 1944 and October 24, 1944. 4/ The reorganization court also approved the amended joint plan on December 11, 1944. On April 7, 1945, the Circuit Court of Appeals for the Third Circuit dismissed an appeal taken from the order of the District Court. 5/ The plan was consummated as of May 25, 1945.

The consummation of this plan, involving companies in the former Insull utility empire, concluded one of the most difficult and complicated reorganization proceedings that the Commission has ever had to pass upon. Among other issues, it included the disposition of complex claims and counterclaims which had been the subject of extended litigation and negotiation among the claimants.

17. New England Public Service Company

A Section 11 (b) (2) order was issued on May 2, 1941 with respect to New England Public Service Company directing it to recapitalize on a one-stock basis or to liquidate. On December 6, 1941 the company filed a plan for compliance with this order. One public utility company of this system (Cumberland County Power & Light Company) has been eliminated by merger into Central Maine Power Company and another (Twin State Gas & Electric Company), through conveyance of its properties to Public Service Company of New Hampshire and Central Vermont Public Service Corporation. 6/ On December 19, 1944, on the application of Central Maine Power Company, the Commission approved a plan for the divestment of Portland Railroad Company, a nonutility subsidiary. On February 3, 1945 certain common stockholders filed a bill of complaint in the Supreme Judicial Court of Maine seeking a rescission of the sale of Portland Railroad Company. Hearings have been held and the

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1/ Holding Company Act Release No. 5440.

2/ Holding Company Act Release No. 5859.

3/ Holding Company Act Release No. 5317.

4/ Holding Company Act Release Nos. 5335 and 5317A.

5/ 58 F. Supp. 667.

6/ Holding Company Act Release No. 4711.

matter is now pending before that court. Also, Maurice A. Bowers and Theron A. Woodsum filed petitions in the Circuit Court of Appeals for the First Circuit to review the Commission's order of December 19, 1944. These proceedings have been dismissed on motion of the petitioners. On October 25, 1944, New England Public Service Company filed an amended plan of reorganization. 1/ Hearings were held on the amended plan in February and March, 1945. Subsequently, the company again amended its plan to provide for the sale of its industrial subsidiaries. Extensive hearings on this phase of the amended plan were held after the close of the fiscal year. On October 11, 1945, the Commission approved the sale of the industrial subsidiaries to a banking group for a consideration of \$16,500,000. 2/ The sale by NEPSCO of its industrial holdings was approved by the United States District Court for the District of Maine (Southern Division). Allen L. Goldfine, an unsuccessful bidder, and Harry C. Blatchley, a stockholder of NEPSCO, have filed petitions in the United States Circuit Court of Appeals for the First Circuit for review of the Commission's order of October 11, 1945. They have also appealed from the District Court's order.

#### 18. Federal Water and Gas Corporation

On December 31, 1942, proceedings were instituted by the Commission with respect to Federal Water and Gas Corporation (Federal) and its subsidiaries under Section 11 (b) (1) and 11 (b) (2). The Federal system at that time consisted of a number of utility and non-utility companies conducting water, natural gas transmission and distribution, manufactured gas distribution, and electric operations in a number of widely separated states. Federal's principal subsidiary was, and is, Southern Natural Gas Company, a registered holding company controlling four gas utility subsidiaries in Alabama and directly owning and operating a natural gas pipeline extending from Texas into Georgia. On the same date, Federal and certain of its subsidiaries filed a plan under Section 11 (e) which, among other things, provided for the sale by Federal of its interests in Mississippi Public Service Company and Chattanooga Gas Company to Southern Natural, for the distribution of Federal's interest in Southern Natural to Federal's stockholders, and for the elimination of Federal as a separate corporation. The Commission reserved jurisdiction with respect to those provisions of the plan. The plan also provided for the disposition by Federal of its interests in all its other subsidiary companies, provided, however, that before disposing of its security holdings in Peoples Water and Gas Company, Scranton-Spring Brook Water Service Company and New York Water Service Corporation, these companies be recapitalized. On February 10, 1943, the Commission approved the latter provisions of Federal's plan and directed that steps be taken to carry out those provisions. 3/ In addition, Federal, Pennsylvania Water Service Company, and Scranton-Spring Brook were directed to cause the elimination of Pennsylvania Water Service Company and the 63 inactive subsidiaries of Scranton-Spring Brook. Since the entry of the 1943 order, Federal has caused the elimination of 62 inactive subsidiaries of Scranton-Spring Brook and has disposed of its interests in 15 companies and of the bulk of the properties of Alabama Water Service Company. Extensive hearings have also been completed on Federal's plans for the reorganization of Scranton-Spring Brook and New York Water, and these matters are now pending before the Commission.

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1/ Holding Company Act Release No. 5477.

2/ Holding Company Act Release No. 6123.

3/ Holding Company Act Release No. 4113.

Federal itself was recapitalized in 1941; one aspect of the said reorganization, relating to the Commission's decision therein that officers and directors of Federal should not be permitted to profit on securities of Federal purchased by them during the pendency of the reorganization, was appealed to the Supreme Court, which set aside the Commission's order and remanded it to the Commission. 1/ In February 1945 the Commission issued its findings, opinion and order reaffirming its previous determination. 2/ This order was reversed by the U. S. Court of Appeals for the District of Columbia in February 1946. 3/

#### 19. Ogden Corporation

Ogden Corporation (Ogden) is a successor corporation to Utilities Power & Light Corporation which went into bankruptcy in 1937. A plan of reorganization approved by this Commission 4/ provided, among other things, that Ogden would divest itself of all its interests in utility companies. Section 11 proceedings were instituted with respect to Ogden by the Commission on March 22, 1943, and were consolidated with a Section 11 (e) plan of Ogden. On May 20, 1943, the Commission approved certain provisions of the plan and ordered Ogden to divest itself of all its interests in public utility companies and eliminate itself as a public utility holding company. 5/ Ogden has divested itself of its interests in Derby Gas & Electric Corporation, Missouri Natural Gas Company, Laclede Gas Light Company and Missouri Electric Power Company which includes all of its interests in utility property except Interstate Power Company and certain residual assets of Central States Power and Light Corporation. Hearings are in progress on Ogden's plans for the reorganization of Interstate preparatory to the divestment of its interests therein and for the distribution of the remaining assets of Central States. The assets of the latter company, consisting principally of cash, will be distributed upon the determination of the rights of the various classes of security holders which involves the issue of whether any portion of the securities of Central States held by Ogden should be subordinated to the claims of public security holders. In our previous report, we mentioned the reorganization plan of Laclede Gas approved by the Commission 6/ which provided, among other things, for the redemption of the company's bonds by payment in cash of the principal amount but without the payment of premium required in the event of "voluntary" redemption. The Order of the Commission approving the plan was affirmed by the United States District Court for the Eastern Division of the Eastern District of Missouri. 7/ Certain of the bondholders indicated that they intended to appeal from the orders with respect to the bond premium. In order that the plan might be carried out, nevertheless, it was amended to provide for the placing in escrow of sufficient cash to provide for the payment of premium in the event that the order was not upheld on appeal. On October 30, 1945, however, the Circuit Court of Appeals for the Eighth Circuit affirmed the order of the Commission and of the District Court and subsequently denied a petition

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1/ 318 U. S. 80. For a discussion of the issues in this case see the Commission's Tenth Annual Report, page 118.

2/ Holding Company Act Release No. 5584.

3/ Chenery Corp. v. S.E.C., \_\_\_\_\_ F. (2d) \_\_\_\_\_ (C.A.D.C. Feb. 4, 1946).

4/ 5 S.E.C. 483.

5/ Release No. 4307.

6/ Holding Company Act Release Nos. 5062 and 5071.

7/ 57 F. Supp. 997.

for rehearing. The appellant has filed a petition for certiorari in the United States Supreme Court.

REGULATION OF SECURITY ISSUES

In the fiscal year ended June 30, 1945, the Commission declared effective 93 applications and declarations pursuant to Sections 6 and 7 of the Act, pertaining to the issuance of securities totaling \$1,308,641,520. <sup>1/</sup> For the preceding year, 92 such applications were declared effective with respect to \$985,981,951 of securities. The following table classifies the securities involved in applications made effective during the past fiscal year by type and purpose of issue.

Summary of Effective Security Issues under Sections 6 (b) and 7 of the Public Utility Holding Company Act of 1935\*

	<u>July 1, 1944 to June 30, 1945</u>	
Type of issue:	<u>Amount</u>	<u>Percent</u>
Bonds	\$ 909,269,000	69.7
Debentures	2,450,000	0.2
Notes	72,030,000	5.5
Preferred stock	145,152,725	11.1
Common stock	<u>175,620,825</u>	<u>13.5</u>
Total	<u>\$1,304,522,550</u>	<u>100.0</u>
 Purpose of issue:		
Refunding and refinancing	\$1,105,282,397	84.7
Reorganization	100,682,389	7.7
Exchange for other securities	43,027,261	3.3
Acquisition of property or other assets	43,902,850	3.4
New financing	<u>11,627,653</u>	<u>.9</u>
Total	<u>\$1,304,522,550</u>	<u>100.0</u>

\* These figures do not include outstanding issues whose rights were altered under Sections 6 (a) (2) and 7 (e), nor do they include the guarantee of other issues.

In the past year there was a continuance of the heavy refunding program that has been in progress for the past ten years. Because of the declining rate of interest, many companies which refunded their bonds several years ago were able to effect further interest savings by a second refunding. Tax considerations facilitated this program since companies which were in the excess profits tax brackets could reduce their excess profits taxable net income by the amount of unamortized discount and expense and call premiums applicable to the refunded issue. In recent months highest quality electric utility bonds have been refunded at an effective interest cost of between 2.69 percent and 2.75 percent. Even the lowest bank quality electric utility bonds are being consistently refunded on approximately a 3.00 percent basis.

<sup>1/</sup> At the beginning of the fiscal year ended June 30, 1945, 43 applications and declarations under Sections 6 and 7 were pending and 179 were filed during the year. Of these, 124 were declared effective, 1 was withdrawn and 1 denied, leaving 96 pending at the close of the fiscal year. Of the 124 effective declarations and applications, 93 pertained to security issuance, 30 to alteration of rights and 1 to assumption of liability.



An important development in the field of public utility finance in the past year has been the increasing number of preferred stock refinancing cases to take advantage of the lower yields prevailing for preferred stocks. As a result outstanding preferred stock issues bearing dividend rates of 5, 6 and 7 percent are being refinanced on a 4 percent basis or lower. A variety of methods of refinancing preferred stocks has been used. In some cases the outstanding issue is called at the contract redemption price and replaced by a new issue which, under the Holding Company Act, must be sold at competitive bidding. 1/ A second method is a direct exchange offer on a share for share basis without underwriting. 2/ Under this method any stock not exchanged is retired at the call price from the general funds of the company and without selling any of the unexchanged shares. In cases of this type it has been customary for the company to fix the dividend rate on the new stock high enough to make an even exchange on the basis of the call price of the outstanding stock. It is also the usual practice to engage the services of a securities dealer to assist the company in carrying out the exchange plan and to manage the dealer group organized to effect exchanges. A third method, having some of the characteristics of each of the methods mentioned above, involves an exchange offer and a sale of any unexchanged stock in a public offering through underwriters. The offering price and the choice of underwriters to solicit exchanges and underwrite and sell the unexchanged stock are determined by competitive bidding. 3/ Still another method involves a reclassification of outstanding stock. 4/ There have been further differences of detail with respect to such matters as premiums, cash differentials and the like. In its Findings and Opinion in a preferred stock refinancing case after the close of the fiscal year, the Commission commented on the variety of methods and problems presented in such cases as follows: 5/

"Because of the large volume of preferred stock transactions which have been proposed and the relative novelty of many of the problems presented, we have thought it appropriate to give reasonably wide latitude to issuers in determining the precise form of their transactions, so long as no major difficulties appeared under the standards of the Act. On the basis of experience gathered through this policy we may well find it appropriate to limit more narrowly the methods of preferred refinancing to be employed in future cases. Thus our present decision and other decisions relating to preferred stock refinancing in this period should not be taken as establishing general precedents for the future."

Further progress was made during the past fiscal year in strengthening the financial structures of public utility operating companies and their parent holding companies. The manner in which that has been accomplished in other years has been set forth in previous annual reports of the Commission (see, for example, the Tenth Annual Report, pages 98-107).

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1/ For example, see Holding Company Act Release No. 5763 (April 27, 1945), New York Power and Light Corporation.

2/ For example, see Holding Company Act Release No. 5713 (April 6, 1945), Carolina Power & Light Company.

3/ E.g., Holding Company Act Release Nos. 5292 and 5308 (September 1944), Gulf States Utilities Company.

4/ E.g., Holding Company Act Release No. 6093 (October 1, 1945), Rochester Gas and Electric Corporation.

5/ Holding Company Act Release No. 6120 (October 13, 1945), The Cincinnati Gas & Electric Company.

Speaking generally, the improvement in public utility capital structures has resulted from debt reduction, made either at the time a refunding took place, or, where that was impracticable, by provision for the retirement of debt through sinking fund or serial debt retirement programs, from the elimination of write-ups, from increased provision for depreciation both as to current accruals and reserves, from improved mortgage indenture provisions, and from the inclusion in corporate charters of improved protective provisions with respect to preferred stock. All this has been accompanied by a substantial decrease in the burden of interest on funded debt and preferred stock dividend requirements.

### Competitive Bidding

During the past fiscal year an additional \$862,000,000 of securities were sold at competitive bidding pursuant to Rule U-50, which prescribes public invitation of sealed bids in connection with the sale of securities by registered public utility holding companies and their subsidiaries. This brings to \$1,856,000,000 the total amount thus sold from May 7, 1941, the date on which the rule became effective, to July 1, 1945. <sup>1/</sup> The rule permits exemption from competitive bidding under specified or appropriate circumstances. A number of such exemptions have been granted since the rule was adopted.

### COOPERATION BETWEEN THE SECURITIES AND EXCHANGE COMMISSION AND STATE COMMISSIONS

It is the established policy of the Securities and Exchange Commission to foster effective cooperation with the State commissions in all matters where their respective jurisdictions complement each other and in all additional matters where such cooperation is desirable and appropriate in the case under consideration. The purpose of the Holding Company Act is, in large part, to free operating companies from the absentee control of holding companies, thus permitting them to be regulated more effectively by the State. This fundamental purpose of the Holding Company Act—the facilitating of State regulation—underlies the Commission's efforts to work cooperatively with the various State commissions in the administration of the Act. A program of cooperation on a two-way basis is greatly to be desired in the interest of effective regulation and a mutual understanding of the respective regulatory duties and responsibilities.

The protection of State regulation is specifically provided for in several sections of the Act. For example, Section 6 (b) of the Act directs the Commission to exempt from the requirements of Section 7 an issue and sale of securities which has been expressly authorized by a State commission of the State in which the issuer is both organized and doing business and where the securities are solely for the purpose of financing the business of the issuer. These provisions limit the Commission's powers over security issues where a State commission has full authority over the subject matter and where the other conditions for exemption are met. In granting a Section 6 (b) exemption, however, the Commission is empowered to impose such terms and conditions as it deems appropriate in the public interest or for the protection of investors and consumers. The Commission usually consults with the State commission with regard to the imposition of terms and conditions in Section 6 (b) cases. Certain security and utility asset acquisitions are likewise exempted under Section 9 (b) from the provisions of Section 9 where they have been approved

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<sup>1/</sup> For details relating to the bids received for each issue sold under Rule U-50 to December 31, 1944, see table beginning at page 21 in the report of the Commission's Public Utilities Division entitled "Security Issues of Electric and Gas Utilities, 1935 - 1944."

by a State commission. Moreover, the Commission may not authorize security issues Section 7 (g) or the acquisition of assets Section 10 (f) unless applicable State laws have been complied with. Section 8 prevents the ownership of both electric and gas utility properties in violation of State law, while Section 20 (b) requires that accounting standards established by the Commission shall not be inconsistent with the provisions of applicable State law.

A number of specific sections of the Act reflect the Congressional intent that the Commission's work should be coordinated with the work of State commissions. Section 19 of the Act, for example, expressly provides that in any proceeding before the Commission, the Commission, in accordance with such rules of practice as it may prescribe, shall admit as a party any interested State, State commission, municipality or any political subdivision of the State. Pursuant to this provision, the Commission uniformly notifies interested State commissions of proceedings before it which may affect the work of such commission. Many State commissions have taken advantage of this provision and have intervened in proceedings before the Commission and in these and other cases there has been an interchange of ideas and information between the Securities and Exchange Commission and the State commission concerned.

The Act contains other provisions which look toward action by the S.E.C. and State commissions on a cooperative basis. Thus Section 18 of the Act not only authorizes the S.E.C. to make available to State commissions information obtained in the course of its investigations under the Act Section 18 (a), but also makes provision for placing the investigatory power of the S.E.C. at the disposal of State commissions Section 18 (b). Further, the provisions of Section 13 of the Act, with respect to the regulation by the S.E.C. of intrasystem service charges affords significant assistance to State commissions in this field. Section 13 (d) empowers the Commission, upon the request of a State commission, to require, after notice and opportunity for hearing, the revision or elimination of inequitable servicing arrangements among member companies of a mutual service company. Section 13 (g) of the Act, which authorizes the Commission to conduct investigations and make recommendations with respect to service sales and construction contracts, directs that such recommendations be made available to State commissions.

There are listed below some of the specific instances during the past year in which there have been interchanges of ideas between the S.E.C. and State commissions or members of their respective staffs:

<u>Case</u>	<u>State Commission</u>
American Light & Traction Company File No. 54-25 plan for liquidation and dissolution	Michigan Public Service Commission
Arizona Power Corporation File Nos. 70-888 and 70-889 proposed sale of its interest in this company by The United Gas Improvement Company	Arizona Corporation Commission
Buffalo, Niagara & Eastern Power Corporation File Nos. 54-106 and 54-107 reorganization	New York Public Service Commission
Central Arizona Light & Power Company File No. 70-1156 proposed sale by American Power & Light Company of its interest in this company	Arizona Corporation Commission

<u>Case</u>	<u>State Commission</u>
Cities Service Power & Light Company File No. 70-1019 accounting matters in relation to proposed sale of the Western Division of the Marion- Reserve Power Company to Dayton Power & Light Company	Ohio Public Utilities Commission
Consolidated Electric and Gas Company File Nos. 70-1145 and 54-131 proposed sale of its interest in Atlanta Gas Light Company to Southern Natural Gas Company	Georgia Public Service Commission
Consumers Power Company File No. 70-1114 accounting matters in connection with refinancing	Michigan Public Service Commission
Federal Light & Traction Company File No. 70-1163 proposed sale of this company's common stock holding in The Tucson Gas, Electric Light and Power Company to the Arizona Edison Company, Inc.	Arizona Corporation Commission
Georgia Power and Light Company File No. 54-95 acquisition by Florida Power Corporation of this company's common stock and a recapitalization of the company	Georgia Public Service Commission
Great Lakes Utilities Company File No. 54-53 rate matter in connection with Section 11 (e) plan of reorganization	Ohio Public Utilities Commission
Indiana Service Corporation File No. 59-58 Section 11 (b) (2) proceedings	Indiana Public Service Commission
Jersey Central Power & Light Company Section 11 problems	New Jersey Board of Public Utility Commissioners
Long Island Lighting Company File No. 31-7 exemption and recapitalization	New York Public Service Commission
New England Public Service Company File No. 70-986 accounting problems in connection with proposed sale of gas properties by the company's subsidiary, Public Service Company of New Hampshire	New Hampshire Public Service Commission

<u>Case</u>	<u>State Commission</u>
New Hampshire Gas & Electric Company File No. 70-1146 acquisition by it of the stocks of two subsidiary companies of its parent, New England Gas and Electric Association	New Hampshire Public Service Commission
Northern Natural Gas Company File Nos. 59-10 and 54-93 acquisition by its wholly-owned subsidiary, Peoples Natural Gas Company, of the assets of another subsidiary, Argus Natural Gas Co.	Kansas State Corporation Commission
Portland Electric Power Company File No. 52-19 accounting matters in connection with plan of reorganization	Oregon Public Utilities Commissioner
Portland General Electric Company File No. 70-1084 accounting problems and maximum sales price of securities in connection with a refunding	Oregon Public Utilities Commissioner
Rochester Gas and Electric Corporation File No. 70-1091 plan for exchange of securities and proxy matters in connection therewith	New York Public Service Commission
Seattle Gas Company File No. 54-124 problem of capital structure in connection with the company's reorganization	Washington Department of Public Utilities
South Carolina Power Company File No. 70-1002 refinancing	South Carolina Public Service Commission
Spokane Gas & Fuel Company File No. 54-122 Sec. 11 (e) plan of reorganization	Washington Department of Public Utilities
Utah Power & Light Company File No. 54-119 proposed plan of reorganization	Utah Public Utilities Commission
Vermont Utilities Company, et al. File No. 70-991 accounting matters in relation to acquisition by Central Vermont Public Service Corporation of Vermont Utilities, Inc.	Vermont Public Utilities Commission
Virginia Electric and Power Company File No. 70-1047 accounting matters in relation to a refunding	Virginia State Corporation Commission

<u>Case</u>	<u>State Commission</u>
Western Light & Telephone Company File No. 70-865 accounting matters in connection with company's acquisition of the common stock of The Kansas Power Company	Kansas State Corporation Commission
York Railways Company File No. 52-26 reorganization and related accounting matters	Pennsylvania Public Utility Commission

LITIGATION UNDER THE ACT

Constitutionality of Section 11 (b)

The issue of constitutionality of Section 11 (b) (1) has been upheld by the Second and Third Circuits and the Court of Appeals for the District of Columbia, <sup>1/</sup> and that of Section 11 (b) (2) by the First and Third Circuits and the Court of Appeals for the District of Columbia. <sup>2/</sup> Petitions for writs of certiorari were filed only in the North American, Engineers, American Power, and Electric Power cases. The Supreme Court granted certiorari in these cases and set them down for oral argument on November 13, 1945.

Proceedings under Section 11 (e)

During the past fiscal year court decisions involving voluntary plans filed by companies under Section 11 (e) of the Act have been of far-reaching importance in the determination of the relative rights of interested security holders.

a. Liquidation preferences and call premiums

In the United Light & Power Company case the Supreme Court for the first time had before it the question whether the "fair and equitable" standard of Section 11 (e) requires the Commission to treat a preferred stockholder's liquidation preference as though it were a claim matured by operation of Section 11. <sup>3/</sup> The majority opinion of the Supreme Court upheld the Commission's decision <sup>4/</sup> that a preferred stockholder's rights must be measured on a going-basis without regard to the impact of Section 11, giving proper emphasis to immediately operative rights (rights to current dividends) as against inchoate rights (liquidation preferences),

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<sup>1/</sup> The North American Company v. S.E.C., 133 F. (2d) 148 (1943); United Gas Improvement Company v. S.E.C., 138 F. (2d) 1010 (1943); Engineers Public Service Company v. S.E.C., 138 F. (2d) 936 (1943).

<sup>2/</sup> American Power & Light Company and Electric Power & Light Corp. v. Securities and Exchange Commission, 141 F. (2d) 606 (1944); Commonwealth & Southern Corp. v. Securities and Exchange Commission, 134 F. (2d) 747 (1943); Central and South-west Utilities Company v. Securities and Exchange Commission, 136 F. (2d) 273 (1943).

<sup>3/</sup> Plan approved and enforced, 51 F. Supp. 217 (D.C. Del.), aff'd sub nom, Otis & Co. v. Securities and Exchange Commission, 142 F. (2d) 411 (C.C.A. 3), 323 U. S. 624, 89 L. Ed. 460 (1945).

<sup>4/</sup> Holding Company Act Release No. 4215.

and further held that the liquidation preference as contained in the charter of United Light & Power was inoperative in a proceeding under Section 11 (b) (2). 1/

In other Section 11 (e) plans providing for the retirement of senior securities, the issue presented was whether voluntary call premiums are necessarily payable as such in connection with retirement of senior securities. The Commission has repeatedly held that the retirement of a senior security compelled by the requirements of Section 11 is not an exercise by a company of a right of redemption which necessarily entitles the holder to receive a call premium as such. 2/

b. Discharge of debt securities by payment in kind

In the case of a Section 11 (e) plan providing for the satisfaction of a portion of the claims of holding company debenture holders with portfolio common stocks owned by the applicant holding company, the U. S. District Court refused to enforce the plan on the ground that there is no power under the Holding Company Act to require creditors of a solvent corporation to take securities in satisfaction of their claims and on the further ground that no such plan could be fair and equitable. 3/ On appeal, the Third Circuit Court of Appeals reversed and remanded. 4/ The Circuit Court held that the Holding Company Act permits a plan for satisfaction of the claims of a holding company creditor with securities, and further held that the question whether such power ought to be exercised in a particular situation was essentially for the Commission's determination.

c. Fees and expenses

The Commission has held that its approval of plans of reorganization and recapitalization filed under Section 11 (e), not providing for the payments of fees and expenses incurred in connection with such proceedings, will be expressly conditioned upon an applicant company undertaking to pay such fees and expenses as are approved, allocated or awarded by the Commission. The only instance involving litigation in the matter of fees and expenses occurred in the Columbia Gas & Electric Corporation case where four applicants who opposed the plan filed by the company and whose requests for fees and expenses were disallowed by the Commission, made motions to resubmit the disallowances to the Federal District Court of Delaware. The court denied the motions to resubmit. In re Columbia Gas & Electric Corporation, \_\_\_\_ F. Supp. \_\_\_\_ (1945).

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1/ Commissioner Healy disagrees with much of this interpretation of the United Light & Power decision. See his concurring opinion in the matter of Northern States Power Co. (Del.), Holding Company Act Release No. 5745.

2/ In re Central States Power & Light Corp., plan enforced (D.C. Del.) No. 354 (October 30, 1944); In re Consolidated Electric and Gas Company, plan enforced (D.C. Del.) No. 382 (March 20, 1945); In re The Laclede Gas Light Company, 57 F. Supp. 997 (E.D. Mo. 1944). Cf. In re United Gas Corp., plan approved and enforced, 58 F. Supp. 501 (D.C. Del., 1944), where the Commission held that if a senior security could be left outstanding in a recapitalization of a company under Section 11 (e) consistently with the requirements of Section 11 (b), the retirement of such security, although provided for in a Section 11 (e) plan, will be considered as a voluntary exercise of the redemption privilege rendering the call premium payable as such.

3/ In re Standard Gas and Electric Company, 59 F. Supp. 274 (1945).

4/ 151 F. (2d) 326 (1945).

Proceedings under Section 11 (f)

Section 11 (f) of the Holding Company Act requires, among other things, that plans of reorganization under Chapter X of Section 77B of the Bankruptcy Act for registered holding companies or their subsidiaries shall not become effective unless such plans shall have been approved by the Commission after opportunity for hearing prior to their submission to the Court. Several such plans have been passed upon by the Commission during the past fiscal year, all of them involving settlement of pending litigation relating to the rank or status of the various classes of claims against the respective debtors. In considering whether these plans were fair and equitable, the Commission has carefully weighed the legal merits of the claims and contentions at issue, in order to determine whether the settlement was reasonably consonant with litigation possibilities. In re Associated Gas and Electric Company (Stanley Clarke, Trustee, et al.), Holding Company Act Release No. 4985, 61 Fed. Supp. 11 (D.C. S.D. N.Y., 1944), 149 F. 2d \_\_\_\_\_, certiorari denied, U. S. \_\_\_\_\_; In re Midland United Company, 58 F. Supp. 667 (D.C., Del., 1944), appeal dismissed without opinion, No. 8813, C.C.A. 3 (April 5, 1945). In another case arising under Section 11 (f), there was the unusual circumstance that the plan was negotiated at arm's-length and agreed to by representatives of all classes of claimants. In re Inland Power and Light Corporation (John E. Dwyer, Trustee), Holding Company Act Release No. 5369. (D.C. N.D. Ill. No. \_\_\_\_\_, 1944).

Judicial Review

Section 11 (e) of the Act provides for the enforcement of a Section 11 (e) plan if the District Court, "after notice and opportunity for hearing", shall approve the plan as fair and equitable and as appropriate to effectuate the provisions of Section 11. Where the Commission's order approving a plan filed under Section 11 (e) is only a preliminary step to approval and enforcement thereof by a District Court, such order is not considered to be reviewable under the provisions of Section 24 (a) of the Act, which provides that a "person or party aggrieved by an order issued by the Commission" is entitled to obtain judicial review in a Circuit Court of Appeals. 1/ In Okin v. S.E.C., 145 F. (2d) 206 (C.C.A. 2, 1944), 2/ the Circuit Court dismissed a petition for review under Section 24 (a) on the ground that this Section 11 (e) plan could be consummated only after hearing and approval of such plan before the Delaware District Court, which court was considering the plan at the time of this suit. 3/

The Federal courts also had occasion during the period under consideration to rule on the question whether the statutory provision for review at the instance of a "person or party aggrieved" under Section 24 (a) should be construed as transcending traditional limitations on the rights of stockholders to litigate on behalf of

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1/ Court enforcement under Section 11 (e) occurs only at a company's request, and an order approving any plan which does not contemplate such court enforcement is considered by the Commission as immediately operative to license the transactions proposed.

2/ Certiorari granted, limited; judgment vacated and case remanded to Circuit Court on other grounds, 324 D. S. \_\_\_\_\_ (June 18, 1945).

3/ See Gilbert v. S.E.C., 146 F. (2d) 513 (C.C.A. 7, 1944), where the Circuit Court dismissed a petition filed under Section 24 (a) to review an order of the Commission approving a plan under Section 11 (f) of the Act, which plan was subject to approval and enforcement by a District Court in a Chapter X proceeding. Cf. Disman v. S.E.C., 147 F. (2d) 679 (C.C.A. 10, 1944), certiorari denied U. S. \_\_\_\_\_, 89 L. Ed. 1160 (1945); Phillips v. S.E.C. (C.C.A. 2), No. 19623 (Dec. 15, 1944).



a corporation immediately affected by an order of the Commission. A majority of the Supreme Court held that it was not essential within the meaning of "person or party aggrieved" under Section 24 (a) that a proceeding instituted by a stockholder "had the character of a derivative suit" as long as the stockholder has a substantial financial and economic interest distinct from that of the corporation which is directly and adversely affected by an order of the Commission. 1/

### Injunctive Relief

The Federal courts in past years have enjoined or stayed the prosecution of judicial proceedings in both state and Federal courts which might have interfered with the enforcement of a Commission order under Section 11. 2/ In S.E.C. v. Long Island Lighting Company, 59 F. Supp. 610 (D.C. E.D. N.Y., 1944), the Commission instituted an action seeking a preliminary and final injunction to restrain Long Island from directly or indirectly taking any action to effectuate appending plan of recapitalization until determination of certain proceedings then before the Commission. The District Court denied relief on the ground that as a matter of law it was without the power to grant the injunctive relief sought. The Circuit Court, one judge dissenting, affirmed the District Court's ruling on the ground that the Commission lacked standing to sue and the Federal courts lacked jurisdiction to grant the relief sought. 148 F. (2d) 252 (C.C.A. 2, 1945). On application by the Commission, certiorari was granted, but before the case was heard by the Supreme Court, Long Island stipulated that the Commission could proceed promptly to dispose of the proceedings before it, and the cause of action being moot, the Supreme Court vacated the judgment of the Circuit Court and remanded the case to the District Court with direction to dismiss the complaint. 324 U. S. 837 (1935).

### Existence of control or controlling influence

Pacific Gas and Electric Company applied to the Commission under Section 2 (a) (8) of the Act for an order declaring it not to be a subsidiary of The North American Company, which held 17.71 percent of its voting stock. The Commission having concluded after hearing that the record did not permit a finding that Pacific was not subject to a controlling influence on the part of The North American Company, it denied the application. Holding Company Act Release No. 2988. Pacific Gas and Electric Company petitioned the Ninth Circuit Court of Appeals for review of the Commission's order. That Court affirmed the Commission's order, one judge dissenting (127 F. 2d 378); upon reargument, the decision was affirmed by an equally divided court. In Pacific Gas and Electric Company v. S.E.C., 324 U. S. 826, 65 Sup. Ct. 855 (1945), the decision of the Court of Appeals was affirmed by an equally divided court. Petition for rehearing was denied, 324 U. S. 890, 65 Sup. Ct., 1010 (1945).

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1/ American Power & Light Company v. S.E.C., 143 F. (2d) 250 (1944); Okin v. S.E.C., 143 F. (2d) 945 (C.C.A. 2, 1944). The Supreme Court heard argument and considered both cases together. American Power & Light Company v. S.E.C. (No. 470); S.E.C. v. Okin (No. 815), 325 U. S. 385 (1945). Cf. Okin v. S.E.C., 143 F. (2d) No. 943 (C.C.A. 2, 1944).

2/ See Standard Power & Light Corporation, 48 F. Supp. 716 (D.C. Del.); Illinois-Iowa Power Company v. North American Light & Power Company, 49 F. Supp. 277 (D.C. Del.).

PART IV

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

Chapter X of the Bankruptcy Act, as amended in 1938, affords appropriate machinery for the reorganization of corporations (other than railroads) in the Federal courts. The Commission's duties under Chapter X are, first, at the request or with the approval of the court to act as a participant in proceedings thereunder in order to provide, for the court and investors, independent expert assistance on matters arising in such proceedings, and, second, to prepare, for the benefit of the courts and investors, formal advisory reports on plans of reorganization submitted to it by the courts in such proceedings. The Commission has no right of appeal in any such proceeding, although it may participate in appeals taken by others.

SUMMARY OF ACTIVITIES

The Commission actively participated during the year in 116 reorganization proceedings involving the reorganization of 141 companies (116 principal debtor corporations and 25 subsidiary debtors) <sup>1/</sup>, with aggregate stated assets of \$2,039,439,000 and aggregate indebtedness of \$1,369,751,000. These debtors, together with their assets and indebtedness, are classified according to their industries and the size of their total indebtedness in Appendix Table 19. During the year, the Commission filed its notice of appearance in 9 new proceedings under Chapter X, in 3 of which the notice was filed at the request of the judge and in the remaining 6 it was entered upon approval by the judge of the Commission's motion to participate. These 9 new proceedings involved 9 companies with aggregate stated assets of \$280,589,000 and aggregate stated indebtedness of \$256,970,000. Proceedings involving 21 principal debtor corporations and 2 subsidiary debtors were closed during the year.

At the close of the year, the Commission was actively participating in 95 reorganization proceedings involving 118 companies (95 principal debtors and 23 subsidiary debtors), with aggregate stated assets of \$1,966,245,000 and stated indebtedness of \$1,301,685,000.

For a more detailed account of the Commission's work under this statute, reference is made to the Tenth Annual Report, pages 141-152.

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<sup>1/</sup> Appendix Table 34 identifies these proceedings, listing the names of 115 principal debtors inasmuch as during the year two proceedings were consolidated.

PART V

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

The standards of the Trust Indenture Act of 1939 outlawed many provisions previously incorporated in trust indentures to exculpate the trustee. The Act is designed to insure that the trustee will act in the interest of the bond or debenture owners and to insure his complete independence of the issuer and the underwriters. To secure its objects, the Act requires that bonds, notes, debentures, and similar debt securities publicly offered for sale, sold, or delivered after sale through the mails or in interstate commerce, except as specifically exempted by the Act, be issued under an indenture which meets the requirements of the Act and has been duly qualified with the Commission. The provisions of the Securities Act of 1933 and the Trust Indenture Act of 1939 are so integrated that registration pursuant to the Securities Act of 1933 of such securities to be issued under a trust indenture shall not be permitted to become effective unless the indenture conforms to the requirements expressed in the Trust Indenture Act of 1939, and such an indenture is automatically "qualified" when registration becomes effective as to the securities themselves. An application for qualification of an indenture covering securities not required to be registered under the Securities Act of 1933, which is filed with the Commission under the Trust Indenture Act of 1939, must expressly meet the same statutory requirements as though such application were a registration statement filed pursuant to the Securities Act of 1933.

STATISTICS OF INDENTURES QUALIFIED

The number of indentures filed with the Commission during the year for qualification under the Trust Indenture Act of 1939, together with the disposition thereof and the amounts of indenture securities involved, are shown in Tables I, II and III below. It will be noted that Table III merely consolidates the figures set forth in the other two tables.

Table I. Indentures Filed in Connection with Registration  
Statements under the Securities Act of 1933

	<u>Number</u>	<u>Amount of Offering</u>
Indentures pending at June 30, 1944	6	\$ 163,500,000
Indentures filed during the year	97	2,143,484,900
Total to be accounted for	103	\$2,306,984,900
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Indentures qualified	82	\$1,736,016,400
Principal amount reduced by amendment	—	250,000
Indentures deleted by amendment or withdrawn	2	103,000,000
Indentures pending at June 30, 1945	19	467,718,500
Total accounted for	103	\$2,306,984,900

Table II. Applications Filed for Qualification of Indentures Covering Securities Not Required To Be Registered under the Securities Act of 1933

	<u>Number</u>	<u>Amount of Offering</u>
Indentures pending at June 30, 1944	—	—
Indentures filed during the year	20	\$63,799,420
Total to be accounted for	20	<u>\$63,799,420</u>
Indentures qualified	16	\$55,173,920
Indentures withdrawn	1	4,295,000
Indentures pending at June 30, 1945	3	4,330,500
Total accounted for	20	<u>\$63,799,420</u>

Table III. Total Number of Indentures Filed Under the Trust Indenture Act of 1939

	<u>Number</u>	<u>Amount of Offering</u>
Indentures pending at June 30, 1944	6	\$ 163,500,000
Indentures filed during the year	117	2,207,284,320
Total to be accounted for	<u>123</u>	<u>\$2,370,784,320</u>
Indentures qualified	98	\$1,791,190,320
Principal amount reduced by amendment	—	250,000
Indentures deleted by amendment or withdrawn	3	107,295,000
Indentures pending at June 30, 1945	22	472,049,000
Total accounted for	<u>123</u>	<u>\$2,370,784,320</u>

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

- 16 indentures exempt from the Trust Indenture Act of 1939 but subject to the Public Utility Holding Company Act of 1935 and required to meet the standards of the Trust Indenture Act of 1939.
- 137 trustee statements of eligibility and qualification under the Trust Indenture Act of 1939.
- 55 amendments to trustee statements of eligibility and qualification.
- 96 Supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933.
- 44 amendments to Supplements S-T.
- 35 applications for findings by the Commission relating to exemptions from special provisions of the Act.
- 247 annual reports of indenture trustees pursuant to Section 313.

PART VI

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

The Investment Company Act of 1940 requires the registration of and regulates investment companies, that is, companies engaged primarily in the business of investing, reinvesting, and trading in securities. The Act requires, among other things, disclosure of the finances and of the investment policies of these companies, to afford investors full and complete information with respect to their activities; prohibits such companies from changing the nature of their business or their investment policies without the approval of the stockholders; bars persons guilty of security frauds from serving as officers and directors of such companies; prevents underwriters, investment bankers, and brokers from constituting more than a minority of the directors of such companies; requires management contracts in the first instances to be submitted to security holders for their approval; prohibits transactions between such companies and their officers and directors and other insiders except on the approval of the Commission; forbids the issuance of senior securities of such companies except in specified instances; and prohibits pyramiding of such companies and cross ownership of their securities. The Commission is authorized to prepare advisory reports upon plans of reorganizations of registered investment companies upon request of such companies or 25 percent of their stockholders and to institute proceedings to enjoin such plans if they are grossly unfair. The Act also requires face-amount certificate companies to maintain reserves adequate to meet maturity payments upon their certificates.

SUMMARY OF ACTIVITIES

During the past year the Commission in its administration of the Act concerned itself primarily with the disposition of the applications filed pursuant to various provisions of the Act. There were 70 such applications pending at the beginning of the year and 59 additional ones filed during the year; 59 were disposed of in the course of the year, and 70 were pending at its close. These applications are classified below, together with an indication of the disposition made of them. It should be noted that the detailed figures in this summary are not totaled for the reason that some applications involved more than one section of the Act.

Nature and Disposition of Various Applications Filed under  
the Investment Company Act of 1940 - Fiscal Year 1945

<u>Section of the Act under which application was filed</u>	<u>Number pending at June 30, 1944</u>	<u>Filed during year</u>	<u>Disposed of during year</u>	<u>Number pending at June 30, 1945</u>
2 (a) (9) Determination of question of control	5	--	1 withdrawn	4
3 (b) (2) Determination that applicant is not an investment company	5	1	2 granted	4
6 (b) Employees' security company exemptions	1	--	1 denied	--
6 (c) Various exemptions not specifically provided for by other sections of the Act	10	16	1 withdrawn. 14 granted	11

Nature and Disposition of Various Applications Filed under  
the Investment Company Act of 1940 - Fiscal Year 1945 (Continued)

<u>Section of the Act under which application was filed</u>	<u>Number pending at June 30, 1944</u>	<u>Filed during year</u>	<u>Disposed of during year</u>	<u>Number pending at June 30, 1945</u>
6 (d) Exemption for small closed-end investment companies offering securities in intra-state commerce	—	1	—	1
8 (f) Determination that a registered investment company has ceased to be an investment company	7	19	1 denied 15 granted	10
9 (b) Exemption of ineligible persons to serve as officers, directors, etc.	37	—	—	37
11 (a) Approval of terms of proposed security exchange offers	1	1	—	2
12 (g) Approval of acquisition of control of existing insurance companies	—	1	1 withdrawn	—
17 (b) Exemption for proposed transactions between investment company and affiliates	7	21	6 withdrawn 1 denied 16 granted	5
23 (c) (3) Terms under which closed-end investment company may purchase its outstanding securities	1	2	1 withdrawn 1 granted	1

New rule excluded certain guarantees as securities of the guarantor.—The Commission adopted during the year a rule dealing with the status of guaranteed securities under the diversification provisions of Section 5 of the Investment Company Act of 1940, designated as Rule N-5B-2.

