

THE BULLETIN

Published by the National Association of Securities Dealers, Inc.

Volume I

Washington, D. C., January 23, 1940

Number 1

NASD GOVERNORS MEN OF HIGH STANDING IN FINANCIAL COMMUNITY

Biographies Reveal Colorful Careers of
Board Members Meeting in
Washington Today

In Session at Carlton Hotel

The Board of Governors of the National Association of Securities Dealers, Inc., includes men of high standing in the financial community many of whom have had colorful careers. The Board is now holding its first meeting in Washington. Following are short biographical sketches of the Board.

Clifford S. Ashmun

Clifford S. Ashmun of C. S. Ashmun Co., Minneapolis, joined the Wells-Dickey organization in Minneapolis in 1913 and was with them until 1930. At that time, he became a partner in Justus F. Lowe Co. In 1936, he left that organization to form his own business of C. S. Ashmun Co.

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MEMBERS ADVISED TO KEEP REGISTRATIONS UP TO DATE

Members of the National Association of Securities Dealers are advised to keep their registration statements with the Securities and Exchange Commission up to date to avoid any future complications which might result in the event of mergers, firm changes, etc. In this connection, members are advised that an amendment should be filed to their registrations after joining the association.

Question 16 on SEC Form 3-M (application for registration of broker or dealer transacting business on over-the-counter markets) asks "Is registrant a member of any associations of brokers, dealers, or investment dealers? ... If so, furnish names of such associations." Those members who have not as yet given the SEC this information may do so under Item B of SEC Form 3-M (supplemental statement to application for registration). Item B calls for changes which have been made since the original registration statement was filed.

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NASD ADVISORY COUNCIL MEETS WITH GOVERNORS

Biographies of Men Who Represent All
Sections of the Country

The Advisory Council of the National Association of Securities Dealers, meeting in Washington, D. C., today with the Board of Governors of the Association, includes representative financial men of high standing from all sections of the country. The Advisory Council is composed of the chairmen of the 14 District Committees of the NASD. Short biographical sketches of the chairmen follow:

Walter W. Ainsworth

Walter W. Ainsworth, president of Metropolitan St. Louis Co., St. Louis, entered the employ of Wm. R. Compton Co. in 1912. Following service with the U. S. Army during the World War, he became manager of the bond department of the National Bank of Commerce in St. Louis in 1919. In 1924, he became executive vice president of the Federal Commerce Trust Co. of St. Louis. In 1929, he became executive vice president of the Mercantile-Commerce Co. Mr. Ainsworth was made president of the Metropolitan St. Louis Co. in 1934. He is vice chairman of the Mississippi Valley Group of the Investment Bankers Association of America.

John H. Barret

John H. Barret of Stern Brothers & Co., Kansas City, Mo., moved to Kansas City in 1920 following service with the U. S. Army during the World War. He was with Prescott, Wright, Snider Co., Kansas City, as a statistician from

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NEW BOARD OF NASD HOLDS FIRST MEETING IN WASHINGTON TODAY

Governors to Discuss and Act Upon
Policy Matters Which May Affect
Future of the Business

Griswold to Address Members

The new Board of Governors of the National Association of Securities Dealers is holding its first meeting today at the Carlton Hotel in Washington, D. C. Meeting with the Governors is the Advisory Council of the NASD which is composed of the chairmen of the 14 District Committees of the Association.

This is the first meeting of the Governors since the NASD became a quasi-public body through registration with the Securities and Exchange Commission under the recent amendment to the Securities Exchange Act of 1934. Some of the policies to be discussed and acted upon by the new board may well have far reaching effects upon the future of the investment banking and securities businesses.

The NASD represents the culmination of years of intensive work and friendly cooperation between the SEC and the over-the-counter business toward the end of achieving effective

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SEC DEFINES "REASONABLE" SECURITY DEALERS' PROFITS

The Securities and Exchange Commission, in its first effort to define "reasonable" profits to securities dealers from transactions with customers, recently ruled that profits are unreasonable when they are derived from prices out of line with market levels or are realized through the ignorance of customers.

The opinion accompanied a ruling under the Securities Exchange Act of 1934 revoking the registration of Duker & Duker, Quincy, Ill., as a broker and dealer.

