

Seventeenth Annual Report

of the

U. S.

Securities and Exchange Commission

Fiscal Year Ended June 30, 1951



UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON : 1952

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. • Price 75 cents (Paper Cover)

SECURITIES AND EXCHANGE COMMISSION

Headquarters Office

425 Second Street NW.

Washington 25, D. C.

COMMISSIONERS

HARRY A. McDONALD, *Chairman*

DONALD C. COOK, *Vice Chairman*

RICHARD B. McENTIRE

PAUL R. ROWEN

ROBERT I. MILLONZI

ORVAL L. DuBOIS, *Secretary*

LETTER OF TRANSMITTAL

SECURITIES AND EXCHANGE COMMISSION,
Washington, D. C., January 11, 1952.

SIR: I have the honor to transmit to you the Seventeenth 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, section 216 of the Investment Advisers Act of 1940, approved August 22, 1940, and section 3 of the act of April 25, 1949, amending the Bretton Woods Agreement Act.

Respectfully,

HARRY A. McDONALD,
Chairman.

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

TABLE OF CONTENTS

	Page
Foreword.....	XI
Commissioners and staff officers.....	XII
Regional and branch offices.....	XIII

PART I

ADMINISTRATION OF THE SECURITIES ACT OF 1933

The registration process.....	1
The registration statement and prospectus.....	1
Effective date of registration statement.....	2
Examination procedure.....	2
Time required for registration.....	3
Volume of securities registered.....	4
Number of statements.....	5
Type of industry.....	5
Type of registration.....	5
Type of security.....	5
Type of offering.....	6
Purpose of issue.....	6
Cost of flotation.....	6
All new securities offered for cash sale.....	8
Registered securities.....	8
Unregistered securities.....	8
Use of net proceeds of corporate securities.....	9
Registration statements filed.....	9
Exemption from registration under the act.....	10
Exempt offerings under regulation A.....	10
Exempt offerings under regulation B.....	11
Confidential reports of sales under regulation B.....	12
Oil and gas investigations.....	12
Formal action under section 8.....	13
Disclosures resulting from examination of registration statements.....	15
Changes in rules, regulations, and forms.....	20
Litigation under the act.....	22

PART II

ADMINISTRATION OF THE SECURITIES EXCHANGE ACT OF 1934

Regulation of exchanges and exchange trading.....	26
Registration and exemption of exchanges.....	26
Disciplinary actions by exchanges against members.....	27
Registration of securities on exchanges.....	27
Nature and purpose of registration.....	27
Statistics of securities registered on exchanges.....	30
Temporary exemption of substituted or additional securities.....	31
Formal action under section 19 (a) (2).....	31
Market value of securities traded on exchanges.....	31
Special offerings on exchanges.....	32
Secondary distributions approved by exchanges.....	33
Unlisted trading privileges on exchanges.....	33
Applications for unlisted trading privileges.....	35
Changes in securities admitted to unlisted trading privileges.....	36
Delisting of securities from exchanges.....	36
Securities delisted by application.....	36
Securities delisted by certification.....	37
Securities removed from listing on exempted exchanges.....	37
Manipulation and stabilization.....	37
Manipulation.....	38
Stabilization.....	40

ADMINISTRATION OF THE SECURITIES EXCHANGE ACT OF 1934—Continued.

	Page
Security transactions of corporation insiders	41
Purpose of regulation	41
Reports of transactions and holdings	42
Publication of data reported	42
Volume of reports filed and examined	42
Preventing unfair use of inside information	43
Solicitations of proxies, consents, and authorizations	43
Statistics relating to proxy statements	44
Examination of proxy material	44
Regulation of brokers and dealers	49
Registration	49
Administrative proceedings	49
Broker-dealer inspections	53
Investigations	54
Financial reports	54
Supervision of NASD activity	54
Membership	54
Disciplinary actions	55
Commission review of actions on membership	56
Changes in rules, regulations, and forms	57
Litigation under the act	59

PART III
ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Integration and simplification—over-all summary	63
Integration and simplification—survey of individual systems	72
American Power & Light Co.	74
American & Foreign Power Co., Inc.	75
Cities Service Co.	76
Eastern Utilities Associates	77
Electric Bond and Share Co.	78
General Public Utilities Corp.	81
International Hydro-Electric System	82
Koppers Co., Inc.—Eastern Gas & Fuel Associates	83
Mission Oil Co.—Southwestern Development Co.	84
New England Public Service Co.	85
Pennsylvania Gas & Electric Corp.	86
Standard Power & Light Corp.—Standard Gas & Electric Co.	87
The United Corp.	89
Washington Gas & Electric Co.	90
Wisconsin Electric Power Co.	91
Progress of continuing holding company systems	92
American Gas & Electric Co.	93
American Natural Gas Co.	94
The Columbia Gas System, Inc.	94
Interstate Power Co.	95
Middle South Utilities, Inc.	96
New England Electric System	97
New England & Electric Association	98
Northern Natural Gas Co.	99
Northern States Power Co.	99
Ohio Edison Co.	100
The Southern Co.	101
Southern Natural Gas Co.	101
Union Electric Co. of Missouri	102
United Gas Improvement Co.	103
Utah Power & Light Co.	103
The West Penn Electric Co.	104
Acquisitions of securities, utility assets, and other interests	105
Financing	106
Competitive bidding	110
Revision of regulatory procedures	111
Investment Bond and Share Corporation	112
Original cost studies	112

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935—Continued	Page
Cooperation with State and local regulatory authorities.....	113
Litigation under the act.....	115
Actions to enforce voluntary plans under section 11 (e).....	116
Petitions to review orders of the Commission.....	118
PART IV	
PARTICIPATION OF THE COMMISSION IN CORPORATE REORGANIZATIONS UNDER CHAPTER X OF THE BANKRUPTCY ACT, AS AMENDED	
Commission's functions under chapter X.....	121
Summary of activities.....	121
Activities relating to the trusteeship.....	122
Problems in the administration of the estate.....	124
Responsibilities of fiduciaries.....	126
Activities with respect to allowances.....	127
Plans of reorganization under chapter X.....	130
Fairness of plan.....	130
Feasibility of plan.....	136
Consummation of plan.....	136
PART V	
ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939	
Nature of trust indenture regulation.....	139
Integration with Securities Act of 1933.....	139
Statistics of indentures qualified.....	140
Change in form.....	140
PART VI	
ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940	
Registration under the act.....	141
Character of investment companies registered during fiscal year.....	142
Selling literature.....	142
Statistical data.....	143
Applications filed.....	143
Changes in rules, regulations, and forms.....	144
PART VII	
ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940	
Registration statistics.....	147
PART VIII	
OTHER ACTIVITIES OF THE COMMISSION	
Court proceedings.....	149
Civil proceedings.....	149
Criminal proceedings.....	149
Complaints and investigations.....	154
Sale of Canadian securities in the United States.....	159
Section of securities violations.....	160
Activities of the Commission in accounting and auditing.....	160
Examination of financial statements.....	162
Amendment of regulation S-X.....	162
Division of opinion writing.....	165
Foreign financial and economic matters—International Bank.....	167
Advisory and interpretative assistance.....	169
Confidential treatment of applications, reports, or documents.....	170
Statistics and special studies.....	170
Operational statistics.....	170
Saving study.....	171
Financial position of corporations.....	172
Capital markets.....	173

OTHER ACTIVITIES OF THE COMMISSION—Continued		Page
Personnel.....	-----	173
Fiscal affairs.....	-----	174
Publications.....	-----	174
Information available for public inspection.....	-----	175
Public hearings.....	-----	177

PART IX

APPENDIX—STATISTICAL TABLES

Table 1. Registrations fully effective under the Securities Act of 1933.....	-----	180
Part 1. Distribution by months.....	-----	180
Part 2. Breakdown by method of distribution and type of security of the volume proposed for cash sale for account of issuers.....	-----	180
Part 3. Purpose of registration and industry of registrant.....	-----	181
Table 2. Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1949, 1950, and 1951.....	-----	183
Part 1. Number of bond issues and aggregate value.....	-----	183
Part 2. Compensation to distributors.....	-----	184
Table 3. New securities offered for cash sale in the United States.....	-----	185
Part 1. Type of offering.....	-----	185
Part 2. Type of security.....	-----	186
Part 3. Type of issuer.....	-----	187
Part 4. Private placements of corporate securities.....	-----	188
Table 4. Proposed uses of net proceeds from the sale of new corporate securities offered for cash sale in the United States.....	-----	190
Part 1. All corporate.....	-----	190
Part 2. Public utility.....	-----	191
Part 3. Industrial.....	-----	193
Part 4. Railroad.....	-----	195
Part 5. Real estate and financial.....	-----	196
Table 5. An 18-year summary of corporate bonds publicly offered and privately placed in each year—1934 through 1951—by calendar year.....	-----	197
Table 6. An 18-year summary of new securities offered for cash in the United States.....	-----	198
Table 7. Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934—effective registrations as of June 30, 1951, classified by type of organization and by location of principal office.....	-----	199
Table 8. Market value and volume of sales effected on securities exchanges for the three 6-month periods ending June 30, 1951.....	-----	201
Part 1. Six months ended June 30, 1950.....	-----	201
Part 2. Six months ended December 31, 1950.....	-----	202
Part 3. Six months ended June 30, 1951.....	-----	203
Table 9. Special offerings effected on national securities exchanges for fiscal year ended June 30, 1951.....	-----	204
Table 10. Secondary distributions of listed stocks approved by national securities exchanges for fiscal year ended June 30, 1951.....	-----	205
Table 11. Classification by industry of issuers having securities registered on national securities exchanges as of June 30, 1950, and as of June 30, 1951.....	-----	206
Table 12. Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1951.....	-----	207
Table 13:		
Part 1. Number and amount of securities classified according to the number of registered exchanges on which issue was admitted to dealing as of June 30, 1951.....	-----	208
Part 2. Proportion of registered issues that are also admitted to unlisted trading privileges on other exchanges as of June 30, 1951.....	-----	208
Part 3. Proportion of issues admitted to unlisted trading privileges that are also registered on other exchanges as of June 30, 1951.....	-----	208

TABLE OF CONTENTS

IX

	Page
Table 13—Continued	
Part 4. Proportion of all issues admitted to dealing on registered exchanges that are admitted to dealing on more than 1 registered exchange as of June 30, 1951-----	208
Table 14. Number of issuers having securities admitted to dealings on exchanges as of June 30, 1951, classified according to the basis for admission of their securities to dealing-----	209
Table 15. Number of issuers having stocks only, bonds only, and both stocks and bonds admitted to dealings on exchanges as of June 30, 1951-----	209
Table 16. For each exchange as of June 30, 1951, the number of issuers and securities, basis for admission of securities to trading, and the percentage of stocks and bonds admitted to trading on one or more other exchanges-----	210
Table 17. Number of issues admitted to unlisted trading pursuant to clauses 2 and 3 of section 12 (f) of the Securities Exchange Act of 1934 and volume of transactions therein-----	211
Table 18. Electric, gas and nonutility companies and properties divested by registered public utility holding company systems December 1, 1935, to June 30, 1951-----	212
Table 19. Reorganization cases instituted under chapter X and section 77-B in which the Commission has filed a notice of appearance and in which the Commission actively participated during the fiscal year ended June 30, 1951-----	258
Table 20. Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1951-----	258
Table 21. Summary of cases instituted in the courts 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-----	259
Table 22. Summary of cases instituted against the Commission, cases in which the Commission participated as intervenor or <i>amicus curiae</i> , and reorganization cases on appeal under chapter X in which the Commission participated—pending during the fiscal year ended June 30, 1951-----	260
Table 23. 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, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1951-----	261
Table 24. Indictments returned for violation of the acts administered by the Commission, the Mail Fraud statute (sec. 1341, formerly 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 1951 fiscal year-----	263
Table 25. Petitions for review of orders of Commission under 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 courts of appeals during the fiscal year ended June 30, 1951-----	267
Table 26. Contempt proceedings pending during the fiscal year ended June 30, 1951-----	268
Part 1. Civil contempt proceedings-----	268
Part 2. Criminal contempt proceedings-----	268
Table 27. Cases in which the Commission participated as intervenor or as <i>amicus curiae</i> , pending during the fiscal year ended June 30, 1951-----	269
Table 28. Proceedings by the Commission, pending during the fiscal year ended June 30, 1951, to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934-----	271
Table 29. Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1951-----	272
Table 30. Actions to enforce voluntary plans under section 11 (e) to comply with section 11 (b) of the Public Utility Holding Company Act of 1935-----	272

	Page
Table 31. Actions under section 11 (d) of the Public Utility Holding Company Act of 1935 to enforce compliance with Commission's order issued under section 11 (b) of that act.....	274
Table 32. Reorganization cases under chapter X of the Bankruptcy Act in which the Commission participated when appeals were taken from district court orders.....	275
Table 33. An 18-year summary of criminal cases developed by the Commission—1934 through 1951, by fiscal year.....	277
Table 34. Summary of criminal cases developed by the Commission which were still pending at June 30, 1951—by fiscal year.....	278
Table 35. An 18-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1951..	278
Table 36. An 18-year summary of all injunction cases instituted by the Commission—1934 to June 30, 1951, by calendar year.....	279

FOREWORD

This is the seventeenth annual report to the Congress of the Securities and Exchange Commission, summarizing the work of the Commission during the fiscal year July 1, 1950, to June 30, 1951.

The year has been an extremely active one for the Commission. The raising of new capital by industry, particularly for use in connection with the defense effort, has continued at a high rate. In all, approximately \$6,400,000,000 of securities were registered during the year. The processing of registration statements and other documents filed by various companies in connection with their financing programs constitutes a major work load of the Commission. This large amount of work, the volume and timing of which is entirely beyond the control of the Commission, requires thorough and prompt attention for the protection of investors and the accommodation of the issuing companies in their efforts toward successful financing.

In addition, the Commission, under the statutes which it administers, is charged with many other important duties, such as the surveillance of the securities markets, the regulation of the activities of brokers and dealers, and the direction and supervision of the integration and simplification of public utility holding company systems. The report discusses these and the other activities of the Commission. In connection with the discussion of the Commission's activities under the Public Utility Holding Company Act of 1935, the report contains a cumulative tabulation of all companies and properties divested by registered public utility holding company systems since December 1, 1935, the effective date of that Act.

The Commission has endeavored to maintain a high standard of accomplishment in connection with its major work notwithstanding successive drastic reductions in its staff in recent years made necessary by budget limitations. The number of employees of the Commission, today is about one-half of the number employed in 1941. Since the end of the fiscal year the over-all staff was reduced by 12 percent, from 1027 to 904, up to December 31, 1951, and because of the unavailability of funds a further decrease to about 875 is likely by July 1, 1952. Despite the streamlining of procedures and the deferment and elimination of various routine activities, the reduction in staff has reached a point of being a serious threat to the Commission's ability to carry out its essential duties under the statutes which it has the responsibility of administering and to cooperate promptly and fully in the financing of the defense effort.

COMMISSIONERS AND STAFF OFFICERS

(as of December 31, 1951)

*Term
expires
June 5*

Commissioners

HARRY A. McDONALD, of Michigan, Chairman.....	1956
DONALD C. COOK, of Michigan, Vice Chairman.....	1954
RICHARD B. McENTIRE, of Kansas.....	1953
PAUL R. ROWEN, of Massachusetts.....	1955
ROBERT I. MILLONZI, of New York ¹	1952

Secretary: ORVAL L. DuBois

Staff Officers

BALDWIN B. BANE, Director, Division of Corporation Finance. ANDREW JACKSON, Associate Director.
MORTON E. YOHALEM, Director, Division of Public Utilities. JEROME S. KATZIN, Associate Director.
ANTHON H. LUND, Director, Division of Trading and Exchanges. SHERRY T. McADAM, Jr., Associate Director.
ROGEE S. FOSTER, General Counsel. LOUIS LOSS, Associate General Counsel.
EARLE C. KING, Chief Accountant.
LEONARD HELFENSTEIN, Director, Division of Opinion Writing.
ALFRED HILL, Executive Assistant to the Chairman.
WALTER C. LOUCHHEIM, Jr., Foreign Economic Adviser to the Commission.
HASTINGS P. AVERY, Director, Division of Administrative Services.
WILLIAM E. BECKER, Director, Division of Personnel.
JAMES J. RIORDAN, Director, Division of Budget and Finance.

¹ Appointed June 21, 1951, to fill the vacancy created by the resignation of Edward T. McCormick, effective March 31, 1951.

REGIONAL AND BRANCH OFFICES

Regional Administrators

- Zone 1—Peter T. Byrne,¹ Equitable Building (Room 2006), 120 Broadway, New York 4, N. Y.
- Zone 2—Philip E. Kendrick, Post Office Square Building (Room 501) 79 Milk Street, Boston 9, Mass.
- Zone 3—William Green, Peachtree Seventh Building (Room 350), Atlanta 5, Georgia.
- Zone 4—Charles J. Odenweller, Jr., Standard Building (Room 1608), 1370 Ontario Street, Cleveland 13, Ohio.
- Zone 5—Thomas B. Hart, Bankers Building (Room 630), 105 West Adams Street, Chicago 3, Ill.
- Zone 6—Oran H. Allred, United States Courthouse (Room 103), Tenth and Lamar Streets, Fort Worth 2, Tex.
- Zone 7—William L. Cohn,² Midland Savings Building (Room 822), 444 Seventeenth Street, Denver 2, Colo.
- Zone 8—Howard A. Judy, Appraisers Building (Room 308), 630 Sansome Street, San Francisco 11, Calif.
- Zone 9—James E. Newton, 1411 Fourth Avenue Building (Room 810), Seattle 1, Wash.
- Zone 10—E. Russel Kelly, 425 Second Street NW., Washington 25, D. C.

Branch Offices

- Federal Building (Room 1074), Detroit 26, Mich.
- United States Post Office and Courthouse (Room 1737), 312 North Spring Street, Los Angeles 12, Calif.
- Pioneer Building (Room 400), Fourth and Roberts Streets, St. Paul, Minn.

¹ Scheduled for move to 42 Broadway, New York 4, N. Y., in February 1952.

² Appointed December 18, 1951, to fill the vacancy created by the death of John L. Geraghty on November 27, 1951.

COMMISSIONERS APPOINTED DURING FISCAL YEAR

Robert I. Millonzi

Mr. Millonzi was born in Buffalo, N. Y., on July 12, 1910. He received an A. B. degree in 1932 and an LL. B. degree in 1935 from the University of Buffalo. He was admitted to practice before the New York State Supreme Court in 1935, and subsequently admitted to practice before the Federal Courts and the Tax Court of the United States. Until his appointment as a member of the Securities and Exchange Commission in 1951, he was engaged in private practice in New York, associated with the firm of Diebold and Millonzi. From 1940 to 1943 he was Counsel to the New York State Department of Agriculture and Markets. On June 21, 1951, he was appointed a member of the Securities and Exchange Commission for a term of office ending June 5, 1952.

PART I

ADMINISTRATION OF THE SECURITIES ACT OF 1933

The Securities Act of 1933 is designed to provide investors with the protection of full and fair disclosure, by means of registration statements and prospectuses, of pertinent information regarding securities publicly offered for sale through the mails or other instrumentalities of interstate commerce, and to prevent misrepresentation, deceit, and other fraudulent practices in the sale of securities. The Act requires in general that every security which is to be offered for sale by the use of the mails or other instrumentalities of interstate commerce must first be registered with this Commission unless it is entitled to one of the exemptions from registration provided in the statute. Securities so exempted consist, in general, of United States government and municipal securities and issues of banks, railroads, cooperatives and other organizations and associations specified in section 3 (a) of the Act or covered by exemptions in rules and regulations adopted by the Commission, as discussed elsewhere in this report, pursuant to section 3 (b) thereof. The registration provisions also do not apply to certain transactions specifically exempted by section 4 of the Act. However the anti-fraud provisions of both Acts apply to exempted securities and transactions. The fact that a registration statement has been filed under the Act, or that it has been examined by the Commission's staff, or that it is in effect, does not imply any approval or disapproval by the Commission of the merits of the security as an investment, and the statute makes any representation to the contrary a criminal offense. While registration, therefore, does not insulate investors against risk, the requirement that registrants must furnish investors at or before a sale with a full disclosure of material facts essential to the formation of an intelligent investment judgment makes available to them information with which to gauge the risk.

THE REGISTRATION PROCESS

The Registration Statement and Prospectus

Any security may be registered with the Commission by filing a registration statement under the terms and conditions specified in the Act, and it is one of the Commission's most important functions to examine these statements for their compliance with the statutory requirements. An integral part of each statement is the prospectus, consisting of pertinent information from the registration statement proper. Unless a registration statement is in effect as to a security, the Act makes it unlawful to sell or offer to buy the security through the mails or in interstate commerce, and it is also made unlawful to sell or deliver any security unless accompanied or preceded by a prospectus meeting the requirements of the Act.

While as a practical matter it is the prospectus that brings all the pertinent information contained in the registration statement directly to the attention of the investor, it should be pointed out that the event of filing any registration statement, which is immediately made public by the Commission pursuant to the statute, gives rise to widespread publicity released by financial news services, financial writers, and newspapers generally, covering various items of information selected by them from the registration statement.

Effective Date of Registration Statement

In order to permit the information contained in a registration statement to become known to the investing public, the Act provides a 20-day waiting period after the filing of the registration statement before the registration statement becomes effective and the security may be offered for sale. If the registration statement is amended after it is filed but before it has become effective, the 20-day waiting period starts anew from the time of the amendment, unless the amendment is filed with the consent of or by order of the Commission. The Commission is empowered at its discretion to accelerate the effective date of a registration statement, in cases where the facts justify such acceleration, so that a full 20-day period need not expire before the securities may be offered for sale. The Act directs that, in the exercise of this power, the Commission must give due regard to the adequacy of the information about the security already available to the public, to the complexity of the particular financing, and to the public interest and the protection of investors.

Examination Procedure

The Commission's work of examining registration statements and prospectuses filed in connection with public offerings of securities under the Securities Act of 1933 is conducted by the examining sections of the Division of Corporation Finance. If a registration statement presents problems of an oil and gas, mining, or engineering nature, appropriate technical experts on the staff cooperate with the examiner, accountant and attorney of the examining section in processing that document. Not infrequently the staff may have occasion to consult with other departments or agencies of the Government in completing the examination of a particular filing.

In order to simplify the preparation of registration statements calculated to meet the requirements of the statute and the rules, the Commission has continued to make available to the registrant the assistance of a pre-filing conference with its staff of expert analysts, accountants and lawyers. The pre-filing conference is employed most usually to advise the prospective registrant concerning appropriate methods of simplifying any material required to be filed in a registration statement or other document, or to help solve any other problem—whether legal, statistical, or accounting—anticipated in connection therewith. A large number of these pre-filing conferences deal mainly with methods of simplifying the presentation of required financial data. Failure to take advantage of the latitude permitted by the Commission's rules to omit duplicate material or to substitute comparable material in more compact form may result in a confusing mass of financial statements particularly when dealing with complicated cases such as those involving mergers, reorganizations and the acquisi-

tion of other companies and businesses. In such situations the pre-filing conference may result in avoiding the delay, inconvenience and expense that would otherwise be caused by the need of furnishing substantial revisions or amendments of material after the original filing. Thus in one recent case the number of pages of financial statements proposed to be included in a prospectus of a company operating a chain of hotels was reduced by half mainly by adopting a suggestion of eliminating unnecessary financial statements and repetitious financial footnotes. In another case, involving a new company formed to take over the businesses of several other companies, the number of pages of financial statements included in the prospectus was reduced to less than half the number originally proposed by adopting a suggestion to arrange several similar financial statements on the same page in columnar form and eliminate certain duplicate financial footnotes.

Where examination discloses any omission or incomplete statement of material fact or inaccuracy in the registration statement, the staff relies for enforcement mainly upon another informal procedure, that of sending the registrant a "letter of comment," which points out the inadequacies found upon examination. Such letter is sent as soon as possible after the statement is filed and affords an opportunity for the filing of a correcting amendment before the indicated effective date of registration. This device avoids the necessity for the Commission to exercise its little-used authority under section 8 of the Act to institute formal proceedings against the registration statement. While the statute does not specifically authorize such a procedure, perhaps no other device adopted in connection with the registration process has equal capacity to accomplish a common-sense administration of the Act in a manner calculated to afford fair treatment to registrants and cause a minimum of interference with financing plans.

Time Required for Registration

While the Commission makes every effort to complete the registration process within the statutory 20-day waiting period, accomplishment of this objective is often impeded by a number of variable factors largely beyond its control. For example, experience has shown that the time required by the staff to complete examination of the registration statement and send out the letter of comment regarding indicated deficiencies to the registrant cannot generally be reduced in the average case below a recently achieved low of 10 calendar days. In the 1949 fiscal year the actual time required for this step averaged such 10 days in each month of the year. However, in the 1950 fiscal year, while for two of the early months of the period this average was bettered with a showing of 9 days each, in two of the later months the average rose to 11 days and in the closing month reached 12 days. During the 1951 fiscal year, as may be seen from the table below, this average rose to 11 days in four separate months of the year. Another important variable factor in the time required to complete the registration process is the time elapsing between the date of the letter of comment and the date the registrant's correcting amendment is filed, which of course is wholly beyond the control of the Commission. Then follows the necessarily variable factor of time required by the staff to examine such amendment in the same manner as the original filing. The

average time required in each month of the 1951 fiscal year for each of these principal stages as well as for all steps combined in the registration process is shown in the accompanying table. The total elapsed time, which was as high for the average case as 30½ days for the whole of the year 1947, and which had dropped to an all-time low of 21½₁₂ days for 1950, showed the same low figure of 21½₁₂ days for 1951.

Time elapsed in registration process—1951 fiscal year

	1950						1951					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Total registration statements effective during month (number).....	22	32	36	33	47	28	31	31	61	66	38	66
Elapsed time (median number of days)*												
From date of filing registration statement to first letter of comment.....	10	10	10	11	10	10	10	11	11	11	10	10
From date of letter of comment to first amendment by registrant.....	7	10	8	5	7	6	6	7	6	7	5	5
From date of first amendment to the effective date of registration.....	6	7	4	4	4	3	4	5	4	4	4	4
Total median elapsed time (days).....	23	27	22	20	21	19	20	23	21	22	19	1

VOLUME OF SECURITIES REGISTERED

The amount of securities effectively registered during the 1951 fiscal year was \$6,459,333,000, making the sixth consecutive period of registrations in excess of \$5,000,000,000 each and averaging over \$6,200,000,000 per fiscal year. This average is more than three times the approximate annual average of \$2,000,000,000 for the previous six fiscal years. More than three-quarters of the effective registrations are for cash sale for account of issuers, and the comparatively high current registration rate is equally apparent in this principal item and its components.

*Effective registrations*¹

Fiscal year ended June 30	All registrations	For cash sale for account of issuers			
		Total	Bonds	Preferred	Common
1951.....	\$6,459	\$5,169	\$2,838	\$427	\$1,904
1950.....	5,307	4,381	2,127	468	1,786
1949.....	5,333	4,204	2,795	326	1,083
1948.....	6,405	5,032	2,817	537	1,678
1947.....	6,732	4,874	2,937	787	1,150
1946.....	7,073	5,424	3,102	991	1,331
	37,309	29,084	16,616	3,536	8,932
1945.....	3,225	2,715	1,851	407	456
1944.....	1,760	1,347	732	343	272
1943.....	659	486	316	32	137
1942.....	2,003	1,465	1,041	162	263
1941.....	2,611	2,081	1,721	164	196
1940.....	1,787	1,433	1,112	110	210
	12,045	9,527	6,774	1,219	1,534
Average ¹					
1946-51.....	6,218	4,847	2,769	589	1,489
1940-45.....	2,008	1,588	1,129	203	256

¹ Figures in millions of dollars, rounded to even millions. Bonds include face-amount certificates. Common stock includes certificates of participation and all other equity securities except preferred stock. Earlier years are shown on page 5 of the Sixteenth Annual Report.

Number of Statements

The amount registered in the 1951 fiscal year was distributed over 487 statements covering 702 issues, compared with the same number (487) of statements covering 647 issues during the previous fiscal year. The number differs slightly from that shown under "Registration Statements Filed" on a subsequent page, as explained in footnote 2 of appendix table 1.

Type of Registration

About 80 percent of the amount registered in the 1951 fiscal year was for cash sale for account of issuers, 2.3 percent was for cash sale for account of others than issuers, and 17.7 percent was for other than cash sale as itemized in part 3 of appendix table 1. Comparative figures are as follows:

<i>Registered for</i>	<i>1951</i>	<i>1950</i>
Cash sale for account of issuers.....	\$5, 169, 092, 000	\$4, 381, 314, 000
Cash sale for others than issuers.....	146, 912, 000	304, 736, 000
Other than cash sale.....	1, 143, 330, 000	621, 027, 000
Total.....	6, 459, 333, 000	5, 307, 077, 000

Type of Industry

The industries represented by the securities registered for cash sale for account of issuers were as follows:

	<i>1951</i>	<i>1950</i>
Electric, gas, and water.....	\$1, 692, 604, 000	\$2, 038, 227, 000
Financial and investment.....	1, 319, 707, 000	1, 067, 692, 000
Manufacturing.....	680, 950, 000	506, 304, 000
Foreign government.....	678, 484, 000	175, 950, 000
Transportation and communication.....	667, 351, 000	522, 753, 000
Merchandising.....	64, 239, 000	25, 370, 000
Extractive.....	57, 076, 000	33, 027, 000
Real estate.....	5, 700, 000	4, 409, 000
Service.....	2, 980, 000	7, 582, 000
Total.....	5, 169, 092, 000	4, 381, 314, 000

From similar tables in recent annual reports, it can be ascertained that of approximately \$29.1 billion effective registrations for cash sale for account of issuers during the past six fiscal years, \$10.0 billion were electric, gas, and water, \$5.85 billion were transportation and communication, \$5.75 billion were manufacturing, \$5.47 billion were financial and investment, \$1.13 billion were foreign government, and all others were less than \$1.0 billion. "Transportation" does not include issues subject to Interstate Commerce Commission filings and therefore exempt from registration.

Recent trends have been for electric, gas and water issues to head the list, for financial and investment issues to rise into second place, and for manufacturing issues to drop from first place in 1946 and 1947 to third place in 1951 fiscal year. Foreign government registrations for 1951 are unusually large by reason of inclusion of the \$500,000,000 State of Israel bonds.

Type of Security

Bonds amounted to 54.9 percent of the total registered in the 1951 fiscal year for cash sale for account of issuers, preferred stocks to 8.3

percent, and all other equity securities to 36.8 percent, as shown by the following figures:

	1951	1950
Bonds ¹	\$2, 838, 001, 000	\$2, 127, 330, 000
Preferred stock.....	426, 649, 000	467, 929, 000
All other equity securities.....	1, 904, 441, 000	1, 786, 056, 000
Total.....	5, 169, 092, 000	4, 381, 314, 000

¹ Bonds include face-amount certificates.

Type of Offering

Over 49 percent of the securities registered for cash sale for account of issuers in the 1951 fiscal year were to be sold through investment bankers pursuant to agreements to purchase for resale. About 34 percent (including \$0.84 billion open-end investment company issues) were to be sold on a "best-efforts" basis. The term "best-efforts" as used here means all offerings through investment bankers other than those pursuant to agreements to purchase for resale. The remaining 17 percent were to be sold direct by issuers to investors. Comparative figures follow:

Through investment bankers:		1951	1950
Under agreements to purchase for resale.....		\$2, 547, 477, 000	\$2, 927, 787, 000
On "best-efforts" basis.....		1, 744, 573, 000	962, 830, 000
By issuers to investors.....		877, 041, 000	490, 698, 000
Total.....		5, 169, 092, 000	4, 381, 314, 000

Purpose of Issue

Nearly 51 percent of the net proceeds of the securities registered for cash sale for account of issuers in the 1951 fiscal year were for new money purposes including plant, equipment, working capital, etc. About 12 percent were for the retirement of debt and preferred stock. About 25 percent were for the purchase of securities, principally by investment companies. The remaining 12 percent were for use of foreign governments. The figures are shown in detail in part 3 of appendix table 1.

Cost of Flotation

Commissions and discounts to investment bankers, in the case of new issues effectively registered for cash sale through them to the general public, have amounted to approximately the following percents of gross proceeds:

Fiscal year to June 30	Bonds	Pre-ferred	Com-mon	Fiscal year to June 30	Bonds	Pre-ferred	Com-mon
1942.....	1.5	4.1	10.1	1947.....	0.9	2.8	9.3
1943.....	1.7	3.6	9.7	1948.....	.6	4.5	10.2
1944.....	1.5	3.1	8.1	1949.....	.8	3.8	7.1
1945.....	1.3	3.1	9.3	1950.....	.6	2.7	6.4
1946.....	.9	3.1	8.0	1951.....	.8	3.6	6.1

The above showing is exclusive of investment company securities, offerings through rights to existing stockholders, securities sold to special groups such as officers and employees, and securities registered for other than cash sale. The commissions and discounts shown on bonds in the above table are broken down by quality and size of issue in appendix table 2 of this report and its predecessors.

Early in 1951, the Commission published a report entitled "Cost of Flotation, 1945-49" covering all securities effectively registered under the Securities Act of 1933 during those five calendar years. The total was nearly \$30 billion and represented nearly 3,500 issues. The primary purpose was to present basic factual data on a matter of public interest which had been regarded as a trade secret prior to 1933, and to provide more complete coverage and detail on cost of flotation than can as yet be found elsewhere. The cost of flotation of the approximately \$30 billion securities aggregated a figure equal to \$2.64 for every \$100 of gross proceeds, including \$2.12 commissions and discounts to investment bankers and \$0.52 other expenses. New issues of securities for cash sale through investment bankers to the general public, not including issues of investment companies, came to about half of the \$30 billion, and produced the following aggregate costs in percent of gross proceeds:

Calendar years 1945-49	Number of issues	Commission and discount	Other expenses	Total cost of flotation
Bonds.....	360	0.78	0.52	1.30
Preferred.....	236	3.46	.75	4.21
Common.....	257	8.47	1.14	9.61
Combination.....	182	2.52	.73	3.24

New issues of securities for cash sale through subscription rights to stockholders constituted the second largest group, about 13 percent of the total, and produced the following aggregate costs in percent of subscription prices and without taking into consideration as an element of cost the discount from market prices at which the subscriptions were invited:

Calendar years 1945-49	Number of issues	Commission and discount	Other expenses	Total cost of flotation
Through investment bankers.				
Bonds.....	6	0.38	1.20	1.58
Preferred.....	41	1.56	.92	2.48
Common.....	112	2.48	1.25	3.72
Combination.....	7	1.36	1.68	3.04
Direct by issuers:				
Bonds.....	6	None	.51	.51
Preferred.....	8	None	1.25	1.25
Common.....	80	None	.69	.69
Combination.....	1	None	.38	.38

Securities of investment companies amounted to about 11 percent of the total dollar amount of securities effectively registered for cash sale during the five-year period 1945-49. About 70 percent of this amount was of open-end companies, 4 percent of closed-end companies, and 26 percent of fixed trusts, face-amount certificates and investment plans. The cost of marketing securities of open-end companies is called the "sales load" and averaged 7.88 percent of the gross proceeds of 246 flotations over the five years.

The publication referred to shows comparable figures for the remaining groups: new issues for cash sale directly to the general public, to special groups such as officers and directors, and in exchange for outstanding securities, secondary distributions registered for ac-

count of selling security holders, and securities for future issuance in conversions and other purposes. It is implemented by another quarterly publication of the Commission styled "Cost of Flotation" which, commencing with the first quarter of 1950, presents data on the cash cost of marketing individual issues of securities registered during each period, including details of offering, underwriting compensation, other expenses of flotation divided into (1) cost of professional services, (2) taxes and fees, and (3) printing and other expenses, and supplementary data reported by registrants on the outcome of issues involving subscription rights or offers of exchange. Current copies of the quarterly "Cost of Flotation" may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

ALL NEW SECURITIES OFFERED FOR CASH SALE

Registered Securities

Securities effectively registered under the Securities Act of 1933 which were offered for cash sale for account of issuers during the 1951 fiscal year amounted to \$3,135,000,000, approximately the same amount as for the preceding fiscal year. Three-fourths of these offerings of registered securities during the fiscal year took place in the first six months of 1951. The amounts of such offerings in the last two years, valued at actual offering prices, were as follows:

	1951	1950
Corporate.....	\$2,957,000,000	\$2,987,000,000
Foreign government.....	178,000,000	176,000,000
Total.....	3,135,000,000	3,163,000,000

These totals exclude securities sold through continuous offering, such as issues of open-end investment companies, employee purchase plans, and the \$500,000,000 State of Israel bonds in process of sale at the close of the fiscal year.

Unregistered Securities

CORPORATE

During the 1951 fiscal year, \$3,953,000,000 of unregistered corporate securities are known to have been offered for cash sale for account of issuers, including a record volume of securities placed privately. The basis for exemption of these securities from registration is as follows:

Basis for exemption from registration

	1951	1950
Privately placed issues.....	\$3,373,000,000	\$2,177,000,000
Issues of railroads and other common carriers...	328,000,000	557,000,000
Commercial bank issues.....	125,000,000	110,000,000
Offerings between \$100,000 and \$300,000 in size under regulation A.....	121,000,000	107,000,000
Intrastate offerings.....	6,000,000	4,000,000
Other exemptions.....	0	6,000,000
Total.....	3,953,000,000	2,961,000,000

NONCORPORATE

Unregistered government and eleemosynary securities offered for cash sale in the United States for account of issuers during the 1951

fiscal year amounted to \$13,318,000,000 as compared with \$15,678,000,000 in the 1950 fiscal year. These totals consisted of the following:

Issuer:	1951	1950
United States Government.....	\$10,284,000,000	\$12,068,000,000
State and local governments.....	2,902,000,000	3,492,000,000
Foreign governments (privately placed).....	49,000,000	0
International Bank.....	50,000,000	101,000,000
Miscellaneous nonprofit organizations.....	33,000,000	17,000,000
Total.....	13,318,000,000	15,678,000,000

Use of Net Proceeds of Corporate Securities

Proceeds from corporate securities flotations for cash sale for account of issuers, both registered and unregistered, were mainly to be used for expansion of fixed and working capital, approximately \$5,263,000,000 being raised for these purposes. This amount was considerably higher than the \$3,843,000,000 for new money purposes during the 1950 fiscal year, but was approximately \$500,000,000 less than in the 1949 and 1948 fiscal years. Electric and gas companies accounted for 34 percent of the new money financing, manufacturing for 32 percent, communication for 10 percent, real estate and financial for 9 percent, railroad and other transportation for 8 percent, and commercial and miscellaneous companies for 7 percent. Corporate securities offered for cash sale for retirement of outstanding securities and bank debt totaled only \$1,204,000,000 as compared with \$1,651,000,000 in the 1950 fiscal year.

Appendix tables 3, 4, and 5 give a detailed statistical breakdown of all securities offered for cash sale in the United States for account of issuers.

REGISTRATION STATEMENTS FILED

A considerable increase occurred last year in the number and dollar amount of new financing involved in registration statements. Thus, as set forth in the table below, there were filed and examined in the 1951 fiscal year 544 registration statements covering proposed offerings in the aggregate of \$6,371,827,423, compared with figures of 496 registration statements and proposed offerings in the aggregate of \$5,220,654,010 in the 1950 fiscal year.

Number and disposition of registration statements filed

	Prior to July 1, 1950	July 1, 1950, to June 30, 1951	Total as of June 30, 1951
Registration statements:			
Filed.....	8,539	544	9,083
Effective—net.....	7,144	1,490	* 7,629
Under stop or refusal order—net.....	182	1	183
Withdrawn.....	1,168	34	1,202
Pending at June 30, 1950.....	45		
Pending at June 30, 1951.....			69
Total.....	8,539		9,083
Aggregate dollar amount:			
As filed.....	\$63,183,325,159	\$6,371,827,423	\$69,555,152,582
As effective.....	\$9,440,775,254	6,459,333,000	65,900,108,254

* Excludes 4 registration statements which became effective and were subsequently withdrawn.

† 5 registration statements which became effective prior to July 1, 1950, were withdrawn and are counted in the number withdrawn.

Additional documents filed in the 1951 fiscal year under the Act

Nature of document:	Number
Material amendments to registration statements filed before the effective date of registration-----	777
Formal amendments filed before the effective date of registration for the purpose of delaying the effective date-----	476
Material amendments filed after the effective date of registration---	642
<hr/>	
Total amendments to registration statements-----	1, 895
Supplemental prospectus material, not classified as to amendments to registration statements-----	1, 074
Reports filed under section 15 (d) of the Securities Exchange Act of 1934 pursuant to undertakings contained in registration statements under the Securities Act of 1933:	
Annual reports-----	735
Current reports-----	2, 996

EXEMPTION FROM REGISTRATION UNDER THE ACT

The Commission is authorized by section 3 (b) of the Act to adopt rules and regulations granting exemptions from the registration requirements for security offerings not exceeding \$300,000 in aggregate offering price to the public. The most important of the regulations adopted under this section are Regulation A, which provides a general exemption for small issues up to the statutory maximum permissible amount of \$300,000, and Regulation B, which affords an exemption for fractional undivided interests in oil or gas rights and is limited to a maximum aggregate offering price of \$100,000.¹

These regulations granting exemption from registration pursuant to section 3 (b) carry no exemption from the civil liabilities for misstatements or omissions imposed by section 12 or from the criminal liabilities for fraud imposed by section 17. They simply permit the making of a small offering on the basis of less complete disclosure than in the case of a registered security and require the filing of certain minimum information with the nearest regional office of the Commission a certain number of days before the offering may be made.² If any sales literature is to be used, it must be filed in advance of its use.

Exempt Offerings Under Regulation A

After three successive years had shown a slight decrease in the amount of small financing undertaken pursuant to Regulation A, the 1951 fiscal year shows a slight increase therein and reflects at least a halt to any such previous trend.

Fiscal year	Number of letters of notification filed	Aggregate offering price
1947-----	1, 513	\$210, 791, 114
1948-----	1, 610	209, 485, 794
1949-----	1, 392	188, 782, 661
1950-----	1, 357	171, 743, 472
1951-----	1, 358	174, 277, 762

¹ Under another such exemption, that provided by Regulation A-M for assessable shares of stock of mining companies, the Commission received and examined 8 prospectuses covering securities having an aggregate offering price of \$475,688 during the 1951 fiscal year.

² An offering may be made under Regulation A five business days after the letter of notification is filed with the Commission. An offering sheet complying with the requirements of Regulation B becomes effective on the eighth calendar day after it is filed with the Commission.

Included in the 1951 fiscal year totals are 141 letters of notification covering stock offerings filed by companies engaged in some phase of the oil and gas business.

In addition to the total of 1,358 letters of notification, there were received and examined during the past fiscal year 1,212 amendments to these letters of notification and also 1,741 filings of sales literature to be used in connection with such offerings.

Information available as to 1,351 of these offerings in the 1951 fiscal year shows that 751 covered proposed offerings of \$100,000 or less; 251 more than \$100,000 and less than \$200,000; and 349 more than \$200,000 but not more than \$300,000. Issuing companies made 1,122 of these offerings; stockholders 215; and issuers and stockholders jointly, the remaining 14. Less than half, or 588 of them, were underwritten, 452 by commercial underwriters and 136 by officers and directors and other persons not regularly engaged in the underwriting business.

Regulation A provides a means whereby small businessmen may seek from public investors the relatively small amounts of venture capital which they ordinarily require; and it may be of interest to note, from the filings made in the 1951 fiscal year as distributed by regional offices, how this regulation is used by issuers located in every part of the nation.

Regional office	Number of letters of notification filed	Aggregate offering price
Atlanta.....	75	\$11,526,403
Boston.....	89	10,844,052
Chicago.....	132	18,590,277
Cleveland.....	89	12,026,985
Denver.....	102	12,650,509
Fort Worth.....	80	11,751,293
New York.....	372	45,669,680
San Francisco.....	208	25,846,180
Seattle.....	117	15,649,244
Washington.....	94	9,723,139
Total.....	1,358	174,277,762

Exempt Offerings Under Regulation B

The exemption from registration provided by Regulation B for fractional undivided interests in oil or gas rights is limited, as previously indicated, to a maximum offering price of \$100,000. A person intending to sell securities under this regulation must file with the nearest regional office of the Commission an offering sheet which calls for a brief summary of pertinent information regarding the security being offered.

During the 1951 fiscal year, the Commission received and examined 96 offering sheets together with 76 amendments to such offering sheets. These filings are in addition to the 141 offerings under Regulation A

which covered oil and gas securities. The following actions were taken on these Regulation B filings:

Action taken on filings under Regulation B

Temporary suspension orders (rule 340 (a))-----	18
Orders terminating proceedings after amendment-----	12
Orders consenting to withdrawal of offering sheet and terminating proceeding-----	5
Orders terminating effectiveness of offering sheet-----	3
Orders consenting to withdrawal of offering sheet (no proceeding pending)-----	3
Orders accepting amendment of offering sheet (no proceeding pending)---	44
Total orders-----	85

Of the 76 amendments received during the year, approximately 44 were filed as a result of informal letters of comment sent by the staff rather than of formal suspension orders. The Commission maintains a specialized oil and gas unit in the Division of Corporation Finance at its headquarters to administer Regulation B and to advise and assist with technical phases of all offerings of oil and gas securities arising under various provisions of the Securities Act and other statutes administered by the Commission. For example, during the year this unit participated in the examination of 78 registration statements, and 57 amendments thereto, filed under the Securities Act, and reviewed 47 broker-dealer inspection reports made pursuant to the Securities Exchange Act, which involved securities of oil producing, natural gas, or refining companies. Petroleum geologists conduct field investigations of tracts and wells and furnish advisory reports thereon in connection with investigations made by the Commission and its regional offices. Development activity in the Rocky Mountains which was noted in the 1950 fiscal year has been extremely marked during the 1951 fiscal year.

Confidential written reports of sales under Regulation B.—The Commission received and examined under rules 320 (a) and 320 (c) and (d) during the 1951 fiscal year 1,922 confidential written reports on Forms 1-G and 2-G relating to actual sales made pursuant to Regulation B in the aggregate amount of \$1,127,226. This total may be compared with \$829,875 during the preceding year. These reports are of assistance to the Commission in determining whether violations of law occur in sales of oil and gas securities exempted from registration.

Oil and gas investigations.—The Commission conducts a considerable number of oil and gas investigations, arising largely out of complaints received from the public, to determine whether there has been any violation of any other provision of law in the sale of securities exempted under Regulation B, with particular attention to the registration requirements of section 5 and the fraud prohibitions contained in section 17 of the Securities Act. Not infrequently in such an investigation it may be necessary to conduct extensive field trips in the ascertainment of certain material facts. Depending upon the circumstances of the particular case, a field trip may involve an inspection of well locations, a study of the productive history or oil possibilities of the areas under consideration, interviewing and taking

depositions of persons who worked on the wells, getting affidavits from the purchasers of oil where there has been actual production, obtaining authenticated statements by State officials of well logs, plugging records, tax records and production records that have been filed pursuant to the statutes of the States in which the operations took place, the preparation of maps and similar activities.

Often investigation is directed to highly objectionable sales literature which greatly overemphasizes the possibilities of success from the proposed security purchase. So it was in the case of Oil Prospectors, Inc. and Ralph Malone, which offerors had made a number of filings under Regulation A, and in virtually all instances used such literature. In this situation the Commission made a field examination of a lease and well in Texas and filed a complaint in the United States District Court, Northern District of Texas, against the offerors, charging violation of the anti-fraud provisions of section 17 (a) in the sale of capital stock of Oil Prospectors, Inc. A temporary restraining order was issued immediately after the close of the fiscal year, on July 2, 1951, and a hearing was expected on the Commission's motion for a permanent injunction shortly thereafter.

As suggested above, a substantial number of these oil and gas investigations grow out of violations of the registration requirements of section 5. In one such case, J. Stacey Henderson, and others, sold fractional working interests in test wells located in Caddo Parish, Louisiana, without making any attempt to comply with the registration provisions of section 5. A Commission engineer visited the immediate location of the test wells and Shreveport where he gathered necessary geological and production data. At the separate trial of Henderson which ensued, where the Commission engineer gave expert testimony as to the geological conditions and productive possibilities of the area, Henderson was found guilty on one count of an indictment charging violation of the Mail Fraud Statute in connection with the sale of fractional undivided interests in oil and gas rights and was sentenced to serve five years in prison and to pay a fine of \$1,000 and costs.

An additional case illustrates the fact that often an oil and gas investigation is of important assistance to other regulatory work of the Commission. As discussed elsewhere in this annual report, the Commission issued during the 1951 fiscal year a stop order under section 8 (d) against the grossly inaccurate, misleading and incomplete registration statement of Ralph A. Blanchard and George P. Simons doing business as Northwest Petroleum. Eight days after the filing of that registration statement the Commission obtained an injunction from the United States District Court for the District of Oregon against these registrants from selling the shares or interests they proposed offering the public until such time as a registration statement with respect thereto became effective. Contributing largely to the facts upon which this injunction was granted was a technical report resulting from an investigation made by the oil and gas staff, especially regarding the productive capacity and other technical characteristics of the oil wells involved in the offering.

FORMAL ACTION UNDER SECTION 8

In almost all instances the Commission's informal examination procedures, such as the pre-filing conference and the letter of comment,

are sufficient to insure that the registration statement meets the standards of fair disclosure prescribed by the statute. However, there are infrequent instances when it becomes necessary to exercise its powers under section 8 in order to prevent a registration statement from becoming effective in deficient, misleading or inaccurate form or to suspend the effectiveness of one which has already become effective.

Under section 8 (b) the Commission may institute proceedings to determine whether it should issue an order to prevent a registration statement from becoming effective. Such proceedings are authorized if the registration statement as filed is on its face inaccurate or incomplete in any material respect. Under section 8 (d) proceedings may be instituted at any time to determine whether the Commission should issue a stop order to suspend the effectiveness of a registration statement if it appears to the Commission that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated or otherwise necessary to make the statements included not misleading. Under section 8 (e) the Commission may make an examination to determine whether to issue a stop order under section 8 (d).

Stop-order Proceedings Under Section 8 (d)

One stop order was issued during the year and another stop-order proceeding was instituted just before the close of the year (where the hearing was scheduled after such close) pursuant to section 8 (d). The former case is described below.

Ralph A. Blanchard and George P. Simons—doing business as Northwest Petroleum—File No. 2-3243.—This case was completed during the 1951 fiscal year although instituted previously.

Prior to the filing of the registration statement about \$300,000 had been raised by sales of shares to public investors, of which about \$30,000 was retained by the promoters and about \$270,000 was turned over to Mon-O-Co Oil Corporation for drilling operations. With the exception of one well, which had a rated capacity of 20 barrels per day, the wells which were drilled were completely unproductive.

In the registration statement as originally filed it was represented that 350 shares were being offered; as amended during the course of the proceedings, the registration statement recited that 447 shares, of which 330 were "company shares" and 117 shares were "personal shares," were being offered at \$500 a share, or an aggregate of \$223,500. However, the amendment did not specify the order in which company shares or personal shares would be sold. The Commission, in its disposition of this case, found that the failure of the registrants to include a definite undertaking with respect to the order in which the company and personal shares were to be sold, in order adequately to inform prospective purchasers of the order in which proceeds of a sale of less than all of the shares were to be applied, rendered the registration statement as amended materially misleading.

The Commission also found that, in view of the extensive experience of Mon-O-Co and the promoters in attempting to exploit the tracts in question, the registrants knew that in all probability further drilling operations would not result in a return sufficient to warrant the investment of funds by the public on the basis contemplated by registrants, and that the failure of the registrants to make the disclosures neces-

sary to a full understanding by prospective shareholders of the actual prospects of return rendered the registration statement misleading.

The Commission concluded that the registration statement was grossly inaccurate, misleading and incomplete, and issued a stop order suspending its effectiveness. At the close of the 1951 fiscal year the registrants had not attempted to correct the deficiencies found in the registration statement and the stop order was still in effect.

DISCLOSURES RESULTING FROM EXAMINATION OF REGISTRATION STATEMENTS

The result of the Commission's work in the examination of registration statements may be illustrated by the cases described below.

Misleading security description revised—Dividend rights and earnings prospects clarified—Position of promoters and new investors contrasted.—A company operating a life, health and accident insurance business filed its first registration statement under the Securities Act of 1933 purporting to cover an issue of "Special Stock Debentures" to be offered in units of \$500 each. It appeared to the staff upon examination of the statement that these securities were not debentures at all, as the term is commonly understood, but were essentially contracts for the purchase of capital stock. Thus, the purchaser of the "debenture" agreed to pay \$500 (all at one time or in installments) and the company agreed in consideration thereof to deliver at the end of five years 25 shares of common capital stock. In each of these five years the purchaser was entitled to receive the equivalent of such dividends as would be paid on 25 shares of stock were such shares already issued; and he was entitled to an additional distribution based upon a percentage of the amount of life insurance renewal premiums paid to the company by its policy holders in each such year. The company referred to this latter distribution as a "bonus." Apart from making use of such misleading nomenclature as "debentures" and "bonus," the prospectus as originally filed was so prepared as to make it virtually impossible for even a skilled analyst to form a reasonable judgment of the investment merits of the securities.

In the ensuing examination process the prospectus and the security instrument itself were amended to substitute the term "Special Investment Contract" for "Special Stock Debenture"; and the term "bonus," which ordinarily means something given beyond what is strictly due, and which did not appear to be applicable to any feature of these securities, was dropped.

To provide investors with some indication of what the purchaser's right to dividend equivalents might be worth, the amended prospectus also pointed out that earnings per share during the past four years had amounted to 30 cents, 62 cents, 12 cents, and 13 cents, respectively, and, to provide them with an indication of what the right to distributions based on the life insurance renewal premium business done by the company might be worth, it was furthermore pointed out in the amended prospectus that, if the amount of such business done in 1950 were applied, total distributions over the five-year period would amount to some \$28.14. It thus becomes apparent that, notwithstanding the specification in the investment contract that \$25 of the \$500 purchase price was to be attributed to the 25 shares of stock which the

contract called for, and the remaining \$475 was to be attributed to the rights to dividend equivalents and distributions based on life insurance renewal business, the cost of the stock should properly be regarded as very much greater than \$25 (\$1 per share). In this connection the amended prospectus states: "It should be noted, therefore, that very substantial increases in earnings will be necessary if purchasers of the investment contracts are to enjoy a satisfactory return on the stock they will receive at the price they are paying."

The amended prospectus also introduces an explanation that, assuming eventual issuance of all of the stock called for by the investment contracts in accordance with the terms of the contracts, the original incorporators will hold some 72 percent of the outstanding stock for which they paid approximately \$37,500, in contrast to the position of incoming investors who will receive only an 18 percent interest in the company in exchange for a total contribution of \$1,200,000.

In addition, the amended prospectus discloses that one of the company's two largest stockholders has repeatedly borrowed substantial sums from the company and that a presently outstanding loan (originally \$600,000 but at the date of the prospectus reduced to \$378,000) admittedly was under-collateralized by about 50 percent. This stockholder, the amended prospectus further discloses, profited to the extent of some \$59,000, on a \$500 investment, in the sale of property to the company, and to the extent of some \$15,000 in connection with the purchase by the company of the business of another insurance company.

Besides, this registrant was called upon to file very substantial amendments to the financial statements included in the registration statement proper which were deemed by the staff to be necessary in order to meet the standards of disclosure imposed by the Act. The more significant of the deficiencies in these financial statements as originally filed involved the inclusion in income of (1) proceeds from the sale of the securities, (2) amounts received as contributed surplus, (3) borrowed money received and repaid, and (4) payments and adjustments for retirement of outstanding bonds. Following discussions with the staff, the company filed financial statements which were appropriately amended to reflect generally accepted accounting principles, resulting in a reduction of 1950 reported net income from \$124,000 to \$33,000 (approximately), and a reduction of earned surplus as of December 31, 1950, from \$231,000 to \$102,000 (approximately).

Events after date of financial statements recognized.—When a utility company filed its registration statement for an offer of common stock in March 1951, the 1949 and 1950 income statements included approximately \$125,000 and \$415,000 (\$75,000 and \$228,000 after taxes), respectively, and the balance sheet included a deferred credit for contingent revenues of approximately \$412,000 (equivalent to \$227,000 after taxes) for revenues billed by the registrant pursuant to a rate increase granted by the local regulatory commission. At the time of filing the statement the United States Court of Appeals had affirmed the action of the United States District Court in vacating the regulatory commission's order and had ordered amounts collected after a certain date impounded. The court had ordered that the registrant refund to its customers all monies collected under the increased

rates but had granted a stay of its judgment pending appeal to the Supreme Court.

The above situation was fully disclosed in the financial statements and matters requiring amendment had been corrected to put the statement in final form. However, at about the time the registration statement was to become effective the Supreme Court of the United States refused to review the appellate court's findings that the order of the local regulatory commission be vacated. The registrant and its accountants then proposed to expand the footnote describing the litigation to explain the effect of the Supreme Court's action but without eliminating from the income statements the revenues then to be refunded or correcting the balance sheet to show the liability for the ordered refund. However, the registrant was requested by the staff to adjust the income statements and balance sheet in respect of the refundable amounts, since, under the circumstances, no accounting justification then existed for including in the income statements amounts which clearly were not proper revenue items and for failing to show the proper current liabilities.

The statements were amended to remove the amounts in question from the income statements and to show them in the balance sheet, together with the \$412,000 originally shown as a deferred credit, as a current liability (\$614,000) after deducting impounded funds of \$336,000. The effect of the change on earnings and earned surplus was as follows:

	<i>As originally filed</i>	<i>As amended</i>
1949 net income.....	\$1, 471, 000	\$1, 398, 000
1950 net income.....	2, 489, 000	2, 261, 000
Earned surplus.....	7, 434, 000	7, 133, 000

Earnings restated to reflect taxes and loss carry-over.—A registrant's prospectus as originally filed included a summary of earnings showing a net loss of \$142,000 for the first fiscal year of its operations (certified by independent public accountants) and net profits of \$110,000 and \$216,000 for the succeeding two months (unaudited). No franchise, income and excess profits taxes had been deducted and the registrant was therefore asked to make appropriate provision for such taxes. The summary, as then amended, showed the net loss of \$142,000 for the company's first full year, and set forth net profit for the succeeding three months combined of \$168,000, after deducting a provision of \$218,000 for franchise, income and excess profits taxes. However, the staff discovered that, in computing the income and excess profits taxes for the three-month period, the company had deducted the full amount, rather than one-quarter of the amount, of allowable net operating loss carry-over from the first fiscal year. Pursuant to the request of the staff, the summary was again revised, on the presumption of continuing profitable operations which the registrant did not disclaim, to show the taxes for the first quarter of the second year computed on the basis of deducting only one-quarter of the first year's allowable net operating loss carry-over. As finally revised, the summary showed net profit (after taxes) of \$116,000 for the quarter—compared with the profit figure of \$168,000 for the same period as shown in the first revision and that of \$326,000 for two months only of such period as set forth in the original filing.

Restatement of balance sheet to eliminate unearned rents and roy-

alties as assets.—In the course of an examination of an amendment to an effective registration statement of a machine manufacturer it was noted that the proportion of rental income to sales of products had increased materially and that the items of "Trade Receivables with Extended Maturities" and "Deferred Rental Income" had become major elements in the balance sheet. In response to a request that the method of accounting be explained, a representative of the company disclosed to the Commission that the former account represented payments not due within the ensuing year on notes and contracts receivable covering rentals of leased machines and that the leases normally called for payment of rentals over a period of forty-eight months. Further explanation revealed that it was the practice of the company to record the full amount of rent receivable upon execution of the leases and to credit an equal amount to deferred income from which transfers were made to profit and loss on a straight-line basis over the useful life of the machines, then estimated at five years.

Since this method of accounting appeared to be unique among companies doing business on a similar basis, the staff requested that the financial statements be amended to eliminate from the accounts the rents and royalties not earned at the balance sheet date except to the extent that collections had been made in advance of the due dates. Further discussions with representatives of the registrant and its independent accountants brought concurrence with the staff's views and resulted in an amendment the significance of which may be seen from the following figures. "Rentals and Royalties Receivable under Machinery Lease Agreements" listed under current assets were reduced from \$3,500,000 to \$800,000 and "Trade Receivables with Extended Maturities" were reduced from \$4,730,000 to \$24,000, accounting for a total of \$7,400,000 applied as a contra reduction of "Deferred Rental Income" from \$9,100,000 to \$1,700,000. The above adjustments reduced total current assets from \$17,300,000 to \$14,600,000, with a resulting reduction in the current ratio from 1.61-to-1 to 1.34-to-1, and reduced the balance sheet totals from \$40,900,000 to \$33,500,000. Since the statements on the former basis had been published, the change in presentation was referred to in the "Accountants' Report" and explained in the following "Supplemental Note" added to the financial statements by way of amendment to the registration statement:

Since the closing of the accounts for the fiscal year ended November 30, 1950, and the issuance of the annual report to stockholders, the company has revised its procedure with respect to accounting for rentals on leased machines. Heretofore, the full amount of such rentals was recorded as receivable at the time of execution of the leases, with a corresponding credit to deferred income which was transferred to profit and loss over a period of five years, the estimated life of the machines. Under the revised procedure, rentals are recorded only as they become due for payment and are credited initially to deferred income, thereafter being transferred to profit and loss as earned over the life of the machines. This change in policy has been given effect in the accompanying balance sheet with the result that \$7,385,000 has been eliminated from asset classifications and from deferred income; the balance of deferred income as stated under the revised procedure represents that portion of rentals received or now due, not yet transferred to profit and loss. Of the aggregate amount of unrecorded rentals yet to be received under the terms of existing machine lease agreements \$7,385,000, approximately \$2,600,000 is scheduled for payment within the ensuing year.

Failure to disclose history of the enterprise, its principal promoter, and the denial of a patent application under which an allegedly valuable license was granted registrant.—An Ohio company organized in the latter part of 1949 filed a registration statement in June 1950 covering a proposed public offering of 30,000 shares of its Class A stock at \$100 per share. The registrant indicated that it was formed for the purpose of manufacturing, selling, leasing, and operating apparatus to be used particularly in connection with steel refining and in production of steel ingots for mills in the district in which its plant might be established. An exhibit in the registration statement set forth that for each Class A share sold to the public, a share of Class B stock would be given to another Ohio corporation in consideration of the latter's grant to the former of an exclusive license to manufacture, sell, lease and operate equipment developed by it, but such information was omitted from the prospectus. Both classes of stock had equal voting rights. Investigation by the staff developed that the Ohio corporation which granted the license to the registrant had only one patent and that it related to an emulsion process of no apparent commercial value which would expire in about three years. It was also ascertained that the principal promoter had filed a patent application covering a combustion chamber or "unit" employing a special fuel which was to be used in various furnace applications such as the steel open hearth. Apparently this patent was to be transferred to the corporate holder of the Class B stock which was to grant registrant a license thereon. The registration statement failed to disclose either the facts regarding its emulsion process or that the claims in the patent application relating to the "combustion chamber" it proposed to manufacture had been disallowed in full by the United States Patent Office. In addition the prospectus failed to disclose that the Ohio corporation which purported to grant licenses was under the control of the registrant's principal promoter. Furthermore the prospectus omitted to state that it appeared from an examination of the latter's books by the Ohio authorities that \$60,000 of its funds had been transferred to the principal promoter of the registrant and was unaccounted for. The registration statement also failed to state that the principal promoter had been indicted in 1948 for violating the Ohio Securities Act in the sale of promissory notes, that he had been a fugitive from justice during 1949 and that he was awaiting trial after having been released on bail. After the registrant had become aware that the investigation had been instituted it withdrew its registration statement in July 1950.

Failure to make material disclosures including the possible effect on enterprise of the Defense Production Act of 1950 and the mobilization of the national economy.—A company in the electronics field recently discharged in bankruptcy proceedings pursuant to Chapter XI of the National Bankruptcy Act filed a registration statement covering 400,000 shares of convertible Class A stock to be offered to the public at \$2.50 per share. The prospectus failed to disclose adequately that one of the principal purposes of the offering was to repay a substantial loan made to the registrant by a principal and possibly controlling stockholder. In addition, the prospectus failed to set forth adequately the use which would be made of the proceeds in the event that a smaller amount than 400,000 shares was sold and to indicate

the position in which purchasers of the shares might find themselves in such event. The prospectus also failed to disclose clearly that the cost of financing would represent at least thirty-one percent of the gross proceeds if all the shares were sold. Moreover, the registrant failed to indicate its relatively poor competitive position and failed to point out the effect of the mobilization of the national economy and the impact of the Defense Production Act of 1950 upon its ability to obtain materials and components needed for the manufacture of its proposed product. Finally, the registrant omitted to set forth a substantial contingent liability to the United States Government and to make adequate provision therefor in the balance sheet. After these failures in disclosure were directed to the registrant's attention, it withdrew its registration statement.

CHANGES IN RULES, REGULATIONS AND FORMS

Rules 171, X-6, and U-105—Disclosure detrimental to the national security.—The Commission adopted during the past year rules providing for the omission or confidential treatment of information, if publication of the information would, in the opinion of the Commission, acting in consultation with other executive departments or agencies of the United States, be detrimental to the national security.³ Such rules are applicable to all filings under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Holding Company Act of 1935.

Procedure has been established whereby the Commission, upon request, will render advance, informal opinions in cases where issuers, underwriters, or other persons are in doubt as to the extent to which, or the manner in which, particular information may be disclosed in a registration statement, prospectus, application for registration, report, proxy statement, notification, or other document filed with the Commission or an exchange pursuant to any of those Acts.

The general types of information which will be treated confidentially under the new rules are as follows:

(1) The number, size, character, and location of ships in construction, or advance information as to the date of launchings or commissionings; or the physical set-up or technical details of shipyards.

(2) Specific information about war contracts, such as the exact type of production, production schedules, dates of delivery, or progress of production; estimated supplies of strategic and critical material available; or nationwide "round-ups" of locally published procurement data except when such composite information is officially approved for publication.

(3) Specific information about the location of, or other information about, sites and factories already in existence, which would aid saboteurs in gaining access to them; information other than that readily gained through observation by the general public disclosing the location of sites and factories yet to be established, or the nature of their production.

(4) Any information about new or secret military designs, or new factory designs for war production.

(5) Any information of a classified nature dealing with any atomic project, construction or product.

³ Securities Act release no. 3409.

Amendment of Rules 220 and 222 of Regulation A.—On September 8, 1950, the Commission invited comments on proposed amendments to rules 220 and 222, which are a part of Regulation A under the Securities Act of 1933. After considering the comments received the Commission amended those rules, effective January 8, 1951, to provide a new method for determining public offering price in connection with certain offerings through rights and warrants under Regulation A.⁴

In the past there has been some difficulty in determining in advance how the price limitations of Regulation A apply to certain rights offerings by issuers, which may be accompanied by sales of the rights and of the offered securities made at varied prices by underwriters and controlling persons. In order to minimize these difficulties, the Commission added a new paragraph (i) to rule 220. This paragraph provides generally that, for the purposes of Regulation A, the offering price of securities offered through rights or warrants shall be either (1) their market value as determined prior to the filing of the letter of notification or (2) the price to be received by the offeror, whichever is higher, and that no separate consideration shall be given to any sale of the rights or warrants by any person. In addition, rule 222 is amended to provide that the letter of notification filed in such cases shall state the market value, as well as the take-down price, of the securities.

Where additional shares of an outstanding class are to be offered through rights, it will normally be appropriate for the person preparing the letter of notification simply to set forth the current market value of the outstanding shares of the class to be offered. However, if it can be demonstrated that the offering will result in a dilution of the value of the outstanding shares, it will be permissible for the person filing the letter of notification to compute the dilution and to base the computation of market value of the offered securities on the diluted value.

Where the market value of securities to be offered through rights or warrants cannot be determined prior to the offering, the new provisions that have been added to the rule will not be applicable. In such cases, the application of the price limitations of paragraphs (a), (b), and (d) will turn on the take-down price, the amount received by controlling persons who sell their rights, and, if there are any underwriters, any amounts received from the public by such underwriters.

Amendment to Rule 240 of Regulation A-M.—During the year the Commission also adopted certain amendments to rule 240 under Regulation A-M.⁵ That regulation exempts certain offerings of assessable mining securities from registration under the Act. The amendments, by deletion of paragraph (c) of the rule, removed the restriction which prevented issuers from commencing more than one offering under the regulation each year; and, by revision of paragraph (f), require the reporting to the Commission of assessments received by an issuer. However, the regulation as amended continues to limit the aggregate of unregistered offerings and assessments received to not more than \$100,000 in each yearly period.

⁴ Securities Act release no. 3399.

⁵ Securities Act release no. 3384.

Proposed revision of Form S-1 designed to shorten and improve prospectus.—The Commission had under consideration at the end of the year a proposed revision of Form S-1, which is one of the forms for registration of securities under the Securities Act of 1933. The purpose of this revision is mainly to shorten and improve the prospectus and thereby facilitate its distribution and make it more useful to investors. Notice of the proposal was published in detail and the Commission also invited comments and suggestions from all interested persons.⁶ Some of the items of information currently required to be shown in the prospectus would be omitted from the prospectus under this proposal but would be otherwise filed with the registration statement. For example, the prospectus would include very limited information as to the nature of the underwriting commitment. Details of the underwriting arrangements would be omitted from the prospectus but would be otherwise filed as a part of the registration statement. Certain other items of information would be similarly treated. The Commission's experience has been that, to a considerable extent, detailed items and instructions result in unnecessarily detailed answers in the prospectus. Accordingly, the revised items and instructions of the proposed form have been somewhat streamlined for the purpose of producing more concise statements in the prospectus without sacrificing essential information. A revised form was adopted after the end of the fiscal year.

LITIGATION UNDER THE SECURITIES ACT

It is sometimes necessary to obtain compliance with the Securities Act by resort to the courts. Where continued violation of the Act and consequent damage to the public is threatened, the Commission acts promptly to safeguard the public interest by instituting injunctions.

Several of the actions in which the Commission has obtained injunctions during the last fiscal year involved the sale of mining securities. In *SEC v. Francis D. Graves and Earl E. Brown*,⁷ the defendants were enjoined from further violations of the registration and fraud provisions of the Act in the sale of undivided participating interests in two mining leases, one of which they did not own. The Commission's complaint alleged that they had told investors, among other things, that samples taken from the properties contained monazite, thorium, gold and other minerals in commercial quantities when no sampling had been conducted, that monazite would be produced in the near future when they had made no arrangements to exploit the properties, and that they had invested \$30,000 in the enterprise when their total investment was approximately \$1,500. *SEC v. Carl I. Addison and Joe W. Black*⁸ is another action in which the Commission obtained an injunction against further violations of the registration and fraud provisions of the Act in the sale of mining securities. This case involved the sale of stock in a Canadian company organized for the purpose of producing uranium ore. *SEC v. Marvin C. Meddock*,⁹ *SEC v. Yankee Mines Inc. et al.*¹⁰ and *SEC v. Alhambra Gold Mines Corporation*¹¹ are other cases in which sales of securities of mining

⁶ Securities Act release no. 3406.

⁷ Civil Action No. 548, E. D. Wash.

⁸ Civil Action No. 1251, E. D. Tex.

⁹ Civil Action No. 913, E. D. Wash.

¹⁰ Civil Action No. 2755, D. Idaho.

¹¹ Civil Action No. 11820, S. D. Calif.

companies in violation of the Act were enjoined. The *Meddock* case involved violation of the fraud provisions; the last two cases charged violation of the registration provisions.

A number of the cases in which the Commission successfully sought injunctions against violations of the Act involved the sale of securities in oil and gas companies. In *SEC v. Penner Oil and Gas, Inc., et al.*,¹² a permanent injunction was entered against all defendants. Criminal proceedings were also brought in connection with this promotion, which involved a widespread solicitation by mail campaign. A description of the fraud involved is contained elsewhere in this report.¹³ In *SEC v. Gold Creek Mining Company*,¹⁴ the company and two individual defendants consented to the entry of an injunction against further violations by them of the fraud and registration provisions of the Act in the sale of various types of securities in oil properties located in Oklahoma. Among the misrepresentations alleged to have been made in the sale of the securities were statements that the proceeds of the sales of stock would accrue to the company when in fact the shares being offered were personally-owned shares of one of the individual defendants and the proceeds from the sales were largely used by him, and that the company's leases were surrounded by producing oil wells when in fact most of the surrounding wells had been abandoned.

Injunctions were also obtained during the last fiscal year in the following cases which involved the sale of securities in oil and gas companies or interests in oil and gas leases: *SEC v. Western Osage Oil Company*,¹⁵ *SEC v. Avonwold Oil Corporation*,¹⁶ *SEC v. William R. Justice and Adrian J. Belisle*,¹⁷ and *SEC v. Western Oil Fields, Inc., et al.*¹⁸ The first three cases charged violation of the registration provisions; the last violation of the fraud provisions. Violations of the registration provisions were also charged in *SEC v. Sierra Nevada Oil Company*.¹⁹ In that case, after the court had orally announced that it was prepared to issue a preliminary injunction, a voluntary petition under Chapter X of the Bankruptcy Act was filed by the defendant corporation in another jurisdiction and defendants argued that the stay of proceedings in the order approving the petition prohibited entry of an injunction order. After the close of the fiscal year, the Chapter X court, on motion of the Commission, clarified its order, and a preliminary injunction was thereafter entered. A complaint filed against *Sparrow Company Inc., et al.*²⁰ charging noncompliance with the Act's registration provisions is still pending.

During the year, the Commission obtained injunctions against further violations of the Act in many cases involving sales of securities of other types of businesses. One such case was *SEC v. Co-op Insurance Company et al.*,²¹ where the Commission charged, *inter alia*, that the defendants had obtained an option to purchase certain of the stock of the insurance company at \$1.00 per share and had then proceeded to make a public offering of these securities at successively higher

¹² Civil Action No. 2841, N. D. Okla.

¹³ See discussion of *U. S. v. S. E. J. Cox et al.* at page 151, *infra*.

¹⁴ Civil Action No. 1888, D. Utah.

¹⁵ Civil Action No. 12986, S. D. Calif.

¹⁶ Civil Action No. 67-191, S. D. N. Y.

¹⁷ Civil Action No. 71-50, D. Neb.

¹⁸ Civil Action No. 3463, D. Colorado.

¹⁹ Civil Action No. 13056, S. D. Calif.

²⁰ Civil Action No. 6070, D. Oregon.

²¹ Civil Action No. 1496, D. Ariz.

prices of \$2.50, \$3.50, and \$5.00 per share without disclosing to purchasers the fact of the option agreement or that the price at which the stock was being sold had been arbitrarily established by the defendants.

In *SEC v. Patrick F. Cusick, First Guardian Securities Corporation and Leonard S. Baum*,²² it was alleged that First Guardian, a registered broker-dealer, acting through Vice President Baum, bought for resale a substantial amount of Mr. Cusick's personally owned shares of Standard Brewing stock and thereafter offered the stock to the public. No registration statement with respect to the Standard Brewing shares was in effect with the Commission. After obtaining a temporary restraining order, the Commission discovered evidence which indicated additional violations of its Acts by First Guardian and instituted action to revoke its registration as a broker-dealer. Inasmuch as First Guardian consented to the revocation of its license and proceeded to liquidate, the Commission subsequently agreed to a dismissal of the injunction action.

The defendant in *SEC v. Robert J. Cottle*²³ consented to the entry of a permanent injunction against further violations of the fraud provisions of the Act. The Commission alleged that Cottle sold securities by falsely representing, among other things, that he was a member of the New York and Boston Stock Exchanges, that he was operating a successful trading account with a large brokerage firm in Boston, that he was earning and paying large profits to investors, and that a prominent Boston banker was associated with him in connection with such account. Actually Cottle was using the money received from investors to bet on horse and dog races and for other personal purposes. Later he was convicted and sentenced to a term of three years for violations of the Act and the Mail Fraud Statute.

In *SEC v. Mercer Hicks Corporation*,²⁴ the defendants consented to the entry of a permanent injunction against further violations by them of the fraud provisions of the Act on the basis of a complaint filed against them during the previous fiscal year. While this action was pending, proceedings were instituted which concluded in the revocation of the broker-dealer registration of the corporation.²⁵

An injunction against violation of the registration and fraud provisions of the Act was obtained in *SEC v. Northwest Acceptance Corporation and Robert M. Hawley*.²⁶ The alleged representations included a statement that the company had substantial earnings when, in fact, severe losses had been suffered and the company showed a net loss for the year ending September 30, 1950. It was also alleged that defendants stressed the company's past dividend record without disclosing that a dividend paid during the promotion was, in fact, a return of capital and that they assured investors that the company would repurchase the stock at any time without loss to them when, in fact, such repurchase would impair the corporation's capital in violation of the law of the State of Washington where it was incorporated.

In *SEC v. Atlas Tack Corporation*,²⁷ an injunction was entered directing the defendant, its officers and directors to file reports as re-

²² Civil Action No. 59-354, S. D. N. Y.

²³ Civil Action No. 913, E. D. Wash.

²⁴ Civil Action No. 5896, S. D. N. Y.

²⁵ See page 51, *infra*.

²⁶ Civil Action No. 2774, W. D. Wash.

²⁷ Civil Action No. 50-143, D. Mass.

quired by the statute and to correct the deficiencies contained in the reports which had been filed.

In *SEC v. Evergreen Memorial Park Association, et al.*,²⁸ the Commission's original complaint charged defendants with selling unregistered securities in the nature of "investment contracts" in violation of Section 5 of the Securities Act of 1933. After the close of the fiscal year, the Commission sought leave to amend the complaint in order to charge, in addition, violations of the antifraud provisions of Section 17 (a). The "investment contracts" allegedly involved sales of cemetery lots in wholesale quantities coupled with representations and agreements that investors would obtain large profits within stated periods from the resale of these lots at retail, that the defendant vendors would improve the cemetery as a whole and also lots of particular investors to facilitate their resalability, and that said defendants would resell the lots for investors within stated periods at specified profits.

The Commission participated as *amicus curiae* during the past fiscal year in only one case involving the proper interpretation of the Securities Act of 1933. In *Crummer v. Crumley*²⁹ the plaintiff instituted an action under sections 12 (1), 12 (2) and 17 (a), charging that defendants sold him unregistered stock in violation of the Act, and that he had been induced to buy this stock by fraudulent misrepresentations and statements of half-truths. In January 1951, the court denied a motion of defendants to dismiss the complaint with respect to the section 12 (1) cause of action and reserved judgment on the motion with respect to the remaining causes of action. Subsequently, the Commission filed a brief as *amicus curiae* expressing the following views: (1) that jurisdiction of the section 12 (2) cause of action was not dependent upon a showing, as defendants contended, that the alleged misrepresentations and half-truths were communicated by use of the mails or instruments of interstate commerce, but that it would suffice if either the mails or interstate facilities were used in the sale of the stock; and (2) that the federal jurisdictional requirements of sections 12 (2) and 17 (a) would be satisfied if it were shown, as plaintiffs alleged, that the mails were used to effect collection of plaintiff's check in partial payment for the stock, to demand completion of the purchase agreement, and to deliver the stock. The Commission expressed the opinion that it was unnecessary for the court to decide whether plaintiff could also base his private action on the alleged violation of section 17 (a), since it believed that any wrong which plaintiff suffered could be redressed under section 12. The case was pending at the close of the fiscal year.

PART II

ADMINISTRATION OF THE SECURITIES EXCHANGE ACT OF 1934

The Securities Exchange Act of 1934 is designed to insure the maintenance of fair and honest markets in securities transactions both on the organized exchanges and in the over-the-counter markets, which together constitute the Nation's facilities for trading in securities.

²⁸ Civil Action No. 1821, E. D. Pa.

²⁹ D. Nev., Civil Action No. 900.

Accordingly the Act provides in general for the regulation and control of transactions in such markets and of practices and matters related thereto, including solicitations of proxies of stockholders and transactions by officers, directors, and principal stockholders. It requires specifically that information as to the condition of corporations whose securities are listed on any national securities exchange shall be made available to the public; and provides for the registration of such securities, such exchanges, brokers and dealers in securities, and associations of brokers and dealers. It also regulates the use of the Nation's credit in securities trading. While the authority to issue rules on such credit use is lodged in the Board of Governors of the Federal Reserve System, 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 and Exemption of Exchanges

Section 5 of the Act requires each securities exchange within the United States or subject to its jurisdiction to register with the Commission as a national securities exchange or to apply for exemption from such registration. Exemption from registration may be granted to an exchange which has such a limited volume of transactions effected thereon that, in the opinion of the Commission, it is not practicable and not necessary or appropriate in the public interest or for the protection of investors to require its registration. During the fiscal year no change occurred in the number of exchanges registered as national securities exchanges or in the number granted exemption from such registration.

At the close of the 1951 fiscal year the following 16 exchanges were registered as national securities exchanges:

Boston Stock Exchange	New York Stock Exchange
Chicago Board of Trade	Philadelphia-Baltimore Stock Exchange
Cincinnati Stock Exchange	Pittsburgh Stock Exchange
Detroit Stock Exchange	Salt Lake Stock Exchange
Los Angeles Stock Exchange	San Francisco Mining Exchange
Midwest Stock Exchange	San Francisco Stock Exchange
New Orleans Stock Exchange	Spokane Stock Exchange
New York Curb Exchange	Washington Stock Exchange

Four exchanges were exempted from registration at the close of the 1951 fiscal year. These were:

Colorado Springs Stock Exchange	Richmond Stock Exchange
Honolulu Stock Exchange	Wheeling Stock Exchange

Information pertinent to the organization, rules of procedure, trading practices, membership requirements and related matters of each exchange is contained in its registration or exemption statement, and any changes which are effected in such information are required to be reported promptly by the exchanges. During the year numerous changes in their rules and trading practices were reported by the various exchanges, each of which was reviewed to ascertain whether the change effected was in the public interest and complied with the provisions of the Act. The nature of these changes varied considerably; some of the more significant which occurred are briefly outlined below:

Boston Stock Exchange amended its rules relating to commissions for the purpose of making it clear that the rates of commission pre-

scribed by the Constitution of the exchange are minimum rates and that, so far as the Constitution and rules of the exchange are concerned, members are free to charge greater commissions if the conditions and circumstances warrant, provided that if the commission being charged exceeds the minimum rate, that fact must be disclosed in writing to the customer.

Cincinnati Stock Exchange amended its rules to prohibit the selling of a lot of stock (all or none) at a lower price than the best bid on the Exchange, which may be for a smaller lot. Likewise the amendment also prohibits the purchase of a larger lot of stock at a higher price without taking small lots offered at lower prices. The revised rule does not, however, prevent a buyer or seller from going around smaller lots at the same price but having precedence as to the time the order was received.

San Francisco Mining Exchange increased its schedule of commission rates on stocks selling up to 29 cents per share.

San Francisco Stock Exchange adopted a rule which provides that when a member firm holds securities for customers which have been fully paid for, or holds securities for customers the market value of which is in excess of the amount required under the Exchange's margin maintenance rules, such securities are to be segregated and marked in such a manner as to clearly identify the owners of such securities.

Disciplinary Actions by Exchanges against Members

Each national securities exchange, pursuant to a request of the Commission, reports to the Commission any action of a disciplinary nature taken by it against any of its members, or against any partner or employee of a member, for violation of the Securities Exchange Act of 1934, of any rule or regulation thereunder, or of any exchange rule. During the year four exchanges reported taking disciplinary action against 16 members, member firms, and partners and employees of member firms.

The nature of the actions reported included fines ranging from \$100 to \$5,000 in 8 cases with total fines aggregating \$8,850; suspension of an individual member from exchange membership for a period of three months; censure of individuals or firms for infractions of the rules, and warnings against further violations. The disciplinary actions resulted from violations of exchange rules, principally those pertaining to handling of customers' accounts, capital requirements, floor trading, commission rates, and conduct inconsistent with just and equitable principles of trade.

REGISTRATION OF SECURITIES ON EXCHANGES

Nature and Purpose of Registration

An issuer may register a security on a national securities exchange by filing with the Commission and the exchange an application for registration which sets forth on a prescribed form reliable and comprehensive information about the affairs of the issuer and its securities which is available for public inspection. The law also requires the registrant to file annual, quarterly, and other periodic reports in order to keep this information up to date. The statute makes it unlawful to trade in a security on the exchange unless it is so registered (except

where it has been admitted to unlisted trading privileges, or is exempt).

Examination of Applications and Reports

The work of examining applications and reports filed under the Securities Exchange Act is integrated with the examination work arising under the Securities Act and certain other statutes administered by the Commission. All applications and reports are examined to determine whether accurate and adequate disclosure has been made of the specific types of information required by the Act and the rules and regulations promulgated thereunder. Where such disclosure has not been made, necessary correcting amendments are obtained from the registrant. The result of this examination work may be illustrated by a description of a few actual cases arising during the 1951 fiscal year.

Loss from currency devaluation charged to profit and loss instead of surplus.—The annual report required of a company with wide foreign operations must include financial statements not only with respect to the registrant separately and the registrant and its domestic subsidiaries combined but also with respect to the foreign subsidiaries of such company. During the 1951 fiscal year the staff noted from the annual report filed by one such registrant—a large manufacturer of specialized machinery—that a charge had been made to surplus of \$4,911,325.31 in the combined statements of its foreign subsidiaries as a result of devaluation of foreign currencies and of the translation of working capital and reserves of foreign subsidiaries into United States dollars at current exchange rates.

The Division of Corporation Finance took the position that this amount represented the loss from the devaluation of foreign currencies during the year and should be reflected in the profit and loss statement. The Division also called the attention of this company to the reports to stockholders which had been published by other large corporations with substantial foreign activities and which had applied the method of accounting for such loss suggested by the staff in this instance. The combined profit and loss statement of foreign subsidiaries was thereupon amended, changing the final credit figure of \$3,126,335.98 net income to a final debit figure of \$1,784,989.33 which was, pursuant to the Commission's recently amended Regulation S-X, captioned "Net income less Special charge (net charge)."

Losses of subsidiaries and adjustments of depreciation transferred from surplus to income statement.—At the beginning of its 1949 fiscal year a registrant, engaged in the manufacture of aircraft parts, owned 71 percent of the voting stock of one subsidiary, and 100 percent of the common stock along with approximately 61.5 percent of the preferred stock (which had voting rights) of another subsidiary. Through the year 1948 its consolidated financial statements had included these companies. A merger agreement between the two subsidiaries subsequently became effective in the latter part of 1949 and under its terms the registrant early in 1950 received 75,000 shares of new second preferred stock of the surviving company for its investment in the two companies. The surviving company ceased to be a subsidiary as a result of the exchange of stock.

The investment in the new preferred stock was thereafter in the registrant's annual report shown in the balance sheet at the cost of the

investments surrendered in exchange therefor, and the sum of \$1,400,000 was provided from earned surplus as a reserve for the revaluation of the new stock to approximately its par value. The financial statements also reflected adjustments of accumulated depreciation for prior years (less applicable additional income taxes) as a credit to earned surplus in the amount of \$62,346.78. For 1949 the merged subsidiaries sustained losses of \$741,164.61 and of \$230,394.88, respectively, or a combined loss of the two companies (consolidated with the parent in the previous year) of \$971,559.49, no portion of which was reflected in the statement of income of the parent. However, the above-mentioned reserve against the combined investment created by a charge to earned surplus appeared to reflect the management's opinion as to the loss in the investment.

It was the opinion of the staff that in this situation the losses sustained by the subsidiary companies, to the extent of the registrant's equity therein, were an incident of the year 1949, and that the losses as well as the adjustment relating to depreciation should be reflected in the statement of income. The statement of income as it was subsequently amended to reflect these views showed a loss of \$589,560.76 for 1949 as compared to the statement as originally filed which showed a net income of \$428,199.91.

Change made in method of computing depletion.—For many years, including the year 1949, a large copper mining company had followed the practice of computing unit depletion of metal mines at separate rates per pound of copper from individual properties, charging such depletion direct to surplus. The following note was appended to the statement of surplus: “. . . The unit rates used are based on the mine values included in the balance sheets . . . and the ore reserves of the respective mines as estimated as of March 1, 1913, or at the date of acquisition, or in the case of a subsidiary company at a subsequent date . . . Part of the depletion charge is based on United States Treasury Department valuations as of March 1, 1913, determined for depletion purposes in connection with Federal income taxes.” The reason given in a note and in the certificate of the independent certified public accountants for using this method of treatment of depletion read: “While it is recognized that charges made for the amortization of cost of fixed assets are generally shown as deductions in profit and loss statements, the difficulty of determining the extent of ore reserves and of allocating the depletion charges between cost and appreciation. the variance in the amount of the charge during the different periods depending upon the particular properties operated, and other uncertainties and variables, have caused the registrant to follow consistently the practice above mentioned. . . .”

Inasmuch as some years had passed and distinct progress had been made in the method of preparing financial statements since this matter was first discussed with the registrant, a suggestion was made by the staff during the 1951 fiscal year that the problem be reexamined. Accordingly in February 1951 representatives of the registrant and its independent certified public accountants met with members of the staff and reviewed the question of accounting for depletion and other matters in order to secure an over-all improvement in the presentation of the company's financial statements for the benefit of investors. As a result of these co-operative pre-filing discussions, in its annual report for the year 1950, filed on April 27, 1951, the registrant changed its

practice with respect to depletion so that the deduction was computed on the basis of an over-all unit rate applied to the pounds of copper sold from the registrant's own production except that depletion of a consolidated subsidiary was computed separately as heretofore. The over-all rate is deemed by the company to be sufficient in amount to provide for the amortization of the net book value of mines on or before the exhaustion of the mines. The charge for depletion of mines as thus calculated was shown as a deduction in the profit and loss statement for the year 1950. The company added this note to its 1950 financial statements: "The registrant makes no representation that the deduction represents the depletion actually sustained or the decline, if any, in mine values attributable to the year's operations (which amounts are not susceptible of determination), or that it represents anything other than a general provision for the amortization of the remaining book value of mines. Depletion used in estimating United States taxes on income has been computed on a statutory basis and differs from the amount shown in these accounts."

The accountants made appropriate reference in their certificate to the change in procedure and hereafter will be able to omit a cumbersome explanation from the company's financial accounts.

Statistics of Securities Registered on Exchanges

At the close of the 1951 fiscal year, 2,188 issuers had 3,523 security issues listed and registered on national securities exchanges. These securities consisted of 2,581 stock issues aggregating 3,477,564,645 shares, and 942 bond issues aggregating \$20,896,324,569 in principal amount. This represents an increase of 329,880,327 shares and a decrease of \$2,394,222 principal amount of bonds, respectively, over the aggregate amounts listed and registered at the close of the 1950 fiscal year.

The following table shows the number of applications and reports filed during the fiscal year in connection with the registration of securities on national securities exchanges:

Applications for registration of securities on national securities exchanges.....	559
Applications for registration of unissued securities for "when issued" trading on national securities exchanges.....	83
Exemption statements for trading subscription rights on national securities exchanges.....	88
Annual reports.....	2,148
Current reports.....	8,792
Amendments to applications, annual and current reports.....	1,139

During the fiscal year ended June 30, 1951, 58 new issuers registered securities on national securities exchanges, and the registration of all securities of 52 issuers was terminated, principally by reason of retirement and redemption and through mergers and consolidations.

The annual and current reports listed above are in addition to the corresponding reports filed under section 15 (d) of the Securities Exchange Act pursuant to undertakings contained in registration statements, reported in the preceding chapter. The total of both classes of such reports is 2,883 annual reports and 11,788 current reports.

Additional statistical information concerning securities registered on national securities exchanges is contained in the appendix tables.

Temporary Exemption of Substituted or Additional Securities

Rule X-12A-5 provides a temporary exemption from the registration requirements of section 12 (a) of the Act for securities issued in substitution for, or in addition to, securities previously listed or admitted to unlisted trading privileges on a national securities exchange. The purpose of this exemption is to enable transactions to be lawfully effected on an exchange in such substituted or additional securities pending their registration or admission to unlisted trading privileges on an exchange.

The exchanges filed notifications of admission to trading under this rule with respect to 165 issues during the year. In some instances, the same issue was admitted to trading on more than one exchange, so that the total admissions to such trading, including duplications, numbered 317.

Formal Action Under Section 19 (a) (2)

In case any issuer of a security listed and registered on an exchange fails to comply with any provision of the Act or the rules and regulations, the Commission is empowered under section 19 (a) (2) to institute formal proceedings looking to the termination of such registration. Specifically, the Commission may, after giving appropriate notice and opportunity for hearing, deny, suspend the effective date of, suspend for a period of not exceeding 12 months, or withdraw, the registration of such security.

Pursuant to this authority during the 1951 fiscal year the Commission after a public hearing ordered withdrawn from registration on the San Francisco Mining Exchange the common stock of New Sutherland Divide Mining Company. This company had failed to file its annual report for 1949, the exchange had consequently suspended trading in the stock of the company, and officers of the company had stated to representatives of the Commission that the company had no assets or funds with which to file such report or with which to file a petition in bankruptcy or effect dissolution of the company.

