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SECURITIES INVESTOR PROTECTION CORPORATION 900 SEVENTEENTH STREET, N.W. • SUITE 800 WASHINGTON, D.C. 20006 • (202) 223-8400

March 22, 1976

The Honorable Roderick M. Hills Chairman Securities and Exchange Commission 500 North Capitol Street, N. W. Washington, D. C. 20549

Dear Chairman Hills:

On behalf of the Board of Directors I submit herewith the Fifth Annual Report of the Securities Investor Protection Corporation pursuant to the provisions of Section 7(c)(2) of the Securities Investor Protection Act of 1970.

Respectfully,

High &. Owene

Hugh F. Owens Chairman

SECURITIES INVESTOR PROTECTION CORPORATION

- DIRECTORS -



Hugh F. Owens Chairman



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Glenn E. Anderson President, Carolina Securities Corporation Raleigh, North Carolina

J. Charles Partee Member, Board of Governors of the Federal Reserve System Washington, D.C.





Henry W. Meers Vice Chairman, White, Weld & Co. Chicago, Illinois Edward C. Schmults* Under Secretary Department of the Treasury Washington, D. C.



*Resigned October 28, 1975. Presently Deputy Counsel to the President.

———— STAFF OFFICERS —

Theodore H. Focht General Counsel—Secretary

Wilfred R. Caron Associate General Counsel

John B. Bourne Manager—Accounting & Assessments Lloyd W. McChesney Vice President—Finance

- Eugene K. Snyder Assistant Vice President—Finance
- Thomas R. Cassella Manager—Operations and Examination of Liquidations

The Securities Investor Protection Corporation (SIPC) has its origins in the difficult years of 1968-70, when the paperwork crunch, brought on by unexpectedly high trading volume, was followed by a very severe decline in stock prices. Hundreds of broker-dealers were merged, were acquired or simply went out of business. There were some which were unable to meet their obligations to customers and went bankrupt. Public confidence in our securities markets was in jeopardy.

Congress acted swiftly, passing the Securities Investor Protection Act of 1970 (1970 Act). Its purpose is to afford certain protections against financial loss to customers of broker-dealers which fail and, thereby, to promote investor confidence in the nation's securities markets. Currently, the limits of protection are \$50,000 per customer, except that claims for cash are limited to \$20,000 per customer.

SIPC is a nonprofit, membership corporation. Its members are, with some exceptions, all persons registered as brokers or dealers under Section 15(b) of the Securities Exchange Act of 1934 and all persons who are members of a national securities exchange.*

A board of seven directors determines policies and governs operations. Five directors are appointed by the President of the United States, subject to Senate approval. Three of the five represent the securities industry and two are from the general public. One director is appointed by the Secretary of the Treasury and one by the Federal Reserve Board from among the officers and employees of those organizations. The Chairman, who is the Corporation's chief executive officer, and the vice-chairman are designated by the President from the public directors.

The SIPC staff, numbering 45, is composed of the Finance Department, headed by a Vice-President, and the Legal Department, headed by the General Counsel. Their functions include initiating the steps leading to the liquidation of a member, advising the trustee, his counsel and accountants; reviewing claims, auditing distributions of property, and other activities pertaining to the Corporation's purpose. The money required to protect customers beyond that which is available from the property in the possession of the failed broker-dealer is advanced by SIPC from a fund maintained for that purpose. The sources of money for the SIPC Fund are assessments on the securities business of SIPC members, interest on investments in Government securities and confirmed lines of credit. If the need arises, the Securities & Exchange Commission has the authority to lend SIPC up to \$1 billion, which it, in turn, would borrow from the United States Treasury.

The self-regulatory organizations—the exchanges and the National Association of Securities Dealers, Inc. (NASD)—and the SEC periodically report to SIPC concerning member broker-dealers who are in or approaching financial difficulty. If SIPC determines that the customers of a member require the protection afforded by the Act, the Corporation initiates steps to have the member placed in liquidation. This requires that SIPC apply to a Federal District Court for the appointment of a trustee to carry out the liquidation.

Further information about the provisions for customer account protection are contained in a brochure, "An Explanation of the Securities Investor Protection Act of 1970," which is available from the Securities Industry Association, 20 Broad Street, New York, New York, 10005, and from the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D. C., 20006.

A booklet, "SIPC: A History and Explanation of Operations," is available from SIPC. It is a compilation of historical and explanatory material from previous annual reports and describes in some detail SIPC operations and the implementation of the 1970 Act.

- a. the distribution of shares of registered open-end investment companies or unit investment trusts,
- b. the sale of variable annuities,
- c. the business of insurance, or
- the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts.

^{*} Section 3(a)(2) of the 1970 Act excludes persons whose business as a broker-dealer consists exclusively of:

A MESSAGE FROM THE CHAIRMAN



SIPC celebrated its fifth anniversary on December 30, 1975. That is a special milestone in the life of an organization, an occasion to look back on what has been accomplished and to look forward to what is yet to be done.

Here are some highlights of five years of SIPC operations:

-100,000 customers claims were satisfied.

-Cash and securities valued at \$252 million were distributed for accounts of customers.

-Revenues aggregated \$145 million. Assessments of members accounted for \$131 million of that amount, with an additional \$14 million from interest.

-\$51.2 million was advanced to satisfy claims and pay administration costs of liquidations.

—The SIPC Fund balance, as of December 31, 1975, stood at \$81.7 million.

These are impressive figures. They demonstrate clearly the need for the protection SIPC provides to the investing public.

SIPC's mandate, however, extends beyond the satisfaction of customer claims and the building and maintenance of a fund for that purpose. The 1970 Act calls for cooperation with the SEC and the self-regulatory organizations respecting their reporting, surveillance, and examination programs, improvements which have undoubtedly contributed to the decline in new SIPC cases. Although the number of new cases rose from 24 in 1971, SIPC's first year, to 40 in 1972, it has fallen steadily ever since: 30 in 1973, 15 in 1974 and eight in 1975.

I believe the reduction in the number of brokerdealers which become SIPC liquidations contributes more to investor confidence in the financial integrity of the industry than any other single factor. It also brings down the cost of protection which is borne by the industry. The continuing decline in new cases, therefore, is to me the most heartening statistic to emerge from those of the past five years.

It is fair to state that, on its fifth anniversary, SIPC is in excellent condition and is serving the purpose for which it was intended. The Fund balance is healthy and growing. The staff is experienced and competent. Measures taken in the past are paying off in a declining number of liquidations.

All this sounds as if we are quite content with SIPC as it is. That is not the case. Despite the greater protection afforded investors in SIPC's first five years, there are shortcomings imposed by the 1970 Act. Remedies in the form of amendments to the Act were submitted to Congress by the Board of Directors in 1974 and hearings were begun in 1975. Those amendments, designed to increase investor protection, speed up the liquidation process, and reduce costs, are described in some detail beginning on Page 16. It is our hope that they will be enacted in 1976.

As the SIPC Fund grows, we approach the time when consideration should be given to changing member assessments. The 1970 Act provides for two phases of assessments—a build-up phase and a maintenance phase. Until the Fund balance reaches \$150 million, a minimum assessment rate of $\frac{1}{2}$ % is mandatory. After that the rate can be reduced. Whether the rate should be reduced and by how much, and whether variable rates should be instituted are only two of a number of questions about this important matter which we will be addressing in the coming months.

Many people have contributed to SIPC's success—the staff; the trustees, their counsel and accountants; the judges and referees who have

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had to interpret a new and sometimes complex statute; and members of the industry who have served on special committees and task forces, or who have made individual contributions. I salute them one and all.

It is fitting at this time to pay tribute to the members of the Board of Directors, past and present, who have served with dedication and often at personal sacrifice. In this regard particular mention should be made of two original directors who have served for five years: J. Charles Partee, who resigned in January, 1976, and Glenn E. Anderson, who will be leaving the Board later in the year. Their long and distinguished service is deeply appreciated. I also want to give special recognition to Lloyd W. Mc-Chesney, Vice President—Finance, and Theodore H. Focht, General Counsel. They have been with SIPC since inception, providing the professional experience and leadership which have been instrumental in transforming SIPC from a legislative concept to a smoothly functioning organization.

Much has been accomplished in five years. As I look ahead to the next five years, I am confident that the investing public we serve and the securities industry can be assured that SIPC's ability to fulfill its purpose will continue to be enhanced.

Hugh &. Owene

Hugh F. Owens

LIQUIDATION PROCEEDINGS

Liquidation proceedings were instituted for eight SIPC members in 1975, bringing the five-year total to 117. Eight is the smallest number of new cases in a year since inception and continues the steady, downward trend begun in 1973.

The members placed in liquidation were:

Member	Date Trustee Appointed
R. L. Whitney Securities, Inc. New York, N. Y.	2/ 6/75
Executive Securities Corporation New York, N. Y.	2/14/75
G. H. Sheppard & Co., Inc. New York, N. Y.	3/25/75
Saxon Securities Corp. New York, N. Y.	4/ 1/75
Horvat, Maniscalco & Co. Bergenfield, N. J.	4/25/75
Ben Campo d/b/a Campo & Co. Phoenix, Arizona	7/11/75
Investors Security Corp. Monroeville, Pennsylvania	9/15/75
Westco Financial Corp. Denver, Colorado	11/12/75

By far the costliest of the 1975 cases is Executive Securities Corporation. As of the end of the year, \$2,073,933 had been advanced from the SIPC Fund to the trustee, making it the fourth most expensive SIPC liquidation to date. The value of specifically identifiable securities distributed for customer accounts of Executive Securities exceeded \$2 million.

Two other 1975 liquidations, R. L. Whitney Securities, Inc., and Horvat, Maniscalco & Co., ranked in the top 20 cases in terms of cost to the SIPC Fund. Advances to the trustee of Whitney Securities amounted to \$759,596; to the trustee of Horvat, Maniscalco & Co., \$693,674.

In five of the eight cases, substantially all customer claims, except for problem claims, were satisfied by the end of 1975. In the other three assets were being marshalled, claims processed and customers being paid net equities or delivered specifically identifiable securities. Those three, plus one from 1974, were the only liquidations out of the total of 117 which had not been completed or substantially completed. The value of distributions of securities and cash for the accounts of customers of the eight members placed in liquidation in 1975 amounted to \$5,985,542.

