

# STOCK EXCHANGE PRACTICES

THURSDAY, NOVEMBER 9, 1933

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE  
ON BANKING AND CURRENCY,  
*Washington, D.C.*

The subcommittee met, pursuant to adjournment on Thursday, November 2, 1933, in the caucus room of the Senate Office Building, Senator Duncan U. Fletcher presiding.

Present: Senators Fletcher (chairman), Gore (substitute for Barkley), Couzens, Townsend, and Goldsborough (substitute for Norbeck).

Present also: Ferdinand Pecora, counsel to the committee; Julius Silver, David Saperstein, and David Schenker, associate counsel to the committee; Eldon Bisbee, Alfred E. Mudge, Joseph B. Lynch, and C. Horace Tuttle, of Rushmore, Bisbee & Stern; and also William Dean Embree and A. Donald MacKinnon, of Milbank, Tweed, Hope & Webb, counsel representing The Chase National Bank and The Chase Corporation; Martin Conboy, counsel for Albert H. Wiggin; Millard F. Tompkins, counsel for Arthur W. Cutten.

The CHAIRMAN. The subcommittee will come to order. A few days ago there was filed and marked for identification a statement proposing to show some so-called "loans" in connection with some stock, and that statement has not been offered in evidence, but somehow or other it has got into the press, and there has been some comment made about it. Mr. Raskob immediately came down and desires to be heard by the subcommittee on that subject, as to going out of this publicity or some statement made regarding the exhibit which had been marked for identification. Mr. Raskob is now here and the subcommittee will be very glad to hear from him now. Mr. Raskob, will you stand, hold up your right hand, and be sworn: You solemnly swear that the testimony you will give in the matters now under investigation by the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God.

Mr. RASKOB. I do.

The CHAIRMAN. Mr. Raskob, just have a seat there at the committee table. Mr. Pecora, you have the document in question, and you may proceed to interrogate Mr. Raskob on it.

## TESTIMONY OF JOHN J. RASKOB, NEW YORK CITY, N.Y.

Mr. PECORA. I think before I question Mr. Raskob I will offer in evidence the exhibit to which you have just referred, and which heretofore has been marked "Committee Exhibit No. 81 for Identifi-

cation, October 31, 1933." I ask now that it be received in evidence and spread on the record of the subcommittee's proceedings.

The CHAIRMAN. Let it be admitted, and the committee reporter will make it a part of the record.

(Thereupon a statement heretofore identified, by being marked "Committee Exhibit No. 81 for Identification, Oct. 31, 1933", was received in evidence, and was marked "Committee Exhibit No. 81, Nov. 9, 1933", and will be found at the end of the day's proceedings.)

Mr. PECORA. Mr. Raskob, among the items listed in the statement which has just been marked in evidence as "Committee's Exhibit No. 81" of this date, and which purports to be a statement of loans made by the Chase National Bank to various so-called "syndicates", there appears at page 22 of the exhibit a reference to a loan for the sum of \$336,908 made to a syndicate of which William H. English and yourself were designated as syndicate managers. Are you familiar with that transaction, Mr. Raskob?

Mr. RASKOB. Yes, sir.

Mr. PECORA. I understand that you have expressed a desire, because of certain newspaper publications made yesterday concerning this loan, to testify before this subcommittee with respect thereto.

Mr. RASKOB. Yes, sir.

Mr. PECORA. Now, will you proceed and tell the subcommittee what you want to say in connection with this loan?

Mr. RASKOB. Well, gentlemen of the subcommittee, in last night's New York Sun, and it was in all other New York papers, too, appeared an article headed:

SMITH AND RASKOB GOT CHASE LOAN—MEMBERS WITH KENNY OF STOCK SYNDICATE

\* \* \* \* \*  
Evidence that the Chase National Bank advanced \$336,908 to Alfred E. Smith, John J. Raskob, and others to finance a syndicate securities account as the stock market slumped in November 1929 has been submitted by the bank to Senate stock market investigators. One of the Smith group was Arthur Lehman, brother of the Governor of New York State.

\* \* \* \* \*  
All those named except Smith have figured previously in the Senate stock market investigation. William H. English and Raskob were managers of a syndicate organized in November 1929. Smith by then had become chairman of the board of the County Trust Co.

That, by the way, is not true.

Raskob was a director of that bank, as was William F. Kenny, another syndicate participant. They posted County Trust stock as security for their Chase loan.

There was a second loan to the same group, but possibly for a different securities syndicate December 4, 1929, this time for \$57,150. A loan or renewal December 11, 1929, was for \$385,000. There have been numerous renewals since that time. So far as the record shows the account still is open and the syndicate participants still owe the bank approximately \$670,000.

That is not true, either. Both of those syndicates have been closed and the loans paid.

The security in which the group dealt has not been identified.

The same article, as I said before, appeared in the other New York newspapers, the World Telegram having a double column headline:

Smith named participant in advance by Chase Bank for stock pool account. Joined with Raskob, Kenny, and Arthur Lehman in syndicate in unidentified security, Senate inquiry evidence indicates.

Governor Smith called my attention to this article, and I immediately called up Mr. Pecora and told him I thought it was quite important that the record be straight, and asked whether I might have an opportunity of submitting a statement to this committee covering the facts, and he very kindly stated that he would be glad to have me come before the committee if I cared to do so.

I, of course, welcomed the opportunity. The facts are these: Mr. James J. Riordan was president of the County Trust Co. in November of 1929. He met an unfortunate death on Friday evening, November 10, 1929. On account of his being president of the County Trust Co., and on account of the country being in a bad financial panic, we with the help of Governor Smith were able to keep the news of his unfortunate death from the newspapers until noon on Saturday, at which time the bank closed.

We immediately had a meeting, with our counsel, and members of the executive committee of the County Trust Co., and with some of our banking friends down town, with a view to taking every step possible to avoid a run on the bank, which we feared might precipitate runs on other banks in New York.

Among other things we called in certified public accountants, and they worked all that night, all the next day, and all the next night making an examination of the bank, which we knew was all right, but in order that we might have a statement of the bank's condition to publish in the newspapers on Monday morning, certified to by those outside public accountants.

They asked me whether I wouldn't act as president of the bank, feeling that, perhaps, for some reason, my name might add to a sense of security. I told them "No", I was not a banker and felt that that would be a rather wrong thing to do. But after some discussion I stated that I would be willing to take the position of chairman of the board if they would create such a position, provided Mr. English, who was an experienced banker and one of the directors of the County Trust Co., would agree to take the position of acting president. And that was done.

I think it was I, then, that pointed out the possibility that when the stock market opened on Monday morning, if there were any nervous stockholders who started to dump their County Trust Co. stock on the market, and if there was no support there, it might result in the market for the stock dropping 100 or 150 points, which would in turn scare the depositors and start a run on the bank, the very thing we were trying to avoid.

I stated that I, for one, would be willing to agree to purchase some stock, because I had great confidence in the stability of the bank and in the stock as an investment. And several others of the directors agreed to do likewise. So we formed a little group, which agreed to purchase up to 3,800 shares of the stock.

I have here a statement which I will file for your record, showing the amount of stock actually purchased.

I should like to say, too, in order to avoid confusion, that the shares I am speaking of are the shares as they existed at that time. Since that time there has been a split-up of 4 shares to 1, so that the 3,800 old shares are equivalent to 15,200 shares of present stock.

That syndicate, as I say, appointed Mr. English and me as managers, and we started acquiring stock that Monday morning. We did not have to acquire very much stock. The syndicate ran for a period of 2 years. And we never sold any stock except 230 shares. I was not able to find out why we sold that small block of stock, but that amount of stock was sold.

In the statement which I file with you it is shown that—

Senator COUZENS (interposing). To whom was the stock sold?

Mr. RASKOB. I do not know. I had to leave rather early, and did not have much time to get the data together. But out of all the stock bought that was all that was sold. The syndicate expired and was wound up in November of 1932.

Senator TOWNSEND. What was the total amount of stock purchased?

Mr. RASKOB. Perhaps if I file this statement now—and I have several copies of it so that the members of the subcommittee each might have one—it would be of assistance to you. This statement shows that there was a total of 3,794 shares purchased. A thousand shares on that statement you will notice are marked "For president's account."

That has to do with syndicate no. 2, about which I will speak when I finish with syndicate no. 1. And on the second page you will see that there were 230 shares sold for \$280 a share, leaving our net purchases 2,564 shares, costing \$649,013.03. That is equal to \$253 a share, or equal to \$64 a share for the present stock, which is today selling on the market at around \$33 to \$35 a share.

The CHAIRMAN. And when the syndicate was wound up the stock was distributed pro rata, was it?

Mr. RASKOB. When the syndicate was wound up in November, and I think it was November 15, 1932, a year ago, a call was made on the various syndicate members for the balance due, which was paid, and the money was used to pay the Chase Bank loan, and then the stock was distributed to the various syndicate members.

I will file with the subcommittee a copy of the syndicate agreement, which shows the participants to be as follows:

	<i>Shares</i>
William H. English.....	500
John J. Raskob.....	500
Michael J. Meehan.....	500
Alfred E. Smith.....	100
John J. Pulleyn.....	100
William J. Fitzpatrick.....	100
P. D. Saylor.....	100
Peter J. Carey.....	100
Arthur Lehman.....	500
Edward J. Kelly.....	100
Daniel J. Mooney.....	50
Ralph W. Long.....	25
G. Le Boutillior.....	25
William F. Kenny.....	500
Vincent Astor.....	500
John J. Cavanagh.....	100

That makes up the 3,800 shares. Now, out of that 3,800 shares of purchasing power, as I said, the syndicate only had to use, or only bought net 2,564 shares.

Mr. PECORA. Might I interrupt you?

Mr. RASKOB. Certainly.

Mr. PECORA. Have you a copy of the syndicate agreement, Mr. Raskob?

Mr. RASKOB. This is it.

Mr. PECORA. Please let me have it.

Mr. RASKOB. All right.

Mr. PECORA. Mr. Chairman, I now wish to offer it in evidence, and ask that it be spread on the record of the subcommittee's proceedings.

The CHAIRMAN. Let it be received, and the committee reporter will make it a part of the proceedings of the subcommittee.

(The paper entitled "Supplemental Agreement to Syndicate Agreement", dated Nov. 11, 1929, was marked "Committee Exhibit No. 106, Nov. 9, 1933", and is made a part of the record as follows:)

COMMITTEE EXHIBIT No. 106, NOVEMBER 9, 1933

SUPPLEMENTAL AGREEMENT TO SYNDICATE AGREEMENT, DATED NOVEMBER 11, 1929

Supplemental agreement dated as of the 31st day of January 1931 between William H. English and John J. Raskob (hereinafter called the "managers") parties of the first part, and the subscribers hereto severally, parties of the second part;

Whereas, the parties entered into an agreement, dated the 11th day of November 1929, which is still in full force and effect, whereby they formed a syndicate to purchase, sell, and generally deal in the shares of stock of County Trust Co. of New York; and

Whereas, under date of May 1, 1930, the parties hereto entered into a supplemental agreement providing that the syndicate should expire at the close of business November 15, 1930, but might be extended by the managers without notice to any of the subscribers for a period or periods not exceeding in the aggregate 3 additional months; and

Whereas, the managers did on or about November 15, 1930, extend the period of the existence of said syndicate for 3 additional months so that the same will expire on February 15, 1931; and

Whereas, it is deemed for the best interests of all the parties that the syndicate should be continued for a longer period,

Now, therefore, witnesseth:

1. The parties hereto agree that the syndicate will expire at the close of business August 15, 1931, unless sooner terminated by the managers, but may be extended by the managers without notice to any of the subscribers for a period or periods not exceeding in the aggregate 3 additional months.

2. In all other respects said agreement of November 11, 1929, is continued in full force and effect.

In witness whereof the managers have signed an original hereof and the several subscribers have subscribed said original or counterpart thereof.

WILLIAM H. ENGLISH,  
JOHN J. RASKOB,  
*Syndicate Managers.*

Subscribers:	Share
William H. English.....	500
John J. Raskob, Wilmington, Del.....	500
Michael J. Meehan.....	500
Alfred E. Smith.....	100
John J. Pulleyn.....	100
William J. Fitzpatrick.....	100
P. D. Saylor.....	100
Peter J. Carey.....	100
Arthur Lehman.....	500
Daniel J. Mooney.....	50
Edward J. Kelly.....	100
Ralph W. Long.....	25

Subscribers—Continued.	Shares
G. Le Boutillier.....	25
W. F. Kenny.....	500
Vincent Astor, C. Every Chadwick, attorney in fact.....	500
John J. Cavanagh.....	100

The CHAIRMAN. Do you want the other statement?

Mr. PECORA. Mr. Raskob, have you also produced a statement with respect to purchases and sales made for the account of this syndicate, a copy of which I now show you?

Mr. RASKOB. Yes, sir.

Mr. PECORA. Mr. Chairman, I now wish to offer this statement in evidence, and ask that it may be spread on the record of the subcommittee's proceedings.

The CHAIRMAN. Let it be admitted, and the committee reporter will make it a part of the record.

(A paper headed "Statement of County Trust Co., Syndicate No. 1, by William H. English and John J. Raskob, Managers"; was marked "Committee Exhibit No. 107, Nov. 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 107, NOVEMBER 9, 1933

STATEMENT OF COUNTY TRUST COMPANY SYNDICATE NO. 1

(By William H. English and John J. Raskob, managers)

*Stock purchases (from inception Nov. 11, 1929, to Oct. 27, 1930—no stock has been bought since)*

	Cost
151 shares at \$300.....	\$45,300.00
49 shares at \$298.....	14,604.00
180 shares at \$295.....	53,100.00
12 shares at \$292.....	3,504.00
208 shares at \$290.....	60,320.00
200 shares at \$285.....	57,000.00
199 shares at \$280.....	55,720.00
201 shares at \$260.....	52,260.00
200 shares at \$255.....	51,000.00
200 shares at \$250.....	50,000.00
200 shares at \$245.....	49,000.00
200 shares at \$240.....	48,000.00
200 shares at \$230.....	46,000.00
10 shares at \$201.....	2,010.00
10 shares at \$201.....	2,010.00
30 shares at \$191.....	5,730.00
8 shares at \$188.....	1,504.00
5 shares at \$192.....	960.00
9 shares at \$200.....	1,800.00
20 shares at \$195.....	3,900.00
28 shares at \$191.....	5,348.00
10 shares at \$190.....	1,900.00
20 shares at \$192.....	3,840.00
9 shares at \$202.....	1,818.00
45 shares at \$235.....	10,615.00
35 shares at \$236.....	8,275.00
30 shares at \$237.....	7,120.00
4 shares at \$231.....	924.00
72 shares at \$232.....	16,726.00
20 shares at \$226.....	4,530.00
10 shares at \$221.....	2,210.00
10 shares at \$216.....	2,160.00
10 shares at \$217.....	2,170.00
26 shares at \$218.....	5,688.00

*Stock purchases (from inception Nov. 11, 1929, to Oct. 27, 1930—no stock has been bought since)*—Continued

	<i>Cost</i>
32 shares at \$211.....	\$6,767.00
34 shares at \$211.....	7,192.00
10 shares at \$211.....	2,110.00
30 shares at \$194.....	5,830.00
1,000 shares for president's account.....	201,522.56
Interest paid by Bankers Co. before Bankers Trust Co took over account, less \$1.48 transfer-tax adjustment.....	282.00
<hr/>	
3,794 shares.....	916,609.56

*Stock sold*

230 shares at \$280.....	64,400.00
1,000 shares to president's account (including interest adjustment).....	203,196.53
<hr/>	
1,230 shares.....	267,596.53
Balance of 2,644 shares equal.....Net purchasing cost.....	649,013.03

Mr. RASKOB. We went along from November of 1929 until, I think it was, about July or August of 1930, with this make-shift organization, that is, I occupying the position of chairman and Mr. English that of acting president of the County Trust Co. In July we succeeded in getting a gentleman named Oroy Kelly to take the presidency of the County Trust Co., and Governor Smith took the chairmanship of the board. I am not quite sure that Governor Smith became chairman of the board, but that let Mr. English and me out.

Now, in order to get Mr. Kelly interested to take the position of president of the County Trust Co. he desired a 3-year option on 1,000 shares of County Trust Co. stock. The County Trust Co., of course, had no stock that they could give an option on. I do not know that there was any legal way they could have done it even if they had had the stock. So the directors agreed to purchase the stock, 1,000 shares, to be held under option that gave him the right to purchase at any time within 3 years. That was on or about August 1—no, on the 29th day of July 1930, I see it was. We formed what we called County Trust Co. Stock Syndicate No. 2 to acquire that stock, each one of the directors taking his pro rata share, which was 59 shares apiece, with two or three taking 58 shares. The directors that subscribed for the stock were:

Vincent Astor, J. J. Cavanagh, James P. Geagan, G. LeBoutillier, Edward J. Kelly, M. J. Meehan, Peter J. Carey, John J. Raskob, Ralph W. Long, Alfred E. Smith, Daniel J. Mooney, William J. Fitzgerald, W. F. Kenny, William H. English, John J. Pulleyn, P. D. Saylor.

I have a copy of that syndicate agreement here.

Mr. PECORA. Will you produce it?

Mr. RASKOB. Certainly.

Mr. PECORA. Mr. Chairman, I now wish to offer it in evidence, and ask that it may be spread on the record of the subcommittee's proceedings.

The CHAIRMAN. Let it be received, and the committee reporter will make it a part of the record.

(The paper headed "County Trust Co. of New York Stock Syndicate No. 2" was marked "Committee Exhibit No. 108, Nov. 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 108, NOVEMBER 9, 1933

COUNTY TRUST CO. OF NEW YORK, STOCK SYNDICATE NO. 2

Agreement made this 29th day of July 1930 between William H. English and John J. Raskob (herein called the managers) and the subscribers hereto, severally (herein called the subscribers).

Witnesseth:

First. The parties hereto hereby form a syndicate to purchase and sell 1,000 shares of the capital stock of County Trust Co. of New York, a New York banking corporation (herein called the corporation).

Second. The subscribers hereby constitute and appoint the managers the managers of the syndicate hereunder.

Third. The managers are hereby specifically authorized and empowered to purchase and sell not to exceed 1,000 shares of the capital stock of the corporation (herein called shares) at such price or prices and upon such terms as the managers shall in their absolute discretion determine: *Provided, however,* That no shares shall be purchased by the managers at a price in excess of \$225 per share. The managers shall have sole direction and management of the syndicate, with full power to appoint and employ agents and brokers to do any and all such acts and to execute any and all such agreements and other instruments as the managers may in their absolute discretion deem desirable or expedient in order to promote the purchase of shares provided for in this agreement and the purposes expressed herein. The managers are specifically authorized to take over and purchase from themselves as managers of the syndicate, or otherwise, said 1,000 shares at the price at which said shares were purchased, plus interest upon such purchase price from the date of such purchase or purchases, and without in any way limiting the foregoing powers of the managers they are specifically authorized to sell the shares purchased by them, but not to exceed 1,000 shares to Orkie Kelly under the terms of an option agreement dated this day.

The managers shall have the right to borrow money, either from themselves or others, for the account of the syndicate and as security for any loan or loans made to assign and pledge any shares held for the syndicate account or any of the obligations of subscribers hereunder, upon such terms and conditions as the managers shall in their absolute discretion deem for the best interests of the syndicate.

The managers shall not be liable for anything done or omitted to be done hereunder, except for want of good faith. The managers shall make no charge for their services as managers.

Fourth. The liability of each subscriber hereunder and the interest of each subscriber in the syndicate shall be in the proportion that the number of shares subscribed for by him hereunder bears to the total number of shares subscribed for hereunder. Subscribers shall pay for their respective participations when called upon by the managers, whether at or before or after the termination of the syndicate, and without reference to the receipt of possession by the managers and/or by the subscribers of any of such shares.

Fifth. Nothing herein contained shall constitute the subscribers partners with the managers nor with one another, nor render them liable to contribute more than their ratable amount, nor render the managers liable for the subscription of any subscriber. Any loss suffered by the syndicate through the failure of any subscriber to carry out his obligations hereunder shall be charged as a loss to the entire syndicate. The managers may be subscribers in this syndicate and participate in the profits or losses thereof to the same extent as other subscribers.

Apportionment and distribution by the managers of profits or losses after charging off expenses shall be conclusive upon the syndicate.

Sixth. In case of death, resignation, or inability to act of either of the managers, the surviving manager shall act as sole manager of the syndicate until a successor shall be chosen by a majority in interest of the subscribers.

Seventh. The syndicate will expire at the close of business August 5, 1933, unless sooner terminated by the managers, but may be extended by the managers, without notice to any of the subscribers, for a period or periods not exceeding in the aggregate 2 additional months.

Eighth. Any notices hereunder to the subscribers shall be deemed to have been duly given if mailed or telegraphed to the subscribers, directed to the respective addresses furnished by them.

In witness whereof the managers have signed an original hereof, and the several subscribers have subscribed said original or counterparts thereof, setting opposite their respective signatures their respective addresses and the amounts of their several subscriptions, expressed in number of shares of capital stock of County Trust Co. of New York.

WILLIAM H. ENGLISH,  
JOHN J. RASKOB,  
*Syndicate Managers.*

	<i>Number of shares subscribed for</i>
Vincent Astor, 23 West 26th Street, New York City.....	59
J. J. Cavanagh.....	59
James P. Geagan, 30 Church Street, city.....	58
G. LeBoutillier, 911 Park Avenue.....	59
Howard S. Cullman, 161 Front Street.....	59
Edward J. Kelly, 413 West 14th Street.....	59
M. J. Meehan, 61 Broadway.....	59
Peter J. Carey, 97 Horatio Street.....	59
John J. Raskob, 230 Park Avenue, New York City.....	59
Ralph W. Long.....	58
Alfred E. Smith.....	59
Daniel J. Mooney, 25 Broadway, New York City.....	58
Wm. J. Fitzgerald, 2619 Grand Central Terminal.....	59
W. F. Kenny.....	59
William H. English.....	59
John J. Pulleyn, 51 Chambers Street.....	59
P. D. Saylor.....	59

Mr. PECORA. Mr. Raskob, let me interrupt you for a moment, please.

Mr. RASKOB. Certainly.

Mr. PECORA. A certain agreement that was offered in evidence a few minutes ago and marked "Committee Exhibit No. 106, November 9, 1933", purports to be an agreement supplemental to the original syndicate agreement, dated November 11, 1929. Have you that original agreement, the one of November 11, 1929?

Mr. RASKOB. Here it is. I meant to offer it.

Mr. PECORA. Mr. Chairman, I now offer it in evidence, and ask that it may be spread on the record of the subcommittee's proceedings.

The CHAIRMAN. Let it be admitted, and the committee reporter will make it a part of the record.

(The paper dated November 18, 1929, and signed by William H. English and John J. Raskob, syndicate managers, was marked "Committee Exhibit No. 109, November 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 109, NOVEMBER 9, 1933

Know all men by these presents that the undersigned, John J. Raskob and William H. English, syndicate managers under the annexed agreement relating to the purchase of shares of capital stock of the County Trust Co., dated November 11, 1929, have assigned, and by these presents do assign, transfer, and set over all of the obligations of the syndicate subscribers, to the Bankers Trust Co., 16 Wall Street, New York City, as collateral security for the advances made by the said trust company to the undersigned, as syndicate managers, and it is intended hereby to vest in the said Bankers Trust Co.

all rights of the undersigned with respect to enforcing the obligations of said syndicate subscribers, and the undersigned agree to do any and all things and execute such instruments as may be requested by said Bankers Trust Co. in connection with the said obligations.