MARKET VALUE OF SECURITIES TRADED ON EXCHANGES

The unduplicated total market value on December 31, 1950, of all securities admitted to trading on one or more of the twenty stock exchanges in the United States was \$228,087,813,000:

Stocks:	<i>Market value</i>
New York Stock Exchange-----	\$93, 807, 269, 000
New York Curb Exchange-----	13, 874, 294, 000
All other exchanges-----	3, 314, 772, 000
	<hr/>
	110, 996, 335, 000
	<hr/>
Bonds:	
New York Stock Exchange-----	115, 951, 939, 000
New York Curb Exchange-----	957, 839, 000
All other exchanges-----	181, 700, 000
	<hr/>
	117, 091, 478, 000
	<hr/>
Total stocks and bonds-----	228, 087, 813, 000

New York Stock Exchange and Curb figures are as set forth by those exchanges. There is no duplication of issues between those two exchanges, but many of the issues traded on them are also admitted to trading on one or more of the eighteen other exchanges and are not included in the amounts shown above for such other exchanges only. The market value of bonds on New York Stock Exchange includes \$96,899,382,000 of United States Government and subdivision issues.

SPECIAL OFFERINGS ON EXCHANGES

Rule X-10B-2 under the Securities Exchange Act permits special offerings of large blocks of securities to be made on a national securities exchange provided such offerings are effected pursuant to a plan which has been filed with and approved by the Commission. A security may be the subject of a special offering when it has been determined that the auction market on the floor of the exchange cannot absorb a particular block within a reasonable period of time without unduly disturbing the current price of the security. A special offering of a security is made at a fixed price consistent with the existing auction market price of the security, and members acting as brokers for public buyers are paid a special commission by the seller which ordinarily exceeds the regular brokerage commission. Buyers of the security are not charged any commission on their purchases and obtain the security at the net price of the offering.

Since February 6, 1942, the date on which rule X-10B-2 was amended to permit special offerings, the Commission has declared effective special offering plans of the following nine exchanges on the date shown opposite each:

New York Stock Exchange.....	Feb. 14, 1942
San Francisco Stock Exchange.....	Apr. 17, 1942
New York Curb Exchange.....	May 15, 1942
Philadelphia-Baltimore Stock Exchange.....	Sept. 23, 1943
Detroit Stock Exchange.....	Nov. 18, 1943
Midwest Stock Exchange.....	Mar. 27, 1944
Cincinnati Stock Exchange.....	June 26, 1944
Los Angeles Stock Exchange.....	May 28, 1948
Boston Stock Exchange.....	Sept. 15, 1948

On June 30, 1951, the Commission declared effective for an indefinite period of time the amended special offering plans of the Midwest Stock Exchange, New York Curb Exchange, New York Stock Exchange, and San Francisco Stock Exchange. These are the same special offering plans which the Commission previously declared effective for an experimental period expiring on June 30, 1951. These amended special offering plans were discussed in last year's annual report.¹

Each exchange with a special offering plan in effect has been requested to report certain information to the Commission on each offering effected on the exchange under the plan. Such reports showed a total of 19 offerings effected on the Midwest Stock Exchange, New York Stock Exchange and San Francisco Stock Exchange during the

¹ See 16th SEC Annual Report 29-30. The amended special offering plans of the New York Stock Exchange, New York Curb Exchange and San Francisco Stock Exchange were initially declared effective for an experimental period on August 24, August 25 and November 7, 1949, respectively; similar action was taken on November 1, 1950, with respect to the amended plan filed by the Midwest Stock Exchange. The experimental period for all four exchanges was subsequently extended. See Securities Exchange Act releases nos. 4299, 4309, 4343, 4410, 4437, 4457, 4510, 4535, and 4622.

fiscal year ended June 30, 1951. These offerings involved the sale of 160,384 shares of stock with an aggregate market value of \$5,073,000 and ranging in market value from \$41,200 to \$1,601,200. Special commissions paid to brokers participating in these 19 offerings totaled \$99,000. By comparison, in the preceding fiscal year a total of 29 offerings involving 430,955 shares of stock having a market value of \$11,129,000 were effected on two exchanges with special commissions paid to brokers totaling \$266,000. Further details of special offerings during the year are given in appendix table 9.

During the period February 19, 1942, through June 30, 1951, a total of 454 offerings have been effected. These offerings totaled 5,507,239 shares with a market value of \$160,537,000 and brokers have been paid special commissions totaling \$3,180,800.

SECONDARY DISTRIBUTIONS APPROVED BY EXCHANGES

A "secondary distribution," as the term is used in this section, is a distribution over the counter by a dealer or group of dealers of a comparatively large block of a previously issued and outstanding security listed or admitted to trading on an exchange. Such distributions take place when it has been determined that it would not be in the best interest of the various parties involved to sell the shares on the exchange in the regular way or by special offering. The distributions generally take place after the close of exchange trading. As in the case of special offerings, buyers obtain the security from the dealer at the net price of the offering, which usually is at or below the most recent price registered on the exchange. It is generally the practice of exchanges to require members to obtain the approval of the exchange before participating in such secondary distributions.

During the fiscal year ended June 30, 1951, 5 exchanges reported having approved a total of 80 secondary distributions under which 4,664,187 shares of stock with a market value of \$128,017,000 were sold. Further details of secondary distributions of exchange stocks are given in appendix table 10.

UNLISTED TRADING PRIVILEGES ON EXCHANGES

The number of stocks available for trading on an unlisted basis on each of the stock exchanges can be visualized and compared with the number available for trading on a listed basis by reference to the table on the following page.

Clause 1 of section 12 (f) of the Securities Exchange Act of 1934 provides for continuance of unlisted trading privileges to which a security had been admitted on an exchange prior to March 1, 1934. Historically, admission of securities to trading on stock exchanges upon application of members—the so-called "unlisted trading" on exchanges—came first. Any member could have any security added to the roster. As the stock exchanges grew in importance and public interest in them increased, it became necessary to require reports and disclosures from the issuers along with various other actions for protection of the security holders, and it also became possible to charge issuers a fee for listing. Consequently, listing by agreement between the issuers and the exchanges, stipulating what data and actions were required of the issuers, gradually succeeded the process of adding issues to the trading roster upon members' requests. Thus,

Status on each stock exchange June 30, 1951	Number of stocks available for trading ¹				
	On a listed basis	On an unlisted basis pursuant to the following clauses of section 12 (f) of the Securities Exchange Act of 1934.			
		Clause 1		Clause 2	Clause 3
		Listed ⁽²⁾	Unlisted ⁽³⁾	⁽⁴⁾	⁽⁵⁾
Boston.. ..	(3) 110	162	2	122	0
Chicago Board of Trade	14	2	3	0	0
Cincinnati	61	0	0	45	0
Colorado Springs ²	15	0	0	0	0
Detroit	118	14	0	79	0
Honolulu ²	57	1	34	0	0
Los Angeles	147	40	1	97	0
Midwest	387	0	0	75	0
New Orleans	4	4	10	2	0
New York Curb	434	61	265	2	3
New York Stock	1,485	0	0	0	0
Philadelphia-Baltimore	108	267	5	109	0
Pittsburgh	54	17	0	54	0
Richmond ²	29	0	0	0	0
Salt Lake ²	96	0	3	0	1
Salt Lake	41	0	0	0	0
San Francisco Mining					
San Francisco Stock	193	71	38	55	0
Spokane	25	1	7	0	0
Washington, D. C.	39	0	0	2	0
Wheeling ²	16	0	0	3	0
	3,453	640	368	645	4

¹ Duplication of issues among exchanges increases the total of each but the last column to more than the actual number of issues involved.

² Exempted from registration as a national securities exchange.

³ Includes registered issues, issues temporarily exempted from registration, and issues listed on the 4 exempted exchanges.

⁴ In addition to the unlisted status as shown, these issues are listed on one or more of the registered exchanges.

⁵ None of these issues has any listed status on any domestic stock exchange, except that 9 of the 38 San Francisco Stock Exchange issues are also listed on an exempted exchange.

⁶ One of the New York Curb issues and the Salt Lake issue have also become listed on a registered exchange, leaving only 2 issues with only an unlisted status.

New York Stock Exchange abolished unlisted trading in 1910. Other leading exchanges such as Boston and Philadelphia continued to allow unlisted trading on their floors in issues listed on some other principal exchange, on the ground that listing on such other exchange afforded the necessary background of reports and actions by issuers. A few exchanges continued to extend unlisted trading privileges to issues not covered by listing agreements between issuers and any domestic stock exchange. New York Curb Exchange is the principal surviving representative of this group and continues to have most of the "clause 1" issues which have no domestic listed status. As anticipated by Congress, when it amended section 12 (f) on May 27, 1936, to provide for limited continuance of unlisted trading on exchanges, there has been a considerable shrinkage in number of "clause 1" issues over the years, as they became listed or were retired, refunded, exchanged for other issues, or otherwise disappeared from exchange trading.

Clause 2 of section 12 (f) provides for the extension of unlisted trading privileges to securities already listed on some other national securities exchange. Most of the trading privileges pursuant to this clause have been applied for and obtained with respect to stock issues by 8 leading regional stock exchanges. Most of the stocks involved are listed on New York Stock Exchange. The total reported volume in "clause 2" stocks during 1950 was about 13,000,000 shares, an important figure to the regional exchanges but equivalent to less than

2% of the share volume on New York Stock Exchange during that year. Admissions of bond issues pursuant to clause 2 have been 8, of which only 2 are extant.

Clause 3 of section 12 (f) provides for the further extension of unlisted trading privileges to unlisted securities. In these cases, information substantially equivalent to that filed in respect of an issue listed on a national securities exchange must be available. Applications covering stocks have been approved by the Commission in 11 instances and with respect to 9 issues, 2 of which were admitted to trading on several exchanges. Only 4 stock issues continue their status under clause 3, and 2 of these have become listed on another exchange leaving only 2 with dependence for status on clause 3. Bond admissions have been 45, but all the issues except 13 have been retired or listed.

The status of stock and bond issues admitted to unlisted trading pursuant to clauses 2 and 3, and the reported volumes of trading therein for the calendar year 1950, are shown in appendix table 17.

The unduplicated number of stock issues admitted to unlisted trading on the exchanges, and which are not listed on some national securities exchange as well, was 354 as of June 30, 1951, aggregating 342,084,643 shares or less than 9 percent of all shares on the 20 exchanges. Reported exchange volumes therein for the calendar year 1950 came to 34,310,513 shares or less than 4 percent of the total reported exchange volumes for that year. New York Curb Exchange alone accounted for 32,054,348 or 93.4 percent of the 34,310,513 share volume. In considering these figures, it should be recalled that reported ticker volume of New York Curb Exchange is less than 90 percent of the true total, and that volume of trading in stocks removed during the year is not included.

Bond issues admitted to unlisted trading on the exchanges have become reduced over the years to a very small number. As of June 30, 1951, there were 59 pursuant to clause 1, 2 pursuant to clause 2, and 13 pursuant to clause 3. All but 3 of the issues were on New York Curb Exchange. Of the total 74 issues, 6 were listed on another national securities exchange and 68 were not so listed.

Applications for Unlisted Trading Privileges

As a result of applications filed pursuant to clause 2 of section 12 (f) and approved by the Commission during the 1951 fiscal year, unlisted trading privileges were extended as follows:

Stock exchange applying:	Number of stocks
Boston.....	18
Cincinnati.....	1
Detroit.....	3
Los Angeles.....	23
Midwest.....	2
New Orleans.....	2
New York Curb.....	1
Philadelphia-Baltimore.....	8
Pittsburgh.....	1
Sau Francisco.....	8

The actual number of issues involved is less than 67 since applications by different exchanges are often with respect to the same issue, resulting in duplication.

No applications were made or approved during the fiscal year for unlisted trading privileges in bond issues pursuant to clause 2, nor for unlisted trading privileges in either stock or bond issues pursuant to clause 3 of section 12 (f).

Changes in Securities Admitted to Unlisted Trading Privileges

The usual considerable number of notifications of minor changes in securities admitted to unlisted trading was received during the year from the stock exchanges pursuant to paragraph (a) of rule X-12F-2.

Applications for continuance of trading in unlisted issues after more important changes than those contemplated under paragraph (a) of rule X-12F-2 are made under paragraph (b) of that rule, and were limited during the last fiscal year to one by New York Curb Exchange in the case of Nippon Electric Power Company, Ltd., 6½ percent bonds due 1953 which was withdrawn when the Curb obtained a listing of the bonds, and one by Boston Stock Exchange in the case of Chicago, Milwaukee, St. Paul & Pacific Railroad Company common stock which was withdrawn upon approval of unlisted trading in that issue pursuant to clause 2 of section 12 (f). Accordingly, no denials and no grants of applications pursuant to paragraph (b) of rule X-12F-2 were made during the last fiscal year. The Commission prefers that application for trading be made pursuant to clause 2 of section 12 (f) rather than paragraph (b) of rule X-12F-2 whenever this course is possible.

DELISTING OF SECURITIES FROM EXCHANGES

Securities Delisted by Application

The granting of applications filed by New York Stock Exchange pursuant to rule X-12D2-1 (b) resulted in the delisting of 3 bond and 2 stock issues from that exchange during the fiscal year. The applications covering the bonds and 1 of the stocks declared the amounts in public hands were no longer sufficient to warrant exchange trading,² and the application covering the remaining stock was based on bankruptcy and termination of transfer facilities.³

The granting of applications filed by issuers pursuant to rule X-12D2-1 (b) resulted in the delisting of 9 stock issues of 6 issuers during the fiscal year. Inactivity on the exchange was given as a reason for delisting 4 stock issues of 3 issuers on the Chicago Board of Trade⁴ and 3 stock issues of an issuer on Cincinnati Stock Ex-

² Illinois Central R. R. Co., 4 percent Leased Line Stock, Securities Exchange Act release no. 4507 (1950). Adriatic Electric Co., 7 percent bonds due 1952, Securities Exchange Act release no. 4511 (1950). Illinois Central R. R. Co., sterling 3 percent bonds due 1951, Securities Exchange Act release no. 4554 (1951). Ernesto Breda Co., 7 percent bonds due 1954, Securities Exchange Act release no. 4554 (1951).

³ Norwalk Tire & Rubber Co., common stock, Securities Exchange Act release no. 4496 (1950).

⁴ Knickerbocker Fund for the Diversification, Supervision and Safekeeping of Investments, shares of beneficial interest, Securities Exchange Act release no. 4496 (1950). Corn Products Refining Co., preferred and common, Securities Exchange Act release no. 4587 (1951). Allied Mills, Inc., common stock, Securities Exchange Act release no. 4595 (1951). Corn Products Refining Co. preferred and common and Allied Mills, Inc. common stock remain listed on New York Stock Exchange.

change.⁵ Concentrated ownership was the basis of application with respect to an issue on Midwest Stock Exchange,⁶ and acceptance of an offer to exchange into stock of another company except for a small residue was the basis with respect to an issue on San Francisco Stock Exchange.⁷

Securities Delisted by Certification

Securities which have been paid at maturity, redeemed, or retired in full, or which have become exchangeable for other securities in substitution therefor, may be removed from listing and registration on a national securities exchange if the exchange files a certification with the Commission to the effect that such retirement has occurred. The removal of the security becomes effective automatically after the interval of time prescribed by rule X-12D2-2 (a). The exchanges filed certifications under this rule effecting the removal of 183 separate issues. In some instances the same issue was removed from more than one exchange, so that the total number of removals, including duplications, was 226. Successor issues to those removed became listed and registered on exchanges in many cases.

In accordance with the provisions of rule X-12D2-1 (d), New York Curb Exchange removed 3 issues from listing and registration when they became listed and registered on New York Stock Exchange. This rule permits a national securities exchange to remove a security from listing and registration in the event trading therein has been terminated pursuant to a rule of the exchange which requires such termination if the security becomes listed and registered and admitted to trading on another exchange. Removal under this rule is automatic, the exchange being required merely to notify the Commission of the removal.

Securities Removed from Listing on Exempted Exchanges

A security may be removed from listing on an exempted exchange merely upon notification by such an exchange to the Commission setting forth the reasons for such removal. Honolulu Stock Exchange removed five issues from listing thereon during the year due in one case to the call of the security for redemption and in two cases due to the liquidation of the issuers. In the remaining two cases the securities became exchangeable for other securities which subsequently became listed on the same exchange.

MANIPULATION AND STABILIZATION

One of the evils which the Securities Exchange Act of 1934 was primarily designed to prevent is the manipulation of security markets by practices which are deceptive or otherwise improper. Sections 9, 10, and 15 of the Act prohibit certain specifically described forms of manipulative activity such as wash sales, if effected for the purpose of creating a false or misleading appearance of the market and matched orders, if entered for a like purpose; effecting a series of transactions in which the price of a security is raised or depressed,

⁵ Carthage Mills Incorporated, Preferred "A", Preferred "B" and common stock, Securities Exchange Act release no. 4558 (1951).

⁶ W. H. Barber Co., common stock, Securities Exchange Act release no. 4486 (1950).

⁷ Hale Bros. Stores, Inc., common stock, Securities Exchange Act release no. 4566 (1951).

or in which the appearance of active trading is created, for the purpose of inducing purchases and sales by others; circulation by a broker, dealer, seller or buyer, or by a person who receives a consideration from a broker, dealer, seller or buyer, of information concerning market operations conducted for a rise or a decline; and the making of material false and misleading statements by brokers, dealers, sellers and buyers, or the omission of material information regarding such securities, for the purpose of inducing purchases or sales.

Pursuant to its statutory authority, the Commission has adopted rules and regulations to aid it in carrying out the expressed will of Congress. Sections 9, 10, and 15 as augmented by the Commission's rules and regulations are aimed at freeing our securities markets from artificial influence and maintaining fair and honest markets, where prices are established by supply and demand and are uninfluenced by manipulative activity.

Manipulation

The manipulation of security prices in years prior to the enactment of the Securities Exchange Act took millions of dollars annually from the public and was one of the principal reasons for the adoption of the Act. In the early days of the Commission's existence, some market operators attempted to continue their manipulative activities. The Commission uncovered these activities and caused the imposition of various penalties upon certain operators, including expulsions from exchanges, revocation of broker-dealer registrations, fines and jail sentences.

As a result of the administration of the Act, manipulation has been reduced to a point where it is no longer an appreciable factor in our markets. However, sporadic attempts artificially to raise or depress the prices of securities are still encountered, and it is evident that any relaxation of market surveillance on the part of the Commission would create a danger of reestablishment of many of the manipulative practices the Act was designed to prevent.

The staff regularly scrutinizes price movements in approximately 8,200 securities, including about 3,600 issues traded on exchanges and about 4,600 of the most active over-the-counter issues. The volume of transactions of listed securities and the number of dealers making a market in over-the-counter issues are also closely observed. An observation is made on a daily basis of all listed securities as they appear in such publications as the Wall Street Journal and of over-the-counter issues as they appear in The National Daily Quotation Service. Complete records are kept on a weekly basis (with the exception of about 600 inactive issues which are kept on a monthly basis) of all of the above-mentioned securities. In addition unusual activity in stock transactions on the New York Stock Exchange and the New York Curb Exchange is observed from the ticker as soon as it occurs.

Information maintained concerning all these securities includes not only data reflecting the market action but also includes the latest news items, earnings figures, dividends, options and other facts which might explain price and volume changes. Trained analysts daily scan the Wall Street Journal, Standard and Poor's, Moody's and other financial publications and record any items that might be reflected in the market price of these securities. Reports required by

the Securities Acts from corporations or their officers, directors and 10 percent stockholders and from registered broker-dealers are studied. Important information contained in these reports is recorded on the securities' weekly price and volume record. All possible known information regarding a security is maintained on a current basis. Dates of public releases of any news regarding a company are carefully recorded. At the inception of any unusual volume of trading or price fluctuations in a security, all this information is reexamined. The market action of the security is compared with the action of other securities in the same industry group and with the action of the general market and a conclusion drawn as to the necessity for an investigation.

The markets for securities about to be sold to the public are watched very closely. In this connection the markets for 1,370 issues in the amount of \$173,209,739 offered under Regulation A, were carefully checked for improper pricing or market grooming. Over 500 other securities were kept under special daily observation during the 1951 fiscal year for periods from 10 to 90 days, largely because a public offering under a registration statement was proposed with the right to stabilize reserved by the underwriter or issuer. Issues actually offered during the fiscal year had a public offering price in excess of \$3,380,000,000.

In administering the anti-manipulative provisions of the Act there is a premium on prompt action to prevent harm before it occurs, and at the same time to avoid interference with the legitimate functioning of the markets. To accomplish this the Commission has continuously modified and sought to improve its procedures for the systematic surveillance of trading in securities. Methods used to detect manipulation have necessarily been flexible, since techniques employed by manipulators change constantly, increasing in subtlety and complexity.

The Commission operates on the premise that manipulation should be, and in most cases can be, suppressed at its inception. Losses suffered by the public are seldom recoverable, even though the perpetrator of a fraud is brought to justice. Therefore, it is believed that it is more important to prevent a possible manipulation than to allow unlawful market operations to continue until it appears that sufficient evidence for a successful prosecution is available.

It has been found that many would-be violators of the regulations prohibiting manipulation have been halted by prompt inquiries by the Commission. The fact that trading in a given security is under investigation is kept confidential by the Commission, as public knowledge of the existence of such investigations may unduly affect the market or reflect unfairly upon individuals whose activities are being investigated. As a result, the Commission occasionally receives criticism for failure to investigate certain cases when in fact it is actually engaged in an investigation. However, while the general public is unaware that an inquiry is being made, any person or group of persons conducting unusual market activity in a security will be made aware by questions asked either their brokers or themselves after the brokers have supplied the names of their principals. In this connection the Commission receives excellent cooperation from the stock exchanges and from brokers and dealers.

The Commission's surveillance of unusual market activity may

take the form of a simple inquiry, addressed to an exchange or broker by our nearest Regional Office, asking for an explanation or the names of the buyers and sellers. This type of inquiry is used when the market activity is limited to a brief period during a day's trading or at most a single day's transactions. If the explanation is logical and devoid of manipulative features, no further investigation is made. If the explanation is considered unsatisfactory, an investigation is initiated and conducted by our Regional Office located nearest the exchange or market on which the transactions were made.

Investigations take two forms. The "quiz" or preliminary investigation is designed to detect and discourage incipient manipulation by a prompt determination of the reasons for unusual market behavior. Often the quiz discloses no violations of the anti-manipulative provisions of the Securities Acts. The quiz is then closed. If possible violations of other sections of the Securities Acts or violations of other statutes are revealed, the information obtained in the "quiz" is made available to the proper division of the Commission or to the appropriate agency for any action that they might consider necessary. When facts are uncovered which require more intensive investigation, formal orders are issued by the Commission. In a formal investigation, members of the Commission staff are empowered to subpoena pertinent material and to take testimony under oath. In the course of such investigations, data on purchases and sales over substantial periods of time are compiled and trading operations involving considerable quantities of securities are often scrutinized.

Trading investigations

	"Quizzes"	Formal investigations
Pending June 30, 1950.....	77	11
Initiated in period July 1, 1950-June 30, 1951.....	144	2
Total to be accounted for.....	221	13
Closed or completed during fiscal year.....	105	3
Changed to formal during fiscal year ¹	3	-----
Total disposed of.....	108	3
Pending at end of fiscal year.....	113	10

¹ During the fiscal year 2 "quizzes" were combined into 1 Formal.

Stabilization

In administering those provisions of the Securities Exchange Act prohibiting manipulation of securities prices certain stabilizing transactions are permitted. Stabilizing is a word which is frequently misunderstood. The law prohibits injection of artificial activity into the market. One exception is stabilization. But stabilizing is permissible only when it is used to prevent or retard a price change, usually a decline. No moving around of the market under the label of stabilizing is permitted. Stabilization means maintenance of a price independently reached in the market.

Prudent regulation by this Commission has permitted the investment industry to change its methods with changing conditions and to achieve its primary function—which is to supply industry with the

capital it needs. For this purpose formal Commission rules dealing with stabilization relate only to offerings "at the market" or at prices related to a changing market price. The practice applicable to fixed price offerings is embodied in a wealth of interpretative material. It is the Commission's experience that issuers and underwriters place great value on the immediate service which the Commission is able to render them by being at all times available to give them responsible advice as to the proper stabilizing techniques in the offerings of securities. Also the same policy of the Commission extends to both manipulation and stabilization in that it seeks to prevent violations of the law rather than to allow them to develop to the point where monetary losses occur. The investor naturally wants to see a violator of the law brought to justice, but this does not insure the return of any financial loss that he may have suffered.

The law requires that all issuers or underwriters must file with the Commission a notice of intent to stabilize if an issue is to be stabilized. Thus the staff is able to observe and assist the registrant before and during an offering.

Of 554 registration statements filed during the fiscal year, 231 contained a statement of intention to stabilize to facilitate the offerings covered by such registration statements. Each of these latter filings was examined critically as to the propriety of the proposed method of distribution, market support and the full disclosure thereof.

Stabilizing operations were conducted in offerings of stock issues aggregating 19,461,164 shares with an aggregate public offering price of \$402,878,038. Bonds stabilized had a total face amount of \$64,500,000. In connection with these stabilizing operations over 350 conferences were held with representatives of issuers and underwriters. Many more written and telephone requests were answered to assist them to avoid violations of the rules. 9,210 reports from these representatives were received, listed, examined and filed.

SECURITY TRANSACTIONS OF CORPORATION INSIDERS

Purpose of Regulation

In the Congressional hearings which led to the passage of the Securities Exchange Act of 1934, a common practice among some officers, directors, and large stockholders of engaging in short-term speculation in the listed stocks of their companies was revealed. For example, four of the officers and directors of a company were participants in a pool which made a profit of some \$200,000 in less than 3 months in 1933 through trading in the company's common stock. In another instance the president of a company together with his brothers controlled the company through ownership of a little more than 10 percent of its stock. They sold their holdings for upward of \$16,000,000 shortly before the company passed a dividend and later repurchased the stock for about \$7,000,000, making a profit of approximately \$9,000,000 on the transaction. In these instances not only were the insiders profiting by transactions based on information available to them solely because of their privileged position and not available to the public, but the stockholders and the investing public were unaware and had no way of knowing that they were trading in their companies' stocks. Such abuses as these and others led to the in-

clusion of the provisions of section 16 in the Securities Exchange Act. The basic Congressional objectives sought in the provisions of section 16 are twofold: (1) to provide public stockholders with information as to the prospects of their company which may be implicit in the security transactions of the insiders; and (2) to prevent corporation insiders from using inside information to unfair advantage in security trading.

Reports of Transactions and Holdings

For the purpose of affording to the public information as to the transactions and holdings of insiders, section 16 (a) provides that every person who is directly or indirectly the beneficial owner of more than 10 percent of any class of any equity security which is listed and registered on a national securities exchange, or who is an officer or director of the issuer of such a security, shall file with the exchange and the Commission, at the time of the registration of such security or within 10 days after the time he becomes such beneficial owner, officer or director, a statement of the amount of all equity securities of such issuer of which he is directly or indirectly the beneficial owner, and within 10 days after the close of each month thereafter in which there has been any change in his beneficial ownership a statement indicating such changes and his holdings at the close of the month. Similar provisions are contained in section 17 (a) of the Public Utility Holding Company Act of 1935 covering officers and directors of registered public utility holding companies and in section 30 (f) of the Investment Company Act of 1940 covering officers, directors, principal security holders, members of advisory boards, investment advisers, and affiliated persons of investment advisers of registered closed-end investment companies.

Publication of Data Reported

The originals of these reports are available for public inspection from the moment they are filed. Recognizing, however, that a relatively limited number of investors have the opportunity to inspect the reports at the Commission's central office or at exchanges where additional copies of section 16 (a) reports must also be filed, the Commission condenses and publishes the information contained in the reports in a monthly Official Summary of Security Transactions and Holdings for distribution to investors, newspaper correspondents, press services and other interested members of the public. The elimination of certain items of nonessential data and slight changes in the format of the Summary have made it possible during the 1951 fiscal year to reduce the size of the Summary more than a third, with a corresponding reduction in printing and related costs.

Volume of Reports Filed and Examined

The number of reports filed during the 1951 fiscal year, as shown in the following table, represents an increase of more than 11 percent over the number filed during the preceding year. In fact, it is the largest number of such reports filed in any fiscal year since 1938.

Number of security ownership reports of officers, directors, principal security holders, and certain other affiliated persons filed and examined during the fiscal year ended June 30, 1951

Description of report ¹	Original reports	Amended reports	Total
Securities Exchange Act of 1934:			
Form 4.....	16,784	908	17,692
Form 5.....	618	10	628
Form 6.....	2,401	55	2,456
Public Utility Holding Company Act of 1935:			
Form U-17-1.....	86	0	86
Form U-17-2.....	408	15	423
Investment Company Act of 1940:			
Form N-30F-1.....	125	7	132
Form N-30F-2.....	656	45	701
Total.....	21,078	1,040	22,118

¹ Form 4 is used to report changes in ownership; Form 5, to report ownership at the time any equity security is first listed and registered on a national securities exchange; and Form 6, to report ownership of persons who subsequently become officers, directors, or principal stockholders of the issuer of such a listed and registered equity security, under sec. 16 (a) of the Securities Exchange Act of 1934. Form U-17-1 is used for initial reports and Form U-17-2 for reports of changes in ownership of securities under sec. 17 (a) of the Public Utility Holding Company Act of 1935. Form N-30F-1 is used for initial reports and Form N-30F-2 for reports of changes in ownership of securities under sec. 30 (f) of the Investment Company Act of 1940.

Preventing Unfair Use of Inside Information

For the purpose of preventing the unfair use of information which may have been obtained by an insider by reason of his relationship to his company, section 16 (b) of the Securities Exchange Act of 1934 provides for the recoverability by or in behalf of the issuer of any profit he may realize from any purchase and sale, or any sale and purchase, of any equity security of the company within any period of less than six months. Corresponding provisions are contained in section 17 (b) of the Public Utility Holding Company Act of 1935 and section 30 (f) of the Investment Company Act of 1940. While the Commission is not charged with the enforcement of the civil remedies created by these provisions, which are matters for determination by the courts in actions brought by the proper parties, it is interested in seeing that information with respect to possible profits by insiders is made available to issuers and public stockholders.

SOLICITATION OF PROXIES, CONSENTS, AND AUTHORIZATIONS

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 the Commission has adopted Regulation X-14 which is designed to regulate the solicitation of proxies, consents and authorizations in connection with securities of companies subject to those statutes in order to protect investors by requiring the disclosure of certain information to them at the time their proxies are solicited. The information prescribed for such disclosure is calculated to enable the investor to act intelligently upon each separate matter with respect to which his vote or consent is sought. The regulation also contains provisions enabling security holders who are not allied with the company's management to communicate with other security holders when management is soliciting proxies, either by arranging for the distribution of their own proxy statements or through the inclusion of their proposals in the proxy statements of management.

Statistics Relating to Proxy Statements

A slight increase occurred in the number of proxy solicitations made pursuant to Regulation X-14 during the 1950 calendar year when the staff of the Division of Corporation Finance received and examined material relating to 1,737 proxy solicitations including "follow-up" material in 185 instances, compared with 1,653 solicitations made in the preceding calendar year.⁸

The number of solicitations made by management during the 1950 calendar year accounted for 1,713 or nearly 99 percent of all proxy statements filed that year; nevertheless, there were 24 solicitations made during the same period by non-management groups. Besides, 57 of the 1,713 proxy statements filed by management contained 97 proposals of 24 different stockholders. Certain of these stockholders arranged for the inclusion of their proposals in the proxy statements of more than one company. The number of management proxy statements including such stockholder proposals has increased from 19 in 1946 to 57 in 1950, while such stockholder proposals have grown from 34 to 97 and the number of different stockholders making these proposals has correspondingly risen from 9 to 24.

The election of directors overshadows in its frequency all other items of business combined for which proxies are sought. Thus in 1950 there were proxy statements covering 1,523 stockholders' meetings at which the election of directors was one of the items of business, and 191 meetings not involving the election of directors, along with 23 remaining solicitations seeking assents and authorizations which did not involve any meeting or any voting upon directors.

The items of business other than that of election of directors for which stockholders' action was sought in the 1950 calendar year covered many specific proposals, the wide range and frequency of which may be noted in the following tabulation.

Item of business other than election of directors	Number of proxy statements
Mergers, consolidations, acquisitions of businesses, and purchases and sales of properties.....	33
Issuance of new securities, modification of existing securities, recapitalization plans other than mergers or consolidations.....	229
Employees pension plans.....	152
Bonus and profit-sharing plans, including stock options.....	52
Indemnification of officers and directors.....	8
Change in date of annual meeting.....	18
Miscellaneous amendments to bylaws and other matters.....	187
Approval of independent auditors.....	385

A remarkable increase is reflected above in the number of proxies submitting employees pension plans to the vote of stockholders. Thus, the 152 such proxies filed in the 1950 calendar year may be compared with 49 in 1949; 59 in 1948; 66 in 1947; and 75 in 1946. This increase is due largely to the negotiation of a number of plans recently on an industry-wide basis.

Examination of Proxy Material

Copies of proposed proxy material must be filed in preliminary form with the Commission, for its information and processing only,

⁸ On a fiscal year basis 1,788 solicitations were made in 1951 as compared with 1,668 in 1950. "Follow-up material was used in 192 instances during the 1951 fiscal year.

at least 10 days prior to the date the definitive copies are first sent or given to security holders; and copies of the statement in definitive form must be filed at the time proxy material is furnished to security holders. The Commission's proxy examination work must be completed during this comparatively brief interval between the filing of the material in its preliminary and definitive forms. Where a preliminary proxy statement fails to set forth information meeting the disclosure standards of the statute and the regulation, the parties concerned are notified immediately to that effect and given an opportunity to correct any such discrepancy before the definitive proxy statement is prepared. Illustrations of changes made in proxy material as a result of the Commission's examination procedure arising in actual cases during the 1951 fiscal year are given below.

Consolidated financial statements required.—Under the regulation a proxy statement may incorporate by reference any financial statements contained in an annual report sent to security holders in connection with the same meeting as that to which the proxy statement relates, provided such financial statements substantially meet the requirements of the Commission's regulations governing the form and content of financial statements. A large grocery chain-store corporation, as a part of the preliminary proxy material relating to a proposal to increase its authorized preferred stock, included the financial statements that had been used in its annual report to stockholders for the preceding year. However, the accounts of three major subsidiaries, one financing fixture and equipment purchases, the second purchasing merchandise for the registrant, and the third operating a chain in Canada, were not included in the consolidated financial statements in that annual report, the accounts of the parent and certain other subsidiaries having been consolidated in those statements. The effect was that neither a substantial amount of property and other assets used in the registrant's business nor senior securities of the unconsolidated subsidiaries were shown in the consolidated balance sheet proposed to be submitted to stockholders with the proxy solicitation.

The staff took the position that in view of the importance of the three unconsolidated subsidiaries to the integrated operations of the registrant the financial statements to be made part of the proxy material to be furnished stockholders should be on a complete consolidated basis. As a result the definitive proxy material as sent to stockholders contained financial statements on that basis.

Certain problems solved in accounting for acquisition of business and assets.—Proxy statements prepared in connection with plans for acquisition, merger or recapitalization of corporations frequently raise special problems as to what financial statements will adequately reveal the proposed action. For example, a steel manufacturing company in its offer to acquire the business and assets of another company in a related business proposed to pay for the net assets to be acquired with additional issues of its senior and junior capital shares in an aggregate amount which the acquiring company considered represented fair value for the acquisition. These securities were to be distributed to the holders of the senior and junior securities of the company being acquired according to a fixed pro rata basis, thereby effecting the dissolution of the company. The purchase price of the assets being acquired, paid by the issuance of capital stock, was substantially in excess of the book value of the assets. This excess was

allocated to fixed assets since the amount was approximately equivalent to the difference between independent currently appraised values and book values.

In the preliminary proxy material proposed to be submitted to the stockholders of the respective companies, statements of earnings and of assets, liabilities and capital of the respective companies were furnished in conventional form. However, the proposed data did not readily demonstrate the impact of the acquisition upon the acquiring company as affected (1) by the new capital structure and (2) by the new valuation placed upon the fixed assets to be acquired. Specifically, the stockholders would be unable to determine readily (1) the coverages of liquidating values and of dividend requirements of the preferred shares as increased, and (2) the earnings per share of the common stock as increased and as affected by the increased amount of the preferred stock. Accordingly, the respective companies were requested by the staff to furnish in the proxy statements a pro forma consolidating balance sheet giving effect to the recapitalization and acquisition, together with a pro forma statement of profit and loss for the year 1950 of both companies combined, calculating the income and excess profits taxes under the Revenue Act of 1950 for the entire year, and calculating depreciation charges upon the basis of the increase in valuation of the fixed assets. Also upon such request the pro forma net income, applicable to common stock in the aggregate and in per share amounts after provision for preferred stock dividends, was stated and accompanied by an explanation that this information was not necessarily indicative of the results of future operations or the availability of net income for dividend purposes.

Complete financial statements required in order to show results of significant corporate proposals.—A registrant engaged in real estate operations submitted preliminary draft copies of proxy solicitation material, without complete financial statements, seeking among other matters authorization of stockholders to amend the company's certificate of incorporation so as to reduce the par value of capital stock by a split-up from \$10 per share to \$1 per share; to reduce correspondingly the capital of the company from \$4,255,690 to \$425,569; to execute eighteen separate mortgages, together covering all of the company's real properties and aggregating \$5,000,000 in principal amount to mature in 10 years, with interest at the rate of 4 percent per annum; to distribute forthwith to stockholders the \$5,000,000 of mortgage proceeds and other funds of the company aggregating \$5,250,252. The company stated that financial statements had not been included for the reason that they were not deemed material for the exercise of prudent judgment in regard to the matters to be acted upon at the meeting. The company had included a summary of the balance sheet at the close of its last fiscal year and a table showing for ten years the "net income after operating expenses, adjusted to exclude interest on indebtedness, depreciation, and income taxes."

The first letter of comment issued by the Division of Corporation Finance indicated the need to furnish to stockholders in this connection certified financial statements for three fiscal years, unaudited statements of a more recent date, and a pro forma balance sheet as of such recent date showing the effect of the proposed transactions covered by the proxy statement. The company was also requested to

furnish to stockholders a complete summary of earnings for the last ten fiscal years.

The most recent balance sheet indicated a stockholders' equity of \$6,236,210.30; and the pro forma balance sheet, as of the same date, after giving effect to mortgaging of properties, reduction of capital and distribution to stockholders, indicated a stockholders' equity of \$835,951.10. The table of "adjusted income" originally submitted averaged \$729,000 per year (with a minimum of \$688,000 and maximum of \$787,000) compared with interest and amortization on the proposed mortgages of \$385,000, which latter figure was changed to \$350,000 in the revised material. The revised summary of earnings for ten years and six months afforded adequate material for analysis of the effect of the change in capital structure of the company by showing in separate columns "Rental and Other Income"; "Operative, Administrative, and General Expense"; "Depreciation" (revealed as being in excess of \$200,000 per year); "Interest on Indebtedness" (none in the last six months shown); "Income Taxes"; and "Net Income."

Failure to disclose certain essential information including the names of persons acquiring a controlling block of common stock from the issuer.—The registrant filed preliminary proxy soliciting material to be used in connection with a forthcoming annual meeting at which it was proposed (1) to vote upon a proposal to lease the registrant's plants and equipment for a term of years to a corporation controlled by an outside group and (2) to elect nine directors for the coming year. Five directors were to be elected by holders of the registrant's preferred stock because of defaults in the payment of dividends, and four by holders of registrant's common stock. The management and control of the registrant had been changed some months previously. The financial position of the registrant was very weak due to continued losses in its peacetime operations and large indebtedness which was past due. The material indicated it was anticipated that within six months there would be submitted to stockholders for their approval a plan of recapitalization, including the issuance of a large block of common stock, in exchange for the outstanding stock of the lessee corporation. Such stock would have represented control of the registrant.

No disclosure was made of the names of the persons financially interested in the lessee corporation who might succeed to control of the registrant. This and other deficiencies were brought to the attention of the registrant, after which revisions of the preliminary soliciting material were filed. The proposal to lease the plants was ultimately abandoned, among other reasons because the registrant was unable to obtain the required consents of its mortgage creditors. The revised material proposed a plan of recapitalization which involved the issue of common stock for cash to the same outside group. The obligation to purchase such additional stock was subject to various material conditions which had to be met by the company. These proposals would have substantially reduced the interests of the old common and preferred stockholders, and would have given control of the company to the outside group, who for the first time were named.

A few years earlier, the Commission had obtained an order enjoining the central figure in this group from the purchase of certain securities in violation of the Securities Exchange Act of 1934. Certain other

questionable activities of this individual had been brought to the Commission's attention in the course of its earlier investigation of investment companies. Because of continued material deficiencies in the revised proxy soliciting material, the Commission ordered a private investigation under section 21 (a) of the Securities Exchange Act of 1934. During the course of the investigation the registrant made numerous revisions to reflect facts disclosed by the investigation. The registrant apparently was reluctant, however, to disclose the existence of the injunction against the principal promoter as well as other adverse facts regarding him developed during the course of the investigation.

Subsequently, the registrant abandoned the proposed plan of recapitalization, including the sale of common stock, and confined its deferred annual meeting to the election of directors, for which a committee acting on behalf of holders of preferred stock had solicited sufficient proxies to elect a majority of the board.

Problem arising in use of inventory reserves to equalize reported income.—The Commission's 14th Annual Report⁹ referred to the adoption by the American Institute of Accountants of research bulletins recommending that inventory reserves created in anticipation of losses not yet incurred should not enter into the determination of income. These bulletins assisted in correcting a troublesome practice that had arisen during and immediately after World War II. While this problem was largely corrected in recent years, it arose in the 1951 fiscal year in connection with the examination of a proposed proxy statement soliciting authority to dispose of all of the assets of that part of the company's business to which the inventories in question applied. The independent public accountants of this particular company, a leading processor of certain raw materials, had noted in their certificate accompanying the registrant's first annual report following the publication of the Institute's bulletins that the net income for the fiscal year had benefited through return to income of previously created reserves and that under recently accepted accounting principles the amount should have been restored directly to surplus. That annual report and the subsequent year's annual report submitted on the same basis were amended at the request of the staff to eliminate the qualification in the certificate of the accountants and to return the reserve directly to surplus.

Despite the fact that the Commission had required such amendment of those annual reports, the company included in a preliminary proxy filed in the 1951 fiscal year a summary of earnings for ten years prepared on the original basis. In this summary the first seven years reflected deductions for additions to the inventory reserve and the years 1948 and 1949 reflected partial return of the reserves to income. Results for 1950 were not furnished in this preliminary proxy material. When complete financial statements including a new summary were then furnished at the instance of the Commission, it was discovered that while data for two of the years summarized, 1948 and 1949, were restated to conform to the amended annual reports, a footnote was appended to the net profit item for the year 1947 which read: ". . . after appropriation of \$1,500,085—see Consolidated Statement of Profit and Loss." In the opinion of the Commission's staff,

⁹ 14th Annual Report, page 110.

which corresponds with the Institute's recommendation noted above, the amount of \$1,500,085 was an appropriation of surplus and not a proper charge in the profit and loss statement. Accordingly, the issuer was advised that the net profit for the year in question should be reported before making the \$1,500,085 deduction, and that the footnote should be deleted. The issuer was further advised that, to the extent that other deductions in prior years represented appropriations of income similar to that made in 1947, the earnings summary should be recast to show results for all years on a uniform basis.

As a result of the amendments secured in this case, the net profit for each of the seven years 1941 through 1947 was reflected in the summary as revised at a substantially higher figure, the effect of which was to increase the net profit shown for the seven-year period from approximately \$7,000,000 to \$12,000,000. That no losses in the amount of this difference had been sustained over the period seems clear by a statement in the definitive proxy material that the market value of inventory early in 1951 was approximately \$5,000,000 in excess of (or about double) the book value, which value represented cost under the last-in-first-out method of pricing.

REGULATION OF BROKERS AND DEALERS IN OVER-THE-COUNTER MARKETS

Registration

Section 15 (a) requires the registration of brokers and dealers using the mails or instrumentalities of interstate commerce to effect transactions in securities on over-the-counter markets, except those brokers and dealers whose business is exclusively intrastate or exclusively in exempt securities.

Statistics relating to registrations of brokers and dealers fiscal year ending June 30, 1951

Effective registrations at close of preceding fiscal year.....	3,930
Effective registrations carried as inactive ¹	70
Registrations placed under suspension during preceding fiscal year.....	0
Applications pending at close of preceding fiscal year.....	23
Applications filed during fiscal year.....	464
Total.....	4,487
Applications withdrawn during year.....	16
Applications cancelled during year.....	0
Registrations withdrawn during year.....	363
Registrations cancelled during year.....	43
Registrations denied during year.....	0
Registrations suspended during year.....	0
Registrations revoked during year.....	85
Registrations expired by Rule X-15B-3.....	0
Registrations effective at end of year.....	3,945
Registrations effective at end of year carried as inactive ¹	9
Applications pending at end of year.....	26
Total.....	4,487

¹ Registrations on inactive status because of inability to locate registrant despite careful inquiry.

Administrative proceedings

Registration may be denied or revoked by authority of section 15 (b) of the Act, and brokers and dealers may be suspended or expelled from national securities associations and exchanges for specific types of

misconduct on the part of the firm, its partners, officers, directors or employees. To carry out these provisions of the Act, applications for registration must be examined in the light of the information contained therein and information obtained from numerous other sources available to the Commission in order to determine whether the firm is entitled to registration for which it has applied. When it appears that an applicant may be disqualified under such standards, proceedings are ordered by the Commission to determine whether on the evidence adduced it is consistent with public interest to permit registration. The applicant is, of course, given notice of the issues to be considered and afforded full opportunity to be heard thereon. Similar procedures are followed in proceedings brought against registered brokers and dealers to determine whether registration should be revoked or the firm suspended or expelled from membership in a national securities exchange or association. The following tabulation reflects the number of such proceedings pending during the fiscal year:

Record of broker-dealer proceedings to deny registration, proceedings to revoke registration, and proceedings to suspend or expel from membership in a national securities exchange or association instituted pursuant to the Securities Exchange Act of 1934 for the fiscal year 1951.

Proceedings pending at start of fiscal year to:	
Revoke registration.....	11
Revoke registration and suspend or expel from NASD, or exchanges...	12
Deny registration to applicant.....	2
Total proceedings pending.....	25
Proceedings instituted during fiscal year to:	
Revoke registration.....	88
Revoke registration and suspend or expel from NASD, or exchanges...	4
Deny registration to applicant.....	5
Total proceedings instituted.....	97
Total proceedings current during fiscal year.....	122
DISPOSITION OF PROCEEDINGS	
Proceedings to revoke registration:	
Dismissed on withdrawal of registration.....	4
Registration revoked.....	81
Cancelled—proceedings dismissed.....	3
Total.....	88
Proceedings to revoke registration and suspend or expel from NASD or exchanges: ¹	
Suspended from NASD—registration not revoked.....	1
Registration revoked and firm expelled from NASD.....	2
Registration revoked—no action taken on NASD membership.....	2
Total.....	5
Proceedings to deny registration to applicant:	
Dismissed on withdrawal of application.....	2
Dismissed—registration permitted.....	4
Total.....	6
Total proceedings disposed of.....	99

¹ The National Association of Securities Dealers, Inc., is the only national securities association registered with the Commission.

Proceedings pending at end of fiscal year to:

Revoke registration.....	11
Revoke registration and suspend or expel from NASD, or exchanges...	11
Deny registration to applicant.....	1
	<hr/>
Total proceedings pending at end of fiscal year.....	23
	<hr/>
Total proceedings accounted for.....	122

As shown in the above table, there were pending at the beginning of the fiscal year two proceedings to determine whether applications for registration should be denied or granted, and five such proceedings were instituted during the year. Of these seven, four registrations were granted and the proceedings dismissed; two applicants withdrew their applications; one proceeding remained pending at the end of the year.

At the beginning of the fiscal year, there were 23 pending proceedings to revoke registration, 12 of which also involved consideration of suspension or expulsion from the NASD. During the year, 92 revocation proceedings were instituted, three of which involved also the question of suspension or expulsion from the NASD, and one suspension or expulsion from an exchange. A total of 84 of the proceedings instituted concerned the failure to file financial reports as required by rule X-17A-5, and eight concerned alleged fraudulent conduct. A total of 93 revocation proceedings were decided during the year, leaving 22 pending at the end of the year.

In seven proceedings the Commission revoked registration on findings of fraudulent conduct prohibited by the Securities Act and the Securities Exchange Act, including such frauds as misappropriation of customers' funds and securities, misrepresentations in the sale of securities, manipulation of the market price of securities on national securities exchanges, the sale of unregistered securities in violation of section 5 of the Securities Act, false and fictitious entries on books and records and filing of false financial reports with the Commission.

Proceedings against W. F. Coley & Company, Inc., and Wade F. Coley, its president and controlling stockholder, resulted in an order revoking the registration of the firm, expelling the firm from the NASD, and the finding that Wade F. Coley, personally, was the cause of such order.¹⁰ The Commission found that the firm, aided and abetted by Coley, had misappropriated customers' securities and funds, had concealed such misappropriations by false or deficient records, and had filed false financial reports with the Commission.

In proceedings against Mercer Hicks Corporation and Mercer Hicks, its president and controlling stockholder, the Commission revoked the registration of the firm, expelled it from the NASD, and found Mercer Hicks, personally, a cause of such revocation and expulsion,

¹⁰ *In the matter of W. F. Coley & Company, Inc.*, Securities Exchange Act release No. 4470, July 18, 1950. On Oct. 30, 1950, Wade F. Coley was convicted in the United States District Court at Greenville, S. C., on a plea of guilty, to an indictment charging violations of the anti-fraud provisions of the Securities Act of 1933, the Mail Fraud Statute, section 17 (a) of the Securities Exchange Act and Rule X-17A-3 thereunder requiring registered brokers and dealers to keep public books and records, the Perjury Statute, and the False Statement Section (Section 1001) of the Criminal Code in connection with his operation of W. F. Coley & Company, Inc., and the effecting of securities transactions on behalf of customers of that firm.

the respondents consenting thereto.¹¹ On the respondents' admission of the facts alleged, the Commission found that Mercer Hicks Corporation and Mercer Hicks, individually, had made false and misleading representations in the sale of the corporation's stock, that purchasers were told that the corporation was being operated at profit but were furnished with no financial data, and that purchasers were not informed of the corporation's operating deficits or the fact that dividends were paid out of capital surplus obtained from the sale of the stock. The Commission also found that the corporation and Hicks appropriated funds and securities held for customers and substituted therefor the stock of the corporation, without the knowledge of these customers.

It is customary, when adequate evidence of violations can be obtained in time, to institute court action promptly to enjoin further violations, deferring until later consideration of other remedial or punitive action. Thus in the instance of Mercer Hicks Corporation, the Commission's action to revoke its broker-dealer registration was instituted after the district court, Southern District of New York, had enjoined the fraudulent acts and practices later alleged in the revocation proceedings.¹² In two other instances during the current year, registration was revoked on findings of fraudulent conduct by the registrants after a court had enjoined them from further violations.¹³

In proceedings resulting in the revocation of the broker-dealer registration of Lawrence R. Leeb, the Commission rejected the contention that a broker-dealer, conducting a securities business as a sole proprietor, may engage in "personal transactions" as distinguished from "company transactions" without recording them on his business books. This proceeding is also significant because it is the only instance in which the Commission has twice revoked the registration of a broker-dealer. Leeb first became registered in 1936. In 1943, the Commission revoked his registration on findings of fraudulent practices in the sale of oil royalties. In 1946, he again applied for registration, and after hearings the Commission granted him the limited registration he requested. He was permitted to do business as a broker, but his dealer activities were limited to the sale of investment companies' shares.

On October 21, 1948, he petitioned the Commission to remove the restriction with respect to his dealer activities so that he might do a general securities business. At a hearing on his petition he testified

¹¹ *In the matter of Mercer Hicks Corp. and Mercer Hicks*, Securities Exchange Act release No. 4557, Jan. 31, 1951.

¹² *SEC v. Mercer Hicks Corp. and Mercer Hicks*, S. D. N. Y. No. 5896. Litigation release 632, Dec. 26, 1950.

¹³ In May 1949, S. H. Junger, George T. Anderson and Robert S. Junger, individually, and as co-partners in Junger, Anderson and Company, were enjoined on complaint of the Commission from engaging in certain fraudulent practices discovered during an investigation. *SEC v. Caplan, Junger, Anderson and Company*, Civil No. 49-138 S. D. N. Y. Litigation release 514, May 14, 1949. On July 27, 1950, the Commission revoked the registration of Junger, Anderson and Company on findings of fraudulent conduct, but specifically finding that as to Robert S. Junger, there was no evidence that he knowingly participated in the scheme. S. H. Junger and Company, a partnership, consisting of Samuel H. Junger and his wife, Frances Junger, was later permitted to register as broker and dealer, Securities Exchange Act release No. 4563, Feb. 8, 1951.

In *SEC v. Howard F. Hansell, Jr.*, Civil 62-240 S. D. N. Y., the court on complaint filed by the Commission enjoined Hansell from further violations of section 9 (a) (2) of the Securities Exchange Act. Litigation release 627, November 22, 1950. Later, the Commission revoked Hansell's registration on findings of fraudulent conduct. Securities Exchange Act release No. 4536, Dec. 18, 1950.

¹⁴ *In the matter of Lawrence R. Leeb, doing business as Lawrence R. Leeb & Company*. Securities Exchange Act release No. 4601.

that he had fully complied with the conditions of 1946 registration and had not effected any transactions as a dealer except in investment companies' shares. Since an examination of his books and records made by the Commission's staff reflected nothing to the contrary, the Commission removed the restriction. When it was later discovered that Leebby had purchased and sold Ribbonwriter shares during the period when his registration as a dealer was limited to investment companies' shares and that these transactions were not recorded on his books, proceedings to revoke his registration were instituted. During the hearings, he sought to defend the exclusion of the transactions in Ribbonwriter stock from his broker-dealer books on the ground that these were "personal transactions" unrelated to his securities "business."

In its findings, however, the Commission held as artificial any attempted distinction between "personal transactions" and "company transactions" where the "company" is a sole-proprietorship, and held that all securities transactions of the proprietor are required to be recorded on his broker-dealer books whether they are for so-called personal investment for what is termed "firm trading account" for which business capital is employed. The Commission made the finding that Leebby's failure to enter his "personal" transactions in an account on his broker-dealer books was in wilfull violation of the bookkeeping rules prescribed for brokers and dealers under section 17 (a) of the Securities Exchange Act, and the further finding that the representation in his application and testimony, in connection with his 1948 petition for unconditional registration as a dealer, that he had fully complied with the conditions of his limited registration was false and misleading.

Broker-Dealer Inspections

Section 17 (a) of the Securities Exchange Act empowers the Commission to make periodic, special, and other examinations of the books and records of brokers and dealers. Such inspections have become the principal means by which the Commission detects and prevents violations of law by brokers and dealers. Inspections are frequently limited to a particular phase of the firm's business, but generally they encompass examination of all characteristic activities.

During the fiscal year the Commission's regional offices, the staff of which conducts these inspections, reported on 922 such examinations, 696 of which were inspections of NASD members. As in previous years, a substantial number of violations of the rules and regulations were discovered, including non-compliance with the capital rule, the hypothecation rule, and Regulation T prescribed by the Board of Governors of the Federal Reserve System. There were a few instances of secret profits, a good many transactions in which the reasonableness of the price to the customer in relation to current market was questionable, and a fairly large number of infractions too scattered to classify separately.

Consistent with accepted standards of administrative procedure, those violations which appear to be inadvertent or the result of misinformation or innocent misinterpretation, and not "wilful," are called to the attention of the firm involved to afford it an opportunity to "put its house in order." Other remedies which may be invoked

against violations are discussed in detail under the preceding caption "Administrative Proceedings."

Investigations

Investigations of brokers and dealers stem from various sources. When an inspection discloses conduct or practices the full facts with reference to which must be obtained and analyzed to determine whether any remedial or punitive action is necessary investigation is promptly undertaken. Investigations are also made when complaints from customers are received. Other investigations may be commenced as a result of information supplied by cooperating agencies such as state securities commissions, securities exchanges and associations, or "better business bureaus." When investigations are completed and the evidence has been analyzed, the staff makes recommendations to the Commission for such further action as appears appropriate. In some instances the recommendation may be for injunctive relief, in some for administrative action such as discussed above and in some for notice, as contemplated by the Administrative Procedure Act to achieve compliance with the Act.

The following schedule reflects the number of such investigations during the fiscal year.

Pending July 1, 1950.....	137
Commenced during year.....	213
	<hr/>
	¹ 350
Closed during year.....	186
Pending June 30, 1951.....	² 164
	<hr/>
	350

¹ This figure includes 122 administrative proceedings as shown in the schedule set forth under "Administrative Proceedings" supra.

² This figure includes 23 administrative proceedings pending at the end of the year as shown in the schedule set forth under "Administrative Proceedings" supra, and 71 such proceedings on which the Commission had issued its final determination before the end of the fiscal year but the investigative files on which had not been closed of record.

Financial Reports

One of the Commission's rules, X-17A-5, requires brokers and dealers to file financial reports each calendar year. During the 1951 fiscal year, 3,705 such reports were filed. Examination of the financial report filed by a broker-dealer affords the staff an opportunity to determine whether, as of the date of the report, the firm is in compliance with the capital requirements prescribed by rule X-15C3-1, and if it is not, the firm is given an opportunity to bring its financial condition up to the required standards. Failure to do so may, of course, require more drastic measures to enforce the rule.

SUPERVISION OF NASD ACTIVITIES

Membership

At June 30, 1951, there were 2,846 members of the National Association of Securities Dealers, Inc. (NASD), the only national securities association registered as such with the Commission. This represented an increase of 62 members in the year as a result of 212 admissions to, and 150 terminations of, membership. At the same date there were registered with NASD as registered representatives 30,922 individuals, including generally all partners, officers, traders, salesmen and other persons employed by member firms in capacities

which involved their doing business directly with the public. This represented an increase of 2,128 registrations during the year as a result of 5,128 initial registrations or re-registrations and 3,000 terminations of registrations.

Disciplinary Actions

During the 1951 fiscal year the Commission received from the NASD reports of final action in 22 disciplinary cases in which formal complaints had been filed against members. One of these complaints was dismissed on the finding by the NASD District Business Conduct Committee of initial jurisdiction that there had been no violation of the Rules of Fair Practice as alleged in the complaint. In the remaining 21 cases the appropriate Business Conduct Committee found that the members or registered representatives of the members cited in the complaints, had acted in violation of the Rules of Fair Practice and imposed various penalties as a consequence of those infractions.

Of the 21 disciplinary decisions which included findings of violations against those named in the complaints, eight cases were directed solely against member firms who were subjected to the following penalties: Two member firms were expelled; two member firms were each fined \$500 and censured; one member firm was fined \$300; one member firm was fined \$100 and censured; and two member firms were censured.

In nine other cases findings of violations of the Rules of Fair Practice, and the consequent penalties, were directed not only against member firms but also against registered representatives of such members who had been named, together with their employers, in the complaints. One such case resulted in expulsion of the member firm involved and revocation of the registration with the NASD as registered representative of one individual and suspension of such registration of two other individuals. This decision, which had been affirmed by the Board of Governors on appeal, was appealed to the Commission by R. H. Johnson and Co., the member firm, and at the year-end was in process before the Commission.¹⁷ In two unrelated cases the member involved was expelled from the Association and the registration with the NASD of two registered representatives of each of the two firms were revoked.¹⁸ In another case both a member and a representative of that member were each fined \$500; in another, fines of \$200 were imposed both on the member and on the member's representatives. The only other such case involving a fine resulted in a fine of \$5,000 on the member firm, six months' suspension of registration of one representative, three months' suspension and a fine of \$1,000 with respect to another and three months' suspension and a fine of \$100 with respect to a third representative. In three other cases against both

¹⁷ Securities Exchange Act release No. 4571 (1951). This appeal, pursuant to the provisions of section 15A (g) of the Securities Exchange Act of 1934, operates as a stay of the effectiveness of the NASD's action pending the Commission's decision. There was also pending at the year-end, its status not substantially changed during the year, another such appeal to the Commission from an NASD decision which imposed on Otis & Co., the appellant, a two-year suspension from membership in NASD. This action arose from a stock offering of Kaiser-Fraser Corporation in 1948 as described in considerable detail in the Commission's 15th Annual Report, pages 73-77, and 16th Annual Report, pages 58-59.

¹⁸ After the close of the fiscal year one of these decisions was appealed to the Commission by George J. Martin Co., the member, and Alfred and Irving Shayne, the representatives.

member firms and representatives of the firms, the firms were censured and in addition the representatives were respectively suspended for 30 days, fined \$100 and fined \$25.

A third category of cases consisted of those in which a finding of violations, and the imposition of penalties, was directed solely against a representative of a member with a concurrent finding that the member had not acted in violation of the Rules of Fair Practice and dismissal of that portion of the complaint directed against the member. In this type of action revocation of the representative's registration resulted in three cases and, in a fourth, the penalty was a five-year suspension of registration.

The Commission continued its practice of referring to the NASD for appropriate action facts disclosed in the course of its broker-dealer inspection program which tend to indicate possible violations of the Association's Rules of Fair Practice. At the end of the last fiscal year there were four such references in process before the Association and, in this year, ten additional references were made. At the end of the year nine of these references were in process, reports of disposition having been received by the Commission from the Association on five of the cases. Four of these five cases were disposed of by informal means without invoking formal complaint procedure; the formal complaint case resulted in a fine of \$100 and censure of the member involved, as mentioned above.

Commission Review of Action on Membership

Under section 15A (b) (4) of the Securities Exchange Act of 1934, and NASD by-laws, except in cases where the Commission approves or directs admission to or continuance in membership as appropriate in the public interest, no broker or dealer may hold NASD membership if he controls a person who has been, among other things, expelled from a registered securities association for violation of an association rule prohibiting conduct inconsistent with just and equitable principles of trade, or is subject to an order of the Commission revoking his registration or expelling him from NASD membership.

Pursuant to this authority, and with consideration to the affirmative recommendation of the Board of Governors of the NASD, the Commission approved the admission to membership of O. H. Hecht, who was under a disqualification arising from expulsion by and from the NASD of Mutual Investments, Ltd., a broker-dealer firm of which Hecht had been a partner, on findings that the firm had been guilty of conduct inconsistent with just and equitable principles of trade.¹⁹ The Commission also approved a similar petition by the NASD for the continuance in NASD membership of Oscar F. Kraft & Co. while controlling Carter Harrison Corbrey, who was under disqualification as a consequence of expulsion from NASD membership and revocation of broker-dealer registration by the Commission.²⁰

During the year two other petitions were filed with the Commission under this same section of the statute by or on behalf of firms seeking to retain NASD membership while controlling a disqualified person. Each of these petitions was withdrawn prior to a decision on the merits by the Commission.

¹⁹ Securities Exchange Act release No. 4619 (1951);

²⁰ Securities Exchange Act release No. 4562 (1951).

CHANGES IN RULES, REGULATIONS, AND FORMS

As stated elsewhere in this report, section 16 (b) of the Act provides in general that where any director or officer of the issuer of a listed and registered equity security or the beneficial owner of more than 10 percent of any class of such security has realized any profit from any purchase or sale, or sale and purchase, of any equity security of the issuer, such profit inures to and may be recovered by the issuer, or by any security holder acting in its behalf. The section authorizes the Commission to adopt rules exempting therefrom any transactions not comprehended within its purpose. Various rules adopted during the 1951 fiscal year under this authority, after consideration of all comments and suggestions invited and received in the premises, are briefly described below.

Rule X-16B-1. Exemption from section 16 (b) of certain transactions by registered investment companies.—This new rule, in the form of a revision of rule X-16B-1 which in its previous form had become obsolete, exempts transactions which the Commission has, by order entered pursuant to section 17 (b) of the Investment Company Act, exempted from 17 (a) of that Act.

Rule X-16B-3. Exemption from section 16 (b) of certain acquisitions of securities under stock bonus or similar plans.—Rule X-16B-3 was amended so as to exempt from section 16 (b) acquisitions by directors or officers of securities received under certain types of bonus, profit-sharing, retirement or similar plans not previously exempted by this rule. It should be noted that the rule exempts only certain acquisitions of securities under plans of the types specified. Sales of securities so acquired are not exempted by the rule and are, therefore, within the purview of section 16 (b) of the Act if within six months before or after such sales the director or officer effects other acquisitions which can be matched against them.

Rule X-16B-5. Exemption from section 16 (b) of certain transactions in which securities are received by redeeming other securities.—This new rule was adopted to exempt from the operation of section 16 (b) those transactions in which one security is surrendered for another, where both the old and the new securities are substantially and in practical effect equivalents and where the transaction does not require the payment of any consideration.

Rule X-16B-6. Exemption of long-term profits incident to sales within six months of the exercise of an option.—This new rule grants partial exemption with respect to profit which might otherwise be deemed to have been realized and recoverable, where there is a purchase by an "insider" of an equity security pursuant to the exercise of an option or a similar right and a sale of that equity security within six months thereof. A statement of the considerations which led to the adoption of this rule accompanied its promulgation in Securities Exchange Act release No. 4509.

As set forth more fully in that statement, the Commission had been aware for some time of a controversy concerning the proper method of computing profits under section 16 (b) where there is a sale of an equity security acquired pursuant to an option. The Act makes such profits recoverable in private litigation, thus placing upon the courts the ultimate responsibility for the interpretation of section 16 (b), but gives the Commission, as pointed out above, responsibility for

exempting by rule transactions which it may determine to be "not comprehended within the purposes of section 16 (b)."

Uncertainty as to just what profits would, as a matter of legal interpretation, be recoverable in the absence of a rule, as well as uncertainty whether the Commission should attempt by rule making to affect pending litigation, had previously induced the Commission to refrain from adopting such a rule. The Commission determined to express its understanding of the relationship between such transactions and the underlying purpose of section 16 (b), as set forth in the published statement; and to exercise its rule-making power in the light of that understanding, as reflected in this new rule.

Rule X-16C-3. Exemption of sales of securities to be acquired.—The Commission adopted a new rule, designated rule X-16C-3, exempting certain sales from the provisions of section 16 (c) of the Securities Exchange Act of 1934.

Section 16 (c) provides that it shall be unlawful for any beneficial owner of more than 10 percent of any class of equity security registered on a national securities exchange, or a director or officer of the issuer of such a security, to sell any equity security of the issuer (other than an exempted security), (1) if he does not own the security sold, or (2) if, owning the security, he does not either deliver it within 20 days or deposit it in the mails or other usual channels of transportation within five days, unless he was unable to do so notwithstanding the exercise of good faith or it would cause undue inconvenience or expense.

The purpose of the rule is to permit persons who are entitled to receive a security "when issued" or "when distributed" as an incident of ownership of another security to sell the new security subject to the same restrictions as would apply if the "when issued" or "when distributed" security were already in their possession. This rule assumes, of course, that the "when issued" or "when distributed" sale is otherwise lawful under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Revised Form U5S.—During the fiscal year the Commission adopted substantial revisions in the annual reporting requirements applicable to public utility holding companies registered under the Public Utility Holding Company Act of 1935.²¹

The object of these changes was to reduce the over-all reporting requirements for registered holding companies under both the 1935 Act and the Securities Exchange Act of 1934. A new Form U5S was promulgated as the annual report form for registered holding companies. The Commission has abolished Form U-14-3, heretofore required to be filed annually under the 1935 Act by registered holding companies, and Forms U5-K and U5-MD which registered holding companies formerly had the option of filing in lieu of Form 10-K under section 13 or 15 (d) of the 1934 Act. Whereas each registered holding company in a system has heretofore been required to file separate annual reports on Form U5S, the revised requirements provide that only one annual report shall be filed by the top registered holding company for all registered holding companies in the system. Registered holding companies required to file annual

²¹ Public Utility Holding Company Act release No. 10432.

reports under Section 13 or 15 (d) of the 1934 Act (formerly on Form 10-K) may now satisfy these requirements in full by filing copies of their annual reports prepared on the new Form U5S.

LITIGATION UNDER THE SECURITIES EXCHANGE ACT

Brokers and Dealers

Although the Commission's sanctions against brokers and dealers violating the Securities Acts include administrative proceedings and references to the Attorney General for criminal prosecution, it is often necessary to seek court injunctions to afford immediate protection to investors.

In *S. E. C. v. Lloyd Beversdorf*,²² the Commission obtained a final judgment by consent enjoining the defendant from further violations of the broker-dealer registration provisions. The Commission charged that he was engaging in a broker-dealer business without having registered with the Commission in accordance with section 15 (b) of the Securities Exchange Act.

In *S. E. C. v. Adams & Company*²³ during the fiscal year the individual defendants consented to the entry of a judgment restraining them from further violations of the fraud provisions of the Securities Act and of the Securities Exchange Act. A similar judgment was entered against Adams & Company by default. In that case a temporary receiver had been appointed for the protection of customers during the previous fiscal year when the Commission had filed its complaint. The complaint had charged that the defendant Adams & Company, a registered broker-dealer, and three of its officers violated the fraud provisions of both the Securities Act and the Securities Exchange Act in soliciting and accepting customers' orders for the purchase and sale of securities while its liabilities exceeded its assets; in inducing customers to purchase securities by representing that such securities would be held in safekeeping when, in fact, the securities were being hypothecated to secure loans made to the firm; and in soliciting customers to purchase securities and accepting payment therefor upon the representation that the securities would be delivered when, in fact, the defendants used the customers' money for their own benefit.

In *S. E. C. v. Frank S. Kelly*,²⁴ the Commission's complaint sought to enjoin the defendant, a registered broker-dealer, from further violations of certain of the fraud provisions of the Securities Exchange Act of 1934. The complaint charged that the defendant effected transactions in securities for the accounts of customers and, as a part of such business, solicited and accepted orders from customers for the purchase of when-issued securities, using money received from customers to purchase securities for his own account and for other purposes without disclosing that fact to his customers. The court granted a temporary restraining order and appointed a receiver for the defendant. Subsequently, the defendant consented to a final injunction.

In *S. E. C. v. Howard V. Hansell*,²⁵ the defendant consented to the

²² E. D. Mich. Civil Action No. 10290.

²³ N. D. Ill. Civil Action No. 49 C 1145.

²⁴ N. D. Ill. Civil Action No. 50 C 1798.

²⁵ S. D. N. Y. Civil Action No. 62-240.

entry of a final judgment enjoining him from further violations of the anti-manipulative provisions of the Securities Exchange Act. The Commission's complaint charged that the defendant, in trading in securities on the New York Stock Exchange and the New York Curb Exchange, induced other persons to purchase said stock by raising the market price of such stocks by means of purchasing the stock through other persons, recommending the stock to brokerage firms and friends on the representation that the stocks would increase in price, asking brokerage firms and friends to purchase the stock as a favor to him and, in connection with one of the stocks, engaged a public relations man to induce brokerage firms and others to purchase such securities. Subsequently, Hansell's broker-dealer registration was revoked.

Injunctive action was also brought against *Mercer Hicks* and *Mercer Hicks Corporation*, a broker-dealer, for alleged violations of the Securities Act of 1933. This case is discussed above at pages 51 and 52.

Amicus Curiae Cases

In addition to the cases in which it is a party, the Commission frequently participates as *amicus curiae* upon important questions of law, but not on factual issues, arising in suits between private parties involving construction of the Acts administered.

An important issue involved in all of the private actions in which the Commission participated as *amicus curiae* under section 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder during the past year is whether that section and rule are applicable to transactions in securities not traded by professionals on the exchanges or in the over-the-counter markets of brokers and dealers. The Commission has repeatedly expressed the view that the section and rule are applicable to such transactions. The Commission's view was upheld in July 1950 by the United States District Court for the Eastern District of Pennsylvania in *Robinson v. Difford*.²⁶ The question, among others, is also involved in *Speed v. Transamerica Corp.*,²⁷ *Fratt v. Robinson*,²⁸ and *Northern Trust Co. v. Essaness Theatres Corp.*,²⁹ all of which were pending at the close of the fiscal year.

In the *Fratt* and *Northern Trust Co.* cases, the Commission also expressed the view that the applicable statute of limitations in an action for damages for the violation of rule X-10B-5 is that of the state of the forum. Moreover, in the *Northern Trust Co.* case the Commission presented argument to the following effect: (1) that section 10 (b) and rule X-10B-5 apply to intrastate transactions in securities involving the use of the mails, irrespective of whether the securities are registered for trading on an exchange or whether the issuer conducts an interstate business, (2) that under rule X-10B-5 it is sufficient that the mails or facilities of interstate commerce are used in connection with a particular sale or purchase of securities, and that it is not necessary that misrepresentations or misleading statements be communicated through the mails or facilities of interstate commerce, and (3) that rule X-10B-5 was not rendered inapplicable to the securities purchases in that case by virtue of the fact, if established, that the purchases were made pursuant to conditions re-

²⁶ 92 F. Supp. 145.

²⁷ D. Del., Civil Action No. 480. See 13th Annual Report of S. E. C., p. 63, 15th Annual Report of S. E. C., p. 72, and 16th Annual Report of S. E. C., p. 58.

²⁸ W. D. Wash., Civil Action No. 2765.

²⁹ N. D. Ill., Civil Action Nos. 50 C 1750 and 50 C 1762.

specting directors' and shareholders' consent contained in an agreement and corporate by-law predating the rule.

The Commission also participated during the past fiscal year as *amicus curiae* in a number of cases which involved a construction of section 16 (b) of the Act, wherein there is accorded to a corporation the right to recover profits realized by officers, directors or large stockholders from purchases and sales or sales and purchases of the corporation's equity securities within a six months' period. In all of these cases, the courts were concerned with the problem of computing the profits which might be recovered by or for the particular corporation involved.

In *Steinberg v. Sharpe, et al.*,³⁰ a stockholder of Bendix Home Appliances, Inc., sued an officer of the company, to recover profits that the officer allegedly made in the sale of certain shares of stock which he had purchased less than six months before. The securities had been purchased by the defendant pursuant to earlier employment agreements which allowed him to buy a specific number of Bendix shares at a specified price which was lower than the market price. The plaintiff claimed \$11,571.20, the difference between the sales price and the cash actually paid under the terms of the option contracts. Recognizing, however, that the option itself had certain values, Judge Medina concluded that the cost basis of the stock was the cash actually paid pursuant to the option plus the value of the option on the date that it accrued and therefore allowed a judgment for the plaintiff in the amount of the difference between the sale price and the market price of the stock on the date the option accrued. The Commission had urged the conclusion reached by the court. On appeal, the Commission filed a memorandum in support of the findings of the district court and the court of appeals rendered per curiam a memorandum opinion affirming the decision of the lower court.³¹

In *Blau v. Hodgkinson, et al.*,³² a security holder of Federated Department Stores brought an action to recover profits realized by directors of the company as a result of certain transactions in the company's securities. One of the defendants, acting pursuant to a stock warrant granted to him on October 2, 1944, had purchased a number of Federated's common shares at substantially less than the market price and then sold them within 6 months at the current market price. On May 24, 1951, the Commission filed a memorandum wherein it argued that the new rule X-16B-6,³³ effective since November 30, 1950, should be applied in computing the cost basis of the securities, rather than the formula used in the *Steinberg* case. Under that rule, the recovery would be much less than that claimed by the plaintiff. The application of the rule was attacked on the ground that its retroactive feature was unconstitutional. The Commission also urged that an earlier payment by the defendant of less than that owed to the corporation was immaterial, the corporation being unable to satisfy a claim so as to prevent stockholders' actions arising under section 16 (b); and that the acquisition, by other defendants, of shares of Federated's common stock by the exchange of their holdings in Federated's subsidiaries for shares in Federated, would constitute a "purchase" of stock within the meaning of section 16 (b). After the

³⁰ 95 F. Supp. 32 (S. D. N. Y. 1950).

³¹ 190 F. 2d 82 (C. A. 2, 1951).

³² S. D. N. Y. Civil Action No. 63-51.

³³ See page 57, *supra*.

close of the fiscal year, the court rendered a decision upholding the Commission's contentions.

The case of *Gratz, et al. v. Claughton*³⁴ reaffirmed the principle of computation established in *Smolowe v. Delendo Corporation*³⁵ to the effect that, in the case of trading subject to section 16 (b), maximum profits are required to be returned to the corporation. The court also upheld the Commission's contention that a proper venue was New York where the securities were traded on the New York Stock Exchange, as well as in a district where the defendant is found or is an inhabitant or transacts business. Certiorari was denied by the Supreme Court.

In *Rattner v. Lehman, et al.*,³⁶ the question arose as to what portion of the profits of a partnership earned by trading in the securities of a corporation in which one of the partners was a director, was recoverable. It was decided that the partnership's profits, except for the director's proportionate share, could not be recovered by the corporation. An appeal was taken subsequent to the close of the fiscal year. Similar problems were involved in *Eversharp, Inc., et al. v. Robbins*,³⁷ but negotiations between the parties resulted in a settlement of the case.

PART III

ADMINISTRATION OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

The Public Utility Holding Company Act of 1935 was passed by the Seventy-fourth Congress following an extensive investigation by the Federal Trade Commission. That investigation disclosed a variety of abuses in public-utility holding company finance and operations, the more significant of which are enumerated in section 1 (b) of the act: (1) Inadequate disclosure to investors of the information necessary to appraise the financial position and earning power of the companies whose securities they purchase; (2) the issuance of securities against fictitious and unsound values; (3) the overloading of operating companies with debt and fixed charges thus tending to prevent voluntary rate reductions; (4) the imposition of excessive charges upon operating companies for various services such as management, supervision of construction and the purchase of supplies and equipment; (5) the control by holding companies of the accounting practices and rate, dividend and other policies of their operating subsidiaries so as to complicate or obstruct State regulation; (6) the control of subsidiary holding companies and operating companies through disproportionately small investment; (7) the extension of

³⁴ 187 F. 2d 46 (C. A. 2, 1951) cert. denied, 341 U. S. 920 (1951).

³⁵ 136 F. 2d 231 (C. A. 2, 1943) cert. denied, 320 U. S. 751 (1943).

³⁶ 98 F. Supp. 1009 (D. C. S. D. N. Y. 1951).

³⁷ S. D. N. Y. Civil Action No. 46-225, Nov. 20, 1950.

holding company systems without relation to economy of operations or to the integration and coordination of related properties.

In this section the Congress expressly stated that it was the policy of the act, in accordance with which all other sections are to be construed, to meet the problems and eliminate the evils enumerated above.

The regulatory provisions of the Holding Company Act fall principally into three basic categories: (1) Those designed to bring about geographical integration and the financial and corporate simplification of public-utility holding company systems; (2) the day-to-day surveillance of the financing, servicing arrangements, intercompany transactions and other operations of those registered holding company groups which will continue under the active regulatory jurisdiction of the Commission as integrated regional utility systems; and (3) miscellaneous provisions of the act, not concerned with regulation of the continuing systems, but designed principally to control the growth of additional holding company situations. The act does not confer any rate-making authority upon the Commission; in the over-all its purpose is not to conflict with but to supplement and strengthen State regulation.

INTEGRATION AND SIMPLIFICATION—OVER-ALL SUMMARY

By the time the statute was enacted in 1935, the holding company device had attained a position of dominance over the major portion of the electric and gas utility industry of the country. Fifteen holding companies controlled 80 percent of all electric energy generation; 20 controlled 98.5 percent of all transmission of electric energy across State lines; and 11 controlled 80 percent of all natural gas pipeline mileage. The properties acquired by these vast combinations, not only in the utility field, but also in many other types of business, were frequently widely scattered and bore little or no functional relationship to one another. The over-all impact of the act upon this structure has been reflected in the return to independent ownership of large numbers of electric and gas utility and other utility companies, the elimination of large numbers of multi-tiered holding companies, the consolidation of many corporations, and the dissolution of many others.

At one time or another from June 15, 1938, to June 30, 1951, a total of 2,175 companies have been subject to the active regulatory jurisdiction of the Commission as components of registered holding company systems. Of this number 211 were holding companies, 925 were electric or gas utility companies, and 1,039 were utilities other than electric or gas and a wide variety of other enterprises. The latter included brick works, ice plants, movie theatres, laundries, and even a baseball club. By the close of the past fiscal year there were but 444 companies subject to regulation, including only 64 holding companies, 195 electric and gas utilities, and 185 non-utility companies.

The following tables summarize these developments.

Companies released from active regulatory jurisdiction of the Commission

	Total companies subject to act during period ¹	Divestments by holding companies of non-retainable companies	Dissolutions not parts of divestment transactions	Absorbed by merger or consolidation	Miscellaneous other disposals	Exemption by rule or order ²	Total	Companies subject to act as of June 30
<i>Fiscal year ending June 30, 1951</i>								
Holding companies.....	68	1				3	4	64
Electric and/or gas companies.....	229	6	5	21	1	1	34	195
Nonutilities plus utilities other than electric and/or gas companies.....	256	9	11	45	6		71	185
Total companies.....	⁴ 553	16	16	66	7	4	109	444
<i>Fiscal year ending June 30, 1950</i>								
Holding companies.....	73	2		2		2	6	67
Electric and/or gas companies.....	275	38		11		4	53	222
Nonutilities plus utilities other than electric and/or gas companies.....	307	38	12	1		2	53	254
Total companies.....	655	78	12	14		8	112	⁴ 543
<i>Period from June 15, 1938, to June 30, 1951</i>								
Holding companies.....	211	13	61	25	9	39	147	64
Electric and/or gas companies.....	925	377	70	168	50	65	730	195
Nonutilities plus utilities other than electric and/or gas companies.....	1,039	363	180	148	98	65	854	185
Total companies ³	2,175	753	311	341	157	169	1,731	444

¹ Reflects company additions and classification adjustments during the period indicated.

² Includes companies which have ceased to be holding companies by virtue of Commission order under section 5 (d).

³ A few companies have been subject and not subject to the Public Utility Holding Company Act a number of times. These instances contribute some insignificant duplication to the reported company totals.

⁴ Ten additional companies became subject to act during fiscal year 1951.

Electric, gas and nonutility companies and assets divested as not retainable under the Public Utility Holding Company Act of 1935 and not subject to the act as of June 30, 1951

Type of companies	Dec. 1, 1935, to June 30, 1951		July 1, 1950, to June 30, 1951	
	Number of companies	Assets ¹	Number of companies	Assets ¹
Electric utility.....	239	\$8,451,893,000	4	\$84,171,000
Gas utility.....	138	559,890,000	2	3,564,000
Nonutility.....	² 376	1,298,724,000	³ 10	16,005,000
Total.....	753	10,310,507,000	16	103,740,000

¹ As of year end next preceding date of divestment and before deduction of valuation reserves.

² Includes 13 holding companies.

³ Includes 1 holding company.

Divestments by sales of partial segments of properties not retainable under the Public Utility Holding Company Act of 1935 and not subject to the act as of June 30, 1951

Type of property	Dec. 1, 1935, to June 30, 1951		July 1, 1950, to June 30, 1951	
	Number of divesting companies	Consideration received	Number of divesting companies	Consideration received
Electric utility.....	123	\$97,007,000	0	-----
Gas utility.....	34	14,726,000	1	\$197,000
Nonutility.....	67	37,994,000	2	845,000
Total.....	224	149,727,000	3	1,042,000

An even more revealing aspect of this achievement is the elimination from the national scene of holding company scatteration, stretching in some instances from coast to coast and from the Canadian border to the Gulf. This drastic realignment is reflected in the following table setting forth the number of states in which registered holding company systems conducted utility operations as of July 1, 1940, when the section 11 program was getting under way, and as of June 30, 1951. Upon completion of section 11 cases now in progress, the latter figures will be reduced still further.

Number of registered public utility holding company systems providing electric or gas service in	July 1, 1940	June 30, 1951
20 or more States.....	2	None
15 to 19 States.....	3	None
10 to 14 States.....	7	None
5 to 9 States.....	17	7
3 or 4 States.....	17	16
1 or 2 States.....	9	15
	55	138

¹ Excluded from this group is 1 registered holding company system having no domestic utility subsidiaries, and 1 system all of whose utility properties are leased to another system.

While the scaling down of holding company systems during the past 15 years has been spectacular, the properties subject to the act on June 30, 1951, continued to represent an important segment of the electric and gas utility industries of the nation. As of that date, there were registered with the Commission 40 holding company systems with aggregate system assets of approximately \$12,913,000,000, before deduction of valuation reserves. These figures may be compared with 46 registered systems and assets of \$12,822,000,000 on June 30, 1950. The net increase of \$91,000,000 during the year despite divestments of \$104,782,000 is accounted for by the continuing growth of the industry. This high rate of expansion of plant facilities was occasioned initially by the almost uninterrupted increase in business activity since the close of World War II and more recently by the defense expenditures touched off by the Korean conflict. It is not expected to diminish to any great extent in the immediate years ahead.

The release from active regulatory jurisdiction of 1,731 corporate entities, however, falls far short of accounting for all of the progress achieved in the integration and simplification of holding company systems under section 11 of the act. From December 1, 1935, to June 30, 1951, 240 companies with aggregate assets of \$6,099,111,000, before deduction of valuation reserves, have been divested by holding com-

panies, but, because of their relationships to other holding companies, remain subject to the jurisdiction of the Commission.

Electric, gas and nonutility companies and assets divested under the Public Utility Holding Company Act of 1935 and still subject to its provisions as of June 30, 1951

Type of companies	Dec. 1, 1935, to June 30, 1951		July 1, 1950, to June 30, 1951	
	Number of companies	Assets ¹	Number of companies	Assets ¹
Electric utility.....	125	\$4, 220, 799, 000	4	\$73, 203, 000
Gas utility.....	40	1, 395, 557, 000	3	65, 126, 000.
Nonutility.....	75	482, 755, 000	15	148, 993, 000
Total.....	240	6, 099, 111, 000	22	287, 322, 000

¹ As of year end next preceding date of divestment and before deduction of valuation reserves.

² Includes 12 holding companies, 6 combination holding and utility operating companies and 3 combination holding and nonutility operating companies.

³ Includes 1 holding company and 1 combination holding and nonutility operating company.

Divestments by sales of partial segments of properties under the Public Utility Holding Company Act of 1935 and still subject to the act as of June 30, 1951

Type of property	Dec. 1, 1935, to June 30, 1951		July 1, 1950, to June 30, 1951	
	Number of divesting companies	Consideration received	Number of divesting companies	Consideration received
Electric utility.....	9	\$4, 426, 000	0	-----
Gas utility.....	7	6, 718, 000	1	\$2, 418, 000
Nonutility.....	4	369, 000	1	250, 000
Total.....	20	11, 513, 000	2	2, 668, 000

The great bulk of these companies and properties represents parts of holding company systems, such as American Gas and Electric Company, which either have achieved or are expected to achieve full compliance with the geographical integration and corporate simplification requirements of the act. It is not yet possible to calculate the final results of all section 11 problems which remain to be solved, but it is estimated that approximately 20 holding companies will emerge as streamlined, regional systems with some 250 companies and aggregate assets of \$7,000,000,000, before deduction of valuation reserves. In addition there will be a number of other systems, such as Texas Utilities Company, which not only have complied with the standards of section 11, but also qualify for exemption under section 3 from nearly all of the provisions of the act.

In addition to the drastic simplification of complicated corporate superstructures and the nation-wide realignment of utilities on an efficient, integrated, regional basis, the financial integrity of the industry has been greatly strengthened and utility investors have received "down-to-the-rails" income-paying securities of sound utility enterprises.

Operating utilities, which have been subject to the active regulatory jurisdiction of the Commission, have removed \$1,500,000,000 of inflationary items from their property accounts as a result of the combined efforts of this Commission, the Federal Power Commission, and the various State commissions. Assuming an average allowed rate of

return for rate-making purposes of 6 percent, this represents an aggregate annual saving to consumers of \$90,000,000 and, in addition, has removed fictitious values which were misleading to investors.

Depreciation accruals and depreciation reserves have also been increased to more adequate levels thus strengthening the over-all asset protection of security holders. Summary data for all Class A and B electric utilities show an increase in depreciation and amortization reserves from 11.6 percent of total utility plant in 1938 to 20.5 percent at the close of 1950.¹ Significant as this increase is, these figures do not reflect the full improvement—the earlier figure being weighted by the large metropolitan companies most of whom had adequate reserves even at that time, while the latter figure relates to properties a substantial proportion of which has been added during the past decade and therefore possessing a much longer anticipated life than the relatively old plant which the industry possessed in 1938, comparatively little capacity having been added during the depression years.

Despite the drastic elimination of inflationary items from plant accounts and increases in depreciation reserves, both of which tended to reduce common stock equity to an actual investment basis, the capital structures of many companies have undergone substantial improvement.

An adequate equity cushion to absorb the vagaries of business conditions is an important attribute of a good security. A computation has been made of the capital ratios of 18 electric utility companies released from Commission jurisdiction showing the marked improvement from 1940 to the date of release in the period 1946-48.² As of 1940, and after adjustment for plant write-up eliminations, these companies had an average debt ratio of 61 percent, preferred stock 22 percent, and common stock and surplus of 17 percent. At the close of the year of their respective divestments, the average proportion of debt was reduced to 55 percent, preferred stock 16 percent, and common stock and surplus had increased to 29 percent.

The generally excellent financial condition of the electric and gas utility industries at the present time is indicated by the average capitalization percentages of the Class A and Class B electric utilities and straight natural gas operating utilities as of December 31, 1950, set forth in the following table:

	Class A and B electric utilities ¹	Straight natural gas operating utilities ²
	Percent	Percent
Long-term debt.....	48.9	51.7
Preferred stock.....	13.7	5.7
Common stock and surplus.....	37.4	42.6
	(298 companies)	(161 companies)

¹ F. P. C. Statistics of Electric Utilities in the U. S., 1950.

² Gas Facts, 1950—American Gas Association. (While this group of companies by no means embraces the entire gas industry it constitutes a sizeable and representative portion. Capitalization ratios for other classifications of gas companies do not deviate materially from those reported above.)

¹ Statistics on Class A and B privately owned electric utilities are prepared by the Federal Power Commission and generally cover all companies having annual electric revenues of \$250,000 or more.

² Eight other electric companies with higher common equity ratios were also divested in the same period. However, because of their stronger equity position no corrective action in respect to capital structure was necessary.

One of the most unhealthy abuses uncovered by the Federal Trade Commission in its exhaustive investigation of holding company practices was the pyramiding device which enabled a few individuals to acquire control of large sections of the gas and electric utility industry. The real investors in the system who supplied the capital for the growth of the industry were effectively disfranchised by the pyramiding of holdings, and by such devices as voting trusts, the control of proxy machinery, interlocking directors and officers, management contracts, etc. This inequitable distribution of voting power was one of the evils which section 11 (b) (2) of the act was designed to eliminate. It led to excessive leverage and made it practically impossible for a security holder near the top of the pyramided structure to evaluate his holdings or to estimate the impact upon him of a slight change in the earnings of the underlying operating companies. Investors in the holding companies were in effect trading on the equity or buying on margin. Sometimes they made substantial profits during the 1920-1929 period of rising markets; but after the stock market crash of 1929 they had to pay dearly. Prior to the passage of the act in 1935, holding companies such as Foshay Company, Middle West Utilities Company, Tri-Utilities Corporation, Atlantic Gas and Electric Corporation, American Commonwealth Power Corporation, Utilities Power and Light Corporation, North American Gas and Electric Company, Midland United Company, Midland Utilities Company, Standard Gas and Electric Company, Associated Gas and Electric Company, etc., were either in acute distress or in bankruptcy or receivership.

The failure of the pyramiding device is illustrated graphically in the fate of investors who placed their funds in "preferred" stocks of holding companies. As of December 31, 1940,³ preferred stocks of holding companies had a total face value (on the basis of involuntary liquidation preference) of \$2,501,723,000; of this total, more than half, or \$1,442,168,000 were in default. The total outstanding arrears on holding company preferred stocks, as of this date, aggregated approximately \$476,000,000.

Mismanagement and exploitation of operating companies by holding companies, through excessive service charges, excessive common stock dividends, upstream loans, other extortionate inter-company transactions, and an excessive proportion of senior securities, led to serious defaults even on operating company preferred stocks. Of preferred stocks of operating companies in holding company systems totaling \$1,658,677,000 (involuntary liquidation preference) at December 31, 1940, approximately \$453,434,000 were in default. Total outstanding arrears on such operating company preferred stocks aggregated \$165,176,000.

By June 30, 1951, this condition had been largely cured and, at the operating company level, there are virtually no preferred dividend arrearages or defaults on indebtedness in the electric and gas utility industries today. Furthermore, both industries have been able to finance successfully a post-war expansion program of unprecedented proportions now running at over \$2,500,000,000 per year.

There have been some securities, of course, which never had any real basis of value even at the time of their original issuance, and quite

³ Because of the delay in registration, the Commission was not in a position to tabulate figures for registered companies for several years after the act was passed. It is fair to say that enforcement of section 11 of the act did not really commence until about 1940.

naturally these received no participation in the final stages of reorganization of the holding company systems. On the whole, however, most holders of the junior and senior securities of holding companies not only have not lost in the reorganization and realignment process, but they have reaped substantial gains in the bargain.

