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28 G. W. L. 250

[SUBCOMMITTEE PRINT]

85TH CONGRESS }
2d Session }

HOUSE OF REPRESENTATIVES

HISTORY OF NATIONAL ASSOCIATION OF
SECURITIES DEALERS, INC., ITS ACTIVITIES,
MEMBERSHIP DATA, SANCTIONS IMPOSED,
MEMBERS EXPELLED, FINANCIAL STATE-
MENTS, LIAISON AND SUPERVISION BY
SEC FROM 1936 TO NOVEMBER 30, 1958

PREPARED BY
NATIONAL ASSOCIATION OF SECURITIES
DEALERS, INC.
(WALLACE H. FULTON, EXECUTIVE DIRECTOR)



1959

Printed for the use of the Special Subcommittee on Legislative Oversight
of the Committee on Interstate and Foreign Commerce

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

3350

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INTRODUCTION

The National Association of Securities Dealers, Inc., was requested to furnish certain data and information relative to its activities to the subcommittee (letter dated March 18, 1957, of Congressman John B. Bennett of Michigan). Such data and information was submitted by letter of Mr. Wallace A. Fulton, executive director, dated August 29, 1957, addressed to the then chairman of the subcommittee, and brought up to date by letter of December 22, 1958.

The full report and exhibits appear as a subcommittee reprint.

REPORT
OF
NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
TO
THE SPECIAL SUBCOMMITTEE ON LEGISLATIVE
OVERSIGHT OF THE INTERSTATE AND FOREIGN
COMMERCE COMMITTEE
HOUSE OF REPRESENTATIVES

HISTORY OF NATIONAL ASSOCIATION OF SECURITIES
DEALERS, INC., ITS ACTIVITIES, MEMBERSHIP DATA,
SANCTIONS IMPOSED, MEMBERS EXPELLED, FINANCIAL
STATEMENTS, LIAISON AND SUPERVISION BY SEC FROM
1936 TO NOVEMBER 30, 1958

SUBMITTED BY
NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

(WALLACE H. FULTON, *Executive Director*)

SUMMARY OF REPORT

The National Association of Securities Dealers, Inc., was organized in 1939 under section 15A of the Securities and Exchange Act of 1934.

At its formation, 2,616 broker/dealers joined the association. As of November 30, 1958, there were 3,871 members of the NASD. There were 795 branch offices of members registered with the association in 1942. On November 30, 1958, 3,236 branch offices of members were registered with the NASD.

In 1946, the association was granted permission by the Securities and Exchange Commission to require the registration of all registered representatives; 24,843 individuals were then registered in 1946. As of November 30, 1958, there were 68,645 registered representatives registered with the association—an increase over the year 1946 of 176 percent.

From 1939 through November 30, 1958, a total of 1,203 complaints were filed against association members. Decisions rendered by the association resulted in 179 members expelled, 45 members suspended, 351 members censured, and 337 firms fined a total of \$179,866. Action against registered representatives named in the complaints has resulted in the revocation of 143 registrations, the suspension of 36 registrations, and fines totaling \$40,100 imposed against 57 individuals. The association's board of governors has accepted on appeal or called for review, 271 cases and 26 complaints have been appealed to the Securities and Exchange Commission.

In the early years of the association, examinations of members' books and records were conducted by a questionnaire and followed up by an NASD staff examiner whenever it appeared further investigation into a firm's business activities was needed. Since 1947, all examinations of members' books and records have been made by association examiners in the offices of members and branch offices of members. During the first 11 months of 1958, 1,075 examinations were made by NASD examiners.

Complete details regarding the association's complaint actions, membership statistics, and other matters are presented in subcommittee print.

Report

The National Association of Securities Dealers, Inc., was registered as a national securities association in August 1939.

NASD is the regulating instrument of the securities business established under the Maloney Act, an amendment (sec. 15A) to the Securities Exchange Act of 1934. Named for its sponsor, the late Senator Francis T. Maloney, of Connecticut, the Maloney Act was adopted in 1938. Its title reads:

An Act to provide for the establishment of a mechanism of regulation among over-the-counter brokers and dealers operating in interstate and foreign commerce or through the mails, to prevent acts and practices inconsistent with just and equitable principles of trade, and for other purposes.

In describing the underlying purpose of the act, Senator Maloney said:

* * * this legislation represents what is actually a two-way street in the field of cooperation between government and business. * * * In the vast and highly ramified business in securities transacted otherwise than on exchanges, this act is designed to effectuate a system of regulation * * * in which the members of the industry will themselves exercise as large a measure of authority as their natural genius will permit.

The obligations, responsibilities, authority, and powers of the association primarily are concerned with the enforcement of ethical standards and practices in the investment banking and securities business.

PREVIOUS REGULATORY ACTIVITY

The first venture by the securities business in the field of self-regulation commenced in 1933, under the Investment Bankers Code, authorized by the National Recovery Administration. After the NIRA was declared unconstitutional in 1935, the securities business voluntarily continued to meet the standards of the code.

Without legislative authority, however, the problem of enforcement of self-regulation was an impossible one. Therefore, the Securities and Exchange Commission urged that the code committee, which was the administrator of the IBC, be kept together while the industry and the Commission sought such legislative authority.

On July 31, 1935, the code committee circularized all registered broker/dealers to determine whether they wished the code organization continued on a temporary basis. More than 90 percent of those who replied approved and voted to support the organization financially. The temporary Investment Bankers Conference Committee thereafter became the Investment Bankers Conference, Inc.

All registered brokers and dealers were invited to become members of Investment Bankers Conference, Inc. Some 1,196 applied for membership. The conference was formally organized in October 1936, and soon had a membership of 1,617.

MALONEY ACT BACKGROUND

The first draft of the legislation to be known as the Maloney Act was dated November 4, 1937. There were many conferences relating to concept, form and content of this draft between the Commission and its staff and officials of the conference, as well as representatives of the Investment Bankers Association of America, the New York Security Dealers Association, the Maine Investment Dealers Association, the New England Security Dealers Association, the California Security Dealers Association, and the Chicago Unlisted Traders Association. On January 18, 1938, the proposed legislation was introduced in the United States Senate.

The Maloney Act became law on June 25, 1938. The Governing Committee of the Investment Bankers Conference, Inc., then appointed a drafting committee to draw up the necessary certificate of incorporation and prepare bylaws, rules of fair practice, and a code of procedure for handling trade practice complaints that would qualify the conference as a national securities association under the new statute.

The drafting committee and the Securities and Exchange Commission were virtually in continuous conference over many months

in their effort to develop sound, practical, and effective bylaws and rules that could be presented to the conference membership for adoption.

On March 18, 1939, the conference, jointly with the Securities and Exchange Commission, submitted to the membership for comment proposals for registration of the conference as a registered national securities association.

On June 6, 1939, revised documents reflecting comments and suggestions of the membership and others were submitted to the conference membership for adoption. It was provided that, unless by July 16, 1939, there were disapproving votes from at least 50 percent of the membership, the conference would apply for registration as a national securities association.

At that time the conference had 1,480 members. As of July 15, 1939, 757 ballots had been received, of which only 35 registered disapproval.

FORMATION OF NASD

The initial registration statement of the National Association of Securities Dealers, Inc.—as successor to the conference—was filed with the Securities and Exchange Commission on July 20, 1939, and the Commission approved it on August 7. Thereafter, this registration statement has been supplemented whenever the association's rules or bylaws have been amended to meet specific situations. In addition, the registration statement is recompiled in an annual consolidated supplement, which makes current as of each March 1 all available data required under the law. The registration statement is a public document, containing a list of members, financial statements and all related data.

MEMBERSHIP

The association's bylaws, in general, reflect the Maloney Act requirements that membership normally shall be open to all brokers and dealers authorized to transact any branch of the investment banking and securities business in the United States, subject to certain exceptions based upon past conduct. There also may be certain exceptions based on geography or other criteria as may be found to be in the public interest.

No broker or dealer may be a member, for instance, if expelled or suspended from a registered securities association or registered national securities exchange for acts inconsistent with just and equitable principles of trade; or whose registration has been revoked by the SEC; or individuals who, while officers or partners of any firm, were the cause of any order of suspension, expulsion or revocation.

Banks, by definition, are not brokers and dealers, and thus are not eligible for NASD membership.

The bylaws also provide that, should an applicant for membership or registration as a registered representative of a member not have 1 year's experience in the business, such applicants, including corporate officers, partners, sole proprietors, and salesmen, must pass a qualification examination.

Membership applications are processed by the appropriate district committee. (See exhibit 1 (a).) Should it appear that an applicant

Does not have the qualifications necessary for membership, a hearing may be conducted before the appropriate district committee, the record of which is transmitted to the board of governors for action. Should a district committee or the board of governors believe a member to be no longer qualified for membership, hearings may be conducted and the board may cancel the membership, subject to appeal to the SEC.

Membership in the association on December 31, 1939, totaled 2,616 firms. There were 3,871 member firms on November 30, 1958 (exhibit 1 (e)). Branch offices of members numbered 975 in 1942, when the first count of such offices was made, and registered branch offices had increased to 3,236 on November 30, 1958 (exhibit 1 (f)). When the association's jurisdiction was extended to Hawaii in July 1956, 38 firms were added to NASD membership.

INTERNAL ORGANIZATION

The Maloney Act provides that any national securities association must make allowance in its rules and bylaws for affiliated or regional associations. Although this is covered in article II of the bylaws, no affiliate associations have been formed or registered.

Any registered securities association must, under the law, operate on a democratic basis, so the NASD divides original jurisdiction into 14 districts and in each district there is a district committee which acts as the agent for the board of governors in that area. Each district committee member normally holds office for 3 years, and may not succeed himself except under certain conditions.

Each district may elect one or, in certain districts where membership is unusually large, more than one—member to the board of governors. There are 21 governors, each of whom serves a term of 3 years. Each year, 7 new governors join the board and 7 retire. Governors may not succeed themselves except under certain conditions.

Overall policymaking functions of the association are vested in the board of governors. An advisory council, composed of the chairmen of the 14 district committees, aids the board in making policy relating to local problems, thus carrying out the doctrine of maximum administration at the district level.

Candidates for the board of governors and for district committees are selected by nominating committees. If 10 percent or more of the members of any district do not concur in the proposals of the nominating committee, such a group may nominate additional candidates whose names must be placed on the ballot.

Each member firm is entitled to one vote in the area of its principal place of business. Each member having a branch office in another district is entitled also to a vote in this particular district with respect to purely district matters.

District committees and the board of governors elect their own chairmen and other officers. In addition, the bylaws provide that the board may elect a chief executive officer and such other paid officers as it deems necessary, one of whom shall perform the usual duties of a secretary of a corporation. The board has annually elected an executive director, who is the principal administrative officer of the association. District offices are located in San Francisco; Los

Angeles; Denver; Kansas City; Dallas; St. Louis; Chicago; Atlanta; New Orleans; Columbus, Ohio; Washington; Philadelphia; New York; and Boston.

RULES OF FAIR PRACTICE

Under article VII of the bylaws, the association membership has adopted rules of fair practice prescribing standards of just and equitable principles of trade to govern the conduct of members. There are 28 definitive rules.

Section 1 of article III of the rules sums up the fundamental philosophy of the association. It states:

A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade.

All the rules of fair practice are designed to carry out the original intention of the Congress in section 15A(b)(7) of the Maloney Act:

The rules of the association are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to provide safeguards against unreasonable profits or unreasonable rates of commission or other charges, and, in general, to protect investors and the public interest, and to remove the impediments to and perfect the mechanism of a free and open market; and are not designed to permit unfair discrimination between customers, or issuers, or brokers or dealers, to fix minimum profits, to impose any schedule of prices, or to impose any schedule or fix minimum rates of commissions, allowances, discounts, or other charges.

In the SEC's opinion approving the original registration of the NASD, the Commission stated that:

Almost all of the association's rules of fair practice are directed toward eliminating abuses which might well lead to the defrauding of investors; and rule No. 15 specifically forbids the effecting of transactions in, or the inducement of a purchase or a sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance. Similarly, almost all of the association's rules are designed to promote just and equitable principles of trade. Rules No. 3 and No. 4 are directed against unreasonable profits and other charges. Many of the rules are designed to protect investors and the public interest, some quite specifically, such as rule No. 19, which prohibits making improper use of a customer's funds or securities and regulates the lending or pledging of a customer's securities, rule 20 which deals with sales on the installment plan and rule No. 22 which requires a member to submit a balance sheet upon request to a bona fide regular customer with respect to whom a debtor-creditor or bailment relationship exists.