Dated November 18, 1929.

WILLIAM H. ENGLISH,  
JOHN J. RASKOB,  
*Syndicate Managers.*

Witness:

E. H. KELLY.

Agreement dated the 11th day of November 1929 between William H. English and John J. Raskob (hereinafter called the "managers") parties of the first part, and the subscribers hereto severally parties of the second part,

Witnesseth, first. The parties hereto hereby form a syndicate to purchase, sell, and generally deal in the shares of County Trust Co. of New York, a corporation organized under the banking laws of the State of New York.

Second. The parties hereto hereby constitute and appoint said William H. English and John J. Raskob the syndicate managers hereunder.

Third. The managers are hereby specifically authorized and empowered to purchase, sell, repurchase, resell, and generally deal in the shares of capital stock of said County Trust Co. of New York at such price and upon such terms as the managers shall determine; *Provided, however,* That no shares of such capital stock shall be purchased by the managers at a price in excess of three hundred fifty dollars (\$350) per share. The managers shall have sole direction and management of the syndicate, with full power to appoint and employ agents and brokers and to do any and all acts and to execute any and all agreements and other instruments which the managers may deem advisable or expedient in order to promote the purchase of shares provided for in this agreement and the purposes expressed herein.

The managers shall have the right to borrow money, either from themselves or others, for the account of the syndicate and as security for any loan or loans so made to assign and pledge any shares of said County Trust Co. of New York held for the syndicate account or any of the obligations of subscribers hereunder upon such terms and conditions as the managers shall deem for the best interests of the syndicate.

The managers shall not be liable for anything done or omitted to be done hereunder except for want of good faith. The managers will make no charge for their services as managers.

Fourth. The liabilities of each subscriber hereunder and the interest of each subscriber in the syndicate shall be in the proportion that the number of shares of stock of said County Trust Co. of New York subscribed for by him hereunder bears to the total number of shares subscribed hereunder. Subscribers shall pay for their respective participations when called upon by the managers, whether at or before or after the termination of the syndicate and without reference to the receipt or possession by the managers or by the subscribers of any of such shares.

Fifth. Nothing herein contained shall constitute the subscribers' partners with the managers or with one another or render them liable to contribute more than their ratable amount, nor render the managers liable for the subscription of any subscriber. Any loss suffered by the syndicate through the failure or any subscriber to carry out his obligations hereunder shall be charged as a loss to the entire syndicate. The managers may be subscribers in this syndicate and participate in the profits or losses thereof to the same extent as other subscribers.

Apportionment and distribution by the managers of profits or losses after charging off expenses shall be conclusive upon the syndicate.

Sixth. In case of the death, resignation, or inability to act of either of the managers, the surviving manager shall act as sole syndicate manager until a successor shall be chosen by a majority in interest of the subscribers.

Seventh. The syndicate will expire at the close of business March 15, 1930, unless sooner terminated by the managers, but may be extended by the managers without notice to any of the subscribers for a period or periods not exceeding in the aggregate 2 additional months.

Eighth. Any notices hereunder to subscribers shall be deemed to have been duly given if mailed or telegraphed to the subscribers directed to the respective addresses furnished by them.

In witness whereof the managers have signed an original hereof and the several subscribers have subscribed to said original or counterpart thereof, setting opposite their respective signatures their respective addresses and the amounts of their several subscriptions expressed in number of shares of stock of County Trust Co. of New York.

WM. H. ENGLISH,  
JOHN J. RASKOB,  
*Syndicate Managers.*

	<i>Number shares subscribed for</i>
John J. Raskob, Wilmington, Del.....	500
Wm. H. English, New York City.....	500
Michael J. Meehan, 61 Broadway, New York.....	500
Wm. F. Kenny, 44 E. 23rd Street, New York.....	500
Arthur Schman, 1 William Street, New York.....	500
Vincent Astor, 23 W. 26th Street, New York.....	500
Alfred E. Smith, 200 Madison, New York.....	100
John J. Cavanagh, 258 W. 23rd, New York.....	100
John J. Pulleyn, 51 Chambers, New York.....	100
Peter J. Carey, 97 Horatio, New York.....	100
Ralph W. Long, 90 8th Ave., New York.....	25
P. D. Saylor, 122 E. 42nd Street, New York.....	100
Geo. LeBoutillier, Pennsylvania Station, New York.....	25
W. J. Fitzgerald, Grand Central Terminal, New York.....	100
Edward J. Kelley, 413 W. 14th Street, New York.....	100
Daniel J. Mooney, 25 Broadway, New York.....	50

The CHAIRMAN. I understand that there was never any purpose to offer this stock to the public, or to trade and deal in that stock with the public, but that it was purchased in an effort as you thought to save the bank.

Mr. RASKOB. That is it. May I continue for just a couple of minutes longer, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. RASKOB. The 1,000 shares of stock which syndicate no. 2 carried for Mr. Kelly over this 3-year period were acquired by syndicate no. 1, which accounts for the statement of syndicate no. 1, which is filed with the committee, showing 1,000 shares "for president's account."

Now, that stock under that agreement was bought for Mr. Kelly, and we paid \$201,522.56 for it, and gave him an option for 3 years under which he could purchase the stock at cost. The 3-year period expired in August of 1933, and it was extended for 2 months, but inasmuch as County Trust Co. stock was at that time selling at around \$35 per share, and this stock cost about \$50 per share, naturally Mr. Kelly did not take up his option, whereupon Mr. English and I, as managers of syndicate no. 2, called upon the members to pay the balance owing by them, and upon receipt of their checks the money was used to pay the loan at the Chase bank.

I think that loan at that time was about \$50,000, as a balance, so that the syndicate no. 2 account, which was merely for the purpose of interesting the man to become president of the company, was not successful, and the directors took the stock themselves, and as far as I know still have it. Governor Smith told me before I left New York that he still has his, and I have mine, and I think all the others have theirs.

The reason, gentlemen, that I asked for an opportunity of appearing before you was because I thought it was very unfair, particu-

larly to Governor Smith, to have newspaper articles written in the way they were, and headlined in the way they were, that would give the public the impression that he might have been interested in some syndicate that was speculating in the stock market, because such is not the case, and I might say that I think he knows very little, if anything, about such matters. I felt in justice to the members of this committee, too, that it was incumbent upon me to come down here and clear the matter up.

Senator GOLDSBOROUGH. If I clearly understand you, Mr. Raskob, there was no measure of speculation whatever in this matter. The stock was simply purchased by the directors and held by them, and you closed the syndicate and called upon the members to pay what they owed, and then you paid the loan at the Chase Bank.

Mr. RASKOB. That is right. It was all done for the purpose of trying to avoid anything like a run on the bank that could easily have happened when the public was so nervous in that financial panic. And that might not have stopped with a run on the County Trust Co., which was amply strong to withstand a run at the time.

Mr. PECORA. Mr. Raskob, how were the purchasing operations of these syndicates financed?

Mr. RASKOB. The loan we made was really with the Bankers' Trust Co. I am a director of the Bankers' Trust Co., and the County Trust Co. before it was a member of the Federal Reserve System always cleared its business through the Bankers' Trust Co., so we naturally went to them for the loan. And I do not know just how they handled the loan, but the Bankers' Trust Co. transferred the loan to the Chase National Bank, and they did it because they already had other loans in the Bankers' Trust Co. carrying County Trust Co. stock as collateral, and I presume did not want too much of the same kind of collateral on their loans.

The method of financing the purchases was: As we purchased stock we would get money from the Bankers' Trust Co., and always had a sufficient margin with them to cover the loan made. The margin was supplied by making calls on the syndicate members from time to time as money was needed to supply the margin.

I have another statement here, which is not of very great interest, but which shows that in Syndicate Account No. 1, which was the big syndicate, the amount paid on account of subscriptions was \$514,500.16; and that we received \$39,500.20 in dividends; interest on bank deposits was \$955.07. That made total receipts of the syndicate \$554,955.39. Now, the disbursements were the amounts we paid to the Bankers Trust Co. on account of the loan; that is, this Chase loan referred to of \$511,549.15. We paid 6 percent interest on that loan, which gave the bank \$43,404.61 income. And there was stamp tax of \$1.62. That is just a résumé.

Mr. PECORA. Mr. Chairman, I now offer that paper in evidence.

The CHAIRMAN. Let it be received, and the committee reporter will make it a part of the record.

(A paper marked "Statement of County Trust Co. stock syndicate no. 1 account by William H. English and John J. Raskob, managers", was marked "Committee Exhibit No. 110, Nov. 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 110. NOVEMBER 9, 1933

## STATEMENT OF COUNTY TRUST CO. STOCK SYNDICATE NO. 1 ACCOUNT

(By William H. English and John J. Raskob, managers. Dated Nov. 20, 1932)

## Receipts:

Amount paid in on account of subscriptions.....	\$514, 500. 18
Dividends received.....	39, 500. 20
Bank interest on deposits.....	955. 03

Total receipts.....	<u>554, 955. 39</u>
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## Disbursements:

Paid Bankers Trust Co. on account of loan.....	511, 549. 15
Paid Bankers Trust Co. interest on loan.....	43, 404. 62
Stamp taxes.....	1. 62

Total disbursements.....	<u>554, 955. 39</u>
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The CHAIRMAN. Does any member of the subcommittee desire to ask Mr. Raskob any questions?

Mr. PECORA. These loans you say have been fully paid?

Mr. RASKOB. Yes. The big syndicate was wound up a year ago, and the smaller syndicate was wound up in October, last month.

The CHAIRMAN. Is there anything further that you wish to present, Mr. Raskob?

Mr. RASKOB. I do not think of anything further.

The CHAIRMAN. Do any of the members of the subcommittee desire to ask any question? (A pause, without response.) If not, that concludes the matter, Mr. Raskob.

Mr. RASKOB. I should like to express my appreciation of the courtesies in allowing me to appear here.

The CHAIRMAN. We are very glad to have had you to come down.

The CHAIRMAN. You may proceed, Mr. Pecora.

Mr. PECORA. I ask that Mr. Arthur W. Cutten be called and sworn.

The CHAIRMAN. Mr. Cutten, will you please stand, hold your right hand, and be sworn: You solemnly swear that the evidence you will give in the proceedings now being investigated by this committee will be the truth, the whole truth, and nothing but the truth. So help you God.

Mr. CUTTEN. I do.

The CHAIRMAN. Just take a seat there at the table.

### TESTIMONY OF ARTHUR W. CUTTEN, 209 LAKE SHORE DRIVE, CHICAGO, ILL.

Mr. PECORA. Mr. Cutten, will you give your full name and address to the committee reporter for the record?

Mr. CUTTEN. Arthur W. Cutten, 209 Lake Shore Drive, Chicago.

Mr. PECORA. What is your business, Mr. Cutten?

Mr. CUTTEN. I have been a broker and grain trader, and have traded in stocks during the last several years.

Mr. PECORA. Mr. Cutten, according to evidence introduced before this committee last week, under date of October 24, 1928, an agreement was entered into by and between the Sinclair Consolidated

Oil Corporation, a New York corporation, and yourself, providing for the sale to you by the corporation of 1,130,000 shares of the capital common stock of that corporation, for a consideration of \$30 per share. Do you recall that transaction?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Will you tell the committee under what circumstances you entered into that agreement?

Mr. CUTTEN. About, I think, early in August of 1929 Mr. Sinclair sent for me—

Mr. PECORA (interposing). I do not hear you.

Mr. CUTTEN. Mr. Sinclair—

Mr. PECORA (interposing). Talk a little louder. I do not hear you.

Mr. CUTTEN. In August of 1929—

Mr. PECORA. Did you say 1929?

Mr. CUTTEN. 1928, it was. Mr. Sinclair and other people called upon me at a hotel in New York City, the Biltmore Hotel in that city, and asked if I would head a group to buy or purchase 1,130,000 shares of the Sinclair Consolidated Oil Co., which Mr. Sinclair—

Mr. PECORA (interposing). Who called on you at that time?

Mr. CUTTEN. Mr. Harry F. Sinclair.

Mr. PECORA. Was he connected with the Sinclair Consolidated Oil Corporation in any capacity then?

Mr. CUTTEN. At that time; yes, sir.

Mr. PECORA. In what capacity?

Mr. CUTTEN. Well, I think as president, but I am not sure about that.

Mr. PECORA. If I heard you correctly, you said that Mr. Sinclair and others called upon you in August of 1928. Who was that other party?

Mr. CUTTEN. Mr. Fred Bartlett, I think it was.

Mr. PECORA. Was he connected with the oil corporation also?

Mr. CUTTEN. He was a director.

Mr. PECORA. He was a director of it?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. All right. Did anyone else call on you with those two gentlemen then?

Mr. CUTTEN. My cousin, Ruloff Cutten.

Mr. PECORA. Was he connected with the oil company?

Mr. CUTTEN. Not at that time.

Mr. PECORA. Well, they called on you and proposed to sell to you this stock?

Mr. CUTTEN. Yes.

Mr. PECORA. Well, now, give the committee the substance of the conversation you had with those gentlemen at that time.

Mr. CUTTEN. Well, we talked the matter over, and thought it would be a good thing for me to head a group, and although—

Mr. PECORA (interposing). To head what?

Mr. CUTTEN. To head a group.

Mr. PECORA. Speak up louder.

Mr. CUTTEN. To head a group—

Mr. PECORA (interposing). Well, what group are you referring to now?

Mr. CUTTEN. Well, I do not think there was anything said about the group at that time, but just a group. I did not know who it was. The people then just talked generally.

Mr. PECORA. When these three gentlemen called on you in August 1928 they discussed a proposition with you involving the sale to you by their company of a block of shares of the common stock.

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who took the initiative in that conversation, you or one of them?

Mr. CUTTEN. Mr. Sinclair.

Mr. PECORA. What did he say to you?

Mr. CUTTEN. He made a proposition.

Mr. PECORA. What was the proposition that he made?

Mr. CUTTEN. To sell me that stock at \$30 a share. At that time the stock was selling around \$28 a share.

Mr. PECORA. Was the stock listed on any public exchange then?

Mr. CUTTEN. The New York Stock Exchange; yes.

Mr. PECORA. Were you then a stockholder of the company, at the time of this conversation?

Mr. CUTTEN. Yes.

Mr. PECORA. Were you an officer or director of the company?

Mr. CUTTEN. No.

Mr. PECORA. Had you been an officer or director at any time prior to this conversation?

Mr. CUTTEN. No.

Mr. PECORA. What did Mr. Sinclair say to you was the reason that he and the others were making this proposition to you?

Mr. CUTTEN. Well, I do not know whether they said anything about it.

Mr. PECORA. Had you previously indicated to them that you were in the market to purchase a large block of the shares of the stock?

Mr. CUTTEN. No.

Mr. PECORA. Now, go ahead and give the substance of what Mr. Sinclair and these other gentlemen said to you when they initially submitted this proposition to you.

Mr. CUTTEN. Well, they simply wanted to sell me the stock at \$30 a share, and I said that was too high. It was selling at \$28 a share. I thought a big block of stock like that ought to be bought for less.

The CHAIRMAN. What stock was this? Was it treasury stock?

Mr. CUTTEN. Treasury stock.

The CHAIRMAN. It had never been sold?

Mr. CUTTEN. No.

Mr. PECORA. Go ahead now, Mr. Cutten, and give the substance of the entire conversation. You have just told us that they proposed to sell you 1,130,000 shares at \$30 a share.

Mr. CUTTEN. Yes.

Mr. PECORA. And that the stock was then selling in the market for \$28 a share or thereabouts, and you indicated that \$30 a share was too high a price.

Mr. CUTTEN. Too high a price.

Mr. PECORA. From that point on, narrate the conversation that took place.

Senator COUZENS. Before you start that, the Chairman asked Mr. CUTTEN if this was treasury stock.

Mr. CUTTEN. I think it was.

Senator COUZENS. I understand him to answer in the affirmative. Is that correct?

Mr. CUTTEN. I think so.

Mr. PECORA. I understand the fact is that the most of this block of stock had previously been issued.

Mr. CUTTEN. I really could not say. I do not think we went into that part of it.

Senator COUZENS. Do you know now whether it was treasury stock at the time, or whether it was somebody else's stock?

Mr. CUTTEN. I really could not say.

Senator COUZENS. You do not even know now, up to this date; is that right?

Mr. CUTTEN. That is true.

Mr. PECORA. Go ahead and resume the conversation that you had, from the point where you told these gentlemen that you thought the price of \$30 a share was too high, in view of the fact that the stock was selling for about \$28 on the market.

Mr. CUTTEN. Yes. I think they said that they could get a group together to buy this stock.

Mr. PECORA. Who said that?

Mr. CUTTEN. Mr. Sinclair.

Mr. PECORA. What did they say—

Mr. CUTTEN. General talk, you know.

Mr. PECORA. I want to get the conversation as comprehensively as I can. When you said you thought the price of \$30 a share was too high, what reply did any of those gentlemen make to that?

Mr. CUTTEN. Mr. Sinclair said they would not sell it for any less than \$30 a share.

Senator TOWNSEND. Did you finally agree upon \$30?

Mr. CUTTEN. Yes.

Senator TOWNSEND. \$30 was the price agreed upon?

Mr. CUTTEN. Yes.

Mr. PECORA. Did he say, in substance, that the stock was, in his opinion, worth more than \$30 a share?

Mr. CUTTEN. He said he thought it was much more.

Mr. PECORA. Did he say how much more?

Mr. CUTTEN. No, he did not say how much more, but he said he would not sell it for less than \$30 a share.

Mr. PECORA. At that time had you made any survey or study of the company with a view of determining for yourself the value of the stock?

Mr. CUTTEN. Not at that time.

Mr. PECORA. All right. Go ahead and continue the conversation that you had with him.

Mr. CUTTEN. Well, I don't think there is anything—

Mr. PECORA. You have told us that Mr. Sinclair said that he would form a group.

Mr. CUTTEN. Yes.

Mr. PECORA. What did he say fully about that?

Mr. CUTTEN. I do not think he went into the particulars.

Mr. PECORA. Did he say about how large a group he would form?

Mr. CUTTEN. No; he did not, not that I recollect. This happened 4 or 5 years ago. I cannot remember the details.

Mr. PECORA. Do you know how it was or why it was that Mr. Sinclair and his associates came to you with this proposition?

Mr. CUTTEN. I suppose he thought I could handle the stock.

Mr. PECORA. You mean he thought you were in a position to purchase 1,130,000 shares?

Mr. CUTTEN. He was out to market the stock, I presume, to sell the stock.

Mr. PECORA. Did you indicate to him at that time that you could not undertake to buy for yourself that large block of 1,130,000 shares?

Mr. CUTTEN. Yes; I did

Mr. PECORA. What did Mr. Sinclair then say?

Mr. CUTTEN. He said he would get a group together.

Mr. PECORA. Did he ask you to become a member of the group?

Mr. CUTTEN. To participate.

Mr. PECORA. How long did that conversation last at which it was first proposed to you to sell you this block of stock?

Mr. CUTTEN. How long did it last?

Mr. PECORA. Yes.

Mr. CUTTEN. Well, I suppose he was probably in my room about an hour and a half talking things over, back and forth.

Mr. PECORA. During that hour and a half, what was said concerning the reason for his wanting to sell 1,130,000 shares at that time?

Mr. CUTTEN. I cannot remember. I do not think he said what he wanted to use the money for at that time.

Mr. PECORA. Did he say that the matter had been discussed by him with the directors of his company?

Mr. CUTTEN. No; he did not say that.

Mr. PECORA. Did anyone tell you at that time that the proposal was one that had been discussed among the members of the board of directors?

Mr. CUTTEN. I think not at that time.

The CHAIRMAN. How much of this stock was he to take?

Mr. CUTTEN. How much was he to take? He was to participate to the extent of three twelfths, I think. That is the way it was split up. [After conferring with an associate.] One quarter.

The CHAIRMAN. You will have to talk a little louder. I cannot hear. I do not know what you said.

Mr. PECORA. Talk a little louder.

Mr. CUTTEN. One quarter.

The CHAIRMAN. He was to take one quarter.

Mr. CUTTEN. That is right.

The CHAIRMAN. Did he name any others, or the proportion they would take?

Mr. CUTTEN. He did not name any others.

Mr. PECORA. How large a group did he say he would undertake to form to buy this stock?

Mr. CUTTEN. I don't think he went into that.

Mr. PECORA. Did he ask you how much of the stock you would take, or what interest you would take in this group?

Mr. CUTTEN. Yes.

Mr. PECORA. What did you say?

Mr. CUTTEN. I told him I would participate.

Mr. PECORA. To what extent?

Mr. CUTTEN. To the extent of one quarter.

Mr. PECORA. Did you, before the conclusion of that conversation, agree to buy any of this stock at \$30 a share?

Mr. CUTTEN. I agreed to take some, yes.

Mr. PECORA. At \$30 a share?

Mr. CUTTEN. At \$30 a share.

Mr. PECORA. You agreed to take one fourth of this amount that he was offering?

Mr. CUTTEN. That is right.

Mr. PECORA. At \$30 a share?

Mr. CUTTEN. Yes.

Mr. PECORA. And the stock then was selling for about \$28 a share.

Mr. CUTTEN. At that time it was \$28, but I think we had 2 or 3 meetings.

Mr. PECORA. That is why I asked you a moment ago if, before the—

Mr. CUTTEN. This thing was not all done at this one meeting.

Mr. PECORA. That is why I asked you a moment ago if, before the end of that conversation, you agreed to buy any portion of this large block of stock at \$30 a share. I am referring now to this first conversation when the subject was introduced to you.

Mr. CUTTEN. Yes. It was not thoroughly settled at this one meeting. We had subsequent meetings.

Mr. PECORA. Was there anything settled at the first meeting?

Mr. CUTTEN. No; nothing definitely settled at the first meeting.

Mr. PECORA. When, after that, did you have another meeting with Mr. Sinclair and his associates for the purpose of discussing this same proposition?

Mr. CUTTEN. I just cannot remember.

Mr. PECORA. About how long after the first one did a second meeting or conversation take place?

Mr. CUTTEN. I do not think I attended the second meeting. I think that my brokers in Chicago negotiated, or my brokers in New York.

Mr. PECORA. Who were your brokers in New York?

Mr. CUTTEN. Hutton & Co.

Mr. PECORA. Is that E. F. Hutton & Co.?

Mr. CUTTEN. E. F. Hutton & Co.

Mr. PECORA. After your first conversation with Sinclair and Bartlett, did you discuss the matter with your brokers, Hutton & Co.?

Mr. CUTTEN. Yes.

Mr. PECORA. Did you ask them to act for you in any future negotiations on that subject?

Mr. CUTTEN. I gave my cousin a power of attorney to act for me.

Mr. PECORA. Was your cousin then a member of the firm of E. F. Hutton & Co.?

Mr. CUTTEN. Yes.

Mr. PECORA. How many conversations, all together, did you personally have with Mr. Sinclair and any of his associates, with relation to this proposition?

Mr. CUTTEN. I can only remember that one personally.