Perhaps the best means of illustrating this is to examine the situations with respect to some of the larger holding company systems which have undergone drastic reorganization, including, in some instances, dissolution of the holding company. The following table shows the market values of their common stocks as of the date when each such holding company registered under the act, and of a recent date, September 24, 1951. In the table the figure for the earlier of the two dates represents the market price per share of common stock multiplied by the number of common shares then outstanding. The figures relating to the current date represent the market price per common share as of such date multiplied by the number of common shares then outstanding (excluding additional shares, if any, issued between the two dates), plus (1) the amounts of cash distributions of capital to the holders of such shares; (2) the market values, as of the current date, of portfolio securities distributed to the common stockholders as capital distributions (excluding dividends in kind distributed in lieu of ordinary cash dividends); (3) the excess of the current market value of portfolio securities offered to security holders on rights over the price at which such rights could have been exercised by the security holders; and minus (4) amounts paid to the holding company by the common stockholders, in several instances, directly in cash or indirectly as withheld dividends, in order to procure a capital distribution. The table also sets forth comparative increases in the Dow Jones Utilities Averages and the Dow Jones Composite Averages (based on industrials, rails and utilities).

As noted, the percentages of increase in market values of the common stocks listed in the table are derived from a comparison of market values obtaining at different dates of registration with those obtaining at a single current date. In some cases, general market conditions varied materially at the different registration dates, as indicated by the varying Dow Jones index figures. Accordingly, the comparative performances of these common stocks should not be measured against one another. Rather, they should be compared with the performances of the Dow Jones index figures for the same periods of time, thereby eliminating the effects of general market improvement during such periods.

It is quite apparent from the foregoing table that common stockholders of holding companies have generally benefited from the reorganizations accomplished pursuant to section 11 of the Holding Company Act. The lower percentage increases in some cases may be explained, at least in part, by the relatively better financial condition of those systems at the time of registration.

The benefits of reorganization, however, have not been limited only to common stockholders. Senior security holders have likewise been materially aided by these same reorganizations. To demonstrate this, there is tabulated below the market values of the debt securities and preferred stocks of these same holding companies as at the dates the companies registered under the act, and the capital distributions of cash and securities, taken at market values as at September 24, 1951,

Tabulation showing (1) market values of common stocks of certain public utility holding companies as at dates of registration under the Public Utility Holding Company Act of 1935, (2) present values attributable to such common stocks as indicated by amounts of capital distributions of cash and securities received by the holders thereof, with market values computed as at Sept. 24, 1951, (3) Dow Jones indexes as at same dates, and (4) relative percentages of increases in values and Dow Jones indexes since the dates of registration

Name of holding company	Date registered under holding company act	Market values and indexes at registration date			Market values and indexes at Sept. 24, 1951			Increases in market values of common stocks to Sept. 24, 1951 ¹	Percentage of increase from registration date to Sept. 24, 1951		
		Market values of common stocks	Dow Jones utilities averages	Dow Jones composite averages	Cash plus market values of capital distributions to common stocks ¹	Dow Jones utilities averages	Dow Jones composite averages		Market values of common stocks ¹	Dow Jones utilities averages	Dow Jones composite averages
1 American Power & Light Co.	4-8-38	\$12,786,174	17.51	34.84	\$60,895,568	45.19	88.20	\$48,109,394	376.3	158.1	181.9
2 Columbia Gas System, Inc.	1-13-38	113,065,118	21.73	43.68	211,647,561	45.19	88.20	98,582,443	87.2	108.0	124.8
3 Commonwealth & Southern Corp., The	3-28-38	37,882,944	16.11	33.59	202,671,343	45.19	88.20	164,788,399	435.0	180.5	192.3
4 Electric Bond and Share Co.	4-4-38	30,189,557	16.97	33.69	165,596,281	45.19	88.20	135,406,724	448.5	166.3	191.5
5 Electric Power and Light Corp.	4-7-38	24,608,232	10.88	33.50	135,654,011	45.19	88.20	111,045,779	451.3	167.7	193.1
6 Engineers Public Service Co.	2-21-38	8,594,856	19.75	41.96	94,306,240	45.19	88.20	85,711,384	997.2	128.8	134.0
7 Middle West Corp., The ²	12-1-35	28,141,434	* 31.83	* 54.53	146,183,040	45.19	88.20	118,041,606	* 419.5	* 42.0	* 80.1
8 National Power & Light Co.	4-8-38	33,418,613	17.51	34.84	96,014,427	45.19	88.20	62,595,814	187.3	158.1	181.9
9 Niagara Hudson Power Corp.	* 3-28-38	50,300,190	16.11	33.59	167,907,100	45.19	88.20	117,606,910	233.8	180.5	192.3
10 North American Co., The	2-25-37	501,405,093	34.06	66.41	345,664,588	45.19	88.20	84,199,495	32.2	32.7	47.9
11 United Corp., The	3-28-38	30,875,169	16.11	33.59	88,925,440	45.19	88.20	58,050,271	188.0	180.5	192.3
12 United Gas Improvement Co., The	3-29-38	212,557,059	15.33	31.86	367,767,139	45.19	88.20	155,210,060	73.0	194.8	208.2

¹ The figures in these columns include the capital distributions of cash and portfolio or holding company securities, taken at closing prices as at Sept. 24, 1951, made to the holders of the common stocks of the holding companies listed herein. Where the holding company common stocks are still in existence, the figures in these columns include the market prices of such stocks as at Sept. 24, 1951. In cases where portfolio securities have been offered on rights to the common stockholders, the figures shown in these columns include the excess of the market price per share as at Sept. 24, 1951, of the securities so offered over the exercise price per share multiplied by the number of shares offered.

² Market prices for the common stock of The Middle West Corp. and the index figures are taken as at Feb. 1, 1936, in view of the unavailability of market quotations for such common stock prior to such date.

³ The date of registration shown for Niagara Hudson Power Corp. represents the date on which its parent company, The United Corp., registered under the act. Niagara Hudson Power Corp. itself registered as a holding company on June 23, 1948.

made to these senior security holders in retirement of their securities. The notes appearing at the end of the table show accumulated dividend arrearages on the preferred stocks which were eliminated in the course of the reorganizations.

Tabulation showing (1) market values of senior securities of certain public utility holding companies as at dates of registration under the Public Utility Holding Company Act of 1935, and (2) present values attributable to such senior securities as indicated by amounts of capital distributions of cash and securities received by the holders thereof, with market values computed as at Sept. 24, 1951

Name of holding company and date registered under Holding Company Act	Market values at registration date	Cash and market values of capital distributions computed as at Sept. 24, 1951 ¹	Increases in market values
1. American Power & Light Co.—4-8-38:			
Debentures.....	\$29,780,185	\$51,477,000	\$21,696,815
Preferred stocks.....	² 37,913,679	² 277,421,065	239,507,386
Total.....	67,693,864	328,898,065	261,204,201
2. Columbia Gas System, Inc.—1-13-38:			
Debentures.....	101,352,297	106,552,158	5,199,861
Preferred stocks.....	81,834,093	119,702,815	37,868,722
Total.....	183,186,390	226,254,973	43,068,583
3. Commonwealth & Southern Corp., The—3-28-38:			
Debentures.....	40,236,513	56,358,917	16,122,404
Preferred stock.....	³ 43,500,000	³ 170,720,403	127,220,403
Total.....	83,736,513	227,079,320	143,342,807
4. Electric Bond and Share Co.—4-4-38. Preferred stocks..	65,910,130	145,054,962	79,144,832
5. Electric Power and Light Corp.—4-7-38:			
Bonds and debentures.....	19,385,450	33,712,696	14,327,246
Preferred stocks.....	⁴ 20,757,368	⁴ 200,229,915	179,472,547
Total.....	40,142,818	233,942,611	193,799,793
6. Engineers Public Service Co.—2-21-38 Preferred stocks.	19,382,527	45,953,871	26,571,344
7. Middle West Corp., The—12-1-35. No senior securities..		(⁵)	
8. National Power & Light Co.—4-8-38:			
Debentures.....	15,345,000	25,619,216	10,274,216
Preferred stock.....	12,447,362	43,282,092	30,834,730
Total.....	27,792,362	68,901,308	41,108,946
9. Niagara Hudson Power Corp.—3-28-38. Preferred stocks.....	33,986,224	49,040,508	15,054,284

¹ Represents cash and portfolio and holding company common stocks, taken at closing prices as at Sept. 24, 1951, paid to the holders of the bonds, debentures, and preferred stocks in redemption of, or exchange for, or other retirement of such securities.

² At Dec. 31, 1937, dividend arrearages on the preferred stocks of American Power & Light Co. totaled \$26,547,180. By the date of consummation of the plan of reorganization in 1950, the arrearages had increased by \$43,562,076, to a total of \$70,109,256. These arrearages were eliminated under the plan of reorganization.

³ At Dec. 31, 1937, dividend arrearages on the 1,500,000 shares of preferred stock of The Commonwealth & Southern Corp. amounted to \$9 per share, or a total of \$13,500,000. During 1943 and 1946, the company repurchased for cash 18,000 and 40,753 shares, respectively, on which the arrearages amounted to an estimated \$28 and \$28.75 per share, respectively, or totals of \$504,000 and \$1,090,143, respectively. By the date of consummation of the plan of reorganization of the company in 1949, arrearages on the remaining 1,441,247 shares outstanding amounted to \$17 per share, or a total of \$24,501,199. These arrearages were eliminated under the plan of reorganization.

⁴ At Dec. 31, 1937, dividend arrearages on the preferred stocks of Electric Power and Light Corp. totaled \$29,741,370. By the date of consummation of the plan of reorganization in 1949, the arrearages had increased by \$44,409,112, to a total of \$74,150,482. These arrearages were eliminated under the plan of reorganization.

⁵ Not applicable.

⁶ The date of registration shown for Niagara Hudson Power Corp. represents the date on which its parent company, The United Corp., registered under the act. Niagara Hudson Power Corp. itself registered as a holding company on June 23, 1948.

Tabulation showing (1) market values of senior securities of certain public utility holding companies as at dates of registration under the Public Utility Holding Company Act of 1935, and (2) present values attributable to such senior securities as indicated by amounts of capital distributions of cash and securities received by the holders thereof, with market values computed as at Sept. 24, 1951—Continued

Name of holding company and date registered under Holding Company Act	Market values at registration date	Cash and market values of capital distributions computed as at Sept. 24, 1951 ¹	Increases in market values
10. North American Co., The—2-25-37			
Debentures.....	\$24,869,520	\$24,749,955	(\$119,565)
Preferred stock.....	33,956,104	33,349,745	(606,359)
Total.....	7 58,825,624	7 58,099,700	7 (725,924)
11. United Corp., The—3-28-38 Preference stock.....	\$ 65,328,694	\$ 138,766,251	73,437,557
12. United Gas Improvement Co., The—3-29-38: Preferred stock.....	77,382,468	91,664,611	14,282,143
Subtotals (unconsolidated):			
Bonds and debentures.....	230,968,965	298,469,942	67,500,977
Preferred stocks.....	492,398,649	1,315,186,238	822,787,589
Grand totals (unconsolidated).....	723,367,614	1,613,656,180	890,288,566

¹ The debentures and preferred stock of The North American Co. on Feb. 25, 1937, were selling above the prices at which they were subsequently redeemed.

² There were no dividend arrears on the preference stock of The United Corp. at Dec. 31, 1937, or at March 28, 1938. With respect to the arrears which accumulated subsequent to the latter date, an estimated \$8,281,085 accumulated in respect of 1,274,013 shares retired in 1944 and 1945 pursuant to exchange plans. The retirement of these shares under exchange plans resulted in the concomitant elimination of the arrears applicable to such shares. The arrears which accumulated during the period in respect of the remaining preference shares retired in 1949 were paid off in cash. Such cash payments are not included in the above table.

() Denotes decrease.

INTEGRATION AND SIMPLIFICATION—SURVEY OF INDIVIDUAL SYSTEMS

During the past fiscal year the program of enforcement of the integration and simplification requirements of section 11 has continued unabated. A major portion of this streamlining and realignment process which has contributed so much to the revitalization of the utility industry is now complete and many of the accomplishments of the past year represent the final culmination of several previous years of work. For example, National Power & Light Company completed the divestment of its subsidiary companies and is no longer a registered holding company. Reorganization of Washington Gas and Electric Company was effected in the fall of 1950 with the divestment of its holdings in Southern Utah Power Company through distribution of the common shares to its bond holders and general creditors. After five years of intermittent proceedings under section 11 (b) (2), Eastern Gas & Fuel Associates consummated its financial reorganization plan, and its parent holding company, Koppers Company, Inc., has reduced its stockholdings in Eastern to less than 5 percent. Long Island Lighting Company also completed its reorganization into a single operating company and, since the close of the fiscal year, has been granted an order under section 5 (d) thereby ceasing to be a registered holding company. Another accomplishment of the year was the successful reorganization of Pittsburgh Railways Company with the newly reorganized company replacing more than 50 predecessor companies.⁴

⁴ This contraction is not reflected in the divestment data tabulated above, but it is reflected in the dissolutions and consolidations of companies shown in the table on page 4 *supra*. It accounted for half of the total reduction in the numbers of companies subject to the act from 543 on June 30, 1950, to 444 on June 30, 1951.

The number and asset volume of divestments for the past fiscal year was substantially smaller than for the previous period which had witnessed the consummation of reorganization and dissolution plans in several of the largest systems. A decline in the volume of divestments can be expected as the work of integration and simplification nears completion. During fiscal year 1951, 16 companies with assets of \$103,740,000 were divested and are no longer subject to the Holding Company Act. In comparison, 78 companies with assets of \$2,231,000,000 were divested in the preceding year.

Despite the overall progress witnessed during the past 15 years, however, a substantial volume of work remains to be accomplished.

Final disposition is yet to be worked out with respect to nearly 200 companies with aggregate assets of almost \$6,000,000,000.⁵ Among the systems which still presented major section II problems on June 30, 1951, were the following:

American Natural Gas Company (retainability of Milwaukee Solvay Coke Company).

American Power & Light Company (disposition of Washington Water Power Company and Portland Gas & Coke Company).

Central Public Utility Corporation (merger of Consolidated Electric & Gas Company into Central Public Utility Corporation and other problems).

Cities Service Company (simplification of the corporate structure of Arkansas Natural Gas Company and redistribution of voting power among its security holders; retainability of other gas utility properties in the Cities Service system).

Eastern Utilities Associates (reorganization of the system).

Electric Bond and Share Company (retainability of its holdings in United Gas Corporation; reorganization of American & Foreign Power Company).

General Public Utilities Corporation (divestment of properties not retainable under the provisions of section 11).

International Hydro-Electric System (section 11 (d) proceedings).

New England Electric System (disposition of non-retainable gas properties).

New England Public Service Company (liquidation and dissolution).

Pennsylvania Gas & Electric Corporation (liquidation and dissolution).

Southwestern Development Company (simplification and integration).

Standard Power & Light Company and Standard Gas & Electric Company (numerous problems including the retirement of the preferred stocks of Philadelphia Company and the preferred of Standard Power and Standard Gas; final disposition of all holding companies in the system).

Wisconsin Electric Power Company (problem related to the retainability of the system gas properties).

Several additional systems have unresolved section 11 problems relating to the retainability of gas or transit properties in combination with electric operating facilities.

A review of accomplishments of the major systems in effecting

⁵ Before deduction of valuation reserves.

compliance with section 11 during the past fiscal year is set forth in the following summary descriptions.

American Power & Light Company

On August 22, 1942, American Power & Light Company ("American") then a subholding company subsidiary of Electric Bond and Share Company ("Bond and Share"), was ordered to dissolve, because its existence constituted an undue and unnecessary complexity in the Bond and Share system. At the time of the issuance of this dissolution order American controlled directly or indirectly 35 subsidiaries, 16 of which were public utility companies. American's capital structure then consisted of long term debt, two classes of cumulative preferred stock with heavy dividend arrearages, and common stock. By the beginning of the fiscal year American had completed the major phases of its program of compliance with section 11. The steps taken are reported in the 15th and 16th Annual Reports. At present American controls only two utility subsidiaries, The Washington Water Power Company ("Washington") and Portland Gas & Coke Company ("Portland").

On February 15, 1951, American notified the Commission of its intention to negotiate for the sale of either the common stocks or the utility assets of Washington to Public Utility Districts located in the State of Washington. American was prevented from consummating the proposed sale, however, by the issuance of a decree by the Superior Court of the State of Washington on March 28, 1951, prohibiting the Public Utility Districts from acquiring the common stock of Washington under the proposed transaction.

Subsequent to the close of the fiscal year American filed a section 11 (e) plan proposing a cash distribution of \$2 per share to each of its common stockholders. In setting a hearing date on this new proposal the Commission specified that certain additional issues were to be considered. These issues include (a) what further steps should be taken by American in order to comply with the Commission's order of August 22, 1942, directing its dissolution, (b) whether the Commission should apply to an appropriate U. S. district court pursuant to section 11 (d) to enforce this order and (c) whether the Commission should approve some plan which would provide, among other things, for the distribution of American's holdings of the common stock of Washington to its stockholders.

After the close of the fiscal year (October 15, 1951) the Commission approved this plan and, in addition, ordered American to file within 20 days a plan providing for the distribution of Washington's stock, as proposed by resolution of the board of directors promptly after January 1, 1952, in the event that American had not by that date filed a notification of a proposed sale of such stock pursuant to Rule U-44 (c).⁵

Portland, the other utility subsidiary of American, has had on file with the Commission an extensive plan of reorganization which would materially reduce the interest of American in this enterprise. After the close of the fiscal year (August 29, 1951) the Commission issued its findings and opinion on this plan indicating that it would approve the proposal if amended to provide, among other things, that 90 percent

⁵ Holding Company Act release No. 10820.

of the new common stock of the reorganized company be allocated to the preferred stockholders, the balance to be allocated to American, owner of all of Portland's presently outstanding common stock.⁷ The plan was so amended and later approved by the Commission.⁸

American & Foreign Power Company, Inc.

American & Foreign Power Company, Inc., ("Foreign Power"), is a sub-holding company in the Electric Bond and Share Company ("Bond and Share") system. It controls a mutual service company and more than 60 holding and operating utility companies located throughout Central and South America, Cuba, Mexico, and India. Since the operations of all of Foreign Power's subsidiaries are outside of the United States, the Commission's principal concern is with respect to simplification of the company's corporate structure and its relationship to its parent, Bond and Share. Foreign Power's capital structure at December 31, 1950, consisted of debentures, notes payable to Bond and Share, notes payable to banks, three classes of preferred stock with dividend arrearages aggregating more than 433 million dollars, common stock and option warrants.

Foreign Power and Bond and Share jointly filed a plan for the reorganization of the former in October 1944, which after extensive hearings and amendments was approved by the Commission on November 19, 1947.⁹ The plan was subsequently approved by the United States District Court for the District of Maine but the company was unable to effectuate the financing necessary to consummate the plan. For this reason both the district court and the Commission subsequently vacated their orders approving it. On May 2, 1949, the Commission issued an order pursuant to section 11 (b) (2) requiring Bond and Share and Foreign Power to take steps to reorganize the latter company in such a manner that its resulting capital structure would consist only of common stock plus such an amount of debt as would meet the applicable standards of the act.¹⁰

On January 16, 1951, Foreign Power, joined by Bond and Share, filed a new plan of reorganization under section 11 (e) of the act.¹¹ Extensive hearings were held during the fiscal year. Shortly after the close of the year, and after extensive negotiations between the companies and the organized security holders' committees who have appeared in the proceedings, a compromise was agreed to and an amendment to the plan was filed reflecting that compromise. The plan, as amended, provides for the following allocations for security holders other than Bond and Share; for each share of \$7 Preferred stock—\$90 principal amount of new 4.8 percent Junior Debentures and 3.75 shares of new common stock; for each share of \$6 Preferred stock—\$80 principal amount of new 4.8 percent Junior Debentures and three shares of new common stock; for each share of Second Preferred stock, Series (A) \$7—0.85 of a share of new common stock; for each share of outstanding common stock—1/50th of a share of new common stock.

The option warrants are to be cancelled. Bond and Share would receive 3,856,723 shares (55.7 percent) of the new common stock for its present holdings of Foreign Power securities, including \$49,500,000

⁷ Holding Company Act release No. 10740.

⁸ Holding Company Act release No. 10812.

⁹ Holding Company Act releases Nos. 7815 and 7849.

¹⁰ Holding Company Act release No. 9044.

¹¹ Holding Company Act release No. 10362.

of notes due 1955 and sizeable amounts of the various classes of preferred stock, common stock and option warrants presently outstanding.

Hearings on the plan, as amended, were completed after close of the fiscal year and the Commission thereafter approved the plan.

Cities Service Company

Cities Service Company ("Cities") at the time of its registration in 1941 was the top holding company in a system containing 125 companies of which 49 were electric and gas utility companies. Consolidated assets totaled approximately one billion dollars. This system owned or operated properties in each of the 48 States and in several foreign countries. Utility properties were held by three subholding companies, Cities Service Power & Light Company, Federal Light & Traction Co. and Arkansas Natural Gas Corp., each controlling one or more utility systems.

In proceedings under section 11 (b) of the act the Commission found that Cities should be limited in its operations to those of a single integrated gas utility system and required the disposition of its other interests.¹² However, Cities expressed a desire to retain instead its non-utility businesses and, accordingly, the Commission modified its section 11 (b) (1) order so as to permit Cities to effectuate compliance by disposing of all of its utility interests.¹³

Cities Service Power & Light Company was liquidated and dissolved in August 1946, and its portfolio holdings were at that time transferred to Cities. Federal Light & Traction Company had also substantially completed liquidation proceedings.

On February 9, 1949, the Commission instituted proceedings with respect to Arkansas Natural Gas Corp., the third subholding company, and Cities under section 11 (b) (2) and other sections of the act raising issues among others, with respect to the corporate structure of Arkansas Natural, distribution of voting power among its security holders, and with respect to the organization and history of Arkansas Natural and the relation of Cities Service thereto.¹⁴ Arkansas Natural filed a plan under section 11 (e) on January 26, 1950, designed to effectuate compliance with the requirements of section 11 (b).¹⁵ It provided, among other things, for simplification of the company's corporate structure and for the disposition by Arkansas Natural Gas, as a partial liquidating dividend, of its stockholdings in Arkansas-Louisiana Gas Company. Its other subsidiary, Arkansas Fuel Oil Company, will be merged into Arkansas Natural Gas. The plan treats the holdings of Cities on the same basis as the holdings of the public security holders in Arkansas Natural Gas. One of the issues presently being considered in connection with the fairness of the proposal is whether there is any basis for requiring the subordination of the interest of Cities or of any other stockholder to the interests of other security holders of Arkansas Natural Gas. A number of hearings have been held, but at the close of the fiscal year the record had not been completed.

Cities consummated the simplification of its capital structure in 1947, and eliminated three series of preferred and preference stocks

¹² Holding Company Act releases Nos. 4489 and 4551.

¹³ Holding Company Act release No. 5350.

¹⁴ Holding Company Act release No. 8842.

¹⁵ Holding Company Act release No. 10372.

with accumulated dividend arrears of approximately \$50,000,000. Since that time it has disposed of its direct interest in the common stock of several utilities including Public Service Company of New Mexico, Ohio Public Service Company and The Toledo Edison Company, applying the proceeds derived from the sales of these holdings to the reduction of its debenture indebtedness. At the close of the fiscal year the Cities system included 59 corporate entities. However, of this number only seven companies were engaged in utility operations.

Eastern Utilities Associates

Eastern Utilities Associates ("EUA") is a Massachusetts voluntary association having three direct subsidiary companies, Blackstone Valley Gas & Electric Company ("Blackstone"), Brockton Edison Company ("Brockton") and Fall River Electric Light Company ("Fall River") and one indirect generating subsidiary company, Montaup Electric Company ("Montaup"). During the past fiscal year the corporate changes and expansion program of this system were closely associated with the major reorganization plan now on file with the Commission.

After extensive proceedings, the Commission issued an order under section 11 (b) on April 4, 1950, which provided, in part, that EUA shall, within one year, terminate its existence and distribute its assets to its shareholders pursuant to a fair and equitable plan or, within one year, acquire a minimum of 90 percent of the outstanding common stock of all of its subsidiary companies and reclassify its common and convertible shares into a single class of stock. The order further provided, in effect, that in the event of the adoption of the latter alternative, EUA, within the one year period, would sever its ownership or control of the gas utility properties owned by Blackstone.¹⁶

On May 17, 1950, EUA filed its reorganization plan under section 11 (e) for the purpose of complying with this order. After public hearings, step 1 of the plan was approved by the Commission on August 17, 1950.¹⁷ EUA borrowed \$9,094,000 on short term promissory notes and, with the proceeds, acquired from the New England Electric system its interest in Fall River consisting of 118,161 shares of capital stock. In addition, it acquired 11,721 shares held by the public. As a result EUA now holds 98.5 percent of the total voting power of Fall River. EUA has also caused to be organized a new holding-operating company, named Eastern Edison Company, for the purpose of acquiring the properties and assets of EUA, Brockton, Fall River and Montaup and holding the securities of Blackstone.

The subsequent permanent financing of Eastern Edison Company will require the issuance of approximately \$44 million of securities. The plan contemplates that \$28 million will be raised through the public sale of bonds, \$12,500,000 through the sale of preferred stock, and \$3,500,000 through bank borrowing. Eastern Edison Company also proposes to acquire the capital stock held by minority stockholders of its subsidiary companies. Thereafter EUA proposes to distribute to its common and convertible shareholders the new common stock of Eastern Edison. EUA will then transfer its remaining assets to Eastern Edison and dissolve.

¹⁶ Holding Company Act release No. 9784.

¹⁷ Holding Company Act release No. 10040.

Hearings on the amended reorganization plan were reconvened in May, 1951.

Electric Bond and Share Company

The Electric Bond and Share Company ("Bond and Share") system was the largest to register under the act. At the time of its registration in 1938, it controlled 121 domestic subsidiaries including five major subholding companies with combined assets of nearly \$3,500,000,000. These subholding companies were American & Foreign Power Company, Inc. ("Foreign Power"), American Gas and Electric Company ("American Gas"), American Power & Light Company ("American Power"), Electric Power & Light Corporation ("Electric Power") and National Power & Light Corporation ("National Power"). Bond and Share has disposed of its holdings in American Gas and National Power. Electric Power has been dissolved and has been succeeded by Middle South Utilities, Inc., which like American Gas is expected to remain as a registered holding company.¹⁸ American Power has been partially liquidated and Bond and Share now holds 7.8 percent of its new common stock. Proceedings with respect to Foreign Power, in which Bond and Share continues to hold a substantial interest, are pending before the Commission and are described above under a separate heading.

As indicated in the 16th Annual Report, the Commission issued an order on June 19, 1950, directing the Bond and Share pay to holders of certificates issued in respect to the \$6 preferred stock an amount of \$10 per share plus interest of 5.45 percent as compensation for delay in payment and that no further payment should be made to holders of certificates issued in respect to the \$5 preferred stock. Payments totaling \$100 per share had previously been made to holders of both classes of preferred stock. Following unsuccessful appeals from the Commission's order by the company, Bond and Share paid an aggregate of \$12.34 per share to certificate holders in respect to the \$6 preferred stock, thus completing the final step in the reorganization of the company's capital structure to a one-stock basis.¹⁹

In the past Bond and Share had filed plans with the Commission contemplating the divestment of all of its public utility holdings in the United States in order that its status might be changed to that of an investment company. It has applied for relief, however, from its commitment to dispose of the stock of United Gas Corporation ("United"), a large gas utility system, received by it in connection with the dissolution of Electric Power. Hearings with respect to this request have been concluded and the matter has been submitted to the Commission for decision.

In February 1950, Bond and Share acquired upon the reorganization of American Power common stocks of that company's subsidiaries, Florida Power & Light Company ("Florida"), Montana Power Company ("Montana"), Minnesota Power & Light Company ("Minnesota"), Texas Utilities Company ("Texas") and new common stock of American Power with a commitment to dispose of all of these holdings within one year. During the past fiscal year all shares of Texas Util-

¹⁸ These companies are discussed in the following section entitled "Progress of Continuing Holding Company Systems."

¹⁹ *In re Electric Bond and Share Co.*, 95 F. Supp. 492 (S. D. N. Y., 1951), cert. denied. *Electric Bond and Share Co. v. S. E. C.*, 341 U. S. 950 (1951).

ities and Minnesota Power and a portion of its holdings in Florida and Montana have been sold or distributed. At June 30, 1951, Bond and Share still held 18,709 shares of Florida and 138,708 shares of Montana which it expects to dispose of before the close of 1951. An extension of time has been requested in respect to the disposition of its holdings of 183,050 shares of American Power.

United and its subsidiaries are presently engaged in a construction program which will require the expenditure of approximately \$170 million during the years 1951 and 1952. The major item of this program relates to the construction of more than one thousand miles of large diameter pipe line to be built as a grid over the present system in order to provide a more balanced withdrawal and distribution of gas supply from presently connected and newly developed fields, to increase the flexibility of the present system, and to enable United to meet increased gas requirements of present customers and new customers which it proposes to serve.

On March 23, 1951, the Commission approved a joint application of United and its subsidiary, United Gas Pipe Line Company ("Pipe Line"), permitting United to undertake temporary short term bank borrowing up to \$25 million, the proceeds to be used to purchase \$25 million of Pipe Line's first mortgage bonds.²⁰ In May 1951, approval was given to certain proposals of United and its two subsidiaries, Pipe Line and Union Producing Co. ("Union"), providing for the issuance by Pipe Line to United of \$48,127,000 of mortgage bonds due in 1971, in exchange for United's holdings of similar amount due 1962. United also extended to 1971 the due date on \$34 million of outstanding debentures issued by Union and owned by United.²¹

On June 21, 1951, a number of major financing transactions designed to finance a portion of the proposed construction program were approved by the Commission.²² It authorized (1) the issuance and sale by United, pursuant to a rights offering to its stockholders, of 1,065,330 shares of new common stock; (2) the issuance and sale by United of \$50 million principal amount of first mortgage bonds; (3) the issuance and sale by Pipe Line to United of \$25 million principal amount of Pine Line's first mortgage bonds and \$45 million of its sinking fund debentures; (4) the repayment by Pipe Line to United from the proceeds of the sales of securities of \$7 million of unsecured indebtedness.

The rights offering to United stockholders was made on June 29, and Bond and Share was permitted to acquire its proportionate share of the new offering, 287,065 shares, and to exercise its oversubscription privilege if available. The offering was heavily oversubscribed. The public offering of \$50 million of United first mortgage bonds was consummated on July 26, 1951.

On June 28, 1950, Bond and Share and United entered into a contract with National Research Corporation ("National Research"), a non-affiliated company engaged in industrial research. The contract was not to become effective, however, until either approved by the Commission or declared not subject to its jurisdiction. Under the terms of the contract, which will expire on December 31, 1955, National Research will engage in certain research work in an effort to develop

²⁰ Holding Company Act release No. 10463.

²¹ Holding Company Act release No. 10581.

²² Holding Company Act release No. 10686.

new processes or products based on natural gas and its constituents. Such services are to be performed by National Research at cost plus certain amounts for overhead, such costs to be shared equally by Bond and Share and United. The contract provides that Bond and Share and United, between them, are committed to expend in each year on work to be done by National Research minimum amounts ranging from \$150,000 in 1950 to \$250,000 in 1955.

Bond and Share, while urging approval of the contract on its merits, questioned the jurisdiction of the Commission in this matter. The Commission found, however, that the venture provided for by the contract and the interests of Bond and Share and United therein clearly fall within the purview of sections 9 (a) (1) and 12 (f) of the statute. As previously indicated, the retention of United common stock by Bond and Share is before the Commission for determination. In advance of such determination, the Commission approved the proposed research program on condition that if Bond and Share is subsequently denied relief from its commitment to dispose of the common stock of United it will forthwith withdraw from and terminate all interest in the research contract.²³

On July 11, 1950, Bond and Share entered into an agreement with a non-affiliated holding company, The Southern Company ("Southern"), which provided for the acquisition by Southern and the sale by Bond and Share of the latter's holdings of 254,045 shares of the common stock of Birmingham Electric Company ("Birmingham") in exchange for 381,067-1/2 shares of the common stock of Southern. Southern proposed to merge the electric properties of Birmingham with those of its subsidiary, Alabama Power Company and cause Birmingham to divest itself of its transportation properties to non-affiliated interests. The proposal would not constitute a complete divestment by Bond and Share of Birmingham since it would permit Bond and Share to continue with an indirect interest in that company through ownership of Southern's common stock.

On August 24, 1950, the Commission issued an order approving the proposed transaction but requiring, among other things, that Bond and Share divest itself of any direct or indirect interest in the common stock of Southern within one year from the date of acquisition. The order also required the disposition of Birmingham's transportation properties within one year from the date of the acquisition by Southern of the Birmingham stock.²⁴

In January 1951, Bond and Share's subholding company subsidiary, National Power & Light Company ("National Power") effected the divestment of its subsidiary, Lehigh Valley Transit Company, together with its four subsidiary transportation companies. The properties were sold for \$810,500 to the Cincinnati, Newport and Covington Railway Company, a non-affiliated enterprise. During subsequent months National Power also disposed of its remaining stockholdings in Pennsylvania Power & Light Company and, reduced its assets to a limited amount of cash and cash items. On June 26, 1951, the Commission issued an order approving a plan by which Bond and Share sold its common stock holdings of National Power to Phoenix Industries Corporation ("Phoenix").²⁵ This corporation is a closely-

²³ Holding Company Act release No. 10237.

²⁴ Holding Company Act release No. 10055.

²⁵ Holding Company Act release No. 10640.

held corporation formed primarily to engage in, or to invest in, other companies which engage in commercial activities considered to have good prospects for growth, development and expansion. Its desire to acquire a controlling interest in National Power was related to the large number of the latter company's stockholders, its listing on the New York Stock Exchange and the fact that its assets consisted entirely of cash available for investment. It was indicated that Phoenix upon acquisition of National Power would cause National Power to invest in companies of the same general character as those in which Phoenix plans to invest and that neither company will, directly or indirectly, invest in public utility companies.

In its order approving the sale of stock by Bond and Share the Commission modified the dissolution order directed to National Power so as to permit the continued existence of that company and indicated that, upon consummation of the sale, National Power will have ceased to be a holding company pursuant to section 5 (d) of the act.

General Public Utilities Corporation

This company is the top holding company emerging from reorganization of the former Associated Gas and Electric Company system. Reference is made to the 15th and 16th Annual Reports which outline briefly the steps taken in earlier years to bring about integration and simplification of this highly complex structure. In 1938 this system consisted of 164 companies including 11 subholding companies operating in 26 States and in the Philippine Islands. While the present holding company system controlled by General Public Utilities Corporation ("GPU") represents but a segment of the former Associated system, certain problems remain to be resolved before it can be brought into complete conformity with the standards of section 11.

In May 1951, hearings on the company's section 11 (b) (1) proceedings were concluded. The Division of Public Utilities of the Commission at that time indicated its view: (1) that the electric, coal mining, water, and steam heating properties of Jersey Central Power & Light Company, Metropolitan Edison Company, New Jersey Power & Light Company, and Pennsylvania Electric Company (other than minor steam heating properties of the latter company located at Clearfield, Pa.) constitute a single integrated electric utility system and reasonably incidental businesses, and are retainable by GPU; (2) that the properties of Northern Pennsylvania Power Company and of its subsidiary, The Waverly Electric Light & Power Company, the gas properties of Jersey Central Power & Light Company, and the steam heating properties of Pennsylvania Electric Company referred to above are not retainable under the standards of section 11 (b) (1) of the act; and (3) that the Commission's order of August 13, 1942, directing, among other things, the divestment by GPU of its interest in the Philippine subsidiaries should be reinstated forthwith. At the same time, GPU indicated that it was not opposed to the prompt entry by the Commission of an order embodying the views of the division. After the close of the fiscal year the Commission entered such an order.

Construction requirements during the past year have made it necessary for the GPU system to undertake the issue and sale of 504,657 shares of its common stock through a rights offering to its common stockholders. This offering was made on June 16, 1951. Gross pro-

ceeds amounted to approximately \$8,365,000.²⁶ These funds, less fees and expenses, are being employed by GPU for investment in the common stocks of its domestic utility subsidiaries to meet their expansion requirements. GPU has also made capital contributions to certain subsidiaries from treasury cash. In addition, its domestic subsidiaries sold to the public \$5,750,000 of mortgage bonds and \$2 million of preferred stock. Virtually all of the proceeds derived from these sales have also been applied to meet construction requirements.

International Hydro-Electric System

At the time of registration International Hydro-Electric System ("IHES"), a Massachusetts voluntary association, owned directly Gatineau Power Company ("Gatineau"), a Canadian public utility company, and two wholesale electric utilities operating in the United States. It also owned the equity in New England Power Association which, since its reorganization, is known as New England Electric System. IHES is now in process of liquidation and dissolution under section 11 (d) of the act. It functions under the authority of Bartholemew A. Brickley as trustee, who was appointed by the United States District Court for the District of Massachusetts in November 1944.

Earlier steps taken toward the eventual liquidation and dissolution of IHES are described briefly in the 15th and 16th Annual Reports. On April 19, 1949, the Trustee submitted a "Second Plan" of four parts to effect the eventual liquidation and dissolution of IHES and on July 1, 1949, after approval of the Commission, Part I of the plan was consummated.²⁷ This consisted of a partial payment on outstanding 6 percent debenture indebtedness in default since 1944, reducing the outstanding principal amount of each \$1,000 debenture from \$700 to \$600. At the close of the last fiscal year the trustee was also authorized to consummate Part II of the plan and retired the company's 6 percent debentures by repaying the balance of \$15,940,800 (\$600 per debenture) which was then outstanding. The requisite amounts of cash were obtained through the exchange or sale of 340,000 common shares of Gatineau and through consummation of a bank loan of \$9,500,000.²⁸

Hearings were resumed in November 1950, on Part III of the Trustee's Second Plan in which it is proposed to retire the preferred and class A stocks of IHES by issuing in exchange therefor eight trustee certificates for each preferred share and one trustee certificate for each class A share. Under Part IV of the Trustee's plan, a 60 day take-down privilege would be afforded to the certificate holders, under which each certificate holder would be permitted to pay his aliquot share of the Trustee's net obligations including the bank debt and receive his aliquot share of the portfolio assets. Thereafter, the balance, if any, due on the bank debt would be satisfied by a sale of assets, the expenses of administration would be paid, the remaining assets would be ratably distributed and the holding company would be dissolved.

Hearings on Part III of the Trustee's plan and various counter-proposals were closed on February 20, 1951. At the end of the fiscal year the staff filed its recommendations indicating that Part III would

²⁶ Holding Company Act release No. 10622.

²⁷ Holding Company Act release No. 9120.

²⁸ Holding Company Act releases Nos. 9535 and 9917.

be fair and equitable if amended to provide seven trustee certificates in exchange for each preferred share and one trustee certificate for each class A share. It was recommended that other counter-proposals be disapproved. All parties have been given an opportunity to file objections to the staff recommendations and at the close of the fiscal year the matter had not yet been argued orally before the Commission.

In a collateral proceeding, the Trustee applied for authorization to make quarterly payments of 87½ cents per share to the preferred stockholders pending final liquidation. No dividends have been paid on the preferred stock since July 15, 1934. This request is pending before the Commission.

Koppers Company, Inc.
Eastern Gas & Fuel Associates

Koppers Company, Inc., is a large industrial organization engaged in the production, manufacture, and sale of coal tar products, forest products, coke and gas, machine shop and foundry products, and in the design and construction of various types of coke ovens, chemical plants and other structures. It has been a public utility holding company by virtue of its stock ownership of Eastern Gas & Fuel Associates ("Eastern"). The latter company, which is engaged in a large measure in the production, transportation, sale and conversion of coal, is a public utility holding company because of its ownership of the outstanding voting securities of two gas utility companies operating in the Boston area.

Both Koppers and Eastern filed applications pursuant to section 3 of the act for orders exempting them and their subsidiaries from all provisions of the act because of the intrastate character of their utility operations and on the ground that they were only incidentally public utility holding companies. Subsequently, however, Eastern filed a notification of registration as a holding company which filing purported in substance to limit the effect thereof to the corporate simplification provisions of the act and Koppers filed a notification of registration purporting to limit its effect to the geographic integration provisions of the act.

In proceedings subsequently instituted under section 11 (b) (1) of the act, the Commission, in June 1945, ordered Koppers with its consent to sever its relationship with Eastern and its subsidiaries by disposing of its security holdings of those companies.²⁹

In May 1945 the Commission also instituted proceedings under section 11 (b) (2) against Eastern and these proceedings were consolidated with those involving a plan filed by that company in the same year.³⁰ The plan as originally filed provided for the retirement of Eastern's outstanding 6 percent cumulative preferred stock and common stock through the issuance of a new common stock, 85 percent of which was to be allocated to the preferred holders and 15 percent to the common stockholders. At the close of the hearings in January 1947, the allocation was amended to provide 79.01 percent for the preferred holders and 20.99 percent to the common stockholders. The record was closed in March 1947, but because of changed circumstances the hearings were reconvened in 1948 for the purpose of adducing additional evidence.³¹ On December 31, 1948, arrearages on

²⁹ Holding Company Act release No. 5888.

³⁰ Holding Company Act releases Nos. 5827 and 5877.

³¹ Holding Company Act release No. 8096.

the preferred stock amounted to \$35.50 per share, aggregating \$13,281,899.

In January 1949, Eastern again amended its plan by further reducing to 73.08 percent the proposed allocation of new common stock to the 6 percent preferred stockholders. The proceedings were the subject of vigorous disputes by various contending stockholder representatives. In February 1950, the Commission directed Eastern to reclassify the 6 percent preferred stock and common stock into one new class of stock and indicated that an 87 percent—13 percent allocation plan could be approved.³² Because of the wide fluctuations in Eastern's earnings due to changing conditions in the coal business, the Commission was confronted with a most difficult task in its evaluation of past and future prospects of the company necessary to determine the fairness of the allocation. The plan was subsequently amended to meet suggestions of the Commission and was approved in March 1950.³³ In June the United States District Court for the District of Massachusetts entered its order approving the plan which was consummated in October 1950.

As a result of the plan Koppers' holdings of about 78 percent of Eastern's common stock and 13 percent of its preferred stock were converted into 22 percent of the new common stock. Through subsequent sales to various purchasers Koppers has reduced its holdings to 4.6 percent and is under order to divest itself of this remaining interest. The matter of Eastern's application for exemption from all provisions of the act is still pending before the Commission.

Mission Oil Company

Southwestern Development Company

The stock of Southwestern Development Company ("Southwestern") is owned 47.28 percent by Mission Oil Company ("Mission"), representing virtually the only assets of that company; 51 percent by Sinclair Oil Corporation ("Sinclair") and 1.72 percent by minority interests. Sinclair also holds about four percent of the stock of Mission. Mission and Southwestern are registered holding companies; Sinclair, primarily engaged in the production and refining of petroleum products, has been granted an exemption from the provisions of the act.³⁴

At the time of its registration in 1936, the Southwestern system proper comprised seven wholly owned subsidiaries (four gas utilities, two small gas transmission companies and one natural gas production company) which supplied the natural gas requirements of about 50 communities in the Panhandle area of Texas. In addition to these operations, Southwestern had substantial interests in other important natural gas production and transmission companies. It held all of the capital stock of Canadian River Gas Company ("Canadian River") and a substantial interest in Colorado Interstate Gas Company ("Colorado"). These two companies are known as the "Denver line," constituting in effect a single operating and business unit. Southwestern also had at that time an interest in Texoma Natural Gas Company and Natural Gas Pipeline Company of America. These two companies, sometimes described as the "Chicago line," constitute

³² Holding Company Act release No. 9633.

³³ Holding Company Act release No. 9725.

³⁴ 2 S. E. C. 165, sub nom. *Consolidated Oil Corporation*.

a natural gas transmission system furnishing gas to Chicago and certain intermediate cities enroute.

The Southwestern holdings remained without substantial change until 1947 when its interest in the two companies comprising "Chicago line" was sold to a non-affiliated company.

In June 1951, after numerous conferences with the staff, Mission and Southwestern filed with the Commission a section 11 (e) plan designed to conform its system to the integration and simplification requirements of the statute. In substance the plan provides that (a) Mission will be liquidated and Sinclair will divest itself of its stockholdings in Southwestern, (b) the rights to the natural gasoline in the natural gas reserves of Canadian River, "in place", will be transferred to a new company, the stock of which will be issued to Southwestern and distributed by it to its stockholders, (c) the two companies, Colorado and Canadian River, constituting the "Denver line," will be merged, (d) Southwestern will also distribute its holdings of stock in the merged Colorado-Canadian River Company to its stockholders and (e) for purposes of facilitating these proposed distributions, Southwestern and Colorado will reclassify their outstanding common stocks. The Commission has instituted cross-proceedings under sections 11 (b) (1) and 11 (b) (2) and hearings upon the consolidated matters were initiated early in August 1951.³⁵

If this plan is successfully consummated Southwestern will remain with its wholly owned subsidiaries including four gas utilities with a field of operations confined generally to the north Texas area. The stock of Southwestern will be publicly held.

New England Public Service Company

New England Public Service Company ("NEPSCO"), at the time of its registration, had five major operating subsidiaries of which two operated in Maine, one in New Hampshire and two in New Hampshire and Vermont. It also owned through an industrial subsidiary, five textile mills, a paper company and a forest products manufacturing company. As a result of simplification proceedings instituted by the Commission under section 11 (b) (2), the company was directed in 1941 to reorganize on a one stock basis or in the alternative to liquidate and dissolve. The management of NEPSCO elected to liquidate and subsequent steps have been taken toward this end.

On June 19, 1950, the Commission reached its decision as to the amounts to be paid on the certificates of contingent interest issued in connection with the retirement of NEPSCO's Prior Lien Preferred Stock and it ordered that the \$7 Series receive an additional payment of \$12.25 per share and the \$6 Series \$2.25 per share, together with compensation for delay in payment at the rate of 5.5 percent per annum from October 10, 1947.³⁶ The findings of the Commission with respect to these amounts were subsequently approved and enforced by the United States District Court for the District of Maine in November 1950. These sums represented the final payments in connection with retirement of the Prior Lien Preferred Stock.

Subsequently, the Commission and the court approved an amendment to the section 11 (e) plan of NEPSCO which provided for the reduction of its outstanding bank loan by the use of proceeds derived

³⁵ Holding Company Act release No. 10668;

³⁶ Holding Company Act releases Nos. 9931 and 9982.

from the sale of 260,000 shares of common stock of Central Maine Power Company, renewal of the unpaid balance, and a program for full payment by October 11, 1952. The changes also included removal of restrictions on the payment of dividends on NEPSCO preferred stock and an accounting quasi-reorganization.³⁷ Proceeds derived by NEPSCO from the sale of Central Maine Power Company common stock permitted a reduction in its bank loan of approximately \$4 million. The company also applied \$2,132,000 returned to it from funds deposited in escrow for payment of amounts found due on the preferred stock certificates of contingent interest. These payments, together with funds generated from current earnings, have brought the outstanding amount of the loan down to \$1,310,000 at June 30, 1951.

In June 1951, NEPSCO filed a new plan providing for the distribution of its remaining assets to the holders of its junior preferred and common stocks and for its liquidation and dissolution. This plan is intended to effectuate complete compliance with the Commission's order of May 2, 1941. Superimposed on NEPSCO is Northern New England, a voluntary association, which owns approximately one-third of NEPSCO's common stock. Northern New England is under Commission order to liquidate and dissolve, but it is awaiting consummation of a final plan by NEPSCO in which the participation to be accorded to the common stock of the latter company will be determined, before it can take the required steps to complete liquidation.

Pennsylvania Gas & Electric Corporation

Pennsylvania Gas & Electric Corporation ("Penn Corp"), which filed its registration statement with the Commission in November 1936, had at that time 19 subsidiary companies. Its utility operations were conducted in sections of New York, Pennsylvania, Massachusetts, Rhode Island and Virginia. The system included 15 gas utility companies, three wholesale gas companies and one service company. Three of the utility subsidiaries, North Penn Gas Company ("North Penn"), Pennsylvania Gas & Electric Company, name later changed to York County Gas Company ("York County"), and Saugerties Gas Light Company ("Saugerties") were also subholding companies.

In January 1942, the Commission instituted a proceeding under section 11 (b) (2) with respect to York County and Penn Corp.³⁸ Thereafter, two subsidiaries were merged into York County and a recapitalization plan of that company was approved by the Commission in December 1944 providing for corporate simplification and a program of debt reduction.³⁹ The plan was consummated during 1945 after approval by the United States District Court for the Middle District of Pennsylvania. Two of Penn Corp's Virginia subsidiaries were combined in 1944 and, in July 1946, this company was divested by Penn Corp.⁴⁰

In September 1948, the Commission issued an order pursuant to sections 11 (b) (1) and 11 (b) (2) directing Penn Corp to sever its relations with its subsidiaries, Newport Gas Light Company, York

³⁷ Holding Company Act release No. 10087.

³⁸ Holding Company Act release No. 3251.

³⁹ Holding Company Act release No. 5480.

⁴⁰ Holding Company Act release No. 6769.

County and North Shore Gas Company, and to change its preferred and common stock to a single class of stock.⁴¹

Penn Corp disposed of its interest in North Shore shortly thereafter and, in 1949 and 1950, sold its holdings of York County and Newport. Its investment in another subsidiary, New Penn Development Corporation, was also sold during 1950. Subsidiaries in New York were merged into Crystal City Gas Company. An order of the Commission, dated December 22, 1949, approved this merger and also directed that Penn Corp liquidate and dissolve.⁴² As a result of successive divestments and the merger, Penn Corp's holding company system was reduced to four gas companies operating in Pennsylvania, one company, Crystal City, operating in New York, and a mutual service company. The Pennsylvania companies were merged, as of December 31, 1950, into a single company, North Penn, with Crystal City as its sole subsidiary.

In the latter part of 1950, Penn Corp. sought the approval of this Commission with respect to a proposed sale of the capital stock of Crystal City to certain non-affiliated interests. After hearings thereon the Commission found that there had not been a maintenance of competitive conditions in the negotiations for such sale and disapproved the proposed transaction.⁴³

The final portion of Penn Corp's section 11 plan contemplates the liquidation and dissolution of that company and distribution of capital stock of North Penn pursuant to a proposed allocation to holders of Penn Corp preferred and Class A common stock. A cash payment of \$0.10 per share is proposed for holders of the Class B common. Hearings on this proposal were concluded in July 1951.

Standard Power & Light Corporation Standard Gas & Electric Company

The Standard holding company system presented, at the time of its registration, an extreme example of the evils of corporate pyramiding and scatteration of properties. In 1936, it consisted of 105 active companies operating in 20 states and in Mexico, including the two top holding companies, Standard Power & Light Corporation ("Standard Power") and its subsidiary, Standard Gas & Electric Company ("Standard Gas"). By June 30, 1951, the system had been reduced to 15 companies and further contraction is in prospect.

As reported in the 16th Annual Report, Standard Gas, in 1949, filed an amended plan for the simplification of the corporate structure of the system of its holding company subsidiary, Philadelphia Company ("Philadelphia"). Several provisions of the plan have already been carried out including the reorganization of the gas properties in the Philadelphia system under the ownership of Equitable Gas Company ("Equitable"), the sale of Equitable common stock and \$11 million of debentures of Equitable held by Philadelphia, the retirement of Philadelphia's outstanding funded debt, amounting to approximately \$36 million and the redemption of Philadelphia's \$6 Preference stock, aggregating \$10 million in par value.⁴⁴ Pursuant to an amendment to the plan submitted on July 11, 1950, Duquesne Light Company ("Duquesne"), a subsidiary of Philadelphia, issued

⁴¹ Holding Company Act release No. 8490.

⁴² Holding Company Act release No. 9574.

⁴³ Holding Company Act releases Nos. 10322 and 10613.

⁴⁴ Holding Company Act releases Nos. 9740 and 9766.

\$19,500,000 of bonds and preferred stock to the public the proceeds of which were used to finance its construction program and to repay outstanding bank loans. The Duquesne five percent preferred stock, aggregating \$27,500,000, was refunded by the issuance to Philadelphia of a new series of four percent preferred stock in consideration of \$27,200,000 in cash and the transfer to Duquesne of all of the stock of Philadelphia's direct subsidiary, Cheswick and Harmer Railroad Company.⁴⁵

The amended plan as it now stands proposes that the Duquesne four percent preferred stock be used by Philadelphia in an exchange program to retire its own six percent preferred stock and the six percent preferred of Consolidated Gas Company of the City of Pittsburgh, an inactive subsidiary of Philadelphia, on which Philadelphia has guaranteed certain dividends. The proposed bases of exchange are: one share of Duquesne's four percent preferred stock together with \$3.50 in cash, for each share of Philadelphia's six percent preferred and 0.85 of one share of Duquesne's four percent preferred for each share of Consolidated Gas preferred. The plan also provides that Philadelphia five percent preferred stock shall be retired by the payment of \$11 in cash for each share and that its \$5 preference stock be retired in a manner not yet specified. Aggregate par values of these various preferred stock issues is approximately \$31,700,000.

Hearings before the Commission relating to the retirement of the six percent and five percent preferred stocks of Philadelphia and the preferred stock of Consolidated Gas were completed in April 1951 and the matter is now awaiting the decision of the Commission.

During the fiscal year, both Standard Gas and its parent Standard Power, were permitted by the Commission to withdraw their 1943 and 1944 section 11 (e) plans, which had been previously approved but never consummated. The Standard Gas plan which had provided for its recapitalization was allowed to be withdrawn because of changes in conditions occurring during the course of litigation. The Standard Power plan was allowed to be withdrawn because its provisions were linked to the consummation of the Standard Gas recapitalization.⁴⁶

In February 1951, Standard Gas filed a new section 11 (e) plan with the Commission. The plan includes four steps. Step I would effect the retirement of Standard's \$7 and \$6 Prior Preferred stock; Step II is intended to effectuate the liquidation and dissolution of Standard Gas and the delivery to the holders of its \$1 cumulative preferred stock and common stock, shares of Philadelphia Company common stock; Step III will eliminate the minor subsidiaries of Philadelphia and, if feasible, Pittsburgh Railways Company; and Step IV proposes either the dissolution of Philadelphia and the distribution to its common stockholders of its holdings of Duquesne or, if Pittsburgh Railways is not disposed of as part of Step III, the disposition by Philadelphia of most of its holdings in Duquesne and its continuance primarily as a holding company for Pittsburgh Railways until disposition of that company is accomplished. Hearings are currently being held on Step I of the plan.

Pursuant to Step III of the plan, the Commission, on July 3, 1951,

⁴⁵ Holding Company Act release No. 10044.

⁴⁶ Holding Company Act releases Nos. 9960 and 10385.

approved a joint application by Philadelphia and Equitable Real Estate, a non-utility subsidiary, which provided for the transfer of all of Equitable's assets to Philadelphia and dissolution of the subsidiary.⁴⁷ In a prior decision the Commission also approved the dissolution of Equitable Sales Company, another subsidiary of Philadelphia. That step was effected in December 1950.⁴⁸

In December 1950, Standard Gas finally liquidated its investments in Market Street Railway Company ("Market Street") after step one of a modified plan of liquidation and dissolution of Market Street had been approved by the Commission and the United States District Court for the Northern District of California.⁴⁹ Pursuant to that plan Market Street paid Standard Gas \$512,500 in cash in settlement of its open account indebtedness amounting to \$707,189 plus a substantial amount of accrued interest, and it executed a full and complete release of all claims which it held against Standard Gas and Standard Power and any of their subsidiaries. The Standard Gas holdings of junior preferred and common stocks of Market Street were declared worthless since there were not sufficient assets to satisfy the claims of the senior preferred stock.

Standard Gas completed its divestment of Louisville Gas and Electric Company in October 1950 by disposing of its remaining holdings of 137,857 shares of common stock for \$4,331,329.⁵⁰

The United Corporation

The United Corporation ("United") registered as a holding company in March 1938, at which time its portfolio was comprised principally of the common stocks of four holding company subsidiaries. These subsidiaries, together with the percentage of voting control held by United, were as follows: The United Gas Improvement Company, 26.2 percent; Public Service Corporation of New Jersey, 13.9 percent; Niagara Hudson Power Corporation ("Niagara Hudson"), 23.4 percent; and Columbia Gas & Electric Corporation (now the Columbia Gas System, Inc.), 19.6 percent. United also had other substantial interests, principally in utility holding and operating companies.

In 1941, United filed a plan pursuant to section 11 (e) for divestment of control of its statutory subsidiaries whereby United would not vote the securities of any of its statutory subsidiaries or have any interlocking officers or directors and would proceed when advantageous to it, to reduce its holdings in each of its statutory subsidiaries to less than 10 percent of the outstanding voting securities of such subsidiaries. Proceedings on that plan were consolidated with proceedings instituted by the Commission under sections 11 (b) (1) and 11 (b) (2). After the development of an extensive record, the Commission found that the plan was not appropriate nor fair and equitable and could not be approved.⁵¹ While it found that dissolution of United would be appropriate it noted the management's expressed desire to change the nature of United's business to that of an investment company. Under the circumstances, the issuance of a dissolution order was withheld but the Commission directed that United correct the inequitable dis-

⁴⁷ Holding Company Act release No. 10652.

⁴⁸ Holding Company Act release No. 10190.

⁴⁹ Holding Company Act release No. 10172.

⁵⁰ Holding Company Act release No. 10136.

⁵¹ *The United Corporation*, 13 S. E. C. 854.

tribution of voting power by recapitalizing with a single class of stock and cease to be a holding company.

Shortly before the entry of the Commission's order in 1943 and subsequent thereto, various subsidiary as well as non subsidiary holding companies of United underwent extensive reorganizations under section 11. A large number of indirect subsidiaries of United have been divested and United has effectuated the retirement of all of its outstanding preference stock largely through the exchange of securities of reorganized subsidiaries. Substantial blocks of portfolio securities have also been disposed of through market sales.

In October 1949, the Commission approved a plan filed by United by which it substantially reduced its investment in Niagara Hudson through the distribution of a special dividend of Niagara Hudson stock to its own shareholders.⁵² Approval of that plan was conditioned by the Commission upon a prompt filing by United of a comprehensive and detailed program under section 11 (e). Pursuant to this requirement United submitted a new proposal in November 1949 and after successive modifications, the Commission on June 26, 1951, issued its final order approving the plan as amended.⁵³ It provided that holders of less than 100 shares of United common stock may surrender their shares for cash in the amount equal to the average net asset value of such stock based on the average of the closing market prices of United's portfolio during the term of the offer. Holders of 100 or more shares of United common stock were offered the opportunity during the same period to exchange their stock for an amount of Niagara Mohawk Power Corporation ("Niagara Mohawk") common stock having an average market value equal to 97 percent of the average net asset value of the United stock surrendered. Such average net asset value was also based on the closing market prices of United's portfolio securities during the period of the exchange offer. Up to 700,000 shares of common stock of Niagara Mohawk were offered for exchange by United under this plan. United also proposes to sell its entire interest in its common stock in South Jersey Gas Company and to reduce its remaining holdings of voting securities of public utility companies to an amount not to exceed 4.9 percent of the outstanding voting stock of such companies.

Shortly after the close of the fiscal year United undertook the exchange offer approved by the Commission and 362,616 shares of United common stock were exchanged for 69,566.6 shares of Niagara Mohawk common stock. In addition, 95,051 shares of United common were surrendered for cash at a purchase price of \$4.43 per share. Approximately 557,130 shares of United were held by holders of less than 100 shares and hence were eligible for the cash purchase offer. Proceedings to review certain aspects of the plan are pending in the Court of Appeals for the District of Columbia.

Washington Gas and Electric Company

Washington Gas and Electric Company ("Washington") registered as a holding company on December 1, 1935, and at that time it was a subsidiary of North American Gas and Electric Company. Subsequently, North American Gas and Electric was liquidated pursuant to a section 11 (e) plan which was approved by the Commission in

⁵² Holding Company Act release No. 9431.

⁵³ Holding Company Act releases Nos. 10614 and 10643.

1943 and enforced in the United States District Court for the District of Delaware.⁵⁴ Washington had filed a petition in bankruptcy in the United States District Court for the Southern District of New York on September 29, 1941, and, pursuant to order of the District Court for the District of Delaware, the common stock of Washington was turned over to its trustee to be held by him subject to order of the District Court for the Southern District since the common stock had been found to be valueless by the Commission and the District Court of Delaware.

At the time of the filing of its petition in bankruptcy, Washington had three subsidiaries, Oregon Gas and Electric Company, Southern Utah Power Company and Dominion Electric Power, Limited. Washington was also engaged directly in the electric and gas utility business in the State of Washington. The principal electric properties of Washington had been taken by Public Utility Districts in condemnation proceedings in November 1940 and, in the course of reorganization, the remainder of its electric properties were taken in similar proceedings in 1942. Subsequently, the trustee of Washington sold the assets of Oregon Gas and Electric and additional assets of Washington, including its interest in Dominion Electric.

During the proceedings, Washington paid its First Mortgage Bonds in full and caused Southern Utah to refund its debt and to recapitalize on the basis of one class of common stock. As a result Washington received new common stock of Southern Utah in exchange for its former holdings of three classes of that company's stock. On January 24, 1949, the Commission approved a plan submitted under section 11 (f) by the trustee of Washington.⁵⁵ The plan was accepted by the bondholders and general creditors of Washington and confirmed by order of the United States District Court for the Southern District of New York on October 5, 1949. It was subsequently directed to be consummated by orders of the court dated April 14, 1950, and July 27, 1950. Pursuant to the plan, Washington has divested itself of its interest in Southern Utah, and retains only its gas utility operations. The common stock of Washington is being distributed to the holders of Washington's First Lien and General Mortgage Bonds and to its general creditors. No participation was accorded to its preferred or common stockholders.

On May 29, 1951, the Commission issued an order pursuant to section 5 (d) declaring that Washington had ceased to be a holding company and cancelling the effectiveness of its registration subject to a condition reserving jurisdiction over the terms, provisions and amount of all debt securities which may be issued in connection with the plan of reorganization.⁵⁶ The order also provided that such jurisdiction would be deemed to have been released upon the filing with the Commission of due proof that Washington had obtained approximately \$150,000 through the issuance and sale of additional common stock. A statement filed on June 28, 1951, by counsel for Washington indicates that this stock offering has since been successfully consummated.

Wisconsin Electric Power Company

Wisconsin Electric Power Company ("Wisconsin") is an operating-holding company controlling a utility system serving electricity in

⁵⁴ 14 S. E. C. 835.

⁵⁵ Holding Company Act release No. 8801.

⁵⁶ Holding Company Act release No. 10585.

Wisconsin and Michigan and natural gas in Wisconsin. Steam heating service is provided in Milwaukee and Waukesha, Wisconsin. The company also has a transportation subsidiary operating transit facilities in Milwaukee and adjoining suburbs.

On August 15, 1950, the Commission issued an order pursuant to section 11 (b) (1) instituting proceedings to determine what properties may be retained in Wisconsin's electric holding company system. Hearings are presently in progress on these matters. The company recently offered its transportation properties for sale to the City of Milwaukee. In the event these properties are sold the major remaining problem will concern the retainability by Wisconsin of its natural gas utility business. Representatives of the City of Milwaukee and of the Wisconsin Public Service Commission are participating in the proceedings before the Commission.

PROGRESS OF CONTINUING HOLDING COMPANY SYSTEMS

The utility holding company groups expected to continue under the jurisdiction of the Commission as completely integrated, regional systems consist in general of three major types. The first is the electric holding company system, which usually consists of one holding company above a number of interconnected electric operating companies. In this category are included such systems as American Gas and Electric Company, Central and South West Corporation, The Southern Company, and Middle South Utilities, Inc. A significant characteristic of this type of system is the efficient use of large-scale, centralized generation coupled with economical long-distance transmission of energy.

The second type is the natural gas holding company system, which frequently controls gas-transmission as well as gas-distribution properties. Systems of this class include the Columbia Gas System, Inc., American Natural Gas Company, and Consolidated Natural Gas Company. The third type is the operating-holding company system. In these instances the holding company derives a substantial proportion of its income from its own utility operations but also retains one or more subsidiary operating companies. Examples of this type include the Delaware Power & Light Company, Ohio Edison Company, and Interstate Power Company.

In order to achieve the degree of integration contemplated in section 11 and to justify their continuing existence, these holding companies must do more than simply establish physical interconnections among their subsidiary companies. There must be a realization of important economic and engineering benefits obtainable only by the knitting together of a compact group of operating properties having basic functional relationships with one another. In addition, the parent holding companies must be in a position to furnish sound and constructive assistance to their operating subsidiaries in the financing of expansion programs. The strength of each system rests heavily upon the underlying financial stability of its subsidiaries.

The following summaries provide a review of the more important actions taken by the Commission during the past fiscal year in respect to operations of a number of the continuing systems. It should be noted that several of these systems are still faced with residual problems under section 11 (b) (1) and 11 (b) (2) of the act, and during

the past year they have made several property dispositions intended to eliminate some of their nonretainable holdings. In a limited number of cases, registered holding companies may eventually be able to qualify for exemption from the act pursuant to the provisions of section 3 (a).

Certain of the holding companies described in the preceding section may also remain as parts of continuing systems upon resolution of their existing section 11 problems.

American Gas and Electric Company

American Gas and Electric Company ("American Gas") is the largest of the continuing regional holding company systems with consolidated assets in excess of \$678,000,000. Its operations, almost wholly electric, extend over a seven state area from Kentucky to Michigan.

In December 1950, the Commission permitted American Gas to undertake an exchange offer designed to acquire all of the outstanding common stock (162,030 shares) of Central Ohio Light & Power Company ("Central Ohio") in exchange for American Gas common stock on the basis of 0.72 of a share of American Gas common stock for each share of Central Ohio common stock.⁵⁷ Central Ohio, an independent electric operating utility, had service areas in two sections of Ohio about 100 miles apart and not interconnected. Under the plan outlined by American Gas, expenditures of almost \$1,500,000 were proposed in order to interconnect the facilities and coordinate the operations of Central Ohio with The Ohio Power Company, an operating subsidiary of American Gas. The exchange proposal proved highly successful and American Gas reported that as of March 12, 1951, it had acquired 98 percent of the outstanding common stock of Central Ohio.

American Gas, with Commission approval, has also eliminated one subsidiary from its system, Union City Electric Company ("Union City"). Since the power requirements of Union City were furnished entirely by The Ohio Power Company, Union City no longer served a useful purpose in the system as a separate corporate entity. Its property therefore was transferred to Ohio Power and the company was dissolved.

The American Gas system serves a territory which, within the last two years, has experienced a tremendous expansion in the tempo and scope of defense production. The system has therefore been carrying on an extensive construction program to meet the additional demands for service and to replace existing properties with more efficient facilities. Its construction program will require expenditures during the years 1951 through 1953 of approximately \$288 million. During the past fiscal year the Commission has approved system financings aggregating in excess of \$68 million. This was accomplished by advances to subsidiaries, bank loans and mortgage debt and common stock offerings. Among these was a successful rights offering made by American Gas to its stockholders of 339,674 shares of common stock without the aid of underwriting or dealer solicitation. A substantial portion of the net proceeds of \$17,619,000 derived from this offering has been reinvested in the equities of the subsidiary operating companies.⁵⁸

⁵⁷ Holding Company Act release No. 10294.

⁵⁸ Holding Company Act releases Nos. 10453 and 10475.

American Natural Gas Company

American Natural Gas Company ("American") and its subsidiaries now constitute an integrated gas transmission and distribution system bringing natural gas from the Hugoton field in Texas to areas in the States of Michigan and Wisconsin.⁵⁹ The development of the American system was effected by the parent company's divestment of certain non-retainable holdings and the application of cash proceeds derived from these sales to investment in a newly organized gas transmission pipe line, the Michigan-Wisconsin Pipe Line Company. The latter enterprise serves to link the gas utility subsidiaries of American with a source of fuel some eight hundred miles to the south.

The past four years have witnessed the rapid growth of the Michigan-Wisconsin Pipe Line Company as a major long distance transmission system. The first and second phases of the project have been substantially completed and now permit an annual gas delivery capacity of 110 billion cubic feet, the maximum presently authorized by the Federal Power Commission. Capitalization of the pipe line company includes \$66 million of bonds, \$25 million of common stock owned by American and \$20 million of bank loans due July 1, 1952.

On April 5, 1951, Michigan Consolidated Gas Company, one of the principal gas utility subsidiaries of American, acquired the assets of its wholly owned subsidiary, Austin Field Pipe Line Company, in exchange for the cancellation of \$7,295,039 of advances, the surrender of all of the outstanding stock and the assumption of all liabilities of the Austin company.⁶⁰

In order to meet a continually increasing demand for fuel the American system has undertaken a substantial amount of new financing during the past year. At June 1951 total system construction requirements were estimated at approximately \$45 million. In November 1950, Milwaukee Gas Light Company, another subsidiary, issued and sold at competitive bidding \$27 million of mortgage bonds and \$6 million of sinking fund debentures to the public and \$3 million of common stock⁶¹ to its parent, American. In early July 1951, Michigan Consolidated Gas Company sold publicly \$15 million of bonds at competitive bidding and to its parent, American, \$5 million of common stock, which, it was estimated, would meet its requirements through 1951.

In order to preserve a balanced capital structure within the system it has been necessary for the parent holding company, American, to make several offerings of its own common stock from time to time. In August 1950, it issued and sold, pursuant to a rights offering, 304,406 additional common shares. In June 1951, another rights offering to its common stockholders resulted in the sale of 334,935 shares of common stock.⁶² Aggregate proceeds of the two offerings were \$15,900,000.

The Columbia Gas System, Inc.

The Columbia Gas System, Inc. ("Columbia Gas") is the parent holding company in an integrated natural gas utility system providing service in seven states. Its properties embrace both distribution

⁵⁹ The status of one non-utility subsidiary, Milwaukee Solvay Coke Company, remains to be determined.

⁶⁰ Holding Company Act release No. 10327.

⁶¹ Holding Company Act releases Nos. 10189 and 10188.

⁶² Holding Company Act releases Nos. 10054 and 10610.

and transmission facilities. To meet a continuously increasing demand for natural gas as a house-heating fuel and for new defense requirements, construction expenditures totaling over \$37 million were made by the system in 1950, and projected expenditures for 1951 involve an additional amount of \$68 million. The completion of this program is dependent, however, upon the availability of certain critical materials. Cash requirements for these undertakings have been met, in part, through the sale at competitive bidding by Columbia Gas of \$90 million principal amount of debentures in July 1950. Although a portion of this offering was used to retire \$58 million of debentures outstanding, the balance was made available for construction needs.

The indenture under which these debentures were issued permits the company to issue debt to the extent of 60 percent of its total capitalization. Columbia Gas indicated that, while it is presently of the opinion that a debt ratio of not more than 50 percent is desirable, it felt that a substantial amount of additional borrowing capacity might be necessary in periods of heavy construction which would temporarily bring the debt ratio above this level. The Commission recognized the desirability of such flexibility and permitted the declaration covering issuance of the debentures to become effective. It indicated, however, that it considered 50 percent to be the desirable proportion of debt for the system and noted that its approval was not to be construed as an indication that the issuance of debt to the full limit permitted by the indenture would be approved under all circumstances.⁶³

Cash derived by Columbia Gas from its sale of securities has been reinvested in several of its subsidiary operating companies through the purchase of instalment promissory notes. The aggregate of such investments during the fiscal year 1951 was \$25,600,000. Columbia Gas has also purchased 122,000 additional shares of the common stock of its subsidiary holding company, Atlantic Seaboard Corporation. The proceeds of this financing have been applied to meet construction requirements.⁶⁴

Interstate Power Company

Interstate Power Company is an operating-holding company which, together with its two subsidiaries, is engaged principally in the electric utility business in Minnesota, Iowa, Wisconsin, Illinois, and South Dakota.

Following a complete financial reorganization of the company in 1948 pursuant to a section 11 (e) plan Interstate's rapidly expanding business necessitated the raising of substantial amounts of additional capital. The company's financial structure at that time was still far from ideal and, in the process of meeting its new capital requirements, the company and the Commission were faced with the problem of effecting steady improvement in the system's equity ratio so that future financing could be facilitated on a sound and economical basis. This objective has been achieved with marked success. Interstate's common equity has increased from 17 percent of total capitalization and surplus at the time of its 1948 reorganization to about 27 percent by the middle of 1950.

To finance its 1951 construction program Interstate arranged for short term bank borrowings in the aggregate amount of \$4,500,000.

⁶³ Holding Company Act releases Nos. 9993 and 10012.

⁶⁴ Holding Company Act release No. 10648

By order dated February 16, 1951, the Commission approved borrowings to the extent of \$2,500,000, reserving jurisdiction over the remaining portion pending consideration by the company of plans to effect additional common stock or other equity financing in the near future.⁶⁵

During the past fiscal year the Commission also approved an Adjusted Compromise Plan with respect to the distribution of 944,961 shares of Interstate's new common stock which had previously been placed in escrow pending determination as to whether the holdings of Ogden Corporation (former parent company of Interstate) should be subordinated to those held by the public.⁶⁶ The plan was directed to be enforced by the United States District Court for the District of Delaware in its order dated March 16, 1951. Distribution of the escrowed assets to the holders of Interstate's formerly outstanding securities was initiated a month later.

Middle South Utilities, Inc.

Middle South Utilities, Inc. ("Middle South") controls a utility system serving the three state area embracing Arkansas, Louisiana and western Mississippi. The company was organized in May 1949 to acquire from Electric Power & Light Corporation the latter's holdings in Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service, Inc., and a small land company. Middle South is now an integrated regional holding company system deriving the major portion of its revenues from sales of electricity. Certain of its nonretainable natural gas and transportation operations, and its interest in the land company, have been disposed of during the past fiscal year.

On September 6, 1950, the Commission approved the sale by Arkansas Power & Light Company of its entire gas utility assets, consisting of distribution systems in 23 small towns and cities in Arkansas.⁶⁷ These properties were sold to the newly formed Midsouth Gas Company ("Midsouth") which was organized by a group of investment banking firms. Midsouth agreed to pay Arkansas Power in cash an amount equal to the net book cost as of December 31, 1949, of the gas properties and also for other assets transferred and conveyed under the purchase contract.

On December 20, 1950, the Commission also approved the sale by Arkansas Power & Light Company of its holdings of common stock of Capital Transportation Company. The sale was made to a non-affiliated transit company for a total consideration of \$575,000.⁶⁸

The Middle South system has estimated that its construction expenditures for the year 1951 will total approximately \$48,450,000, of which \$25,000,000 is to be raised by new financing. In November 1950, the Commission approved the sale at competitive bidding of \$10 million of mortgage bonds by Louisiana Power & Light Company, and in March 1951 approval was granted for the issuance and sale by the parent holding company of 450,000 shares of its own common stock at competitive bidding.⁶⁹ Middle South has employed the proceeds of this offering, together with other available cash, to purchase

⁶⁵ Holding Company Act release No. 10398.

⁶⁶ Holding Company Act release No. 10400.

⁶⁷ Holding Company Act release No. 10077.

⁶⁸ Holding Company Act release No. 10300.

⁶⁹ Holding Company Act releases Nos. 10193, 10228, 10438 and 10458.

\$8 million of additional common stock of Arkansas Power & Light Company.

New England Electric System

New England Electric System ("NEES") and its subsidiary companies constitute the largest utility organization in New England. The system's total revenues from operations for the year 1950 amounted to approximately \$107 million, 82 percent of which was derived from the sale of electricity, 10 percent from gas and 8 percent from transit operations. The system has 35 subsidiary companies of which 21 furnish electricity, at retail, in Massachusetts and Rhode Island. Two generating companies and a transmission company operating in New Hampshire and Vermont supply electricity on a wholesale basis.

During the past fiscal year, Narragansett Electric Company, a subsidiary operating company, acquired the property of its own subsidiary, Rhode Island Power Transmission Company, which was subsequently dissolved. In October 1950, NEES sold its interest in Fall River Electric Light Company to Eastern Utilities Associates, a non-affiliated holding company, for \$7,608,000. In March 1951, NEES also disposed of its investment in the United Electric Railways Company which operates in the Providence, Rhode Island, area.

NEES has made considerable progress during the year with respect to its plan for the consolidation of certain electric properties into larger operating companies. This plan is closely associated with the separation and disposal of the system's gas properties. The merger of the electric properties of eight subsidiary companies located in the central part of Massachusetts into one electric company was consummated in February 1951 and, at the same time, the gas properties of certain combination gas and electric companies in this area were separated and regrouped into four gas companies. On July 14, 1951, NEES invited proposals for the purchase of all or part of the system's gas properties.

After many modifications, the reorganization plan of Green Mountain Power Corporation ("Green Mountain"), a subsidiary of NEES, was approved by the Commission and ordered enforced by the United States District Court for the District of Vermont at the close of the fiscal year.⁷⁰ The plan, among other things, provided for the exchange of new common stock for the company's then outstanding preferred stock, the issuance and sale, for cash, of additional shares of new common stock and the settlement of possible intra-system claims. Since NEES was allowed no participation in the reorganized company, Green Mountain is now an independent operating utility.

It is estimated that construction expenditures for the NEES system for the years 1949 to 1952 inclusive will total \$122 million. In addition cash demands to meet sinking fund requirements and short term debt maturities require an additional \$29 million. Of direct concern to the Commission has been the system's temporary and permanent financing program for this construction.

To provide temporary financing for the construction program, system companies from time to time have borrowed from commercial banks with indications that they expect to do permanent bond and capital stock financing and use the proceeds to retire the bank debt

⁷⁰ Holding Company Act releases Nos. 10524, 10595 and 10625.

and to pay for construction. During the fiscal year, New England Power Company ("NEPCO") and Worcester County Electric Company ("Worcester County"), subsidiaries of NEES, each sold \$12 million principal amount of bonds.⁷¹ Although during the period certain subsidiary companies issued capital stock to NEES and used the proceeds thereof to retire bank debt, short term promissory notes to banks authorized or outstanding as at the end of the period aggregated \$22 million. During July 1951, other subsidiaries had pending applications for Commission approval of an additional \$6,175,000 of bank loans. Proceeds to be derived from the contemplated sale by NEES of its investments in gas and transportation properties are to be reinvested in the equity of its subsidiary companies in order to effect an improvement in the system's capitalization ratios.

New England Gas and Electric Association

New England Gas and Electric Association ("NEGEA") is a Massachusetts trust holding the common stocks of 11 utility companies all of which, except New Hampshire Electric Company ("New Hampshire") and Kittery Electric Light Company ("Kittery"), are engaged in the electric or gas utility business in Massachusetts. In February 1951, NEGEA and New Hampshire filed an application with the Commission proposing the issuance by New Hampshire of 15,000 shares of preferred stock and 140,000 shares of common stock and the exchange of such stocks for all of its presently outstanding common stock which is held by NEGEA. The application further proposed the sale by NEGEA of New Hampshire's preferred stock to the public and the new common shares of New Hampshire to NEGEA's stockholders, both at competitive bidding. NEGEA also proposed to donate to New Hampshire its holdings of all of the common stock of Kittery prior to the issuance and exchange of the new securities. The Commission approved the proposed transactions in March 1951, but no bids were received for the purchase of the new preferred and common stocks of New Hampshire.⁷²

NEGEA is continuing the extensive construction program commenced prior to the past fiscal year. Gas plant additions have included facilities to utilize natural gas when it becomes available in the New England area. Estimated expenditures for the calendar years 1951 and 1952 aggregate \$12,200,000, of which \$2,200,000 represents expenditures necessitated by the introduction of natural gas. To finance this construction program the operating subsidiaries will use general corporate funds in the aggregate amount of \$8,500,000, borrow \$1 million from banks, and sell additional common stock to NEGEA in the amount of \$2,700,000. The cost of adjusting customer-owned appliances for natural gas is to be financed through the issuance by subsidiary companies of 10-year unsecured sinking fund notes.

In June 1951, the Commission approved the issue and sale by NEGEA of 197,394 additional common shares in the form of a rights offering to holders of its common stock.⁷³ The proceeds, amounting to \$2,566,000, were used to repay bank loans in the amount of \$1 million and to purchase additional common stocks of subsidiaries

⁷¹ Holding Company Act releases Nos. 10380, 10402, 10468, 10488.

⁷² Holding Company Act release No. 10424.

⁷³ Holding Company Act release No. 10592.

NEGEA is planning to raise approximately \$3 million through the issue and sale of additional common shares during 1952.

The cash requirements of NEGEA during the past fiscal year have included the purchase of additional shares of common stock of Algonquin Gas Transmission Company, a natural gas pipeline company to be engaged in transporting natural gas to the New England area.⁷⁴ NEGEA's interest in this subsidiary will be limited to \$3 million or 37.5 percent of the total initial equity of the company. Participating with NEGEA are Eastern Gas and Fuel Associates, Texas Eastern Transmission Corporation, and Providence Gas Company. To finance the Algonquin purchase NEGEA has negotiated short-term bank loans which will be refinanced on a permanent basis as soon as the line is in operation.

Northern Natural Gas Co.

Northern Natural Gas Company ("Northern") is engaged in the purchase, transmission and distribution of natural gas, which is carried from fields in Texas, Oklahoma, and Kansas to utility companies located principally in Minnesota, Iowa, and Nebraska. The company has one wholly owned gas utility subsidiary, Peoples Natural Gas Company, and is therefore a registered holding company. On September 25, 1950, however, Northern filed an application with this Commission pursuant to section 3 (a) (3) seeking exemption for itself as a holding company and for each subsidiary thereof as such from the provisions of the act. Hearings have been held on this application and the Division of Public Utilities has recommended denial of the application. The Commission has heard oral argument of the question and has taken the matter under advisement.

Since the end of World War II, increased demands on this system have necessitated large increases in its pipe line capacity, which at the end of 1950 stood at approximately 600,000 mcf a day. Additional construction planned and undertaken for the year 1951 contemplates a further addition of 225,000 mcf of daily capacity. The Commission has constantly urged that the financing of this construction be designed with a view to preserving as far as possible the substantial equity ratio which has been a characteristic of the system for many years. During the past two years the company has sold an aggregate of 810,000 shares of common stock by means of rights offerings with gross proceeds of \$21,578,750,⁷⁵ and has also sold \$40 million of 2½ percent serial debentures.⁷⁶ The company estimates that its 1951 construction program will cost approximately \$60 million and contemplates financing these expenditures on a long-term basis through the sale of \$51 million of securities to the public. Temporary financing through \$30 million of bank loans was permitted by the Commission on April 26, 1951.⁷⁷

Northern States Power Company

Northern States Power Company ("Northern States") is a holding-operating company engaged, either directly or through subsidiaries, in the electric and gas utility business in the states of Minne-

⁷⁴ Holding Company Act release No. 10504.

⁷⁵ Holding Company Act releases Nos. 8963 and 9833.

⁷⁶ Holding Company Act releases Nos. 9890 and 9921.

⁷⁷ Holding Company Act release No. 10517.

sota, Wisconsin, North Dakota and South Dakota. Although the system is expected to achieve ultimate compliance with the standards of section 11 (b), it is faced with some residual problems.

In this connection, the Commission in June 1950 authorized the sale of all of the physical properties of Interstate Light & Power Company (Ill.) a wholly-owned subsidiary of Northern States, to Northwestern Illinois Gas & Electric Company, a non-affiliated company, for the base price of \$549,900.⁷⁸ In the same order the Commission also authorized the sale by Interstate Light & Power Company (Wisc.), another wholly-owned subsidiary, of that part of its electric properties comprising its Platteville division to Wisconsin Power & Light Company, another non-affiliate, for the base price of \$560,500. These property sales effected the disposition of outlying electric properties in northwest Illinois and southern Wisconsin which did not constitute a part of the Northern States' principal electric system.

By order entered October 13, 1950, the Commission authorized the sale by Northern States of 175,000 shares of new preferred stock to provide a part of the capital required for completion of the system's post-war construction program, estimated to aggregate \$163,500,000 to the end of 1951.⁷⁹

The company stated that further financing of approximately \$25 million would be required for the completion of the current construction program in connection with which a material amount of common stock would be sold contingent upon market conditions. It is expected that Northern States will inaugurate another large scale construction schedule, to provide for rapidly growing demand.

Ohio Edison Company

Ohio Edison Company ("Ohio Edison"), formerly a subsidiary of The Commonwealth & Southern Corporation, is now an independent operating-holding company having one utility subsidiary, Pennsylvania Power Company ("Pennsylvania Power"). During the past year, the company and its subsidiary have undertaken several financing operations to provide funds for construction expenditures for the years 1951 and 1952 estimated to aggregate \$57,800,000 in the case of Ohio Edison and \$14,900,000 for Pennsylvania Power.

Ohio Edison has made two offerings of common stock. The first took place in October 1950 when it offered 396,571 shares through a rights offering to stockholders. This was followed in May 1951 by an additional rights offering of 436,224 common shares.⁸⁰ The proceeds derived from these two sales totaled over \$23 million which materially increased the company's common stock equity. As a result, Ohio Edison made a further investment of \$1,200,000 in Pennsylvania Power by the purchase of 40,000 shares of the latter's common stock, all of which is owned by the parent company. In addition, Pennsylvania Power sold at competitive bidding in March 1951, \$4 million par value of preferred stock.⁸¹ Shortly thereafter, Ohio Edison proposed the sale of its own preferred stock in the amount of \$15 million, but because of unfavorable market conditions the offering was postponed.

⁷⁸ Holding Company Act release No. 9927.

⁷⁹ Holding Company Act releases Nos. 10157 and 10174.

⁸⁰ Holding Company Act releases Nos. 10133, 10508, and 10540.

⁸¹ Holding Company Act releases Nos. 10426 and 10459.

The Southern Company

The Southern Company ("Southern Company") is the parent holding company of a system which survives the former Commonwealth & Southern group. The integrated system, which it controls, furnishes service through four electric utility subsidiaries in Georgia, Alabama, Florida and Mississippi. It is second largest of the continuing systems.

On August 24, 1950, the Commission approved the acquisition of Birmingham Electric Company ("Birmingham") through an exchange of common shares of the Southern Company and preferred shares of Alabama Power Company ("Alabama"), a subsidiary of the Southern Company, for common and preferred shares of Birmingham. The Commission's order required that the Southern Company and Alabama, which became the immediate parent of Birmingham, bring about the disposal of all interest in the transportation properties of the latter company not later than August 31, 1951.⁸² The sale of these properties was accomplished in June 1951.⁸³

During the calendar year 1950, capital expenditures of the Southern Company system totalled \$70 million and present plans call for further additions to plant during the period 1951-1953 sufficient to effect a 38 percent increase in generating capacity over that installed by the end of 1950. In October 1950 the Southern Company sold one million shares of its common stock at competitive bidding⁸⁴ and another sale of the same amount was consummated in April 1951.⁸⁵ Total proceeds derived from these offerings aggregated approximately \$21,900,000. These funds, together with additional amounts of treasury cash, were invested by the parent company in the common stock of its subsidiaries. In addition to this common stock financing, operating subsidiaries sold bonds and preferred stocks to the public yielding cash proceeds of over \$34 million.

Southern Natural Gas Company

Southern Natural Gas Company ("Southern Natural") operates a natural gas pipeline system extending from gas fields in Texas, Louisiana and Mississippi to markets in Mississippi, Alabama and Georgia. Two of the company's subsidiaries are engaged in the distribution of gas in Mississippi and Alabama. Another subsidiary operates a 35 mile gas pipeline in Louisiana.

During 1950 Southern Natural commenced the largest program in its history for the expansion and extension of its pipeline system. Funds for the major portion of the cost of this construction were obtained initially from short-term bank loans in the amount of \$20 million.⁸⁶ Early in 1951 the Southern Natural sold \$17,500,000 of its first mortgage bonds due in 1970, and 155,546 shares of additional common stock to yield aggregate proceeds of \$22,666,250,⁸⁷ which were used to repay the bank loans. Upon consummation of this financing, the ratio of common equity to total capitalization and surplus of the system was approximately 44 percent.

Over the past five years, Southern Natural's gross plant account has doubled from about \$50 million over \$100 million.

⁸² Holding Company Act release No. 10055.

⁸³ Holding Company Act releases Nos. 10551 and 10588.

⁸⁴ Holding Company Act releases Nos. 10114 and 10129.

⁸⁵ Holding Company Act releases Nos. 10454 and 10484.

⁸⁶ Holding Company Act release No. 9935.

⁸⁷ Holding Company Act releases Nos. 10338 and 10351.

Union Electric Company of Missouri

Union Electric Company of Missouri ("Union Electric") is an operating-holding company serving a sizeable area in the State of Missouri, including the City of St. Louis, and through its utility subsidiary, Union Electric Power Company, the southwest portion of Illinois. Union Electric is at present a subsidiary of The North American Company, a registered holding company, which, at one time, controlled 36 utility and 46 non-utility companies and through them operated in 10 States and the District of Columbia. Union Electric is the sole remaining direct utility subsidiary of The North American Company.

On December 29, 1950, North American Light & Power Company, a wholly-owned subsidiary of The North American Company, transferred pursuant to Commission approval its holdings of all of the common stock of its subsidiary, Missouri Power & Light Company, to The North American Company, in partial liquidation. Immediately thereafter, The North American Company transferred these holdings to Union Electric Company of Missouri, its direct subsidiary, in return for 600,000 shares of the latter's common stock.⁸⁸ Union Electric, as a part of the transaction, agreed to dispose of several utility properties not capable of integration with its own properties and certain non-utility properties all of which were owned by Missouri Power & Light Company. Sales of an electric distribution system and of some ice manufacturing equipment were consummated prior to the close of the fiscal year.

Union Electric and its subsidiaries are engaged in an extensive construction program which will require expenditures for the years 1951 through 1955 of approximately \$161 million. The funds required for the fiscal year were derived principally from the sale by Union Electric, in April and June 1950, of 700,000 shares of its common stock to The North American Company for \$10 million and the sale, in December 1950, of \$25 million of mortgage bonds to the public.⁸⁹

During the past year, Union Electric, together with four other utility companies, participated in the formation of a new corporation known as Electric Energy, Inc. This represented a significant development in the utility industry and in the history of administration of the act. The new company was organized to build and own a 500,000 Kw generating station at Joppa, Illinois, for the purpose of supplying one half of the power requirements of the Paducah, Kentucky, plant of the Atomic Energy Commission. The main question presented to the Commission for determination was whether, under the standards of the act, the common stock of Electric Energy, Inc., amounting to \$3,500,000, might be acquired by the organizers in the following proportions: Union Electric, 40 percent; Middle South Utilities, Inc., 10 percent; Kentucky Utilities Company, 10 percent; and Illinois Power Company, 20 percent. The first two of these companies were registered holding companies and the latter two were exempt holding companies. The remaining stock was to be acquired by Central Illinois Public Service Company, which was not a holding company subject to the act. The type of showing required of the applicants to support their proposed acquisitions would ordinarily necessitate extensive proof, consuming considerable time. Due to the

⁸⁸ Holding Company Act release No. 10320.

⁸⁹ Holding Company Act releases Nos. 9778, 9944, 10239, and 10268.

importance of this project to the national defense and the expedition required in its building, the Commission decided that, since the project was not "business as usual", it merited postponement of "regulation as usual"; accordingly, it postponed to more normal times the taking of evidence which would be required to justify the acquisition of the stock and permitted the acquisition on an interim basis.⁹⁰

The proposed financing of this project by means of the sale of not more than \$100 million of first mortgage bonds to two insurance companies and the sale of the \$3,500,000 of common stock to the organizers also raised a serious question as to the propriety of such a capital structure. The Commission expressed the view that the problem raised by this unbalance in the capital structure could be resolved favorably, in view of the financial commitments of the Atomic Energy Commission which have the effect of guaranteeing repayment of a substantial portion of the indebtedness.⁹¹

The United Gas Improvement Co.

The United Gas Improvement Company ("UGI") is a registered holding company, incorporated under the laws of Pennsylvania, having nine subsidiaries. Six are gas utility companies, one is a gas and electric utility company, and two are non-utilities. The operations of all subsidiaries are conducted within the State of Pennsylvania.

In April 1951, UGI disposed of its only subsidiary having out-of-state operations when it accepted a \$1 million note from Delaware Coach Company in exchange for 10,000 shares of that company's common stock and sold the balance of 26,000 outstanding shares to an unaffiliated person for \$400,000.⁹² Delaware Coach Company conducts a transportation business in Wilmington, New Castle, and Newark, Delaware. It also has two wholly-owned subsidiaries, Delaware Bus Company and Southern Pennsylvania Bus Company.

On June 15, 1951, the Commission approved a voluntary exchange plan, submitted by UGI, intended to reduce the substantial amount of minority interest investments in the portfolio of UGI.⁹³ A substantial portion of these holdings had been received by UGI in exchange for the latter's investments in holding companies which were reorganized under section 11 of the act. Under the plan, UGI offered to exchange for each unit of five shares of its own stock (to the extent of 363,285 shares), three shares of common stock of Philadelphia Electric Company and two shares of common stock of Consumers Power Company. Stockholders tendering from one to four shares of UGI stock received a cash payment in lieu of stock on an equivalent basis. Shareholders of UGI stock tendered 329,940 shares eligible for the exchange offer and 5,691 additional shares were retired by cash payment. As a result of these transactions, the outstanding capital stock of UGI has been reduced from 1,566,371 shares to 1,230,740 shares. UGI is under order to dispose of all of its remaining non-subsidary security holdings.