In 1975, for all liquidations in progress, an aggregate of \$11,125,000 in securities and cash was distributed for accounts of customers, bringing the five-year total to \$252,000,000. Of that amount approximately \$208,000,000 was from debtor estates and \$44,000,000 from SIPC advances.

Table I shows the net advances from the SIPC Fund in 117 liquidations as of December 31, 1975.

		Table	1		
Net	Advances	from	the	SIPC	Fund
	As of De	cembe	r 31,	1975	
	117	Liquida	ation	S	

Net A	dvances	Number of	Amounts
From	То	Liquidations	Advanced
\$5,000,001	up	1	\$14,616,662
2,000,001	\$5,000,000	3	7,426,382
1,000,001	2,000,000	5	6,459,173
500,001	1,000,000	13	9,935,647
250,001	500,000	18	6,180,129
100,001	250,000	26	3,932,479
50,001	100,000	26	1,985,281
25,001	50,000	14	567,709
10,001	25,000	7	119,273
-0-	10,000	4	11,692
		117	\$51,234,427

It is interesting to note that the nine largest cases accounted for \$28.5 million which is 56% of the total of \$51.2 million advanced. In the largest case, Weis Securities, Inc., a net amount of \$14.6 million was advanced to the trustee, which represents 29% of the total.

Claims Over the Limits

As of December 31, 1975, more than 100,000 customer claims had been satisfied in the 117 liquidations. Of these, only 137 were claims for securities or cash whose value was greater than the limits of protection afforded by the SIPC legislation—\$50,000 per customer with a \$20,000 maximum for cash. That is about one-tenth of one percent of all claims. The unsatisfied portion of those 137 claims amounted to \$2.2 million, less than one percent of the value of all cash and securities distributed to customers. About 88% of all those claims would have been fully satisfied under the increase in the limits to \$100,000, with a \$40,000 maximum for cash claims, which SIPC has proposed to Congress.





Theodore H. Focht, General Counsel.

Closed Cases

During the year 14 cases were completed. Added to the six cases closed in 1973, and 16 in 1974, this brought the total of completed cases to 36.

The cost to the SIPC Fund of those 36 cases amounted to \$4,915,011. Of this, \$3,334,507 was used to satisfy customer claims, while \$1,580,504 was advanced for payment of administration expenses. An additional \$1,046,243 in administra-



Lloyd W. McChesney, Vice-President—Finance.

tion expenses was paid from the debtors' estates. The administration expenses per claim in the 36 closed cases averaged \$436.

This high cost of administration of liquidations is one target of the amendments to the 1970 Act the Board of Directors has proposed to Congress. Under the provisions of the proposed amendments, SIPC would be permitted to act as trustee in certain instances, and, in small cases, to settle claims directly without judicial procedures, changes which are designed to reduce costs.



Thomas R. Cassella, center, Manager, Operations and Examination of Liquidations, reviewing a customer claim with Examiner William J. Fisher, left, and John H. Moelter, Assistant Manager.



MEMBERSHIP, ASSESSMENTS AND THE SIPC FUND

Membership

As of December 31, 1975, the membership numbered 4,372. Table II reflects the number of members and their affiliation for purposes of collection of SIPC assessments at the end of the year, as well as the changes during the year.

There was a net increase of 134 SIPC members in 1975. As collection agents for SIPC, the Chicago Board Óptions Exchange experienced a net increase of 437 members and the Boston Stock Exchange, an increase of two. All other agents had net decreases, even though there was an increase in the number of members resulting from the Securities Acts Amendments of 1975 requiring that non-bank brokers and dealers in municipal securities register with the SEC under Section 15(b) of the Securities Exchange Act of 1934.

During the year there was a net decrease of 99 in the number of persons certifying that they met the membership exclusion provisions of the 1970 Act. This brought the total exclusions to 610 at year end.

Assessments

Through 1975, SEC Form X-17A-10 had been used by members in conjunction with the SIPC assessment forms to determine their assessment

Table II SIPC MEMBERSHIP December 31, 1975

	Number	of SIPC N	lembers
Agent for Collection of SIPC Assessments	Added (a)	Termi- nated ^(a)	Total
National Association of Securities Dealers, Inc. Chicago Board Options	33	190	1,506
Exchange, Incorporated New York Stock	482	45	1,018
Exchange, Inc.	16	57	703
SIPC (b)	163	164	427
PBW Stock Exchange, Inc. American Stock	24	54	218
Exchange, Inc. Midwest Stock	32	46	198
Exchange, Inc.	13	19	166
Boston Stock Exchange	10	8	82
National Stock Exchange (c)		55	-
Pacific Stock Exchange, Inc.	_		41
Spokane Stock Exchange Intermountain	_	1	10
Stock Exchange	_		2
Detroit Stock Exchange			1
	773	639	4,372
Notes:			

a. Excluding transfers (202) of persons to a successor collection agent.

b. SIPC is the collection agent and the SEC is the examining authority for brokers and dealers which are not members of any self-regulatory organization.

c. The National Stock Exchange terminated its registration with the SEC as a registered securities exchange effective October 16, 1975.

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bases. In 1976, members will commence using SEC Form X-17A-5 for this purpose, rather than Form X-17A-10, and they will meet their SIPC filing and payment obligations on their fiscal quarter and year basis, consistent with the SEC's recent adoption of a program of uniform and simplified financial reporting under the 1934 Act.

Revenues from member assessments aggregated \$25,485,635 in 1975, an increase of approximately \$7,500,000 from the previous year. This reflects an approximate \$6,600,000 increase in assessment revenues and a decrease of approximately \$900,000 in assessment reductions under a plan described in Note 5 of Notes to the Financial Statements.

Assessment revenues for the period since inception (December 30, 1970) through December 31, 1975, and \$3,011,925 contributed in 1971, aggregated \$131,000,000. Assessment revenues classified by principal collection agents are shown in Table III.

Delinquencies

There were 227 persons subject to the 1970 Act who were delinquent in filing reports and/or paying assessments as of December 31, 1975 and had received notices under Section 10(a),¹ 66 of whom received such notices in December, 1975.

The SEC has indicated that it will cancel or revoke the registration of such broker-dealers, subject to any pending administrative proceedings. Past experience indicates that the majority of the broker-dealers who fail to correct their filing or payment deficiencies have ceased operations.

The SIPC Fund

The SIPC Fund, as defined by the Act, consists of the aggregate of cash, investments in United States Government securities and confirmed lines of credit. At December 31, 1975, the Fund totaled \$81,679,526, a \$13,486,000 decrease from December 31, 1974. The net decrease resulted from SIPC's termination of the lines of credit, \$35,000,000 at December 31, 1974, offset largely by \$21,600,000 provided by operations during the year.

¹ Section 10(a) states, in part, "—if a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured, by the filing of such report or information or by the making of such payment, together with interest thereon, within five days after receipt by such member of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer . . ."



Claude P. Hudson, left, Accountant, and John B. Bourne, Manager—Accounting and Assessments.

Table III SIPC ASSESSMENTS(a)

SIPC Collection Agents to Whom Assessments						
Are Paid	1971(b)	1972(c)	1973	1974	1975	Total
NYSE	\$25,257,961	\$27,725,356	\$19,221,887	\$15,065,938	\$22,086,058	\$109,357,200
NASD	3,790,129	3,780,945	2,306,206	1,701,231	1,843,842	13,422,353
ASE	488,374	487,568	307,179	94,601	67,088	1,444,810
All other exchanges	104,497	55,092	731,570	957,848	1,225,789	3,074,796
SIPC(d)	3,149,233	283,195	292,078	208,015	262,858	4,195,379
	\$32,790,194	\$32,332,156	\$22,858,920	\$18,027,633	\$25,485,635	\$131,494,538

Notes:

a. The revenues do not purport to reflect the volume of business conducted on the respective exchanges or in the over-thecounter market.

b. Includes \$5,669,180 initial assessments (based on 1969 gross revenues).

c. Includes \$4,143,321 of 1971 revenues received in 1972 in excess of the December 31, 1971, accrual.

d. Received from persons who are not members of any exchange or the NASD and includes \$3,011,925 contributed in 1971 from a special trust fund of the American Stock Exchange, Inc.

REFERRAL OF MEMBERS IN OR APPROACHING FINANCIAL DIFFICULTY

Section 5(a)(1) of the 1970 Act requires the SEC or the self-regulatory organizations to notify SIPC immediately upon discovery of facts which indicate that a broker-dealer subject to their regulation is in or approaching financial difficulty. The Commission, the NASD and the exchanges fulfill this requirement through regulatory procedures which integrate inspection and reporting programs with an early-warning procedure for notifying SIPC. The primary objective of these programs is the early identification of those members which are in or approaching financial or operational difficulty and the initiation of action necessary to protect the investing public.

SIPC maintained active files on 88 Section 5(a) referrals during calendar year 1975, 33 of which were carried forward from 1974. Twentyeight members remained on active referral status as of December 31, 1975.

In addition to those members formally referred under Section 5(a), SIPC also receives periodic reports from the Commission and from the selfregulatory organizations identifying those members which, although not considered to be in or approaching financial difficulty, are subject to closer-than-normal surveillance as a result of their having exceeded certain pre-established financial or operational criteria.

Opposite page. SIPC staff members, clockwise from upper left:

Vivian Edelfelt, receptionist.

Linda J. McKenzie, accounting department.

Linda Phipps, secretary, legal department.

Associate General Counsel Wilfred R. Caron, left, and Attorney Kevin H. Bell.

Joseph S. Watkins, Jr., left, Joseph S. Furr, Jr., and David A. Goldstein, accounting department.

Jeri Austin, left, and Karen Winklbauer, finance department.

Clara McIntyre, accounting department.

Theodore W. Barrow and Janice Gernhart, accounting department.

Senior Staff Attorney Robert G. Richardson.

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Eugene K. Snyder, Assistant Vice-President— Finance and Janice McCarty, secretary.



Allen S. Kilmer and Donald Lindquist, finance department.