The commission said that the registrant failed to give written notification of some of the transactions between the

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GOVERNORS' BIOGRAPHIES

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Robert W. Baird

Robert W. Baird, president of the Wisconsin Co., Milwaukee, started his investment banking career as a salesman for A. B. Leach & Co., Chicago, in 1905, in charge of their Wisconsin and Minnesota territory. In 1911, he joined the bond department of the Old Wisconsin Trust Co., Milwaukee, and when this department was merged with the bond department of the First National Bank of Milwaukee, he was made vice-president of the new company, First Wisconsin Co. In 1922, he was elected president and has held that position ever since in the successor companies—the Securities Co. of Milwaukee, Inc. and now the Wisconsin Co. Mr. Baird is a director of the following companies: Chain Belt Co., Milwaukee; Badger Meter Manufacturing Co., Milwaukee; Walker Manufacturing Co., Racine, Wis.; Hoberg Paper Mills, Inc., Green Bay, Wis.; Holeproof Hosiery Co., Milwaukee.

Francis A. Bonner

Francis A. Bonner, vice president, secretary and director of Blair, Bonner & Co., Chicago, began his business career with the editorial department of the Chicago Evening Post as a reporter and subsequently became railway editor and associate financial editor. He later became associate director of the Bureau of Railway News & Statistics, Chicago, specializing in railway economics. He entered the investment banking field in 1918 with Lee Higginson & Co. in charge of their origination department in Chicago. He was president of Bonner, Troxell & Co., Chicago, from 1932 to 1934 and then entered Blair, Bonner & Co. Mr. Bonner is a past member of the board of governors and past chairman of the legislation committee of the Investment Bankers Association of America.

Donald C. Bromfield

Donald C. Bromfield, president of Garrett-Bromfield & Co., Denver, was with Wilson, Cranmer & Co. from 1913 to 1928 at which time he became associated with the Garrett-Bromfield organization. Mr. Bromfield served with the U. S. Army during the World War. He is secretary and director of the Denver & Salt Lake Railway Co. and a director of Imperial Valley Ice Development Co. and Denver Pressed Brick Co.

Arthur S. Burgess

Arthur S. Burgess, partner of Biddle, Whelen & Co., Philadelphia, became associated with Townsend Whelen & Co., Philadelphia, in 1901. In 1918, he be-

came manager of that firm's bond department. After the merger in 1931 of Townsend Whelen & Co. with Thos. A. Biddle & Co. when the firm of Biddle, Whelen & Co. was formed, he managed the bond department of the merged organization. In 1934, he became a partner of Biddle, Whelen & Co.

George W. Davis

George W. Davis, partner of Davis, Skaggs & Co., San Francisco, was regional chairman of the NRA Code Committee in California in 1935-36. In 1937 he became chairman of the business conduct committee of the California Security Dealers Association and at the same time was chairman of District Committee No. 2 of the Investment Bankers Conference, Inc. In 1938-39, he was president of the California Security Dealers Association and a member of the committee on segregation of the Investment Bankers Association of America. For the past three years, Mr. Davis has also been a member of the executive committee of the California Group of the IBA. Also in 1939, he was vice chairman of the committee on customers men of the San Francisco Stock Exchange.

H. H. Dewar

H. H. Dewar, partner in Dewar, Robertson & Pancoast, San Antonio, was with the Guaranty Co. of New York in 1923-24 and with J. E. Jarratt Co., San Antonio, in 1924-28. He became manager of the bond department of the Alamo National Co., San Antonio, in 1929-31. In 1932 he formed Dewar, Robertson & Pancoast with A. E. Robertson. He was president of the Texas Investment Bankers Association in 1931-32 and chairman of the Texas District Committee of the Investment Bankers Conference, Inc., in 1938-39.

Frank Dunne

Frank Dunne of Dunne & Co., New York, served as an Ensign in the U. S. Navy during the World War. He was employed by the Bankers Trust Co., New York, for 10 years where he became experienced in their bank, corporate trust and reorganization departments. Mr. Dunne has been in business for himself in the over-the-counter since 1921. He is president of the New York Security Dealers Association. In 1939, he was also a member of the Board of Governors of the Investment Bankers Conference, Inc.

