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**REPORT
TO MEMBERS
1956**

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National Association of Securities Dealers, Inc.

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Report to members / 1956

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National Association of Securities Dealers, Inc.

OFFICE OF THE CHAIRMAN UNION TRUST BUILDING, PITTSBURGH 19, PENNSYLVANIA

February 25, 1957

TO MEMBERS:

This is my last official act as Chairman of your Association's Board of Governors. Limited somewhat by space—but more by holding the opinion that a man will read only so much and no more—I verge on being perhaps just a bit dogmatic in setting forth several basic convictions which I have developed slowly but firmly during the past year. So I ask you to bear with me and understand why I do not elaborate on what I consider sound and convincing reasons supporting these convictions.

Broadly speaking, the NASD has only one fundamental reason for being and that reason is SELF-REGULATION. Intelligent self-regulation is an exacting business, demanding in the highest degree sound, equitable and judicious use of authority. Nothing must ever be allowed to interfere with the carrying on of this primary function.

The power to examine members and to impose penalties in disciplinary actions presupposes an awareness of the necessity for continued application of the "due process of law" policy by all Officers, Governors, Committeemen and staff of the Association. This will always be basic in the Association's use of its powers.

The tremendous growth of the investment business has greatly increased the work of the Association. This growth has made it all the more imperative that the NASD be kept strong, that it be kept adequately staffed with men of intelligence, character, and foresight. Men of experience and high calibre, willing to sacrifice time in the service of the Association and the industry, must be constantly supplied to the District Committees and the Board of Governors. This supply of the proper type of men is absolutely essential to the continued successful operation of the Association at a high degree of efficiency and effectiveness such as has been demonstrated in the past.

Your Executive Director has put together a fine staff of able men, hard working, energetic and devoted to the interests of the Association and to carrying out the policies laid down by the Board of Governors. You have an unusually outstanding administrator in Wallace Fulton, whose vision and courage, along with intelligent hard work, have brought this Association to its present level of effectiveness.

As I step down as Chairman, I thank all of those very able men of the staff, of the committees, and my associates on the Board whose experience, counsel and willingness to work made my year as Chairman not only a very pleasant and satisfying one, but also a relatively easy one.

Sincerely,



FRANK H. HUNTER
Chairman of the Board of Governors

OFFICERS 1956

Frank H. Hunter,
Chairman

H. Warren Wilson,
Vice-Chairman

George A. Newton,
Vice-Chairman

G. Price Crane,
Treasurer

Wallace H. Fulton,
Executive Director

report

of the Executive Director

4. Representations by the Association, alone or in co-operation with other organizations of the business, were fruitful in dealing with Securities and Exchange Commission proposals and legislation and in providing educational material; the cumulative experience that has been gained in these fields has prepared us well for the challenges and opportunities which lie ahead;

5. A heavy load of disciplinary work was carried and responsibilities in this area fully discharged.

In June, 1956, the first qualification examinations for membership in the Association and registration as registered representatives were given as a result of amendments to the By-Laws adopted by the Board and approved by the membership. The effect of the amendments was to strengthen materially the standards for admission and registration.

Details of this program had been worked out in the Executive Office over a period of several months. The first task was to establish the identity of registered representatives lacking one year's experience in the business and to arrange for them to take the examination prescribed for their continued registration under the terms of the new By-Law. Our estimate of the number involved—10,000—proved accurate and during the months of June and July approximately that many took the examination. By the end of 1956, a total of 14,000 had been examined. We found that approximately 70% of all new applicants for registration lacked the necessary one year's experience and, therefore, were required to pass an examination before registration could be effective. Two examination centers were established in New York City late in October. In the closing two months of the year they processed 907 candidates for registration.

The second phase of the program got under way December 1. Its object is to establish, through re-registration of all registered representatives, the existence, among

At the 51st meeting of the Board of Governors, held in January, it was the Executive Director's privilege to report that 1956 can be considered one of the most productive in the seventeen years of Association activity.

Rarely since formation of the Association in 1939 have policy questions been before the Board of Governors in such number and complexity as was the case in 1956. The year 1957 opens with a full calendar of projects and problems, the completion and resolving of which will make the period a demanding one for all.

Internal affairs of the securities business and the public welfare were advanced as a result of Association actions in 1956. Noteworthy accomplishments for the year were:

1. Qualification standards for admission to membership and registration as registered representatives were put into effect for the first time;
2. New principles were adopted for the compilation of quotations on over-the-counter securities which are sponsored and released by the Association to newspapers and periodicals; also, more precise standards were adopted for issues to be quoted;
3. Steps were taken to improve examinations that are made of members' books and practices and to simplify and expedite complaint procedures;

The table is divided into two main sections: 'Over-the-Counter Markets' and 'National Market'. The 'Over-the-Counter Markets' section lists various securities with columns for 'Bid', 'Ask', and 'Last Sale'. The 'National Market' section lists various stocks with columns for 'Bid', 'Ask', and 'Last Sale'. The table is dense with numerical data and includes a small section for 'Federal and Utility Stocks'.

those presently registered, of any bars to their remaining effectively registered. A total of 607 firms with 9,027 registered representatives were covered in this review by the end of December. The additional information obtained on re-registered individuals has been significant as to a small number; but we have not completed the evaluation of these returns.