Mr. PECORA. What conversations did you have with any other persons between this first one of August 1928 and October 24, 1928, which was when you made this agreement with the Sinclair Consolidated Oil Corporation to buy the 1,130,000 shares?

Mr. CUTTEN. It is my opinion—my best recollection is that it was done over the telephone, back and forth.

Mr. PECORA. With whom did you speak?

Mr. CUTTEN. Ruloff Cutten.

Mr. PECORA. Ruloff Cutten is your nephew?

Mr. CUTTEN. Cousin.

Mr. PECORA. Give the substance of whatever conversations you had, from the time you had this first talk up to and including October 24, 1928, when you entered into this agreement to buy the 1,130,000 shares.

Mr. CUTTEN. As time went on, of course, the stock went up to \$30 and \$32, I think, when the deal was signed. The stock jumped up, and we agreed over the telephone—he made a proposition to me and I accepted it. The proposition was that I should buy that stock at \$30 a share, and they would form a group to participate.

Mr. PECORA. At any time during the conversations that you had, between the first conversation in August, and October 24, 1928, did you discuss with any individuals a price for the stock other than \$30 a share?

Mr. CUTTEN. No.

Mr. PECORA. When, for the first time, did you indicate that you would go into any group or syndicate to buy the stock at \$30 a share? How long before October 24, 1928?

Mr. CUTTEN. Probably a week or 10 days before. I can not just remember the time, it is so long ago now, but probably 3 or 4 days, or 5 days.

Mr. PECORA. Did you have any correspondence with anybody on this subject prior to October 24, 1928?

Mr. CUTTEN. No written correspondence.

Mr. PECORA. Then all the negotiations were carried on orally, were they?

Mr. CUTTEN. Well, as I say, I had given a power of attorney to Ruloff Cutten. He carried on the negotiations from then on.

Mr. PECORA. Under that power of attorney, did you give him the right to decide for you—

Mr. CUTTEN. No; I decided.

Mr. PECORA (continuing). What price you would pay for the stock and how much of it you would buy?

Mr. CUTTEN. I told him what we would do, and he carried on the negotiations from then on.

Mr. PECORA. Did he keep in touch with you, so as to keep you currently posted as to the course of the negotiations?

Mr. CUTTEN. Absolutely.

Mr. PECORA. Give the committee, then, the history of the negotiations. Give it in narrative form up to the time that you actually agreed on October 24, 1928, to buy the stock.

Mr. TOMPKINS. May he read a statement?

Mr. CUTTEN. May counsel read this?

Mr. TOMPKINS. Mr. Cutten is very deaf, and this happened 4½ years ago. He has a connected story of it.

Mr. PECORA. Who prepared the statement that you now suggest he be permitted to read?

Mr. TOMPKINS. I prepared it after conferring with him and going over the documents, Mr. Pecora.

Mr. PECORA. Have you an extra copy of that statement?

Mr. TOMPKINS. I will have an extra copy; yes, sir.

Mr. PECORA. Will you give your name to the reporter for the purposes of the record, so that we will know who is being referred to?

Mr. TOMPKINS. Millard F. Tompkins.

Mr. PECORA. What is your business or profession?

Mr. TOMPKINS. I am a lawyer, practicing law in New York. My firm is Tompkins, Boal & Tompkins, with offices at 116 Johns Street, New York City.

Mr. PECORA. In 1928, at the time of these negotiations, Mr. Tompkins, were you acting as attorney or legal adviser for the witness?

Mr. TOMPKINS. I was during part of the time; yes, sir. I was also counsel for E. F. Hutton & Co.

Mr. PECORA. Do you want Mr. Cutten to read that statement into the record that has been prepared, you say, by you with his assistance?

Mr. TOMPKINS. I would like him to; yes.

Mr. PECORA. Will you let me see it, please?

Mr. TOMPKINS. That is a complete history of the transaction [handing paper to Mr. Pecora].

Mr. PECORA [after examining paper]. Mr. Cutten, your counsel, Mr. Tompkins, has just given me a typewritten statement, which he says is a complete statement of the negotiations involving this transaction. Have you seen that statement?

Mr. CUTTEN. Yes, I have read it.

Mr. PECORA. You have read it?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Is it true and correct in all details?

Mr. CUTTEN. It is true and correct; yes, sir.

Mr. PECORA. I offer it in evidence and ask that it be spread on the record.

The CHAIRMAN. Let it be admitted.

(The document referred to, prepared statement of Arthur V. Cutten, was marked "Committee's Exhibit No. 111", received in evidence, and the same was subsequently read into the record by Mr. Pecora.)

Mr. PECORA. The statement is as follows:

The CHAIRMAN. Mr. Tompkins, do you represent Mr. Cutten, or Hutton & Co.?

Mr. TOMPKINS. I represent Mr. Cutten at this hearing, and I represented Mr. Cutten in some of these negotiations. There were two syndicates in this matter. I drew the second syndicate, the so-called trading syndicate, for Mr. Cutten.

Mr. PECORA. Mr. Tompkins, may I ask, are you also attorney or legal adviser for the firm of E. F. Hutton & Co.?

Mr. TOMPKINS. I am, and have been for over 15 years.

The CHAIRMAN. And you were in 1928, during the course of the negotiations relating to this transaction?

Mr. TOMPKINS. Yes, sir.

Mr. PECORA. The statement offered in evidence is as follows [reading]:

Arthur W. Cutten says: "I am a member of the Chicago Board of Trade, and am and have been for a number of years engaged in business as a trader in commodities and stocks.

"In the late summer or early fall of 1928, one of the officers or directors of the Sinclair Consolidated Oil Corporation with whom I was acquainted, informed me that the Sinclair Co. was contemplating making a large additional issue of stock, and asked me if I would be interested in heading a group to purchase the stock from the company at a flat price. At that time I was bullish on the market as a whole, and I believed that the oil stocks had not participated to the extent that they should in the rise in securities which had taken place during the preceding couple of years.

"I evidenced an interest in the proposition at this interview, and following it I came to New York by request as I recall it now, in the early part of October 1928, and had an interview with Mr. Harry F. Sinclair, and my nephew, Ruloff E. Cutten, who represented me in business matters in New York was present at this interview."

Mr. TOMPKINS. That should be his cousin, Mr. Pecora. I had the relationship mixed.

Senator COUZENS. While you are reading that, who was the official of the Sinclair Co. that first drew this to your attention, referred to in what Mr. Pecora just read?

Mr. CUTTEN. Fred Bartlett. Mr. Sinclair, Mr. Bartlett, and Ruloff Cutten were the three.

Mr. PECORA [continuing reading].

I evidenced an interest in the proposition at this interview, and following it I came to New York by request as I recall it now, in the early part of October 1928 and had an interview with Mr. Harry F. Sinclair, and my nephew (cousin), Ruloff E. Cutten, who represented me in business matters in New York, was present at this interview. Mr. Sinclair informed me in substance that his company contemplated issuing 1,130,000 shares of additional stock, to net the company \$30 per share; that the funds to be raised through the sale of this stock were to be used to give the company additional working capital for the purpose of carrying on an aggressive campaign of expansion and development which they had in mind. The stock at that time was selling in the neighborhood of 28, and as I recall it I demurred at the contemplated sale price being above the then market. Mr. Sinclair in substance informed me that \$30 a share was the only price which they would consider. We had a general discussion concerning the company and its prospects, and Mr. Sinclair informed me that in his opinion the prospects for substantial earning power were such that if the company could raise the necessary capital for its expansion program through the sale of its stock instead of having to dip heavily into earnings for this purpose, it would be only a short time before the stock would go on a dividend paying basis.

This preliminary interview was followed by a number of later interviews with Mr. Sinclair and others interested in the proposition. At these interviews I stated frankly that I would not care to take a commitment of that size alone and it was explained to me that Mr. Sinclair would take off my hands 130,000 shares at the cost price to me, and Blair & Co., who had been the bankers for the company in the past, and the Chase Securities Corporation, and the Shermer Corporation would also take a substantial participation.

The fact that Mr. Sinclair himself, as well as the company's bankers, were to join with me in the purchase, naturally made the deal in my eyes seem all the more desirable. I felt that they were familiar with the company and

its prospects, and would not commit themselves unless they were bullish on its prospects.

Accordingly, on October 24, 1928, an agreement was entered into between Blair & Co., the Chase Securities Corporation, the Shermar Corporation, Harry F. Sinclair, and myself under which the other parties to this agreement agreed to participate and take an interest in my contemplated contract to purchase. They agreed to share in the profits, expenses, and losses in the following proportions:

Blair & Co., three twelfths; Harry F. Sinclair, three twelfths; myself, three twelfths; Chase Securities Corporation, two twelfths; Shermar Corporation, one twelfth.

After this agreement was signed, I entered into the contract to purchase covering the entire 1,130,000 shares, with the Sinclair Consolidated Oil Corporation. This contract bears date October 24, 1928, and I agreed to purchase from the corporation 1,130,000 shares at \$30 per share. Payment for these shares was to be made upon delivery, which was to be made at any time, or from time to time, designated by me, within a period of 12 months from October 24, 1928, subject to the right of the corporation at any time or from time to time after 30 days from October 24, 1928, and upon 30 days' written notice to me, signed by the president or treasurer, to require me to take and pay for the shares in whole or in part. The contract provided that if I did not take up and pay for or procure purchasers who should pay for the shares within 30 days from the date thereof, I would pay to the corporation if and when requested by it up to but not exceeding 20 percent of the purchase price and would pay interest at not exceeding 6 percent on the balance of the purchase price until paid, with appropriate adjustment for dividends if any should be declared during such period.

Upon the execution of this contract, Mr. Sinclair agreed in writing to purchase from me 130,000 of the shares upon the same terms and conditions that I was making the purchase of 1,130,000 shares from the company. It was contemplated from the outset that after the purchase had been consummated and the preliminary agreement entered into a syndicate agreement should be drawn up under which I should act as manager and complete the purchase for and on behalf of the syndicate. This agreement was prepared, dated as of October 25, 1928, in the form of the copy submitted, and I made the purchase from the company for the syndicate account.

The syndicate formed under this agreement of October 25, 1928, was widened so as to include other participants than those mentioned in the agreement of October 24, 1928, which latter agreement always contemplated that the parties to it should admit others to be agreed upon. As finally made up, the participants and the share of the profits which they received from the syndicate were as indicated on a separate sheet annexed hereto. None of these participants, with the exception of the participation granted to Hutton & Co., Ltd., were obtained by me. The syndicate was made up here in New York by the other parties in interest. As I recall it, the sale to me and the purchase price paid were not kept from the public. Due announcement was made in the public press, and an application was made by the company to list the additional share on the New York Stock Exchange. At the time the purchase was made we deemed it advisable to form a trading account in the stock. Under the original syndicate agreement A, the purchasing power of the syndicate was limited to 1,130,000 shares, the amount which it had contracted to purchase from the Sinclair Co., and I realized that if the market did not advance, and we were not able immediately to dispose of some of the shares purchased, it would be necessary, if we hoped to have the purchase carried out satisfactorily without loss to the parties in interest, to have buying power by means of a trading account which could make purchases of the stock independently of the original syndicate.

Accordingly, a second syndicate, known as "Syndicate Agreement B", was formed. It was decided to widen the scope of this trading account by allowing it to have a net commitment of 1,000,000 shares instead of the 500,000 originally contemplated. There were 32 participants in this second account, of which I was manager. Annexed is a list giving the names of these participants, the amount which they deposited as collateral, their participation, and the distribution of the profits. I received 10 percent of the profits of this trading-account syndicate for my services.

Syndicate account A was opened on October 28, 1928, and closed on April 16, 1929. I have, of course, no recollection of the actual details of the trading. It purchased from the Sinclair Co. 1,130,000 shares of stock at 30, taking

delivery of 500,000 on December 27 in the same year and 630,000 shares on December 31, paying the company therefor the sum of \$33,900,000. It sold to Mr. H. F. Sinclair 130,000 shares at \$30 a share, delivering the stock to him on December 31, 1928, and receiving in payment for it \$3,900,000.

In addition to the stock purchased from the Sinclair Oil Co. it purchased in the course of its operations 702,760 shares at varying prices and sold 1,702,760 shares. Its profit was \$12,200,109.41. I, of course, at this late time have no recollection of the various purchases and sales. I was in Chicago the greater part of the time, but was in daily touch with New York over the telephone. The transactions on the floor were handled by my nephew (cousin) and representative in New York, Mr. Ruloff E. Cutten, who reported to me several times a day what had been done. I gave orders to buy and sell, and also gave him a certain amount of discretion in purchasing and selling.

Now, Mr. Cutten, when was this statement prepared?

Mr. CUTTEN. That statement?

Mr. PECORA. Yes, sir.

Mr. CUTTEN. About three or four days ago.

Mr. PECORA. Was it prepared by you and Mr. Tompkins?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Did Mr. Tompkins have any part in the negotiations that led to the formation of these syndicates in 1928?

Mr. CUTTEN. I think, as a representative of Hutton—

Mr. TOMPKINS. No, I did not, Mr. Pecora; not in the original negotiations with Mr. Sinclair. I heard of them as they were reported to me from time to time, but I had no part in the negotiations myself.

Mr. PECORA. Mr. Cutten, who is responsible for the statements of fact set forth in this prepared statement, you or Mr. Tompkins, or anyone else?

Mr. CUTTEN. I am.

Mr. PECORA. You are?

Mr. CUTTEN. Yes.

Mr. PECORA. And all the facts set forth here are within your personal knowledge, are they?

Mr. CUTTEN. As far as I can remember, yes.

Mr. PECORA. Let us go over this statement a little more in detail. In this statement you say that [reading]:

In the late summer or early fall of 1928 one of the officers or directors of the Sinclair Consolidated Oil Corporation with whom I was acquainted informed me that the Sinclair Co. was contemplating making a large additional issue of stock, and asked me if I would be interested in heading a group to purchase the stock from the company at a flat price.

Who was that officer or director?

Mr. CUTTEN. Mr. Sinclair, to the best of my knowledge at this time.

Mr. PECORA. Was it in August of 1928 that Mr. Sinclair first came to you with the proposition?

Mr. CUTTEN. I think it was. As near as I can remember. I cannot remember the details.

Mr. PECORA. At that time, when he first came to you, did he specify what the flat price was?

Mr. CUTTEN. I think he did—\$30.

Mr. PECORA. And what was it, \$30 a share?

Mr. CUTTEN. \$30 a share. He would not sell it for any less, he said.

Mr. PECORA. The stock then was selling in the open market for about \$28 a share?

Mr. CUTTEN. Quotations were around 28. We had some discussion over the price.

Mr. PECORA. I understand from this prepared statement of yours that you demurred to that price of \$30 a share.

Mr. CUTTEN. At that time. I thought it was too high.

Mr. PECORA. Thought it was too high. When did you first become convinced that the price of \$30 a share represented a fair and reasonable value of the stock?

Mr. CUTTEN. The stock was going up a little bit, knowing that negotiations were going on, I presume, because there was pretty heavy trading in the stock. I think one day there was three or four hundred thousand shares of stock sold. That is before this agreement was signed.

Mr. PECORA. All right, but you mean by this agreement the agreement of October 24, 1928?

Mr. CUTTEN. Yes.

Mr. PECORA. That was the agreement under which you agreed to buy the stock at \$30 a share. When for the first time did you personally conclude that \$30 a share was a fair and reasonable price or value for the stock?

Mr. CUTTEN. When did I?

Mr. PECORA. Yes.

Mr. CUTTEN. What date?

Mr. PECORA. About when; yes.

Mr. CUTTEN. I cannot remember.

Mr. PECORA. Well, about how long prior to October 24, 1928, did you first reach the conclusion that you would buy the stock for \$30 a share because you thought that was fair and reasonable?

Mr. CUTTEN. Three or four days probably before. That is the best of my knowledge at this time. When you go back for four or five years it is pretty hard to remember those details.

Mr. PECORA. Well, you have had a chance to refresh your recollection, have you not, by access to correspondence or other writings?

Mr. CUTTEN. I have not read very many of them. I did not go over them.

Mr. PECORA. Now, you say in this prepared statement that at that time, namely, in the late summer or early fall of 1928, which time you now fix as having been some time in August, you were bullish in the market as a whole.

Mr. CUTTEN. Yes.

Mr. PECORA. And you believed that the oil stocks had not participated to the extent that they should in the rise in securities, which had taken place during the preceding couple of years; is that right?

Mr. CUTTEN. That is right.

Mr. PECORA. Were you merely bullish or were you of the opinion, based upon any knowledge you possessed or had acquired, that the Sinclair Consolidated Oil Co. stock was worth \$30?

Mr. CUTTEN. I thought it was. I had no knowledge of it.

Mr. PECORA. You had no knowledge of its value at all?

Mr. CUTTEN. That was my thought, that with other stocks going up as they were I thought it would be a pretty good buy.

Mr. PECORA. Now, you say in this statement: "I evidenced an interest in the proposition at this interview." That relates to the first interview you had, which was with Mr. Sinclair some time in August 1928, does it not?

Mr. CUTTEN. He did not show me any figures; no.

Mr. PECORA. No; but in this statement—

Mr. CUTTEN (interposing). I was always willing to take a chance.

Mr. PECORA. I don't hear you very well.

Mr. CUTTEN. I say, I am always willing to take a chance.

Mr. PECORA. You were willing to take a chance in a 30-odd-million-dollar deal without knowing what the value of the stock then was?

Mr. CUTTEN. As a participant. I thought the market looked pretty strong there, and it so did, it proved it.

Mr. PECORA. You say in this prepared statement:

I evidenced an interest in the proposition at this interview, and following it I came to New York by request, as I recall it now, in the early part of October 1928 and had an interview with Mr. Sinclair and my cousin.

Mr. CUTTEN. Yes, sir.

Mr. PECORA. When did you "evidence an interest in the proposition", the first time that Sinclair spoke to you about it in August or when you came on to New York in the early part of October 1928?

Mr. CUTTEN. The first time and the second time.

Mr. PECORA. After the first time you were conscious of the fact that you knew nothing about the actual value of the stock, did you then make any investigation for the purpose of informing yourself of the value of the stock?

Mr. CUTTEN. I might have asked about it. I don't remember. I probably did.

Mr. PECORA. What is that?

Mr. CUTTEN. I probably did, I say. I cannot remember the details about that.

Mr. PECORA. You say you probably did?

Mr. CUTTEN. Yes. I must have.

Mr. PECORA. Well, would you go into a deal of this magnitude and commit yourself to the purchase of millions of dollars worth of stock of a corporation without attempting to find out something definitely concerning its value?

Mr. CUTTEN. I cannot remember just what did happen about that.

Mr. PECORA. Do you remember what investigation if any you made as to the value of the stock?

Mr. CUTTEN. No; I don't remember.

Mr. PECORA. Do you remember any persons from whom you sought any information on the value of the stock?

Mr. CUTTEN. I can't remember.

Mr. PECORA. Do you remember any books or financial statements that were brought to your attention to inform you as to the value of the stock?

Mr. CUTTEN. Just general knowledge.

Mr. PECORA. What is that?

Mr. CUTTEN. General knowledge that I pick up here and there.

Mr. PECORA. What was the nature of that knowledge that you picked up here and there?

Mr. CUTTEN. Just as we would pick up, you know, being interested in the stock market.

Mr. PECORA. Did you ask for a balance sheet, for instance, of the company at any time?

Mr. CUTTEN. No, I did not; but I may have heard how they were doing. Mr. Sinclair said that the company was doing very well.

Mr. PECORA. Between the time that he first spoke to you in August—

Mr. CUTTEN (interposing). And he thought as time went on he would pay a dividend.

Mr. PECORA. Well, he thought that he would pay a dividend if they got this additional capital of \$33,000,000 to expand the company's business; isn't that what he thought?

Mr. CUTTEN. Well, I don't know what he thought.

Mr. PECORA. Isn't that exactly what you have said in this prepared statement that you say you prepared with the help of counsel within the last three or four days?

Mr. CUTTEN. That might be true.

Mr. PECORA. What is that?

Mr. CUTTEN. It might be true.

Mr. PECORA. What is that?

Mr. CUTTEN. I say, it might be true.

Mr. PECORA. Well, is it true?

Mr. CUTTEN. I think so; yes.

Mr. PECORA. When did you first indicate to Mr. Sinclair or to any other person or persons that you would buy the stock or any portion of this stock of 1,130,000 shares for \$30 a share?

Mr. CUTTEN. When did I?

Mr. PECORA. Yes.

Mr. CUTTEN. I think 3 or 4 days before the agreement was signed, to the best of my knowledge at this time.

Mr. PECORA. And that agreement is the one of October 24, 1928?

Mr. CUTTEN. Yes.

Mr. PECORA. That was the first time, was it, that you agreed?

Mr. CUTTEN. Yes.

Mr. PECORA. Up to that time you had made no commitment of any kind?

Mr. CUTTEN. No commitment.

Mr. PECORA. And as a matter of fact you did not make any firm commitment until the 24th of October 1928, did you?

Mr. CUTTEN. Those negotiations were handled by my cousin in New York.

Mr. PECORA. I know, but you personally made no commitment to buy any of this stock at \$30 a share until the 24th of October 1928. What was the market value of the stock at that time, Mr. Cutten?

Mr. TOMPKINS. We are trying to get it for you.

Mr. PECORA. Perhaps I can help you.

Mr. TOMPKINS. What date do you want, Mr. Pecora?

Mr. PECORA. October 24, 1928.

Mr. TOMPKINS. According to our records the low was 32, the high was  $35\frac{7}{8}$ .

Mr. CUTTEN. You say October 24, 1928?

Mr. PECORA. Yes; October 24, 1928. What was the closing price on that day?

Mr. CUTTEN.  $35\frac{5}{8}$ .

Mr. PECORA. And you did not make a firm commitment to buy these shares at \$30 a share until October 24, when the range was from 32 to  $35\frac{7}{8}$ , with a closing price of  $35\frac{5}{8}$ ; is that correct?

Mr. CUTTEN. That must be correct; yes. That is right.

Mr. PECORA. Although you had been considering the matter since the preceding August?

Mr. CUTTEN. I think so, to the best of my knowledge; yes, sir.

Mr. PECORA. Do you know how many shares were traded in on that day, October 24, 1928?

Mr. CUTTEN. I have it here, 500,000.

Mr. PECORA. Five hundred thousand seven hundred shares?

Mr. CUTTEN. Five hundred thousand seven hundred shares; yes, sir.

Mr. PECORA. Is that right?

Mr. CUTTEN. Yes, sir; according to this.

Mr. PECORA. And in the face of that heavy volume the price went up?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Do you know when for the first time prior to October 24, 1928, the market quotations for this stock reached 30?

Mr. CUTTEN. Prior to that? On the 16th.

Mr. PECORA. On the 16th of October?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. And the range on that day was from a low of 28 to a high of  $31\frac{1}{2}$ , with the market closing at  $31\frac{1}{2}$ ?

Mr. CUTTEN. That is right, according to this.

Mr. PECORA. And the volume traded in on that day was 128,500 shares?

Mr. CUTTEN. That is right.

Mr. PECORA. Were you following the trend of the market quotations in this stock between August and October 1928?

Mr. CUTTEN. I cannot say as to that, but I presume I was, but I cannot swear to it.