Nevil Ford

Nevil Ford, vice president, member of the executive committee and a director of First Boston Corp., New York, is also a member of the railroad securities committee of the Investment Bankers Association of America. He is a former

president of the Bond Club of New York, member and former chairman of various committees of the IBA and former governor of the Investment Bankers Conference, Inc. He is a member of the executive committee and director of International Power Securities Corp. and a trustee of Aldred Investment Trust. Mr. Ford is a director of the First British American Corp. Ltd., London. He is a member of the executive committee and director of the Standard Stoker Co. Inc., and a director of Peyton-duPont, Inc.

W. A. Fuller

W. A. Fuller, a partner of Fuller Cruttenden & Co., Chicago, is also a director of Durez Plastics & Chemicals, Inc., Tonawanda, New York, Fuller Manufacturing Co., Kalamazoo, Mich., and Chicago Molded Products Co., Chicago. Before the present partnership was formed in 1930, he was connected with First Wisconsin Co., Milwaukee, A. B. Leach & Co., Chicago, Hickey, Doyle & Co., Chicago, and Kissell, Kinnicutt & Co., Chicago. He served on the trading committee of the Investment Bankers Association of America in 1935-37 and on the technical committee of the Investment Bankers Conference, Inc., in 1936-39.

B. Howell Griswold

B. Howell Griswold, Jr., senior member of Alex. Brown & Sons, Baltimore, was admitted to the bar of the State of Maryland in 1897. He became the senior member of the firm of Griswold, Thom & Jenkins in 1900 and joined Alex. Brown & Sons in 1904. He has been the senior member of the latter firm since 1924. Mr. Griswold has been a Trustee of Johns Hopkins University since 1915 and has been the president of the Board of Trustees of Walters Art Gallery, Baltimore, since 1933.

Mr. Griswold in 1916, at the request of government officials, developed the plan for financing of the Federal Land Banks, which plan was adopted and has been in operation through five administrations. In his city and state, he drew plans for a series of bank consolidations and negotiated them successfully. This led to the creation of what has been for a long period of years the largest and strongest National Bank in the South.

Other activities of Mr. Griswold include: Judge Advocate of Maryland, 1916-20; president of Board of Trade, Baltimore, 1915-21; president of Alliance of Charitable and Social Agencies, Baltimore (Community Fund), 1916-21; member, Maryland Council of Defense; chairman, Maryland Educational Survey Commission, 1913-16; chairman, Baltimore Committee on Unemploy-

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GOVERNORS' BIOGRAPHIES

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ment Relief, 1931-33; member, New Charter Commission, Baltimore, 1909; chairman, Charter Revision Commission, Baltimore, 1924; and chairman of the Investment Bankers Code Committee and its successor organizations since 1933.

Perry E. Hall

Perry E. Hall, vice president and director of Morgan, Stanley & Co., Inc., New York, served in the U. S. Army during the World War. He started his banking career with the Guaranty Trust Co., New York, later joining forces of the Guaranty Co. of New York. He be-

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REASONABLE PROFITS

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firm and its customers as required by rule X-15C1-4, but that the fraud went beyond this failure.

"Inherent in the relationship between a dealer and his customer is the vital representation that the customer will be dealt with fairly," the commission declared, "and in accordance with the standards of the profession. It is neither fair dealing nor in accordance with standards, to exploit trust and ignorance for profits far higher than might be realized from an informed customer.

"It is fraud to exact such profits through the purchase or sale of securities while the representation on which the relationship is based is knowingly false," the commission continued. "This fraud is only avoided by charging a price which bears a reasonable relation to the prevailing price or disclosing such information as will permit the customer to make an informed judgment upon whether or not he will complete the transaction."

The commission said that the firm admitted certain dealings whereby customers were induced to sell securities "substantially below the prevailing market price thereof" and "substantially below the price" at which they were resold. The commission also accused the firm of selling securities to customers at prices "far higher than their respective market price and cost."