The examinations now being given to new applicants for membership and individual registration are the minimum necessary to meet the standards. Passing grade has been kept arbitrarily low. Few have failed. We are now engaged in developing new and more searching questions. Consideration may be given to a future program similar to procedures in other businesses, including a course of study administered by appropriate educational institutions.

Problems related to mark-up practices were not automatically resolved by promulgation of the 5% policy; the Uniform Practice Code is not static nor self-executing; quotations were not placed in an ideal state when the Association first took them over, nor are they yet ideal despite the contribution made this past year by the National Quotations Committee. So it is with qualifications for membership and registration. What has been accomplished is a challenge, not a conclusion.



The Association supported the Rensselaer Polytechnic Institute's American industry series, devoted this past year to the securities business. The Association contributed to the underwriting of this project and provided speakers and literature for the 750 high school teachers from all parts of the country who attended the sessions.

The Association again in 1956 lent its support financially and with personnel to the work of the business' Joint Committee on Education. Newest project to be assumed by this Committee is research preliminary

to preparation of a textbook for universities, to which task the Association has contributed financial assistance.

Success which attended the year's efforts in all these directions was due to the coordinated endeavors of District Committees and the Board of Governors and its National Committees, as well as the staff serving the various Committees and that at the Executive Office.

A summarized treatment, by subject matter, of some of the Association's work in 1956 is submitted below:

MEMBERSHIP

Membership, which has been steadily on the rise since 1943, reached further new heights month by month in 1956. At the end of the year, the Association had 3,757 members, a net gain for the period of 276 or eight percent. During the year, 439 applications for membership and 163 notices of termination were processed. The membership at the year-end consisted of 1,316 sole proprietors, 1,239 partnerships and 1,202 corporations. Approximately 60% of the membership is located in four Districts—8, 9, 13, and 14, with 38% in No. 13 (New York, Connecticut and New Jersey). Membership in Districts 8 and 14 (the Chicago-mid-western area and New England, respectively) has remained practically unchanged in the past few years, while both the New York and the southern regions have recorded steady gains. There are no signs yet that the upward trend has stopped. The bulk of new members added in the past several years engage primarily in the distribution of investment company shares.

BRANCH OFFICES

Members had registered 2,665 branch offices at the end of 1956, compared with the 1,704 registered at the close of 1955. Ten years ago, members had registered fewer than 900 branch offices, about a third of today's figure.

REGISTERED REPRESENTATIVES

The Association had 52,877 individuals registered as representatives of members on December 31, 1956. At the end of 1955, the number was 44,488. During 1956, 18,767 applications for registration and 10,378 notices of termination were received. There was, therefore, a net gain of 8,389 in registered representatives for the year, an increase of nearly 20%. Analysis of applications received in the second half of the year, dating from the initiation of qualification standards, showed that over 70% of the applicants had no experience in the securities business. These individuals are from all walks of life—lawyers, doctors, accountants, statisticians, general office personnel, the military, laborers, and housewives. Illustrating the growth in volume of work connected with this activity is the fact that in 1954 we were processing an average of 800 applicants a month; in 1955, an average of 1,000; and for 1956, an average of 1,500.

ASSOCIATION STAFF

The Association was employing 69 people at the end of 1956, divided as follows: 30 in the Executive Office and 39 in the District Offices. The Executive Office staff consists, in addition to the Executive Director, of a Comptroller, an assistant to the Director, a national committee secretary, a supervisor of membership, two administrative assistants, three examiners and 20 secretarial and clerical employees. The District Office personnel is made up of ten secretaries, of whom eight are examiners as well; two assistant secretaries, of whom one is an examiner; nine examiners; two persons devoting their time to quotations; one uniform practice secretary; and 15 secretarial and clerical employees. Ten years ago, the Association employed 31 persons.

EXAMINATION OF MEMBERS

The staff in the Districts and examiners from the Executive Office completed 1,028 examinations of members in 1956. In the preceding year, 991 examinations were made, while in 1954, 1,087 examinations

were completed. Thus, in 1956, 27% of the membership was examined, against 28% in 1955 and 34% in 1954.

The problem of maintaining our objective of examining at least one-third of the members each year is not one simply of employing the required manpower to do the job. Our experience testifies that when more examinations are made, more violations of rules are exposed, with resultant increases in the number of complaints. It is also our experience that examination work has become more complex, year by year. In earlier years, our concern was primarily with mark-ups. That is only incidental to the problems encountered by examiners today and is, as a matter of fact, the easiest type of information to obtain. Under today's conditions, weeks and sometimes months have been spent on a single examination.