SIPC'S ROLE IN RELATION TO SECURITIES INDUSTRY REGULATION AND REPORTING

The Securities Acts Amendments of 1975, which extensively amended the 1934 Act, also amended Section 9(c) of the Securities Investor Protection Act of 1970. The 1970 Act had originally provided that, when a SIPC member was a member of more than one self-regulatory organization, SIPC would designate one of them "to inspect or examine such member of SIPC for compliance with applicable financial responsibility rules." The 1975 amendment places such designating responsibility with the Commission.

The change in responsibility to designate examining authorities had been recommended in the report of the Special Task Force appointed by Chairman Owens to recommend changes in the 1970 Act. The SIPC staff met with the Commission staff to accomplish a smooth transition, providing the Commission staff with a "manual" describing the procedures which SIPC had followed.

On August 27, the Commission and SIPC jointly sponsored a conference on stockbroker liquidations under the 1970 Act. The Commission's Office of the General Counsel, Division of Market Regulation, Division of Enforcement, Division of Corporate Regulation, the Commission's Regional Offices, and SIPC sent representatives to the conference. The topics discussed included the history and concepts of the 1970 Act, commencing a liquidation proceeding, the conduct of a liquidation proceeding, special areas of SEC- SIPC coordination, and the proposed amendments to the 1970 Act.

Third Annual Conference Held

The Third Annual SIPC Conference of Selfregulatory Organizations took place on September 23, 1975, in Washington, D. C. The topics of panels were: "New Developments in Surveillance Procedures, Reporting, and Communication, Including the FOCUS Report"; "Examination and Surveillance Procedures with Respect to Naked Short Positions in Securities and Options": "The Effects of Rule 19b-3 (Prohibition of Fixed Commission Rates) up to the Present"; and "The Securities Exchange Act Amendments of 1975 and Their Impact on the Responsibilities of the Self-Regulatory Organizations." The staff of the Commission discussed the Securities and Exchange Act Amendments of 1975 and their impact on the responsibilities of the self-regulatory organizations. The Honorable Edward C. Schmults, who was then Under Secretary of the Treasury and a SIPC Director, addressed the conference on "A Look at Regulatory Reform."

Thomas R. Cassella of the SIPC staff continued as a member of the SEC's Report Coordinating Group (Advisory). The work of this group is reflected in the recently adopted FOCUS reporting system for brokers and dealers. SIPC further cooperated with the Commission and the industry in its comments upon several exposure drafts from the Commission.

SIPC's Third Annual Conference of Self-Regulatory Organizations

Clockwise:

John T. Wall, NASD Vice President, Enforcement, addressed the conference. Listening are Eugene K. Snyder, SIPC, conference moderator, and Douglas F. Parrillo, NASD Vice President, Regulatory Policy and Procedures.

Conference participants included, left to right, George Beliakow, Director, Regulatory Development Department, New York Stock Exchange; Michael M. Marx, Senior Examiner, and Lloyd W. McChesney, Vice President—Finance, SIPC.

Bryan P. Coughlin, Jr., Vice President, Midwest Stock Exchange, left, and Daniel J. Piliero, II, Associate Director of Market Regulation, SEC, listen as John J. Senkewich, Vice President, New York Stock Exchange, makes a point.

Edward C. Schmults, at the time a SIPC director representing the U. S. Treasury, spoke to the conference about regulatory reform.









DISCIPLINARY AND CRIMINAL ACTIONS TAKEN AGAINST PRINCIPALS AND ASSOCIATES OF MEMBERS PLACED IN LIQUIDATION

SIPC has forwarded to the SEC names of principals and others associated with members placed in liquidation for possible action under Section 10(b) of the 1970 Act.² The same names were submitted to the securities exchanges and the NASD for any appropriate action. The trustees for the members being liquidated also have cooperated with the SEC and law enforcement authorities by forwarding information about possible violations of law.

SEC investigations in SIPC liquidations have resulted in 48 individuals being charged with criminal violations in U. S. district courts. Thirtyone of the individuals involved in the Federal charges were convicted. Eight individuals were also charged with criminal violations in the Supreme Court of the State of New York. Six of the individuals involved in the State charges were convicted, one was acquitted and the charges against the other were dismissed.

Christian-Paine Officials Convicted

The most significant of the 1975 criminal cases involved Christian-Paine & Co., Inc., Hasbrouck Heights, New Jersey. On March 5, 1975, seven officials of Christian-Paine and its predecessor firm, Carlton Cambrige & Co., Inc., were indicted by a federal grand jury for the District of New Jersey on 125 counts of securities violations. On November 6, 1975, five of those individuals were convicted, including the president of Christian-Paine and two former presidents of Carlton Cambrige. On January 13, 1976, one of the former presidents was sentenced to eleven years incarceration and a \$50,000 fine and the two other former presidents were sentenced to five years incarceration and \$20,000 fines. The remaining two convicted individuals received eighteenmonth sentences.

Sanctions by the SEC' relative to individuals involved in members being liquidated increased in 1975. Ninety-six individuals were barred by the Commission in 1975 compared with 24 in 1974, a 400% increase.

To date the SEC has barred 142 individuals and the NASD has barred 87. These figures include 30 individuals barred by both agencies; accordingly, a total of 199 have been barred by the two agencies. The SEC also suspended 27 individuals and the NASD 26. As one was suspended by both agencies, a total of 52 has been suspended. The suspensions ranged from 10 days to five years and averaged about one year.

ADVERTISING AND PUBLIC INFORMATION

Advertising

SIPC's original advertising bylaw authorized the voluntary use of an official symbol and explanation of SIPC membership as the sole means by which SIPC members *may* advertise their membership. After receiving concurrence from the Securities Industry Association, the Board of Directors decided that, rather than an optional policy of advertising, a mandatory one would be in the public interest. Accordingly, it approved a proposed amendment to the bylaws which would have *required* SIPC's members to display the SIPC official symbol at all principal and branch sales offices, and to include the official symbol or official advertising statement in all



² Section 10(b) of the Act provides as follows: "Engaging in Business After Appointment of Trustee.—It shall be unlawful for any broker or dealer for whom a trustee has been appointed pursuant to this Act to engage thereafter in business as a broker or dealer, unless the Commission otherwise determines in the public interest. The Commission may by order bar or suspend for any period, any officer, director, general partner, owner of 10 per centum or more of the voting securities, or controlling person of any broker or dealer for whom a trustee has been appointed pursuant to this Act from being or becoming associated with a broker or dealer, if after appropriate notice and opportunity for hearing, the Commission shall determine such bar or suspension to be in the public interest."

advertisements. The proposed amendment also contained new provisions for optional uses of the official symbol and statement.

The proposed amendment was submitted for comments to all members of SIPC. In early 1975 the proposed bylaw amendment was redrafted to incorporate some of the comments and suggestions received. Pursuant to the requirements of the 1970 Act, the proposed bylaw was then submitted to the Securities and Exchange Commission which rejected it, asserting that SIPC did not have the authority to require SIPC members to publicize the fact of membership.

Although SIPC does not agree with that interpretation of its power, in view of the SEC's decision, SIPC has requested the Congress, in conjunction with the current legislative program, to amend the 1970 Act to make clear that SIPC may adopt such a bylaw.

The proposed bylaw represented an effort to publicize the SIPC program with minimal burden placed on SIPC members. If SIPC is given the authority to amend the advertising bylaw, and if it appears that the requirements of the bylaw placed an undue burden on the industry or any segment thereof, SIPC will, of course, be able to revise the bylaw accordingly.

Public Information

Chairman Owens made a number of addresses in various parts of the country as part of the

LITIGATION

Extensive litigation under the 1970 Act during 1975 generated in excess of 25 reported and unreported judicial opinions, and still more decisions without opinion. Some related to new issues and others followed cases decided in previous years. Following are those considered to be of particular interest and importance.

In May the United States Supreme Court held that under the 1970 Act only the Commission has standing to sue SIPC to compel it to initiate a liquidation proceeding for the protection of customers of a member of SIPC. *SIPC v. Barbour*, 421 U.S. 412 (1975). By an overwhelming majority (Mr. Justice Douglas dissenting, without opinion) the Court ordered the dismissal of a proceeding commenced by the receiver of a Tennessee broker-dealer to compel SIPC to intervene for the alleged protection of customers SIPC policy to keep the membership, the securities industry and the public fully informed about SIPC activities.

A booklet, "SIPC: A History and Explanation of Operations" was published in 1975 and distributed to the membership and to public, law, and university libraries. Several members use the booklet in their registered representative training programs.



Chairman Owens addresses the 58th Annual Conference of North American Securities Administrators at Mackinac Island, Michigan, in September.

whose claims had been almost completely satisfied from the receivership asests. Reversing a unanimous Court of Appeals for the Sixth Circuit, the Supreme Court held that the specific authority vested in the Commission by the 1970 Act [Section 7(b)] to maintain such a proceeding to review SIPC's determinations, in light of relevant policy considerations,³ precluded the impli-

³ Writing for the majority of the Court, Mr. Justice Marshall stated, in part:

"The respondent in this case does not, of course, claim any right to make the decision that a firm should be liquidated; the Act makes that a judicial decision. He seeks only the right to ask the District Court to make that decision when both SIPC and the SEC have refused or simply failed to do so. In practical effect, however, the difference is slight. Except with respect to the solidest of houses, the mere filing of an action



The senior legal staff includes, left to right, William H. Seckinger, Associate General Counsel Wilfred R. Caron, Michael E. Don and Charles R. McConachie.

cation of such a right in favor of members of the public.

Decisions By Courts of Appeals

Also on the appellate level there were three unanimous determinations by United States Courts of Appeals. In one case the Court of Appeals for the Second Circuit sustained an order of the District Court which had generally referred the Weis Securities, Inc., liquidation proceeding to a bankruptcy judge. *Exchange National Bank of Chicago v. Wyatt*, 517 F.2d 453 (2d Cir. 1975). That decision, which acknowledged the bankruptcy character of proceedings under the 1970 Act, upheld a practice which had been followed in 45 liquidation proceedings up to that time. This practice greatly contributes to the expeditious handling and satisfaction of the claims of customers entitled to protection under the 1970 Act.