"Registrant's conduct," the commission said, "plainly fitted into that pattern of fraud. In gaining its customers' confidence, registrant impliedly represented that it would deal fairly with them. That representation continued as long as it kept registrant's victims lulled, and it became knowingly false the moment an intent to deal unfairly was formed. Such an intent may be in-

ferred from the fact of continued overreaching by the registrant, practices of that character are condemned by section 15 (c) (1) of the Securities Exchange Act of 1934 and section 17 (a) of the Securities Act of 1933.

"This opinion is not, of course, to be taken as a condemnation of all profits realized by dealers," the commission continued. "Our decision is merely that a dealer may not exploit the ignorance of his customer to exact unreasonable profits resulting from a price which bears no reasonable relation to the prevailing price. The reasonableness of the profit charged can be determined only on the basis of the individual facts of each case. It is clear, in the case before us, that registrant has overstepped the line between reasonable and unreasonable profits. Judged by any standards, its profits were plainly excessive and unreasonable."

Commissioner Healy concurred in the action taken in this isolated case but said he did not "understand why it is thought necessary or desirable to attempt to lay down general principles on the subject of profits or to go beyond a decision based on the facts of the instant case. They completely justify the action taken."

ADVISORY COUNCIL

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Harry W. Beebe

1928 to 1932. Since that time he has been connected with Stern Brothers & Co., of which he is secretary and sales manager.

Harry W. Beebe, vice president and director of Harriman, Ripley & Co., Inc., New York, has been associated with this firm since its formation in 1934. Entering the securities business with Harris, Forbes & Co., he later joined the bond department of the National City Bank of New York, subsequently becoming assistant sales manager of the National City Co. when that company absorbed the bank's bond department and N. W. Halsey & Co. Immediately prior to assuming his duties as sales manager of the Harriman, Ripley organization, he was assistant vice president of the sales department of the National City Co. and also supervised its syndicate department.

Ewing T. Boles

Ewing T. Boles, president of BancOhio Securities Co., Columbus, first entered the investment business in 1919 in Chicago after serving with the U. S. Navy during the World War. He later moved to Cleveland and finally to Columbus. He was with Halsey, Stuart & Co. before becoming affiliated with

GOVERNORS MEETING

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self-regulation of the business. Today's meeting launches a novel attempt at solving many of the problems of the business through cooperation with the government, which may well serve as a model for other industries.

The meeting will be opened with an address by B. Howell Griswold, Jr., of Alex. Brown & Sons, Baltimore, present Chairman of the NASD. Wallace H. Fulton, Director of the Association, will report on the activities of the NASD for the past year. Officers will be selected for the coming year. District Committee chairmen will present their reports. Various national committees will be appointed and other routine business will be transacted.

BancOhio Securities Co. in 1929 as sales manager. Mr. Boles became president of BancOhio Securities Co. in 1936.

Ralph G. Bulkley

Ralph G. Bulkley, president of R. G. Bulkley & Co., Denver, engaged in mining and milling in Colorado from 1914 to 1916 when he assisted in organizing Antonides & Co., investment dealers, in Denver. He served in the World War and with the Army of Occupation, following which he rejoined Antonides & Co. He became a partner in this firm in 1922 and upon the death of H. Ralph Antonides in 1927, acquired his interest in the firm and changed the name to R. G. Bulkley & Co.

Hermann F. Clarke

Hermann F. Clarke, partner in Estabrook & Co., Boston, entered the employ of that firm on January 1, 1909. He became a partner in 1922, which position he still holds.

Francis Crandall

Francis Crandall, vice president of Mellon Securities Corp., Pittsburgh, started his career in the lumber business on the Pacific Coast and was engaged in this business from 1912 to 1915. He became associated with Maynard H. Murch & Co., Cleveland, in the securities business in 1915 and stayed with that firm until 1925, during which period he also served with the U. S. Army in Mexico and during the World War. He was in the commercial banking business during 1925-1937, serving at the close of this period as president of the Wilksburg Bank, Wilksburg, Pa., and chairman of the board of the Braddock National Bank, Braddock, Pa. He joined Mellon Securities Corp. in 1937.