MEMBER MEETINGS

The Chairman of the Board and the Executive Director attended sixteen meetings of members in various parts of the country in 1956. This practice is of long-standing and has its immediate as well as cumulative effect in acquainting members and their registered representatives with the purposes of the Association, the policies set by the Board and the problems of the Association and the securities business as a whole. In 1956, as in immediately preceding years, these meetings have been attended by a larger representation of the younger men in the business, many of whom have heretofore had limited knowledge of the Association and its work.

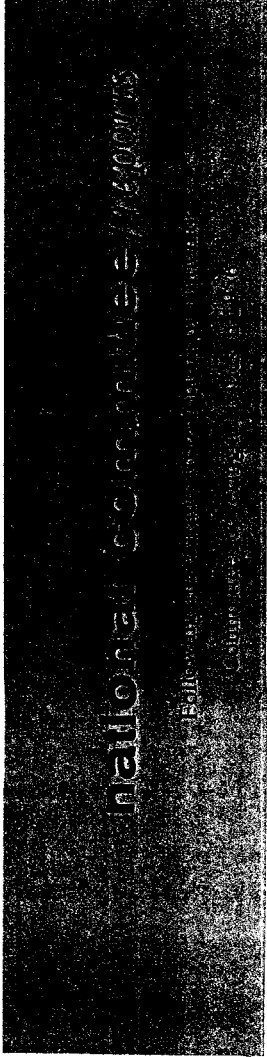
Member meetings are an essential part of the continuing job of keeping the membership informed of our progress and problems.

Respectfully submitted,



Executive Director

Note: Further information on Association activities in 1956 is given in the accompanying excerpts from reports of several National Committees.



quotations

New standards were adopted by the National Quotations Committee for over-the-counter securities, prices of which are gathered and disseminated under the sponsorship of the Association. In addition, the Committee instituted the policy of employing an actual bid price for published quotations. These new standards were adopted by the Board of Governors as part of a program to establish a national list of over-the-counter securities—issues that are widely known and are actively dealt in throughout the country. The standards adopted by the Committee for issues included in the national list are as follows:

1. Minimum of 300 stockholders in each of two of the four regions established by the Committee;
2. Minimum of 1,000 stockholders throughout the country and minimum of 200,000 shares in the hands of the general public, or 2,000 stockholders.
3. Minimum of \$5 market value;
4. Minimum of two primary trading markets.

Newspapers in a number of financial centers and publications with national distribution, immediately upon adoption of the new standards, began publication of over-the-counter issues in new formats. At the same time, they afforded additional space to these market quotations. Cooperative efforts are continuing, with the goal of wider coverage for these prices.

FRANK L. REISSNER, *Chairman*,
National Quotations Committee.

business conduct

The year 1956 was one of the busiest our District and Business Conduct Committees have experienced at the local and national levels. A total of 129 complaints was filed against members—nearly 25 percent of them

in the Mountain States, center of the boom in speculation in uranium stocks and its attendant surge of inexperienced people into the Association. In all, 95 complaints were filed over the past two years by the District Committee for that region in an effort to protect the public against improper practices. The extent to which Association responsibility was discharged in this area is evidenced in the fact that 15 firms were expelled, as were three individuals associated with them. Thirty-five members and five registered representatives were fined.

Elsewhere, complaint actions were at a higher level in New York, the Middle West and the South, including cases where members were charged with "free-riding" in certain new issues of common stock.

At the beginning of 1956, there were 113 complaints pending. In all, 147 complaints were closed during 1956 and there were 95 pending at the end of the year. Thirty-two firms were expelled from membership and the registrations of 19 registered representatives were revoked. Four firms and six representatives were suspended for varying periods of time. Sixty members and eight registered representatives were fined, and 40 firms and 12 individuals were censured.

EDWARD H. AUSTIN, *Chairman*,
National Business Conduct Committee.

"free-riding"

The Special Committee on "Free-Riding" recommended that the 1950 interpretation by the Board of Governors with respect to "free-riding" be revised (a) so that it would be clear that the interpretation includes registered secondary offerings, Regulation A issues and others (as well as normal initial offerings); (b) to make clear what is meant by "normal investment practice"; and (c) to deal with the practice of allotting so-called "hot issues" to professional buyers.

Proposed revisions in the 1950 interpretation to accomplish these aims are to be mailed to all members of the Association, together with a covering letter asking that they be brought to the attention of registered representatives of members.

EARL K. BASSETT, *Chairman*,
Special Committee on "Free-Riding"

“variable annuities”

Action in the field of “variable annuities” is pending in many areas. A special study has been authorized by the Massachusetts Legislature; a Connecticut court has a suit brought by a state agency to prevent the sale of such contracts; the three bills sponsored by Prudential Life Insurance Company to permit sale of “variable annuity” contracts in New Jersey, which were tabled in the last session, have been reintroduced in the session that opened in January; a stop-order against Variable Annuity Life Insurance Company of America has been issued in West Virginia to prevent that company from offering its contracts in that state unless VALIC registers the contracts as securities and complies with the state securities laws; the suit brought by the Securities and Exchange Commission against VALIC in the District of Columbia, seeking a permanent injunction against sale of the contracts anywhere unless and until they are registered with the SEC as securities, moves toward trial.