Mr. PECORA. Who was the person to whom you first told the fact that you would buy any of these shares out of this large block at \$30 a share? Whom did you first notify to that effect?

Mr. CUTTEN. I cannot say.

Mr. PECORA. Well now, prior to making this agreement of October 24, 1928, had you had any conversation with any person or persons respecting the formation of a purchasing syndicate or group to buy the entire block of 1,130,000 shares that Sinclair first discussed with you in August of 1928?

Mr. CUTTEN. I don't think I personally negotiated with anybody. It was my cousin, Ruloff Cutten, I think, who negotiated all this for me.

Mr. PECORA. You said before he kept you currently posted as to the course of negotiations.

Mr. CUTTEN. He did; the negotiations.

Mr. PECORA. When for the first time did you learn that a purchasing group or syndicate was to be formed or had been formed?

- Mr. CUTTEN. To the best of my knowledge probably a week before.
- Mr. PECORA. A week before October 24, 1928?
- Mr. CUTTEN. To the best of my knowledge; yes.
- Mr. PECORA. And did you have any conversation with anybody about the formation of the group or syndicate?
- Mr. CUTTEN. I don't think so. That was handled in New York.
- Mr. PECORA. Who undertook to form this purchasing group or syndicate?
- Mr. CUTTEN. I presume the Blair interests and Mr. Sinclair.
- Mr. PECORA. Mr. Sinclair formed it?
- Mr. CUTTEN. The Blair banking company; Blair & Co.
- Mr. PECORA. Blair & Co.?
- Mr. CUTTEN. Yes.
- Mr. PECORA. Who was the head of Blair & Co. then?
- Mr. CUTTEN. I think [conferring with Mr. Tompkins]——
- Mr. TOMPKINS. Elisha Walker.
- Mr. CUTTEN. Oh, Elisha Walker, yes; I am pretty sure.
- Mr. PECORA. When for the first time did you learn who the participants would be in the purchasing group or syndicate?
- Mr. CUTTEN. When the contract was sent to me to be signed.
- Mr. PECORA. Which contract are you referring to, the contract of October 24, 1928, under which you agreed in your own behalf to buy the entire stock of 1,130,000 shares from the Sinclair Co., or the contract of October 25, 1928, by which the syndicate was to be formed?
- Mr. CUTTEN. The first syndicate, to buy the stock.
- Mr. PECORA. The purchasing syndicate?
- Mr. CUTTEN. The purchasing syndicate.
- Mr. PECORA. When for the first time did you learn the identity of the persons——
- Mr. CUTTEN (interposing). That was sent in to me to be signed.
- Mr. PECORA. Wait a minute. When for the first time did you learn the identity of the participants in the purchasing syndicate?
- Mr. CUTTEN. When it was sent in to me to be signed.
- Mr. PECORA. Who sent it on to you?
- Mr. CUTTEN. Ruloff Cutten, acting for me.
- Senator TOWNSEND. That is your cousin?
- Mr. CUTTEN. Cousin; yes.
- Mr. PECORA. Had you asked anybody to become a participant in that purchasing group?
- Mr. CUTTEN. No.
- Mr. PECORA. Then you did not form the purchasing group, did you?
- Mr. CUTTEN. No; I did not form the purchasing group.
- Mr. PECORA. Who did form it?
- Mr. CUTTEN. Mr. Sinclair and the Chase Bank, to the best of my knowledge.
- Mr. PECORA. When you first learned of the identity of the participants in the syndicate, who did you learn they were?
- Mr. CUTTEN (consulting Mr. Tompkins). I want to give you the facts as they are. Blair, Chase Securities, Shermar, and H. F. Sinclair.
- Mr. PECORA. When, for the first time, did you learn that the Shermar Corporation was to be a participant in this purchasing group?
- Mr. CUTTEN. When I saw it on the contract.

Mr. PECORA. What is that?

Mr. CUTTEN. To the best of my knowledge, when I signed the contract.

Mr. PECORA. When you signed the contract?

Mr. CUTTEN. Yes.

Mr. PECORA. To which the Shermar Corporation was a party?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Was that the very first time you had heard of the Shermar Corporation?

Mr. CUTTEN. First time I ever heard of it.

Mr. PECORA. Now, were you told at any time prior to the time you received the syndicate contract, which indicated the identity of the participants, that the Chase Securities Corporation was to be a participant?

Mr. CUTTEN. I think I heard that; yes.

Mr. PECORA. And from whom did you hear it?

Mr. CUTTEN. I think Ruloff Cutten.

Mr. PECORA. From your cousin Ruloff?

Mr. CUTTEN. Yes.

Mr. PECORA. Did he also at the same time tell you that Blair & Co. was to be a participant?

Mr. CUTTEN. I don't know as to that. I think so.

Mr. PECORA. Now, Mr. Cutten, under this agreement of October 24—

Mr. CUTTEN (interposing). It is so long ago I cannot remember the details. I want to give you the facts as they are and I have got to refer to my records.

Mr. PECORA. I want you to refer to anything at all that you can that you have with you that will enable you to give us all the details.

Mr. CUTTEN. Yes.

Mr. PECORA. Now, under this agreement of October 24, 1928, you realize, don't you, that you individually obligated yourself by firm contract to purchase from the Sinclair Consolidated Oil Corporation 1,130,000 shares of its common stock at \$30 per share?

Mr. CUTTEN. That is correct; yes, sir.

Mr. PECORA. At the time you signed that agreement it was not your purpose or intention, as I understand your testimony this morning, to actually make this purchase for your own benefit completely?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. You knew then that there was going to be formed or had been formed a purchasing group?

Mr. CUTTEN. Yes.

Mr. PECORA. To assist you in this purchase?

Mr. CUTTEN. Yes.

Mr. PECORA. Now, I will ask you again, who organized that group? Did you have anything to do with it?

Mr. CUTTEN. No.

Mr. PECORA. Who did?

Mr. CUTTEN. I don't know.

Mr. PECORA. Well, why did you undertake to make a firm commitment to buy 1,130,000 shares of stock at \$30 a share—

(At this point Mr. Cutten turned to speak to Mr. Tompkins.)

Mr. PECORA. Mr. Cutten, you better pay attention to me until I complete the question. What was the first part of that question, now, Mr. Reporter?

(The uncompleted question was read by the shorthand reporter.)

Mr. PECORA (continuing the question). When you knew it was not your purpose to make that firm commitment for yourself but to make it for the benefit of others as well as yourself, if you did not already know who those others were?

Mr. CUTTEN. Well, I possibly did know.

Mr. TOMPKINS. Mr. Pecora, may I state the facts for the record? I do not want to testify for the record.

Mr. PECORA. Mr. Tompkins, I do not think you are in a position to give us the facts from personal knowledge; are you?

Mr. TOMPKINS. Well, no.

Mr. PECORA. Mr. Cutten apparently was a very important figure in this transaction, the firm commitment to buy the entire block of 1,130,000 shares being made by him, and I assume that Mr. Cutten is a man that knows his business.

Mr. TOMPKINS. Yes, sir.

Mr. PECORA. And hence ought to be able to tell this committee the details and his reasons for going into this transaction.

Mr. TOMPKINS. I want him to tell the committee. It is 4½ years ago, and before he made the contract in his own name he was protected by a preliminary agreement from four others, which I think in all fairness to him should be introduced in evidence.

Mr. PECORA. Well, I am trying to get all the details possible from Mr. Cutten based upon his personal knowledge.

Mr. TOMPKINS. All right, sir.

Mr. PECORA. I assume that he has some knowledge of this transaction.

Mr. CUTTEN. It is so long ago.

Mr. PECORA. I know it is so long ago, but it was not an insignificant deal, was it? It was not a trifling thing for you to make a firm commitment to buy over \$33,000,000 of the stock, was it?

Mr. CUTTEN. I think it probably was arranged by the Blair interests and the Sinclair interests.

Mr. PECORA. Did you delegate to them the task of organizing the purchasing group before you agreed in your own name to buy the entire 1,130,000 shares?

Mr. CUTTEN. I left that up to them. I left that to them to work out.

Senator TOWNSEND. Was your cousin a member of the stock exchange?

Mr. CUTTEN. Yes.

The CHAIRMAN. When did you first receive this stock and pay for the first allotment of it, and how many shares?

Mr. TOMPKINS. The first delivery was made on December 27, 1928, of 500,000 shares. The second and last delivery was made on December 31, 1928, of 630,000 shares.

The CHAIRMAN. And you sold the stock before it was delivered to you?

Mr. CUTTEN. Yes, we sold the stock before it was delivered.

Mr. TOMPKINS. Not all of it?

Mr. CUTTEN. Oh, not all, no.

The CHAIRMAN. You really did not put up any money yourself except what money had come to you from the sale of the stock?

Mr. CUTTEN. Yes, that is right.

Mr. PECORA. Now, in this prepared statement of yours marked "Exhibit No. 111" is embodied this statement:

This preliminary interview was followed by a number of later interviews with Mr. Sinclair and others interested in the proposition. At these interviews I stated the fact that I would not care to take a commitment of that size alone and it was explained to me that Mr. Sinclair would take off my hands 130,000 shares at the cost price to me, and Blair & Co., who had been the bankers for the company in the past, and the Chase Securities Corporation and the Shermar Corporation, would also take a substantial participation.

Now, you note from this statement that that was told you in interviews. A few minutes ago you said that the first time you learned who the participants of the purchasing group were going to be was when you received in Chicago apparently by mail a copy of the syndicate agreement. Now which is the fact, Mr. Cutten?

Mr. CUTTEN. I don't know. It seems to me that the fact is when I signed the agreement I was sure of it then. I knew who the participants were.

Mr. PECORA. Well, but in this prepared statement that was prepared by you and your counsel a few days ago for submission to this committee you said that at interviews you learned that Blair & Co., Chase Securities Corporation, and the Shermar Corporation, in addition to Mr. Sinclair, would take substantial participations in the purchase.

Mr. CUTTEN. Well, I understood—yes, I understood that they were, but I was sure of it when I got the contract.

Mr. PECORA. Who told you for the first time who the participants were going to be?

Mr. CUTTEN. I could not say.

Mr. PECORA. Well, with whom did you have the interviews at which you were told who the participants would be?

Mr. CUTTEN. All the interviews I had were with Rudolph Cutten. He carried on the negotiations for me.

Mr. PECORA. Now, Mr. Cutten, I merely am going to ask you this for the purpose of possibly refreshing your recollection. You remember that coming down on the train yesterday from New York to Washington, I had a talk with you in the presence of Mr. Tompkins. Do you recall that?

Mr. CUTTEN. Yes.

Mr. PECORA. And did you then tell me that you had never heard of the Shermar Corporation as a participant until the agreements were signed under which the syndicate was formed? Do you remember telling me that yesterday on the train?

Mr. CUTTEN. I think that is true; yes.

Mr. PECORA. That is true, isn't it?

Mr. CUTTEN. I think so, because I never knew anything about it.

Mr. PECORA. Did you even know when you got the copy of the syndicate agreement for your signature who the Shermar Corporation was or what it was?

Mr. CUTTEN. No; I did not.

Mr. PECORA. Were you told anything about the Shermar Corporation at the time you entered into the syndicate agreement to which it was a party?

Mr. CUTTEN. I do not believe I inquired.

Mr. PECORA. Whether you inquired or not, did anybody volunteer the information to you?

Mr. CUTTEN. No.

Mr. PECORA. Did you accept or enter into an agreement with a corporation that you had never heard of before?

Mr. CUTTEN. Yes, I did. I must have.

Mr. PECORA. Without knowing anything about the financial responsibility of that corporation?

Mr. CUTTEN. I must have.

Mr. PECORA. We know that you did enter into the agreement.

Mr. CUTTEN. Yes.

Mr. PECORA. But didn't you make any inquiry to learn what the Shermar Corporation was?

Mr. CUTTEN. No.

Mr. PECORA. Or what its responsibility was?

Mr. CUTTEN. I never did; no, sir.

Mr. PECORA. Weren't you desirous of finding out of the persons who were to relieve you of a large part of this commitment that you had entered into—who they were and whether they would be able to fulfill their agreement with you?

Mr. CUTTEN. I don't think I was anxious about it; no, sir; at that time.

Mr. PECORA. You might have been stuck with the stock, mightn't you, if the party was not responsible?

Mr. CUTTEN. I might have; yes.

Mr. PECORA. And you never heard of the Shermar Corporation before?

Mr. CUTTEN. Never had.

Mr. PECORA. Is it not a fact, Mr. Cutten, that in the course of the interviews referred to in your prepared statement you were told that the participants with you in the purchasing group would be Mr. Sinclair, Blair & Co., and the Chase Securities Corporation, each taking a one-fourth interest with you?

Mr. CUTTEN. Well, I was perfectly satisfied to go along with the Blair people and Mr. Sinclair. I don't think I inquired very much about who the other participants were.

Mr. PECORA. No; but weren't you actually told in the course of these interviews that the participants with you in the purchasing group would be the Chase Securities, Blair & Co., and Mr. Sinclair himself, and none others?

Mr. CUTTEN. I think that is what I understood. I cannot tell whether I was told it or not. I understood they would be reliable people anyway. I always had that in mind.

Mr. PECORA. You know Blair & Co., of course?

Mr. CUTTEN. I knew Mr. Walker; yes.

Mr. PECORA. You knew Mr. Walker, the head of it. You believed that that was a reliable banking firm?

Mr. CUTTEN. I had no reason to doubt it; no, sir.

Mr. PECORA. You knew the Chase Securities Corporation, too, didn't you?

Mr. CUTTEN. Yes.

Mr. PECORA. And you knew that was a reliable company?

Mr. CUTTEN. Yes.

Mr. PECORA. And you knew Mr. Sinclair?

Mr. CUTTEN. Yes.

Mr. PECORA. And you knew he was responsible?

Mr. CUTTEN. Yes.

Mr. PECORA. Did Mr. Sinclair tell you that this block of 1,130,000 shares was an additional issue of stock?

Mr. CUTTEN. I don't think he mentioned it. I didn't know where he got the stock.

Mr. PECORA. That is what you say in your prepared statement, is it not?

Mr. TOMPKINS. I would like to correct that statement. There is mention made that application was made to list this stock on the New York Stock Exchange. Since that statement was dictated I checked up on that and found that the stock was a part of an issue already listed; and counsel is here to explain that.

Mr. PECORA. You have learned that from Mr. Sanford, who, I notice, is present?

Mr. TOMPKINS. I learned it yesterday—

Mr. PECORA. I wish you had corrected this statement, if you learned it yesterday.

Mr. TOMPKINS. I will. I did not anticipate that Mr.—it was very late yesterday, and I did not anticipate that Mr. Cutten was going to offer the statement.

The CHAIRMAN. I think Mr. Tompkins had better be sworn, if we are going to have statements from him.

Mr. PECORA. I think it would be a good idea, Mr. Chairman.

The CHAIRMAN. Mr. Tompkins, do you swear that the testimony you give in this hearing will be the truth, the whole truth, and nothing but the truth?

Mr. TOMPKINS. I do, sir.

Mr. PECORA. Now that the oath has been administered, and for the purpose of making it retroactive, let me ask you if all the statements you have made here in the record were the truth, the whole truth, and nothing but the truth?

Mr. TOMPKINS. I never make any statements that are not true.

Mr. PECORA. That includes the statements you have made heretofore before this committee?

Mr. TOMPKINS. Yes.

Mr. PECORA. You had better add to that, with the corrections that have already been noted?

Mr. TOMPKINS. Yes.

Mr. PECORA. Now, who prepared the purchase agreement that you entered into with the Sinclair Consolidated Oil Corporation under date of October 26, 1928, a copy of which has heretofore been offered in evidence

Mr. CUTTEN. Who prepared it?

Mr. PECORA. Yes.

Mr. CUTTEN. I could not say.

Mr. PECORA. It was in the form of a letter addressed to you by the Sinclair Consolidated Oil Corporation, was it not?

Mr. CUTTEN. I could not say.

Mr. PECORA. It was in the form of a letter addressed to you by the Sinclair Consolidated Oil Corporation, was it not?

Mr. CUTTEN. Yes.

Mr. PECORA. Did you ever discuss, prior to the time that you agreed to the terms and conditions embodied in this letter to you of October 24, 1928—did you ever ask Mr. Sinclair or anybody else why these 1,130,000 shares were not offered by subscription to the then existing shareholders of record of the corporation?

Mr. CUTTEN. No; I did not.

Mr. PECORA. In pages 4 and 5 of your prepared statement, which is marked "Committee's Exhibit No. 111" in evidence, you say as follows:

None of these participants, with the exception of the participation granted to Cutten & Co., Ltd., were obtained by me. The syndicate was made up here in New York by the other parties in interest.

Who was Cutten & Co., Ltd.?

Mr. CUTTEN. Cutten & Co. was a Canadian corporation.

Mr. PECORA. Are you a stockholder?

Mr. CUTTEN. No, sir; I was originally a stockholder. It was formed for the benefit of my brothers and sisters, a family affair, and I have some stock in my name. It was formed about 1926 or 1927; but I endorsed the stock over to a trust. It is held in trust; all the stock is. I am not a stockholder.

Mr. PECORA. Cutten & Co., Ltd., obtained a subparticipation in which group—the purchasing groups, or the trading groups?

Mr. CUTTEN. The purchasing groups.

Mr. PECORA. From whom did it obtain that subparticipation?

Mr. CUTTEN. From me.

Mr. PECORA. What was the extent of it?

Mr. CUTTEN. I just turned it over to them.

Mr. PECORA. You turned over your entire interest of three twelfths, did you, to Cutten & Co., Ltd.?

Mr. CUTTEN. Yes.

Mr. PECORA. What was the consideration for that transfer?

Mr. CUTTEN. Verbal. There was not any consideration. I just turned it over to them, providing they would finance it.

Mr. PECORA. Did they finance it?

Mr. CUTTEN. Yes; they were willing to finance it.

Senator COUZENS. Where is that company located?

Mr. CUTTEN. In Toronto.

Mr. PECORA. It was a family corporation, was it not?

Mr. CUTTEN. Yes, sir; a family corporation.

Mr. PECORA. Who owned it? Who owned its stock?

Mr. CUTTEN. My brothers and sisters.

Mr. PECORA. How about yourself?

Mr. CUTTEN. I was one of the originators; but I endorsed the stock over to them at the time, and I am not a participant.

Mr. PECORA. What beneficial interest—

Mr. CUTTEN. It has never paid any dividends.

Mr. PECORA. What beneficial interest, if any, did you have in that stock?

Mr. CUTTEN. None; absolutely none.

Mr. PECORA. You say, further, in this prepared statement—and I am reading from page 5 thereof—

As I recall it, the sale to me and the purchase price paid were not kept from the public. Due announcement was made in the public press and an application was made by the company to list the additional shares on the New York Stock Exchange.

Is that correct, Mr. Cutten?

Mr. TOMPKINS. May I answer that?

Mr. PECORA. I think it is a matter that Mr. Cutten ought to know about. If you knew about it, it is obviously because Mr. Cutten told you about it when you assisted him in the preparation of this statement in the last 3 or 4 days. Now, let Mr. Cutten tell us himself.

Mr. TOMPKINS. There is a part of that statement which I said on the record should be corrected. No application was made to the New York Stock Exchange to list this stock. That is all I wanted to say.

Mr. PECORA. All right. How do you know, Mr. Cutten, that the sale of these 1,130,000 shares to you at \$30 a share was not kept from the public at the time it was made?

Mr. CUTTEN. How do I know? I cannot say, but I am pretty sure it got publication.

Mr. PECORA. When did it get publication?

Mr. CUTTEN. By anybody reading the newspapers, and from general knowledge.

Mr. PECORA. When?

Mr. CUTTEN. About that time.

Mr. PECORA. After the sale or before?

Mr. CUTTEN. It was rumored—I heard it around—that the sale was going to be made.

Mr. PECORA. You say in your statement:

As I recall it, the sale to me and the purchase price paid were not kept from the public.

Mr. CUTTEN. I believe that to be true.

Mr. PECORA. What knowledge have you now that this sale and the purchase price were not kept from the public?

Mr. CUTTEN. I think the newspapers carried it.

Mr. PECORA. Did the newspapers carry it before or after the sale was consummated?

Mr. CUTTEN. I could not say; probably after the sale.

Mr. PECORA. At that time the public could not do anything about it, could it?

Mr. CUTTEN. No, sir.

Mr. PECORA. What is that?

Mr. CUTTEN. No; I presume not.

Mr. PECORA. Do you know the form in which the public was given the information about the sale and the purchase price that was paid?

Mr. CUTTEN. No.

Mr. PECORA. Do you know who caused it to be given to the public?

Mr. CUTTEN. No; I do not.

Mr. PECORA. Do you know through what medium the public got any information about it?

Mr. CUTTEN. I can't remember at this time. That all happened four or five years ago.

Mr. PECORA. Can you refer me to any publications of any kind that contained this information for the benefit of the public?

Mr. CUTTEN. No, sir.

Mr. PECORA. Did you ever see any newspaper or other publication containing such information?

Mr. CUTTEN. I think I did. I think I read about it at that time. It seemed to be general knowledge.

Mr. PECORA. When you prepared this statement with the aid of your counsel in the last few days, and included that statement in it, why didn't you check it up?

Mr. CUTTEN. I did not check it up; no sir.

Mr. PECORA. We know you did not check it up, but I am asking you why you did not. Do you now recall that any publication in any form whatsoever was made at any time up to the consummation of this transaction between you and the Sinclair Consolidated Oil Corporation?

Mr. CUTTEN. I do not know of any publication.

Mr. PECORA. That any publication was made for the public benefit?

Mr. CUTTEN. I could not say; but it was general knowledge.

Mr. PECORA. What do you mean by "general knowledge"?

Mr. CUTTEN. General talk. Everybody was talking about it.

Mr. PECORA. You did not proclaim from the housetops on or before October 24, 1928, when the stock was selling on the public exchange from a low of 32 to a high of 35 $\frac{7}{8}$ , that you had just made a contract or were going to make a contract with the oil corporation to buy over a million of its shares at \$30, did you?

Mr. CUTTEN. No, sir.

Mr. PECORA. You would not think that making such an announcement would be of benefit to you, would you?

Mr. CUTTEN. No; I would not.

Mr. PECORA. Or to the company?

Mr. CUTTEN. No, sir.

Mr. PECORA. You would think it might have a bad effect on the transaction, would you not?

Mr. CUTTEN. I do not know whether it would or not.

Mr. PECORA. You say, again, in this prepared statement—I am reading from page 5 and I am referring to committee's exhibit no. 111—

At the time the purchase was made we deemed it advisable to form a trading account in the stock.

What do you mean by that?

Mr. CUTTEN. We formed that company to get new purchasing power in case the stock was to go down.

Mr. PECORA. I am a little bit green about that, Mr. Cutten. What do you mean by the statement that you deemed it advisable at the time this purchase was made to form a trading account in the stock? You already had the commitments of responsible persons, incorporations like the Chase Securities Corporation, Blair & Co., and Mr.

Sinclair to participate in this purchase with you at \$30 a share, did you not?

Mr. CUTTEN. Yes.

Mr. PECORA. Why did you deem it advisable to form a trading account in this stock?

Mr. CUTTEN. To support the stock when people were selling the stock.

Mr. PECORA. You bought it from the company?

Mr. CUTTEN. Yes.