In addition, as provided in the law, section 25 of article III of the rules of fair practice permits the association to require its members to refuse to deal with nonmember brokers and dealers on any terms other than those accorded the general public. Section 1 (c) of article II of the rules provides that " * * * registered representatives of members shall be under the same duties and obligations as a member. * * * " All officers and partners and any individuals employed by member firms and having contact with the public in connection with the purchase or sale or handling of securities must be registered with the association.

ASSESSMENTS—DUES—FINANCES

The association's bylaws provide for assessments annually by the board of governors to cover operating expenses. Annual dues presently are composed of a membership fee, a fee for each employee, and a fee relating to each member's participation in underwritings. There is a maximum assessment of \$6,000 a year under the present assess-

ment schedule. In addition, each member is charged \$10 annually for each branch office, and \$10 each for processing applications of employees who seek to become registered representatives. There is also a \$10 examination fee for all those required to take the qualification examination. (Exhibit 2 sets forth the various assessment schedules used by the association over its history.) The assessment schedule for the fiscal year beginning October 1, 1957, is as follows:

Membership.....	\$50
Personnel fee.....	\$5
Underwriting (on participations over a total of \$100,000) (percent).....	0.0035
Gross sales of investment company sponsors and underwriters (percent).....	0.007
(No member may be assessed an aggregate of more than \$6,000.)	
New member application fee.....	\$25
Registration of each new registered representative.....	\$10
Examination fee.....	\$10
Branch office fee (annual).....	\$10

The dues and assessment schedule is filed with the Commission in July for the coming fiscal year, and it may be disapproved by the Commission upon a finding that it does not provide an equitable allocation of costs. This schedule covers operations of the executive office, the board of governors and its committees, and all expenses of district committees.

No member of the board of governors and no member of district or other committees is compensated for time spent on association business. All members of such committees and the board of governors, as well as elected officers of the board, contribute their time and receive only reimbursement for out-of-pocket expenses incurred on behalf of the association. Without this voluntary contribution the association could not operate.

ENFORCEMENT OF ASSOCIATION RULES

Periodic examination of members' books and records is the basic instrument for enforcement of the rules of fair practice. The association is required by law to enforce its own rules, and the authority to examine members' books, records, and accounts pursuant to this requirement is contained in article IV of the rules.

Field secretaries and examiners are located in the various districts, as well as in the executive office. Currently, the association employs 26 secretaries and examiners.

Following an initial period of organization, the enforcement program got underway in 1941 (exhibits 4, 6, 7, 8, 9).

Necessarily, there was some experimenting with types and methods of examination. In two districts, for instance, certified public accountants were employed to examine books and records; in another district, all members were examined either by association examiners or accountants; in two of the districts, all members were examined by teams of association examiners sent into the districts for a limited period.

Results of these preliminary examinations disclosed that it would not be possible—without prohibitive cost—to cover all members annually by personal examination. It was also apparent that for a limited and evolutionary period many problems and apparent violations might be corrected in the light of responses to a questionnaire. Most persistent problems in those days related to sale of securities to customers at unfair prices, failure to maintain proper books and

records, misunderstanding of rules relating to confirmations and hypothecation of customers' securities, and, in some instances, actual misuse of customers' funds.

Lack of manpower during World War II forced extended use of the questionnaire to supplement the work of the half-dozen association examiners. However, greater experience with questionnaires confirmed that they were of limited usefulness, being effective only in one phase of the association's activities—that of determining fair markups on securities sold by members to the public. Obviously, they did not adequately disclose other equally serious violations, such as churning of accounts, failure properly to supervise salesmen's activities, improper recommendations, etc. Hence, it was concluded that as qualified men became available, the corps of association examiners would be expanded so as to permit an annual examination goal of one-third of the membership.

In addition to disciplinary actions developing from the association's own examination program, the SEC, as a matter of policy, refers to the association on violations of NASD rules which are disclosed in its inspection program and which do not indicate fraudulent activities sufficient to warrant revocation proceedings by the Commission.

Formal complaints filed in the early years of association activity represented only the more serious situations. There were innumerable instances in which district business conduct committees cautioned the members orally or in writing with respect to their practices. Involved were failure to keep proper books and records; improper confirmations, or none at all; hypothecation of customers' securities; and violation of technical rules of Federal and State regulatory agencies. For example, in 1 district where all members were examined in 1941, 5 formal complaints were filed, but virtually all other members received letters of caution (exhibit 4 (b)), charts showing formal complaints filed annually since 1939 for each district).

Except for departures from section 1 of article III of the rules—the basic ethical conduct rule—the most frequent causes of complaint have been violations of rules, in this order:

- Section 4, requiring members to deal fairly with customers;
- Section 18, prohibiting fraudulent, manipulative or deceptive activities;
- Section 19, prohibiting the misuse of customers' funds and securities;
- Section 21, relating to the keeping of books and records;
- Section 12, requiring certain disclosures on confirmations to customers;
- Section 27, relating to the supervision of employees;
- Section 2, relating to the propriety of recommendations for the purchase or sale of securities to or for customers.

The association's formal enforcement work has increased materially in recent years as membership has risen sharply and public interest in securities has widened (exhibits 4 and 5).

In addition to disciplinary actions resulting from formal complaints, the association, through arbitration and informal proceedings, over the years has arranged for substantial restitution to customers.

Analysis of disciplinary actions involving unfair prices, misuse of customers' funds or securities, and improper recommendations, indicated that these violations tended to be prevalent in firms where

capital was small or inadequate. As a result, the board of governors, in May 1942, adopted and submitted to the membership for vote, a new rule that would require, as a requisite to membership, a minimum of \$5,000 capital for those doing a general securities business and \$2,500 capital for those firms not handling customers' fund or securities. This rule was adopted by the membership, but subsequently was disapproved by the Securities and Exchange Commission.

In spite of the Commission's decision, the association nevertheless has been able to take action in a number of instances in which members were found to be insolvent. Association policy has been that for a member to handle customers' funds or securities or to do business with the public at a time when it was insolvent constituted conduct inconsistent with just and equitable principles of trade, and thus a violation of section 1 of article III of the rules of fair practice. This approach has been helpful, but admittedly it is not a complete answer to the problems of financial responsibility.

An important development was the promulgation in 1943 of the 5 percent markup policy by the board of governors.

As the enforcement program brought about additional disciplinary actions based on transactions with customers at unfair prices, members increasingly sought information from the board and district committees as to what constituted a fair markup.

In general, of course, a fair markup depends on all the circumstances of a particular situation, including the prevailing market price, size of the order, number of dollars involved in the transaction, cost of the securities by individual unit, and availability of the security in the market.

Analysis of available examination statistics disclosed that the overwhelming majority of transactions in the over-the-counter market appeared to be consummated at markups of less than 5 percent. Therefore, in response to membership pressure for a definition of a fair profit or markup, the board of governors adopted its 5 percent policy, as set forth in the association's manual on page E-133. Since that time, spot checks have shown a consistently high proportion of all transactions at markups of less than 5 percent.

Another problem which enforcement activity disclosed, particularly in so-called long profit cases or those involving excessive markups, was that in many instances the firms involved claimed to be at the mercy of their salesmen. These and other situations showed the need for association control of sales personnel, as well as of the firms themselves. Accordingly, the board adopted, and the membership approved, effective January 1, 1946, amendments to the bylaws requiring all sales personnel, officers, partners, etc., to be registered with the association as registered representatives of member firms.

EXAMINATION PROCEDURE

Examinations of members' books and records are conducted with three basic objectives in mind: first, to disclose unethical business practices and violations of the association's rules; second, to obtain valuable statistical information; and third, to pursue the educational phases of the association's work. Special examinations are scheduled from time to time to obtain information on specific situations or complaints.

Originally, there was little standardization of examination procedure, and effectiveness depended largely upon the experience and personality of the individual examiners. The financial condition of the member and the manner of safeguarding customers' funds and securities were prime elements in the examination. Those elements are considered today, but the SEO's capital ratio rule and requirement that all brokers and dealers file annual financial reports with the Commission have made it unnecessary for the financial aspect of the association's examination to be as comprehensive as in the early years. Now, it is usually sufficient to establish that the member is solvent.

As it became evident that standardization of examination methods was necessary, an established routine was prescribed for all association examiners.

Examinations are conducted on a surprise basis—the member has no prior indication that he is to be examined. Examiners are instructed first to interview the proprietor or principal officer or partner to obtain information as to the type of securities business conducted and as to certain policy matters.

An examination report form has been prescribed for use by examiners. It provides an outline for conduct of the examination, and also is devised to develop information for statistical purposes (exhibit 9(c), pp. 97, 98, examination report form).

Some items covered in the examination report form are: proportion of business concerned with underwriting new issues, with sale of unlisted securities, with transactions in listed securities, municipals, or mutual funds; whether the member engages in any other activity, such as the sale of real estate or insurance; the number of branch offices; and whether the firm is a member of a registered securities exchange.

A subsequent review of the books and records determines commission charges by the member to customers. If a firm possesses discretionary authority from any customer to effect transactions as the member sees fit, then these accounts are specifically reviewed. When customers' securities are in the member's possession, a personal check is made of the adequacy of controls for safekeeping these accounts and to make sure customers' securities are segregated from any securities belonging to the member.

In checking supervision of the sales methods of salesmen, records are reviewed to disclose whether the member has properly endorsed all transactions by salesmen, as well as any correspondence by salesmen with customers.

The examination also includes a review of the member's borrowings to determine whether securities belonging to customers have been improperly used as collateral against such borrowings.

The examiners also determine whether required records are properly kept and maintained. This has been an increasing problem in recent years in certain districts where the increase of newly formed firms has brought an unusual number of inexperienced persons into the business.

Members' transactions are reviewed to determine whether pricing policies to customers are fair and reasonable and are generally in accord with the board's 5 percent markup policy. The association is devoted to the principle that its members are in business to make a legitimate profit, and its interest in reviewing individual transactions is concerned with the fairness of price in relationship to market price, and not arbitrarily to curtail its members' profits.

An important phase of the examination of those firms handling new securities offerings involves the question of compliance with the board's interpretation on "free-riding." Fundamentally, this is simply whether members have made bona fide efforts to distribute the new securities to the public, rather than holding back portions of those issues expected to go to an immediate premium for the benefit of themselves or favored customers.

A statement of policy on advertising by members (except as to investment company securities) adopted by the board in 1955 requires members to maintain for 12 months a file of all published material. This file is inspected by examiners to determine whether the material conforms to the board's requirement that it shall not be misleading or contain flamboyant statements or employ "come-on" techniques.

Of major concern to the association is prevention of "churning" or excessive "switching" of customers' investments from one security to another. Particularly is this questionable in the case of investment company securities where sales charges are substantial and the medium is designed primarily for long-term holding. Association examiners make detailed analyses of customer accounts for consideration of district business conduct committees where sampling of a firm's transactions indicate any overactivity.

Examiners also check transactions in investment company shares to determine compliance with section 26 of article III of the rules of fair practice, as well as other applicable sections, and inquire as to conformance with the filing requirements regarding investment company sales literature under the statement of policy of the SEC, which the association administers for its members. This latter function is carried on through the executive office, rather than in the field, and where examiners find failure to adhere to the filing requirements, this is reported to the executive office for appropriate action by the investment companies committee.

Association examiners also check compliance with rules requiring certain disclosures to customers and with the requirements that these disclosures be confirmed in writing.

Regulation T of the Federal Reserve Board imposes restrictions on the extension of credit by brokers and dealers to customers. It requires that in so-called cash transactions, customers shall pay promptly for the securities they buy. If payment is not received within seven full business days, the transaction must be canceled. Registered securities exchanges and the association, however, have the authority, when circumstances warrant, to grant extensions of time within which payment may be received. Enforcement of this regulation is an important phase of association work and of the examination program.

Most transactions by brokers and dealers are subject to Federal and State sales or transfer tax. As evidence that the appropriate tax has been paid, brokers and dealers are required to affix or cancel the appropriate amount of tax stamps issued for that purpose. Association examiners check whether there has been compliance with these requirements.

Examiners also review books and records to determine whether any commissions or discounts have been paid to individuals not properly registered with the association, or whether members improperly have joined with nonmembers in the distribution of a security.

The complete examination routine is not followed for those firms which also are members of the New York Stock Exchange, since the

exchange examination covers such matters as discretionary accounts, margin accounts, books and records, Regulation T, safekeeping of securities, and financial condition. NASD duplication in these areas would be unnecessary and costly.