In another case the Court of Appeals for the Third Circuit rejected the contention of an attorney that under section 243 of the Bankruptcy Act he was entitled to reasonable compensation, payable from SIPC's funds or the debtor's estate, for services which were purportedly responsible for the allowance of the claims of a group of customers, only two of whom were his clients. *SEC & SIPC v. Aberdeen Securities Co., Inc.,* 526 F.2d 603 (3d Cir. 1975).

In January, 1976, the Court of Appeals for the Second Circuit unanimously reversed a decision by the District Court, Southern District of New York, which had held that each employee participating in a profit-sharing plan was a separate customer of the broker-dealer with which the trustees of the plan maintained a single account. SEC v. Morgan, Kennedy & Co., Inc. (Claim of Reading Body Works Trust), (2d Cir., filed Jan. 23, 1976), reversing CCH Fed. Sec. L. Rep.,



predicated upon allegations of financial insecurity might often prove fatal. Other customers could not be expected to leave their cash and securities on deposit, nor other brokers to initiate new transactions that the firm might not be able to cover when due if a receiver is appointed, nor would suppliers be likely to continue dealing with such a firm. These consequences are too grave, and when unnecessary, too inimical to the purposes of the Act, for the Court to impute to Congress an intent to grant to every member of the investing public control over their occurrence. On the contrary, they seem to be the very sorts of considerations that motivated Congress to put SIPC in the hands of a public board of directors, responsible to an agency experienced in regulation of the securities markets."

¶95,228 (1975). In a lengthy opinion which analyzed the provisions and legislative history of the 1970 Act and relevant case law, the Court stated: "However, both the relevant case law and our own interpretation of the term persuade us that the trust beneficiaries before us cannot come within the term 'customer', no matter how far that word is stretched in service to the equitable ends of SIPA." The Court held: "The trust account itself was in the name of the Trustees who had the exclusive power to entrust the assets to the debtor, to invest and reinvest, and to purchase and trade securities in the account as they saw fit. In short, the single trust account, represented by the Trustees collectively, possessed the required attributes for customer status under SIPA; the Reading employees possessed none of those attributes."

Stock Clearing Corporation Claim Denied

In the liquidation of Weis Securities, Inc., ("Weis") the District Court has held that the Stock Clearing Corporation ("SCC"), a subsidiary of the New York Stock Exchange, was not entitled to reclaim securities it delivered to Weis as part of its clearance operations because of the subsequent dishonor of Weis's check for the net debit and other charges owed to SCC. *In re Weis Securities, Inc.* (Claim of Stock Clearing Corporation), 73 Civ. 2332 (S.D.N.Y., October 28, 1975). The Court reasoned, in part, that SCC had parted with title to the securities on delivery and

that by taking an uncertified check it relied on Weis's general credit. SCC, which was relegated to the status of general creditor, has taken an appeal to the Court of Appeals for the Second Circuit.

Secured Stock Lenders Not Customers

An issue of importance which was under advisement at year end by the Court in the liquidation of Executive Securities, Inc., at 75 Civ. 733 (S.D.N.Y.) involved the rights of certain brokerdealers and educational institutions which loaned securities to the debtor, in exchange for full cash collateral on a mark-to-the-market basis, but which had no other securities accounts or dealings with the debtor. The claimants asserted that they were customers of the debtor with respect to such loans, and that they were therefore entitled to protection from SIPC's funds for their net losses, *i.e.*, the difference between the cash collateral and the market value of the loaned securities at the time the liquidation proceeding was commenced. Both SIPC and the trustee opposed those contentions on the ground that such lenders have only the status of general creditors.

Bankruptcy Judge John J. Galgay, in a decision rendered in February, 1976, held that the claimants were not customers within the meaning of that term as used in the 1970 Act, and accordingly, the judge ruled that the claimants were not entitled to an advance from the SIPC Fund to cover their losses.

ADMINISTRATION

Directors

Edward C. Schmults, who had served as a member of the Board of Directors representing the U.S. Treasury, since 1972, resigned in October when he was appointed Deputy Counsel to the President. Secretary of the Treasury Simon has designated as successor Edwin H. Yeo III, Under Secretary of the Treasury for Monetary Affairs.

J. Charles Partee, who became one of SIPC's original directors, is now a member of the Federal Reserve Board where he was formerly Managing Director for Research and Economic Policy. On January 30, 1976, Mr. Partee resigned from the SIPC Board and James L. Kichline, Associate Director of the Federal Reserve Board's Division of Research and Statistics, was designated as his successor.

Personnel

John L. Peterman, SIPC Economist, resigned to assume the position of Economist with the Office of Policy Planning and Evaluation at the Federal Trade Commission.

SIPC Expenses

Expenses incurred during 1975 amounted to \$8,127,760. That included a \$6,545,518 provision for possible losses on advances to trustees. Administrative expenses—the cost of operation of the Corporation as distinct from liquidation costs—aggregated \$1,582,242. That is approximately \$90,000 less than the previous year's administrative expenses.

Total expenses in SIPC's first five years amounted to \$58 million. Of that, \$51 million was for provision for losses on advances to trustees and \$7 million for SIPC's administrative expenses.

PROPOSED AMENDMENTS TO THE SECURITIES INVESTOR PROTECTION ACT OF 1970

Several far-reaching changes of benefit to customers and members alike are contained in proposed amendments to the Securities Investor Protection Act of 1970 which have been submitted to Congress by the Board of Directors.

The amendments stem from a report prepared by a Special Task Force organized by Chairman Owens to study the 1970 Act with a view to recommending better, faster, more efficient methods of achieving the investor protection envisioned by Congress when the Act was passed.

Task Force Results

The broad conclusions reached by the Task Force were that the 1970 Act is too inflexible to allow efficient solutions to the broad range of problems encountered in liquidations; that the wholesale incorporation of the Bankruptcy Act into the 1970 Act had created certain problems; that customer satisfaction had been a slower and costlier process than it need have been; and that the protection currently afforded customers should be increased in view of today's needs.

The Task Force formulated several basic policy determinations to guide it in drafting the specific recommendations: That SIPC should remain a liquidator; that broker-dealers in financial difficulty should continue to be liquidated rather than rehabilitated; that SIPC should have greater flexibility in order to achieve prompt satisfaction of customers' claims, better customer protection, and greater administrative economy; and that customer protection should be adequate to maintain investor confidence.

The key provisions of the amendments are designed to meet the problems cited above. In broad terms they would speed up the liquidation process, make it possible to deliver accounts to customers as they were when the member went out of business (within the limits of protection) and increase the dollar limits of protection. A brief description of those key provisions and the purposes they are intended to accomplish follows.

Three Methods Recommended

Three different methods of satisfying customer claims would be permitted, instead of only the one provided for under the present law. Large cases would be handled much as they are now; that is, by a court-appointed trustee who is commonly a practicing attorney. Several improvements, however, which are discussed below, would be introduced.

In medium-size cases SIPC would be permitted to act as trustee. These would be cases in which it appears that the obligations to general creditors and subordinated lenders are less than \$750,000 and there are fewer than 500 customers.

In smaller cases—those in which it appears that the claims of all customers will aggregate less than \$250,000—a third method would be available. SIPC would be allowed to make payments directly to customers if it appeared that such direct payments would cost SIPC less than following the court-appointed trustee method.

The latter two alternatives are intended to contribute to speeding up the process of satisfying customer claims and reducing costs. The framers of the 1970 Act had in mind the liquidation of large members like Weis Securities, where there were 34,000 claims. They apparently did not contemplate that the bulk of SIPC cases would turn out to be the smaller members. Yet, whether a broker-dealer has 34 customers or 34,000, under the present statute the same judicial procedures have to be followed. Virtually everything a trustee does has to be sanctioned by the court, and in a small liquidation this is comparatively very costly.

In cases where a trustee is appointed whether it be SIPC or someone outside the Corporation—the liquidation procedures would be substantially improved. One of the chief improvements would permit the delivery of accounts to customers as they were when the member went out of business. Under the present law the trustee is not empowered to replace securities which, for a variety of reasons, are missing. On these claims the customer receives cash in lieu of securities based on the price on the date the court is petitioned to appoint a trustee.⁴ This inability to recover their accounts intact has been a principal complaint of customers.

The proposed amendments would permit the trustee to pay or guarantee bank loans collateralized by proprietary or customer securities, including securities hypothecated by virtue of mar-

⁴ Or a receiver, if one was appointed prior to the appointment of a SIPC trustee.

gin agreements. They would also permit the trustee to purchase securities, with SIPC's approval, so long as that can be done in a fair and orderly market. Margin customers would be permitted to pay their debit balances and receive the securities in their accounts.

Another major change in the law would empower the trustee to transfer accounts in bulk to other broker-dealers if SIPC determines that the cost would be less than carrying out the liquidation in the usual fashion, account by account. SIPC would guarantee that property available to the trustee will be delivered and that shortages in customers' accounts will be made good, within the limits provided by the Act. This procedure would give the customer quick access to the account. The customer would not, of course, be obligated to leave the account with the brokerdealer to whom the account was delivered.

The limits of protection would be raised from the present \$50,000 per customer, no more than

them. So the possibility of misappropriation exists. Additionally, floor members of the exchanges who have no customers are required to be members on the theory that anyone who derives his livelihood from the securities industry ought to contribute to the building of the SIPC Fund. The amendments reflect the view that this philosophy ought to apply to others as well.

A companion recommendation has to do with assessments. At present, revenues from sales of mutual funds are not included in the base for members' assessment payments into the SIPC Fund. SIPC, however, has advanced almost \$200,000 to satisfy claims related to mutual fund transactions. This fact demonstrates that the exclusion of mutual fund revenues from the assessment base ought to be ended. SIPC was aware that there was considerable opposition to these recommended changes—opposition which was voiced at the hearings. The Board suggested, therefore, that, in the event Congress does not



The Board of Directors meets the third Wednesday of the month. Shown here in session they are, left to right, Theodore H. Focht, General Counsel, Ralph D. DeNunzio, Henry W. Meers, Glenn E. Anderson, Chairman Owens, J. Charles Partee and James L. Kichline, who became a director January 30, 1976.

\$20,000 of which may be for cash, to \$100,000, with a limit of \$40,000 for claims for cash. This corresponds to increases in protection afforded depositors by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation made in 1974.