Mr. PECORA. Why did you think it was necessary or advisable to form a trading account at the time you made this purchase?

Mr. CUTTEN. I told you.

Mr. PECORA. I have forgotten the answer. Will you tell me again, please, sir?

Mr. CUTTEN. To buy and sell the stock.

Mr. PECORA. You were already committed to buy it. Why did you deem it advisable to form a trading account in the stock?

Mr. CUTTEN. To buy and sell the stock.

Mr. PECORA. For what purpose or to what end?

Mr. CUTTEN. To make some money.

Mr. PECORA. Then, was this trading account in the nature of a pool to sell the stock at a price higher than that which you paid for it?

Mr. CUTTEN. To sell the stock higher than we paid for it; yes. That is the object of going into these things.

Mr. PECORA. What is that?

Mr. CUTTEN. That is 'the object.

Mr. PECORA. At the time you bought this stock at \$30 a share it was selling on the market for as high as \$35 and a fraction?

Mr. CUTTEN. Are you talking about the other trading account?

Mr. PECORA. No; the trading account that you have referred to in this prepared statement, where you say that at the time the purchase was made "we deemed it advisable to form a trading account in this stock."

Mr. CUTTEN. The object was that if the market was slowed up, to pick up the stock.

Mr. PECORA. If you cannot talk a little louder, I will have to ask you to repeat your answers; and I do not want to impose that drain on your strength.

Mr. CUTTEN. To support the market.

The CHAIRMAN. Was it not a device for manipulating the market?

Mr. CUTTEN. No. We did not manipulate it. We did not have to manipulate the market at that time, because the market was going right up. I will show you a chart here, Senator.

Mr. PECORA. When did you find it necessary, if at all, to manipulate the market?

Mr. CUTTEN. When the market would take a million shares of stock and then climb up, it didn't need very much support.

Senator GORE. Then why did you organize this trading concern. if it was going up perpendicularly with no hazards?

Mr. CUTTEN. I cannot answer that question. I didn't know it was going up, I guess.

Senator TOWNSEND. Were there days in which one of these syndicates purchased from the other?

Mr. CUTTEN. The market does not go up all the time; it fluctuates.

Senator TOWNSEND. Were there days in which one syndicate purchased from the other syndicate?

Mr. CUTTEN. No, sir.

Senator TOWNSEND. They never bought or sold from each other?

Mr. CUTTEN. No, sir. It was to wind up the original.

Mr. PECORA. How was it designed, Mr. Cutten, to enable this purchasing group to sell the stock at a profit through the organization of a trading account?

Mr. CUTTEN. I did not get that question.

Mr. PECORA. I will ask the reporter to read it.

(The question referred to was read by the reporter as above recorded.)

Mr. PECORA. In other words, tell us how the trading account was to operate in order to enable the members of this purchasing group to sell to the public at a profit the 1,130,000 shares which it bought at \$30.

Mr. CUTTEN. I do not get that question.

Mr. TOMPKINS. I think I can answer it.

Mr. PECORA. No; I will make it clear to him. We will go back to A, B, C.

You have said that the syndicate that bought this stock at \$30 a share from the oil corporation had in mind reselling it to the public at a profit?

Mr. CUTTEN. That is right.

Mr. PECORA. For the purpose of enabling this syndicate, this purchasing syndicate, to sell its stock to the public at a profit, it was deemed advisable by the members of the syndicate to form a trading account?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. That is correct, is it not?

Mr. CUTTEN. Yes.

Mr. PECORA. How was it intended that the trading account should act? What business had it intended that the trading account should do in order to enable it to sell the stock of the purchasing group to the public at a profit?

Mr. CUTTEN. Well, to keep a market, that we would buy and sell the stock.

Mr. PECORA. What do you mean by "keeping the market"? Was there not an open public market?

Mr. CUTTEN. Yes.

Mr. PECORA. Where anybody could go in and buy or sell some stock?

Mr. CUTTEN. Yes; but when the stock was a little weak, on the weak days when the public was selling, we would buy it.

Mr. PECORA. In order to give support to the market and keep the price up?

Mr. CUTTEN. To support the market at times.

Mr. PECORA. Is that how it was intended to work?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. When the buying on the part of the general public was light or weak?

Mr. CUTTEN. When the market was weak we would support it.

Mr. PECORA. How would you support it—by buying?

Mr. CUTTEN. Yes.

Mr. PECORA. By buying what the public had to sell; is that right?

Mr. CUTTEN. Yes.

Mr. PECORA. And that enabled the price to be maintained?

Mr. CUTTEN. Yes.

Mr. PECORA. Or even to go up a bit?

Mr. CUTTEN. It might; yes.

Mr. PECORA. And if it went up a bit, what was the trading account to do in behalf of the syndicate?

Mr. CUTTEN. Sell the stock.

Mr. PECORA. You would sell a part of these 1,130,000 shares?

Mr. CUTTEN. Yes.

Mr. PECORA. As well as the stock you had bought in the open market, to keep the price up, would you?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. So that this trading account was to both buy and sell as the market conditions required?

Mr. CUTTEN. Yes.

Mr. PECORA. Is that right?

Mr. CUTTEN. That is right.

Mr. PECORA. The ultimate purpose all the time being to enable your syndicate, your purchasing syndicate, not only to dispose of those shares if bought in the open market to keep up the price but also to sell at a profit the 1,130,000 shares that it had acquired at \$30 a share? Is that right?

Mr. CUTTEN. That is right; yes, sir.

Mr. PECORA. That is a species of manipulation, is it not, Mr. Cutten?

Mr. CUTTEN. I would not call it that; no.

Mr. PECORA. What would you call it? How would you describe that kind of business?

Mr. CUTTEN. That is keeping the market.

Mr. PECORA. Does that kind of an operation give an artificial stimulation to a market?

Mr. CUTTEN. At this time the market did not need any stimulation.

Mr. PECORA. But I say, does that?

Mr. CUTTEN. It probably would today, but it did not at that time.

Mr. PECORA. You probably would not go into a syndicate of that kind today, would you?

Mr. CUTTEN. No, sir.

Senator GORE. You say it did not need any stimulation at that time. This was a sort of an apothecary shop, was it, so that you would have stimulants at hand if you did need them?

Mr. CUTTEN. I do not get that. I am a little deaf, Senator.

Senator GORE. Oh. I beg your pardon. You said the group did not need any stimulation at that time?

Mr. CUTTEN. No.

Senator GORE. I asked if this trading account was a sort of an apothecary shop or drug store where you could get stimulants in case you did need them?

Mr. CUTTEN. That is right.

Mr. PECORA. In other words, to give it some artificial stimulation; is that right?

Mr. CUTTEN. To take the stock when it was offered; yes.

Mr. PECORA. A shot in the arm.

Mr. CUTTEN. We were willing to buy the stock when the public wanted to sell it, or whoever the sellers were.

Mr. PECORA. Mr. Tompkins has kindly furnished me with two statements, two separate typewritten statements, each referring to a Sinclair trading account. I show you the first one of those statements, consisting of two typewritten sheets, and the first date upon it appears to be October 26, 1928. Will you look at it and tell us if that is a record of the buying and selling that was done by the first trading account?

Mr. TOMPKINS. That is the syndicate account?

Mr. PECORA. Yes. Is not that the trading account?

Mr. TOMPKINS. No; the trading account was the B account.

Mr. PECORA. I show you this other statement which you gave me, Mr. Tompkins. Will you tell us what it purports to represent?

Mr. TOMPKINS. That is the trading account, the last one.

Mr. PECORA. I offer in evidence the typewritten statement that Mr. Tompkins has just identified as the statement of the operations of the trading account, and ask that it be spread on the record.

The CHAIRMAN. Let it be admitted and spread on the record.

(The statement referred to and identified by Mr. Tompkins, headed "Sinclair Trading Account", the first date shown thereon being Nov. 5, 1928, was received in evidence, marked "Committee Exhibit No. 112, Nov. 9, 1933.")

Mr. PECORA. Mr. Tompkins, will you look at the other typewritten statement that I handed to you and tell us what that represents?

Mr. TOMPKINS. That represents the number of shares bought and the number of shares sold by the syndicate account.

Mr. PECORA. By the syndicate account do you mean the original purchasing syndicate?

Mr. TOMPKINS. The original purchasing syndicate; yes, sir.

Mr. PECORA. I offer that statement in evidence and ask that it be spread on the record.

The CHAIRMAN. Let it be admitted and printed in the record.

(The statement last above referred to, headed "Sinclair Syndicate Account", the first date thereon appearing Oct. 26, 1928, was received in evidence, marked "Committee Exhibit No. 113, Nov. 9, 1933.")

Mr. PECORA. In your prepared statement marked in evidence as exhibit no. 111 you also say as follows—I am reading again from page 5—

Under the original syndicate agreement A the purchasing power of the syndicate was limited to 1,130,000 shares, the amount which it had contracted to purchase from the Sinclair Co. I realized that if the market did not advance and we were not able immediately to dispose of some of the shares purchased, it would be necessary, if we hoped to have the purchase

carried out satisfactorily without loss to the public in interest, to have buying power by means of a trading account which could make purchases of the stock independently of the original syndicate.

What do you mean by that?

Mr. CUTTEN. That is what I was talking about before. I thought you referred to that account. That is the reason I said it was a buying-and-selling account.

Mr. PECORA. The purchasing syndicate had arranged to buy and sell the 1,130,000 shares, the subject of the agreement?

Mr. CUTTEN. Yes.

Mr. PECORA. At the same time or at about the same time another syndicate was formed by the participants in the original purchasing group to trade in the stock of the Sinclair Consolidated Oil Corporation so as to enable the purchasing group to sell to the public at a profit the 1,130,000 shares; is that right?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who managed that trading account?

Mr. CUTTEN. I managed it through Ruloff.

Mr. PECORA. That is, Ruloff Cutten?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. He was then a member of the firm of Hutton & Co?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who directed the buying and selling operations of that trading account?

Mr. CUTTEN. I gave him discretion.

Mr. PECORA. Were all the transactions that were had by that trading account made in the exercise of your cousin Ruloff's discretion?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Did you not at times give him orders to buy or sell, as the case might be?

Mr. CUTTEN. As the case might be. Every night he would telephone me how they stood.

Mr. PECORA. And then you advised him what to do the following day?

Mr. CUTTEN. That is right.

Mr. PECORA. So that his discretion was a discretion that was more or less bounded by what you told him the night before?

Mr. CUTTEN. Not altogether. I gave him discretion.

Mr. PECORA. But you were in contact with him daily?

Mr. CUTTEN. Yes. Anything he did was all right with me.

Mr. PECORA. Because you knew that he would do anything you wanted him to do, that he would endeavor to carry out your wishes?

Mr. CUTTEN. Yes.

Mr. PECORA. The buying and selling was actually done under your direction, was it not?

Mr. CUTTEN. Yes.

Mr. PECORA. The mechanics of it were attended to by the brokerage firm?

Mr. CUTTEN. That is right.

Mr. PECORA. Of which your cousin was a partner?

Mr. CUTTEN. That is right.

Senator GORE. Do you mean that his cousin was a partner in the brokerage firm?

Mr. PECORA. Of Hutton & Co. The witness was managing the trading account. His cousin, Ruloff Cutten, was a partner of E. F. Hutton & Co., stock brokers.

Now, I notice that under date of November 5, 1928, the purchasing syndicate, according to exhibit no. 113, bought 11,600 shares of this oil stock in the open market, and on the same day sold 100,600 shares. And I also notice from exhibit no. 112 that on that date the trading syndicate or the trading account bought 50,900 shares. Was that purchase of 50,900 shares on behalf of the trading account, plus the purchase of 11,600 shares by the purchasing group, made for the purpose of stimulating the market so as to enable the purchasing group to sell 100,600 shares on the same day?

Mr. CUTTEN. I cannot answer that question. I do not remember the deal at all.

Mr. PECORA. Well, now, you have before you copies or these exhibits, haven't you?

Mr. TOMPKINS. No; he has not.

Mr. PECORA. Mr. Tompkins, haven't you copies of these exhibits for Mr. Cutten's benefit?

Mr. TOMPKINS. They were rushed down to me, and we did not have much time.

Mr. PECORA. Well, these that you gave to me appear to be carbon copies. I thought you, perhaps, had other copies in your custody there.

Mr. TOMPKINS. Mr. Cutten wouldn't recall individual trades made 4½ years ago.

Mr. PECORA. Well, he might recall the reason for making them, Mr. Tompkins, and that is the reason I am asking him these questions.

Mr. TOMPKINS. All right.

Mr. CUTTEN. I don't know anything about it.

Mr. PECORA. Well, Mr. Cutten, you are a market operator on a pretty large scale, aren't you?

Mr. CUTTEN. Well, I have operated on a pretty large scale for me; yes.

Mr. PECORA. And you are familiar with market operations, of course?

Mr. CUTTEN. Yes; but I cannot remember transactions four and a half years ago.

Mr. PECORA. I do not expect you to remember specific transactions, and I am not questioning you particularly about specific transactions, I want to find out the reason for certain transactions.

Mr. CUTTEN. I do not know the reason. I cannot recall the transactions.

Mr. PECORA. Will you explain to this subcommittee why it was that on November 5, 1928, according to committee exhibits 112 and 113 now in evidence, the trading account bought 50,900 shares of this Sinclair Oil stock, and the syndicate purchasing group bought 11,600 shares, and on the same day the syndicate purchasing account sold 100,600 shares?

Mr. CUTTEN. I do not recall the transactions and I cannot answer.

Mr. PECORA. Well, without recalling the transaction itself it appears from these exhibits that have been furnished to me by your

counsel, and which I presume therefore are correct, that these transactions were had on that day. Now, give us the reason for such transactions.

Mr. CUTTEN. I cannot give you the reason because I don't know.

Senator GORE. Mr. Pecora, have you the fluctuations in the stock for that day?

Mr. PECORA. Yes, sir. On November 5, 1928, and that is the date in question, Senator Gore, the range was from a low of 42 to a high of 43 $\frac{1}{4}$ , with a closing price of 42 $\frac{3}{4}$ , and a total volume of transactions was 210,700 shares.

Senator GORE. Thank you.

Mr. CUTTEN. I cannot answer that question, Mr. Pecora.

The CHAIRMAN. Mr. Cutten, can you give us an idea what that would indicate to you?

Mr. CUTTEN. I really don't know, Senator Fletcher.

Mr. PECORA. Mr. Cutten, are you so uninformed about these market operations that you could not give this subcommittee a reason for this buying and selling on the same day?

Mr. CUTTEN. No; I could not.

Mr. PECORA. These buying and selling transactions on the same day by your two groups.

Mr. CUTTEN. No, sir.

Mr. PECORA. Do you really mean that, Mr. Cutten?

Mr. CUTTEN. I cannot off-hand tell you; no. I would have to know the details first.

Mr. PECORA. Well, would you have to stop and take some time and deliberate before you could answer that question?

Mr. CUTTEN. It would be impossible for me to answer because I do not know anything about that transaction.

Mr. PECORA. Well, you do know that these transactions occurred, don't you?

Mr. CUTTEN. I know that they are on the record there, but I cannot recall them, and do not know just what happened.

Mr. PECORA. Can you conceive of the reason, or any reason, why the trading syndicate would buy 50,900 shares and the purchasing syndicate would buy on the same day 11,600 shares, and at the same time the purchasing syndicate would sell 100,600 shares?

Mr. CUTTEN. I suppose—

Senator GORE (interposing). Could that have been done in order to give some evidence of activity in the stock in the market?

Mr. CUTTEN. I suppose the market could have gone down, and then the market might have gone up and they sold the stock. But I cannot tell you about that just now.

Mr. PECORA. Was it done, then, to enable the purchasing syndicate to stimulate the market so that it could sell the 100,600 shares at a profit?

Mr. CUTTEN. Well, the range that day was only 1 $\frac{1}{4}$  points.

Senator GORE. Was it to give the stock an appearance of activity in order to stimulate future trading in it? Could that have been the reason back of it, or the motive back of that matter?

Mr. CUTTEN. The range was not so great that day, you know.

Senator GORE. That is the point. The range is so small that it could not have been done to protect the stock. But it could have been

done at the same time you were entering on a selling campaign in order to stimulate the stock. It might have been a selling from yourself to yourself in order to give an appearance of activity in the stock and tempt other people to sit in or stay in.

Mr. CUTTEN. It is often done—the buying and selling of stock.

Mr. PECORA. What is often done?

Mr. CUTTEN. The buying and selling of stock at the same time.

Mr. PECORA. For what purpose?

Mr. CUTTEN. I don't know. [Laughter.]

Mr. PECORA. Then, how do you know that it is often done?

Mr. CUTTEN. Well, it might have been to stimulate it, but—

Mr. PECORA (interposing). How do you know it is often done?

Mr. CUTTEN. How do I know?

Mr. PECORA. Yes.

Mr. CUTTEN. I don't know. I have never traded in stock except for myself individually.

Mr. PECORA. How do you know it is often done? You made the statement in a rather positive fashion that it is often done. How do you know that?

Mr. CUTTEN. I have often bought stocks and had to sell them right out again.

Mr. PECORA. Do you mean that you bought and sold the same day?

Mr. CUTTEN. Yes. There is nothing unusual in that.

Mr. PECORA. Did you ever hear the term "wash sale" used before today?

Mr. CUTTEN. I have heard the term used; yes. But it was not done here.

Mr. PECORA. What does it mean to you?

Mr. CUTTEN. I don't know. [Laughter.]

Mr. PECORA. When you hear the term "wash sale" used you don't know what it refers to?

Mr. CUTTEN. I have an idea; yes. [Laughter.]

Mr. PECORA. What was your idea when you heard the term "wash sale" used?

Mr. CUTTEN. To try to make a market.

Mr. PECORA. And that is an operation of buying and selling, back and forth, isn't it?

Mr. CUTTEN. But I am pretty sure it was not done here.

Mr. PECORA. A man buying from himself and selling to himself is what is meant, isn't it?

Mr. CUTTEN. There was nothing of that kind here, I am pretty sure.

Mr. PECORA. How do you know there was nothing of that kind here, on November 5, 1928, in view of the fact that the transactions of your two syndicates consumed about 80 percent of the entire day's trading in that stock? Doesn't that look as if one syndicate was buying from the other syndicate?

Mr. CUTTEN. No. That did not occur.

Mr. PECORA. How was that?

Mr. CUTTEN. One syndicate only bought from the other in order to wind up the original syndicate.

Mr. PECORA. But I am asking you now about the situation on November 5, 1928. I am talking about the deals or trades on November 5, 1928?

Mr. CUTTEN. I am pretty sure that did not occur in that way.

Mr. PECORA. You say nothing of that sort was done here, you feel sure?

Mr. CUTTEN. Not with my knowledge.

Mr. PECORA. Let us analyze it—Well, you say not with your knowledge. Then it might have been done without your knowledge, is that it?

Mr. CUTTEN. Yes; it might have been done.

Mr. PECORA. It might have been done, I fancy, without your knowledge, then?

Mr. CUTTEN. It could have been done.

Mr. PECORA. Which of the managers or agents of the syndicate would likely go ahead and do those things without your knowledge? Do you think your cousin might have done it?

Mr. CUTTEN. No; I don't think so.

Mr. PECORA. He would not betray you, would he?

Mr. CUTTEN. No, sir.

Mr. TOMPKINS. Our records are open to you.

Mr. PECORA. How was that?

Mr. TOMPKINS. On November 5, 1928, there was no transaction of one syndicate buying and selling to the other syndicate. No such transactions occurred.

Senator GORE. Can you give the prices at which they bought and sold the stock?

Mr. TOMPKINS. I can get them for you. I was not asked for the prices, but to give a list of the number of shares sold and bought by each syndicate without prices or dollar additions.

Senator GORE. But you can answer that question?

Mr. TOMPKINS. Yes, sir.

Senator GORE. That would not have been necessary, to give an idea on the part of the public that one concern sold to and bought from the other. They could have a matched sale, simultaneous orders to buy and sell to any purchaser. It would have had the same effect, wouldn't it? There was no necessity for an agreement between them to buy and sell to each other, because if they had matched their sales and their purchases, one selling 50,000 shares and the other simultaneously buying 50,000 shares it might not have been out of the 50,000 but it would have had the same effect of indicating to the public the stock was very active, wouldn't it?

Mr. TOMPKINS. That is so, but that is not the case here.

Senator GORE. Isn't it the idea of matched sales or wash sales to bring about in the mind of the public that a stock is very active, and that there is the liability of having a run-up and that people better get in?

Mr. TOMPKINS. A wash sale, as I understand it, is a sale where there is no change in ownership, but where the same party appears on the buy-and-sell sides. As a matter of fact, in connection with these two syndicates the syndicates were made up along different lines. There were different participants in the trading syndicate than in the original purchase syndicate. But in every case so far as we have been able to check out in our examination there were no instances where one syndicate sold to the other syndicate. And our records are open to you.

Mr. PECORA. Mr. Tompkins, have you examined the records for the purpose of ascertaining if that is a fact?

Mr. TOMPKINS. No, sir.

Mr. PECORA. Then why make that statement when you have no personal knowledge of these transactions?

Mr. TOMPKINS. Well, I make that statement on the record, and invite any one of your examiners down to the office of E. F. Hutton & Co., where the records of these accounts are kept, to check through them and see if they can find any such thing. I only know what I have been told about it and what you have got there. I make that statement in justice to my clients, because there has been a suggestion here that there have been some wash sales in connection with the handling of these syndicates, and I am informed by my clients that that is not a fact.

Mr. PECORA. Have your clients informed you what steps were taken to see to it that there were no wash sales?

Mr. TOMPKINS. No, sir.

Senator COUZENS. Well, looking over the exhibits I see there are a number of sales, of purchases and sales that match each other. Mr. Attorney, you cannot convince this subcommittee, or at least so far as I am concerned, with the kind of testimony you are giving, that there were no wash sales or matched sales made in an effort to boost the market. No matter what you may say, Mr. Attorney, the subcommittee does not believe that to be a fact.

Mr. TOMPKINS. Well, I should like to supplement my statement by saying that we have submitted to the subcommittee a statement of facts, in the form of the exhibits that Mr. Pecora has. I was asked on yesterday afternoon if I would get up a statement of each syndicate showing the number of shares bought and sold, without prices or dollar additions. But I can get for you the record for any particular day, and if you would like it, showing the names of purchasers and sellers for I believe such records are available.

Mr. PECORA. Do you know how many different brokers were used in carrying out orders for these two syndicates, the purchasing syndicate and the trading syndicate?

Mr. TOMPKINS. I haven't the slightest idea.

Mr. PECORA. Mr. Cutten, do you know that?

Mr. CUTTEN. I am not in a position to give that. I do not know that anybody can tell what brokers are used. They might give it out to this broker or to that broker. You know how the business is done on the exchange.

Mr. PECORA. No; I have never been in it.

Mr. CUTTEN. I haven't either. [Laughter.]

Mr. PECORA. I thought you said you were a market operator.

Mr. CUTTEN. But you say on the exchange.

Mr. PECORA. Well, you have never been a member of the exchange—

Mr. CUTTEN (interposing). No.

Mr. PECORA (continuing). But you are an operator who gives orders to members of the exchange?

Mr. CUTTEN. I give orders to brokers.

Mr. PECORA. You have an advantage over me in that respect.