Utah Power & Light Co.

Utah Power & Light Company ("Utah"), formerly a subsidiary of Electric Power & Light Corporation, is a registered operating-

⁹⁰ Holding Company Act release No. 10340.

⁹¹ Holding Company Act release No. 10639.

⁹² Holding Company Act release No. 10477.

⁹³ Holding Company Act release No. 10624.

holding company subject to the active regulatory jurisdiction of the Commission by virtue of its ownership of voting securities in Western Colorado Power Company. Utah and its subsidiary are presently engaged in a construction program which will entail expenditures of approximately \$44 million in the years 1951 to 1953, inclusive. Expenditures for the calendar year 1951 are estimated at approximately \$18 million.

On August 29, 1950, the Commission approved the issuance by Utah of \$8 million of first mortgage bonds, as well as 166,604 shares of common stock,⁹⁴ and, on March 8, 1951, it permitted the company to borrow from certain banks amounts not to exceed \$12 million evidenced by notes payable on December 15, 1951.⁹⁵ This note indebtedness was expected to be retired after the close of the fiscal year through the sale of \$9 million of additional mortgage bonds and 175,000 shares of new common stock.⁹⁶ During the year the Commission also approved the company's proposal to amend its certificate of organization and by-laws so as to effect, among other things, an increase in the number of authorized shares of capital stock, an adjustment of its preemptive rights provisions, and a change in the date of stockholders' annual meeting.⁹⁷ On April 30, 1951, the Commission approved an application by Utah to purchase from the Village of Arco, Idaho, the electrical distribution lines and facilities, together with a transmission line owned by Arco, for a cash consideration of \$100,000.⁹⁸

The West Penn Electric Company

The West Penn Electric Company ("West Penn") is the parent holding company in a utility system deriving about 90 percent of its revenues from sales of electric power and servicing a territory located principally in Pennsylvania, West Virginia, and Maryland. Small adjacent sections of Ohio and Virginia are also served. West Penn was formerly a subsidiary of American Water Works & Electric Company, Inc., which was liquidated in January 1948.

The West Penn system presently has in progress a construction program, which for the calendar years 1951 and 1952 contemplates the expenditure of more than \$75 million. On February 21, 1951, the Commission approved the sale by West Penn of 320,000 shares of its common stock, at competitive bidding, with proceeds in excess of \$8,500,000.⁹⁹ In April 1951, bond financings undertaken by two of the subsidiary operating companies furnished additional funds of over \$20 million.¹

The Commission now has before it a residual problem deriving from the liquidation of West Penn's former parent company, American Water Works & Electric Company, Inc. In October 1947, American Water Works & Electric Company, Inc., undertook to retire its outstanding publicly-held preferred stock. This was accomplished by cash payment of the liquidation preference of \$100 per share and accrued dividends to October 15, 1947. Furthermore, at the direction of the Commission and with the approval of the United States District Court for the District of Delaware, escrow certificates were issued

⁹⁴ Holding Company Act releases Nos. 10063, 10096, and 10148.

⁹⁵ Holding Company Act release No. 10429.

⁹⁶ Holding Company Act release No. 10759.

⁹⁷ Holding Company Act release No. 9976.

⁹⁸ Holding Company Act release No. 10535.

⁹⁹ Holding Company Act releases Nos. 10403 and 10431.

¹ Holding Company Act releases Nos. 10428, 10476, 10487, and 10522.

to the holders of the preferred stock as evidence of claims for such additional payments as the Commission might subsequently determine in fairness and equity should be made. In December 1950, after public hearings and the submission of briefs, the Division of Public Utilities submitted a recommended decision to the Commission proposing an additional payment of \$10 per share plus compensation for delay in payment at the rate of 5.45 percent from October 15, 1947. On March 15, 1951, oral argument was heard and the Commission now has the matter under advisement.

ACQUISITIONS OF SECURITIES, UTILITY ASSETS AND OTHER INTERESTS

Under the provisions of sections 9 and 10 of the Holding Company Act the Commission passes upon numerous applications covering acquisitions of securities, utility assets or other interests. The major portion of these applications reflect the acquisitions by parent holding companies of securities issued by their subsidiaries. In this area, the Commission exercises jurisdiction over the manner in which parent holding companies finance the expansion of their subsidiary companies. This is one of the most important functions of the modern holding company. During the past fiscal year, for example, holding companies purchased securities of their subsidiaries totaling \$216 million. The review of these intercompany security sales is important because of their effect upon the ultimate financial integrity of the utility operating subsidiaries. The maintenance of sound and balanced financial programing at this level is also an important aspect of the Commission's assistance to State regulatory commissions in preserving the stability of utility enterprises operating within their jurisdiction. Public utilities, unlike most other industries, are usually faced with the problem of expanding plant facilities in periods of depression as well as prosperity. A high degree of financial flexibility is therefore essential in order to insure maintenance of adequate service to consumers.

A smaller proportion of the applications under section 10 relates to the acquisition of securities, assets or other interests outside the previous scope of operation of the applicant systems. In many cases these acquisitions reflect the growing trend of positive integration reported in earlier years. Important examples during the fiscal year 1951 included the American Gas and Electric Company's acquisition of the common stock of Central Ohio Light & Power Company, acquisition of the stock of Birmingham Electric Company by The Southern Company from Electric Bond and Share Company and other holders, the acquisition by Niagara Mohawk Power Corporation of certain properties from two non-affiliated companies in the State of New York, the purchase by Eastern Utilities Associates of additional common stock of Fall River Electric Light Company from New England Electric System, and the acquisition by a subsidiary in the Consolidated Natural Gas Company system of gas utility assets from a subsidiary of West Penn Electric Company. An exchange of property was also consummated between Louisiana Power & Light Company, a subsidiary of Middle South Utilities, Inc., and Gulf Public Service Company, Inc., a subsidiary of an exempt holding company.

Well over \$1 billion of utility assets have been acquired by holding

company systems and utility operating companies over the past several years thereby effecting a greater degree of integration of facilities.

FINANCING

During the 12 months ending June 30, 1951, 313 questions were presented to the Commission for determination pursuant to sections 6 and 7 of the act, under which the Commission is required to pass upon the issuance of securities, and assumptions of liability and alterations of rights of securities, by registered holding companies and their subsidiaries. A total of 326 questions were disposed of during the year, including a few carried over from the latter part of the preceding year. All but 37 of these related to issues of securities. In the fiscal year 1950, 337 questions were disposed of under sections 6 and 7.

Following the pattern established in 1948, financing during the past year has been predominantly for the purpose of meeting very heavy construction expenditures. On an industry-wide basis, expenditures of electric and gas utilities for the past year, exclusive of investment in natural gas transmission facilities, are estimated to have been in excess of \$2,400,000,000. However, public offerings of securities for the fiscal year 1951 did not match in volume the total for 1950 which established a peak level for the industry. The tabulation set forth below includes all security sales for cash, plus refunding exchanges, by electric and gas utility operating companies which have been approved under sections 6 and 7 of the act. The table also includes similar security sales by all other electric and gas utility companies in the United States which have registered their issues with the Commission under the Securities Act of 1933. The data for gas utilities cover only those companies which are engaged in the retail distribution of natural or manufactured gas. Private placements of securities not subject to either the Holding Company Act or the Securities Act of 1933 are separately identified, although the figures are at best rough estimates.

Security issues sold for cash or issued in exchange for refunding purposes by electric and gas utilities¹, fiscal years 1949-51

	July 1, 1948, to June 30, 1949	Percent of total	July 1, 1949, to June 30, 1950	Percent of total	July 1, 1950, to June 30, 1951	Percent of total
Bonds.....	\$899,434,729	47	\$953,782,240	43	\$785,947,640	43
Debentures.....	241,238,500	13	104,700,235	5	69,080,740	4
Preferred stock.....	192,779,280	10	362,015,050	16	137,434,438	8
Common stock.....	364,016,666	19	501,460,071	23	413,292,773	23
Total sales subject to the 1933, the 1935 act, or both statutes.....	1,697,469,175	89	1,921,957,596	87	1,405,755,591	78
Private placements not sub- ject to either act (estimates).....	200,000,000	11	300,000,000	13	400,000,000	22
Total security sales.....	1,897,469,175	100	2,221,957,596	100	1,805,755,591	100

¹ In addition, utility operating companies subject to the Holding Company Act sold notes with maturities of 5 years or more in the following amounts:

1949.....	\$62,090,000
1950.....	23,200,000
1951.....	39,934,912

The over-all decline in financing volume can probably be attributed to the less favorable security markets prevailing since March 1951, when the Federal Reserve System withdrew support from the Gov-

ernment bond market, thereby inducing a substantial reduction in the prices of corporate bonds and preferred stocks. Market receptivity for preferred issues has been affected to a much greater degree than was the case with bonds and debentures, and the growth of private placements may also be traced, in part, to the same causes. An encouraging aspect of the over-all pattern of utility financing has been the sustained employment of common stock offerings, which contributes to the long-term stability of the industry.

With the further contraction in the numbers of companies subject to active regulatory jurisdiction under the act, as a result of divestments under section 11, there has been some corresponding decline in the volume of financing approved under sections 6 and 7, although the trend seems to be levelling off as the program of integration and simplification approaches completion. The expansion of the continuing systems is proceeding at a rapid pace, and their financing requirements account for approximately one-third of the total for the industry. Furthermore, the intensification of defense preparations and the persistence of a tense international situation suggest continuation of heavy cash requirements for an extended period.

The following tables analyze in detail the volume of securities sold for cash, or issued in exchange for refunding, by registered holding companies and their subsidiaries pursuant to authorization of the Commission under sections 6 and 7. Portfolio sales and issues in connection with reorganization are excluded. Significantly, these data reflect the use of a higher proportion of common equity financing by utility companies subject to regulation under the act than is the case for the industry as a whole, as reflected in the preceding tabulation.

Sales of securities and application of net proceeds approved under the Public Utility Holding Company Act of 1935 during the fiscal year July 1, 1950 to June 30, 1951

	Number of issues	Total security sales ¹	Application of net proceeds ¹		
			New money purposes	Refinancing of short-term bank loans ²	Refunding
Sales by electric and gas utilities: ³					
Bonds.....	32	\$344,794,268	\$170,602,179	\$138,457,632	\$31,507,623
Debentures.....	2	8,868,900	1,657,773	4,332,203	2,633,147
Notes.....	40	39,934,912	36,090,421	3,750,000	-----
Preferred stock.....	8	74,402,178	34,402,899	10,500,000	28,285,959
Common stock.....	69	188,618,085	151,023,904	34,598,631	1,399,230
Total.....	151	656,618,343	393,866,876	191,648,766	63,825,959
Sales by holding companies:					
Debentures.....	2	142,827,200	60,207,355	-----	81,550,000
Common stock.....	8	75,331,584	69,189,099	4,500,000	-----
Total.....	10	218,158,784	129,396,454	4,500,000	81,550,000
Sales by nonutility companies:					
Debentures.....	1	34,000,000	-----	-----	33,962,100
Notes.....	2	2,000,000	2,000,000	-----	-----
Common stock.....	10	3,415,000	3,261,708	150,000	-----
Total.....	13	39,415,000	5,261,708	150,000	33,962,100

¹ Differences between total security sales and total proceeds is represented by flotation costs to the issuing companies.

² Notes and bank loans of less than 5 years maturity, usually for construction purposes.

³ Includes sales by registered operating-holding companies which derive a substantial proportion of income from their own operations, but which also may have 1 or more utility subsidiaries.

⁴ With maturities of 5 years or more.

Sales of securities and application of net proceeds approved under the Public Utility Holding Company Act of 1935 during the fiscal year July 1, 1949, to June 30, 1950

	Number of issues	Total security sales ¹	Application of net proceeds ¹		
			New money purposes	Refinancing of short-term bank loans ²	Refunding
Sales by electric and gas utilities ³					
Bonds.....	39	\$402,095,635	\$219,628,040	\$103,853,561	\$73,618,144
Debentures.....	2	45,523,735	41,011,210	4,100,000	
Notes ⁴	21	23,200,000	23,173,710		
Preferred stock.....	15	58,064,970	42,812,177	9,869,959	4,018,743
Common stock.....	73	235,380,176	182,875,058	46,016,170	3,006,452
Total.....	150	764,264,516	509,500,195	163,839,690	80,643,339
Sales by holding companies:					
Bonds (collateral trust).....	1	31,783,060	8,633,353		22,751,416
Debentures.....	2	125,883,050	30,990,034		93,750,000
Notes ⁴	1	27,259,568	53,887		26,978,530
Common stock.....	12	114,983,705	87,911,631	3,492,201	19,717,423
Total.....	16	299,909,383	127,688,905	3,492,201	163,197,369
Sales by nonutility companies:					
Bonds.....	4	45,010,000	43,891,620	4,001,850	
Notes ⁴	12	17,600,000	17,594,779		
Common stock.....	4	6,812,500	6,566,660	498,050	675,000
Total.....	20	72,422,500	67,053,059	4,499,900	675,000

¹ Differences between total security sales and total proceeds is represented by flotation costs to the issuing companies.

² Notes and bank loans of less than 5 years maturity, usually for construction purposes.

³ Includes sales by registered operating holding companies which derive a substantial proportion of income from their own operations, but which also may have 1 or more utility subsidiaries.

⁴ With maturities of 5 years or more.

In the fiscal year 1950, debt offerings of the electric and gas utilities in registered holding company systems represented 61.6 percent of the total financing of these companies, preferred stock accounted for 7.6 percent and common stock 30.8 percent. In 1951 the proportions were as follows: debt, 60.0 percent; preferred stock, 11.3 percent; common stock, 28.7 percent.

One of the most important functions of the public utility holding company is the furnishing of capital to its subsidiaries. During the fiscal year 1951 holding companies registered under the act purchased for cash \$119,389,000 of common stocks issued by their subsidiaries. In addition they purchased \$102,290,000 of subsidiary debt securities and preferred stocks. To raise the cash required for the assistance, registered holding companies sold \$218,159,000 of their own securities to the public, including \$75,332,000 of common stock and \$142,827,000 of debentures. In 1950 holding companies raised \$299,909,000 through the sale of \$114,984,000 of their common stocks and \$184,925,000 of senior securities. With the proceeds they purchased \$139,600,000 of the common stocks of their subsidiaries and \$60,300,000 of subsidiary senior securities. With respect to both years the sales of debt securities by registered holding companies represent for the most part parent company financing in systems where the subsidiaries have little or no senior securities in the hands of the public thereby enabling the holding companies to issue senior securities without impairing the consolidated equity position of the system.

The role of holding companies in the financing of their subsidiaries today is in sharp contrast with the situation found by the Congress

in the investigation which it conducted prior to passage of the act. During the seven-year period from 1924 to 1930 inclusive, public utility holding companies sold approximately \$4,856 million of their securities to the public. The proceeds from this financing were devoted almost entirely to the purchase of outstanding securities. Only a negligible portion went into the construction of plant facilities.² Furthermore, for a period of many years up to 1928, it was the general practice of holding companies to furnish capital to their subsidiaries in the form of demand notes or open account advances bearing interest of from 6 to 8 percent and in some large systems the holding companies followed the regular practice of compounding interest monthly or quarterly.³ By comparison, registered holding companies have invested in excess of \$540,000,000 in the common stocks of their subsidiaries in the period from July 1, 1947, to June 30, 1951.

Another important aspect of the financing of registered holding company systems during the past year has been the predominance of the rights offering as a vehicle for raising common equity money. Total sales of common stocks to the public by registered holding companies and their subsidiaries in 1951 aggregated \$144,560,000, of which holding companies accounted for \$75,331,000 and subsidiaries, \$69,229,000. Of this amount 14 issues totalling \$117,395,000 were sold by means of rights offerings. In one instance there was a substantial exercise of rights by a parent holding company.⁴ Stockholder acceptance was less than 100 percent in only three of the offerings.

Probably the most significant development in this group of issues was the growing importance of the non-underwritten rights offering. Only five offerings aggregating \$37,897,000 were made with the aid of firm underwriting commitments. Four issues totalling \$22,065,000 were offered without underwriting, but had the benefit of dealer solicitation. The remaining five rights offerings, amounting to \$57,433,000 were sold without the benefit of underwriting or dealer solicitation assistance. All five were subscribed in percentages ranging from 106 to 188. In each of these cases the oversubscription privilege made an important contribution to the success of the sale.

The utility bond market suffered a sharp decline in the last four months of the fiscal year. No perceptible change in rates was evident until March 1951, when prices of outstanding utility issues began to weaken along with the prices on long term government bonds. The resulting uptrend in yields of outstanding issues, however, did not fully reflect the impact of the change upon new offerings. This becomes evident from a comparison of several successive utility offerings, all classified by the investment rating agencies as of generally comparable quality.

On December 7, 1950, an electric utility company offered \$6 million of 30 year mortgage bonds at a cost of money to the company of 2.87 percent. On April 5, 1951, some time after the decline in government bond prices had set in, another electric utility of comparable credit sold \$10 million of mortgage bonds of similar maturity at a cost to the company of 3.345 percent. This increase of almost one-half of

² S. Rep. No. 621, 74th Cong., 1st sess., p. 15.

³ S. Doc. 92, 70th Cong., 1st sess., pt. 72-A, chs. 5 and 6/S. Doc. 92, 70th Cong., 1st sess., pts. 23 and 24, pp. 218 et seq.

⁴ The parent, in the exercise of its rights, purchased 56.2 percent of this issue. There were four other rights offerings not included in the above totals for the fiscal year 1951 in which 94 or more percent of the issue was purchased by parent holding companies. The amounts taken by outside stockholders were, in each case, negligible.

one percent brought interest costs to the highest level in several years. Although there was some leveling off in new money rates in April, the relief was only temporary. On June 28, 1951, another offering of electric utility bonds bearing the same credit rating and maturity was made at a cost 3.675 percent. This issue represented the high point of interest costs for the period and the issue was quickly absorbed by institutional purchasers. Subsequent offerings in the same quality group were made at more favorable rates until early in September 1951, when yields again turned upward.

This marked change in money costs may have a considerable impact upon the industry. For a long period the low rates available on senior security offerings were a significant offset to increased operating expenses and, in the financing of new construction, they provided added assurance of an adequate return on new equity investment. Further increases in the cost of raising new capital may result in greater pressure on the utility rate structure, although throughout this period of weakness in the prices of debt securities and preferred stocks, utility common stocks have been readily saleable in substantial amounts, and utility managements on the whole have taken advantage of the opportunities presented.

COMPETITIVE BIDDING

Offerings of securities by issuing companies under sections 6 (b) and 7 of the act and portfolio sales by registered holding companies under section 12 (d) are required to be made at competitive bidding in accordance with the provisions of rule U-50. Certain special types of sales, including issues of less than \$1 million, short term bank loans, issues the acquisition of which have been authorized under section 10 and pro rata issues to existing security holders are automatically exempt under clauses (1) through (4) of paragraph (a) of the rule. In paragraph (a) (5) the Commission retains the right to grant exemptions by order where it appears that competitive bidding is not necessary or appropriate to carry out the provisions of the act.

Securities sold at competitive bidding under rule U-50 from its effective date, May 7, 1941, to June 30, 1951, total in excess of \$6,770,000,000. A tabular presentation showing the various classes of securities, number of issues and amounts, for the entire period and for the past fiscal year is set forth below:

Sales of securities pursuant to rule U-50

	May 7, 1941, to June 30, 1951		July 1, 1950, to June 30, 1951	
	Number of issues	Amount	Number of issues	Amount
Bonds.....	284	¹ \$4,593,029,000	24	¹ \$302,850,000
Debentures.....	34	¹ 765,938,000	3	¹ 146,000,000
Notes.....	6	¹ 56,500,000	1	¹ 3,750,000
Preferred stock.....	82	² 720,727,700	6	² 45,000,000
Common stock.....	70	³ 634,691,236	8	³ 69,883,400
Total.....	476	6,770,885,936	42	567,483,400

¹ Principal amount.

² Par value.

³ Proceeds to company.

The experience of the Commission in administering rule U-50 has adequately demonstrated its workability and effectiveness in maintaining competitive conditions and in achieving minimum costs of flotation. The Commission has always recognized, however, that flexibility in administration was a necessity and it has granted a considerable number of exemptions in cases where unusual circumstances were present. In the 10-year period since the rule became effective, 202 security issues totalling in excess of \$1,566,000,000 have been exempted by Commission order from the competitive bidding requirements. Ten issues with a value of \$151,772,000 were exempted in fiscal 1951. These are exclusive of the automatic exemptions. The following table summarizes these exempted sales by type of security and also shows the numbers and amounts of issues sold with and without underwriting arrangements.

Sales of securities pursuant to orders of the Commission granting exemptions from competitive bidding requirements under the provisions of paragraph (a) (5) of rule U-50¹—May 7, 1941, to June 30, 1951

	Underwritten transactions		Nonunderwritten transactions		Total—all issues	
	Number of issues	Amount *	Number of issues	Amount *	Number of issues	Amount *
Bonds.....	4	\$27,027,500	58	\$592,461,768	62	\$619,489,268
Debentures.....	3	83,425,000	5	36,779,939	8	120,204,939
Notes.....			19	32,894,158	19	32,894,158
Preferred stock.....	10	60,868,703	24	261,610,344	34	322,479,047
Common stock.....	32	276,427,322	47	194,834,081	79	471,261,403
Total.....	49	447,748,525	153	\$ 1,118,580,290	202	\$ 1,566,328,815

¹ Exclusive of automatic exemptions afforded by clauses (1) through (4) of paragraph (a) of rule U-50.

² Proceeds to seller before expenses.

³ Includes four proposed transactions not yet consummated; proceeds are estimated.

REVISION OF REGULATORY PROCEDURES

Now that the task of integration and simplification of many of the holding company systems has been substantially completed, steps have been taken to streamline the procedures employed in regulation of the continuing systems down to the simplest possible dimensions. As a starting point, the Commission undertook during the past year a thorough-going revision of its Form U5S which is required to be filed annually by registered holding company systems. The modifications which were incorporated in the new form were designed to minimize reporting requirements and adjust its provisions to the pattern of the surviving holding company systems. Under the revised form all registered holding companies in the same system may join in the filing of a single report. Another change permits copies of this report (less certain exhibits) to be filed by registered holding companies in complete satisfaction of all annual reporting requirements under sections 13 and 15 (d) of the Securities Exchange Act of 1934. Furthermore, the Commission abolished Form U-14-3, an additional filing heretofore required to be made annually by registered holding companies, as well as Forms U5-K and U5-MD which registered holding companies formerly had the option of filing in lieu of Form 10-K.

Eighteen of the 31 registered holding companies required to file reports under the Securities Exchange Act of 1934 elected to satisfy the

requirements of that act for the calendar year 1950 by filing duplicate copies of the revised Form U5S. Additional systems are expected to take advantage of this procedure in the coming year.

The Commission presently has under study the revision of Form U-13-60 which is the annual filing required to be made by the service companies associated with holding company systems. The objective of this revision will likewise be maximum simplification, although it should be noted that the opportunities for integration with the reporting requirements under other statutes administered by the Commission are not nearly as great as in the case of Form U5S, because the utility service company is a device peculiar to the registered holding company system.

INVESTMENT BOND AND SHARE CORPORATION

In the spring of 1951, the staff of the Commission made an investigation to secure additional details on the published story that three officers of Investment Bond and Share Corporation ("IBS") proposed to sell 80,000 shares of common stock of Eastern Kansas Utilities, Inc., to Kansas City Power and Light Company, both of which companies were formerly subsidiaries of United Light and Railways Company, a registered holding company. The investigation disclosed that the 80,000 shares proposed to be sold included 15,299 shares owned by IBS, a Delaware corporation whose principal offices are located in Chicago, Illinois. It further revealed that IBS, though a holding company as defined by the statute, for a number of years had taken no steps to effect its registration or to apply for exemption.

As a direct result of the investigation, IBS registered on July 2, 1951, and on August 8, 1951, submitted a plan under section 11 (e) designed to effect its ultimate liquidation and dissolution in compliance with the provisions of section 11 (b).

ORIGINAL COST STUDIES

On April 21, 1941, the Commission adopted rule U-27 which, as amended on November 17, 1943, provides that every registered holding company and every subsidiary thereof, which is a public utility company and which is not required by the Federal Power Commission or a State commission to conform to a classification of accounts, shall keep its accounts in accordance with the designated systems adopted by the Commission for electric and gas utility companies. These systems specifically provide that utility plant accounts shall be stated at the original cost incurred by the persons who first devoted the property to utility service.

Some field examinations of the utility companies' original cost and reclassification studies were begun in 1945, but it was not until later in 1946 that a staff of accountants was organized for this work and field audits undertaken on a comprehensive scale. As of June 30, 1951, the staff had completed the field audits of sixteen companies in various States which do not have regulatory commissions. During the intervening years, some of the reports filed with this Commission were transferred to other regulatory authorities for audit due to changes in applicable jurisdiction as a result of mergers, consolidations and divestments.

Formal proceedings have been completed and orders of the Commission have been issued with respect to nine of the sixteen companies

examined. Amendments giving effect to the recommendations of the Commission's staff have been filed by five companies, and these matters will be closed at an early date. Recommended adjustments affecting accounts of the other two companies are still under discussion.

The results of examinations conducted by the Commission disclosed that the utility plant of the companies involved had an original cost value of approximately two-thirds of the amounts recorded per books prior to reclassification. The remaining one-third of the recorded amounts was transferred to adjustment accounts. Almost 75 percent of the difference between the amount recorded per books and original cost has been classified as Account 107, Plant Adjustments, and required to be written off immediately. The balance has been classified as Account 100.5, Plant Acquisition Adjustments, and will be amortized over a period of years, except in those cases where the company has elected to dispose of all adjustments immediately.

COOPERATION WITH STATE AND LOCAL REGULATORY AUTHORITIES

The policy of the Commission always has been to cooperate to the fullest extent with State and local regulatory authorities. Aside from the many informal contacts and conversations between the Commission and other agencies, which are too numerous to detail, there were several instances of cooperation during the past year which are worthy of mention.

An example of the type of cooperation which is possible between the Federal agency and a State Commission is an investigation which was conducted by this Commission at the request of a State Commission during the past year. Because of the confidential nature of the investigation it is possible to give the facts here only in outline. The investigation was conducted under powers granted by the act which, in part, authorizes the Commission at the request of a State Commission to

... investigate, or obtain any information regarding the business, financial condition, or practices of any registered holding company or subsidiary company thereof of facts, conditions, practices, or matters affecting the relations between any such company and any other company or companies in the same holding company system.

The State Commission had pending before it a rate proceeding, in the course of which question had arisen as to the cost of a power plant which had been constructed for a public utility company by a supplier of equipment. The equipment supplier, through the indirect ownership of securities, was an affiliate of the public utility company. The State Commission had doubts as to its jurisdiction over the equipment supplier and accordingly requested this Commission to conduct an investigation of the relationships between the utility and the supplier. The Commission ordered a private investigation and designated four senior staff members to conduct the inquiry. Hearings were held both in Washington and elsewhere. The State Commission was invited to have a representative attend the hearings, which were not open to the public, and a member of the State Commission did attend a portion of the hearings. Thereafter the Commission transmitted a confidential report of its investigators to the State Commission.

American Power & Light Company, a registered holding company in the Electric Bond and Share Company system, is under an order to liquidate and dissolve. On February 15, 1951, American notified the Commission of its intention to sell its entire interest in one of its sub-

subsidiaries, Washington Water Power Company, to certain public utility districts. Under the provisions of rule U-44 (c) promulgated under the act, the proposed divestment could be consummated without further proceedings unless, within 10 days after filing of the notice of intention, the Commission notified American that a declaration or other formal filing should be filed with respect to the proposed transaction. Thereupon the Commission issued an order to show cause in which, among other issues, the question was raised as to whether the Commission had jurisdiction to require American to file a declaration with respect to the sale of Washington Water Power to public utility districts. At the request of the State Commissions of Washington and Idaho the Commission moved its hearings to the territory affected in order to facilitate the presentation by local people of their views. Hearings were held in Spokane, Washington, at which a Commissioner of the Securities and Exchange Commission presided. The hearings were well attended, and any one who desired to be heard on the subject was given an opportunity to appear.

Green Mountain Power Corporation, a Vermont public utility company and a subsidiary of New England Electric System, made application pursuant to section 11 (e) of the act for approval of a plan of reorganization. The Vermont Commission was vitally interested in the whole program, and during the course of the proceedings its chairman and staff experts conferred with members of the Commission staff, resulting in a mutually helpful exchange of ideas. The Attorney-General of the State of Vermont appeared on behalf of the Vermont Commission at the hearings on the plan.

In August 1950 the Commission instituted proceedings pursuant to section 11 (b) (1) of the act directed to Wisconsin Electric Power Company and its subsidiaries. Wisconsin Electric Power Company is both a holding company and an electric utility operating company, with its property located in the State of Wisconsin. It also has a gas utility subsidiary and a transportation subsidiary, both operating in that state. Prior to a hearing in these proceedings representatives of the Commission's staff visited the offices of the Public Service Commission of Wisconsin and discussed the matter with members of its staff. Since the proceedings have been in progress, the scheduling of adjourned hearings has been made after determining what dates would be convenient for representatives of the State Commission, and copies of the transcript of testimony have been forwarded to it.

In connection with the preparation for hearing of proceedings under section 11 (b) (1) directed to General Public Utilities Corporation, to determine whether or not the company might retain its gas properties along with its electric properties, members of the Commission's staff visited the offices of the State Commissions of Maryland, Pennsylvania, New Jersey, New York, Massachusetts, Rhode Island, and Connecticut. This field trip was made for the purpose of obtaining statistical and other data regarding comparative cost of operations of manufactured gas utilities versus manufactured gas departments of predominantly electric utility companies. The Commission staff members were afforded full cooperation.

In the same case, but involving the question of the extent of the principal integrated electric utility system of General Public Utilities Corporation, an attorney and an engineer of the Pennsylvania Commission attended the Securities and Exchange Commission hearings

as observers and had discussions with members of the latter Commission's staff with regard to the questions involved.

LITIGATION UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT

During the fiscal year 1951 the Commission participated in 18 judicial proceedings involving issues arising under the Holding Company Act. Eleven of these proceedings concerned the enforcement of voluntary plans filed under section 11 (e) of the act, and the other seven were initiated by petitions to review orders of the Commission. Fifteen of these cases were finally adjudicated favorably to the Commission and the remaining three were pending at the close of the fiscal year. Over the 16 years since enactment of the Holding Company Act, a total of 274 civil and criminal proceedings, exclusive of Bankruptcy Act proceedings, in which the validity or enforcement of the statute was in issue, have been initiated in the courts. Three proceedings were pending on June 30, 1951, and of the 271 which have been litigated to finality, only one case was terminated adversely to the Commission. In two other cases, decisions adverse to the Commission were vacated as moot. The Commission's activity in the courts during the 1951 fiscal year is shown in the following tables:

ACTIONS TO ENFORCE VOLUNTARY PLANS UNDER SECTION 11 (e)

Applications pending in United States district courts, July 1, 1950-----	2	
Applications filed, July 1, 1950, to June 30, 1951-----	5	
Plans approved and not appealed-----		4
Plans approved and appeal taken to court of appeals-----		1
Plan disapproved in part and approved in part, and appeals taken to court of appeals-----		1
Applications pending, June 30, 1951-----		1
Totals-----	7	7
Appeals from orders of district courts pending in courts of appeal, July 1, 1950-----	2	
Appeal from order of district court approving plan, July 1, 1950, to June 30, 1951-----	1	
Appeals from orders of district court disapproving plan in part and approving it in part-----	1	
Orders of district courts affirmed and petitions for writs of certiorari denied-----		2
Appeals pending, June 30, 1951-----		2
Totals-----	4	4
Petition for writ of certiorari to review decision of court of appeals revising in part order of district court approving plan, pending at July 1, 1950-----	1	
Decision of court of appeals reversed and plan approved-----		1
Totals-----	1	1

PETITIONS TO REVIEW ORDERS OF THE COMMISSION UNDER SECTION 24 (A)

Petitions pending in courts of appeals, July 1, 1950-----	3	
Petitions filed July 1, 1950, to June 30, 1951-----	3	
Orders of Commission affirmed-----		4
Petitions dismissed-----		2
Totals-----	6	6

¹ In a seventh case where the Commission's order was affirmed during the preceding fiscal year, petition for a writ of certiorari was denied.

Actions to Enforce Voluntary Plans Under Section 11 (c)

Two applications for enforcement of voluntary plans were pending in United States district courts at the beginning of the fiscal year 1951. One of these plans related to the liquidation of Market Street Railway Co. The Commission had found that counsel for a preferred stockholders' committee was not entitled to receive a fee for his services since he had been acting in his own interest primarily rather than in the interests of the committee and of the company and that, although he had rendered valuable services, his failure to devote his time and efforts solely to the interests of his clients precluded him from being compensated for such services.⁵ The district court agreed with the Commission on all phases of the plan except that which denied the attorney's fee and remanded the plan to the Commission for reconsideration.⁶ The Commission took an appeal from the court's refusal to approve the denial of a fee, and a cross-appeal was also filed. The plan was then amended to separate into Step One the settlement of claims and the distribution of the major assets of Market Street, and into Step Two the attorney's application for a fee and certain other matters. The Commission approved Step One of the plan and reserved jurisdiction over Step Two. Upon application the district court approved Step One.⁷ An appeal from the district court's order was taken and was consolidated with the pending appeals. A stay was denied and Step One was consummated. These appeals were pending at the close of the fiscal year. The second plan provided for a partial liquidation of American Power and Light Company. The district court approved the plan without opinion and no appeal was taken.

Five applications for enforcement of voluntary plans were filed in United States district courts during the fiscal year. The first of these plans involved the question of what additional amounts, if any, should be paid to holders of certificates representing claims on \$6 and \$5 preferred stock of Electric Bond and Share Company which had been retired. The Commission decided, and the district court agreed,⁸ that the holders of the \$6 certificates were entitled to an additional \$10 plus compensation for delay in receipt of that amount, and that the \$5 certificates were entitled to nothing more. Appeals were taken from the order of the district court and Bond and Share petitioned the Supreme Court to review the district court order. The Supreme Court denied Bond and Share's petition⁹ and after the close of the fiscal year, the appeals were dismissed on stipulation of the parties.

One of the remaining four plans paralleled the Bond and Share case and presented the question what additional amounts, if any, should be paid to \$7 and \$6 prior lien preferred stockholders of New England Public Service Company. The Commission's determination that they should receive, respectively, \$12.25 and \$2.25 per share, plus compensation for delay, was confirmed by the district court and no appeals were taken from the enforcement order.¹⁰

The third of these plans concerned the distribution of escrowed common stock of Interstate Power Company. The principal question

⁵ Holding Company Act release No. 9376 (Sept. 30, 1949).

⁶ *In re Market Street Railway Co.*, Unreported (N. D. Calif., No. 29,723, July 11, 1950).

⁷ Unreported (N. D. Calif., No. 29,723, Nov. 21, 1950).

⁸ *In re Electric Bond and Share Co.*, 95 F. Supp. 492 (S. D. N. Y., 1951).

⁹ *Electric Bond and Share Co. v. S. E. Co.*, 341 U. S. 950 (1951).

¹⁰ *In re New England Public Service Co.*, 94 F. Supp. 343 (D. Me., S. D., 1950).

presented was what participation should be accorded Ogden Corporation in its dual position as creditor and stockholder of Interstate vis-a-vis public security holders. The Commission found fair and equitable a compromise of the issues and the plan was approved by the district court.¹¹ No appeal was taken from the Commission's order. A plan providing for a recapitalization of Green Mountain Power Corp. and a settlement of claims between Green Mountain and its parent, New England Electric System, was enforced without opposition. The remaining plan was pending in the district court at the close of the fiscal year.

Shortly before the close of the preceding fiscal year a plan of recapitalization of Eastern Gas & Fuel Associates had been approved by a district court. At the time of approval the court reserved jurisdiction to approve the amount at which the common stock of the company might be surrendered for which the stockholders would be paid in cash. The company petitioned for and was granted a supplemental order approving an amount of \$11.00 per share as the settlement price.

Two plans were pending in United States courts of appeal at the beginning of the fiscal year. The first of these plans, approved by the Commission and the district court, involved the liquidation of The Commonwealth & Southern Corporation (Del.) in which the holders of option warrants were denied any participation. As originally submitted to the Commission this plan left undecided the disposition of residual assets of Commonwealth. Prior to consummation of the plan, it was amended to provide that the residual assets should be transferred to The Southern Company, a subsidiary holding company created to own the capital stock of certain former subsidiaries of Commonwealth. An investment banker's petition to intervene in the district court was denied. During the fiscal year the court of appeals affirmed orders of the district court denying intervention¹² and approving the plan,¹³ and petitions for writs of certiorari were subsequently denied.¹⁴

The second plan which was pending at the beginning of the fiscal year and which was affirmed related to an order of a district court which approved and enforced a plan for the dissolution of Federal Water and Gas Corporation. The appellants were officers, directors and controlling stockholders of a predecessor company, Federal Water Service Corporation. They asserted that the district court erred in approving that part of the plan which excluded them from participation as stockholders in the distribution of the assets of Water and Gas with regard to preferred stock of Water Service which they had acquired during the course of reorganization of Water Service. The Water Service plan had provided that they receive cash representing their cost of the Water Service preferred, and not new stock of Water and Gas, and the Commission's approval of that plan had been upheld by the Supreme Court.¹⁵ The court of appeals held that the prior decision was *res judicata* and affirmed the district court enforcement

¹¹ *In re Interstate Power Co.*, Unreported (D. Del., No. 1003, 3-16-51). The Commission had approved and had applied for enforcement of a prior plan, but had requested and obtained a district court order remanding the proceeding for consideration of changed circumstances. See *In re Interstate Power Co.*, 89 F. Supp. 68 (D. Del., 1950).

¹² *In re Commonwealth & Southern Corp.*, 186 F. 2d 708 (C. A. 3, 1951).

¹³ *In re Commonwealth & Southern Corp.*, Adelaide H. Knight, Appellant, 184 F. 2d 81 (C. A. 3, 1950).

¹⁴ *Knight v. Commonwealth & Southern Corp., et al.*, 340 U. S. 929 (1951).

¹⁵ *S. E. C. v. Chenery Corp.*, 332 U. S. 194 (1947), rehearing denied 332 U. S. 783 (1947).

order.¹⁶ The Supreme Court denied petitions for certiorari seeking review of the district court order¹⁷ and of the court of appeals order.¹⁸

At the end of the preceding fiscal year a court of appeals had reversed an order of a district court approving a plan for the reorganization of Long Island Lighting Company.¹⁹ Appellants had asserted on appeal that the Commission, in passing upon the plan of Long Island, had not given consideration to earnings which would accrue as the result of the reorganization and that in determining the fairness of the allocation of new securities the Commission had erred. The Commission petitioned for a modification of the decision of the court of appeals and for approval of the plan on the basis of a supplemental opinion showing that full consideration had been given to such benefits. The petition was granted during the fiscal year 1951.²⁰ One proceeding involving reorganization plans of Niagara Hudson Power Corporation was pending in the Supreme Court at the beginning of the fiscal year. The Commission had held that the holders of option warrants were not entitled to participate in the reorganization. The district court had approved the plans, and the court of appeals had reversed the district court order on this one point.²¹ Petitions for a rehearing had been denied and the Commission and the company had petitioned for certiorari, which had been granted by the Supreme Court. During the fiscal year the Supreme Court reviewed the plan, reversed the order of the court of appeals and affirmed the order of the district court.²²

Petitions to Review Orders of the Commission

Three petitions to review orders of the Commission were pending in United States courts of appeals at the beginning of the fiscal year and three petitions were filed during the fiscal year. In four cases the Commission's order was affirmed, and in the other two cases the appeals were dismissed.

Two of the petitions which were pending were from orders of the Commission approving various matters collateral to the reorganization of the Niagara Hudson Power Corporation system. The Commission had approved an application of The United Corporation to distribute approximately half of its holdings of Niagara Hudson common stock to its own common stockholders. The Commission's order was affirmed.²³ The other such petition sought review of an order of the Commission approving the exchange by United of common stock of Niagara Hudson for the capital stock of Niagara Mohawk Power Corporation, the surviving top company in the reorganization of the Niagara Hudson system. The appeal was dismissed without opinion.²⁴

The third pending petition sought review of those provisions of an order of the Commission which denied a petition of a stockholder of International Hydro-Electric System for modification of a prior

¹⁶ *In re Federal Water & Gas Corp., Chenery Corp., Appellants*, 188 F. 2d 100 (C. A. 3, 1951).

¹⁷ *Chenery Corp. et al. v. S. E. C. et al.*, 340 U. S. 831 (1950).

¹⁸ 341 U. S. 831 (1951).

¹⁹ *Common Stockholders Committee v. S. E. C.*, 183 F. 2d 45 (C. A. 2, 1950).

²⁰ 183 F. 2d 52 (C. A. 2, 1950); certiorari denied 340 U. S. 834 (1950).

²¹ *Leventritt v. S. E. C.*, 179 F. 2d 615 (C. A. 2, 1950);

²² *S. E. C. v. Leventritt*, 340 U. S. 838 (1951).

²³ *Phillips v. S. E. C.*, 185 F. 2d 746 (C. A. D. C., 1950);

²⁴ *Phillips v. S. E. C.*, Unreported (C. A. D. C., No. 10,601, June 28, 1951).

order directing the liquidation and dissolution of IHES.²⁵ The Commission's order was affirmed.²⁶

One of the three petitions filed during the fiscal year sought review of an order of the Commission which had denied a committee authority to solicit stockholders of The United Corporation for proxies in connection with a pending plan. The Commission found that the solicitation material contained false and misleading statements, and that the proposed solicitation would be detrimental to the pending reorganization proceeding. The Commission's order was affirmed.²⁷

Another review proceeding was initiated by two petitions seeking review of an order which granted to preferred stockholders of Federal Light and Traction Company an additional amount over that previously received, together with interest for delay in receipt of the payment. These petitions were consolidated on appeal. The court of appeals affirmed the Commission's order and certiorari was denied.²⁸

The third petition for review initiated during the fiscal year sought reversal of a Commission order which had denied the application of a registered holding company for an examiner's report with respect to the petition of the company in opposition to solicitation of stockholders. The appeal was dismissed for lack of jurisdiction.²⁹ During the preceding fiscal year a United States court of appeals had affirmed an order of the Commission which prohibited a solicitation of voluntary contributions from stockholders to defray expenses of a committee.³⁰ During the fiscal year 1951 the Supreme Court refused to review the case upon a petition for a writ of certiorari.³¹

²⁵ The order also approved a plan filed by the Trustee of IHES.

²⁶ *Protective Committee for Class A Stockholders v. S. E. C.*, 184 F. 2d 646 (C. A. 2, 1950).

²⁷ *Committee for Common Stockholders v. S. E. C.*, 188 F. 2d 897 (C. A. 2, 1951).

²⁸ *Federal Liquidating Corp. v. S. E. C.*, 187 F. 2d 804 (C. A. 2, 1951), certiorari denied 341 U. S. 949 (1951).

²⁹ *North American Co. v. S. E. C.*, Unreported (C. A. 2 (1950)).

³⁰ *Halstead v. S. E. C.*, 182 F. 2d 660 (C. A. D. C. 1950).

³¹ *Common Stockholders Committee v. S. E. C.*, 340 U. S. 834 (1950).

PART IV

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

Chapter X of the Bankruptcy Act provides a procedure for reorganizing corporations (other than railroads) in the Federal courts. The Commission's duties under Chapter X are, at the request or with the approval of the court, to participate in proceedings to provide the court and investors with independent expert assistance on the various legal and financial questions that arise in the proceeding and to prepare for the benefit of the courts and investors advisory reports on plans of reorganization. The Commission has no statutory right of appeal in a Chapter X proceeding, but it may participate in appeals taken by others.

COMMISSION'S FUNCTIONS UNDER CHAPTER X

The role of the Commission under Chapter X is different from that under the statutes which it administers. The Commission does not administer Chapter X. It acts in a purely advisory capacity. It has no authority either to veto or to require the adoption of a plan of reorganization or to render a decision on any other issue in the proceeding. The facilities of its technical staff and its recommendations are at the service of the judge and the security holders, affording them the views of experts in a highly complex area of corporate law and finance.

Generally, the Commission has sought to participate only in proceedings in which there is a public investor interest; \$250,000 of publicly held securities is the rough guide used in deciding whether there is enough public interest to make it worth while for the Commission to participate. Sometimes the Commission has entered smaller cases, particularly when requested by the court, where public security holders are not adequately represented, where it appears that the proceedings are being conducted in violation of important provisions of the Act, or where the Commission may otherwise be useful by participating.

Even where the public interest is too small to warrant active intervention by the Commission, the staff may follow a case and watch the course taken by the proceedings in order to make suggestions or comments on an informal basis when requested or when it is deemed desirable. Because of its nation-wide activity and its experience in Chapter X cases the Commission is able to respond to requests for help in the interpretation and application of the provisions of Chapter X. The Commission and its staff are often called upon by trustees or their counsel, other parties, referees, special masters, and judges for advice or comments.

SUMMARY OF ACTIVITIES

The Commission actively participated during the 1951 fiscal year in 64 reorganization proceedings involving the reorganization of 87

companies with aggregate stated assets of \$774,252,000 and aggregate stated indebtedness of \$498,184,000. During the year the Commission, with court approval, filed notices of appearance in 5 new proceedings under Chapter X.¹ These proceedings involved 5 companies with aggregate stated assets of \$3,243,000 and aggregate stated indebtedness of \$3,028,000. At the close of the year, the Commission was actively participating in 53 reorganization proceedings involving 75 companies with aggregate stated assets of \$729,402,000 and aggregate stated indebtedness of \$454,852,000.

Some of the more important matters and issues with which the Commission was concerned during the last fiscal year in connection with its Chapter X functions are discussed in the following paragraphs:

Activities Relating to the Trusteeship

A fundamental feature of Chapter X is that in every case involving a corporation of substantial size an independent trustee is appointed to be primarily responsible for the operation of the corporation's business during the proceeding, to examine and evaluate the reasons for the debtor's financial difficulties, to appraise the ability and fidelity of its management and to formulate and file a plan of reorganization. The success of the reorganization depends largely on the thoroughness, skill, and loyalty with which he and his counsel perform their tasks. The Commission customarily examines the qualifications of trustees in the light of the standards of disinterestedness prescribed by the statute for trustees and their counsel.

In *Mosser v. Darrow*, a broadly significant case emphasizing the high fiduciary standards applicable to trustees, the Commission was upheld by the United States Supreme Court. As reported in the Sixteenth Annual Report, the Commission had sought to surcharge a former trustee for profits made by his employees through trading in securities of the debtor's subsidiaries. The Court of Appeals for the Seventh Circuit reversed an order of the district court insofar as it surcharged the trustee. The Supreme Court in turn reversed the Court of Appeals and held that the trustee should be surcharged to the extent of the profits made by the trustee's employees.² In its opinion the Court pointed out that bankruptcy trustees are permitted no interest adverse to the trust because such interests "are always corrupting." Equity seeks, the Court stated, to avoid "delicate inquiries" into the conduct of trustees by exacting forbearance of all opportunities to advance their self-interest. Recognizing that "these strict prohibitions would serve little purpose if the trustee were free to authorize others to do what he is forbidden," the Court said: "We think that which the trustee had no right to do he had no right to authorize." To permit such conduct would, in the Court's opinion, open up opportunities for devious dealings in the name of others by the trustee. Answering the argument that a surcharge here creates a very heavy liability upon one who did not personally profit, the Court stated that, while courts are likely to protect trustees from disinterested mistakes in business judgment, a trusteeship is a serious business and is not to be undertaken lightly or so discharged, and that the

¹ A list of reorganization proceedings in which the Commission participated during the year ended June 30, 1951, is set forth in appendix table 20. Appendix table 19 classifies these debtors according to industry:

² *Mosser v. Darrow*, 341 U. S. 267, 272 (1951).

most effective sanction for good administration is personal liability for the consequences of forbidden acts.

In one case,³ the Commission objected to the retention in office of a trustee who was also the court-appointed trustee of the debtor's parent corporation. The Commission pointed out that, since the parent company owned all the stock of the debtor, its position was adverse to that of the bondholders of the debtor and that the trustee stood in the position of the parent company and was thus subject to a conflict of interest. The Commission's recommendations were not taken by the district court. An appeal from the court's ruling was filed by a bondholder and is pending.

The statute permits the appointment of an "additional trustee" who may be a director, officer or employee of the debtor for the limited purpose of participating with the disinterested trustee in the operation of the business and the management of the debtor's property. The Commission has always held the view that this exception to the rule requiring a trustee to be completely independent and disinterested should not be used freely or loosely. It has been the Commission's position that the provision was intended only for the exceptional case where the services and experience of such a person are essential to the business operations of the trusteeship and would not otherwise be available; it was certainly not intended to detract in any degree from the fundamental purpose of eliminating management control of reorganization proceedings. During the past fiscal year, in the Chapter X case involving *Ocean City Automobile Bridge Company*,⁴ the Commission had occasion to reiterate this position as *amicus curiae* in a brief before the Court of Appeals for the Third Circuit. The Commission also pointed out the dangers inherent in the appointment of additional trustees: the conflicts which may arise when business decisions affecting the interests of the management must be made, the difficulties and embarrassment when the independent trustee must investigate the past conduct of such persons or their associates either in evaluating management or in determining whether causes of action exist. In accord with the Commission's view, the Court stated:

The legislative history indicates that it was the intention of Congress that an additional operating trustee should be appointed only in those exceptional cases where the services of an individual who had been a director, officer or employee of the debtor were necessary to operate its business and manage its property and it was not feasible for the trustee to secure the services of the individual in question by employing him in the ordinary way. It was only in an unusual case of that kind that a director, officer, or employee of the debtor was to be appointed as an additional operating trustee.

The Court went further and held that, while an additional trustee may be an officer, director or employee of the debtor, he may not have any other conflicting relationship or interest as enumerated in the statute. Thus he may not be a creditor, stockholder, underwriter or attorney for the debtor or underwriter, or have any material interest adverse to any class of creditors or stockholders. The Court believed the exception for an "additional trustee" was not intended to open the door to persons who had a financial stake in the debtor's future which might make it difficult for them to act independently.

The Commission is also interested in assuring that the appointment of trustees does not in itself operate as a drain on the debtor's assets.

³ *In re Dallas Parcel Post Station, Inc.*, N. D. Ill.

⁴ 184 F. 2d 728 (C. A. 3, 1950).

In one case during the past fiscal year, the Commission felt that the continuation in office of two trustees was an unnecessary expense to the debtor. The two trustees had been appointed when the company was still in operation. Eventually, however, the business activities were terminated and the duties of the trustees became ministerial in nature. The business of the reorganization had become primarily a matter of the disposition of various claims in litigation. For this reason the Commission petitioned the court to reduce the number of trustees to one. The district court denied the petition and the question was appealed. The Court of Appeals for the Third Circuit reversed the lower court and directed that one of the trustees be removed.⁵

Problems in the Administration of the Estate

One of the objectives of Chapter X is that judicial supervision of the reorganization process and creditor and stockholder participation therein is based upon complete and impartial information regarding the affairs of the debtor. Thus, the independent trustee, at the direction of the court, is required to investigate the acts, conduct, property, liabilities, and financial condition of the debtor, the operation of its business, and the desirability of the continuance thereof, and to transmit a report of his investigation to creditors and stockholders. Such reports aid the court in considering problems in the administration of the estate as well as the fairness and feasibility of a plan of reorganization, enable security holders and other parties to a proceeding to make helpful and effective suggestions for a plan of reorganization and give security holders the necessary information to determine the desirability of accepting a proposed plan.

The Commission has continued its policy of consultation through its staff with trustees in connection with their investigations and the preparation of their reports. On the basis of its own investigations and its wide experience the Commission has been able to supply data and suggestions useful to the trustee. It has also continued to assist trustees in their investigation of possible claims against the old management and other persons.

In the Chapter X proceedings involving *South Bay Consolidated Water Co., Inc.*,⁶ questions have been raised regarding the allowance of large debt claims asserted by New York Water Service Corporation, parent company of the debtor. These issues are still unresolved and may not require determination in view of the probable payment in full of the claims and interests of all public bondholders and preferred stockholders under a plan of reorganization with cash obtained from the condemnation of the debtor's property and from operations. The claims asserted by New York Water Service are based in part upon advances made to South Bay by New York Water Service and in part upon a note issued in 1931 by South Bay to Federal Water Service Corporation, which was the parent company of New York until 1947. New York Water Service acquired the note from Federal in 1947 as part of a divestment plan of Federal under the Public Utility Holding Company Act. New York Water Service paid \$1,000 for the note, the principal amount of which was \$227,000 with accrued interest of over \$200,000. In addition to other defenses and counterclaims, investigation by the trustee, with the active assistance of the Commission's

⁵ *In re Solar Manufacturing Corp.*, 190 F. 2d 273 (C. A. 3, 1951), certiorari denied, December 3, 1951.

⁶ S. D. N. Y.

staff, revealed that if Federal had not made certain alleged excessive service charges, had not entered into certain real estate transactions in which South Bay sustained losses, and had paid to South Bay for certain properties the same price at which it contemporaneously sold those properties to New York Water Service, the large advances to South Bay would have been unnecessary and South Bay would not be faced with claims of over \$1,000,000, including interest charges.

Claims directly against Federal arising out of the transactions mentioned above were asserted by the trustee and were settled by the payment of a substantial sum to South Bay. While the trustee and the Commission's staff were engaged in investigating the relationship of the debtor to New York Water Service and to Federal, the trustee was informed that Federal had proposed to compromise various claims that New York Water Service was asserting against Federal before the Commission under the Holding Company Act in connection with the liquidation and distribution of Federal's assets. The proposal was to pay New York Water Service \$250,000, including \$7,000 to reflect minor claims presented by New York Water Service on behalf of South Bay. The trustee thereupon asserted his own claims on behalf of South Bay, based upon allegations respecting excessive service charges, over-payments for real estate sold to South Bay, underpayments for securities purchased from South Bay, and claims that certain advances should have been made as equity capital investment. Negotiations ensued and an independent settlement was reached between Federal and the trustee of South Bay under which South Bay was to receive \$250,000. The settlement was approved by the Commission after a hearing upon notice under the Holding Company Act and by the District Court in the Chapter X proceeding.

During the past fiscal year one case presented a novel question arising out of the provisions of New York law. New York statutes provide that a corporate director who is the successful defendant in an action involving his directorship may assess his litigation expenses against the company. A director who had successfully defended an action brought by the trustee moved, under the authority of the statute, to assess his expenses against the trustee. The court⁷ held that assuming the statute to be applicable to an action brought pursuant to Chapter X the assessment could not be made because the statutory language did not provide for assessment against a trustee. The court did not, therefore, reach the question whether the statute constituted an encroachment on the jurisdiction of the bankruptcy court.

A recurrent question is whether the enterprise should be liquidated through a sale or continued as a going concern through an internal plan of reorganization. The Commission does not support the sale type of reorganization merely because of its simplicity or certainty of result, but urges a decision based upon what will yield the greatest benefit for creditors and stockholders. Where the decision has been made to sell the assets of the debtor, there has been some tendency to attempt to complete the sale as an administrative matter prior to, and not as part of, a plan of reorganization with its attendant safeguards for investors. The Commission has urged that where substantially all of the assets of the debtor are sold the sale should be a part of a plan of reorganization, unless some emergency is involved, such as the need to dispose of perishable property.

⁷ *Finn v. Empire Trust Co.*, S. D. N. Y. (July 24, 1950).

The Court of Appeals for the Third Circuit upheld the Commission's theory in *In re Solar Manufacturing Corp.*,⁸ holding that no emergency is created when a prospective purchaser imposes a condition that his offer of purchase must be accepted within a short time. The *Solar* case was followed during the fiscal year in *In re American Bantam Car Co.*⁹ where the court, after hearing the Commission's argument, refused to set a hearing on a proposed sale. The judge advised the trustee that a plan of reorganization should be filed and if possible the purchase offer should be included in the plan. The Commission has consistently taken the position that when a sale is contemplated the trustee should develop competitive bidding by taking active affirmative steps in making known the availability of the property. Despite the fact that maintenance of competitive conditions, through public auction or otherwise, is called for in the best interests of security holders, the Commission has had occasion to overcome reluctance on the part of some trustees to develop real competition. The Commission has pointed out that even where the plan does not call for a public sale and competitive bidding, the plan may be successively improved by higher offers even after approval by the court and security holders.

Responsibilities of Fiduciaries

Assuring adherence to the high standards of conduct required of fiduciaries has continued to be one of the important activities of the Commission in Chapter X proceedings. We have indicated above our concern that the independent trustee be free from any conflicts of interest. The Commission is concerned also with the qualifications of other fiduciaries in the proceeding, such as indenture trustees, committees, attorneys, and other representatives of security holders.

In one case during the past fiscal year the Commission objected to the allowance of any fees to a firm of attorneys who had been subject to conflicting interests. The Commission pointed out that they had not only represented the petitioning creditors but also the debtor and the mortgagee in possession of the debtor's plant who was the debtor's landlord. In addition they represented the president of the debtor against whom the estate had a claim. The referee, following the Commission's suggestions, recommended that the attorneys be denied any fees. The court agreed that the rule of law required the disallowance of the attorneys' requests for fees.¹⁰ The same case also presented a different and unique question as to the allowance of fees. The president of the debtor requested compensation for his services as additional trustee of the debtor for the period up to his resignation. The Commission argued that there existed valid bases for the estate to assert claims against him because of his conduct as president prior to the proceeding and that the primary reason these claims were not pressed was the doubt that any judgment would be collectible. It was urged that the court had summary jurisdiction on an application for fees, in the circumstances here, to consider the clear liability of the president to the estate as offsetting any fee he might be entitled to. Both the referee and the court agreed with the Commission, and a fee was denied as in effect a set-off

⁸ 176 F. 2d 493 (C. A. 3, 1949):

⁹ W. D. Pa.

¹⁰ *In re American Acoustics*, 97 F. Supp. 586 (D. N. J. 1951).

against the claims of the estate. The determinations in this case were affirmed after the close of the fiscal year.¹¹

Activities With Respect to Allowances

The Commission in its advisory capacity endeavors to protect the estate from excessive and inequitable charges for fees and expenses while at the same time providing fair treatment to applicants which will adequately compensate them for services rendered and encourage legitimate creditor and stockholder participation in the reorganization process.

The Commission itself receives no allowances from estates in reorganization. It attempts to obtain a limitation of the aggregate fees to an amount which the estate should fairly and can feasibly pay. In each case, the applications are carefully studied and recommendations are made in the light of applicable legal standards and, in general, on the basis of beneficial contributions to the administration of the estate and to the adoption of a plan of reorganization. Specific recommendations are made to the courts in cases in which the Commission has been a party and in which it is familiar with the services of the various parties and all significant developments in the case.

The *Childs Co.*¹² case aptly illustrates the contribution the Commission may make in recommending allowances. Fees totaling \$1,400,000 were requested; the Commission recommended approximately \$750,000. The District Court originally awarded approximately \$965,000, but on appeal the Court of Appeals for the Second Circuit reversed those allowances and, in remanding the case for further consideration, indicated that the Commission's recommendations, if adopted, would be considered affirmatively reasonable and properly allowable.¹³ At subsequent hearings in the District Court a substantial dispute existed over the proper interpretation of the opinion of the Court of Appeals. It was urged by various applicants that under the appellate court's decision, the District Court had discretion to allow more than the amounts recommended by the Commission if special findings were made showing the necessity therefor. The District Judge, however, doubted the propriety of increasing the recommended allowances and, following the suggestion of the appellate court, adopted the Commission's recommendations. The Court pointed out that there were no new facts or conclusions presented to him but that there was simply a disagreement as to the value of the services rendered, a matter upon which the Court of Appeals had plainly issued its mandate.

The matter of allowances frequently involves the application of Section 249 which prohibits compensation or reimbursement of expenses where an attorney or other fiduciary has purchased or sold the securities of the debtor. In proceedings in the *Chicago Surface Lines* and *Chicago Rapid Transit*¹⁴ cases, the Commission objected to the allowance of fees and expenses for some participants on various grounds, among which was the fact that they had bought or sold securities during the proceedings. The Commission argued that these transactions were in contravention of the equitable rule which was

¹¹ *In re American Acoustics*, per curiam opinion (October 17, 1951, C. A. 3).

¹² S. D. N. Y.

¹³ *Finn v. Childs Co.*, 181 F. 2d 431 (C. A. 2, 1950).

¹⁴ N. D. Ill. E. Div.

codified by Section 249. The special master, overruling these objections, allowed fees and expenses to many of these applicants, and the District Court later affirmed the master's conclusions. The Court's action was based on its position that the reorganization proceeding had commenced as an equity receivership proceeding, had not come under Chapter X until 1944, and that, absent the strict application of Section 249, the Court had discretion as to whether to bar or permit compensation. In this respect, the decision is in conflict with other decisions.¹⁵

The Commission has sought a rigid adherence to the provisions of Section 249 in a field where the underlying principles might easily be whittled away by exceptions and hardship cases. Supporting the Commission's position, strict application of Section 249 was made by the District Court in *Norwalk Tire & Rubber Company* case.¹⁶ The Commission urged that the application of the secretary of a debenture holders' committee be denied because his firm participated in several transactions involving securities of the debtor during the reorganization. The court stated that, while it felt that these transactions generally could be considered *de minimis*, the rigidity of Section 249 required that the request for fees be rejected.

We have mentioned above the matter of denial of fees to attorneys who represented conflicting interests in the *American Acoustics* case. In such cases, the denial of fees is a prophylactic measure designed to implement the basic rule against divided loyalties and to assure that services will be rendered in the proceeding by those with a single-minded devotion to their cause. In the *International Railway Company*¹⁷ case, at the instance of the Commission, a bondholders committee had been held to be disqualified and was forced to withdraw because it had been organized by a management group with interests adverse to those of the public bondholders. Upon the presentation of applications for final allowances, members of this committee and their counsel were denied any fee for their services or reimbursement of expenses by the District Court in affirmation of the principle prohibiting fees to those subject to a conflict of interest in the reorganization proceeding.

During the past fiscal year, several cases presented the question of the propriety of awarding interim allowances prior to the completion of the reorganization proceedings. The matter of interim allowances presents the court with the difficult task of determining whether and in what amount the estate may safely make payments on account of administration costs prior to the completion of the reorganization. Since the extent of beneficial contribution to the administration of the estate or to the adoption of a plan of reorganization is the primary measure of the value of services rendered to the estate, an applicant's efforts cannot properly be evaluated until the proceeding is substantially completed. This fact militates against the allowance of interim fees except in the most unusual circumstances, and then only in a small amount. Where the trustee and his counsel devote a substantial por-

¹⁵ See *In re Paramount-Pubka Corp.*, 12 F. Supp. 823 (D. C. S. D. N. Y. 1935); *In re Mountain States Power Corp.*, 118 F. 2d 405 (C. A. 3, 1941); *In re Republic Gas Corp.*, 35 F. Supp. 300 (1938); *In re Minnesota & Ontario Paper Co.*, D. C. Minn. (November 19, 1941).

¹⁶ 86 F. Supp. 274 (D. Conn. 1951).

¹⁷ W. D. N. Y.

tion of their time to the reorganization, they may require, as a matter of necessity, the payment of some money as current income. To secure adequate services by them it may be desirable to permit interim allowances, but even in such cases the Commission feels that interim payments ought not to be generous, otherwise procrastination and unnecessary work will be encouraged against the best interests of the debtor.

This position was upheld by the Court of Appeals for the Third Circuit in *In re McGann Mfg. Co.*¹⁸ The District Court had allowed interim fees and expenses to the trustee and his counsel, to counsel for the debtor, and to a committee. The Commission was not a party to the proceedings. On appeal, the Commission presented its views as *amicus curiae*. In reversing the District Court, the Court of Appeals stated that interim allowances are justified only where a trustee or his counsel regularly devotes a portion of his time, daily or weekly, to the affairs of the estate, especially where the trustee operates a business, but that interim allowances are not justified where the duties performed by them are not substantial. Pointing out that the trustee's activities were routine and ministerial in nature, the Court of Appeals held that the grant of interim allowances to the trustee and his counsel was an abuse of discretion. As to applicants other than the trustee and counsel, the Court agreed that only under extraordinary circumstances should interim allowances be granted to them, particularly since the proper measure of compensation to them is the benefit derived by the estate from their services which can normally be evaluated only after consummation of the reorganization. Hence the Court reversed the lower court on this point also.

Subsequently, in the *Solar Manufacturing Company*¹⁹ case, the Court of Appeals for the Third Circuit upheld, as a matter of judicial discretion, an allowance by the district judge of interim allowances to the trustees and their counsel. In its opinion, however, the Court stated that if it were exercising its own judgment in the first instance it would not have made an allowance to the trustees although it would to counsel who, it found, had done a great deal of work during the year. The trustees, on the other hand, were no longer operating a business and their duties had become simpler. However, the Court of Appeals did not feel it could substitute its own judgment for the District Court because the trustees had expended a great deal of time on the case.

An instance where unusual circumstances may warrant the awarding of interim allowances is represented by the *American Fuel & Power Company* case.²⁰ There, the efforts of a committee and its counsel contributed substantially to the recovery of assets for the benefit of the estate. A great amount of time was spent over a period of many years, the services partook of the nature of trustee's services because the committee and its counsel took the laboring oar in the litigation, the efforts were successful, and, although a plan of reorganization had yet to be approved, the recovery of the fund was assured. In these circumstances the Commission felt that an interim allowance well below what might be allowed as a final fee could properly be made. The District Court has not yet acted upon the application.

¹⁸ 188 F. 2d 110 (1951).

¹⁹ 190 F. 2d 273 (C. A. 3, 1951).

²⁰ E. D. Ky.

PLANS OF REORGANIZATION UNDER CHAPTER X

The formulation and consummation of a fair and feasible plan of reorganization is, of course, the primary purpose of the proceeding under Chapter X. Accordingly, the most important function of the Commission under Chapter X is to aid the courts in achieving this objective.

Fairness of Plan

Basic to the Commission's approach to questions involving the fairness of reorganization plans under Chapter X is the fixed principle, firmly established by Supreme Court decisions, that full recognition must be accorded to claims in the order of their legal and contractual priority either in cash or in the equitable equivalent of new securities and that junior claimants may participate only to the extent that the debtor's properties have value after the satisfaction of prior claims or to the extent that they make a fresh contribution necessary to the reorganization of the debtor. A valuation of the debtor is essential to provide a basis for judging the fairness as well as the feasibility of proposed plans of reorganization. In its oral statements and in its advisory reports the Commission continues to urge that the proper method of valuation for reorganization purposes is primarily an appropriate capitalization of reasonably prospective earnings.

In connection with the fairness of plans and the treatment of claims against the estate, the Commission has given careful consideration to situations where, because of mismanagement or other misconduct on the part of a parent company or a controlling or affiliated person, the claims of the parent or affiliate should be subordinated to the claims of the public investors or these claims limited to cost. All the facts and circumstances in these instances are investigated since they form an integral part of the concept of the "fair and equitable" plan. Questions of this kind assumed importance in several proceedings during the past fiscal year. In *In re Inland Gas Corporation*, the Court of Appeals for the Sixth Circuit had rendered a decision directing subordination of the claims of Columbia Gas System, Inc. to those of all other creditors. In the subsequent formulation of a plan the question arose whether Columbia's claims in Inland Gas Corporation should be subordinated to those of the public creditors of American Fuel & Power Co. and Kentucky Fuel Gas Co., which companies owned almost all of the stock of Inland Gas Corporation but practically no other assets. The District Court read the mandate of the Court of Appeals to require only that Columbia's interest in each corporation be subordinated to the other creditors of such corporation. This determination was appealed to the Court of Appeals and that Court was asked to interpret its prior holdings.

The Commission's position that the American Fuel system should be viewed as an integrated enterprise was upheld by the Court. The Commission urged that all public security holders of the three companies had been injured by Columbia's conduct and that the Court should interpret its former mandate to require the subordination of Columbia's claims not only to the claims of Inland's own creditors but also to those of American Fuel and Kentucky Fuel. The Court found that the holders of the notes secured by Inland stock were,

in a very true sense, creditors or quasi-creditors of Inland and as such were entitled to participate in Inland's assets as creditors prior to Columbia.²¹ Having found a creditor status in Inland Gas for the American Fuel and Kentucky Fuel creditors, the Court did not make any provision for the slight Inland Gas stock interest (1.4 percent) held by public investors, as recommended by the Commission.

The Commission took the opposite position with respect to a contention, in the *Inland Gas Corporation* case, that the claims of American Fuel against Inland Gas, its majority-owned subsidiary, be subordinated or treated as capital contributions because of the undercapitalization of Inland Gas. Except for a single situation calling for limitation to cost,²² the Commission pointed out that the relationship between the two companies did not call for treatment of American Fuel's claims different from that of other creditors. No mismanagement or overreaching was shown; American Fuel was organized by the promoters of the system after Inland Gas was created and the American Fuel creditors were in the position of advancing funds to Inland Gas at a time when it needed capital badly; American Fuel creditors ought not equitably to be charged with the conduct of the promoters. The Court of Appeals agreed that this did not present a case for subordination and affirmed the holding of the District Court.

In the *International Power Securities Corp.* case an issue regarding subordination and limitation to cost was resolved by a settlement incorporated in a plan of liquidation which was recommended as fair and feasible by the Commission and approved by the Court in May 1951. The debtor had been organized to finance the development of hydro-electric power in Northern Italy and deal generally in the investment of funds. Its major assets became mortgages on the property of an Italian public utility, Societa Edison of Milan, and its income was largely the interest paid on those obligations. In 1940 it became impossible for the Societa Edison to make dollar payments, and the debtor consequently could not make interest payments on its own bonds, outstanding in the principal amount of more than \$16,000,000. A petition for reorganization was filed in February 1941. After World War II Societa Edison sent a representative to this country to discuss that company's affairs and settlement of the debtor's claims against it. It was then learned that Societa Edison had acquired a large amount of the debtor's bonds at a substantial discount. It was subsequently alleged that while the representative was in this country, Societa Edison had purchased \$1,250,000 principal amount of the debtor's bonds. These and other purchases would bring the total holding of Societa Edison in the debtor's bonds to \$6,543,000 principal amount. Meanwhile agencies of the Italian government acquired \$1,098,000 principal amount of the bonds from Italian nationals.

It was contended by a bondholders' committee that these bondholdings should be limited to cost or subordinated completely to pub-

²¹ *In re Inland Gas Corp.*, 187 F. 2d 813 (C. A. 6, 1951).

²² In this instance, American Fuel acquired Inland Gas bonds for Inland Gas sinking fund purposes. The Commission argued that American Fuel, as parent of Inland Gas, could not make a profit on the acquisition of bonds where Inland Gas was "in the field" to acquire them itself though it lacked funds to do so, distinguishing *Manufacturers Trust Co., Trustee v. Becker*, 338 U. S. 304. The Court held that the transaction was in essence a loan and no profit should be realized thereon by the parent company.

licely held bonds or applied as a set-off because Societa Edison's relationship to the debtor and its bondholders was such that it could be considered the real obligor of the debtor's bonds, or at least a guarantor of them. Proceedings were commenced to determine the ownership and status of the bonds and orders were obtained from the court directing Societa Edison and the Italian Government to file claims. An application to restrain the transfer of the \$1,250,000 of bonds in the custody of a bank in this country, however, was denied. On appeal the Court of Appeals for the Third Circuit reversed, holding that the injunction was within the jurisdiction of the court and that it was error for the court not to prevent the transfer of the bonds until the issues respecting their ownership and status were determined.²³ Societa Edison did not file its claims, but proceeded with an offer of settlement. After extensive negotiations, a proposal was made under which the Italian Public Credit Institute would settle Societa Edison's obligations by the issuance of \$26,600,000 of bonds, equal to principal and interest of the Italian company's mortgage debt. For their holdings of the debtor's bonds of about \$11,000,000 including interest, Societa Edison and the Italian Government agencies were to be allowed a credit of only \$8,600,000, leaving \$18,000,000 of Institute bonds to go to the American bondholders. In addition, interest and amortization terms of the proposal were made more favorable than other Institute bond issues as part of the settlement.

The trustee's plan, based upon acceptance of this settlement, contemplates issuance of liquidation trust certificates to bondholders upon which payments will be made by a trustee out of the funds received upon the Institute bonds held by the trustee until the bondholders are fully paid, principal and interest. The balance of payments starting in 1967, which would normally have been paid to the preferred stockholders of the debtor, in accordance with their priority, will, under the plan, become the property of the holders of subordinated liquidation trust shares. These subordinated shares will be purchased for investment by Italian interests for a net sum of \$1,190,000 which, under the plan, will be apportioned between bondholders and preferred stockholders in compromise of their claims to this cash. The Commission did not render a formal advisory report, but informed the Court in a full oral presentation that it considered the plan fair and equitable. Thereafter the Court approved the plan. The required majorities of the bondholders and preferred stockholders voted in favor of the plan and in June 1951 it was confirmed by the Court.

In our Sixteenth Annual Report, we described in some detail the proceedings involving Silesian-American Corporation. We discussed the trustee's plan which incorporated a proposal by Swiss banks for the acquisition by them of securities of the proposed reorganized company, the transfer to the debtor of certain funds held by them to enable a cash distribution to be made to public bondholders, and the release of claims of the debtor against the banks. We also discussed the Commission's advisory report which concluded that the trustee's plan was unfair and unfeasible in important respects and that other plan proposals were either not fair or not feasible. We pointed out that the District Court had overruled our recommenda-

²³ *In re International Power Securities Corp.*, 170 F. 2d 399 (C. A. 3, 1948).

tions except for some minor points and that appeals had been taken by a bondholders' committee and other parties from the District Court's order approving the trustee's plan.

During the past fiscal year, the Commission actively participated in this appeal before the Court of Appeals for the Second Circuit, urging that the District Court committed error in approving the trustee's plan. In an elaborate detailed opinion, the Court of Appeals reversed the lower court's order.²⁴ The case is of particular significance in the field of bankruptcy reorganizations because of the clear statement of the important weight which should be accorded advisory opinions of the Commission. The Court stated:

* * * Since decision here is so highly a matter of judgment, indeed of shrewd appraisal of what may be the possibilities of lengthy litigation as against an immediate smaller payment in hand, we obviously cannot find any sure or pat answer. The trustee naturally urges that we must give strong weight to the decision below, suggesting that it must be sustained as a finding of fact based on the preponderance of credible evidence, and therefore not "clearly erroneous" under F. R. 52 (a). But we are not justified in thus oversimplifying this difficult problem, so much more one of forecasting the future than of restating the past. Naturally careful consideration is due the conclusion of the able district judge who has had this lengthy reorganization so long under his control. At the same time we cannot overlook the fact that the governmental agency charged with substantial responsibility in the premises, the Securities and Exchange Commission, has made an extensive investigation resulting in a detailed and helpful report with a reasoned conclusion which the trial judge has rather summarily rejected. If the considered findings of this agency, with so much better facilities for investigation than those possessed by either this or the trial court, are to have any force beyond their initial impact below, then we think that they will largely offset the usual presumption accorded a decision of first instance. Otherwise much of the statutory purpose in creating an expert body for the consideration of technical problems will be set at naught. Compare 6 Collier on Bankruptcy Par. 7.30, 14th Ed. 1947. We have elsewhere stressed the importance of due regard for Commission findings, *Finn v. Childs Co.*, 2 Cir. 181 F. 2d 431, 438; and we are clear that here, too, we must give weight to the detailed evaluation of the facts made by this reliable and experienced public agency and the conclusion reached, even though this was not accepted by the trial judge.

After discussing the history of the debtor and its affairs and the terms of the Swiss offer and the trustee's plan, the Court set forth the Commission's position at length "both because of its statutory responsibility and because of the thoroughness with which it has worked out its position." The Court then analyzed the principal issue in the case, the causes of action against the Swiss banks, and concluded, as had the Commission, that there was lack of an adequate showing that the adjustment with the Swiss banks embodied in the trustee's plan was fair or just, particularly in the light of what seemed to be strong indications to the contrary. The case was therefore remanded for further proceedings. The Court did not prescribe what these should be, indicating that a new plan might be substituted or action against the Swiss banks instituted here or in Switzerland. In any event, the Court directed that some detailed examination be made of the Swiss transactions, Swiss law and the position of the Swiss Government agency in charge of the transactions.

In view of this conclusion, the Court did not finally determine other issues in the case but as an aid to a reappraisal of those issues, commented upon them. The Court felt that certain claims of the debtor against a German mining company were uncollectible in point of fact.

²⁴ *Conway v. Silesian-American Corporation*, 186 F. 2d 201, 202-203 (C. A. 2, 1950).

As to the correctness of the trustee's decision not to sue promoters of the debtor, the Court was divided in view, stating that it was clear that the promoters realized large profits but that it was not clear from the record whether the promoters, as charged by the Commission, were liable for a misleading bond circular, a write-up of the debtor's Polish assets and overvaluation of those assets and prospects. The suggestions of the Commission not followed by the lower court as to the details of the plan, including the issuance of contingency certificates to those who gave value for their securities, seemed to the Court to have merit.

In our Sixteenth Annual Report, we outlined the status of the reorganization proceedings involving Central States Electric Corporation, an investment company owning and controlling directly and through two subsidiaries assets of over \$50,000,000. We mentioned the important problems involved in the effectuation of a plan of reorganization for the Central States system; the treatment of some of these problems in our advisory report on five proposed plans of reorganization; the adoption by the District Court of the Commission's recommendation that the trustees' plan be approved and other plans be disapproved; and the denial by the District Court of a request to stay a preliminary step involving the dissolution of American Cities Power & Light Corporation, one of the subsidiaries, pending an appeal to the Court of Appeals for the Fourth Circuit. Briefs were filed and argument held on this appeal during the past fiscal year in July 1950. The Court of Appeals upheld the Commission's view of the case in a detailed opinion handed down in August 1950.²⁵

The Court dismissed the plans of reorganization proposed by certain junior security holder groups as objectionable "for reasons which the Commission has very clearly pointed out."

As to the contention of common stockholders that the case should be delayed until litigation against the former management shall be terminated, the Court quoted from the Commission's advisory report that "to request delay when immediate reorganization is practicable is to disregard the rights of creditors, as well as senior stockholders, * * * and to continue to subject them to the risk of loss." As to the argument that the trustees' plan of reorganization proposing a single open-end investment company for the system was a "liquidation," the Court agreed with the Commission that there was no basis for this conclusion, stating "This is just the sort of matter as to which the Securities and Exchange Commission is best qualified to judge and no good reason is suggested which would warrant the courts in substituting their judgment as to this for the expert judgment of the Commission." That stockholders might exercise their option under the charter of the reorganized company to redeem their stock was found not objectionable for another reason, since, as the Court stated, it is not the purpose of Chapter X to compel security holders to continue a business if they, the owners, desire otherwise.

On the question of valuation, the Court upheld the Commission's view that the proper method of valuing the assets of an investment company such as Central States is not prospective earnings but the realizable market value of the securities on hand. The Court pointed out that the case was to be distinguished from that of a business corporation where the value of the unit as a whole often exceeds the

²⁵ *In re Central States Electric Corporation*, 183 F. 2d 879 (C. A. 4, 1950).

value of the separate parts due to the unitary functioning of all parts as a whole. The Commission's advisory report and brief were quoted from with approval.

The Court affirmed the holding that the senior preferred stockholders were entitled to share in the assets of the debtor on the basis of their liquidating preferences prior to junior stockholders and distinguished the line of cases under the Public Utility Holding Company Act where the rights of preferred stockholders are generally not considered matured. The Court also approved the plan provision which allocated additional compensation to the bondholders amounting to 5 percent of their claim because of their loss of seniority in the reorganized company through the issuance to them of new common stock.

The Commission filed a brief in opposition to petitions to the Supreme Court for writs of certiorari. The same contentions were raised by the junior interests, excluded from participation in the physical assets of the debtor, that they raised in the courts below. Certiorari was denied in January 1951.²⁶ In the meantime, the trustees' plan of reorganization was confirmed by the District Court as recommended by the Commission over the objection of the junior interests. An appeal to the Court of Appeals from the order of confirmation was dismissed. Thereafter certain common stockholders moved to dismiss the entire proceeding on the ground that the debtor was solvent and could pay its debts (debentures of \$22,000,000, principal plus interest) through a sale of assets or by borrowing or a combination of both. The Commission opposed the motion to dismiss on the grounds that this issue had been decided in the prior appeal; that the need for and practicability of reorganization is the basic test to determine whether a case should be dismissed or not and not whether a debtor is or has become solvent; and that the reorganization of solvent debtors in need of rehabilitation is expressly contemplated by Chapter X. The District Court denied the motion. On appeal, the Commission filed a brief and argued in support of the order denying the motion. The Court of Appeals affirmed on several grounds. Of broad import in Chapter X is the Court's opinion that "the idea that jurisdiction over reorganization proceedings is lost because of a fortunate administration of the corporation's assets under the Court's direction is supported neither in law nor in common sense and is violative of the well settled rule that a court of equity, having once taken jurisdiction, will do complete justice in the premises." The Court of Appeals also pointed out that to dismiss the proceedings would have meant turning back control of the company to the former management against whom suit for a substantial sum was pending and that such a course was "hardly thinkable."^{26a}

The Court of Appeals refused a stay of the proceedings, stating that for persons holding insignificant interests in so large an enterprise to hold up and delay a plan where the security holders having substantial interests had given their approval and the Commission, the District Court and that Court had likewise given their approval, is an abuse to which the Court would lend no encouragement. The mandate was directed to be issued in fifteen days unless application for certiorari were made to the Supreme Court. The common stockholders did apply for certiorari and the Commission, among other

^{26a} *Chase v. Austrian*, 189 F. 2d 555 (C. A. 4, 1951).

parties, filed a brief in opposition. Certiorari was denied in June 1951.²⁷

Thereafter the plan of reorganization was speedily consummated. A new open-end investment company, called Blue Ridge Mutual Fund, Inc., emerged as the reorganized company, resulting from the merger of Central States Electric Corporation and its subsidiary, Blue Ridge Corporation. American Cities Power and Light Corporation, another subsidiary, had been dissolved during the previous year. Common stock of the new company was distributed to the bondholders and 7 percent preferred stockholders of Central States and to the common stockholders of Blue Ridge in accordance with their interests. The new company commenced operations with about \$45,000,000. Requests for redemptions, which will substantially reduce the assets of the company, may be offset by sales of new stock. As permitted by the plan, an underwriting arrangement and a management contract were entered into, with the approval of the Court, with Reynolds and Company, an investment banking and securities firm. The new contracts were reviewed by the Commission, not only from the point of view of Chapter X standards, but also to assure compliance with the Investment Company Act of 1940. It is contemplated that the new company will make a continuous offering of its stock as is the practice of other investment companies of this type. The Commission also closely reviewed the charter and by-laws of the new company to see that proper safeguards in the interests of investors were incorporated therein.

Feasibility of Plan

A prerequisite to the court's approval of a plan of reorganization is its feasibility. In order to assure a sound reorganization, which will not result in the debtor's return to Chapter X because of financial difficulties, the Commission gives a great deal of attention to the various factors affecting feasibility. Generally speaking, these factors involve the adequacy of working capital, the relationship of funded debt and the capital structure as a whole to property values, the adequacy of corporate earning power for interest and dividend requirements, the possible need for capital expenditures, and the effect of the new capitalization upon the company's prospective credit. The Commission's views of feasibility as relating to various types of enterprises have been announced in some detail in its advisory reports. Although no advisory reports were issued during the past fiscal year, the Commission's views on the subject of feasibility were expressed orally in several cases along lines previously set forth in its published reports.

Consummation of Plan

The Commission gives detailed scrutiny to the corporate charters, by-laws, trust indentures, and other instruments which are to govern the internal structure of the reorganized debtor. In general the Commission strives to assure to investors the inclusion of protective features and safeguards which its experience has shown to be desirable.

The Commission's interest in the entire reorganization process includes not only the consummation of the plan and the winding up

²⁷ 341 U. S. 952.

of the affairs of the trusteeship (which may occur many years after a plan has been consummated) but may also extend to the interpretation and enforcement of the terms of the plans by the reorganized company. The value of such continued interest was shown by the decision of the Third Circuit Court of Appeals in *In Re Pittsburgh Terminal Coal Corp.*,²⁸ discussed at length in the Sixteenth Annual Report. During the past fiscal year, application for certiorari to the Supreme Court from this decision was opposed by the Commission on the ground that the decision of the Court of Appeals was correct in applying to the facts of this case the established principle that a bankruptcy court has jurisdiction to protect its decrees, to interpret, enforce and carry out the plan of reorganization and to prevent interference with the plan or its operation. The Commission also urged that the decision was not in conflict with other decisions and distinguished the decisions relied upon by the petitioner which held in general that the Chapter X Court has no power to interfere in the affairs of a corporation after a plan has been consummated. The Supreme Court denied certiorari.²⁹

Another matter in connection with the consummation of plans of reorganization which has been of concern to the Commission is the problem of unexchanged securities. The Commission found that many security holders had not submitted their old securities in exchange for new securities or cash distributable under the plan. Chapter X provides that a period of not less than 5 years may be fixed by the judge within which security holders may make the exchange under the plan, after which they are barred. After some experience with the operation of this provision, the Commission concluded that, in the larger cases, 5 years may be too short a period, depending on the facts, and recommended a bar period of 10 years.

More important than the lengthening of the exchange period, the Commission believes that efforts to locate security holders must be intensified in order to reach as many investors as possible. The Commission has, therefore, urged trustees, exchange agents, and others who have the responsibility for distributing the new securities or cash, to send registered letters with return receipts requested, to publish notices in leading newspapers, and to retain professional tracers in the business of locating missing security holders.

²⁸ 183 F. 2d 520 (C. A. 3, 1950).

²⁹ *Pittsburgh Terminal Realization Corp. v. Heiner*, 340 U. S. 904 (1950).

PART V
ADMINISTRATION OF THE TRUST INDENTURE
ACT OF 1939

NATURE OF TRUST INDENTURE REGULATION

The Trust Indenture Act of 1939 requires that bonds, notes, debentures, and similar 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 which has been qualified with the Commission.

Individual holders of bonds, notes, debentures, and similar debt securities often find it difficult and expensive to enforce their rights under indentures and generally must rely upon the trustee named in the trust indenture to protect them. The Trust Indenture Act of 1939 requires the inclusion in the trust indenture of specified provisions which facilitate the protection and enforcement of such rights. Thus there must be a corporate trustee free from stated conflicts of interest; such trustee must not after default, or within 4 months prior thereto, improve its position as a creditor to the detriment of the indenture securities; it must make annual and periodic reports to bondholders; it must maintain bondholders lists to provide a method of communication between bondholders as to their rights under the indenture and the bonds; and it must be authorized to file suits and proofs of claims on behalf of the bondholders. The Act prohibits exculpatory clauses used in the past to eliminate the liability of the indenture trustee to the indenture security holders and imposes on the trustee, after default, the duty to exercise the rights and powers vested in it, and to use the same degree of care and skill in their exercise as a prudent man would use or exercise in the conduct of his own affairs. Specified evidence must be supplied by the obligor to the indenture trustee with respect to the recording of the indenture and with respect to conditions precedent to action to be taken by the trustee at the request of the obligor.

INTEGRATION WITH SECURITIES ACT OF 1933

The exemption provisions of the Trust Indenture Act of 1939 incorporate most of the exemptions contained in the Securities Act of 1933 and include certain other exemptions. The provisions of these Acts are so integrated that registration pursuant to the Securities Act of 1933 of securities to be issued under a trust indenture and not exempt from the Trust Indenture Act of 1939, is not permitted to become effective unless the indenture conforms to the requirements of the latter Act, 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 is processed

substantially as though such application were a registration statement filed pursuant to the Securities Act of 1933.

STATISTICS OF INDENTURES QUALIFIED

The Commission's work involved in the examination and qualification of indentures, like other phases of its securities regulatory activities mentioned elsewhere in this report, increased in volume during the 1951 fiscal year. During the year there were filed for qualification under the Trust Indenture Act 109 new indentures representing an aggregate amount of \$2,025,131,091 of debt securities, compared with 96 filings representing \$1,741,775,670 in the 1950 fiscal year. More detailed statistics follow:

Number of indentures filed under the Trust Indenture Act of 1939

	Number	Aggregate amount
Indentures pending June 30, 1950.....	4	\$55,000,000
Indentures filed during fiscal year.....	109	2,025,131,091
Total.....	113	2,080,131,091
Disposition during fiscal year:		
Indentures qualified.....	103	1,922,371,091
Indentures deleted by amendment or withdrawn.....	4	118,760,000
Indentures pending June 30, 1951.....	6	39,000,000
Total.....	113	2,080,131,091

During the 1951 fiscal year the following additional material relating to trust indentures was filed and examined for compliance with the appropriate standards and requirements:

Statements of eligibility and qualification under the Trust Indenture Act.....	128
Amendments to trustee statements of eligibility and qualification.....	5
Supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933.....	98
Applications for findings by the Commission relating to exemptions from special provisions of the Trust Indenture Act.....	6
Reports of indenture trustees pursuant to sec. 313 of the Trust Indenture Act.....	659

CHANGE IN FORM

Amendment of Form T-3.—During the 1951 fiscal year the Commission amended Form T-3 to add a requirement that there be filed as an exhibit to applications for qualification of indentures on this form a copy of each prospectus, notice, circular, letter or other written communication which is to be distributed to security holders generally in connection with the issuance or distribution of the indenture securities. The reason for requiring the filing of this material is to facilitate the Commission's examination of such applications.

PART VI
ADMINISTRATION OF THE INVESTMENT COMPANY
ACT OF 1940

The Investment Company Act of 1940 requires registration of, and provides for certain types of regulation of, investment companies—companies engaged primarily in the business of investing, reinvesting, and trading in securities. Among other things, the Act requires disclosure of the finances and investment policies of these companies in order 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 their stockholders; bars persons guilty of security frauds from serving as officers and directors of such companies; regulates the means of custody of the assets of investment companies and requires the bonding of officers and directors having access to such assets; prevents underwriters, investment bankers, and brokers from constituting more than a minority of the directors of such companies; requires management contracts in the first instance to be submitted to security holders for their approval; prohibits transactions between such companies and their officers and directors except with 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 the 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 requires face amount certificate companies to maintain reserves adequate to meet maturity payments upon their certificates.

REGISTRATION UNDER THE ACT

During the 1951 fiscal year, 12 new investment companies registered under the Investment Company Act of 1940, of which 5 were open-end management companies (companies which redeem their shares on presentation by the stockholders) and 7 were closed-end management companies (companies in which the shareholder can realize on his security only by selling it in the open market). During the nearest comparable period for which data are available, the 12 months ended March 31, 1951, about 211 registered open-end management and closed-end management investment companies reported to the Commission sales to the public of approximately \$594,000,000 of their securities and redemptions and retirements of approximately \$336,000,000, leaving a net investment by the public in such companies over the period of approximately \$258,000,000. As of June 30, 1951, 368 investment companies were registered under the Act, and on that date it is estimated that the value of their total assets was approximately \$5,600,000,000. This represents an increase of approximately \$1,000,000,000 in such valuation over the corresponding total at the beginning of the year.

The 368 investment companies registered at June 30, 1951, are classified as follows:

Management open-end	154
Management closed-end.....	105
Unit.....	94
Face amount.....	15
Total.....	368

CHARACTER OF INVESTMENT COMPANIES REGISTERED DURING FISCAL YEAR

As indicated, 12 investment companies registered under the Act during the fiscal year. Of these, five were open-end management investment companies actively offering their securities to the public. One of these companies stressed as an advantage the fact that it charged no sales load in the purchase of its shares. Another proposed a so-called formula of investment designed to require purchase and sales of securities on the happening of specified events. As a result of examination by the Commission's staff, the prospectus of the company as finally used makes it clear that the so-called formula is not infallible and that losses can result from investment in the company.

None of the closed-end management companies registered during the year is offering or intends to offer its securities to the public. One of such companies was created in connection with a merger of companies manufacturing locomotives and other heavy machinery as a repository for certain securities not necessary to the operation of the business of the combined companies. The stock of the investment company so formed was distributed to the stockholders of the locomotive company. Thus the investment company became publicly held and was required to register under the Act. Some others of the newly registered companies were created for similar reasons.

The remaining companies were required to register because of the fact that during the fiscal year the number of their stockholders reached 100 or more, thus removing the exemption in the Act for investment companies having less than 100 stockholders. The most interesting of these companies is Delaware Realty and Investment Company which owned approximately 33 percent of the voting securities of Christiana Securities Company, which in turn owned 27 percent of the common stock of E. I. du Pont de Nemours & Company, one of the country's largest industrial concerns.