Under Section 5 (b) of the Act an investment company is considered a "diversified company" if at least 75 percent of its total assets is represented by cash, Government securities, securities of other investment companies and securities limited in respect of any one issuer to not more than 5 percent of the total assets of such investment company and to not more than 10 percent of the outstanding voting securities of such issuer. Since the term "security" is defined under the Act to include a guarantee of a security, the securities of "any one issuer" include guarantees of securities of other companies by such issuer. This situation presents difficult problems for the investment company in the valuation of guarantees and guaranteed securities in determining whether its investments meet the diversification standards of the Act. These problems are further complicated by multiple guarantees, guarantees solely of principal, or solely of interest, and guarantees which may expire prior to the maturity date of the guaranteed security.

The new rule adopted by the Commission alleviates these difficulties while retaining the basic diversification standards of the Act. The rule provides, in effect, that diversified investment companies may invest in guaranteed securities on the basis that the guarantor is not the issuer of the securities provided that the aggregate value of its investment in the direct issues of a company and the issues guaranteed by such company does not exceed 10 percent of the value of the total assets of the investment company. The rule does not affect the 5 percent and 10 percent limitations of Section 5 (b) as respects the direct obligations of issuers. The rule also provides that guarantees by a railroad of terminal, warehouse, switching or bridge company securities shall not be considered as securities of the railroad if the guaranteed security is guaranteed by more than one railroad no one of which controls all of its co-guarantors. The rule also makes clear that a lease or similar arrangement shall not be deemed in itself a guarantee.

#### STATISTICS RELATING TO REGISTERED INVESTMENT COMPANIES

At the beginning of the year 371 companies were registered as investment companies under the Act. Inasmuch as during the year 14 additional companies became registered, while the registration of 19 companies was terminated, there remained 366 companies registered at the close of the year, whose assets, it may be noted, aggregated approximately \$3,250,000,000. The comparative number of documents filed under the Act during the past two fiscal years and certain other relevant statistics are shown in the following tabulation.

#### REGISTERED INVESTMENT COMPANIES

	Fiscal year	
	<u>1945</u>	<u>1944</u>
Number of registered investment companies:		
Beginning of year	371	390
Registered during year	14	8
Terminations of registration during year	19	27
Number of companies registered at end of year	366	371
Notifications of registration	14	8
Registration statements	8	5
Amendments to registration statements	26	47
Annual reports	235	248
Amendments to annual reports	41	53
Quarterly reports	768	809
Periodic reports to stockholders containing financial statements	671	706
Reports of repurchases of securities by closed-end management companies	134	111
Copies of sales literature	1,489	910
Applications for exemption from various provisions of the Act	41	34
Applications for determination that applicant has ceased to be an investment company	18	21
Amendments to applications	35	57
Total applications:		
Pending at beginning of year	70	95
Filed during year	59	55
Disposed of during year	59	80*
Pending at end of year	70	70*

\* Adjusted figures.

CIVIL ACTIONS INSTITUTED BY THE COMMISSION

The Commission during the past year made use of its authority to file injunctive actions to restrain violations of the Investment Company Act of 1940 in three cases. <sup>1/</sup> In two of them, the Courts, acting under Section 36 of the Act, enjoined officers and directors of registered investment companies from further serving in such capacities on the ground that they had been guilty of gross misconduct and gross abuse of trust in connection with their management of the companies involved. In the case against British Type Investors, Inc., after the defendants by stipulation agreed to a reorganization of the company and to make restitution of benefits acquired by them aggregating over \$1,000,000 in value, the Commission agreed to a dismissal of its complaint. In the case against Aldred Investment Trust, the Commission sought and obtained the appointment of receivers to safeguard the interests of investors. In the case against First Investment Company of Concord, New Hampshire, a liquidating agent was appointed to wind up the affairs of the company.

In the Aldred case, Gordon B. Hanlon, for less than \$20,000, acquired a majority of Aldred's common stock which had no asset value but gave him control of approximately \$2,500,000 in assets. Aldred had a funded debt of \$5,900,000 and had been insolvent since 1937. Absent a default in interest, the shareholders were not entitled to put an end to the Trust until 2002. Earnings were insufficient to meet the Trust's interest requirements. To prevent default in interest and possible termination of the Trust, a large proportion of interest was paid out of capital. Various plans of reorganization proposed by Hanlon, giving him an equity position, were never effectuated because they were considered by the Commission to be unfair to the debenture holders. Thereafter, without adequately informing the Trust's security holders, Hanlon radically changed Aldred's investment policy by selling approximately one-third of the Trust's choicest securities to acquire majority control of Suffolk Downs Race Track. After an extended trial the District Court entered a judgment permanently enjoining Hanlon and certain other defendants from serving as officers and trustees of Aldred. The judgment also provided for the appointment of receivers with power either to reorganize or liquidate the Trust in the interest of investors.

In S.E.C. v. First Investment Company of Concord, New Hampshire, the Commission sought an injunction restraining Charles L. Jackman from serving or acting in the capacity of officer, director, member of the advisory board or investment adviser of the company or any other registered investment company and permanently enjoining all defendants from effectuating transactions in violation of Section 10 (b) of the Securities Exchange Act of 1934 and Rule X-10B-5 thereunder. The complaint alleged that Jackman, while serving as president and director of the company, had been guilty of gross misconduct and gross abuse of trust within the meaning of Section 36 of the Act. It was further alleged that Jackman operated and managed the company in his own interest to the detriment of investors and caused First Investment's stockholders to sell their securities to his nominee under false and misleading information regarding the company's financial position. Jackman purchased the company's

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<sup>1/</sup> S.E.C. v. Otis, et al. (British Type Investors, Inc.) (U.S.D.C., S.D.N.Y., October 24, 1944).

S.E.C. v. Aldred, 58 Fed. Supp. 724, 151 F. 2d 254 (C.C.A. 1, September 17, 1945). On January 28, 1946, the Supreme Court denied certiorari.

S.E.C. v. First Investment Company of Concord, New Hampshire (Civil Action No. 400, U.S.D.C. New Hampshire, June 19, 1945). (See also this Report - Administration of Securities Exchange Act of 1934 - Civil Actions Instituted by the Commission.)



common stock at prices ranging from \$6 to \$6.75 per share. He failed to disclose to stockholders, however, that he was in fact the purchaser and that, at the time of the offer, the stock had an asset coverage of from \$18 to \$20 per share. In addition, stockholders were further misled by the company's failure to file with the Commission or to submit to its stockholders financial reports required by the Investment Company Act. The complete absence of financial information was of great assistance to Jackman in his stock acquisition program. It was further alleged that Jackman caused the company to engage in numerous financial transactions with corporations controlled by him in violation of various sections of the Investment Company Act. After the Commission instituted action, defendants consented to an injunction under which Jackman was permanently enjoined from further serving the company or any other registered investment company in any capacity and defendants were permanently restrained from engaging in any acts or practices in violation of Section 10 (b) of the Securities Exchange Act and Rule X-10B-5 in connection with the transactions involved. Jackman also agreed to make restitution.

In S.E.C. v. Otis, et al., the Commission alleged that the officers and directors of British Type Investors, Inc., through control of Class B stock (which had no asset value but carried all voting rights), engaged in a series of transactions, the effect of which was to dilute the asset value of the Class A stock for their own benefit. Class A stockholders had no voice in the management of the company, although they had the only equity position. It was alleged that Automatic Products, Inc., an investment company controlled by British, had failed to register as an investment company in violation of the Act. After the Commission filed its complaint, defendants agreed to a reorganization of British to give its Class A stockholders the right to elect five of its seven directors, and to make restitution. Automatic also filed notification of registration. Thereafter, the action was dismissed on stipulation.

PART VII

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires the registration of investment advisers, that is, persons engaged for compensation in the business of advising others with respect to securities. The Commission is empowered to deny or revoke registration of such advisers if they have been convicted or enjoined because of misconduct in respect of security transactions. The Act also makes it unlawful for investment advisers to engage in practices which constitute fraud or deceit; requires investment advisers to disclose the nature of their interest in transactions executed for their clients; prohibits profit-sharing arrangements; and, in effect, prevents assignment of investment advisory contracts without the client's consent.

REGISTRATION

Figures are presented below with respect to the registration of investment advisers.

Investment Advisers' Registration Statistics  
Year ending June 30, 1945

Effective registrations at close of preceding fiscal year	719
Applications pending at close of preceding fiscal year	7
Applications filed during fiscal year	<u>118</u>
Total	<u>844</u>
Registrations withdrawn during year	51
Registrations canceled during year	4
Registrations effective at end of year	780
Applications pending at end of year	<u>9</u>
Total	<u>844</u>

As was pointed out in the Tenth Annual Report, the Commission is granted authority to make investigations when it appears that the provisions of the Act have been or are about to be violated, and by the use of its subpoena power may obtain information concerning such violations. However, the protections afforded under the Act are not so extensive as those afforded with respect to the activities of brokers and dealers under the Securities Exchange Act of 1934, chiefly because the Advisers Act does not grant power to the Commission to inspect books and records as does Section 17 (a) of the Exchange Act. The absence of such power limits the effectiveness of the Act with respect to protection of investors. To remedy this signal weakness as well as other related weaknesses in the Act, the Commission, on January 31, 1945, sent a report to the Congress recommending certain amendments to the Act. On July 5, 1945 the Honorable Clarence F. Lea, Chairman of the Committee on Interstate and Foreign Commerce, introduced H. R. 3691, which contains the amendments recommended by the Commission. This bill has been referred to the Committee on Interstate and Foreign Commerce.

To clarify the effect of Section 206 (3) of the Investment Advisers Act, as well as the anti-fraud provisions of the 1933 and 1934 Acts, on transactions effected by investment advisers with their own clients, the Commission, on February 5, 1945, made public an opinion by James A. Treanor, Jr., Director of its Trading and Exchange Division, to the effect that it is unlawful for an investment adviser (whether or not registered under the Investment Advisers Act) to effect a transaction with or for a client, either as principal or as broker for another person,

unless he obtains the client's consent after having made full disclosure of any adverse interest he may have. 1/ This disclosure, the opinion states, must include a statement of the capacity in which the investment adviser proposes to act, the cost of the security to the investment adviser where he proposes to sell, and the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the client than the actual purchase or sale price. The opinion states further that (except where no advice is rendered as to the particular transaction) the Investment Advisers Act requires, in the case of a registered investment adviser, that the disclosure of capacity be given in writing and the client's consent obtained before the completion of each transaction of the types in question.

#### CIVIL ACTIONS INSTITUTED BY THE COMMISSION

During the fiscal period ending June 30, 1945 the Commission for the first time invoked the aid of a court of equity in restraining violation of Section 203 (a) of the Investment Advisers Act of 1940. 2/ That section prohibits any investment adviser from making use of the mails or any means or instrumentality of interstate commerce unless he is registered with the Commission in accordance with the Act. The Commission's complaint alleged that one Charles A. Crowder, on a weekly broadcast over a small radio station for a considerable period of time, gave advice to his listeners regarding the value of oil securities. At first his advice appeared to be disinterested and he built up a considerable following. He also solicited and accepted money from his radio audience with which he purchased oil leases on their behalf in which he retained interests in return for his advice and services. Crowder was not and had never been registered as an investment adviser under the Act. Later Crowder was approached by Roy E. Wilson, who at the time was engaged in an oil promotion with one John W. Myers. Wilson and Myers employed Crowder to advertise their venture on the radio and to influence his listeners to purchase interests in the promotion. Crowder did so without disclosing that he was in the employ of Wilson and Myers. The complaint also alleged violations of Sections 5 (a) and 17 (a) and (b) of the Securities Act. All defendants consented to a permanent injunction.

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1/ Investment Advisers Act Release No. 40.

2/ S.E.C. v. Roy E. Wilson, et al., U.S.D.C. E.D. Ill., February 3, 1945.

PART VIII

OTHER ACTIVITIES OF THE COMMISSION UNDER THE VARIOUS STATUTES

LITIGATION

Civil Proceedings

At the beginning of the fiscal year ending June 30, 1945, 30 civil proceedings instituted by the Commission were pending; during the year, the Commission instituted 23 additional proceedings, including 14 injunctive actions brought against 45 persons to restrain them from fraudulent and otherwise illegal practices in the sale of securities. Of this total of 53 proceedings, 27 were disposed of during the fiscal year, including 13 cases which resulted in the entry of injunctions against 32 defendants. Twenty-six civil proceedings were pending at the end of the year.

Since its inception, the Commission has instituted a total of 531 civil proceedings and disposed of 505. Permanent injunctions have been obtained against 1008 firms and individuals.

Data with respect to civil cases and appellate proceedings commenced or pending during the fiscal year and their status at the close of the year, together with all criminal proceedings, are included in Appendix Tables 24 to 33. Some of the more important of these civil cases have been summarized in the preceding parts of this report.

Criminal Proceedings

The statutes which the Commission administers provide for the transmittal of available evidence of statutory violations to the Attorney General who, in his discretion, may institute appropriate criminal proceedings. The Commission, largely through its ten regional offices, thoroughly investigates all suspected violations and, whenever grounds from criminal prosecution are disclosed, transmits detailed reports of investigation to the Attorney General. If criminal proceedings are decided upon, the Commission assigns such of its employees as have participated in the investigation to assist in preparing the case for presentation to the Grand Jury, in conducting the trial, and in preparing briefs on appeal. Should the Commission's investigation disclose violations of statutes other than those which it administers, the evidence is referred to an appropriate federal or state agency.

Up to June 30, 1945, a total of 365 criminal cases have been developed by the Commission and indictments against 2404 defendants have been obtained in these cases by the Department of Justice. Of these, 23 indictments were returned during the past year against 88 defendants. Convictions have been obtained against 1,173 defendants, 73 of whom were convicted during the past year.

In the appeals decided during the past year, convictions were reversed as to only 2 defendants. Judgments of conviction were affirmed as to 22 defendants, appeals were dismissed as to 4 defendants, and appeals voluntarily withdrawn by 2 others.

The status of all cases pending during the past fiscal year is set forth in Appendix Table 27. As in previous years, the types of cases involved are varied. Thus, they include frauds by and against broker-dealers; frauds in connection with the sale of corporate securities, the exploitation of natural resources, the promotion of inventions, new businesses, and fraternal organizations; failure to keep books and records as prescribed by the statutes; and the filing of false financial statements and annual reports with the Commission.

Charges of fraud on the part of broker-dealers figured prominently in the cases prosecuted during the year. In U.S. v. Guaranty Underwriters, Inc., et al. (S.D. Fla.), criminal sanctions were imposed for the fraud involved in charging excessive prices bearing no reasonable relation to prevailing market prices for securities without appropriate disclosure to customers. This was the second successful prosecution based on this theory of fraud, the first being U.S. v. Otto B. Dagg, et al. (Dagg & Company, Inc.) (W.D. Wash.), convictions in which were obtained in 1943. In the Guaranty Underwriters case, defendants were also charged with numerous false misrepresentations and the making of large secret profits on transactions in which they represented investors in an agency capacity. The eight major defendants either pleaded guilty or nolo contendere and were sentenced for violations of the fraud provisions of the Securities Act of 1933, and other statutory offenses. 1/ Fraud based upon the charging of excessive prices without adequate disclosure was also the basis of the convictions in U.S. v. Samuel S. Alexander, et al. (S.D. N.Y.) where fractional undivided interests in oil, gas and other mineral rights in various tracts of land were sold at prices ranging up to 328% of cost. Defendants also made numerous fraudulent misrepresentations in the sale of these securities.

Fraudulent conduct of business as a broker-dealer is also charged by the indictments pending in U.S. v. Maxwell Goldberg, et al. (Maxwell & Co., Inc.) (D. Mass.), U.S. v. Edwin P. Woodman, et al. (Woodman & Co.) (D. Mass.), and U.S. v. W. R. Hempstead Co., et al. (D. R.I.). In the first case, the indictment charges such practices as the unauthorized pledging of customers' securities, the forgery of customers' checks, the forgery of signatures to assignments of customers' securities, and the printing and sale of spurious stock certificates and debentures. In the latter two cases, defendants are charged, inter alia, with practices such as the acceptance of orders and deposits while insolvent and being unable to execute customers' orders, the conversion of securities deposited by customers, the keeping of false records, and the filing of false financial statements with the Securities and Exchange Commission.

Other cases involving frauds by broker-dealers are U.S. v. Roy E. Crummer, et al. (The Brown-Crummer Investment Co.) (D. Kan.) where the pending indictment charges fraud in the collection of customers' securities in a municipal refunding, 2/ and U.S. v. Samuel S. Alexander (S.D. N.Y.) which marks the first conviction of a registered securities dealer for failure to keep and preserve accounts, correspondence, books and other records as required by Section 17 (a) of the Securities Exchange Act of 1934 and Rules X-17A-3 and X-17A-4 prescribed by the Commission as necessary and appropriate for the protection of investors.

U.S. v. John N. Landberg (E.D. Pa.) involved a conviction for frauds perpetrated upon various securities brokers. Defendant would induce brokers to purchase securities for the account of his wife upon the false representation that other securities of the latter would be deposited to secure payment. After the securities had been purchased, defendant would refuse payment, and would direct that they be sold and the profits turned over to him. If the newly purchased securities had declined in value, he would then reveal his lack of authority to act for his wife.

Fraudulent misrepresentations in the sale of securities in connection with the promotion of inventions or scientific discoveries were the basis for the convictions

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1/ The indictment was nolle prossed as to three minor defendants.

2/ A second indictment against substantially the same defendants alleging similar frauds in connection with another municipal refunding was dismissed by the District Court for vagueness and insufficiency to apprise defendants of the nature of the charges. An appeal by the government is pending.

in U.S. v. Harvey H. Hevenor (General Ordnance Co., Inc.) (S.D. N.Y.) (new type mechanical fuses for anti-aircraft projectiles); U.S. v. August F. Slater (Automatic Engineering, Inc.) (S.D. Cal.) (new automobile parking device); U.S. v. Leslie G. Bowen, et al. (Bowen Industries) 1/ (W.D. Mo.) (mechanical device for use in the manufacture of bicycles); and U.S. v. Chemical Research Foundation, Inc., et al. (D. Del.) (pharmaceutical formulae).

A substantial number of the cases active during the past fiscal year involved charges of fraudulent mining promotions and frauds in which oil and gas properties were the underlying basis for investment. The oil and gas cases are U.S. v. Samuel S. Alexander, et al. (S.D. N.Y.) 2/; U.S. v. Frank Mansfield, et al. (Central Securities Co.) (W.D. Tex.) 3/; U.S. v. Jacob M. Danziger, et al. (Trinidad International Petroleum, Ltd.) (S.D. Cal.) 4/; U.S. v. George A. Earnhardt, et al. (Big Bend Realty and Development Co., Inc.) (S.D. Ind.) 5/; U.S. v. James F. Boyer, et al. (S.D. Fla.) 6/; U.S. v. Frank V. Raymond (D. Md.) 7/; and U.S. v. George A. King, et al. (Crow Oil & Refining Co., Ltd.) (S.D. Ill.) 8/. In the Mansfield and Earnhardt cases, the securities sold took the less common form of deeds to lands with collateral promises and agreements pertaining to the drilling of test wells and otherwise developing markets for the properties involved.

The mining stock cases are U.S. v. Eldridge S. Price (D. Kan.) 9/; U.S. v. Edward J. Stoll, et al. (Multi Metals Corp.) (S.D. Iowa) 10/; U.S. v. Franklin Lamon, et al. (Graphite Company of America) (D. Del.) 11/; U.S. v. James H. Collins, et al. (Union Associated Mines Co.) (S.D. Cal.) 12/; and U.S. v. E. M. McClean, et al. (Devon Gold Mines, Ltd.) (E.D. Mich.) 13/. In the last mentioned case, which

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- 1/ The principal defendant was found guilty and has appealed. Two minor defendants were acquitted.
- 2/ Four defendants pleaded guilty. The remaining defendant was convicted after trial.
- 3/ Appeal pending from judgments of conviction.
- 4/ One defendant pleaded guilty. Three defendants were found guilty after trial and have appealed from their convictions. Trial is pending as to the remaining two defendants.
- 5/ Both defendants convicted after trial. One has appealed.
- 6/ Trial pending.
- 7/ Idem.
- 8/ Two defendants convicted after trial. Indictment dismissed as to remaining defendant. Convicted defendants filed notices of appeal, September 29, 1945.
- 9/ Trial pending.
- 10/ Idem.
- 11/ One defendant plead nolo contendere. The other was convicted after trial.
- 12/ Appeals from judgments of conviction pending.
- 13/ Three indictments. Trial pending in first. In the second, one defendant pleaded guilty, two were convicted after trial, and trials are pending as to the remaining four defendants. In the third, one defendant pleaded guilty, two were convicted after trial, and trials are pending as to the remaining nine defendants. Defendants convicted after trial have appealed.

involved the sale of Canadian gold mine stock to residents of the United States in violation of the registration and fraud provisions of the Securities Act of 1933 and other statutes, the defendant-manager of the Canadian securities concern was sentenced to ten years' imprisonment and fined \$5,000 and one of the principal salesmen was sentenced to seven years' imprisonment and fined \$1,000. These are the severest sentences which have been imposed during the past fiscal year.

Convictions for fraudulent misrepresentations in the sale of insurance company stock were obtained in U.S. v. George Howell, et al. (S.D. Tex.) (Texas National Life Insurance Company), and in U.S. v. Wilmington Fire Insurance Co., et al. (D. Del.).

Fraudulent sales of securities of an alleged fraternal and educational association formed the basis of the conviction of the principal defendant in U.S. v. Hugh G. Carruthers, et al. (N.D. Ill.). According to the indictment, Carruthers organized the Neological Foundation in 1936, purportedly for the spiritual improvement and economic self-betterment of its members. Its membership consisted chiefly of persons who by reason of distress could be persuaded that solace and self-betterment would be obtained by joining the Foundation and adhering to its so-called "neological" course of training. Thereafter, Carruthers obtained loans from members for the alleged purpose of expanding the association's activities, furthering its policies, and carrying on various business enterprises to be operated by the Foundation including the manufacture and sale of hair shampoo, a tonic laxative, a course of instruction in personal development, and a daily newspaper. Member investors were promised 6% interest plus a bonus of 4% with a dividend of 50% of principal at the end of three years. Instead, Carruthers allegedly diverted substantial amounts of the funds obtained for his own use and benefit. Verdicts of not guilty were directed by the court as to two minor defendants. Carruthers appealed to the Seventh Circuit Court of Appeals which, on December 27, 1945, affirmed the judgment of conviction.

A "front money" scheme for the defrauding of persons desirous of obtaining capital for the financing of new businesses or the expanding of established ones was involved in U.S. v. Amster Leonard, et al. (E.D. Mich), in which both defendants were convicted. Defendants would contact persons seeking capital and offer aid in the raising of the necessary capital through their so-called "Founders Syndicate Plan" and the sale of pre-organization certificates through 260 "key men". Victims were induced to part with "advance fees" or "front money" under the representation that defendants would obtain the desired capital although the latter knew that they could not and did not intend to raise new capital through the "Plan".

Other fraud cases are U.S. v. W. R. Frentzel, et al. (Ocean Crab Pot Operators, Inc.) (W.D. Wash.) involving profit-sharing agreements in connection with sales of traps for ocean crab fishing 1/; U.S. v. Federal Fyr-Ex Company, et al. (S.D. N.Y.) involving the promotion of an allegedly non-existent fire extinguisher manufacturing business 2/; and U.S. v. Charles T. Rice, et al. (Parquay Royalty Co., Inc.) (W.D. Wash.) 3/ and U.S. v. Maurice N. Leavitt, et al. (Lakemoor Development Co.) (W.D.

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1/ Principal defendant pleaded guilty. Indictment dismissed as to co-defendant.

2/ Trial pending.

3/ Defendants convicted after trial. Conviction of one defendant reversed on appeal for admission of incompetent evidence and case remanded for retrial.

Wash.) 1/, both involving fraudulent misrepresentations in the sales of securities for corporate promotions.

The making of false and misleading statements in reports required to be filed under the Securities Exchange Act of 1934 is charged by the indictment pending in U.S. v. Liggett & Myers Tobacco Co., et al. (E.D. Pa.). According to the indictment, defendants conspired to conceal the existence of a profit-sharing plan, known as the B Fund Bonus, providing for the payment of a portion of designated net profits of the company to certain officers and employees other than the president and vice-presidents. It is alleged that in filing application for registration pursuant to Section 12 of the Act, defendants set forth only one bonus plan--that provided by the company's by-laws affecting the president and vice-presidents--but failed to disclose the B Fund Bonus plan. Moreover, in the company's Form 10-K annual reports for the years 1935-1942, inclusive, defendants would state "none" or "no changes" in answering questions concerning bonus plans not previously reported and would thereby fail to reveal the existence of this B Fund Bonus plan.

Of the criminal appeals decided during the past fiscal year, several are worthy of mention. In U.S. v. H. B. Monjar, et al. (The Mantle Club), 147 F. 2d 916 (C.C.A. 3, 1944), cert. den., 65 Sup. Ct. 1191 (1945), the court sustained the convictions of 12 defendants on charges of defrauding members of a fraternal organization in obtaining personal loans and the sale of investment contracts. The Supreme Court denied certiorari in U.S. v. Minuse, et al., 323 U.S. 716 (1944), where the Second Circuit Court of Appeals had upheld convictions for a stock "jiggle" in the Class A capital stock of Tastyeast, Inc., a security listed on the New York Curb Exchange [142 F. 2d 388 (1944)]. In U.S. v. Edmond B. Bronson, et al. (Bagdad Copper Corp.), 145 F. 2d 939 (C.C.A. 2, 1944), convictions were upheld for the sale of treasury stock at prices greatly in excess of the amounts to be received by the company, on the theory that such practices, just as in the case of the sale of a new issue under similar circumstances, constitutes fraud per se. 2/ In U.S. v. Herman Kadison, et al. (Commerical Underwriters, Inc.), 145 F. 2d 525 (C.C.A. 7, 1944), the court sustained convictions for the sale of defendants' personally owned worthless stock under the misrepresentation that it was valuable treasury stock and for other fraudulent misrepresentations in the sale of the securities. In Louis J. Ascher, et al. v. U.S. (Sentenal Corp.), 143 F. 2d 592 (C.C.A. 6, 1944), convictions were sustained for fraud in the sale of vending machines under a "lease back" arrangement involving servicing of the machines by the vendors and the sharing of profits.

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1/ Two principal defendants pleaded guilty. Indictment dismissed as to two minor defendants. Indictment pending as to one defendant.

2/ The appeal was dismissed as to a minor defendant.



COMPLAINTS AND INVESTIGATIONS

The Commission received during the year approximately 8,000 items of mail concerned with alleged securities violations which is classified administratively as "complaint enforcement" correspondence. This material constitutes one of the Commission's chief sources of information concerning possible securities violations, while investigations made by the Commission's staff and contacts maintained with other governmental (Federal, State, and local) or private agencies provide additional sources of such information. Where it appears on the basis of any such data that any such violation may have occurred, the Commission conducts appropriate investigations by means of correspondence or the assignment of cases to field investigators to ascertain the facts of the particular case. The extent of these investigatory activities of the Commission during the past year, under the Securities Act of 1933, the Securities Exchange Act of 1934, Sections 12 (e) and (h) of the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940 and the Investment Advisers Act of 1940, is reflected in the following table:

Investigations of securities violations 1/

	<u>Preliminary 2/</u>	<u>Docketed 3/</u>	<u>Total</u>
Pending at June 30, 1944	136	539	675
Opened 7-1-44 to 6-30-45:			
New cases	129	239	368
Transferred from preliminary	--	33	33
Total number of cases to be accounted for	<u>265</u>	<u>811</u>	<u>1076</u>
Closed	43	110	153
Transferred to docketed	33	--	33
Pending at June 30, 1945	189	701	890

A list of the civil, criminal, and other actions resulting from certain of these investigations is set forth in Appendix Tables 24 - 27, inclusive.

To assist its continuing enforcement and registration activities, and to provide a further means of preventing fraud in the purchase and sale of securities, the Commission has established what is called for convenience a Securities Violations File, consisting of a clearing house of information concerning persons who have been charged with violations of various Federal and State securities statutes. This clearing house has been kept up-to-date during the past year as in previous years through the cooperation of the United States Post Office Department, the Federal Bureau of Investigation, parole and probation officials, State securities commissions, Federal and State prosecuting attorneys, police officials and other public agencies, members of the National Association of Better Business Bureaus Inc., and members of the United States Chamber of Commerce. By the end of the past fiscal year the Commission had assembled in these files data concerning an aggregate of 45,778 persons against whom Federal or State action had been taken in connection with securities violations. During the past year alone additional items of information relating to 3505 such persons were added to these files, including information concerning 1459 persons not previously identified therein.

1/ These investigations of securities violations include the oil and gas investigations which are separately tabulated and discussed in Part I of this report.

2/ Investigations carried on through correspondence and limited field work.

3/ Investigations assigned to field investigators.

The extensive use made of this clearing house of information is suggested by the fact that during the past year the Commission received in connection with its maintenance approximately 2,500 "securities violations" letters or reports (apart from those mentioned above which are classified as "complaint enforcement") and dispatched about 3,000 communications in turn to cooperating agencies.

#### ACTIVITIES OF THE COMMISSION IN THE FIELD OF ACCOUNTING AND AUDITING

##### Effect of the War and the Prospect of Reconversion

The difficulties and uncertainties inherent in wartime accounting have been commented on in previous Annual Reports. During the past year, the major problem in this area has been the application of procedures developed in prior years to the special circumstances presented in individual registration statements and reports.

At the same time the rapid progress of the war necessitated extensive consideration of the accounting and disclosure problems that would arise when war business was cut back or terminated and the process of reconversion to peacetime operations and markets began. As one step toward dealing with these problems, efforts were begun in the fall of 1944 to provide for a system of current reporting which would, first, enable investors to determine the extent to which cut-backs and terminations consequent upon the approaching end of the war affected particular companies; and second, furnish them with some indication of the speed with which particular companies were able to reconvert to peacetime production and to reenter the civilian markets. Such financial information, by companies, seemed essential since general announcements as to cut-backs and terminations rarely disclosed their effect on particular companies and it was clear, in any event, that the end of war operations would come at different times and in different degrees so far as any individual company was concerned. Discussions were first had with the appropriate Federal agencies to determine whether such modification of censorship and secrecy restrictions as would be necessary to permit general publication of pertinent data could be made without detriment to the war effort. At the same time, extended discussions were undertaken with interested registrants, technical associations and others to determine the most useful and practicable form for such current reports. As finally developed, the program applies to all companies having a substantial amount of war business and calls essentially for quarterly reports as to war and non-war sales and as to war orders, beginning with the most recently ended fiscal year of the company. In addition, an immediate report is obtained whenever a particular termination cancelled a war contract the uncompleted portion of which amounted to over 20% of the registrant's total sales for the previous fiscal year. 1/

A second important problem in this field was the treatment to be accorded terminated war contracts in financial statements issued prior to the date of final settlement. Fortunately, the development of Uniform Termination Procedures under the Contract Settlement Act of 1944 so clarified the problem that it was possible, well before volume termination of war contracts began, to reach general agreement, both within the Commission and among accountants and companies, as to how such claims were to be reflected in financial statements. 2/

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1/ Announced in Securities Exchange Act of 1934, Release No. 3718, July 23, 1945.

2/ The Commission's position was established in December, 1944 by the issuance of an internal staff memorandum. In April, 1945, the Committee on Accounting Procedure of the American Institute of Accountants issued its bulletin "Accounting for Terminated War Contracts."

A third problem arising out of reconversion is the disposition of so-called war reserves. During the war period, many companies established reserves as a protection against losses or expenses which registrants anticipated would be encountered after the war ended but which they felt should be attributed to war operations. The exact amounts of many such losses and expenses cannot, of course, be determined until after cessation of war operations, and, in some instances, many months thereafter. However, it is essential that definite criteria be established to assure that only true war expenses be charged against such reserves, either directly or indirectly. If especial care is not exercised in this regard, the operations of post-war years may be relieved of charges and costs applicable to such operations with a consequent inflation of reported net income. In view of its importance, this problem is being given extensive consideration, and discussions have been had with representatives of accounting societies and other interested persons, with a view to arriving at a practicable solution.

### Accounting and Auditing

During the past year the Commission issued a number of decisions or opinions dealing with accounting or auditing matters. In the Leedy, Wheeler & Company case 1/ the respondent, a registered broker-dealer, had employed a pro-forma balance sheet in selling securities to the public but had not disclosed the nature of the assumed transactions that had been reflected therein. Moreover, the assumptions made in preparing the pro-forma statement were of questionable validity. Finally, the balance sheet concealed an operating deficit by netting it against capital stock accounts without disclosure. The Commission, after discussing the proper functions and uses of pro-forma statements, found that the pro-forma balance sheet in question was misleading and deceptive.

In its findings and order in the Suburban Electric Securities Company 2/ case the Commission pointed out a number of improper accounting practices followed by the registrant, including its failure to recognize an apparently permanent impairment in the value of its investments in certain subsidiary companies and its failure to provide for depreciation on depreciable assets of a subsidiary. However, since just prior to the conclusion of the hearings in the matter the registrant amended its financial statements to cure these improprieties the Commission determined that it was not necessary to suspend or withdraw the registration of the registrant's securities under the Securities Exchange Act of 1934.

Several other accounting questions were dealt with in opinions of the Chief Accountant issued during the past year as part of the Commission's Accounting Series releases. Release No. 50 in this series concerned the practice of writing down or writing off goodwill by charges to capital surplus and served to draw attention to the general applicability of the Commission's views expressed in a previous opinion. 3/ The release pointed out that where intangible assets had been acquired for cash or its equivalent their write-off to capital surplus was improper, inasmuch

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1/ In the Matter of Leedy, Wheeler & Company, Securities Exchange Act, Release No. 3593 \_\_\_\_ S.E.C. \_\_\_\_, July 29, 1944.

2/ Securities Exchange Act of 1934, Release No. 3655 \_\_\_\_ S.E.C. \_\_\_\_ (February 8, 1945).

3/ In the Matter of Associated Gas and Electric Company, Securities Exchange Act of 1934, Release No. 3285A, 11 S.E.C. 1025, August 5, 1942.

as it circumvented the charging to income or earned surplus of items which were properly chargeable thereagainst, with a resulting overstatement of income and earned surplus and an understatement of capital. The charge to capital surplus in such circumstances, the release points out, is in violation of the fundamental accounting principle that a distinction should be maintained between capital and income. Accounting Series Release No. 52 discussed certain problems relating to the presentation in financial statements of Federal income and excess profits taxes in cases where a company, for which individual financial statements are filed, pays its tax as a member of a consolidated group of companies.

During the period of high, wartime rates of corporate income taxes, some companies and accountants have sought to reflect in the income statement not only charges for the income taxes estimated to be actually payable but also additional amounts representing so-called "tax-savings" or "tax reductions" caused by differences in the accounting treatment afforded certain items for tax purposes and for financial reporting purposes. This practice, the propriety of which is supported or condoned by some public accountants and objected to by others, has been the subject of extended discussion between the Commission and representatives of various professional accounting societies and other interested persons. These discussions have indicated a feeling, both within and without the Commission, that financial statements in which this practice is followed are frequently unsatisfactory, if not actually misleading, to the investor. It is expected that upon completion of these discussions the Commission will promulgate an opinion concerning the manner in which these "tax-savings" or "tax reductions" should be dealt with in financial statements filed with the Commission. 1/

One of the most perplexing of the accounting problems now facing the Commission is the question of whether there are circumstances under which certain items of income, expense or loss may justifiably be excluded from the computation of net income as shown by the profit and loss statement and carried directly to earned surplus. Over the years, a great many cases involving this question have come to the attention of the Commission. A staff study of an extensive sample of such cases discloses a very great disparity in treatment of items wholly similar in nature. Heterogeneous treatment of such items obviously increases the difficulty of comparing income statements as between years and particularly as between competitive companies. Accordingly, certain tentative changes in the Commission's regulations have been prepared with a view to securing more uniform and intelligible income statements through a requirement that, in the absence of very exceptional circumstances, all items of loss, expense and income shall be reflected in the income account. These proposed amendments have been sent for comment to many companies having financial statements on file with the Commission, to the various professional accounting societies, and to other interested persons. While the responses received indicated a general agreement with the proposed amendments in principle, it appears necessary to establish reasonably clear-cut and objective criteria for determining when, if at all, certain items may be considered to be so extraordinary in nature as to permit their exclusion from the computation of net income. The problem is now undergoing further study in light of the suggestions received.

Additional staff consideration has been given during the past year to proposals for a comprehensive revision of the accounting requirements applicable to investment companies under the 1940 Act. The proposed revision has been discussed in detail with representatives of the industry, practicing accountants, and other interested persons, but has not yet been finally acted upon by the Commission.

The Commission has continued to give careful attention to its overall requirements as to financial statements with a view to their simplification and integration

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1/ Announced in Accounting Series Release No. 53, November 16, 1945.

with the requirements of other agencies, wherever practicable and feasible. During the past year, for example, the staff has worked closely with another governmental agency on a program for integrating the respective reports required of companies subject to their common jurisdiction.

### Cooperation with Professional Societies and Others

As in previous years, the Commission has sought to add its full influence to that of the professional accounting societies and others interested in maintaining accounting and auditing standards at a high level. As in the past, the Commission has, wherever practicable, invited professional accounting societies, Federal and State agencies, and many other interested persons to review and comment upon proposed rules and regulations pertaining to accounting matters. In appropriate cases conferences of such persons with the Commission or the staff have been arranged. Reciprocally, the Commission informally has accepted the invitation of professional accounting societies to make suggestions or comments as to proposed actions or bulletins of such organizations. Substantial benefits, which are reflected in all types of financial statements whether coming under the jurisdiction of the Commission or not, have resulted from these activities.

### Professional Conduct

Certification of financial statements, if it is to operate as an added protection to investors, must be based on an impartial and expert review of the financial affairs of the company. Disregard of professional standards of conduct applicable to such reviews furnishes grounds for disbarring an accountant from further practice before the Commission pursuant to Rule II (e) of the Rules of Practice. During the past year the Commission instituted proceedings under this rule against an accountant who had certified financial statements filed with the Commission by a securities broker-dealer. Investigation disclosed that the accountant in question had knowingly violated the Commission's accounting and auditing rules, had failed to make an appropriate audit of the broker-dealer's accounts, and had unqualifiedly certified to financial statements that were grossly misleading. On the other hand, the failure of the certified public accountant to perform a satisfactory audit did not appear, in this instance, to have contributed to the fraud perpetrated by the broker-dealer involved, nor did his extreme laxity appear to have occasioned losses to investors of the brokerage firm. Under these circumstances the Commission discontinued its proceedings upon receipt of a stipulation that the accountant would never again practice before this Commission. In order to emphasize the importance of the requirements for certification of broker-dealer financial statements, the Commission published Accounting Series Release No. 51 summarizing the facts of this case.

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

The examination of financial statements filed by registrants pursuant to the various Acts administered by the Commission has always accounted for a large part of the Commission's activities with respect to accounting and auditing matters. Deficiencies in the statements disclosed by such examination are called to the attention of registrants by correspondence, and, in many instances, the deficiencies become the subject of informal conferences between the Commission's staff and representatives of particular registrants. It is a common occurrence, also, for persons intending to file financial statements to arrange for pre-filing conferences in an effort to agree upon a solution to the more difficult accounting problems involved in proposed statements. These conferences have proved to be a particularly expeditious means of resolving difficult or unusual questions where the problem presented is not covered by a specific rule or where the application of existing

rules is uncertain. They also play an important role in securing dependable and informative financial statements for investors.

## STATISTICS AND SPECIAL STUDIES

### Capital Markets Statistics

The Commission in the fiscal year ended June 30, 1945 continued to compile and analyze statistics on the volume and characteristics of offerings and retirements of securities; the distribution of and the changes in ownership of securities between different groups of institutional, corporate, and individual holders; and various other aspects of capital markets statistics. Figures were released monthly showing the volume of all new issues of securities known to have been offered within the United States for cash sale in amounts of more than \$100,000, together with breakdowns comparing the amounts of: public offerings and private placements; bonds, preferred stocks, and common stocks; corporate and non-corporate issues; and the net proceeds intended for refunding and for expansion of plant and equipment and working capital of each principal industrial group.