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ADVISORY COUNCIL

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Louis J. Cross

Louis J. Cross, partner and manager of the investment department of Paul H. Davis & Co., Chicago, previously was sales manager for H. T. Holtz & Co., (dealers in corporate securities) from 1921-29. He was a director of the Bond Club of Chicago in 1938-39, on the membership committee of the Investment Bankers Association of America in 1935-36 and on the education committee in 1938-39. Mr. Cross is a director of the River Forest State Bank, River Forest, Ill.

Mark C. Elworthy

Mark C. Elworthy, president of Elworthy & Co., San Francisco, went into the bond business as a salesman with Girvin, Miller & Co. in 1920. He became associated with Hunter, Dulin & Co. in 1923 as a salesman. He was sales manager of the San Francisco office of this firm from 1924 to 1926 and was manager of the San Francisco office from 1926 to 1929. When Hunter, Dulin & Co. was merged with Bond & Tucker & Dulin, Inc., in 1929 to form the firm of Tucker Hunter Dulin & Co., Mr. Elworthy was made vice president and director of the merged firm which position he held until 1931 when he organized his own firm.

James Parker Nolan

James Parker Nolan, a partner of Folger, Nolan & Co., Inc., Washington, D. C., was with the U. S. Department of State from 1919 to 1924 after serving with the U. S. Army in the World War. He joined the National City Co. of New York in 1924 and stayed with that firm until 1932 when he became associated with Folger, Nolan & Co. He is a former president of the Bond Club of Washington, a governor of the Washington Stock Exchange and vice chairman of the Southeastern Group of the Investment Bankers Association of America.

Frank C. Paine

Frank C. Paine of Paine-Rice & Co., Spokane, is one of the pioneers of the investment banking business in the Washington, Oregon and Idaho area. He had his first lessons in finance in the Old National Bank and Union Trust Co. of Spokane. As vice president of that institution, he directed the activities of its securities division for a number of years and at the end of 1929, organized the corporation of Paine-Rice & Co. to take over from the bank the ownership and operation of its securities division. Mr. Paine is a director of Deaconess

Hospital, White Pine Sash Co. and E. S. Burgan & Son & Co., chain store operators.

Chas. B. White

Chas. B. White of Chas. B. White & Co., Houston, entered the investment business in 1927 with Dillon, Read & Co. in Chicago. He returned to Texas later that year as Texas representative of Dillon, Read & Co. He joined Link-Ford Co. in 1928 as a junior partner in charge of the bond department. Mr. White formed a partnership with L. B. Duquette in 1934. This partnership was dissolved in 1937 when the present firm of Chas. B. White & Co. was formed.

Lawrence B. Woodard

Lawrence B. Woodard of Woodard-Elwood & Co., Minneapolis, started in the bond business in 1915 with the former Northwestern Trust Co. of St. Paul, which at that time was an affiliate of the First National Bank of St. Paul. He remained with that institution until 1928, except for about a year and a half when he was with the U. S. Army during the World War. In 1928 he became a partner in Harold E. Wood & Co. and opened a Minneapolis office. This firm later became known as Woodard, Brooks & Bundy. His present firm of Woodard-Elwood & Co. was formed in 1933. Mr. Woodard is a past president of the Twin City Bond Club. He represented the business in the Twin City area as a member of the NRA Code Committee and later as a member of the Investment Bankers Conference District Committee.

DISTRICT 13 COMMITTEE TO STUDY STANDARDS

Furthering its purpose of bringing uniform standards and self-regulation to the Investment Banking and Securities Business, the National Association of Securities Dealers, Inc., announced today the appointment of a Uniform Practice Committee, a Quotations Committee and various subcommittees for District No. 13 which includes New York, New Jersey and Connecticut.

The Uniform Practice Committee will be charged with the setting up of Uniform Standards of Practice for Conducting Investment Banking and Securities Businesses. The Quotations Committee will study the problem of the compilation and distribution of quotations on over-the-counter securities for publication. Local Business Conduct Committees are delegated by the District Business Conduct Committees to hear trade practice complaints in their areas. These committees, on formal complaints, will make recommendations to District Business Conduct Committees for final action, subject to appeal to the National Board of Governors, the Securities and Exchange Commission and the courts.

