

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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SEC "SILVER ANNIVERSARY" REPORT FILED WITH CONGRESS. The Securities and Exchange Commission today announced the delivery to Congress of its 25th Annual Report on the administration of the Federal securities laws.

In this "Silver Anniversary" report, which reviews the events which gave rise to the enactment of the securities laws and the Commission's administration thereof over the past twenty-five years, the Commission observes that the laws and their administration over the years have contributed substantially to the restoration of the confidence of investors in securities and the securities markets. However, the report calls attention to the upsurge in all phases of the Commission's law enforcement activities to keep pace with the greatly increased activity in the securities markets and cautions that the Commission must remain alert to the new problems of investor protection which arise; and it further warns that investors themselves must exercise extreme care in their analysis and evaluation of securities offered for public sale and traded in the securities markets and particularly in their dealings with securities firms which peddle securities by means of high-pressure, long-distance telephone sales campaigns.

"The record volume of securities successfully offered for public sale," the report states, "taken together with the recent rise in the volume of trading on the New York Stock Exchange to the highest level in the Commission's history, is evidence of the restoration of investor confidence," as is the fact that recent estimates place the number of public investors today at 12½ million, nearly double the 1952 total. The June 30, 1959, value of all stocks listed on the New York Stock Exchange alone was nearly \$300 billion, as contrasted with \$89 billion on September 1, 1929, and \$15 billion in mid-1932; and the daily volume of trading on that Exchange averaged 4,100,000 shares in October and November 1958, the highest daily average for any month during the twenty-five year period.

Moreover, new financing proposals were filed with the Commission during Fiscal 1959 in record volume, 1226 registration statements proposing offerings of securities aggregating \$16.6 billion having been filed, a 34 per cent increase over the 913 statements filed during fiscal 1958 for offerings of \$16.9 billion (which included two filings aggregating \$2.2 billion). It may be noted in this connection that in the twenty-six year administration of the Securities Act of 1933, a total of 15,930 registration statements were filed which proposed offerings of securities aggregating \$167 billion in amount, and that over one-third of the filings (5,561), for nearly one-half of the aggregate dollar amount (\$81 billion), were made within the past six years alone.

Thus, the capital formation processes have successfully served their purpose of being a conduit for the flow of investors' savings into industry in ever increasing volume, as may be seen not alone from the record volume of public offerings of securities but the high-level of industrial expansion in recent years.

The Commission further observed that --

". . . the impact of the Federal securities laws and their administration has been felt no less by financial institutions, corporate executives, professional people, and other elements in the financial community than by investors. It can reasonably be said that these acts and their administration have generally fostered improved standards of business conduct among all groups in their relationship to stockholders and investors. While this no doubt has been dictated in part by enlightened self-interest, it nonetheless has contributed substantially to investor confidence."

The report concludes --

". . . In a dynamic economy such as this nation is experiencing, new problems of investor protection are constantly arising. The very fact that securities are being offered for public sale in record volume and that exchange trading in securities has reached a high level, plus the fact that more and more people have surplus savings, some of which is being used for investment

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and speculation in securities, are in and of themselves adequate reasons for the Commission not to become complacent. A boiling stock market not only attracts new investors, some of whom have neither the resources nor the knowledge and skill to speculate in the stock market, but also attracts a fringe element, ever ready to take unfair advantage of the innocent and unsuspecting investor. A substantially increased record of law enforcement actions by the Commission within the past year leaves no doubt of this latter fact.

"Nor would we suggest that the investing public might reasonably become complacent. It cannot be overemphasized that nothing in the securities laws or their administration can keep the market price of securities from fluctuating, down as well as up. No reasonable person would wish it otherwise. It is, therefore, incumbent upon individual investors and their advisers to exercise care and even restraint in their analysis, evaluation and purchase of securities.

"It is most essential that investors exercise extreme care in their dealings with unknown brokerage firms and their salesmen, particularly those who telephone long-distance with 'pie-in-the-sky' promises that the investor can double or triple his money overnight, without risk of loss, through the purchase of stock of a particular company. Common sense would dictate that such a promise is utterly fantastic and ridiculous. Unfortunately, foresight is never quite so good as hindsight, particularly when the promise of quick and easy profits is dangled before one's eyes, as many investors have learned to their sorrow." Copies of the report may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at \$1.00 per copy.

(NOTE TO PRESS: Copies of the foregoing are being distributed by the Atlanta, Boston, Chicago, Cleveland, Denver, Detroit, Fort Worth, Houston, Los Angeles, Miami, New York, Salt Lake, San Francisco, Seattle, St. Louis, St. Paul and Washington Offices of the SEC.)

SEC-DANIEL HOFFMAN DECISION ANNOUNCED. In a decision announced today (Release 34-6156), the SEC dismissed administrative proceedings against Daniel Hoffman, a registered broker-dealer of 342 Madison Ave., New York, based upon Hoffman's failure to file a report of his financial condition.

Hoffman became registered on August 30, 1958; and under Commission rules he was required to file a financial report as of a date not later than January 30, 1959 and within 45 days of such date. Although twice reminded by the Commission of the reporting requirement, no report was filed by May 15, 1959, when proceedings were instituted on the question whether Hoffman's broker-dealer registration should be revoked.

Various extenuating circumstances were urged by Hoffman, including his preoccupation in the preparation of tax returns during the early months of 1959 and the fact that the failure to file was due to inadvertence; and he further urged that his financial position was such that he had no motive for concealing the facts by failure to file the report. He also testified that he became registered for the purpose of arranging the sale of a block of securities held by the Internal Revenue Service, which was not consummated, and in contemplation of similar transactions in the future, and that he has engaged in no other transaction as a broker-dealer and has no intention of engaging in the securities business as such. Subsequent to the hearing Hoffman filed financial reports as of January 30 and May 30, 1959.

Under the circumstances, the Commission concluded that the public interest does not require revocation of Hoffman's registration.

REHEARING PETITION DENIED COLUMBIA SECURITIES. The SEC has denied a petition filed by William Benjamin Feinberg and Columbia Securities Company, Inc. of Wyoming (of Denver), for rehearing upon the Commission's decision and order of November 2, 1959, revoking the broker-dealer registration of Columbia (and of two other firms) and finding Feinberg to be a cause of revocations of the registrations of Columbia and one of the other firms. (Release 34-6157)

TRADING IN SKIATRON ELECTRONICS STOCK SUSPENDED. The SEC today announced the further suspension of trading in the common stock of Skiatron Electronics and Television Corporation, 180 Varick St., New York, on the American Stock Exchange during the period January 7 to 16, 1960, inclusive. The suspension order, which was issued pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934, states that the suspension is necessary to prevent fraudulent, deceptive or manipulative acts or practices in Skiatron stock, thus prohibiting trading in such stock by brokers and dealers in the over-the-counter market during the period of the suspension by virtue of the Commission's Rule 15c2-2.

The administrative hearing in proceedings involving questions as to the accuracy and adequacy of factual disclosures contained in a registration statement filed by Skiatron under the Securities Act of 1933 and whether a stop order should be issued suspending the said statement (See Release 33-4174) is now scheduled for January 13, 1960.