The association's examinations are not to be considered as a complete audit of its members' books. But they do cover nearly all phases of the securities business and, in the opinion of the district committees and of the board of governors, they are adequate to determine whether business is being conducted in accord with high ethical standards and the rules of the association (exhibit 9 (c), examination procedure manual).

DISCIPLINARY PROCEDURES

The law and the association's rules provide that its members shall be appropriately disciplined—by expulsion, suspension, fine, censure, or other fitting penalty for violations of its rules—but only after a fair and orderly procedure.

In any proceeding to determine whether a member shall be disciplined, it is required that specific charges be brought; that a member be given opportunity to defend against such charges; that a record be kept; and that any final determination shall set forth (1) any act or practice which such member may be found to have committed, (2) the specific rule of the association which is deemed to have been violated by the act or practice, or omission to act, (3) in what respects the acts or practices are deemed to constitute conduct inconsistent with just and equitable principles of trade, and (4) the penalty imposed.

The board of governors, in the administration and enforcement of the association's rules of fair practice, is empowered to prescribe:

* * * procedure for the presentation, hearing, and adjudication of complaints between or against members of the corporation and registered representatives of such members as it deems necessary or appropriate; provided, however, that in any such procedure district business conduct committees shall have original jurisdiction over the hearing of all complaints whether filed by district business conduct committees or other persons; and that the board of governors shall act as an appellate body * * *

A code of procedure that has been adopted by the board to govern the handling of complaints prescribes that a complaint, specifying in reasonable detail the nature of the charges and the rule or rules allegedly violated, may be filed by any person. A written answer must be filed by the respondent with the district business conduct committee within 10 business days. Should the respondent not answer, a second notice of complaint is sent, which must be answered within 5 business days. If there is no response to such a second notice, the committee may consider the allegations of the complaint as "admitted" by the respondent.

Respondents are entitled to a hearing before the district business conduct committee and respondents and complainants are entitled to be heard both in person and by counsel. Decisions of district business conduct committees may be appealed to the board of governors within 15 days of the date of the decision. Further, the board of governors, upon its own motion, may call up for review any proceeding before a district business conduct committee, whether or not a disciplinary action was taken against the member. Such review must

be ordered within 30 days of the date of the decision of a district business conduct committee.

Before the board of governors, the rights of the parties are again protected; they may appear in person and by counsel. The board must render a written decision, and it may increase, reduce, modify or cancel action taken by the district business conduct committee; or it may remand a case to a district business conduct committee with instructions for further proceedings. Any final decision by the board may be appealed to the Securities and Exchange Commission, which may modify the decision but may not increase the penalty assessed. Commission action may be appealed to the Federal courts, up to the United States Supreme Court.

In addition to complaints against member firms by the public, district business conduct committees themselves may file complaints, based on the results of investigation or examination in the normal enforcement of the association's rules. Any such complaint is handled in the same manner as though it had been filed by an individual.

The rules of fair practice provide that in determining whether complaints should be filed against a member, district business conduct committees may require such members to submit reports in writing on any matter involved in any investigation. Failure or refusal to provide such information is " * * sufficient cause for suspending or canceling the membership of such members * * *"

No penalty becomes effective until after the expiration of all periods of appeal within the association. Thereafter, if an appeal is taken to the Commission, there is an automatic stay pending final disposition. All fines imposed are paid to the association and become a part of the general funds. Members also may be required to bear the cost of proceedings before a district business conduct committee or the board of governors if they are found to have violated the association's rules.

In practice, this code of procedure has provided a mechanism for simple and expeditious handling of complaints by a committee, in the area in which the member complained of is located, familiar with the practices in the over-the-counter industry in that area as well as what is regarded as the best practice in the industry as a whole (exhibit 4 (a) and (b)).

REGISTERED REPRESENTATIVES

Maintenance of adequate supervision of salesmen has always been a problem in the securities business. First NASD action in this area came in September 1941 when it authorized the study of responsibilities of members in transactions by salesmen and the qualifications of salesmen. This was the first of a series of studies that culminated in the adoption of section 27 of article III of the rules of fair practice, imposing on members definite responsibilities to supervise their sales personnel.

The board of governors, in recommending adoption by the membership of a supervision rule, said it stemmed from experience with the enforcement program: that complaints had been filed against members because of acts of salesmen which the employing members said were performed without their knowledge or consent; that penalties had been imposed on the members for such violations resulting from salesmen's disregard of responsibility; and that the board had concluded

it would be in the interest of the membership as a whole if more careful supervision of salesmen was imposed.

However, problems involving salesmen continued to increase, and at a meeting of the board in January 1945, a committee was named to make a new study of the need for amendments of the rules and bylaws that might be effective in this situation. This committee reported in June 1945 that, in spite of previous preventative steps, salesmen still could employ improper practices in dealing with customers and at the same time evade disciplinary action by the association. This was possible, the committee reported, because the association's control actually extended at that time only to the member firm. Accordingly, the committee recommended extension of the association's authority to include disciplinary action against salesmen. The board thereupon approved a resolution to amend the bylaws and rules to provide for registration of partners, officers, employees and other representatives of members with the association as registered representatives. All registered representatives agree to abide by all the rules of the association and to submit to disciplinary action in the event of violation.

The amendments were submitted to the membership in July and were adopted by a substantial majority—1,022 voting in favor and 605 voting against. The SEC nevertheless felt that the matter required public hearing and, after testimony both for and against the amendments, the Commission permitted them to become effective January 15, 1946.

By December 31, 1946, 1 year after the registration requirement became effective, 24,843 persons had been registered with the association as registered representatives of members. In the 10 years since, this figure has more than doubled, so that as of November 30, 1958, there were 68,645 registered representatives (exhibit 1 (g)).

The association bylaws now provide that membership may not be approved or continued if the member employs individuals who, for conduct not in accord with high standards of commercial honor and just and equitable principles of trade, have been disqualified from engaging in the securities business through action by the SEC, a registered national securities association, or registered national securities exchange; or who, within the preceding 10 years, have been convicted of a felony or misdemeanor (a) involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer, or (b) which the association finds involved embezzlement, fraudulent conversion, misappropriation of funds or abuse or misuse of a fiduciary relationship (exhibit 1 (d), registration forms and 2 (b)).

Under certain conditions and after appropriate proceedings, the Commission may direct the admission of individuals in spite of such bars.

Certain of these bars to membership or registration were approved in amendments to the bylaws voted in 1955. They make it necessary for the association to reregister all individuals registered prior to the adoption of these higher standards. Such reregistration is now in progress, and where this discloses that any person is not qualified to continue as a registered representative of a member of the association, appropriate action will be taken, with full consideration for the individual's rights. Since January 1946, when the registration require-

ment became effective, district committees have handled 208 complaints involving registered representatives.

QUALIFICATION EXAMINATION PROGRAM

As membership and the number of registered representatives continued to rise with the postwar expansion of public interest in the securities markets, the association's board of governors became increasingly concerned with the influx of inexperienced persons into the business.

Accordingly, on the basis of recommendations of a special study committee, the board concluded that minimum qualification and experience standards should be imposed as a condition of membership or registration as registered representative. To this end, it adopted, and the membership approved by formal vote in the fall of 1953, amendments to Article 1, Section 2, of the bylaws, authorizing a qualification examination program.

Specifically, these amendments provide:

(a) That all officers, partners, proprietors, and other registered representatives of members who, on June 1, 1953, did not have 1 year's experience in the investment banking or securities business must pass a qualification examination in order to remain in the business, and

(b) That after June 1, 1953, all applicants for membership and all applicants for registration as officers, partners, or other registered representatives of members, must pass an examination before becoming registered unless they have at least 1 year's experience in the securities business.

The authorizing language of the bylaws reads as follows:

No broker or dealer, except with the approval or at the direction of the Commission, in cases in which the Commission finds it appropriate in the public interest so to approve or direct pursuant to Section 15A of the Act, shall be admitted to or continued in membership, if (1) Such broker or dealer, if a sole proprietor; (2) A general partner, if such broker or dealer is a partnership; (3) Any officer, if such broker or dealer is a corporation; or (4) Any other person controlling or controlled by such broker or dealer, who regularly performs or is to perform any of the duties or functions customarily performed by an employee or representative required to be registered under Article XV of the Bylaws has not been engaged or employed in the securities business for a period of one year in any capacity described in (1), (2), (3) or (4) above, unless such broker, dealer, partner, officer or controlling or controlled person shall, by passing a written examination prescribed by the Board of Governors, demonstrate to the Association that he has the technical proficiency and knowledge of the securities business necessary to conduct such a business or to perform such duties or functions.

The nature and scope of such examination, the manner in which it shall be marked, the passing grade, and the times, intervals and places at which it shall be held shall be prescribed by the Board of Governors and attached to and made a part of these By-Laws and designated "Schedule C." Within the limitations provided herein, the Board of Governors shall have the power to adopt, alter, amend, supplement or modify the provisions of Schedule C from time to time without recourse to the membership for approval, as would otherwise be required by Article IX hereof, and Schedule C, if adopted, altered, amended, supplemented or modified, shall become effective as the Board of Governors may prescribe on or after 30 days after filing with the Securities and Exchange Commission, unless disapproved by such Commission according to law.

Five separate examinations currently are employed in the program. Each contains 50 questions considered fundamental in demonstrating technical proficiency and knowledge of the securities business, and 50 additional questions are added for variety. The questions are of the

true-false or multiple-choice type that can be scored mechanically. This has been deemed necessary by the association and the Commission in order to assure that there can be no question of prejudice or individual judgment entering into the evaluation of examination scores. All questions are selected from a basic list of questions and answers that appears in the association's manual. So far, 332 persons have refused to take the examination. Their registrations were terminated.

The volume of applications being received for registration, and the fact that 70 percent of all applicants are required to take the examination, indicate that the flow of inexperienced persons into the securities business has not been appreciably affected by the qualification program. New applications averaged 1,500 a month during 1953, substantially above the approximate 1,000 monthly rate in 1952 and the 800 and 600 monthly rates for 1954 and 1955, respectively.

On November 30, 1953, the association established two examination centers in New York City, one at New York University in the financial district, and the other at Hunter College in midtown Manhattan. About one-half of those required to take the qualification examination now take it at one of these New York centers.

The association is now reviewing the qualification program in the light of experience since its inauguration, and it is expected that the examination standards will be strengthened as a result.

UNIFORM PRACTICE CODE

Prior to the inception of the NASD, over-the-counter securities transactions were handled on a very informal basis.

Firms to which securities were tendered in settlement of contracts had to make their own decisions as to the negotiability and acceptability of securities tendered. Over-the-counter dealers were obliged to trade in securities of corporations which had varied concepts as to the physical condition of securities issued to the public and the methods by which such securities could be transferred. The dealers themselves arranged transactions so informally that there was frequent doubt as to the actual terms of contracts.

This was in considerable contrast to the situation on national securities exchanges. These organizations had been formulating delivery rules and listing requirements for many years.

When the NASD was organized in 1939, its sponsors were keenly aware of these problems. Consequently, the bylaws gave the board of governors authority to adopt a uniform practice code designed to make uniform, where practicable, custom, practice, usage and trading technique in the investment banking and securities business. In addition, the board had authority to issue binding rulings with respect to the applicability of the code to situations in which there was no substantial disagreement as to the facts involved.

The board of governors immediately appointed a committee to draft such a code. The problems before the committee were so complicated that the code, in its final form, was not adopted and made effective until August 1, 1941. Since then, administration of this code has been a daily operation of great benefit to the securities business and the public it serves.

QUOTATIONS

One of the most important activities of the NASD in the public interest has been the development of a system for compiling and disseminating quotations to be published on over-the-counter securities. Prior to the assumption of this responsibility by the NASD, such quotations were almost entirely those supplied by individual dealers through special arrangements with newspapers and periodicals in their respective communities.

In September 1941 the association's national quotations committee adopted policies governing the compilation of newspaper quotations for the guidance of district quotations committees. These policies included provisions that the public interest should be the paramount consideration in all quotations; that district quotations committees should assign a price spread to each security based on knowledge of local market conditions, including activity of the security, its type, size of the issue and price; and that, in computing the public bid price of a security, two or more of the best actual bids should be considered, and the published price should not be less than the actual bids by more than a nominal selling commission.

In 1943, the SEC took exception to the method used by the association in compiling quotations because they were based upon a formula system, superimposed upon the dealers' market. The Commission argued that the actual dealers' market should be used, and the association held that this would leave no room for reasonable markups.

After many months of study and conferences, the association's national quotations committee concluded that (a) because the over-the-counter market is primarily merchandizing in character, its securities should be quoted on a retail basis, and (b) that quotations should represent prices at which dealers were willing to trade with the public.