Business Conduct, Uniform Practice and Quotations Sub-Committees were appointed for the Buffalo area as follows: Business Conduct, Garnet C. Williams of Williams & Twichell, Chairman; Robert C. Common of Victor, Common & Co.; William H. Culbertson of F. S. Moseley & Co.; Walter Munroe of Schoelkopf, Hutton & Pomeroy, Inc.; and Frank C. Trubee, Jr., of Wood, Trubee & Co. Uniform Practice, Mr. Williams, Chairman; Manley W. Crosby of Glenny, Roth & Doolittle; Harry M. Grant of Robert E. Sage & Co. (Niagara Falls); George E. Mundt of Reber, Mundt & Co.; and S. S. Walcott of S. S. Walcott & Co. Quotations, Mr. Williams, Chairman; Harvey Gaylord of J. C. Dann, Wickwire & Co.; Eugene L. G. Grabenstatter of O'Brian, Potter & Co.; Frederick C. Stevens of Stevens, Dann & Co.; and Ralph S. Terry of Victor, Common & Co. With the one exception, all of the firms are located in Buffalo.

District No. 13 Uniform Practice Committee is composed of: John C. Montgomery of the First Boston Corp., Chairman; Clarence E. Unterberg of C. E. Unterberg & Co., Vice Chairman; Theodore F. Bernstein, Jr., of Carl M. Loeb, Rhoades & Co.; James Currie, Jr., of Hoyt, Rose & Troster; Herbert M. May of Herbert M. May & Co.; J. Lawrence Pagen of Blyth & Co., Inc.; and Frank

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GOVERNORS' BIOGRAPHIES

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John R. Longmire

John R. Longmire, partner of I. M. Simon & Co., St. Louis, began his business career with the Mississippi Valley Trust Co. in 1908 in its bond department and served as vice president until 1929 when the present connection was made. He also was at one time manager of the St. Louis Loan Agency of the Reconstruction Finance Corp. and president of the Mississippi Valley Co. He is a director of the Chicago & Southern Air Lines and Hydraulic Press Brick Co., treasurer of the McAllister Hotel, Miami, and president of the Robinson Tool Co.

Laurence M. Marks

Laurence M. Marks of Laurence M. Marks & Co., New York, entered the employ of Lee Higginson & Co., New York, in 1914 and was with that firm—except for war service—until 1932 when he resigned to form his own firm. Mr. Marks served with the U. S. Army on the Mexican Border in 1916 and in the World War in 1917-19. For his war service, he received the Croix De Guerre, Brigade and Divisional Citation. He is a director of the National City Lines, Chicago, Wolverine Tube Co., Detroit, Divco-Twin Truck Co., Detroit, and Trustee of the Brooklyn Savings Bank. He was a member of the Governing Committee of the New York Stock Exchange in 1934-1938. He is a governor of the Investment Bankers Association of America and was treasurer of the New York Republican State Committee in 1936-37.

Richard H. Martin

Richard H. Martin, vice president of Ferris & Hardgrove, Portland, Ore., was connected with Freeman, Smith & Camp Co. from 1921 to 1930; with Smith, Camp & Riley, Ltd. from 1930 to 1933 as vice president; with Camp & Co., Inc.,

from 1933 to 1938 as executive vice president. Since January 1, 1933, Mr. Martin has been with Ferris & Hardgrove. His other activities include: president, Investment Bond Club of Portland, 1933; member of Executive Committee of the Pacific Northwest Group of Investment Bankers Association of America, 1935-39, secretary and treasurer, 1937-38 and vice chairman, 1938-39; member of the Regional Code Committee under NRA; and chairman of District No. 1, Investment Bankers Conference, Inc., 1938-39.

Charles B. Merrill

Charles B. Merrill, president of Merrill, Turban & Co., Cleveland, entered the brokerage business with Burke, Hord & Curtiss, Cleveland, in 1915. He became associated with the Guaranty Trust Co. of New York in 1919 after being discharged from the Army. Mr. Merrill formed his own investment firm in Cleveland in 1924.