This Committee has completed study of and presented to the Board for adoption the brief prepared by counsel on the tax status of “variable annuity” funds. The brief is an excellent one, and represents much study and research and should be a significant contribution to the legal literature on the subject. It was prepared by Association counsel on authorization of the Board, following the suggestion by Treasury officials that a detailed analysis of the applicable Federal tax law in this area might be helpful to the Government. We recommend that the brief be transmitted to the Treasury for use in that agency’s consideration of this matter.

LEE H. OSTRANDER, *Chairman*,
Variable Annuities Committee.

revenue and expenditures

The 1956 Statement of Revenues and Expenditures for the fiscal year ended September 30, 1956, is submitted on Page 10. Revenues in 1956 amounted to \$1,042,135, as compared with \$749,106 in 1955. Assessment

income last year was \$767,681 and fees for registration of registered representatives totaled \$177,700. In the preceding year, these accounts amounted to \$584,616 and \$123,230 respectively. Expenditures in fiscal 1956 totalled \$940,788, including a contribution of \$45,070 to the Retirement Trust Fund to cover past-service benefits. In fiscal 1955, expenditures aggregated \$710,604. The accumulated balance as of December 31, 1956, was \$598,876, against \$497,530 at the end of 1955.

G. PRICE CRANE, *Treasurer*.

investment companies

Substantial agreement by the Securities and Exchange Commission with the position of the business on amendments to the SEC’s Statement of Policy governing investment company sales literature—presented by this Committee at formal hearings in November and in continuing negotiations since—appears to be in sight.

The Commission has indicated it will accept proposals of the Committee as to the form of charts and tables used to show company performance and investor experience over a variety of market conditions and varying methods of purchase. We had the backing in this endeavor of substantially all other segments of the business that are interested in investment company securities, as well as the support of the Board of Governors of this Association, particularly the Chairman, whose strong statement was a highlight of the public hearings, together with the backing of some 500 dealers who wrote to the Commission.

The Committee expects, upon completion of the Statement of Policy conferences, to turn its attention to several other matters of importance in the investment company field, including discount pricing and delayed payment for shares.

WILLIAM F. SHELLEY, *Chairman*,
Investment Companies Committee.



Robert V. Benson
President



J. M. Francis
President



Richard H. Austin
President



Paul K. Hissell
Treasurer



William T. Fiddis
Treasurer

OFFICERS 1957

board of governors

To Serve Until January, 1958

Edward H. Austin	Austin, Hart & Parvin, San Antonio
Earl K. Bassett	W. E. Hutton & Co., New York City
Howard H. Fitch	Barret, Fitch, North & Co., Kansas City
Jo M. French	Blyth & Co., Inc., Los Angeles
Joseph J. Muldowney	Scott & Stringfellow, Richmond
Lee H. Ostrander	William Blair & Company, Chicago
Frank L. Reissner	Indianapolis Bond and Share Corporation, Indianapolis

To Serve Until January, 1959

Charles L. Bergmann	R. W. Pressprich & Co., New York City
Harold H. Cook	Spencer Trask & Co., New York City
Newton P. Frye	Central Republic Company, Chicago
Edmond E. Hammond	Paine, Webber, Jackson & Curtis, Boston
Dale F. Lynch	Berwyn T. Moore & Company, Inc., Louisville
Edward J. McKendrick	Johnson-McKendrick Co., Inc., Minneapolis
Earl F. Waterman	Earl F. Waterman & Co., Seattle

To Serve Until January, 1960

Ernest W. Borkland, Jr.	Tucker, Anthony & R. L. Day, New York City
Francis M. Brooke, Jr.	Brooke & Co., Philadelphia
Arthur A. Christophel	Reinholdt & Gardner, St. Louis
Thomas G. Foster	Merrill Lynch, Pierce, Fenner & Beane, San Francisco
Allen J. Nix	Riter & Co., New York City
Donald L. Patterson	Boettcher and Company, Denver
Alexander Yearley, IV	The Robinson-Humphrey Company, Inc., Atlanta



FORMER CHAIRMAN OF THE BOARD OF GOVERNORS

1939—H. H. Hovell (Chicago) (Deceased)

1940—Francis A. Bomer (Chicago)

1941—Robert W. Baird (Milwaukee)

1942—H. E. Dwyer (San Antonio)

1943—Frank E. Rice (New York)

1944—Robert Graham (Chicago)

1945—John B. Dilling (Los Angeles)

1946—William K. Pennington (Philadelphia)

1947—Herbert F. Tompkins (New York)

1948—L. Raymond Rifkin (Chicago)

1949—Charles A. Egan (Albany)

1950—Wm. J. Sullivan (Chicago)

1951—Howard E. Faine (Chicago)

1952—Francis A. Brackel (Milwaukee)

1953—Carl Spahr (New York)

1954—Edward G. Lemire (Chicago)

1955—Harold D. Wood (St. Paul)