Changes in the composition of SIPC membership are also proposed. Broker-dealers engaged exclusively in the sale of mutual funds, unit investment trusts, variable annuities or insurance or rendering investment advice to mutual funds or insurance company separate accounts are excluded from SIPC membership. The amendments call for the elimination of these exclusions on the grounds that, although those firms do not *hold* customer securities or funds, they do handle agree to these changes, an equitable alternative would be to relieve SIPC of the responsibility to protect claims for mutual fund shares entirely.

In October, 1975, hearings on the proposed amendments were held by the Subcommittee on Consumer Protection and Finance of the Interstate and Foreign Commerce Committee of the House of Representatives. Chairman Owens testified at those hearings, as did representatives of the Securities and Exchange Commission and other organizations concerned with the securities markets. In addition, others submitted written comments to the subcommittee. At the present time the proposed amendments are under consideration by the subcommittee. Senate hearings have not yet been scheduled.



FINANCIAL STATEMENTS

ACCOUNTANTS' REPORT

To the Board of Directors Securities Investor Protection Corporation Washington, D. C.

We have examined the statement of financial condition of Securities Investor Protection Corporation as at December 31, 1975 and 1974, and the related statements of operations and fund balance and of changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As set forth in Note 4 to the financial statements, the liquidation costs to be incurred in subsequent years for liquidations in progress are not presently determinable; accordingly, no amounts have been provided therefor in the accompanying financial statements.

In our opinion, subject to the effect of the matter discussed above, the aforementioned financial statements present fairly the financial position of Securities Investor Protection Corporation as at December 31, 1975 and 1974, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

S. D. LEIDESDORF & CO.

New York, N. Y. February 25, 1976

SECURITIES INVESTOR PROTECTION CORPORATION

STATEMENT OF FINANCIAL CONDITION December 31, 1975 and 1974

ASSETS

Cash:	1975	1974
Operating and collection accounts	\$ 185,297	\$ 119,268 3,500,000
	185,297	3,619,268
Estimated member assessments receivable (Note 3) U.S. Government securities, at amortized cost and accrued interest receivable (1975 - \$471,444, 1974 - \$264,816); (approximate market	6,000,000	4,900,000
1975 - \$81,767,000, 1974 - \$56,821,000) Furniture and equipment, at cost, less accumulated depreciation (1975 - \$33,789, 1974 - \$21,646), and leasehold improvements at	81,494,229	56,546,475
amortized cost	83,694	90,939
Advances to trustees for liquidations in progress, less allowance for		
possible losses (1975 - \$46,319,416, 1974 - \$42,048,655) (Note 4)	_	
Other	1,851	785
	\$87,765,071	\$65,157,467
LIABILITIES AND FUND BALANCE		
Advances to trustees - in process (Note 4)	\$ 147,949	\$ 18,468
Accounts payable and accrued expenses	54,176	85,075
Commitments (Notes 2 and 4)	202,125	103,543
Fund balance	87,562,946	65,053,924
	\$87,765,071	\$65,157,467

STATEMENT OF OPERATIONS AND FUND BALANCE

for the years ended December 31, 1975 and 1974

Povonuos

Revenues.		
Member assessments (Notes 3 and 5)	\$25,485,635	\$18,027,633
Interest on U.S. Government securities	5,126,165	3,914,782
Interest on assessments	24,982	16,311
	30,636,782	21,958,726
Expenses:		
Administrative:		
Salaries and employee benefits	1,122,878	1,007,081
Credit agreement commitment fee (Note 2)	103,472	189,931
Legal and accounting fees	15,056	108,511
Rent	92,955	91,903
Other	247,881	275,012
	1,582,242	1,672,438
Provision for possible losses on advances to trustees, net of		
recoveries (1975 - \$2,338,348, 1974 - \$6,796,342) (Note 4)	6,545,518	642,877
	8,127,760	2,315,315
Excess revenues	22,509,022	19,643,411
Fund balance, beginning of year	65,053,924	45,410,513
Fund balance, end of year	\$87,562,946	\$65,053,924

The accompanying notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN FINANCIAL POSITION

for the years ended December 31, 1975 and 1974

	1975	1974
Cash provided from (used in) operations:		
Provided:		
Member assessments	\$24,385,635	\$19,127,633
Interest on U.S. Government securities	5,204,060	3,424,706
Interest on assessments	24,982	16,311
	29,614,677	22,568,650
Used:		
Administrative expenses	(1,600,485)	(1,647,243)
Advances to trustees, net of recoveries (1975 - \$2,338,348,		
1974 - \$6,796,342)	(6,416,037)	(995,503)
	(8,016,522)	(2,642,746)
	21,598,155	19,925,904
Other uses of cash:		
Purchases of U.S. Government securities, net	(25,025,649)	(20,843,020)
Miscellaneous, net	(6,477)	(35,869)
Decrease in cash	(3,433,971)	(952,985)
Cash, beginning of year	3,619,268	4,572,253
Cash, end of year	\$ 185,297	\$ 3,619,268

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

The Securities Investor Protection Corporation (SIPC) was created by an Act of Congress on December 30, 1970, primarily for the purpose of providing protection to customers of its members. SIPC is a non-profit membership corporation and shall have succession until dissolved by an Act of Congress. Its members include all persons registered as brokers or dealers under Section 15(b) of the Securities Exchange Act of 1934 and all persons who are members of a national securities exchange except for those persons excluded under the Act.

2. The "SIPC Fund"

The "SIPC Fund," as defined by the Act, consisted of the following at December 31, 1975 and 1974:

	1975	1974
Cash	\$ 185,297	\$ 3,619,268
U.S. Government	01 101 000	50 F40 475
securities	81,494,229	56,546,475
Lines of credit		35,000,000
	\$81,679,526	\$95,165,743

On September 19, 1975, lines of credit (\$25,000,000 as of that date) under an agreement with banks dated April 14, 1971, were terminated pursuant to a decision of the SIPC Board of Directors. In connection with that agreement, SIPC had maintained compensating cash balances equal to 10% of the lines of credit and had paid a fee of $\frac{1}{2}$ % per annum on the unused lines of credit.

In the event that the SIPC Fund is or may reasonably appear to be insufficient for the purposes of the Act, the Securities and Exchange Commission is authorized to make loans to SIPC and, in that connection, the Commission is authorized to issue to the Secretary of the Treasury, notes or other obligations in an aggregate amount not to exceed \$1,000,000,000.

3. Estimated member assessments receivable and assessment revenues

Annual general assessments are payable quarterly at the rate of 1/2 % per annum on gross revenues from the securities business. SIPC members are allowed to make quarterly payments based upon the previous year's gross revenues. Annual general assessment reconciliation forms must be filed and underpayments for any year are due within 60 days after year-end. Overpayments for any year may be credited against future assessments.

4. Advances to trustees and commitments

Trustees had been appointed under the Act for 117 SIPC members as of December 31, 1975, 8 of which were appointed during 1975 and 15 during 1974. At that date 36 liquidations had been completed, 14 in 1975 and 16 in 1974. Because of inadequate and incomplete books and records of many of these members, data presently available from the trustees for liquidations in progress are inconclusive and no determination of the amounts which will be required for advances to satisfy customer claims, or for the liquidation expenses which will be incurred in these cases, is possible at this time; accordingly, no provision has been made therefor in the accompanying financial statements.

Advances to trustees for liquidations in progress represent net amounts disbursed and amounts currently payable. SIPC has adopted the policy of providing a 100% allowance for all advances to trustees. Amounts of unexpended advances, as well as any expended advances for which SIPC has subrogated rights, may be recovered by SIPC. Recoveries are applied upon receipt as a reduction of the advances to trustees and the allowance for possible losses on advances. Amounts which subsequently may be returned are not presently determinable.

5. Contribution from a prior trust

In 1971, the American Stock Exchange, Inc., contributed \$3,011,925 from a special trust fund. Under a plan approved in 1974 and terminating in 1976, members used approximately \$900,000 of the \$3,011,925 to reduce their assessments otherwise due for the year 1975 and approximately \$1,800,000 for 1974.

6. Retirement Plan

SIPC has a voluntary, contributory retirement plan for employees. SIPC's policy is to fund pension expense accrued. Pension expense was \$71,000 for 1975 and \$35,900 for 1974.

APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART A: Customer Claims and Distributions Being Processed by Trustees

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
FOURTH QUARTER 1974					
Henry C. Atkeison, Jr., d/b/a Ambassador Church Finance Development Group, Inc.; d/b/a Atalbe Christian Credit Association, Inc. Brentwood, Tennessee (Fred D. Bryan)	4/18/70	11/ 7/74	12/17/74	531	115
THIRD QUARTER 1975					
Ben Campo, d/b/a Campo & Co. Phoenix, Arizona (Ronald E. Warnicke, Esq.)	4/ 7/71	3/ 8/73	7/11/75	257	16
Investors Security Corp., Monroeville, Pennsylvania (Thomas P. Ravis, Esq.)	5/ 8/66	9/15/75	9/15/75	4,300	244
FOURTH QUARTER 1975					
Westco Financial Corp., Denver, Colorado (William J. Fisher)	6/16/62	11/12/75	11/12/75	890	58
TOTAL 4 MEMBERS: PART A					
PART B: Substantially All Customer Claims (E	xcept Problen	n Claims) H	ave Been S	atisfied	
SECOND QUARTER 1971					
Howard Carlton, Inc., New York, New York (Clark J. Gurney, Esq.)	5/31/69	2/ 1/71	4/ 8/71	355	122
Stan Ingram & Associates, Los Angeles, California (Harold L. Orchid, Esq.)	12/22/68	2/22/71	6/ 8/71	400	41
Packer, Wilbur & Co., Inc., New York, New York (Martin R. Gold, Esq.)	6/22/61	3/25/71	6/21/71	475	250
THIRD QUARTER 1971					
Security Planners Ltd., Inc., Boston Massachusetts (William C. Foehl, Esq.)	2/12/68	3/18/71	8/ 6/71	300	150
FOURTH QUARTER 1971					
Buttonwood Securities, Inc., LaJolla, California (Edwin M. Lamb)	4/15/70	9/ 8/71	10/18/71	3,780	1,502
Financial Equities, Ltd., Los Angeles, California (Gilbert Robinson, Esq.)	3/26/7 0	9/17/71	11/ 8/71	4,000	669
Aberdeen Securities Co., Inc., Wilmington, Delaware (Claude P. Hudson)	5/14/69	9/15/71	11/22/71	1,800	281