SELLING LITERATURE

The Act requires literature (other than the statutory prospectus) used by issuers or underwriters in selling open-end investment company shares to be filed with the Commission within 10 days after such literature is first employed as selling material. During the preceding 1950 fiscal year there had been a substantial increase in the use of both literature purporting to describe investment companies generally and literature purporting to describe a specific company. Of considerable concern to the Commission was the fact that in a substantial number of cases this literature used by issuers, underwriters, and dealers to attract investors might be materially misleading in many respects. In addition, there was serious doubt that certain of such literature could be generally circulated under the Securities Act of 1933. Accordingly, before the beginning of the 1951 fiscal year the Commission

with the cooperation of the National Association of Securities Dealers undertook a study of such literature in an attempt to eliminate any misleading elements contained therein. During the 1951 fiscal year there was promulgated, as a result of the cooperative effort of the Commission and the National Association of Securities Dealers, a Statement of Policy governing the contents of such literature. In addition, during the 1951 fiscal year, the Commission and the National Association of Securities Dealers worked out a procedure for submission of selling literature to staff members for scrutiny as to compliance with the Statement of Policy before such literature is used.

Furthermore, after considerable discussion the Commission permitted the use under certain circumstances of charts indicating the performance of investment companies as selling literature provided such charts were contained in a standard book of reference, reflected the performance of a substantial number of investment companies, were prepared uniformly on a non-misleading basis, and were exhibited as a book to investors.

During the 1951 fiscal year, discussions were initiated between the National Association of Investment Companies and the Commission with a view to simplifying the registration requirements for such companies under the Securities Act and Investment Company Act, the objective being to obtain a short readable prospectus which would nevertheless fully inform investors as to the facts with respect to the particular company.

STATISTICAL DATA

The number of documents filed under the Act by registered investment companies during the fiscal years ended June 30, 1950 and 1951, together with other related statistics, are tabulated below:

	Fiscal year ended June 30—	
	1950	1951
Number of registered investment companies:		
Beginning of year.....	358	366
Registered during year.....	26	12
Terminations of registration during year.....	18	10
Number of companies registered at end of year.....	366	368
Notification of registration.....	26	12
Registration statements.....	26	10
Amendments to registration statements.....	51	22
Annual reports.....	224	251
Amendments to annual reports.....	23	35
Quarterly reports.....	818	869
Periodic reports, containing financial statements, to stockholders.....	637	673
Reports of repurchase of securities by closed-end management companies.....	73	71
Copies of sales literature.....	2,121	2,586
Applications for exemption from various provisions of the Act.....	77	62
Applications for determination that registered investment company has ceased to be an investment company.....	18	16
Total applications:		
Beginning of year.....	32	34
Filed during year.....	95	78
Disposed of during year.....	93	71
Pending at end of year.....	34	41

APPLICATIONS FILED

One of the functions of the Commission under the Act is to pass on applications by investment companies for exemptions which the Act permits under appropriate standards.

Some of the most complex problems arise out of the provisions of the statute which forbid, in the absence of approval by the Commis-

sion, purchases or sales of property or securities among investment companies and their affiliated persons. To approve such transactions the Commission must find that they are fair as to price and involve no overreaching. As a result, the applications in many instances involve unusual questions of valuation and inside influence. During the year 21 applications of this type were filed.

During the fiscal year 78 applications were filed under the various provisions of the Act, 62 of these for orders of the Commission relating to exemption from requirements of the Act, and the remaining 16 for a determination of the Commission that the applicant has ceased to be an investment company within the meaning of the Act. At the beginning of the fiscal year 34 applications were pending. These pending applications, together with the 78 filed during the year, totaled 112 applications which required the appropriate examination and consideration of the Commission during the year. As a result of the Commission's action 71 of these applications were disposed of during the year and 41 were pending on June 30, 1951. The various sections of the Act under which these applications were filed, and the disposition of the applications during the fiscal year, are shown in the following table (since an application may involve more than one section of the Act, the numbers are not totaled) :

Nature and disposition of various applications filed under the Investment Company Act of 1940 during year ended June 30, 1951

Section of the act under which application was filed	Number pending at June 30, 1951	Filed during year	Disposed of during year	Number pending at June 30, 1951
2 (a) (9) Determination of question of control.....	0	1	0.....	1
3 (b) (2) Determination that applicant is not an investment company.	2	0	1 withdrawn.....	1
6 (b) Employees' security company exemption....	1	2	2 granted.....	1
6 (c) Various exemptions not specifically provided for by other sections of the Act.	7	25	21 granted, 2 withdrawn.	9
7 (d) Allow foreign company to register.....	0	1	0.....	1
8 (f) Determination that a registered investment company has ceased to be an investment company.	3	16	10 granted, 1 withdrawn.	8
9 (b) Exemption of ineligible persons to serve as directors, officers, etc.	14	0	0.....	14
10 (f) Exemption of certain underwriting transactions.	0	1	1 granted.....	0
11 (a) Approval of terms of proposed security exchange offers.	0	2	0.....	2
17 (b) Exemption of proposed transactions between investment companies and affiliates.	5	21	19 granted, 2 withdrawn.	5
17 (d) Approval of certain bonus and profit-sharing plans.	4	9	12 granted.....	1
17 (e) Permit larger commission to an affiliated person than allowed by act.	0	1	1 granted.....	0
18 (i) Allow company to issue nonvoting securities.	0	2	1 granted.....	1
23 (c) (3) Terms under which closed-end investment company may purchase its outstanding securities.	1	4	4 granted, 1 withdrawn.	0

CHANGES IN RULES, REGULATIONS, AND FORMS

Bonus, profit sharing and pension plans.—Section 17 (d) of the Act authorizes the Commission to promulgate rules designed to prevent unfair use of their position by insiders to engage in joint transactions with the investment companies they manage or with companies controlled by such investment companies. To carry out this purpose the Commission in 1946 enacted rule N-17D-1 which in effect required submission to and approval by the Commission of bonus, profit sharing and pension plans granted by investment companies

or their controlled companies for the benefit of officers or employees, prior to their adoption. During the last fiscal year, as a result of the Commission's experience with the original rule, it was amended to eliminate the necessity of prior submission to the Commission of a variety of bonus, profit sharing and pension plans. Among such plans no longer required to be submitted to the Commission for approval are pension plans for employees of investment companies in which the company's contributions are based on a percentage of annual payroll and the plan has been qualified as non-discriminatory under section 165 of the Internal Revenue Code. Similarly, all bonus, pension or profit sharing plans of companies controlled by investment companies (other than other investment companies) are exempted if no affiliated persons of the controlling investment company participate in the plans. Finally, payments of bonuses up to 5 percent of the net income of the investment company, giving effect to any net unrealized depreciation in its assets, may be paid without the necessity of approval by the Commission. It is believed that these amendments to the rule will substantially lessen the administration burden of both the Commission and registered investment companies, without sacrifice of adequate protection to investors in such companies.

Registration form for face-amount certificate companies—The Commission during the year adopted a form of registration statement to be filed under the Act by registered face-amount certificate companies. These companies offer to investors certificates entitling their holders to a definite sum of money at the end of a prescribed period upon payments by the investor during such period, usually in monthly installments, of sums aggregating less than the amount to be paid by the company at maturity. The Act requires the companies to maintain reserves invested in qualified investments sufficient to meet the face amount of certificates held by investors at maturity. The new form, among other things, requires pertinent information to enable the Commission to determine whether such reserves are being maintained by the companies.

In addition to the new form a rule was adopted permitting the use of information previously filed by face-amount certificate companies with the Commission under the Securities Act of 1933 or section 15 (d) of the Securities Exchange Act of 1934. Both the form and the rule were previously published in draft form for comments and suggestions by the companies affected and other interested persons. Extended conferences were held with the representatives of some of the companies affected and the form adopted by the Commission reflects the incorporation of a number of comments and suggestions so received.

Bonding of officers and employees of investment companies—The Act empowers the Commission to require the bonding of officers and employees of registered investment companies who have access to securities owned and other assets of such companies. Pursuant to such statutory authority the Commission had adopted rule N-17G-1. During the fiscal year the Commission amended rule N-17G-1 by adding to such rule a definition of the terms "officers" and "employees." The amendment provides that for the purposes of this rule such terms shall include the depositor or investment adviser and its officers and employees in cases where the investment company is an unincorporated company managed by a depositor or investment adviser.

PART VII
ADMINISTRATION OF THE INVESTMENT ADVISERS
ACT OF 1940

The Investment Advisers Act of 1940 requires the registration as investment advisers of persons engaged for compensation in the business of advising others with respect to securities. The Commission is empowered to deny registration to or revoke registration of any adviser who, after notice and opportunity for hearing, is found by the Commission to have been convicted or enjoined because of misconduct in connection with security transactions or to have made false statements in his application for registration. The Act 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.

Statistics relating to registration of investment advisers, fiscal year ending June 30, 1951

Effective registrations at close of preceding fiscal year.....	1,043
Applications pending at close of preceding fiscal year.....	13
Applications filed during fiscal year.....	121
Total.....	<u>1,177</u>
Registrations cancelled or withdrawn during year.....	107
Registrations denied or revoked during year.....	0
Applications withdrawn during year.....	3
Registrations effective at end of year.....	1,057
Applications pending at end of year.....	10
Total.....	<u>1,177</u>

Approximately 258 registered investment advisers represent in their applications that they engage exclusively in supervising their clients' investments on the basis of the individual needs of each client. The services of about 341 others are chiefly through publications of various types. 235 investment advisers are registered also as brokers and dealers in securities. Most of the remainder offer various combinations of investment services.

PART VIII
OTHER ACTIVITIES OF THE COMMISSION
COURT PROCEEDINGS

Civil Proceedings

Complete lists of all cases in which the Commission appeared before a Federal or State court, either as a party or as *amicus curiae*, during the fiscal year, and the status of such cases at the close of the year, are contained in the appendix tables.

At the beginning of the 1951 fiscal year there were pending in the courts 18 injunctive and related enforcement proceedings instituted by the Commission to prevent fraudulent and other illegal practices in the sale of securities, 21 additional proceedings were instituted during the year and 19 cases were disposed of, so that 20 of such proceedings were pending at the end of the year. In addition the Commission participated in a large number of reorganization cases under Chapter X of the Bankruptcy Act; in 15 proceedings in the district courts under section 11 (e) of the Public Utility Holding Company Act and in 14 miscellaneous actions, usually as *amicus curiae*, to advise the court of its views regarding the construction of provisions of statutes administered by the Commission which were involved in private lawsuits. The Commission also participated in 41 appeals. Of these, 8 came before the courts on petition for review of an administrative order; 17 arose out of corporate reorganizations in which the Commission had taken an active part; 2 were appeals in actions brought by or against the Commission; 9 were appeals from orders entered pursuant to section 11 (e) of the Public Utility Holding Company Act; and 5 were appeals in cases in which the Commission appeared as *amicus curiae*.

Certain significant aspects of the Commission's litigation during the year are discussed in the sections of this report devoted to the statutes under which the litigation arose.

Criminal Proceedings

The statutes administered by the Commission provide for the transmission of evidence of violations to the Attorney General who may institute criminal proceedings. The Commission, largely through its regional offices, investigates suspected violations and, in cases where the facts appear to warrant criminal proceedings, prepares detailed reports which are forwarded to the Attorney General. Commission employees familiar with the case often assist the United State attorneys in the presentation to the grand jury, the conduct of the trial, and the preparation of briefs on appeal. The Commission also transmits parole reports prepared by its investigators relating to convicted offenders. Where an investigation discloses violations of statutes other than those administered by the Commission, the Commission advises the appropriate Federal or State agency.

Indictments were returned against 2,133 defendants¹ in 477 cases

¹In discussions of criminal cases in previous annual reports the figure used for the number of defendants indicted was the sum of the number of defendants in all indictments returned. The figure currently used reflects an adjustment for the situation occasionally occurring where indictments which included common defendants were tried together. A similar adjustment has been made for the figure used for the number of defendants convicted. These adjustments eliminate seeming inconsistencies between figures previously appearing in the text and comparable figures contained in the appendices.

developed by the Commission prior to June 30, 1951.² These figures include 48 defendants in 24 cases in which indictments were returned during the past fiscal year. At the close of the fiscal year 436 cases had been disposed of as to one or more defendants. Convictions had been obtained in 381 of these cases,³ over 87 percent, against a total of 1,135 defendants. Convictions were obtained against 15 defendants in 12 cases during the past fiscal year.⁴ In addition, one defendant was convicted of criminal contempt during this period.⁵ A judgment of conviction was affirmed on appeal as to one defendant during the year, and two cases, each involving a single defendant, remained pending on appeal at the close of the fiscal year.

As in prior years, the criminal cases during the past year which were developed and prosecuted covered a wide variety of promotions. They included fraudulent securities sales in connection with the operation of purported investment plans, in connection with the promotion of various mining, oil and gas ventures, and in connection with the promotion of inventions and other new businesses. They also included frauds perpetrated by securities brokers and dealers and their representatives upon customers. In many of these fraudulent schemes, the defendants wilfully avoided compliance with the registration provisions of the Securities Act of 1933, which are designed to provide investors with a full and fair disclosure of material facts about the securities being sold. As a result, a number of fraud cases involved violation of these registration provisions. In addition, in two indictments returned during the past year the charges were based solely on the violation of these registration provisions.

The fraudulent sale of securities in connection with the operation of purported investment plans was involved in the following criminal proceedings during the past year: *U. S. v. Frederick F. March* (N. D. Ill.) ("secret" financing plan);⁶ *U. S. v. Robert J. Cottle* (D. Mass.) (securities trading account);⁷ *U. S. v. Jim May* (S. D. Tex.) (grain trading venture); *U. S. v. Russell C. Hanson* (N. D. Ill.) (securities trading financing plan); and *U. S. v. Mercedes Buschman et al.* (W. D. Wash.) (note discounting plan). The defendants in the first two cases were convicted on charges of obtaining funds from investors upon the representation that they would be used for legitimate investment purposes, whereas in fact the defendants converted such funds and used them in large part for gambling purposes. Similar fraudulent conduct is alleged in the *Hanson* case, in which an indictment was returned during the past year. The conversion of investors' funds also was involved in the *May* case, where the defendant was convicted during the past fiscal year. The indictment pending in the *Buschman* case, charges, among other things, that the defendants induced investors to purchase accommodation notes which the defendants had fraudulently obtained from various persons, upon the false representation that such notes had been issued by financially

² The status of all criminal cases pending during the past fiscal year is set forth in the appendix. Condensed statistical summaries of all criminal proceedings developed by the Commission are also set forth in the appendix.

³ The 55 remaining cases, which resulted in acquittals or dismissals as to all defendants, included a number where the indictments were dismissed because of the death of defendants involved.

⁴ One of these cases is still open as to one defendant.

⁵ The criminal contempt proceedings are set forth in the appendix.

⁶ See 16th Annual Report of S. E. C., pp. 150-151.

⁷ For a more complete description of the fraud involved in this case, see the discussion of *S. E. C. v. Robert J. Cottle*, p. 24, *supra*.

responsible persons and represented payments due on stock sold to these persons. In all of these cases the defendants also were charged with employing the fraudulent "Ponzi" technique, in that, in order to induce investors to make further investments, they returned to them as "profits" a portion of their capital contributions.

Convictions involving mining promotions were obtained during the past year in *U. S. v. Charles Phillips* (W. D. Tex.); *U. S. v. Lawrence L. Kelling* (D. Kan.) and *U. S. v. James Reese Davis, Sr. et al.* (D. Idaho). The sale of securities in Mexican gold mining and lumber ventures known as Orozona, S. A. & Transconstruccion, S. A. was involved in the first case and the second case related to the sale of pre-organization subscriptions of a corporation to be organized to develop a coal mine in Colorado. The indictments in these cases charged the defendants with misrepresenting the use which was to be made of the funds received from the sale of these securities and various other matters. In the last case, Davis pleaded guilty to charges of violation of the registration provisions of the Securities Act in the sale of notes issued by him and secured by an interest in the production from certain mining properties located in Idaho and Oregon. Indictments were returned during the year in two other mining promotion cases: *U. S. v. Ernest R. Hennefer et al.* (D. Utah) and *U. S. v. William B. LaVey et al.* (D. Mont.). The former case related to the development of phosphate properties and involved the sale of stock of Utah Phosphate Company. The latter case involved the sale of stock of Victory Divide Mining Company in connection with a gold mining venture. The defendants in these cases were charged with making false representations with respect to the nature, amount and value of the ore deposits controlled by these companies, the value of the stock, the profits which investors would receive and other matters. After the close of the fiscal year, convictions were obtained against certain defendants in each of these cases.

The fraudulent sale of securities relating to the promotion of various oil and gas properties resulted in convictions during the year in *U. S. v. George E. Baldwin* (N. D. Ill.); *U. S. v. J. Stacey Henderson* (W. D. Tenn.);⁸ and *U. S. v. Emory Stokes* (E. D. Tex.). The indictments in the first two cases alleged misrepresentations with respect to such matters as the quantity of oil production being obtained, the period in which investors would receive repayment of their investments and the amount of profits which they would receive. In the *Stokes* case, the defendant was charged with falsely representing, among other things, that he would act as agent for investors in purchasing oil and gas leases and that the amounts paid by investors for such leases represented the amounts he had paid to landowners to obtain these leases. The indictment returned during the year in *U. S. v. Lawrence L. Kelling et al.* (D. Kan.), a pending case, includes charges of misrepresentation with respect to the amount of oil being produced.⁹

After the close of the fiscal year, a conviction was obtained in *U. S. v. E. J. Cox et al.* (N. D. Okla.),¹⁰ another oil promotion fraud, in which an indictment was returned during the past year. The defendant Cox, who had a record of four previous federal convictions,⁶

⁸ Appeal pending. Two co-defendants in this case were not tried.

⁹ As noted above, the defendant Kelling was convicted during the year in another case of Texas.

¹⁰ The co-defendant in this case was acquitted.

six other
itted.

for oil and mining frauds, was convicted of fraudulently selling stock of Penner Oil & Gas, Inc. by means of a large scale mail campaign. Proof at the trial showed that at one time during the course of this promotion some 28 stenographers were employed to work on the company's sales literature and that orders for the printing of such literature called for as many as 58,000 pieces per printing. According to the indictment some of the false representations made in these sales letters were that one block of leases controlled by the company should produce over 6,000,000 barrels of oil having a value in excess of \$15,000,000, that another block of leases should yield a net profit of \$7,000 per acre and that a net profit of \$3,000,000 could be obtained from still other acreage. It was further charged that the defendant failed to disclose to investors that the "special process," which was represented as having been used in locating wells drilled by the company, was an instrument commonly known as a "doodle bug," based upon no scientific principle.

The fraudulent sale of stock in connection with the promotion of so-called "Road-A-Scopes," a device proposed to be installed along highways which purportedly would enable motorists to see around curves and over hills, resulted in the indictment during the year in *U. S. v. James P. Anderson et al.* (D. Ariz.). Among other things, it was charged that the defendants falsely represented that the proceeds from stock sales would be deposited in a trust account to be used only for the purpose of manufacturing and installing the Road-A-Scope device and that the defendants made false and extravagant statements regarding the income to be received from advertising placed on the Road-A-Scope device and failed to disclose to investors that the promotional company had never received any advertising revenues or other income except in a nominal amount. The promotion of an allegedly new type of lawnmower was involved in *U. S. v. James D. Bobbroff et al.* (D. Nev.),¹¹ where the indictment charged misrepresentations, among other things, with respect to the use which was to be made of the funds received from investors and the status of production of the lawnmowers involved. Convictions were obtained after the close of the fiscal year in both of these cases.

Misrepresentations with respect to the use of funds as well as numerous other matters are included in the fraud charges contained in the indictment in *U. S. v. Siegfried Bechhold et al.* (S. D. Fla.), a pending case, which involved the sale of stock and franchises of Ribbonwriter Corporation of America in connection with the promotion of a type-writer attachment device, known as "Rib-N-Rite," which allegedly would make duplicate copies by means of ribbons and thus eliminate the use of carbon paper.

The promotion of a small loan business at Jackson, Mississippi, resulted in a conviction during the year in *U. S. v. Paul A. Schumpert et al.* (S. D. Miss.),¹² where the indictment charged fraud in the sale of stock of the National Acceptance Corporation. Among other things, this case involved payment of purported dividends to facili-

¹¹ Bobbroff was convicted on 4 counts. He and his co-defendants were acquitted on one count and the jury was unable to reach a verdict on the remaining counts in which both of them were named as defendants.

¹² There were two co-defendants in this case; one was acquitted and the other was not tried. See 15th and 16th Annual Reports of S. E. C., p. 165, and p. 150, respectively, for a discussion of a similar promotion which also resulted in the conviction of the defendant, Paul A. Schumpert.

tate the sale of stock, without disclosure that such dividends had not been earned but were being paid out of capital and actually represented a partial return of the investors' own funds.

After the close of the fiscal year convictions were obtained against a number of defendants in *U. S. v. Alejandro D. Llanos* (D. Hawaii),¹³ in which the indictment alleged a wide-spread scheme to defraud residents of the Territory of Hawaii, principally plantation laborers, in connection with the sale of securities issued by the defendant Alejandro D. Llanos and others associated with him in what was loosely called "Llanos and Company." In the sale of these securities, it was charged that the defendants falsely stated to investors that the funds received from them would be wagered on "fixed" volley ball games or, in other instances, would be invested in various business enterprises with a guarantee against loss, or that the funds were needed to meet expenses in order to accomplish the withdrawal and distribution of millions of dollars among the "members of Llanos & Company." In this connection, according to the indictment, the defendants falsely represented, *inter alia*, that the defendants controlled a prominent California shipbuilding company, which was indebted to Llanos in the amount of \$6,000,000 and that the Llanos group also had on deposit in an Hawaiian bank an additional \$6,500,000 and that these tremendous sums ultimately would be distributed among the persons investing in "Llanos & Company."

Convictions involving securities brokers and dealers and their representatives were obtained during the year in *U. S. v. Wade F. Coley* (W. D. S. C.), where it was charged that the defendant while insolvent operated a securities business, converted customers' funds and securities, maintained false and fraudulent books and records, made false representations to representatives of the Commission and filed false and misleading financial statements with the Commission; and in *U. S. v. Eugene F. Luck* (S. D. Fla.)¹⁴ and *U. S. v. Paul R. Warwick, Jr.* (N. D. Tex.), in which cases the conversion of customers' monies or securities constituted a part of the frauds charged. Similar fraudulent conversions are charged in the indictments returned during the year in *U. S. v. Richard E. Slaughaupt* (W. D. Pa.) and *U. S. v. Sidney W. Tuttle* (E. D. Pa.). After the close of the fiscal year, the defendant in the latter case was convicted.

In *U. S. ex rel S. E. C. v. Josiah Marshall Kirby* (N. D. Ohio), the defendant Kirby was convicted of criminal contempt, for continuing to act as an over-the-counter securities broker and dealer, without being registered under section 15 (a) of the Securities Exchange Act of 1934, in violation of preliminary and final injunctive decrees obtained in 1948 and 1949, respectively.

The indictment returned during the year in *U. S. v. Eldridge S. Price* (N. D. Ohio),¹⁵ charged violations solely of the registration provisions of the Securities Act of 1933, in connection with the sale in large amount of investment contracts involving oil and gas lease assignments on lands located in Runnels County, Texas. In this case it was charged that during a period of almost three years the defendant had caused to be carried through the mails for sale and delivery after sale to numerous purchasers investment contracts, evidenced by oil

¹³ Notices of appeal have been filed on behalf of Alejandro D. Llanos and six other co-defendants who were convicted. Two other defendants in the case were acquitted.

¹⁴ See 16th Annual Report of S. E. C., pp. 150-151. Appeal pending.

¹⁵ This case was subsequently transferred for trial to the Northern District of Texas.

and gas lease assignments, coupled with collateral promises that oil wells would be drilled to prove the acreage involved, when no registration statement was in effect as to such securities with the Commission. After the close of the fiscal year, the defendant was convicted on these charges. In *U. S. v. C. L. Lloyd* (N. D. Ill.), a pending case, involving the former Chairman of the Board of Nu Enamel Corporation, an indictment was returned during the year, charging violations by Lloyd of the registration provisions of the Act in connection with sales of his stock of this corporation.

In the only appellate case involving criminal prosecution decided during the fiscal year, *Allen v. U. S.*, 186 F. 2d 439 (C. A. 9, 1951), *certiorari denied* 341 U. S. 948, the defendant's conviction for the fraudulent sale of securities in connection with the promotion of a number of mining companies was sustained.

COMPLAINTS AND INVESTIGATIONS

The Commission is authorized to conduct investigations and, except in criminal prosecutions, to institute and pursue its own remedies. In the main, these are injunctive actions in the United States District Courts or administrative proceedings before the Commission. Where criminal prosecution is sought the evidence is referred to the Department of Justice and the United States attorneys.

Information leading to investigations comes from varied sources. Frequently, violations are indicated by material required to be filed with the Commission, such as registration statements, annual and quarterly reports, ownership reports, etc. Other Federal agencies, State authorities and official and unofficial bodies concerned with finance and law enforcement cooperate in informing the Commission of suspected violations. However, members of the investing public who write to the Commission or call at its offices to make inquiry or register complaints account for the bulk of the Commission's investigations. During the 1951 fiscal year, 10,100 letters were received relating to possible violations of the Securities Act and the Securities Exchange Act. In addition, many complaints were received by telephone and by personal interviews.

Letters and calls received and handled by the ten regional offices are not included.

The primary responsibility for investigation rests with the Commission's regional administrators whose investigators conduct most of the field work. The principal office also temporarily assigns personnel to assist regional offices in investigations.

Investigations are classified by the Commission as preliminary investigations and docketed cases. A preliminary investigation is one of limited scope for the purpose of determining whether a full scale investigation is warranted. If so, it becomes a docketed case. In many situations, it is determined at the outset that an extensive investigation is warranted and a docketed investigation file is opened. During the fiscal year, 1951, the Commission instituted a total of 665 new investigations. Of these, 367 were preliminary and 298 were docketed. In addition, 60 cases which were opened as preliminary were later docketed. During the same period, 413 investigations were closed, leaving 1,109 as the total of all investigations pending at the end of the fiscal year.

Many preliminary investigations are carried on by telephone, through correspondence, office research or limited interviews and often disclose violations of a minor nature not necessitating further investigation or the use of any sanction. Such violations, for the most part, occur either because of a lack of knowledge of the Federal securities laws or misinterpretation of these Acts. When such persons learn they are violating the law, they usually are quite willing to agree to take necessary corrective steps without the use of sanctions. This procedure serves the dual purpose of effectively preventing the continuance of minor violations and at the same time educating the public concerning the requirements of the Securities Acts. The following are examples, among many, of this type of case:

The controlling interest in a large chain of grocery stores was held by members of the same family. The chief stockholders, through underwriters, sold a considerable portion of their stock although not enough to transfer control out of the family. While the distribution was continuing, the chief stockholders were informed by representatives of the Commission that they were violating the law. They immediately cancelled all sell orders and, at considerable expense to themselves, were able to reverse most of the transactions. One of the brokers also bought back a considerable block of stock at a loss. In view of the good faith of the subjects in attempting to correct their error and the lack of substantial damage to the public, no action was taken.

In another instance, information reached the Commission that a committee representing a minority group of a Central European country was offering bonds for sale within the United States to ex-nationals of that country. Investigation disclosed that, while some of such persons had been solicited to purchase bonds, actual sales were *de minimus*. Those responsible denied any intent to violate the law, discontinued solicitation and returned the purchase price to the few who had responded to the offering. Hence the Commission took no action.

If the preliminary investigation shows the need of further inquiry, a case is docketed and a full and detailed investigation is made. The Commission has power to issue subpoenas and administer oaths to witnesses for the purpose of conducting investigations and may delegate such power to members of its staff. This power is used only when the investigation could not otherwise proceed. In each such instance, the facts disclosed by preliminary investigation and the reasons why subpoena power is necessary are presented orally to the Commission. If the Commission decides that proceeding by subpoena is justified, it issues an order which designates officers with the power to subpoena records, administer oaths and take testimony. Such power is limited to the specific subject matter of a particular investigation.

During the fiscal year 1951 the Commission delegated subpoena power by issuance of formal orders of investigation in 47 cases. Of these, 32 related solely to possible violations of the registration and anti-fraud provisions of the Securities Act of 1933 and possible violations of the Securities Act were included in seven other orders which also involved indicated violations of the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940. Seven orders related only to possible viola-

tions of the Securities Act of 1934 and one solely to the Investment Advisers Act.

When an investigation has been completed, a report is submitted to the appropriate Regional Administrator who, after review, forwards it to the principal office with his recommendation. That recommendation may take any one of several forms, among which are (1) reference to the Department of Justice for criminal action, (2) the institution of injunctive or other proceedings in the civil courts, (3) administrative action by the Commission, or (4) reference to another agency or department of the Federal Government or to State authorities, for appropriate action. In each instance, the report and recommendation of the Regional Administrator is reviewed by the staff of the Commission's principal office and the matter is then presented to the Commission in detail. All formal investigations (where subpoena power has been authorized) or where the Commission has officially taken some other action such as reference to the Department of Justice, are again presented to the Commission and reviewed by them before the files are ultimately closed.

In some instances, complaints appeared to involve violations of law but, upon investigation, did not justify action. As an example, the Commission received several letters from stockholders of a long-established oil and gas producing company claiming that its management had entered into a deal to sell its stock to another company at a price which was inadequate. The minority stockholders had received the same offer but had not been given adequate information on which to base an informed judgment as to the acceptance of the offer. Investigation established that the price offered to minority stockholders was substantially over the market, that the deal between the controlling stockholders and the buyers had been negotiated at arms' length on the basis of competent reports by geological engineers as to the value of the underlying assets and that no violation of the Securities Act was involved.

In another case, information reached the Commission that the bonds of a Central American republic had been sold within the United States in violation of the registration provisions of the Securities Act of 1933. Various persons in the securities industry and others reported rumors that a large amount of such bonds were being sold or were about to be sold within the United States. Investigation disclosed that, while various American firms had from time to time submitted proposals to finance, by the sale of bonds, a program to develop the natural resources of the country, none had, as yet, materialized and no public offering of bonds had been made. The interested parties were instructed concerning applicability of the Securities Act to any future transactions involving public distribution of bonds in the United States. Some contractors and others who had received bonds for work and services apparently had contemplated disposing of them in this country without registration. Their plans were abandoned when it became known that the Commission was investigating the matter. The Commission's files in the matter were made available to the Bureau of Internal Revenue at its request in connection with possible violations of the tax laws.

In another instance the Commission received information that Chinese Communist interests, through their sympathizers in this country, were conducting a campaign to sell their bonds in the United

States. This was reported to be a part of a larger movement throughout the world to force the sale of these bonds to persons of Chinese extraction under threat of reprisal against their relatives in China. Detailed investigation failed to disclose concrete evidence of the public offering or sale of such bonds within the United States, and therefore the matter was not subject to the jurisdiction of this Commission. However, in the course of the investigation, the Commission cooperated with the Federal Bureau of Investigation and other agencies charged with security protection and made its files available to them for security purposes.

Complainants sometimes seek personal retaliation rather than public benefit. A typical case occurred when an attorney complained to one of the Commission's regional offices that the stock of a cooperative apartment corporation had been sold in violation of the registration and fraud provisions of the Securities Act of 1933. The statement was sufficiently convincing to require detailed examination of books and records of the corporation and the taking of testimony from various witnesses. However, it turned out that no violations of law or other irregularities were involved, that the complainant was a discharged employee of the corporation who had stated that he would "get even—if it took all his life" and had made complaints not only to the Commission but to the Attorney General of the State and the District Attorney of the County.

The Commission enforcement investigations are confidential and no information may be divulged to persons other than Commission employees unless the Commission itself makes it public. Private litigation often arises from the same subject matter as Commission investigations. Frequently, litigants ask for the Commission's evidence to assist their causes. Such requests are denied unless unusual and compelling reasons require a contrary course. Such cases are extremely rare. However, the Commission, upon request, in proper cases makes its evidence available to Federal and state law enforcement authorities. Also, Committees of Congress have been provided with evidence touching upon subjects under their inquiry. Among these were the Senate Committee to Investigate Organized Crime in Interstate Commerce.

The Commission maintains constant liaison with other Federal and state enforcement agencies in the securities field. During the past fiscal year, the Commission opened its confidential investigation files in 19 cases to such agencies. In other cases, where the subject matter involves apparent violations of both Federal and state laws, the Commission's investigators and those of state securities authorities jointly conduct the investigation which may result in both state and Federal action. Also, a constant exchange of information as to securities enforcement action is maintained with state and Canadian authorities. The following are concrete examples of this type of cooperation:

In a typical case the subject of investigation who had formerly been convicted of grand larceny in New York in connection with a securities transaction and was also permanently enjoined from engaging in the securities business in that state was found to have sold approximately \$15,000 worth of oil royalties to persons with whom he had come in contact in his business of sending food packages and cash to persons in Germany as agent for their friends. In these sales, the value of the oil royalties had been grossly misrepresented. The state authorities

requested that the Commission turn its evidence over to them. While technically a violation of the fraud provisions of the Securities Act of 1933 was involved, essentially it was a local matter and lent itself to prosecution in the state courts. The Commission opened its files to the state authorities and permitted one of its investigators to testify, as a result of which charges were preferred against the defendant in the New York State Court, charging various violations of the state securities laws.

In another case, the Commission's investigation disclosed that the subject had swindled a Nebraska farm widow of approximately \$18,000 in the sale of securities. Concurrently, the Nebraska authorities learned of the incident and requested access to the Commission's files. It appeared that the matter was one which lent itself more readily to state than Federal prosecution and the Commission made its evidence available to and otherwise cooperated with the state. As a result, the Governor appointed a special prosecutor who obtained a conviction of the defendant, who was sentenced to twelve years in the State Penitentiary. The Assistant Director and Counsel of the Bureau of Securities in Nebraska described the cooperation between the Commission and his Bureau in part as follows:

There has always been a fine relationship and cooperation between the two agencies and the Securities and Exchange Commission has rendered a very valuable service in all of these matters which has permitted the obtaining of evidence beyond our control.

In summary, during the fiscal year, the Commission's investigative staff processed thousands of complaints and other communications, as a result of which 665 new investigations were undertaken. At the beginning of the period, 857 investigations were carried over. Within the year, 413 investigations were closed, leaving a total of 1,109 investigations pending at the end of the year. While only a comparatively small percentage of such investigations resulted in the imposition of coercive sanctions or reference for criminal prosecution, the effectiveness of the Commission's investigative activities may not be measured by this standard alone.

One of the principal results of the Commission's investigative activity has been the prevention of violation of the Federal Securities laws and the continuing education of the public and the investment industry in the application of those statutes and coercive sanction in all cases involving technical violations of the law has been found not to be necessary adequately to protect investors and serve the public interest.

Investigations of violations of the Acts administered by the Commission

	Preliminary	Docketed	Total
Pending June 30.....	316	541	857
New cases.....	367	298	665
Transferred from preliminary.....		60	60
Total.....	683	899	1,582
Closed.....	204	209	413
Transferred to docketed.....	60		60
Pending at June 30, 1951.....	419	690	1,109

Sales of Canadian Securities Within the United States

For many years, the Commission has attempted to stop the sale of unregistered Canadian securities in the United States. In all cases involving mass-mailing campaigns and telephone selling of such securities that we have been able to investigate fully, we have found the sales to be attended by fraudulent methods; in virtually all such cases the securities have proved to be worthless. Although evidence sufficient to convict the sellers of violations of the registration and fraud provisions of the Securities Act of 1933 is obtained in these instances, the Commission's efforts have been in a large measure thwarted because the existing extradition treaty with Canada does not permit rendition of the violators to the United States authorities for prosecution.

Practically all such illegal offerings emanate from Toronto, Ontario, and the securities are sold through intensive mail and telephone campaigns over the border to all parts of the United States. During the past two years, the Commission has obtained evidence establishing that upwards of 200 such unregistered Canadian issues have been offered for sale within the United States. The sales pattern is uniform and simple, though apparently convincing to many United States investors. The victim is first solicited by mail, told of the great money-making possibilities of the mine or oil well involved, and asked merely to send his name and address on a prepaid post card. Within a few days he receives a telephone call from Toronto in which he is promised large and immediate profits if he invests at once. The salesman usually tells the victim that oil, gold or uranium (depending on the promotion) has just been discovered in large quantities and he is being let in "on the ground floor." The victims are almost always inexperienced in investment matters and persons who can ill afford the inevitable loss of their savings.

Complaints from the public, Better Business Bureaus and state authorities have been received in large number from all parts of the United States. Securities commissions and other authorities of many states have continued to issue cease and desist orders and injunctions where solicitations have been made in violation of their securities laws. Various newspapers, magazines and radio commentators, both American and Canadian, have performed a valuable service in educating the public to the danger involved in responding to such solicitations. The Post Office Department has continued to give full cooperation to the Commission in attempting to protect the public from these illegal mass mail campaigns. During the fiscal year, the Commission has provided the Post Office Department with evidence which resulted in the issuance of fraud orders against 41 such persons, and fictitious name orders against 4 individuals and firms. While this campaign has been partially successful, the ingenuity of the fraudulent brokers and dealers in Canada and the lack of sufficient personnel in the Post Office Department adequately to screen the mail has detracted from its efficiency.

During the fiscal year, the principal office of this Commission received 4,488 letters from persons who had been solicited to purchase unregistered Canadian securities. Each day the principal office and the ten regional offices receive telephone calls and personal visits from victims of this vicious "racket." Unfortunately, many such victims have parted with their savings prior to contacting the Commission.

Despite the failure of earlier attempts to negotiate a suitable extra-

dition treaty to cover these cases, the Commission, in conjunction with the State Department, continued to press for necessary treaty revisions. After the close of the fiscal year, in October 1951, such a supplementary treaty was signed. If ratification is obtained and the treaty is implemented, as we expect it to be, by cooperative action on the part of local Canadian authorities, we should be in a position to provide adequate and much needed protection to our investors.

SECTION OF SECURITIES VIOLATIONS

In the first year of its existence the Commission established a section of Securities Violations for assistance in the enforcement of the various statutes which it administers and to provide a further means of preventing fraud in the purchase and sale of securities. This section has developed files which provide the basis of maintaining a clearing house of information concerning persons who have been charged with violations of various Federal and State securities statutes. The specialized information in these files has been kept current 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 officers, Better Business Bureaus, and members of the United States Chamber of Commerce. By the end of the 1951 fiscal year these records contained data concerning 54,887 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 5,168 persons were added to the records of this section, including information concerning 1,725 persons not previously identified therein.

Extensive use is made of this clearing house of information. During the past year, in connection with the maintenance and preventive application of these records, the Commission received 4,454 "securities violations" letters or reports (apart from those which are classified as "complaint enforcement") and dispatched 2,654 communications in turn to cooperating agencies.

ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

The detailed provisions of the several Acts administered by the Commission contain wide recognition of the fact that much of the data necessary to investment or other financial decisions consists of financial statements and related material and that, accordingly, accountants and accounting perform a vital role in achieving the statutory objectives of full and fair disclosure, the prevention of fraud or inequitable and unfair practices, and control and regulation. Thus, for example, the Securities Act provides not only for inclusion in the registration statement and prospectus of data as to financial structure and other similar material but also provides for the furnishing of balance sheets and profit and loss statements.¹⁶ Similar provisions as to registration statements and periodic reports are contained in the Securities Exchange Act,¹⁷ the Holding Company Act¹⁸ and the Investment Company Act.¹⁹ In order to ensure that in the furnishing of such financial information the statutory objectives as to investors and public pro-

¹⁶ Secs. 7, 10 (Schedule A, par. 25, 26).

¹⁷ Secs. 12 (b) (1), 13 (a), 15 (d).

¹⁸ Secs. 5 (b) (2), 14.

¹⁹ Secs. 8 (b), 30.

tection are met, the Acts vest the Commission with broad authority in matters of accounting and financial statement presentation. The Securities Act, for example, authorizes the Commission to define accounting terms, to prescribe, among other matters, "the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and earning statement, and the methods to be followed in the preparation of accounts . . ." ²⁰ Substantially equivalent authority is contained in the Securities Exchange Act, ²¹ and more comprehensive powers are embodied in the Holding Company Act ²² and the Investment Company Act. ²³

The Securities Act provides that the required financial statements shall be certified by "an independent public or certified accountant." ²⁴ The other three statutes above mentioned provide that the Commission may require, and its rules do require, that such statements be accompanied by a certificate of independent public accountants. ²⁵ The value of certification has for many years been conceded but the requirement as to independence, long recognized by some individual accountants, was for the first time authoritatively and explicitly stated by its introduction into the statutes. Out of this initial provision in the Securities Act and the resulting rules established by the Commission ²⁶ there have grown concepts that have materially strengthened the protection afforded investors by eliminating certain unhealthy accountant-client relationships which theretofore were quite common.

Although the statutes administered by the Commission give it wide rule-making power, accounting, based as it is largely upon convention and existing financial and business concepts, is of such a nature that the Commission has not yet found it necessary or desirable in most areas to establish extensive accounting rules and regulations dealing with accounting problems. The Commission has prescribed uniform systems of accounts for certain public utility holding companies and for public utility mutual and subsidiary service companies. It has adopted rules under the Securities Exchange Act governing accounting and auditing of exchange members, brokers, and dealers. In the wider area dealing with industrial, commercial, and investment companies under the Securities Act, Securities Exchange Act, and Investment Company Act the form and content of most financial statements are governed by the Commission's Regulation S-X.

The rules and regulations thus established do not prescribe the accounting to be followed except in certain basic respects. In the large area not covered by such rules the Commission's principal reliance for the protection of investors is on the determination and application of accounting standards which are recognized as sound and which have come to have general acceptance. This policy of the Commission is expressed in Accounting Series release No. 4 (1938) (one of the series of such releases, of which there are now seventy-two, inaugurated in 1937 for the purpose of contributing to the development of uniform standards and practice in major accounting questions).

²⁰ Sec. 19 (a).

²¹ Sec. 13 (b).

²² Secs. 14, 15.

²³ Secs. 30, 31.

²⁴ Sec. 10 (a) (1) (Schedule A, par. 25, 26).

²⁵ Securities Exchange Act, sec. 13 (a) (2); Investment Company Act, sec. 30 (e); Holding Company Act, sec. 14.

²⁶ See, for example, rule 2-01, Regulation S-X.

One of the inevitable results of this policy has been constant contact and cooperation between the Commission and accountants, both individually and through such groups as the American Institute of Accountants, the American Accounting Association, the Controllers Institute of America, the National Association of Railroad and Utilities Commissioners and others, and other regulatory agencies. The importance of, and necessity for, this cooperation is emphasized by the great influence and responsibility inherent in the Commission's authority over the several thousand financial statements filed every year with it by most of the important commercial and industrial companies in the United States.

The accounting staff of the Commission is organized to handle the many day-to-day accounting problems that arise in the course of its work and to provide central responsibility for aiding the Commission in matters of accounting policy. The chief accountant has general supervision with respect to accounting and auditing policy and its application. He is assisted directly by a staff of trained accountants, and, in addition, by assistant chief accountants assigned to and responsible for the examination of financial data and other operating work in the Division of Corporation Finance, Division of Public Utilities, and Division of Trading and Exchanges.

Examination of Financial Statements

The majority of the accounting problems with which the Commission is concerned arise from examination of financial statements or other data required to be filed with the Commission. In general, deficiencies revealed by examination are called to the attention of the registrant by letter. These letters of comment and the correspondence or conferences that follow have proved to be a most convenient aid in effecting corrections and improvements in financial reporting. Few matters involve prolonged discussion or dispute in spite of the tremendous volume of financial data reviewed each year by the Commission; and it is only in rare instances that formal procedures are necessary in order to procure disclosure.

Many problems arise as a result of inquiry by representatives of registrants, their accountants or counsel in advance of the actual filing of the material involved. Advance discussion of this kind is encouraged and experienced practitioners regularly follow this procedure in dealing with unique problems, thus saving valuable time for themselves and their clients. As a natural outgrowth of the fact that the Commission is the repository of a vast amount of financial data, the staff is frequently called on to aid in the preparation of studies of current problems such as those involved in formulating the background of legislative proposals.

Amendment of Regulation S-X

During the year a general revision of Regulation S-X, the Commission's principal accounting and auditing regulation relating to the form and content of financial statements filed with it, was accomplished. This regulation was originally adopted in February 1940 after extensive reconsideration of the predecessor requirements theretofore contained in the respective registration and annual report forms.

In the Commission's annual reports for the last two years reference has been made to the relatively infrequent (but important) new provisions added to the regulation since adoption and to the apparent

need for a complete reappraisal of the regulation that would include within its scope reconsideration of all rules.²⁷ These reports reviewed the efforts made, from the preliminary proposal sent out in September 1949 to the formally announced proposal on July 12, 1950, to obtain a wide expression of views not only as to staff suggestions but as to possible amendments to the regulation not sponsored by the staff.

Following the formal announcement of proposed amendments under the Administrative Procedure Act, as to which more than 3,000 persons received copies, again approximately 175 persons commented upon the proposals. The suggestions were carefully considered and in a number of instances formed the basis of changes incorporated in the final amendments. In addition, a special committee of the American Institute of Accountants, at its request, was informally heard by the Commission in support of its views on certain points it believed should be reflected in the revision. The final amendments were promulgated December 20, 1950, in Accounting Series release No. 70.

Among the amendments to Regulation S-X that are of major importance to registrants filing financial statements with the Commission and also to professional accountants whose reports must accompany such statements is a new provision contained in rule 1-01 (a) that in effect makes the previously referred to Accounting Series releases a part of the regulation. Many of such releases contain highly significant statements the applicability of which, under the amended rule, is not now likely to escape the attention of interested persons, and which, it should be clear, continue to reflect considered Commission policy. This is particularly important with respect to release No. 4, to which reference has been made above, because of its controlling provisions in areas where the largest volume of accounting problems fall.

The definitions of terms used in the regulation have now been made complete by bringing into rule 1-02 a substantial group of terms for which previously a reference to other regulations was necessary.

In Article 2 which deals with the certification of financial statements the provisions contained in rules 2-01 (b) and 2-01 (c) relating to the certifying accountant's independence as to a person were extended to any affiliate of the person, and the previous specification, in rule 2-01 (b), as to the interest in such person (or affiliate) that will result in the accountant being considered not independent was changed from "any substantial interest" to "any financial interest," thus conforming the rule to established Commission policy and to the prevailing practice in professional circles.

An important change was effected in rule 3-11 of the regulation. Before amendment the rule exempted public utility companies from the requirement, and otherwise universal practice, of deducting, on the balance sheet, depreciation, depletion, amortization or retirement reserves from the specific assets to which they apply. The amendment, adopted after full consideration of the conflicting views of interested parties, removes the exemption. Opposition to this change was confined to representatives of the public utility industry who were concerned about the possible effect in certain jurisdictions upon utility

²⁷ 15th Annual Report, p. 175; 16th Annual Report, p. 156.

rate-making of showing utility plant accounts net of related reserves. The elimination of the exemption was predicated upon the belief that there was no necessary relationship between balance sheets prepared for investors or the public generally and the processes of regulating rates for utility services.

Previous Commission policy as to disclosure of certain commitments is now codified in rule 3-18 of the regulation. In addition to the provision in paragraph (a) for a statement of material firm commitments involving permanent investments and fixed assets there is required by paragraph (b) appropriate disclosure of annual rentals and other pertinent facts in cases where rentals or obligations under long-term leases are material. The development of policy in this respect was referred to in the annual reports of the last two years.²⁸

The rapid expansion of the number of corporate pension and retirement plans that began during World War II and continued to the present time focused considerable attention upon the proper accounting for the much enlarged liabilities and payments associated with the plans. The Commission's views were first discussed in the thirteenth annual report after extensive experience with the many pension plan problems that arose.²⁹ Later, after additional experience and reconsideration of views, due in part to special problems introduced by the pension-plan results of union-company negotiations in several industries, notably the steel producing industry, the Commission's policy was again indicated in the sixteenth annual report.³⁰ With this background, and after the benefit of discussion among leaders in finance and of comment prompted by announced proposals, there was included in rule 3-19 (e) the requirement that balance sheets should be accompanied by (1) a brief description of the essential provisions of any such plan; (2) an indication of the estimated annual cost of the plan; and (3) if the plan is not funded or otherwise provided for, a disclosure of the estimated amount that would be necessary to accomplish this.

One of the principal responsibilities of the Commission is to obtain for the investing public financial statements that are the most informative and which are the least likely to mislead, especially, those who are not experienced in the significance of such statements. In previous annual reports³¹ reference was made to a problem which has long been under consideration and which has been the subject of repeated exchanges of views between the Commission's staff and representatives of the American Institute of Accountants and other interested parties, namely, the concept of income and the proper form of income or profit-and-loss statement.

The main point of difference has been the propriety of excluding from the determination of Net Income, and the inclusion thereof in Earned Surplus, major items which are extraordinary in nature or which had their origin in prior years. A workable solution to this problem was commented upon as follows in Accounting Series release No. 70, issued on December 20, 1950, which announced the revision of Regulation S-X:

²⁸ Fifteenth Annual Report, pp. 181-182; Sixteenth Annual Report, pp. 156-157:

²⁹ Pp. 128-129.

³⁰ Pp. 157-158.

³¹ Eleventh Annual Report, p. 88; Twelfth Annual Report, pp. 117-118; Fourteenth Annual Report, pp. 111-112; Sixteenth Annual Report, p. 159.

The principal new requirement pertains to Profit and Loss or Income Statements and is contained in Rule 5-03 (a) which states:

"All items of profit and loss given recognition in the accounts during the period covered by the profit and loss or income statements shall be included."

The inclusion of this requirement, which states a long established policy of the Commission, is deemed necessary because of the not always consistent practice followed by some registrants of excluding certain items from the profit and loss or income statements with the result that the amount shown thereon as net income or loss has been susceptible to misinterpretation by investors. Recognizing that there might be exceptional circumstances which would make it appropriate to deviate from this rule, but keeping in mind the Commission's responsibility for prohibiting the dissemination of financial statements which might be misleading to investors, Rule 5-03 was amended to read:

"Except as otherwise permitted by the Commission, the profit and loss or income statements filed for persons to whom this article is applicable shall comply with the provisions of this rule." [Underscored phrase added in revision.]

The purpose of this revision is to make clear to registrants that they are not forestalled from giving exceptional treatment to exceptional items when both the representatives of the registrant and the Commission are convinced that such treatment is appropriate.

Notwithstanding this provision, representatives of the Executive Committee of the American Institute of Accountants appeared before the Commission and proposed that either Rule 5-03 (a) be eliminated from the regulation or the requirements with respect to the presentation of the final section of profit and loss or income statements be amended to permit, where appropriate, the exclusion of extraordinary items from those making up the caption net income or loss.

To accomplish this, additional items, described in Rules 5-03 (17) and 5-03 (18), were added to those previously set forth in the regulation, and the last three items of the section pertaining to profit and loss or income statements (Rule 5-03) now appear as follows:

"16. Net income or loss.

"17. Special items.—State separately and describe each item of profit and loss given recognition in the accounts, included herein pursuant to Rule 5-03 (a), and not included in the determination of net income or loss (Item 16).

"18. Net income or loss and special items."

Captions 17 and 18 are to be used in those instances where it is believed that the showing of a single unqualified figure of net income or loss might be misconstrued.

DIVISION OF OPINION WRITING

The Division of Opinion Writing aids the Commission in the preparation of findings, opinions, and orders promulgated by the Commission in contested and other cases arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. These statutes provide for a wide variety of administrative proceedings which require quasi-judicial determination by the Commission. Formal opinions are issued in all cases where the nature of the matter to be decided, whether substantive or procedural, is of sufficient importance to warrant a formal expression of views.

The Division of Opinion Writing is an independent staff office which is directly responsible to the Commission. It receives all assignments and instructions from and makes recommendations and submits its work to the Commission directly. It is headed by a director, who is

assisted by an assistant director, supervising attorneys, and a staff of drafting attorneys and a financial analyst.

While engaged in the preparation of opinions assigned to the Division of Opinion Writing, the members of this division are completely isolated from members of the operating division actively participating in the proceedings and it is an invariable rule that those assigned to prepare such an opinion must not have had any prior participation in any phase of the proceedings with respect to which the opinion is to be prepared. Commission experts are from time to time consulted on technical problems arising in the course of the preparation of opinions and findings, but these experts are never individuals who have participated in the preparation of the case or testified at the hearing.

The director or assistant director of the Division of Opinion Writing, together with the members of the staff of the division who are assigned to work on a particular case, attend the oral argument of the cases before the Commission and frequently keep abreast of current hearings. Prior to the oral argument, the division makes a preliminary review of the record and prepares and submits to the Commission a summary of the facts and issues raised in the hearings before the hearing officer, as well as in any proposed findings and supporting briefs, the hearing officer's recommended decision, and exceptions thereto taken by the parties. Following oral argument or, if no oral argument has been held, then at such time as the case is ready for decision, the Division of Opinion Writing is instructed by the Commission respecting the nature and content of the opinion and order to be prepared.

In preparing the draft of the Commission's formal opinion, the entire record in the proceedings is carefully read by at least one member of the staff of the Division of Opinion Writing and in some cases a narrative abstract of the record is prepared. Upon completion of a draft opinion and abstract of the record, and after review and revision of the opinion within the Division of Opinion Writing, they are submitted to the Commission. If the study of the record in the case by the Division of Opinion Writing has revealed evidence of violations warranting a reference to the Attorney General for criminal prosecution, or has disclosed the desirability or the need for any changes in administrative procedures or techniques, appropriate recommendations are made to the Commission at the time the draft opinion in the case is submitted.

The draft opinion as submitted may be modified, amended, or completely rewritten in accordance with the Commission's final instructions. When the opinion accurately expresses the views and conclusions of the Commission, it is adopted and promulgated as the official decision of the Commission. In some cases concurring or dissenting opinions are issued by individual Commissioners who wish to express their separate views on matters covered by the opinion adopted by the majority of the Commission. In such cases the Division of Opinion Writing is occasionally instructed to prepare drafts of such concurring or dissenting opinions and confers respecting them with the individual Commissioners involved, submits drafts directly to them, and makes such modifications and revisions as are directed.

The findings of fact, opinions, and orders adopted and promulgated by the Commission serve as an aid and guide to the bench and bar. With minor exceptions (e. g., certain opinions dealing with requests

for confidential treatment) all are publicly released and distributed to representatives of the press and persons on the Commission's mailing list. In addition, the findings and opinions are printed and published by the Government Printing Office in bound volumes under the title "Securities and Exchange Commission Decisions and Reports."

The creation of the Division of Opinion Writing as an independent staff unit in 1942 was based on the view that the fair exercise of the Commission's adjudicatory functions in many types of cases made it appropriate that it be assisted in that function by members of its staff who were independent of units engaged in investigation or prosecution of cases. Originally initiated as a matter of Commission policy, the desirability of this arrangement was subsequently given express recognition in specific provisions of the Administrative Procedure Act, which in certain types of cases requires that there be a complete separation of function between quasi-prosecutory functions and quasi-judicial functions. The existence of the Division of Opinion Writing thus made it possible for the Commission, even before the passage of the Administrative Procedure Act, to meet fully the separation of function requirements contained in sections 5 (c), 7, and 8 of that Act.

The Commission, through its revised rules of practice, has sought to provide a flexible procedure which will be suited to the needs and desires of the participants in the proceeding before it, as well as guarantee to them the procedural safeguards required by the general principles of due process and the provisions of the Administrative Procedure Act. Thus, at the request of some participants, the Commission has in many cases availed itself of the assistance of the Division of Opinion Writing in the preparation of its findings even though separation of functions was not required by law.

In addition to its primary function, the Division of Opinion Writing is also given assignments of a general nature which are not inconsistent with the objective of the separation of the investigatory and quasi-judicial functions. Thus, the division has been assigned continuing joint responsibility with the office of the General Counsel in dealing with problems arising under the Administrative Procedure Act. It has also been given the responsibility of preparing a compilation of administrative decisions and other authorities under the various statutes administered by the Commission.

The Division of Opinion Writing assists the operating divisions of the Commission in the preparation of opinions in certain uncontested cases where participation by the operating division in the decisional process is proper under the Administrative Procedure Act. In some instances members of the Division of Opinion Writing are assigned to assist the Office of the General Counsel in connection with court appeals taken from Commission decisions initially drafted in the division.

Some of the more significant opinions issued by the Commission during the year are commented upon in this report under the discussions of the various statutes.

FOREIGN FINANCIAL AND ECONOMIC MATTERS—THE INTERNATIONAL BANK

During the fiscal year 1951 registration statements covering \$730,-760,812 of securities issued by foreign issuers, governmental and

private, were filed under the Securities Act of 1933. The largest of these issues was that of the State of Israel amounting to \$500,000,000. Issues of the Government of Canada and Canadian provinces and municipalities aggregated \$180,468,000. Canadian private issues accounted for most of the balance.

Following extended negotiations with the Ministry of Finance of the Japanese Government, through the Supreme Commander for the Allied Powers, the Japanese Government in November 1950 filed with the Commission a report under the Securities Exchange Act of 1934 relating to the status of the outstanding bonds. Upon the filing of this report the Commission withdrew its request that brokers and dealers refrain from effecting transactions in Japanese bonds, and dealings in these bonds were resumed on the New York Stock and New York Curb Exchanges.

Upon the announcement of the West German Government in March 1951 of its recognition of prewar external debts, the Commission consulted with the Department of State as to the eventual resumption of trading in bonds of German issues. In view of events which have taken place in Germany since these bonds were suspended from dealings and the lack of current information on the status of the bonds, the Department of State and the Commission concluded that it would not be in the interest of United States foreign policy or of public investors to approve the resumption of trading in German bonds at this time. The Commission in a public statement of March 6, 1951 advised that "it does not intend to withdraw its request that brokers and dealers refrain from effecting transactions in German securities until assurances can be given to investors through validation procedures now under consideration that only bonds which will constitute 'good delivery' will be afforded a market in the United States and appropriate reports are filed under the Securities Exchange Act of 1934."

The Commission has participated in discussions which have been held by the Department of State with representatives of the holders of German dollar bonds and of the trustees and paying agents for these bonds on drafts of German legislation for the validation of all outstanding bonds of German public and private issuers denominated in foreign (non-mark) currencies. The Commission has also participated in the drawing up of an Executive Agreement between the United States and the Republic of Germany to implement this legislation as to dollar bonds. These drafts are having the consideration of the German authorities.

Through its representation on the Interdepartmental Committee on German Debts, the Commission has contributed to the establishing of principles and procedures for bringing about a settlement of the public and private prewar debts of Germany. The Commission is represented on this Committee and at conferences on the German debt problem by its Foreign Economic Adviser.

The Commission has also continued its representation on the Staff Committee of the National Advisory Council on International Monetary and Financial Problems and has continued to cooperate with other agencies concerned with the development and administration of the Government's foreign economic program. During the year its Foreign Economic Adviser has had frequent discussions with

representatives of foreign governments who were seeking information upon the regulations, procedures and practices of the United States capital markets applicable to the raising of private capital by foreign companies through the issuance of securities.

By amendment to the Bretton Woods Agreements Act securities issued or guaranteed as to principal and interest by the International Bank for Reconstruction and Development are deemed to be exempted securities under the Securities Act of 1933 and the Securities Exchange Act of 1934. The Commission in consultation with the National Advisory Council on International Monetary and Financial Problems is authorized to suspend the provisions of this amendment at any time. The amendment requires the Commission to include in its annual reports to Congress such information as it shall deem advisable with regard to the operation and effect of the amendment, and in connection therewith to include any views submitted for such purpose by any association of dealers registered with the Commission. The Commission has received no views from such association of dealers.

In February 1951 the International Bank offered in the United States a new issue of \$50 million 3 percent bonds due in 1976. In the distribution of these bonds the Bank did not, as in its previous bond issue, employ the method of competitive bidding but it formed a "sponsoring group" of commercial banks and investment firms whose function was to advise the Bank on its financing, arrange for sales to large institutional investors and for subscriptions by the "selling group" which consisted of 421 brokers and dealers. Of the \$50 million of bonds offered, it is estimated that 98 percent was purchased by institutional investors such as insurance companies, pension and trust funds, savings and commercial banks. In this distribution the Bank made available to members of the sponsoring and selling groups a prospectus relating to the new bonds giving information about the Bank's structure and operations. It also filed with the Commission pursuant to regulation BW adopted by the Commission under the amendment to the Bretton Woods Agreements Act information comparable to that which would be required if its securities had been registered under the Securities Act of 1933 and the Securities Exchange Act of 1934.

ADVISORY AND INTERPRETATIVE ASSISTANCE

The importance of the advisory and interpretative service maintained by the Commission is emphasized by the continued volume of inquiries received from attorneys, accountants, persons engaged in the securities business and members of the general public. Requests relate to the applicability of the provisions of the various Acts administered by the Commission and the regulations thereunder to every phase of corporate financing.

While this informal advice primarily is intended to assist the public it is equally valuable to the Commission. Many problems which appear complicated to those persons unfamiliar with securities legislation can readily be solved by the staff attorneys who are expert in these matters. Those seeking help, however, are not confined to the

uninformed and many novel situations arise which give concern to the veteran corporate lawyer. Often, by reason of this timely advice, violations of certain provisions of the Acts or the pursuit of improper procedure which otherwise might unwittingly result are avoided—thus saving the Commission as well as the public much time and expense.

The Commission's readiness to render all possible assistance has encouraged the solicitation of preliminary advice to such an extent that it is not possible to determine to any degree of accuracy the number of possible violations that may have been avoided. However, during the 1951 fiscal year several thousand letters of an advisory nature were written by the Commission's central office. Many more questions were answered in personal or telephone conferences between members of the staff and the public. In addition, the Commission's ten regional offices answer thousands of inquiries during the year.

Uniformity of interpretations is maintained through a procedure whereby each regional office is advised concerning inquiries received in the central office originating from persons located in the region served by that office and whereby the central office reviews interpretations given by the regional offices. Also, all regional offices are advised by the central office concerning any unprecedented interpretation made at headquarters which has any general applicability or which relates to any unique situation.

CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

The Commission is empowered to grant confidential treatment, upon application by registrants, to information contained in reports, applications, or documents which they are required to file 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. Under the Securities Act of 1933 the Commission has adopted rule 485, which provides that information as to material contracts, or portions thereof, will be held confidential by the Commission if it determines that disclosure would impair the value of the contracts and is not necessary for the protection of investors. The other four statutes, in general, empower the Commission to hold confidential under certain conditions any information contained in any reports required to be filed under those statutes. Disclosure of information confidentially filed under the latter statutes is made only when the Commission determines that disclosure is in the public interest. As described elsewhere in this report, the Commission has adopted rules reintroducing the procedures followed under the former rules 171, X-6, and U-105, which were in effect during World War II, to permit the omission or confidential treatment of certain information as called for in all filings under the first three named statutes where its disclosure would be detrimental to the national security.

Substantially over a hundred applications for confidential treatment were received and acted upon by the Commission during the 1951 fiscal year as indicated below.

Applications for confidential treatment—1951 fiscal year

Act under which filed	Number pending July 1, 1950	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1951
Securities Act of 1933 ¹	0	15	13	1	1
Securities Exchange Act of 1934 ²	8	30	25	10	3
Investment Company Act of 1940 ³	0	68	68	0	0
Total.....*	8	113	106	11	4

¹ Filed under rule 485.² Filed under rules X-24B-2, X-13A-6B, and X-6.³ Filed under rule N-45A-1.**STATISTICS AND SPECIAL STUDIES**

In general, the statistical activities of the Commission relate to (a) operational data derived from official filings with the Commission and (b) data of general application on groups of companies subject and not subject to the legislation administered by the Commission.

Operational Statistics

In order to meet the Commission's responsibilities to the public, it is essential to organize and present in meaningful and convenient form, out of the masses of information filed with the Commission, pertinent data on registered issues and issuers. Much of these data are not available elsewhere, nor in such complete form. Filed under strict requirements, they are notable for accuracy. Extending over the years, they present an ever widening base for comparisons and aggregates. Data made available by the Commission are availed of in many forms by the investing public, by the registrants themselves, by investment advisers, accountants, trade organizations, and by numerous government agencies, national and state. Numerous reports have been compiled and tabulated contributing materially to the satisfaction of the needs of the Congress and defense agencies during the present national emergency.

Survey of American Listed Corporations

Corporate data have been published annually by the Commission for the years 1934-1947, under the title "Survey of American Listed Corporations" covering well over half of all national manufacturing based on asset size. More recent figures are in many cases available or in course of preparation.

Registration Statistics

Data are published quarterly in the Statistical Bulletin and yearly in the Annual Report of the Commission, covering registration of all securities under the Securities Act of 1933. The data, taken from the filings made by registrants with the Commission, include purpose of registration, method of offering, compensation to distributors, total expenses, intended use of proceeds, type of security, and industry classification.

Underwriting Statistics

Underwriting statistics cover participations of investment bankers in effectively registered issues, a showing of the leading underwriters, and of firms managing the groups. The data carry on a series commenced in 1938, and are reported quarterly in the Statistical Bulletin.

Cost of Flotation

Data on the cost of flotation of issues effectively registered with the Commission under the Securities Act of 1933 have been published for the years 1945-1949, inclusive, under the title "Cost of Flotation," dated in February 1951. Quarterly compilations under the same title have been made and published separately commencing with the first quarter of 1950. While these studies are prepared primarily for the operational uses of the Commission's staff, they are also available to issuers and distributors of securities and other interested persons.

Investment Companies

Investment company data are published quarterly in the Statistical Bulletin, on about 200 registrants, segregated by open and closed-end types. The coverage includes purchases and sales of their own securities, portfolio changes, and aggregates of securities and assets.

Saving Study

The Commission continued its series of quarterly releases on the volume and composition of individuals' saving in the United States. These releases show the aggregate volume of individuals' saving as well as the components contributing to the total, such as changes in securities, cash, insurance and consumers' indebtedness, etc. These data have been extremely useful in the determination of fiscal policy and as a measurement of the inflationary potential.

Financial Position of Corporations

The Commission together with the Department of Commerce continued the joint series of quarterly releases on the plant and equipment expenditures of United States business other than agricultural. Shortly after the close of each quarter these releases present industry totals on the actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. In addition a survey is made at the beginning of each year of the plans of business as regards expansion during that year. These data have provided a useful index of present and future activity in the capital markets and of business in general. In view of the volatile nature of capital expenditures and their relation to the level of production and employment, the series has been of considerable importance for business management and in the formation of government policy.

The series of quarterly releases on the working capital position of all United States corporations exclusive of banks and insurance companies was also 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. These data are important in measuring the liquid position of the corporate segment of the economy taken as a whole.

The Commission together with the Federal Trade Commission continued the joint series of quarterly industrial financial reports. These reports developed as an extension of the working capital series and present a complete balance sheet and an abbreviated income account for manufacturing corporations as a whole. In addition the data are shown for various size groups of corporations and for minor industry groups. The financial report program includes data on manufacturers' profits, which are extremely important in the formulation of a tax program and renegotiation policy. The data are basic to

any appraisal of corporate financial position and any analysis of corporation finance and the capital markets.

During the past fiscal year the report on manufacturing was adapted to the needs of the Office of Price Stabilization in connection with the determination of price policy. The program was also expanded at their request to cover wholesale and retail trade.

Capital Markets

The Commission has also continued its monthly series on new securities offerings published in the Statistical Bulletin, and a quarterly series published together with a brief analysis in release form. These data show the volume and character of all securities offerings in the United States, both registered and unregistered, public offerings and private placements. Collateral studies based on these data have been undertaken from time to time pursuant to the Commission's needs and requests from other branches of the government, and the public. These included a study of the cost of flotation of privately placed securities and a survey of issues offered under Regulation A.

PERSONNEL

As of June 30, 1951, the personnel of the Commission consisted of the following:

Commissioners.....		1	4
Staff:			
Headquarters office.....	690		
Regional offices.....	333		1,023
Total.....			1,027

¹ Vacancy.

During the fiscal year, the Commission lost a considerable number of its experienced employees whose specialized skills were in great demand by newly created or rapidly expanding defense agencies. Some 80 employees transferred to other agencies, and 10 employees entered on full time active duty in the military service. In addition, about 20 employees were granted leave for tours of military training duty.

The loss of these employees, representing almost 10 percent of the entire staff, created serious problems for the Commission in carrying out its important role in the Nation's economy. However, inasmuch as the needs of the defense agencies for the services of these employees were even more urgent, no objections to their release were interposed by the Commission.

Two major revisions in the Commission's personnel management program were effected during the year. A Performance Rating Plan, designed to strengthen work performance and employee morale, was developed pursuant to the Performance Rating Act of 1950 and put into operation. To facilitate the identification and recognition of employees having a potential for development, and to further insure that its capable employees would have a real opportunity for career service, the Commission revised and formally restated its promotion policy, incorporating in it certain standards prescribed by the Civil Service Commission.

Staff assistance on all personnel matters is provided by the Commission's Division of Personnel. The regular work of this Division

embraces employment, placement and separation; job evaluation and classification; employee relations and services; training; operation of various committees and boards such as the Committee of Expert Examiners (which conducts examinations for positions peculiar to the Securities and Exchange Commission); wage administration; the performance rating program; administration of Commission regulations governing the personal securities and commodities transactions of its personnel; and processing, recording and reporting of all personnel matters. A staff of eight employees is assigned to this work, representing a ratio of one personnel employee to each 130 Commission employees.

In addition, the Division of Personnel is responsible for the conduct of pre-appointment character investigations, leave administration and accounting, retirement counseling, and the maintenance of an emergency medical unit. Four additional employees, including a registered nurse, are assigned to the Division of Personnel to carry out these functions.

FISCAL AFFAIRS

Appropriation and Expenditures

The following is a summary of the appropriation and expenditures for the fiscal year 1951.

Appropriation	\$6, 230, 000
Expenditures.....	6, 031, 820

Unexpended balance.....	198, 180

Fees and Revenue

The Commission receives fees (a) for the registration of securities under the Securities Act of 1933 ($\frac{1}{100}$ th of 1 percent of the maximum price at which the securities are proposed to be offered); (b) from registered national securities exchanges representing $\frac{1}{500}$ th of 1 percent of the aggregate dollar volume of the sales of securities on such exchanges; (c) for applications for the qualifications of indentures under the Trust Indenture Act of 1939 (\$100 for each application); (d) for the sale of photocopies of documents or portions thereof filed by corporations under one or more of the Acts the Commission administers; and (e) various receipts, such as the proceeds of the sale of excess or surplus Government property, the sale of waste paper, etc.

The following is the amount of the fees received in fiscal 1951:

Character of fees:	
Registration of securities issued.....	\$612, 505
Qualification of trust indentures.....	700
From registered exchanges.....	456, 800
Sale of copies of documents or portions thereof.....	13, 275
Miscellaneous receipts.....	3, 742

Total	1, 087, 022

Fees and other receipts must be turned in to the General Fund of the Treasury and are not available for expenditure by the Commission.

PUBLICATIONS

Public Releases

Releases of the Commission consist primarily of official announcements of filings under and actions taken pursuant to the several Acts

which it administers. These include notices of filings, hearings, orders, decisions, regulations, and related Commission matters. The Commission is continuing to improve its service and to effect economies in connection with its mailing lists through the continuation of procedures which avoid the full-scale distribution of the complete releases except to those persons who are sufficiently interested to make a special request therefor.

The announcements issued during the past fiscal year included 37 releases under the Securities Act of 1933; 159 under the Securities Exchange Act of 1934; 691 under the Public Utility Holding Company Act of 1935; 142 under the Investment Company Act of 1940; and 3 under the Investment Advisers Act of 1940. In addition, 2 releases were issued concerning the Commission's activities in corporate reorganization under Chapter X of the Bankruptcy Act, and 5 releases were issued under the Trust Indenture Act of 1939.

The following breakdown of the releases for the month of June, 1951 is fairly illustrative of the general nature of the releases issued throughout the year:

Announcements of filings, orders for hearing, and notices giving opportunity to request hearing.....	27
Interim and final decisions and orders.....	61

The balance of the Commission's releases are of an informational nature, the following having been issued during the year: 74 announcements of publication of reports on corporate survey and statistical studies; 66 reports of court actions in injunction and criminal prosecution cases initiated by the Commission; and 8 miscellaneous announcements regarding appointments of Commissioners, staff officials, and related matters.

Other publications issued during the 1951 fiscal year:

Daily Registration Record.

Monthly Statistical Bulletin.

Bound Volumes 17 and 18 of the Decisions and Reports (October 1, 1944 to December 31, 1944, and January 1, 1945 to April 26, 1945).

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

The Sixteenth Annual Report of the Commission.

List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1950.

List of Companies Registered under the Investment Company Act of 1940, as of December 31, 1950.

Working Capital of 1,275 Registered Corporations, quarterly.

Registered Public Utility Holding Companies, June 30, 1950.

Securities Registered under the Securities Act of 1933, Cost of Flotation.

Second, third, and fourth quarters, 1950, and first quarter, 1951.

Cost of Flotation, 1945-1949.

Quarterly Industrial Financial Report Series. Second, third, and fourth 1950, and first, 1951.

The Work of the Securities and Exchange Commission, January 1, 1951.

INFORMATION AVAILABLE FOR PUBLIC INSPECTION

The Commission maintains public reference rooms at the central office in Washington, D. C., 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 in Washington. In addition to providing facilities for personal inspection of registered public information, there were received in the public reference room thousands of letters and telephone calls from persons requesting registered public information and copies of forms, releases, and other material of a public nature. There were 2,633 persons who visited this public reference room seeking such information during the fiscal year 1951. Through the facilities provided for the sale of photocopies of public registered information, 1,610 orders involving a total of 99,586 pages were filled. In addition to the sale of photocopies, the Commission mailed 291,779 pieces of mail containing releases, forms, Acts, etc., to persons requesting them.

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 by issuers having securities registered under the Securities Act of 1933, as amended. During the fiscal year 1951, 12,166 persons visited the New York public reference room and more than 6,500 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 1951, 2,679 members of the public visited this public reference room, and approximately 1,734 telephone calls were received from persons seeking registered public information, forms, releases, and other material of a public nature.

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. 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 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.

Copies of all applications for registration of securities on national securities exchanges and annual reports, supplemental reports and

amendments are available for public inspection at the respective exchanges upon which the securities are registered.

PUBLIC HEARINGS

The following public hearings were held by the Commission under the Acts indicated during the fiscal year 1951:

Securities Exchange Act of 1934.....	10
Public Utility Holding Company Act of 1935.....	58
Trust Indenture Act of 1939.....	1
Investment Company Act of 1940.....	3
	<hr/>
Total hearings during year.....	72

PART IX

APPENDIX

STATISTICAL TABLES

179

TABLE 1.—Registrations fully effective under the Securities Act of 1933

PART 1.—DISTRIBUTION BY MONTHS, FISCAL YEAR ENDED JUNE 30, 1951

[Amounts in thousands of dollars] ¹

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
<i>1950</i>						
July.....	21	53	213,475	19	46	198,689
August.....	31	37	323,711	25	29	263,396
September.....	35	39	291,671	22	24	262,067
October.....	36	45	318,235	31	39	290,663
November.....	42	48	218,009	33	36	177,690
December.....	33	40	178,143	25	28	134,077
<i>1951</i>						
January.....	29	37	1,352,691	26	29	691,336
February.....	32	96	369,774	29	88	304,201
March.....	56	71	1,471,767	50	62	1,436,984
April.....	66	75	648,619	61	67	526,489
May.....	40	54	365,590	33	41	331,127
June.....	66	107	707,647	59	88	552,373
Total fiscal year 1951.....	487	702	6,459,333	413	577	5,169,092

PART 2.—BREAKDOWN BY METHOD OF DISTRIBUTION AND TYPE OF SECURITY OF THE VOLUME PROPOSED FOR CASH SALE FOR ACCOUNT OF THE ISSUERS, FISCAL YEAR ENDED JUNE 30, 1951

[Amounts in thousands of dollars] ¹

Method of distribution and group to whom offered	Type of security					
	All types	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Other types ²
All methods of distribution.....	5,169,092	823,054	1,745,851	426,649	1,468,218	705,320
To general public.....	3,857,800	823,054	1,230,550	309,329	817,464	677,403
To security holders.....	1,221,533	-----	484,301	116,320	620,912	-----
To other special groups.....	89,758	-----	31,000	1,000	29,841	27,917
Through investment bankers.....	4,292,050	823,054	1,262,181	421,549	1,128,193	657,074
By purchase and resale.....	2,547,477	822,804	735,681	414,885	574,104	3
To general public.....	2,124,858	822,804	720,730	299,585	281,737	3
To security holders.....	422,691	-----	14,951	115,300	292,340	-----
To other special groups.....	28	-----	-----	-----	28	-----
On best efforts basis.....	1,744,573	250	526,500	6,664	554,088	657,071
To general public.....	1,676,945	250	501,500	6,664	511,460	657,071
To security holders.....	42,535	-----	-----	-----	42,535	-----
To other special groups.....	25,094	-----	25,000	-----	94	-----
By issuers.....	877,041	-----	483,670	5,100	340,025	48,246
To general public.....	55,997	-----	8,320	3,080	24,268	20,329
To security holders.....	756,408	-----	469,350	1,020	286,038	-----
To other special groups.....	64,637	-----	6,000	1,000	29,719	27,917

See footnotes at end of table.

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued
 PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1951

Purpose of registration and use of proceeds	Industry								
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	Foreign governments	Other groups
Number of statements.....	487	17	136	135	25	22	137	6	9
Number of issues.....	702	43	178	240	33	25	162	10	11
For all purposes of registration (estimated value).....	6,459,333	73,247	1,147,376	1,340,061	118,056	1,299,702	1,789,107	678,484	13,229
Less: Not for cash sale.....	1,143,330	-	362,980	20,354	44,036	632,411	76,149	-	3,599
For account of issuers.....	1,136,226	5,099	361,916	20,354	43,916	632,411	68,330	-	3,599
Reserved for conversion.....	847,491	934	167,682	7,985	18,111	632,235	20,043	-	1,300
Reserved for option.....	88,734	1,734	78,060	7,996	1,044	-	-	-	-
For substitution.....	41,686	3,031	36,993	1,486	1,486	176	34,538	-	1
For exchange for other securities.....	139,659	-	76,453	1,174	23,190	-	13,748	-	2,299
For other purposes.....	18,657	-	824	3,800	185	-	-	-	-
For account of others than issuers.....	7,103	-	164	-	120	-	6,820	-	-
For cash sale (estimated gross proceeds).....	5,316,003	67,558	785,296	1,319,707	74,020	667,351	1,713,958	678,484	9,630
Less: For account of others than issuers.....	146,912	10,482	104,346	-	9,780	-	21,354	-	950
For cash sale for account of issuers.....	5,169,092	57,076	680,950	1,319,707	64,239	667,351	1,692,604	678,484	8,680
Less: Cost of flotation.....	274,813	6,331	45,140	93,703	4,544	64,488	57,514	2,528	565
Commission and discount.....	250,930	5,549	40,407	91,460	3,936	61,315	45,541	2,271	450
Expenses.....	23,884	732	4,733	2,243	608	3,173	11,973	257	115

See footnotes at end of table.

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued
 PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1951—Continued

[Amounts in thousands of dollars] ¹

Purpose of registration and use of proceeds	Industry								
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas, and water	Foreign governments	Other groups ⁴
Expected net proceeds from cash sales for account of issuers.....	4,894,278	50,745	635,810	1,226,004	59,695	602,862	1,635,090	675,957	8,115
New money purposes.....	2,489,537	46,415	460,382	31,454	26,677	601,536	1,317,441	—	5,632
Plant and equipment.....	2,235,329	8,061	297,397	2,569	9,890	593,847	1,314,674	—	3,892
Working capital.....	216,873	5,062	162,133	28,885	16,788	1,340	1,925	—	1,740
Other new money purposes.....	37,334	33,291	862	—	—	1,350	1,842	—	—
Retirements.....	566,898	4,017	159,791	52,423	28,026	957	238,355	80,845	2,483
Funded debt.....	276,105	—	12,497	1,015	—	—	181,747	80,845	—
Other debt.....	224,352	4,017	94,709	46,819	23,568	—	51,798	—	2,483
Preferred stock.....	66,442	—	52,585	4,589	4,468	—	4,809	—	—
Purchases of securities.....	1,223,252	10	4,763	1,140,948	260	358	76,923	—	—
For investment.....	1,137,226	—	1,000	1,136,226	—	—	—	—	—
For affiliation.....	86,026	10	3,763	4,722	250	358	76,923	—	—
Foreign governments—public uses.....	695,112	—	—	—	—	—	—	695,112	—
Miscellaneous and unaccounted for.....	19,479	304	10,874	1,178	4,742	11	2,371	—	—

¹ Dollar amounts are rounded and will not necessarily add to the totals.

² The 487 statements shown in this table as "fully effective" differs from the 490 shown in the table on page 9 by reason of (a) the exclusion of 5 statements which became effective during the 1951 fiscal year subject to amendments which were not filed by the end of the fiscal year and (b) the inclusion of 2 statements which became effective but were later withdrawn.

³ Consists of face amount certificates, certificates of participation and warrants. Of the \$269,096,400 of face amount certificates, \$254,808,000 were registered for sale through investment bankers on a best-efforts basis and \$14,288,400 for sale directly by issuers. Of the \$436,207,178 of certificates of participation, \$402,292,798 were registered for sale through investment bankers on a best-efforts basis and \$33,914,380 for sale directly by

issuers. Of the \$16,500 of warrants, \$3,200 were registered for sale through investment bankers by purchase and resale and \$13,300 for sale directly by issuers.

⁴ Industries represented in this group are real estate, construction, and service.

⁵ This includes two issues of the State of Israel, in the aggregate amount of \$500,000,000. No amount for "Commission and discount" for these two issues has been included, since no definite estimate was furnished by the registrant. Incomplete data was furnished by the registrant for "Expenses" and the amount is included. As a result the amounts for "Commission and discount" and "Expenses" are understated while the amounts for "Expended net proceeds from cash sales for accounts of issuers" and "Foreign governments—public uses" are correspondingly overstated.

⁶ Consists of voting trust certificates and certificates of deposit.

TABLE 2.—Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1949, 1950, 1951, and 1951

PART I.—NUMBER OF BOND ISSUES AND AGGREGATE VALUE

[Amounts in millions of dollars] 1

Fiscal year ended June 30—	Size of issue (\$'000,000)	Quality 2																	
		First grade		Second grade		Third grade		Fourth grade		Fifth grade		Below fifth		Unrated		All bonds			
		Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value	Num- ber of issues	Aggre- gate value		
1949	50 and over.....	3	183.9	0	703.1	3	180.9	1	50.4	0	-----	0	-----	0	-----	0	-----	16	1,098.3
	20-50.....	1	40.5	5	131.3	3	100.9	3	86.0	0	-----	0	-----	1	27.8	0	-----	16	495.0
	5-20.....	0	-----	18	147.8	23	280.7	11	106.1	2	16.5	0	-----	0	-----	0	-----	56	517.1
	1-5.....	0	-----	3	16.2	10	23.9	2	6.2	1	3.0	0	-----	0	-----	2	5.5	20	60.8
	Under 1.....	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	4	1.5	0	-----	4	1.5
	All sizes.....	4	224.4	34	998.4	46	598.4	17	247.7	3	16.5	0	-----	7	34.8	111	2,133.3	89	1,880.7
1950	50 and over.....	2	211.4	3	383.4	2	172.0	1	60.7	0	-----	0	-----	0	-----	0	-----	8	827.6
	20-50.....	0	-----	8	284.4	5	174.6	2	48.3	1	31.8	0	-----	0	-----	0	-----	16	509.0
	5-20.....	0	-----	11	107.6	19	206.6	6	62.3	1	6.0	0	-----	0	-----	1	9.1	44	478.6
	1-5.....	0	-----	3	9.4	10	29.8	3	16.1	2	5.3	1	4.0	2	7.0	0	-----	21	65.5
	Under 1.....	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----
	All sizes.....	8	298.5	25	764.8	36	583.0	12	181.4	4	43.0	1	*4.0	3	16.1	89	1,880.7	89	1,880.7
1951	50 and over.....	4	292.4	1	92.1	0	-----	0	-----	0	-----	0	-----	0	-----	0	-----	5	314.5
	20-50.....	0	-----	7	287.7	3	103.5	3	103.5	0	-----	0	-----	0	-----	0	-----	23	776.3
	5-20.....	1	12.3	8	102.0	18	264.8	4	33.0	3	17.0	0	-----	1	6.0	0	-----	35	375.0
	1-5.....	0	-----	2	18.0	8	27.3	0	24.9	4	2.5	4	5.8	5	9.0	0	-----	29	77.5
	Under 1.....	0	-----	0	-----	0	-----	2	1.8	0	-----	0	-----	1	.5	0	-----	3	2.3
	All sizes.....	5	123.9	21	580.0	36	637.6	18	163.2	4	19.5	4	5.8	7	15.5	95	*1,546.6	95	*1,546.6

See footnotes at end of table.

TABLE 2.—Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1949, 1950, and 1951—Continued

PART 2.—COMPENSATION ¹ TO DISTRIBUTORS

[Percent of gross proceeds]

Fiscal year ended June 30—	Size of issue (\$100,000)	Quality ²								
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below fifth	Unrated	All bonds	
1949.....	50 and over.....	0.4	0.7	0.9	0.4					0.7
	20-50.....	.5	.4	.9	1.3					1.1
	5-20.....		.5	.5	1.3	3.1		5.7		1.7
	1-5.....		.3	.5	.6	4.0		5.9		1.1
	Under 1.....							7.6		7.6
1950.....	All sizes.....	.5	.6	.7	1.1	3.3		5.8		.8
	50 and over.....	.6	.6	.6	1.6					.7
	20-50.....	.5	.5	.5	.6	.9				.5
	5-20.....	.5	.5	.5	.9	2.0		4.5		.7
	1-5.....		.5	.6	1.2	2.0		3.7		1.4
1951.....	Under 1.....									
	All sizes.....	.6	.5	.6	1.0	1.2		4.2		.6
	50 and over.....		.8	.4						.7
	20-50.....	.6	.6	.9	.4					.7
	5-20.....	.3	.7	.7	1.1	2.0		3.5		.8
	1-5.....		.6	.7	1.5	.6		5.6		1.9
	Under 1.....				2.3			10.0		4.0
	All sizes.....	.6	.7	.8	.8	1.8		5.0		2.8

¹ Dollar amounts are rounded and will not necessarily add to the totals.

² The grades are according to the classification of the bonds by investment rating services: "first grade" corresponds to Moody's Aaa, Standard & Poor's A1+, "second grade" to Aa, A1, etc.

³ Two issues of the State of Israel in the aggregate amount of \$500,000,000 have not been

included because the amount of compensation cannot be determined at this time. Data on these 2 issues will be included in a future tabulation when the results of the sales have been reported.

⁴ The compensation figures are based on the data reported in the registration statements as of their effective dates.

TABLE 3.—New securities offered for cash sale in the United States.
PART I.—TYPE OF OFFERING
[Estimated gross proceeds in thousands of dollars] 1

Calendar year or month	All offerings	Public 2			Private		
		Registered	Exempt because of—		Registered	Type of issue or issuer 4	Purchases by limited group 5
			Type if issue or issuer 3	Size of issue 6				Intrastate offering
1934.....	4,900,642	130,173	4,082,392	0	1,454	90,257	
1935.....	6,683,345	1,872,453	4,835,886	0	85,056	370,512	
1936.....	9,952,185	3,455,299	6,134,651	0	64,113	292,284	
1937.....	5,327,644	1,784,120	3,194,187	0	21,830	304,764	
1938.....	5,925,877	1,449,002	3,779,082	0	8,666	62,253	
1939.....	5,687,184	1,319,327	3,670,085	0	6,451	63,750	
1940.....	6,654,219	1,589,414	4,195,021	0	100,087	677,563	
1941.....	16,157,000	1,498,966	12,826,295	0	32,638	756,902	
1942.....	35,438,064	1,598,586	34,416,216	0	33,570	672,946	
1943.....	44,518,165	753,197	43,392,498	0	7,786	414,442	
1944.....	56,809,992	1,799,839	53,669,690	0	21,829	350,032	
1945.....	54,711,881	3,407,083	50,177,940	0	69,453	710,233	
1946.....	18,085,493	4,165,884	12,451,119	41,012	4,370	1,017,320	
1947.....	16,940,927	4,323,650	13,231,928	145,997	0	1,890,729	
1948.....	20,249,988	3,210,580	13,662,410	137,694	5,000	2,227,001	
1949.....	21,116,058	3,048,700	15,419,673	135,673	5,000	3,210,019	
1950.....	19,892,763	3,030,984	14,014,494	116,946	0	25,730	
					6,892	2,697,577	
July.....	1,235,880	85,821	925,202	11,027	0	210,132	
August.....	1,669,017	179,455	1,106,961	7,288	4,415	270,497	
September.....	1,238,871	201,367	823,117	11,124	0	201,983	
October.....	1,947,436	233,414	1,440,249	10,635	0	261,637	
November.....	1,453,919	148,663	1,060,646	7,016	1,500	233,944	
December.....	1,601,871	120,791	1,017,888	10,089	0	448,913	
January.....	1,269,832	141,800	958,688	8,953	0	159,264	
February.....	1,125,737	162,561	708,132	9,293	760	600,401	
March.....	1,740,408	702,697	716,242	13,788	0	248,811	
April.....	1,516,821	304,565	719,846	12,100	25,000	389,855	
May.....	1,766,654	313,285	633,730	9,383	4,271	476,356	
June.....	3,850,694	306,197	3,204,063	10,190	1,850	366,864	

See footnotes at end of table.

TABLE 3.—New securities offered for cash sale in the United States—Continued

PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars]*

Calendar year or month	All types of securities				Bonds, debentures, and notes			Preferred stock	Common stock
	All issuers		Corporate		All issuers	Corporate			
	Noncorporate	Corporate	Noncorporate	Corporate					
1934.....	4,909,642	4,512,402	397,240	4,883,880	4,512,402	371,478	6,272	19,490	
1935.....	6,683,345	4,351,715	2,331,630	6,576,232	4,351,715	2,224,517	85,506	21,547	
1936.....	9,982,185	6,410,505	4,571,680	9,429,431	5,410,505	4,028,926	270,752	262,002	
1937.....	5,327,644	3,918,120	2,309,524	4,636,286	3,018,120	1,618,166	405,915	285,403	
1938.....	5,925,877	3,771,213	2,164,664	5,815,217	3,771,213	2,044,004	86,100	24,561	
1939.....	6,687,184	3,523,177	2,164,007	6,502,213	3,523,177	1,979,556	97,688	68,784	
1940.....	6,584,219	3,897,046	2,677,173	6,273,059	3,896,871	2,366,188	183,000	108,160	
1941.....	13,157,000	12,490,113	2,069,887	14,876,866	12,490,113	2,389,753	167,320	109,814	
1942.....	35,498,064	34,376,776	1,062,288	35,282,499	34,376,776	916,723	112,020	33,945	
1943.....	44,518,166	43,948,474	1,169,692	44,338,346	43,348,474	889,872	123,729	166,091	
1944.....	56,309,982	53,108,101	3,201,881	55,777,347	53,108,101	2,669,246	369,471	163,173	
1945.....	54,711,881	48,700,895	6,010,985	53,556,340	48,700,895	4,865,445	768,176	397,364	
1946.....	18,685,493	11,785,848	6,899,646	16,697,972	11,785,848	4,882,124	1,126,067	890,855	
1947.....	19,940,927	13,364,103	6,576,824	18,400,411	13,364,103	5,036,308	761,959	613,569	
1948.....	20,246,988	13,172,168	7,077,820	19,144,943	13,172,168	5,972,776	481,635	424,662	
1949.....	21,110,088	15,058,618	6,051,550	19,046,018	15,058,618	4,890,500	424,662	736,388	
1950.....	19,892,793	13,531,750	6,361,043	18,451,317	13,531,750	4,919,567	630,822	810,654	
1950									
July.....	1,235,930	913,483	322,446	1,168,777	913,483	245,294	30,141	47,012	
August.....	1,569,017	1,136,861	432,155	1,514,854	1,136,861	377,963	36,540	17,713	
September.....	1,238,871	831,121	407,750	1,190,495	831,121	329,374	30,146	46,230	
October.....	1,947,436	1,421,890	525,545	1,753,605	1,421,890	331,715	105,730	88,101	
November.....	1,453,919	1,041,817	412,103	1,383,146	1,041,817	341,330	48,253	22,620	
December.....	1,601,971	945,480	656,491	1,499,369	945,480	563,889	43,471	69,131	
1951									
January.....	1,269,832	906,477	363,355	1,201,415	906,477	294,938	34,016	34,156	
February.....	1,125,737	742,393	383,344	1,093,815	742,393	341,421	7,769	7,769	
March.....	1,740,408	731,425	1,008,983	1,545,307	731,425	513,883	151,628	143,473	
April.....	1,515,821	691,741	824,081	1,316,790	691,741	636,989	100,014	109,117	
May.....	1,756,854	1,008,758	748,117	1,645,727	1,008,758	630,989	22,370	88,735	
June.....	3,960,694	3,125,587	835,107	3,723,018	3,125,587	697,451	75,788	151,868	

See footnotes at end of table.

PART 3.—TYPE OF ISSUER.