(Deceased)

committees of the board

executive committee

Frank L. Reissner, *Chairman*
Edward H. Austin
Earl K. Bassett
Charles L. Bergmann
Harold H. Cook
Jo M. French
Newton P. Frye
Lee H. Ostrander
Wallace H. Fulton

finance committee

Newton P. Frye, *Chairman*
Earl K. Bassett
Howard H. Fitch
Edmond E. Hammond
Edward J. McKendrick
Frank L. Reissner
Wallace H. Fulton

national business conduct committee

Charles L. Bergmann, *Chairman*
Ernest W. Borkland, Jr.
Francis M. Brooke, Jr.
Arthur A. Christophel
Thomas G. Foster
Joseph J. Muldowney
Allen J. Nix

national uniform practice committee

Thomas B. MacDonald, *Chairman*
Oliver J. Troster, *Vice Chairman*
Edward J. Armstrong
Louis Austin
Henry H. Badenberger
George F. King
Guenther M. Philipp
Ralph W. Welsh

national quotations committee

Albert C. Purkiss, *Chairman*
Justin J. Stevenson, Jr., *Vice-Chairman*
Glen A. Darfler
Donald L. Patterson
Edgar B. Rouse
John W. Turner
Francis V. Ward
Emmet K. Whitaker

legislation committee

Dale F. Linch, *Chairman*
Ewing T. Boles
Francis M. Brooke, Jr.
Howard H. Fitch
Edmond E. Hammond
Joseph J. Muldowney
Earl F. Waterman
Alexander Yearley, IV

variable annuities committee

Lee H. Ostrander, *Chairman*
Alexander Yearley, IV, *Vice-Chairman*
Edward S. Amazeen
Arthur H. Haussermann
W. Bruce McConnell, Jr.
John D. McCutcheon
Erwin A. Stuebner

information committee

Allen J. Nix, *Chairman*
Frank H. Hunter
Edward J. McKendrick
James P. Nolan
Sampson Rogers, Jr.
Carl Stolle
Earl F. Waterman
Wallace H. Fulton

investment companies committee

William F. Shelley, *Chairman*
George D. Aldrich
Robert L. Cody
Paul A. Just
Hugh W. Long
Rowland A. Robbins
Joseph E. Welch

foreign securities committee

Carl Marks, *Chairman*
Jack M. Bloch
John Fountain
Henry L. Froy
Stephen M. Kellen
John A. Nevins
Henry Stravitz

Statement of Revenue, Expenditures, and Composition of Accumulated Balance

	Year ended September 30	
	1956	1955
REVENUE:		
Assessments	\$ 767,681.11	\$584,616.40
Registered representatives' fees	177,700.00	123,230.00
Fees from branch office registrations	25,310.00	16,770.00
Admission fees, etc.	13,504.54	11,839.50
Fines and costs	44,425.85	6,647.97
Interest	13,513.28	6,002.73
	\$1,042,134.78	\$749,106.60
EXPENDITURES:		
Salaries		
National office and committees	\$ 150,788.19	\$137,942.36
District offices	242,494.37	190,846.89
Travel and meetings	111,919.10	82,297.63
Publications, printing, stationery, etc. (net of \$13,910.05 sales of publications)	95,677.08	63,016.02
Complaints and investigations—travel, transcripts, etc.	27,754.00	26,601.97
Fees—legal, actuarial, information and quotations	103,330.02	83,845.91
Rent	44,961.00	37,637.51
Office and miscellaneous	48,677.27	51,976.05
Registered representative examination program	31,338.68	
Insurance and taxes	15,656.54	16,176.00
Retirement	23,122.00	20,264.00
	\$ 895,718.25	\$710,604.34
Contribution to Retirement Trust Fund for past service benefits	45,070.00	
Total expenditures	\$ 940,788.25	\$710,604.34
Excess of revenue over expenditures	\$ 101,346.53	\$ 38,502.26
Accumulated balance—beginning of year	497,530.17	459,027.91
Accumulated balance—end of year	\$ 598,876.70	\$497,530.17
COMPOSITION OF ACCUMULATED BALANCE		
Cash	\$ 254,762.95	\$177,281.93
U. S. Treasury securities, at cost	397,025.64	347,592.14
Advances, deposits, accrued interest	8,284.27	6,527.35
Accounts payable	(53,827.22)	(26,134.08)
Accrued and withheld payroll taxes	(6,723.89)	(5,443.95)
Assessments collected in advance	(645.05)	(2,293.22)
	\$ 598,876.70	\$497,530.17





James F. Miller
Chairman



Richard Lawson
Chairman



Robert Revel Miller
Co-Chairman



Bernard F. Kennedy
Chairman

DISTRICT / committees

James F. Miller, *Chairman* Blyth & Co., Inc., Portland
 Samuel S. Whittemore, *Vice-Chairman*
 Pacific Northwest Company, Spokane
 Robert E. Daniel Pacific Northwest Company, Seattle
 Conrad O. Frazier Reid, McDowell & Frazier, Spokane
 Elbert H. Greene Zilka, Smither & Company, Inc., Portland
 Hugh R. Schlichting Wm. P. Harper & Son & Company, Seattle
 D. J. Conway, *Secretary* Russ Building, Room 1012, San Francisco 4