John A. Prescott

John A. Prescott, president of Prescott, Wright, Snider Co., Kansas City, Mo., started in business with a mortgage company at Topeka in 1888. He was vice president of the City Real Estate Trust Co., Boston, in 1891-94; vice president and general manager of the Concordia Loan & Trust Co., Kansas City, in 1894-99. He engaged in private business under the name of John A. Prescott & Co., Investment Securities, in 1899-1915. He organized the firm of Prescott & Snider in 1915 and merged with H. P. Wright Investment Co. in 1924 to form the present firm. He is a former governor (seven years), vice president (two terms) and president (1922-23) of the Investment Bankers Association of America. He is a director of Davidson-Boutell Co., Western Insurance Securities Co., Woolf Brothers, Kansas City Provident Association, Kansas Gas & Electric Co., Walnut Hollow Land Co. and various other corporations. Mr. Prescott is also the

president of the Fir Timber Lumbering Co. and the Chaveta Land & Improvement Co.

Harvey Roney

Harvey Roney of Mitchum, Tully & Co., Los Angeles, following his service in the U. S. Army during the World War, joined the National City Co. in 1918 where he stayed until 1927. In 1927, he became vice president of the Guardian Detroit Co. He joined Mitchum, Tully & Co. as vice president in 1932. Mr. Roney is chairman of the California Group of the Investment Bankers Association of America. During the war he served in General Headquarters at Camp Lewis, Washington, and was discharged with the grade of Captain.

George S. Stevenson

George S. Stevenson, partner of Putnam & Co., Hartford, was a teacher of Greek and Latin, Milton (Mass.) Academy, 1903-5 and principal of Coburn Classical Institute, 1905-12. He was with Lee Higginson & Co. in Boston and Hartford, from 1913 to 1921. He was treasurer of the Society for Savings, Hartford, 1921-27. He was a partner in Thomson, Fenn & Co., later Stevenson, Gregory & Co., 1927-38 and became a partner in Putnam & Co. in 1939. He is a director of the Hartford Fire Insurance Co., Hartford Accident & Indemnity Co., Phoenix Mutual Life Insurance Co., Society for Savings, Arrow-Hart & Hegeman Electric Co., Miller Co., Hartman Tobacco Co., Automatic Voting Machine Co. and Hartford Hospital. He is a former governor of the Investment Bankers Association of America.

Henry B. Tompkins

Henry B. Tompkins, president of Robinson-Humphrey Co., Atlanta, Ga., joined that company in 1919 following service with the U. S. Army during the World War. He was made president of the company in 1921.

**RULES GOVERNING SOME
STABILIZING ACTIVITIES
ADOPTED BY COMMISSION**

**SEC Promulgates Regulations Covering
Offerings of Securities
"At the Market"**

Rules Effective February 15

Adopting rules governing stabilizing activities in connection with limited types of securities offerings, the Securities and Exchange Commission recently defined for the first time its concept of proper price stabilizing activities. Rules promulgated hitherto governed only the reporting of stabilizing activities and not the activities themselves.

The Commission stated that technical suggestions of the National Association of Securities Dealers and the exchanges were sought during the drafting of the rules and were in a large degree incorporated in them.

The new rules become effective February 15. They apply to initial offerings "at the market," rather than at fixed prices, of additional amounts of issues of securities already dealt in on an exchange and also to the secondary distribution of securities already outstanding and dealt in on an exchange.

The Commission, noting that the rules deal with only a limited phase of the stabilization problem, declared a comprehensive program deemed practicable in the over-the-counter markets was thought workable by the exchange and vice-versa.

These differences of opinion within the industry itself have made the Commission reluctant to adopt rules while competent representatives of the industry could not agree as to their practicability," the SEC declared. "The Commission believes that it will be mechanically possible to develop a program for regulation of stabilizing on the workability of which all branches of the industry can agree."

The SEC said that a more fundamental question facing it was whether stabilizing rules should not be prohibited altogether, but that a majority of the Commission was not prepared to reach that conclusion under present circumstances. Commissioner Robert E. Healy recorded himself as opposed to the rules already adopted.

The Commission revealed that it contemplated publishing a statement in the near future discussing both the technical problems involved in the regulation

of stabilizing transactions and the fundamental question of proper. Commissioner Healy reserved the right to set forth his views in connection with that statement and the rules already adopted.