The board of governors approved these conclusions in October 1944, and authorized appropriations to underwrite expenses of a revised quotations publication program.

The investor has the assurance that the quoted market in unlisted securities actually represents the prices at which someone was ready to buy or sell particular securities at the time the quotations were recorded.

In January 1947 the national quotations committee arranged for the publication in the Wall Street Journal of weekly price ranges on about 450 less actively traded securities—a group of over-the-counter securities which, although not of sufficient interest to warrant daily published quotations, merited periodic market representation. This weekly range since has been expanded to cover some 600 securities.

This was the result of months of study and discussion by the national quotations committee which, in November 1956, adopted new standards for quotations sponsored by the association. The committee instituted the policy of employing the actual bid prices for published quotations as part of a program to establish a national list of over-the-counter securities—issues that are widely known and actively dealt in throughout the country.

The 300-stock national list is carried daily in the Wall Street Journal. In addition, the Dow-Jones ticker now carries daily quotations on some 65 most popular over-the-counter securities. Qualifications for

a security to become eligible for quotation on the national list are as follows:

1. Minimum of 200 stockholders in each of 2 of the 4 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 other 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.

SUPERVISION OF SALES LITERATURE

Association activities extend to the administration and enforcement for its members of the SEC's statement of policy, which sets standards for sales literature and advertising relating to the shares of investment companies.

The association's investment companies committee conducts this activity under powers and duties granted by the board of governors in 1950.

This program was undertaken at the joint request of the Commission and leaders in this branch of the securities business as a further step in the process of self-regulation. Under it, all members must file with the executive office for review all sales literature and advertising having to do with investment company shares that they themselves prepare.

The statement of policy, in effect, is an interpretation by the Commission of the fraud sections of the Securities Act of 1933, as applied to literature used in the sale of investment company shares. It is designed to prevent the use of misleading promotional material by providing standards that would correct abuses but still leave the business with the right to tell a fair and accurate story to the public.

The association has an agreement with the Commission that any material prepared by association members that comes to the attention of the Commission and that does not appear to conform with the standards will be referred to the NASD. As to those investment company underwriters and sales organizations which are not members of the association, the SEC enforces the standards, and where material prepared by such nonmembers comes to the attention of association members, it is referred to the Commission for action.

Part of this association operation is the clearance of "touchstone" advertising by issuers and underwriters of investment company shares, undertaken in 1954 in the interest of consistent interpretation.

In enforcing the statement of policy, the committee has relied substantially upon the desire of the majority of the business to conduct their operations on a high ethical plane. Economic sanction in the form of a requirement to withdraw nonconforming material has been an effective penalty to encourage future compliance. There have been occasions, however, when it was necessary to recommend to

district business conduct committees that they take disciplinary action against certain members for repeated failure to conform to the statement of policy and related requirements. Several such references are pending at this time.

Two formal complaint actions have been completed. One of these resulted in the revocation of registration of registered representatives of the member involved and substantial fine and assessment of cost of proceedings against the member. In the other, the district business conduct committee involved censured representatives of the firm and the firm itself and assessed the cost of the proceedings against the member.

In the course of its administration of the statement of policy, the committee has reviewed some 48,000 pieces of sales literature, of which 30,000 have required comment, either by letter or by telephone; some 10,000 letters of comment have been written in regard to this literature, and approximately 24,000 letters have been received from members in the same connection.

Approximately 2,000 member firms engage in the sale of investment company shares. Of these, about 1,000 as a matter of practice prepare their own sales literature for filing with the executive office.

The volume of literature reviewed remained substantially constant over the first 6 years of the program. However, currently the committee is reviewing material at an annual rate of 7,200 items, substantially greater than the rate in any previous year. This probably can be accounted for by (a) the incidence of new members joining the association with the intent to concentrate on the sale of investment company shares, including the large number of new investment companies and specialized sales organizations that have been formed in recent months, and (b) the effect of the association's examination program, which has brought about increased awareness on the part of the membership of the filing requirements.

A large number of members, particularly among underwriters of investment company shares, have deferred the creation of new sales material pending the long-postponed revision of the statement of policy.

EXHIBIT NO. 1 (c)
Membership by year, district and total for association

Districts	1900	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	Nov. 30, 1928
1	81	68	61	65	67	68	74	72	74	74	74	75	77	80	81	80	80	81	80	80
2	102	102	107	155	137	107	121	102	101	101	102	102	102	102	102	102	102	102	102	102
3	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
4	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
5	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
6	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
7	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
8	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
9	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
10	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
11	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
12	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
13	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
14	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
15	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
16	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
17	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
18	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
19	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
20	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
21	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
22	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
23	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
24	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
25	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
26	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
27	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
28	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
29	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
30	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
31	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
32	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
33	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
34	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
35	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
36	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
37	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
38	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
39	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
40	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
Total by year for association	2,416	2,580	2,857	2,957	2,700	2,722	2,578	2,615	2,615	2,637	2,736	2,810	2,882	2,930	3,017	3,201	3,191	3,177	3,357	3,671

† Hawaii: Membership in the association was extended to Hawaii July 29, 1922. As members of district 2 are located in this area.

EXHIBIT No. 2 (d)

National Association of Securities Dealers, Inc., assessment schedules, year ended Sept. 30, 1958

Membership fee.....	\$50
Personnel fee.....	\$5
Underwriting fee rate on total participations in underwritings over \$100,000 (percent).....	0.0015
Investment trust gross sales fee (on gross sales including sale of shares repurchased and resold) (percent).....	0.007
Maximum assessment (not including branch office, admission, registered representative registration or qualification examination fees).....	\$6,000
Branch office dues.....	\$10
Admission fee (each new member).....	\$25
Registered representative fee (each new registered representative of any number).....	\$10
Examination fee (each individual required to take the qualification examination).....	\$10

* Each individual in an organization normally devoting half or more of his business hours to such activities as "investment banking or securities business" as defined in art. I, sec. 3 (c) of the bylaws counted as 1; each individual in the organization devoting part but less than half of his business hours to such business counted as 1/2. "Individual" includes a partner, corporate officer or individual proprietor, as well as other personnel.

EXHIBIT No. 3 (A-2)

National Association of Securities Dealers, Inc., statement of revenue and expenditures

	Year ended Sept. 30—		Total, Oct. 1, 1957, to Sept. 30, 1958
	1957	1958	
Revenue			
Assessments.....	\$713,612	\$810,771	\$9,395,765
By each office fees.....	24,370	30,351	242,951
Registered representatives' application fees.....	251,000	231,670	1,581,340
Registered representatives' examination fees.....	177,235	155,548	326,355
Admissions.....	12,325	10,055	29,100
Interest and miscellaneous.....	21,007	15,434	112,749
Fines and costs collected.....	12,750	07,110	200,000
Total.....	1,194,299	1,360,901	11,432,634
Expenditures			
National office:			
Salaries.....	171,517	180,221	1,879,337
Rent.....	11,556	21,557	176,295
Printing and stationery.....	81,410	61,311	662,117
Incidental expenses.....	5,729	11,082	60,414
Utilities.....	15,840	21,274	134,211
Telephone and telegraph.....	5,560	11,051	64,021
Qualification examination program.....	15,782	21,055	68,822
Personal and conveyances, furniture, and equipment.....	4,740	54,419	68,815
Travel and meetings.....	14,812	15,528	186,700
Total.....	339,662	411,618	3,216,221
Boards of governors and advisory councils, travel and miscellaneous.....	34,783	55,000	602,505
National standing and special committees.....	102,701	112,472	618,050
District committees' expenditures.....	468,112	587,909	4,631,760
General:			
Legal fees and expenses.....	156,051	80,313	602,750
Audit fees and expenses.....	1,760	1,000	20,681
Insurance and taxes.....	20,667	28,286	171,252
Contribution to retirement fund and pensions.....	23,252	48,384	454,361
Total.....	1,193,655	1,336,231	10,777,674
Excess of revenue over expenditures.....	61,214	3,330	651,780
Accumulated balance, beginning of period.....	498,827	660,091	8,641
Accumulated balance, end of period.....	660,091	663,421	663,421

EXHIBIT No. 3 (b-2)

National Association of Securities Dealers, Inc., district committees' expenditures

District No.	Oct. 1, 1957, to Sept. 30, 1957	Oct. 1, 1957, to Sept. 30, 1958	Total, Oct. 1, 1957, to Sept. 30, 1958
1. Idaho, Ore., and Washington.....	15,150	\$12,000	271,375
2. California, Nevada, and Territory of Hawaii.....	20,511	22,250	289,000
3. Arizona, Colorado, New Mexico, Utah, and Wyoming.....	24,502	32,000	143,400
4. Minnesota, Montana, North Dakota, and South Dakota.....	871	1,182	58,100
5. Kansas, Missouri (west), and Oklahoma.....	20,212	19,000	60,000
6. Texas.....	24,171	24,500	141,719
7. Arkansas, Kentucky (west), and Missouri (east).....	7,860	13,700	93,437
8. Illinois, Indiana, Iowa, Michigan, Nebraska, and Wisconsin.....	58,000	71,015	381,500
9. Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina, and Tennessee.....	21,500	31,000	213,000
10. Kentucky (east), and Ohio.....	17,797	27,000	251,500
11. District of Columbia, Maryland, North Carolina, Virginia, and West Virginia.....	32,150	24,000	100,000
12. Delaware, Pennsylvania, and New Jersey (south).....	10,311	32,000	288,000
13. Connecticut, New Jersey (north), and New York.....	104,547	140,000	1,450,000
14. Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.....	21,413	30,000	222,000
Total.....	408,172	587,909	4,631,760

EXHIBIT No. 4 (a-2)

National Association of Securities Dealers, Inc., tabulation of complaint proceedings and dispositions, Aug. 7, 1939, to Nov. 30, 1958

[Accessed to include period from Jan. 1, 1957, to Nov. 30, 1958; expanded exhibits 1 (a) and 1 (a-1)]

District No.	Complaints filed, 1939-1958		Complaints pending, Nov. 30, 1958		Complaints closed, Aug. 7, 1939		Dismissed		Fines		Expenses		Suspension		Consent		Appeals		
	Apr. 7, 1939	Nov. 30, 1958	Apr. 7, 1939	Nov. 30, 1958	Member firm	Reps. listed in public file	Reps. listed in public file	Member firm	Reps. listed in public file	Member firm	Reps. listed in public file	Member firm	Reps. listed in public file	Member firm	Reps. listed in public file	Member firm	Reps. listed in public file	Member firm	Reps. listed in public file
1	22	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2	102	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31
3	140	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
4	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
5	38	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
6	28	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
7	176	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
8	32	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
9	32	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
10	30	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
11	10	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
12	10	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
13	25	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
14	29	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total	1,208	145	145	145	376	376	376	376	337	337	337	337	42	42	301	301	271	271	271

* Of these 1 was excluded for nonpayment of fine fees.
 † Of these 12 were excluded for nonpayment of fines/fees.
 ‡ Of these 1 appellant withdrew.

* Of these 1 was suspended for 10 days in lieu of fine/fees pending. † of these 12 were suspended for 10 days in lieu of fine/fees pending. ‡ of these 1 appellant withdrew.