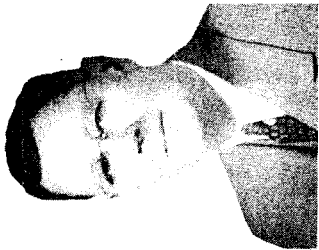
Richard Lawson, *Chairman* Lawson, Levy & Williams, San Francisco
 Robert Revel Miller, *Co-Chairman* Revel Miller & Co., Los Angeles
 Dwight C. Baum Eastman Dillon, Union Securities & Co., Los Angeles
 Edwin C. Callan Brush, Slocumb & Co., Inc., San Francisco
 Chester M. Glass, Jr. William R. Staats & Co., Los Angeles
 Robert C. Hill Hill, Richards & Co., Los Angeles
 Merl McHenry J. Barth & Co., San Francisco
 Ralph E. Phillips, Jr. Dean Witter & Co., Los Angeles
 Carl W. Stern Carl W. Stern & Co., Inc., San Francisco
 N. Connor Templeton Mitchum, Jones & Templeton, Sacramento
 D. J. Conway, *Secretary* Russ Building, Room 1012, San Francisco 4

Bernard F. Kennedy, *Chairman*
 Bosworth, Sullivan & Company, Incorporated, Denver
 J. Alma Burrows, *Vice-Chairman*
 Edward L. Burton & Company, Salt Lake City
 Benton M. Lee, *Vice-Chairman* Dean Witter & Co., Phoenix
 William E. Sweet, Jr., *Vice-Chairman*
 Peters, Writer & Christensen, Inc., Denver
 Edward B. Coughlin Coughlin and Company, Denver
 Byrd P. Crist The J. K. Mullen Investment Company, Denver
 Edward A. Hanifen E. A. Hanifen & Company, Denver
 Leon Macart Macart, Jones & Company, Pueblo
 Frederick D. Walter Walter & Company, Denver
 Kenneth W. Cole, *Secretary* 212 Boston Building, Denver 2

DISTRICT / one

DISTRICT / two

DISTRICT / three



James S. Graham
Chairman

DISTRICT
four



Donald K. Clinger
Chairman

DISTRICT / 501

James S. Graham, *Chairman* . . . Allison-Williams Company, St. Paul
James P. Arms, *Secretary* . . . J. P. Arms, Incorporated, Minneapolis
John S. Curtin . . . Kalman & Company, Inc., Minneapolis
Walter R. Hansen . . . Caldwell Phillips Co., St. Paul
B. Burnham Harris . . . Harold E. Wood & Company, St. Paul
Carson F. Jamieson . . . Jamieson and Company, Minneapolis
S. Jay Marsh . . . Woodard-Elwood & Co., Minneapolis
Arthur C. Tarras . . . A. C. Tarras and Company, Winona
Clinton C. White . . . Piper, Jaffray & Hopwood, Minneapolis

DISTRICT / 502

Donald K. Clinger, *Chairman*
Lathrop, Herrick & Clinger, Inc., Wichita
Julian L. Gumbiner, *Vice-Chairman*
Stern Brothers & Co., Kansas City
Hayward H. Hunter . . . George K. Baum & Company, Kansas City
H. I. Josey . . . H. I. Josey and Company, Oklahoma City
Mark A. Lucas, Jr. . . . Lucas, Eisen & Waeckerle, Inc., Kansas City
Frank N. Warren . . . Frank N. Warren & Company, Inc., Emporia
Robert B. Fizzell, Jr., *Secretary* . . . 9 West 10th Street, Kansas City 5



William G. Hobbs, Jr.
Chairman

DISTRICT
six



Haworth F. Hoch
Chairman

DISTRICT / 503

William G. Hobbs, Jr., *Chairman*
Russ & Company, Inc., San Antonio
Jack P. Brown . . . Dallas Union Securities Company, Dallas
Jack T. Currie
Moreland, Brandenberger, Johnston & Currie, Galveston
Charles J. Eubank . . . Chas. J. Eubank Company, Waco
Louis J. Kocurek . . . Rauscher, Pierce & Co., Inc., San Antonio
Neill T. Masterson, Jr. . . . White, Masterson & Co., Houston
Nelson Waggener . . . Walker, Austin & Waggener, Dallas
Paul J. Fagan, *Secretary* . . . 720 Insuromedic Life Building, Dallas 1

DISTRICT / 504

Haworth F. Hoch, *Chairman*
McCourtney-Breckenridge & Company, St. Louis
Spencer H. Robinson, *Vice-Chairman* . . . Hill Brothers, St. Louis
John W. Bunn
Stifel, Nicolaus & Company, Incorporated, St. Louis
Edward J. Costigan, Jr. . . . Edward D. Jones & Co., St. Louis
Edwin H. Morfeld . . . Morfeld, Moss & Hartnett, St. Louis
Eugene L. Villareal . . . E. L. Villareal & Company, Little Rock
Vincent C. Weber . . . Weber-Mitchell & Co., St. Louis
Charles S. Glazer, *Secretary* . . . 408 Olive Street, St. Louis 2