It was possible to release regularly additional breakdowns of the dollar volume of securities registered under the Securities Act to show: the amounts registered for exchange, conversion, etc., as well as for cash sale; the volume of secondary as well as primary distributions; the amounts offered through investment bankers and directly by the issuers; the volumes expected to be absorbed primarily by the general public, by security holders, and by other special groups; and the distribution by investment banking firms of underwriting commitments and syndicate management activities. A special study of the cost of flotation of stocks registered for sale under the Securities Act by small companies was published during the year, and data were gathered for future analysis on the success of flotation of small nonunderwritten issues. In addition to information published on the capital markets, many special adaptations of the basic data were made to problems met in the day-to-day operations of the Commission and to questions raised by other governmental agencies and by members of Congress.

### Saving Study

The Commission continued its series of quarterly releases on the volume and composition of saving by individuals in the United States. These releases show the aggregate volume of individuals' saving, that is, the increase in their assets less the increase in their liabilities, exclusive of gains or losses from revaluation of assets. The figures also show the components contributing to this total, such as changes in securities, cash, insurance, consumers' indebtedness, and consumers' durable goods.

### Financial Position of U.S. Corporations

The series of quarterly releases on the working capital position of all United States corporations, exclusive of banks and insurance companies, was continued. These releases show the principal components of current assets and current liabilities and an abbreviated analysis of the sources and uses of corporate funds. In addition, a series of supplementary tables was inaugurated in July 1944 showing a detailed breakdown of current assets and liabilities for various industry and size groups of corporations registered with the Commission. It is intended in subsequent reports to present more detailed data on the sources and uses of corporate funds, thus giving a complete picture of the volume and composition of corporate saving as well as an up-to-date analysis of the financial condition of corporations.

Shortly after the close of the fiscal year the Commission, together with the Department of Commerce, initiated a regular quarterly survey of private plant and equipment expenditures by U. S. business other than agriculture. It is planned to publish shortly after the end of each quarter industry totals on the actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. These data should provide a useful index of present and future activity in the capital goods industries and capital markets and a valuable barometer of business activity in general.

### Survey of American Listed Corporations

During the past fiscal year, the Commission again released for public and government use statistical data filed with the Commission by registrants under the Securities Exchange Act of 1934 and the Securities Act of 1933. These data are summarized in a series of reports known as the "Survey of American Listed Corporations" showing individual data for each company as well as industry totals for registered companies. Two series of reports were completed in the past fiscal year, one covering "Data on Profits and Operations, 1942-1943" and another "Balance Sheet Data, 1939-1943". Principal items furnished in the reports on profits and operations are data on sales, costs and/or operating expenses, operating profits, net profit before and after income taxes, depreciation, depletion, etc., maintenance and repairs, selling, general and administrative expenses, and return on net worth before and after taxes. Each of these companies' reports also shows data before and after renegotiations of all contracts, the amounts and effects of "carry-backs" of taxes and data on termination of contracts whenever reported. "Balance Sheet Data, 1939-1943" contains detailed balance sheets for the same industry groups which were included in the reports on profits and operations with condensed statements for each of the individual companies. Covering five years, the principal items in the report are current assets and current liabilities, investments, land, buildings and equipment and applicable reserves, post-war refunds of excess-profits taxes, capital surplus, earned surplus, total assets, total liabilities and net worth, and in addition to these balance sheet items preferred and common dividends paid.

### Investment Company Data

Data for closed-end and open-end management investment companies were compiled and released quarterly showing purchases and sales of their own stocks and bonds and changes in their portfolios and in their principal asset items.

### Stock Market Statistics

The Commission continued to publish indexes of weekly closing prices of common stocks on the New York Stock Exchange, the monthly market value and volume of sales on registered and exempted securities exchanges, daily and weekly round-lot stock sales on the two New York Exchanges, weekly round-lot stock transactions on the New York Stock Exchange for accounts of members and nonmembers, weekly round-lot and odd-lot transactions on the New York Curb Exchange for accounts of members and nonmembers, and daily odd-lot stock transactions on the New York Stock Exchange for odd-lot accounts of odd-lot dealers and specialists.

### Special Studies

The Commission's staff continued its studies on various aspects of trading in securities, including a report on floor trading, an analysis of broker and dealer trading, and a study of the financial condition of brokers. Other studies were conducted during the year on the methods of compensating customers' men, the division

of brokerage fees in special offerings, trading in certain foreign securities, trading practices on two of the national securities exchanges, the volume of purchases and sales of security options, and general research on exchange rules and practices.

### War Activities

As a part of the Commission's war activities, several members of the staff were loaned to various war agencies and committees for special economic investigations in Germany.

## PUBLICATIONS

### Public Releases

The releases issued during the past fiscal year included 74 under the Securities Act of 1933; 126 under the Securities Exchange Act of 1934; 768 under the Public Utility Holding Company Act of 1935; 123 under the Investment Company Act of 1940; and 2 under the Investment Advisers Act of 1940. In addition, 3 releases were issued concerning the Commission's activities in corporate reorganizations, and 4 releases were issued under the Trust Indenture Act of 1939.

The following is a partial classification by subject matter for the past fiscal year:

Findings, Opinions and Orders	276
Orders, excluding those with Findings and Opinions	543
Reports on Court Actions	73
Statistical data	10
Survey series	6
Accounting series	4

### Other Publications

Decisions and Reports of the Commission:

Buckram-Bound

Volume 11 - March 8, 1942 to August 31, 1942

(The Decisions and Reports of the Commission may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C., and a price list will be furnished upon request.)

Twelve monthly issues of the Official Summary of Security Transactions and Holdings of Officers, Directors and Principal Stockholders.

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1944, together with Supplements thereto.

Security Issues of Electric and Gas Utilities, 1935-44.

Financial Statistics for Electric and Gas Subsidiaries of Registered Public Utility Holding Companies, 1944.

Report on Floor Trading - January 15, 1945.



(A complete list of the Commission's publications, the Rules of Practice or the Guide to Forms will be sent upon request made to the Office of the Commission in Philadelphia, Pennsylvania.)

CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

Conditions under which the Commission may provide for the confidential treatment of information contained in applications, reports or documents which registrants are required to file under various Acts administered by it have been described in the Tenth Annual Report, page 217. The Commission, in exercising this power, determines whether disclosure of the information in question is in the public interest, or whether it would be inconsistent with the standards of the Code of Wartime Practices promulgated by the United States Office of Censorship.

The number of applications for such confidential treatment received and acted upon during the past fiscal year is indicated below.

Applications for confidential treatment—Fiscal Year 1945

<u>Act under which filed</u>	<u>Number pending July 1, 1944</u>	<u>Number received</u>	<u>Number granted</u>	<u>Number denied or withdrawn</u>	<u>Number pending June 30, 1945</u>
Securities Act of 1933 a/ Securities Exchange Act of 1934 b/	1	55	50	3	3
	<u>10</u>	<u>94</u>	<u>66</u>	<u>14</u>	<u>24</u>
Total	11	149	116	17	27

a/ These figures represent applications filed under Rules 580 and 171.

b/ These figures represent applications filed under Rules X-24B-2 and X-6.

INFORMATION AVAILABLE FOR PUBLIC INSPECTION

The Commission maintains public reference rooms at the central office in Philadelphia, Pennsylvania, and in its regional offices in New York City and Chicago, Illinois.

Copies of all public information on file with the Commission, contained in registration statements, applications, reports, declarations, and other public documents, are available for inspection in the public reference room at Philadelphia. During the past fiscal year 2,454 persons visited this public reference room seeking such information. In addition to providing facilities for personal inspection of registered public information, the public reference room received thousands of letters and telephone calls from persons requesting registered information. (This does not include requests for copies of releases, forms, publications, etc.) Through the facilities provided for the sale of copies of public registered information, 2,312 orders, involving a total of 181,753 pages, were filled.

In its New York Regional Office, located at 120 Broadway, facilities are provided for the inspection of certain public information on file with the Commission. This includes copies of (1) applications for registration of securities on all national securities exchanges, except the New York Stock Exchange and the New York Curb Exchange, together with copies of annual reports, supplemental reports and amendments thereto, and (2) annual reports filed pursuant to the provisions of

Section 15 (d) of the Securities Exchange Act of 1934, as amended, by issuers having securities registered under the Securities Act of 1933, as amended. During the past fiscal year 9,085 persons visited the New York public reference room, and more than 4,388 telephone calls were received from persons seeking registered public information, copies of forms, releases and other material.

In the Chicago Regional Office, located at 105 West Adams Street, copies of applications for registration of securities on the New York Stock Exchange and the New York Curb Exchange, together with copies of all annual reports, supplemental reports and amendments thereto, are available for public inspection. During the fiscal year ended June 30, 1945, 2,948 members of the public visited this public room, and approximately 729 telephone calls were received, a total of 3,677 inquiries. Of this total, 3,593 were for registered public information, forms, releases and other material.

In addition to the material which is available in the New York and Chicago public reference rooms, there are available in each of the Commission's regional offices copies of all prospectuses used in public offerings of securities effectively registered under the Securities Act of 1933, as amended. Duplicate copies of applications for registration of brokers or dealers transacting business on over-the-counter markets, together with supplemental statements thereto, filed under the Securities Exchange Act of 1934 and duplicate copies of applications for registration of investment advisers and supplemental statements thereto filed under the Investment Advisers Act of 1940, are available for inspection in the regional office having jurisdiction over the zone in which the registrant's principal office is located. Also, inasmuch as letters of notification under Regulation A exempting small issues of securities from the registration requirements of the Securities Act of 1933, as amended, may be filed with the regional office of the Commission for the region in which the issuer's principal place of business is located, copies of such material are available for inspection at the particular regional office where filed.

In the Commission's San Francisco and Cleveland regional offices, in which are provided complete facilities for registration of securities and qualification of indentures, copies of registration statements and applications for qualifications of indentures filed at those offices are available for public inspection.

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

#### PUBLIC HEARINGS

The following statistics indicate the number of public hearings held by the Commission from July 1, 1944 to June 30, 1945:

Securities Act of 1933	2
Securities Exchange Act of 1934	36
Public Utility Holding Company Act of 1935	201
Trust Indenture Act of 1939	0
Investment Advisers Act of 1940	0
Investment Company Act of 1940	21

#### PERSONNEL

As of the close of the past fiscal year, the personnel of the Commission was comprised of 5 Commissioners and 1,146 employees, 299 of whom were assigned to the regional offices. This is exclusive of 439 employees who were then in the military

service and who were carried on the rolls in a furlough status. This figure for employees in the military service does not include the 25 employees who have received honorable discharges from the military service and who have returned to duty with the Commission and 6 employees whose names were dropped from the rolls of the Commission because of death while in the military service.

The total of 1,151 employees is segregated as to sex as follows: 582 males and 569 females.

FISCAL AFFAIRS

<u>Appropriation Title</u>	<u>Amount</u>	<u>Obligations</u>	<u>Unobligated balance</u>
Salaries and Expenses	\$4,651,704	\$4,509,813	\$141,891
Printing and Binding	45,000	44,918	82
Total	<u>\$4,696,704</u>	<u>\$4,554,731</u>	<u>\$141,973</u>

Working Fund Advanced to Securities and Exchange Commission by Foreign Economic Administration to Cover Cost of Services Rendered by the Commission

Working fund, Securities and Exchange Commission	\$ 150,000	\$ 55,756	\$ 94,244
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Receipts for the Fiscal Year 1945 1/

<u>Character of Fee</u>	<u>Amount</u>
Fees for registration of securities	\$398,575.51
Fees under Trust Indenture Act	1,800.00
Fees from Registered Exchanges	235,604.34
Fees from sale of photo duplicates	17,201.86
Miscellaneous	994.33
Total	<u>\$654,176.04</u>

1/ This money must be turned into the general fund of the Treasury of the United States and is not available for expenditure by the Commission.



**PART IX**

**APPENDIX**

**STATISTICAL TABLES**



Table 1.-Registrations under the Securities Act of 1933 fully effective during the fiscal year ended June 30, 1945

## Part 1.-Distribution by Months

(Amounts in thousands of dollars<sup>1/</sup>)

Year and Month	All Effectively Registered			Proposed for Sale for Account of Issuers		
	Number of Statements	Number of Issues	Amount	Number of Statements	Number of Issues	Amount
1944						
July	28	35	158,248	27	30	125,483
August	18	20	65,932	13	13	37,656
September	20	27	252,457	19	23	245,641
October	33	44	780,496	26	32	730,586
November	33	42	218,266	25	28	193,649
December	11	13	37,886	8	9	28,584
1945						
January	18	45	218,208	16	40	195,838
February	14	39	85,950	11	33	80,101
March	32	40	262,164	23	25	199,627
April	49	74	370,049	39	54	243,422
May	62	89	481,665	46	59	374,556
June	22	40	293,263	18	31	259,631
Total Fiscal Year 1945	340 <sup>2/</sup>	508	3,224,584	271	377	2,714,776

Table 1. Part 2.-Breakdown by method of distribution and type of security of the volume proposed for cash sale for account of the issuers

(Amounts in thousands of dollars<sup>1/</sup>)

Method of Distribution and Group to Whom Offered	Type of Security					
	All Types	Secured Bonds	Unsecured Bonds	Preferred Stock	Common Stock	Other <sup>4/</sup> Types
All Methods of Distribution	2,714,776	1,386,788	320,786	406,875	316,178	284,149
To General Public	2,590,720	1,386,788	318,847	358,886	253,613	272,586
To Security Holders	104,736	-	250	44,761	59,725	-
To Other Special Groups	19,320	-	1,689	3,229	2,840	11,563
Through Investment Bankers	2,662,416	1,385,085	317,797	404,727	286,606	268,201
By Purchase and Resale	2,187,844	1,384,235	317,797	399,385	86,428	-
To General Public	2,116,711	1,384,235	317,797	355,516	59,164	-
To Security Holders	70,295	-	-	43,031	27,264	-
To Other Special Groups	838	-	-	838	-	-
On Best Efforts Basis	474,572	850	-	5,342	200,179	268,201
To General Public	461,925	850	-	3,370	189,504	268,201
To Security Holders	12,404	-	-	1,730	10,674	-
To Other Special Groups	244	-	-	243	1	-
By Issuers	52,360	1,704	2,989	2,149	29,571	15,948
To General Public	12,083	1,704	1,050	-	4,945	4,385
To Security Holders	22,038	-	250	-	21,788	-
To Other Special Groups	18,238	-	1,689	2,149	2,838	11,563

<sup>1/</sup>Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.<sup>2/</sup>This number of statements "fully effective" differs from the 344 shown as "effective" in the table on page of the text by reason of (a) the exclusion of five statements effective during the year subject to further amendments which amendments were not made during the year (three to cover results of competitive bidding and the other two to cover deficiencies); and (b) the inclusion of one statement which was effective during the preceding fiscal year subject to the filing of amendment covering the receipt of competitive bids, which amendment became effective during the fiscal year ended June 30, 1945.<sup>3/</sup>Consists entirely of voting trust certificates.<sup>4/</sup>Consists mainly of certificates of participation and face amount installment certificates.

Table 1. Part 3-Purpose of Registration and Industry of Registrant

(Amounts in thousands of dollars)

Purpose of registration and use of proceeds	Industry									
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric light, power, heat, water and gas	Other		
Number of statements	340 2/	1	170	58	25	11	57	18		
Number of issues	508	1	241	122	33	12	74	25		
For all purposes of registration (estimated value)	3,224,584	1,775	1,080,274	519,629	83,402	108,996	1,401,852	28,656		
Less: Not for sale	357,605	-	211,453	10,081	21,423	19,907	91,146	3,499		
For account of issuers	337,378	-	206,597	9,818	21,423	5,355	91,146	3,040		
Reserved for conversion	74,417	-	72,277	250	1,215	-	-	675		
Reserved for option	23,876	-	13,100	8,318	2,083	-	-	375		
For substitution 3/	3,948	-	-	1,000	1,159	-	-	1,790		
For exchange for other securities	227,719	-	118,402	250	16,966	5,355	88,146	200		
For other purposes	5,418	-	2,418	-	-	-	3,000	-		
For account of others	20,231	-	4,956	263	-	14,552	-	460		
For sale (estimated gross proceeds)	2,866,975	1,775	868,721	509,549	61,970	89,088	1,310,706	25,157		
Less: For account of others than issuer	157,700	1,775	82,718	4,275	25,492	11,332	25,444	1,163		
For sale for account of issuers	2,714,776	-	786,003	505,274	36,487	77,756	1,285,262	23,994		
Less: Cost of flotation	101,183	-	36,798	37,493	1,550	3,755	20,874	712		
Compensation to distributors	86,777	-	30,702	36,974	1,245	3,016	13,807	572		
Expenses	14,406	-	6,096	519	305	759	7,067	140		
Expected net proceeds from sales for account of issuers	2,613,492	-	749,201	467,781	34,937	74,001	1,264,388	23,281		
New money	435,545	-	382,582	2,064	19,742	7,078	15,906	5,173		
Plant and equipment	172,408	-	134,690	-	14,256	6,994	12,673	3,796		
Working Capital	258,710	-	246,466	2,064	5,486	84	3,233	1,377		
Other new money purpose	1,427	-	1,426	-	-	-	-	-		
Repayment of debt, and retirement of stock	1,699,618	-	346,065	11,632	14,240	66,842	1,242,632	18,101		
Bonds and notes	1,455,239	-	254,130	4,282	4,063	65,997	1,149,043	17,625		
Other debt	22,002	-	14,178	4,794	742	-	1,912	376		
Preferred stock	182,377	-	77,761	2,157	9,537	845	91,678	100		
Purchase of securities	477,603	-	17,503	453,711	350	-	5,640	-		
For investment	454,211	-	500	453,711	-	-	-	-		
For affiliation	23,392	-	17,467	-	350	-	5,640	-		
Purchase of other assets	2,235	-	1,874	-	410	-	-	-		
Miscellaneous and unaccounted for	1,681	-	827	374	65	81	210	7		



Table 2.--Classification by quality and size of new issues, exclusive of investment trust issues, registered under the Securities Act of 1933 for sale to the general public through investment bankers for the fiscal years 1939 to 1945.

Part 1.--Number of issuer and aggregate value.

(Amounts in thousands of dollars)

Fiscal year ended June 30	Size of issue (\$,000,000)	Bonds										Preferred stock	Common stock					
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below fifth	Unrated	All bonds	No. of Aggregate issues value	No. of Aggregate issues value							
1944	50 and over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	20 - 50	0	2	4	4	0	0	0	0	0	0	0	0	2	2	2	2	
	5 - 20	0	6	6	6	2	2	2	2	2	2	2	2	13	13	13	13	
	1 - 5	0	0	0	0	2	2	2	2	2	2	2	2	23	23	23	23	
	Under 1	0	0	0	2	1	1	1	1	1	1	1	1	7	7	7	7	
All sizes	0	8	12	27	5	5	5	5	5	5	5	5	59	45	45	18	31,098	
1945	50 and over	3	4	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0
	20 - 50	0	5	9	11	1	1	1	1	1	1	1	1	17	17	17	17	17
	5 - 20	2	4	3	11	2	2	2	2	2	2	2	2	23	23	23	23	23
	1 - 5	0	0	1	9	7	7	7	7	7	7	7	7	27	27	27	27	27
	Under 1	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	2	2
All sizes	5	13	14	23	10	6	6	6	6	6	6	6	79	86	86	53	64,542	
1939 thru 1945	50 and over	7	12	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0
	20 - 50	7	25	41	22	1	1	1	1	1	1	1	1	97	97	97	97	97
	5 - 20	8	26	41	55	15	15	15	15	15	15	15	15	147	147	147	147	147
	1 - 5	0	3	14	50	32	32	32	32	32	32	32	32	115	115	115	115	115
	Under 1	0	1	2	4	19	19	19	19	19	19	19	19	55	55	55	55	55
All sizes	22	67	103	136	67	16	16	16	16	16	16	16	443	306	306	277	244,623	

Table 2. Part 2. Compensation<sup>1/</sup> to distributors  
(Per cent of gross proceeds<sup>2/</sup>)

Fiscal year ended June 30	Size of issue (\$,000,000)	Bonds <sup>2/</sup>										Preferred stock	Common stock		
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below fifth	Unrated	All bonds						
1944	50 and over	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	20 - 50	-	1.4	1.4	1.4	-	-	-	-	-	-	1.4	3.2	-	-
	5 - 20	-	0.9	0.9	1.7	2.3	-	-	-	3.0	-	1.4	2.3	-	7.0
	1 - 5	-	-	1.5	2.4	5.0	4.7	-	-	-	-	2.8	3.2	-	8.0
	Under 1	-	-	-	3.5	7.5	-	-	-	3.5	-	4.5	3.0	-	11.2
	All sizes	-	1.1	1.2	1.7	3.4	4.7	-	3.1	-	1.5	3.1	-	8.1	
1945	50 and over	1.1	0.8	1.6	1.3	-	-	-	-	-	1.1	-	-	-	-
	20 - 50	-	0.9	1.1	1.9	1.7	2.5	-	-	-	1.2	1.8	-	-	-
	5 - 20	1.8	1.3	1.0	1.2	2.4	-	-	1.0	-	1.3	2.4	-	7.2	
	1 - 5	-	-	0.9	1.6	2.9	5.1	-	3.4	-	2.6	4.5	-	9.1	
	Under 1	-	-	-	-	-	-	-	7.9	-	7.9	8.3	-	11.8	
	All sizes	1.1	0.9	1.2	1.5	2.1	3.1	-	2.1	-	1.3	3.1	-	9.3	
1939 thru 1945 <sup>3/</sup>	50 and over	1.2	1.4	1.7	1.3	-	-	-	-	-	1.5	-	-	-	-
	20 - 50	1.5	1.6	1.7	1.9	1.7	2.5	-	-	-	1.7	1.7	-	-	-
	5 - 20	1.4	1.3	1.5	1.7	2.5	-	-	1.8	-	1.6	2.7	-	8.2	
	1 - 5	-	1.9	1.9	2.3	3.5	4.7	-	5.3	-	2.8	4.8	-	11.5	
	Under 1	-	1.9	2.7	4.5	3.9	6.7	-	7.5	-	5.3	9.6	-	16.4	
	All sizes	1.3	1.5	1.7	1.9	2.7	3.5	-	3.7	-	1.7	3.7	-	12.4	

<sup>1/</sup> Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.

<sup>2/</sup> The grades are according to the classification of the bonds by the investment rating services: "first grade" corresponds to Moody's Aaa, Standard and Poor's Aaa, Fitch's Aaa; "second grade" to Aa, A1, Aa; etc.

<sup>3/</sup> A breakdown by quality and size of issue for each of the years 1939 to 1943, similar to that given above for 1944 and 1945, can be found in the Ninth Annual Report, Appendix Table 2.

<sup>4/</sup> The compensation figures are based on the figures reported in the registration statements as of their effective dates. They do not, therefore, include additional compensation which may have been realized later from the exercise of options which had no realizable value on the effective dates.

Table 3.--NEW SECURITIES OFFERED FOR CASH SALE IN THE UNITED STATES 1/

## Part 1.-Type of Offering

(Estimated gross proceeds in thousands of dollars) 2/

Year and Month	All Offerings	Public 3/		Registered	Private		Other 5/	Intrastate
		Registered	Exempt 3/		Exempt 4/	Registered		
July 1934 to June 1935	3,553,976	496,505	2,711,097	0	80,568	261,508	4,298	
July 1935 to June 1936	11,060,996	3,265,199	7,372,131	67,161	19,499	325,493	11,514	
July 1936 to June 1937	7,601,506	3,006,992	4,244,812	8,666	20,869	302,590	17,577	
July 1937 to June 1938	3,454,156	891,614	2,196,440	2,953	7,219	350,838	5,092	
July 1938 to June 1939	6,817,226	1,651,696	4,356,446	61,304	69,188	670,988	7,604	
July 1939 to June 1940	5,511,591	1,295,916	3,417,451	14,712	45,659	731,322	6,532	
July 1940 to June 1941	9,842,273	1,682,442	7,142,634	111,866	57,800	837,526	10,005	
July 1941 to June 1942	19,920,551	1,280,345	18,104,723	5,375	7,886	520,098	2,125	
July 1942 to June 1943	47,489,692	419,942	46,754,376	0	0	314,770	603	
July 1943 to June 1944	52,399,938	1,050,882	50,750,658	0	56,829	540,556	1,013	
July 1944 to June 1945	53,888,694	2,125,292	50,995,557	12,063	34,433	698,686	22,664	
1944								
July	3,035,833	79,299	2,848,363	0	0	92,534	15,637	
August	1,087,649	28,477	1,010,547	0	0	48,625	0	
September	1,454,585	235,696	1,186,015	663	0	31,871	340	
October	1,726,296	651,105	1,042,903	11,400	0	20,888	0	
November	2,556,125	177,793	2,226,595	0	4,433	146,295	1,010	
December	16,044,139	10,875	15,958,344	0	30,000	43,880	1,040	
1945								
January	1,840,396	118,642	1,688,312	0	0	33,443	0	
February	1,505,172	64,596	1,192,524	0	0	47,850	201	
March	1,522,005	189,079	1,299,176	0	0	33,750	0	
April	1,937,764	190,405	1,672,390	0	0	74,969	0	
May	3,175,966	376,063	2,755,820	0	0	39,647	4,436	
June	18,202,764	3,262	18,114,568	0	0	84,934	0	

Table 3. Part 2. Type of Security  
(Estimated gross proceeds in thousands of dollars) 2/

Year and Month	All Types of Securities			Bonds, Debentures and Notes			Preferred Stock	Common Stock
	All Issuers	All Types of Securities		All Issuers	Bonds, Debentures and Notes			
		Non-corporate	Corporate		Non-corporate	Corporate		
July 1934 to June 1935	3,553,976	2,658,791	895,184	3,534,933	2,658,791	876,142	12,161	6,881
July 1935 to June 1936	11,060,996	6,853,177	4,207,819	10,765,721	6,853,177	3,912,544	188,752	106,524
July 1936 to June 1937	7,501,506	3,896,145	3,705,361	6,772,299	3,896,145	2,876,154	410,020	419,188
July 1937 to June 1938	3,454,156	2,165,081	1,289,075	3,207,377	2,165,081	1,042,296	186,029	60,749
July 1938 to June 1939	6,817,226	4,371,626	2,445,601	6,636,832	4,371,626	2,265,206	106,650	73,745
July 1939 to June 1940	5,511,591	3,189,573	2,322,017	5,280,499	3,189,573	2,090,926	135,681	95,411
July 1940 to June 1941	9,842,273	6,811,670	3,030,603	9,604,238	6,811,670	2,792,568	172,313	65,721
July 1941 to June 1942	19,920,551	17,933,427	1,987,124	19,620,469	17,933,427	1,687,042	184,270	115,813
July 1942 to June 1943	47,489,692	46,747,286	742,406	47,427,238	46,747,286	679,952	33,311	29,144
July 1943 to June 1944	52,399,938	50,665,588	1,734,349	51,990,392	50,665,588	1,324,804	325,670	83,875
July 1944 to June 1945	53,888,694	49,739,750	4,148,944	53,304,239	49,739,750	3,564,489	372,499	211,954
1944								
July	3,035,833	2,826,257	209,576	2,994,724	2,826,257	168,466	20,027	21,082
August	1,087,549	869,103	218,546	1,067,088	869,103	197,985	12,303	8,258
September	1,454,585	992,057	462,528	1,391,191	992,057	399,134	53,809	9,585
October	1,726,296	983,808	742,488	1,676,507	983,808	692,698	38,683	11,106
November	2,556,125	2,176,463	379,661	2,522,402	2,176,463	345,939	19,757	15,966
December	16,044,139	15,862,335	181,803	15,994,973	15,862,335	132,638	2,753	46,412
1945								
January	1,840,396	1,559,792	280,604	1,788,881	1,559,792	229,089	36,752	14,763
February	1,305,172	1,090,090	215,082	1,291,973	1,090,090	201,884	2,000	11,198
March	1,322,005	1,296,216	225,789	1,469,443	1,296,216	173,226	40,645	11,917
April	1,937,764	1,294,421	643,344	1,854,249	1,294,421	559,828	43,143	40,373
May	3,175,966	2,678,632	497,334	3,057,099	2,678,632	378,467	101,711	17,155
June	18,202,764	18,110,575	92,189	18,195,709	18,110,575	85,134	916	6,139

Table 3. Part 3.-Type of Issuer  
(Estimated gross proceeds in thousands of dollars) 2/

Year and Month	Corporate					Non-corporate				Foreign Government	Eleemosynary and other Non-profit
	Total Corporate	Industrial	Public Utility	Rail	Real Estate and Financial	Total Non-corporate	United States Government (Including agency issues guaranteed)	Federal Agency issues not guaranteed	State and Municipal 3/		
July 1934 to June 1935	895,184	328,948	377,605	137,404	51,228	2,658,791	1,572,410	60,109	1,020,326	4,978	968
July 1935 to June 1936	4,207,819	1,340,552	2,008,143	659,857	199,268	6,853,177	5,354,660	94,827	1,248,675	130,538	24,477
July 1936 to June 1937	3,705,361	1,203,865	1,637,526	501,036	362,934	3,896,145	2,589,372	25,446	1,060,212	163,239	57,877
July 1937 to June 1938	1,289,075	659,730	577,281	41,428	10,636	2,165,081	1,206,754	81,670	863,794	3,250	9,613
July 1938 to June 1939	2,445,601	954,950	1,365,340	106,351	18,759	4,371,626	2,904,127	63,269	1,322,048	66,797	15,385
July 1939 to June 1940	2,322,017	691,039	1,108,225	297,935	224,719	3,189,573	2,140,357	47,258	952,491	27,939	21,527
July 1940 to June 1941	3,030,603	1,047,929	1,530,509	375,026	77,139	6,811,670	5,411,505	73,742	1,295,248	4,120	27,055
July 1941 to June 1942	1,987,124	779,472	977,422	174,202	56,059	17,933,427	17,209,070	35,172	679,850	0	9,334
July 1942 to June 1943	742,406	291,823	331,753	106,265	12,565	46,747,286	46,193,211	2,912	457,405	89,700	4,058
July 1943 to June 1944	1,734,349	854,064	657,746	163,404	59,136	50,665,589	50,141,375	1,185	496,970	19,398	6,661
July 1944 to June 1945	4,148,944	1,166,152	1,680,776	1,191,007	111,011	49,739,750	48,832,628	114,428	776,031	15,000	1,662
1944											
July	209,576	123,850	63,228	21,056	1,442	2,826,257	2,790,537	0	35,720	0	0
August	218,546	48,151	31,486	135,490	3,420	869,103	803,879	0	65,224	0	0
September	462,528	93,966	171,354	191,187	6,022	992,057	973,720	0	18,337	0	0
October	742,488	196,336	506,696	36,809	2,647	983,808	875,678	0	108,131	0	0
November	379,661	48,770	275,832	52,829	2,231	2,176,463	2,105,018	0	71,445	0	0
December	181,803	34,790	21,005	82,790	43,219	15,862,335	15,827,631	0	33,795	0	909
1945											
January	280,604	84,300	65,857	120,804	9,643	1,559,792	1,331,890	114,428	113,475	0	0
February	215,082	27,448	60,600	109,085	17,949	1,090,090	1,060,386	0	14,703	15,000	0
March	225,789	95,837	125,493	0	4,459	1,296,216	1,122,131	0	173,984	0	101
April	643,344	121,371	141,499	365,269	15,204	1,294,421	1,245,336	0	49,085	0	0
May	497,334	231,662	187,426	75,688	2,557	2,678,632	2,636,858	0	41,774	0	0
June	92,189	59,671	30,300	0	2,218	18,110,575	18,059,564	0	50,358	0	652

Table 3. Part 4.-Private Placements of Corporate Securities 6/  
(Estimated gross proceeds in thousands of dollars) 2/

Year and Month	All Private Placements	Type of Security				Type of Issuer				Real Estate and Financial
		Bonds, Debentures and Notes	Stocks	Industrial	Public Utility	Railroad				
July 1934 to June 1935	261,508	259,459	2,050	158,469	77,700	0	25,340			
July 1935 to June 1936	412,152	409,264	2,889	165,324	215,530	19,499	11,800			
July 1936 to June 1937	327,625	324,061	3,564	121,638	151,905	13,386	40,695			
July 1937 to June 1938	357,759	357,158	601	226,698	123,343	7,219	500			
July 1938 to June 1939	749,128	748,729	399	360,771	364,232	23,432	693			
July 1939 to June 1940	756,819	747,890	8,927	138,703	418,614	9,592	189,909			
July 1940 to June 1941	996,392	994,094	2,298	361,090	563,160	24,142	48,000			
July 1941 to June 1942	531,458	523,188	8,270	272,472	221,017	5,986	31,984			
July 1942 to June 1943	314,770	312,720	2,050	144,537	152,233	18,000	0			
July 1943 to June 1944	592,485	585,270	7,215	347,521	162,660	77,979	4,325			
July 1944 to June 1945	743,666	733,352	10,314	403,351	300,019	34,433	5,864			
1944										
July	92,534	92,534	0	84,704	7,830	0	0			
August	48,625	47,707	918	33,293	15,332	0	0			
September	32,534	31,435	1,099	9,903	19,381	0	3,250			
October	32,288	32,288	0	29,909	2,379	0	0			
November	150,727	149,312	1,415	24,148	121,651	4,433	496			
December	73,880	72,598	1,182	22,875	21,005	30,000	0			
1945										
January	31,928	30,928	1,000	10,000	20,000	0	1,928			
February	47,850	47,850	0	22,600	25,250	0	0			
March	33,750	31,300	2,450	22,950	10,800	0	0			
April	74,969	74,969	0	53,526	21,444	0	0			
May	39,647	37,647	2,000	35,000	4,647	0	0			
June	84,934	84,584	350	54,444	30,300	0	190			

1/ These statistics cover substantially all such securities offered in amounts of more than \$100,000 and with terms to maturity of more than one year. Excluded are open-end investment company issues sold through continuous offerings, intercorporate transactions, United States Government "Special Series" issues, and other sales directly to Federal agencies and trust accounts, and notes issued exclusively to commercial banks. All figures are subject to revision as new data are received. Revisions have been made in the figures on the United States Government securities to include Treasury Savings Notes. The notes, which were originally known as Treasury Tax Savings Notes, were excluded from this statistical series because they were designed to help taxpayers set aside funds, and were turned back to the Treasury in large part in payment of taxes. Since the introduction of withholding taxes in 1943, however, these notes have been issued mainly for short-term investment purposes, as well as the accumulation of tax reserves, and the title of the notes was changed to Treasury Savings Notes. The addition of these notes affects the figures for the years 1942, 1943, 1944, and 1945 in the following columns of Table 3, Parts 1, 2, and 3: All offerings; Public, exempt; All Non-corporate; All Bonds and Notes; Non-corporate Bonds and Notes; and United States Government.

2/ Gross proceeds are derived by multiplying principal amounts or numbers of units by offering prices, except for municipal issues where principal amount is used. Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.

3/ Issues sold by competitive bidding directly to ultimate investors are classified as publicly-offered issues.

4/ Exempt issues include offerings of Federal, state, and local governments, banks, issuers subject to regulation by the Interstate Commerce Commission, and elementary and other non-profit institutions. Also includes issues in the size group between \$100,000 and \$300,000 which are exempt because of amendments to Regulation A of the Securities Act of 1933, effective May 21, 1945; it was not until June, 1945 that any of the issues affected by these amendments were actually offered for cash sale, the total amount in that month being \$3,343,000.

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

6/ Excludes issues sold by competitive bidding directly to ultimate investors.

Table 4.--PROPOSED USES OF NET PROCEEDS FROM THE SALE OF NEW CORPORATE SECURITIES OFFERED FOR CASH SALE IN THE UNITED STATES

## Part 1.--All Corporate

(Amounts in thousands of dollars) 2/

Year and Month	Total Gross Proceeds 1/	Total Net Proceeds 1/	New money			Retirements					All other Purposes	
			Total New Money	Plant and Equipment	Working Capital	Total Retirements	Funded Debt	Other Debt	Preferred Stock			
July 1934 to June 1935	895,184	872,204	112,067	55,796	56,272	728,959	628,633	99,661	665	31,178		
July 1935 to June 1936	4,207,819	4,080,791	439,055	260,586	158,469	3,637,122	3,167,120	253,312	216,691	24,613		
July 1936 to June 1937	3,705,361	3,589,334	1,195,768	561,309	633,859	2,332,519	1,986,784	91,786	253,949	61,047		
July 1937 to June 1938	1,289,075	1,255,763	650,750	412,191	238,559	599,720	453,021	129,217	17,452	5,294		
July 1938 to June 1939	2,445,601	2,391,738	587,503	379,369	208,133	1,790,275	1,439,212	174,461	126,602	13,961		
July 1939 to June 1940	2,322,017	2,267,785	292,377	184,099	108,278	1,948,865	1,695,787	182,657	70,420	26,543		
July 1940 to June 1941	3,030,603	2,970,499	782,268	616,578	165,691	2,167,477	1,923,831	99,685	143,961	20,753		
July 1941 to June 1942	1,987,124	1,954,957	862,499	589,342	273,157	1,061,176	800,818	206,535	53,824	31,283		
July 1942 to June 1943	742,406	728,304	242,444	123,906	118,538	459,101	397,737	26,832	34,532	26,759		
July 1943 to June 1944	1,734,349	1,699,741	458,620	229,009	229,611	1,200,933	915,837	97,368	187,728	40,188		
July 1944 to June 1945	4,148,944	4,071,648	732,995	282,663	450,331	3,293,467	2,920,012	43,402	330,053	45,188		
1944												
July	209,576	205,677	62,961	37,358	25,603	136,128	107,109	4,702	24,317	6,588		
August	218,546	215,499	61,338	27,207	34,131	151,379	148,692	2,277	2,411	2,783		
September	482,528	453,268	29,403	18,193	11,210	417,011	375,168	2,100	39,743	6,854		
October	742,488	729,475	125,458	10,162	115,296	596,992	569,889	2,643	24,461	7,025		
November	379,661	373,003	33,196	16,604	16,592	339,318	223,896	900	114,522	489		
December	181,803	178,481	65,831	9,297	56,534	109,174	106,230	0	2,944	3,476		
1945												
January	280,604	274,964	35,148	14,285	20,864	239,815	220,837	0	18,978	0		
February	215,082	211,714	28,319	16,227	12,092	182,188	160,069	4,794	17,325	1,207		
March	225,789	221,294	47,808	28,433	19,375	171,937	157,955	672	13,309	1,549		
April	643,344	632,072	102,322	55,006	47,316	527,201	500,620	14,377	12,203	2,550		
May	437,334	485,468	136,483	48,625	87,857	342,743	278,035	12,037	52,671	6,242		
June	92,189	90,733	4,728	1,266	3,461	79,581	71,512	900	7,169	0,425		

Table 4. Part 2.-Industrial  
(Amounts in thousands of dollars) 2/

Year and Month	Total Gross Proceeds 1/	Total Net Proceeds 1/	New money				Retirements				All other Purposes
			Total New Money	Plant and Equipment	Working Capital	Total Retirements	Funded Debt	Other Debt	Preferred Stock		
July 1934 to June 1935	328,948	321,656	49,900	19,500	30,400	251,652	239,139	11,847	665	20,104	
July 1935 to June 1936	1,340,552	1,295,998	191,242	96,764	94,478	1,092,997	809,426	151,178	132,392	11,159	
July 1936 to June 1937	1,203,865	1,150,608	602,828	239,994	362,833	507,499	334,333	57,772	115,394	40,282	
July 1937 to June 1938	659,730	642,079	461,609	268,473	193,136	177,228	114,241	45,993	16,993	3,243	
July 1938 to June 1939	954,950	933,170	444,029	253,524	190,505	478,368	328,521	126,882	22,966	10,773	
July 1939 to June 1940	691,039	666,063	118,932	50,408	68,524	532,202	455,255	44,203	32,745	14,929	
July 1940 to June 1941	1,047,929	1,021,150	184,436	98,553	85,883	822,631	676,337	60,309	85,986	14,082	
July 1941 to June 1942	779,472	762,093	401,354	157,220	244,135	337,521	130,170	164,111	43,240	23,217	
July 1942 to June 1943	291,823	284,453	127,442	22,669	104,774	139,758	91,792	20,067	27,899	17,253	
July 1943 to June 1944	854,064	833,347	368,077	157,769	200,308	446,987	223,831	84,091	139,062	28,283	
July 1944 to June 1945	1,166,152	1,132,825	508,715	148,108	360,607	596,814	424,193	36,594	136,025	27,296	
1944											
July	123,850	121,384	36,763	11,371	25,393	78,953	61,250	4,600	13,110	5,668	
August	48,151	47,188	36,432	5,222	31,210	9,911	7,724	2,277	1,911	845	
September	93,966	91,262	12,053	4,089	7,964	77,719	70,621	1,100	5,997	1,490	
October	196,336	191,329	114,657	4,713	109,344	76,600	52,187	2,643	21,770	72	
November	48,770	46,661	22,049	8,877	13,171	24,123	16,325	900	6,898	489	
December	34,790	34,025	24,120	9,245	14,874	6,721	4,039	0	2,682	3,184	
1945											
January	84,300	81,523	27,528	14,285	13,244	53,995	35,427	0	18,568	0	
February	97,448	26,700	9,368	4,534	4,834	16,125	0	0	16,125	1,207	
March	95,837	93,033	41,110	26,142	14,968	50,374	40,294	672	9,407	1,549	
April	121,371	117,767	64,286	29,756	34,530	52,042	28,849	13,745	9,447	1,439	
May	231,662	223,395	117,008	29,406	87,602	100,670	65,972	11,757	22,941	5,717	
June	59,671	58,558	3,341	468	2,873	49,581	41,512	900	7,169	5,636	



Table 4. Part 3.-Public Utility

(Amounts in thousands of dollars) 2/

Year and month	Total Gross Proceeds 1/	Total Net Proceeds 1/	New Money			Retirements				All other Purposes
			Total New Money	Plant and Equip-ment	Working Capital	Total Retirements	Funded Debt	Other Debt	Preferred Stock	
July 1924 to June 1935	377,605	366,631	10,351	4,673	5,678	348,489	316,537	31,952	0	7,792
July 1935 to June 1936	2,008,143	1,955,387	63,863	43,300	20,563	1,888,828	1,786,965	33,169	68,694	2,697
July 1936 to June 1937	1,637,326	1,595,666	79,207	64,923	8,284	1,508,983	1,388,098	12,342	108,543	13,476
July 1937 to June 1938	577,281	563,894	151,898	114,885	37,013	410,704	327,027	83,219	458	1,292
July 1938 to June 1939	1,365,540	1,337,126	86,882	77,017	9,864	1,249,107	1,105,117	47,579	96,411	1,138
July 1939 to June 1940	1,108,325	1,086,454	65,275	54,556	10,719	1,012,482	939,338	35,738	37,407	8,697
July 1940 to June 1941	1,530,509	1,504,828	306,804	280,971	25,834	1,194,029	1,129,516	13,390	51,122	3,995
July 1941 to June 1942	977,422	966,212	307,820	305,421	2,408	655,354	609,805	34,966	10,583	3,028
July 1942 to June 1943	331,753	326,315	67,935	61,908	6,027	249,493	236,095	6,765	6,633	8,838
July 1943 to June 1944	657,746	646,761	17,898	7,160	10,738	619,136	561,768	10,862	46,505	9,727
July 1944 to June 1945	1,680,776	1,654,456	45,077	35,516	9,560	1,595,954	1,406,813	2,014	187,126	12,623
1944										
July	63,228	61,974	5,303	5,093	210	56,128	45,866	102	10,160	542
August	31,486	30,912	3,210	3,189	21	25,765	25,765	0	0	1,947
September	171,354	167,299	5,449	4,299	1,150	156,485	122,390	1,000	33,095	5,364
October	506,696	499,155	8,883	3,930	4,953	485,011	482,806	0	2,205	3,241
November	275,832	272,163	6,727	4,139	2,588	265,436	159,185	0	106,250	0
December	21,005	20,836	51	51	0	20,494	20,494	0	0	291
1945										
January	65,857	64,733	0	0	0	64,733	64,323	0	410	0
February	60,600	59,840	0	0	0	59,840	59,840	0	0	0
March	125,493	123,861	2,298	2,291	7	121,563	117,661	0	3,902	0
April	141,499	139,490	11,897	11,521	376	127,593	125,587	632	1,371	0
May	187,426	184,193	1,259	1,003	255	182,906	152,896	280	29,730	28
June	30,300	30,000	0	0	0	30,000	30,000	0	0	0



Table 4. Part 5.-Real Estate and Financial  
(Amounts in thousands of dollars) 2/

Year and Month	Total Gross Proceeds 1/	Total Net Proceeds 1/	New money			Retirements				All other Purposes
			Total New Money	Plant and Equip-ment	Working Capital	Total Retirements	Funded Debt	Other Debt	Preferred Stock	
July 1934 to June 1935	51,228	50,046	20,276	300	19,976	27,682	9,528	18,104	0	2,137
July 1935 to June 1936	199,268	192,418	41,348	0	41,348	140,313	118,655	6,052	15,605	10,758
July 1936 to June 1937	362,934	353,199	253,981	338	253,643	91,958	60,462	5,191	26,275	7,290
July 1937 to June 1938	10,636	8,976	7,916	6	7,910	301	266	35	0	759
July 1938 to June 1939	18,759	17,090	7,813	50	7,763	7,226	0	0	7,226	2,051
July 1939 to June 1940	224,719	221,787	27,585	0	27,585	191,284	88,511	102,504	2,269	2,917
July 1940 to June 1941	77,139	75,540	54,317	343	53,974	18,837	7,036	7,948	3,853	2,386
July 1941 to June 1942	56,029	54,927	26,616	2	26,614	23,274	15,816	7,458	0	5,037
July 1942 to June 1943	12,565	12,349	7,737	0	7,737	3,992	3,992	0	0	619
July 1943 to June 1944	59,136	57,626	18,565	0	18,565	36,883	32,306	2,415	2,162	2,179
July 1944 to June 1945	111,011	108,593	80,962	799	80,163	23,166	11,471	4,794	6,901	4,465
1944										
July	1,442	1,425	0	0	0	1,048	0	0	1,048	377
August	3,420	3,399	2,899	0	2,899	500	0	0	500	0
September	6,022	5,943	2,096	0	2,096	3,847	3,197	0	650	0
October	2,647	2,577	400	0	400	486	0	0	486	1,691
November	2,231	2,206	832	0	832	1,373	0	0	1,373	0
December	43,219	41,922	41,660	0	41,660	262	0	0	262	0
1945										
January	9,643	9,529	7,620	0	7,620	1,909	1,909	0	0	0
February	17,949	17,635	7,258	0	7,258	10,377	4,383	4,794	1,200	0
March	4,459	4,400	4,400	0	4,400	0	0	0	0	0
April	15,204	14,902	12,410	0	12,410	1,362	0	0	1,362	1,110
May	2,557	2,479	0	0	0	1,982	1,982	0	0	498
June	2,218	2,176	1,387	799	588	0	0	0	0	789

1/ Total estimated gross proceeds represent the amount paid for the securities by investors, while total estimated net proceeds represent the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

2/ Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.