EXHIBIT No. 7 (a)

Firms which have been expelled or suspended from the National Association of Securities Dealers, Aug. 7, 1939-Jan. 1, 1957

DISTRICT NO. 1, STATES OF IDAHO, OREGON, AND WASHINGTON				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Sept. 5, 1941	2	Imperial Securities Co. Inc., Porter Bldg., Portland, Ore.	X	
Jan. 31, 1942	4	Dunn & Co. Inc., 725 2d Ave., Seattle, Wash.	X	
Feb. 7, 1942	3	Slatt & Wales, United States Bank Bldg., Portland, Ore.		30 days
Feb. 24, 1942	7	Griffithson Investment Co., Clark County National Bank Bldg., Vancouver, Wash.	X	
Sept. 22, 1942	8	Hughes, Humphrey Co., Porter Bldg., Portland, Ore.	X	
Jan. 21, 1945	10	Lewis Anthony & Co., Medical Dental Bldg., Klamath Falls, Ore.	X	
Oct. 19, 1955	17	Russell L. Trub, Oia National Bank Bldg., Spokane, Wash.		15 days

DISTRICT NO. 2-A, STATES OF CALIFORNIA, NEVADA, AND TERRITORY OF HAWAII				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Jan. 24, 1941	LA-9	Castanier & Doty, 618 East Colorado St., Pasadena, Calif.	X	
July 28, 1941	LA-10	H. J. Krummer & Co., 625 Broadway, San Diego, Calif.	X	
1949. 11. 1945	LA-24	Marion Seidel & Co., 458 Spring St., Los Angeles, Calif.		60 days
Jan. 2, 1954	LA-35	Castanier, Kline & Co., 1000 1st St., Las Vegas, Nev.	X	
June 1, 1956	LA-11	Coburn & Co., 607 West 6th St., Los Angeles, Calif.	X	

DISTRICT NO. 2-SF, STATES OF CALIFORNIA, NEVADA, AND TERRITORY OF HAWAII				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Apr. 18, 1941	SF-3	H. H. Baker & Co., Russ Bldg., San Francisco, Calif.		1 week

DISTRICT NO. 3, STATES OF ARIZONA, COLORADO, NEW MEXICO, UTAH, AND WYOMING				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Dec. 6, 1949	5	E. R. Hawley & Co., Post Office Box 559, Phoenix, Ariz.	X	
Dec. 22, 1955	23	Stocks, Inc., 1964 Glen Ave., 25th Fl., Denver, Colo.	X	
Jan. 8, 1956	20	Floyd Koster, Denver National Bank Bldg., Denver, Colo.		30 days
Feb. 7, 1950	22	Moak Brokerage Co., 263 U. P. Annex, Salt Lake City, Utah	X	
Apr. 7, 1939	62	Wohler Investment Co., 2160 Kestel Ave., Ogden, Utah	X	
Aug. 30, 1950	14	Hicks, Newton & Co., Inc., 22 1/2 1/2 St., South Denver, Colo.	X	
Dec. 12, 1950	61	The Western Trader & Investor, Denver Bldg., Salt Lake City, Utah	X	

DISTRICT NO. 4, STATES OF MINNESOTA, MONTANA, NORTH DAKOTA, AND SOUTH DAKOTA				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Jan. 20, 1942	5	A. G. Scheidel & Co., 202 South 2d St., Mankato, Minn.	X	

DISTRICT NO. 6, STATE OF TEXAS				
Date	Complaint No.	Respondent and address	Expelled	Suspended
Mar. 17, 1941	1	McCulloch & Williams, 762 Fort Worth National Bank Bldg., Fort Worth, Tex.		6 months
Sept. 7, 1945	3	Frank G. West, Lexington Bldg., Houston, Tex.	X	
Aug. 21, 1952	5	Walter Robert Foley, Jr., Lubbock Hotel Bldg., Lubbock, Tex.	X	
Do.....	6	Mitchell Securities Corp., 129 Allen Bldg., Midland, Tex.	X	
Nov. 10, 1942	7	William H. T. Summers Co., 101 Great American Reserve Bldg., Dallas, Tex.	X	
Jan. 5, 1935	12	James J. Stoddy, Investment Securities, 1413 Michoud Bldg., Houston, Tex.	X	
Feb. 24, 1936	16	Cobb & Co., Inc., Melrose Bldg., Houston, Tex.	X	
Apr. 8, 1936	14	French & Co., 1601 Commerce Bldg., Houston, Tex.	X	
June 25, 1956	17	Garrett Bros., Inc., 1500 Jackson St., Dallas, Tex.	X	1 year

Firms which have been expelled or suspended from the National Association of Securities Dealers, Aug. 7, 1939-Jan. 1, 1957—Continued

Firms which have been expelled or suspended from the National Association of Securities Dealers, Aug. 7, 1939-Jan. 1, 1957—Continued

DISTRICT NO. 7, STATE OF ARKANSAS, PART OF MISSOURI, AND PART OF KENTUCKY

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Apr. 15, 1942	7	H. L. Bryant & Co., Inc., 430 Pine St., St. Louis, Mo.	X	
Jan. 29, 1956	21	White & Co., Mississippi Valley Bldg., St. Louis, Mo.		15 days.

DISTRICT NO. 8, STATES OF ILLINOIS, INDIANA, IOWA, MICHIGAN, NEBRASKA, AND WISCONSIN

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Dec. 27, 1946	13	Mary M. Lepars & Co., 707 North Water St., Milwaukee, Wis.	X	
Aug. 25, 1941	31	Grab & Johnson, Inc., 152 West Wisconsin Ave., Milwaukee, Wis.	X	
Mar. 11, 1942	36	C. A. Opperhus, 125 Wisconsin Ave., Milwaukee, Wis.	X	
Mar. 23, 1942	37	John J. Sealey & Co., 164 South LaSalle St., Chicago, Ill.	X	
May 13, 1942	51	William H. Stuart & Co., 135 South LaSalle St., Chicago, Ill.		3 months.
June 24, 1942	42	Bryant-Lee & Koser, Inc., Fletcher Trust Bldg., Indianapolis, Ind.		2 months.
June 22, 1942	41	A. G. Heintz, 244 1/2 Ave. N.E., Cedar Rapids, Iowa	X	
Aug. 15, 1942	47	Municipal Securities Corp., Civic Tower, Indianapolis, Ind.		30 days.
Aug. 17, 1942	53	M. E. Fowler & Co., Fletcher Trust Bldg., Indianapolis, Ind.	X	
Oct. 23, 1942	52	Lowell N. Baker & Co., Inc., 420 South LaSalle St., Chicago, Ill.	X	
Jan. 18, 1943	56	D. Russ Wilson & Co., National Bldg., Prairie House, Ind.	X	
June 7, 1943	44	Maxson Securities Co., Inc., 1045 Marietta St., South Bend, Ind.		1 year.
Apr. 12, 1941	34	Frank S. Kelly, 126 South LaSalle St., Chicago, Ill.	X	
July 23, 1941	37	John G. LaFarge & Co., 135 South LaSalle St., Chicago, Ill.	X	
Oct. 24, 1942	100	Seaboard Bank & Share Co., Hook Island Bank Bldg., Hook Island, Ill.		30 days.
Jan. 6, 1943	105	H. H. DeGruender & Co., Fidelity Bldg., Benton Harbor, Mich.		7 days.
Sept. 12, 1946	129	O. W. Mottaway & Co., Fletcher Trust Bldg., Indianapolis, Ind.		30 days.

DISTRICT NO. 9, STATES OF ALABAMA, FLORIDA, GEORGIA, LOUISIANA, MISSISSIPPI, SOUTH CAROLINA, AND TENNESSEE

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
May 12, 1945	1	Chas. A. DeForest & Co., C. & S. Bank Bldg., Atlanta, Ga.	X	
July 28, 1941	5	United Securities Corp., Postoffice Bldg., Miami, Fla.	X	
Nov. 28, 1942	33	MacIntosh & Co., 2905 Shannon Lane, Birmingham, Ala.	X	
June 27, 1945	35	Peter Gitting & Co., Peoples Office Bldg., Charleston, S. C.	X	
July 21, 1955	36	Viggo J. Larson & Co., First National Bank Bldg., Canal Cities, Fla.	X	

DISTRICT NO. 10, STATE OF OHIO AND PARTS OF KENTUCKY

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Feb. 25, 1943	6	W. L. Heide & Co., Inc., 1625 Union Central Bldg., Cincinnati, Ohio.	X	
Jan. 12, 1953	20	Paul & Walrus, Citizen Bldg., Cleveland, Ohio.		21 days.

DISTRICT NO. 11, THE DISTRICT OF COLUMBIA AND STATES OF MARYLAND, NORTH CAROLINA, VIRGINIA, AND WEST VIRGINIA

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Apr. 8, 1941	3	J. H. Bennett & Co., 602 Southern Bldg., Washington, D. C.	X	
Jan. 16, 1942	4	Hartman, Inc., Central Union Bldg., Wheeling, W. Va.	X	
Do.	5	K. D. Curry & Co., 1510 Vermont Ave., N.W., Washington, D. C.	X	
Do.	7	Kepler & Zuck, 330 New Hampshire Ave., N.W., Washington, D. C.	X	
Do.	8	Mutual Investment Co., Union Trust Bldg., Washington, D. C.	X	
Mar. 27, 1942	16	David H. Ziemer & Co., National Press Bldg., Washington, D. C.	X	
Do.	11	G. S. Price & Co., 427 Douglas Bldg., Washington, D. C.	X	
Apr. 22, 1942	13	Frederic T. Golden, American Security Bldg., Washington, D. C.	X	
Aug. 14, 1942	5	Lawrence R. Leiby & Co., 523 Southern Bldg., Washington, D. C.	X	
Do.	12	T. E. Baker & Co., Washington Bldg., Washington, D. C.	X	
Aug. 31, 1943	14	A. H. Miller & Co., Woodward Bldg., Washington, D. C.	X	
Aug. 7, 1945	16	Thomas Arthur Stewart, Lord Baltimore Hotel, Baltimore, Md.		1 year.
Apr. 14, 1943	24	Albert Kravitz Co., 1430 New York Ave., N.W., Washington, D. C.		15 days.
Feb. 24, 1945	30	Mutual Securities, Inc., Mercantile Trust Bldg., Baltimore, Md.	X	
Feb. 20, 1946	53	Edgar N. Snow, the Snow Corp., Cambridge Apartments, Henderson Rd., Asheville, N. C.	X	

DISTRICT NO. 12, STATES OF DELAWARE, PENNSYLVANIA AND PARTS OF NEW JERSEY

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Mar. 22, 1943	18	Alexander Smith & Co., 1470 Walnut St., Philadelphia, Pa.	X	
Dec. 17, 1952	44	Tyson & Company, Inc., Lewis Tower Bldg., Philadelphia, Pa.	X	
June 8, 1956	56	J. H. Brass & Co., Inc., 20 North 4th St., Scranton, Pa.	X	

DISTRICT NO. 13, STATES OF CONNECTICUT, NEW YORK, AND PARTS OF NEW JERSEY

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
Oct. 27, 1946	1	Dezack, Dougherty & Pilkington, Wheeling Bldg., Buffalo, N. Y.	X	
Do.	2	Bacon & McCann Co., 733 Elbert St., Buffalo, N. Y.	X	
May 26, 1941	25	W. H. Koeh Co., 15 Mead St., New York	X	
May 26, 1941	34	Harry S. Cook & H. S. Cook Co., 17 Canal St., Buffalo, N. Y.		6 months.
Aug. 6, 1941	39	Harry S. Cook & H. S. Cook Co., 76 3/4 Ave. South, Buffalo, N. Y.	X	
Aug. 15, 1941	42	J. H. Carlin Co., 42 Broadway, New York	X	
Nov. 3, 1941	47	J. P. Gogger Co., 119 Broadway, New York	X	1 year.
Do.	50	John P. Cox Co., 40 Exchange Pl., New York	X	30 days.
Do.	53	North Country Securities Corp., Westworth Bldg., Westport, N. Y.	X	
Do.	54	Bright & Co., Inc., 118 North Meadland St., Carthage, N. Y.	X	
Do.	55	High & Glantz & Co., Inc., 31 Bowling, New York	X	
Do.	57	Samuel S. McKnight & Co., Inc., 1 Bridge St., Plattsburgh, N. Y.	X	
Nov. 25, 1941	63	A. N. Elm & Co., Inc., 271 State St., Schenectady, N. Y.	X	
Do.	54	Abender Co., Inc., 42 Broadway, New York	X	
Jan. 15, 1942	59	William J. Sulzback Corp., 54 Park St., New York	X	
Jan. 23, 1942	62	War & Co., 64 New St., New York	X	
Feb. 13, 1942	65	Kenneth & Hunt, Inc., 141 Broadway, New York	X	
May 6, 1942	18	Edward A. West, 42 Broadway, New York	X	
May 11, 1942	71	William F. Tarr & Co., 34 Broadway, New York	X	
June 1, 1942	75	LaPorte & Co., Inc., 92 State St., Albany, N. Y.	X	
June 5, 1942	69	H. C. Webster & Co., Inc., Lower Bldg., Syracuse, N. Y.	X	
July 7, 1942	48	Wright & Co., 710 Madison Ave., Astoria Park, N. J.	X	
Aug. 1, 1942	80	Quinn, Smith & Co., 53 Broad St., New York	X	
Aug. 31, 1942	77	White-Barbara & Co., Inc., State Tower Bldg., Syracuse, N. Y.		70 days.