DISTRICT
seven

DISTRICT
eight



James G. Dern
Chairman

DISTRICT
nine



James T. Beeson
Chairman

DISTRICT
ten



Elbridge S. Warner
Chairman

DISTRICT
eleven



Joseph P. Kreeger
Chairman

DISTRICT
twelve

James G. Dern, *Chairman* Smith, Barney & Co., Chicago
 Joseph T. Johnson, *Vice-Chairman*
 The Milwaukee Company, Milwaukee
 Ekdal J. Buys Buys, MacGregor and Company, Grand Rapids
 Warren D. Chiles Chiles-Schutz Co., Omaha
 Theodore C. Henderson T. C. Henderson & Co., Inc., Des Moines
 Robert J. Hovorka The First Boston Corporation, Chicago
 James M. Howe Farwell, Chapman & Co., Chicago
 T. Gordon Kelly Collett & Company, Inc., Indianapolis
 Sanford C. Miller
 A. C. Allyn and Company, Incorporated, Chicago
 Howard C. Morton McMaster Hutchinson & Co., Chicago
 Robert H. O'Keef The Marshall Co., Milwaukee
 Charles A. Parcels, Jr. Charles A. Parcels & Co., Detroit
John F. Brady, Secretary 10 South La Salle Street, Chicago 3

DISTRICT
ten

Elbridge S. Warner, *Chairman* Hayden, Miller & Co., Cleveland
 Walter J. Carey Cunningham, Gunn & Carey, Inc., Cleveland
 W. Power Clancey W. P. Clancey & Co., Cincinnati
 Russell Ebinger Almstedt Brothers, Louisville
 Fred W. Hudson Ball, Burge & Kraus, Cleveland
 W. R. Hunter Hunter, Prugh, Ball & Davidson, Inc., Dayton
 August Lorenz Lorenz & Company, Incorporated, Columbus
 Joseph B. Reynolds Benj. D. Bartlett & Company, Cincinnati
 H. Allan Watts W. L. Lyons & Co., Louisville
Joseph J. Van Heyde, Secretary
 16 East Broad Street, Columbus 15

DISTRICT
thirteen

James T. Beeson, *Chairman*
 Clement A. Evans & Company, Inc., Augusta
 Hugh D. Carter, Jr., *Vice-Chairman* Courts & Co., Atlanta
 T. J. Feibleman T. J. Feibleman & Company, New Orleans
 Gus G. Halliburton Equitable Securities Corporation, Nashville
 Malcolm M. Manning V. M. Manning, Greenville
 William S. McGinness Elder & Co., Chattanooga
 T. Nelson O'Rourke T. Nelson O'Rourke, Inc., Daytona Beach
 Erwin R. Schweickhardt Schweickhardt & Co., New Orleans
 Ogdan Shropshire Shropshire & Company, Mobile
Bennett Whipple, Secretary
 1504 First National Bank Building, Atlanta 3
 Eugene R. Gibson, *Assistant Secretary*
 1042 National Bank of Commerce Building, New Orleans 12

DISTRICT
eleven

Joseph P. Kreeger, *Chairman*
 Jones, Kreeger & Hewitt, Washington
 Ludwell A. Strader, *Vice-Chairman*
 Strader & Company, Incorporated, Lynchburg
 Edward C. Anderson Anderson & Strudwick, Richmond
 C. Clinton Bamberger Baumgartner, Downing & Co., Baltimore
 Frederick J. Bellamah
 Bellamah, Neuhauser & Barrett, Washington
 J. Wilmer Butler Baker, Watts & Co., Baltimore
 Robert B. Dixon United Securities Company, Greensboro
 J. Nathan McCarley, Jr. McCarley & Company, Inc., Asheville
L. Victor Seested, Secretary 1511 K Street, N.W., Washington 5



Kirkwood B. Cunningham
Co-Chairman



Frederick T. Seving
Co-Chairman



Ralph C. Sheets
Chairman



Frederick H. Foster
Chairman

DISTRICT / twelve

Kirkwood B. Cunningham, *Co-Chairman*
Cunningham, Schmertz & Co., Inc., Pittsburgh

Frederick T. Seving, *Co-Chairman*
Butcher & Sherrerd, Philadelphia

L. Paul Close, Rambo, Close & Kerner, Incorporated, Philadelphia

Raymond A. Cox, Iiterly-Walter, Inc., Harrisburg

Gordon Crouter
DeHaven & Townsend, Crouter & Bodine, Philadelphia

Robert E. Daffron, Jr., Harrison & Co., Philadelphia

John L. Emery, Simpson, Emery & Company, Inc., Pittsburgh

Milton G. Hulme, Hulme, Applegate & Humphrey, Inc., Pittsburgh

Eugene H. Lear, Reed, Lear and Company, Pittsburgh

Norbert W. Markus, Smith, Barney & Co., Philadelphia

Frederic P. Mullins, A. E. Masten & Company, Pittsburgh

William H. P. Townsend, E. W. Clark & Co., Philadelphia

Edward R. Gilleran, *Secretary*
Fidelity-Philadelphia Trust Building, Philadelphia 9