The SEC declared that it recognized that those rules already adopted may need amendment and that its staff would continue to cooperate with representatives of the trade in the further study of problems incident to that and other types of stabilizing.

The new rules, while prohibiting any marking up of prices to facilitate offerings or rigidly "pegging" market prices in aid of this type of offering, are designed to permit the maintenance of an orderly market on the exchange during the continuance of an offering. They require that all purchasers be given notice of the stabilizing operations and that these operations cannot be begun until a "notice of intention to stabilize" has been sent to (but not necessarily received by) the Commission and the exchange concerned.

The new regulations prevent any stabilizers from making any purchase or sale of a security involved in the stabilization above its "maximum price" as fixed by the rule. They also prohibit any raising of prices during the distribution even though the price may have fallen below the "maximum price."

The formula for determining "maximum price" provides in substance that it can be as much as 102% of (but in no case more than one point above) the price at which the stabilizer effects his first open market purchase of the security after the notice of intention to stabilize has been sent to the Commission.

"Thus," the Commission declared, "the price at which stabilizing is begun is one of the most important factors in the operation of the rule since it establishes the level above which the stabilizer can neither support the market nor profit from its rise during the stabilizing."

In addition, the rules contain a flat prohibition against any purchase which is designed to raise the prevailing market price" of the security.

The rules also forbid any purchase above the price of the last regular sale on the exchange where the stabilizing is being done or a purchase at the last sale price unless the highest price for the security on the exchange that day exceeds the last sale price by $\frac{1}{2}$ of 1% of the highest price or $\frac{1}{4}$ point, whichever is greater.

The Commission made allowance for the computation of the maximum price when the security is sold ex-right, ex-dividend, ex-interest, or ex-warrant.

DISTRICT 13 COMMITTEE

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Renzo of Bracket & Wilett, all of New York City.

District No. 13 Quotations Committee is composed of: Richard C. Rice, of J. K. Rice, Jr. & Co., Chairman; Frederick Barton of Eastman Dillon & Co.; Abraham Elmer of Salomon Bros. & Hutzler; Louis A. Gibbs of Laird, Bissell & Meeds; Percival J. Steindler of P. J. Steindler & Co.; John Sherman Myers of Lord, Abnett & Co., Inc.; and J. Edward Davis of Jackson & Curtis, all of New York City.

For the New Jersey area, the following Business Conduct Sub-Committee was appointed: R. V. Adams of Adams & Mueller, Chairman; J. S. Rippel of J. S. Kippel & Co.; Arthur S. Robinson of Colyer, Robinson & Co., all of Newark; H. Prescott Wells of Outwater & Wells, Jersey City, and W. Enos Wetzel of W. E. Wetzel & Co., Trenton.

The Connecticut Business Conduct Sub-Committee is as follows: Robert C. Buell of Robert C. Buell & Co., Chairman; William S. Conning of Conning & Co., E. Welles Eddy of Eddy Brothers & Co., all of Hartford; Wilbur Hoye of Chas. W. Scranton & Co.; and Marshall H. Williams of Day, Stoddard & Williams, both of New Haven.

With the setting up of Local Committees largely completed, the National Board of Governors of the National Association of Securities Dealers is expected to meet next month to elect necessary officers and decide on matters of national policy. As heretofore, local questions will be handled locally.

GOVERNORS' BIOGRAPHIES

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came associated with J. P. Morgan & Co. in 1925 and in 1930 went to Drexel & Co., Philadelphia, becoming a partner in 1931. He joined Morgan, Stanley & Co., Inc., when that firm was formed.

Pliny Jewell

Pliny Jewell, vice president and director of Coffin & Burdett, Boston, also is trustee and acting chairman of the Executive Committee of Boston University. He is on the board of managers of the Children's Hospital and a member of the Advisory Board of the Salvation Army. In addition, he is director of the Boston Better Business Bureau. Mr. Jewell served on the Investment Bankers Code Committee and on the Investment Bankers Conference, Inc., District Committee No. 14. He is also a former president of the Investment Bankers Association of America and served on several committees of that organization as well as its Board of Governors.

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