Firms which have been expelled or suspended from the National Association of Securities Dealers, Aug. 7, 1939-Jan. 1, 1957—Continued

DISTRICT NO. 13, STATES OF CONNECTICUT, NEW YORK, AND PARTS OF NEW JERSEY—Continued

Date	Complaint No.	Respondent and address	Expelled	Suspended
Sept. 23, 1942	85	John L. Goolley, 75 State St., Albany, N. Y.	X	
Oct. 16, 1942	86	Chas. D. Scheetz & Co., 248 Broadway, Newburgh, N. Y.	X	
May 1, 1943	94	Evel P. Tolson, Ctr. Inc., 25 Broad St., New York	X	
July 21, 1943	93	W. P. Thompson, 37 Wall St., New York	X	1 year.
Feb. 17, 1945	103	William F. Moore & Co., 2 Bevier St., New York	X	
Jan. 28, 1948	113	T. H. Johnson & Co., 64 Wall St., New York	X	30 days.
Aug. 16, 1948	123	Edward H. Parker Co., Inc., 106 Broadway, New York	X	
Oct. 17, 1950	131	Kaye Reed & Co., Inc., 72 Wall St., New York and First Guardian Securities Corp., 20 Pine St., New York	X	
Nov. 17, 1950	129	Juniper, Anderson & Co., 40 Exchange Pl., New York	X	60 days.
Jan. 31, 1951	131	Meyer Hirsch Corp., 72 Wall St., New York	X	
Dec. 11, 1951	135	DeTrotto & Co., Inc., 40 Broad St., New York	X	60 days.
July 25, 1952	136	George J. Malar Co., 79 Wall St., New York	X	
Feb. 25, 1953	146	Milton C. Pomeroy Co., Inc., 100-102 Granite Bldg., Rochester, N. Y.	X	
June 27, 1953	147	Shibley & Co., Inc., 35 Liberty St., New York	X	
July 15, 1954	170	Charles M. Rosenthal Co., 350 East 71st St., New York	X	
Feb. 16, 1955	179	Keefe Securities Corp., 418 East 45th St., New York	X	
Mar. 25, 1955	185	Merle G. Galt, 227 Lexington Ave., New York	X	
Apr. 9, 1955	180	Phillips & Co., 42 Broadway, New York	X	2 years.
Apr. 12, 1955	191	Peter Morgan & Co., 31 Nassau St., New York	X	30 days.
Feb. 9, 1955	200	Justin Scapellato, Inc., 30 Broad St., New York	X	
May 23, 1956	212	Hamer Securities Corp., 82 Broadway, New York	X	6 months.
July 4, 1956	235	Inte-City Securities Corp., 167-65 Biltmore Ave., Jamaica, N. Y.	X	
Dec. 1, 1955	234	Seaboard Securities, 1 Culler Mill Rd., Great Neck, N. Y.	X	

DISTRICT NO. 14, STATES OF MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, AND VERMONT

Date	Complaint No.	Respondent and address	Expelled	Suspended
Dec. 28, 1940	41	William T. Atwood & Co., Inc., 64 Congress St., Portland, Maine	X	
Nov. 11, 1941	17	Cyril F. Ford Co., 10 Post Office Sq., Boston, Mass.	X	
Mar. 26, 1942	27	Seibel & Seybold, Inc., 137 Main St., Springfield, Mass.	X	
Sept. 26, 1942	31	Franklin C. Adams & Co., 21 Essex St., Boston, Mass.	X	
Aug. 4, 1942	25	Kimball Ware & Co., 466 Congress St., Portland, Maine	X	
Oct. 21, 1942	44	R. H. Johnson & Co., et al., 76 State St., Boston, Mass.	X	
May 1, 1952	45	Hedelson & Co., 19 State St., Boston, Mass.	X	30 days.
Apr. 5, 1954	50	Gregg, Steer & Co., Inc., 30 Federal St., Boston, Mass.	X	60 days.

EXHIBIT No. 7 (a-1)

Firms which have been expelled or suspended from the National Association of Securities Dealers, Jan. 1, 1957-May 31, 1957

DISTRICT NO. 1

Date	Complaint No.	Respondent and address	Expelled	Suspended
Mar. 23, 1957	19	Nelson Investment Co., 169 Main Ave. East, Twin Falls, Idaho	X	

DISTRICT NO. 3

Date	Complaint No.	Respondent and address	Expelled	Suspended
Feb. 28, 1957	94	First Securities of Denver, University Bldg., Denver, Colo.	X	
Apr. 23, 1957	91	Johnson-Beckwith & Hudson, 245 South Main St., Salt Lake City, Utah	X	
Mar. 28, 1957	99	Capital Securities, Inc., Salt Lake City, Utah	X	

Firms which have been expelled or suspended from the National Association of Securities Dealers, Jan. 1, 1957-May 31, 1957—Continued

DISTRICT NO. 6

Date	Complaint No.	Respondent and address	Expelled	Suspended
Feb. 15, 1957	15	Southwestern Securities Co., Dallas, Tex.	X	
Mar. 8, 1957	19	Kyger & Co., 17th West Main St., Houston, Tex.	X	

DISTRICT NO. 10

Date	Complaint No.	Respondent and address	Expelled	Suspended
Jan. 13, 1957	28	Harrison & Frey, Inc., 101 Genke Bldg., Cincinnati, Ohio	X	

DISTRICT NO. 11

Date	Complaint No.	Respondent and address	Expelled	Suspended
Mar. 15, 1957	41	Paul Scarborough, Jr., 40 South King St., Hampton, Va.	X	

DISTRICT NO. 12

Date	Complaint No.	Respondent and address	Expelled	Suspended
Mar. 22, 1957	60	Horsea Linsen Niebauer, Philadelphia, Pa.	X	

DISTRICT NO. 13

Date	Complaint No.	Respondent and address	Expelled	Suspended
Jan. 19, 1957	230	David Gordon & Co., New York, N. Y.	X	X
Feb. 26, 1957	215	Steen, Botwinick & Co., Inc., New York, N. Y.	X	X
Feb. 27, 1957	223	Burrell, Henric & Co., Inc., New York, N. Y.	X	X
Mar. 17, 1957	222	The Lawrence & Murray Co., Inc., New York, N. Y.	X	X

EXHIBIT No. 7 (a-2)

Firms which have been expelled or suspended from the National Association of Securities Dealers, May 31, 1957-Nov. 30, 1958

DISTRICT NO. 2-1A

Date	Complaint No.	Respondent and address	Expelled	Suspended
Sept. 11, 1957	A-76	J. D. Cramer & Co., 635 Hollywood Blvd., Hollywood, Calif.	X	
Oct. 4, 1957	A-6	E. H. Hanson & Co., 121 North Bright Ave., Whitefish Bay, Wis.		30 days.
Dec. 10, 1957	A-50	William D. Bradford, 635 South Spring St., San Francisco, Calif.	X	
Feb. 23, 1958	A-35	Gil-Harkness & Co., 181 South Spring St., Los Angeles, Calif.	X	
Feb. 5, 1958	A-21	Kestman, Inc., 215 West 7th St., Los Angeles, Calif.	X	

DISTRICT NO. 3

Date	Complaint No.	Respondent and address	Expelled	Suspended
June 23, 1957	100	Shelley, Harbitts & Co., First National Bank Bldg., Denver, Colo.	X	
July 12, 1957	103	Seleneit Brokerage Co., Newhouse Bldg., Salt Lake City, Utah	X	
Aug. 2, 1957	107	Melvin P. Schroeder, Kittredge Bldg., Denver, Colo.	X	
Oct. 18, 1957	112	Intermountain Securities, Inc., 303 Conclins Ave., Denver 10, Colo.	X	
Jan. 13, 1958	113	Christophes & Nichols Brokerage Co., 350 South State St., Salt Lake City, Utah	X	
Feb. 8, 1958	64-67	Empire Securities Corp., 311 South Main St., Salt Lake City, Utah	X	

Firms which have been expelled or suspended from the National Association of Securities Dealers, May 31, 1957—Nov. 30, 1958—Continued

DISTRICT NO. 3—Continued

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
June 11, 1958	149	Walter H. Plankinton, 309 Columbus Ave., Denver, Colo.	X	
Do.....	150	R. D. Stanshew Investments, Post Office Box 18, Boulder, Colo.	X	
Aug. 2, 1958	150	Standard Investment Co., Simms Bldg., Albuquerque, N. Mex.	X	
Do.....	151	Fisher Securities Co., 457 Main St., Grand Junction, Colo.	X	
Do.....	152	Lockhart & Co., First National Bank Bldg., Denver, Colo.	X	
Aug. 7, 1958	153	Quinn & Co., Glencenny Bldg., Denver, Colo.	X	
Aug. 10, 1958	115	Skyline Securities, Inc., 619 15th St., Denver, Colo.	X	

DISTRICT NO. 5

Aug. 25, 1957	10	Alvin C. Senculowsky Investments, 212 North Market St., Wichita, Kans.		30 days.
Dec. 28, 1957	12	William A. Buckholz, 1020 N.E. 14th St., Oklahoma City, Okla.		Do.

DISTRICT NO. 6

June 24, 1957	23	Conrow & Co., Kirby Bldg., Dallas, Tex.	X	
Sept. 8, 1957	24	Clavel, Price & Harris, Inc., 1010 Commerce Bldg., Houston, Tex.	X	
Oct. 29, 1957	25	Fairway Accounting Associates, 1227 6th Ave., Fort Worth, Tex.	X	
Nov. 15, 1957	28	Investors Service Corp., 1230 Mercantile Security Bldg., Dallas, Tex.	X	
Feb. 5, 1958	27	Farris & Co., First National Bank Bldg., Dallas, Tex.	X	
May 21, 1958	33	Arthur H. Quinn, Post Office Box 6126, Houston, Tex.	X	
Sept. 16, 1958	34	Triggs & Co., Houston City Bldg., Houston, Tex.	X	

DISTRICT NO. 8

Mar. 12, 1958	153	Security Investment Corp., 517 Chamber of Commerce Bldg., Indianapolis, Ind.	X	
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DISTRICT NO. 9

July 21, 1957	59	Melton & Co., Inc., 16822 1st St., Miami, Fla.	X	
Feb. 3, 1958	58	Southern Investment Securities, Inc., Farley Bldg., Birmingham, Ala.	X	
Feb. 20, 1958	54	D. N. Silverman Co., Inc., Shell Bldg., New Orleans, La.	X	
Mar. 14, 1958	60	Alfred D. Lawrence & Co., 205 SE. 1st Ave., Miami, Fla.	X	
May 18, 1958	63	Sells & Co., 513 DuPont Bldg., Miami, Fla.	X	
July 18, 1958	70	Will Ransier, 316 Main St., Northch., Mass.	X	
Aug. 31, 1958	85	Allied Securities Corp., 307 Walton Bldg., Atlanta, Ga.	X	

DISTRICT NO. 11

June 10, 1957	38	Daniel & Co., Ltd. (formerly Seaboard Securities Corp.), 1421 K St. N.W., Washington, D. C.	X	
Oct. 13, 1957	44	Branch & Garden & Co., Inc., 2828 Jefferson St., Roanoke, Va.	X	

DISTRICT NO. 12

Jan. 11, 1958	75	William Whitehead, 130 North Broadway, Camden, N. J.	X	
Mar. 25, 1958	71	Dawkins, Waters & Co., Inc., Peckard Bldg., Philadelphia, Pa.		30 days.
May 1, 1958	61	Crane & Co., 610 Smithfield St., Pittsburgh, Pa.		6 months.

Firms which have been expelled or suspended from the National Association of Securities Dealers, May 31, 1957—Nov. 30, 1958—Continued

DISTRICT NO. 13

Date	Com-plaint No.	Respondent and address	Expelled	Suspended
June 21, 1957	211	Michael Raymond & Co., Inc., 67-45 22nd St., Bayside, N. Y.	X	
July 24, 1957	223	A. J. Gould & Co., Inc., 74 Trinity Pl., New York, N. Y.	X	
July 31, 1957	235	The Fenner Corp., 57 Wall St., New York, N. Y.	X	
Sept. 27, 1957	233	Forster-Moore, Inc., 49 Erie Ave. Pl., New York, N. Y.	X	
May 21, 1958	247	Galbraith Goldstein, 100 1/2 Ave., New York, N. Y.	X	
June 9, 1958	260	Harkin & Co., 181 Manhattan St., Long Island, N. Y.	X	
June 13, 1958	252	Securities Distributors, 500 1st Ave., Brooklyn, N. Y.	X	
July 27, 1958	259	H. B. Rosen & Co., 21 Ardenly St., Newark, N. J.	X	
Aug. 15, 1958	212	McQuinn Securities Corp., 75 Wall St., New York, N. Y.	X	

DISTRICT NO. 14

June 19, 1957	56	Sheehan Co., 52 Milk St., Boston, Mass.	X	
July 29, 1957	53	Jackson & Co., 31 Milk St., Boston, Mass.		2 weeks.
Jan. 6, 1958	55	Gibbs & Co., 307 Main St., Worcester, Mass.	X	

EXHIBIT No. 7 (b)

Firms which have been expelled from the National Association of Securities Dealers for nonpayment of fines and costs, Aug. 7, 1959—Jan. 1, 1967

DISTRICT NO. 1

Date	Com-plaint No.	Respondent and address
Apr. 10, 1953	12	Delph B. Evans, Washington Bldg., Tacoma, Wash.