Mr. CUTTEN. Well [laughter] Ruloff told me that there wasn't any trading between these two accounts except in the final wind-up of one syndicate, when the other syndicate took over its holdings in order to wind up that syndicate. That was the only time.

The CHAIRMAN. There came a time when you were not interested in keeping a market.

Mr. CUTTEN. Not after syndicate was closed.

The CHAIRMAN. There came a time when you were not interested in keeping a market. Was that when you closed up?

Mr. CUTTEN. Yes, sir; at the final. We wound up one syndicate, you see. They took over the other syndicate.

The CHAIRMAN. And you were no longer interested in keeping a market?

Mr. CUTTEN. No.

The CHAIRMAN. What did you close out at?

Mr. CUTTEN. What figure did we close out at?

The CHAIRMAN. Yes.

Mr. TOMPKINS. I will give you the figure.

Mr. PECORA. Now, tell me—

Senator COUZENS (interposing). Just a minute. He is going to give an answer.

Senator GORE. Was there any reason why—

Senator COUZENS (interposing). He is trying to get data to give an answer to the question pending, Senator Gore.

Senator GORE. All right.

Mr. TOMPKINS. The syndicate account was closed out on April 16. I will have to supply the prices, but the balance of the stock was turned over to the trading account and it was not a transaction on the exchange, as I understand it.

The CHAIRMAN. April 16 of what year?

Mr. TOMPKINS. April 16, 1929.

The CHAIRMAN. At that time all the stock had been sold except some shares you had on hand, isn't that it?

Mr. TOMPKINS. That is right.

The CHAIRMAN. Then you distributed the stock to the members of the syndicate?

Mr. TOMPKINS. No. The original purchasing syndicate turned over the balance of the stock to the trading syndicate. They just took it over.

The CHAIRMAN. What was the balance of it?

Mr. TOMPKINS. I will try to get that for you. [After looking over some papers] I cannot give you that information offhand, but can supply it for the purpose of the record.

The CHAIRMAN. The subcommittee will be glad to have you do that. Then what became of it, after it was turned over to the trading syndicate?

Mr. TOMPKINS. They eventually sold it out.

The CHAIRMAN. When did they sell it out?

Mr. TOMPKINS. May 17, 1929.

The CHAIRMAN. At what figure did they close it out?

Mr. TOMPKINS. I cannot give you that. It had been sold in the interval. I can supply a complete transcript of that account if you wish it.

The CHAIRMAN. At that time you ceased to be interested in keeping a market for the stock. Mr. Cutten, do you remember the market price of the stock at the time you closed it out?

Mr. CUTTEN. I do not.

Mr. TOMPKINS. I can give you the high and the low. On May 17, when the trading account was closed out, according to my records, the high price of Sinclair was  $38\frac{1}{2}$ , and the low was 38, and the close was 38.

The CHAIRMAN. Then what has been the course of the stock since then? Did it continue downward?

Mr. TOMPKINS. Well, I only have it down to June of 1929.

The CHAIRMAN. What was it then?

Mr. TOMPKINS. It was  $38\frac{5}{8}$ , 38, 38, and  $38\frac{1}{8}$ .

The CHAIRMAN. You have not followed it down since then?

Mr. TOMPKINS. No, sir. I have not been asked to give that information, but will be very glad to supply the prices if you want them.

The CHAIRMAN. We would be glad to have them. What is the price today, Mr. Cutten?

Mr. CUTTEN. It is about  $11\frac{3}{4}$ .

Mr. TOMPKINS. It is 11 or 12, I think. But this stock has not declined so much. It has not declined, although declining, anything like the same as some other securities have declined.

The CHAIRMAN. Well, we can argue that later.

Senator COUZENS. Has it paid dividends?

Mr. TOMPKINS. Yes, sir. It went on a dividend-paying basis in 1929, I think, and continued for some little period, and then when the general depression struck the country, struck the oil industry, it passed the dividend. Counsel for the company is here, and I think he can give you the dividend record.

Senator GOLDSBOROUGH. Mr. Cutten, the matter does not seem to be stated very clearly. Is my understanding correct that you made the contract individually for the purchase of 1,130,000 shares of Sinclair Consolidated Oil stock at 30?

Mr. CUTTEN. Yes, sir.

Senator GOLDSBOROUGH. And subsequently there was an additional contract made whereby you set up a syndicate that agreed to take the 1,130,000 shares.

Mr. CUTTEN. Yes, sir.

Mr. PECORA. That was done simultaneously, Senator Goldsborough.

Senator GOLDSBOROUGH. And when the stock was delivered to you by the Sinclair company, was cash paid for the stock?

Mr. CUTTEN. We marketed some of the stock. There was no real money put in then.

Senator GOLDSBOROUGH. Do you mean to say that you paid no money at all when you got the stock, except when you sold it on the market?

Mr. CUTTEN. Yes.

Mr. TOMPKINS. No, Senator; that is not so.

Senator GOLDSBOROUGH. Well, I want to find out if that is correct.

Mr. Cutten, is that correct?

Mr. CUTTEN. Yes, sir; that is correct.

Mr. PECORA. As a matter of fact, when for the first time did any purchasing group pay any money for any part of the 1,130,000 shares that you agreed to buy on October 24, 1928?

Mr. CUTTEN. I don't think we paid any.

Mr. PECORA. You don't think they paid any money at all?

Mr. CUTTEN. No.

Mr. PECORA. What were the total profits that accrued to this purchasing group from all these transactions?

Mr. CUTTEN. Have you the figures?

Mr. PECORA. Yes; I have the figures, \$12,200,000.

Mr. TOMPKINS. I have here \$12,000,209.41.

Mr. CUTTEN. There was a \$11 or \$12 advance in price.

Mr. PECORA. Something like \$11 or \$12 a share advance?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. And this profit was made without putting up any money?

Mr. CUTTEN. Yes.

Mr. PECORA. And Mr. Sinclair shared individually in the profit, did he?

Mr. CUTTEN. Yes.

Mr. PECORA. What other officers or directors of the Sinclair Consolidated Oil Corporation shared in the profits?

Mr. CUTTEN. Mr. Bartlett.

Mr. PECORA. Who else?

Mr. CUTTEN. Well, I would have to see the list, although I think none.

Mr. TOMPKINS. I will give you the list. I do not think there were any others of the Sinclair Co. Here is a complete statement. And, I should like for the purpose of the record, if I may be permitted, to state, in response to the Senator's question, that I do not think Mr. Cutten quite comprehended his inquiry; that on this stock which was bought from the Sinclair Consolidated Oil Corporation—

Senator GOLDSBOROUGH (interposing). Well, that question was repeated by Mr. Pecora and Mr. Cutten answered him in the same manner that he did me. Still, there is no objection to any statement you may wish to make so far as I am concerned.

Mr. TOMPKINS. I should like to have this made clear on the record: That this stock which was purchased by the syndicate from the Sinclair Consolidated Oil Corporation was delivered for syndicate account to E. F. Hutton & Co. in the following amounts: On December 27, 1928, delivery was made by Sinclair of 500,000 shares of the Sinclair Co. stock, and the Sinclair Co. was paid \$15,000,000. On December 31, 1928, 630,000 shares were delivered by the Sinclair Consolidated Oil Co., and they were paid \$18,900,000.

Senator TOWNSEND. Hadn't they previously sold it?

Mr. TOMPKINS. Not all of it. That is why I say Mr. Cutten was in error in answering Senator Goldsborough's question. What happened was this: No participant in this trading syndicate was required, although they were obligated, to put up the necessary money to carry the stock. And they were not required to put it up because between the interval of the purchase price of \$30 a share and the delivery price on December 27 the stock had gone up and was selling in the neighborhood of \$40 a share, so when they took delivery at \$30 a share there was ample collateral, approximately 25 percent additional, and it was handled and financed by the brokers.

Mr. PECORA. What banks financed the brokers?

Mr. TOMPKINS. The brokers borrowed on December 31 from the Chase National Bank on a part of this stock as collateral the sum of \$12,000,000, and it has been paid.

Mr. PECORA. How much did they pay all told to Sinclair Consolidated Oil Co. in December?

Mr. TOMPKINS. The first payment was \$15,000,000, and the last payment was \$18,900,000.

Mr. PECORA. And out of the \$15,000,000 payment \$12,000,000 were advanced by Chase National Bank?

Mr. TOMPKINS. I think it was out of the December 31 payment.

Mr. PECORA. Meanwhile the purchasing syndicate had already derived millions of dollars in profits, between October and December, from the sale of the stock and because of the appreciation in the price of the stock in the market?

Mr. TOMPKINS. I would not say millions of dollars of profits were derived, because it could not be told at that time, not until it was closed out, whether there would be a profit or a loss.

Senator GORE. There is one point that I do not understand in regard to the organization of this trading syndicate. Mr. Cutten, you say, organized the syndicate in order to support the market, to buy and sell the stock. I can see a point in that if both concerns were to operate at one and the same time, one buying and the other selling. But as I understand, you say that was not the purpose.

Mr. CUTTEN. That was not the purpose, and it was not done.

Senator GORE. Now, just what could this trading syndicate do that the purchasing syndicate could not have done? If it was merely to buy and sell there was no addition to the purchases of stock, but it could have bought the stock back, and could have operated, and done exactly what the trading syndicate did. Now, I do not see any point in the organization of the trading syndicate unless there was some other purpose than that.

Mr. TOMPKINS. Senator, Mr. Cutten explained that.

Senator GORE. Well, I do not understand it.

Mr. TOMPKINS. May I answer that? I am not a witness, but I think I can explain it to you. I assume you want the facts.

Senator GORE. I do not see the point, and do not understand it.

Mr. TOMPKINS. In the original purchase syndicate the commitment was limited to 1,130,000 shares. So the minute that that syndicate bought from the Sinclair Co. 1,130,000 shares, unless they were able to dispose or to sell some of it they could not buy any more stock. That was the limit of their commitment. So it was deemed advisable to organize a trading syndicate in the event that the market might go down—and you know markets do not always go up—so as to have a buying power in addition to the buying power furnished by the original syndicate, to give the market support.

Senator GORE. And there was some limit to it?

Mr. TOMPKINS. Yes, sir; the 1,130,000 shares they were already committed to buy, that amount of stock.

Senator GORE. Well, could not the people who made that commitment have made a new one? I was not here when this matter was originally brought up, and I do not know what it was. But do not see any reason why that concern could not have prevailed on somebody to sell them more stock. They could have bought in the open market if they wanted to.

Mr. TOMPKINS. Yes. But in all these syndicate agreements people want to know the risk that they take, so there is a limit to the commitment which they make. So Mr. Cutten as manager of the syndicate could not make a commitment in excess of 1,130,000 shares, and that commitment had been made when he contracted to buy the stock from Sinclair. Now, assuming that he had bought and paid for that stock and the market had gone down there would have been no purchasing power unless he sold some stock at a loss. Therefore in having a purchasing syndicate he had buying power to protect it.

Senator GORE. And that could not have emanated from the original purchases of stock?

Mr. TOMPKINS. It could, but—

Senator GORE (continuing).—So that they could have operated that function as well as the other.

Mr. TOMPKINS. Yes, sir; but it was deemed advisable to spread the risk around. He did not want to take the entire risk. As a matter of fact, the risk in the trading syndicate was spread around over approximately 32 participants. Mr. Pecora, wouldn't you like this for your record? This is a list of the participants in the trading syndicate, with the amounts they got.

Mr. PECORA. Yes, sir. Mr. Chairman, I offer in evidence the statement produced by Mr. Tompkins, entitled "List of participants in Sinclair purchasing syndicate as finally constituted, with percentages and share of profits received." And I ask that that may be spread on the record.

The CHAIRMAN. Let it be received, and the committee reporter will make it a part of the record.

(The statement referred to was marked "Committee Exhibit No. 114, Nov. 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 114, NOVEMBER 9, 1933

List of participants in Sinclair purchasing syndicate as finally constituted, with percentages and share of profits received:

	<i>Share of profits</i>
Blair & Co., 22½ percent.....	\$2, 632, 962. 75
Chase Securities Corporation, 15 percent.....	1, 755, 308. 50
Shermar Corporation, 7½ percent.....	877, 654. 25
The Cutten Co., Ltd., 22½ percent.....	2, 632, 962. 75
H. F. Sinclair, 22½ percent.....	2, 632, 962. 75
Continental National Co., 4 percent.....	468, 082. 27
Arthur Reynolds, 1 percent.....	117, 020. 57
A. M. Andrews, 1 percent.....	117, 020. 57
The Famoth Corporation, 1¾ percent.....	204, 785. 99
The Traywin Corporation, 1¾ percent.....	204, 785. 99
L. W. Hill and C. O. Kalman, ½ percent.....	58, 510. 29
Total.....	11, 702, 056. 68

The total net profit was \$12,002,109.41, out of which William S. Fitzpatrick was paid 2½ percent, a total of \$300,052.73, and the remaining \$11,702,056.68 was divided among the participants in the amounts above given.

Cutten Co., Ltd., granted subparticipations to Mr. Lawrence Fisher and Mr. George Breen, and upon the termination of the syndicate they received the following share of profits based upon these subparticipations:

Lawrence Fisher.....	\$585, 102. 83
George Breen.....	292, 551. 41

(Written in pencil: Fred Bartlett \$526,592.55.)

Mr. PECORA. And, Mr. Chairman, I now offer in evidence another typewritten statement produced by Mr. Tompkins entitled "List of participants in the Sinclair Consolidated B Syndicate as finally constituted, showing interest which they had in syndicate and profits derived therefrom", and ask that it may be made a part of the record. And I assume, Mr. Tompkins, that relates to the trading syndicate?

Mr. TOMPKINS. The trading syndicate; yes, sir. That was widened. It was about 32 individuals in the one I have offered.

The CHAIRMAN. Let it be received, and the committee reporter will make it a part of the record.

(The paper referred to was marked "Committee Exhibit No. 115, Nov. 9, 1933", and is as follows:)

COMMITTEE EXHIBIT No. 115, NOVEMBER 9, 1933

List of participants in the Sinclair Consolidated B Syndicate as finally constituted, showing interest which they had in syndicate and profits derived therefrom:

Name	Interest	Share of profits
	<i>Shares</i>	
A. W. Cutten.....	90,000	\$37,654.52
H. E. Merselles.....	10,000	4,183.83
Lawrence P. Fisher.....	100,000	41,838.35
Blair & Co., Inc.....	100,000	41,838.35
W. H. Eshbaugh.....	35,000	14,643.42
Joseph Toplitsky.....	25,000	10,459.59
Cont. National Co.....	25,000	10,459.59
Fred Bartlett.....	25,000	10,459.59
Matthew C. Brush.....	25,000	10,459.59
P. H. O'Neil.....	25,000	10,459.59
Trust Co of Ga.....	25,000	10,459.59
George Breen.....	25,000	10,459.59
Edwin Weisl & Co.....	15,000	6,275.73
James C. Wilson & Co.....	10,000	4,183.84
Loew & Co.....	10,000	4,183.84
Guardian Detroit Co.....	5,000	2,091.92
Chase Securities Corporation.....	66,666 <sup>2</sup> / <sub>3</sub>	27,892.23
Shermar Corporation.....	33,333 <sup>1</sup> / <sub>3</sub>	13,946.12
E. F. Hutton & Co.....	50,000	20,919.18
Kissell, Kinnicutt & Co.....	20,000	8,367.66
J. & W. Selgman & Co.....	10,000	4,183.83
Janney & Co.....	6,000	2,510.30
Spencer, Trask & Co.....	6,000	2,510.30
Harry F. Sinclair.....	50,000	20,919.18
Do.....	25,000	10,459.59
H. F. Whitney.....	50,000	20,919.18
John H. Markham, Jr.....	50,000	20,919.18
Benjamin Lissberger.....	10,000	4,183.83
The Farnoth Corporation.....	8,750	3,660.86
The Traywin Corporation.....	8,750	3,660.86
L. W. Hill & C. O. Kalman.....	5,000	2,091.92
Jos E. Cutten.....	50,000	21,128.37
Total.....	1,000,000	418,383.54

The gross profit was \$464,870.60, from which was deducted 10 percent compensation to the Syndicate Manager, or \$46,487.06, leaving a net profit of \$418,383.54 which was divided among the participants in the amounts above stated.

Mr. PECORA. Now, Mr. Cutten, I notice in exhibit no. 114, which is a list of participants in the Sinclair purchasing syndicate as finally constituted, the following statement:

The total net profit was \$12,002,109.41, out of which William S. Fitzpatrick was paid 2½ percent, a total of \$300,052.73, and the remaining \$11,702,056.68 was divided among the participants in the amounts above given.

Now, let me ask you, why was William S. Fitzpatrick paid 2½ percent out of the total net profits of over 12 million dollars?

Mr. CUTTEN. I don't know.

Mr. PECORA. Who is William S. Fitzpatrick?

Mr. CUTTEN. He was president of the Prairie Oil Co. I think.

Mr. PECORA. Was that a competitor of the Sinclair Consolidated Oil Corporation at that time?

Mr. CUTTEN. I believe it was.

Mr. PECORA. Upon whose suggestion was Fitzpatrick paid 2½ percent of the total profits?

Mr. CUTTEN. I could not say.

Mr. PECORA. Well, you were the manager of the purchasing syndicate, weren't you?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who asked you to pay Fitzpatrick 2½ percent of the profits?

Mr. CUTTEN. Nobody asked me.

Mr. PECORA. Then why was it paid to him?

Mr. CUTTEN. It must have been arranged among the participants.

Mr. PECORA. Well, you were one of the participants.

Mr. CUTTEN. Well, I was not consulted.

Mr. PECORA. You were the manager of the purchasing syndicate.

Mr. CUTTEN. Yes. Ruloff might have done it. He represented me, and he might have been consulted.

Mr. PECORA. But you were the manager of the purchasing syndicate.

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who told you to pay Fitzpatrick 2½ percent of the profits?

Mr. CUTTEN. Nobody.

Mr. PECORA. Do you say nobody told you?

Mr. CUTTEN. No.

Mr. PECORA. When was it paid to him?

Mr. CUTTEN. When was it paid?

Mr. PECORA. Yes.

Mr. CUTTEN. I haven't got the record. I could not tell you.

Mr. PECORA. The record I have is committee exhibit no. 114, which Mr. Tompkins gave me.

Mr. TOMPKINS. I can tell you, Mr. Pecora.

Mr. PECORA. All right.

Mr. CUTTEN. I do not know the answer to that question.

Mr. TOMPKINS. It was paid to him on the dissolution of the syndicate sometime in April of 1929, and it was—if I may supplement it, as Mr. Cutten's memory is very poor about many of these things, and I know you want the facts—it was paid to him, as I understand the thing, on instructions—let me see—Blair & Co., or I think under instructions from Mr. Sinclair.

Mr. PECORA. What did the instructions direct the syndicate manager to do?

Mr. TOMPKINS. To pay 2½ percent of the profits they had agreed to give.

Mr. PECORA. Who had agreed to give it?

Mr. TOMPKINS. The participants.

Mr. PECORA. Well, Mr. Cutten was the manager of the purchase syndicate.

Mr. TOMPKINS. Yes.

Mr. PECORA. Did you allow Mr. Sinclair or anybody else to give away your money without consulting you, Mr. Cutten?

Mr. CUTTEN. Ruloff might have been consulted.

Mr. PECORA. But Ruloff was not a participant?

Mr. CUTTEN. No. He represented me.

Mr. PECORA. Did you allow Mr. Sinclair or anybody else to give away any of your money?

Mr. CUTTEN. In a case such as this it would have been all right.

Mr. PECORA. This payment, according to Mr. Tompkins, was made sometime in April of 1929. You do not know of any reason for such a payment to Fitzpatrick, do you?

Mr. CUTTEN. No; I do not really know anything about that transaction.

Mr. PECORA. Well, we know it was not made around Christmas time, so it could not have been a Christmas gift, could it?

Mr. CUTTEN. I do not know about it. [Laughter.]

Mr. PECORA. Do you know when Mr. Fitzpatrick's birthday is?

Mr. CUTTEN. No; I do not. [Laughter.]

Senator TOWNSEND. Was Ruloff Cutten, your cousin, present here?

Mr. CUTTEN. No, sir. I cannot remember 4 or 5 years back, so I cannot say. So much has happened in the last 4 or 5 years.

Mr. PECORA. Did you personally know Mr. Fitzpatrick?

Mr. CUTTEN. I never saw him.

Mr. PECORA. When were you first told that Mr. Fitzpatrick was to receive 2½ percent of the total profit of over 12 million dollars?

Mr. CUTTEN. I could not say.

Mr. PECORA. Was it at the time of the dissolution of the purchasing syndicate?

Mr. CUTTEN. I think it was.

Mr. PECORA. Who made out the checks?

Mr. CUTTEN. E. F. Hutton & Co.

Mr. PECORA. Did you ever protest to Sinclair or anybody else against this payment to Fitzpatrick?

Mr. CUTTEN. No.

Mr. PECORA. You knew no reason for the making of the payment. You had never heard of him as a participant in the syndicate. Did you ever hear of any interest of any kind whatsoever that he had in the syndicate?

Mr. CUTTEN. No.

Mr. PECORA. Can you at this moment conceive of any possible reason why Fitzpatrick should have received, out of the profits of the purchasing syndicate, the total sum of \$300,052.73?

Mr. CUTTEN. One of the participants might have wanted to give it to him without consulting me. That is the only answer I can give to that.

Mr. PECORA. You contributed to that \$300,000, did you not?

Mr. CUTTEN. Yes.

Mr. PECORA. You had a 25 percent interest in those profits?

Mr. CUTTEN. Yes.

Mr. PECORA. So that your contribution to Mr. Fitzpatrick was 25 percent of \$300,000.

Mr. CUTTEN. That is right.

Mr. PECORA. Or \$75,000.

Mr. CUTTEN. There must have been some reason for it that I have forgotten.

Mr. PECORA. Were you ever told the reason for it?

Mr. CUTTEN. Not that I remember.

Mr. PECORA. Have you, in any of your market operations, ever paid over sums like \$75,000 to anybody merely because somebody asked you to do it?

Mr. CUTTEN. I have never done it, but I have given more than that.

Mr. PECORA. You have given it as a matter of your own judgment?

Mr. CUTTEN. Yes.

Mr. PECORA. Not at the direction or request of somebody else. This is the first time you have been an involuntary Santa Claus?

Mr. CUTTEN. Yes.

Mr. PECORA. Just one question before we adjourn. Have you learned that the New York Stock Exchange is now investigating the transactions of these two syndicates?

Mr. CUTTEN. I think so; yes.

Mr. PECORA. When did the stock exchange first commence this investigation of this pool—I beg your pardon—of this syndicate?

Mr. CUTTEN. I could not say.

Mr. PECORA. When did you first hear of it?

Mr. CUTTEN. Through the newspapers.

Mr. PECORA. When did you first hear of it?

Mr. CUTTEN. From the newspapers.

Mr. PECORA. When?

Mr. CUTTEN. I could not say.

Mr. PECORA. How long ago—recently?

Mr. CUTTEN. Recently, yes; probably a month or two ago. I cannot remember.

Mr. PECORA. Do you know anything about that, Mr. Tompkins?

Mr. TOMPKINS. All I know about it is that I heard the other day that the exchange had sent over for some information to Hutton's office in reference to these syndicates, which we are furnishing them.