Table 5 - Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934 <sup>1/</sup> - Effective registrations as of June 30, 1945, classified by type of organization and by location of principal office

Location of Principal Office	Number of Registrants				Number of Proprietors, Partners, Officers, etc. <sup>2/</sup>				Number of Employees				Number of Branch Offices			
	Total	Sole Proprietorships	Partnerships	Corporations <sup>3/</sup>	Total	Sole Proprietorships	Partnerships	Corporations <sup>3/</sup>	Total	Sole Proprietorships	Partnerships	Corporations <sup>3/</sup>	Total	Sole Proprietorships	Partnerships	Corporations <sup>3/</sup>
Alabama	20	10	4	6	49	10	13	26	56	11	15	30	2	0	1	1
Arizona	7	4	3	0	11	4	7	0	11	2	9	0	0	0	0	0
Arkansas	16	8	3	5	34	8	7	19	25	7	7	11	0	0	0	0
California	208	78	73	57	688	78	283	327	2,730	280	1,438	1,012	159	14	85	60
Colorado	64	35	8	21	146	35	21	90	169	35	53	81	4	0	3	1
Connecticut	49	17	16	16	152	17	53	82	611	42	311	258	24	3	9	12
Delaware	7	3	2	2	39	3	24	12	260	1	251	8	6	0	5	1
District of Columbia	63	27	11	25	220	27	43	150	584	31	210	343	7	0	4	3
Florida	23	14	3	6	46	14	10	22	73	33	5	35	3	1	0	2
Georgia	22	9	4	9	57	9	13	35	219	6	132	81	16	0	11	5
Iaho	11	6	1	4	23	6	2	15	27	6	3	18	1	0	0	1
Illinois	258	75	89	94	889	75	315	499	3,817	198	2,081	1,598	160	1	118	41
Indiana	51	19	11	21	130	19	23	88	118	18	21	79	1	0	0	0
Iowa	27	8	3	16	83	8	7	68	152	20	14	118	7	0	0	7
Kansas	42	26	4	12	109	26	8	75	95	13	17	65	9	0	1	8
Kentucky	13	4	4	5	27	4	15	18	90	10	51	29	0	0	0	0
Louisiana	69	47	16	6	122	47	56	19	195	41	131	23	10	0	8	2
Maine	31	14	1	15	77	14	6	57	92	23	19	50	0	0	0	0
Maryland	48	26	16	6	136	26	78	32	545	13	498	34	22	0	12	10
Massachusetts	235	117	47	71	767	117	227	423	3,597	279	1,924	1,194	107	3	69	35
Michigan	59	11	20	28	214	11	73	130	525	18	233	274	16	1	7	8
Minnesota	50	15	10	25	177	15	29	133	1,692	49	138	1,505	24	1	8	15
Mississippi	4	3	0	1	6	3	0	3	8	5	0	3	3	0	0	0
Missouri	91	25	30	36	349	25	146	178	975	47	547	381	47	1	18	28
Montana	8	4	1	3	20	4	2	14	48	2	2	44	2	0	0	0
Nebraska	30	12	5	13	85	12	10	63	89	13	12	64	2	0	0	2
Nevada	5	4	1	0	6	4	2	0	4	4	0	10	0	0	0	0
New Hampshire	8	5	1	2	13	5	2	6	16	5	1	10	0	0	0	0
New Jersey	119	70	19	30	250	70	50	130	252	61	53	138	25	3	6	16
New Mexico	10	10	0	0	10	10	0	0	5	5	0	0	0	0	0	0

See footnotes end of table.

Table 5. (Continued) - Brokers and dealers registered under Section 15 of the Securities Exchange Act of 1934, 1/ - Effective registrations as of June 30, 1945, classified by type of organization and by location of principal office

Location of Principal Office	Number of Registrants				Number of Proprietors, Partners, Officers, etc. 2/				Number of Employees				Number of Branch Offices			
	Total	Sole Proprietorships	Partnerships	Corporations 2/	Total	Sole Proprietorships	Partnerships	Corporations 2/	Total	Sole Proprietorships	Partnerships	Corporations 2/	Total	Sole Proprietorships	Partnerships	Corporations 2/
New York (excluding New York City)	274	212	25	37	430	212	77	141	513	133	215	165	18	1	8	9
North Carolina	20	7	3	10	76	7	7	62	112	13	2	97	10	0	0	10
North Dakota	5	3	0	2	12	3	0	9	7	1	0	16	0	0	0	0
Ohio	347	39	50	58	476	39	171	266	1,120	70	566	484	43	0	22	21
Oklahoma	82	71	2	9	118	71	4	43	98	64	0	34	0	0	0	0
Oregon	23	8	6	9	71	8	13	50	100	32	20	48	3	0	0	3
Pennsylvania	215	80	88	47	666	80	359	227	2,703	150	1,913	640	85	2	66	17
Rhode Island	31	14	11	6	68	14	32	22	120	15	92	13	0	0	0	0
South Carolina	23	8	6	9	57	8	18	31	60	11	14	35	5	0	1	4
South Dakota	4	3	0	1	6	3	0	3	4	2	0	2	0	0	0	0
Tennessee	32	11	8	13	100	11	22	67	162	12	50	100	16	0	5	11
Texas	185	127	24	34	383	127	56	200	363	89	69	205	21	1	2	18
Utah	21	8	3	10	70	8	15	47	165	9	124	32	11	1	9	1
Vermont	2	0	0	2	12	0	0	12	9	0	0	9	0	0	0	0
Virginia	21	10	6	5	58	10	24	24	101	17	53	31	2	0	1	1
Washington	96	59	10	27	223	59	33	131	425	68	38	319	13	0	0	12
West Virginia	8	4	3	1	23	4	11	8	19	3	13	3	2	0	2	0
Wisconsin	55	16	5	34	200	16	12	172	382	22	16	344	8	1	0	7
Wyoming	6	6	0	0	6	6	0	0	2	2	0	0	0	0	0	0
Total (excluding New York City)	2,898	1,392	657	849	81,000	1,392	2,379	4,229	23,345	1,931	11,361	10,053	892	39	481	372
New York City	1,201	445	590	166	4,067	445	2,757	865	28,611	450	23,435	2,726	779	10	816	153
Total	4,099	1,837	1,247	1,015	12,067	1,837	5,136	5,094	49,956	2,381	34,796	12,779	1,671	49	1,097	525

1/ Domestic registrants only, excludes 40 foreign.

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

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

Table 6.—Special Offerings Effected on National Securities Exchanges for Fiscal Year Ended June 30, 1945

Exchange	Number Made	In Original Offer	Subscribed	Sold	Value of Shares Sold (Thousands of dollars)	Aggregate Special Commission (Thousands of dollars)	Number of Offerings by Duration		
							Terminated in 15 Minutes	Others Terminated Same Day	Not Terminated Same Day
All Exchanges									
Total Completed	93	1,139,653	1,409,912	1,115,201	34,456	626	46	33	14
Not Completed	82	975,578	1,279,057	984,346	30,504	550	46	32	4
	11	164,975	130,855	130,855	3,952	76	0	1	10
Chicago Stock Exchange									
Total Completed	7	63,750	86,823	63,143	670	19	4	2	1
Not Completed	6	62,850	86,423	62,943	657	19	4	2	0
	1	900	200	200	13	1/	0	0	1
New York Curb Exchange									
Total Completed	4	29,109	44,504	25,904	640	13	1	2	1
Not Completed	3	19,934	35,534	16,934	518	9	1	1	1
	1	9,175	8,970	8,970	122	4	0	1	0
New York Stock Exchange									
Total Completed	80	1,033,794	1,265,069	1,013,154	32,648	585	39	29	12
Not Completed	71	879,794	1,143,384	891,469	28,831	513	39	29	3
	9	154,000	121,685	121,685	3,817	72	0	0	9
San Francisco Stock Exchange									
Total Completed	2	13,000	13,516	13,000	498	9	2	0	0
Not Completed	2	13,000	13,516	13,000	498	9	2	0	0
	0	0	0	0	0	0	0	0	0

1/ \$500 or less.

Table 7.—Market Value and Volume of Sales Effected on All Registered Securities Exchanges

(In Thousands)

For Fiscal Year Ended June 30, 1945

Exchange	Total Market Value (Dollars)	Stocks 1/		Bonds 2/		Rights and Warrants Market Value (Dollars)	Number of Units
		Market Value (Dollars)	Number of Shares	Market Value (Dollars)	Principal Amount (Dollars)		
All Registered Exchanges	15,160,875	13,141,773	595,133	2,004,210	3,016,760	14,892	4,565
Baltimore Stock Exchange	6,929	4,938	298	1,991	2,753	---	---
Boston Stock Exchange	160,626	160,423	4,433	203	193	---	---
Chicago Board of Trade	67	67	24	0	0	---	---
Chicago Stock Exchange	251,687	251,649	11,146	0	0	38	36
Cincinnati Stock Exchange	8,964	8,930	301	34	33	---	---
Cleveland Stock Exchange	15,402	15,398	600	0	0	4	5
Detroit Stock Exchange	44,289	44,289	4,812	---	---	---	---
Los Angeles Stock Exchange	83,726	83,719	7,412	0	0	7	7
New Orleans Stock Exchange	1,366	1,363	164	3	3	---	---
New York Curb Exchange	1,417,531	1,271,560	107,230	132,987	193,954	12,984	3,180
New York Stock Exchange	12,891,017	11,022,338	429,447	1,866,943	2,818,071	1,796	1,295
Philadelphia Stock Exchange	105,862	105,848	4,287	14	6	---	---
Pittsburgh Stock Exchange	18,612	18,602	1,190	10	9	---	---
St. Louis Stock Exchange	5,238	5,123	238	115	148	---	---
Salt Lake Stock Exchange	1,373	1,373	8,333	---	---	---	---
San Francisco Mining Exchange	458	458	4,444	---	---	---	---
San Francisco Stock Exchange	144,073	142,258	7,322	1,692	1,387	123	42
Standard Stock Exchange	1,711	1,711	3,429	---	---	---	---
Washington Stock Exchange	1,944	1,726	43	218	203	---	---

## Breakdown of Fiscal Year Totals by Months

Month	Total Market Value (Dollars)	Stocks 1/ Market Value (Dollars)	Stocks 1/ Number of Shares	Bonds 2/ Market Value (Dollars)	Bonds 2/ Principal Amount (Dollars)	Rights and Warrants Market Value (Dollars)	Number of Units
1944 July	1,226,369	1,054,942	53,696	170,406	258,531	1,021	299
August	850,688	734,748	38,664	115,385	164,549	555	163
September	723,408	622,554	28,058	100,214	143,273	640	216
October	890,652	748,221	32,960	141,242	197,373	1,189	594
November	881,063	742,075	31,199	138,318	208,588	670	172
December	1,356,191	1,160,823	50,542	194,057	308,571	1,311	484
1945 January	1,720,825	1,481,384	69,213	237,830	411,818	1,611	672
February	1,425,009	1,266,858	60,070	156,187	226,548	1,964	315
March	1,433,739	1,254,927	54,999	177,485	249,721	1,327	335
April	1,329,839	1,151,042	47,316	176,998	259,930	1,789	520
May	1,629,816	1,419,062	58,138	209,766	327,147	988	235
June	1,693,286	1,505,137	70,278	186,322	260,711	1,627	560

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

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

Note.—Value and volume of sales effected on registered securities exchanges are reported in connection with fees paid under Section 31 of the Securities Exchange Act of 1934. For most exchanges the figures represent transactions cleared during the calendar month. Figures may differ from comparable figures in the Statistical Bulletin due to revision of data by exchanges. For earlier data see the Tenth Annual Report of the Commission, pages 239 and 240; the Ninth Annual Report, page A-16; the Eighth Annual Report, page A-9; the Seventh Annual Report, pages 288-295; the Sixth Annual Report, pages 276-283; the Fifth Annual Report, pages 222-227; the Fourth Annual Report, pages 166-171; the Third Annual Report, insert facing page 156; the Second Annual Report, insert facing page 116; and the First Annual Report, pages 87-91.

Table 8.--Round-lot stock transactions effected on the New York Stock Exchange for the accounts of members and non-members, weekly, June 26, 1944--June 30, 1945

Week ended Saturday	All round-lot sales		Transactions of specialists in stocks in which they are registered				Transactions for the accounts of members and non-members				Other transactions included off the floor				Round-lot transactions for accounts of non-members			
	Total	Short	Total	Short	Total	Short	Total	Short	Total	Short	Total	Short	Total	Short	Total	Short	Total	Short
1944 July 1	10,976	281	782	103	222	4	810	50	336	255	336	35	8,895	8,806	93			
8	8,645	173	642	75	153	22	430	15	197	197	27	7,148	7,072	77				
15	8,061	191	601	88	140	22	435	30	205	205	33	6,612	6,569	43				
22	8,268	206	736	82	181	24	468	24	249	249	22	6,651	6,582	78				
29	8,363	246	764	58	234	16	238	18	119	119	14	6,665	6,663	51				
Aug. 5	5,111	109	424	49	116	7	344	15	115	115	14	4,052	4,073	30				
12	6,660	192	499	65	176	4	515	16	164	164	16	4,096	4,038	69				
19	5,100	113	418	44	115	2	293	15	127	127	24	3,312	3,186	30				
26	4,065	113	328	47	144	2	232	20	111	111	24	2,186	2,186	38				
Sept. 2	3,556	100	277	42	100	2	138	8	103	103	26	2,880	2,858	30				
9	5,129	137	429	438	148	7	201	21	140	140	10	4,244	4,240	54				
16	3,857	134	325	332	87	7	234	18	91	91	11	3,035	3,087	63				
23	3,969	113	336	43	88	7	222	11	90	90	22	2,983	2,888	35				
30	3,965	114	348	38	110	2	266	8	119	119	28	3,111	3,135	42				
Oct. 7	4,928	109	428	407	139	4	317	9	177	177	200	25	3,890	3,869	34			
14	3,165	79	266	408	133	4	279	8	88	88	120	15	2,557	2,533	26			
21	4,507	124	356	38	158	1	243	10	127	127	236	40	3,594	3,560	36			
28	4,826	161	429	442	171	1	299	22	127	127	212	39	3,900	3,789	67			
Nov. 4	4,119	109	336	324	104	4	187	11	105	105	147	23	3,317	3,357	40			
11	3,898	116	282	283	36	60	149	11	103	103	170	26	3,173	3,204	43			
18	5,103	162	385	60	127	7	187	14	137	137	33	30	4,199	4,126	55			
25	3,552	119	307	293	44	147	155	10	132	132	136	30	2,821	2,894	35			
Dec. 2	5,747	159	456	55	208	150	263	224	229	229	274	33	4,951	4,875	67			
9	8,787	241	660	656	71	233	387	24	200	200	39	7,217	7,154	67				
16	9,175	298	678	682	92	261	444	402	263	263	42	7,569	7,493	94				
23	7,310	187	630	576	60	171	384	24	242	242	20	5,873	5,897	83				
30	7,358	228	651	681	84	220	371	388	276	276	26	5,907	5,840	88				
1945 Jan. 6	8,578	201	691	704	90	227	452	463	266	266	26	6,958	6,925	63				
13	12,274	316	885	914	117	293	625	610	340	340	34	10,127	10,151	126				
20	10,095	212	792	777	82	267	436	442	235	235	34	8,342	8,375	88				
27	7,932	207	681	694	70	243	426	435	197	197	24	6,015	6,038	59				
Feb. 3	8,375	231	685	662	86	267	462	466	342	342	63	7,709	7,847	65				
10	8,995	241	900	649	97	249	284	311	304	304	21	7,638	7,569	96				
17	9,127	249	619	618	106	245	268	268	189	189	44	7,806	7,740	88				
24	8,034	196	579	583	85	229	334	369	225	225	33	6,825	6,771	69				
Mar. 3	9,766	381	681	720	105	306	334	369	237	237	24	8,186	7,876	94				
10	9,759	216	865	732	90	325	308	297	242	242	34	8,013	8,255	68				
17	4,882	183	412	510	74	199	178	159	190	190	21	3,975	3,902	57				
24	5,622	147	527	519	64	164	164	195	200	200	43	4,542	4,535	42				
31	4,528	121	407	408	63	151	155	155	10	10	11	3,680	3,709	37				
Apr. 7	3,777	120	351	348	96	160	140	118	106	106	17	3,020	3,075	43				
14	5,824	182	486	490	81	181	225	220	199	199	26	4,733	4,793	55				
21	10,988	354	817	864	168	314	317	326	238	238	50	9,242	9,212	95				
28	9,192	268	775	743	125	263	367	361	261	261	34	7,699	7,515	72				
May 5	8,654	245	749	712	101	262	351	307	269	269	13	7,073	7,024	95				
12	8,956	252	816	789	118	269	358	359	256	256	17	7,262	7,269	87				
19	7,339	209	634	601	107	287	250	268	192	192	18	5,996	6,044	54				
26	6,971	203	571	561	95	271	247	234	227	227	16	5,690	5,774	73				
June 2	7,261	226	545	574	100	212	153	153	198	198	16	6,261	6,128	78				
9	9,268	263	707	706	117	246	181	181	254	254	40	7,647	7,622	57				
16	10,578	261	760	758	123	237	214	214	301	301	38	8,921	8,818	77				
23	11,589	354	865	916	187	248	210	210	311	311	49	9,698	9,571	86				
30	12,974	354	1,160	1,074	157	271	261	261	324	324	15	10,808	10,699	97				

1/ Round-lot transactions are transactions in the unit of trading or multiples thereof; the unit of trading on the New York Stock Exchange is 100 shares in most stocks, and 10 shares for certain inactive stocks.  
 2/ The term "members" includes all members, their firms and their partners.  
 3/ Round-lot short sales which are exempted from restriction by the Commission's and Exchange's rules are not included in these data.  
 4/ 500 shares or less. For the 52-week period figures in this column totaled 9 thousand shares.  
 NOTES:--For earlier data see the Seventh Annual Report of the Commission, p. 296; the Sixth Annual Report, p. 283; the Fifth Annual Report, p. 228; the Fourth Annual Report, p. 102; and the Third Annual Report, p. 152. Statistics for the period July 5, 1941 to June 24, 1944 may be obtained from the Trading and Exchange Division of the Commission upon request.



Table 9.—Round-lot and odd-lot stock transactions <sup>1/</sup> effected on the New York Curb Exchange for the accounts of members and non-members, weekly, June 26, 1944—June 30, 1945  
(thousands of shares)

Week ended Saturday	All round-lot sales		Round-lot transactions for the accounts of members <sup>2/</sup>										Round-lot transactions for the accounts of non-members		Odd-lot transactions for the accounts of customers <sup>3/</sup>			
			Transactions of specialists in stocks in which they are registered <sup>3/</sup>				Other transactions initiated on the floor				Other transactions initiated off the floor							
			Purchases		Sales		Purchases		Sales		Purchases						Sales	
Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>	Total	Short <sup>4/</sup>			
1944 July 1	2,439	31	163	175	13	63	55	6	66	105	7	2,127	2,084	5	52	70		
8	2,201	35	171	209	15	54	50	4	55	83	4	1,921	1,859	13	58	57		
15	2,559	31	185	173	10	64	73	4	46	166	14	2,284	2,147	3	60	70		
22	1,805	14	136	179	7	36	37	1	81	68	4	1,552	1,521	2	48	57		
29	1,540	12	126	123	7	42	40	3	43	44	5	1,329	1,333	2	42	52		
Aug. 5	1,122	9	81	126	5	18	31	1	29	29	2	994	936	1	36	46		
12	1,504	22	118	124	8	44	45	9	31	45	2	1,311	1,290	3	36	51		
19	1,328	15	89	119	8	25	23	2	29	38	2	1,185	1,148	3	52	36		
26	1,509	17	102	127	6	45	45	6	77	42	5	1,336	1,295	5	43	53		
Sept. 2	1,140	15	82	77	4	31	26	4	34	56	3	993	981	2	36	45		
9	1,142	10	101	116	4	30	32	2	23	25	1	1,088	1,069	3	46	48		
16	1,051	20	72	87	5	24	26	4	20	47	4	936	896	6	33	40		
23	919	13	75	79	6	38	24	1	30	35	4	776	781	2	30	49		
30	2,210	18	106	98	5	38	27	3	34	64	5	1,032	1,021	5	37	51		
Oct. 7	1,486	19	106	124	7	56	43	5	55	50	5	1,249	1,269	2	41	57		
14	1,175	11	80	103	6	44	33	2	32	41	2	1,019	998	1	34	45		
21	1,347	23	115	138	11	37	33	3	57	43	7	1,138	1,133	2	43	57		
28	1,312	18	95	127	9	30	43	1	33	44	6	1,154	1,098	2	44	49		
Nov. 4	1,158	13	84	91	8	26	27	1	40	35	1	1,008	1,005	3	35	52		
11	953	12	76	85	5	31	35	2	35	24	1	811	809	4	31	41		
18	1,371	17	101	131	9	40	39	4	51	39	1	1,179	1,162	3	43	56		
25	1,220	15	125	79	8	26	23	4	52	24	1	1,017	1,056	2	31	43		
Dec. 2	1,671	21	132	140	12	57	50	5	37	48	1	1,445	1,435	3	43	63		
9	2,046	19	152	152	10	62	99	2	39	65	1	1,793	1,770	6	51	78		
16	2,012	17	140	186	8	70	52	4	56	61	3	1,746	1,733	2	57	81		
23	1,566	13	15	16	8	41	39	1	46	38	1	1,464	1,473	3	39	67		
30	1,717	19	138	154	7	48	41	3	42	42	1	1,499	1,480	4	41	71		
1945 Jan. 6	2,193	24	142	189	13	86	84	4	63	63	1	1,902	1,857	6	55	66		
13	3,068	35	204	223	16	108	116	12	78	92	2	2,678	2,637	5	75	93		
20	2,545	29	172	208	8	82	96	8	52	98	6	2,299	2,143	7	71	75		
27	2,095	22	166	170	10	79	58	5	43	104	3	1,811	1,763	4	61	68		
Feb. 3	3,113	37	217	217	16	92	81	8	91	110	3	2,713	2,705	10	74	91		
10	2,839	34	156	199	14	56	60	4	74	154	8	2,543	2,436	7	77	92		
17	2,891	38	177	71	20	65	73	3	51	109	8	2,598	2,638	7	88	179		
24	2,827	47	218	254	23	59	69	8	84	181	8	2,502	2,323	14	81	89		
Mar. 2	2,808	28	196	206	15	69	88	2	77	117	6	2,466	2,397	5	78	94		
9	2,412	14	226	221	11	53	52	1	53	106	2	2,080	2,043	2	84	96		
16	1,377	14	110	117	9	38	42	1	35	69	3	1,194	1,149	1	51	54		
23	1,693	18	134	144	10	47	49	4	36	69	1	1,476	1,431	3	53	68		
30	1,164	19	114	116	9	38	27	1	56	71	1	956	950	2	38	51		
Apr. 7	1,129	12	92	90	4	26	35	3	31	44	3	980	960	2	35	48		
14	1,471	22	117	134	11	36	48	7	48	74	1	1,270	1,215	3	41	56		
21	2,377	36	172	217	19	66	77	8	58	92	6	2,001	1,911	3	78	84		
28	1,950	17	147	132	9	66	38	2	77	41	2	1,690	1,749	4	65	77		
May 5	2,110	32	161	147	11	77	76	5	50	84	8	1,822	1,803	8	73	81		
12	1,944	29	187	180	10	49	56	4	47	115	3	1,661	1,593	12	70	79		
19	1,762	25	155	180	9	48	37	2	56	170	8	1,503	1,375	6	69	83		
26	1,788	17	151	163	9	50	57	3	78	80	3	1,551	1,492	2	66	78		
June 2	1,572	28	107	141	11	44	35	1	47	77	13	1,374	1,319	3	52	62		
9	2,426	51	176	213	28	84	65	5	76	145	12	2,090	2,003	6	71	88		
16	3,019	48	225	231	27	98	109	13	71	168	3	2,625	2,511	5	75	91		
23	3,233	28	218	236	14	106	95	5	72	107	3	2,837	2,795	6	78	92		
30	3,952	28	270	282	16	110	96	8	54	167	2	3,518	3,407	2	94	100		

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

<sup>2/</sup> The term "members" includes all regular and associate members, their firms and their partners.

<sup>3/</sup> On the New York Curb Exchange odd-lot transactions are handled solely by specialists in stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from specialists' other round-lot trades.

<sup>4/</sup> Short sales which are exempted from restriction by the Commission's and Exchange's rules are not included in these data.

<sup>5/</sup> 500 shares or less.

NOTE.—For earlier data see the Seventh Annual Report of the Commission, p. 298; the Sixth Annual Report, p. 285; the Fifth Annual Report, p. 230; the Fourth Annual Report, p. 16; and the Third Annual Report, p. 154. Statistics for the period July 5, 1941 to June 24, 1944 may be obtained from the Trading and Exchange Division of the Commission upon request.

Table 10.—Odd-lot stock transactions effected on the New York Stock Exchange for odd-lot accounts of odd-lot dealers and specialists, weekly, June 26, 1944–June 30, 1945, inclusive

Week ended	Purchases by customers from odd-lot dealers and specialists			Sales by customers to odd-lot dealers and specialists				
	Number of orders	Number of shares	Market value (dollars)	Total			Customers' short sales <sup>1/</sup>	
				Number of orders	Number of shares	Market value (dollars)	Number of orders	Number of shares
1944 July 1	27,378	817,296	28,161,859	28,142	787,561	23,174,002	352	6,624
8	25,501	755,113	26,705,238	27,282	700,162	21,482,983	163	5,406
15	26,360	758,472	27,733,093	25,924	702,948	23,361,617	157	4,968
22	26,935	786,105	28,196,844	25,754	711,984	24,129,294	278	10,037
29	18,958	539,704	20,574,688	19,003	486,746	17,158,483	188	6,312
Aug. 5	17,759	498,766	19,824,968	17,639	442,049	15,440,031	110	4,116
12	17,367	494,709	18,366,037	17,770	469,578	14,432,161	156	4,505
19	16,751	481,602	18,493,837	17,044	455,578	14,970,277	166	4,914
26	16,296	452,378	18,017,603	17,525	437,334	15,108,138	148	4,406
Sept. 2	14,479	407,324	16,562,326	14,553	361,527	12,486,909	81	2,600
9	20,329	572,503	21,593,157	19,308	509,514	17,984,452	261	9,528
16	15,817	440,996	17,043,461	15,462	386,879	13,486,751	184	6,928
23	14,237	396,287	16,765,384	14,755	376,507	13,211,453	139	4,866
30	15,096	423,978	17,658,725	15,564	404,302	14,393,222	135	4,783
Oct. 7	20,158	508,857	21,333,848	20,796	491,120	17,241,475	175	6,028
14	13,904	387,206	16,526,051	13,926	336,323	12,095,927	122	3,963
21	17,091	477,484	20,719,694	17,491	438,243	16,209,361	105	3,360
28	18,658	527,891	21,566,464	17,945	457,990	16,990,282	224	7,706
Nov. 4	16,870	466,867	19,743,715	16,852	427,462	15,780,668	339	8,178
11	15,112	429,242	17,664,739	13,870	354,203	12,838,085	193	5,415
18	21,164	589,912	24,769,814	19,057	503,608	18,619,433	306	8,654
25	14,774	408,256	18,307,880	14,200	365,129	13,456,650	153	5,077
Dec. 2	19,413	563,774	24,453,061	19,621	523,168	18,814,430	230	7,179
9	25,297	756,710	31,796,819	28,306	765,690	26,024,886	289	9,951
16	26,950	814,890	33,348,977	30,833	833,112	28,413,392	403	13,882
23	20,566	615,565	24,417,370	23,564	699,100	21,510,872	275	9,720
30	23,002	676,872	27,066,754	22,701	636,423	21,569,166	235	8,216
1945 Jan. 6	25,533	745,337	29,227,681	26,237	719,309	23,944,108	191	6,731
13	34,078	1,012,032	38,872,290	35,692	1,003,933	33,663,711	285	9,916
20	31,065	916,118	33,979,468	29,018	827,860	28,390,679	190	6,840
27	26,898	780,788	31,337,529	23,529	683,279	24,675,884	217	7,313
Feb. 3	28,094	825,748	32,326,578	28,628	794,635	27,163,418	275	8,796
10	29,599	869,027	32,814,459	28,678	802,717	27,418,226	229	8,053
17	29,390	884,549	34,371,010	29,694	835,104	29,497,534	225	7,766
24	27,746	823,054	32,231,166	26,948	745,171	27,109,731	191	6,671
Mar. 3	32,194	956,443	38,389,354	30,999	850,410	31,315,010	250	8,715
10	36,575	1,070,895	42,255,728	34,436	973,039	36,619,040	289	10,184
17	23,215	634,328	26,450,657	20,537	530,098	26,789,585	221	7,424
24	24,368	688,328	28,214,069	23,356	638,624	24,722,679	224	7,984
31	19,617	559,478	22,441,982	19,914	541,058	20,523,104	208	7,484
Apr. 7	17,838	490,340	21,425,434	17,950	443,566	17,586,947	142	5,299
14	19,052	566,155	25,005,391	19,995	520,494	20,280,109	143	4,727
21	34,030	1,021,243	42,480,515	33,143	900,718	34,638,072	347	11,320
28	30,766	929,396	37,624,174	30,832	829,740	31,203,138	357	12,060
May 5	30,003	891,852	36,858,214	30,885	838,225	32,064,626	241	8,143
12	30,024	896,848	34,885,708	27,755	785,630	29,605,097	255	9,104
19	27,082	800,450	31,846,473	24,274	674,005	24,760,216	194	6,743
26	26,199	762,070	34,129,655	24,913	682,111	25,576,002	201	7,141
June 2	23,027	697,443	28,940,565	23,599	651,843	23,964,515	187	6,451
9	26,567	795,391	31,776,879	26,711	745,100	26,158,554	188	7,055
16	27,087	832,342	33,438,886	28,775	811,826	29,238,312	192	6,716
23	29,692	926,265	35,295,708	30,675	877,567	31,136,079	226	7,907
30	34,380	1,071,464	40,471,537	35,992	1,033,381	37,826,299	206	8,300

<sup>1/</sup> Short sales which are exempt from restrictions by the Commission's and Exchange's rules are not included in these data.

Note: For earlier data see Seventh Annual Report of the Commission, p. 300; Sixth Annual Report, p. 287; Fifth Annual Report, p. 232; and "Selected Statistics on Securities and on Exchange Markets," table 66. Statistics for the period July 5, 1941 to June 24, 1944 may be obtained from the Trading and Exchange Division of the Commission upon request.

Table 11.—Basic forms used by issuers in registering securities on national securities exchanges and, for each form, the number of securities registered and the issuers involved as of June 30, 1944, and June 30, 1945

Form	Description	As of June 30, 1944		As of June 30, 1945	
		Securities Registered	Issuers Involved	Securities Registered	Issuers Involved
7	Provisional applications where no other form is prescribed . . . . .		4	8	6
10	General Corporations . . . . .	2,400	1,697	2,346	1,698
11	Incorporated issuers . . . . .	20	12	22	13
12	Carriers making reports to the Interstate Commerce Commission and communication companies making reports to the Federal Communications Commission . . . . .	592	173	552	168
12-A	Carriers in receivership or bankruptcy making reports to the Interstate Commerce Commission and communication companies in receivership or bankruptcy making reports to the Federal Communications Commission . . . . .				
13	Insurance companies other than life and title insurance companies . . . . .	86	19	81	17
14	Certificates of deposit issued by a committee . . . . .	10	10	10	10
15	Incorporated investment companies . . . . .	32	21	33	20
16	Yoting trust certificates . . . . .	83	52	75	47
17	Unincorporated investment companies . . . . .	20	18	21	18
18	Foreign governments and political subdivisions thereof . . . . .	8	5	8	5
19	American certificates issued against foreign certificates . . . . .	201	82	253	82
20	Stocks of foreign private issuers . . . . .	8	7	8	7
21	Bonds of foreign private issuers . . . . .	1	1	1	1
22	Issuers reorganized in insolvency proceedings or their successors . . . . .	79	47	77	46
23	Successor issuers other than those succeeding insolvent issuers . . . . .	98	54	90	53
24	Bank holding companies . . . . .	87	55	86	54
	Totals . . . . .	3,795	2,201 3/4	3,675	2,189 3/4

1/ Includes three issuers having securities registered on two basic forms and one issuer having securities registered on three basic forms. Net number of issuers having securities registered is therefore 2,196.

2/ Includes two issuers having securities registered on two basic forms and one issuer having securities registered on three basic forms. Net number of issuers having securities registered is therefore 2,185.

Table 12.—Classification by industries of issuers having securities registered on national securities exchanges as of June 30, 1944 and June 30, 1945

Industry	Number of issuers	
	As of June 30, 1944	As of June 30, 1945
Agriculture . . . . .	7	7
Beverages (breweries, distilleries, etc.) . . . . .	46	44
Building and related companies (including lumber, building materials, and construction) . . . . .	81	82
Chemicals and allied products . . . . .	82	81
Financial and investment companies (investment trusts, fire insurance, etc.) . . . . .	132	126
Food and related products . . . . .	104	106
Foreign governments and political subdivisions . . . . .	80	80
Foreign private issuers other than Canadian and Cuban . . . . .	54	54
Iron and steel (excluding machinery) . . . . .	68	68
Machinery and tools (excluding transportation equipment) . . . . .	168	167
Merchandising (chain stores, department stores, etc.) . . . . .	154	157
Mining, coal . . . . .	24	24
Mining, other than coal . . . . .	219	218
Miscellaneous manufacturing . . . . .	60	69
Oil and gas wells . . . . .	54	53
Oil refining and distributing . . . . .	38	39
Paper and paper products . . . . .	38	37
Printing, publishing, and allied industries . . . . .	20	20
Rubber and leather products (tires, shoes, etc.) . . . . .	22	22
Services (including advertising, amusements, hotels, restaurants, etc.) . . . . .	32	32
Textiles and related products . . . . .	43	42
Tobacco products . . . . .	99	61
Transportation and communication (railroads, telephone, radio, etc.) . . . . .	18	18
Transportation equipment . . . . .	283	275
Utility holding companies (electric, gas, and water) . . . . .	170	175
Utility holding-operating companies (electric, gas, and water) . . . . .	41	41
Utility operating (electric, gas, and water) . . . . .	16	14
Utility operating (electric, gas, and water) . . . . .	82	79
Totals . . . . .	2,196	2,185

Table 13.—Number and amount of securities classified according to basis for admission to dealing on all exchanges as of June 30, 1945

		S T O C K S		B O N D S	
		COLUMN I (1)		COLUMN II (2)	
Basis for admission to dealing	Issues	Number of shares	Issues	Number of shares	
	Registered . . . . .	2,541	2,302,066,187	2,541	2,302,066,187
Temporarily exempted from registration . . . . .	43 (3)	18,866,230	43 (8)	18,866,230	
Admitted to unlisted trading privileges on registered exchanges . . . . .	991	1,660,665,103	433	386,275,951	
Listed on exempted exchanges . . . . .	134	94,269,217	86	27,745,157	
Admitted to unlisted trading privileges on exempted exchanges . . . . .	43	11,275,924	36	5,518,685	
Total stock issues and number of shares admitted to dealing on all exchanges . . . . .					
		3,139	2,740,470,230		
				140,000	
				21,298,165,512	
Total bond issues and principal amount admitted to dealing on all exchanges . . . . .					
				1,318	
				\$19,312,690,280	
				386,640,647	
				2,076,389,085	
				19,447,000	
				140,000	
				21,298,165,512	

(1) The purpose of Column I is to show the number and amount of securities admitted to dealing under the various bases for admission of securities to dealing on exchanges under the Act. Each security is counted once under each basis for its admission to dealing. For example, if a security is registered on one or more than one exchange and also unlisted on one or more than one exchange, such security is counted once under "Registered" and once under "Admitted to unlisted trading privileges on registered exchanges". This column is not totaled because of such duplications.