DISTRICT NO. 3

July 22, 1956	16	Brennet Brokerage Co., 102 West Center St., Provo City, Utah.
Do.....	20	Floyd Kester, Denver National Bank Bldg., Denver, Colo.
Do.....	26	Croft & Company of Ogden, 110 Leonard Hotel, Ogden, Utah.
Do.....	33	W. J. Bowman, Walker Bank Bldg., Salt Lake City, Utah.
Do.....	35	Cook & Co., Inc., 23 East 24 South, Salt Lake City, Utah.
Do.....	37	McIntyre Securities, Inc., of Ogden, 359 2nd St., Ogden, Utah.
Do.....	39	Langston Mart, Inc., 147 South Main St., Salt Lake City, Utah.
Do.....	41	R. D. Langley & Co., 1000 1/2 Hill, Salt Lake City, Utah.
June 28, 1957	76	J. L. Call & Co., 140 South Main St., Salt Lake City, Utah.
Sept. 10, 1959	79	Kemper Brokerage Co., Trading Bldg., Salt Lake City, Utah.
Do.....	83	Western Empire Brokerage Co., Inc., 770 South 2d West St., Salt Lake City, Utah.
Do.....	87	Galvin, Inc., by Exchange Pl., Salt Lake City, Utah.

DISTRICT NO. 6

May 23, 1959	11	French & Co., 1618 Commerce Bldg., Houston, Tex.
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DISTRICT NO. 14

July 14, 1961	20	Sherman Gleason & Co., 31 Milk St., Boston, Mass.
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EXHIBIT No. 7 (b-2)

Firms which have been expelled from the National Association of Securities Dealers for nonpayment of fines and costs, Apr. 1, 1957-Nov. 30, 1958

DISTRICT NO. 3

Date	Complaint No.	Respondent and address
Oct. 3, 1957	101	Fidelity Securities Co., 1550 California St., Denver, Colo.
Dec. 10, 1957	108	Western States Investment Co., 304 South State St., Salt Lake City, Utah.
Feb. 11, 1958	111	Securities, Inc., 600 Parkers Union Bldg., Denver, Colo.

EXHIBIT No. 7 (c)

Registered representative revoked or suspended from National Association of Securities Dealers, Aug. 7, 1959-Jan. 1, 1957

DISTRICT NO. 1

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Jan. 21, 1948	10	Lewis Anthony & Co., Klamath Falls, Oreg.	Lewis Anthony	X	
July 23, 1949	11	John Galbraith & Co., Portland, Oreg.	G. E. Gaylord	X	
Nov. 2, 1951	15	Genade & Co., Seattle, Wash.	Richard J. Loudon	X	

DISTRICT NO. 2-A

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
June 23, 1956	A-1	Ralley & Co., Fresno, Calif.	Walter D. T. Heery	X	
Nov. 4, 1956	A-2	Wagner & Co., Inc., San Francisco, Calif.	James L. Vigne	X	

DISTRICT NO. 2-1A

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 21, 1950	1A-50	Santa V. Co., Los Angeles, Calif.	David Nelson		5 years.
Sept. 19, 1950	1A-29	William R. Smith Co., Los Angeles, Calif.	Russell K. Barnes	X	
Aug. 31, 1952	1A-52	Fowler & Co., Los Angeles, Calif.	Thomas F. Armitage	X	
Jan. 9, 1951	1A-31	Kleinman, Kline & Co., Los Angeles, Calif.	Harold D. Klein	X	
Dec. 4, 1951	1A-37	Merrill Lynch, Pierce, Fenner & Smith, Los Angeles, Calif.	Walter H. Hyman	X	
May 23, 1955	1A-55	E. F. Hunter & Co., Los Angeles, Calif.	Richard G. Hunter	X	
May 25, 1956	1A-35	First California Co., Los Angeles, Calif.	Arthur M. Carrascon		30 days.
June 1, 1956	1A-41	Cornitas & Co., Los Angeles, Calif.	Jack R. Cornitas	X	
			Paul E. Vico	X	

DISTRICT NO. 2-SF

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Mar. 27, 1954	SF-12	Merrill Lynch, Pierce, Fenner & Smith, San Francisco, Calif.	Wynn E. Deligree	X	
May 17, 1955	63	Hevnolds & Co., San Francisco, Calif.	David Kub	X	

DISTRICT NO. 3

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Jan. 21, 1955	13	Empire Securities Corp., Salt Lake City, Utah.	Charles H. VanDusen	X	
Dec. 22, 1955	25	Sticks, Inc., Salt Lake City, Utah.	William I. Schmidt	X	
Feb. 7, 1956	28	Much Browerage Co., Salt Lake City, Utah.	William Gerald Shields	X	
June 30, 1956	78	Coyles, Larson, Gieser, Emery, Salt Lake City, Utah.	Walter H. Christensen	X	
			Donald Lehman	X	

Registered representative revoked or suspended from National Association of Securities Dealers, Aug. 7, 1959-Jan. 1, 1957—Continued

DISTRICT NO. 4

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Nov. 20, 1955	16	State Bond & Mortgage Co., New Ulm, Minn.	Harold M. Lightfoot	X	

DISTRICT NO. 5

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Jan. 16, 1952	7	Frost, Conroy & Lamb, Inc., Kansas City, Mo.	Hyron E. Prugh M. J. Gawn	X X	

DISTRICT NO. 6

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Jan. 30, 1956	16	Cobb & Co., Inc., Melissa Bldg., Houston, Tex.	Robert S. Cobb	X	

DISTRICT NO. 7

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
July 15, 1954	20	Slayton & Co., Inc., St. Louis, Mo.	Wm. A. Grieve		30 days.
Aug. 5, 1954	21	do	John W. Heaney		30 days.
Jan. 22, 1955	22	Wedge & Co., St. Louis, Mo.	Paul DeBarrows	X	
July 13, 1956	24	Wardell & Reed, Inc., Kansas City, Mo.	Robert Breckenridge Huladay	X	

DISTRICT NO. 8

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Dec. 23, 1946	73	The Milwaukee Co., Milwaukee, Wis.	Wells E. Fitch	X	
Feb. 15, 1950	85	The Marshall Co., Milwaukee, Wis.	David Wells		30 days.
Nov. 30, 1950	86	Mason, Moran & Co., Chicago, Ill.	William A. Johnson Ernest H. Mason Carl Henschel		30 days 3 months 3 months
June 7, 1951	66	Blak Ruggles & Co., Grand Rapids, Mich.	Edward H. Ruggles	X	
Oct. 27, 1952	105	Standard Bond & Share Co., Bank Island, Ill.	William G. Steinhilber		30 days.
July 20, 1953	109	Hickson, Warner & Gardner, Chicago, Ill.	John A. Smith		14 days.
Dec. 8, 1953	111	W. H. Proctor Co., Pontiac, Mich.	E. A. Parnbacher	X	
June 3, 1954	132	Remy & Co., Chicago, Ill.	Thomas J. Parvill	X	
Nov. 18, 1954	113	Harpolower & Weeks, Chicago, Ill.	John E. Guffe	X	
Feb. 14, 1955	120	H. W. Saunders & Co., Detroit, Mich.	Clarence T. Parsons	X	
Do	121	do	Henry Ernest Kinsinger	X	
Apr. 21, 1955	122	Shroy & Co., Chicago, Ill.	Charles G. Shroy	X	
Dec. 24, 1955	125	Smith, Taylor, Neek & Co., Detroit, Mich.	Edward H. Watkins		30 days.
June 29, 1956	126	Hickson White & Co., Detroit, Mich.	Lewis Rowbury		12 months.
July 2, 1956	127	do	William J. Astor		60 days.

DISTRICT NO. 9

Date	Complaint No.	Firm	Registered representative	Revoked	Suspended
Sept. 25, 1952	22	A. M. Kiddle & Co., Fort Lauderdale, Fla.	John F. Taylor	X	
July 20, 1953	32	Onas & Co., Miami, Fla.	Alex C. Onas, Jr.	X	
Nov. 21, 1955	37	A. M. Kiddle & Co., Fort Lauderdale, Fla.	John William Haddock	X	

Registered representative revoked or suspended from National Association of Securities Dealers, Aug. 7, 1959-Jan. 1, 1967—Continued

DISTRICT NO. 11

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Oct. 8, 1953	23	Franklin Meyer & Barnett, Washington, D. C.	Herbert J. Jacobs, Jr.	X	
Apr. 15, 1954	29	Francis L. Huffast & Co., Washington, D. C.	Stephen M. Smith		60 days.
June 10, 1955	32	Kellogg Securities Corp., Washington, D. C.	Tom Coyne	X	

DISTRICT NO. 12

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Oct. 31, 1947	35	E. M. Fitch & Co., Inc., Philadelphia, Pa.	M. Frank Sivey	X	
Oct. 31, 1949	41	Cohen & Hertz, Philadelphia, Pa.	Neil J. Sullivan	X	
Mar. 3, 1950	42	Reed, Lee & Co., Pittsburgh, Pa.	Richard E. Slaggen	X	
May 10, 1950	43	Sand & Yentman & Co., Inc., Philadelphia, Pa.	Thomas A. Russell	X	
Mar. 24, 1952	45	H. Long, Van Meter & Co., Inc., Philadelphia, Pa.	Shirley W. Tuttle	X	
Dec. 17, 1952	47	Tyson & Co., Inc., Philadelphia, Pa.	Alfred Tyson Joseph Tyson Gallert Barber	X X X	
Jan. 23, 1953	50	Whitson, Hoffman & Goodson, Philadelphia, Pa.	Robert W. Pettig	X	
Jan. 30, 1956	59	Charles E. Henner & Co., Allentown, Pa.	Norman D. Hall	X	
May 12, 1956	60	Grashley, Sontson & Co., Philadelphia, Pa.	David H. L. Area	X	
June 8, 1956	58	E. H. Davis & Co., Inc., Sunbury, Pa.	William H. Metz William J. Worla George T. Smith	X X X	30 days.
Aug. 15, 1956	62	Mar. F. Charbaugh & Co., Harrisburg, Pa.	Edward T. Schultz	X	

DISTRICT NO. 13

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Oct. 17, 1950	131	Kaye, Reed & Co., Inc., and First Corporation Securities, New York.	John A. Wagon Arthur H. Hagan Leonard Hagan	X X X	
Jan. 31, 1951	131	Meyer Hines Corp., New York.	Meyer Hines	X	
Mar. 24, 1951	132	A. W. Bennett & Co., New York.	Edward M. Porter	X	
Dec. 15, 1951	135	DeFronzo & Co., Inc., New York.	Margit DeFronzo		60 days.
Feb. 9, 1952	141	First Investors Corp., New York.	Harvey S. Culby	X	
July 28, 1952	133	George J. Martin Co., New York.	Vincent Sierant Irving A. Sierant Gina James Sierant	X X X	
Nov. 4, 1953	161	Arnold, Baker & Co., Inc., New York.	J. Herbert Pleasant	X	
Jan. 22, 1954	145	Merrill Lynch, Pierce, Fenner & Smith, New York.	Charles O'Brien Marjorie Vincent Lacey	X X X	1 year. 90 days.
Sept. 3, 1954	174	Cohen, Smootson & Co., New York.	Jules Glass	X	
Sept. 10, 1954	178	Franklin Meyer & Barnett, New York.	Fred Morgenthern	X	
Jan. 21, 1955	181	Marshall, Hinchins & Co., New York.	Joseph Bardach	X	
Feb. 17, 1955	169	Loyal Securities Corp., New York.	John B. Melnikoff Max G. Cushman	X X	
Aug. 4, 1955	172	Hunter Securities, New York.	Henry F. Habsel	X	
Aug. 24, 1955	169	Investors Planning Corporation of America, New York.	Charles Liebman	X	
Feb. 9, 1956	200	Fustin Steppeler, Inc., New York.	Beverly Steppeler	X	
Apr. 20, 1956	205	Merrill Lynch, Pierce, Fenner & Smith, New York.	Harvey V. Patterson	X	
July 4, 1956	208	Inter-City Securities Corp., Jamaica, N. Y.	William Spiller	X	
Dec. 1, 1956	224	Seaboard Securities, Great Neck, N. Y.	Martin M. Swirsky	X	

Registered representative revoked or suspended from National Association of Securities Dealers, Aug. 7, 1959-Jan. 1, 1967—Continued

DISTRICT NO. 14

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
May 8, 1942	43	J. Arthur Warner & Co., Inc., Boston, Mass.	Donald F. Tanager	X	
Oct. 23, 1952	42	R. H. Johnson, Boston, Mass.	Charles S. ... John D. ... Edward ...	X	1 year. 100 days.
May 1, 1953	45	Hodgson & Co., Boston, Mass.	Edward E. ... Charles N. ...		60 days. 16 days.
Apr. 8, 1954	50	Oliver, Steyer & Co., Boston, Mass.	Warren G. ...		1 year.