[Estimated gross proceeds in thousands of dollars]

Calendar year or month	Corporate							Noncorporate					Election— navy and other non-profit	
	Total corporate	Electric gas and water	Communication	Transportation other than railroad	Manufacturing	Commercial and miscellaneous	Railroad	Real estate and financial	Total non-corporate	U. S. Gov. agency (including issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal		Foreign government
1934	397,240					66,881	176,423	20,772	4,512,402	3,535,478	31,913	839,453	4,978	580
1935	2,331,630	1,283,762	797,005		797,005	126,031	124,831	124,831	4,351,715	2,837,856	115,838	1,231,846	58,660	7,525
1936	4,571,680	2,040,477	1,332,251		1,332,251	707,456	401,495	401,495	5,410,505	4,087,722	54,696	1,120,763	85,763	61,647
1937	2,309,524	770,525	1,220,315		1,220,315	344,257	74,427	74,427	3,018,120	1,901,910	36,442	907,682	152,614	19,472
1938	2,154,664	1,294,175	847,914		847,914	584,873	17,703	17,703	2,479,514	1,144,608	114,608	1,107,617	53,706	15,675
1939	2,194,007	1,270,964	604,067		604,067	854,707	103,269	103,269	2,832,111	2,516,089	103,548	1,128,448	41,030	8,593
1940	2,666,877	1,203,091	991,067		991,067	323,912	158,602	158,602	3,887,046	2,516,089	37,900	1,237,992	41,030	23,807
1941	2,666,877	1,357,112	847,888		847,888	366,313	95,574	95,574	12,490,113	11,496,139	1,406	955,983	4,120	25,960
1942	1,062,288	477,417	538,577		538,577	47,726	4,288	4,288	34,375,770	33,845,554	1,406	523,705	0	5,112
1943	1,169,692	477,417	509,712		509,712	161,179	21,334	21,334	43,348,474	42,814,597	1,856	435,223	89,700	7,098
1944	3,201,891	1,422,384	1,060,849		1,060,849	609,360	109,297	109,297	53,108,101	52,424,316	1,185	660,910	19,398	2,593
1945	6,010,085	2,319,380	2,026,270		2,026,270	1,454,021	211,314	211,314	48,700,895	47,352,065	505,886	794,741	45,212	2,092
1946	6,899,646	2,157,961	3,701,320		3,701,320	1,711,119	329,246	329,246	11,785,848	10,216,508	355,825	1,156,900	53,210	2,405
1947	6,576,824	3,268,705	2,741,754		2,741,754	285,680	292,684	292,684	13,364,103	10,689,439	0	2,324,098	443,195	7,370
1948 7	7,077,820	3,080,807	2,773,957		2,773,957	623,348	593,649	593,649	13,172,168	10,326,937	0	2,680,719	150,000	5,512
1948 7	7,077,820	2,187,300	901,633	131,924	2,225,757	414,060	623,348	623,348	18,172,168	10,326,937	0	2,680,719	150,000	5,512
1949	6,051,530	2,319,828	671,080	340,315	1,414,176	347,064	459,962	459,962	15,655,618	11,804,320	215,538	2,907,028	116,250	15,883
1950	6,361,043	2,648,822	399,391	259,057	1,290,017	552,916	554,100	554,100	13,631,750	9,687,497	30,000	3,531,902	262,684	19,677
July	322,446	88,314	20,305	58,505	72,303	68,645	10,435	33,939	913,483	705,907	0	205,184	0	2,392
August	432,155	214,706	9,876	4,465	54,866	35,041	39,469	73,662	1,136,561	772,611	0	298,915	65,235	401,161
September	407,750	159,628	7,397	60,651	72,033	68,994	0,958	20,388	831,121	530,901	0	278,619	19,520	2,180
October	525,545	238,366	15,645	10,254	175,819	39,716	18,747	26,998	1,421,890	1,228,102	0	189,395	1,443	2,990
November	412,103	164,312	15,222	1,040	137,055	33,757	18,899	41,817	1,041,817	654,517	0	383,717	3,883	3,883
December	656,491	175,349	4,517	11,404	168,586	108,908	69,633	118,083	946,480	777,428	0	165,904	0	2,148
January	363,355	136,346	9,583	600	66,163	75,124	44,329	31,210	906,477	730,294	0	172,918	0	3,265
February	383,344	221,953	2,195	1,053	64,641	27,560	25,973	39,663	742,393	502,367	0	184,713	53,271	2,502
March	1,008,983	154,536	426,030	21,216	304,139	52,916	30,342	19,804	731,525	620,050	0	162,000	48,576	7,351
April	824,081	284,190	24,042	7,500	411,120	48,580	19,770	36,378	1,008,734	880,989	0	233,788	79,109	5,200
May	748,117	212,644	4,000	7,500	387,941	71,791	14,017	10,523	698,794	580,989	0	343,750	10,148	1,900
June	825,107	253,090	2,730	8,778	366,808	43,715	25,779	124,200	3,126,867	2,829,789	0	283,750	0	1,900

See footnotes at end of table.

TABLE 3.—*New securities offered for cash sale in the United States—Continued*
 PART 4.—PRIVATE PLACEMENT OF CORPORATE SECURITIES *
 [Estimated gross proceeds in thousands of dollars]

Calendar year or month	Type of security						Industry of issuer †					Real estate and financial
	All private placements	Bonds, debentures, and notes		Stocks	Electric, gas, and water	Communi-cation	Transpor-tation other than railroad	Manufac-turing	Commer-cial and miscella-neous	Railroad		
1934	91,532	91,532	0	0	48,026	42,232	1,274	0	1,274	37,140		
1935	387,059	385,009	2,050	151,807	151,807	4,499	4,499	0	4,499	34,095		
1936	373,154	369,202	3,952	218,403	218,403	104,781	15,875	0	15,875	4,500		
1937	329,910	327,400	2,501	61,330	61,330	244,581	19,730	0	19,730	8,405		
1938	601,562	600,061	601	298,568	298,568	384,089	8,405	0	8,405	111,769		
1939	706,311	703,168	3,144	466,990	466,990	144,239	9,165	0	9,165	65,484		
1940	764,896	757,737	7,159	390,717	390,717	289,430	19,980	0	19,980	2,000		
1941	813,237	811,377	1,860	1,888,354	1,888,354	222,684	6,986	0	6,986	1,825		
1942	420,427	410,768	9,659	188,857	188,857	230,449	38,979	0	38,979	6,246		
1943	371,861	369,216	2,645	100,608	100,608	392,417	91,433	0	91,433	29,174		
1944	786,528	777,645	9,183	296,733	296,733	681,735	1,408,156	0	1,408,156	164,324		
1945	1,021,690	1,004,280	17,411	290,261	290,261	1,541,549	1,000	0	1,000	473,167		
1946	1,917,013	1,863,073	53,940	528,606	528,606	636,149	52,433	0	52,433	309,371		
1947	2,235,480	2,147,290	88,190	576,902	576,902	126,815	1,543,310	0	1,543,310	2,013		
1948	3,065,799	3,008,219	78,580	586,610	586,610	338,282	831,886	0	831,886	424,840		
1949	2,402,296	2,453,480	48,816	683,835	683,835	181,074	809,715	0	809,715	12,078		
1950	2,679,602	2,569,235	120,367	39,457	39,457	23,046	59,100	0	59,100	22,244		
July	211,163	185,213	26,650	100,643	100,643	4,465	47,042	0	47,042	70,151		
August	260,178	224,007	35,271	40,523	40,523	20,781	62,900	0	62,900	24,450		
September	182,463	175,683	6,800	72,103	72,103	9,395	125,733	0	125,733	15,825		
October	260,694	247,234	13,460	37,977	37,977	11,360	130,660	0	130,660	34,825		
November	233,944	217,994	15,950	93,676	93,676	1,684	134,537	0	134,537	102,767		
December	450,113	438,149	11,963	28,060	28,060	9,583	51,490	0	51,490	13,100		
1951	159,264	151,028	8,236	32,390	32,390	1,735	142,997	0	142,997	20,258		
January	161,380	147,680	3,800	32,409	32,409	17,885	278,441	0	278,441	10,450		
February	245,811	246,191	2,620	66,809	66,809	4,000	312,033	0	312,033	9,680		
March	415,855	403,193	12,663	61,770	61,770	1,850	241,468	0	241,468	32,103		
April	476,356	460,744	6,613	81,637	81,637	1,850	17,808	0	17,808	7,575		
May	358,246	344,811	13,435	8,286	8,286	9,583	51,490	0	51,490	13,100		
June	151,028	147,680	3,348	32,390	32,390	1,735	142,997	0	142,997	20,258		
	245,811	246,191	2,620	66,809	66,809	4,000	312,033	0	312,033	9,680		
	415,855	403,193	12,663	61,770	61,770	1,850	241,468	0	241,468	32,103		
	476,356	460,744	6,613	81,637	81,637	1,850	17,808	0	17,808	7,575		
	358,246	344,811	13,435	8,286	8,286	9,583	51,490	0	51,490	13,100		
	151,028	147,680	3,348	32,390	32,390	1,735	142,997	0	142,997	20,258		
	245,811	246,191	2,620	66,809	66,809	4,000	312,033	0	312,033	9,680		
	415,855	403,193	12,663	61,770	61,770	1,850	241,468	0	241,468	32,103		
	476,356	460,744	6,613	81,637	81,637	1,850	17,808	0	17,808	7,575		
	358,246	344,811	13,435	8,286	8,286	9,583	51,490	0	51,490	13,100		

¹ The data on these tables cover substantially all new issues of securities offered for sale in the United States in amounts over \$100,000 and with terms to maturity of more than one year. The figures represent offerings, not actual sales. However, the proportion of the total amount offered to public is not indicated. Included in the percentage are issues actually paid as well as issues not offered, and unregistered issues that were registered under the Securities Act of 1933. Excluded are: other corporate transactions, registered under the Securities Act of 1933; issues that are sold directly to Federal agencies and trust accounts; notes issued exclusively to other open-end investment companies. The chief sources of data are the financial press and documents filed with the Commission. Data for offerings of State and municipal securities are from totals published by the *Commercial and Financial Chronicle*; these represent principal amounts instead of gross proceeds. All figures are subject to revision as new data are received.

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 Issues exempt because of type of issue or issuer include offerings of Federal, State,

and local governments, banks, issuers subject to regulation by the Interstate Commerce Commission, and economy and other nonprofit institutions.

⁵ Issues in this group include those between \$100,000 and \$500,000 in size which are exempt under regulation under the Securities Act of 1933, as amended on May 21, 1943.

⁶ Securities on which registration under the Securities Act of 1933 would be required if they were publicly offered.

⁷ A more detailed classification of industry of issuer is available beginning with the year 1948, with figures for 1948 presented according to both the old and new classifications. Prior to 1948 all electric, gas, water, telephone, radio, and bus company issues were grouped together under the heading "Public Utility." The yearly totals of such issues are given for the years 1934 through 1948 in order to provide a rough comparison with current data. Similarly, manufacturing, commercial and miscellaneous companies were grouped together under the heading "Industrial and Miscellaneous" and figures for that classification are inserted for the years 1934 through 1948. An exact comparison of these old and new groups cannot be made because some companies formerly classified "Industrial and Miscellaneous", such as radio and aviation companies, would now fall under the "Communication" and "Transportation" groups. No changes were made in the "Railroad" and "Financial and Real Estate" classifications for the entire period.

⁸ Includes bonds of the International Bank for Reconstruction and Development.

⁹ 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 in the United States

PART I.—ALL CORPORATE
[Amounts in thousands of dollars] †

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds †	Total net proceeds †	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1934	397,240	363,547	57,453	31,729	25,724	314,027	231,184	83,764	0	11,168
1935	2,331,630	2,265,760	297,640	111,246	95,464	2,034,963	1,793,734	170,194	71,095	26,197
1936	4,071,680	4,539,522	838,233	399,460	477,773	3,522,847	3,132,570	194,411	225,837	39,452
1937	2,309,624	2,238,786	690,542	373,949	416,694	1,211,783	1,119,570	216,403	189,771	36,480
1938	2,184,694	2,194,519	631,303	594,084	177,219	1,821,190	1,119,045	216,403	86,749	7,020
1939	2,164,007	2,116,012	324,889	170,146	194,743	1,763,842	1,636,765	68,604	88,684	26,281
1940	2,677,173	2,618,279	668,884	423,908	144,915	1,727,871	1,492,968	173,671	128,368	18,714
1941	2,666,887	2,623,199	868,288	660,904	207,385	1,726,761	1,492,968	144,227	99,568	28,167
1942	1,062,288	1,042,656	473,652	287,039	186,613	1,726,761	1,492,968	137,543	30,341	35,201
1943	1,169,692	1,146,914	307,958	140,889	167,069	811,085	666,657	72,638	72,490	27,271
1944	3,201,891	3,141,847	656,967	251,757	405,210	2,438,053	2,037,505	49,071	351,486	46,818
1945	6,010,985	5,901,744	1,079,844	637,803	442,042	4,988,823	4,116,897	134,000	437,917	133,076
1946	6,899,646	6,756,582	3,278,828	2,114,146	1,164,146	3,245,302	2,391,919	378,786	476,597	231,462
1947	6,576,824	6,466,053	4,690,540	3,468,523	1,182,017	1,707,931	1,155,191	356,304	190,436	167,562
1948	7,077,820	6,959,046	5,929,280	4,220,880	1,708,400	1,795,722	1,239,961	488,278	67,484	234,044
1949	6,051,550	5,959,260	4,606,326	3,724,165	882,160	1,038,099	360,434	677,133	40,542	314,835
1950	6,361,043	6,261,444	4,006,480	2,965,598	1,040,881	1,891,136	1,149,312	619,906	121,918	363,828
July.....	322,446	318,447	213,684	148,067	65,617	44,548	19,973	23,073	1,502	60,215
August.....	432,165	429,953	259,831	180,098	76,732	161,538	136,314	9,809	5,415	18,694
September.....	407,760	397,351	300,416	243,132	67,284	62,146	23,130	31,191	7,825	36,790
October.....	625,545	619,823	305,851	258,345	49,506	176,658	68,057	91,692	16,609	31,324
November.....	412,103	406,488	198,822	138,822	117,022	88,252	50,692	24,492	18,088	12,883
December.....	666,461	649,246	432,524	242,225	190,289	167,758	83,307	83,572	908	45,934
January.....	363,356	358,229	300,916	224,347	76,569	49,097	17,150	28,789	3,169	8,216
February.....	383,344	377,902	314,408	243,401	71,067	66,986	28,033	26,577	2,376	6,448
March.....	1,008,983	993,934	846,160	699,469	145,691	120,672	68,040	63,532	0	26,201
April.....	894,081	890,837	696,090	503,612	122,478	128,667	131,120	68,766	61,781	56,080
May.....	739,292	739,292	486,946	188,934	188,934	46,614	13,614	26,834	6,164	17,800
June.....	825,107	811,524	694,342	431,379	253,463	111,670	83,706	49,148	8,817	16,012

See footnotes at end of table.

PART 2.—PUBLIC UTILITY
PUBLIC UTILITY 1934-48:

1934.....	183,165	129,676	10,756	2,802	111,129	77,140	33,989	44,959	7,975
1,281,762	1,249,586	30,355	26,255	4,100	1,218,256	1,144,549	28,747	1,144,549	1,144,549
1936.....	2,040,477	1,986,629	62,810	41,724	1,916,422	1,853,102	19,191	44,059	7,697
1937.....	770,526	750,606	89,286	79,652	662,927	622,811	41,877	88,239	8,393
1938.....	1,234,176	1,208,125	179,658	142,143	37,515	1,027,133	84,358	55,689	1,333
1939.....	1,270,964	1,246,237	42,808	32,105	1,027,734	1,098,832	41,170	56,732	5,695
1940.....	1,243,091	1,180,440	245,210	228,713	16,497	1,098,832	7,295	30,039	6,060
1941.....	1,357,112	1,340,019	316,758	302,963	13,795	1,098,832	26,135	36,810	3,963
1942.....	471,697	464,156	145,088	138,851	6,237	310,660	18,519	18,914	8,408
1943.....	477,417	469,122	21,645	15,837	439,082	411,659	16,207	11,216	8,396
1944.....	1,422,354	1,300,535	39,577	24,520	1,314,437	1,155,903	1,102	187,431	15,522
1945.....	2,319,380	2,290,603	69,359	60,704	2,182,235	2,051,873	23,492	106,869	39,009
1946.....	2,157,961	2,129,275	785,053	714,326	1,298,452	1,013,832	46,869	237,751	45,760
1947.....	3,256,705	3,211,842	153,262	153,020	1,977,048	1,842,375	37,795	96,877	46,532
1948.....	3,096,867	3,039,400	2,744,141	2,710,959	248,850	94,171	102,748	51,931	46,409

ELECTRIC, GAS, AND WATER 1948-51:

1948.....	2,187,390	2,149,672	1,871,931	1,840,599	31,331	83,018	87,431	51,370	45,923
1949.....	2,319,828	2,275,898	1,837,545	1,818,560	18,996	198,478	98,913	34,912	106,050
1950.....	2,648,822	2,608,401	1,728,378	1,711,320	17,058	612,652	121,798	68,936	76,739
July.....	58,314	57,578	44,116	43,069	1,047	13,253	3,233	0	279
August.....	214,706	213,152	105,302	105,102	106,735	109,183	1,544	5,069	1,115
September.....	159,628	157,789	138,963	138,904	59	8,830	3,350	2,850	6,796
October.....	238,366	233,366	172,367	165,936	5,431	47,446	6,649	1,925	13,553
November.....	164,312	161,922	122,422	122,422	0	39,500	28,269	1,500	0
December.....	175,349	172,917	139,910	136,831	3,079	4,707	0	0	0
January.....	136,346	134,552	126,708	126,324	363	5,842	770	1,252	0
February.....	221,653	219,399	198,644	198,292	352	3,934	1,600	1,396	325
March.....	164,536	160,878	97,483	96,938	545	36,717	1,500	0	17,677
April.....	284,190	278,441	229,728	229,575	154	20,204	14,526	0	28,508
May.....	212,644	209,471	203,821	203,789	32	2,942	0	0	2,708
June.....	253,095	249,002	233,962	221,034	12,928	12,577	8,060	0	2,463

See footnotes at end of table.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash in the United States—Continued
PART 2.—PUBLIC UTILITY—Continued

COMMUNICATION 1949-1951
[Amounts in thousands of dollars]

Calendar year and month	Proceeds			New money			Retirements			All other purposes
	Total gross proceeds	Total net proceeds	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1948.....	901,663	891,373	870,321	868,470	1,850	21,081	1,153	19,317	581	21
1949.....	671,080	566,566	504,857	502,579	1,877	60,855	47,175	11,578	2,102	1,154
1950.....	399,391	395,172	304,005	300,284	3,741	89,713	78,558	8,710	2,344	1,454
July.....	20,305	19,947	19,161	19,138	23	771	771	0	0	0
August.....	9,976	9,779	5,781	5,637	145	3,609	2,980	929	0	15
September.....	7,397	7,212	6,282	4,545	734	1,914	314	1,600	0	389
October.....	15,645	15,330	11,505	11,505	0	3,466	1,684	1,783	0	16
November.....	15,222	14,905	7,941	6,810	2,131	6,637	3,876	2,761	0	358
December.....	4,517	4,406	4,406	4,355	21	0	0	0	0	328
January.....	9,583	9,488	8,698	8,698	0	790	790	0	0	0
February.....	2,193	2,123	2,042	2,042	80	0	0	0	0	0
March.....	426,030	423,243	421,720	421,655	65	173	173	0	0	1,350
April.....	24,042	23,783	23,695	8,630	15,059	88	88	0	0	0
May.....	4,000	3,960	3,911	2,175	1,733	50	50	0	0	0
June.....	2,730	2,650	2,229	2,187	42	421	124	297	0	0
TRANSPORTATION OTHER THAN RAILROAD 1948-51										
1948.....	131,924	130,918	126,463	114,705	11,758	3,989	745	3,244	0	466
1949.....	338,695	302,320	298,855	298,855	3,455	36,284	272	36,012	0	90
1950.....	259,057	257,182	242,902	241,599	1,503	4,261	3,421	841	0	10,019
July.....	58,805	58,095	48,081	48,035	45	15	0	15	0	0
August.....	4,455	4,454	4,454	4,454	0	0	0	0	0	0
September.....	60,651	59,959	59,959	59,959	0	0	0	0	0	0
October.....	10,254	10,189	6,131	6,131	598	3,421	3,421	0	0	0
November.....	1,040	1,028	959	959	0	69	69	0	0	0
December.....	11,404	11,327	10,785	10,785	0	541	0	541	0	0
January.....	600	588	543	521	23	45	0	45	0	0
February.....	1,030	999	925	925	73	32	0	32	0	0
March.....	21,216	21,184	17,118	17,118	32	4,034	2,835	1,199	0	0
April.....	7,500	7,368	7,120	7,090	30	248	0	248	0	0
May.....	8,778	8,651	7,995	7,893	134	665	0	665	0	0
June.....	8,778	8,651	7,995	7,893	134	665	0	665	0	0

See footnotes at end of table.

PART 3.—INDUSTRIAL AND MISCELLANEOUS
INDUSTRIAL AND MISCELLANEOUS 1934-48

1934.....	66,881	61,776	25,250	7,766	17,490	35,132	34,106	1,026	0	1,388
1935.....	797,005	774,091	470,984	279,183	415,990	670,695	692,784	129,808	26,076	20,439
1936.....	1,332,251	1,279,934	438,768	268,485	230,584	811,076	823,381	49,384	137,316	50,092
1937.....	1,120,315	1,079,100	616,468	269,662	346,806	446,806	272,204	68,270	109,422	21,736
1938.....	1,847,915	1,731,232	469,351	337,631	131,720	356,778	201,641	131,009	23,828	6,102
1939.....	604,067	584,498	188,037	53,083	134,954	396,137	351,718	26,736	6,425	16,425
1940.....	991,657	960,771	166,817	81,820	84,994	788,342	652,207	45,669	8,467	18,045
1941.....	847,888	827,828	244,012	105,265	138,747	595,751	402,867	59,748	59,748	18,045
1942.....	538,577	527,185	116,939	116,939	176,522	207,741	119,024	119,024	16,427	26,733
1943.....	509,712	497,439	227,637	79,065	148,522	252,659	137,488	63,916	16,275	17,193
1944.....	1,060,849	1,033,332	453,664	124,981	328,704	651,817	346,073	47,969	157,574	28,111
1945.....	2,028,270	1,969,294	810,516	460,879	349,637	1,107,002	719,519	96,651	290,832	51,775
1946.....	3,701,320	3,600,777	2,200,860	1,256,903	943,905	1,230,693	756,658	169,152	223,883	62,520
1947.....	2,741,754	2,685,903	1,673,818	1,127,890	845,928	1,649,665	263,674	296,342	89,549	169,216
1948.....	2,773,957	2,715,707	2,164,489	1,011,510	1,142,978	425,987	64,890	350,646	10,451	135,231

MANUFACTURING 1948-51

1948.....	2,225,757	2,180,085	1,726,297	762,778	993,519	353,857	49,498	299,697	4,422	100,211
1949.....	1,414,176	1,350,872	851,257	542,078	309,180	422,830	41,853	378,637	2,720	116,084
1950.....	1,200,017	1,176,363	688,074	312,701	376,374	415,650	183,644	266,640	15,466	71,639
July.....	72,303	71,031	48,848	19,251	29,097	21,241	5,674	14,064	1,502	1,442
August.....	54,866	53,689	26,888	23,085	6,303	15,057	12,312	2,745	0	10,244
September.....	72,033	70,857	44,575	22,510	22,066	22,039	10,461	11,577	0	4,343
October.....	175,819	171,297	59,031	38,773	20,258	97,186	22,017	75,169	0	15,080
November.....	137,055	135,656	100,485	34,342	66,143	29,611	8,111	16,410	5,090	6,460
December.....	168,886	166,166	119,113	70,887	48,226	42,924	21,997	20,708	2,219	4,130
January.....	60,163	65,032	47,671	31,382	16,188	14,662	4,980	8,078	1,604	2,789
February.....	64,641	63,567	52,835	28,799	24,036	9,076	0	7,086	1,980	1,660
March.....	304,139	219,053	123,443	89,611	73,012	73,012	28,407	44,005	49,319	6,466
April.....	411,120	404,775	300,024	230,357	70,266	36,864	5,685	36,910	0	10,288
May.....	387,941	384,064	353,489	280,462	103,053	19,086	1,204	18,285	187	10,689
June.....	306,808	300,964	313,567	106,816	146,751	42,269	12,418	24,369	5,452	6,127

See footnotes at end of table.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash in the United States—Continued

PART 3.—INDUSTRIAL AND MISCELLANEOUS—Continued

COMMERCIAL AND MISCELLANEOUS 1948-51 :

[Amounts in thousands of dollars] 1

Calendar year and month	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds :	Total net proceeds :	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1948.....	414,090	403,049	303,619	135,917	167,701	64,411	14,648	43,734	6,020	35,020
1949.....	347,064	338,317	228,801	77,513	157,288	85,565	27,489	57,535	541	23,951
1950.....	552,916	537,006	261,559	93,516	168,043	164,767	29,696	91,028	33,443	127,280
1950										
July.....	68,645	68,045	18,668	8,121	10,547	7,426	2,310	5,116	0	41,951
August.....	35,041	33,792	20,746	3,758	16,988	8,682	3,938	4,338	407	4,363
September.....	68,694	64,564	18,631	7,221	11,410	21,662	682	16,005	4,976	24,370
October.....	39,716	38,666	14,389	2,282	12,107	23,566	1,456	7,638	14,461	7,722
November.....	33,757	32,815	19,213	6,476	12,737	9,974	0	3,696	6,277	3,629
December.....	108,908	107,856	46,447	7,112	39,335	30,005	593	20,412	0	31,404
1951										
January.....	76,124	74,066	45,663	17,202	28,460	24,293	5,537	18,434	322	4,110
February.....	27,500	27,034	19,693	5,661	14,032	6,426	5,048	1,377	0	915
March.....	62,916	61,565	43,740	4,324	39,416	5,551	2,408	3,143	0	2,275
April.....	48,890	47,774	22,602	6,289	16,312	12,988	1,719	8,806	2,463	12,185
May.....	71,791	70,817	57,037	9,509	47,528	12,996	9,418	973	2,605	784
June.....	43,715	41,969	28,454	7,439	21,015	7,157	1,647	3,040	2,470	6,389

See footnotes at end of table.

PART 4.—RAILROAD

1924	176,493	172,215	21,100	21,161	29	151,025	119,768	31,258	0	0
1925	126,331	123,288	57,974	56,755	239	62,029	53,458	8,571	0	1,145
1926	707,459	773,773	156,974	130,222	8,489	62,029	53,458	76,611	0	3,798
1927	344,257	338,660	224,620	224,620	3,080	130,589	107,741	26,845	0	0
1928	54,309	54,309	54,309	54,309	0	97,000	37,000	0	0	0
1929	182,225	318,681	114,502	113,092	39	203,889	185,850	212	0	289
1930	328,012	301,035	259,673	257,872	1,411	108,362	102,362	18,000	0	3,000
1942	47,091	47,091	47,091	47,091	0	113,302	113,302	0	0	0
1943	161,179	159,624	45,987	45,987	0	113,537	113,537	0	0	0
1944	608,860	602,301	102,276	102,276	0	500,025	500,025	0	0	0
1945	464,021	435,503	114,838	114,838	0	1,320,665	1,319,649	397	610	0
1946	711,110	703,550	120,186	120,186	0	574,364	571,061	3,303	0	0
1947	285,880	282,645	239,638	237,664	1,994	37,002	35,242	1,660	0	0
1948	623,948	616,758	545,871	485,694	60,177	70,887	55,726	15,161	0	5,985
1949	459,982	456,353	441,392	441,392	0	14,901	11,164	3,737	0	0
1950	554,100	548,366	301,408	281,890	19,518	231,692	192,651	39,041	0	15,266
July	10,435	10,336	10,336	10,336	0	0	0	0	0	0
August	39,439	39,172	34,768	34,768	0	4,404	4,404	0	0	0
September	9,958	9,883	9,883	9,883	0	0	0	0	0	0
October	18,747	18,580	18,580	18,580	0	0	0	0	0	0
November	18,999	18,691	18,691	18,691	0	0	0	0	0	0
December	69,033	69,137	13,127	12,182	946	56,010	56,010	0	0	0
January	44,329	43,962	43,962	38,832	5,080	0	0	0	0	0
February	25,973	26,655	26,655	7,619	0	18,036	18,036	0	0	0
March	30,342	29,947	29,947	29,947	0	0	0	0	0	0
April	19,770	19,600	19,600	19,600	0	0	0	0	0	0
May	14,017	13,911	13,911	13,911	0	0	0	0	0	0
June	25,779	25,518	25,518	25,518	0	0	0	0	0	0

See footnotes at end of table.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash in the United States—Continued
PART 5.—REAL ESTATE AND FINANCIAL
[Amounts in thousands of dollars] 1

Calendar year and month	Proceeds			New money			Retirements				All other purposes
	Total gross proceeds 1	Total net proceeds 2	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock		
1934.....	20,772	19,880	251	0	251	17,641	150	17,491	0	1,988	
1935.....	124,815	121,815	46,216	300	45,916	75,011	71,748	3,263	0	588	
1936.....	401,936	389,986	217,953	330	217,623	160,269	111,334	8,165	40,770	11,763	
1937.....	74,427	70,820	57,117	14	7,903	7,351	7,351	430	7,229	6,352	
1938.....	17,703	15,853	7,984	0	7,984	7,279	18	35	7,261	591	
1939.....	103,260	102,042	9,068	50	9,048	88,783	88,129	385	4,101	4,101	
1940.....	158,902	155,387	42,355	343	42,012	111,280	4,859	102,569	3,853	1,752	
1941.....	95,574	94,317	54,845	2	54,843	33,332	18,379	14,955	6,139	6,139	
1942.....	4,288	4,124	4,124	0	4,124	0	0	0	0	0	
1943.....	21,384	20,829	12,740	0	12,740	6,407	3,992	2,415	0	1,682	
1944.....	109,297	106,619	61,450	0	61,450	41,984	35,503	6,481	6,481	3,184	
1945.....	211,314	206,344	85,130	0	83,838	78,922	25,856	13,469	39,597	42,292	
1946.....	329,246	322,980	163,711	1,292	149,444	142,793	50,388	28,502	13,963	16,476	
1947.....	292,684	285,663	188,802	7,949	180,853	44,316	13,800	70,407	10,010	52,545	
1948.....	593,646	587,180	484,770	12,717	472,053	49,998	23,174	19,722	6,102	52,403	
1949.....	592,559	440,453	43,079	43,079	397,374	85,200	34,263	50,670	6,287	66,906	
1950.....	746,740	736,263	480,154	24,309	455,846	191,678	98,660	91,248	1,739	67,431	
July.....	33,939	33,416	24,975	110	24,869	1,843	1,198	645	0	6,698	
August.....	73,662	73,026	57,391	3,295	64,097	13,051	12,798	252	0	2,834	
September.....	29,888	26,079	23,113	98	23,015	4,601	2,943	1,658	0	1,364	
October.....	26,988	26,396	23,201	12,087	11,113	1,684	4,409	1,932	222	1,612	
November.....	41,871	41,471	36,132	121	36,011	2,462	706	1,537	200	2,376	
December.....	118,093	117,438	98,735	43	98,692	5,302	0	4,613	689	13,401	
January.....	31,210	30,542	27,771	1,288	26,484	1,463	0	1,463	0	1,307	
February.....	39,993	39,093	32,555	61	32,494	2,986	1,015	1,971	0	3,552	
March.....	19,904	19,557	16,066	45	16,021	2,086	0	2,086	0	1,405	
April.....	36,378	35,463	29,841	9,154	20,687	1,524	0	1,524	0	4,099	
May.....	50,223	49,701	36,591	83	36,508	6,690	0	6,319	3,371	3,419	
June.....	124,200	122,731	73,115	582	72,533	48,582	35,000	12,717	865	1,033	

1 Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.
 2 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.
 3 A more detailed classification of industry of issuer is available beginning with the year 1948, with figures for 1948 presented according to both the old and new classifications. Prior to 1948 all electric, gas, water, telephone, street railway, and bus company issues were grouped together under the heading "Public Utility." The yearly totals of such issues are given for the years 1934 through 1948 in order to provide a rough comparison with current data. Similarly manufacturing, commercial and miscellaneous companies were grouped together under the heading "Industrial and Miscellaneous" and figures for that classification are inserted for the years 1934 through 1948. An exact comparison of these old and new groups cannot be made because some companies formerly classified "Industrial and Miscellaneous," such as radio and aviation companies, would now fall under the "Communication" and "Transportation" groups. No changes were made in the "Railroad" and "Financial and Real Estate" classifications for the entire period.

TABLE 5.—An 18-year summary of corporate bonds¹ publicly offered and privately placed in each year—1934 through 1951—by calendar year

[Millions of dollars]

Year	Total offerings	Publicly offered	Placed privately	Percent of total placed privately
1934	372	280	92	24.7
1935	2,225	1,840	385	17.3
1936	4,029	3,660	369	9.2
1937	1,618	1,291	327	20.2
1938	2,044	1,353	691	33.8
1939	1,979	1,276	703	35.5
1940	2,386	1,628	758	31.8
1941	2,389	1,578	811	33.9
1942	917	506	411	44.8
1943	990	621	369	37.3
1944	2,670	1,892	778	29.1
1945	4,855	3,851	1,004	20.7
1946	4,882	3,019	1,863	38.2
1947	5,036	2,889	2,147	42.6
1948	5,973	2,965	3,008	50.4
1949	4,890	2,437	2,453	50.2
1950	4,920	2,361	2,559	52.0
1951 ²	6,046	2,660	3,386	56.0

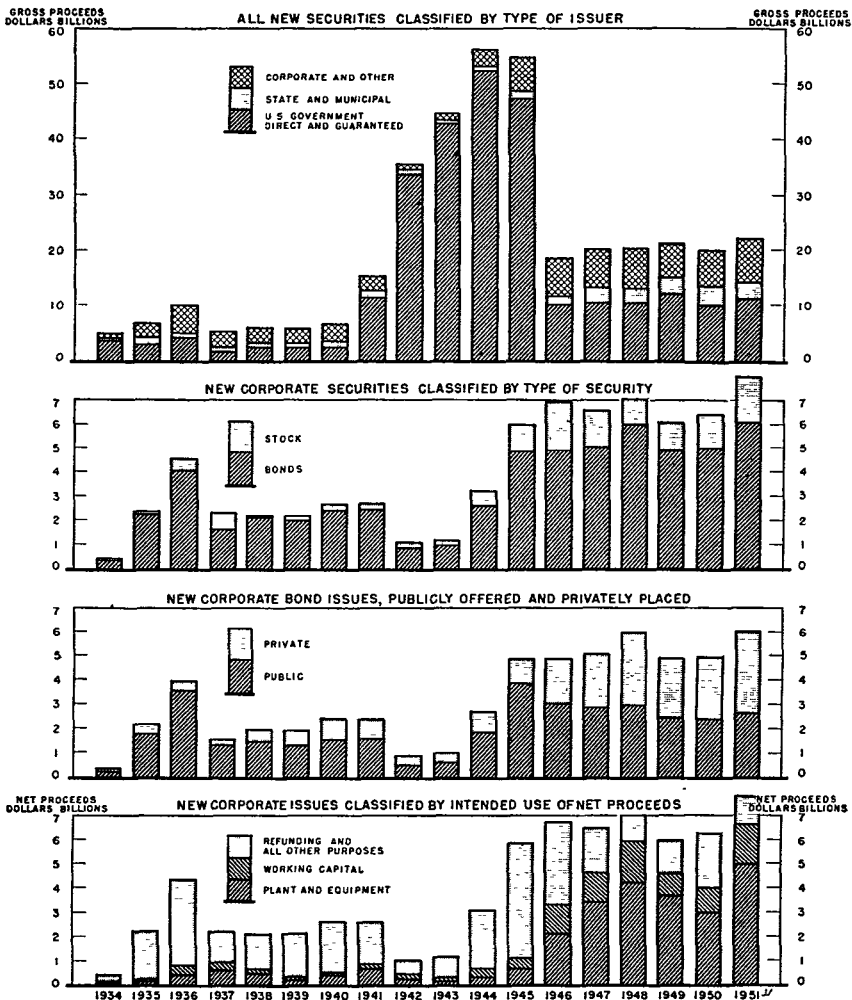
¹ Bonds, notes, and debentures.

² Preliminary figures estimated on basis of figures through July 1951.

TABLE 6

AN EIGHTEEN-YEAR SUMMARY OF NEW SECURITIES OFFERED FOR CASH IN THE UNITED STATES

AS TO TYPE OF ISSUER, TYPE OF SECURITY, WHETHER PUBLICLY OFFERED OR PRIVATELY PLACED, AND THE INTENDED USE OF THE PROCEEDS--1934 THROUGH 1951, BY CALENDAR YEAR



PRELIMINARY FIGURES ESTIMATED ON BASIS OF DATA THROUGH JULY 1951

TABLE 7.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934¹—effective registrations as of June 30, 1951, 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 ³			Number of branch offices ⁴									
	Total	Sole proprietorships	Partnerships	Corporations ⁴	Total	Sole proprietorships	Partnerships	Corporations ⁴	Total	Sole proprietorships	Partnerships	Corporations ⁴							
Alabama.....	22	10	5	7	53	10	18	25	73	24	30	19	6	2	2	2	0	0	0
Arizona.....	13	9	4	0	22	7	13	0	49	26	23	0	1	0	1	0	0	0	0
Arkansas.....	17	7	3	7	42	4	5	30	41	11	8	22	0	0	0	0	0	0	0
California.....	236	88	83	65	847	88	347	412	4,031	189	2,209	1,633	228	5	116	4	107	0	0
Colorado.....	53	23	10	20	161	23	34	94	397	22	121	254	5	0	0	0	0	0	0
Connecticut.....	49	20	15	14	145	20	51	74	663	48	292	323	21	3	8	0	10	0	0
Delaware.....	5	2	2	1	33	2	28	3	291	1	1	1	8	0	0	0	0	0	0
District of Columbia.....	68	28	15	25	250	28	65	157	720	35	325	360	9	0	8	1	1	0	0
Florida.....	42	22	13	13	100	22	17	61	132	61	30	41	3	2	1	0	0	0	0
Georgia.....	27	10	5	2	100	10	19	63	387	16	262	109	25	0	19	6	6	1	1
Idaho.....	12	8	2	2	23	2	6	9	41	9	20	12	6	2	3	3	1	1	1
Illinois.....	221	60	74	87	905	60	330	515	4,172	93	2,407	1,672	380	0	128	0	62	0	0
Indiana.....	51	21	11	19	145	21	15	109	135	24	40	101	0	0	0	0	0	0	0
Iowa.....	34	11	7	16	99	11	16	72	166	24	31	111	7	0	0	0	0	0	0
Kansas.....	38	19	5	14	113	19	11	83	144	31	27	86	8	0	1	0	7	7	0
Kentucky.....	15	5	4	6	48	5	17	26	112	14	14	59	2	0	2	0	0	0	0
Louisiana.....	55	31	19	5	108	31	58	19	239	39	174	39	11	0	1	0	3	0	0
Maine.....	34	16	3	15	82	16	8	58	101	25	19	63	0	0	0	0	0	0	0
Maryland.....	45	21	17	17	134	21	82	31	592	11	52	52	23	0	13	0	10	0	0
Massachusetts.....	225	104	46	75	783	104	235	444	3,947	236	2,434	1,277	321	5	0	0	34	0	0
Michigan.....	58	26	25	26	221	7	100	114	784	16	398	370	31	0	19	0	12	0	0
Minnesota.....	51	9	8	34	225	9	28	188	3,386	47	186	3,163	27	0	19	0	18	0	0
Mississippi.....	14	5	2	7	27	5	16	6	21	10	10	1	5	0	4	0	1	0	0
Missouri.....	92	17	31	44	385	17	145	223	1,766	30	863	873	90	0	34	0	46	0	0
Montana.....	3	0	1	2	9	0	2	7	6	0	0	4	0	0	0	0	0	0	0
Nebraska.....	30	11	1	18	104	11	2	91	227	13	1	213	2	0	0	0	2	0	0
Nevada.....	8	6	1	2	11	6	0	5	26	22	0	4	3	0	0	0	0	0	0

See footnotes at end of table.

TABLE 7.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934—effective registration as of June 30, 1951, classified by type of organization and by location of principal office—Continued

Location of principal office	Number of registrants			Number of proprietors, partners, officers, etc. ²			Number of employees ³			Number of branch offices ⁴		
	Total	Sole proprietorships	Partnerships	Corporations ⁴	Total	Sole proprietorships	Partnerships	Corporations ⁴	Total	Sole proprietorships	Partnerships	Corporations ⁴
New Hampshire.....	12	8	1	3	23	8	3	12	15	6	2	7
New Jersey.....	112	71	19	22	219	71	55	93	203	53	61	91
New Mexico.....	11	8	2	1	15	8	4	3	21	6	9	6
New York State (excluding New York city).....	220	155	24	41	397	155	72	170	572	106	231	235
North Carolina.....	25	10	2	13	96	10	4	82	139	25	2	102
North Dakota.....	2	0	0	0	2	2	0	0	0	1	0	0
Ohio.....	138	37	42	59	514	37	198	279	1,299	65	696	538
Oklahoma.....	34	26	5	3	51	26	11	14	48	18	13	17
Oregon.....	23	7	7	9	61	7	18	36	109	27	29	53
Pennsylvania.....	216	78	83	55	678	78	346	254	2,598	117	1,757	724
Rhode Island.....	28	13	11	4	57	13	32	12	127	13	104	10
South Carolina.....	28	11	9	8	67	11	26	30	107	23	39	45
South Dakota.....	2	1	0	1	4	1	0	3	3	1	0	2
Tennessee.....	37	10	10	17	132	10	30	92	245	6	114	125
Texas.....	151	82	33	36	361	82	91	188	543	104	149	230
Utah.....	19	10	4	5	55	10	16	29	306	24	261	31
Vermont.....	2	0	0	2	11	0	0	11	7	0	0	0
Virginia.....	33	15	10	8	100	15	42	43	179	31	65	83
Washington.....	83	44	8	31	224	44	22	158	472	54	67	361
West Virginia.....	0	0	3	2	31	0	4	18	88	7	12	80
Wisconsin.....	55	16	6	33	295	16	25	164	421	19	79	323
Wyoming.....	5	5	0	0	5	5	0	0	0	0	0	0
Total (excluding New York City).....	2,703	1,183	685	895	8,465	1,183	2,672	4,610	30,136	1,789	14,409	13,938
New York City.....	1,145	329	598	218	4,613	329	3,084	1,200	31,523	391	26,853	4,279
Total.....	3,908	1,512	1,283	1,113	13,078	1,512	5,756	5,810	61,659	2,180	17,262	18,217

¹ Domestic registrants only, excludes 46 outside the continental limits of the United States.
² Includes directors, officers, trustees, and all other persons occupying similar status or performing similar functions.
³ Allocations made among States on the basis of location of principal offices of registrants, not actual location of persons and branch offices. Information taken from latest reports filed prior to June 30, 1951.
⁴ Includes all forms of organizations other than sole proprietorships and partnerships.

Number of branch offices:
 Total..... 61
 New York City..... 14
 Total..... 702

TABLE 8.—Market value and volume of sales effected on securities exchanges for the three 6-month periods ended June 30, 1951

PART 1.—6 MONTHS ENDED JUNE 30, 1950

ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	10,876,458	10,330,057	421,268	527,270	652,446	19,131	25,156
Boston.....	117,833	117,817	2,895	13	10	3	3
Chicago Board.....	18	18	2	-----	-----	-----	-----
Cincinnati.....	13,129	12,344	316	0	0	785	163
Detroit.....	41,446	41,443	2,427	-----	-----	3	17
Los Angeles.....	108,417	108,143	7,371	141	131	133	282
Midwest.....	243,990	243,593	9,114	9	10	388	189
New Orleans.....	392	389	18	3	3	-----	-----
New York Curb.....	792,088	762,413	58,045	19,888	27,364	9,787	4,181
New York Stock.....	9,317,797	8,804,105	319,418	506,262	623,767	7,430	18,878
Philadelphia-Baltimore.....	96,784	96,357	3,115	349	615	78	195
Pittsburgh.....	12,425	12,423	778	1	1	1	1
Salt Lake.....	795	795	8,161	-----	-----	-----	-----
San Francisco Mining.....	185	185	2,364	-----	-----	-----	-----
San Francisco Stock.....	127,571	126,643	6,373	427	370	501	998
Spokane.....	549	549	735	-----	-----	-----	-----
Washington.....	3,039	2,840	136	177	175	22	249
Breakdown of 6-month totals by months							
<i>1950</i>							
January.....	1,770,941	1,662,224	71,911	107,958	144,088	759	1,895
February.....	1,441,483	1,373,027	57,261	67,512	84,939	944	1,979
March.....	1,778,561	1,687,944	67,872	88,493	116,471	2,124	5,682
April.....	1,885,373	1,860,503	81,301	77,022	97,114	6,948	5,038
May.....	1,950,917	1,860,689	73,184	84,941	96,720	5,287	7,995
June.....	2,049,183	1,945,670	69,739	100,444	113,114	3,069	2,657
ON ALL EXEMPTED EXCHANGES							
Total all exchanges.....	3,161	3,127	471	34	39	-----	-----
Colorado Springs.....	131	131	185	-----	-----	-----	-----
Honolulu.....	2,443	2,409	272	34	39	-----	-----
Richmond.....	374	374	8	0	0	-----	-----
Wheeling.....	213	213	6	-----	-----	-----	-----
Breakdown of 6-month totals by months							
<i>1950</i>							
January.....	450	448	61	2	2	-----	-----
February.....	550	546	78	4	4	-----	-----
March.....	670	670	129	0	0	-----	-----
April.....	358	358	41	0	0	-----	-----
May.....	541	539	97	2	2	-----	-----
June.....	592	566	65	26	31	-----	-----

See footnotes at end of table.

TABLE 8.—Market value and volume of sales effected on security exchanges for three 6-month periods ended June 30, 1951—Continued

PART 2.—6 MONTHS ENDED DEC. 31, 1950

ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	11,963,522	11,447,318	435,863	510,790	626,024	5,414	10,198
Boston.....	125,695	125,690	2,934	0	0	5	23
Chicago Board.....	17	17	2	0	0	51	8
Cincinnati.....	11,548	11,497	299	0	0	19	203
Detroit.....	44,356	44,337	2,323	24	22	38	59
Los Angeles.....	111,631	111,569	5,679	0	0	21	49
Midwest.....	268,864	268,843	9,905	2	2	2,969	1,858
New Orleans.....	680	678	20	15,957	20,936	2,183	7,649
New York Curb.....	737,464	718,538	56,824	494,145	604,092	104	222
New York Stock.....	10,417,334	9,921,006	335,861	316	660	(?)	9
Philadelphia-Baltimore.....	98,272	97,852	2,997	1	1	24	118
Pittsburgh.....	11,875	11,874	791	170	149		
Salt Lake.....	955	955	8,349	175	162		
San Francisco Mining.....	135	135	1,743				
San Francisco Stock.....	130,916	130,722	6,884				
Spokane.....	613	613	1,093				
Washington.....	3,167	2,992	150				
Breakdown of 6-month totals by months							
1950							
July.....	2,036,822	1,929,503	71,253	106,847	132,672	472	773
August.....	1,782,726	1,699,195	65,127	82,962	100,627	569	850
September.....	1,676,206	1,606,710	61,832	68,654	84,250	842	1,780
October.....	2,168,153	2,088,834	80,206	77,833	93,748	1,486	4,245
November.....	1,940,740	1,863,191	66,302	76,914	94,708	635	384
December.....	2,358,875	2,259,885	91,043	97,680	120,019	1,410	2,166

ON ALL EXEMPTED EXCHANGES

Total all exchanges.....	3,346	3,237	364	109	121		
Colorado Springs.....	106	106	72				
Honolulu.....	2,907	2,798	283	109	121		
Richmond.....	225	225	5				
Wheeling.....	108	108	4				
Breakdown of 6-month totals by months							
1950							
July.....	536	521	55	15	17		
August.....	567	547	60	20	24		
September.....	541	525	65	16	18		
October.....	491	455	50	36	40		
November.....	547	538	57	9	9		
December.....	664	651	77	13	13		

See footnotes at end of table.

TABLE 8.—Market value and volume of sales effected on securities exchanges for three 6-month periods ended June 30, 1951—Continued

PART 3—6 MONTHS ENDED JUNE 30, 1951

ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Total all exchanges.....	12, 145, 137	11, 625, 026	432, 841	493, 137	557, 532	26, 974	37, 323
Boston.....	121, 914	119, 995	2, 742	(*)	(*)	1, 919	916
Chicago Board.....	15	15	2				
Cincinnati.....	12, 532	12, 407	314	0	0	125	111
Detroit.....	43, 365	43, 198	2, 478			167	679
Los Angeles.....	114, 347	113, 684	6, 796	323	262	340	385
Midwest.....	264, 677	264, 015	8, 913	5	5	657	543
New Orleans.....	1, 414	1, 407	45	7	6		
New York Curb.....	852, 294	832, 704	61, 470	14, 138	18, 366	5, 452	1, 958
New York Stock.....	10, 491, 460	9, 997, 032	324, 756	477, 251	537, 391	17, 177	30, 278
Philadelphia-Baltimore.....	97, 529	96, 827	2, 921	320	532	382	495
Pittsburgh.....	13, 607	13, 558	811	0	0	49	26
Salt Lake.....	1, 479	1, 479	9, 070				
San Francisco Mining.....	277	277	2, 691				
San Francisco Stock.....	126, 329	124, 639	7, 835	984	864	706	1, 932
Spokane.....	779	779	1, 843				
Washington.....	3, 119	3, 010	154	109	106		
Breakdown of 6-month totals by months							
1951							
January.....	3, 081, 669	2, 966, 037	119, 775	112, 608	135, 822	2, 974	2, 589
February.....	2, 163, 217	2, 077, 235	77, 286	77, 203	86, 108	8, 779	5, 345
March.....	1, 755, 966	1, 676, 044	63, 729	72, 842	83, 272	7, 080	7, 751
April.....	1, 653, 914	1, 544, 688	57, 018	106, 614	108, 793	2, 612	10, 006
May.....	2, 099, 057	2, 026, 859	69, 152	69, 822	80, 270	2, 376	5, 058
June.....	1, 391, 314	1, 334, 113	45, 881	54, 048	63, 267	3, 153	6, 574
ON ALL EXEMPTED EXCHANGES							
Total all exchanges.....	3, 914	3, 841	617	73	79		
Colorado Springs.....	191	191	170				
Honolulu.....	3, 298	3, 225	440	73	79		
Richmond.....	282	282	5				
Wheeling.....	143	143	2				
Breakdown of 6-month totals by months							
1951							
January.....	972	962	100	10	10		
February.....	631	606	117	25	28		
March.....	675	660	131	15	17		
April.....	547	538	85	9	9		
May.....	580	573	131	7	8		
June.....	509	502	53	7	7		

¹ "Stocks" includes voting trust certificates, American depositary receipts, and certificates of deposits.² "Bonds" includes mortgage certificates and certificates of deposit for bonds. Since March 18, 1944, United States Government bonds have not been included in these data.³ Five hundred dollars or less.

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 data in the Statistical Bulletin due to revisions of data by exchanges.

TABLE 10.—Secondary distributions of listed stocks approved by national securities exchanges for fiscal year ended June 30, 1951¹

Exchange	Number made	Number of shares			Value of shares sold (thousands of dollars)	Number of secondaries by duration		
		In original offer	Available for distribution	Sold		Terminated same day	Others terminated next day	Not terminated next day
All Exchanges:								
Total.....	80	4,798,277	4,872,014	4,664,187	128,017	57	12	11
Completed.....	76	4,679,354	4,748,938	4,601,466	125,791	57	11	8
Not Completed.....	4	118,923	123,076	62,721	2,226	0	1	3
Cincinnati Stock Exchange:								
Total.....	2	50,667	53,820	46,820	1,218	0	1	1
Completed.....	1	9,000	9,200	9,200	230	0	1	0
Not Completed.....	1	41,667	44,620	37,620	988	0	0	1
Detroit Stock Exchange:								
Total.....	1	6,700	6,700	6,700	146	1	0	0
Completed.....	1	6,700	6,700	6,700	146	1	0	0
Not Completed.....	0	0	0	0	0	0	0	0
Midwest Stock Exchange:								
Total.....	7	448,979	465,699	457,604	7,974	3	2	2
Completed.....	6	430,979	447,699	447,699	7,512	3	1	2
Not Completed.....	1	18,000	18,000	9,905	462	0	1	0
New York Curb Exchange:								
Total.....	16	1,088,922	1,097,416	1,097,416	14,850	12	3	1
Completed.....	16	1,088,922	1,097,416	1,097,416	14,850	12	3	1
Not Completed.....	0	0	0	0	0	0	0	0
New York Stock Exchange:								
Total.....	54	3,203,009	3,248,379	3,055,647	103,829	41	6	7
Completed.....	52	3,143,753	3,187,923	3,040,451	103,053	41	6	5
Not Completed.....	2	59,256	60,456	15,196	776	0	0	2

¹ Secondary distributions which exchanges have approved for member participation and have reported to the Commission.

TABLE 11.—*Classification by industry of issuers having securities registered on national securities exchanges as of June 30, 1950, and as of June 30, 1951*

Industry	As of June 30, 1950	As of June 30, 1951
Agriculture.....	6	6
Beverages (distilleries, breweries, soft drinks).....	45	45
Building and related companies (including lumber building materials, and construction).....	94	96
Chemicals, drugs, and allied products.....	87	91
Financial and investment companies.....	130	126
Food and related products.....	102	104
Foreign governments and political subdivisions thereof.....	72	68
Foreign private issuers other than Canadian, Cuban, and Philippine.....	55	48
Iron and steel (excluding machinery).....	76	76
Machinery and tools (excluding transportation equipment).....	207	210
Merchandising (chain stores, department stores).....	162	165
Mining, coal.....	20	20
Mining, other than coal.....	224	223
Miscellaneous manufacturing.....	40	41
Oil and gas wells.....	52	51
Oil refining and distributing.....	36	37
Paper and paper products.....	42	43
Printing, publishing, and allied industries.....	21	21
Real estate.....	15	16
Rubber and leather products.....	34	33
Services (advertising, amusements, hotels, restaurants).....	51	53
Textiles and related products.....	66	68
Tobacco products.....	18	18
Transportation and communication (railroads, telephone, radio).....	228	222
Transportation equipment.....	169	175
Utility holding companies (electric, gas, water).....	27	27
Utility operating-holding companies.....	13	8
Utility operating.....	90	97
Total.....	2,182	2,188

TABLE 12.—Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1951

STOCKS

	Column I ¹		Column II ²	
	Issues	Number of shares	Issues	Number of shares
Registered.....	2,581	3,477,564,645	2,581	3,477,564,645
Temporarily exempted from registration ³	18	12,706,854	18	12,706,854
Admitted to unlisted trading privileges on registered exchanges.....	879	2,252,677,684	321	338,970,436
Listed on exempted exchanges.....	117	135,346,816	79	35,358,785
Admitted to unlisted trading privileges on exempted exchanges.....	38	6,702,020	33	3,114,207
Unduplicated total of stock issues and number of shares admitted to dealing on all exchanges.....			3,032	3,867,714,927

BONDS

	Column I ¹		Column II ²	
	Issues	Principal amount	Issues	Principal amount
Registered ⁴	942	\$20,896,324,569	942	\$20,896,324,569
Temporarily exempted from registration ³	4	51,848,000	4	51,848,000
Admitted to unlisted trading privileges on registered exchanges.....	74	620,598,200	68	468,733,000
Listed on exempted exchanges.....	8	21,000,000	8	21,000,000
Admitted to unlisted trading privileges on an exempted exchange.....	None			
Unduplicated total of bond issues and principal amount admitted to dealing on all exchanges.....			1,022	21,437,905,569

¹ The purpose of column I is to show the number and amount of securities admitted to dealing under the various bases for the admission of securities to dealing on exchanges under the act. (Issues exempted from registration under sec. 3 (a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.) Each security is counted once under each basis for its admission to dealing. Thus a security which is registered on 2 exchanges and also admitted to unlisted trading privileges on 3 exchanges would be counted once under "registered" and once under "admitted to unlisted trading privileges." Because of such duplications, column I is not totaled.

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 only once, and the elimination of the duplication in column I is made in column II in the order in which the various bases for admission to dealing is given above.

³ Includes securities for which the Commission has granted, by general rules, temporary exemption from registration for stated periods and under certain conditions, such as stock issues of certain operating banks and securities resulting from modification of previously listed securities.

⁴ Includes 7 bond issues in pounds sterling in the aggregate amount of £15,712,860. This amount in sterling has been excluded from the amount in dollars given above.

TABLE 13

PART 1.—NUMBER AND AMOUNT OF SECURITIES CLASSIFIED ACCORDING TO THE NUMBER OF REGISTERED EXCHANGES ON WHICH EACH ISSUE WAS ADMITTED TO DEALING AS OF JUNE 30, 1951

	Stocks		Bonds	
	Issues	Shares	Issues	Principal amount
1. Registered on 1 exchange.....	1,594	1,189,784,744	865	\$17,646,298,869
2. Unlisted on 1 exchange.....	312	319,572,426	68	468,733,000
3. Registered on 2 or more exchanges.....	430	376,918,444	71	3,098,160,500
4. Unlisted on 2 or more exchanges.....	9	19,398,010		
5. Registered on 1 exchange and unlisted on 1 exchange.....	206	228,926,184	5	82,333,000
6. Registered on 2 or more exchanges and unlisted on 1 exchange.....	68	138,910,041	1	69,532,200
7. Registered on 1 exchange and unlisted on 2 or more exchanges.....	171	779,397,275		
8. Registered on 2 or more exchanges and unlisted on 2 or more exchanges.....	112	763,627,957		
9. Temporarily exempted from registration on 1 exchange.....	17	9,861,063	3	45,106,000
10. Temporarily exempted from registration on 2 or more exchanges.....			1	6,742,000
11. Temporarily exempted on 2 or more exchanges and unlisted on 1 exchange.....	1	2,845,791		
Totals.....	2,920	3,829,241,935	1,014	21,416,905,569

PART 2.—PROPORTION OF REGISTERED ISSUES THAT ARE ALSO ADMITTED TO UNLISTED TRADING PRIVILEGES ON OTHER EXCHANGES AS OF JUNE 30, 1951

1. All registered issues (part 1, lines 1, 3, 5, 6, 7, and 8)...	2,581	3,477,564,645	942	\$20,896,324,569
2. Registered issues that are also admitted to unlisted trading privileges on other exchanges (part 1, lines 5, 6, 7, and 8).....	557	1,910,861,457	6	151,865,200
3. Percent of registered issues that are also admitted to unlisted trading privileges on other exchanges.....	21.6	54.9	0.6	0.7

PART 3.—PROPORTION OF ISSUES ADMITTED TO UNLISTED TRADING PRIVILEGES THAT ARE ALSO REGISTERED ON OTHER EXCHANGES AS OF JUNE 30, 1951

1. All issues admitted to unlisted trading privileges (part 1, lines 2, 4, 5, 6, 7, 8, and 11).....	879	2,252,677,684	74	\$620,598,200
2. Unlisted issues that are also registered on other exchanges (part 1, lines 5, 6, 7, and 8).....	557	1,910,861,457	6	151,865,200
3. Percent of issues admitted to unlisted trading privileges that are also registered on other exchanges.....	63.4	84.8	8.1	24.5

PART 4.—PROPORTION OF ALL ISSUES ADMITTED TO DEALING ON REGISTERED EXCHANGES THAT ARE ADMITTED TO DEALING ON MORE THAN 1 REGISTERED EXCHANGE AS OF JUNE 30, 1951

1. All issues admitted to dealing on registered exchanges (part 1, total).....	2,920	3,829,241,935	1,014	\$21,416,905,569
2. Issues on more than 1 exchange (part 1, all lines except 1, 2, and 9).....	997	2,310,023,702	78	3,256,767,700
3. Percent of all issues admitted to dealing on all registered exchanges that are admitted to dealing on more than one registered exchange.....	34.1	60.3	7.7	15.2

TABLE 14.—Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1951, classified according to the basis for admission of their securities to dealing

Basis of admission of securities to dealing	Column I ¹	Column II ²
	Number of issuers	Number of issuers
1. Registered.....	2,188	2,188
2. Temporarily exempted from registration.....	18	14
3. Admitted to unlisted trading privileges on registered exchanges.....	847	296
4. Listed on exempted exchanges.....	99	67
5. Admitted to unlisted trading privileges on exempted exchanges.....	35	31
6. Total number of issuers having securities admitted to dealing on all exchanges.....		2,596

¹ The purpose of column I is to show the number of issuers having securities admitted to dealing on exchanges under the various bases for the admission of securities to dealing under the act. (Issuers whose securities are exempted under sec. 3 (a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.) Each issuer is counted once under each basis for admission of securities to dealing. Thus an issuer having securities registered on 2 or more exchanges and unlisted on 2 or more exchanges is counted once under "registered" and once under "unlisted." Because of these duplications, column I is not totaled.

² The purpose of column II is to show that the net number of issuers having securities admitted to dealing on all exchanges under the act. Each issuer is counted only once, and the elimination of the duplications in column I is made in column II in the order of the various bases for admission to dealing given above.

TABLE 15.—Number of issuers having stock only, bonds only, and both stocks and bonds admitted to dealings on all exchanges as of June 30, 1951

	Number of issuers	Percent of total issuers
1. Issuers having only stocks admitted to dealings on exchanges.....	2,140	82.4
2. Issuers having only bonds admitted to dealings on exchanges.....	236	9.1
3. Issuers having both stocks and bonds admitted to dealings on exchanges.....	220	8.5
Total issuers.....	2,596	100.0
4. Issuers having stocks admitted to dealing on exchanges (lines 1 plus 3).....	2,360	90.9
5. Issuers having bonds admitted to dealings on all exchanges (lines 2 plus 3).....	456	17.6

TABLE 16.—For each exchange as of June 30, 1951, the number of issuers and securities, basis for admission of securities to trading, and the percentage of stocks and bonds admitted to trading on one or more other exchanges

Name of exchange	Total issuers	Total issues	Stocks						Bonds						Total bonds	Percent traded on 1 or more other exchanges
			Basis of admission to trading ¹						Basis of admission to trading ¹							
			R	X	U	XL	XU	Total stocks	Percent traded on 1 or more other exchanges	R	X	U	XL	XU		
Boston.....	365	418	109	1	286	.....	.....	386	88.1	22	.....	.....	.....	22	68.2
Chicago Board of Trade.....	19	19	14	.....	5	.....	.....	19	52.6	.....	.....	.....	.....	.....	.....
Cincinnati.....	85	111	60	1	45	.....	.....	100	60.4	4	1	.....	.....	5	100.0
Colorado Springs.....	14	15	.....	.....	.....	15	.....	15	28.7	.....	.....	.....	.....	.....	.....
Detroit.....	262	211	118	.....	93	.....	.....	211	28.3	.....	.....	.....	.....	.....	.....
Honolulu.....	82	100	146	.....	138	.....	35	92	23.9	4	.....	8	.....	8	100.0
Los Angeles.....	254	290	146	.....	70	.....	.....	285	90.5	.....	1	.....	.....	.....	.....
Madison.....	496	483	397	.....	70	.....	.....	472	73.2	11	.....	.....	.....	11	90.1
Midwest.....	16	23	434	.....	10	.....	.....	765	28.0	.....	2	.....	.....	3	32.3
New Orleans.....	74	848	434	.....	331	.....	.....	765	28.0	.....	71	.....	.....	83	32.6
New York Curb.....	1,271	2,398	1,403	4	361	.....	.....	1,485	51.3	12	.....	.....	.....	904	8.2
New York Stock.....	457	539	108	.....	361	.....	.....	1,489	92.0	.....	4	.....	.....	.....	.....
Pennsylvania-Baltimore.....	116	126	54	.....	71	.....	.....	125	82.4	.....	.....	.....	.....	.....	.....
Pittsburgh.....	20	23	.....	.....	.....	29	.....	29	24.1	.....	.....	.....	.....	1	.....
Richmond.....	98	100	90	.....	4	.....	.....	100	3.0	.....	.....	.....	.....	.....	.....
Salt Lake.....	40	41	.....	.....	.....	.....	.....	41	14.4	.....	.....	.....	.....	.....	.....
San Francisco Mining.....	369	376	190	3	164	.....	.....	367	86.6	.....	.....	.....	.....	19	100.0
San Francisco Stock.....	30	33	25	.....	8	.....	.....	33	27.3	.....	.....	.....	.....	.....	.....
Spokane.....	33	52	30	.....	9	.....	.....	41	26.8	.....	.....	.....	.....	.....	.....
Washington, D. C.....	17	19	.....	.....	.....	16	.....	19	52.6	.....	.....	.....	.....	11	63.6
Wheeling.....	.....	.....	.....	.....	.....	3	.....	.....	.....	.....	.....	.....	.....	.....	.....

¹ R—registered; X—temporarily exempted from registration; U—admitted to unlisted trading privileges on a registered national securities exchange; XL—listed on an exempted exchange; XU—admitted to unlisted trading privileges on an exempted exchange.

² Exempted from registration as a national securities exchange.

Issues exempted under sec. 3 (e) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.

TABLE 17.—Number of issues admitted to unlisted trading pursuant to clauses 2 and 3 of Section 12 (f) of the Securities Exchange Act of 1934 and volume of transactions therein¹

[Stock volumes in shares; bond volumes in face amounts]

Name of stock exchange	Number of issues		Volume reported for the calendar year 1950	Percent of total 1950 stock or bond volume on each exchange
	Admitted total	Remaining June 30, 1951		
Stocks pursuant to clause 2.				
Boston.....	136	² 122	1, 247, 320	21. 4
Cincinnati.....	47	45	284, 127	46. 2
Detroit.....	88	79	1, 318, 765	27. 8
Los Angeles.....	105	97	2, 001, 475	15. 3
Midwest.....	³ 106	75	5, 669, 152	29. 8
New Orleans.....	2	2	0	. 0
New York Curb.....	7	2	281, 100	. 2
Philadelphia-Baltimore.....	125	⁴ 109	1, 101, 327	18. 0
Pittsburgh.....	71	⁵ 54	187, 961	12. 0
Salt Lake.....	1	0	0	0
San Francisco Stock.....	⁶ 63	55	928, 930	7. 0
Washington.....	2	2	19, 778	6. 7
Wheeling.....	6	3	643	6. 6
Total.....	⁵ 759	645	13, 040, 578	-----
Stocks pursuant to clause 3.				
Midwest.....	1	0	14, 401	. 08
New York Curb.....	9	3	1, 092, 615	1. 0
Salt Lake.....	1	1	3, 301	. 02
Total stocks.....	770	649	14, 150, 895	-----
Bonds pursuant to clause 2				
Los Angeles.....	1	1	\$25, 900	16. 4
New York Curb.....	3	1	\$885, 000	1. 8
San Francisco Stock.....	4	0	\$351, 000	67. 6
Bonds pursuant to clause 3:				
New York Curb.....	45	13	\$11, 527, 000	23. 9
Total bonds.....	53	15	\$12, 788, 900	-----

¹ See text under "Unlisted Trading Privileges on Exchanges."

² Only odd-lot trading is permitted in 6 of these issues.

³ Includes figures for exchanges merged into the present exchange.

⁴ Only odd-lot trading is permitted in 1 of these issues.

⁵ The number of stocks includes duplication arising from admission of various issues to unlisted trading on more than 1 exchange.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*

System and company divested ³	Date of divestment	Assets of divested company ⁴	Consideration (if sold)	Details of divestment	Source of information
American Gas & Electric Co.; Atlantic City Electric Co.; Deepwater Operating Co.	Mar. 15, 1949	\$62,362,759 919,897	\$6,636,160	{ Sale of 343,106 shares (29.8 percent) of common stock of Atlantic City to the public; distribution of 806,894 shares (70.2 percent) in part payment of quarterly dividends. Sale of all common stock to the public.	Releases 7355 and 8617.
Seranton Electric Co.	May 1, 1946	34,401,447	25,881,266	do.	Release 6565.
American Power & Light Co.	Nov. 8, 1945	20,281,725	10,432,800	Distribution of all common stock as liquidating dividend.	Release 6179.
Central Arizona Light & Power Co.	Feb. 15, 1950	184,679,424	51,412,953	Sale of 450,000 shares (75 percent) of common stock to the public.	Releases 9359 and 9389.
Florida Power & Light Co.	July 6, 1949	51,412,953	11,280,000	{ Distribution of all common stock of Minnesota as liquidating dividend.	Release 9150
Kansas Gas & Electric Co.	Feb. 16, 1950	77,640,789 7,356,533 N. A.			Releases 9359 and 9389.
Minnesota Power & Light Co.; Superior Water, Light & Power Co.; Pike Rapids Power Co.	Feb. 15, 1950	121,770,687	14,424,000	Distribution of 2,475,419 shares (93.7 percent) of common stock as liquidating dividend.	Do.
Montana Power Co (The)	December 1944	44,654,021		Sale of all common stock to Omaha Electric Committee, Inc.	Release 5517.
Nebraska Power Co.	Nov. 15, 1945	1,814,000	1,206,000	Sale of investment to M. J. Murray, Jr., Hobbs, N. Mex.	Release 6281.
New Mexico Electric Service Co.	Feb. 6, 1950	86,043,586	16,125,000	Sale of all common stock to a group managed by A. C. Allyn & Co and Bear Stearns & Co. for eventual resale to the public.	Release 9642.
Pacific Power & Light Co.	Feb. 15, 1950	4,153,419 68,182,725 93,784,546 112,288,930		{ Distribution of all common stock of Texas Utilities as liquidating dividend.	Releases 9359 and 9389.
Texas Utilities Co.; Dallas Power & Light Co.; Texas Electric Service Co.; Texas Power & Light Co.	March 1948	3,484,488			
American States Utilities Corp.	June 1948	278,844	42,500	Sale of physical assets to Long Valley Power Corp.	Release 7721.
Edison Sault Electric Co.	July 1942	594,513	437,186	Sale of assets to Louisiana Power and Light Co. and company liquidated.	File No. 30-136.
Grimes Pass Power Co.	March 1944	1,318,115	840,000	Sale of investment to Fred D. Ellis and Edmund J. Haugh.	Release 3653.
American Utilities Service Corp.; Louisiana Public Service Corp.	April 1943	777,008	264,365	Sale of stock to 6 individuals.	File No. 54-57. Release 4286.
Northwestern Illinois Utilities	December 1941	1,008,444	325,000	Sale of all outstanding common stock and certain indebtedness to Walton, Sullivan & Co.	Release 3219.
Northwestern Wisconsin Electric Co.	November 1942	254,229		{ Included in sale of Northeastern Water and Electric Corp. (see Nonutility Companies Divested—no longer subject)	Release 3898.
Associated Gas & Electric Co.	Oct. 23, 1945	42,772,800	6,445,000	Sale of reclassified common stock to the public.	Releases 6151 and 6124.
Arkansas General Utilities Co.					
Brookville Electric Co.					
Caribou Water, Light & Power Co.					
Florida Power Corp.					

PART I-A.—ELECTRIC UTILITY COMPANIES DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 :

General Utilities Co. New London Power Co. West Essex Power & Light Co. K-T Electric & Water Co. Kentucky Tennessee Light & Power Co. Litchfield Electric Light & Power Co., The	December 1942 1943 May 1942 September 1943	1,139,517 120,193 698,894 396,243 12,514,327 1,268,710	1,100,000 N. A. 3,635,000 485,000	{ Sale of all assets to city of Lodi, Ohio, and 8 rural electric cooperatives. Sale of investment to H. K. Hines of Frankfort, Ky. Sale of investment to T. V. A. Sale of common stock to Connecticut Light & Power Co.	Release 4006. File No. 30-122-2. Trustee's Report. Release 4573. Release 4031. Release 5449. Release 5261.
Louisiana Public Utilities Co., Inc. Missouri General Utilities Missouri Southern Public Service Co.	December 1942 June 1, 1945 September 1944	6,621,448 2,068,644 219,350	3,000,000 1,610,000 170,000	{ Sale of all securities and claims against the company to a group of three individuals. Sale of investment to city of Rolla, Mo., and 5 cooperatives. Sale of all physical properties to New-Mac Electric Co-operative, Inc. Sale of physical properties to Marietta Electric Co. Sale of investment to 3 cooperatives. Sale of investment to city of Bowling Green, Ky. Sale of all assets to cities of Tall City and Cannelton, Ind. Sale of properties to Northwestern Electric Cooperative, Inc.	Release 4031. Release 5449. Release 5261.
New Metamoras Electric Co. Ohio-Midland Light & Power Co. Ohio Northern Public Service Co. Ohio River Power Co. Panhandle Public Service Co.	February 1945 September 1944 November 1942 December 1941 July 1943	56,479 3,424,679 687,688 1,018,641 239,562	46,806 2,115,000 549,000 400,000 175,000	{ Sale of physical properties to Marietta Electric Co. Sale of investment to 3 cooperatives. Sale of investment to city of Bowling Green, Ky. Sale of all assets to cities of Tall City and Cannelton, Ind. Sale of properties to Northwestern Electric Cooperative, Inc.	File No. 30-126. Release 5266. Trustee's Report. Do. Release 4422.
Patchogue Electric Light Co., The Paul Smith's Electric Light & Power & Railroad Co. Tide Water Power Co.	October 1944 December 1944 Apr. 25, 1945	1,653,925 2,838,103 10,628,862	625,000 300,000 -----	{ Sale of all outstanding stock to John O. Harmon and 9 other individuals Sale of investment to Paul Smith's College of Arts and Sciences. Pursuant to plan of recapitalization, Gengas received 3.5 percent of new common stock.	Release 5356. Release 5453. Release 5512.
Tri-City Utilities Co. Tucumcari Light & Power Co. Union Gas & Electric Co. Virginia Public Service Co.	August 1943 July 1939 May 1944 June 1944	2,188,922 445,889 2,414,334 -----	N. A. N. A. 750,000 -----	{ Sale of properties to certain municipalities and cooperatives. Sale of all facilities to city of Tucumcari, N. Mex. Sale of investment to William E. Vogelback. All outstanding common stock sold to Engineers Public Service Co., and company merged into Virginia Electric & Power Co. (For divestment of VEPCO by Engineers see "Electric Utility Companies Divested—no longer subject.")	Trustee's Report. File No. 30-126. Release 4904. Release 5021.
Central Public Utility Corp. Central Illinois Electric & Gas Co. Florida Public Utilities Co. Maine Public Service Co. Upper Peninsula Power Co.	February 1944 Apr. 24, 1945 Apr. 1, 1947 Mar. 3, 1950	30,992,300 3,854,532 6,992,880 9,344,322	7,052,000 1,174,000 3,042,000 1,524,000	{ Sale of investment to public. Sale of common stock to J. L. Terry. Sale of all common stock to the public. Sale of 120,090 shares (60 percent of common stock to the public (See divestment of additional shares by the Middle West Corp.).	Release 4895. Release 5752. Releases 7291 and 7324. Release 6260.
Central States Edison, Inc. Citico Service Co. Citizens Electric Co. Citizens Light & Power Co.	January 1939 July 1943 December 1938	50,451 2,147,085 -----	24,000 1,533,000 -----	{ Sale of physical properties to city of Alma, Kans. Sale of investment to Gus B. Walton. Sale of all properties to Consumers Power Co. (For divestment of Consumers by the Commonwealth & Southern Corp. see "Electric Utility Companies Divested—no longer subject.")	File No. 30-28. Release 4425. Release 1373.
City Light & Traction Co. Durham Public Service Co. East Tennessee Light & Power Co. Empire District Electric Co.	March 1944 December 1943 December 1944 September 1944	4,108,485 4,433,032 12,266,692 32,823,385	1,267,000 2,932,000 3,660,000 4,710,000	{ Sale of all common stock to Missouri Public Service Corp. Sale of investment to Puerto Power Co. Sale of investment to Tennessee Valley Authority Sale of all common stock to the public.	Releases 5184 and 5660. Release 4721. File No. 30-108. Release 6286.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

System and company divested:	Date of divestment	Assets of divested company ⁴	Consideration (if sold)	Details of divestment	Source of information
Cities Services Co.—Continued					
Grays Harbor Railway & Light Co.....	January 1940.....	\$5,130,989	\$2,842,000	Sale of all electric facilities to Public Utility District No. 1 of Grays Harbor County, Wash.	File No. 30-109-2.
Public Services Co. of Colorado.....	November 1943.....	100,389,561	20,453,125	Sale of all common stock to the public.	Release 4699.
Arvada Electric Co., The.....	.....	2,837,002	350,000	Sale of investment to Edmund Steinhauser.	Release 4820.
Cheyenne Light, Fuel & Power Co.....	.....	2,847,781		Sale of common stock to Continental Gas & Electric Corp.	Release 5943.
Rawlins Electric Co.....	January 1944.....	644,250		(For divestment by the United Light & Railways Co. see "Electric Utility Companies Divested—no longer subject.")	
(St. Joseph Light & Power Co.).....	July 18, 1945.....				
Sheridan County Electric Co.....	Sept. 17, 1945.....	1,806,290	641,015	Sale of common stock to Gerald L. Schlessman.	Release 6059.
Springfield Gas & Electric Co.....	March 1945.....	8,129,743	2,736,000	Sale of investment to the city of Springfield, Mo.	File No. 30-109.
Trinidad Electric Transmission Railway & Gas Co.....	Dec. 26, 1945.....	6,850,113	790,000	Sale of common stock to J. G. White & Co., Inc.	Rel. No. 6332.
Tucson Gas, Electric Light & Power Co., The.....	June 6, 1946.....	10,527,583	5,558,070	Sale of common stock to the public.	Releases 6654 and 6683.
Toledo Edison Co., The.....	June 20, 1950.....	103,899,016	33,813,101	Sale of 3,399,925 shares of common stock to Cities Service Stockholders pursuant to rights offerings.	Release 9896.
Willapa Electric Co.....	January 1940.....	703,234	346,565	Sale of all facilities to P. U. D. No. 2 of Pacific County, Wash., and Boonsville Dam Authority.	File No. 30-109-2.
Citizens Utilities Co.:					
Central America Power Corp.....	Jan. 18, 1941.....	769,995	335,865	Sale of all assets to Ferrocarril del Pacifico de Nicaragua.	File No. 30-59.
Columbia Gas System, Inc.:					
(Cincinnati Gas & Electric Co., The)	August 1946.....			{Sale of all common stock of Cincinnati to Columbia stockholders. (See divestment of Cincinnati by the United Corp.)	Release 6840.
(Miami Power Corp.)					
(Union Light, Heat & Power Co., The)					
(West. Harrison Electric & Water Co., The)					
Dayton Power & Light Co.....	June 7, 1946.....	77,331,630	51,467,670	Sale of common stock to the public.	Release 6656.
Commonwealth & Southern Corp., The (Del.):					
Central Illinois Light Co.....	Oct. 1, 1949.....	62,685,708		Distribution of 792,686 shares (99 percent) of common stock as a liquidating dividend.	Releases 8633 and 8698.
Consumers Power Co.....	do.....	395,610,309		Distribution of 4,035,491 shares (88.79 percent) of common stock as a liquidating dividend.	Do.
South Carolina Power Co.....	March 1948.....	33,811,174	10,200,000	Sale of all outstanding common stock to South Carolina Electric & Gas Co.	Release 8080.
Southern Indiana Gas & Electric Co.....	Jan. 17, 1949.....	31,380,648	10,800,000	Sale of 87.6 percent of common stock to the public.	Release 8498.
Southern Tennessee Power Co.....	August 1939.....	110,081,418	78,521,000	{Transfer of electric properties to Tennessee Utilities Corp. for later sale to T.V.A. and other purchaser.	File No. 30-115.
Tennessee Electric Power Co.....					

Community Power & Light Co.:									
Arizona Electric Power Co.	March 1943	603,814	776,000	Sale of investment to James C. Tucker	Release 4129.				
Flagstaff Electric Light Co.	September 1943	490,866	1,725,000	Sale of investment to Gus B. Walton	Release 4526.				
Arkansas Utilities Co.	October 1941	2,601,419	4,345,000	Sale of investment to the public	Release 9096.				
Black Hills Power & Light Co.	1941	4,839,187	N. A.	Sale of investment to the Nebraska Power Authority	File No. 70-651.				
Gothenburg Light & Power Co.	August 1944	805,080	4,690,000	Sale of investment to Glen C. Hyde	Release 6188.				
Nelbaska Light & Power Co.	November 1942	564,604	86,938	Sale of investment to the Town of Holbrook, Ariz.	Release 8076.				
Guif Public Service Co.	September 1942	7,062,619	2,300,000	Sale of investment to Eastern Kansas Utilities	Release 8666.				
Holbrook Light & Power Co., The	October 1941	151,514	6,095,875	Sale of investment to the public	Release 9041.				
Kansas Utilities Co.	May 1946	2,639,193	80,500	Sale of investment to G. M. and D. E. Dunne	Release 8457.				
Missouri Utilities Co.	Feb. 28, 1946	7,594,218	1,418,769	Sale of common stock to the public	Release 6378.				
Crescent Public Service Co.:	Dec. 30, 1947	167,589	3,261,500	Distribution of common stock as a liquidating dividend	Release 6437.				
Caney Electric Co.	November 1942	8,982,053	340,000	Distribution of 90,000 shares (85.71 percent) of common stock as liquidating dividend	Release 7748.				
Central Ohio Light & Power Co.	Dec. 7, 1947	2,387,298	1,135,000	Sale of properties to French Bread Electric Membership Corp.	Release 3920.				
Colorado Central Power Co.	Dec. 7, 1947	8,873,449	1,530,000	Sale of all physical assets to 9 cooperative associations	Release 7441.				
East Coast Electric Co.	May 13, 1949	6,086,577	9,922,500	Distribution of all common stock as liquidating dividend	Release 9077.				
Northwest Carolina Utilities, Inc.:	Dec. 2, 1948	104,611,420	18,376,200	(Sale of 350,000 shares (35 percent) of common stock of Carolina to the public)	Release 8669, 8696 and 8694				
Eastern Minnesota Power Corporation:	February 1947	247,488,914	1,143,202.50	Sale of 1,050,072 shares (41.99 percent) of common stock to common stockholders of Bond and Share pursuant to a rights offering	Release 7160.				
Eastern Minnesota Power Corp.	June 25, 1951	1,993,991	1,143,202.50	Sale of 2,540,450 shares (46.5 percent) of common stock to common stockholders	Release 10640.				
Wisconsin Hydro-Electric Co.	Oct. 14, 1945	50,123,896	10,361,250	Phoenix Industries Corp.	Release 6158.				
Electric Bond & Share Co.:	Sept. 1, 1948	16,180,446	22,000,000	Common stock sold to Texas Utilities Co. (See divestment of Texas Utilities by Ameriean Power & Light Co)	Release 4527.				
Carolina Power & Light Co.	July 21, 1947	78,617,875	721,322	Sale of all common stock to the public	Releases 7041 and 7119.				
Roanoke River Power Co.	June 1947	1,308,563	850,000	Distribution of all common stock, as liquidating dividend	Do.				
Pennsylvania Power & Light Co.	Aug. 13, 1943	1,433,890	721,322	Sale of 1,885,079 shares to common stockholders of Engineers pursuant to a rights offering	File No. 30-105-2.				
National Power & Light Co.	June 1945	19,481	850,000	Sale of all outstanding stock to city of Key West, Fla	Release 6844.				
Electric Power & Light Corp.:	September 1943	142,195,830	3,387,500	Sale of investments to J. Leo Scanlon, Buffalo, N. Y.	Release 4255.				
(Dallas Power & Light Co.)	Apr. 25, 1945	N. A.	19,019,927	(Pursuant to plan of recapitalization, Engineers received 3 percent of new common stock)	Release 5738.				
Idaho Power Co.	July 21, 1947	106,161,855	843,000	Sale of investment to certain trusts represented by Donner Estates, Inc. (Pa.)	Releases 7041 and 7119.				
Engineers Public Service Co.:	Feb. 28, 1946	1,549,503		Distribution of 94.2 percent of outstanding common stock as a liquidating dividend	Release 6420.				
El Paso Electric Co.				Sale of all capital stock to W. C. Gilman and 4 individuals					
Guif States Utilities Co.									
Key West Electric Co.									
Missouri Service Co.									
Northern Kansas Power Co.									
Puget Sound Power & Light Co.									
Washington Electric Co.									
Savannah Electric Power Co.									
Virginia Electric & Power Co.									
Western Public Service Co.									

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART I-A—ELECTRIC UTILITY COMPANIES DIVESTED: AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
General Public Utilities Corp.; Arizona General Utilities Co.....	May 9, 1946.....	\$670,539.....	\$410,000.....	Sale of investment to Graham County Electric Cooperative, Inc., and the towns of Safford and Thatcher, Ariz. (Sale of 86.96 percent of common stock of New York State to common stockholders of GPU pursuant to a rights offering, the unsubscribed balance being sold to the public.)	Release 6620. Releases 8924 and 8994.
New York State Electric & Gas Corp..... Keuka Lake Power Corp.....	April 1949.....	156,612,258 749,919.....	35,409,342.....		
Rochester Gas & Electric Corp..... Canadea Power Corp.....	Sept. 30, 1949.....	125,821,138 3,204,855.....	23,196,576.....	Sale of 90.7 percent of common stock of Rochester to common stockholders of GPU pursuant to a rights offering. Investment in Canadea not reflected, prior to acquisition. Distribution of 776,353 shares (96 percent) to GPU stockholders.	Release 9290. Releases 6915 and 8203.
South Carolina Electric & Gas Co.....	Sept. 26, 1946.....	47,864,493.....	.....	All outstanding common stock sold to Consolidated Edison Co. of New York, Inc.	Release 9636.
Staton Island Edison Corp.....	Apr. 4, 1950.....	23,709,251.....	10,720,000.....		
International Utilities Corp.. Hermiston Light & Power Co.....	Sept. 19, 1940.....	.....	.....	All assets sold to Pacific Power & Light Co. (See divestment of Pacific by American Power & Light Co.)	Release 2298. Release 4789.
Oklahoma Electric & Water Co.....	January 1944.....	938,648.....	516,933.....	Sale of investment of Southwestern Public Service Co.....	
Middle West Corp., The, Arkansas-Missouri Power Corp..... Central Illinois Public Service Co.....	June 1945..... February 1948.....	6,034,512 111,881,385.....	925,000.....	Sale of common stock to Gus B. Walton Distribution of 1,635,913 shares (74 percent) of outstanding common stock as liquidating dividend	Release 5845. Release 7086.
Central Power Co..... Copper District Power Co.....	1941..... May 15, 1947.....	8,905,148.....	6,000,000.....	Sale of all properties to Consumers Public Power District. Investment sold to Upper Peninsula Power Co. (See divestment of Upper Peninsula by Middle West)	Release 9471. Release 7407.
East Missouri Power Co..... Missouri Edison Co..... Kansas Electric Power Co.....	June 1945..... August 1943.....	1,313,152 1,410,304.....	885,000.....	Sale of common stock to L. F. Rodgers.....	Release 5845. Releases 4532 and 9213.
Kentucky Utilities Co..... Dixie Power & Light Co..... Old Dominion Power Co..... South Fulton Light & Power Co..... Lake Superior District Power Co..... Michigan Gas & Electric Co.....	January 1949..... May 1945..... April 1, 1947.....	76,165,154 158,517 4,925,431 45,840 16,061,402 8,360,779.....	.....	All outstanding common stock sold to Kansas Power & Light Co. and KEPCO merged into Kansas Power in July, 1949. (For divestment of Kansas Power by the North American Co., see "Electric Utility Companies Divested—no longer subject.")	Release 8788. Release 5747. Releases 6815 and 7322.
Michigan Public Service Co.....	October 1940.....	8,850,672.....	1,045,834.....	(Divestment of all common stock of Kentucky as liquidating dividend. Sale of common stock to the public. Sale of 57,226 shares (47.69 percent) common stock to the public. Sale of common stock to the public.	Release 2332.

Middle West Utilities Co. of Canada, Ltd.	Dec. 7, 1949	1, 783, 428	7, 325, 000	Sale of common stock of Middle West Utilities to Wood-Gundy & Co., acting as agent for Wood-Gundy & Co., Ltd., of Toronto, Canada.	Release 9545.
Great Lakes Power Co., Ltd.	December 1949	15, 239, 238	852, 400	Sale of investment to Ralph J. Green.	Release 4782.
Missouri Gas & Electric Service Co.	June 1949	3, 284, 749	279, 352	Sale of investment to Ralph J. Green.	Release 2136.
Missouri Public Service Corp.	June 1949	9, 440, 813	J. A.	Sale of all assets to City of Mount Foreb, Wis.	File No. 30-144.
Mount Hope Electric Co.	1939	111, 053	2, 400, 000	Sale of all outstanding common stock to Bear, Stearns & Co., for resale after proposed recapitalization effected.	Release 6315.
Northwestern Public Service Co.	Mar. 28, 1946	15, 033, 473		(Distribution of 440,972 shares (19 percent) common stock of Public Service as liquidating dividend.)	Release 8642.
Public Service Co. of Indiana, Inc.	Nov. 29, 1948	141, 172, 712		Sale of 34,700 shares (17 percent) common stock to the public (See discussion) of additional shares by Central Public Utility Co.	Release 9260.
Union City Electric Co.	Mar. 3, 1950	143, 634	431, 800	(Distribution of 828,825 shares (51.6 percent) common stock of Wisconsin as liquidating dividend.)	Release 8642.
Upper Peninsula Power Co.)					
Wisconsin Power & Light Co.	Nov. 29, 1948	79, 394, 364			
South Beloit Water, Gas & Electric Co.		983, 003			
Midland Realization Co.	Mar. 10, 1947	125, 248, 952	4, 207, 531	Distribution of 1,082,737 shares (49.6 percent) common stock as liquidating dividend and sale of 236,511 shares to the public. (236,511 shares is 10.84 percent)	Release 6786.
Northern Indiana Public Service Co.					
National Power & Light Co.	August 1946				
(Carolina Power & Light Co.)					
(Roanoke River Power Co.)					
(Pennsylvania Power & Light Co.)	September 1938	280, 147	87, 500	(Distribution of common stocks as liquidating dividends. (See investment by Electric Bond and Share Co.)	Release 6796.
Holston River Electric Co.	May 1943	67, 116, 400	25, 448, 928	Sale of all electric properties to TVA.	File No. 30-146
Houston Lighting & Power Co.				Exchange of 257,336 shares (51.47 percent) of common stock for preferred stock of National, sale of 242,664 shares (48.53 percent) to public	Releases 3211 and 4276.
Memphis Generating Co.	May 31, 1950	4, 810, 348	1, 394, 500	Sale of all capital stock to TVA.	File No. 70-2378.
Tennessee Public Service Co.	June 1938	20, 548, 075	8, 035, 000	Sale of electric properties to city of Knoxville, Tenn., and TVA.	File No. 30-146.
West Tennessee Power & Light Co.	November 1938	5, 905, 479	1, 774, 965	Sale of properties to four municipalities and TVA.	Do
New England Gas & Electric Association.	Oct. 1, 1945	172, 034	160, 000	Sale of investment to Robert Hawkins & Co.	Release 6417.
International Power Co.	Oct. 31, 1945	288, 011	1, 705	Sale of all property to a nonaffiliated company.	Release 6183.
St Croix Electric Co.		6, 229			
Western Hancock Electric Co.	May 27, 1947	213, 464, 416	25, 717, 875	Sale of 1,714,625 shares of common stock (73.76 percent) to stockholders of North American pursuant to a rights offering.	Release 7273.
North American Co., The					
Cleveland Electric Illuminating Co.	March 1943				
Des Moines Electric Light Co.	June 21, 1949	154, 701, 168	6, 787, 807	Sale of common stock of Des Moines to Continental Gas & Electric Corp and Des Moines thereafter merged into Iowa Power (See investment of Iowa Power by United Light & Railways Co.)	Release 4497.
(Iowa Power & Light Co.)		2, 329, 061			
Illinois Power Co.	Sept 1, 1949	105, 183, 286		Common stock distributed as liquidating dividend.	Release 9103.
Kewanee Public Service Co.	Sept 17, 1945	894, 382, 562	27, 272, 700	Sale of 700,000 shares of common stock of Pacific to the public.	Release 9236.
Kansas Power & Light Co.		(Cons)			Release 6927.
Pacific Gas & Electric Co.	Dec 22, 1947	126, 469, 009		Distribution of approximately 1,784,305 shares (60.25 percent) common stock of Potomac as liquidating dividend.	Release 7846.
Vallejo Electric Light & Power Co.		1, 189, 999			
Potomac Electric Power Co.					
Braddock Light & Power Co.					