(2) The purpose of Column II is to show the unduplicated total of all securities admitted to dealing on all exchanges. Each security is counted once, and only once, and the elimination of duplications contained in Column I is made in Column II in the order in which the various bases for admission to dealing is given. For example, of the 991 stock issues shown in Column I as unlisted on registered exchanges 54 are also registered and 4 are temporarily exempted from registration, leaving the 433 shown in Column II; of the 134 stock issues shown in Column I as listed on exempted exchanges 37 are also registered, 10 are unlisted, and 1 is temporarily exempted from registration, leaving the 86 shown in Column II; and of the 43 stock issues shown in Column I as unlisted on exempted exchanges 6 are also registered and 1 is also unlisted on a registered exchange, leaving the 36 shown in Column II. Of the 168 bond issues shown in Column I as unlisted on registered exchanges 19 are also registered, leaving the 149 shown in Column II.

(3) Includes certain securities resulting from modifications of previously listed securities, securities of certain banks, and securities of certain issuers in bankruptcy. These securities have been exempted from registration upon specified terms and conditions and for stated periods pursuant to rules and regulations of the Commission under the Act.

(4) Includes 8 bond issues in pounds sterling and 1 bond issue in French francs in the amounts of £ 28,742,700 and 42,003,500 French francs, respectively. These amounts have been excluded from the principal amount in dollars shown above.

Table 14, Part 1. Number and amount of securities classified according to the number of registered exchanges on which each issue appears as of June 30, 1945

	Stocks		Bonds	
	Issues	Shares	Issues	Principal Amount
1. Registered on 2 or more exchanges and unlisted on 2 or more exchanges	85	456,375,080	0	0
2. Registered on 2 or more exchanges and unlisted on 1 exchange	72	97,983,860	1	113,745,000
3. Registered on 2 or more exchanges	347	220,503,662	81	2,263,670,370
4. Registered on 1 exchange and unlisted on 2 or more exchanges	144	505,665,938	0	0
5. Registered on 1 exchange and unlisted on 1 exchange	253	204,457,177	18	381,576,500
6. Registered on 1 exchange	1,640	817,080,470	1,034	16,553,698,410
7. Unlisted on 2 or more exchanges	15	42,103,755	0	0
8. Unlisted on 1 exchange	418	344,172,196	149	1,581,267,585
9. Temporarily exempted on 1 exchange and unlisted on 2 exchanges	1	3,658,590	0	0
10. Temporarily exempted on 1 exchange and unlisted on 1 exchange	3	6,248,507	0	0
11. Temporarily exempted on 1 exchange	37	5,557,468	23	321,784,197
12. Temporarily exempted on 2 exchanges	2	3,399,685	4	62,856,450
	<u>3,017</u>	<u>2,707,206,388</u>	<u>1,310</u>	<u>\$21,278,598,512</u>

Part 2. Registered issues classified according to whether or not they are also admitted to unlisted trading on other registered exchanges as of June 30, 1945

Registered only (Part 1, lines 3 and 6)	1,987	1,037,584,132	1,115	18,817,368,780
Registered and admitted to unlisted trading (Part 1, lines 1,2,4,5)	554	1,264,482,055	19	495,321,500
All registered issues on registered exchanges	2,541	2,302,066,187	1,134	\$19,312,690,280
Proportion of registered issues also admitted to unlisted trading	21.8%	54.9%	1.7%	2.6%

Part 3. Unlisted issues classified according to whether or not they are also registered or temporarily exempted from registration on other registered exchanges as of June 30, 1945

Unlisted only (Part 1, lines 7 and 8)	433	386,275,951	149	1,581,267,585
Unlisted and registered (Part 1, lines 1,2,4,5)	554	1,264,482,055	19	495,321,500
Unlisted and temporarily exempted from registration (Part 1, lines 9,10)	4	9,907,097	0	0
All unlisted issues on registered exchanges	991	1,660,665,103	168	\$ 2,076,589,085
Proportion of unlisted issues which are also registered	55.9%	76.1%	11.3%	23.9%

Part 4. All issues classified according to whether they are available for trading on single or several registered exchanges as of June 30, 1945

Available for trading on single exchanges (Part 1, lines 6,8,11)	2,095	1,166,810,134	1,206	18,456,750,192
Available on more than one exchange (Part 1, all lines but 6,8,11)	922	1,540,396,254	104	2,821,868,320
All issues on registered exchanges	3,017	2,707,206,388	1,310	21,278,598,512
Proportion available for trading on more than one exchange	30.6%	56.9%	7.9%	13.3%

Part 1 column headings apply to Parts 2, 3, and 4. These figures are for registered exchanges only.

Table 15.—Number of issuers having securities admitted to dealing on all exchanges as of June 30, 1945, classified according to the basis for admission of their securities to dealing

Basis of admission of securities to dealing	Column I (1) Number of issuers	Column II (2) Number of issuers
Registered. . . . .	2,185	2,185
Temporarily exempted from registration. . . . .	46	31
Admitted to unlisted trading privileges on registered exchanges . . . . .	931	379
Listed on exempted exchanges. . . . .	117	75
Admitted to unlisted trading privileges on exempted exchanges . . . . .	41	35
Total number of issuers having securities admitted to dealing on all exchanges. . . . .		2,705

- (1) The purpose of Column I is to show the number of issuers having securities admitted to dealing under the various bases for the admission of securities to dealing under the Act. Each issuer is counted once under each basis for admission of its securities to dealing. For example, an issuer having securities registered on one or more exchanges and also admitted to unlisted trading privileges on one or more exchanges is counted once under "Registered" and once under "Admitted to unlisted trading privileges on registered exchanges". This column is not totaled because of such duplications.
- (2) The purpose of Column II is to show the unuplicated total number of issuers having securities admitted to dealing on all exchanges. Each issuer is counted once, and only once, and the elimination of the duplications in Column I is made in the order in which the various bases for admission of securities to dealing is given. For example, of the 46 issuers shown in Column I as having securities temporarily exempted from registration 15 also have securities registered, leaving the 31 shown in Column II; of the 931 issuers shown in Column I as having securities admitted to unlisted trading privileges on registered exchanges 549 also have securities registered and 3 also have securities temporarily exempted from registration, leaving the 379 shown in Column II; of the 117 issuers shown in Column I as having securities listed on exempted exchanges 32 also have securities registered and 10 also have securities admitted to unlisted trading privileges on registered exchanges, leaving the 75 shown in Column II; and of the 41 issuers shown in Column I as having securities admitted to unlisted trading privileges on exempted exchanges 5 also have securities registered and 1 also has securities admitted to unlisted trading privileges on a registered exchange, leaving the 35 shown in Column II.

Table 16.—Number of issuers having stocks only, bonds only, and both stock and bonds, admitted to dealing on all exchanges as of June 30, 1945.

Classification	Number of issuers	% of total issuers
1. Issuers having only stocks admitted to trading on exchanges . . . . .	2,084	77.0
2. Issuers having only bonds admitted to trading on exchanges. . . . .	346	12.8
3. Issuers having both stocks and bonds admitted to trading on exchanges . . . . .	275	10.2
Total issuers. . . . .	2,705	100.0
4. Issuers having stocks admitted to trading on exchanges (Classification 1 plus 3)	2,359	87.2
5. Issuers having bonds admitted to trading on exbchanges (Classification 2 plus 3)	621	23.0

Table 17.—Number of issuers and securities, basis for admission of securities to dealing, and the percentage of stocks and bonds, for each exchange, admitted to dealing on one or more other exchanges as of June 30, 1945.

Name of exchange	Total issuers	Total issues	S T O C K S						% traded on 1 or more other ex-changes	B O N D S					% traded on 1 or more other ex-changes	
			R	X	U	XL	XU	Total		R	X	U	XL	XU		Total
Baltimore	64	94	41	2	23	—	—	66	56.1	20	—	8	—	—	28	50.0
Boston	308	376	137	—	206	—	—	343	81.9	33	—	—	—	—	33	51.5
Chicago Board of Trade	30	33	27	—	5	—	—	32	56.2	1	—	—	—	—	1	—
Chicago Stock Exchange	260	344	287	15	19	—	—	321	62.0	12	11	—	—	—	23	35.0
Cincinnati	63	86	72	1	9	—	—	82	29.3	3	1	—	—	—	4	100.0
Cleveland	80	92	72	—	20	—	—	92	58.7	—	—	—	—	—	—	—
Colorado Springs (1)	14	15	—	—	—	15	—	15	26.7	—	—	—	—	—	—	—
Detroit	149	158	101	—	57	—	—	158	79.7	—	—	—	—	—	—	—
Honolulu (1)	88	101	—	—	—	57	37	94	25.5	—	—	—	6	1	—	—
Los Angeles	190	221	124	3	85	—	—	212	84.4	9	—	—	—	—	9	100.0
Minneapolis-St. Paul (1)	14	18	—	—	—	16	2	18	66.7	—	—	—	—	—	—	—
New Orleans	14	21	1	—	16	—	—	17	17.6	1	—	3	—	—	4	25.0
New York Curb	821	1,076	435	2	458	—	—	895	25.6	23	2	156	—	—	181	7.8
New York Stock	1,195	2,336	1,290	3	—	—	—	1,293	51.6	1,027	16	—	—	—	1,043	8.5
Philadelphia	435	533	66	—	404	—	—	470	96.8	62	1	—	—	—	63	63.5
Pittsburgh	104	121	59	2	58	—	—	119	75.6	2	—	—	—	—	2	—
Richmond (1)	21	28	—	—	—	27	—	27	14.8	—	—	—	1	—	1	—
St. Louis	44	74	63	1	—	—	—	64	29.7	10	—	—	—	—	10	40.0
Salt Lake	94	96	89	—	7	—	—	96	10.4	—	—	—	—	—	—	—
San Francisco Mining	39	39	—	—	—	—	—	39	15.3	—	—	—	—	—	—	—
San Francisco Stock	280	351	165	7	199	—	—	331	71.6	19	—	1	—	—	20	95.0
Spokane	30	32	21	—	11	—	—	32	31.3	—	—	—	—	—	—	—
Washington, D.C.	34	49	31	9	—	—	—	40	12.5	9	—	—	—	—	9	33.3
Wheeling (1)	20	23	—	—	—	19	4	23	47.8	—	—	—	—	—	—	—

(1) Exempted from registration as a national securities exchange.

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

Table 18, Part 1.-Number of Issues Admitted to Unlisted Trading Pursuant to Clauses 2 and 3 of Section 12(f) of the Securities Exchange Act of 1934, 1 and Volumes of Transactions Therein

	Number of Issues		Reported Volume in Calendar Years (stock volume in shares; bond volume in thousands of dollars of principal amount)											Total		
	Admitted	Remaining 6-30-45	1937	1938	1939	1940	1941	1942	1943	1944	Total					
Stocks pursuant to Clause 2																
Boston Stock Exchange	39	36 <u>2</u> / <sub>1</sub>	88,957	267,860	364,109	379,498	272,266	170,143	243,443	262,890	2,093,166					
Chicago Stock Exchange	20	19	---	---	---	547,452	686,560	70,196	1,375,633	1,261,814	3,874,639					
Cincinnati Stock Exchange	20	9	---	---	---	115,763	38,163	74,490	93,504	60,686	424,639					
Cleveland Stock Exchange	43	40	---	---	3,935	93,097	56,722	78,163	60,732	68,604	321,237					
Detroit Stock Exchange	40	39	---	---	---	44,193	43,238	142,627	134,998	450,186	1,337,314					
Los Angeles Stock Exchange	5	5	---	---	---	53,834	180,489	151,697	135,922	366,970	1,675,327					
New York Curb Exchange	5	5	92,800	140,800	120,150	201,790	201,790	107,040	269,440	574,685	1,698,343					
Philadelphia Stock Exchange	72	71 <u>2</u> / <sub>1</sub>	19,760	40,568	119,946	142,098	77,864	77,864	151,434	205,526	890,478					
Pittsburgh Stock Exchange	45	40 <u>2</u> / <sub>1</sub>	36,387	43,136	117,350	108,666	86,762	86,968	154,604	121,198	755,011					
Salt Lake Stock Exchange	1	1	---	---	---	---	---	---	---	---	11,250					
San Francisco Stock Exchange	29	29	13,678	43,607	72,032	64,202	48,214	83,529	178,819	270,034	774,115					
San Francisco Stock Exchange <u>5</u> / <sub>1</sub>	6	4	251,582	633,998	1,022,338	1,369,454	3,178	3,082	3,353,345	2,069	14,477					
Wheeling Stock Exchange <u>6</u> / <sub>1</sub>	329 <u>7</u> / <sub>1</sub>	313 <u>8</u> / <sub>1</sub>	---	---	---	---	---	---	---	---	---					
Stocks pursuant to Clause 3																
New York Curb Exchange	6	6	---	---	12,400	45,200	59,730	57,530	86,530	58,375	319,765					
TOTAL STOCKS	335	321	251,582	633,998	1,024,738	1,414,654	1,755,690	1,643,207	3,439,876	3,834,278	14,008,043					
Bonds pursuant to Clause 2																
New York Curb Exchange	3	1	1,731 <u>9</u> / <sub>1</sub>	967	1,643	1,404	1,580	1,218	1,056	855	10,454					
San Francisco Stock Exchange	1	1	---	---	---	---	---	---	---	---	75					
Bonds pursuant to Clause 3																
New York Curb Exchange	41	24	---	11,375	18,090	19,693	16,845	13,121	12,158	9,614	100,636					
TOTAL BONDS	45 <u>10</u> / <sub>1</sub>	26	1,731	12,342	19,673	21,097	18,425	14,339	13,214	10,544	111,365					

1/ Clauses 2 and 3 of Section 12(f) were enacted May 27, 1936. The first application for unlisted trading privileges approved by the Commission under either of these clauses was in Edison Electric Illuminating Co., 1 S.E.C. 909 (December 16, 1936).  
2/ Only odd-lot trading is permitted in 7 of these issues.  
3/ Only odd-lot trading is permitted in 4 of these issues.  
4/ San Francisco Stock Exchange figures include San Francisco Curb Exchange figures prior to the 1938 merger.  
5/ Wheeling Stock Exchange is an exempted exchange. All other exchanges shown are registered exchanges.  
6/ Fourteen of these issues had been removed to June 30, 1945; the 14 issues accounted for 167,644 shares of reported trading volume.  
7/ This figure includes duplications arising from admission of various issues to unlisted trading on more than one exchange. The net number of issues admitted pursuant to Clause 2 as of June 30, 1945 is 192.  
8/ New York Curb Exchange bond volume for 1937 includes \$46,000 principal amount traded in December 1936.  
9/ Nineteen of these issues had been removed to June 30, 1945, principally on account of redemptions; the 19 issues accounted for \$43,366,000 of the total \$111,365,000 principal amount of trading shown in the table.

Table 18, Part 2.-Reported Volumes in Stocks Admitted to Unlisted Trading Pursuant to Clauses 2 and 3 of Section 12(f) of the Securities Exchange Act of 1934 as Percent of Total Share Volume 1/<sub>1</sub>

	1937	1938	1939	1940	1941	1942	1943	1944
Boston Stock Exchange	1.3	4.8	6.6	8.3	6.2	5.7	6.6	6.7
Chicago Stock Exchange	---	---	---	23.4	7.7	13.2	14.1	14.4
Cincinnati Stock Exchange	---	---	---	16.9	32.5	26.1	28.8	21.8
Cleveland Stock Exchange	---	---	0.8	10.0	9.1	9.1	11.2	13.2
Detroit Stock Exchange	---	1.1	1.2	4.6	5.0	6.8	14.5	9.6
Los Angeles Stock Exchange	---	0.8	3.9	5.5	4.3	5.3	8.9	11.0
New York Curb Exchange	0.1	0.3	0.3	0.4	0.7	0.7	0.5	0.8
Philadelphia Stock Exchange	0.5	1.1	3.2	4.1	2.3	3.5	3.9	6.1
Pittsburgh Stock Exchange	1.4	3.2	9.8	9.4	7.8	13.5	17.4	10.1
Salt Lake Stock Exchange	---	---	---	---	---	---	0.2	0.2
San Francisco Stock Exchange	0.1	0.6	1.2	1.1	1.1	2.5	3.4	4.5
Wheeling Stock Exchange	---	---	17.1	27.3	21.1	36.1	41.1	31.9

1/ These figures are based upon the reported volumes in calendar years as shown in part 1 of this table and upon total share volumes, exclusive of rights and warrants, as reported to the Commission by the exchanges. The percentages may be somewhat less than actual in the case of several exchanges whose reported volumes in individual issues are less than their actual totals by reason of exclusion of odd lots and "stopped" sales, and other technicalities.

Table 19, Part 1.-Reorganization cases instituted under Chapter I and Section 77B in which the Commission filed a notice of appearance and in which the Commission was actively participating in the proceedings during the fiscal year ended June 30, 1945.—Distribution of debtors by type of industry

Industry	Number of debtors		Total assets		Total indebtedness		Percent of grand total
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total	
Agriculture	1	-	180	- (a)	166	- (a)	-
Mining and other extractive	10	6	133,821	6.6	980,075	7.2	7.2
Manufacturing	11	-	77,415	3.8	54,597	4.0	4.0
Financial and investment	11	1	103,313	5.1	60,972	4.5	4.5
Merchandising	1	-	2,106	.1	1,292	.1	.1
Real estate	56	3	287,683	13.1	276,710	20.2	20.2
Construction and allied	1	-	9,108	.4	4,734	.4	.4
Transportation and communication	11	8	381,245	18.7	339,951	24.7	24.7
Services	4	-	21,712	1.1	10,853	.8	.8
Utilities: light, power and gas	10	7	1,042,856 (b)	51.1	522,401 (b)	38.1	38.1
Grand total -	116	25	2,039,439	100.0	1,369,751	100.0	100.0

(a) Less than 0.05 percent.

(b) Approximately \$800,000,000 of assets and \$400,000,000 of liabilities were accounted for by Associated Gas & Electric Co. and its subsidiary, Associated Gas & Electric Corporation.

Table 19, Part 2.-Reorganization cases instituted under Chapter I and Section 77B in which the Commission filed a notice of appearance and in which the Commission was actively interested during the fiscal year ended June 30, 1945.—Distribution of debtors by amount of indebtedness.

Range of indebtedness (dollars)	Number of debtors		Total indebtedness		Percent of grand total
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total	
Less than 100,000	4	2	263	- (a)	-
100,000 - 249,999	10	4	2,497	.2	.2
250,000 - 499,999	11	4	5,849	.4	.4
500,000 - 999,999	11	6	12,569	.9	.9
1,000,000 - 1,999,999	20	3	32,304	2.4	2.4
2,000,000 - 2,999,999	9	2	27,933	2.0	2.0
3,000,000 - 4,999,999	21	-	84,630	6.2	6.2
5,000,000 - 9,999,999	10	-	78,405	5.7	5.7
10,000,000 - 24,999,999	13	1	216,722	15.8	15.8
25,000,000 - 49,999,999	3	1	194,534	9.8	9.8
Over 50,000,000	4	2	774,045 (b)	56.6	56.6
Grand total -	116	25	1,369,751	100.0	100.0

(a) Less than 0.05 percent.

(b) Approximately \$800,000,000 assets and \$400,000,000 of liabilities were accounted for by Associated Gas & Electric Co. and its subsidiary, Associated Gas & Electric Corporation.



Table 20, Part 1. - ELECTRIC UTILITY PROPERTIES DIVESTED BY REGISTERED HOLDING COMPANIES  
 July 1, 1944 to June 30, 1945  
 (The list of properties divested December 1, 1935 to June 30, 1944 is printed in the 10th Annual Report, Appendix Table 17.)

System Company	Total Assets of Divested Subsidiary*	Details of Divestment	Consideration If Sold	Date	Comments	Source of Information
American Power & Light Company Nebraska Power Company	\$ 44,654,021	Sale of common stock to Omaha Electric Committee, Inc.	\$ 14,424,000	Dec. 1944	No longer subject to the Act.	Release No. 5517
Associated Gas and Electric Corporation Granville Electric Co. K-T Electric and Water Company Missouri Southern Public Service Company Missouri General Utilities Company	222,588 596,245 219,350 2,068,644	Sale of all physical property to Central Vermont Public Service Corp. Sale of investment to E. K. Hines of Frankfort, Ky. Sale of all physical properties to New-Mac Electric Cooperative, Inc. Sale of investment to Genesee Electric Co., Inc., Inter-County Electric Cooperative Association, Scott-New Madrid-Mississippi Cooperative Association, Black River Electric Coop., Crawford Electric Co., Inc. and City of Holla. Sale of investment to South-Central Rural Electric Cooperative, Inc., Union Rural Electric Cooperative, Inc. and Inter-County Rural Electric Cooperative, Inc. Sale of physical properties and other assets of the Paint Township division to Holmes Rural Electric Cooperative, Inc. Sale of physical properties and other assets of the New Washington and Wyandot divisions to North Central Electric Co-op, Inc.	24,500 81,449 170,000	March 1944 1944 Sept. 1944	Property sold continues subject to the Act. No longer subject to the Act. Property sold no longer subject to the Act.	30-125-2 Moody's 30-122-2 Release No. 5261
Ohio Midland Light and Power Company	3,424,679	Sale of investment to South-Central Rural Electric Cooperative, Inc., Union Rural Electric Cooperative, Inc. and Inter-County Rural Electric Cooperative, Inc.	1,610,000	June 1945	No longer subject to the Act.	Release No. 5449
Paul Smith's Electric Light and Power and Railroad Company West Virginia Light, Heat and Power Company	2,860,631 712,781	Sale of investment to Paul Smith's College of Arts and Sciences. Sale of all physical properties to Monongahela West Penn Public Service Company.	2,115,000 31,137	Sept. 1944 1944	" " " " " " Property sold no longer subject to the Act.	Release No. 5266 30-122-2 30-122-2
New Matamoras Electric Company Patchogue Electric Light Company, The Tide Water Power Company	56,479 1,653,923 14,340,154	Exchange of all publicly held preferred stock for new common in recapitalization.	85,145	1944	" " " " " "	Release No. 5453
Central Public Utility Company Florida Public Utilities Company	2,742,223	Sale of common stock to J. L. Terry.	300,000	Nov. 1944	No longer subject to the Act.	Release No. 5504
Cities Service Company City Light & Traction Company	4,108,485	Sale of all physical properties to Monongahela West Penn Public Service Company.	427,633 46,806 625,000	Feb. 1945 Feb. 1945 Oct. 1944	Property sold continues subject to the Act. Property sold continues subject to the Act. No longer subject to the Act.	Moody's Release No. 5356 Release No. 5512
Daubury and Bethel Gas and Electric Light Company Marion-Reserve Power Company	3,995,193	Sale of investment to Derby Gas & Electric Corporation. Sale of all electric light and power properties in counties of Van Wert, Mercer, Darke, Probosc, Auglaize, Shelby, Hardin, Logan, Champaign, Clay, Union and Delaware, Ohio to Dayton Power & Light Company.	1,178,000 1,257,000	April 1945 March 1944	No longer subject to the Act. " " " " " "	Release No. 5752 Release Nos. 5184, 5660
East Tennessee Light & Power Company Empire District Electric Company Springfield Gas & Electric Company	12,266,662 30,198,724 8,123,743	Sale of investment to Tennessee Valley Authority. Sale of all common stock to the public. Sale of investment to the City of Springfield, Mo.	1,450,000	Aug. 1944	Continues subject to the Act.	Release No. 5286 Release No. 5809 Moody's Release No. 5286 Release No. 5286
Electric Power & Light Corporation Utah Power & Light Company	-	Sale of steam electric generating plant transmission and distribution lines and related facilities located in Green River, Sweetwater County, Wyoming to Southern Wyoming Utilities Company.	7,950,000 3,680,000 4,710,650 6,750,000	May 1945 Dec. 1944 Sept. 1944 March 1945	Property sold continues subject to the Act. No longer subject to the Act. " " " " " " " " " " " "	Release No. 5809 Moody's Release No. 5286 Release No. 5286
Engineers Public Service Company Savannah Electric & Power Company Missouri Service Company Northern Kansas Power Co.)	18,708,492 1,433,990 39,481	Sale of investment to Damer Estates, Inc. Sale of investment to J. Leo Scanlon of Buffalo, N. Y.	250,000	Aug. 1944	Property sold no longer subject to the Act.	Release No. 5227
Federal Water and Gas Corporation Alabama Water Service Company	8,062,143	Sale of all electric properties, including materials, supplies and accounts receivable to the Alabama Electric Co-op.	3,387,500 850,000	April 1945 June 1945	No longer subject to the Act. " " " " " "	Release No. 5738 Release No. 5844
Middle West Corporation Arkansas-Missouri Power Corporation East Missouri Power Company Lake Superior District Power Company	6,934,512 1,313,152 16,061,402	Sale of common stock to Gus B. Walton. Sale of common stock to L. F. Rodgers. Sale of common stock to the public. Sale to City of Medford of a small diesel generating plant and the electric distribution system located in and immediately adjacent to the City. Sale of common stock to L. F. Rodgers.	2,500,000	Aug. 1944	Property sold no longer subject to the Act.	Release No. 5283
Missouri Edison Company	1,410,304	Sale of common stock to L. F. Rodgers.	925,000 600,000 2,824,860	June 1945 June 1945 May 1945	No longer subject to the Act. " " " " " " " " " " " "	Release No. 5845 Release No. 5845 Release No. 5747
			146,111 285,000	1944 1945	Property sold no longer subject to the Act. No longer subject to the Act.	30-48-2 Release No. 5845

Source Company	Total Assets of Divested Subsidiary*	Details of Divestment	Consideration if Sold	Date	Comments	Source of Information
Midland United (Trustee) Public Service of Northern Indiana	110,050,788	Common stock distributed to preferred stockholders of Midland United Co. in reorganization.	-	June 1945	Continues subject to the Act as a subsidiary of Middle West Corp.	Release No. 5317
National Gas and Electric Corporation National Utilities Company of Missouri	-	Sale of all physical properties located in Brookfield and Kirksville, Missouri to Missouri Mungas Company.	22,000	Nov. 1944	Property sold no longer subject to the Act.	30-49-2
North American Company, The Union Electric Company of Missouri	-	Sale to the U. S. A. of substations and transmission lines erected to supply electrical energy to Weldon Spring Ordnance Works, Weldon Spring, Missouri.	619,854	1944	Property sold no longer subject to the Act.	30-73-2
Northwestern Gas and Electric Company Public Service of Missouri	285,089	Sale of electric utility plant and related assets to West Oregon Electric Cooperative, Inc.	130,000	Dec. 1944	" " " " " " " "	Release No. 5471
Oregon Corporation Incorporate Power Company (Portland) Laclede Gas Light Company	-	Sale of certain electric and water properties to Otter Tail Power Co. Sale of all electric utility properties to Union Electric Co. of Mo.	3,000,000 2,400,000	Oct. 1944 March 1945	" " " " " " " " Property sold continues subject to the Act.	Release No. 5351 Release No. 5066, 5071
Laclede Power & Light Company	12,454,451	Sale of all electric utility properties to Union Electric Co. of Mo.	6,400,000	March 1945	" " " " " " " "	Release Nos. 5066, 5071
Peoples Light and Power Company California Public Service Company	1,534,425	Sale of electric properties at Alburca, Modoc County, California and at Lakeview, Lake County, Oregon to California Oregon Power Company. Sale of electric properties at Fort Bragg, Willits and communities in Mendocino County, California and of water properties at Willits, California to Pacific Gas & Electric Company.	470,000	Dec. 1944	" " " " " " " "	Release No. 5529
West Oregon Electric Company	2,006,658	Sale of all electric properties in the State of Idaho to Idaho Power Company. Sale of common stock to A. E. Fimmel.	521,500 685,000 115,000	Dec. 1944 Sept. 1944 Sept. 1944	" " " " " " " " Property sold no longer subject to the Act. No longer subject to the Act.	Release No. 5529 Release No. 5248 Release No. 5248
Republic Service Corporation Holeston River Power Company Madison Power Company Massachusetts Power Corporation Page Power Company	954,428 331,272 368,457 1,937,254	Sale of common stock to American Gas & Electric Company. Sale of common stock to Potomac Edison Company. Sale of common stock to Potomac Edison Company. Sale of common stock to Potomac Edison Company.	688,189 274,538 283,958 1,333,248	April 1945 April 1945 April 1945 April 1945	Continues subject to the Act. "	Release No. 5721 "
Southwestern Public Service Company Gulf Public Service Company	7,062,619	Sale of investment to Glenn C. Hyde.	4,660,000	Aug. 1944	No longer subject to the Act.	Release No. 5188
Standard Power & Light Corporation Madison Light and Power Company Southern Colorado Power Company	752,202 15,102,467	Sale of investment to eight individuals. Exchange of preferred stock for new common in recapitalization.	624,000	Sept. 1944 June 1945	" " " " " " " " " " " " " " " "	Release No. 5282 Release No. 4074
United Corporation, The Philadelphia Electric Company	477,260,887	Exchange of common stock of Philadelphia Electric Company for preferred stock of United Corporation.	-	Dec. 1944	Company has filed statement pursuant to Rule D-2 claiming exemption as a holding co.	Release Nos. 5440, 5452
Eastern Shore Public Service Company of Maryland	-	Sale of electric and ice properties located in St. Mary's, Charles, P-Inns George's and Calvert Counties, Md. to Southern Maryland Electric Cooperative, Inc.	850,000	March 1945	Property sold no longer subject to the Act.	Release No. 5694
United Gas Improvement Company, The Arizona Power Corporation Chesler County Light & Power Company	6,332,371 1,265,293	Sale of investment to James C. Tucker. Sale of common stock to Philadelphia Electric Company.	1,015,050 614,882	June 1945 April 1945	No longer subject to the Act. Parent has filed statement pursuant to Rule D-2 claiming exemption as a holding company	Release No. 5882
United Light and Power Company La Porte Gas and Electric Company	4,028,607	Sale of all electric and gas properties to Northern Indiana Public Service Company. Sale of heat properties to La Porte Heat Corporation.	2,378,000 34,700	Dec. 1944 Dec. 1944	Property sold continues subject to the Act. Property sold no longer subject to the Act.	Release No. 5751 Release Nos. 4740, 5331 Release Nos. 4740, 5331

Table 20, Part 2. - GAS UTILITY PROPERTIES DIVESTED BY REGISTERED HOLDING COMPANIES  
July 1, 1944 to June 30, 1945

System Company	Total Assets of Divested Subsidiaries	Details of Divestment	Consideration if Sold	Date	Comments	Source of Information
Associated Gas and Electric Corporation Laws Shore Gas Company Metropolitan Edison Company	2,290,011 -	Sale of investment to Malvern Hill and associates. Sale of all gas utility assets to Allentown-Bethlehem Gas Company and Harrisburg Gas Company.	\$ 720,000	June 1945	No longer subject to the Act.	Release No. 5293
Greenboro Gas Company Ferryville Electric Co. Ferryville Gas Company, The	1,019,773 - 997,791	Sale of investment to W. F. Sternbach. Sale of all natural gas properties to The Peoples Natural Gas Co. Sale of investment to A. L. Kees and George H. Shaw.	1,425,000 624,500 1,594,828 555,000	Feb. 1945 Dec. 1944 June 1945 Mar. 1945	Property sold continues subject to the Act. No longer subject to the Act. Property sold continues subject to the Act. No longer subject to the Act.	Release No. 5273 Release No. 5501 Release No. 5890 Release No. 5612
Central Public Utility Corporation Bangor Gas Company (Pa.) Citizens Gas Company (Pa.) Hosier Gas Corporation	1,47,249 245,293 1,010,993	Sale of investment to John H. Ware (3rd) Sale of investment to D. Gordon Rupp, Jr. and R. A. Nichols of Dallas, Texas.	250,000	Dec. 1944	" " " " "	Release No. 5515
Portsmouth Gas Company (Maine) Pottsville Gas Company Mobile Gas Service Corporation	479,107 521,126 4,366,315	Sale of all assets to Allied New Hampshire Gas Company. Sale of all assets to Pottsville Gas & Heating Company. Sale of all common stock to the public.	290,000 196,849 271,000 1,602,900	Nov. 1944 Sept. 1944 Dec. 1944 May 1945	" " " " " Property sold no longer subject to the Act. " " " " " No longer subject to the Act.	Release No. 5421 Release No. 5316 Release No. 5515 Release No. 5801
Cities Service Company Pueblo Gas and Fuel Company	1,515,260	Sale of common stock to Public Service Company of Colorado.	400,000	Nov. 1944	Parent has filed statement pursuant to Rule U-2 claiming exemption as a holding company.	Release No. 5399
Colombia Gas & Electric Corporation Ohio Fuel Gas Co., The	-	Sale and exchange of certain natural gas wells and related equipment to the East Ohio Gas Co.	89,997	May 1944	Property sold continues subject to the Act.	Release No. 5093
Community Gas and Power Company Bangor Gas Company (Maine) Birmingham Gas Company Savannah Gas Company	1,032,971 12,884,303 3,137,011	Sale of all common stock to Irwin E. and Sidney A. Kane. Sale of common stock to Southern Natural Gas Company. Sale of all filed property and certain other assets to Savannah-St. Augustine Gas Company.	122,500 1,358,073 2,205,000	Oct. 1944 Jan. 1945 Feb. 1945	No longer subject to the Act. Continues subject to the Act. Property sold no longer subject to the Act.	Release No. 5275 Release No. 5358 Release No. 5628
Crescent Public Service Company Oklahoma Utilities Company	1,037,647	Sale of natural gas properties to D. C. Sellers of Drumright, Okla. Sale of remaining natural gas properties to Oklahoma Natural Gas Company.	26,289	Aug. 1944	" " " " "	30-56-2
Middle West Corporation Alhion Gas Light Co.	676,645	Sale of investment.	280,000	Sept. 1944	" " " " "	Release No. 5324
Ogden Corporation Laclede Gas Light Company	65,871,105	Sale of all common stock to the public.	69,900	Oct. 1944	No longer subject to the Act.	30-48-2
Southern Union Gas Company Texas Southeastern Gas Co.	1,107,142	Distribution of common stock to stockholders of Southern Union Gas Co.	9,613,914	March 1945	No longer subject to the Act.	Release No. 5673
United Gas Improvement Company Allentown-Bethlehem Gas Co. Nashville Gas and Heating Co.	- 5,093,254	Sale of gas utility assets located in Borough of Hamburg, Pa. " " " " " Borough of Pottsville, Pa. Sale of common stock to Tennessee Natural Gas Lines, Inc.	9,000 22,500 1,100,000	June 1945 June 1945 June 1945	Property sold no longer subject to the Act. " " " " " No longer subject to the Act.	Release No. 5484 " " " " " 5484 " " " " " 5896
United Light and Power Company Iowa-Illinois Light and Power Co.	6,180,858	Sale of investment to Central Electric and Gas Company.	4,325,000	Feb. 1945	" " " " "	Release No. 5619
United Public Utilities Corporation Fort Smith Gas Company Southern Gas Producing Company	1,911,986 31,232	Sale of investment to W. R. Stevens. Sale of investment to W. R. Stevens.	1,125,000 75,000	Jan. 1945 Jan. 1945	" " " " " " " " " "	Release No. 5572 Release No. 5572



System Company	Total Assets of Divested Subsidiary*	Details of Divestment	Consideration If Sold	Date	Comments	Source of Information
Peoples Light and Power Company West Coast Power Company	-	Sale of all water properties in City of Hailey, Idaho to the City.	\$ 65,000	Sept. 1944	Property sold no longer subject to the Act.	Release 5243
Republic Service Corporation Massachusetts Water Corporation	\$ 88,277	Sale of common stock to Potomac Edison Company.	44,325	April 1945	Continues subject to the Act.	Release 5721
Standard Power & Light Company Market Street Railway Company	-	Sale of operating properties to the City and County of San Francisco	7,500,000	Sept. 1944	Property sold no longer subject to the Act.	Moody's

\* Total assets of each divested subsidiary are the assets as of December 31 of the year preceding such divestment. Where divestment was effected by a piece-meal sale of properties, the assets of the year end prior to the first major sale were used.