Mr. PECORA. When did the stock exchange make that request?

Mr. TOMPKINS. I think it was only the other day.

Mr. PECORA. Only the other day?

Mr. TOMPKINS. I think so.

Mr. PECORA. It was since I first brought out at the sessions of this committee last week, certain facts with regard to this syndicate, was it not?

Mr. TOMPKINS. I can only testify from hearsay. I think it was, Mr. Pecora.

The CHAIRMAN. The committee will take a recess now until 2 o'clock.

(Whereupon, at 1 p.m., Thursday, Nov. 9, 1933, a recess was taken until 2 p.m. of the same day.)

#### AFTERNOON SESSION

Upon the expiration of the noon recess the hearing was resumed at 2 p.m.

## TESTIMONY OF ARTHUR W. CUTTEN—Resumed

Mr. PECORA. It has already been testified to here by other witnesses that the purchasing syndicate account was closed out on April 16, 1929, with a profit of \$12,002,109.41. Who sent you your share of the profits as a participant in that purchasing syndicate?

Mr. CUTTEN. I did not get it.

Mr. PECORA. Who did get it?

Mr. CUTTEN. The Cutten Co.

Mr. PECORA. The Cutten Co., Ltd.?

Mr. CUTTEN. Yes.

Mr. PECORA. Do you know whether the Cutten Co., Ltd., paid any income tax to the United States Government on the profit derived out of its participation in that syndicate?

Mr. CUTTEN. I telephoned to find out a few days ago, and they said they had not turned in any income tax.

Mr. PECORA. They had not filed a return?

Mr. CUTTEN. No; that they had not made any money that year; they lost money.

Mr. PECORA. When did you so telephone?

Mr. CUTTEN. When did I?

Mr. PECORA. Yes.

Mr. CUTTEN. About 2 or 3 days ago from New York.

Mr. PECORA. And what prompted you to do it?

Mr. CUTTEN. I wanted to find out, satisfy myself.

Mr. PECORA. I mean what prompted you to do it at this particular time?

Mr. CUTTEN. I wanted to be able to answer any question.

Mr. PECORA. You mean you wanted to find out the fact in anticipation of being examined before this committee about it?

Mr. CUTTEN. That is right. I wanted to post myself.

Mr. PECORA. Was that the first time you knew that no return had been filed by Cutten & Co., Ltd., for the year 1929?

Mr. CUTTEN. Yes, sir. They told me that they lost \$169,000.

Mr. PECORA. How much?

Mr. CUTTEN. \$169,000.

Mr. PECORA. That they lost—net?

Mr. CUTTEN. Yes.

Mr. PECORA. Are you familiar with the transactions by which they lost that sum net?

Mr. CUTTEN. No.

Mr. PECORA. Were there any other participations in any syndicate that you originally had which you turned over to Cutten & Co., Ltd.?

Mr. CUTTEN. Not that I know of.

Mr. PECORA. Was this the only one?

Mr. CUTTEN. To the best of my knowledge.

Mr. PECORA. Then why did you turn your participation in this particular Sinclair syndicate over to Cutten & Co., Ltd.?

Mr. CUTTEN. I thought they could finance it and I could not.

The CHAIRMAN. Where were they incorporated?

Mr. CUTTEN. In Canada, a Canadian corporation.

Mr. TOMPKINS. Mr. Pecora, in justice to Mr. Cutten here, I think you ought to place on the record that Mr. Cutten was born in Canada and his brothers and sisters I understand live there now.

Mr. PECORA. How long after you were born was Cutten & Co., Ltd. organized?

Mr. CUTTEN. It was organized in 1927 or 28.

Mr. PECORA. You did not organize it because you were born in Canada, did you?

Mr. CUTTEN. No.

Mr. PECORA. What is the sense of making that observation, then, Mr. Tompkins?

Mr. TOMPKINS. The sense of it is this—

Mr. PECORA (interposing). Mr. Wiggin was not born in Canada, and he had three companies organized there. I do not see any relationship between the two facts, birth and organization of the Canadian company.

Mr. TOMPKINS. The parties who were interested there were in Canada.

Mr. PECORA. Who caused Cutten & Co., Ltd., to be organized?

Mr. CUTTEN. My brothers, as bankers.

Mr. PECORA. What business were they in?

Mr. CUTTEN. Well, they were one in the banking business, one in the automobile accessory business.

Mr. PECORA. When did you turn over to Cutten & Co., Ltd., your participation in this syndicate?

Mr. CUTTEN. Right away.

Mr. PECORA. Right away—that is, on October 24, 1928?

Mr. CUTTEN. Yes.

Mr. PECORA. And you did it because you could not finance the transaction?

Mr. CUTTEN. Yes.

Mr. PECORA. Why did you undertake it, then? Why did you undertake it, then, if you could not finance it?

Mr. CUTTEN. Well, I knew they could.

Mr. PECORA. Why did you undertake it if you knew you could not finance it?

Mr. CUTTEN. I could on a pinch, I guess, but I turned it over to them.

Mr. PECORA. You did not do it on a pinch, did you? You had been thinking this proposition over since August 1928, had you not? It was not a pinch, was it?

Mr. CUTTEN. I turned it over to them. I turned it over to them because they had the money to finance it.

Mr. PECORA. And you didn't?

Mr. CUTTEN. Well, I was using my money in operations.

Mr. PECORA. But I say, you did not have the money to finance it at that time?

Mr. CUTTEN. Yes; I could have done it.

Mr. PECORA. What is that?

Mr. CUTTEN. I could have done it, but I turned it over to them.

Mr. PECORA. Well, you have given us as the reason why you turned it over to them that they could finance it, which leads to the inference that you could not. Now, what is the fact about that?

Mr. CUTTEN. The fact is I turned it over to them.

Mr. PECORA. We know that. But now, why did you turn it over to them?

Mr. CUTTEN. I wanted them to make some money, possibly.

Mr. PECORA. Didn't you want to make some money?

Mr. CUTTEN. I was trading and I had other stocks bought.

Mr. PECORA. Then, why did you go into this thing at all, if you did not have the money available to finance it?

Mr. CUTTEN. Simply—I don't know. I just turned it over to them. They had the money. That is what I did.

Mr. PECORA. You told us that several times. I am asking you now why that was done. I have not asked you if it was done. We know that it was done. Now, why was it done?

Mr. CUTTEN. Why was it done?

Mr. PECORA. Yes, sir.

Mr. CUTTEN. I cannot tell you why.

Mr. PECORA. You don't know why?

Mr. CUTTEN. No; it was done.

Mr. PECORA. What is that?

Mr. CUTTEN. I say it was done because they had the money, and I was using my money on other things.

Mr. PECORA. Then why did you undertake any commitment whatsoever in your own name for 1,130,000 shares at that time, if you were not able even to finance a quarter interest in it?

Mr. CUTTEN. I knew the Cutten company could anyway, if I could not.

Senator TOWNSEND. How much money did the Cutten Co. put up in the transaction, do you know?

Mr. CUTTEN. They did not put up any.

Senator TOWNSEND. They did not put up any?

Mr. CUTTEN. No; the money was there.

Mr. PECORA. What interest did you have in Cutten & Co., Ltd., in the year 1928?

Mr. CUTTEN. I did not have any.

Mr. PECORA. None at all?

Mr. CUTTEN. No.

Mr. PECORA. No legal or equitable interest of any kind?

Mr. CUTTEN. I had some stock in the company originally and endorsed it over to a trust for the benefit of my brothers and sisters.

Mr. PECORA. Your brothers, you said, were bankers and could finance it. Did you establish this trust for their benefit?

Mr. CUTTEN. Not altogether. We all did it, all the brothers.

Mr. PECORA. Did you have some interest in it in 1928, then?

Mr. CUTTEN. I had at one time; not in 1928; no.

Mr. PECORA. When?

Mr. CUTTEN. When it was first organized.

Mr. PECORA. Did you cause it to be organized?

Mr. CUTTEN. Well, I was one of the parties; yes.

Mr. PECORA. Were you one of the beneficiaries of the trust?

Mr. CUTTEN. No. This company never paid any dividends, never paid any dividends.

Mr. PECORA. Did it always do business at a loss?

Mr. CUTTEN. Well, they have in the last 3 or 4 years, I know.

Mr. PECORA. You said it was organized in 1927 or 28?

Mr. CUTTEN. Yes.

Mr. PECORA. Did it always do business at a loss?

Mr. CUTTEN. I think so.

Mr. PECORA. How?

Mr. CUTTEN. To the best of my knowledge.

Mr. PECORA. So this trust you helped to organize for the benefit of your brothers and sisters has not been at any time profitable?

Mr. CUTTEN. No.

The CHAIRMAN. They got some profits out of this oil stock, did they not?

Mr. CUTTEN. Yes; but they lost that profit in the same year.

Senator TOWNSEND. Do you know in what they lost it?

Mr. CUTTEN. No, I do not; different stock.

Mr. PECORA. Have you any correspondence that passed between you and Cutten & Co., Ltd., in connection with this transfer by you to that company of your participation in this purchasing syndicate?

Mr. CUTTEN. No.

Mr. PECORA. Then you turned it over without previously communicating with them?

Mr. CUTTEN. I communicated with them.

Mr. PECORA. What is that?

Mr. CUTTEN. I communicated with them.

Mr. PECORA. How?

Mr. CUTTEN. Verbally.

Mr. PECORA. Verbally?

Mr. CUTTEN. Yes. And they accepted it; they accepted the transaction.

Mr. PECORA. You thought this was going to make money, didn't you?

Mr. CUTTEN. Yes.

Mr. PECORA. Why did you pass it up, then, after considering it since August?

Mr. CUTTEN. I passed it up because I wanted them to have it if there was any money to be made, naturally.

Mr. PECORA. Now you said that they could finance this deal. That meant that they must have had resources at that time?

Mr. CUTTEN. Yes; they did.

Mr. PECORA. Of millions of dollars?

Mr. CUTTEN. They did.

Mr. PECORA. And they did not need, then, your beneficences or benevolences at that time, did they?

Mr. CUTTEN. I was not giving any money when I turned that over to them.

Mr. PECORA. You gave them an opportunity in what you thought was a sure-fire opportunity to make money, didn't you?

Mr. CUTTEN. It was just a prospect.

Mr. PECORA. Was it not at that time something more than a prospect?

Mr. CUTTEN. Not at that time; no.

Mr. PECORA. At the time you signed the agreement to buy 1,130,000 shares at \$30 a share the stock was selling in the market for around \$35 a share. That was something more than a prospect, was it not?

Mr. CUTTEN. That is not when the documents were signed, I do not believe, when they started to trade.

Mr. PECORA. Oh, yes, it was. We saw that this morning.

Mr. CUTTEN. Was it?

Mr. PECORA. Yes; it was.

Mr. CUTTEN. All right.

Mr. PECORA. "Oh, well", what?

Mr. CUTTEN. I was just saying "All right."

Mr. PECORA. Who designated or selected E. F. Hutton & Co. as the managers of the trading account?

Mr. TOMPKINS. Mr. Pecora, they were not managers of the trading syndicate.

Mr. PECORA. Who was?

Mr. TOMPKINS. Mr. Cutten.

Mr. PECORA. Were you the manager of the trading syndicate as well?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Well then, who selected the brokers that were to consummate or execute the orders for the trading syndicate?

Mr. CUTTEN. I did.

Mr. PECORA. What brokers did you select for that purpose?

Mr. CUTTEN. E. F. Hutton & Co.

Mr. PECORA. What other brokers?

Mr. CUTTEN. I think that is all.

Mr. PECORA. Were all the orders executed through E. F. Hutton & Co.?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. They were executed for this trading account?

Mr. CUTTEN. Yes.

Mr. PECORA. You are sure of that, are you?

Mr. CUTTEN. Yes.

Mr. TOMPKINS. I must correct him, Mr. Pecora.

Mr. PECORA. What is that, Mr. Tompkins?

Mr. TOMPKINS. If you will allow me to correct him, because his memory is very poor about the details of these transactions. The account was opened with E. F. Hutton & Co., but I do not believe all the orders in the account were executed by E. F. Hutton & Co., because it is quite customary for any stock exchange house, particularly operating in 1928 and 1929, to give out a certain amount of business and orders to other brokers for execution. E. F. Hutton & Co. at that time had two floor members of the New York Stock Exchange and probably in the course of their very heavy business they may have employed 20 outside brokers from time to time; I mean to execute various orders.

Senator TOWNSEND. Do you know who those two floor members were?

Mr. TOMPKINS. Yes, sir.

Senator TOWNSEND. Who were they?

Mr. TOMPKINS. At that time Mr. Ruloff E. Cutten, who was a cousin of Mr. A. W. Cutten. He was a floor member. And Mr. George B. Waxton. I think they had three, too. I think there was Mr. George Doran, also. There were a good many members or partners in the firm.

Senator TOWNSEND. Was either one of those members a specialist in these stocks?

Mr. TOMPKINS. No, sir; I do not believe so.

Mr. PECORA. Was there any specialist in the New York Stock Exchange in the stock of the Sinclair Consolidated Oil Corporation?

Mr. TOMPKINS. If he knows—ask him if he knows.

Mr. CUTTEN. I don't know.

Senator TOWNSEND. Do you know?

Mr. TOMPKINS. I don't know. I don't know, sir; but I do know this, that none of the floor members who are the partners of E. F. Hutton & Co. are specialists in any stock. There probably was a specialist in Sinclair. There is a specialist in almost every stock on the exchange, but I do not know who he was, but I can find out for you, and supply that.

Senator TOWNSEND. I wish you would do that.

Mr. PECORA. Mr. Cutten, you have heard your counsel, Mr. Tompkins, just make the statement to the effect that E. F. Hutton & Co. probably used as many as 20 other brokers?

Mr. CUTTEN. I did.

Mr. PECORA. To execute the orders to buy and sell for this trading account.

Mr. TOMPKINS. No, Mr. Pecora. You are misquoting me. I do not say in this trading account. I say in the course of their general business during those days. They may have employed 20 brokers for their customers. Their customers did business in other stocks.

Mr. PECORA. I was inquiring only about the execution of orders in this trading account, Mr. Tompkins, when you volunteered that statement, and naturally I thought it related to this trading account's operations.

Mr. TOMPKINS. Your inference is perfectly natural; but I said in the course of their business, and I was referring to their general business.

Mr. PECORA. Well, why mix up their general business when we are seeking to confine ourselves to a particular line of operations?

Mr. TOMPKINS. If you had asked me how many outside brokers, if I had been notified yesterday, they used, I could probably have gotten you the information, but I haven't got it here and I could not tell you.

Mr. PECORA. You are the attorney for E. F. Hutton & Co. still, are you?

Mr. TOMPKINS. I am, sir.

Mr. PECORA. Will you get someone from that firm down here tomorrow prepared to testify concerning all of the transactions that were executed for this trading account?

Mr. TOMPKINS. Could it be Monday, sir? I have some fairly important engagements myself tomorrow which I had to put aside to come here to represent Mr. Cutten.

Mr. PECORA. You will not have to be here tomorrow to give that testimony. I want someone from the E. F. Hutton Co. to do it.

Mr. TOMPKINS. Naturally.

Mr. PECORA. So that you will be free to keep your own engagements tomorrow.

Mr. TOMPKINS. Naturally, Mr. Pecora, they would like to have their counsel present. I think they are entitled to that.

Mr. PECORA. They are not entitled to it, as a matter of fact.

Mr. TOMPKINS. Well, it has been the custom of the committee. You are asking for a lot of information, and I will not get back tonight—

Mr. PECORA. I assumed, Mr. Tompkins, that Mr. Cutten, being a market operator, would be able to answer these questions, but apparently his memory is quite defective.

Mr. TOMPKINS. That is true.

Mr. PECORA. That is why I have to rely on other aids to give us the facts.

Mr. TOMPKINS. I simply ask, as a matter of courtesy to myself, if you cannot make it Monday. Tomorrow is Friday, and we naturally have our engagements made in advance. If you will advise me any day in advance just what information you want, I will be glad to get it and supply it to the committee. We have nothing to conceal in this transaction whatsoever.

Mr. PECORA. We want all the information possible to be obtained in the possession of E. F. Hutton & Co. or under their control or within their knowledge concerning the operation of this trading account syndicate with the Sinclair Consolidated Oil Corporation that has been testified to today by Mr. Cutten—the syndicate that he has been referring to as the trading syndicate.

Mr. TOMPKINS. Do you want both syndicates now?

Mr. PECORA. The other one as well; the buying syndicate as well.

Mr. TOMPKINS. Certainly. I will be glad to have somebody down here.

Mr. PECORA. Is Mr. Stanford here?

Mr. STANFORD. Yes, sir.

Mr. PECORA. I would like to have Mr. Sinclair here.

Mr. STANFORD. I know he could not be here tomorrow.

Mr. PECORA. I mean, if it is next Monday or Tuesday.

Mr. STANFORD. My best advice from the physician is that he can be here approximately Wednesday or Thursday.

Mr. PECORA. We would like to have him here at the same time Hutton & Co are here.

Mr. TOMPKINS. So far as Hutton & Co. are concerned, we will hold ourselves at your disposal. If you will notify me the day before you are going to have Mr. Sinclair down here, I will have one of the partners down here, probably Mr. Ruloff Cutten.

Mr. PECORA. We will agree on the time later.

Now, Mr. Cutten, do you know how many brokers other than E. F. Hutton & Co., executed any of the orders for this trading syndicate?

Mr. CUTTEN. No; I do not.

Mr. PECORA. Did you ever know?

Mr. CUTTEN. No, sir; I never knew.

Mr. TOMPKINS. Have you put in evidence a copy of the trading syndicate as distinguished from the purchase syndicate? If you have not, I have one here.

Mr. PECORA. Let me see the trading syndicate document, please.

Mr. TOMPKINS. That [handing a paper to Mr. Pecora] is a printed copy of the original.

Mr. PECORA. No; we have not offered this.

I show you a printed document purporting to be a copy of the so-called Sinclair trading syndicate B agreement. Will you look at it and tell us if you recognize it to be a true and correct copy of the agreement by and under which this trading syndicate was organized and operated?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. I offer it in evidence.

The CHAIRMAN. Let it be admitted and placed in the record.

(The printed copy of trading syndicate B agreement referred to was received in evidence, marked "Committee's Exhibit No. 116, Nov. 9, 1933", and will be found on p. 3154.)

Mr. PECORA. There has been put into the record in connection with the examination of a witness other than yourself a letter sent out by E. F. Hutton & Co. under date of April 16, 1929, in which was enclosed to the Shermar Corporation a check representing the share which that corporation was entitled to receive of the profits of the purchasing syndicate, and in that letter reference was made to the trading account in the following language:

Options have been given on 100,000 shares which are expected to be exercised by May 1st. Therefore all selling pressure will be withdrawn from the Sinclair market, and it is reasonable to assume that the stock will advance in sympathy with the generally improved oil situation.

The letter was signed by E. F. Hutton Co. for the syndicate manager. You were the syndicate manager for whom E. F. Hutton & Co. sent out that letter, were you not?

Mr. CUTTEN. Did I authorize them to do it?

Mr. PECORA. I don't know.

Mr. TOMPKINS. He has just asked you if you were the syndicate manager.

Mr. SUTTON. Yes, sir; I was the syndicate manager.

Mr. PECORA. You just asked me a question which suggests one that I will ask you. Did you authorize them to send out those letters?

Mr. CUTTEN. They were my managers. Anything they did was all right.

Mr. PECORA. I thought you said you were the manager. They carried out your instructions?

Mr. CUTTEN. They represented me; yes.

Mr. PECORA. What did you mean by the statement in that letter, reading—

Therefore all selling pressure will be withdrawn from the Sinclair market?

Mr. CUTTEN. I can't answer that. I don't know what it means. I never heard that term used.

The CHAIRMAN. What is the date of that?

Mr. PECORA. April 16, 1929.

Mr. TOMPKINS. I will have the writer of that letter who will explain what he meant. Of course the witness would not know what the writer meant.

Mr. PECORA. The writer apparently was his own cousin, judging from the initials in the lower left-hand corner, reading "R.E.C."

Mr. TOMPKINS. Yes; and he will explain it. Naturally this witness would not know what his cousin had in mind.

Mr. PECORA. I don't know whether he would or not.

Mr. TOMPKINS. Ask him. That is all right.

Mr. PECORA. So far, the situation has developed that this witness, Arthur W. Cutten, was the manager both of the purchasing syndicate and the trading syndicate.

Mr. TOMPKINS. All right, sir.

Mr. PECORA. And these letters were sent out by E. F. Hutton & Co. for the syndicate manager, who is Mr. Arthur W. Cutten?

Mr. TOMPKINS. Quite right.

Mr. PECORA. That is why I am asking Mr. Arthur W. Cutten now what he understood by the expression, "therefore all selling pressure will be withdrawn from the Sinclair market."

Mr. CUTTEN. I don't know what he meant by that, Mr. Pecora.

Mr. PECORA. You have not the remotest idea of what is meant by that?

Mr. CUTTEN. No; I have not.

Mr. PECORA. Did you ever hear the term "selling pressure" used before in stock-market operations?

Mr. CUTTEN. I think I have heard it used in market letters—"selling pressure"—yes.

Mr. PECORA. What does it mean to you?

Mr. CUTTEN. I don't know. I can't understand it in this case. I can't understand what he meant. He will have to explain that to you.

Mr. PECORA. That expression was used in this letter in the portion thereof which referred to the trading syndicate. You have already testified that the trading syndicate was organized in order to enable the purchasing syndicate to sell at a profit the 1,130,000 shares that were bought?

Mr. CUTTEN. Yes.

Mr. PECORA. You recall your testimony to that effect?

Mr. CUTTEN. Yes.

Mr. PECORA. Having that in mind as one of the purposes or the purpose for which the trading syndicate was organized, and familiar as I presume you are with what the trading syndicate did in order to aid the purchasing syndicate to sell these shares, does not the term "selling pressure" mean something to you?

Mr. CUTTEN. I don't know what he means by that.

Mr. PECORA. The trading syndicate, you said this morning, was designed to provide a buying power?

Mr. CUTTEN. No question about that.

Mr. PECORA. For the stock that was being traded in of Sinclair Consolidated; is that right?

Mr. CUTTEN. Yes.

Mr. PECORA. What do you mean by "buying power"? Where was that buying power to reside? In whom? Where was it expected to come from?

Mr. CUTTEN. In this syndicate, when the market was selling off a little easy, to put in some buying orders, and the public would go on the market again and we could sell the stock.

Mr. PECORA. Did the trading account sell more than it purchased in the open market or less during its entire operation?

Mr. TOMPKINS. I think it was even. I think it sold the same number of shares.

Mr. PECORA. How many shares were traded in, all told, by the trading syndicate?

Mr. CUTTEN. 634,719.

Mr. PECORA. Was that on both the buying and selling sides?

Mr. CUTTEN. Both sides.

Mr. PECORA. They bought that number and they sold that number?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. At a gross profit of over \$400,000?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who organized this trading syndicate?

Mr. CUTTEN. Blair & Co., I think.

Mr. PECORA. Why were you, the manager of it, having Blair & Co. organize that trading syndicate?

Mr. CUTTEN. They wanted me to manage it.

Mr. PECORA. And you were willing to do it?