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART I-A—ELECTRIC UTILITY COMPANIES DIVESTED, AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued

System and company divested *	Date of divestment	Assets of divested company	Consideration (if sold)	Details of divestment	Source of information
North American Gas & Electric Co.; Dominion Electric Power, Ltd. Oregon Gas & Electric Co.	December 1943 December 1944	\$3,151,728 285,089	\$476,436 130,000	Sale of investment to Tenebaum, Inc. Sale of electric properties and related assets to West Orange Electric Cooperative, Inc.	File No. 30-201. Release 6471.
North Continent Utilities Corp.; Elk River Power & Light Co.	Nov. 7, 1945	346,906	50,000	Sale of all operating properties to village of Elk River, Minn.	Release 6190.
Great Northern Utilities Co.; Highland Utilities Co.	June 3, 1946 Sept. 27, 1944	2,029,867 1,342,743	983,500 428,000	Sale of all electric properties to 2 cooperatives. Sale of electric properties to Empire Electric Association and Southeast Colorado Power Association.	Release 6667. Releases 4734 and 5103.
New Mexico Public Service Co.	Nov. 16, 1945	1,207,544	777,500	Sale of properties to 2 cooperatives, 2 municipalities and Basin Light & Power Co.	Releases 5103, 6933, 6190 and 7335. Release 4734.
Southern Arizona Public Service Co.	Jan 25, 1944	298,319	155,000	Sale of properties to Sulphur Springs Valley Electric Cooperative, Inc.	File No. 54-74. Release 9927.
Southern Utilities Co., Ltd. Northern States Power Co. (Minn.) Interstate Light & Power Co. (Ill.)	June 29, 1946 June 29, 1950	29,084 1,708,440	6,500 619,415	Sale of all outstanding capital stock to Fred H. McPhillips. Sale of all physical properties and certain other assets to Northwestern Illinois Gas & Electric Co. for cash.	Release 4440. Release 3947.
Ogden Corp.; Interstate Power Co. of North Dakota. Missouri Electric Power Co.	July 1943 December 1943	166,771 5,885,850	125,000 2,443,728	Sale of investment to Otter Tail Power Co. Sale of all physical properties to Sho-Me Power Cooperative, Inc.	Release 1545. Release 5529.
Newport Electric Corp. Peoples Light & Power Co.; California Public Service Co.	May 1939 December 1944	3,978,917 1,534,425	1,697,850 991,500	Sale of all common stock to the public. Sale of properties to California Oregon Power Co. and Pacific Gas & Electric Co.	Release 5248. Release 4506.
West Coast Power Co.; Western States Utilities Co. Republic Service Corp.; Arlington Electric Co. Mauch Chunk Heat, Power & Electric Light Co.	September 1944 August 1945 December 1950 Oct. 1, 1947	2,006,658 938,392 1,490,612 3,373,795	115,000 142,500 862,000 674,581	Sale of common stock to A. E. Fimmel. Sale of all common stock to Gerald L. Schlessman. Sale of investment to Scranton Electric Co. Sale of all capital stocks to Pennsylvania Power & Light Co.	Release 10292. Release 7749.
Renovo Edison Light, Heat & Power Co. Standard Gas & Electric Co.; California Oregon Power Co., The. Empresa de Servicios Publicos de los Estados Mexicanos, S. A. Louisville Gas & Electric Co. Ohio Valley Transmission Corp. Louisville Transmission Corp. (Ky.) Louisville Transmission Corp. (Ind.).	June 27, 1947 Dec. 2, 1946 Sept. 12, 1949	41,350,674 3,527,156 107,289,009 3,736,707 378,075	7,936,500 888,000 7,441,250	Sale of outstanding common stock to the public. Sale of investment to Theodore E. Shepard. { Sale of 250,000 shares (12.96 percent) common stock of Louisville Gas and Electric to the public.	Releases 7890 and 7608. Release 6941. Release 8308.

Medison Light & Power Co. Mountain States Power Co. San Diego Gas & Electric Co. Southern Colorado Power Co. Standard Power & Light Corp. Northern States Power Co. (N. J.) United Corp., The: Central Hudson Gas & Electric Corp. Cincinnati Gas & Electric Co., The Miami Power Corp. Union Light, Heat & Power Co., The West Harrison Electric & Water Co., Inc. Deep Water Operating Co.	September 1944. Mar. 17, 1947. June 16, 1941. June 1945. Sept. 16, 1941. Sept. 12, 1945. April 1949. Jan. 15, 1945.	738,820 26,975,385 49,220,187 20,275,137 285,649 48,355,414 172,423,126 644,166 11,537,783 43,408 391,569,379 13,751,792 1,122,720 450,425 678,612,491 6,332,371 122,708,469 35,428,565 7,222,286 43,793,481 1,396,538 7,835,362 312,955 39,783,279 73,890,028 4,744,567 77,728,396 81,569,834 141,024,134 N. A.	624,000 4,640,476 45,000 4,157,175 1,015,050 27,693,783 1,815,000 6,921,500 7,500,000 99,900 10,000,000 38,115,351 22,848,036	Sale of investment to 8 individuals. Sale of 140,614 shares (66.39%) common stock to the public. Common stock exchanged for \$8,956,300 principal amount of Standard's notes and debentures. In reorganization. Standard received about 1 percent of new common stock. Sale of all electric properties to South Dakota Public Service Co. Sale of common stock to the public. Distribution of common stock of Cincinnati as liquidating dividend. Included in divestment of Philadelphia Electric Co. (See divestment by American Gas & Electric Co., see "Electric Utility Companies Divested—no longer subject.") { Distribution of Philadelphia common stock and cash in exchange for \$3 preference stock of United. Distribution of common stock as liquidating dividend. Sale of investment to James C. Tucker. Sale of common stock to Philadelphia Electric Co. (For divestment of P. E. by the United Corp., see "Electric Utility Companies Divested—no longer subject.") Sale of 701,263 shares of common stock to the public. Sale of 64.7 percent of voting securities to Charles U. Bay. All outstanding common stock sold to Pennsylvania Electric Co. for \$2,571,500 cash and 182,000 shares (100 percent) common stock of Eastern Shore Public Service Co. Transfer of 579,651 shares (93 percent) outstanding capital stock to the Illuminating Shares Co. and exchange of all such shares for the outstanding class A stock of Shores Co. Sale of investment to Community Power & Light Co. Sale of properties to Western Light and Telephone Co. Sale of common stock to city of San Antonio, Tex. Sale of common stock to the public. Distribution of common stock as partial liquidating dividend. Distribution of common stock as liquidating dividend. Distribution of common stock as liquidating dividend. { Sale of 1,987,964 shares of reclassified common stock of Kansas City to stockholders of the United Light.	Release 5282. Release 7276. Release 2846. Release 4501. Release 3004. Release 6023. Release 8396. Releases 5440 and 5442. Releases 5440 and 5442. Release 8396. Release 5882. Release 5751. Release 2987. Release 4288. Release 4505. Release 2245. Release 3667. File No 30-102. Release 3870. Release 6621. Release 9989. Release 9587. Do. Do.
Philadelphia Electric Co. Deep Water Light & Power Co. Susquehanna Electric Co. Philadelphia Hydro-Electric Co. Public Service Electric & Gas Co. Gas Improvement Co., The: Arizona Power Corp., The: Chester County Light & Power Co. Connecticut Light & Power Co. Connecticut Railway & Lighting Co. Eric County Electric Co. United Illuminating Trust, The: United Illuminating Co., The: United Light & Power Co., The: Cimarron Utilities Co. Kanshandle Power & Light Co. Kansas Power Transmission Co., Inc. San Antonio Public Service Co. United Light & Railways Co., The: Columbus & Southern Ohio Electric Co. Eastern Kansas Utilities, Inc. Iowa-Illinois Gas & Electric Co. Iowa Power & Light Co. Kansas City Power & Light Co. Peoples Gas & Electric Co.	December 1944. April 1949. June 1945. April 1945. Apr. 9, 1941. March 1943. August 1943. Oct. 23, 1940. Sept. 17, 1942. 1941. October 1942. May 22, 1946. July 24, 1950. June 22, 1950. April 19, 1950.				

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART I-A.—ELECTRIC UTILITY COMPANIES DIVESTED: AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951.—Continued

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
United Light & Railways Co., The—Con.					
Madison Gas & Electric Co.	May 25, 1949	\$17, 193, 265		Distribution of 132, 991 shares of common stock (48 percent) as liquidating dividend.	Release 9098.
St. Joseph Light & Power Co.	Mar. 16, 1950	22, 236, 004		Distribution of common stock as liquidating dividend.	Releases 9887
Detroit Edison Co., The	Nov. 16, 1948	434, 213, 801	\$24, 935, 981	Distribution of common stock to the public.	Releases 8408, 8420, 8538, and 8638.
United Public Utilities Corp.: Bradford & Gettysburg Electric Light & Power Co.	February 1948	340, 578			
Brookville Lewisburg Lighting Co., The		127, 846			
Buckeye Light & Power Co., The		1, 037, 654			
Eaton Lighting Co., The		216, 780			
Greenville Electric Light & Power Co., The		1, 756, 923		Sale of all outstanding securities to Dayton Power & Light Co.	Release 7984.
New Madison Lighting Co., The		28, 966			
Dakota Public Service Co.	Oct. 18, 1945	9, 189, 000	6, 521, 060	Sale of investment to Montana Dakota Utilities Co.	Release 6142.
Unified Utilities, Inc.:					
Southern Nebraska Power Co.	1940	1, 983, 861	898, 000	Sale of electric properties to Consumers Public Power District.	File No. 30-183.
Utilities Power & Light Corp.:					
Canada Electric Company, Ltd.	September 1939	2, 837, 977			
Eastern Electric & Development Co., Ltd.		280, 697	3, 158, 438	Sale of investment to F. B. McCurdy.	Release 1713.
Monroton Electricity & Gas Co., Ltd.		2, 239, 644			
Central Light & Power Co.	May 1941	1, 188, 304	656, 106	Sale of investment to Otter Tail Power Co.	Release 2731.
Indianapolis Power & Light Co.	April 1940	85, 888, 530	14, 211, 560	Sale of common stock of Indianapolis to the public.	Release 2901.
Mooreville Public Service Co.		4, 539, 163	2, 625, 087	Sale of electric properties in Nebraska to Consumers Public Power District.	Release 2303.
Interstate Power Co. of Nebraska.	November 1940			Common stock distributed as liquidating dividend.	Release 3863.
Louisiana Ice & Electric Co., The	December 1943	3, 137, 532			
Walnut Electric & Gas Corp.:					
Central New Hampshire Power Co.	August 1937	1, 888, 171		All assets transferred to bondholders and noteholders and company dissolved.	File No. 30-31.
New Mexico Public Utilities.	1939	500, 921	500, 000	Sale of investment to city of Gallup, N. Mex.	File No. 30-84.
South Carolina Utilities Co.	May 1941	1, 009, 456	N. A.	Sale of all physical assets to South Carolina Public Service Authority and city of Myrtle Beach.	File No. 30-84.
Washington Gas & Electric Co.:					
Southern Utah Power Co.	Sept. 12, 1950	2, 958, 281		Distribution of common stock as liquidating dividend.	Release 9909.

PART I-B.—GAS UTILITY COMPANIES DIVESTED, AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951

American Utilities Service Corp.:	September 1940	\$254,017	\$77,500	Sale of investment to J. V. Reynolds	File No. 54-57.
Gas Utilities Co.	1939	465,106	125,000	Sale of properties to George Donovan, Iowa Public Service Co. and E. J. Hough	Do.
Iowa Central Utilities Co.	September 1939	374,137	27,977	Sale of investment to Edwin H. Hanson	File No. 54-57.
Pennsular Utilities Co.	July 1940	243,601	50,000	Sale of investment to U. W. Packard, C. F. Curtis and T. C. Curtis	Release 2143.
Petoksey Gas Co.	May 1941	700,744	240,000	Sale of gas properties to city of Vicksburg, Miss.	File No. 54-57.
Wisconsin Southern Gas Co.	Dec. 15, 1945	1,022,943	410,000	Sale of investment to H. K. Harley and M. Hayden	Release 6290.
Yankton Gas Co.	January 1938	100,713	11,169	Sale of investment to Sioux City Gas & Electric Co.	File No. 30-71-2.
Associated Gas & Electric Corp.:	December 1942	80,000	650,274	Sale of investment to Harrison & Co.	Trustee's Report.
Dover Gas Light Co.	May 1941	6,039,061	1,637,000	Sale of properties to Richmond Gas Corp. and Terre Haute Gas Corp.	Do.
Indiana Gas Utilities Co.	December 1944	1,019,773	634,500	Sale of investment to W. F. Stevenson	Release 5501.
Owensboro Gas Co.	March 1945	1,997,791	555,000	Sale of investment to A. L. Klees and George H. Shaw	Release 5612.
Portsmouth Gas Co., The (Ohio)	March 1940	2,330,810	1,560,000	Sale of all assets to Central Electric & Telephone Co.	Trustee's Report.
Shawnee Gas Co.	1937	N. A.	N. A.	Sale of stock	File No. 30-63-1.
St. Louis Gas Co. (W. Va.)	1937	N. A.	N. A.	Stock transferred to voting trust which issued voting trust certificates to holders of bonds of Texas Gas Utilities Co.	Do.
Texas Gas Distributing Co.	1943	1,010,532	185,248	Sale of all physical assets to C. B. Ziegler and associates	File No. 54-78.
Ashville Gas Co.	June 1944	1,254,101	230,000	Sale of all property to H. Emerson Thomas & Mark Anton	Release 4950.
Durham Gas Co.	November 1947	507,782	250,000	Distribution of common stock as liquidating dividend	Release 7691.
Gas Light & Swayne Gas Co.	December 1944	25,308,675	250,000	Sale of investment to John H. Ware, 3d	Release 5515.
Gas Light & Waverly	October 1943	273,530	79,900	Sale of all physical assets	Release 4642.
Atlanta Gas Light Co.	Dec. 27, 1946	702,116	370,000	Sale of all physical assets to Borough of Chambersburg, Pa.	Release 7099.
Beacon Gas Co. (Pa.)	September 1939	498,314	250,000	Sale of investment to J. C. M. Lucas Co.	Release 1755.
Citizens Gas Co. (Pa.)	1943	466,992	N. A.	Sale of investment	File No. 44-78.
Bluefield Gas Co.	June 1937	543,921	N. A.	Sale of investment to C. B. Ziegler and associates	File No. 30-133-1.
Washington County Gas Co.	June 1944	196,962	406,000	Sale of physical property to Harrison & Co.	Release 4932.
Chambersburg Gas Co.	November 1944	255,470	290,000	Sale of investment to D. Gordon Rippe, Jr., and R. A. Hinkle	Release 5421.
Citizens Gas Co. (Md.)	April 30, 1942	267,940	1,103,616	Sale of investment to Public Service Co. of Indiana, Inc.	Release 3426.
Sussex Gas Co.	December 1943	1,200,054	22,100	Sale of property and assets to Jersey Shore Gas & Heating Co.	File No. 30-133-2.
Commonwealth Public Service Corp.	1943	12,359	347,000	Sale of investment to Scott, Horner & Mason, Inc.	Release 4514.
Concord & Kammaholis Gas Co.	November 1943	250,440	57,000	Sale of property and assets to Martinsburg Gas and Heating Co.	File No. 30-133-2.
Gastonia & Suburban Gas Co.	1943	832,943	1,602,900	Sale of all common stock to the public.	Release 5801.
Hagerstown Gas Co.	May 1945	1,210,938			
Hoesler Gas Corp.		1,322,089			
Hoesler Public Utility Co.		1,381,092			
Jersey Shore Gas Co.		1,388,736			
Lynchburg Gas Co.		4,366,315			
Martinsburg Gas Co.					
Mobile Gas Service Corp.					

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1955 to June 30, 1951—Continued*

System and company divested :	Date of divestment	Assets of divested company*	Consideration (if sold)	Details of divestment	Source of information
PART I-B.—GAS UTILITY COMPANIES DIVESTED : AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued					
Central Public Utility Corp.—Continued					
Peoples Gas Co.....	November 1943.....	\$2,005,664	\$1,246,000	Sale of all common stock to Texas Public Services Co.	Release 4639.
Portsmouth Gas Co. (Maine).....	September 1944.....	562,307	198,849	Sale of all assets to Allied New Hampshire Gas Co.	Release 5316.
Pottsville Gas Co.....	December 1944.....	776,769	271,000	Sale of all assets to Pottsville Gas & Heating Co.	Release 5515.
Raleigh Gas Co.....	December 1943.....	1,475,327	217,870	Sale of investment to Charles B. Ziegler.	Release 4739.
Roanoke Gas Co.....	June 1944.....	3,347,745	976,711	Sale of investment to Scott, Horner & Mason, Inc.	Release 4965.
Salem Gas Light Co. (N. J.).....	October 1943.....	265,841	N. A.	Sale of all physical assets to J. H. Ware, 3d and W. M. Ware.	Release 4642.
Staffok Gas Co.....	December 1943.....	309,349	102,535	Sale of property and assets to Edwin H. Horner.	File No. 30-133-2.
Waynesboro Gas Co.....	Dec. 16, 1942.....	466,640	14,800	Sale of investment.....	File No. 30-133.
Cities Services Co.....	August 1943.....	682,450	49,250	Sale of investment.....	File No. 30-108-2.
Citizens Gas Fuel Co.....	November 1943.....	2,309,143		Included in sale of common stock of Public Services Co. of Colorado. (See electric utility companies divested—no longer subject.)	Release 4699.
Consumers Gas Co.....	September 1943.....	883,572	800,000	Sale of investment to Arkansas, Louisiana Gas Co.	Release 4425.
Knorrville Gas Co. The.....	Jan. 7, 1946.....	1,905,552	458,827	Sale of all physical properties to city of Knoxville, Tenn.	Release 6358.
Pueblo Gas & Fuel Co.....	November 1944.....	1,515,260	400,000	Sale of common stock to Public Service Co. of Colorado.	Release 6399.
United Fuel & Instruments, Ltd.....	October 1950.....	19,050,600			
United Gas & Fuel Co. of Hamilton, Ltd.....		(Cons.)	1,000,000	Sale of investment to Union Gas Co. of Canada, Ltd.	File No. 70-2465.
United Suburban Gas Co., Ltd., The.....					
Veneworth Gas Co., Ltd., The.....					
Citizens Utilities Co.....					
Princeton Gas Co.....	November 1940.....	214,974	31,047	Sale of all assets to Princeton Gas Service Co.	File No. 30-56-2.
Community Gas & Power Co.....	July 30, 1948.....	3,677,494		Minneapolis merged into American and of the common stock of the merged company. Community received 39,364 shares (3.6 percent).	Release 8530.
American Gas & Power Co.....		23,603,826			
Minneapolis Gas Light Co.....					
American Utilities Associates	June 1944.....	9,880	900,000	Sale of investment to Alpha Associates.....	Release 4915.
Lowell Gas Light Co.....		3,982,195			
Bangor Gas Company (Maine).....	October 1944.....	1,032,971	122,600	Sale of all common stock to Irwin E. and Sidney A. Kane.	Release 5375.
Jacksonville Gas Co.....	February 1943.....	7,023,015	100,000	Common stock equity eliminated in reorganization.....	Release 3959.
St. Augustine Gas Co.....	June 1944.....	542,396	2,205,000	Sale of investment to W. Hansell Hillier.....	Release 5101.
Savannah Gas Co.....	February 1945.....	3,137,011		Sale of all properties to Savannah-St. Augustine Gas Co.....	Release 5628.
Crescent Public Service Co.....					
Empire Southern Service Co.....	Mar. 18, 1946.....	582,170	410,000	Sale of investment to Empire Southern Gas Co.....	Release 6485.
Oklahoma Utilities Co.....	September 1944.....	1,037,647	300,269	Sale of properties to D. C. Sellers and Oklahoma Natural Gas Co.	Release 5324.

Electric Power & Light Corp. Compañia Mexicana de Gas, S. A.	Dec. 6, 1945	3, 232, 950	1, 400, 000	Sale of common stock to Clint Murchison and Wm. H. Duff, Syndicate.	File No. 30-149-2.
Federal Water & Gas Corp. F Peoples Water & Gas Co.	Sept. 14, 1945	6, 189, 416	1, 111, 835	Sale of investment to R. M. Sherritt.	Release 6051.
General Public Utilities Corp. Lake Shore Gas Co.	Sept. 15, 1945	2, 357, 190	720, 000	Sale of common stock to Malvern Hill and associates.	Release 5210.
Great Lakes Utilities Co. Allied Gas Co.	June 1947	398, 422		Distribution of common stock as liquidating dividend.	Release 7198.
Independence Gas Co. De Mars Gas Co.	1942	200, 890	125, 000	Sale of assets to Iowa Public Service Co.	Release 3207.
Marion Gas Co.	April 1942	79, 507	90, 000	Sale of outstanding stock to Bioren & Co.	File No. 30-70.
Virginia Gas & Utilities Co.		143, 454	660, 000	Sale of investment to Frederick E. Zuech.	Release 6335.
Ohio Gas Light & Coke Co., The	Dec. 27, 1945	1, 015, 000	9, 231	Sale of investment to Central States Electric Co.	File No. 30-76-2.
Peoples Gas & Power Co.	February 1940	174, 374	30, 000	Sale of all assets to city of Watertown, S. Dak.	Do.
Waterbury Gas Co.	December 1942	326, 117		Distribution of common stock as liquidating dividend.	Release 6440.
Hope Engineering Co.	Mar. 2, 1940	7, 392, 927			
Indiana Southern Electric Gas & Utilities Corp. Wabash Public Service Corp.	1936	N. A.	N. A.	Sale of investment to Richard A. Bauer.	Release 502.
International Utilities Corp. Rockland Gas Co.	Aug. 17, 1945	1, 243, 637	732, 000	Sale of common stock to the public.	Releases 5631 and 5694.
Lone Star Gas Corp. Council Bluffs Gas Co.	December 1942	2, 928, 400	1, 325, 000	Sale of investment to Raymond A. Smith.	Release 4010.
Long Island Lighting Co. Kings County Lighting Co.	Dec. 15, 1948	14, 679, 678		In reorganization of Kings, Long Island received 7.32 per cent of new common stock	Releases 7060 and 7122.
Middle West Corp., The Albion Gas Light Co.	October 1944	678, 045	69, 900	Sale of investment	File No. 30-48-2.
Indiana Gas & Water Co., Inc.	Nov. 29, 1948	18, 769, 499		Included in distribution of common stock of Public Service Co. of Indiana. (See electric utility companies divested—no longer subject.)	Release 6842.
National Gas & Electric Corp. Greely Gas & Fuel Co., The	August 1942	375, 095	200, 000	(Common stock of National Utilities distributed as liquidating dividend.)	Release 3721.
National Utilities Co. of Michigan Newark Consumers Gas Co.	Dec. 31, 1949	4, 881, 766			Release 6531.
National Power & Light Co. West Tennessee Gas Co.	April 1943	1, 032, 751	712, 500	Sale of investment to Equitable Securities Co.	Release 4200.
North American Co., The Nebraska Natural Gas Co.	April 1941	3, 046, 947	1, 700, 000	Sale of investment to Kansas Pipe Line and Gas Co.	Release 2688.
St. Louis County Gas Co.	Feb. 26, 1947	13, 129, 400	11, 250, 000	Sale of all common stock to Laclede Gas Light Co.	Release 7236.
North Continent Utilities Corp. Great Falls Gas Co.	June 1, 1950	1, 652, 897		Distribution of common stock as liquidating dividend.	Release 9682.
North Shore Gas Co. (Ill.) Ogden Corp.		10, 388, 887			
Central States Power & Light Corp. of Oklahoma. Central States Production Co.	May 1941	3, 001, 504	1, 800, 000	Sale of physical assets to Oklahoma Natural Gas Co.	Release 2771.
Laclede Gas Light Co. Missouri Natural Gas Co.	March 1945	865, 469	9, 613, 914	Sale of all common stock to the public.	Release 5673.
Utilities Production Corp.	February 1944	65, 871, 105	530, 000	Sale of investment to Edward W. Lake.	Release 4847.
	February 1941	8, 394, 951	1, 000, 000	Sale of investment to Oklahoma Natural Gas Co.	Release 2771.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART I-B.—GAS UTILITY COMPANIES DIVESTED 1 AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 2—Continued

System and company divested 3	Date of divestment	Assets of divested company 4	Consideration (if sold)	Details of divestment	Source of information
Pennsylvania Gas & Electric Corp.:					
Newport Gas Light Co., The	Aug 7, 1950.	\$1,604,324	\$550,000	Sale of capital stock to Mrs. Dorothy B. Daley et al.	Release 9974.
North Shore Gas Co. (Mass.)	November 1948.	489,234	145,000	Sale of all properties to Haverhill Gas Light Co.	Release 8593.
Peoples Light Co. of Pittston.	Dec 27, 1946.	681,639	266,000	Sale of physical property to John H. Ware, 3d.	Release 7100.
Petersburg & Hopewell Gas Co., The	July 10, 1946.	1,137,904	600,000	Sale of common stock to Scott, Harmer & Mason, Inc. for resale to State of Virginia.	Release 6769.
York County Gas Co.	Oct. 7, 1949.	5,092,054	258,851	Sale of common stock to the public.	Release 6349.
Peoples Light & Power Co.	August 1939.	922,578	410,000	Sale of investment to D N. Dunn, Jr.	Release 1652.
Kansas Public Service Co.	April 1947.	15,910,784	-----	In reorganization, Portland received 0.50 percent of new common stock.	Release 7128.
Portland Electric Power Co.	April 1948.	2,677,439	126,820	Sale of investment in common stock to James J. Abrams, Jr.	Release 8164.
Republic Electric Power Corp.:	1939.	377,768	125,350	Sale of properties to Northern Oklahoma Gas Co., Oklahoma Natural Gas Co., and Consolidated Gas Utilities Corp.	File No. 47-19.
Apache Gas Co.					
Southern Natural Gas Co.:					
Chattanooga Gas Co.	Jan. 31, 1950.	2,171,000	1,875,000	Sale of common stock to Equitable Securities Corp. for ultimate resale.	Release 9590.
Southern Union Gas Co.:					
Arkansas Western Gas Co.	October 1943.	2,206,444	-----	Distribution of common stock as liquidating dividend.	Releases 4627 and 5295.
Texas Southeastern Gas Co.	November 1944.	1,181,544	-----	do.	Do.
Standard Power & Light Corp.:					
Equitable Gas Co.	Mar. 29, 1950.	49,962,932	45,755,000	Sale of common stock of Equitable to the public.	Releases 9740 and 9767.
Kentucky West Virginia Gas Co.		31,019,076	-----		
Pittsburgh & West Virginia Gas Co.		32,623,905	-----		
United Gas Improvement Co.:					
Concord Gas Co.	1943.	983,017	990	Sale of common stock.	File No. 30-429-2.
Hartford Gas Co.	February 1948.	11,529,139	-----	Distribution of common stocks in liquidation of Connecticut Gas & Coke Securities Co	Release 7913.
New Haven Gas Light Co.	June 1944.	13,127,348	33,000	Sale of investment in common stock to the issuer.	Release 5130.
Manchester Gas Co.	June 1945.	2,811,892	1,100,000	Sale of common stock to Tennessee Natural Gas Lines, Inc.	Release 5896.
Nashville Gas & Heating Co.		5,093,254	-----		
Unified Light & Power Co.:					
Cleveland Gas Co.	January 1940.	100,015	20,000	Sale of all common stock to A. J. Goss.	Release 1891.
Fayetteville Natural Gas Co.	September 1942.	63,780	-----	Included in sale of investment in Cimarron Utilities Company. (See electric utility companies divested—no longer subject.)	Release 3657.
Guymon Gas Co.		37,708	-----		

United Light & Railways Co., The: Iowa-Nebraska Light & Power Co. United Public Utilities Corp.	February 1945	6, 141, 418	4, 325, 000	Sale of investment to Central Electric and Gas Co.	Release 5619
Fort Smith Gas Co.	January 1945	1, 911, 096	1, 200, 000	Sale of investment to W. R. Stevens.	Release 5572
Southern Gas Producing Co.	December 1948	606, 227	700, 000	Sale of common stock to Ohio Valley Gas Corp.	Release 8710
Indiana-Ohio Public Service Co.	December 1948	35, 334		Included in sale of Bradford & Gettysburg Electric Light & Power Co. (See electric utility companies divested—no longer subject.)	Release 7984.
Lynn Natural Gas Co.	February 1948	300, 352			
Peoples Service Co.	February 1948	1, 075, 448			
Western Ohio Public Service Co.	February 1948	2, 539, 036		Distribution of common stock as liquidating dividend.	Release 3863.
Utilities Stock & Bond Corp.:	December 1943				
Empire Southern Gas Co.	January 1939	98, 329	5, 000	Sale of common stock to C. A. Davis.	Release 1362
Walt Electric & Chem. Corp.:	December 1939	154, 218	24, 000	Sale of common stock to Joseph M. Nelson.	Release 1835.
Peoples Gas Co. (W.Va.).	December 1939	903, 505	6, 000	do.	Do.
St. Johnsburg Gas Co.	May 1940				
Vermont Lighting Corp.	May 1940	214, 549	135, 000	Sale of investment in Wanoast to J. Leroy Underhill.	Release 2049.
Waco Utilities.	May 1940	68, 689			
North Ohio Gas Co.	March 1940	6, 903, 084		Distribution of common stock as a liquidating dividend.	Release 1864.
West Gas & Suburban Gas.	January 1940	35, 171, 897			
Washington & Suburban Gas Co.	January 1940	1, 204, 218		(Sale of 298,089 shares (81.66 percent) common stock to the public (August 1939) and distribution of 66,499 shares as a liquidating dividend.)	Do.
New York & Richmond Gas Co.	January 1940	1, 257, 877			
Washington Gas Light Co.	January 1940	2, 200, 376			
Alexandria Gas Co.		957, 029			
Rosslyn Gas Co.					
Washington Gas Light Co. of Montgomery County, Md.					
Washington Suburban Gas Co.					

PART I-C.—NONUTILITY COMPANIES DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1961 :

American Gas & Electric Co. South Pennsgrove Realty Co.	Mar. 15, 1949	\$33, 106	\$25, 000	Included in investment of Atlantic City Electric Co. (See electric utility companies divested—no longer subject.)	Release 8017.
West Pittston-Exeter Railroad Co.	May 1, 1946	774, 703	\$25, 000	Investment sold to Scranton Electric Co.	File No. 70-1472.
American Power & Light Co.:					
Columbia Highlands Co.	Nov. 21, 1947	133, 005	N. A.	All properties sold and company liquidated.	Release 9386.
Consumers Water Co.	Jan. 8, 1946	1, 250, 996	927, 400	Sale of investment to Leddy-Wheeler & Co.	File No. 30-144-2.
Glacier Production Co.	November 1944	11, 668, 732	9, 900, 000	Sale of properties to Union Oil Co. of California.	Release 3463.
Inland Empire Refineries, Inc.	do.	2, 210, 716		Company reacquired common stock owned by Glacier Production Co.	Do.
Pike Rapids Power Co., The.	Feb. 15, 1950	N. A.		Included in investment of Minnesota Power & Light Co. (See electric utility companies divested—no longer subject.)	Releases 9359 and 9380
Topeka Land Co.	do.	N. A.			
R. S. & C. Irrigation Co., Inc.	Feb. 6, 1950	N. A.		Included in investment of Pacific Power & Light Company (See electric utility companies divested—no longer subject.)	Release 9042.
Spokane United Railways.	July 1945	2, 202, 137	850, 000	Sale of investment to Pacific City Lines.	File No. 30-144-2.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

System and company divested*	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
American Power & Light Co.—Continued	June 4, 1947.....	\$2,822,255	\$371,000	Sale of common stock to J. C. Thompson and associates. Included in divestment of Florida Power & Light Co. (See electric utility companies divested—no longer subject.)	Release 7456. Releases 9359 and 9359.
Texas Public Utilities Corp.	Feb. 15, 1950.....	339,000			
American States Utilities Corp.:	1939.....	267,063	165,000	Sale of common stock to General Water, Gas & Electric Co.	Release 1632.
Kellogg Power & Water Co.....	March 1948.....	14,035,383		Distribution of common stock as liquidating dividend.....	Release 7721.
Southern California Water Co.	August 1939.....	264,050	40,000	Sale of investment to T. W. Hodges	File No. 64-57. Do. Do. Do.
American Utilities Service Corp.:	May 1941.....	201,200	100,000		
Federal Ice Co..... Telephone Co.	September 1942.....	473,698	177,260		
Jefferson County Telephone Co.	February 1941.....	1,104,408	5,500		
Lexington Water Co. (Missouri)			Sale of investment to John M. Lancaster.....	
Peoria Service Co.....			Sale of investment to E. J. Haugh.....	
American Water Works & Electric Co., Inc.:	October 1947.....	6,219,017		(Sale of 1,902,476 shares (70.34 percent) of common stock of American Water Works Co., Inc. to the public.	Releases 7091 and 7208.
Alexandria Water Co., The.....	.....	2,232,351		
Alton Water Co.....	.....	2,103,979		
Armstrong Water Co.....	.....	698,680		
Ashabula Water Works Co., The.....	.....	1,867,440		
Atlantic County Water Co. of New Jersey.....	.....	1,174,527		
Birmingham Water Works Co., The.....	.....	21,868,319		
Butler Water Co., The.....	.....	2,339,604		
City of New Castle Water Co., The.....	.....	2,966,867		
City Water Co. of Chattanooga.....	.....	8,632,403		
City Water Works Co. of Merrill, Wis.....	.....	283,821		
Clinton Water Works Co.....	.....	1,615,226		
Commonwealth Water & Light Co.....	.....	10,844,222		
Bernards Water Co., The.....	.....	(Cons.)		
Commonwealth Water Co.....	.....			

Community Water Service Co.....	1,000,125		
Calro Water Co., The.....	762,713		
Citizens Water Co. of Washington, Pa., The.....	3,700,665		
Greenwich Water System, Inc.....			
Bristol County Water Co.....			
Cohasset Water Co.....			
Dedham Water Co.....			
Glenville Power & Water Co., The.....			
Greenwich Water Co.....	14,028,436		
Hingham Water Co.....	(Cons.)		
Port Chester Water Works, Inc.....			
Southern Connecticut Real Estate Co., The.....			
Wannocomet Water Co.....	5,819,048		
Lexington Water Co.....			
Ohio Cities Water Corp.....	3,705,868		
Marion Water Co., The.....	(Cons.)		
Ohio Cities Water Co., The.....			
Pennsylvania State Water Corp.....			
Bangor Water Co., The.....			
Berwick Water Co., The.....			
Canawata Water Supply Co.....			
Clark's Summit Water Co., The.....			
Dorchester Water Co., The.....			
Halsand Water Co., The.....			
Hyde Park Water Co.....			
Manahela City Water Co., The.....			
Mountsville Water Co.....			
Mountain City Water Co., The.....	13,649,274		
Mount Jewett Water Co.....	(Cons.)		
Myerstown Water Co.....			
Northumberland Water Co.....			
Osceola Water Supply Co., The.....			
Palmyra Water Co.....			
Ramey Water Co., The.....			
St. Marys Water Co.....			
Spring Water Co. of Kane.....			
Uniontown Water Co.....			
Vandergrift Water Co.....			
Waynesburg Water Co.....			
White Deer Mountain Water Co.....			
Peoria Water Works Co.....	6,249,550		

18,922,035 { Sale of 1,902,478 shares (70.84 percent) of common stock of American Water Works Co., Inc. to the public. Release 7091 and 7208.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

System and company divested ¹	Date of divestment	Assets of divested company ⁴	Consideration (if sold)	Details of divestment	Source of information
American Water Works & Electric Co., Inc.—Continued					
American Water Works Co., Inc.—Con.					
Connelville Water Co., The		\$1,026,713			
Davenport Water Co.		4,032,520			
East St. Louis & Interurban Water Co.		17,345,452			
Huntington Corp.		4,265,176			
Lawrence County Water Co.		(Cons.)			
Joplin Water Works Co.		2,848,484			
Kokomo Water Works Co.		7,499,260			
Monmouth Consolidated Water Co.		7,036,470			
Monongahela Valley Water Co.		3,681,279			
Morgantown Water Co., The		1,623,211	\$18,922,035	{ Sale of 1,902,476 shares (70.34 percent) of common stock of American Water Works Co., Inc. to the public.	Releases 7091 and 7203.
Muncie Water Works Co.		2,153,161			
Norton Water Co., The		740,917			
North Little Rock Water Co.		934,429			
Ocean County Water Co.		437,004			
Old Dominion Water Corp.		1,373,308			
Richmond Water Works Corp.		2,306,041			
St. Joseph Water Co., The		8,865,141			
South Pittsburgh Water Co.		16,062,851			
Terre Haute Water Works Corp., The		3,642,002			
Texarkana Water Corp.		2,184,168			
Warren Water Co., The		739,013			
Water Works Service Co., Inc.		N. A.			
Cuba Water Co.	August 1945	3,200,376	50,000	Sale of common stock.	File No. 30-75-2.
Glendale Water Co.	August 1943	70,808	N. A.	Sale of all property to Town of Glen Dale, W. Va.	Release 4817.
James Mills Orchards Corp.	June 30, 1945	1,660,124	600,000	Sale of properties.	File No. 30-75-2.
New Jersey Water Co.	November 1945	3,203,936			
Westmoreland Water Co.		5,091,569	2,000,000	Sale of investment.	Do.
Williamsport Water Co.		6,135,323			
Williamsport Bridge Co.	1941	817,359	N. A.	Sale of investment in common stock.	Do.
Wheeling Bridge Co.	1941	713,121	N. A.	Sale of physical properties to city of Wheeling, W. Va.	Do.
Associated Gas & Electric Co.:					
Citizens Rapid Transit Corp.	1944	1,210,706		Included in divestment of Virginia Public Service Co. (See electric utility companies divested—no longer subject.)	Release 4868.
Citizens Transit Co.	Jan. 28, 1946	141,446	N. A.	Sale of common stock to J. A. Harrison.	
City Water Co.	November 1942	N. A.	N. A.	Sale of investment.	Moody's.
Dawson Springs Water Works Co.		N. A.			
Hopkinsville Water Co.	June 1940	1,000,962	550,000	Sale of assets to city of Hopkinsville, Ky.	Release 2131.

PART I-C.—NONUTILITY COMPANIES DIVESTED¹ AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951.—Continued

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART I-C.—NONUTILITY COMPANIES DIVESTED¹ AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued

System and company divested ²	Date of divestment	Assets of divested company ³	Consideration (if sold)	Details of divestment	Source of information
Associated Gas & Electric Co.—Continued					
Spring Brook Water Co.	April 1946	\$874,636	\$200,000	Sale of all physical properties to city of Hudson Falls, N. Y.	File No. 30-126-2.
Staten Island Coach Co.	January 1942	979,506	100,000	Sale of investment to Stone & Webster, Inc.	Trustee's Report.
Syracuse Transit Corp.	1943	4,379,177	271,025	Sale of investment.	Do.
Syracuse & Valley Land Co., The		(Cons.)			Do.
Triple Cities Traction Co.	January 1942	1,105,245	276,000	Sale of all stock to George E. Schreiber	Do.
Virginia Northern Ice Corp.	1942	N. A.	35,000	Sale of properties.	Do.
York Bus Co.	December 1941	329,391	200,000	Sale of investment to George A. Stevens.	Do.
Central Public Utility Corp.:					
Lynchburg Transit Co.	January 1946	816,827	1,450,000	Sale of investment.	File No. 30-133-2.
Roanoke Railway & Electric Co.	2,057,254				
Safety Motor Transit Corp.	December 1939	1,461,633	20,000	Sale of all physical properties to National City Lines, Inc.	Do.
Portsmouth Public Service Co.	September 1940	429,046	299,596	Sale of all physical properties to City of Princeton, Ind.	Do.
Princeton Water & Lighting Co.	1941	304,872	150,000	Sale of investment to Fred J. McCoy.	Do.
Wheeling Public Service Co.					
Cities Service Co.:					
East Boulder Ditch Co., The	November 1943	2,632		Included in investment of Public Service Co. of Colorado.	
Green & Clear Lakes Co.		25,000		(See electric utility companies divested—no longer subject.)	
Hillcrest Ditch & Reservoir Co., The		45,100		Included in investment of United Fuel Investments, Ltd.	Release 4699.
Hamilton By-Products Coke Ovens, Ltd.	October 1930	N. A.		(See gas utility companies divested—no longer subject.)	File No. 70-2495.
Hot Springs Water Co.	July 1943	1,504,809	2,213,672	Sale of investment to Gus B. Walton.	Release 4425.
Hot Springs Street Railway Co.		1,089,825			
Lake Shore Coach Co.	September 1943	431,629	321,713	Sale of investment.	File No. 30-108-2.
Natural Gas Pipeline Co. of America	Dec. 13, 1948	99,479,402	32,968,087	(Sale of investment to Peoples Gas Light & Coke Co. (See divestment by Southwestern Development Co.)	File No. 30-196.
Texas Natural Gas Co.		31,272,367			
North River Transportation Co.	June 30, 1940	N. A.		Sale of properties and franchises to Grays Harbor Lines.	File No. 30-109-2.
Stack Transit, Inc.	December 1944	213,851	25,000	Sale of common stock.	File No. 30-108-2.
Tucson Road Transit Co.	Sept. 14, 1946	467,597	203,944	Sale to investment to W. C. White.	File No. 30-109-2.
Columbia Gas System, Inc.:					
Bridge Gas Co.	May 1949	N. A.	20,000	Sale of investment to Trustees of Inland Gas Corp.	File No. 48-72.
Ohio Fuel Supply Co., The	February 1946	3,582,996	2,657,110	Sale of common stock to Texas Gulf Producing Co. and Bradley Producing Co.	File No. 30-36-2.
Panhandle Eastern Pipe Line Co.	March 1943	102,304,222	10,500,474	Sale of common stock of Panhandle to Phillips Petroleum Co.	Release 3885.
Illinois Natural Gas		(Cons.)			
Michigan Gas Transmission Corp.					
Commonwealth & Southern Corp., The:					
Akron Transportation Co.	September 1943	4,920,886	3,500,000	(Sale of investment of A. C. Allyn & Co. and Equitable Securities Corp.)	File No. 70-676.
Youngstown Municipal Railway Co.		2,808,980			
Columbus Transportation Co.	1943	423,707	471,320	Sale of investment to Clement A. Evans & Co., Inc.	Do.
Commonwealth Service, Inc., of New York.	Nov. 1, 1949	486,236	70,000	Common stock sold to officers and employees.	Release 6862.

Gulfport & Mississippi Coast Traction Co.	1943	394,244	7,500	Sale of investment to Equitable Securities Corp. Included in divestment of Consumers Power Co. (See electric utility companies divested—no longer subject.)	File No. 70-876. Release 8683.
Michigan Gas Storage Co.	Oct. 1, 1949	18,189,862			
Penn.-Ohio Coach Lines Co.	July 1943	2,007,723	1,350,000	Sale of investment to Greyhound Corp. of New York.	File No. 70-476. Do.
Shenango Valley Transportation Co.	do	292,559	276,534	Sale of investment to Harry Warshowsky and Bernard Shaizkin.	
South Georgia Ice Co.	September 1943	224,744	145,000	Sale of investment.	File No. 30-115-2. Release 4240.
Springfield Transportation Co.	1945	1,618,660		Distribution of common stock as liquidating dividend.	
Tennessee Transportation Co.	1939	13,826		Included in divestment of Tennessee Electric Power Co. (See electric utility companies divested—no longer subject.)	File No. 30-115-2.
Community Power & Light Co.:					
Southwestern Ice Co.	1942	20,912	N. A.	Sale of physical properties to Town of Holbrook, Ariz.	File No. 30-29-2.
East Coast Public Services Co.	Oct. 2, 1945	1,199,856	628,493	Sale of investment to Galleher & Co., Inc.	File No. 30-57-2. Do.
East Coast Telephones, Inc.	1941	55,318	6,966	Sale of common stock to Garland S. Syndor and T. Austin Syndor.	
East Coast Water Co.	1942	827,683	86,816	Sale of investment.	Do.
Hermifarge Ice & Storage, Inc.	Dec. 2, 1948	68,726		Included in divestment of Carolina Power & Light Co. (See electric utility companies divested—no longer subject.)	Releases 8669 and 8694.
Capitan Corp.					
Capital Transportation Co.	December 1949			Included in divestment of Middle South Utilities, Inc. (See electric utility companies divested—still subject.)	File No. 7160.
Gentilly Development Co.	February 1947			See divestment by Middle South.	
Hazel Township Water Co.		N. A.		Included in divestment of Pennsylvania Power & Light Co. (See electric utility companies divested—no longer subject.)	Releases 6363 and 6377. Releases 8889 and 8903.
Pennsylvania Realty & Investment Co.		N. A.			
West Pittston-Eveler R. R. Co.		774,703			
Electric Power & Light Corp.:					
Dallas Railway & Terminal Co.	Jan. 10, 1946	14,876,027	3,517,963	Sale of common stock to the public.	File No. 2-7920.
Capital Transportation Co.	July 6, 1949			Included in divestment of Middle South Utilities, Inc. (See electric utility companies divested—still subject.)	File No. 59-4. File No. 30-105-2. Release 4255.
Gentilly Development Co.				See divestments by electric Bond & Share Co. and Middle South.	
Mississippi River Fuel Corp.	Apr. 26, 1949	41,581,003	9,170,640	Sale of 305,688 shares (46.65 percent) common stock to the public.	
Engineers Public Service Co.:					
Baton Rouge Bus Co.	July 1943	558,047	355,000	Sale of capital stock to Inter-City Transit Co.	
El Paso and Juarez Traction Co.	December 1943	678,655	372,000	Sale of investment to American City Lines, Inc.	
Diamond Ice & Storage Co.	April 1943	792,100		Included in divestment of Puget Sound Power & Light Co. (See electric utility companies divested—no longer subject.)	
Ice Delivery Co., The		N. A.			
North Coast Transportation Co.		4,366,180			
Independent Stages, Inc.		14,764			
Federal Water & Gas Corp.:					
Alabama Water Service Co.	March 1946	878,864	110,000	Sale of water systems in Monroeville and Oneonta, Ala. to municipalities and in Collinsville, Ala., to Collinsville Water Works Co.	Releases 6376 and 6502.
California Water Service Co.	June 1939	19,972,331	3,202,000	Sale of common stock to General Water, Gas & Electric Co.	File No. 30-94-2. Do.
Chester Water Service Co.	December 1939	6,396,858	800,000	Sale of common stock to city of Chester, Pa.	Do.
Clear Springs Water Service Co.	March 1940	1,279,784	200,000	Sale of investment to water authority of Northampton, Pa.	Do.
Illinois Water Service Co.	1938	5,199,071	635,000	Sale of investment to Northern Illinois Water Corp.	Do.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and nonutility companies registered by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART I-C.—NONUTILITY COMPANIES DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951.—Continued

System and company divested ³	Date of divestment	Assets of divested company ⁴	Consideration (if sold)	Details of divestment	Source of information
Federal Water & Gas Corp.—Continued					
New York Water Service Corp.	May 1947	\$25,684,969			
Rochester & Lake Ontario Water Service Corp.		5,533,070			
South Bay Consolidated Water Co., Inc.		7,396,209		Distribution of common stock as liquidating dividend.	Release 6994.
Western New York Water Co., Inc.		8,716,146			
Ohio Water Service Co.	March 1945	7,914,742	\$1,063,404	Sale of common stock to the public.	Release 5671.
Pittsburgh Suburban Water Service Co.	November 1942	3,865,756	475,000	Sale of common stock to Borough of West View, Pa.	File No. 30-94-2.
Southern Production Co., Inc.	Sept. 15, 1948	4,913,702		Distribution of 761,883 shares (54 percent) common stock as liquidating dividend.	Release 8387.
Union Water Service Co.	February 1943	1,965,610			
Citizens Water Service Co.		1,737,442			
Clymer Water Service Co.		870,948			
Morris Water Co.		82,240			
Naphtunus Water Co.		52,566			
New Jersey Water Service Co.		460,185			
Ocean City Sewer Service Co.		845,444			
Ocean City Water Service Co.		1,199,236			
Punxsutanaway Water Service Co.		1,096,184			
West Virginia Water Service Co.	February 1945	12,409,624			
Bluefield Valley Water Works Co.		N. A.	1,675,000	Sale of investment to Shea & Co.	Release 5678.
Glenn County Gas Co.		N. A.			
West Virginia Production Co.		N. A.			
International Hydro-Electric System:					
Hartford Water Co.	Sept 30, 1945	289,951	118,144	Sale of investment to General Water Works Corp. Included in divestment of New England Power Association. (See electric utility companies divested—still subject. See divestment by New England Electric System.)	File No. 30-33-2. Release 6470.
(United Electric Railways Co.)	June 3, 1947				
International Utilities Corp.					
Boise Water Corp.	October 1944	2,123,225	800,000	Sale of common stock of Boise to Arkansas Municipal Water Corp.	File No. 30-165.
Kellogg Power & Water Co.		399,222			
Natastorum Co.		333,304			
California Water Service Co.	Mar. 29, 1945	20,113,267	3,870,058	Sale of common stock to the public.	File No. 70-1067.
Capital City Water Co.	December 1943	1,312,883	351,385	Sale of investment.	File No. 30-165-2.
Pinellas Water Co.	December 1940	3,011,883			
Southern Water Company		117,921	1,832,187	Sale of physical properties to city of St. Petersburg, Fla.	File No. 30-33-2.
San Jose Water Works	Mar. 29, 1945	7,123,177	2,830,735	Sale of common stock to the public.	File No. 30-165.
Securities Corp. General	January 1942	1,161,970	125,788	Sale of investment to Cecil P. Stowart.	Release 4089.
Sedalia Water Co.	August 1943	1,781,115	169,000	Sale of investment to Arkansas Municipal Water Co.	File No. 70-666.
Winchester Water Works Co.	Mar. 16, 1945	655,373	244,834	Sale of all physical properties to city of Winchester, Ky.	File No. 70-1067.

Koppers Co., Inc. Alan Wood Steel Co. Long Island Lighting Co. Kings Appliance Co.	January 1946 Dec. 15, 1948	18,410,456 N. A.	550,000	Sale of investment. Included in divestment of Kings County Lighting Co. (See gas utility companies divested—no longer subject.)	Moody's. Releases 7060 and 7122.
Middle South Utilities, Inc.: Capital Transportation Co. Gentilly Development Co.	Dec. 27, 1950 Jan. 16, 1950	3,650,905	525,000 900,000	Sale of all capital stock, to Courtesy Transit Co. Sale of assets to Gentilly Homes, Inc., and to W. H. Crawford and R. A. Toups.	Releases 10390. Release 10328
Middle West Corp., The Bureau of Safety, Inc.	Dec. 31, 1949	36,176	3	Donation of capital stock to officers and directors of company in lieu of severance pay.	Release 9472.
Consumers Ice Co. Eastern Kansas Pipe Line Co.	December 1944 June 1940	156,529 1,005,940	N. A.	Sale of all physical properties. Included in sale of Missouri Public Service Corp. (See electric utility companies divested—no longer subject.)	File No. 30-48-2. Release 2138.
Illinois Stock Transfer Co.	Dec. 31, 1949	20,766		Donation of capital stock to officers and directors of company in lieu of severance pay.	Release 9472.
Insurance Trust Fund (Trustees)	do.	586,320		Arrangement of agreement to terminate control by Middle West Corp.	Do.
International Transit Co. The Northern Public Service Corp., Ltd Winnipeg Heating Co. Ltd. Middle West Service Co.	Dec. 7, 1949 Dec. 31, 1949	437,457 2,316,561 1,180,712 121,710		Included in divestment of Middle West Utilities Co. of Canada, Ltd. (See electric utility companies divested—no longer subject.)	Release 9545.
Old Dominion Ice Corp.	January 1949	30,187		Donation of capital stock to officers and directors of company in lieu of severance pay.	Release 9472.
Sand Springs Water Co.	March 1950	1,803,000	385,000	Included in distribution of common stock of Kentucky Utilities Corp. (See electric utility companies divested—no longer subject.)	Release 8788.
White River Corp.	Nov. 29, 1948	N. A.		Physical properties sold to cities of Sand Springs, Okla., and Tulsa, Okla.	Release 9705.
Southern United Ice Co. City Ice Co. of Kansas City Western Ice Services Co. Midland Realization Co. Shore Line Shops, Inc.	November 1942 do. do. Mar. 10, 1947	3,033,031 2,344,757 2,685,857 394,471	91,000 670,000	Included in distribution of common stock of Public Service Co. of Indiana, Inc. (See electric utility companies divested—no longer subject.) Sale of investment to Atlantic Co. Sale of investment to Atlantic Co.	Release 8642. Release 3943. File No. 30-48-2.
National Gas & Electric Corp.: National Oil & Gas Corp. The Fritz Oil & Gas Co.	Dec. 31, 1949	7,925,495 220,821		Included in divestment of Northern Indiana Public Service Co. (See electric utility companies divested—no longer subject.) Common stock of National Gas & Oil Corp. distributed as a liquidating dividend.	Releases 6786 and 7272. Release 9531.
National Power & Light Co.: Allentown Bridge Co. East Penn Transportation Co. Hazel Township Water Co. (Pennsylvania Realty & Investment Co.) (West Pittston—E. V. R. Co.) Hummelstown Water Supply Co.	Oct 10, 1949. May 1939. August 1946. 1942.	554,891 186,503 379,315	452,755 90,300 71,481	Sale of capital stock to Commonwealth of Pennsylvania. Sale of common stock to Eckley B. Markle. Included in divestment of Pennsylvania Power & Light Co. (See divestment by Electric Bond & Share Co.) Sale of investment.	Release 9413. File No. 30-146-2. Release 6796. File No. 30-146-2.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
National Power & Light Co.—Continued					
*Lehigh Valley Transit Co.....	Jan. 18, 1951.....	\$1,539,925 89	\$810,500	Sale of investment to Cincinnati, Newport & Covington R. R. Co.	Release 10321, 10333.
Easton Transit Co.....					
Easton & South Bethlehem Transportation Co.....					
Lehigh Valley Transportation Co.....					
Norristown Transit Co.....	May 27, 1949.....	12,509,388	248,337	Common stock retired in recapitalization.....	Release 8942
Memphis Street Railway Co., The.....	1942.....	119,963	18,679	Sale of investment.....	File No. 30-146-2.
Wrightsville Water Supply Co.....	1942.....	224,106	N. A.	Sale of all physical properties.....	D. O.
South Texas Utilities Co.....	1939.....	189,589	122,300	Sale of common stock to Alvin R. Bush and John G. Snowden.	D. O.
Valley Transportation Co.....					
New England Electric System:					
United Electric Railways Co.....	Mar. 1, 1951.....		4,700,000	Sale of investment to What Cheer Associates.....	Release 10387.
New England Public Service Co.:					
New England Industries, Inc.....	Oct. 11, 1945.....	418,455 4,460,627 7,171,679			
Androscoggin Mills.....		3,819,324			
Bates Manufacturing Co.....		4,375,006	16,500,000	Sale of investment in New England Industries to the public.	Release 6123.
Edwards Manufacturing Co., The.....		4,506,812			
Hill Manufacturing Co.....		19,632,356			
Keyes Fibre Co.....		175,789			
Maine Seaboard Paper Co.....		561,656			
Mitchell Lumber Co., Ltd.....		4,986,442			
The Wright Co.....		6,585,195	1,275,000	Sale of transportation equipment to H. E. Salzborg, Inc.....	Release 5506.
York Manufacturing Co.....	December 1944.....				
Portland Railroad Co.					
North American Co., The:					
Arlington Properties Co., Ltd.....	Sept. 17, 1945.....			Included in divestment of Pacific Gas & Electric Co. (See electric utility companies divested—no longer subject.)	Release 6027.
Crystal Lake Co., Ltd.....					
Standard Pacific Gas Line, Inc.....					
Valley Electrical Supply Co.....	Sept. 12, 1949.....	65,703,546 (Cons.)	2,189,160	Sale of 109,468 shares (45.6 percent) common stock to L. E. Wolison and associates.	Release 9287.
Capital Transit Co.....				Included in divestment of Cleveland Electric Illuminating Co. (See electric utility companies divested—no longer subject.)	Release 7273.
Glen Echo Park Co., The.....	May 27, 1947.....	156,808			
Montgomery Bus Lines, Inc.....					
Celco Co., The.....					
Illinois Terminal Railroad Co.	December 1945.....	59,645,735	19,642,207	Sale of physical properties to Railway Corp. of Illinois.....	Release 6570.
Liquidating Railway Corp.....	June 21, 1949.....	N. A.		Included in divestment of Illinois Power Co. (See electric utility companies divested—no longer subject.)	Releases 9103 and 9151.

PART I-C.—NONUTILITY COMPANIES DIVESTED † AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 †—Continued

TABLE 18.—Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued

PART I-C.—NONUTILITY COMPANIES DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued							
System and company divested:	Date of divestment	Assets of divested company ⁴	Consideration (if sold)	Details of divestment	Source of information		
United Corp., The—Continued							
Electric Realty Corp.	December 1944	\$3,656,890		Included in divestment of Philadelphia Electric Co. (See electric utility companies divested—no longer subject.)	Releases 5440, 5442.		
Philadelphia Steam Co.		1,780,368					
Wayne Steam Heat Co.		1,335,085					
Niagara Junction Railway Co.	Dec. 31, 1947	1,998,805	\$1,000,000	Sale of common stock to New York Central R. R. Co and others.	File No. 30-116.		
Public Service Coordinated Transport—	April 1949	88,110,960		Included in divestment of Public Service Electric & Gas Co. (See electric utility companies divested—no longer subject.)	Release 8306.		
Public Service Interstate Transport Co.		(Cons.)					
Riverside & Fort Lee Ferry Co., Inc.		539,836					
Yellow Cab, Inc.		170,103					
United Gas Improvement Co.	December 1941	174,167					
Arizona Ice & Cold Storage Co.		2,069,581					
Home Ice Co.		756,709	1,667,000	Sale of investment.	File No. 30-129.		
Crystal Ice Co.		2,079,682					
Crystal Ice & Cold Storage Co.		5,000					
Galveston Ice & Cold Storage Co.		340,743					
Merchants Ice & Cold Storage Co.		997,396					
Arctic Ice Co.		888,727					
National Ice & Service Co.		4,241,700	1,400,000	Sale of outstanding capital stock to Russell S. Stoughton.	Release 10477.		
New State Ice Co.	Mar. 30, 1951	77,004					
Springfield Ice & Refrigerating Co.		732,799		Included in divestment of Connecticut Light & Power Co. (See electric utility companies divested—no longer subject.)	Release 2687.		
Delaware Coseh Co.		1,150,062					
Delaware Bus Co.		12,093,395	3,260,000	Sale of all common stock to Charles S. Mott.	Release 3433.		
Southern Pennsylvania Bus Co.							
Rocky River Realty Co., The	April 1941	884,934	375,000	Sale of investment to John L. Wilson.	File No. 30-102-2.		
Shelton Canal Company, The		1,049,004	385,000	Sale of investment.	Do.		
Windsor Locks Canal Co., The		1,390,846	N. A.	do.	File No. 30-102.		
St. Louis County Water Co.	April 1942	3,218,370	500,000	Sale of investment to L. Russell Kelce.	Release 9763.		
United Light & Power Co.		(Cons.)					
Lincoln Traction Co., The	September 1942	1,634,918		Included in sale of common stock of Detroit Edison Co. (See electric utility companies divested—no longer subject.)	Release 8125.		
Mason City Brick & Tile Co.	July 1943	N. A.	47,500	Sale of assets to Mason City Clear Lake R. R. Co.	Releases 10280.		
South Texas Ice Co.	April 1943		100,000	Sale of investment.	File No. 54-178.		
United Light & Railways Co.	Apr. 10, 1950						
Bevier Coal Mining Co.							
Hume-Sinclair Coal Mining Co.							
Huntsville-Sinclair Mining Co.	April 1948						
Huron Farms Co.							
Mason City & Clear Lake R. R. Co.	December 1950						
Professional Building Co.	do.						

Unified Public Utilities Corp.: Alabama United Ice Co.....	December 1943.....	232, 365	169, 010	Sale of investment to Thomas E. Wright and Jos. J. Kary, Jr. common stock to Walter Moorman and Ross Tunkler.	Release 4730. Release 4625.
Cap. F. Bourland Ice Co.....	October 1943.....	156, 872	50, 000	Sale of investment to Montana Dakota Utilities Co.	Release 6142. Release 4778. Release 4625.
Knife River Coal Mining Co.....	Oct. 18, 1945.....	831, 985	547, 482	Sale of investment to W. J. Small.	File No. 30-188-2. Do.
Louisiana Ice Service, Inc.....	December 1943.....	1, 090, 721	436, 949	Sale of investment to John W. Harding.	
Texas Ice & Refrigerating Co.....	October 1943.....	1, 310, 732	325, 000	Sale of properties	
Utilities Power & Light Corp.: Electric Building Corp.....	January 1940.....	921, 242	265, 500		
Illinois and Missouri Pipe Line Co.....	1940.....	434, 383	231, 522		

PART I-D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 *

System and company whose properties have been divested	Date of divestment	Consideration	Details of divestment	Source of information
American Gas & Electric Co.: Appalachian Electric Power Co.....	1950.....	\$5, 782	Distribution facilities located in Town of Richlands, sold to Richlands, Va.	File No. 30-150-2.
Indiana & Michigan Electric Co.....	May 1, 1950.....	725, 701	Certain electric facilities and utility physical properties in Indiana, sold to Public Service Co. of Indiana.	File No. 30-150-2 and Release 4768.
American Power & Light Co.: Dallas Power & Light Co.....	1949.....	2, 663	Sale of generating set and auxiliary equipment in Dallas, Tex., to Liberty Iron & Metal Co.	File No. 30-144.
Florida Power & Light Co.....	1942.....	6, 230	Sale of electric properties at Tavernier, Fla., to Florida Keys Electric Cooperative Association, Inc.	File No. 30-144-2.
Montana Power Co.....	Dec. 14, 1949.....	950, 000	Sale of Canyon Ferry hydroelectric development to Department of the Interior.	File No. 30-144.
Northwestern Electric Co.....	1942.....	68, 000	Sale of distribution system serving North Bonneville, Wash., to Skamania County P. U. D. No. 1.	File No. 30-144-2
Pacific Power & Light Co.....	1942.....	32, 000	Sale of distribution system in Skamania County, Wash., to Skamania County P. U. D. No. 1.	Do.
Do.....	February 1948.....	4, 837, 500	Sale of all electric utility properties in Clark County, Wash., to Clark County P. U. D. No. 1.	Do
Texas Electric Service Co.....	1942.....	15, 887	Sale of distribution system in Grand Falls, Tex., to Red Bluff Water Power Control District.	Do.
Texas Power & Light Co.....	September 1939.....	5, 000, 000	Sale of certain electric properties to Lower Colorado River Authority.	Do.
Do.....	1943.....	1, 657	Sale of extension line in Miami Springs, Fla.	Do.
Florida Power & Light Co.....	1943.....	32, 832	Sale of certain distribution facilities to Clay Electric Cooperative, Inc.	File No. 30-144-2.
American Utilities Service Corp.: Louisiana Public Service Corp.....	1940.....	N. A.	Sale of stand-by generating plant in Montgut, La., to Marnngoutin Ice Factory.	
Do.....	February 1940.....	56, 000	Sale of electric utility assets in Oak Grove, La. to E. J. Haugh.	File No. 30-71-2.
Minnesota Utilities Co.....	October 1941.....	520, 000	Sale of electric utility assets in Twin Valley and Wheaton, Minn., to Otter Tail Power Co.	Release 3055.
Do.....	November 1942.....	378, 000	Sale of electric utility assets of Root River Division to Tri-County Electric Cooperative and Dairyland Power Cooperative.	Release 3916.
Do.....	July 1942.....	88, 469	Sale of electric utility assets in Grey Eagle District to Minnesota Power & Light Co.	File No. 54-57.
Do.....	February 1943.....	200, 000	Sale of electric plant and distribution system in Pine River, Minn., to Minnesota Power & Light Co.	Release 4087.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART I-D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Con.

System and company whose properties have been divested	Date of divestment	Consideration	Details of divestment	Source of information
American Utilities Service Corp.—Continued				
Northwestern Illinois Utilities	March 1942	\$87,157	Sale of assets in LaFarge and Viola, Wis., to the respective villages.	File No. 54-57.
Ripley Utilities Co.	April 1939	10,000	Sale of distribution equipment and other assets to C. O. Pflner, Ripley, Miss.	Do.
Do.	April 1938	70,000	Sale of electric transmission and distribution facilities to Tippah County Electric Power Association.	Do.
Roberts County Power Co.	April 1940	35,000	Sale of electric distribution properties to Otter Tail Power Co.	Do.
Wisconsin Central Utilities Co.	June 1939	67,767	Sale of electric utility assets in Galesville, Wis., to Mississippi Valley Service Co.	Do.
American Water Works & Electric Co., Inc.	1943	3,948	Sale of certain assets to The Chesapeake and Potomac Telephone Co. of Baltimore, Md., and the United States Government.	File No. 30-75-2.
Potomac Light & Power Co.	1942	2,840	Sale of transformer installations to Standard Line & Stone Co.	Do.
West Penn Power Co.	1942	8,972	Sale of distribution plants to Borough of Tarentum, Pa., and Western Penitentiary, Bellefonte, Pa.	Do.
Associated Gas & Electric Co.:				
Florida Power Corp.	May 1942	128,559	Sale of certain facilities in Gadsden and Leon Counties, Fla., to Talquin Electric Co-Op, Inc.	Release 3569.
K-T Electric & Water Co.	May 1943	200,001	Sale of Franklin Electric Distribution System to city of Franklin, Warren Cooperative, and TVA.	File No. 30-122.
Do.	do.	3,000	Sale of electric utility facilities to Bowling Green Municipal System.	File No. 30-122.
Litchfield Electric Light & Power Co., The.	November 1942	90,000	Sale of certain electric facilities to Claiborne Electric Co-op, Inc.	Trustee's Report.
Maryland Public Service Co.	May 1940	14,675	Sale of 10 miles of distribution facilities.	Do.
New York State Electric & Gas Corp.	April 1941	205,984	Sale of certain properties to city of Flattsburg, N. Y., and Rockland Light & Power Co.	Do.
Ohio-Midland Light & Power Co.	1944	86,145	Sale of physical properties and other assets of New Washington and Wyandot Divisions to North Central Electric Co-op, Inc.	File No. 30-122.
Do.	1944	31,137	Sale of physical properties and other assets of Paint Township Division to Holmes Rural Electric Cooperative, Inc.	File No. 30-122.
Texas General Utilities Co.	August 1941	44,630	Sale of all facilities except certain transmission lines to Universal Electric Construction Co.	Trustees' Report.
Tri-City Utilities Co.	August 1942	175,870	Sale of certain properties to Kentucky Utilities Co.	Release 3744.
Central States Edison, Inc.:				
Blue Valley Electric Co.	June 1940	7,705	Sale of electric distribution system at Steel City, Neb., to city of Fairburg.	File No. 30-28-2.
Gasconade Power Co.	July 1939	36,000	Sale of electric distribution system at Owansville, Mo., to city	Do.
Cities Service Co.:				
Marion-Reserve Power Co.	May 1945	7,950,000	Sale of certain assets to Dayton Power & Light Co.	Release 5809.
Ohio Public Service Co.	1943	36,521	Sale of certain assets to Brush Beryllium Co.	File No. 30-108-2.
Citizens Utilities Co.:				
Citizens Utilities Co.	1938	54,379	Sale of electric distribution system in Goodland, Kans., to the city	File No. 30-59-2.
Do.	1939	26,500	Sale of electric transmission and distribution systems in Brewster, Edson, and Levant, Kans., to Inland Utilities Co.	Do.
Newport Electric Corp.	1938	3,501	Sale of electric utility assets in Abercorn and St. Armand, Quebec to 2 Canadian companies.	Do.

Commonwealth & Southern Corp., The:									
Alabama Power Co.....	1940.....	4,268,848	Sale of properties in 11 Alabama Counties to TVA and other public groups.....	File No. 30-115-2.					
Georgia Power Co.....	May 18, 1949.....	424,532	Sale of a portion of substation to South Carolina Power Co.....	File No. 30-222.					
Gulf Power Co.....	June 1943.....	13,595	Sale of distribution facilities at Tridall Field, Fla., to U. S. A.....	File No. 30-115-2.					
Mississippi Power Co.....	1939.....	2,022,000	Sale of properties in Northern Mississippi to TVA.....	Do.					
Crescent Public Service Co.....	1941.....	65,000	Sale of electric properties to the city of Bridgeport, Tex.....	File No. 30-56-2.					
Empire Southern Service Co.....	1943.....	226,536	Sale of certain electric properties to the Indiana Electric Cooperative, Inc.....	Release 4613.					
Oklahoma Utilities Co.....	June-1941.....	170,000	Sale of certain properties to Blue Ridge Membership Corp.....	Release 2840.					
East Coast Public Service Co.:	August 1944.....	250,000	Sale of electric facilities in Green River, Wyo., to Southern Wyoming Utilities Co.....	Release 6227.					
Northwest Carolina Utilities, Inc.	1938.....	60,000	Sale of electric distribution system in Cozad, Nebr., to the city.....	File No. 30-105-2.					
Electric Power & Light Co.:	Do.....	342,000	Sale of electric utility assets in Auburn, Nebr., to the city.....	Do.					
Utah Power & Light Co.:	1940.....	78,102	Sale of electric distribution system in Bayard, Nebr., to the city.....	Do.					
Engineers Public Service Co.:	1941.....	275,000	Sale of electric utility assets in Laramie, Colo., to city.....	Do.					
Western Public Service Co. (Maryland).	1942.....	6,587,500	Sale of Nebraska and South Dakota properties to Consumers Public Power Co. of Nebraska.....	Release 3245.					
Do.....	Sept. 1, 1944.....	2,500,000	Sale of electric properties to the cities of Andalusia, Elba, and Opp, Ala., and the Alabama Electric Cooperative, Inc.....	Release 4477.					
Federal Water & Gas Corp.:	1949.....	\$7,163	Sale of electric distribution properties in Sioux Center, Iowa, to the city.....	File No. 30-20.					
Alabama Water Service Co.....	1941.....	\$7,605	Sale of property located in Colorado River Valley to Lower Colorado River Authority.....	File No. 30-48-2.					
Iowa Public Service Co.:	1941.....	1,388,534	Sale of certain Texas properties to Bandera County Cooperative.....	Do.					
Iowa Public Service Co.....	1941.....	125,087	Sale of property located in Harper, Tex., to Pedernales Electric Cooperative.....	Do.					
Middle West Corp., The:	1941.....	25,053	Sale of distribution facilities in Booneville, Ky., to Jackson County Rural Electric Co-op.....	Do.					
Central Power & Light Co.....	December 1942.....	7,500	Exchange of certain properties and cash for properties of Tri-City Utilities Co. (For divestment of Tri-City by Associated Gas & Electric Co., see electric utility companies divested—no longer subject.).....	Release 3744.					
Do.....	September 1943.....	175,000	Sale of certain Texas properties to Northwestern Electric Cooperative.....	File No. 30-48-2.					
Do.....	August 1946.....	1,340,000	Sale of electric properties located in Dalhart and Texline areas to Southwestern Public Service Co.....	Release 6830.					
Do.....	1941.....	\$5,206	Sale of transmission line to Wisconsin Michigan Power Co.....	File No. 30-48-2.					
Do.....	October 1943.....	284,798	Sale of distribution system in Lebanon, Ind., to the city.....	File No. 2-4893.					
Kansas Electric Power Co.....	November 1944.....	22,000	Sale of all physical properties located in Brookfield and Kurksville, Mo., to Missouri Mincang Co.....	File No. 30-49-2.					
Do.....	June 1939.....	17,300,000	Sale of electric properties in Memphis, Tenn., and Shelby County, Tenn., to TVA and city of Memphis, Tenn.....	Release 1854.					
Do.....	April 1943.....	2,500	Sale of certain physical assets to Piper Aircraft Corp.....	File No. 30-146-2.					

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART I-D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951—Con.

System and company whose properties have been divested	Date of divestment	Consideration	Details of divestment	Source of information
New England Electric System:				
Ahol Gas & Electric Co.	1949	\$1,500	Sale of transformer equipment.	File No. 30-33.
Central Massachusetts Electric Co.	1949	1,789	Sale of certain distribution facilities.	Do.
Haverhill Electric Co.	1949	640	Sale of distribution line.	Do.
New England Power Co.	1949	40	Sale of metering equipment.	Do.
Worcester County Electric Co.	1949	460	Sale of certain distribution facilities.	Do.
New England Public Service Co.	1949	2,056	Sale of substation at South Shaftsbury, Vt.	File No. 30-13.
North American Co., The.	Sept. 9, 1946	125,000	Sale of electric utility assets in Mound City to Mound City Water & Light Co.	Release 6878.
Union Electric Co. of Missouri.	1944	619,854	Sale of substations and transmission lines to U. S. A.	File No. 30-73-2.
Missouri Power & Light Co.	June 30, 1951	650,000	Sale of electric properties located in Clinton, Mo., to Missouri Public Service Co.	File No. 70-2829.
North American Gas & Electric Co.	June 1942	13,089	Sale of electric utility assets at St. George, Utah, to the city.	File No. 30-37-2.
Southern Utah Power Co.	November 1940	5,900,844	Sale of Longview and Ryderwood, Wash., properties to Cowlitz Public Utility District.	Do.
Washington Gas & Electric Co.	July 1943	7,500	Sale of utility assets at Everett, Wash., to Wm. Shenker Co.	File No. 30-38-2.
Do.	November 1942	72,900	Sale of electric utility assets at Norton, Wash., to Public Utility District No. 1, Lewis County, Wash.	File No. 30-37-2.
Do.				
North Continent Utilities Corp.	March 1939	25,000	Sale of distribution system in Princeton, Minn., to city of Princeton.	File No. 30-154.
Elk River Power & Light Co.	1941	16,000	Sale of Borl, Ariz., distribution system to Sulphur Springs Valley Electric Corp., Inc.	Do.
Southern Arizona Public Service Co.				
North States Power Co. (Minnesota):	June 29, 1950	539,447	Sale of Plattsville Division properties to Wisconsin Power & Light Co.	Release 9927.
Interstate Light & Power Co. (W/Is).	March 1941	90,000	Sale of distribution system at Benton, Ky., to city of Benton.	File No. 30-67-2.
Central States Power & Light Corp.	September 1941	65,106	Sale of distribution system at Bardwell, Ky., to city and distribution systems at Arlington and Meiburn, Ky., to West Kentucky Electric Co-op. Association.	Do.
Do.	December 1941	48,662	Sale of distribution system at Osage, Iowa, to city.	File No. 30-67-2.
Interstate Power Co.	Dec. 17, 1946	950,000	Sale of electric generating and distributing properties in the State of South Dakota to five cooperatives.	Release 7069.
Interstate Power Co. (Delaware)	October 1944	3,000,000	Sale of certain electric and other properties to Otter Tail Power Co.	File No. 54-42.
Quincy Electric Light & Power Co.	1943	1,959	Sale of electrical equipment to United States Naval Air Station.	File No. 30-33-2.
Ohio Edison Co., The.				
Ohio Public Service Co.	1949	20,220	Sale of certain distribution facilities to Lorain-Medina Electric Cooperative.	File No. 30-210.

Peoples Light & Power Co.:								
Texas Public Service Co.:	1939	260,000	Sale of certain properties to cities of Smithville and Weimar, Tex.	File No. 30-88-2.				
West Coast Power Co.:	1930	44,000	Sale of property in Cascade Locks, Oreg., to the city.	Do.				
Do.	1940	40,000	Sale of Stevens electric properties to P. U. D. No. 1 of Skamania County, Wash.	Do.				
Do.	1940	575,000	Sale of Lower Columbia River properties in Washington to 2 Pacific Utility Districts and Bonneville Dam Authority	File No. 54-07.				
Do.	1941	275,000	Sale of electric property in Shelton, Wash. to Public Utility District.	Do.				
Do.	1943	160,000	Sale of property in Clatskanie District to Clatskanie Public Utility District.	Release 5248.				
Do.	1943	735,000	Sale of Oregon coast properties to Central Lincoln Public Utility District.	File No. 30-07-2				
Slough City Gas & Electric Co.:	September 1944	685,000	Sale of all electric properties in the State of Idaho to Idaho Power Co.	Do.				
Iowa Public Service Co.:	1937	109,916	Sale of distribution system in Manning, Iowa, to the city.	Release 6048.				
Do.	1941	N. A.	Sale of distribution system in Graettingus, Iowa, to the city.	File No. 30-07-2				
Do.	1941	318,000	Sale of electric system to Consumers Public Power District.	Do.				
The Southern Co.:								
Nebraska Public Service Co.:								
Georgia Power Co.:	May 18, 1940	424,533	Sale of Stevens Creek substation to South Carolina Power Co.	Release 8946.				
Do.	Sept. 22, 1949	171,200	Sale of electric distribution facilities to city of Albany, Ga.	File No. 30-222.				
Standard Gas & Electric Co.:	1949	1,113	Sale of electric distribution facilities in Manitowoc, Wis., to city of Manitowoc	File No. 30-140.				
Wisconsin Public Service Corp.:								
Standard Power & Light Corp.:	1943	18,500	Sale of utility system at Yoder, Wyo., to Wyrules Co.	File No. 30-140-2.				
Mountain States Power Co.:								
United Corp., The:	March 1945	850,000	Sale of certain electric and other properties to Southern Maryland Electric Cooperative, Inc.	Release 6694.				
Eastern Shore Public Service Co. of Maryland.	July 1945		Sale of substation in Carmel, N. Y., to New York State Electric & Gas Corp.	Release 6951.				
New York Power & Light Corp.:			(For divestment of New York State by General Public Utilities Co., see electric utility companies divested—no longer subject.)					
United Light & Railways Co., The:	1941	19,539,922	Sale of electric and other properties located in Nebraska to Consumers Public Power District	File No. 30-102-2.				
Iowa-Nebraska Light & Power Co.:	1949	7,367	Sale of lines and equipment to Board of Public Utilities of Kansas City, Kans.	File No. 30-103.				
Kansas City Power & Light Co.:	June 1944	62,500	Sale of electric and other properties in Marton, Kans., to Southwestern Public Service Co.	Release 4037.				
Do.								
Utah Power & Light Co.:	1949	13,620	Sale of transmission line to Telluride Power Co.	File No. 30-148.				
Utah Power & Light Co.:	1949	512	Sale of transmission line to Dawson Coal Co.	File No. 30-81.				
West Penn Electric Co.:	1949	332	Sale of poles and other equipment to Allegheny River Mining Co.	Do.				
Monongahela Power Co.:	1949	230	Sale of poles to Duquesne Light Co.	Do.				
West Penn Power Co.:	1949	135	Sale of service wires to Latrobe Brewing Co.	Do.				
Do.	1949	16,877	Sale of distribution facilities in Tarentum Borough to the Borough.	Do.				
Do.	1949	1,915	Sale of transformer installation to Unity Coal Co.	Do.				
Do.	December 1950	125,000	Sale of transformer-Wharren transmission line to Pennsylvania Electric Co.	Release 40185.				
Do.		6,335	Sale of transformers and equipment to West Virginia University	File No. 30-81.				
Monongahela Power Co.:								

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART I-E.—PARTIAL SEGMENTS OF GAS UTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 *

System and company whose properties have been divested †	Date of divestment	Consideration	Details of divestment	Source of information
American Gas & Electric Co.; Indiana & Michigan Electric Co. Do.	1936..... 1950.....	\$198,458 50,000	Sale of gas properties to Central States Gas Co. All physical property comprising a gas utility in and adjacent to city of Delphi, Ind., sold to Central States Gas Co.	File No. 30-150. File No. 30-150-2.
American Utilities Service Corp.. Iowa Central Utilities Co. Southern Public Service Co.	December 1939..... October 1940.....	65,000 130,000	Sale of gas properties in Charles City, Iowa, to Iowa Public Service Co. Sale of gas properties in Paintsville, Pikesville, and Prestonburg, Ky., to respective cities.	Release 1853. File No. 54-57
Associated gas & Electric Corp.: The Lake Shore Gas Co. Metropolitan Edison Co.	May 1942..... February 1945.....	43,075	Sale of Van Wert properties to Central States Gas Co., Inc. Sale of gas utility properties in Hamburg and Pan Arroye, Pa., to Allentown-Redbank Gas Co. (For divestment of properties from the United Gas Improvement Co. system see partial divestments of gas utility assets—no longer subject.)	File No. 30-122. Release 5573.
Columbia Gas System, Inc.: Manufacturers Light & Heat Co., The Commonwealth & Southern Corp.: Alabama Power Co. Georgia Power Co.	1943..... Aug. 1, 1947..... August 1948.....	44,995 277,491 2,390,000	Sale of certain physical assets to Equitable Gas Co. Sale of gas distribution properties to Phenix City Natural Gas Co. Sale of all gas properties in Columbus and Americus, Ga., to Gas Light Co. of Columbus.	File No. 30-98-2. File No. 30-115. Release 8393.
Gulf Power Co. Delaware Power & Light Co.: Eastern Shore Public Service Co. of Maryland.	April 1948..... Dec. 14, 1948.....	1,900,000 40,200	Sale of gas utility properties to city of Pensacola, Fla. Sale of gas properties in city of Cambridge, Md., to Ed. C. Burton.	Release 8163. File No. 30-207, 70-2010. Release No. 8744.
General Public Utilities Corp.: Florida Power Corp. New Jersey Power & Light Co.	Dec. 13, 1945..... Jan. 20, 1947.....	1,165,000 361,000	Sale of all gas properties to Savannah-St. Augustine Gas Co. Sale of properties in Sussex, Hunterdon, Warren, and Mercer Counties, N. J., to 3 individuals.	Release 6292. Release 7144.
Pennsylvania Electric Co. Do.	Aug. 6, 1946..... Dec. 30, 1947.....	60,150 185,000	Sale of manufactured gas facilities to John H. Ware, 3d Sale of manufactured gas properties in Lewiston, Huntington, and Shipensburg, Pa., to J. H. Ware, 3d.	Release 6824. Moody's.
Middle South Utilities, Inc.: Arkansas Power & Light Co. Middle West Corp., The: Kentucky Utilities Co.	August and November 1948.....	1,943,118 1,082,659	Sale of gas utility properties to Midsouth Gas Co. Sale of gas utility properties in Lexington, Paris, and Maysville, Ky., to D. P. Nowell and J. D. Van Hoeser and gas utility properties in Danville, Ky., to West Kentucky Gas Co.	Release 10077. File No. 30-48.
Midland United Co.: Public Service Co. of Indiana, Inc. National Power & Light Co.: Memphis Power & Light Co. New England Electric System: Haverhill Electric Co.	August 1941..... June 1939..... November 1950.....	25,304 197,000	Sale of Greenfield, Ind., gas properties to Greenfield Gas Co., Inc. Sale of gas properties to city of Memphis, Tenn. Sale of gas properties to Haverhill Gas Light Co.	File No. 2-4893. Release 1584. Release 10180.

975942	New England Public Service Co.; Central Maine Power Co.	1949.	50,000	Sale of gas properties at Augusta and Waterville to Augusta and Waterville Gas Co. and gas properties at Biddleford and Saco to Biddleford and Saco Gas Co.	File No. 30-13.
	Central Vermont Public Service Corp.	1949.	51,888	Sale of gas properties at Bennington and Brattleboro to Vermont Gas Corp.	Do.
	North American Co., The.	Sept. 25, 1945.	200,000	Sale of entire gas business to Charles R. Pritchard, Jr.	Release 6017.
	Iowa Union Electric Co.	July 13, 1945.	65,000	Sale of certain gas properties to Keokuk Gas Service Co.	Release 5935.
	Ogden Corp.	May and June 1941.	2,500,652	Sale of properties in Oklahoma to Oklahoma Natural Gas Co. and properties in Texas to Texas Gas and Power Corp.	Releases 2771 and 2843.
	Central States Power & Light Corp.	Sept. 26, 1946.	210,605	Sale of gas properties adjacent to the city of Waseca, Minn., to Gerald L. Schlessman.	Release 6916.
	Interstate Power Co.	1943.	5,454	Sale of substation at Adams, Mass.	File No. 30-33-2.
17	Northern Berkshire Gas Co.	July 1945.	50,662	Sale of physical properties to Hudson Valley Gas Corp.	File No. 30-21-2.
	Pennsylvania Gas & Electric Corp.;	1944.	35,500	Sale of gas properties in central Texas to Lone Star Gas Co.	Release 4787.
	Saugerties Gas Light Co.	July 31, 1945.	237,000	Sale of Oklahoma gas properties to Kingfisher Gas Co.	Release 5952.
	Southern Union Gas Co.	June 1945.	31,500	Sale of gas properties in Hamburg and Pen Argyle, Pa., to J. H. Ware, 3d.	Release 5984.
	Do.	Sept. 14, 1945.	1,000,000	Sale of utility plant comprising the Western Division to Kansas Colorado Utilities, Inc.	Release 6045.
	United Gas Improvement Co., The.	1950.		Sale of all gas properties to Frederick Gas Co., Inc., a nonaffiliate.	
	Allentown-Bethlehem Gas Co.	May 2, 1949.	196,729	Sale of Genoa City gas line to Wisconsin Southern Gas Co.	File No. 30-224.
	United Utilities, Inc.				
	Central Gas Utilities Co., The				
	West Penn Electric Co.;				
	Potomac Edison Co.				
	Wisconsin Electric Power Co.;				
	Wisconsin Gas & Electric Co.				

PART I-F.—PARTIAL SEGMENTS OF NONUTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951¹

American Gas & Electric Co.;	March 1948.	\$805,000	Sale of water properties.	File No. 70-1777.
Indiana & Michigan Electric Co.	1944.	42,500	Sale of transit properties in Fort Wayne, Ind., to Fort Wayne Transit, Inc.	File No. 30-150-2.
Indiana Service Corp.	Dec. 1, 1949.	280,303	Sale of water property in Ada, Ohio.	File No. 30-144.
Ohio Power Co.	October 1949.	330,000	Sale of water distribution system and properties in Kennewick, Wash., to city.	Release 4621.
American Power & Light Co.;	Feb. 1, 1946.	85,000	Sale of ice and water properties at Eagle Pass, Tex., to Central Power & Light Co.	Release 6394.
Pacific Power & Light Co.	December 1950.	325,000	Sale of water system in City of Llanos, Tex., to the city.	File No. 30-144.
Texas Public Utilities Corp.	September 1938.	2,500	Sale of water properties in Coeur d'Alene, Idaho, to Idaho Water Co.	File No. 64-57.
Do.	July 1937.	6,500	Sale of telephone properties at Lemark, Ill., to Lenark Mutual Telephone Co.	Do.
Washington Water Power Co.;	1939.	1,320	Sale of telephone properties at Glenville, Ga., to Dewey Adamson	Do.
American Utilities Service Corp.	1940.	83,974	Sale of certain telephone properties in Georgia	Do.
Northwestern Illinois Utilities Co.	1939.	700	Sale of certain telephone properties in South Carolina, Alabama, and Georgia.	Do.
Southeastern Telephone Co.	June 1940.	105,000	Sale of telephone properties at Lemark, Ill., to Lenark Mutual Telephone Co.	Do.
Do.			Sale of telephone properties at West Liberty, Ky.	Do.
Southern Public Service Co.			Water plant and distribution system at Paintsville, Ky., sold to the city.	Do.

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART I-F.—PARTIAL SEGMENTS OF NONUTILITY PROPERTY DIVESTED AND NO LONGER SUBJECT TO THE ACT AS OF JUNE 30, 1951 1—Con.

System and company whose properties have been divested	Date of divestment	Consideration	Details of divestment	Source of information
Southeastern Telephone Co.—Continued	August 1939	\$20,000	Sale of water property in Hamlin, W. Va., to West Virginia Water Service Co.	File No. 54-57.
Southern Utilities Co.	May 1942	12,197	Sale of telephone property at Augusta, Wis., to Commonwealth Telephone Co.	Do.
Wisconsin Central Utilities Co.	1943	1,800	Sale of transportation properties to Cooperative Transit Co.	File No. 30-75-2.
American Water Works & Electric, Inc.	1942	169,604	Sale of miscellaneous tracts of real estate.	Trustees' Report.
Monongahela West Penn Public Service Co.	1942	120,000	Sale of water properties in Eustis, Fla., to the city.	File No. 30-124-2
Associated Gas & Electric Co.	October 1943	800,000	Sale of water properties to Leddy, Wheeler & Co.	Trustees' Report.
Florida Public Service Co.	December 1943	100,000	Sale of cold storage buildings at Donaldsonville and Colquit, Ga., to Atlantic Ice and Cold Storage Co.	Do.
Do.	June 1942	210,000	Sale of ice properties to H. H. Holt, Jr., and others.	Do.
Georgia Power & Light Co.	do	400,000	Sale of water system in Mayfield, Ky., to the city.	File No. 30-122
Newport News Distilled Ice Co.	December 1941	40,000	Sale of garage property to George A. Stevens	Trustees' Report.
Tri-City Utilities Co.	September 1942	175,000	Sale of water system in Murray, Ky., to the city.	File No. 30-122-2.
Central and South West Corp.	April 1950	17,500	Sale of water properties to Isadora Sheinbein	Release 9693.
Public Service Co. of Oklahoma	March 1950	4,000,000	Sale of water properties to City of San Angelo, Tex.	Release 10088.
West Texas Utilities Co.	November 1950	320,000	Sale of ice properties	Do.
Columbia Gas System, Inc.	1949	3,750	Sale of gas production line to Pennsylvania Counties Gas Corp.	File No. 30-98
Manufacturers Light & Heat Co. The			Sale of pipeline	
Virginia Gas Transmission Co.				
Commonwealth & Southern Corp., (Delaware), The	October, 1947	206,100	Sale of bus transportation system and properties serving the city of Tuscaloosa to Marc Clay Clement	Release 7730.
Alabama Power Company	May 31, 1949	154,000	Sale of all transportation properties and business in Macon, Ga., to Bibb Transit Co.	File No. 30-222.
Georgia Power Company	Sept 2, 1949	96,000	Sale of transportation properties and business at Augusta, Ga., to group of 7 individuals.	
Do.				
Consolidated Natural Gas Co.		1,116,000	Sale of office building to city of Pittsburgh.	
Peoples Natural Gas Co.		830,960	Sale of railway and bus properties and toll bridges in El Paso, Tex. to American City Lines, Inc	File No. 30-75-2.
Engineers Public Service Co.	December, 1943	3,223,100	Sale of transportation properties at Richmond, Norfolk, and South Norfolk, Va., to Virginia Transit Co.	File No. 30-105.
El Paso Electric Co.	December, 1944		Sale of transportation properties in Newport News, Portsmouth, and Petersburg, Va., and the Richmond-Petersburg interurban line to A. C. Allyn & Co. and Equitable Securities Co.	Do
Virginia Electric & Power Co.	March 1945	1,292,100		
Do.				

Federal Water and Gas Corp. Alabama Water Service Co.	1939 December 1942 October 1943	895,175 250,035 295,000	Sale of Decatur and Bridgeport, Ala. water plants to municipalities. Sale of Jasper, Ala. properties to the city. Sale of water systems in Albertville, Bozaz, and York, Ala., to municipalities.	File No. 30-94-2. Do. Release 4587.
Do.	January 1945	468,500	Sale of water systems in Ozark, Russellville, Fort Payne, Bay Minette, and Samson, Ala. to respective municipalities.	Release 5366
Do.	February 1945	1,067,000	Sale of water properties in Bessemer, Brighton, and Lipscomb, Ala. to city of Bessemer and Abbeville water properties to city of Abbeville.	Release 5610.
Do.	April 1945	N. A.	Sale of water systems in Eutaw, Irondale, and Leeds, Ala., to respective cities.	Release 5715.
Do.	July 1945	40,000	Sale of water system in Geneva, Ala. to city.	Release 5921.
Do.	September 1945	120,000	Sale of water systems in Brantley, Coffee Springs, Headland, and Wetumka, Ala. to respective municipalities.	Release 6036
Do.	October 1945	25,000	Sale of water system in Greensboro, Ala. to Greensboro Water Co.	Release 6141
Peoples Water & Gas Co.	November 1939	300,000	Sale of Washington property to a public utility district.	File No. 30-94-2.
Do.	February 1940	160,000	Sale of Hillsboro, Oregon property to the city.	Do.
Middle West Corp., The:				
West Texas Utilities Co.	Aug. 7, 1946	825,000	Sale of water and ice properties located in Dalhart and Texline areas to Southern Public Service Co.	Release 6830
Wisconsin Power & Light Co.	Dec 1, 1945	260,000	Sale of bus lines to Northland Greyhound Corp.	File No 30-146-2.
National Power & Light Co.	1938	250,000	Sale of transportation property to Knoxville Transit Lines.	File No 30-13
Tennessee Public Service Co.	1940	109	Sale of land at Goshen and West Dummersten, Vt.	Release 7288.
New England Public Service Co.				
New England Public Service Co.	March 19, 1947	600,000	Sale of transportation properties at Peoria, Ill., to Peoria Transportation Co.	Do.
North American Co., The:	do	700,000	Sale of water properties at Mt. Vernon, Ill., to Illinois Cities Water Co.	Release 5516.
Illinois Power Co.	December 1944	940,000	Sale of water plant and distribution system in city of Hutchinson, Kans., to Amos Small, Wichita, Kans.	File No 70-2592.
Do.	1951	3,500	Sale of ice manufacturing equipment in Mexico, Mo., to G. W. Gillman et al.	Do.
Kansas Power & Light Co.				
Missouri Power & Light Co.	June 1936	4,100,000	Sale of properties of Newport Division to city.	File No. 30-64-2.
Ogden Corp.	Do	95,000	Sale of properties in Jamestown to E. H. Davenport.	File No. 30-188-2.
Newport Water Corp.	May 1940	50,000	Sale of Austin ice and cold storage properties to city of McCamey, Tex.	File No. 30-88-2.
Do.	June 1941	178,000	Sale of certain water and sewer properties to city of McCamey, Tex.	Do.
Texas Public Service Co.	October 1941	4,065,000	Sale of Beaumont irrigation and water properties to the lower Neches Valley Authority.	Do.
Do.	1943	65,000	Sale of all water properties in city of Hailey, Idaho, to the city.	Release 6248.
West Coast Power Co.	September 1944	1,000,000	Sale of all interurban railway properties to Portland Transit Co.	Release 6793.
Portland Electric Power Co.	July 15, 1946	70,000	Sale of Oklahoma water properties to Kingfisher Water Co.	Release 6962.
Portland Electric Power Co.	July 30, 1945	54,000	Sale of transit properties in Augusta, Ga., to Augusta Coach Co.	Release 6910.
Republic Service Corp.	Nov 30, 1949	4,212,900	Sale of transit properties in Atlanta, Ga., to New Atlanta Transit Co.	File No. 70-2419.
Southern Union Gas Co.	June 23, 1950	2,012,500	Transportation properties sold to John S. Jennison, Jr. and Associates, businessmen of Birmingham, Ala.	File No. 70-2623.
Southern Co., The:	June 30, 1951			
Georgia Power Co.				
Birmingham Electric Co.				
Standard Gas & Electric Co.:	December 1950		Sale of bus properties in Vausau and Merrill, Wis., to C. Norman Elisy and Associates.	Release 4740.
Wisconsin Public Service Corp.				
United Light & Railways Co.	July 5, 1950	348,700	Sale of transit properties to National City Lines, Inc.	
Iowa-Illinois Gas & Electric Co.	December 1944		Sale of heat properties to La Porte Heat Corp.	
La Porte Gas & Electric Co.				