Table 21 - UTILITY AND OTHER PROPERTIES SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(1) ORDERS OUTSTANDING AS OF JUNE 30, 1945

System Company	Total Assets as of December 31, 1944		Nature of Business	State of Operation	Holding Company Act Re-lease Number	Date of Order
	of Individual Companies	System Totals				
American Utilities Service Corporation Minnesota Utilities Company Wisconsin Southern Gas Company	\$ 989,613 1,062,043	\$ 2,051,656	Electric Gas	Minnesota Wisconsin	5114	6-22-44
Associated Gas and Electric Corporation, Trustees Associated Electric Company: Arizona General Utilities Company Eastern Land Corporation	571,520 86,021	159,442,611	Electric Real Estate	Arizona Delaware-Maryland	3729 Amended by 4024, 5601	8-13-42 12-30-42 2-9-45
General Gas & Electric Corporation: South Carolina Electric & Gas Company	46,952,144		Electric-Gas-Bus	South Carolina		
NY PA NJ Utilities Company: Jersey Central Power & Light Company and Subs. Spring Brook Water Company Staten Island Edison Corporation	91,290,673 N. A. 20,368,829		Electric-Gas Water Electric	New Jersey New York New York		
Other Subsidiaries: Associated Real Properties, Inc. Gas and Electric Associates Railway and Bus Associates Schenectady Rapid Transit, Inc. Utilities Investing Trust Valley Public Service Company	173,424 N. A. N. A. N. A. N. A. N. A.		Real Estate Holding Company Bus Investing Company Bus	Delaware - - New York Massachusetts Ohio		
Cities Service Company 2/ Arkansas Louisiana Gas Company Cities Service Power & Light Company Consolidated Cities Light, Power & Traction Company Dominion Natural Gas Company, Ltd. Gas Advisers, Inc. Gas Service Company, The Kansas City Gas Company Republic Light, Heat and Power Company, Inc. Tri-City Gas Company, The Wyandotte County Gas Company, The	66,124,387 55,680,549 10,454,684 24,397,103 N. A. 25,433,965 16,197,688 9,020,216 83,859 4,532,003	211,924,454	Gas Holding Company Elec.-Hy.-Hold. Co. Canada Mutual Service Gas Gas Gas Gas	Ark.-La.-Texas - - - Kans.-Okla.-Nebr.-Mo. Missouri New York Kansas Kansas	3028 5350	5-5-44 10-12-44
Cities Service Power & Light Company 2/ Doniphan County Light & Power Company, The Electric Advisers, Inc. Federal Light & Traction Company Knoxville Gas Company, The St. Joseph Light & Power Company Spokane Gas & Fuel Company	25,429 172,351 14,748,772 1,905,552 15,856,251 3,186,577	35,894,932	Electric Mutual Service Holding Company Gas Elec.-Trans.-Steam Gas	Kansas - - Tennessee Missouri Washington	4489	8-17-43
Federal Light & Traction Company Electric Land Company, The Federal Advisers, Inc. Federal Realty Company Sheridan County Electric Company Tucson Gas, Electric Light and Power Co., The 4/ Tucson Rapid Transit Company 4/	85,869 34,776 112,253 1,806,291 10,063,946 410,852	12,511,967	Realty Service Company Realty Electric Electric-Gas Transit	Washington - Arizona Wyoming Colorado Arizona	4489 4960	8-17-43 3-31-44

Table 21 - (Continued) - UTILITY AND OTHER PROPERTIES SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(1) ORDERS OUTSTANDING AS OF JUNE 30, 1945

System Company	Total Assets as of December 31, 1944		Nature of Business	State of Operation	Holding Company Act Re-Lease Number	Date of Order
	of Individual Companies	System Totals				
Columbia Gas & Electric Corporation Bridge Gas Company Cincinnati Gas & Electric Company, The Columbia Corporation Dayton Power and Light Company, The Miami Development Company, The Miami Power Corporation Ohio Fuel Supply Company, The Union Light, Heat and Power Company West Harrison Electric and Water Company, Inc. Wood Coal Company	\$ 53,277 138,710,548 6,490,185 70,334,711 628,982 666,591 3,362,501 10,357,449 36,589 N. A.	\$ 231,190,831	Gas Transmission Electric-Gas-Steam Investments Electric-Gas-Steam Real Estate Electric Transmission Oil Electric-Gas-Water Electric-Water Coal	Ohio-Kentucky Ohio Ohio Ohio Indiana Ohio Kentucky Indiana	5455	11-30-44
Engineers Public Service Company El Paso Electric Company (Texas) Gulf States Utilities Company Virginia Electric and Power Company (Gas Properties Only) Western Public Service Company, The	17,257,141 70,703,643 7,949,362 \$/ 1,758,022	97,668,168	Elec.-Ky.-Bus Elec.-Gas-Steam-Ice-Water Elec.-Gas-Ky.-Bus Electric	Texas-New Mexico Texas-Louisiana Virginia-North Carolina Wyoming	2230 3796)	12-29-41 9-16-42
* Federal Water and Gas Corporation New York Water Service Corporation Pennsylvania Water Service Company Scranton-Spring Brook Water Service Company	22,027,391 N. A. 61,395,727	92,433,118	Water-Holding Company Holding Company Water-Gas-Holding Company	New York Pennsylvania Pennsylvania	4113	2-10-43
Koppers Company, Inc. Eastern Gas and Fuel Associates and Subsidiaries	181,047,907	13,047,907	Coal-Coke-Gas	Va.-Ky.-Penna.-Conn.-Mass.	5888	6-28-45
Middle West Corporation, The American Public Service Company Beloit Water Power Company Bureau of Safety Central Power and Light Company Central and Southwest Utilities Company Copper District Power Company Great Lakes Power Company, Ltd. Illinois Stock Transfer Company Insurance Trust Fund International Transit Company, The Lawton Corporation, The McLester Canning Company Michigan Gas and Electric Company Middle West Service Company Middle West Utilities Company North West Utilities Company Northern Public Service Corporation, Ltd. Northwestern Public Service Company Oklahoma Power and Water Company Old Dominion Ice Corporation Peoples Ice Company Pittsburg County Railway Company Port Isabel Corporation Public Service Company of Oklahoma South Beloit Water Gas and Electric Company Southern-Henke Ice & Storage Company Southwestern Gas and Electric Company United Public Service Corporation West Texas Utilities Company West Vernon Sewer Company Winning Heating Company, Limited Wisconsin Power and Light Company	16,732,371 1/ 80,310 33,264 65,143,035 21,046,250 1/ 111,267 2/ 4,350,951 14,563,125 17,360 916,792 250,181 112,671 7,284 8,709,473 141,889 5,621,901 1/ 11,931,961 1/ 2,050,072 14,504,181 8,955,576 173,714 2,650,330 735,142 N. A. 66,014,679 1,087,854 620,569 44,958,661 95,654 1/ 47,034,995 42,416 1,044,887 74,971,300 5/	361,043,083	Holding Company Inactive Service Company Elec.-Water-Ice Holding Company Electric Electric Service Company Ferry-Railway Gas and Oil Production Inactive Electric-Gas Service Company Holding Company Holding Company Heat Electric-Gas-Heat Electric-Gas-Water Ice Ice Railway Real Estate Electric-Gas-Water Electric-Gas-Water Ice Elec.-Gas-Water-Ice Holding Company Electric-Water-Ice Heat Elec.-Gas-Water-Bus-Heat	- - Texas Mexico Michigan Ontario Ontario-Canada-Michigan Oklahoma Oklahoma Michigan - - Manitoba, Canada South Dakota-Nebraska Illinois Virginia Oklahoma Oklahoma Delaware Oklahoma Illinois Texas Delaware - Texas Manitoba, Canada Wisconsin	4346	1-25-44

Table 21 - (Continued) - UTILITY AND OTHER PROPERTIES SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(1) ORDERS OUTSTANDING AS OF JUNE 30, 1945

System Company	Total Assets as of December 31, 1944 of Companies Ordered Divested		Mature of Business	State of Operation	Holding Company Act Re-lease Number	Date of Order
	Individual Companies	System Totals				
North American Company	\$	\$ 1,926,939,400	Parking and Gas Stations	Wisconsin	3405	4-14-42
Badger Auto Service Company	113,307		Electric	Kansas		
Blue River Power Company	263,088		Electric	Virginia		
Braddock Light & Power Company, Inc.	1,027,254		Gas (Leased)	Illinois		
Cabotia Manufacturers Gas Company	82,383		Transportation	D. C.-Maryland		
Capital Transit Company	75,042,622		Metering	Ohio		
Ceico Company	59,832		Warehouse	Missouri		
Central Terminal Company	7,457,618		Inactive	Ohio		
Champaign and Urbana Gas Light and Coke Co.	192,330,134 5/6		Electric-Heat	Maryland		
Cleveland Electric Illuminating Company	234,107		Amusement Park	Virginia		
Glen Echo Park Company, The	511,415		Land Company	Wisconsin		
Great Falls Power Company	843,119		Electric Furnace Construction	Illinois		
Hevi-Duty Electric Company	112,842,905 5/6		Elec.-Gas-Heat-Water-Ice-Trans.-Holding Co.	Missouri-Illinois		
Illinois Power Company	59,645,735		Railroad	Kansas		
Illinois Terminal Railroad Company	23,413,053 1/2		Holding Company	Kansas		
Illinois Traction Company	14,871,839		Elec.-Gas-Ice-Trans.	Illinois		
Kansas Electric Power Company, The	67,919,154 5/6		Electric-Gas	Wisconsin		
Kansas Power and Light Company, The	2,481,200		Transportation	Maryland		
Kewanee Public Service Company	48,017,699		Elec.-Gas-Heat-Water-Ice	--		
Milwaukee Electric Railway & Transport Company	22,210,676		Transportation	--		
Missouri Power & Light Company	62,507		Transportation	--		
Montgomery Bus Lines, Inc.	33,991,769 1/2		Holding Company	Iowa-Nebr.-S. Dak.-Minn.		
North American Light & Power Company	5,061,687		Investment	California		
North American Utility Securities Corporation	68,518,562		Holding Company-Pipeline	D. C.-Maryland		
Northern Natural Gas Company and Subs.	894,382,562		Elec.-Gas-Heating-Water-Trans.	Missouri		
Pacific Gas and Electric Company and Subs.	116,287,511		Trans.	Missouri		
Potomac Electric Power Company	10,000		Electric	--		
St. Bernard Coal Company	12,173,292		Coal Sales	--		
St. Louis County Gas Co.	N. A.		Gas	--		
Union Electric Land and Development Company	213,930 1/2		Lard Company	--		
Washington and Rockville Ry. of Montgomery County	37,708,578 1/2		Holding Company	--		
Washington Railway and Electric Company	68,866		Holding Company	--		
West Kentucky Coal Company (Delaware)	16,761,582 5/6		Coal Sales	--		
West Kentucky Coal Company (New Jersey)	143,207,279 5/6		Coal	Kentucky		
Wisconsin Electric Power Company	33,225,187		Elec.-Heat-Holding Company	Wisconsin		
Wisconsin Gas & Electric Company	31,116,178		Electric-Gas-Heat	Wisconsin		
Wisconsin Michigan Power Company			Electric-Gas	Wisconsin-Michigan		
Ogden Corporation		45,863,983	Inactive	Iowa-Minnesota	4307	5-20-43
Central States Power & Light Corporation	3,667,803 5/6		Holding Company	--		
Central States Utilities Corporation	26,822 1/2		Electric-Bus	Illinois		
East Dubuque Electric Company	101,097		Elec.-Gas-Heat-Water-Bus-Holding Company	Iowa-Minn.-S. Dak.		
Interstate Power Company	40,256,407 5/6		Electric	Wisconsin		
Interstate Power Company of Wisconsin	1,843,676					



Table 21 - (Continued) - UTILITY AND OTHER PROPERTIES SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(1) ORDERS OUTSTANDING AS OF JUNE 30, 1945

System Company	Total Assets as of December 31, 1944 of Companies Ordered Divested		Nature of Business	State of Operation	Holding Company Act Re-lease Number	Date of Order
	Individual Companies	System Totals				
Standard Gas and Electric Company California Oregon Power Company, The Empresa de Servicios Publicos de los Estados Mexicanos, S. A. Horseshoe Lake Oil and Gas Company Louisville Gas and Electric Company (Del.) Louisville Gas and Electric Company (Ky.) and Subs. Market Street Railway Company Mountain States Power Company	\$ 40,487,494 3,364,810 12,096 24,426,260 1/ 92,693,562 7,417,741 23,556,589	\$ 320,154,939	Electric-Water Electric-Ice-Water Oil and Gas Leases Holding Company Elec.-Gas-Holding Company Railway-Bus Elec.-Gas-Heat-Water-Telephone Electric Elec.-Gas-Bus	California-Oregon Mexico Oklahoma Kentucky California Wash.-Oreg.-Idaho-Mont.-Wyo.-S. Dak. Oklahoma-Arkansas Wisconsin-Michigan	2929	8- 8-41
United Gas Improvement Company Bridgport Gas Light Co., The Commonwealth Utilities Corporation Hartford Gas Company New Haven Gas Light Company	8,863,422 1,406,243 1/ 9,035,599 10,909,244	28,808,265	Gas Holding Company Gas Gas	Conn. Connecticut Connecticut	2913-3511	7-30-41, 5-7-42
United Light and Railways Company, The Columbus and Southern Ohio Electric Company Consolidated Building Company Detroit Edison Co. Madison Gas and Electric Company Mason City and Clear Lake Railroad Company Michigan Consolidated Gas Company Milwaukee Gas Light Company Milwaukee Solvay Coke Company	80,706,643 6/ 78,978 393,020,979 13,635,444 825,737 106,483,241 35,229,259 13,662,172	643,642,453	Elec.-Heat-Transportation Real Estate Elec.-Gas-Rt. Electric-Gas Railway-Bus Gas Gas Coke	Ohio Wisconsin Michigan Wisconsin Iowa Michigan Wisconsin Wisconsin	2923-3189, 3242 )	8- 5-41 12-15-41 12-31-41
Total Properties Subject to Divestment Orders						
		\$41,351,184, 741 7/				

- 1/ Corporate assets only. Since these assets are largely investments in subsidiary companies, they are excluded from the aggregate amounts ordered divested.
- 2/ Cities Service Company has elected to divest itself of all its utility holdings under an alternative granted it.
- 3/ Under the Commission's order Cities Service Power & Light may retain:  
The Ohio Public Service Company, Assets \$69,323,275  
The Toledo Edison Company, " 88,321,508
- 4/ Under an alternative provided in the Commission's order Federal Light & Traction Company may elect to retain its interest in the Tucson Gas, Electric Light and Power Company, in which event it may also retain its interest in:  
Deming Ice and Electric Company, Assets \$1,023,443  
Stonewall Electric Company, " 481,269  
Tucson Rapid Transit Company, " 410,832
- If it disposes of its other interests listed in the table in addition to its interests in:  
Albuquerque Gas and Electric Company, Assets \$8,059,519  
The Las Vegas Light and Power Company, " 690,324  
New Mexico Power Company " 4,531,336  
The Trinidad Elec. Transm., Ry. & Gas Company " 6,850,113
- 5/ Dollar figure computed on basis of 20.70 cents per Mexican peso.
- 6/ Corporate assets less investment in subsidiary companies whose assets are listed separately.
- 7/ There is a duplication in this figure of approximately \$25,000,000 resulting from 11(b)(1) orders outstanding with respect to Cities Service Company, Cities Service Power & Light Company, and Federal Light & Traction Company.
- 8/ Assets of Gas properties only.
- Inactive companies with little or no assets are excluded.

Table 22 - PUBLIC UTILITY HOLDING COMPANIES SUBJECT TO DISSOLUTION OR LIQUIDATION AND SUBSIDIARIES  
SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(2) ORDERS OUTSTANDING  
AS OF JUNE 30, 1945\*

System Company	Total Assets as of December 31, 1944		Nature of Business	State of Operation	Holding Company Act Re-lease # Number	Date of Order
	Individual Companies	System Totals				
American Power & Light Company Central Arizona Light and Power Company Florida Power & Light Company Consumers Water Company Utilities Land Company Kansas Gas and Electric Company Minnesota Power & Light Company Superior Water, Light and Power Company Montana Power Company, The New Mexico Electric Service Company Northwestern Electric Company Pacific Power & Light Company R. S. & C., Irr. Company, Inc. Pike Rapids Power Company, The Portland Gas & Coke Company Texas Electric Service Company Texas Power & Light Company Texas Public Utilities Corporation Topeka Land Company Washington Irrigation & Development Company Columbia Highlands Company Limestone Company, The Washington Water Power Company, The Spokane United Railways	\$ 290,193,207 1/ 19,800,649 115,780,809 1,185,376 852,394 44,714,725 87,877,177 7,508,790 171,243,269 2/ 1,813,935 23,574,120 49,193,236 N. A. 52,029 26,914,494 88,614,095 95,615,436 3,129,467 323,644 343,661 N. A. 122,985 77,017,492 2/ 2,202,137	\$ 817,834,970	Holding Company Electric-Gas Electric-Gas Water Real Estate Electric Electric-Heat Electric-Gas-Water Electric-Gas-Heat-Water Electric Electric-Heat Elec.-Water-Heat-Holding Co. Irrigation Inactive Gas Electric Electric Electric-Ico-Water Inactive Inactive Inactive Electric-Water-Heat Transportation	- Arizona Florida Florida Florida Kansas Minn.-Wisconsin Wisconsin Montana New Mexico Oregon-Washington Washington-Oregon Washington - Oregon-Washington Texas Texas Texas - - - - Washington-Idaho Washington	3750	8-22-42
American States Utilities Corporation Blison Sault Electric Company Southern California Water Company	3,809,566 1/ 3,264,620 18,716,725	13,981,345	Holding Company Electric Electric-Water	- Michigan California	4230	4-9-43
Electric Power & Light Corporation Arkansas Power & Light Company Capital Transportation Company Dallas Power & Light Company Dallas Railway & Terminal Company Gentilly Development Company, Inc. Louisiana Power & Light Company Mississippi Power & Light Company New Orleans Public Service, Inc. United Gas Corporation Compania Mexicana de Gas, S. A. Dural Texas Sulphur Company Mississippi River Fuel Corporation Union Producing Company United Gas Pipe Line Company United Oil Pipe Line Company Utah Power & Light Company Western Colorado Power Company, The	208,721,645 1/ 68,500,624 2/ 708,486 41,194,006 14,318,300 1,447,445 42,407,286 32,409,244 83,402,489 49,245,305 2/ 3,232,950 3,910,920 27,351,418 122,261,485 163,712,016 1,247,727 86,111,984 2/ 5,017,747	743,438,442	Holding Company Electric-Gas-Heat Transportation Electric Transportation Real Estate Electric-Gas-Transportation Electric-Gas-Water Electric-Gas-Transportation Gas-Holding Company Gas (Wholesale) Sulphur Gas Gas (Wholesale)-Oil Gas (Wholesale)-Gasoline Oil Transmission Elec.-Heat-Holding Co. Electric	- Arkansas Arkansas Texas Texas Louisiana Louisiana Mississippi Louisiana La.-Miss.-Texas Mexico Texas Mississippi Texas-La.-Miss. Texas-La.-Miss.-Ala.-Fla. La.-Texas-Miss. Utah-Idaho-Wyo. Colorado	3750	8-22-42
Great Lakes Utilities Company 2/ Ohio Gas, Light & Coke Company, The Paxton Gas Company Rochele Gas Company	795,263 1/ 1,377,342 288,153 296,125	1,961,620	Holding Company Gas Gas Gas	- Ohio Illinois Illinois	3419	3-31-42



Table 22 - (Continued) - PUBLIC UTILITY HOLDING COMPANIES SUBJECT TO DISSOLUTION OR LIQUIDATION AND SUBSIDIARIES  
SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(2) ORDERS OUTSTANDING  
AS OF JUNE 30, 1945 \*

System Company	Total Assets as of December 31, 1944		Nature of Business	State of Operation	Holding Company Act Re-lease # Number	Date of Order
	Individual Companies	System Totals				
New England Public Service Company 2/ Ducksport Water Company Central Maine Power Company Cumberland Securities Corporation Kennebec Water Power Company New England Pole and Treating Company Sebago Improvement Company Skowhegan Water Power Company Central Vermont Public Service Corporation Missisquoi Syndicate Vermont Utilities, Inc. Nepco Appliance Finance Corporation Nepco Services, Inc. New England Industries, Inc. Androscoggin Mills Union Water Power Company, The Androscoggin Reservoir Company Bates Manufacturing Company Bates Fabrics, Inc. Edwards Manufacturing Company, The Hall Manufacturing Company Keyes Fibre Company Maine Seaboard Paper Company Machias Log Driving Company Mitchell Lumber Company, Ltd. Mopang Dam & Improvement Company Wright Company, The York Manufacturing Company Public Service Company of New Hampshire Amoskeag Industries, Inc. Merrimack Power Company Pensacook Electric Light Company Profile Falls Power Company Properties, Inc. Keene Development Company Sunapee Dam Corporation Swanz Falls Company Weare Improvement & Reservoir Association Salmon Falls Water Company	\$ 42,506,447 1/ 184,621 112,697,670 2/ N. A. 90,957 N. A. 151,435 N. A. 271,520 19,673,734 N. A. 618,850 7,352 59,111 20,757,003 1/ 4,450,628 840,708 2/ 1,019,673 7,177,680 1,271,017 3,819,324 4,375,006 4,506,812 16,481,487 2/ N. A. 175,780 N. A. 561,656 4,986,742 55,518,598 2/ N. A. N. A. N. A. 32,248 N. A. 204,619 N. A. 93,095	\$ 239,050,023	Holding Company Water Electric-Gas Real Estate-Securities Water Storage Pole Treating-Sales Stream Flow Control Water Rights-Real Estate Electric-Gas Real Estate Management Electric Mutual Service Company Subsidiary Service Company Holding Company Rayon Fabrics Water Storage Water Storage Cotton and Rayon Fabrics Selling Agent Cotton Fabrics Cotton Fabrics Molded Pulpwood Products Newsprint Log Driving Timberlands Log Driving Selling Agent Cotton Fabrics Electric-Gas-Transp. Real Estate Undeveloped Water Power Sites Undeveloped Water Power Sites Undeveloped Water Power Sites Real Estate Real Estate Water Storage Electric Generation Water Storage Water	- Maine Maine Maine Maine Maine Maine Maine Vermont N. A. Vermont - - - Maine Maine Maine Maine Maine Maine Canada Maine - Maine New Hampshire New Hampshire Maine Maine New Hampshire New Hampshire Maine New Hampshire New Hampshire Maine New Hampshire	2737	5-2-41
North American Light & Power Company (The North American Company System) Illinois Traction Company Cahokia Manufacturers Gas Company Illinois Power Company Central Terminal Company Illinois Terminal Railroad Company Kewanee Public Service Company Kansas Power and Light Company, The Blue River Power Company, The Kansas Electric Power Company, The Missouri Power & Light Company Northern Natural Gas Company Peoples Natural Gas Company	33,991,769 1/ 23,413,053 1/ 82,383 112,842,905 2/ 7,457,618 99,645,735 2,481,200 67,919,154 2/ 263,088 14,871,889 22,210,676 68,518,562 2,882,472	359,175,682	Holding Company Holding Company Gas (Leased) Elec.-Gas-Heat-Water-Ice-Transp.-Holding Co. Warehouse Railroad Electric-Gas Elec.-Gas-Heat-Water-Ice-Transp. Electric Elec.-Gas-Ice-Transp. Elec.-Gas-Heat-Water-Ice Gas Gas	- Illinois Illinois Missouri Illinois Illinois Kansas Delaware Kansas Missouri Ia.-Neb.-S.D.-Minn. Ia.-Neb.-Minn.	3233	12-30-41

Table 22 - (Continued) - PUBLIC UTILITY HOLDING COMPANIES SUBJECT TO DISSOLUTION OR LIQUIDATION AND SUBSIDIARIES  
SUBJECT TO DIVESTMENT UNDER SECTION 11(b)(2) ORDERS OUTSTANDING  
AS OF JUNE 30, 1945\*

System Company	Total Assets as of December 31, 1944		Nature of Business	State of Operation	Holding Company Act Release ** Number	Date of Order
	Individual Companies	System Totals				
North Continent Utilities Corporation Denver Ice and Cold Storage Company, The Fort Morgan Ice and Cold Storage Company Western Railways Ice Company Elk River Power & Light Company Great Falls Gas Company Great Northern Gas Company, Limited Great Northern Utilities Company New Mexico Public Service Company North Shore Gas Company Southern Utilities Company, Limited S. W. Shattuck Chemical Company, The William A. Baehr Organization, Incorporated	\$ 7,551,654 <u>1/</u> 1,855,512 <u>2/</u> 62,590 620,218 346,967 1,313,261 661,891 1,985,273 1,207,544 11,343,535 27,781 275,100 22,852	\$ 19,722,527	Holding Company Ice-Coal Ice-Coal Ice Electric Gas-Natural Gas Electric-Natural Gas Electric-Telephone Gas Electric Refining Ores Service Company	- Colorado Colorado Colorado Minnesota Montana Ontario Montana New Mexico Illinois Alberta, Can. Colorado -	4686	11-18-43
North West Utilities Company (Middle West Corporation System) Northwestern Public Service Company Wisconsin Power and Light Company Beloit Water Power Company South Beloit Water, Gas and Electric Company	11,931,962 <u>1/</u> 14,504,182 74,042,220 <u>2/</u> 80,810 1,097,855	89,725,067	Holding Company Electric-Gas-Heat Elec.-Gas-Water-Bus-Heat Inactive Electric-Gas-Water	- S. D.-Nebraska Wisconsin-Iowa Wisconsin-Illinois	4552	9-10-43
Total Assets of Subsidiary Companies***		\$3,398,438,437				

\* The following additional holding companies have been ordered to liquidate:

Holding Company	Corporate Assets December 31, 1944	Holding Co. Act Release No.	Date of Order
American Public Service Company	\$ 16,732,871	3580	1-25-44
Central and Southwest Utilities Co.	31,046,250	3580	1-25-44
Community Gas and Power Company	73,119	4395	7- 2-43
Standard Power and Light Corp.	138,087,232	3607	6-19-42
United Corporation, The	116,466,992	4478	8-14-43

The United Corporation was ordered to recapitalize on a one-stock basis and cease to be a holding company. The status of its present subholding companies is subject to separate determination.  
Under an alternative provided in the Commission's order the corporate existence of either Central and Southwest Utilities Co. or American Public Service Co. must be terminated.

\*\* Holding Company Act Release Number is given for each holding company subject to dissolution or liquidation under outstanding Section 11(b)(2) orders.

1/ 2/ In Tables 16 and 17 there is a duplication of subsidiary companies of three holding company systems which are affected by both Section 11(b)(1) and 11(b)(2) orders. The aggregate amount of the duplication of assets is approximately \$500,000,000.

1/ Corporate assets only. Since these assets are largely investments in subsidiary companies, they are excluded from the system totals.

2/ Corporate assets less investments in subsidiary and affiliated companies whose assets are listed separately.

3/ The order in this case took the form of approval of a Section 11(e) plan to liquidate. It was filed while there were pending proceedings pursuant to Sections 11(b)(1) and 11(b)(2).

4/ Consolidated assets. Since these assets are included in the consolidated assets of New England Power Association they are excluded from the system total.

5/ The Commission order required New England Public Service Company to recapitalize on a one-stock basis or, at its election, to liquidate. The company has filed a plan whereby it would distribute its utility assets and become an industrial holding company.

Table 23.--Number of applications and declarations received and disposed of during the fiscal year ended June 30, 1945 under the Public Utility Holding Company Act of 1935

Section and description	Period	Number filled	Number approved	Number with-drawn or dis-missed	Number denied	Number pending at close of fiscal year
Sections 2 and 3 Exemptions from provisions of the Act	To June 30, 1944	565*	164	317	52	32
	July 1, 1944 to June 30, 1945	12*	6	6	0	32
	Total	577*	170	323	52	
Sections 6 and 7 Issuance and sale of securities, alterations of rights, assumptions of liability	To June 30, 1944	1,145	964	124	14	43
	July 1, 1944 to June 30, 1945	179	124	1	1	96
	Total	1,324	1,088	125	15	
Section 10 Acquisition of Securities or other assets	To June 30, 1944	945	761**	129	12	43
	July 1, 1944 to June 30, 1945	112	98**	6	0	51
	Total	1,057	859**	135	12	
Section 11(e) Plans for the simplification of registered holding companies or subsidiaries thereof	To June 30, 1944	116	48	19	3	46
	July 1, 1944 to June 30, 1945	30	8	4	0	64
	Total	146	56	23	3	
Section 11(f) Reorganization under Section 77B of the Bankruptcy Act	To June 30, 1944	25	8	8	3	6
	July 1, 1944 to June 30, 1945	1	1 1/2	0	0 1/2	6
	Total	26	9	8	3	
Section 11(g) and 12(e) Solicitations of consents to transactions	To June 30, 1944	129	79	30	6	14
	July 1, 1944 to June 30, 1945	31	28	2	1	14
	Total	160	107	32	7	
Section 12(b) and Rule U-45 Loans, extensions of credit, donations and capital contributions to associate companies	To June 30, 1944	164	138	9	3	14
	July 1, 1944 to June 30, 1945	43	38	2	0	17
	Total	207	176	11	3	
Section 12(c) and Rule U-46 Payment of dividends out of capital or un-earned surplus	To June 30, 1944	157	137	9	5	6
	July 1, 1944 to June 30, 1945	39	29	0	1	15
	Total	196	166	9	6	
Section 12(c) and Rule U-42 Acquisition, retirement and redemption of securities by issuer	To June 30, 1944	94	489**	55	9	41
	July 1, 1944 to June 30, 1945	143	129**	2	2	51
	Total	737	618**	57	11	
Sections 12(d), 12(f) and Rules U-43, U-44 Sale of securities and utility assets	To June 30, 1944	1,041	851	101	12	77
	July 1, 1944 to June 30, 1945	248	220	12	2	91
	Total	1,289	1,071	113	14	
Section 13 Service company regulation	To June 30, 1944	73	48	8	1	16
	July 1, 1944 to June 30, 1945	1	2	1	0	14
	Total	74	50	9	1	

\* Number filed or reopened.

\*\* Number approved or exempted by rule.

1/ Revised

Table 24.—Cases instituted by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940 and the Investment Advisers Act of 1940.

Types of cases	Total cases instituted prior to July 1, 1944	Total cases pending as of June 30, 1944	Total cases instituted during fiscal year ended June 30, 1945	Total cases pending during fiscal year ended June 30, 1945	Total cases instituted prior to July 1, 1945	Total cases closed prior to July 1, 1944	Total cases closed during fiscal year ended June 30, 1945	Total cases closed prior to July 1, 1945	Total cases pending as of June 30, 1945
Actions by Commission to enjoin violations of Securities Act, Securities Exchange Act, Public Utility Holding Company Act, Investment Company Act of 1940 and the Investment Advisers Act of 1940	442	15	14	29	456	427	17	444	12
Actions by Commission involving the enforcement of subpoenas pursuant to Securities Act and the Securities Exchange Act.	41	4	1	5	42	37	2	39	3
Miscellaneous proceedings brought by Commission.	10	2	1	3	11	8	0	8	3
Actions to carry out voluntary Plan to comply with Sec. 11(b) of the Holding Company Act	15	9	7	16	22	6	8	14	8
Total	508	30	23	53	531	478	27	505	26

Table 25.—Cases instituted against the Commission and cases in which the Commission was permitted to intervene.

Types of cases	Total cases instituted prior to July 1, 1944	Total cases pending as of June 30, 1944	Total cases instituted during fiscal year ended June 30, 1945	Total cases pending during fiscal year ended June 30, 1945	Total cases instituted prior to July 1, 1945	Total cases closed prior to July 1, 1944	Total cases closed during fiscal year ended June 30, 1945	Total cases closed prior to July 1, 1945	Total cases pending as of June 30, 1945
Actions to enjoin enforcement of Securities Act, Securities Exchange Act, and Public Utility Holding Company Act, with the exception of subpoenas issued by the Commission	67	0	0	0	67	67	0	67	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission	7	0	0	0	7	7	0	7	0
Petitions for review of Commission's orders by Circuit Court of Appeals (or Court of Appeals for District of Columbia) under the various acts administered by the Commission	100	13	15	28	115	87	10	97	18
Miscellaneous actions against Commission or officers of Commission	14	6	2	8	16	8	6	14	2
Total	188	19	17	36	205	169	16	185	20

Table 26. --Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, Investment Company Act of 1940 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1945.

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Aldred Investment Trust, et al.	8	Massachusetts	May 19, 1942	Sec. 36 of the Investment Company Act of 1940.	Final judgment by Court January 19, 1945 as to six defendants. Notice of appeal filed by defendants February 17, 1945. Pending on appeal.
Bennett, (Frank W.) et al.	2	Southern District of New York	June 28, 1945	Sec. 9(a)(2) of the Securities Exchange Act of 1934.	Commission sought an injunction restraining defendants from violating Sec. 9(a)(2) of the 1934 Act. Aug. 20, 1945 motion for preliminary injunction denied by the Court. Memorandum Opinion by Bordy, J. Pending.
Chemical Research Foundation, et al.	2	Delaware	March 14, 1945	Secs. 5(a), 17(a)(1),(2) and (3) of the Securities Act of 1933.	Commission instituted action to enjoin Chemical Research Foundation, Inc. and Robert E. Carroll, its President from selling unregistered shares of capital stock of Chemical Research Foundation, Inc. in violation of Sec. 5(a) of 1933 Act and from violating anti-fraud provisions of Secs. 17(a)(1), (2) and (3) of the Act. Preliminary injunction granted by consent as to both defendants on March 23, 1945. On June 1, 1945 both defendants entered pleas of guilty to an indictment charging a violation of Sec. 17(a) of 1933 Act, (See Table 27.) Sept. 11, 1945 Final judgment as to both defendants was entered by consent.
Dahlberg, (Bror) et al. (Certain-feed Products Corp.)	12	Maryland	May 11, 1944	Sec. 14(a) of the Securities Exchange Act of 1934.	The defendants having complied with the demands of the complaint and the controversy having become moot an order of dismissal was filed July 14, 1944.
Ferguson, (Julian H.) Inc. et al.	6	Eastern District of Pennsylvania	January 27, 1938	Secs. 5(a) and (b) and 17(a) of the Securities Act of 1933.	Final judgment by consent Jan. 27, 1938 against five defendants and pending as to Ferguson. Commission authorized closing of files Oct. 9, 1944.
Fidelity Agency, Inc. et al.	5	Colorado	Nov. 2, 1943	Secs. 17(a)(1), (2) and (3) of the Securities Act of 1933.	Final judgment by consent Jan. 4, 1944 as to four defendants pending as to defendant Erwin.
The First Investment Company of Concord, New Hampshire, et al.	3	New Hampshire	June 19, 1945	Secs. 10(b) of the Securities Exchange Act of 1934 and Rule X-10B-5, Secs. 17(a)(3), 20(c), 21(b), 30(d) and 36 of the Investment Company Act of 1940 and Rule N-30D-1.	Commission sought to enjoin defendants from purchasing stock of The First Investment Company from its stockholders in violation of Section 10(b) of the 1934 Act and Rule X-10B-5, and from violating Secs. 17(c)(3), 20(c), 21(b), 30(d) and 36 of the Investment Company Act of 1940 and Rule N-30D-1. Final judgment by consent as to all defendants June 19, 1945.
Gafney, (Aloysius R.) et al. (National Rubber Machinery Company)	8	Southern District of Ohio	April 3, 1944	Sec. 14(a) of the Securities Exchange Act of 1934.	Dismissed on stipulation as to all defendants, Sept. 25, 1944.
Greene, (Charles Edwin) et al.	2	Northern District of Illinois Eastern Division	Oct. 19, 1944	Secs. 17(a)(2) and (3) of Securities Act of 1933 and Secs. 10(b) and 15(c)(1) of the Securities Exchange Act of 1934.	Commission sought to enjoin defendants, registered broker-dealers, from engaging in certain acts and practices in violation of Secs. 10(b) and 15(c)(1) of the 1934 Act and Secs. 17(a)(2) and (3) of the 1933 Act. Final judgment by consent as to both defendants on Nov. 10, 1944.



Table 26.--Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Securities Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1945.--Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Greening, (Thomas B.)	1	Western District of Washington Northern Division	June 28, 1945	Secs. 17(a)(2) and (3) of the Securities Act of 1933 and Sec. 15A, 15(c)(1) and 19(b) of the Securities Exchange Act of 1934 and Rule X-10B-5.	Final judgment by consent on June 30, 1945.
Howey, (W. J.) Company, et al.	2	Southern District of Florida	May 16, 1944	Sec. 5(a) of the Securities Act of 1933.	Permanent injunction denied on April 18, 1945. Notice of appeal filed by SEC on May 14, 1945. Pending on appeal.
Legal Fund Finance Corporation, et al.	2	Colorado	Oct. 23, 1944	Secs. 17(a)(1), (2) and (3) of the Securities Act of 1933.	Final judgment by consent as to both defendants entered on Nov. 6, 1945.
Long Island Lighting Company	1	Eastern District of New York	Dec. 19, 1944	Secs. 2(a), 7b and Secs. 3(a) and (c) of the Public Utility Holding Company Act of 1935.	Commission sought to enjoin defendant from performing certain acts effecting a plan of recapitalization of defendant during pendency of proceedings instituted by the Commission pursuant to Secs. 2(a), 7(b) and Secs. 3(a) and (c) of the 1935 Act at the instance of a committee of preferred stockholders to determine whether defendant's exemption from registration under the Act should be revoked. Temporary restraining order Dec. 19, 1944 vacated and motion for preliminary injunction and final judgment denied Dec. 21, 1944. Affid CCA-2 Feb. 23, 1945. Certiorari granted Mar. 26, 1945. On April 30, 1945 on motion of Solicitor General on behalf of the SEC judgment of CCA-2 vacated and cause remanded to District Court with directions to dismiss complaint. (Cause had become moot. Commission had revoked order exempting defendant from provisions of the Act and defendant on April 23, 1945 filed notification of registration as a holding company subject to the Act and advised Commission of its intention not to seek judicial review of Commission's order nor to make further effort to consummate plan of recapitalization without further order of the Commission.)
Monjar, (Hugh B.) et al.	6	Massachusetts	Feb. 27, 1942	Sec. 5(a) of the Securities Act of 1933.	Continued to await outcome of U.S. v. Hugh B. Monjar (The Mantle Club). See Table of Criminal Proceedings.
Mueller, (H. P.) et al.	3	Eastern District of Wisconsin	March 28, 1945	Sec. 10(b) of the Securities Exchange Act of 1934 and Regulation X-10B-5.	Commission sought to enjoin defendant from purchasing securities of L. J. Mueller Furnace Company from stockholders in violation of Sec. 10(b) of the 1934 Act, Rule X-10B-5. April 20, 1945 final judgment by consent as to defendants Mueller and L. P. Mueller Furnace Company; complaint dismissed as to defendant Warehall and Lislely Bank.
Moore, (J.R.) (Sunshine Premier Mining Company)	1	Western District of Washington	Feb. 2, 1945	Sec. 5(a) of the Securities Act of 1933.	Final judgment by consent on Feb. 2, 1945.

Table 26.—Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, Investment Company Act of 1940 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1945.—Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Nelson, (James) et al.	5	Southern District of California Central Division	Jan. 26, 1944	Sec. 5(a) of the Securities Act of 1933.	Final judgment as to all defendants entered Sept. 8, 1944.
Oils & Industries, Inc., et al.	10	Southern District of New York	Sept. 27, 1944	Secs. 17(a) (1), (2) and (3) of the Securities Act of 1933, Sec. 10(b) of the Securities Exchange Act of 1934, and Rule X-10B-5.	Action to enjoin defendants from effectuating exchange of securities with preferred stockholders of defendant Oils and Industries in violation of Secs. 17(a) (1), (2) and (3) of the 1933 Act, Sec. 10(b) of the 1934 Act and Rule X-10B-5. On April 4, 1945 notice of dismissal filed by the Commission, defendants having stipulated that all tenders of stock for exchange had been rejected and no further offers would be made.
Okin, Samuel	1	Southern District of New York	Oct. 2, 1945	Sec. 12(e) of the Public Utility Holding Company Act of 1935.	On Sept. 24, 1942 Okin, a stockholder of Electric Bond & Share Company, filed with Commission and mailed copies of letter to shareholders asking them not to sign any proxies for the company and to revoke any which they might have already signed. Commission filed complaint seeking injunction because of alleged violations of proxy rules. Court on Oct. 9, 1942 dismissed complaint for insufficiency in law upon its face on ground that letter not a solicitation of proxies within Sec. 12(e) of 1935 Act. CCA-2 on Jan. 4, 1943 reversed the judgment on ground that letter was a solicitation subject to proxy rules and contained false and misleading statements. Defendant's answer to amended complaint served April 12, 1943. Commission's motion to strike portions of defendant's answer filed May 1, 1943. Case adjourned, by stipulation to June 30, 1944. Action discontinued by stipulation on Oct. 3, 1944.
Okin, Samuel	1	Southern District of New York	Oct. 4, 1944.	Sec. 14(a) of the Securities Exchange Act of 1934 and Rule X-14 and Sec. 12(a) of the Public Utility Holding Company Act of 1935 and Rule U-61.	Action by the Commission to restrain the defendant from exercising any power conferred in proxies solicited by him in connection with the annual meeting of stockholders of Electric Bond & Share Company in violation of Sec. 14(a) of the 1934 Act and Rule X-14 and Sec. 12(a) of the 1935 Act and Rule U-61. Preliminary injunction granted by the Court Oct. 11, 1944 restraining defendant from use of proxies obtained in violation of law and regulations. Opinion by Bright, J. Defendant's time to answer extended to Oct. 27, 1945. Pending.
Thomason Panhandle Company, et al.	2	Colorado	July 13, 1943	Secs. 17(a)(2) and (3) of the Securities Act of 1933.	Court dismissed complaint Jan. 20, 1944 on ground that the defendants' acts and practices had ceased shortly prior to filing the complaint and that there was no danger of future violation. Reversed and remanded CCA-10 Nov. 3, 1944. Opinion Phillips, J. Amended final judgment as to both defendants Feb. 2, 1945.

Table 26.—Injunctive proceedings brought by Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, Investment Company Act of 1940 and the Investment Advisers Act of 1940, which were pending during the fiscal year ended June 30, 1945.—Continued

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
United Funds Management Corporation, et al.	7	Western District of Missouri	Sept. 9, 1942	Secs. 36 and 44 of the Investment Company Act of 1940.	Temporary restraining order and order designating trustee, Sept. 9, 1942; Order Oct. 1, 1942 continued temporary restraining order; answer filed by trustee in bankruptcy November, 1942; dismissed without prejudice July 11, 1944.
Wight, (John) et al. (Mondakota Development Co.)	11	Montana	Dec. 16, 1941	Secs. 5(a)(1) and (2) and Secs. 17(a)(2) and (3) of the Securities Act of 1933.	Final judgment entered on consent and stipulation September 20, 1945.
Wilson, (Roy E.) et al.	3	Eastern District of Illinois	Feb. 3, 1945	Secs. 5(a), 17(a) and 17(b) of the Securities Act of 1933. Sec. 15(a) of 1934 Act and Sec. 202(a) of Investment Advisers Act of 1940.	Commission sought to enjoin all defendants from selling fractional undivided interests in oil and gas and other mineral rights in violation of Secs. 5(a) and Secs. 17(a) and 17(b) of the 1933 Act and to enjoin the defendant Crowder from violating Sec. 15(a) of the 1934 Act and Sec. 202(a) of the Investment Advisers Act of 1940. Final judgment by consent as to all defendants on April 3, 1945.
Wlx, (Ernest T.) et al.	4	Northern District of Illinois Eastern Division	Oct. 18, 1944	Secs. 5(a) and 17(a) of the Securities Act of 1933.	Commission sought to enjoin defendants from selling undivided interests in oil and gas leases in violation of Secs. 5(a) and 17(a) of the 1933 Act. Final judgment by consent as to defendants, Martin, Shaktleton and Bon Martinitz Dec. 1, 1944. Hearing on motion for preliminary injunction as to defendant Wlx. Generally continued on March 13, 1945. Pending.
Woodman, Edwin Paul dba (Woodman & Company)	1	Massachusetts	Feb. 23, 1943	Secs. 15(c)(1) and 10(b) of the Securities Exchange Act of 1934.	Final judgment by the Court Aug. 15, 1944.
Young, (L. A.) et al.	3	Eastern District of Michigan	April 18, 1944	Secs. 16(a), 14(a) and 20(c) of the Securities Exchange Act of 1934.	Final judgment by consent as to all defendants on Feb. 26, 1945
Otis, (Edward V.) et al.	10	Southern District of New York	Oct. 24, 1944	Secs. 7(a), 17(a) and 36 of the Investment Company Act of 1940.	Commission sought to enjoin defendants from violating Secs. 7(a), 17(a) and 36 of the 1940 Act and requested appointment of a receiver. Defendants agreed to reorganize so as to eliminate the abuses complained of following which on July 3, 1945 action was dismissed by the Commission on stipulation.