Distribut	ions of Prope	erties Held by Tru	ustees						
Specifica Identifiab	lly	Single a Separate	and Fund –		S	IPC Advances to			
Value	Number Customers		Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securiti e s	Free Credit Balances	Number of Customers
\$860	2			\$23,250	\$12,000		\$11,250		2
				11,942	11,942				
				1,000	1,000				
\$860	2			\$36,192	\$24,942		\$11,250		2
\$ 152,300	44	\$ 28,958	69	\$ 20,027	\$ 7,299	\$ 753	\$ 251	\$ 11,724	10
3,293	9	500	2	46,229	3,777		33,382	9,070	37
14,728	18	15,812	13	425,258	51,788		271,148	102,322	175
418	1			192,015			160,224	31,791	128
6 80,406	643	318,040	603	461,545	312,536		60,773	88,236	335
320,682	264	99,852	244	224,708	75,926		110,894	37,888	277

115,319

49,464

147

26

11,993

158

17,002

75,295

23,022

APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART B: Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	
FOURTH QUARTER 1971 (Cont'd)					
Rodney B. Price & Co., Inc., Atlanta, Georgia (Robert E. Hicks, Esq.)	4/29/70	12/ 7/71	12/ 7/71	891	59
Securities Northwest, Inc., Seattle, Washington (George W. McBroom, Esq.)	6/23/71	12/ 7/71	12/ 7/71	940	117
E. P. Seggos & Co., Inc., New York, New York (Clark J. Gurney, Esq.)	2/ 6/70	12/13/71	12/14/71	960	360
Kelly, Andrews & Bradley, Inc., New York, New York (Edwin L. Gasperini, Esq.)	8/10/68	12/15/71	12/21/71	1,327	205
FIRST QUARTER 1972					
Mid-Continent Securities Co., Inc., Wichita, Kansas (Thomas R. Brunner)	12/13/50	1/ 3/72	1/ 3/72	1,191	588
F. O. Baroff Co., Inc., New York, New York (Edward S. Davis, Esq.)	10/29/66	1/ 6/72	1/ 6/72	4,225	1,591
Murray, Lind & Co., Inc., Jersey City, New Jersey (Mark F. Hughes, Jr., Esq.)	5/23/69	1/14/72	1/24/72	1,186	749
S. J. Salmon & Co., Inc., New York, New York (John C. Fontaine, Esq.)	8/17/68	2/ 7/72	2/ 7/72	3,774	1,720
JNT Investors, Inc., New York, New York (Jerry B. Klein)	6/17/70	2/15/72	2/15/72	1,572	938
C. H. Wagner & Co., Inc., Boston, Massachusetts (Thomas J. Carens, Esq.)	6/23/69	2/22/72	2/28/72	14,000	839
White & Co., Inc., St. Louis, Missouri (Hugh S. Hauck)	3/ 5/47	3/23/72	3/30/72	150	59
SECOND QUARTER 1972					
Parker, England & Co., Inc., Hicksville, New York (John R. Dunne, Esq.)	10/23/68	11/12/71	4/20/72	600	230
John E. Samuel & Co., White Plains, New York (Henry J. Smith, Esq.)	5/ 9/62	2/ 3/72	5/30/72	350	10
THIRD QUARTER 1972					
G. M. Stanley & Co., Inc., New York, New York (Winthrop J. Allegaert, Esq.)	4/11/69	7/17/72	7/18/72	1,044	409
Holt, Murdock Securities, Inc., Helena, Montana (Thomas F. Dowling, Esq.)	11/10/70	7/26/72	7/26/72	650	180
North American Planning Corp., New York, New York (Joseph D. Ellison)	4/ 9/70	7/25/72	8/ 8/72	2,700	947



Distributi Specifica		ties Held by Tru Single a			0	IDC Advances to	Trustoos		
Identifiab	le	Separate	Fund -			IPC Advances to Open	Cash in	Free	Number
Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Contractual Commitments	Lieu of Securities	Credit Balances	of Customers
					<u> </u>				
\$ 29,100	10	\$ 20,227	29	\$ 47,039			\$ 13,799	\$ 33,240	33
67,575	17	26,596	8	66,856		\$ 31,823	1,875	33,158	47
53,100	145	92,000	142	65,104	\$ 8,326		29,294	27,484	70
23,068	55	13,249	34	209,084	121,833		12,712	74,539	65
93,215	126	51,231	329	894,467	50		752,457	141,960	354
1,276,943	1,205			1,207,331	81,587	137,790	752,474	235,480	1,258
203,000	498	198,992	353	184,228	72,976	4,426	26,932	79,894	353
2,488,763	1,665	210,322	375	1,641,247	519,479	205,054	137,824	778,890	1,259
1,805,662	927	150,979	140	370,909	137,107	19,863	22,994	190,945	146
54,88 <u>9</u>	8			1,140,300	69,312	9,886	72,847	988,255	253
2,229	1			508,035	76,783		385,031	46,221	49
9,723	19	80,683	160	52,553	18,033		21,294	13,226	114
		10,775	1	302,394	49,315	208,226	16,848	28,005	72
117.007	005			00.040	05 070		00.000	4 400	<u> </u>
117,337	225			88,646	65,078		22,080	1,488	82
144,541	150			260,720	66,837	5,267	80,646	107,970	102
1,094,446	835			510,003	343,904	11,334	28,042	126,723	151

Distributions of Properties Held by Trustees

APPENDIX 1

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART B: Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	
THIRD QUARTER 1972 (Cont'd)					
Kenneth Bove & Co., Inc., New York, New York (William W. Golub, Esq.)	5/17/66	5/25/72	8/17/72	12,500	6,332
Northeast Investors Planning Corp. Bronx, New York (David Handel)	12/22/69	8/21/72	8/23/72	1,050	300
Doores Securities Corp., New York, New York (Peter H. Morrison, Esq.)	4/ 9/70	8/25/72	8/31/72	185	22
FOURTH QUARTER 1972					
Trio Securities, Inc., New York, New York (Bernard L. Augen)	5/20/71	9/29/72	10/ 3/72	90	67
G. L. Equities Corp., New York, New York (Charles H. Kaufman)	12/10/69	9/14/72	10/11/72	537	248
Equitable Equities, Inc., New York, New York (Herbert S. Camitta, Esq.)	2/ 4/70	10/13/72	10/13/72	134	69
Bovers, Parnass & Turel, Inc., Jersey City, New Jersey (Edward J. Rosner, Esq.)	10/12/68	10/19/72	10/19/72	1,180	307
Albert & Maguire Securities Co., Inc., Philadelphia, Pennsylvania (Donald M. Collins, Esq.)	9/ 9/68	10/19/72	10/19/72	5,181	1,310
Havener Securities Corp., New York, New York (Ezra G. Levin, Esq.)	11/13/59	10/13/72	10/24/72	900	533
C. I. Oren & Co., Inc., New York, New York (Martin R. Gold, Esq.)	11/10/68	10/13/72	10/26/72	345	61
J. R. Narwitz & Co., Sacramento, California (Loren S. Dahl, Esq.)	11/19/67	11/ 8/72	11/ 8/72	1,000	42
First Midwest Investment Corp., Milwaukee, Wisconsin (Frank C. Verbest)	8/ 1/68	11/28/72	11/28/72	2,500	928
First Eastern Investment Corp., Red Bank, New Jersey (Burton Peskin, Esq.)	1/29/58	12/11/72	12/11/72	700	59
FIRST QUARTER 1973					
Provident Securities, Inc., New York, New York (Harvey R. Miller, Esq.)	3/16/69	1/23/73	2/ 2/73 9/10/75*	2,100	850
N. F. James & Co., Inc., Jersey City, New Jersey (Milton Rosenkranz, Esq.)	8/14/71	2/ 1/73	2/ 9/73	150	110
Forma Securities, Inc., New York, New York (Lawrence P. King, Esq.)	3/27/69	2/ 9/73	2/ 9/73	2,399	487

*Successor Trustee



Distribut	ions of Prope	rties Held by Tru	stees						
Specifica Identifiat		Single a Separate			S	IPC Advances t			
Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
\$ 2,524,223	6,891	\$ 993,659	2,969	\$ 926,589		\$ 11,948	\$ 201,041	\$ 713,600	3,480
20,552	39	23,492	45	99,386	\$ 16,442	550	51,132	31,262	130
56,166	10			80,677	44,097	12,073	5,205	19,302	9
4,164	16	5,062	10	85,105	4,652	868	73,007	6,578	49
163,525	238	15,008	97	95,733	74,215		8,943	12,575	54
128,362	45			80,465		27,604	16,034	36,827	33
19,630	40	192,426	243	196,342	36,760	41,411	36,725	81,446	235
809,535	520	1,043,689	938	923,359			786,012	137,347	656
290,044	81	476,104	316	390,786	202,416	20,819	14,928	152,623	217
1,800	1			141,943	38,428	26,381	33,710	43,424	40
				77,953			68,152	9,801	26
1,921,567	770	385,406	181	391,192	17,193	1,890	230,455	141,654	259
20,700	8			81,898			24,571	57,327	38
229,519	737			859,858	272,464		282,716	304,678	63 8
23,494	35	28,547	15	1,252,550	75,787		1,125,454	51,309	90
7,130	30	1,196	17	99,949	36,668		54,876	8,405	90

APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART B: Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	
FIRST QUARTER 1973 (Cont'd)					
Frank & Drake, Inc., New York, New York (Daniel F. Callahan, Esq.)	1/ 8/69	2/22/73	2/22/73	1,900	428
Teig Ross, Inc., Bloomington, Minnesota (Lawrence Perlman, Esq.)	5/31/72	2/20/73	2/26/73	6,700	3,194
First Minneapolis Investment Corp., Minneapolis, Minnesota (James T. Hale, Esq.)	8/ 4/70	3/ 2/73	3/ 2/73	1,275	442
Custodian Security Brokerage Corp., New York, New York (Lyonel E. Zunz, Esq.)	4/25/71	3/ 6/73	3/ 7/73	673	67
Morgan, Kennedy & Co., Inc., New York, New York (Eugene L. Bondy, Jr., Esq.)	1/19/66	3/ 9/73	3/13/73	3,114	1,446
Lexington Capital Corp., New York, New York (Peter H. Morrison, Esq.)	11/19/69	3/21/73	3/26/73	1,918	628
Pacific Western Securities, Inc., Los Angeles, California (Edwin M. Lamb)	8/ 7/66	3/26/73	3/28/73	3,023	521
SECOND QUARTER 1973					
J. Shapiro Co., Minneapolis, Minnesota (William T. Dolan, Esq.)	7/31/68	4/13/73	4/13/73	32,730	11,820
Oxford Securities, Ltd., New York, New York (Lewis Kruger, Esq.)	12/ 8/71	1/19/73	4/17/73 3/3/76*	2,100	181
P & H Associates, New York, New York (Edward Brodsky, Esq.)	9/23/70	3/13/73	4/17/73	2,201	450
Weis Securities, Inc., New York, New York (Edward S. Redington, Esq.)	8/ 1/65	5/24/73	5/30/73	55,026	34,000
†In the administration of the estate, funds use or cash in lieu of securities were not segrega			credit balan	ces	
Smith & Medford, Inc., Atlanta, Georgia (William Green, Esq.)	9/ 2/70	5/31/73	6/ 1/73	1,705	525
R. S. Emerson Co., Agana, Guam (Hyman B. Rosenzweig)	6/11/67	5/18/72	6/22/73	200	74
THIRD QUARTER 1973					
Gary L. Jones & Associates, Salt Lake City, Utah (D. Spencer Nilson)	11/ 6/71	5/ 8/73	7/12/73	4,004	1,165
Hill, Curtin & Ackroyd, Inc., Framingham, Massachusetts (Joseph P. Rooney, Esq.)	4/29/70	7/30/73	7/30/73	2,500	130

*Successor Trustee

Specific Identifia	ally	ties Held by Tru Single a Separate	and		S	IPC Advances to			
Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
\$ 424,052	224			\$ 112,309	\$ 43,612		\$ 35,618	\$ 33,079	55
2,043,893	3,215			321,312	163,727	\$ 700	61,017	95,868	630
382,755	393			91,975	19,355		70,039	2,581	33
1,219	3			134,271	81,633		29,927	22,711	17
1,664,435	1,642			838,183	399,964	23,085	211,380	203,754	687
378,558	432			300,233	74,700	74,314	50,886	100,333	157
274,317	157	\$ 79,179	118	1,217,745	181,990	18,163	914,380	103,212	351
17,212,572	10,357			2,463,881	433,048	33,004	1,330,859	666,970	3,623
35,048	85			47,258	12,928	333	22,013	11,984	41
221,307	310			324,480	69,188	13,337	69,805	172,150	405
128,894,919	28,900 (Estimated)	28,934,619 (34,000 (Estimated)	14,616,662			14,616,662†		33,500
150,798	298			275,665	72,273	25,685	172,458	5,249	272
3,304	9			180,955			169,960	10,995	57
295,839	911	8,893	10	147,864	8,141	6,031	34,549	99,143	469
68,090	76			116,812			103,031	13,7 81	95





APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART B: Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	
THIRD QUARTER 1973 (Cont'd)					
Klee & Company, Inc., Cleveland, Ohio (William M. Nelson, Jr., Esq.)	8/18/71	8/10/73	8/20/73	1,400	287
Duvest Corporation, Jersey City, New Jersey (Ralph M. Lowenbach, Esq.)	9/13/72	9/ 4/73	9/ 4/73	1,087	179
Associated Underwriters, Inc., Salt Lake City, Utah (Richard L. Blanck, Esq.)	7/ 8/70	9/11/73	9/11/73 10/23/73*	150	45
Busec Securities Corp., Buena Park, California (Harold L. Orchid, Esq.)	8/10/69	9/13/73	9/14/73	575	65
FIRST QUARTER 1974					
Howard Lawrence & Co., Inc., New York, New York (Grant S. Lewis, Esq.)	8/ 9/69	1/11/74	1/11/74	1,800	365
Equidyne, Salt Lake City, Utah (Reed L. Martineau, Esq.)	4/19/72	2/ 7/74	2/ 7/74	6,452	641
Parker Jackson & Co., Inc., Salt Lake City, Utah (Herschel J. Saperstein, Esq.)	5/24/63	2/ 7/74	2/14/74	1,900	788
SECOND QUARTER 1974					
Harper Johnson Co. Inc., New York, New York (David P. Prescott, Esq.)	4/30/70	4/ 8/74	4/ 8/74	329	55
Memme & Co., Inc., New York, New York (Edward Farman, Esq.)	8/ 6/65	8/ 6/73	4/15/74	300	29
Christian-Paine & Co., Inc. Carlton Cambrige & Co., Inc. Hasbrouck Heights, New Jersey (Irwin Weinberg, Esq.)	6/24/70 7/21/68	4/10/74	4/18/74	17,500	7,884
London Securities, Ltd., New York, New York (Edward Brodsky, Esq.)	4/18/70	1/ 3/74	4/22/74	108	6
McMahon & Hoban, Inc., Chicago, Illinois (J. Kirk Windle, Esq.)	2/14/70	4/26/74	4/26/74	1,600	337
Seed Capital Corporation, New York, New York (Thomas Ungerland, Esq.)	1/21/71	2/25/74	5/ 6/74	243	35
*Successor Trustoo					

*Successor Trustee



Specific	ally	rties Held by Ti Single	and		s	IPC Advances t	o Trustees		
Identifia Value	ble Number Customers	Separate Value	Fund Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
					<u></u>				
\$ 370,060	290	\$ 34,649	39	\$ 63,955	\$ 21,148	\$ 6,984	\$ 7,027	\$ 28,796	45
56,442	124	20,631	42	47,287	21,396		9,736	16,155	72
12,575	10			81,038	35,727		10,650	34,661	32
5,975	4			124,822	30,428		94,282	112	75
94,998	232			360,722	62,006		61,741	236,975	400
16,399	63			73,952	38,654		17,237	18,061	210
42,869	416			83,612	35,465	963	23,440	23,744	147
487	5			21,090	15,897			5,193	5
70	6			43,353	16,253	4,625	4,300	18,175	10
718,713	12,281			2,888,568	665,770	3,125	1,97 1, 819	247,854	6,330
150	1			15,483	11,145		2,338	2,000	4
49,046	21			820,923			213,740	607,183	269
3,325	6			30,548	6,104		8,839	15,605	29

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APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART B: Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
THIRD QUARTER 1974			·		
Llorens Associates, Inc., New York, New York (Lloyd Frank, Esq.)	4/ 1/70	6/18/74	7/ 1/74	548	93
Investment Securities Corp., Clayton, Missouri (Martin M. Green, Esq.)	11/ 8/69	7/ 8/74	7/ 8/74	1,400	490
Financial House, Inc., Detroit, Michigan (David Robb, Esq.)	3/ 9/55	9/17/74	9/18/74	1,000	708
FOURTH QUARTER 1974					
Dow Financial, Inc., Irvine, California (Eugene W. Bell, Esq.)	4/ 8/73	11/11/74	11/11/74	1,250	423
Universal Underwriting Service, Inc. Salt Lake City, Utah (Herschel J. Saperstein, Esq.)	8/28/71	11/25/74	12/26/74	5,500	1,100
FIRST QUARTER 1975					
R. L. Whitney Securities, Inc., New York, New York (Thomas Ungerland, Esq.)	1/29/72	2/ 6/75	2/ 6/75	1,877	440
Executive Securities Corp., New York, New York (Cameron F. MacRae III, Esq.)	11/ 8/67	2/14/75	2/14/75	8,740	2,757
G. H. Sheppard & Co., Inc., New York, New York (Jerome M. Selvers, Esq.)	4/ 4/73	3/ 4/75	3/25/75	175	27
SECOND QUARTER 1975					
Saxon Securities Corp., New York, New York (Joseph O. Barton)	11/27/68	1/24/75	4/ 1/75	685	81
Horvat, Maniscalco & Co., Bergenfield, New Jersey (Lawrence E. Jaffe, Esq.)	9/ 5/71	4/25/75	4/25/75	1,093	221
TOTAL 77 MEMBERS: PART B				252,402	95,868



,	Specifically Identifiable	y	ties Held by Trus Single ar Separate F	nd				SIPC Advance			
Va	alue	Number Customers	Value	Number Customers	Total Advanced	Adm E>	inistration openses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
\$	19,526	39			\$ 65,662	\$	14,574	\$ 214	\$ 12,669	\$ 38,205	29
;	515,614	388			351,519		5,000	81,078	181,751	83,690	162
	339,577	191			794,559		109,044	37	568,250	117,228	284
	160,057	98			665,770		10,000		362,801	292,969	272
	106,365	563			118,219		34,237	11,375	21,223	51,384	139
	221,121	259			759,596			1,906	692,012	65,67 8	195
2,	169,644	1,207			2,073,933		25,531	65,627	1,387,490	595,28 5	1,346
	10,046	4			81,726		15,013		9,303	57,410	12
	19,226	40			15,806		6,640		4,463	4,703	11
	910	2			693,674		12,956		644,730	35,988	177
\$171,	852,123	79,614	\$33,610,240	41,689	\$46,283,224	\$5,0	654,615	\$1,171,574	\$30,304,502	\$9,152,533	62,219