EXHIBIT No. 7(C-1)

Registered representative revoked or suspended from National Association of Securities Dealers, Jan. 1, 1957-May 31, 1967

DISTRICT NO. 3

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 28, 1957	91	First Securities of Denver, Denver, Colo.	Alvin R. ... Arthur M. ...	X X	

DISTRICT NO. 6

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 14, 1957	16	Southern Securities Co., Dallas, Tex.	Jack Bradford Frank ...	X X	
Apr. 18, 1957	20	Reardon, Pierce & Co., Inc., Lubbock, Tex.	Timothy H. Dunn Donald V. ...	X	42 days.

DISTRICT NO. 7

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 27, 1957	26	Barrick, Herrick & Co., St. Louis, Mo.	Frank McVee H. J. Polette		15 days. 100 days.

DISTRICT NO. 8

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Mar. 15, 1957	128	Hudson White & Co., Detroit, Mich.	Morton J. ...		280 days.

DISTRICT NO. 12

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 9, 1957	64	Drewes, King & Johnson, Philadelphia, Pa.	Michael G. O'Brien, Jr.		6 years.
Jan. 19, 1957	230	David Gordon & Co., New York, N. Y.	David Gordon	X	
Feb. 9, 1957	225	The H. F. Griggs Co., Waterbury, Conn.	Richard Pender	X	
Feb. 20, 1957	213	Stein, Hotwinski & Co., Inc., New York, N. Y.	Isidor ... Leonard ...	X X	
Feb. 27, 1957	223	Barrick, Herrick & Co., Inc., New York, N. Y.	Frederick L. Chapman	X	
Nov. 17, 1957	222	The Lawrence & Murray Co., Inc., New York, N. Y.	Murray Roney	X	

EXHIBIT No. 7 (c-2)

Registered representative revoked or suspended from National Association of Securities Dealers, May 31, 1957-Nov. 30, 1958

DISTRICT NO. 2-LA

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Feb. 25, 1957	A-4	J. Loran & Co., Pasadena, Calif.	Lloyd L. Fisher		30 days.
June 10, 1957	A-3	do.	David M. Dufay	X	
Do.	A-3	Morgan & Co., Los Angeles, Calif.	David E. Peckay	X	
July 24, 1957	A-17	California Investors, Los Angeles, Calif.	Harry E. Jack	X	
Do.	A-22	King Merritt & Co., Inc., San Francisco, Calif.	J. David Dix	X	
Sept. 11, 1957	A-19	L. D. Orser & Co., Hollywood, Calif.	James D. Greger	X	
Feb. 3, 1958	A-24	Kristman, Inc., Los Angeles, Calif.	Philip Kristman	X	
Feb. 25, 1958	A-25	Gill-Harkness & Co., Los Angeles, Calif.	Bruce A. Johnston	X	
Nov. 27, 1958	A-41	Doran Weller & Co., Los Angeles, Calif.	James A. Zwerneman	X	

DISTRICT NO. 3

Jan. 14, 1958	119	Christopher & Nichols Brokerage Co., East Lake City, Calif.	Philo G. Christophoulos	X	
Do.	123	do.	Louis P. Neriola	X	
Feb. 3, 1958	84-87	Edging Securities Corp., Salt Lake City, Utah	L. M. Haynie	X	
June 11, 1958	118	H. C. Smith & Co., Denver, Colorado	Fred T. Garner	X	
Aug. 2, 1958	120	Investors Investment Co., Albuquerque, N. Mex.	Mary Anna Weild	X	
Do.	121	Piper Securities Co., Grand Junction, Colo.	Frank R. Filous	X	
Aug. 7, 1958	127	Gowers & Co., Denver, Colo.	John C. Owens	X	
Oct. 25, 1958	130	PIF Associates, Inc., Denver, Colo.	James R. Hunt	X	

DISTRICT NO. 4

Feb. 11, 1958	11	Chase & Co., Inc., Tulsa, Okla.	N. M. James	X	
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DISTRICT NO. 5

Mar. 2, 1958	116	Bernold & Co., Chicago, Ill.	Gordon E. Bottelert	X	
Mar. 12, 1958	120	Whitson G. Honey & Co., Detroit, Mich.	Lawrence S. Gordon	X	
Do.	152	Security Investment Corp., Indianapolis, Ind.	Charles H. Hisea	X	
Do.	151	do.	Wilmer J. Landry	X	
June 10, 1957	153	A. G. Edwards & Sons, St. Louis, Mo.	Homer Held		6 months.

DISTRICT NO. 6

Feb. 3, 1958	58	Southern Investment Securities, Inc., Birmingham, Ala.	John O. Moore	X	
Do.	55	do.	James L. Gilbert, Jr.	X	
July 14, 1957	57	Robert H. Wolfe, New Orleans, La.	Frances A. Holland	X	
Aug. 14, 1957	55	Federated Plans, Inc., Orlando, Fla.	Edward H. Saba	X	
Do.	65	do.	Benford R. Media	X	
Aug. 31, 1958	68	Allied Securities Corp., Atlanta, Ga.	Jack R. Parkman	X	
Sept. 9, 1957	60	McAlister, Smith & Pace, Inc., Greenville, S. C.	Kenneth R. Miles		90 days.

Registered representative revoked or suspended from National Association of Securities Dealers, May 31, 1957-Nov. 30, 1958—Continued

DISTRICT NO. 11

Date	Com-plaint No.	Firm	Registered representative	Revoked	Suspended
Oct. 13, 1957	38	Branch J. Gordon & Co., Inc., Roanoke, Va.	Branch J. Gordon, Jr.	X	

DISTRICT NO. 12

May 28, 1958	71	Dawkins, Waters & Co., Inc., Philadelphia, Pa.	Young Patran Dawkins		6 months.
June 23, 1957	67	Hogger Seedy & Co., Philadelphia, Pa.	George J. Crumbie	X	
Dec. 13, 1957	68	Boynolds & Co., Philadelphia, Pa.	Jay L. Nicholson	X	
Do.	69	H. A. Harpaz & Co., Inc., Philadelphia, Pa.	Plew A. Taylor	X	
Sept. 11, 1958	79	Hershey & Stern, Philadelphia, Pa.	Jerry Klein	X	
Sept. 18, 1958	82	Baugh & Co., Philadelphia, Pa.	Raymond H. Kenney	X	
Oct. 24, 1958	84	Dallas, Nash & Co., Philadelphia, Pa.	William G. Nelson	X	

DISTRICT NO. 13

June 21, 1957	211	Michael Raymond & Co., Inc., Bayside, N. Y.	Michael Raymond	X	
July 21, 1957	229	A. J. Gould & Co., Inc., New York, N. Y.	Alfred J. Gould	X	
July 31, 1957	235	Top Finance Corp., New York, N. Y.	Lynne B. Finace	X	
Do.	232	do.	Peter W. Spence	X	
Sept. 27, 1957	240	Poster-Mann, Inc., New York, N. Y.	Victor Foster	X	
Do.	243	do.	Herbert R. Maso	X	
Oct. 30, 1957	245	First Investors Corp., New York, N. Y.	Milton D. Levint	X	
Feb. 21, 1958	214	Reynolds & Co., New York, N. Y.	Joseph P. Skala	X	
Apr. 15, 1958	216	Ray Investors Corp., New York, N. Y.	Clarence E. Eskrich	X	
May 21, 1958	247	Gabriel Glavinis & Co., Inc., New York, N. Y.	Gabriel Glavinis	X	
June 8, 1958	202	Hyman & Co., Long Island, N. Y.	Ely Barkin	X	
June 13, 1958	252	Seurities Distributors, Brooklyn, N. Y.	Ralph White	X	
July 17, 1958	245	Mullard Securities, Inc., New York, N. Y.	Peter Craver	X	
July 31, 1958	246	Gabriel Glavinis & Co., Inc., New York, N. Y.	Jack Hlaaz	X	
Aug. 15, 1958	242	McGrath Securities Corp., New York, N. Y.	Robert C. Leonard	X	
Do.	242	do.	William Kelly		60 days.
Aug. 24, 1958	267	Hill, Harantod & Co., New York, N. Y.	Bernard J. Meckenna	X	
Do.	264	Hayden, Stone & Co., Albany, N. Y.	Wallace J. Outley	X	
Nov. 24, 1958	273	Elyse & King, Lillard, Stout & Co., New York, N. Y.	Arthur Kiss	X	

EXHIBIT 8

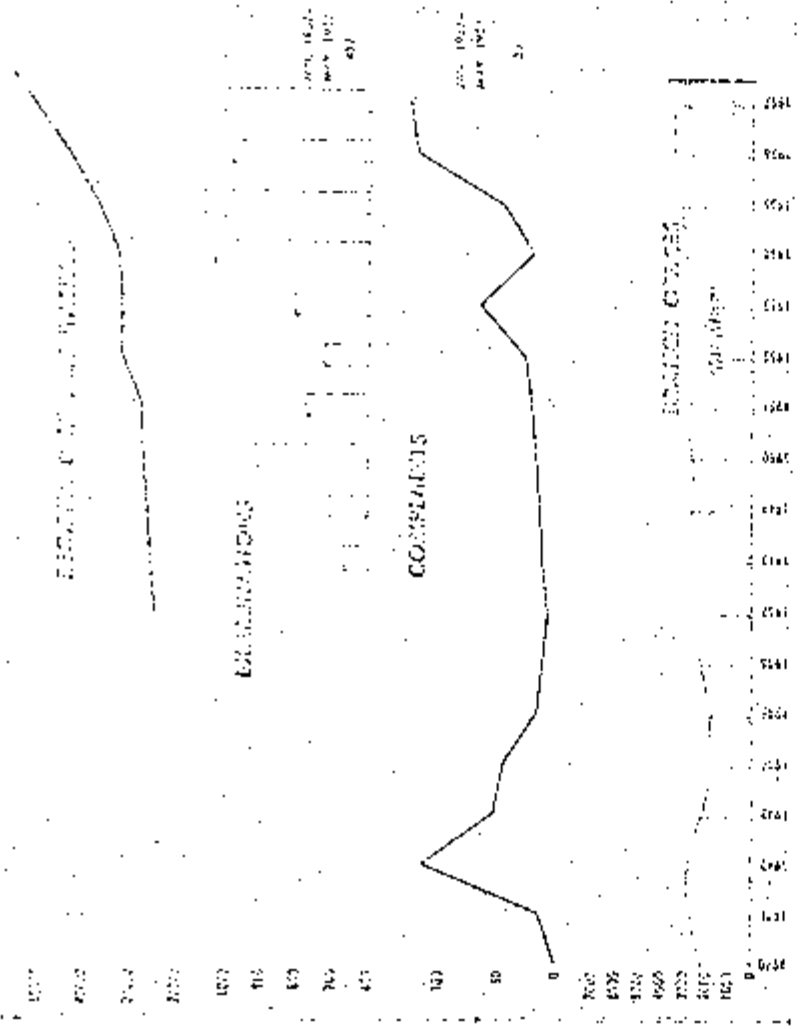


EXHIBIT No. 9 (a)

NASD examinations by districts by years

Districts	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	Nov. 30, 1958	Total
No. 1	45	50	65	75	85	95	105	115	125	135	145	155	165	175	185	195	205	215	225
No. 2	55	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230
No. 3	65	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240
No. 4	75	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250
No. 5	85	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260
No. 6	95	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270
No. 7	105	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280
No. 8	115	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290
No. 9	125	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
No. 10	135	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310
No. 11	145	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320
No. 12	155	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330
No. 13	165	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330	340
Total	1,501	1,570	1,645	1,720	1,795	1,870	1,945	2,020	2,095	2,170	2,245	2,320	2,395	2,470	2,545	2,620	2,695	2,770	28,039

1 Examinations by examiner or by questionnaire followed up by personal examination * All examinations by examiner (1947-58) where full work (1941-45)

Fina

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