TABLE 27.--Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. A. B. Jones, et al. (Colonial Trading Company)	11	Nevada	July 16, 1935	Secs. 5(a) and 17(a) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Pending as to principal defendants, A. B. Jones and M. J. Jones, who have not been apprehended. Indictment nolle prossed as to deceased defendant and dismissed as to 8 co-defendants. Silver pleaded guilty Nov. 29, 1944 and was sentenced to 18 months imprisonment. Execution of sentence was suspended and defendant placed on probation. Case pending as to Morris Cohen. Four defendants previously had pleaded guilty and 7 others were convicted after trial. The indictment was nolle prossed as to one defendant and dismissed as to another.
U. S. v. Samuel J. Mustain, et al. (Continental Securities Corporation)	15	Southern District of New York	Dec. 3, 1937	Sec. 17(a) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	The two principal defendants pleaded guilty and were sentenced. Indictment nolle prossed as to 9 defendants. Convictions have been obtained as to 5 defendants. Case pending as to 2 defendants, one of whom is a fugitive. Trials on third indictment resulted in 6 convictions and 3 acquittals. Conviction of Myers after a retrial was reversed by U. S. C. A. 9 on February 20, 1945. Previously first and second indictments were dismissed. Levinson pleaded guilty on June 12, 1945 and was sentenced to one year and one day. Sentence suspended and defendant placed on probation for 2 years commencing after completion of a sentence being served under another charge. Case pending as to Thurman, whose true name is George M. Saunders, and who has not yet been apprehended. Previously, Lincoln pleaded guilty and was sentenced. Case pending.
U. S. v. Max Strahl, et al. (C. O. Elacwell)	11	Southern District of New York	April 26, 1938	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	
U. S. v. Melvan D. Haynes, et al. (Burners, Owens & Company)	7	Eastern District of Michigan	Oct. 19, 1936	Secs. 17(a)(1) and (2) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	
U. S. v. Joshua F. Simons, et al. (Peoples Gas & Oil Corporation)	11	Western District of Washington	Oct. 20, 1937	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	
	10	do	June 25, 1938	do	
	9	do	Dec. 3, 1938	do	
U. S. v. Arthur C. Thurman, et al.	3	Massachusetts	Jan. 19, 1939	Sec. 17(a)(2) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	
U. S. v. Harry Low et al. (Trenton Valley Distillers Corporation)	2	Eastern District of Michigan	Feb. 3, 1939	Sec. 17(a)(1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	
U. S. v. Norman W. Mims, et al.	3	Southern District of New York	Oct. 26, 1938	Conspiracy to violate Secs. 9(a)(1)(A), (B) and (C) and Sec. 9(a)(2) of 1934 Act (manipulation).	Petition for writ of certiorari to review judgment of U. S. C. A. 2 upholding convictions of Mims and Pelletier denied on Oct. 9, 1944 (323 U. S. 776). Previously, the third co-defendant pleaded guilty and was sentenced. Judgment of conviction as to Bronson and the Coronado Development Corporation affirmed by U. S. C. A. 2 on Dec. 14, 1944. Appeal of the Weatherbee Process Corporation dismissed. Five defendants had been convicted and one defendant acquitted. Case pending as to Thomas, who was granted severance. Previously, indictment dismissed as to one defendant.
U. S. v. Elmond B. Bronson, et al. (Bagdad Copper Corporation)	8	Southern District of New York	Mar. 8, 1939	Secs. 5(a)(1) and (2) and 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	

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

TABLE 27.--Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.--Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charge	Status of case
U. S. v. Harold B. Grov, et al. (Continental Securities Corporation)	17	Southern District of New York	Nov. 2, 1938	Secs. 88 and 338, Title 18, U. S. C.	One defendant pleaded guilty to the first indictment which was nolle prossed as to the remaining defendants. Previously, the second indictment was nolle prossed as to all defendants. The third indictment was nolle prossed as to the corporate defendant, one defendant had pleaded guilty thereunder, and 4 others were convicted after trial.
U. S. v. Louis C. George, et al. (Automatic Products Corporation)	6	"	Mar. 31, 1939	"	One defendant has been sentenced upon plea of guilty; one defendant reported deceased.
U. S. v. Henry L. Baker	6	"	May 31, 1939	"	Pending as to one defendant.
U. S. v. Louis C. George, et al. (Automatic Products Corporation)	3	Southern District of New York	Apr. 30, 1940	Secs. 9(a)(1)(B) and (C), and 9(a)(2) of 1934 Act; Secs. 88 and 338, Title 18, U. S. C.	Defendant not apprehended. Case pending.
U. S. v. Henry L. Baker	1	Southern District of California	Mar. 25, 1939	Secs. 17(a)(1) and (2) of 1933 Act and Sec. 338, Title 18, U. S. C.	Case pending. One defendant not apprehended.
U. S. v. C. Milton Smith, et al. (North Penn Oil Lands, Inc.)	4	Southern District of New York	Nov. 7, 1941	Secs. 5(a)(2) and 17(a)(3) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Case pending as to Martin, Levant (a fugitive), and Sarahik, who is presently incarcerated in a U. S. Penitentiary on another charge.
U. S. v. Kenneth B. Martin, et al. (Memorial Estates)	7	District of Columbia	Sept. 16, 1941	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Previously, 4 other defendants pleaded guilty and were sentenced.
U. S. v. Philip Cornelius Walsh, et al. (El Canada Mines, Inc.)	21	Southern District of New York	Sept. 26, 1940	Sec. 17(a)(1) and (2) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Indictment nolle prossed as to all defendants on November 26, 1944.
U. S. v. Philip J. Kealy, et al. (Campana Gold Mines, Inc.)	7	Northern District of Illinois	Apr. 15, 1940	Sec. 338, Title 18, U. S. C.	Deese pleaded guilty to one count on Jan. 22, 1945 and was fined \$1000. Indictment dismissed as to two defendants and nol prossed as to four remaining defendants.
U. S. v. Harry J. Mallen (Santa Cruz)	1	Northern District of Illinois	Mar. 15, 1940	Sec. 17(a)(1) of 1933 Act and Sec. 338, Title 18, U. S. C.	Case pending.
U. S. v. Arnold Joerns, et al. (Resources Corporation International)	9	Northern District of Illinois	Dec. 13, 1940	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Jury failed to agree on first trial. On retrial to Court without a jury, 5 defendants were acquitted on November 30, 1944. Indictment previously dismissed as to 4 defendants.
U. S. v. Edward M. Hill, et al.	12	Northern District of Ohio	May 21, 1940	Secs. 88 and 338, Title 18, U. S. C.	Ten defendants have pleaded guilty and have been sentenced. Case pending as to Gould and Lewis.
U. S. v. Hector Gomez, et al. (Minas Del Fuego, S. A.)	4	Southern District of New York	June 18, 1941	Secs. 5(a)(1) and 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Two defendants previously pleaded guilty and were sentenced. Indictment nolle prossed as to Ross and Blair on March 6, 1945.
U. S. v. R. A. McArthur	1	Western District of Arkansas	Aug. 20, 1941	Sec. 338, Title 18, U. S. C.	Case pending.
U. S. v. Joseph H. Smith (Advance Oil Company, Inc.)	1	Northern District of Georgia	Apr. 29, 1941	Sec. 17(a)(1) of 1933 Act; and Sec. 338, Title 18, U. S. C.	Defendant acquitted on March 27, 1945.

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

TABLE 27.—Indictments returned for violation of the Acts administered by the Commission, the mail fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Theodore P. Heider (American Trusteed Funds, Inc.)	4	Southern District of New York	June 10, 1941	Sec. 24 of 1933 Act, and Sec. 88, Title 18, U. S. C.	Duff pleaded guilty to third indictment and was sentenced to a year and a day. Execution of this sentence was suspended and Duff placed on probation for 2 years. On October 24, 1944, C. C. A. 2 affirmed the order of the trial court denying Weese's motion to withdraw his plea of guilty on the third indictment. Previously, Heider pleaded guilty to all 3 indictments and was sentenced; American Trusteed Funds, Inc. pleaded nolo contendere to first 2 indictments and was placed on probation for 5 years; Kane pleaded guilty to conspiracy count of first indictment, imposition of sentence was suspended, and Kane placed on probation for 2 years; the second indictment was nolle prossed as to Kane; and Jacobs pleaded guilty to the third indictment and was sentenced. Case pending as to remaining defendants. Case Pending.
U. S. v. Robert H. Kells, et al. (National Reference Library Corp.)	4	District of Columbia	Feb. 16, 1943	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U.S.C.	Defendant found guilty on plea of nolo contendere on Jan. 3, 1945. Sentence suspended and defendant placed on probation for 5 years, conditioned on making full restitution to victims. Collins, Fischgrund and Schira convicted on conspiracy count on July 25, 1944. Imposition of sentence suspended on Aug. 1, 1944, for one year. Appeals to C. C. A. 9 were dismissed on March 14, 1945 on ground that order of trial court suspending sentence without placing defendants on probation was not a final judgment and not appealable. On April 13, 1945 these defendants were resentenced to one year's imprisonment each, execution suspended for 2 years and defendants placed on probation for 2 years. Morgan and Gordon were acquitted after trial.
U. S. v. August F. Slater (Automatic Engineering, Inc.)	1	Southern District of California	Sept. 17, 1941	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.	
U. S. v. James N. Collins, et al. (Union Associated Wines Company)	5	Southern District of California	Feb. 4, 1942	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U.S.C.	

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

TABLE 27--Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (Sec. 338, Title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.--Continued

Name of Case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. E. M. McQueen & Company, et al. (Devon Gold Mines, Ltd.)	2	Eastern District of Michigan	Oct. 21, 1941	Sec. 5(a) of 1934 Act	Case pending as to first indictment. Kaufman and Miditch were convicted after trial on second and third indictments on Nov. 4, 1944. Kaufman was sentenced to 7 years' imprisonment and fined \$1,000; and Miditch was sentenced to 10 years' imprisonment and fined \$5,000. Kaufman has filed notice of appeal. On Oct. 3, 1944, Lewis pleaded guilty to count 3 of second indictment charging violation of Sec. 5(a)(2) of 1933 Act and to count 4 of third indictment charging violation of Sec. 338, Title 18, U. S. C. and was fined \$2,000.
U. S. v. Charles Beeson, et al.	2	Massachusetts	Oct. 16, 1941	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Beeson previously pleaded guilty and was sentenced. Indictment nolle prossed as to Guest, Dec. 27, 1944.
U. S. v. Mark A. Freeman, et al. (Consolidated Associates, Inc.)	13	Northern District of Illinois	Feb. 25, 1943	Secs. 88 and 338, Title 18, U. S. C.	Case pending as to 10 defendants. Two defendants previously pleaded guilty and were sentenced. One defendant died.
U. S. v. Otto B. Dagg, et al. (Dagg & Company, Inc.)	5	Western District of Washington	June 29, 1942	Sec. 17(a)(1) and (3) of 1933 Act; and Secs. 88 and 338, Title 18, U. S. C.	Convictions obtained against 3 defendants on the conspiracy count. One defendant was acquitted. Case pending only as to Duvall who is a fugitive.
U. S. v. Fidelity Investment Association, et al.	18	Eastern District of Michigan	Dec. 1, 1941	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Six defendants apprehended. One defendant deceased. Pending.
U. S. v. Jacob Morris Dausiger, et al. (Trinidad International Petroleum Ltd.)	6	Southern District of California	Dec. 30, 1941	Sec. 5(a)(2) and 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Dausiger, Wake Development Co. and Trinidad International Petroleum Ltd. convicted on Feb. 3, 1945. Dausiger was sentenced to 15 months' imprisonment and each of the corporate defendants was fined \$2,000. These three defendants have filed notices of appeal. Carter pleaded guilty to conspiracy count on Jan. 10, 1945 and was sentenced to 15 months' imprisonment, later reduced to 60 days. Trial of 2 other defendants pending.
U. S. v. Frederick E. Backmeier, et al. (Sentenal Corporation)	6	Southern District of Ohio	Feb. 2, 1942	Sec. 17(a) of 1933 Act; Sec. 338, Title 18, U. S. C.	Convictions obtained as to 6 defendants, one of whom died before sentence was imposed. The remaining defendants appealed. OCA-6 affirmed judgments on July 3, 1944.
U. S. v. Bart Cecil Lucas	1	Southern District of New York	Aug. 19, 1942	Sec. 338, Title 18, U. S. C.	Petition for rehearing denied Aug. 14, 1944. Defendant apprehended April 11, 1945. Case pending.

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

TABLE 27.--Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.--Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. John L. Applebaum, et al. (J. Samuel Wacker, et al.)	4	Western District of New York	Sept. 11, 1942	Sec. 15(a) of 1934 Act.	Case pending.
U. S. v. Sam Seinfeld, et al. (General Commodities Company)	4	do	do	Secs. 17(a)(1) and 5(a)(1) and (2) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Pleas of guilty entered by Seinfeld, Vidaver and Lauer. Each defendant sentenced to 1 year and 1 day. Case pending as to Almbinder, who has been apprehended.
U. S. v. Hugh B. Monjar, et al. (The Mantle Club)	5	do	do	Conspiracy to violate Sec. 17(b) of 1933 Act.	Judgments of conviction of all defendants on first indictment, and 7 defendants on second indictment, affirmed by C.C.A. 3 on Dec. 1, 1944. Certiorari denied May 21, 1945. Second indictment previously was dismissed as to 2 defendants and 3 defendants were acquitted.
U. S. v. Harvey H. Hevenor	12	Northern District of Illinois	Oct. 1, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Defendants convicted on Oct. 18, 1944 and sentenced to 15 months' imprisonment. Notice of appeal filed Nov. 1, 1944. Election to serve sentence filed Dec. 1, 1944. Appeal withdrawn on Apr. 12, 1945. Case pending.
U. S. v. Frank J. Ryan, et al. (Research and Investment Company)	4	Delaware	May 26, 1942	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Motion to strike the indictment as to all defendants was denied May 8, 1944. Pending.
U. S. v. Philip A. Freer, et al. (Pimlex Incorporated)	3	do	Sept. 21, 1942	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Cases Pending.
U. S. v. John Herok, et al.	6	Eastern District of North Carolina	Sept. 11, 1943	Sec. 17(a)(1) of 1933 Act; Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	
U. S. v. Gabriel Diaz, et al. (Flaquemines Land Company)	13	District of Columbia	July 30, 1942	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.; and conspiracy to violate Secs. 17(a)(1) and (2) of 1933 Act and Sec. 338, Title 18, U. S. C.	
	1	do	do	Sec. 15(a) of 1934 Act.	
	5	do	do	Secs. 5(a)(1) and (2) of 1933 Act, and conspiracy to violate this statute.	Nine defendants were found guilty on trial. Sentences ranged from 5 years and 1 day to 8 years. Manella reported deceased. Keifer and Adler did not go to trial. All defendants who were convicted have filed notice of appeal. Second indictment pending.
	2	Eastern District of Louisiana	Sept. 4, 1942	Sec. 17(a)(1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	
	2	do	Nov. 6, 1942	Sec. 338, Title 18, U. S. C.	

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



TABLE 27.—Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Joseph L. Hassett, et al. (W. H. Kock Company)	9	Eastern District of New York	Mar. 2, 1943	Secs. 17(a)(1) and (2) of 1933 Act; Sec. 338, Title 18, U.S.C. and conspiracy to violate 17(a)(2) and Sec. 338, Title 18, U.S.C.	Hassett pleaded guilty as charged. Packard and Guest pleaded guilty to conspiracy count, only. Hassett sentenced to 2 years; Packard 1 and Guest to 1 year and 4 months. Trial opened June 7, 1945 as to Meierdiercke on the conspiracy count only. Jury found him not guilty. Indictment pending as to remaining defendants.
U. S. v. Arthur H. Wyatt, et al. (Commercial Underwriters, Inc.)	5	Southern District of Indiana	Sept. 18, 1943	Sec. 88 and 338, Title 18, U.S.C.	Judgments of convictions of Madison and Franklin affirmed by C.C.A. 7 on Nov. 15, 1944. Indictment dismissed as to Unger, Dec. 11, 1944. Appeal from judgment of conviction voluntarily withdrawn by Wyatt on Dec. 30, 1944. Schulman had previously been acquitted.
U. S. v. Frank Anthony Ohlman, et al. (A. J. Harris, et al.)	4	Southern District of Mississippi	May 5, 1943	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Ohlman and Calhoun pleaded guilty on May 2, 1944, and each was sentenced to 5 years; execution of sentence suspended and they were placed on probation for 5 years.
U. S. v. Lloyd T. Moore, et al.	3	Montana	June 18, 1943	Secs. 5(a)(1) and (2) and 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Rubein V. Johnson pleaded guilty on Nov. 6, 1944 and was sentenced to 11 months, sentence suspended and defendant placed on probation for 11 months, to commence from the date of the expiration of his present sentence on another charge. Indictment pending as to Martin. Case pending.
U. S. v. Jacob Perlman	1	Southern District of New York	Nov. 5, 1942	Secs. 80 and 231, Title 18, U.S.C.	Case pending.
U. S. v. George Howell, et al. (Texas National Life Insurance Co.)	2	Southern District of Texas	July 1, 1943	Secs. 17(a)(1) and (2) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Defendants convicted after trial on Oct. 3, 1944. Howell was sentenced to 18 months' imprisonment on 3 counts, and 2 years on 4 other counts, the latter sentence being suspended for 5 years. Freed was sentenced to 6 months' imprisonment on 3 counts; and one year and one day on 2 additional counts, which latter sentence was suspended for 5 years.
U. S. v. James Orrill Gallowsy, et al. (Humboldt Metallics Corp. Ltd.)	5	Idaho	Sept. 22, 1943	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Smith pleaded guilty Sept. 9, 1944, was sentenced to 13 months' imprisonment, execution suspended, fined \$750, and placed on probation for one year. Case pending as to Fisher presently serving a prison sentence on another charge. Sentences previously were imposed on 2 defendants who pleaded guilty, and one defendant was convicted after trial.

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

TABLE 27.—Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. J. Samuel Wacker, et al. (Pilot Molybdenite Mines Company, Ltd.)	3	Eastern District of Michigan	April 15, 1943	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Case pending.
	2	"	April 16, 1943	Secs. 5(a)(1) and (2) of 1933 Act.	
	1	"	April 16, 1943	Secs. 5(a)(1) and (2) of 1933 Act.	
	1	"	May 14, 1943	Sec. 15(a) of 1934 Act.	
	1	"	May 14, 1943	Sec. 15(a) of 1934 Act.	
	2	"	May 14, 1943	Conspiracy to violate Secs. 5(a) and 17(a) of 1933 Act and Sec. 338, Title 18, U.S.C.	
U. S. v. Maurice M. Leavitt, et al. (Lakmoor Development Co.)	5	Western District of Washington	Nov. 16, 1943	Section 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Lubin pleaded guilty to mail fraud count, sentenced to 12 mos. imprisonment, execution suspended, placed on probation for 5 years and fined \$1,000. Indictment dismissed as to Robert and Howard Leavitt and case pending as to Stevens, a fugitive. Previously, principal defendant M. M. Leavitt, pleaded guilty and was sentenced.
U. S. v. Charles Thelma Rice, et al. (Parquay Royalty Co., Inc.)	4	New Mexico	Mar. 9, 1944	Sec. 17(a)(1) of 1933 Act; and Sec. 338, Title 18, U. S. C.	Defendants all convicted after trial on August 28, 1944. Also appealed and on May 15, 1945, C.C.A. 10 reversed conviction as to him.
U. S. v. Samuel S. Alexander, et al.	5	Southern District of New York	Jan. 26, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Fines of guilty were entered by Alexander, Rappaport, Golub and Barstein. Mandel was found guilty by jury. Sentences ranged from 2 to 18 months and 5 years' probation.
U. S. v. Samuel S. Alexander	1	do	do	Sec. 17(a) of 1934 Act.	
U. S. v. Clifford S. Johnson, et al.	3	Montana	Oct. 21, 1943	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Marie Erdahl was found guilty June 30, 1945 upon her plea of nolo contendere and was sentenced to 14 months' imprisonment. Execution of sentence suspended and defendant was placed on probation for 5 years. Case pending as to Clifford S. and Charles E. Johnson.
U. S. v. Guaranty Underwriters, Inc., et al.	11	Southern District of Florida	Mar. 29, 1944	Secs. 17(a)(1) and (3) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Eight defendants were found guilty upon their pleas of nolo contendere. Fines were imposed ranging from \$500 to \$1500. Indictment was nolle prossed as to three defendants.

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

TABLE 27.—Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.) and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. W. R. Fremstal, et al. (Ocean Crab Pot Operators, Inc.)	2	Western District of Washington	Mar. 15, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Fremstal pleaded guilty on Aug. 21, 1944 to the conspiracy count and was sentenced to 18 months' imprisonment and fined \$1,000. Indictment dismissed as to Weyforth.
U. S. v. Franklin Lamon, et al. (Graphite Company of America)	2	Delaware	Dec. 10, 1943	Sec. 17(a)(1) of 1933 Act; and Sec. 338, Title 18, U. S. C.	Lamon was found guilty on July 18, 1944, upon his plea of nolo contendere to the Securities Act violations. He was sentenced to one year and one day, and 3 years' probation. McCann was found guilty on July 7, 1944 and was sentenced to one year and 3 months on one count, and 3 years' probation on remaining counts. Case pending.
U. S. v. Frank V. Raymond	1	Maryland	Mar. 13, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Laudberg was found guilty upon his plea of nolo contendere, Nov. 20, 1944. He was sentenced to 6 months' imprisonment, execution of sentence was suspended, and defendant placed on probation for one year and directed to make complete restitution to all victims.
U. S. v. John W. Laudberg	1	Eastern District of Pennsylvania	Aug. 24, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Motions to dismiss and to quash the indictment, and demurrer overruled Oct. 9, 1944. Case pending.
U. S. v. Florida Bond & Share, Inc., et al.	5	Southern District of Florida	Apr. 6, 1944	Secs. 17(a)(1) and (3) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Both defendants convicted after trial on April 18, 1945. Leonard was sentenced to 2 years' imprisonment and Roberts to one year imprisonment.
U. S. v. Amster Leonard, et al.	2	Western District of Michigan	Apr. 6, 1944	Secs. 88 and 338, Title 18, U. S. C.	King and Wernes convicted after trial on May 26, 1945. Johnson was acquitted.
U. S. v. George A. King, et al. (Crown Oil & Refining Co. Ltd.)	3	Southern District of Illinois	June 22, 1944	Secs. 17(a)(1) and 5(a)(2) of 1933 Act; Sec. 338, Title 18, U. S. C.	Bowen convicted after trial on Mar. 1, 1945, and was sentenced to 3 years' imprisonment. Notice of appeal filed. Two co-defendants were acquitted.
U. S. v. Leslie G. Bowen, et al. (Bowen Industries, Inc.)	3	Western District of Missouri	July 12, 1944	Secs. 5(a)(1) and 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.	Jury returned verdict of guilty as to each defendant on February 20, 1945 but court set aside verdict as to Evelyn Kroel and Mary Morel and entered a finding of not guilty as to them. Carruthers was sentenced to 5 years' imprisonment and filed notice of appeal on March 9, 1945.
U. S. v. Hugh Greer Carruthers, et al. (Neological Foundation)	3	Northern District of Illinois	Oct. 25, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Demurrers of all defendants to first indictment sustained on March 12, 1945. Appeal to CCA-10 by Government pending. Trial on second indictment pending.
U. S. v. Roy E. Crummer, et al. (The Brown-Crummer Investment Co.)	12	Kansas	Aug. 3, 1944	Sec. 338, Title 18, U. S. C.	
	10	do	do	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.	

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

TABLE 27.—Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. v. Wilmington Fire Insurance Co., et al.	8	Delaware	July 20, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Six defendants were found guilty on Nov. 10, 1944, one was acquitted and the indictment was abated as to one defendant who died. The 2 corporate defendants were fined \$25,000 each. Sentences on four individual defendants ranged from 6 to 15 months' imprisonment, and 3 years' probation.
U. S. v. Frank Marzfield, et al. (Central Securities Company, et al.)	11	Western District of Texas	Aug. 8, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U.S.C.	All defendants were found guilty on April 25, 1945. Present sentences were imposed ranging from 3 years and 3 months to 5 years and 3 months, and ten of the defendants were fined \$1000 each. All of the defendants were appealed.
U. S. v. The Penfield Company of California, et al.	6	Southern District of California	Sept. 29, 1944	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U.S.C.	On May 31, 1945 court directed verdict of acquittal as to The Penfield Company of California, Black and Young, on the grounds of insufficiency of evidence. Indictment was dismissed as to The Penfield Company of Ohio. Case pending as to Marlowe and Bourbon Sales Corporation.
U. S. v. Maxwell Goldberg, et al. (Maxwell & Company, Inc.)	3	District of Massachusetts	Mar. 26, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U.S.C.	Case pending.
U. S. v. Edward J. Stoll, et al. (Multi Metals Corp., et al.)	2	Southern District of Iowa	Nov. 30, 1944	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.	Case pending.
U. S. v. Eldridge S. Price	1	District of Kansas	Mar. 9, 1945	Secs. 5(a)(2) and 17(a) of 1933 Act; Sec. 338, Title 18, U. S. C.	Pending.
U. S. v. Charles Gordon Stuart	1	Western District of Washington	Dec. 20, 1944	Sec. 17(a)(1) of 1933 Act; Sec. 338, Title 18, U. S. C.	Indictment dismissed due to death of defendant.
U. S. v. Federal Fyr-Mx Company, Inc., et al.	4	Southern District of New York	Feb. 8, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Case pending.
U. S. v. James F. Byer, et al.	2	Southern District of Florida	Feb. 23, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Case pending.
U. S. v. George A. Barnhardt, et al. (Big Pond Realty & Development Co., Inc.)	2	Southern District of Indiana	Mar. 16, 1945	Sec. 17(a)(1) of 1933 Act; Secs. 88 and 338, Title 18, U. S. C.	Barnhardt and Schneider were found guilty on all counts on June 5, 1945; Barnhardt was sentenced to 5 years' imprisonment and fined \$1,000, Schneider was sentenced to 2 1/2 years' imprisonment. Barnhardt filed notice of appeal on June 20, 1945.
U. S. v. Edwin Paul Woodman, et al.	2	District of Massachusetts	May 16, 1945	Sec. 17(a)(3) of 1933 Act, Sec. 15(c)(1) of 1934 Act and Rule X-15C1-2.	Case pending.

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TABLE 27.--Indictments returned for violation of the Acts administered by the Commission, the mail-fraud statute (sec. 838, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the fiscal year ended June 30, 1945.--Continued

Name of case	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
U. S. W. R. Hempstead Company, et al.	4	Rhode Island	April 19, 1945	Sec. 17(a)(3) of 1933 Act; Sec. 15(c)(1) of 1934 Act and Rule X-15C1-2, Sec. 17(a) of 1934 Act and Rule X-17A-5; and Sec. 32(a) of 1934 Act; and conspiracy to violate these statutes.	Case pending.
U. S. V. Chemical Research Foundation, Inc., et al.	3	Delaware	May 1, 1945	Sec. 17(a)(1) of 1933 Act, and Sec. 338, Title 18, U. S. C.	Pleas of guilty were entered on June 1, 1945 by Robert E. Carroll on behalf of himself and Chemical Research Foundation, Inc. Carroll was sentenced to 2 years' imprisonment and placed on probation for 3 years to commence at expiration of sentence. Case pending as to James W. Gilbert.
U. S. V. Liggett & Myers Tobacco Co., et al.	3	Eastern District of Pennsylvania	Apr. 27, 1945	Sec. 13 and 32 of 1934 Act; Section 88, Title 18, U. S. C.	

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

TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1945.

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature and history of case	Status of case
American Power & Light Co.; Electric Power & Light Corp.	First	Oct. 20, 1942	Petitions to review Commission orders requiring dissolution of both companies under Sec. 11(b)(2) of the 1935 Act. Cases consolidated by stipulation. Constitutionality of Sec. 11(b)(2) challenged. Orders affirmed on March 17, 1944 (141 F. 2d 606). Rehearing denied April 18, 1944. Petition for certiorari (unopposed by Commission) filed June 16, 1944, and granted May 28, 1945 (65 Sup. Ct. 1400).	Pending in Supreme Court.
American Power & Light Co.	First	Feb. 5, 1944	Petitioner, parent of Florida Power & Light Co., sought review of Commission order under 1935 Act requiring changes in Florida's accounts. CCA dismissed petition June 19, 1944 on ground that petitioner was not "person aggrieved" by order within meaning of Act and had no standing to sue (143 F. 2d 250). CCA reversed by Supreme Court June 4, 1945, and case reinstated in CCA (65 Sup. Ct. 1254).	Pending.
Arkansas Natural Gas Corp.	Fifth	June 8, 1944	Petition to review order under Sec. 11(b)(1) of 1935 Act directing petitioner, a registered holding company in Cities Service Co. system, to divest itself of oil production, transportation, refining, and marketing business as lacking necessary statutory relationship to its retainable gas utility business.	Pending.
Bankers Securities Corp.	Third	May 26, 1944	Petition to review Commission order denying application under Sec. 3(b)(2) of Investment Company Act of 1940 for declaratory order that petitioner is not investment company within meaning of Act. First appellate court case involving Act.	Order affirmed by CCA Nov. 21, 1944 (146 F. 2d 88). CCA's mandate issued Mar. 8, 1945. Petition dismissed July 2, 1945.
Maurice A. Bowers and Theron A. Woodsma (Central Maine Power Co.)	First	Feb. 16, 1945	Petition to review Commission order dated Dec. 19, 1944, under Section 11(e) of 1935 Act approving plan for liquidation and dissolution of Portland Railroad Company, a statutory subsidiary of Central Maine Power Company, on grounds of Commission's lack of jurisdiction, and invasion of petitioner's property rights. Collateral litigation pending in Supreme Judicial Court of Maine involves similar attack upon Commission's jurisdiction, and seeks to set aside various transactions consummated under plan. Upon state court's refusal to consider case during pendency of federal action, petitioners agreed to withdraw petition for review. (See Auburn Savings Bank et al. v. Portland Railroad Company, et al., noted in Appendix Table 28 where Commission was <i>amicus curiae</i> .) Petitioners' motion to dismiss filed June 26, 1945.	Pending
Chenery Corp., et al.; Federal Water & Gas Corp.	District of Columbia	Mar. 22, 1945	Plan of reorganization of Federal Water Service Corporation under Sec. 11(e) of 1935 Act, approved by Commission March 24, 1941, provided preferred stock acquired by management during period it was proposing various plans of reorganization be limited in participation to cost plus 4% interest, in cash. Petition for review filed Oct. 24, 1941. Commission's order in this respect reversed by Court of Appeals for District of Columbia April 27, 1942 (128 F. 2d 303). Supreme Court modified decision and remanded case Feb. 1, 1943 (318 U. S. 80). On remand Commission reaffirmed earlier decision, Feb. 7, 1945. Petitions for review of second order filed Mar. 22, 1945. Two petitions consolidated for hearing and determination, Aug. 3, 1945.	Pending

TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1945.—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature and history of case	Status of case
Engineers Public Service Co., et al.	District of Columbia	Nov. 14, 1942	<p>Petition to review Commission orders, dated Sept. 16, 1942, and Oct. 6, 1942, under Sec. 11(b)(1) of 1935 Act, requiring divestment of certain Engineers' properties and interests. Constitutionality of Sec. 11(b)(1) challenged. Order upheld by District of Columbia Appellate Court except as to construction of "other businesses" clauses of Sec. 11(b)(1) on which order set aside and case remanded, Nov. 22, 1943 (138 F. 2d 936). Commission's petition for certiorari (filed Jan. 8, 1944), and Engineers' petition for certiorari (filed Jan. 27, 1944) both granted June 5, 1944 (322 U. S. 723).</p>	Pending in Supreme Court.
Albert J. Flaischmann (Standard Gas & Electric Co.)	Fourth	Jan. 13, 1945	<p>Petition for review of Commission order of Nov. 15, 1944, approving plan of recapitalization under Sec. 11(e) of 1935 Act. On Jan. 29, 1945, Commission moved to dismiss petition on ground that CCA lacked jurisdiction since proceedings for enforcement of plan were pending in U. S. District Court (Del.). On Mar. 12, 1945, petitioner filed motion to dismiss petition without prejudice.</p>	Petition dismissed on motion of petitioner consented to by Commission Mar. 12, 1945.
Florida Power & Light Co.	Fifth	Feb. 25, 1944	<p>Petition to review portions of Commission order under 1935 Act, requiring petitioner to make certain changes in its accounts.</p>	Pending.
Daniel A. Gilbert, et al.; Eugene R. Pike, et al. (Midland United Co.; and Midland Utilities Co.)	Seventh	Oct. 26, 1944; Oct. 27, 1944.	<p>Joint proceedings under Sec. 77B of Bankruptcy Act for reorganization of Midland United Company and its subholding company, Midland Utilities Company, in progress since 1934 and involving many litigated claims and cross claims. Commission's preliminary and supplemental final opinions and orders filed Sept. 27, 1944, and Oct. 5, 1944, approved under Sec. 11(f) of 1935 Act, a plan as according proper recognition to the relative litigation strengths of many conflicting claims and as providing "fair and equitable" treatment to all classes entitled to participate.</p>	Commission's motions to dismiss petitions granted Dec. 20, 1944 (146 F. 2d 513) on ground that CCA lacked jurisdiction to entertain petitions and proper forum was District Court in which Sec. 77B reorganization proceedings were pending. Rehearing denied Feb. 10, 1945.
The North American Co.	Second	June 12, 1942; Aug. 21, 1942.	<p>Petitions for review filed Oct. 26 and 27, 1944. Commission's orders under Sec. 11(b)(1) of 1935 Act required North American to confine itself to single integrated public utility electric system in St. Louis area, with certain related incidental businesses. North American petitioned for review on ground that Sec. 11(b)(1), if construed to permit such orders, was unconstitutional. Upon stipulation, two petitions consolidated by order of court. Orders affirmed by CCA, Jan. 28, 1943 (133 F. 2d 148). Certiorari granted Mar. 1, 1943 (318 U. S. 750). Briefs filed on merits, but argument delayed pending quorum of justices qualified to hear case. Quorum attained and case returned to docket, May 28, 1945.</p>	Pending in Supreme Court.

TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1945.—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature and history of case	Status of case
Samuel Okin (Electric Bond and Share Co., Florida Power & Light Co., and American Power & Light Co.)	Second	Feb. 26, 1944	Petitioner, minority stockholder of Electric Bond & Share Co., sought review of order under 1935 Act, involving American Power & Light Co. and Florida Power & Light Co., both part of Bond & Share system. Commission moved to dismiss on ground petitioner had no standing to sue unless he could show compliance with rules governing stockholders' derivative actions, and on further ground petition frivolous and moot.	Motion to dismiss granted July 10, 1944 (143 F. 2d 943). Motion to amend petition for review denied Aug. 7, 1944, and petitioner's motion for leave to reargue motion to dismiss denied Sept. 21, 1944. Pending.
Samuel Okin (American & Foreign Power Co., Inc., and Electric Bond and Share Co.)	Second	Mar. 22, 1944	Petitioner, minority stockholder of Electric Bond & Share Co., sought review of order under 1935 Act, involving Bond & Share and American & Foreign Power Co., Inc., its subsidiary. Commission's motion to dismiss, on grounds petitioner had no standing to sue unless he could show compliance with rules governing stockholders' derivative actions and that petition was frivolous, denied July 10, 1944 (143 F. 2d 945). Rehearing denied, July 22, 1944. Commission's second motion to dismiss denied without opinion, Dec. 2, 1944. Certiorari granted Mar. 12, 1945 (65 Sup. Ct. 856). CCA affirmed by Supreme Court, June 4, 1945 (65 Sup. Ct. 1254), opinion amended on June 18, 1945.	Stay denied and motion to dismiss granted July 14, 1944 (143 F. 2d 940). Order dismissing petition filed Oct. 17, 1944.
Samuel Okin (Electric Bond & Share Co., and American Power & Light Co.)	Second	May 29, 1944	Petitioner, minority stockholder of Electric Bond & Share Co., had been granted privilege of limited participation in a 1935 Act proceeding involving Bond & Share and certain of its subsidiaries. On May 29, 1944, Commission denied petitioner's motions that trial examiner be removed, that proceeding be stayed, and that trial examiner's revocation of his privilege of limited participation be overruled. Petitioner sought review of rulings on motions and requested stay of Commission proceedings.	Order affirmed, Dec. 1, 1944. (145 F. 2d 913)
Samuel Okin (Electric Power & Light Corp.)	Second	July 12, 1944	Petition to review order of May 13, 1944, under 1935 Act, approving application by Electric Power & Light Corp. for permission to purchase preferred shares of its subsidiary, Mississippi Power & Light Company, conditioned on conversion of acquired shares to common shares. Commission sought dismissal or summary affirmance on ground petition was frivolous.	Pending.
Samuel Okin (Electric Bond & Share Co., Electric Power & Light Corp., and United Gas Corp.)	Second	Sept. 20, 1944	Petition to review order of Sept. 7, 1944, approving reorganization plan, under Sec. 11(e) of 1935 Act, of United Gas Corp., in which petition Electric Power & Light Corp. and Electric Bond & Share Co. joined. Commission sought dismissal on ground that order approving Sec. 11(e) plan may not be reviewed by CCA where plan is subject to district court enforcement. Petition dismissed (145 F. 2d 206). On Okin's petition for certiorari, Commission conceded that CCA might have jurisdiction with respect to portion of order relating to Bond & Share's use of proceeds from reorganization plan - this ground for review having previously been obscured by prolixity of petitioner's papers. On June 18, 1945, writ of certiorari granted limited to question whether that part of Commission's order which licensed Bond & Share's use of proceeds can be reviewed only under Sec. 24(a) of 1935 Act. Judgment vacated and cause remanded for that purpose. (65 Sup. Ct. 1569)	



TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1945.—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature and history of case	Status of case
Samuel Okin (Electric Power & Light Corp., and Mississippi Power & Light Co.)	Second	Oct. 20, 1944	Petition to review order under the 1935 Act, of Aug. 21, 1945, approving joint application and declaration by Electric Power & Light Corp. and its subsidiary, Mississippi Power & Light Company, insofar as such approval, Mississippi Power & Light certain preferred shares of Mississippi theretofore acquired by Electric. Order under review is related to order of Commission dated May 13, 1944, involving same parties, affirmed by CCA, Dec. 1, 1944, in <i>Okin v. S.E.C.</i> (145 F. 2d 913).	Pending.
Samuel Okin (Electric Power & Light Corp., and Arkansas Power & Light Co.)	Second	Nov. 15, 1944	Petition to review orders under 1935 Act, issued Sept. 16 and 26, 1944, approving joint application and declaration by Electric Power & Light Corp. and its subsidiary, Arkansas Power & Light Co., involving capital contribution from parent to subsidiary and recapitalization of subsidiary. Petitioner is common stockholder of Electric Bond & Share Company, parent of Electric Power & Light Corp.	Pending.
Samuel Okin (American and Foreign Power Co., Inc., and Electric Bond and Share Co.)	Second	June 23, 1945	Petition to review order under 1935 Act, dated April 25, 1945, permitting six-months postponement of maturity date of a \$3,000,000 note owing from American & Foreign Power Company, Inc., to its parent, Electric Bond and Share Company. Note is one of series approved by Commission under order of January 22, 1944, also before court for consideration pursuant to decision of Supreme Court in <i>S.E.C. v. Okin</i> on June 4, 1945 (65 Sup. Ct. 1254) as amended on June 18, 1945.	Pending.
Pacific Gas & Electric Co.	Ninth	Sept. 18, 1941	Petition to review order denying application of petitioner under Sec. 2(a)(6) of 1935 Act to be declared not a subsidiary of the North American Co. Order affirmed April 14, 1942, one Justice dissenting. (127 F. 2d 378). Petition for rehearing granted June 6, 1942. On rehearing, Commission's order affirmed by equally divided court, Nov. 22, 1943 (139 F. 2d 298). Petition for certiorari granted May 24, 1944 (322 U. S. 720).	Judgment of CCA sustaining order of Commission affirmed by equally divided Supreme Court, Mar. 12, 1945 (65 Sup. Ct. 855). Petition for rehearing denied April 9, 1945 (65 Sup. Ct. 1010).
Randolph Phillips (The United Corp.)	Second	Dec. 4, 1944	Plan of reorganization of United Corp. under Sec. 11(e) of the 1935 Act, involving exchange of Philadelphia Electric Company common stock and cash for certain preferred stock of United Corp. approved by Commission in orders dated Nov. 24, 1944, and Nov. 29, 1944, challenged by petitioners, <i>inter alia</i> , on grounds: (1) failure of plan to provide for stockholder approval or district court enforcement; (2) application of "fair and equitable" standards governing compulsory reorganizations to plan involving voluntary exchange; and (3) failure to provide adequate representation on board of directors to minority stockholders.	Pending.

TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1945.—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Nature and history of case	Status of case
Randolph Phillips (The United Corp.)	Second	June 15, 1945	Plan of reorganization of United Corp. under Sec. 11(e) of the 1935 Act, involving exchange of Delaware Power and Light Co. common stock and cash for certain preference stock of United Corp. approved by the Commission in orders dated May 22, 1945 and June 9, 1945, challenged by petitioners, <i>inter alia</i> , on grounds: (1) failure of plan to provide for stockholder approval or district court enforcement; (2) application of "fair and equitable" standards governing compulsory reorganizations to a plan involving a voluntary exchange; and (3) failure to provide adequate representation on board of directors to minority stockholders.	Pending.
Sanford L. Shemas (Standard Gas & Electric Co.)	Second	Jan. 16, 1945	Petition to review order dated Nov. 15, 1944, approving plan of recapitalization under Sec. 11(e) of 1935 Act. On Jan. 31, 1945, Commission moved to dismiss petition, <i>inter alia</i> , on ground CCA lacked jurisdiction to entertain petition since District Court (Del.).	Petition dismissed Mar. 13, 1945.
Shawmut Association	First	July 11, 1944	Petition to review order under Sec. 12(d) of the 1934 Act, entered May 12, 1944, granting petitioner's application to withdraw shares from listing and registration on Boston Stock Exchange, subject to ratification of application by petitioner's shareholders. Petitioner challenged power of Commission to make such condition, and also appropriateness of order. First court review of Commission order under Sec. 12(d) of 1934 Act.	Order affirmed Jan. 15, 1945 (146 F. 2d 741).
Washington Railway & Electric Co., et al.	District of Columbia	June 12, 1942	On April 14, 1942, Commission, under Sec. 11(b)(1) of 1935 Act, ordered North American Co. to divest itself of interest in certain named subsidiaries, including petitioners, and ordered petitioners to divest themselves of certain named subsidiaries. On June 12, 1942, North American filed petition for review in Second Circuit and petitioners filed petition for review in Court of Appeals for District of Columbia. On Aug. 8, 1942, Commission filed certified transcript of record in Second Circuit. To avoid review of order by two courts, Commission on Aug. 20, 1942, filed motion to dismiss petition in Court of Appeals for District of Columbia.	Oct. 7, 1942, motion to dismiss denied and order stayed pending disposition of North American's petition.