Ralph C. Sheets, *Chairman*, Blyth & Co., Inc., New York

W. Scott Cluett, *Vice-Chairman*
Harriman Ripley & Co., Incorporated, New York

Joseph S. Barr, J. S. Barr & Co., Inc., Ithaca

John S. French
A. C. Allyn and Company, Incorporated, New York

Graham Jones, Cooley & Company, Hartford

Edward H. Ladd, III, The First Boston Corporation, New York

Joseph Ludin, Dillon, Read & Co., Inc., New York

Blanche Noyes, Hemphill, Noyes & Co., New York

Albert C. Purkiss, Walston & Co., Inc., New York

Avery Rockefeller, Jr., Dominick & Dominick, New York

Stanley L. Roggenburg, Roggenburg and Company, New York

Eugene G. Statter, Hoyt, Rose & Company, New York

W. Enos Wetzel, W. E. Wetzel & Company, Trenton

Orland K. Zeugner
Stone & Webster Securities Corporation, New York

George E. Rieber, *Secretary*, 25 Broad Street, New York 4

DISTRICT / thirteen

Frederick H. Foster, *Chairman*
Lee Higginson Corporation, Boston

Edward S. Amazeen, Coffin & Burr, Incorporated, Boston

William H. Claffin, 3rd, Tucker, Anthony & R. L. Day, Boston

E. Merrill Darling, Kidder, Peabody & Co., Boston

James H. Goddard, J. H. Goddard & Co., Inc., Boston

Gilbert M. Mears, G. H. Walker & Co., Providence

George S. Payson, H. M. Payson & Co., Portland

Francis C. Doyle, *Secretary*, 80 Federal Street, Boston 10

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DISCIPLINARY / actions

Disciplinary decisions of District Committees and the Board of Governors during 1956 resulted in the following expulsions from membership:

Bonnett Brokerage Company Provo City, Utah	Coombs and Company of Ogden Ogden, Utah	Hicks, Newton & Co., Inc. Denver	Mid-America Securities Inc. of Ogden Ogden, Utah	Justin Steppler, Inc. New York City
*William T. Bowler & Company Bradford, Penna.	Coombs & Co., Inc. Salt Lake City	†Hunter Securities Corporation New York City	Mitchell Securities, Incorporated Baltimore	Stocks Incorporated Salt Lake City
Ned J. Bowman Company Salt Lake City	J. H. Drass & Co., Inc. Sunbury, Penna.	Inter-City Securities Corporation Jamaica, N. Y.	Moab Brokerage Co. Salt Lake City	Uranium Mart, Inc. Salt Lake City
J. E. Call & Company, Inc. Salt Lake City	French & Co. Houston	Kasteler Brokerage Company Salt Lake City	**Olds & Company Jersey City	Weber Investment Co. Ogden, Utah
Cashin, Inc. Salt Lake City	Garrett Bros., Inc. Dallas	Floyd Koster Denver	Seaboard Securities Great Neck, N. Y.	Western Empire Brokerage Company, Inc. Salt Lake City
Cobb & Co., Inc. Houston	**Gill, Pope Co. New York City	R. D. Langlois & Company Salt Lake City	The Snow Corp. Asheville, N. C.	The Western Trader and Investor Salt Lake City
Coombs & Co. of Los Angeles, Inc. Los Angeles	†David Gordon & Company New York City			
	††Harrison & Frey, Inc. Cincinnati			

Nineteen individuals had their registrations as registered representatives of members revoked, as a result of violations of the Rules of the Association; four members were suspended for periods ranging from 15 days to two years; and 31 persons were named causes of actions in disciplinary cases.

In other disciplinary proceedings during the year, fines and costs totalling \$49,057.10 were assessed and collected from 60 firms and eight registered representatives; and 40 firms and 12 registered representatives were censured for Rule infractions.

* Expelled from membership in *Mid-West Stock Exchange*, resulting in cancellation of membership in the *NASD*.


† Effective January 19, 1957.

†† Effective January 13, 1957.

††† Effective February 1, 1957.

Purposes

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.




(1) To promote through cooperative effort the investment banking and securities business, to standardize its principles and practices, to promote therein high standards of commercial honor, and to encourage and promote among members observance of Federal and State securities laws;

(2) To provide a medium through which its membership may be enabled to confer, consult, and cooperate with governmental and other agencies in the solution of problems affecting investors, the public, and the investment banking and securities business;

(3) To adopt, administer and enforce rules of fair practice and to prevent fraudulent and manipulative acts and practices, and in general to promote just and equitable principles of trade for the protection of investors;

(4) To promote self-discipline among members, and to investigate and adjust grievances between the public and members and between members.

(From the Certificate of Incorporation)



NOTES