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1955 to June 30, 1951—Continued*

PART II-A.—ELECTRIC UTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
American States Utilities Corp.	March 1938.....	\$62,044	N. A.	Sale of physical assets to Washington Water Power Co.	File No. 30-136-1.
Rathdrum Electric Co., Inc.	November 1939.....	591,287	\$70,000	Sale of utility assets to Kentucky & West Virginia Power Co., Inc.	File No. 64-57.
American Utilities Service Corp.	.....do.....	221,122	80,000	Sale of utility assets to Appalachian Electric Power Co.	Do.
Southern Public Service Co.	January 1948.....	6,897,676			
Southern Utilities Co.		32,655,534			
American Water Works and Electric Co., Inc.		9,707,261			
West Penn Electric Co., The		5,680,550			
Potomac Electric Co., The		2,764,721			
Franklin Transmission Co.		169,694,965			
Northern Virginia Power Co.		1,021,474			
Northern Light & Power Co.		71,013,727			
South Penn Power Co.		2,426,881			
West Penn Power Co.		169,995			
Beech Bottom Power Co., Inc.		528,794			
Monongahela Power Co.		889,262			
Marietta Electric Co., The		1,195,672			
Monterey Utilities Corp.		3,699,664			
West Maryland Power Co., The					
Ohio County Fuel Co.					
Potomac Transmission Co., The					
West Virginia Power & Transmission Co.					
Associated Gas & Electric Corp.	March 1944.....	222,688	24,500	Sale of all physical properties to Central Vermont Public Service Corp.	File No. 30-125-2.
Granville Electric Co.					
Olties Service Co.	August 1944.....	3,895,193	1,450,000	Sale of investment to Derby Gas & Electric Corp.	Release 6296.
Danbury & Bethel Gas & Electric Light Co.	August 1938.....	72,309	N. A.	Sale of all properties to Indiana & Michigan Electric Co.	File No. 30-108-2.
Lake Shore Power Co. (Indiana)					
Ohio Public Service Co., The	Dec. 23, 1949.....	106,630,561	35,000,000	Sale of 2,000,000 shares (66¾ percent) common stock to Ohio Edison Co.	Release 9639.

{ Distribution of common stock of West Penn Electric as liquidation dividend.

TABLE 18.—Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued

PART II-A.—ELECTRIC UTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
International Hydro-Electric System—Con. New England Electric System—Continued					
Lowell Electric Light Corp., The.....		\$10,777,279		Exchange of preferred and common stock of New England Power Association and 4 of its subsidiary holding companies for new common stock in reorganization whereby International Hydro-Electric System received 534,167 shares (7.97 percent).	Release 6470
Malden Electric Co.....		1,800,029			
Mass Electric Co.....		11,200,447			
Natick Electric Co.....		84,083,750			
Norfolk Island Power Transmission Co.....		1,388,801			
New England Power Co.....		51,600,257			
Northampton Electric Lighting Co.....		31,314,385			
Northern Berkshire Gas Co.....		3,109,447			
Quincy Electric Light & Power Co.....		3,555,855			
Salem Electric Lighting Co.....		9,692,309			
Southern Berkshire Power & Electric Co.....		2,130,788			
Spencer Gas Co., The.....		4,649,094			
Suburban Gas & Electric Co.....		4,474,365			
Wachusett Electric Co.....		2,070,346			
Weymouth Light & Power Co.....		2,651,800			
Wrentham Electric Light & Power Co.....		18,143,005			
Worcester County Electric Co.....		18,143,127			
Worcester Suburban Electric Co.....		7,822,781			
Fall River Electric Light Co.....	June 3, 1947.....				Release 6470.
Montaup Electric Co.....					
Middle West Corp., The.....		830,891			
Central and South West Corp.....	June 15, 1947.....	65,229,479		Distribution of 3,307,302 shares (50.11 percent) common stock of Central and South West as liquidating dividend	Releases 7486 and 7352.
Central Power & Light Co.....					
Compania Electrica de Matamoros, S. A.....					
Public Service Co. of Oklahoma.....		60,201,179			
Southwestern Gas & Electric Co.....		41,019,189			
West Texas Utilities Co.....		9,093,200			
Oklahoma Power & Water Co.....	January 1948.....	8,759,409	\$1,750,000	Sale of all outstanding common stock to Public Service Co of Oklahoma	Release 7942.
Midland Realization Co.....					
Indiana Service Corp.....	June 24, 1947.....	25,346,372	6,287,500	Sale of all common stock to American Gas and Electric Co.	Release 7086.
National Power & Light Co.: (Birmingham Electric Co.).....	August 1946.....			Distribution of common stock as liquidating dividend (See divestment by Electric Bond & Share Co.)	Release 6796
New England Electric System					
Fall River Electric Light Co.....	Oct. 30, 1950.....	9,621,395	7,680,465	(Sale of 118,161 shares (56.3 percent) common stock to Eastern Utilities Associates.)	Release 10040.
Montaup Electric Co.....		24,320,084			

Niagara Hudson Power Corp.:	January 1950	552,122,830							
Niagara Mohawk Power Corp.		38,420,897							Releases 9290 and 9295
Canadian Niagara Power Co., Ltd.		13,585,719							
Moran Manufacturing Co.		N. A.							
St. Lawrence Power Co., Ltd.		1,832,383							
North American Co., The:									
Wisconsin Electric Power Co.	Dec. 22, 1947	144,466,175							Release 7846
Wisconsin Gas & Electric Co.		35,790,032							
Wisconsin Michigan Power Co.		33,093,372							
Northern States Power Co. (Delaware)									
Northern States Power Co. (Minnesota)	Sept. 30, 1948	205,193,945							
Northern States Power Co. (Wisconsin)		1,621,392							
Northern States Power Co. (Wisconsin)		50,319,177							
Eau Claire Dells Improvement Co.		799,187							
St. Anthony Falls Water Power Co.		N. A.							
St. Croix Falls Wisconsin Improvement Co.		3,569,537							
St. Croix Power Company		801,911							
Ogden Corporation:									
Derby Gas & Electric Corp.	January 1944	229,327		1,417,894					Release 4813.
Derby Gas & Electric Co., The		6,058,972							
Wallingford Gas Light Co., The		445,690							
Interstate Power Co.	March 1948	47,768,506							Releases 7955 and 9139.
Interstate Power Co. of Wisconsin.		2,063,676							Releases 5062 and 5071.
East Dubuque Electric Co.		119,738		6,400,000					
Laclede Power & Light Co.	March 1945	12,454,151							
United Corp., The:									
Delaware Power & Light Co.	July 3, 1945	38,129,923							Release 5812.
Eastern Shore Public Service Co. of Maryland, The		11,603,206							
Eastern Shore Public Service Co. of Virginia		2,441,861							
Philadelphia Electric Power Co.	December 1944	11,079,934							
Susquehanna Power Co., The		53,944,364							
Susquehanna Utilities Co.		1,463							Releases 5440 and 5452.
Conowingo Power Co.		1,925,927							
Southern Pennsylvania Power Co.		1,203,123							
United Light & Railways Co., The:	1942	639,586		400,000					Release 3688.
Point Pleasant Water & Light Co.									
United Public Utilities Corp.	October 1948	1,374,074		1,424,447					Release 8453.
Citizens Heat, Light & Power Co.									
Utility Service Co	July 1943	17,153,890							Release 4261.
Marion-Reserve Power Co.									

See footnotes at end of table.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART II-B.—GAS UTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951

System and company divested :	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
American Water Works & Electric Co., Inc. (State Line Gas Co.).....	January 1948.....			Included in divestment of West Penn Electric Company. (For divestment by West Penn, see gas utility companies divested—still subject.)	Release 7986.
Electric Bond & Share Co.; Portland Gas & Coke Co.....	Feb. 15, 1950.....	\$37, 877, 225		Included in divestment of American Power & Light Co. (See electric utility companies divested—still subject.)	Releases 9359-A, 9359-B, and 9359.
Electric Power & Light Corp.; United Gas Corp.....	July 6, 1949.....	283, 900, 378		Distribution of common stock as liquidating dividend.	Releases 8389 and 8906.
Federal Water & Gas Corp.; Southern Natural Gas Corp.....	Sept. 15, 1948.....	63, 265, 894 10, 609, 215		{ Distribution of 761,683 shares (54 percent) common stock of Southern as liquidating dividend.	Release 8387.
Alabama Gas Co. Apex Gas Co.....		264, 052 16, 857, 630			
Birmingham Gas Co.....		3, 075, 396			
Great Lakes Utilities Co.; Mississippi Gas Co.....			\$760, 000	Sale of investment to Michigan Consolidated Gas Co..	Release 3466.
Gas Corp. of Michigan.....	December 1942.....	1, 166, 266			
International Hydro-Electric System; Arlington Gas Light Co.....	June 3, 1947.....	4, 114, 517 851, 090		{ Included in divestment of New England Power Association. (See electric utility companies divested—still subject.)	Release 6470.
Gloucester Gas Light Co. Leominster Gas Light Co.....		765, 815 9, 855, 193			
Malden & Melrose Gas Light Co. Northampton Gas Light Co.....		1, 169, 707 458, 648			
Norwood Gas Co. Salem Gas Light Co.....		2, 642, 703			
Koppers Co., Inc.; Boston Consolidated Gas Co.....	Jan. 15, 1951.....	61, 069, 033 3, 552, 283		{ Included in divestment of Eastern Gas & Fuel Associates. (See nonutility companies divested—still subject.)	File No. 70-2546.
Old Colony Gas Co.....					
Lone Star Gas Co.; (Peoples Natural Gas Co.).....	Dec. 31, 1942.....			Included in divestment of Northern Natural Gas Co. (See nonutility companies divested—still subject.)	Releases 7889 and 7930.
Argus Natural Gas Co., Inc. North American Co., The.....					
Peoples Natural Gas Co.....	December 1947.....	6, 503, 375		Included in divestment of Northern Natural Gas Co. (See nonutility companies divested—still subject.)	Release 4613.
Ogden Corp.; Wallington Gas Light Co., The.....	January 1944.....	445, 690		Included in divestment of Derby Gas & Electric Corp. (See electric utility companies divested—still subject.)	Release 4613.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART II-C—NONUTILITY COMPANIES DIVESTED, WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951

System and company divested	Date of divestment	Assets of divested company	Consideration (if sold)	Details of divestment	Source of information
American Water Works & Electric Co.; Allegheny Pittsburgh Coal Co.; Blue Ridge Transportation Co., The; Braddock Heights Water Co. of Frederick City, Maryland, The; Massanutten Water Corp. Monongahela Securities Co. Ohio County Fuel Co. Penn Bus Co. West Penn Railways Co. West Penn West Virginia Water Power Co. White Star Lines, Inc. Windsor Power House Coal Co. Windsor Coal Co.	January 1948	\$4,889,482 2,109,766 48,130 95,686 181,660 889,282 747,387 18,520,493 11,328 2,076,970 6,630,095 (Conts)		{Included in divestment of West Penn Electric Co. (See electric utility companies divested—still subject.) {Included in divestment of West Penn Power Co. (See electric utility companies divested—no longer subject. See divestment by Electric Bond & Share Co.)	Release 7986. Do.
Associated Gas & Electric Co.; Harpers Ferry Paper Co. Commonwealth & Southern Corp.; Alabama Property Co. Savannah River Electric Co. Electric Bond and Share Co.; American Gas & Electric Service Corp. Central Ohio Coal Co. Duncan Falls Co., The; Indiana Franklin Realty, Inc. Radford Limestone Co., The; Southern Ohio Public Service Co. Twin Branch Railroad Co. West Virginia Power Co. American Power & Light Co., Inc. Washington Irrigation & Development Co. The Limestone Co. Jackson Gas Light Co. Jackson Light & Traction Co. The Light, Heat & Water Co. of Jackson, Miss. White River Power Co. (Windsor Power House Coal Co.)	June 1944. February 1947. February 15, 1950. December 1949. February 1947.	444,339 586,314 1,418,227 565,245 1,178,139 68,028 1,978 194,751 120,867 373,387 491,734 378,413 122,890	\$150,000	Sale of all property to Potomac Light & Power Co. {Included in divestment of The Southern Co. (See electric utility companies divested—still subject.) {Included in divestment of American Gas & Electric Co. (See electric utility companies divested—still subject.) {Included in divestment of American Power & Light Co. (See electric utility companies divested—still subject.) {Included in divestment of Middle South Utilities, Inc. (See electric utility companies divested—still subject.) {Included in divestment of American Gas & Electric Co. (See divestment by American Water Works & Electric Co.)	Release 4951. Release 8633 Release 7160 Releases 6359 and 9389. Releases 8689 and 9207. Release 7160.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951*—Continued

PART II-C.—NONUTILITY COMPANIES DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951—Continued

System and company divested *	Date of divestment	Assets of divested company †	Consideration (if sold)	Details of divestment	Source of information
Northern States Power Co. (Delaware): Chippewa & Flambeau Improvement Co. Chippewa River Power & Fibre Co. Chippewa Valley Construction Co. Minneapolis Mill Co. Mississippi and Rum River Boon Co. United Power and Land Co. Standard Oil Company (New Jersey) New York State Natural Gas Co.	Sept. 30, 1948	\$1,177,977 414,650 480,661 1,948,852 141,773 861,418 8,588,865		{Included in divestment of Northern States Power Co. (Minnesota). (See electric utility companies divested—still subject.) Included in divestment of Consolidated Natural Gas Co. (See gas utility companies divested—still subject.)	Release 7876. Releases 4637 and 4664.
United Corp., The: Atlantic Seaboard Corp. Virginia Gas Transmission Corp. Big Marsh Oil Co. Columbia Engineering Corp. Eastern Pipe Line Co. Home Gas Co. Freston Oil Co., The Union Gasoline & Oil Corp. Virginia Gasoline & Oil Co. United Light and Power Co. (Northern Natural Gas Co.)	April 1949	16,252,352 8,015,782 408,403 256,200 791,147 8,178,992 11,108,343 4,444,489 15,136,430		{Included in divestment of Columbia Gas System, Inc. (See gas utility companies divested—no longer subject.)	Release 8396.
United Light & Railways Co.: Austin Field Pipe Line Co. Michigan-Wisconsin Pipe Line Co. Milwaukee Solvay Coke Co.	Sept. 12, 1941 June 1, 1949		\$10,533,162 10,979,966 36,288,408 14,820,665	Sale of 85 percent of outstanding common stock to the public. (See divestments by North American Co. and Lone Star Gas Corp.) {Included in divestment of American Natural Gas Co. (See gas utility companies divested—still subject.)	Releases 7931 and 9833.

PART II.D.—PARTIAL SEGMENTS OF ELECTRIC UTILITY PROPERTY DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951¹

System and company whose properties have been divested ¹	Date of divestment	Consideration	Details of divestment	Sources of information
American Power & Light Co.; Texas Electric Service Co.	October 1943	\$350,000	Sale of electric utility property at Eagle Pass, Tex., to Central Power & Light Company.	Release 4621.
American Utilities Service Corp.; Wisconsin Central Utilities Co.	August 1941	80,711	Sale of electric distribution system at Augustus and Osseo, Wis., to Northern States Power Co. (Wisconsin).	File No. 54-57.
National Power & Light Co.; Tennessee Public Service Co.	June 1938	1,228,013	Sale of certain transmission lines to the Appalachian Electric Power Co.	File No. 30-146-2.
New England Public Service Co.; Public Service Co. of New Hampshire	February 15, 1950	168,911	Sale of electric utility properties and other assets in the Enfield-Canaan District in New Hampshire to Granite State Electric Co.	Release 9662.
Twin State Gas & Electric Company, The.	April 1943	207,869	Sale of assets in Town of Hoosick and Village of Hoosick Falls, N. Y., to the New York Power & Light Corp.	Release 4285.
Ogden Corp.; Central States Power & Light Corp.	October 1941	29,500	Sale of distribution system at Stonewall, Okla., to Oklahoma Gas & Electric Co.	File No. 30-67-2.
Central States Power & Light Corp.	December 1941	95,238	Sale of distribution systems at Allen, Atwood, and Calvin, Okla., to Public Service Co. of Oklahoma.	Do.
Laclede Gas Light Co.; Peoples Light and Power Co.	March 1946	2,200,000	Sale of all electric utility properties to Union Electric Co. of Missouri.	Releases 5062 and 5071.
Western States Utilities Co.	1941	5,000	Sale of Utah property to Utah Power & Light Co.	File No. 30-88-2.

See footnotes at end of tab le.

TABLE 18.—*Electric, gas and nonutility companies and properties divested by registered public utility holding company systems Dec. 1, 1935 to June 30, 1951—Continued*

PART II-E.—PARTIAL SEGMENTS OF GAS UTILITY PROPERTY DIVESTED WHICH REMAIN SUBJECT TO THE ACTS OF JUNE 30, 1951:

System and company whose properties have been divested	Date of divestment	Consideration	Details of divestment	Source of information
Associated Gas & Electric Co.: Metropolitan Edison Co.....	February 1945.....	\$1,387,300	Sale of gas utility properties in Easton and Elizabethtown, Pa., to Allentown-Bethlehem Gas Co. and Harrisburg Gas Co.	Release 5573.
Pennsylvania Electric Co. General Public Utilities Corp.: New York State Electric & Gas Corp.....	June 1945..... August 1945.....	1,184,826 125,000	Sale of all natural gas properties to the Peoples Natural Gas Co. Sale of gas properties in Towns of Lanquaster and Alden, N. Y., to Iroquois Gas Corp.	Release 5890. Release 1025.
Middle West Corp., The: Kentucky Utilities Co.....	Sept. 4, 1948.....	573,000	Sale of all gas utility properties in city of Lexington, Ky., to Central Kentucky Natural Gas Co.	Release 5436.
Southwestern Gas & Electric Co. Pennsylvania Gas & Electric Corp.: Allegheny Gas Co.....	September 1949..... Nov. 17, 1949.....	812,500 106,000	Sale of all gas utility assets in Mississippi to the United Gas Corp. Sale of interest in Sabinsville gas field to New York State Natural Gas Corp.	Release 4585. Release 9351.
West Penn Electric Co., The: Monongahela Power Co.....	Nov. 30, 1950.....	2,418,400	Sale of gas utility assets to Hope Natural Gas Co.	Release 10250.

See footnotes at end of table.

PART II-F.—PARTIAL SEGMENTS OF NONUTILITY PROPERTY DIVESTED WHICH REMAIN SUBJECT TO THE ACT AS OF JUNE 30, 1951 :

System and company whose properties have been divested, ¹	Date of divestment	Consideration	Details of divestment	Source of information
Cities Service Co.; Empire Gas & Fuel Co.....	1949.....	\$24,483	Sale of gas well, pipeline leaseholds and other miscellaneous assets to Home Gas Co.	File No. 30-98.
Columbia Gas System, Inc.; Manufacturers Light & Heat Co., The.....	1949.....	4,742	Sale of transmission line in Westmoreland County, Pa., to Peoples Natural Gas Co.	Do.
Ohio Fuel Gas Co., The.....	May 1944.....	89,997	Sale of certain natural gas wells and related equipment to the East Ohio Gas Co.	Release 5053.
Pennsylvania & Electric Corp.; Alleghany Gas Co.....	December 29 1950.....	250,000	Sale of assets in Harrison gas field to New York State Natural Gas Co.	Release 10317.

¹ A company is considered to be divested when the parent company's investment in the outstanding voting securities of such company is reduced to less than 10 percent through sale, distribution, or reorganization or if substantially all its assets are sold and the company is put into condition to be dissolved.

² A company is classified as "no longer subject to the act," if, at the time of divestment, it ceases to be subject to the act or thereafter, and prior to June 30, 1951, it is exempted from the act.

³ The system shown is that which reported separately to the Commission on Form U58 for the year in which the company was divested.

⁴ The assets of divested companies which have subsidiaries exclude investments in such subsidiaries whose assets are separately reported.

TABLE 19.—*Reorganization cases instituted under ch. X and sec. 77-B of the National Bankruptcy Act in which the Commission has filed a notice of appearance and in which the Commission actively participated during the fiscal year ended June 30, 1951*

DISTRIBUTION OF DEBTORS BY TYPE OF INDUSTRY

Industry	Number of debtors		Total assets		Total indebtedness	
	Principal	Subsidiary	Amount (thousands omitted)	Percent of grand total	Amount (thousands omitted)	Percent of grand total
Agricultural.....						
Mining and other extractive.....	3	1	\$1,440	0 19	\$1,765	0 36
Manufacturing.....	13	0	20,549	2 65	15,546	3 12
Financial and investment.....	5	1	128,210	16 56	88,131	17 69
Merchandising.....	2	1	1,452	19	2,236	45
Real estate.....	16	1	70,483	9 10	63,231	12 69
Construction and allied.....						
Transportation and communication.....	9	12	323,833	41 83	263,994	52 99
Service.....	7	1	24,237	3 13	11,313	2 27
Utilities: Electric, water, and gas ¹	9	6	204,048	26 35	51,958	10 43
Other: Religious, charitable, etc.....						
Grand total.....	64	23	774,252	100 00	498,184	100 00

¹ Includes no electric utility companies. Represents principally investment and holding companies and gas pipeline companies and a few gas distributing companies.

TABLE 20.—*Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1951*

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
American Acoustics, Inc.....	D N J.....	Mar 21, 1947	May 5, 1947	Apr. 21, 1947
American Bantam Car Co.....	W D Pa.....	Apr. 19, 1950	Apr. 19, 1950	May 29, 1950
*American Fuel & Power Co.....	E D Ky.....	Dec 6, 1935	Dec. 20, 1935	May 1, 1940
Buckeye Fuel Co.....	do.....	Nov. 28, 1939	Nov. 28, 1939	Do
Buckeye Gas Service Co.....	do.....	do.....	do.....	Do.
Carbreath Gas Co.....	do.....	do.....	do.....	Do.
Inland Gas Distributing Co.....	do.....	do.....	do.....	Do.
American Silica-Sand Co., The.....	N D Ill.....	Feb 16, 1951	Mar. 5, 1951	May 10, 1951
Bankers Building, Inc.....	do.....	Sept. 21, 1943	Oct. 5, 1943	Oct. 19, 1943
*Bellevue-Stratford Co.....	E D Pa.....	Oct. 31, 1936	Oct. 31, 1936	Feb. 24, 1939
Brand's Restaurant Control Corp.....	S D N Y.....	Aug. 2, 1939	Aug. 10, 1939	Aug 30, 1939
Broadway Garage, Inc.....	S D Ohio.....	Apr. 26, 1946	Apr. 26, 1946	June 24, 1946
Calumet & South Chicago Railway Co.....	N D Ill.....	June 29, 1944	Sept. 18, 1944	Oct. 20, 1944
Central States Electric Corp.....	E D Va.....	Feb. 26, 1942	Feb. 27, 1942	Mar. 11, 1942
Chicago City Railway Co.....	N D Ill.....	Nov. 27, 1939	Sept 18, 1944	Oct. 20, 1944
Chicago Railways Co.....	do.....	Oct. 15, 1938	do.....	do.....
Chicago & West Towns Railways, Inc.....	do.....	June 30, 1947	July 1, 1947	July 24, 1947
Childs Co.....	S D N Y.....	Aug. 26, 1943	Aug. 27, 1943	Aug. 26, 1943
Dallas Parcel Post Station, Inc.....	N D Ill.....	Sept. 22, 1950	Sept. 22, 1950	Oct. 26, 1950
Dick Brothers Brewing Co.....	S D Ill.....	June 22, 1950	June 22, 1950	Aug. 4, 1950
Douglas Mill, Inc.....	N D Ga.....	Sept 7, 1946	Sept. 7, 1949	Oct. 12, 1949
Drake Stadium & Field House Corp.....	S D Iowa.....	Dec 27, 1947	Dec. 27, 1947	Feb. 16, 1948
80 John Street Corp.....	S D N Y.....	Sept 14, 1945	Sept. 14, 1945	Oct. 8, 1945
Equitable Office Building Corp.....	do.....	Apr. 10, 1941	Apr. 10, 1941	Apr. 14, 1941
*Federal Facilities Realty Trust.....	N D Ill.....	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Franklin Building Co.....	E D Wis.....	May 5, 1947	May 5, 1947	Aug. 18, 1947
General Public Utilities Corp.....	S D N Y.....	Jan. 10, 1940	Jan. 10, 1940	Jan 15, 1940
Associated Gas & Electric Corp.....	do.....	do.....	do.....	Do.
*Hotel Martin Co of Utica.....	N D N Y.....	June 6, 1935	June 19, 1935	June 24, 1939
Industrial Office Building Corp.....	D N J.....	Oct. 3, 1947	Oct 3, 1947	Oct 10, 1947
*Inland Gas Corp.....	E D Ky.....	Oct. 14, 1935	Nov. 1, 1935	Mar. 28, 1939
International Mining & Milling Co.....	D Nev.....	June 29, 1939	June 29, 1939	Aug. 7, 1939
Mount Gaines Mining Co.....	do.....	do.....	do.....	Do.
International Power Securities Corp.....	D N J.....	Feb. 24, 1941	Feb 24, 1941	Mar. 3, 1941
International Railway Co.....	W D N Y.....	July 28, 1947	July 28, 1947	Aug. 4, 1947
Keeshun Freight Lines, Inc.....	N D Ill.....	Jan. 31, 1946	Jan. 31, 1946	Apr. 25, 1949
Keeshun Motor Express Co., Inc.....	do.....	do.....	do.....	Do.
Seaboard Freight Lines, Inc.....	do.....	do.....	do.....	Do.
National Freight Lines, Inc.....	do.....	do.....	do.....	Do.
Kellett Aircraft Corp.....	E D Pa.....	Oct. 18, 1946	Oct. 18, 1946	Dec 4, 1946
*Kentucky Fuel Gas Corp.....	E D Ky.....	Oct. 25, 1935	Nov. 1, 1935	Mar. 28, 1936
Majestic Radio & Television Corp.....	N D Ill.....	Mar. 31, 1948	June 24, 1948	Sept. 15, 1948
Manufacturers Trading Corp.....	N D Ohio.....	Oct. 15, 1948	Oct. 15, 1948	Oct 25, 1948
Manufacturers Discount Corp.....	do.....	do.....	do.....	Do.

TABLE 20—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1951—Continued

Debtor	District court	Petition		Securities and Exchange Commission notice of appearance filed
		Filed	Approved	
*Midland United Co.....	D. Del.....	June 9, 1934	June 9, 1934	Jan 10, 1940
*Midland Utilities Co.....	do.....	do.....	do.....	Do
Momonce Milk Cooperative Association.....	E. D. Ill.....	June 18, 1949	June 18, 1949	Sept. 12, 1949
Moorhead Knitting Co.....	M. D. Pa.....	June 19, 1941	June 24, 1941	Aug 6, 1941
*National Realty Trust.....	N. D. Ill.....	Dec 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Neville Island Glass Co., Inc.....	W. D. Pa.....	Mar. 1, 1948	Mar. 1, 1948	Mar 17, 1948
New Union Building Co.....	E. D. Mich.....	May 5, 1949	May 6, 1949	June 20, 1949
Northwest Carolina Utilities Co.....	W. D. N. Car.....	July 8, 1942	July 8, 1942	Mar 3, 1943
Norwalk Tire & Rubber Co., The.....	D. Conn.....	May 20, 1949	May 20, 1949	June 8, 1949
Novo Engine Co.....	E. D. Mich.....	Mar. 14, 1949	Mar. 14, 1949	Apr 25, 1949
*Pittsburgh Railways Co.....	W. D. Pa.....	May 10, 1938	May 10, 1938	Jan. 4, 1939
*Pittsburgh Motor Coach Co.....	do.....	do.....	do.....	Do.
Pittsburgh Terminal Coal Corp.....	do.....	Dec 4, 1939	Jan. 2, 1940	Jan 6, 1940
Portland Electric Power Co.....	D. Oreg.....	Apr. 3, 1939	Apr. 3, 1939	Apr 16, 1939
Pratt's Fresh Frozen Foods, Inc.....	D. N. J.....	Apr. 13, 1948	Apr 13, 1948	May 29, 1948
Pratt's Distributors, Inc.....	do.....	May 17, 1948	May 17, 1948	Do
Quaker City Cold Storage Co.....	E. D. Pa.....	Dec 17, 1941	Feb. 13, 1942	Jan 28, 1942
Quincy Station Post Office Building Corp.....	N. D. Ill.....	July 18, 1950	July 24, 1950	Feb. 28, 1951
R A Security Holdings, Inc.....	E. D. N. Y.....	May 7, 1942	July 31, 1942	May 22, 1942
Realty Associates Securities Corp.....	do.....	Sept 28, 1943	Sept 28, 1943	Oct 4, 1943
Espade Realty Corp.....	do.....	do.....	do.....	Do.
Silesian American Corp.....	S. D. N. Y.....	July 29, 1941	July 29, 1941	Aug. 1, 1941
Solar Manufacturing Corp.....	D. N. J.....	Dec. 14, 1948	Dec. 14, 1948	Dec 27, 1948
South Bay Consolidated Water Company, Inc.....	S. D. N. Y.....	Apr. 26, 1949	Apr. 26, 1949	May 23, 1949
Third Avenue Transit Corp.....	do.....	Oct. 25, 1948	Oct. 25, 1948	Jan. 3, 1949
Surface Transportation Corp.....	do.....	June 21, 1949	June 21, 1949	July 7, 1949
Westchester Street Transportation Co., Inc.....	do.....	do.....	do.....	Do.
Westchester Electric Railroad Co.....	do.....	do.....	do.....	Do.
Worontas Press, Inc.....	do.....	Sept 8, 1949	Sept. 8, 1949	Oct 24, 1949
Yonkers Railroad Co.....	do.....	June 21, 1949	June 21, 1949	July 7, 1949
Thomascolor Inc.....	S. D. Calif.....	June 20, 1949	do.....	Aug 5, 1949
Trinity Buildings Corp of New York.....	S. D. N. Y.....	Jan 18, 1945	Jan. 18, 1945	Feb 15, 1945
Union League Club of Chicago.....	N. D. Ill.....	Feb. 14, 1950	Feb. 14, 1950	Apr 10, 1950
U. S. Realty & Improvement Co.....	S. D. N. Y.....	Feb. 1, 1944	Feb. 1, 1944	Feb 7, 1944
*Van Sweringen Corp.....	N. D. Ohio.....	Oct. 13, 1936	Oct 15, 1936	Jan 23, 1940
Wade Park Manor Corp.....	do.....	June 28, 1947	June 30, 1947	July 28, 1947
Warner Sugar Corp.....	S. D. N. Y.....	June 7, 1940	June 9, 1940	July 9, 1940
Washington Gas & Electric Co.....	do.....	Sept 29, 1941	Sept 29, 1941	Oct 14, 1941
Wilkes-Barre Railway Corp.....	M. D. Pa.....	July 1, 1943	July 1, 1943	July 15, 1943
Wilkes-Barre Railway Co.....	do.....	do.....	do.....	Do
Wilkes-Barre Trackless Trolley Co.....	do.....	do.....	do.....	Do
Wyoming Valley Autobus Co.....	do.....	do.....	do.....	Do
Wyoming Valley Public Service Co.....	do.....	do.....	do.....	Do

*Instituted under sec 77-B.

TABLE 21.—Summary of cases instituted in the courts 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 up to end of 1951 fiscal year	Total cases closed up to end of 1951 fiscal year	Cases pending at end of 1951 fiscal year	Cases pending at end of 1950 fiscal year	Cases instituted during 1951 fiscal year	Total cases pending during 1951 fiscal year	Cases closed during 1951 fiscal year
Actions to enjoin violations of the above acts.....	590	571	19	16	20	36	17
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	52	51	1	2	1	3	2
Actions to carry out voluntary plans to comply with section 11 (b) of the Holding Company Act.....	86	80	6	12	3	15	9
Miscellaneous actions.....	13	11	2	2	0	2	0
Total.....	741	713	28	32	24	56	28

TABLE 22.—*Summary of cases instituted against the Commission, cases in which the Commission participated as interenor or amicus curiae, and reorganization cases on appeal under ch. X in which the Commission participated*

Types of cases	Total cases instituted up to end of 1951 fiscal year	Total cases closed up to end of 1951 fiscal year	Cases pending at end of 1951 fiscal year	Cases pending at end of 1950 fiscal year	Cases instituted during 1951 fiscal year	Total cases pending during 1951 fiscal year	Cases closed during 1951 fiscal year
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.....	64	64	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	0	0	0	0	0
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission.....	157	157	0	4	4	8	8
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as interenor or amicus curiae.....	148	141	7	5	12	17	10
Appeal cases under X ch. in which the Commission participated.....	117	112	5	7	10	17	12
Total.....	494	482	12	16	26	42	30

TABLE 23.—*Injunctive proceedings brought 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 Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1951*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Adams & Co.	4	Northern District of Illinois.	July 18, 1949	Secs. 15 (c) (1) and 10 (b), 1934 act; secs. 17 (a) (2) and (3), 1933 act.	Temporary restraining order entered July 18, 1949, and receiver appointed. Final judgment by consent Jan. 31, 1951, as to 3 defendants and by default as to Adams & Co. Pending.
Addison, Carl I.	2	Eastern District of Texas.	Aug. 22, 1950	Secs. 5 (a) (1) and (2) and 17 (a) (2), 1933 act.	Injunction by consent Sept. 2, 1950. Closed.
Alhambra Gold Mine Corp.	10	Southern District of California.	June 26, 1950	Sec. 5 (a), 1933 act.	Injunction by consent as to all defendants Aug. 1, 1950. Closed.
Andrews, F. L. Investment Trust.	2	Massachusetts.	Nov. 30, 1949	Secs. 13 (a) (2) and (3) and 21 (a) and (b), ICA of 1940	Interlocutory decree by consent, Nov. 30, 1949, permanently enjoining the defendants and appointing permanent receiver. Pending.
Atlas Tack Corp.	1	Massachusetts.	Mar. 2, 1950	Sec. 13, 1934 act.	Injunction by the court July 17, 1950. Closed.
A von world Oil Corp.	2	Southern District of New York.	June 13, 1951	Sec. 5 (a), 1933 act.	Injunction by consent June 13, 1951. Pending.
Berry, Virgil S.	2	Southern District of Alabama.	June 28, 1951	Sec. 17 (a), 1933 act.	Injunction by consent June 29, 1951. Pending.
Beversdorf, Lloyd.	1	Eastern District of Michigan.	Feb. 8, 1951	Sec. 15 (a), 1934 act.	Injunction by consent Feb. 8, 1951. Closed.
Carver, H. P., Corp.	1	Massachusetts.	Sept. 24, 1948	Sec. 15 (a), 1934 act.	Injunction by consent Sept. 27, 1948. Receiver appointed. Pending.
Chinchilla Chateau, Inc.	2	New Jersey.	May 22, 1950	Secs. 10 (b) and 15 (c) (3) and rules X-10B-5 and X-16C-3, 1934 act.	Final judgment by consent June 10, 1950. Closed.
Co-op Insurance Co.	5	Arizona.	June 26, 1950	Secs. 5 (a) (1) and (2) and 17 (a) (3), 1933 act.	Injunction by consent June 30, 1950, as to 1 defendant. Injunction by consent as to 3 defendants and by default as to 1 on Sept. 27, 1950. Closed.
Cottle, Robert J.	1	Massachusetts.	Nov. 22, 1950	Sec. 17 (a), 1933 act.	Injunction by consent June 8, 1951. Pending.
Cusick, Patrick F.	4	Southern District of New York.	July 21, 1950	Sec. 5 (a) (2), 1933 act.	Temporary restraining order entered July 21, 1950. Action dismissed as to defendant Cusick. Amended complaint filed Aug. 11, 1950. Defendants' answer to amended complaint filed about Sept. 18, 1950. Motion of Commission for summary judgment denied Nov. 22, 1950. Complaint dismissed pursuant to stipulation June 29, 1951, as to 3 remaining defendants. Closed.
Evergreen Memorial Park Association.	2	Eastern District of Pennsylvania.	Jan. 8, 1951	Sec. 5 (a), 1933 act.	Defendants' answer filed on Jan. 29, 1951. Pending.
Gold Creek Mining Co.	3	Utah.	Aug. 31, 1950	Secs. 5 (a) and 17 (a) (2) and (3), 1933 act.	Injunction by consent Sept. 29, 1950. Closed.
Graves, Francis D.	2	Eastern District of Washington.	Feb. 26, 1951	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent Feb. 26, 1951. Amended decree of permanent injunction entered Mar. 5, 1951. Closed.
Hansell, Howard F., Jr.	1	Southern District of New York.	Nov. 20, 1950	Sec. 9 (a) (2), 1934 act.	Injunction by consent Nov. 20, 1950. Closed.

TABLE 23.—*Injunctive proceedings brought 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 Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1951—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Mercer Hicks Corp.	2	Southern District of New York	May 12, 1950	Sec. 17 (a) (3), 1933 act.	Complaint filed May 12, 1950, against 1 defendant. Temporary restraining order entered on May 12, 1950. Defendant's answer filed on June 16, 1950. Preliminary injunction entered July 13, 1950. Amended complaint naming 2 defendants filed July 21, 1950. Preliminary injunction entered Aug. 24, 1950. Final judgment by consent Dec. 26, 1950. Closed.
Justice, William R. Kelly, Frank S.	2 1	Nbraska Northern District of Illinois	July 8, 1950 Dec. 26, 1950	Sec. 5 (a), 1933 act. Secs. 15 (c) (1), 10 (b) and Rule X-10B-5, 1934 act.	Injunction by consent Aug. 11, 1950. Closed. Temporary restraining order entered Dec. 26, 1950, and receiver appointed. Preliminary injunction entered Jan. 4, 1951. Injunction by consent Apr. 27, 1951. Pending.
Meddock, Marvin C.	1	Eastern District of Washington	Nov. 2, 1950	Sec. 17 (a), 1933 act.	Injunction by consent Nov. 2, 1950. Closed.
Northwest Acceptance Corp.	2	Western District of Washington	May 3, 1951	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent as to both defendants May 3, 1951. Pending.
Northwest Petroleum, Ltd.	3	Oregon	Dec. 14, 1949	Secs. 5 (a) (1) and 17 (a), 1933 act.	Preliminary injunction entered Jan. 17, 1950. Amended complaint filed June 12, 1950. Defendants' answer filed June 28, 1950. Final judgment by consent Oct. 31, 1950. Closed.
Peck, Garrette W.	2	Southern District of California	Mar. 29, 1950	Sec. 5 (a), 1933 act.	Preliminary injunction by default entered Apr. 17, 1950. Final judgment by default entered May 5, 1950. Closed.
Penner Oil & Gas, Inc.	5	Northern District of Oklahoma	Mar. 12, 1951	Sec. 17 (a), 1933 act.	Temporary restraining order entered Mar. 12, 1951. Answer of defendant, Penner Oil & Gas, served Apr. 6, 1951. Injunction by consent as to Penner Oil & Gas, Inc. and by default as to remaining 4 defendants May 29, 1951. Pending.
Puget Sound Products Co.	3	Western District of Washington	Feb. 20, 1950	Sec. 5 (a), 1933 act.	Defendants' answer filed Feb. 27, 1950. Pending.
Ramsay, Cleo F.	1	Western District of Washington	Apr. 8, 1949	Sec. 17 (a), 1933 act.	Defendants' answer filed Feb. 15, 1950. Injunction by consent Apr. 13, 1950. Closed.
Saylor, William	6	South Dakota	Feb. 6, 1950	Secs. 5 (a) and 17 (a), 1933 act.	Defendants' answer filed June 14, 1951. Pending.
Sierra Nevada Oil Co.	2	Southern District of California	Apr. 24, 1951	Sec. 5 (a), 1933 act.	Pending.
Spearrow, Albert Ralph Trusteed Funds, Inc.	4 9	Oregon Massachusetts	June 21, 1951 Sept. 1, 1949	Sec. 5 (a), 1933 act. Secs. 5 (b) (2), 17 (a) (1), (2) and (3), 1933 act; secs. 24 (b) and 25 (a), Investment Co. act of 1940.	Injunction by consent as to 8 defendants Sept. 9, 1949. Special counsel appointed. Pending.

Western Oil Fields, Inc. Western Osage Oil Co., Inc.	Colorado.....	Jan. 16, 1951 Apr. 3, 1951	Sec. 17 (a) (2), 1933 act. Sec. 5 (a), 1933 act.	Defendants' answer filed Feb. 5, 1951. Pending. Injunction by consent as to all defendants, May 14, 1951 Pending.
Winner, Nye A.	Southern District of California	Oct. 29, 1947	Secs. 5 (a) (1) and (2) and 17 (a) (2), 1933 act.	Temporary restraining order entered Oct. 29, 1947. Preliminary injunction entered Nov. 18, 1947. Defendant's motion to dismiss complaint denied Mar. 3, 1948. Pending.
Wix, Ernest T.	Northern District of Illinois.	Oct. 18, 1944	Secs. 5 (a) and 17 (a), 1933 act.	Injunction by consent as to 3 defendants Dec. 1, 1944. Pending as to remaining defendant. Wix. Pending.
Yankee Mines, Inc.	Idaho.....	July 19, 1950	Sec. 5 (a), 1933 act.	Injunction by consent July 19, 1950. Closed.

TABLE 24.—*Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 1341, formerly sec. 398, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1951 fiscal year*

Allen, James A. (Lucky Friday Extension Mining Co.).	Eastern District of Washington.	May 6, 1948	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	The conviction of James A. Allen on conspiracy count was affirmed on Jan. 5, 1951, by CA-9. Petition for writ of certiorari denied June 4, 1951. Two defendants previously convicted and sentenced.
Anderson, James P. (Arizona Road-A-Scope Corp.).	District of Arizona.....	Dec. 13, 1950	Sec. 17 (a) (1) of 1933 act, secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	All defendants pleaded not guilty. Defendants Jonovich and Lloyd each posted bond of \$7,000 and as yet Anderson has not posted any bond. Pending.
Baker, Henry L.	Southern District of California.	Mar. 25, 1939	Sec. 17 (a) (1) and (3) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Indictment dismissed on motion of U. S. Attorney, Nov. 14, 1950.
Baldwin, George E. (Secure Oil Co.).	Northern District of Illinois.	Dec. 19, 1949	Sec. 17 (a) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant found guilty by jury on one 17 (a) count and four mail-fraud counts, all other counts dismissed. Sentenced to 3 years imprisonment. Defendant's motions for reduction and suspension of sentence denied.
Bank, Harry W. (Cosmo Records, Inc.).	Southern District of New York.	Dec. 6, 1948	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Seven defendants pleaded not guilty and were released on bond. Two remaining defendants, Cosmo Records, Inc. and E. F. Gillespie & Company, Inc., have not entered pleas. Pending.
Bechhold, Siegfried (Ribbon-writer Corp. of America).	Southern District of Florida.	May 18, 1951	Secs. 5 (a) (1) and 17 (a) (1) of 1933 act; secs. 1341, 1001 and 371, title 18, U. S. C. (1948 ed.)	Both defendants released pending trial. Bechhold released on \$15,000 bond. No bond required of defendant Reynolds. Pending.
Bobbroff, James D. (Eversharp Launwhit, Inc.).	District of Nevada.....	Feb. 9, 1951	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants Chadwell and Bobbroff were arrested and posted bonds of \$5,000 and \$2,000 respectively. Pending.
Broadley, Albert E. (Hudson Securities).	Western District of New York.	July 17, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants not apprehended. Pending.
Buschman, Mercedes (Automatic Retainer Control Corp.).	Western District of Washington.	Feb. 26, 1951	Sec. 17 (a) of 1933 act; secs. 1341 and 371, title 18, U. S. C. (1948 ed.)	Defendant Buschman arrested and released upon \$2,500 bond. Defendant Sherwin arrested and as yet has not posted bond. Pending.

TABLE 24.—Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 1341, formerly 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 1951 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Carter, Philip M. (American Acoustics, Inc.).	2	Southern District of New York.	Apr. 14, 1949	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants pleaded not guilty and posted bonds of \$2,500 each. Pending.
Coley, Wade F. (W. F. Coley & Co., Inc.).	1	Western District of South Carolina.	Sept. 25, 1950	Sec. 17 (a) (3) of 1933 act, secs. 17 (a), rule X-17A-3 and 32 (a), of 1934 act; secs. 1341, 1621, and 1001, title 18, U. S. C. (1948 ed.).	Defendant pleaded guilty. Sentenced to a year and a day and fined \$100 on mail fraud counts; a year and a day and fined \$100 on 1933 and 1934 act counts and a year and a day and fined \$100 on prejury and false statement counts; all sentences to run consecutively. Sentences suspended and defendant placed on probation for 5 years and ordered to make restitution.
Cottle, Robert J.	1	District of Massachusetts.	May 2, 1951	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant changed his plea of not guilty to guilty and was sentenced to 3 years imprisonment.
Cox, Seymour E. J. (Penner Oil & Gas, Inc.).	2	Northern District of Oklahoma.	Apr. 19, 1951	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Both defendants arrested and entered pleas of not guilty. Penner released upon \$1,500 bond. Bond for Cox set at \$20,000, which as yet has not been posted. Pending.
Davies, James R., Sr. (Toney Carprill Mine).	2	District of Idaho.	June 10, 1950	Secs. 5 (a) and 17 (a) of 1933 act; secs. 1341 and 371, title 18, U. S. C. (1948 ed.).	James R. Davies, Sr., changed his plea of not guilty to guilty as to 2 sec. 5 (a) counts, all other counts were dismissed. He was fined \$500. Indictment dismissed as to James R. Davies, Jr.
DePalma, Albert Edward (A. E. DePalma & Co.).	1	Northern District of Ohio.	June 11, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	DePalma's bond of \$40,000 was forfeited when he failed to appear for arraignment on Feb. 11, 1948, and he is presently a fugitive. Pending.
Elliott, N. James.	1	Southern District of New York.	Sept. 29, 1948	Sec. 17 (a) (1) and (2) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant not apprehended. Pending.
Hanson, Russell C.	1	Northern District of Illinois.	Mar. 8, 1951	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant entered a plea of not guilty and was released on \$5,000 bond. Pending.
Hawley, Edwin.	1	District of Arizona.	Nov. 10, 1949	Sec. 17 (a) (3) of 1933 act and sec. 32 (a) of 1934 act	Defendant not apprehended. Pending.
Henderson, J. Stacey.	3	Western District of Tennessee.	Sept. 6, 1950	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 1341 and 371, title 18, U. S. C. (1948 ed.).	Henderson found guilty on mail fraud count and received a 5 year sentence and fined \$1,000. He filed notice of appeal and was released on \$7,500 bond. Remaining defendants were not tried. Pending.
Hennefer, Ernest R. (Utah phosphate Co.).	4	District of Utah.	Apr. 5, 1951	Secs. 5 (a) (1) and (2), and 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendants Henneser, Carroll, and Wray entered pleas of not guilty and were released on bond. Defendant Parker posted bond but has not yet entered his plea. Pending.

Herck, John	Eastern District of Michigan	July 30, 1942	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Herck entered plea of not guilty. Remaining defendants are fugitives. Pending as to all defendants.
Do	do	do	Sec. 15 (a) of 1934 act.	
Do	do	do	Sec. 5 (a) (1) and (2) of 1933 act; sec. 88 (now sec. 371), title 18, U. S. C.	
Hildebrand, Glen Jerome (Hildebrand-Osborne & Co.)	Southern District of Illinois	June 9, 1945	Secs. 13 (c) (1), 8 (c) and 17 (a) of 1934 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendants Hildebrand and Frank previously convicted and sentenced. Case pending as to the remaining defendant, Hildebrand-Osborne & Co.
Kelling, Lawrence L., Sellers, Charles Preston (Sundflower Oil Producers, et al.)	District of Kansas	June 13, 1951	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.)	Pending.
Kelling, Lawrence L.	do	Feb. 7, 1951	Sec. 17 (a) (1) of 1933 act.	
Do	do	do	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.)	Defendants pleaded not guilty and waived jury trial. Defendants found not guilty on first indictment. Kelling found guilty on 2 sec. 17 (a) (1) counts and 2 mail fraud counts of second indictment and sentenced to a 5-year prison term.
Knowles, Noel H. (LaSalle Yellowknife Mines, Ltd.)	Eastern District of New York	Oct. 1, 1946	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Knowles pleaded not guilty on June 21, 1946, and was released on \$25,000 bail. Knowles bond forfeited Nov. 1, 1946, and he is presently a fugitive. Case dismissed as to New son on Mar. 16, 1949. Pending.
La Vey, William B.	District of Montana	Sept. 7, 1950	Secs. 5 and 17 of 1933 act; secs. 1341 and 371, title 18, U. S. C. (1948 ed.)	Defendants La Vey, Brown, and White arrested and released on bonds of \$5,000, \$2,500, and \$1,000, respectively. Pending.
Llanos, Alejandro D.	District of Hawaii	Apr. 2, 1951	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	All defendants were apprehended and pleaded not guilty. Bonds ranging from \$10,000 to \$1,000 were posted by all defendants. Pending.
Do	do	do	Sec. 2314, title 18, U. S. C. (1948 ed.)	
Lloyd, C. L. (NuEnamel Corp.)	Northern District of Illinois	Oct. 5, 1950	Sec. 5 (a) (1) and (2) of 1933 act.	Defendant entered a plea of not guilty and posted bond of \$5,000. Pending.
Low, Harry (Trumton Valley Distillers Corp.)	Eastern District of Michigan	Feb. 3, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Case pending as to Low and Hardin, who are fugitives.
Luck, Eugene F. (Southeastern Securities Corp.)	Southern District of Florida	Sept. 28, 1940	Sec. 10 (b) and rule X-103-5 of 1934 act; sec. 1341, title 18, U. S. C. (1948 ed.)	Defendant found guilty by jury on 4 mail fraud counts and not guilty on 2 other mail fraud counts. Remaining counts previously dismissed. Sentenced to 5 years on each count to run concurrently. Notice of appeal filed. Pending.
March, Frederick F.	Northern District of Illinois	June 30, 1950	Sec. 17 (a) (1) of 1933 act. Sec. 1341, title 18, U. S. C. (1948 ed.)	Defendant changed plea of not guilty to guilty and was sentenced to 2 years prison term.
May, Jim	Southern District of Texas	May 9, 1950	Secs. 5 (a) (1) and 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.)	Defendant pleaded guilty. Imposition of sentence was suspended and he was placed on probation for 3 years.
E. M. McLean & Co. (Devon Gold Mines, Ltd.)	Eastern District of Michigan	Oct. 21, 1941	Sec. 15 (a) of 1934 act.	Case pending as to first indictment. 3 defendants previously convicted and sentenced on second and third indictments. Pending as to remaining 5 defendants on the second and third indictments.
Do	do	do	Sec. 5 (a) (1) and (2) of 1933 act; sec. 88 (now sec. 371), title 18, U. S. C.	
Do	do	do	Sec. 17 (a) (1) and (2) of 1933 act; sec. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	

TABLE 24.—Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 1341, formerly 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 1951 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Mills, Homer C. (Dutch Oven Mining Co.)	1	Northern District of Illinois	Nov. 2, 1949	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant found not guilty.
Moore, Lloyd T. (Fisum Mining Co.)	3	District of Montana	June 18, 1943	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Indictment previously dismissed as to 2 defendants. Pending as to Moore, who has not been apprehended.
Norwood, Doak	1	Northern District of Illinois	Dec. 2, 1949	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant pleaded not guilty. Pending.
Peck, Garrette W. (Pedco Sales & Service, Inc.)	2	Southern District of California	Jan. 31, 1951	Sec. 17 (a) (1) of 1933 act; secs. 1341 and 371, title 18, U. S. C. (1948 ed.).	On motion of U. S. attorney, indictment dismissed as to both defendants.
Phillips, Charles	1	Western District of Texas	Apr. 2, 1951	Secs. 5 (a) (2) and 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant entered a plea of guilty to 3 sec. 17 (a) counts and was sentenced to a year and a day on 1 count and a suspended 2-year cumulative sentence on the other 2 counts. Remaining counts of the indictment were dismissed on motion of U. S. Attorney.
Porter, Edward Maurice	1	Southern District of New York	Feb. 2, 1951	Sec. 17 (a) of 1933 act.	Pending.
Price, Eldridge Solomon	1	Northern District of Ohio	Apr. 2, 1951	Sec. 5 (a) (2) of 1933 act.	Case transferred to Northern District of Texas for trial.
Rubinstein, Serge	2	Southern District of New York	Dec. 16, 1948	Sec. 5 (a) (1) and 17 (a) of 1933 act; sec. 9 (a) (4) of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Sec. 9 (a) (4) count dismissed by court. Defendant Rubinstein acquitted by jury on remaining counts. Case covered as to other defendant.
Do.	2	do.	Feb. 7, 1949	Sec. 88 (now sec. 371), title 18, U. S. C.	
Schumpert, Paul A. (National Loan Guaranty Co., Inc.)	1	Middle District of Tennessee	Jan. 26, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Schumpert pleaded guilty to 6 counts of the first indictment and 2 counts of the second indictment and was sentenced to 22 years and fined \$10,000. Lansford pleaded guilty to 2 counts of second indictment and was sentenced to 2 years. Remaining counts dismissed.
Do.	3	do.	Feb. 25, 1949	Secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	
Do.	6	do.	Aug. 17, 1949	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	
Schumpert, Paul A. (National Acceptance Corp.)	3	Southern District of Mississippi	June 8, 1949	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Defendant, Paul A. Schumpert entered a plea of guilty to all counts and received a 2-year sentence on each count concurrently with sentence imposed in the National Loan Guaranty Co. case. P. V. Schumpert was found not guilty by jury. Pending as to C. L. Wilson who was not tried.

Slaughenhout, Richard E.....	1	Western District of Pennsylvania.	Mar. 9, 1951	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 1341, title 18, U. S. C. (1948 ed.).	Defendant arrested and released on \$5,000 bond. Pending.
Stokes, Emory.....	1	Eastern District of Texas.	Nov. 13, 1950	Sec. 17 (a) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant pleaded nolo contendere to 2 mail fraud counts and 2 17 (a) counts and was sentenced to 18 months on each of the 4 counts, the sentences to run concurrently. Execution of sentence was suspended for period of 5 years and he was placed on probation. Remaining counts dismissed on motion of the U. S. Attorney. Pending.
Tuttle, Sidney W.....	1	Eastern District of Pennsylvania.	Mar. 15, 1951	Sec. 17 (a) (1) of 1933 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Defendant arrested and released on bond. Pending.
Warwick, Paul R. Jr. (Texas Investment Co.)	1	Northern District of Texas.	Nov. 1, 1950	Sec. 17 (a) (1) of 1933 act; sec. 10 act; sec. 1341, title 18, U. S. C. (1948 ed.).	Pending.
Wimer, Nye A. (Tennessee Schuykill Corp.)	1	District of New Jersey.	Aug. 3, 1948	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	White's motion granted to transfer proceedings for trial to USDC WD of Oklahoma. Plea of not guilty entered. Pending.
White, Jack R.....	1	District of Nebraska..	Oct. 17, 1950	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	

TABLE 25.—Petitioners for review 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 courts of appeals during the fiscal year ended June 30, 1951

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Committee for Common Stockholders of The Unified Corporation.	Second Circuit.....	Jan. 2, 1951	Order of Dec. 15, 1950, denying authority to solicit further authorizations to designate Randolph Phillips as attorney in fact for United's stockholders in connection with United's reorganization by means of a proposed statement as amended. Petition for review denied and Commission's order affirmed, May 15, 1951. Closed.
Edelstein, Emanuel.....	do.....	Aug. 18, 1950	Order June 19, 1950, directing that holders of the preferred stock of Federal Light & Traction Co., in addition to the sum of \$100 per share already paid, be paid the sum of \$10 for each share, together with compensation for the delay in payment of said sum at the rate of 5.45 percent per annum from Oct. 2, 1947, to date of payment. Order of Commission affirmed Apr. 6, 1951. Petition for writ of certiorari filed Apr. 23, 1951. Certiorari denied June 4, 1951. Closed.
Federal Liquidating Corp.....	do.....	do.....	Order of June 19, 1950—see above. Order of Commission affirmed Apr. 5, 1951. Petition for writ of certiorari filed Apr. 23, 1951. Certiorari denied June 4, 1951. Closed.
Halsted, J. Donald.....	District of Columbia	May 28, 1949	Order of Mar. 31, 1949, denying effectiveness to posteffective amendment respecting a proposed solicitation of voluntary contributions of funds from holders of common stock of Long Island Lighting. Opinion Apr. 24, 1950, affirming order of Commission. Petition for writ of certiorari filed Aug. 14, 1950. Certiorari denied Oct. 9, 1950. Closed.

TABLE 25.—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 courts of appeals during the fiscal year ended June 30, 1951—Continued

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
North American Co.	Second circuit.	July 14, 1950	Order May 18, 1950, denying petitioner's motion for recommended decision by hearing officer in the matter of North American Utility Securities Corp. Petition dismissed on motion of the Commission Oct. 10, 1950, motion being based on interlocutory character of the Commission action complained of. Closed.
Phillips, Randolph	District of Columbia	Nov. 14, 1949	Order of Oct. 20, 1949 approving a plan for distribution by the United Corp. of 1 share of common stock of the Niagara Hudson Power Corp. for every 10 shares of common stock of the United Corp. Leave to intervene granted the United Corp. Commission order affirmed Nov. 9, 1950. Closed.
Do	do	Apr. 10, 1950	Order of Feb. 9, 1950 approving an application authorizing the exchanges by the United Corp. of shares of stock of Niagara Hudson Power Corp. for Niagara Mohawk Power Corp. Leave to intervene granted the United Corp. Petition dismissed June 28, 1951. Closed.
Protective committee for class A stockholders of International Hydro-Electric System.	Second circuit.	Feb. 3, 1950	Order of Dec. 6, 1949 denying application of Paul H. Todd for modification of Commission's liquidation and dissolution order of July 21, 1942, affirmed Oct. 24, 1950. Closed.

TABLE 28.—Contempt proceedings pending during the fiscal year ended June 30, 1951

PART 1.—CIVIL CONTEMPT PROCEEDINGS

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Artemisa Mines, Ltd., and Oliver O. Kendall.	2	Arizona	June 28, 1943	Order Nov. 15, 1943, adjudging Oliver O. Kendall, president of Artemisa 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. (See appendix table on enforcement of subpoenas.) Defendant Kendall presently out of the United States. Pending.

PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

Kirby, Josiah Marshall	1	Northern District of Ohio.	Apr. 3, 1950	Defendant found guilty on Sept. 29, 1950, of criminal contempt and received a sentence of a year and a day.
------------------------	---	----------------------------	--------------	---

TABLE 27.—Cases in which the Commission participated as intervener or as amicus curiae, pending during the fiscal year ended June 30, 1951

Name of case	Court	Date of entry	Nature and status of case
<i>Biau v. Hodgkinson, et al.</i>	U. S. District Court (Southern District of New York).	May 24, 1951.	Action brought by a security holder of Federated Department Stores pursuant to sec. 16 (b) of the Securities Exchange Act of 1934, to recover profits realized by directors of that company as a result of certain transactions in the securities of Federated. Motions for summary judgment filed by plaintiff and defendants. Pending.
<i>Crummer v. Crumley, et al.</i>	U. S. District Court (Ne- vada)	June 8, 1951.	Suit alleging causes of action under secs. 12 (1), 12 (2), and 17 (a) of the Securities Act of 1933. On Jan. 26, 1951, the court denied defendants' motion to dismiss the first cause of action under sec. 12 (1), but reserved judgment with respect to the other 2 causes alleged under sec. 12 (2) and 17 (a). The issue under sec. 12 (2) is whether the mails or instrumentalities of interstate commerce must be used to communicate the misrepresentations or half-truths. The sec. 17 (a) question is whether there may be a private right of action under that section. Pending.
<i>Eversharp v. Robbins</i>	U. S. District Court (Southern District of New York).	Nov. 20, 1950.	Suit brought by the corporation pursuant to sec. 16 (b) of the Securities Exchange Act of 1934, to recover from the defendant, a former officer and director of the company, profits which resulted from the sale and purchase, within a 6 months period, of stock in the plaintiff corporation. Hilde Uhlman, a stockholder, granted leave to intervene as a party plaintiff. Defendant's offer of settlement approved by the district court. Closed.
<i>Finn v. Empire Trust Co. (Childs Co., In re).</i>	U. S. District Court (Southern District of New York)	June 15, 1950.	Motion by 1 of the director defendants to assess his attorney's fees and disbursements against Childs Co. The Commission orally stated its views that the matter was exclusively within the jurisdiction of the ch. X court and also that it supported the trustee's position that application of these provisions of the New York corporation law to trustee's actions is an undue interference with the Bankruptcy Act. Motion denied July 24, 1950. Closed.
<i>Fradt v. Robinson, et al.</i>	U. S. District Court (Western District of Washington).	June 26, 1951.	Action founded on alleged violations of sec. 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5, thereunder. Motions to dismiss filed by defendants include, denying applicability of sec. 10 (b) and rule X-10B-5 to transactions in securities not traded on exchanges or in "over-the-counter" markets by brokers and dealers. Pending.
<i>Gratz v. Glaughton</i>	U. S. Court of Appeals (Second Circuit)	Jan. 2, 1951.	Appeal arising out of litigation commenced by a common stockholder of the Missouri-Kansas-Texas Railroad Co. under sec. 16 (b) of the Securities Exchange Act of 1934 to recover, on behalf of the corporation, profits which were realized by Edward N. Glaughton from short-term trading in the securities of the corporation. Appeal taken by defendant from judgment of district court awarding damages to the plaintiff. Affirmed Feb. 6, 1951. Petition for writ of certiorari denied Apr. 30, 1951. Closed.
<i>Northern Trust Co. v. Essaness Theatres Corp.</i>	U. S. District Court (Northern District of Illinois).	Brief not yet filed.	Defendants' motions to dismiss and for summary judgment raise numerous questions as to the proper interpretation of the 1934 act, particularly sec. 10 (b) and rule X-10B-5. Pending.
<i>Ocean City Automobile Bridge Co., In- re (Integrity Management Co. and Equitable Bond & Mortgage Co., appellants).</i>	U. S. Court of Appeals (Third Circuit).	Sept. 23, 1950.	Appeal from portion of order of the U. S. District Court of New Jersey, dated Feb. 26, 1949, which continued retention of an additional trustee. Commission, as <i>amicus curiae</i> , filed brief urging that additional trustee should not be appointed except in an unusual case. District court order reversed and cause remanded with directions to enter order vacating appointment of additional trustee of debtor. Closed.

TABLE 27.—Cases in which the Commission participated as intervenor or as *amicus curiae*, pending during the fiscal year ended June 30, 1951—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Prudential-Bonds Corp. v. Sulziger</i>	U. S. Supreme Court.	June 8, 1950.	Petition for writ of certiorari filed Apr. 28, 1950, to review order of CA-2 entered Mar. 7, 1950, modifying an allowance awarded defendant. Petition in opposition submitted by defendant. Memorandum in support of petition submitted on behalf of the Reconstruction Finance Corp. as intervenor, and the Commission, as <i>amicus curiae</i> , concerning whether in a corporate reorganization an attorney who represents conflicting interests is barred from receiving any fee from the estate, no matter how successful his labors. Petition for writ of certiorari denied Oct. 9, 1950. Closed.
<i>Radtner v. Lehman, et al.</i>	U. S. District Court (Southern District of New York).	June 12, 1951.	Action brought by a security holder of Consolidated Yulkee Aircraft Corp. pursuant to sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits realized by a director of that company as a result of short term trading by a partnership of which he was a member. Opinion June 27, 1951, granting motion for summary judgment in favor of director. Pending.
<i>Reconstruction Finance Corp. v. Linkingstone (McCann Manufacturing Co., Inc., in re).</i>	U. S. Court of Appeals (Third Circuit).	Jan. 15, 1951.	Appeal by R.F.C. a mortgage creditor of the debtor, from an order of the U. S. District Court for the Middle District of Pennsylvania, dated Nov. 9, 1950, which granted interim allowances in a corporate reorganization proceeding under ch. X of the Bankruptcy Act, to the trustee of the debtor, the trustee's counsel, and to counsel for both the debtor and a committee of creditors. District court order reversed Mar. 13, 1951. Closed.
<i>Robinson, et al. v. Difford, et al.</i>	U. S. District Court (Eastern District of Pennsylvania).	Feb. 13, 1950.	Private action founded on alleged violations of sec. 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5, thereunder. Motion filed by defendants to dismiss the complaint. The Commission filed as <i>amicus curiae</i> taking the positions (1) that the Securities Exchange Act of 1934 was sufficiently broad to cover the instant situation whether or not the security involved was listed on a stock exchange and whether or not the security was sold through a broker-dealer and (2) that rule X-10B-5 could afford the basis for a private lawsuit. Commission therefore requested that defendants' motion to dismiss be denied. Case settled shortly after denial of defendants' motion to dismiss complaint on July 14, 1950. Closed.
<i>Speed, et al. v. Transamerica Corp.</i>	U. S. District Court (Delaware).	Feb. 19, 1947; Oct. 14, 1948; Jan. 14, 1949.	Class suit for damages alleging fraud both at common law and under rule X-10B-5 pursuant to the Securities Exchange Act of 1934. Complaint dismissed as to the common law count, but upheld as to counts under rule X-10B-5. May 9, 1947. Defendants' petition for rehearing denied June 25, 1947. Trial on merits completed and case taken under advisement by court. Pending.
<i>Steinberg v. Sharpe, et al.</i>	U. S. District Court (Southern District of New York).	Sept. 15, 1950; Apr. 30, 1951.	Action brought by a stockholder of Bendix Home Appliances, Inc., instituted on behalf of the corporation, pursuant to sec. 16 (b) of the Securities Exchange Act of 1934, for the recovery of profits realized from the purchase and sale of 1,025 shares of the common stock of the company within a period of less than 6 months. Cross motions for summary judgment filed. Plaintiff's motion for summary judgment granted Jan. 26, 1951. Appeal to CA-2 taken by plaintiff. Commission memorandum as <i>amicus curiae</i> filed Apr. 30, 1951, in support of district court order. Decision of district court affirmed June 25, 1951. Closed.

TABLE 28.—Proceedings by the Commission, pending during the fiscal year ended June 30, 1951, to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Artemisa Mines, Ltd.....	2	Arizona.....	Apr. 8, 1943	Sec. 22 (b) of 1933 act....	Order May 18, 1948, required Artemisa Mines, Ltd., to appear before an officer of the Commission on June 28, 1943, and produce the records described in subpoena <i>duces tecum</i> . Court dismissed application to enforce subpoena <i>duces tecum</i> . Court dismissed application to enforce subpoena with respect to Minas de Artemisa, S. A., a foreign corporation for lack of jurisdiction on Sept. 19, 1944. June 26, 1945, CA-9 reversed the district court. Aug. 1, 1945, order entered requiring Minas de Artemisa, S. A., to respond to the subpoena. Pending. (See appendix table on contempt proceedings.)
Bowles, Sherman W.....	8	Massachusetts.....	Apr. 19, 1951	Sec. 21 (b) of 1934 act....	Action became moot and complaint was withdrawn Apr. 12, 1951, on motion of Commission. Closed.
Harrison, Martin C., and Hull, Allan.	2	District of Columbia...	June 25, 1948	Sec. 21 (c) 1934 act....	Complaint filed for an order by the district court directing the defendants to respond to subpoena ad testificandum. Otis & Co. and Cyrus S. Eaton intervened July 6, 1948. On July 9, 1948, defendants and intervenors filed counterclaim seeking injunction against Commission's public investigation of Kaiser-Frazer stock offering. On Sept. 2, 1948, Judge Keech issued temporary restraining order against proceedings by N. A. S. D. Temporary injunction to same effect granted by Judge Lettis Sept. 21, 1948. Also, on same date, Judge Lettis granted temporary injunction restraining SEC broker-dealer proceeding pending action of District Court in Subpoena enforcement action. SEC appealed this temporary injunction, and its motion to vacate same as moot was pending at close of 1949 fiscal year in the court of appeals for the District of Columbia, as was a motion of appellees to dismiss the appeal. On Oct. 28, 1948, the district court entered an order denying enforcement of subpoena and dismissing counterclaim; this order was not appealed by either side, then Feb. 21, 1950, court of appeals ruled on the motion of the Commission to vacate the judgments below and granting the motion of the appellees to dismiss the appeal. On Mar. 8, 1950, the Commission filed with Court of Appeals a petition for rehearing. Petition for rehearing and motion of N. A. S. D. for leave to intervene denied July 20, 1950. Petition for writ of certiorari filed in Sept 1950. Petition granted and decision of Court of Appeals reversed per curiam by Supreme Court Jan 2, 1951. Closed.

TABLE 29.—Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1951

Plaintiff	Court	Initiating papers filed	Status of case
In re Securities & Exchange Commission (<i>Kaiser-Frazer Corp. v. Ois & Co.</i>)	Southern District of New York.	Jan. 2, 1951	Subpenas <i>ad testificandum</i> and <i>duces tecum</i> served Dec. 28, 1950, on Edward T. McCormick, Earle C. King and Merlin A. Behrens in the aid of taking depositions in <i>Kaiser-Frazer v. Ois & Co.</i> On Jan. 23, 1951, the court granted motion of Commission to quash subpoenas insofar as they were in the nature of subpoenas <i>duces tecum</i> . Closed.
Schmidt, George	Northern District of Illinois.	Mar. 2, 1951	Action against the United States for damages under the Federal Tort Claims Act, arising out of the investigation of Tucker Corp. Pending.
Tucker, Preston T.	do	Mar. 21, 1950	Action against United States attorney and his assistants, and a member and employee of the Commission, charging malicious prosecution as a result of an indictment brought against Preston T. Tucker, et al. Motion to dismiss complaint granted May 29, 1950. Appeal taken by Tucker. District court order affirmed by CA-7, Dec. 29, 1950. Closed.

TABLE 30.—Actions to enforce voluntary plans under sec. 11 (e) to comply with sec. 11 (b) of the Public Utility Holding Company Act of 1935

Name of case	United States District Court	Initiating papers filed	Status of case
American & Foreign Power Co., Inc.	Maine	Nov. 20, 1947	Order Oct. 11, 1948, approving plan. Appeals taken by Harriet E. Weinstein, et al., Samuel J. Levinson, John F. McKenna, and the Norman Johnson group of second preferred stockholders, the Johnson group also appealing from court's order of Sept. 16, 1948. Motions to vacate and remand proceeding to the Commission filed. Appeals dismissed pursuant to stipulation Jan. 4, 1949. Order Jan. 4, 1949, vacating order of Oct. 11, 1948, and remanding proceeding to Commission. Notice of appeal filed by Samuel J. Levinson from portions of order of Jan. 4, 1949, which denied motion to abandon plan. Appeal stayed pending determination of proceeding before Commission. Pending.
American Power & Light Co. Commonwealth & Southern Corp.	do Delaware	June 30, 1950 Nov. 23, 1948	Order July 21, 1950, approving plan as fair, equitable, and appropriate. Closed. Order July 15, 1949, approving plan. Petition of Alfred J. Snyder and Elizabeth C. Lowinsbury for rehearing denied. Appeal Sept. 1, 1949, by Adelaide H. Knight. Order of district court affirmed Aug. 23, 1950, by CA-3. Petition for writ of certiorari filed Nov. 21, 1950, by Adelaide H. Knight and denied by Supreme Court Feb. 26, 1951. Closed.
Do	do	May 3, 1950	Order June 14, 1950, denying petitions of J. S. Farlee & Co., Inc. and Alfred J. Snyder for leave to intervene. Appeal taken June 28, 1950, by J. S. Farlee & Co., Inc. Order of district court affirmed Jan. 22, 1951, by CA-3. Closed.
Eastern Gas & Fuel Associates	Massachusetts	Mar. 13, 1950	Order June 29, 1950, approving plan as fair, equitable, and appropriate. Supplemental order Sept. 6, 1950, approving estimate of \$11 per share as settlement price for holders of new Common Stock of Eastern Gas & Fuel Associates. Closed.
Electric Bond and Share Co.	Southern District of New York.	Reopened Aug. 7, 1950	Order Mar. 2, 1951, approving plan II-53. Appeals to CA-2 taken by Electric Bond and Share Co. and \$5 preferred stockholders. Petition for writ of certiorari filed in Supreme Court by Electric Bond & Share Co. before Court of Appeals had opportunity to consider issues or render judgment. Certiorari denied, June 4, 1951. Pending.

Federal Water & Gas Corp	Delaware	July 28, 1948	Order Aug. 19, 1948, approving plan with the exception of sec. 3. Order Jan. 11, 1950, approving sec. 3 of the plan. Appeal to CA-3 taken by Chenery Corp. Petition for writ of certiorari filed May 22, 1950, by Chenery Corp. and denied by Supreme Court on Oct. 9, 1950. District Court order affirmed by CA-3 Apr. 2, 1951. Petition for writ of certiorari filed May 1, 1951, by Chenery Corp. and denied by Supreme Court on June 4, 1951. Pending.
Green Mountain Power Corp.	Vermont	May 4, 1951	Supplemental application filed June 4, 1951. Order June 4, 1951, approving plan as fair, equitable, and appropriate. Pending.
Illinois Power Co. Interstate Power Co.	Delaware do	June 14, 1951 Jan. 24, 1947	Order Apr. 24, 1947, approving plan. Supplemental application filed Dec. 31, 1947. Order Jan. 7, 1948, approving alternate plan. Appeal of John P. Errington, et al., dismissed, pursuant to stipulation dated Aug. 12, 1948. Supplemental application filed July 1, 1949. Plan approved Feb. 23, 1950. Order May 18, 1950, granting petition of Commission to reconvene hearings. Supplemental application III filed Feb. 21, 1951. Order Mar. 16, 1951, approving adjusted compromise plan. Closed.
Long Island Lighting Co.	Eastern District of New York	Nov. 17, 1940	Order Feb. 17, 1950, approving plan. Appeals taken by Common Stockholders Committee and Louis W. Gordon. Opinion June 1, 1950, modifying decision of district court. Opinion of June 1, 1950, modified July 5, 1950, and order of district court affirmed in all respects. Petitions for writs of certiorari filed by Common Stockholders Committee and Louis W. Gordon. Certiorari denied Oct. 9, 1950. Closed.
Market Street Railway Co.	Northern District of California	May 3, 1950	Order July 11, 1950, approving principal provisions of the plan but disapproving plan insofar as it failed to provide an allowance of fees for attorney for the Van Kirk Committee for prior preference stockholders and remanding case to Commission. Appeal taken by Commission from those portions of order which disapproved Commission's determination with respect to fee. Appeals taken by William J. Cogan and Charles T. Jones from provisions of the order which approved the plan. Supplemental application filed Oct. 26, 1950. Order of approval entered Nov. 21, 1950. Appeals taken by William J. Cogan and Charles T. Jones. Appeals from both orders consolidated Mar. 7, 1951. Pending.
Middle West Corp. New England Public Service Co.	Delaware Maime	June 7, 1950 July 3, 1947	Order June 29, 1950, approving plan as fair, equitable, and appropriate. Closed. Order Aug. 6, 1947, approving plan. Appeals taken by Esther Vogel, et al, State Street Investment Corp and Russell B. Stearns. Supplemental application filed Aug. 10, 1950. Second supplemental application filed Sept. 11, 1950. Order Sept. 27, 1950, approving second supplemental application. Order Nov. 29, 1950, approving supplemental application. Appeals withdrawn pursuant to stipulation. Closed.
Niagara Hudson Power Corp.	Northern District of New York	Aug. 26, 1919	Order Nov. 4, 1919, approving plan. Appeal taken by M. Victor Levintritt. Order Feb. 1, 1950, by CA-2 reversing order of district court and remanding case to Commission for further proceedings. Petitions of Commission and Niagara Hudson Power Corp. for rehearing denied, Feb. 23, 1950. Petition for writs of certiorari filed by Commission and Niagara Hudson Power Corp. Order of CA-2 reversed and district court order affirmed by Supreme Court Jan. 15, 1951. Supplemental application filed Sept. 8, 1950. Order Sept. 28, 1950, approving plan. Closed.
Philadelphia Co.	Western District of Pennsylvania	Mar. 27, 1950	Proceedings in the matter of Pittsburgh Ry. Co under ch. X of the Bankruptcy Act and proceedings in the matter of Philadelphia Co under the 1935 act consolidated. Order May 1, 1950, approving plan. Closed

TABLE 31.—Actions under sec. 11 (d) of the Public Utility Holding Company Act of 1935 to enforce compliance with the Commission's order issued under sec. 11 (b) of that act

Name of case	United States district court	Initiating papers filed	Nature and history of case
International Hydro-Electric System.	Massachusetts.....	Dec. 23, 1949	<p>Petition for approval of pt. II of trustee's second plan to liquidate and dissolve International Hydro-Electric System filed Dec. 23, 1949. Plan approved Jan. 26, 1950. Order June 14, 1950, on trustee's petition filed June 2, 1950, for approval of terms and conditions for consummation of pt. II of trustee's second plan. On June 14, 1950, the district court approved the supplemental order of the Commission dated June 13, 1950 (Holding Company Act Release No. 9917) for carrying out pt. II of the trustee's second plan for the liquidation and dissolution of IHES (retirement of IHES debentures). On June 23, 1951, the Commission (Holding Company Act Release No. 10642) authorized the payment of \$85,017.60 as interest on interest to the debenture holders. This order has been presented to the district court for approval and enforcement. The Commission now has before it pt. III of the trustee's second plan, as well as other plans for the disposition of the residual estate of IHES. When the Commission enters a final order on the issues presented, the matter will again go to the district court for approval and enforcement. The matter will remain under the jurisdiction of the district court until all issues with respect to the reorganization of IHES have been consummated. Pending.</p>

TABLE 32.—*Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1951, in which the Commission participated when appeals were taken from district court orders*

Name of case and United States Court of Appeals	Nature and status of case
American Acoustics, Inc., debtor (third).	Appeals from order of Apr. 26, 1951, disallowing applications of appellants for allowances in the ch. X proceedings for reorganization of the debtor. Pending.
Central States Electric Corp., debtor (fourth).	Consolidated appeals from order of Apr. 24, 1950, approving plan of reorganization and order of May 24, 1950, authorizing trustees of Central States to proceed with liquidation of American Cities, a subsidiary holding company of Central States. On June 14, 1950, CA-4 granted stay of order of May 24, 1950. Orders of district court affirmed Aug. 16, 1950, and stay order dissolved. Petitions for writs of certiorari filed by all appellants. Commission's brief in opposition filed Dec. 29, 1950. All petitions for writs of certiorari denied Jan. 8, 1951. Closed.
Central States Electric Corp., debtor; <i>Berner, et al. v. Austrian and Butcher</i> , trustees (fourth).	Consolidated appeals from order of Nov. 28, 1950, confirming the plan of reorganization. On Mar. 12, 1951, the appeals of the debtor and the Central States Electric Corp. 6 percent preferred stockholders committee were dismissed pursuant to stipulations of Feb. 26, 1951, and the appeals of T. Roland Berner and Reynald H. Chase were dismissed, the appellants having failed to file briefs, etc. Petitions of Reynald H. Chase and T. Roland Berner, et al., for writs of certiorari filed May 22, 1951. Petitioners sought review of decrees of CA-4 entered Mar. 12, 1951, and May 11, 1951. (Case consolidated in Supreme Court with appeal from order affirming district court order denying motion to dismiss reorganization proceedings. See below.) Certiorari denied June 4, 1951. Closed.
Central States Electric Corp., debtor; <i>Chase, et al. v. Austrian and Butcher</i> , trustees (fourth).	Appeal from order of Mar. 13, 1951, denying motion to dismiss reorganization proceedings. Commission filed brief May 10, 1951, in support of district court order. Order May 11, 1951, affirming order of district court and denying application for stay pending application for certiorari. Petitions for writs of certiorari filed May 22, 1951. Petitioners sought review of decrees of CA-4 entered Mar. 12, 1951, and May 11, 1951. (Case consolidated in Supreme Court with appeal from order affirming district court order confirming plan of reorganization. See above.) Certiorari denied June 4, 1951. Closed.
Childs Company, debtor; Childs Co., petitioner-appellant (second).	Appeal from order of Aug. 5, 1949, fixing final allowances for services. Commission filed brief taking position that total allowances were too high and that compensation should be wholly denied to certain applicants. On Apr. 5, 1950, CA-2 reversed order of the district court in part and remanded cause for further proceedings. Closed.
Dallas Parcel Post Station, Inc., debtor; Income Investment Co., appellant (seventh).	Appeal from order of Jan. 31, 1951, approving report of special master recommending the retention in office of Joseph Schwartz as trustee. Pending.
Inland Gas Corp., debtor (sixth) -----	Consolidated appeals from order of Oct. 1, 1949, approving plan of reorganization. Commission filed brief in support of appellants primarily with regard to the claims of Columbia Gas System, Inc., which were subordinated under the plan only to claims of other creditors of Inland and not to creditors of Inland's parent companies, American Fuel & Power Co. and Kentucky Fuel Gas Corp. The reply brief of the Commission covered several other issues. Opinion Mar. 19, 1951, directing that the order of the district court be amended by a direction, among other things, to subordinate the claims of Columbia to the public holders of Kentucky and American Fuel obligations secured by pledges of Inland in recognition of their creditor status and remanding case to district court for further proceedings. Closed.
International Mining & Milling Co., debtor; <i>Rosin v. Hart</i> (ninth).	Appeal from order of June 28, 1949, disallowing attorney fees to appellant. Commission filed brief Mar. 3, 1950, in support of district court order. On May 29, 1950, CA-9 affirmed order of district court. Petition for rehearing denied June 21, 1950. Closed.
National Realty Trust, debtor; <i>Darrow v. Mosser; Guild v. Darrow</i> (seventh).	Appeal from order of Apr. 12, 1949, affirming the findings and recommendations of the special master surcharging Darrow for profits realized by his confidential employees from dealing in securities of the debtors' subsidiaries during Darrow's tenure of office. Commission filed brief in support of district court order. District court order reversed Aug. 14, 1950, by CA-7 insofar as it surcharged Darrow and affirmed in all other respects. Petition for rehearing by Mosser, et al., denied Sept. 21, 1950. Petition for writ of certiorari filed Dec. 18, 1950. Commission's brief urging reversal filed Mar. 28, 1951. Judgment of CA-7 reversed by Supreme Court May 7, 1951, and cause remanded to district court. Closed.

TABLE 32.—*Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1951, in which the Commission participated when appeals were taken from district court orders—Continued*

Name of case and United States Court of Appeals	Nature and status of case
Norwalk Tire & Rubber Co., debtor; L. Drexage & Co., Inc., et al., appellants (second).	Appeal from order of July 6, 1950, granting motion of trustee for summary judgment disallowing claims of L. Drexage & Co., Inc. and L. Drexage & Co. on the grounds that such claims were barred by order of July 7, 1949, as they had not been filed by Sept. 1, 1949, and from order of July 12, 1950, in aid of the consummation of the plan of reorganization. Commission's brief filed Oct. 3, 1950, in support of district court order. Order of district court affirmed. Closed.
Pittsburgh Terminal Coal Corp., debtor; Pittsburgh Terminal Realization Corp., appellant (third).	Appeal from order of Dec. 9, 1949, preliminarily enjoining, pending final hearing, proposed action of the Realization Corp. at a stockholders' meeting and authorizing the trustee to conduct an investigation of the business and affairs of the Realization Corp. Commission filed brief in support of district court order. District court order affirmed July 17, 1950, by CA-3. Petition for writ of certiorari filed Oct. 11, 1950. Commission filed brief in opposition. Certiorari denied Dec. 11, 1950. Closed.
Silesian-American Corp., debtor; (second).	Appeal from order of May 29, 1950, approving the trustee's amended plan of reorganization. Commission filed brief Nov. 1, 1950, taking position that district court order should be reversed. Order reversed Dec. 26, 1950, by CA-2, and cause remanded to lower court. Closed.
Solar Manufacturing Corp., debtor; (third).	Appeal from order of Dec. 11, 1950, approving special master's report and denying petition for immediate partial distribution to debenture holders. Partial distribution made to all creditors on Apr. 14, 1951. Appeal, therefore, has become moot. Closed.
Solar Manufacturing Corp., debtor; Ben Mintz, appellant (third).	Appeal from order of Dec. 28, 1950, which awarded interim allowance to the 2 trustees of the debtor and their counsel. Commission's brief filed in May 1951, took position that district court orders of Dec. 28, 1950, and Jan. 4, 1951 (see below concerning this appeal), should be reversed. Opinion rendered June 28, 1951, reversing the order of Jan. 4, 1951, as to the denial of the motion to reduce the number of trustees to 1 and affirming the order of Dec. 28, 1950, as to interim allowances, and directing that the case be remanded to the district court for further proceedings. Pending.
Solar Manufacturing Corp., debtor; Ben Mintz, appellant (third).	Appeal from order of Jan. 4, 1951, denying motion of the Commission to reduce the number of trustees of 1. Commission's brief filed in May 1951, took position that district court orders of Dec. 28, 1950 (see above concerning this appeal), and Jan. 4, 1951, should be reversed. Opinion rendered June 28, 1951, reversing the order of Jan. 4, 1951, as to the denial of the motion to reduce the number of trustees to 1 and affirming the order of Dec. 28, 1950, as to interim allowances and directing that the case be remanded to the district court for further proceedings. Pending.
Third Avenue Transit Corp., debtor; Melniker, et al, appellants (second).	Appeal from order of Apr. 29, 1950, which directed a loan of \$350,000 from cash held by indenture trustee under a first mortgage indenture. Pending.
Washington Gas and Electric Co., debtor (second).	Appeal from order of Dec 18, 1950, granting final allowances to certain fee applicants. Compromises were reached between reorganized company and fee applicants regarding amounts to be received as fees. Upon consent of parties and approval by the judge, appeals were withdrawn. Closed.

TABLE 33.—An 18-year summary of criminal cases developed by the Commission—1934 through 1951 by fiscal year

[See separate chart for classification of defendants as broker-dealers, etc.]

Fiscal year	Number of cases referred to Department of Justice in each year	Number of persons as to whom prosecution was recommended in each year	Number of such cases in which indictments were obtained by United States attorneys	Number of defendants indicted in such cases ¹	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed by United States attorneys	Number of these defendants as to whom cases are pending ²
1934	7	36	3	32	17	0	15	0
1935	29	177	14	149	84	5	60	0
1936	43	379	34	368	164	46	158	0
1937	42	128	30	144	78	32	34	0
1938	40	113	33	134	75	13	44	2
1939	52	245	47	292	169	33	60	0
1940	59	174	51	200	96	38	66	0
1941	54	150	47	145	94	15	36	0
1942	50	144	46	194	108	23	48	15
1943	31	91	28	108	61	10	33	4
1944	27	69	24	79	47	6	19	7
1945	19	47	18	61	36	10	13	2
1946	16	44	14	40	13	8	3	16
1947	20	50	13	34	9	5	12	8
1948	16	32	15	29	20	3	5	1
1949	27	44	25	57	16	12	9	20
1950	18	28	15	27	13	1	3	10
1951	³ 29	42	20	40	5	1	2	32
Totals	579	1,993	477	2,133	1,135	261	⁴ 620	117

¹ The number of defendants in a case is sometimes increased by the Department of Justice over the number against whom prosecution was recommended by the Commission. For the purpose of this table, an individual named as a defendant in 2 or more indictments in the same case is counted only as a single defendant.

² See separate chart for breakdown of pending cases.

³ 5 of these references as to 5 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year.

⁴ 436 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 381 or 87.3 percent of such cases. Only 55 or 12.7 percent of such cases have resulted in acquittals or dismissals to all defendants.

⁵ Includes 42 defendants who died after indictment.

TABLE 34.—Summary of criminal cases developed by the Commission which were still pending at June 30, 1951—by fiscal year

	Cases	Number of defendants in such cases	Number of such defendants as to whom cases have been completed	Number of such defendants as to whom cases are still pending and reasons therefor		
				Not yet apprehended ¹	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in, ²						
1938.....	1	2	0	2	0	0
1939.....	0	0	0	0	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	3	14	1	0
1943.....	2	8	4	3	1	0
1944.....	2	8	1	7	0	0
1945.....	2	4	2	1	1	0
1946.....	4	16	0	16	0	0
1947.....	3	9	1	8	0	0
1948.....	1	1	0	0	1	0
1949.....	8	22	2	7	13	0
1950.....	6	10	0	1	7	2
1951.....	14	32	0	0	32	0
Total.....	³ 45	³ 130	13	59	56	2

SUMMARY

Total cases pending ²	50
Total defendants ³	135
Total defendants as to whom cases are pending ³	122

¹ Almost without exception these defendants are residents of Canada and cannot be extradited.

² Fiscal year ended June 30 of the year indicated.

³ Except for 1951, indictments have been returned in all pending cases. Indictments have not yet been returned as to 5 proposed defendants in 5 cases referred to the Department of Justice in 1951. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 35.—An 18-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1951

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed by United States attorneys	Number as to whom cases are pending
Registered broker-dealers ¹ (including principals of such firms).....	332	204	23	93	12
Employees of such registered broker-dealers.....	111	56	15	36	4
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	692	350	57	254	31
All others ²	998	525	166	237	70
Total.....	2, 133	1, 135	261	620	117

¹ Includes persons registered at or prior to time of indictment.

² The persons referred to in this column, while not engaged in a general business in securities, were almost without exception prosecuted for violations of law involving securities transactions.

TABLE 36.—An 18-year summary of all injunction cases instituted by the Commission 1934 to June 30, 1951, by calendar year

Calendar year	Number of cases instituted by the Commission and the number of defendants involved.		Number of cases in which injunctions were granted and the number of defendants enjoined. ¹	
	Cases	Defendants	Cases	Defendants
1934.....	7	24	2	4
1935.....	36	242	17	56
1936.....	42	116	36	108
1937.....	96	240	91	211
1938.....	70	152	73	153
1939.....	57	154	61	165
1940.....	40	100	42	99
1941.....	40	112	36	90
1942.....	21	73	20	54
1943.....	19	81	18	72
1944.....	18	80	14	35
1945.....	21	74	21	57
1946.....	21	45	15	34
1947.....	20	40	20	47
1948.....	19	44	15	26
1949.....	25	59	24	55
1950.....	27	73	26	71
1951 (to June 30).....	11	31	10	25
Total.....	590	1,740	541	1,362

SUMMARY

	Cases	Defendants
Actions instituted.....	590	1,740
Injunctions obtained.....	534	1,362
Actions pending.....	7	19
Other dispositions ⁴	49	359
Total.....	590	1,740

¹ These columns show disposition of cases by year of disposition and do not necessarily reflect the disposition of the cases shown as having been instituted in the same years.

² Includes 7 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

³ Includes 2 defendants in 2 cases in which injunctions have been obtained as to 11 codefendants.

⁴ Includes (a) actions dismissed (as to 298 defendants); (b) actions discontinued, abated, vacated, abandoned, or settled (as to 51 defendants); (c) actions in which judgment was denied (as to 7 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 3 defendants).