APPENDIX I

MEMBERS PLACED IN LIQUIDATION UNDER THE 1970 ACT

PART C: Liquidations Completed

1975 Member and Trustee By Date of Appointment	Trustee Appointed	Number of Customers For Whom Trustees Have Distributed Securities and Cash		Total
First Investment Savings Corp., Birmingham, Alabama (William Green, Esq.)	6/18/71	196	\$	139,056
John Edward and Co., Inc., Lebanon, New Hampshire (George L. Manias, Esq.)	7/ 1/71	105		64,619
Baron & Co., Inc., Jersey City, New Jersey (Mark F. Hughes, Jr., Esq.)	12/ 1/71	257		101,122
International Funding-Securities, Inc. Long Beach, California (Sheldon M. Jaffe, Esq.)	12/ 6/71	588		92,324
Barrett & Co., Inc., Minneapolis, Minnesota (Lawrence Perlman, Esq.)	3/29/72	290		246,234
King Securities of Chicago, Inc., Chicago, Illinois (J. Kirk Windle, Esq.)	9/15/72	23		14,197
Comstock Securities, Ltd., Salt Lake City, Utah (Herschel J. Saperstein, Esq.)	11/20/72	197		14,308
Horizon Securities, Inc., New York, New York (Alan Palwick, Esq.)	12/ 1/72	442		202,013
Project Securities & Co., Inc., Union, New Jersey (Martin D. Moroney, Esq.)	12/13/72	584		286,105
A. J. Orsino Securities, Inc., New York, New York (Edward Farman, Esq.)	2/22/73	6		4
Dickinson, Rothbart & Co., Inc., New York, New York (Courtlandt Nicoll, Esq.)	3/16/73	58		25,026
Schreiber Bosse & Co., Inc., Cleveland, Ohio (Sterling Newell, Jr., Esq.)	5/ 7/73 8/15/73*	122		148,930
Glendale Securities Corp., Ridgewood, New York (Brian P. McNulty, Esq.)	5/29/73	166		71,871
Security Planning Inc., Long Beach, California (Sheldon M. Jaffe, Esq.)	8/27/73	103		15,071
TOTAL 14 MEMBERS 1975		3,137		1,420,880
TOTAL 22 MEMBERS 1973 & 1974 (b)		2,882		2,371,841
TOTAL 36 MEMBERS 1973, 1974 & 1975		6,019	\$	3,792,721
* Successor Trustee				
PART D: Summary		Responses Received/ Customers Receiving		
		Distributions		Total
Part A: 4 MembersCustomer Claims and		433 (a)	¢	000
Distributions Being Processed by Trustees	1	400 **	\$	860

Distributions Being Processed by Trustees 433 860 Part B: 77 Members-Substantially All Customer Claims (Except Problem Claims) Have Been Satisfied 95,868 ^(a) 205,462,363 96,301 205,463,223 Sub Total Part C: 36 Members-Liquidations Completed 6,019^(d) 3,792,721 TOTAL 102,320 \$209,255,944

Notes:

(a) Trustees commonly send notices and claim forms to all persons who, from the debtor's records, may have been customers. This is done so that these potential claimants may be advised of the proceeding.

(b) Revised from previous reports to reflect subsequent recoveries, disbursements and adjustments.

Distr	ibutions of Pro	operties Held by T	rustees								
		Single and S	eparate Fund ral Estate			SI	PC,	Advances to			
	Customers'_ Specifically Identifiable	Customers And Others	Administra Expense		Total Advanced	Administratio Expenses	on	Open Contractua Commitment			Free Credit Balances
\$	102,554		\$ 36,502	\$	60,374	\$ 26,912	\$	2,380	\$ 478	\$	30,604
	1,737	\$ 27,493	35,389		106,897	31,160			14,382		61,355
	65,605	7,563	27,954		58,276	26,404			1,683		30,189
	41,587		50,737		740,631	276,272			297,675		166,684
	125,948	89,134	31,152		100,484	42,501			54,570		3,413
	6,581		7,616		53,558	40,309			11,188		2,061
	4,202		10,106		119,581	16,451		4,227	48,688		50,215
	33,788	154,163	14,062		346,700	160,478		8,148	32,775		145,299
	48,869	196,086	41,150		44,492			1,666	11,346		31,480
	4				11,675	6,600			410		4,665
	16,364	89	8,573		141,419	96,698		2,715	21,842		20,164
	134,609	1,391	12,930		224,323	83,382		625	107,106		33,210
	23,958	309	47,604		102,509	72,934			29,392		183
	2,400		12,671	_	170,899	114,347	_		45,531		11,021
	608,206	476,228	336,446		2,281,818	994,448		19,761	677,066		590,543
	1,076,193	585,851	709,797		2,633,193	586,056		79,684	1,394,654		572,799
\$	1,684,399	\$ 1,062,079	\$1,046,243	\$	4,915,011	\$1,580,504	\$	99,445	\$ 2,071,720	\$	1,163,342
							-			-	

Distributions of Properties Held by Trustees

		Single and S					SIF	C Advances to	Trus	tees	
Sp	ustomers' becifically entifiable	And Gene Customers And Others	Administration Expenses	A	Total Advanced		ninistration Expenses	Open Contractual Commitments	Cash In Lieu of Securities		Free Credit Balances
\$	860		(e)	\$	36,192	\$	24,942		\$	11,250	
17	1,852,123	\$33,610,240	(e)	46	5,283,224	5	654,615	\$1,171,574	3(0,304,502	\$ 9,152,533
17	1,852,983	33,610,240	····	46	6,319,416	Ś	679,557	1,171,574	3	0,315,752	9,152,533
	1,684,399	1,062,079	\$1,046,243	4	4,915,011	1	,580,504	99,445	2	2,071,720	1,163,342
\$17	3,537,382	\$34,672,319	\$1,046,243	\$51	1,234,427	\$7	,260,061	\$1,271,019	\$32	2,387,472	\$10,315,875

(c) Includes \$16,865 for open contractual commitments and \$6,158 paid to general creditors other than SIPC.

^(d) Number of customers receiving securities and/or cash

(e) To be reported at completion of the liquidation.

APPENDIX II

Analysis of SIPC Revenues and Expenses and Trustees' Distributions

	1971	1972
Revenues: Member assessments and contributions	\$32,790,194	\$32,332,156
Interest: U.S. Government securities	490,042	1,674,257
Assessments	33,280,236	34,006,413
Expenses:		
Administrative: Salaries and employee benefits:		
Salaries	178,036	411,075
FICA taxes	4,509	10,681
Federal unemployment tax	250	567
D.C. unemployment tax	1,298	3,113
Group life insurance	2,943	3,423
Group health insurance	2,842	2,799
Contribution to Employees' Retirement Trust		43,400
Other employee benefits		2,404
	189,878	477,462
Assessment collection direct costs	35,780	24,047
Credit agreement commitment fee	236,527	292,223
Legal fees	70,987	76,574
Accounting fees	22,074	70,169
Other:		- <u></u> -
Printing and mailing annual and interim reports		23,901
Directors fees and expenses	8,609	6,096
Travel and subsistence	4,154	23,981
Personnel recruitment	3,790	5,832
Rent-office space	10,849	34,073
Depreciation and amortization	1,548	10,923
Insurance Postage	2,549 1,069	3,137 3,471
Office supplies and expense	13,140	25,920
Telephone and telegraph	4,583	17,966
Custodian fees	4,538	15,940
Relocation		,
Miscellaneous	9,805	30,914
	64,634	202,154
Preparation costs-potential major liquidations	156,328	
Start-up expense-attorneys' and accountants'		
fees and printing expenses related to credit		
agreement and assessment procedures	127,632	<u> </u>
	903,840	1,142,629
Provision for possible losses on advances to trustees:	<u></u>	
For completion of open contractual		
commitments	51,675	135,183
Cash in lieu of securities (net recoveries)	173,012	3,489,969
Free credit balances	176,132	3,717,741
	400,819	7,342,893
Administration expenses	74,981	765,991
	475,800	8,108,884
	1,379,640	9,251,513
Excess revenues (expenses)	\$31,900,596	\$24,754,900
Trustees' distributions for the accounts of		φ_+,10+,000
customers (rounded to nearest thousand dollars):		
From debtors' estates (including securities)	271,000	9,300,000
From SIPC advances (net recoveries)	401,000	7,343,000
,	\$ 672,000	\$16,643,000
		φ10,0+0,000

For Accounts of Customers for the Five Years Ended December 31, 1975

1973	1974	1975	TOTAL
\$ 22,858,920	\$18,027,633	\$25,485,635	\$131,494,538
2,771,131	3,914,782	5,126,165	13,976,377
10,938	16,311	24,982	52,231
25,640,989	21,958,726	30,636,782	145,523,146
705,424	900,858	965,631	3,161,024
25,362	32,511	34,083	107,146
1,145	1,526	929	4,417
5,358	7,071	6,117	22,957
7,381	8,693	12,340	34,780
3,786	9,694	18,984	38,105
44,700 6,384	35,900 10,828	71,000 13,794	195,000 33,410
799,540	1,007,081	1,122,878	3,596,839
13,916	11,124	10,035	94,902
240,625	189,931	103,472	1,062,778
44,388	86,991	6,256	285,196
20,313	21,520	8,800	142,876
20,313	21,520	0,000	142,070
21,671	13,076	15,529	74,177
6,667	8,260	5,678	35,310
55,587	62,320	66,119	212,161
14,312 45,227	15,131 91,903	21,830 92,955	60,895 275,007
12,865	12,093	13,362	50,791
4,073	4,452	4,299	18,510
3,013	5,221	4,430	17,204
35,946	65,667	47,549	188,222
25,533	32,906	28,147	109,135
18,523 36,439	18,691	17,610	75,302 36,439
25,986	26,071	13,293	106,069
305,842	355,791	330,801	1,259,222
			156,328
			127,632
1,424,624	1,672,438	1,582,242	6,725,773
693,142	167,769	223,250	1,271,019
27,868,208	(2,273,231)	3,129,514	32,387,472
3,144,691	1,883,472	1,393,839	10,315,875
31,706,041 3,755,307	(221,990) 864,867	4,746,603 1,798,915	43,974,366 7,260,061
35,461,348	642,877	6,545,518	51,234,427
36,885,972	2,315,315	8,127,760	57,960,200
\$·11,244,983)	\$19,643,411	\$22,509,022	\$ 87,562,946
<u>به ۱۱,244,963)</u>	\$19,043,411 	\$22,509,022 	\$ 07,302,940
170,672,000	21,582,000	6,379,000	208,204,000
31,706,000	(222,000)	4,746,000	43,974,000
\$202,378,000	\$21,360,000	\$11,125,000	\$252,178,000