Table 29.--Civil Contempt Proceedings pending during the fiscal year ended June 30, 1945

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Artemias Mines, Ltd., and Oliver O. Kendall	2	Arizona	June 28, 1943	Order entered November 15, 1943 adjudging Oliver O. Kendall, president of Artemias Mines, Ltd., an Arizona Corporation, in contempt for failure to comply with order of court dated May 18, 1943 requiring the corporation to produce certain documents and papers. Pending. (See Table 33 - Action to Enforce Subpoena)
Brewer, W. R.	1	Southern District of California	May 10, 1944	Hearing set for June 9, 1944 on order to show cause why Brewer should not be held in contempt of court for violating March 31, 1944 order to produce documentary evidence. Court continued contempt hearing to November 6, 1944, pending determination of appeal taken by Brewer contesting validity of order to produce. Per curiam order granting Commission's motion to affirm CCA-9, October 31, 1944. November 27, 1944 contempt order dismissed and Brewer ordered by court to comply with order to produce. (See Table 33 - Action to Enforce Subpoena.)
The Penfield Company of California	1	Southern District of California	Jan. 24, 1945	Order February 8, 1945 directing A. W. Young, Secretary-Treasurer of Penfield Company of California, to appear before Hall, J. and show cause why an order should not be made holding him in contempt of court for failure to comply with order dated June 1, 1943. Young appeared on February 26, 1945 and waived personal service. On July 2, 1945 Young was held in contempt and fined \$50. On September 13, 1945 order entered by CCA-9 denying Commission's application for leave to file a petition for a writ of mandamus. On September 26, 1945 notice of appeal by Commission to CCA-9. Pending on appeal. (See Table 33 - Subpoena Proceedings.)

Table 30.--Actions against Commission or employees of the Commission to enjoin enforcement under the Acts administered by the Commission, fiscal year ended June 30, 1945

Name of case	United States District Court	Initiating papers filed	Nature of case	Status of case
Bankers Securities Corporation v. Ganson Purcell, Chairman of Securities and Exchange Com- mission, et al.	Eastern District of Pennsylvania	May 18, 1944	Complaint filed May 18, 1944 for declaratory judgment that plaintiff is not investment company within meaning of Sec. 3 (a) of 1940 Act and is exempted from statutory definition of investment company by Sec. 3 (g) (6) and (7) of Act, and for injunction barring Commission and Commissioners from invoking sanctions of Act against plaintiff. On June 9, 1944, Commission moved to dismiss complaint on grounds that suit was against Government, and therefore, not maintainable without consent of Government, and that complaint failed to state a case or contro- versy.	Stipulation for withdrawal of complaint approved by court and complaint dismissed Feb. 14, 1945.

TABLE 31.—Cases (other than reorganization cases under Chapter X) in which the Commission participated as intervener or as amicus curiae, pending during the fiscal year ended June 30, 1945.

Name of Case	Court	Brief filed	History and Nature of Case	Status of Case
The American Distilling Company, et al. v. Russell R. Brown	N. Y. Supreme Court, Appellate Division of N. Y. Supreme Court and N. Y. Court of Appeals.	October 5, 1944; March 1945; and September 1945.	<p>Motion to dismiss action in N. Y. Supreme Court for recovery of "short term" trading profits under Sec. 16(b) of 1934 Act on ground that Sec. 27 of Act vests federal courts with "exclusive jurisdiction" of all actions under Act. Sec. 16(b) refers to "court of competent jurisdiction". On Oct. 5, 1944, Commission filed brief as amicus curiae construing jurisdictional language in Sec. 16(b) in light of qualifying provisions of Sec. 27 and supporting exclusive jurisdiction of federal courts. Motion to dismiss granted Dec. 12, 1944 (51 N.Y.S. 2d 614). In May 1945, Commission filed brief as amicus curiae in appeal to Appellate Division of N. Y. Supreme Court. Judgment affirmed, May 4, 1945 (54 N.Y.S. 2d 855). On May 25, 1945, plaintiffs appealed to N. Y. Court of Appeals. In September 1945, Commission filed brief as amicus curiae in support of the judgment of the Appellate Division.</p>	Pending in New York Court of Appeals.
Auburn Savings Bank, et al. v. Portland Railroad Company, et al.	Supreme Judicial Court of Maine	June 25, 1945	<p>Stockholders' suit in state court, filed Feb. 3, 1945, collaterally attached order of Commission under Section 11(e) of 1935 Act, dated Dec. 19, 1944, approving plan for liquidation and dissolution of Portland Railroad Company, a statutory subsidiary of Central Maine Power Co. Plaintiffs seek to set aside various transactions consummated under the plan and enjoin consummation of others. On June 25, 1945, Commission filed brief as amicus curiae noting subsequent filing (on Feb. 16, 1945) of petition for review of Commission's order in C.C.A. 1, and taking position that, under 1935 Act, state court lacked jurisdiction to enjoin or set aside transactions involved, or to issue decree inconsistent with Commission's order.</p>	Pending.
Clarence F. Avery, individually and as liquidating partner of Avery & Co. v. Fred C. Wolfatt, Acting President of the New York Curb Exchange.	N. Y. Supreme Court	Feb. 20, 1945	<p>Petition for review in C.C.A. dismissed on motion of petitioners, July 2, 1945 (See Maurice A. Bowers and Theron A. Woodsum, noted in Appendix Table 25, Petitions for Review).</p> <p>Plaintiff, individually and as liquidating partner of Avery &amp; Co., former member of New York Curb Exchange, sued acting president of Exchange for alleged wrongful dissolution of firm, illegal suspension of two partners from Exchange, and refusal of Exchange to permit member firm to employ plaintiff individually as its representative. Action had been taken by Board of Governors, pursuant to Exchange's constitution, after hearing on charges of improper trading activity by firm. Commission filed brief as amicus curiae only on issue of whether certain members of Board of Governors who had brought charges were necessarily disqualified from participating in Board's determination, arguing against disqualification.</p>	Judgment for defendant entered April 16, 1945 (55 N.Y.S. 2d 215).

TABLE 31.—Cases (other than reorganization cases under Chapter X) in which the Commission participated as intervener or as amicus curiae, pending during the fiscal year ended June 30, 1945.—Continued

Name of Case	Court	Brief filed	History and Nature of Case	Status of Case
Continental Bank and Trust Company of New York v. The First National Petroleum Trust (Sadie L. Abersson, et al., Interveners).	U. S. District Court (D. R. I.).	July 16, 1945 and Sept. 28, 1945	<p>On Oct. 18, 1944, trustee under indenture qualified under Trust Indenture Act of 1939, instituted action against debtor business trust for accumulated overdue interest. Defense raised that, pursuant to permissive indenture provision taken from Section 316(a)(1) of the 1939 Act, authorizing majority to direct indenture trustee as to "time, method and place of conducting any proceeding", majority debenture holders had directed action be instituted on July 1, 1947, and not before. July 16, 1945, Commission filed brief as amicus curiae did not authorize majority to defeat enforcement nor effect postponement of interest payment for period sought. On September 28, 1945, Commission filed supplemental reply brief. Oral argument held October 1, 1945. First court case involving construction of 1939 Act.</p>	Pending.
C. E. Groesbeck, et al. v. Dora Goldstein	U. S. Supreme Court	August 1944	<p>Derivative suit by shareholder of American Power and Light Company on behalf of four subsidiary operating companies, against parent, Electric Bond and Share Company and certain subsidiaries of the latter, for accounting of profits under service and construction contracts with operating companies in violation of Sec. 4(a)(2) of the 1935 Act. District Court (S.D.N.Y.) dismissed complaint on procedural grounds. C.C.A. 2 reversed and upheld suit notwithstanding agreement between Commission, Attorney General, Postmaster General, and Electric Bond and Share Company and its subsidiaries (made before decision in <u>Electric Bond and Share Company v. S. E. C.</u> on March 28, 1938, 303 U. S. 419, upholding constitutionality of registration provisions of 1935 Act), that no civil or criminal proceedings be brought on account of violations of Act committed prior to adjudication of constitutionality. C.C.A. held agreements did not bar private suit, 142 F. 2d 422 (April 7, 1944). On petition for certiorari, United States and Commission filed brief as <u>amici curiae</u> supporting holding of C.C.A.</p>	Cert. denied Oct. 9, 1944 (323 U.S. 737).
Guaranty Trust Company of New York v. Grace W. York	U. S. Supreme Court	Jan. 3, 1945	<p>Suit against indenture trustee for breach of trust. Defense of laches based on application of state statute of limitations. District Court (S.D.N.Y.) entered summary judgment for defendant. On March 2, 1944, C.C.A. 2 reversed and remanded case, holding state statute of limitations, whether or not it would bar suit in the state courts, could be disregarded by Federal court sitting in equity. Rehearing denied and revised opinion filed by C.C.A. on May 25, 1944 (143 F. 2d 503). Petition for certiorari granted Oct. 9, 1944 (323 U. S. 693). On Jan. 3, 1945, S.E.C. filed a brief as amicus curiae in support of the decision of C.C.A., case being important precedent in cases arising under statutes administered by S.F.C.</p>	On June 18, 1945, Supreme Court reversed C.C.A. (65 Sup. Ct. 1464), holding federal equity court bound by state law governing limitation of actions. Two justices dissented. Petition for rehearing denied, Oct. 8, 1945.

TABLE 31.—Cases (other than reorganization cases under Chapter X) in which the Commission participated as intervener or as amicus curiae, pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Court	Brief filed	History and Nature of Case	Status of Case
<p>Illinois Iowa Power Co. v. North American Light &amp; Power Co.</p>	<p>U. S. District Court (D. Del.)</p>	<p>Feb. 19, 1943 (Motion to Intervene)</p>	<p>Suit against plaintiff's parent, Light &amp; Power, alleging overreaching by parent. Commission moved for leave to intervene and for stay, on ground, <i>inter alia</i>, that Section 11 proceedings pending before it under 1935 Act with respect to Light &amp; Power involved the same parties and same claim and would dispose of issues in case. Intervention permitted and stay granted, Aug. 27, 1943.</p>	<p>Pending.</p>
<p>Harry E. Kaldner, U. S. District Judge for the Eastern District of Penna. v. Webster Eisenlohr, Inc.</p>	<p>U. S. Supreme Court</p>	<p>May 18, 1945</p>	<p>In pending stockholders' representative suit District Court advised that holdings of plaintiff and substantial portion of stockholders represented had improperly purchased by defendant corporation. District Court appointed special master to investigate circumstances surrounding purchase to determine existence of fraud or misconduct in contravention of Rule of Procedure relating to dismissal or compromise of class suits and of anti-fraud regulations of Securities Exchange Act of 1934. On petition of defendant corporation, on May 28, 1945, C.C.A. 3 issued writ of mandamus requiring the district judge to vacate his order of reference (145 F. 2d 316). Two judges dissented. On April 21, 1945 the district judge filed petition for certiorari. On May 18, 1945, Commission filed brief as amicus curiae in support of petition. Action instituted Sept. 12, 1944 under Sec. 16(b) of the 1934 Act to recover profits received by officer and director on "short term" trading in company's securities in contravention of the Act. On Mar. 14, 1945, plaintiff moved for partial summary judgment for profit realized on sale of common stock acquired on option to convert shares of preferred stock. Commission filed briefs as amicus curiae on proper construction of Section 16(b). District Court, although denying motion for partial summary judgment due to difficulty of determining recoverable profit on available evidence, held that exercise of conversion option was non-exempt "purchase" and that such construction did not render statutory provision unconstitutional. Civil action against New York Stock Exchange for damages allegedly sustained by failure to take disciplinary action against Richard Whitney, a member, notwithstanding knowledge of his default. The Commission filed brief as amicus curiae, taking position that registered exchange is under statutory duty to enforce its own rules and that failure to do so, resulting in legal injury, renders exchange liable for damages under 1934 Act. On Feb. 25, 1944, CGA concurred in this view but found no damages had been shown. Plaintiff petitioned for certiorari.</p>	<p>Cert. denied May 28, 1945 (65 Sup. Ct. 1404).</p>
<p>Marjorie D. Rogan v. David A. Schulte et al.</p>	<p>U. S. District Court (S.D.N.Y.)</p>	<p>March, 1945, and April 16, 1945</p>	<p></p>	<p>Pending.</p>
<p>The New York Yacht Club v. Arthur H. Franklin and Mary Stevens Baird v. Arthur H. Franklin (consolidated actions).</p>	<p>Court of Appeals for the Second Circuit, and U. S. Supreme Court.</p>	<p>Dec. 8, 1943</p>	<p></p>	<p>Cert. denied, Oct. 9, 1944 (323 U. S. 737).</p>

TABLE 31.—Cases (other than reorganization cases under Chapter X) in which the Commission participated as intervener or as amicus curiae, pending during the fiscal year ended June 30, 1945.—Continued

Name of case	Court	Brief filed	History and nature of case	Status of case
Louis Oppenheimer et al. v. F. J. Young & Co. Inc. et al.	Court of Appeals for the Second Circuit	Mar. 31, 1944	Class action by former holders of bonds of foreign municipality, charging defendants with damages arising out of alleged violations of 1934 Act in connection with repurchases of bonds. District court held complaint did not state class action within Federal rules of civil procedure and dismissed complaint insofar as it sought relief for class. On appeal in Second Circuit, the Commission filed brief as amicus curiae taking position that use of class action was necessary and proper for effective prosecution of civil actions under 1934 Act and that criteria for determining whether requirements for class action exist should be based upon various considerations set forth in Commission's brief.	Case argued May 8, 1944. Pending.
Alfonse Salomone v. Knoxville Gas Co., et al.	U. S. District Court (N. D. Tenn.)	June 19, 1945	In compliance with Commission's order under Section 11(b)(1) of 1935 Act, dated Aug. 17, 1943, requiring Cities Service Power & Light Co. to divest itself of holdings in Knoxville Gas Co., on Jan. 2, 1945, latter agreed to sell its assets to City of Knoxville, Tenn. Plaintiff, preferred stockholder of Knoxville Gas Co., brought suit for injunction against sale, for appointment of receiver, and for judicial determination, <u>inter alia</u> , of relative rights of creditors and stockholders. Commission petitioned for leave to intervene on ground that judicial determination sought would affect Commission's administrative functions under Sec. 11(d) and (e) of Act. Supporting brief filed June 19, 1945. On June 28, 1945, injunction against sale denied, proceeds of sale ordered paid into Registry of Court, and Commission granted leave to intervene, but decision reserved on question of whether, under 1935 Act, Commission or District Court has primary jurisdiction to determine relative rights of parties to proceeds of sale.	Pending.
United Funds Management Corp., Bankrupt, In re	U. S. District Court (W.D.Mo.)	March 19, 1945	Corporation filed voluntary petition in bankruptcy Sept. 30, 1942, and adjudicated bankrupt Oct. 1, 1942. Debtor is investment company which, prior to Investment Company Act of 1940, issued several series of face amount certificates pursuant to separate collateral trust indentures securing payment thereof. Commission is participating in proceedings as amicus curiae by invitation of the Court. Hearing to determine nature and extent of certificate holders' claims and security therefor held March 8, 1945. Commission filed comprehensive brief on these issues. On Apr. 20, 1945, court issued memorandum opinion and order directing partial distribution. Final distribution of cash surrender values, as determined by court, and interim payments, directed by July 21, 1945 orders, amended August 25, 1945. Final decrees incorporating orders issued August 27, 1945. In addition to brief dealing with problems of distribution, Commission has filed briefs to assist Court on other questions.	Pending.

TABLE 24.—Action to carry out voluntary plans to comply with Sec. 11(b) of the Holding Company Act of 1935.

Name of Case	United States District Court	Initiating papers filed	Mature of Case	Status of Case
American Utilities Service Corp.	Delaware No. 535	Mar. 14, 1945	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Order April 21, 1945, approving plan as fair, equitable and appropriate.
Central States Power & Light Corp., In Re	Delaware No. 354	Dec. 14, 1945	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b).	Order Jan. 6, 1944, approving plan as fair, equitable and appropriate. Opinion filed Oct. 30, 1944, approving plan as fair, equitable and appropriate. (58 F. Supp. 877) Supplemental order entered Dec. 27, 1944. Supplemental order Mar. 20, 1945, approving plan as fair, equitable and appropriate. Order Mar. 6, 1945, approving plan as fair, equitable and appropriate.
Consolidated Electric and Gas Company	Delaware No. 382	Feb. 27, 1945	Supplemental application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Opinion Aug. 25, 1944, approving plan as fair, equitable and appropriate. (57 F. Supp. 997)
Georgia Power & Light Co.	M.D. Ga. No. 133	Jan. 30, 1945	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Order entered Dec. 4, 1944. Appeal filed March 2, 1945 by Massachusetts Mutual Life Insurance Co., CCA-8. Pending.
The Inglede Gas Light Co., In Re	E.D. Missouri No. 2756	May 31, 1944	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b).	Pending.
Minnesota Power & Light Co., et al., In Re	Minnesota	June 7, 1945	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Order May 18, 1945, approving plan as fair, equitable and appropriate.
Republic Service Corp., et al., In Re	Delaware No. 569	April 16, 1945	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Order Jan. 19, 1944, approving plan as fair, equitable and appropriate. Appeal filed by Butler Disman, CCA-10. Order of District Court affirmed Feb. 21, 1945. (147 F. 2d 679) Petition for certiorari denied May 21, 1945.
Southern Colorado Power Company, In Re	Colorado No. 670	Nov. 24, 1943	Application to enforce and carry out plan of recapitalization to effectuate provisions of Sec. 11(b).	Opinion and decrees filed March 29, 1945 adjudging that the treatment accorded the noteholders is not fair, but that the plan is fair in all other respects. (59 F. Supp. 274) Appeal filed by SEI March 29, 1945. Appeal filed by Standard Gas & Electric Co. April 24, 1945. Appeal filed by Guaranty Trust Co. of New York, et al. April 12, 1945, CCA-3. Pending.
Standard Gas and Electric Co., In Re	Delaware No. 489	Nov. 18, 1944	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	



TABLE 32.—Action to carry out voluntary plans to comply with Sec. 11(b) of the Holding Company Act of 1935.—Continued

Name of Case	United States District Court	Initiating papers filed	Nature of Case	Status of Case
United Gas Corporation	Delaware No. 471	Sept. 8, 1944	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Order Nov. 20, 1944, approving plan as fair, equitable and appropriate. (58 F. Supp. 501) Appeal filed by Samuel Okin Feb. 20, 1945. CCA-3. Pending.
United Light and Power Company, In Re	Delaware No. 303	April 16, 1943	Application for approval of distribution plan resulting in dissolution of holding company and for injunction against interference with enforcement of the plan.	Order Aug. 4, 1943, approving plan as fair, equitable and appropriate. (51 F. Supp. 217) Appeal filed by Otis & Co. CCA-3. Order of District Court affirmed April 20, 1944. (142 F. (2d) 411) Certiorari granted by U. S. Supreme Court June 12, 1944. Order affirmed by U. S. Supreme Court, Jan. 29, 1945. (323 U.S. 627)
York County Gas Company, In Re	M.D. Pa. No. 1652	Dec. 19, 1944	Application to enforce and carry out plan to effectuate provisions of Sec. 11(b) and to enjoin interference.	Petition for rehearing denied March 5, 1945. Order February 7, 1945, approving plan as fair, equitable and appropriate.

Table 33.—Proceedings by Commission, pending during the fiscal year ended June 30, 1945, to enforce subpoena under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of Act involved	Status of case
Artemisa Mines, Ltd., et al.	2	Arizona	April 8, 1943	Sec. 22(b) of 1933 Act	Order May 18, 1943 required Artemisa Mines, Ltd. to appear before an officer of the Commission on June 22, 1943 and produce the records described in subpoena duces tecum. Order May 18, 1943 directs application as to respondent Minas de Artemisa, S.A., upon the pleadings, etc. be submitted for further order of the Court. Sept. 19, 1944 Court dismissed application with respect to Minas de Artemisa, S.A. for lack of jurisdiction. June 26, 1945 reversed CCA-9. Aug. 1, 1945 order entered requiring Minas de Artemisa, S.A. to respond to subpoena duces tecum. [See Table 29 - Civil Contempt Proceedings.]
Anton-Fisher Tobacco Company	1	Western District of Kentucky	Sept. 1, 1944	Sec. 21(a) of 1934 Act	Order Sept. 1, 1944 directing compliance with subpoena to produce documentary evidence.
Brewer, (W.R.) (Petroleum Finance Corp.)	1	Southern District of California	Mar. 14, 1944	Sec. 22(b) of 1933 Act	Order March 31, 1944 directing respondent to produce documents as set forth in subpoena duces tecum with certain exceptions. May 13, 1944 notice of appeal by respondent, October 31 order granting Commission's motion to affirm CCA-9. [See Table 29 - Civil Contempt Proceedings.]
McGarry, (W. E.) et al. (Industrial Loan Corp.)	3	Colorado	June 24, 1944	Sec. 22(b) of 1933 Act.	Order July 29, 1944 requiring respondents to produce documents described in subpoena duces tecum. Aug. 19, 1944 notice of appeal by respondents to CCA-10. Feb. 7, 1945 order affirmed. March 22, 1945 order by District Court enforcing subpoena duces tecum.
The Penfield Company of California	1	Southern District of California	April 13, 1943	Sec. 22(b) of 1933 Act.	Order June 1, 1943 required respondent to produce books and records on June 1, 1943. Opinion rendered June 30, 1944 by CCA-9 affirming the judgment of June 1, 1943. Cert. den. United States Supreme Court Nov. 6, 1944. [See Table 29 - Contempt Proceedings.]

Table 34.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1945

Debtor	District Court	Proceedings instituted under	Petition		Participation	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Adam Block Corporation	N. D. Ill.	Ch. X	Nov. 28, 1939	Dec. 29, 1939	Request	Sept. 27, 1940
Albany Hotel Corporation	N. D. N. Y.	do	Mar. 20, 1943	Mar. 20, 1943	Motion	Apr. 1, 1943
American Fuel and Power Company	E. D. N. Y.	Sec. 77-B	Dec. 6, 1935	Dec. 20, 1935	Request	May 1, 1940
Buckeye Fuel Company	do	Ch. X	Nov. do	Nov. 28, 1939	do	do
Buckeye Gas Service Company	do	do	do	do	do	do
Carbearth Gas Company	do	do	do	do	do	do
Inland Gas Distributing Company	do	do	do	do	do	do
Arrowhead Lake Corporation	S. D. Calif.	do	Mar. 1, 1940	Mar. 1, 1940	Motion	Mar. 19, 1940
Associated Gas & Electric Company	S. D. N. Y.	do	Jan. 10, 1940	Jan. 10, 1940	do	Jan. 15, 1940
Associated Gas & Electric Corporation	S. D. N. Y.	do	do	do	do	do
Bankers Building, Inc.	N. D. Ill.	do	Sept. 21, 1943	Oct. 5, 1943	do	Oct. 19, 1943
Barclay Hotel Corporation	S. D. N. Y.	do	May 10, 1942	June 10, 1942	do	June 10, 1943
Barlum Realty Company	E. D. Mich.	do	Aug. 17, 1943	Dec. 14, 1943	Request	Oct. 19, 1943
Bellevue-Stratford Company	E. D. Pa.	Sec. 77-B	Oct. 30, 1936	Oct. 31, 1936	do	Feb. 24, 1939
Bennett Oil Corporation	N. D. Tex.	Ch. X	Oct. 31, 1940	Nov. 2, 1940	do	Aug. 29, 1941
Southern Crude Oil Purchasing Co.	do	do	do	do	do	do
Brand's Restaurant Control Corporation	S. D. N. Y.	do	Aug. 2, 1939	Aug. 10, 1939	Motion	Aug. 30, 1939
Broadway Exchange Corporation	S. D. N. Y.	do	Apr. 9, 1942	Apr. 9, 1942	Request	Apr. 11, 1942
Brown Company	D. Maine	Sec. 77-B	Sept. 4, 1935	Sept. 4, 1935	Motion	Mar. 14, 1939
Burton Coal Company	N. D. Ill.	Ch. X	Sept. 7, 1938	Sept. 9, 1938	Request	Oct. 11, 1943
Freeman Coal Mining Company	do	do	do	do	do	do
Seymour Coal Mining Company	do	do	do	do	do	do
Callumet and South Chicago Railway Co.	do	do	do	do	do	do
Central States Electric Corporation	E. D. Va.	do	June 29, 1944	Sept. 18, 1944	Motion	Oct. 20, 1944
Conwest Corporation	S. D. N. Y.	do	Feb. 26, 1942	Feb. 27, 1942	Motion	Mar. 21, 1942
Chicago, Aurora and Elgin Railroad Co.	N. D. Ill.	do	Mar. 17, 1942	Apr. 5, 1942	do	May 16, 1945
Chicago City Railway Company	N. D. Ill.	do	Nov. 22, 1945	Apr. 30, 1945	do	Oct. 20, 1944
Chicago, North Shore and Milwaukee Railroad Co.	N. D. Ill.	do	Nov. 27, 1939	Sept. 18, 1944	do	Mar. 8, 1943
Chicago Railways Company	N. D. Ill.	do	Apr. 7, 1942	July 29, 1942	do	Mar. 8, 1943
Childs Company	N. D. Ill.	do	Oct. 15, 1938	Sept. 18, 1944	do	Oct. 20, 1944
Commonwealth Light & Power Co.	S. D. N. Y.	do	Aug. 26, 1943	Aug. 27, 1943	do	Aug. 26, 1943
Inland Power & Light Corporation	N. D. Ill.	do	Oct. 9, 1934	Oct. 15, 1934	Request	June 21, 1940
Coney Island Theatre Company	N. D. Ill.	Sec. 77-B	Oct. 10, 1934	Oct. 15, 1934	do	do
Congress and Senate Company	E. D. N. Y.	Ch. X	May 1, 1944	May 1, 1944	do	May 31, 1944
Consolidated Rock Products Company	E. D. Mo.	do	Nov. 20, 1944	Nov. 20, 1944	Motion	Jan. 22, 1945
Consumers Rock & Gravel Co., Inc.	S. D. Calif.	Sec. 77-B	May 24, 1935	May 24, 1935	do	July 22, 1940
Union Rock Company	do	do	do	do	do	do
Covered Wagon Company	do	do	do	do	do	do
Cuyahoga Finance Company	E. D. Mich.	Ch. X	Aug. 29, 1940	Aug. 30, 1940	Request	Sept. 27, 1940
Diversified Royalties of America	N. D. Ohio	do	Apr. 11, 1941	Apr. 25, 1941	do	Apr. 28, 1941
Diversified Royalties, Ltd.	S. D. Calif.	do	Oct. 4, 1940	Oct. 7, 1940	Motion	Nov. 12, 1940
Eastern Building Corporation	do	do	do	do	do	do
Elvess Park Place Corporation	S. D. N. Y.	do	May 3, 1943	May 20, 1943	do	May 25, 1943
Embassy Company	S. D. N. Y.	do	Dec. 5, 1940	Dec. 19, 1940	do	Dec. 27, 1940
Emporium of St. Paul, Inc.	E. D. Mo.	do	Nov. 20, 1944	Nov. 20, 1944	do	Feb. 7, 1945
Equitable Office Building Corporation	D. Minn.	do	Feb. 2, 1942	May 7, 1942	do	Aug. 12, 1942
Everard Company	S. D. N. Y.	do	Apr. 10, 1941	Apr. 10, 1941	do	Apr. 14, 1941
Federal Facilities Realty Trust	S. D. N. Y.	do	Apr. 4, 1942	Apr. 15, 1942	do	Apr. 15, 1942
Foundation Properties, Inc.	N. D. Ill.	Sec. 77-B	Oct. 26, 1934	Apr. 25, 1935	Motion	Oct. 29, 1940
Garland Manufacturing Company	S. D. N. Y.	Ch. X	Oct. 11, 1943	Oct. 11, 1943	do	Oct. 18, 1943
Globe Industrial Loan Corporation	W. D. Pa.	do	Mar. 26, 1940	Mar. 26, 1940	Request	May 3, 1940
Century Capital Corporation	D. N. J.	do	Mar. 20, 1943	Mar. 20, 1943	Motion	Apr. 7, 1943
Gobel (Adolf) Inc.	D. N. J.	do	Mar. 31, 1943	Mar. 31, 1943	do	do
Hotel Mardin Company of Utica	S. D. N. Y.	do	Sept. 29, 1941	Sept. 30, 1941	do	Oct. 1, 1941
Hotel Sylvania Co. (Delaware Corp.)	N. D. N. Y.	Sec. 77-B	June 6, 1935	June 19, 1935	do	June 24, 1939
Hotel Sylvania Corp. (Penns. Corp.)	E. D. Pa.	do	Nov. 24, 1936	Nov. 24, 1936	do	June 16, 1942
	E. D. Pa.	do	do	do	do	do

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

Table 34.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1945.—Continued

Debtor	District Court	Proceedings instituted under	Petition		Participation	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Hotels Majestic, Inc.	E. D. Pa.	do	Oct. 30, 1936	Oct. 31, 1936	do	Feb. 26, 1942
Indiana Limestone Corporation	S. D. Ind.	Ch. X	Apr. 7, 1944	Apr. 21, 1944	do	May 12, 1944
Industrial Loan Company	S. D. Ohio	do	Aug. 21, 1941	Aug. 28, 1941	Request	Sept. 25, 1941
Inland Gas Corporation	E. D. Ky.	Sec. 77-B	Oct. 14, 1935	Nov. 1, 1935	do	Mar. 28, 1939
International Mining & Milling Co.	D. Nev.	Ch. X	June 29, 1939	June 29, 1939	Motion	Aug. 7, 1939
Mount-Geines Mining Co.	do	do	do	do	do	do
International Power Securities Corp.	D. N. J.	do	Feb. 24, 1941	Feb. 24, 1941	do	Mar. 3, 1941
Isham Garden Apartments	S. D. N. Y.	do	Apr. 7, 1943	Apr. 8, 1943	do	Apr. 13, 1943
Jackson Hamlin Building Corporation	N. D. Ill.	do	Aug. 2, 1943	Aug. 13, 1943	Request	Oct. 15, 1943
Jeffery Terrace Building Corporation	N. D. Ill.	do	Oct. 11, 1943	Nov. 10, 1943	do	Nov. 15, 1943
Joliet Elks Building Association	do	do	Jan. 10, 1939	Feb. 2, 1939	do	Feb. 6, 1939
Kentucky Real Gas Company	E. D. Ky.	Sec. 77-B	Oct. 25, 1935	Nov. 1, 1935	do	Mar. 28, 1939
Keystone Realty Holding Corporation	W. D. Pa.	Ch. X	Feb. 11, 1939	Feb. 11, 1939	do	Mar. 8, 1939
Kingson Homes Building Corporation	N. D. Ill.	do	Nov. 30, 1944	Nov. 30, 1944	do	Feb. 10, 1945
Lorraine Castle Apartments Building Corp.	N. D. Ill.	do	Apr. 7, 1942	May 5, 1942	do	July 22, 1943
Los Angeles Lumber Products Co., Ltd.	S. D. Calif.	Sec. 77-B	Jan. 28, 1938	Jan. 28, 1938	Motion	Jan. 29, 1940
Lower Broadway Properties, Inc.	S. D. N. Y.	Ch. X	Nov. 24, 1942	Nov. 24, 1942	do	Dec. 2, 1942
Mahlstadt Materials, Inc.	do	do	Aug. 11, 1941	Aug. 13, 1941	Request	Aug. 14, 1941
Maier Brewing Company	S. D. Calif.	do	Dec. 4, 1940	Dec. 20, 1940	do	Aug. 4, 1941
Mara Villa Realty Company	E. D. Mich.	Sec. 77-B	Feb. 16, 1937	Feb. 18, 1937	do	Dec. 6, 1938
Medinah Building Corporation	N. D. Ill.	Ch. X	June 4, 1941	July 28, 1941	do	July 28, 1941
Middle States Utilities Company (Del.)	W. D. Mo.	do	Apr. 30, 1943	May 1, 1943	Motion	July 16, 1943
Middle States Utilities Company (Iowa)	do	do	do	do	do	do
Middle States Utilities Company (Mo.)	do	do	do	do	do	do
Midland United Company	D. Dela.	Sec. 77-B	June 9, 1934	June 9, 1934	do	Jan. 10, 1940
Midland Utilities Company	do	do	do	do	do	do
Moorhead Knitting Company	M. D. Pa.	Ch. X	June 19, 1941	June 24, 1941	do	Aug. 6, 1941
Mount Forest Fur Farms of America, Inc.	E. D. Mich.	Sec. 77-B	Aug. 15, 1938	Aug. 15, 1938	Request	Sept. 28, 1938
National Realty Trust	N. D. Ill.	do	Dec. 26, 1934	Apr. 25, 1935	Motion	Oct. 29, 1940
1934 Realty Corporation	S. D. N. Y.	Ch. X	Dec. 23, 1938	Dec. 23, 1938	do	Jan. 8, 1941
Northern Redwood Lumber Company	N. D. Calif.	Sec. 77-B	Apr. 4, 1936	Apr. 4, 1936	do	Apr. 13, 1939
Northeast Carolina Utilities Company	W. D. N. C.	Ch. X	July 8, 1942	July 8, 1942	do	Mar. 2, 1943
Ohio Pure Register Company	S. D. Ohio	Ch. X	Dec. 29, 1937	Dec. 29, 1937	Request	May 16, 1939
Oklaoma Railway Company	W. D. Okla.	Ch. X	Sept. 27, 1939	Sept. 27, 1939	Motion	Oct. 13, 1939
188 Randolph Building Corporation	W. D. Ill.	Sec. 77-B	Aug. 5, 1935	Dec. 30, 1935	do	Jan. 17, 1939
P-R Holding Corporation	S. D. N. Y.	do	Apr. 24, 1942	May 21, 1942	do	May 21, 1942
Penn Timber Company	D. Oreg.	do	Feb. 18, 1938	Feb. 18, 1938	Request	Jan. 5, 1939
Philadelphia & Reading Coal & Iron Co.	E. D. Pa.	Sec. 77-B	Feb. 26, 1937	Feb. 26, 1937	Motion	Jan. 27, 1939
Philadelphia & Western Railway Company	E. D. Pa.	Sec. 77-B	July 2, 1934	July 3, 1934	Motion	Jan. 17, 1940
Pine Hill Colliers Company	do	Ch. X	May 16, 1939	May 16, 1939	Request	May 19, 1939
Pine Hill Coal Company	do	do	do	do	do	do
Pittsburgh Railways Company	W. D. Pa.	Sec. 77-B	May 10, 1938	May 10, 1938	do	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	do	do	do
Pittsburgh Terminal Coal Corp.	do	Ch. X	Dec. 4, 1939	Jan. 2, 1940	do	Jan. 6, 1940
Pittsburgh Warehouse & Trans. Co.	do	do	Dec. 10, 1943	Dec. 10, 1943	do	Jan. 6, 1944
Plantation Building Corporation	E. D. Wis.	do	June 25, 1940	June 27, 1940	do	July 16, 1940
Portland Electric Power Company	D. Oreg.	do	Apr. 3, 1939	Apr. 3, 1939	do	Apr. 16, 1939
Quaker City Storage Company	E. D. Pa.	do	Dec. 17, 1941	Feb. 13, 1942	Motion	Jan. 28, 1942
R. A. Security Holding, Inc.	E. D. N. Y.	do	May 7, 1942	July 31, 1942	do	May 22, 1942
Real Estate Mortgage Guaranty Co.	E. D. Pa.	do	July 11, 1940	Nov. 12, 1940	do	Nov. 12, 1940
Realty Associates Securities Corporation	E. D. N. Y.	do	Sept. 28, 1943	Sept. 28, 1943	do	Oct. 4, 1943
Esquade Realty Corporation	do	do	Mar. 17, 1944	Mar. 20, 1944	do	Apr. 19, 1944
Rentale Building Corporation	S. D. Ohio	do	July 31, 1939	Nov. 1, 1939	do	Apr. 23, 1940
Reynolds Investing Co., Inc.	D. N. J.	Sec. 77-B	May 18, 1938	June 22, 1938	Request	Dec. 6, 1938
Ritz-Carlton Restaurant & Hotel Co. of Atlantic City	S. D. N. J.	Ch. X	Jan. 17, 1939	Jan. 20, 1939	do	Jan. 23, 1939

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

Table 34.--Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1945--Continued

Debtor	District Court	Proceedings instituted under	Petition		Participation	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Roberts and Oaks, Inc.	N. D. Ill.	do	Apr. 19, 1941	Apr. 19, 1941	Motion	May 23, 1941
Rocky Mountain Fuel Company	D. Col.	do	Feb. 12, 1944	Feb. 12, 1944	do	Apr. 3, 1944
Saint Charles Hotel Company	S. D. N. J.	do	Dec. 8, 1944	Dec. 8, 1944	Request	Dec. 16, 1944
Sheridan Melrose Building Corporation	N. D. Ill.	do	July 1, 1943	July 7, 1943	Motion	Aug. 23, 1943
Silesian American Corporation	S. D. N. Y.	do	July 29, 1941	July 29, 1941	do	Aug. 1, 1941
South State Street Building Corporation	N. D. Ill.	do	Oct. 17, 1938	Oct. 18, 1938	do	Nov. 29, 1938
Sponsor Realty Company	S. D. N. Y.	do	July 17, 1942	Mar. 19, 1943	do	Sept. 25, 1942
32-36 North State Street Building Corp.	N. D. Ill.	do	Mar. 14, 1944	Apr. 24, 1944	Request	June 7, 1944
Thomas Allec Corporation	N. D. Calif.	do	May 12, 1939	May 13, 1939	Motion	June 26, 1939
Transportation Building Corporation of Chicago	N. D. Ill.	do	Jan. 16, 1941	Feb. 13, 1941	Request	Feb. 21, 1941
Trinity Building Corporation of New York	S. D. N. Y.	do	Jan. 18, 1945	Jan. 18, 1945	Motion	Feb. 19, 1945
Turnbow, W. C. Petroleum Corporation	E. D. Tex.	do	Feb. 21, 1940	Feb. 21, 1940	do	Apr. 18, 1940
263 West 38th Street Corporation	S. D. N. Y.	do	Dec. 26, 1940	Mar. 5, 1941	do	Jan. 29, 1941
Ulan and Company	S. D. N. Y.	do	June 14, 1940	June 14, 1940	do	June 17, 1940
U. S. Realty and Improvement Company	do	do	Feb. 1, 1944	Feb. 1, 1944	Request	Feb. 7, 1944
Valley-Montana Land & Water Company	S. D. Mont.	do	Jan. 15, 1942	Jan. 15, 1942	Motion	Mar. 5, 1942
Van Busselaer Estates, Inc.	S. D. N. Y.	Sec. 77-B	July 12, 1935	July 12, 1935	do	July 22, 1941
Van Swearingen Corporation	N. D. Ohio	do	Oct. 13, 1936	Oct. 15, 1936	do	Jan. 23, 1940
Cleveland Terminals Building Corp.	do	do	do	do	do	do
Warner Sugar Corporation	S. D. N. Y.	Ch. X	June 7, 1940	July 9, 1940	Request	July 9, 1940
Washington Gas & Electric Corporation	do	do	Sept. 29, 1941	Sept. 29, 1941	Motion	Oct. 14, 1941
Watson Realty Company	E. D. Mich.	Sec. 77-B	Apr. 28, 1936	Apr. 28, 1936	Request	Jan. 7, 1939
Westover, Inc.	S. D. N. Y.	Ch. X	Mar. 18, 1943	Mar. 24, 1943	Motion	Mar. 24, 1943
Wilkes-Barre Railways Corporation	M. D. Pa.	do	July 1, 1943	July 1, 1943	do	July 15, 1943
Wilkes-Barre Railways Company	do	do	do	do	do	do
Wilkes-Barre Trunkless Trolley Company	do	do	do	do	do	do
Wyoming Valley Autobus Company	do	do	do	do	do	do
Wyoming Valley Public Service Company	do	do	do	do	do	do
Wyndor Wilson Liquidation Trust	N. D. Ill.	do	Mar. 18, 1941	May 28, 1941	do	June 12, 1941
York Railways Company	E. D. N. Y.	Sec. 77-B	Nov. 30, 1937	Nov. 30, 1937	Motion	Jan. 5, 1943

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