Mr. CUTTEN. I was willing to do it.

Mr. PECORA. Although you had no interest in it at all? You had turned all of your interest over to the Canadian company?

Mr. TOMPKINS. Not in the trading syndicate.

Mr. PECORA. Oh. Did you keep your interest in that?

Mr. TOMPKINS. Yes. If you will look at his evidence you will see that he got 10 percent of the profits as manager.

Mr. PECORA. Did you also have a participation in the trading syndicate, your own individual account?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. The trading syndicate was organized under conditions that limited it to a commitment of 1,000,000 shares; is that right?

Mr. CUTTEN. Yes.

Mr. PECORA. That was the maximum?

Mr. CUTTEN. Yes.

Mr. PECORA. And of the 1,000,000 shares you had a participation of 9 percent?

Mr. CUTTEN. Yes.

Mr. THOMPSON. He had originally—for the sake of the record—a participation, I think, of 100,000 shares, and he gave part of his participation to Mr. Merselles who was then president or chairman of the board.

Mr. PECORA. Is that Mr. H. E. Merselles?

Mr. TOMPKINS. Yes, sir. He is now dead.

Mr. PECORA. One of the other participants in the trading syndicate was Lawrence P. Fisher, who appears to have had a 10-percent interest in it equivalent to 100,000 shares. Who invited him to participate?

Mr. CUTTEN. I did; I invited him.

Mr. PECORA. It appears from committee's exhibit no. 115 in evidence as of this date that Blair & Co. had an interest of 100,000 shares in this trading syndicate.

Mr. TOMPKINS. That is true.

Mr. PECORA. They were participants in the purchasing syndicate as well?

Mr. CUTTEN. Yes.

Mr. PECORA. It appears that W. H. Eshbaugh had an interest of 35,000 shares in the trading syndicate. Who was he?

Mr. CUTTEN. He was a Wall Street broker.

Mr. PECORA. A member of the exchange?

Mr. CUTTEN. No; I don't think so. He was a member of—

Mr. TOMPKINS. He was quite a Wall Street trader at that time. I don't think he was a member of the exchange.

Mr. PECORA. Who invited him to participate in the trading syndicate?

Mr. TOMPKINS. I think probably Ruloff did.

Mr. PECORA. There is another gentleman named Joseph Toplitsky who had an interest of 25,000 shares in the trading syndicate. Who invited him to participate?

Mr. TOMPKINS. I think he was a customer on the Pacific coast of E. F. Hutton Co.

Mr. PECORA. Who is he?

Mr. CUTTEN. A real estate man.

Mr. PECORA. Where?

Mr. CUTTEN. In Los Angeles.

Mr. PECORA. Had he ever been in any trading account with you before?

Mr. CUTTEN. I don't think so—not to my knowledge.

Mr. TOMPKINS. He may have been.

Mr. CUTTEN. I don't know; not to my knowledge.

Mr. PECORA. Another participant in the trading syndicate, according to exhibit 115, was Continental National Co., with an interest of 25,000 shares.

Mr. CUTTEN. I don't recognize that company.

Mr. TOMPKINS. Yes, you do. That is a Chicago company.

Mr. CUTTEN. Oh, yes; that was an affiliate of the Continental National Bank of Chicago.

Mr. PECORA. Who invited them to participate in the trading syndicate?

Mr. TOMPKINS. May I answer?

Mr. PECORA. If he knows, let him answer.

Mr. TOMPKINS. All right, if he knows.

Mr. CUTTEN. It might be the Chase Securities—

Mr. TOMPKINS. They had a participation also in the original purchase syndicate. The Continental National Co. had a small participation in it, and Mr. Reynolds, also.

Mr. PECORA. Who gave the Continental National Co. a participation in the purchasing syndicate?

Mr. CUTTEN. I couldn't say. Probably Blair. That is only a guess, however. I don't know, Mr. Pecora.

Mr. PECORA. The next name on the list appears to be—

Mr. CUTTEN. I am only guessing at this.

Mr. PECORA. I wish you would not guess. If you cannot tell us, don't give us a guess.

Mr. TOMPKINS. Just say you do not know.

Mr. CUTTEN. I do not know.

Mr. PECORA. The next name that appears is that of Fred Bartlett. He was one of the directors or officers of the Sinclair Consolidated Oil Corporation, was he not?

Mr. CUTTEN. He was a director.

Mr. PECORA. The next name is that of Matthew C. Brush with an interest of 25,000 shares in the trading syndicate. Who invited Mr. Brush to participate?

Mr. CUTTEN. I don't know.

Mr. PECORA. You know him, don't you?

Mr. CUTTEN. I have met him once or twice.

Mr. PECORA. What is his business?

Mr. CUTTEN. I don't know. He is a large trader in stock; that is all I know.

Mr. PECORA. A stock market trader?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Mr. P. H. O'Neil also appears as a trading-account participant to the extent of 25,000 shares. Who is P. H. O'Neil?

Mr. CUTTEN. An oil man out on the Pacific coast.

Mr. PECORA. What oil company is he connected with?

Mr. CUTTEN. The Sinclair. I think he is a director of the Sinclair Co.

Mr. PECORA. There are nods of disapproval of that statement coming from gentlemen who represent the Sinclair Oil Corporation.

Mr. TOMPKINS. He does not know.

Mr. PECORA. Mr. O'Neil was an officer of some oil company, was he not? It seems to me—my memory may be at fault, but it seems to me I recall the name of O'Neil in connection with a certain investigation conducted by the Public Lands Committee of the United States Senate some 8 or 10 years ago.

Mr. TOMPKINS. I don't think this is the same man.

Mr. PECORA. There was an O'Neil there.

Mr. TOMPKINS. Yes; there was, but this is not the man. I will find out something about it and supply the information.

Mr. PECORA. The Trust Co. of Georgia appears as a participant. Who invited that company?

Mr. CUTTEN. I don't know.

Mr. PECORA. The next name is that of George Breen. Who is George Breen?

Mr. CUTTEN. He was a trader.

Mr. PECORA. Another market operator?

Mr. CUTTEN. Another market operator.

Mr. PECORA. George Breen, in addition to being a participant in the trading account, was given a subparticipation in the purchase syndicate?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. At whose instance?

Mr. CUTTEN. Mine.

Mr. PECORA. How much of a participation did you give Mr. George Breen in the original purchasing syndicate?

Mr. TOMPKINS. It is in that exhibit. I don't know the exact percentage, but it is in there.

Mr. PECORA. He received out of the profits apparently \$292,551.41, which represents about 2½ percent.

Mr. TOMPKINS. A little less than that.

Mr. PECORA. About 2½ percent of the net. Did you give him that participation out of your interest?

Mr. CUTTEN. I think I did.

Mr. PECORA. I thought you turned over your entire interest to the Canadian company.

Mr. CUTTEN. No.

Mr. TOMPKINS. The Canadian company allotted—

Mr. CUTTEN. There were three participations.

Mr. TOMPKINS. It is shown on the exhibit.

Mr. PECORA. The exhibit does not show any such thing.

Mr. TOMPKINS. Cutten & Co., Ltd., granted its participation to these people [indicating the exhibit].

Mr. PECORA. Mr. Cutten, do you know how the Cutten Co., Ltd., granted subparticipations in the purchasing syndicate to Mr. Fred Barlett, to Mr. Lawrence P. Fisher, and to Mr. George Breen?

Mr. CUTTEN. I cannot recall.

Mr. PECORA. Was it done at your instance or suggestion?

Mr. CUTTEN. Yes.

Mr. PECORA. Do you recall why you did it?

Mr. CUTTEN. I can't recall now why I did it, but it was done at the time.

Mr. PECORA. What is that?

Mr. CUTTEN. It was done when the agreement was signed, I think; I am not sure. Wasn't it?

Mr. TOMPKINS. I don't know.

Mr. CUTTEN. I can't remember.

Mr. TOMPKINS. I can tell you why.

Mr. PECORA. It seems to me you can tell everything that this witness ought to be able to state. I am inquiring about this witness' own transactions.

Mr. TOMPKINS. I will not say a word more. If he knows, let him testify.

Mr. PECORA. If he cannot tell us, I want the information from any one that can tell us; but it seems to me that we ought to get it from Mr. Cutten, who ought to be in a position to give it to us.

Mr. TOMPKINS. I agree with you; but it is quite evident that the witness' memory on many of these things which happened 4½ years ago is not of the best.

Mr. CUTTEN. I know it was given; that is all I know. I don't know why.

Mr. PECORA. Were you under any obligation to Mr. George Breen at that time that you wanted to repay or requite by giving him an interest in this prospect, as you called it?

Mr. CUTTEN. I had known him for a long time. I had known Mr. Bartlett and Mr. Fisher.

Mr. PECORA. Between those three gentlemen, Fisher, Breen, and Bartlett, subparticipations were given out of your original interest which gave them approximately \$1,300,000 out of the profit?

Mr. CUTTEN. That is right.

Mr. PECORA. That is a pretty substantial interest to give away, is it not?

Mr. CUTTEN. The money was not made when we gave the participation.

Mr. PECORA. That represented fully one third—more than one third of your original 25 percent interest in the purchasing syndicate?

Mr. CUTTEN. That is right.

Mr. PECORA. Why did you part with that amount of potential profit?

Mr. CUTTEN. I don't know why at this time, why it was done.

Mr. PECORA. Let us see. You said before that the reason you assigned your entire participation in the purchasing syndicate to Cutten Co., Ltd., of Canada, was because that company could finance it?

Mr. CUTTEN. Yes; that is right.

Mr. PECORA. If they could finance it, why did you have them give away one third or more of their profits out of this syndicate by granting subparticipations to Mr. Fisher, Mr. Breen, and Mr. Bartlett?

Mr. CUTTEN. I don't know, except I decided to give it.

Mr. PECORA. That is quite apparent that you decided to give it. That is indicated by the fact that you did give it; but I am trying to find out why.

Mr. CUTTEN. I don't know why I gave it except that I agreed to let them come in and participate.

Mr. PECORA. Did they ask you for a subparticipation?

Mr. CUTTEN. No; they did not ask me.

Mr. PECORA. You gave it to them on your own initiative?

Mr. TOMPKINS. I think this will refresh his recollection. Was not Mr. Fisher interested in the Baldwin Locomotive Co. of which at that time you were a director, and you were both interested in the Baldwin Locomotive Co.?

Mr. CUTTEN. Yes.

Mr. PECORA. Was it because Mr. Fisher was interested in the Baldwin Locomotive Co. that you gave him an interest in this oil syndicate?

Mr. CUTTEN. I can't recall now just why it was done.

Mr. PECORA. It certainly was not done merely because he was a codirector of yours in the Baldwin Locomotive Co.?

Mr. CUTTEN. The fact is it was done, and that is all I know.

Mr. PECORA. We know it was done, but we are trying to find out why you did it. Can you not tell us at all why you did it?

Mr. CUTTEN. Not at this time I cannot. There must have been some reason for it.

Mr. PECORA. I am assuming that there was some reason. That is why I am a little bit persistent.

Mr. CUTTEN. He was a friend of mine, and Mr. Breen was a friend, and I wanted them to participate.

Mr. PECORA. Did you ever show your appreciation of that friendship in any similar fashion on other occasions?

Mr. CUTTEN. I can't say that I did.

Mr. PECORA. Did he ever show similar friendship toward you?

Mr. CUTTEN. I can't say that he did.

Mr. PECORA. Will you say the same thing about Mr. Breen?

Mr. CUTTEN. Yes.

Mr. PECORA. And about Mr. Bartlett?

Mr. CUTTEN. Yes. They were good friends of mine.

Mr. PECORA. Another one of the participants in the trading syndicate was Edwin Weisel & Co. Who was Edwin Weisel & Co.?

Mr. CUTTEN. I don't know.

Mr. PECORA. Did you ever hear of them before?

Mr. CUTTEN. No, sir; I never did.

Mr. PECORA. Then you did not invite them to participate, I assume?

Mr. CUTTEN. No, sir.

Mr. PECORA. Another participant is James C. Wilson & Co. Who were they?

Mr. CUTTEN. I don't know.

Mr. PECORA. Another one is Loew & Co.

Mr. CUTTEN. I don't know them.

Mr. PECORA. Then there is the Guardian Detroit Co. with a participation of 5,000 shares.

Mr. CUTTEN. I don't know anything about them.

Mr. PECORA. You never heard of them at all?

Mr. CUTTEN. I have heard of the Guardian Bank in Detroit, but—

Mr. PECORA. You will hear about them later. The Chase Securities Corporation appears as a participant in the trading account to the extent of 66,666 $\frac{2}{3}$  shares. I suppose that was because the Chase Securities Corporation was a participant in the purchasing syndicate?

Mr. CUTTEN. I presume so.

Mr. PECORA. And the Shermer Corporation appears as a participant in the trading syndicate to the extent of 33,333 $\frac{1}{3}$  shares. Do you know how that corporation happened to be given a participation in the trading account?

Mr. CUTTEN. No, sir; I do not know.

Mr. PECORA. How about E. F. Hutton & Co.? They appear to have had an interest in the trading account of 5,000 shares. How do you account for that?

Mr. CUTTEN. I don't know.

Mr. PECORA. Is there anything that you do know about this trading account other than the fact that you were the manager of it? So far that is pretty nearly the only thing in the way of a definite statement we have been able to get from you, that you were the manager of it.

Mr. CUTTEN. Yes, sir.

Mr. PECORA. As manager do you know anything about it at all?

Mr. CUTTEN. I know the participants shown here were given probably by Blair & Co. and other people.

Mr. PECORA. You were the manager of the account. You actually managed it, did you not?

Mr. CUTTEN. I managed it; yes.

Mr. PECORA. What was that?

Mr. CUTTEN. I managed it, I say.

Mr. PECORA. Why can't you tell us something more about these important details, Mr. Cutten?

Mr. CUTTEN. Blair & Co. and Chase Securities Corporation had their friends, I suppose, whom they wanted to get a participation.

Mr. PECORA. Your cousin Ruloff is a partner of E. F. Hutton & Co., I believe?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Does that suggest to you any reason why E. F. Hutton & Co. were invited to participate in this trading syndicate?

Mr. CUTTEN. It may [laughter].

Mr. PECORA. Well, what would be the reason? What reason does it suggest to you?

Mr. CUTTEN. I don't know. But the fact is that they participated, is all that I know.

Mr. PECORA. Well, I know that, too, now, but am trying to find out, to use the vernacular, how come?

Mr. CUTTEN. I cannot tell you that this time how it came about.

Mr. PECORA. Well, now, another participant in the trading account appears to have been Kissell, Kinnicutt & Co. You know who they are, don't you?

Mr. CUTTEN. I have heard their names.

Mr. PECORA. Don't you know who they are?

Mr. CUTTEN. They are bankers.

Mr. PECORA. Who invited them to participate?

Mr. CUTTEN. I don't know.

Mr. PECORA. Another participant appears to have been J. & W. Seligman & Co. You also know who they are?

Mr. CUTTEN. I don't know who invited them [laughter].

Mr. PECORA. Now, another participant seems to have been the firm of Janney & Co. Who are they?

Mr. CUTTEN. I couldn't say.

Mr. PECORA. Do you know what business they are in?

Mr. CUTTEN. No; I don't.

Mr. PECORA. Now, another firm that participated in the trading account was Spencer, Trask & Co., according to committee exhibit no. 115. Do you know who they are?

Mr. CUTTEN. They are bankers.

Mr. PECORA. Did you invite them to participate?

Mr. CUTTEN. No.

Mr. PECORA. Do you know who did?

Mr. CUTTEN. No.

Mr. PECORA. Then there appears the name of a man, Harry F. Sinclair, who had two participations, one of 50,000 shares and one of 25,000 shares. He was a participant in the original purchasing syndicate; wasn't he?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Do you think that accounts for his being a participant in the trading syndicate?

Mr. CUTTEN. I presume so.

Mr. PECORA. Another participant in the trading account was H. P. Whitney to the extent of 50,000 shares. That is Mr. Harry Payne Whitney; isn't it?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Who invited him to participate?

Mr. CUTTEN. I could not say. It must have been—well, I am only guessing, but I think it was Mr. Sinclair. But I don't want to guess.

Mr. PECORA. Another participant in the trading syndicate was John H. Markham, Jr., to the extent of 50,000 shares. Who invited him?

Mr. CUTTEN. I don't know who invited him.

Mr. PECORA. Well, now, another participant was Benjamin Lissberger to the extent of 10,000 shares.

Mr. CUTTEN. I don't know him.

Mr. PECORA. Did you ever hear of him?

Mr. CUTTEN. No.

Mr. PECORA. I presume you did not invite him to participate?

Mr. CUTTEN. No.

Mr. PECORA. Now, we find another participant in the name of The Famothe Corporation.

Mr. CUTTEN. I never heard of it.

Mr. PECORA. Do you know what interest that corporation represents?

Mr. CUTTEN. No.

Mr. PECORA. Do you know what kind of a corporation it is?

Mr. CUTTEN. No; I don't.

Mr. PECORA. Then another corporation that was a participant in the trading account was The Traywin Corporation. Do you know what that corporation is?

Mr. CUTTEN. No; I don't know.

Mr. PECORA. Don't you know it is a corporation of Mr. Tinker's, or was at that time, and of Chase Securities Corporation?

Mr. CUTTEN. I don't know that.

Mr. PECORA. Do you know it now?

Mr. CUTTEN. Yes.

Mr. PECORA. When did you learn of it?

Mr. CUTTEN. You told me [laughter].

Mr. PECORA. I did not tell you. I asked you if you knew that was the fact.

Mr. CUTTEN. I don't know. I never heard of it.

Mr. PECORA. Then there was a participation of 5,000 shares in this trading syndicate given to L. W. Hill and C. O. Kolman, apparently jointly. Who were they?

Mr. CUTTEN. I don't know them.

Mr. PECORA. Then there was a participation of 50,500 shares in this trading account given to one Joseph E. Cutten. Who is he?

Mr. CUTTEN. I think he is Ruloff Cutten's father, in San Francisco.

Mr. PECORA. You say you think he is? [Laughter.]

Mr. CUTTEN. Yes, sir.

Mr. PECORA. So you don't know?

Mr. CUTTEN. No. I wouldn't be sure, but I think he is. I think they are his initials. I have only seen him once or twice.

Mr. PECORA. You say he might be Ruloff's father and Ruloff is your cousin?

Mr. CUTTEN. Yes.

Mr. PECORA. Can't you tell us that with any greater degree of certainty whether or not Joseph E. Cutten is the father of your cousin Ruloff?

Mr. CUTTEN. I wouldn't swear to it [laughter, loud and prolonged]. I mean I would not swear that those are the initials of Ruloff's father, Joseph E. Cutten. I do not know whether that is Ruloff's father or not, but I think it is.

Mr. PECORA. Who invited him to participate?

Mr. CUTTEN. Probably Ruloff did.

Mr. PECORA. Were you ever interested in any syndicate operations to trade in Baldwin Locomotive Co. stock with Mr. Lawrence Fisher?

Mr. CUTTEN. No. I don't think we ever had any. I think my trading, if I remember right—let me see—well, I would have to look

that up because I am not positive. I was trading so much myself I am not positive about it. I think my deals in Baldwin stock were mostly individual transactions, at least so far as I can remember just at this minute. My counsel says that this may have been something I had an interest in.

Mr. PECORA. In Baldwin Locomotive Co. stock?

Mr. CUTTEN. I don't know about it.

Mr. TOMPKINS. I can give you the facts later, Mr. Pecora.

Mr. CUTTEN. I will be glad to give you any facts you may desire, but I forget about these things.

Mr. PECORA. How many trading syndicates did you participate in in the year 1928?

Mr. CUTTEN. I could not say now.

Mr. PECORA. Well, approximately how many?

Mr. CUTTEN. Not a great many.

Mr. PECORA. Well, when you say "Not a great many", what number do you mean to convey as an approximate number?

Mr. CUTTEN. I could not say.

Mr. PECORA. As many as 50?

Mr. CUTTEN. Oh, no.

Mr. PECORA. As many as 25?

Mr. CUTTEN. I do not think even that number. Less than 10, anyway.

Mr. TOMPKINS. Mr. Pecora, I will be very glad to supply that information. I did not know you were going into Mr. Cutten's general participations.

Mr. PECORA. I did not know it either.

Mr. TOMPKINS. I will be glad to furnish you the names. But I think they are a little more numerous than Mr. Cutten recalls.

Mr. PECORA. How many trading syndicates did you participate in in the year 1929, Mr. Cutten?

Mr. CUTTEN. I could not answer that. I would have to look those records up.

Mr. PECORA. Do you remember the securities or the issues that any trading syndicates of which you were a participant traded in in 1928, other than Sinclair Consolidated Oil Corporation?

Mr. CUTTEN. What was that question?

Mr. TOMPKINS. He wishes to know if you remember any securities or issues that you were a participant in in 1928 other than Sinclair Consolidated Oil Corporation.

Mr. PECORA. As a member of any trading syndicate.

Mr. TOMPKINS. I think there were quite a few, and I will be glad to give you the list.

Mr. CUTTEN. I would have to look it up in order to answer your question.

Mr. PECORA. Can't you think of any now?

Mr. CUTTEN. None at all.

Mr. PECORA. You cannot think of any at all now?

Mr. CUTTEN. No. I would have to refresh my memory. There is no use of my testifying unless I have the facts.

The CHAIRMAN. Were you in Baldwin Locomotive then?

Mr. TOMPKINS. That was before 1928, I think.

The CHAIRMAN. And how about Montgomery Ward & Co.?

Mr. CUTTEN. As to Montgomery Ward & Co., I do not think we participated in that.

Mr. TOMPKINS. I do not think so. You see, Senator Fletcher, Mr. Pecora is discriminating as between syndicates and individual trading operations of Mr. Cutten.

The CHAIRMAN. He asked Mr. Cutten what securities he dealt in.

Mr. PECORA. As a member of a trading syndicate, were you the manager of any trading syndicates other than Sinclair Consolidated Oil Corporation that we have been speaking of, during 1928 and 1929?

Mr. CUTTEN. I do not believe so [consulting his attorney]. My counsel says he thinks so, but I cannot remember any.

Mr. PECORA. What was that?

Mr. CUTTEN. My counsel says he thinks so.

Mr. TOMPKINS. I think so, Mr. Pecora, but I will be glad to supply you or the committee with all syndicates of which Mr. Cutten was a member, and of any syndicate of which he was manager. I did not know that you were going into that matter at this hearing.

Mr. PECORA. All right. You may furnish it. But I will say that my curiosity has been piqued since Mr. Cutten took the stand this morning.

Mr. TOMPKINS. I am sorry.

Mr. PECORA. We want you to get the facts. I am trying now through you to get them about this one syndicate.

Mr. CUTTEN. Well, I don't want to make any mistake.

Mr. PECORA. I am trying through you to get them about this one syndicate. And you knew last week that you were going to be examined about it, didn't you?

Mr. CUTTEN. Yes.

Mr. PECORA. You got a 10 percent commission, or 10 percent of the profits of this particular syndicate because you were the manager of it, didn't you?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Did you actually manage its operations?

Mr. CUTTEN. I managed it; yes, sir.

Mr. PECORA. You did?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. You did manage it?

Mr. CUTTEN. Well, I gave Ruloff Cutten authority to look after the floor end of it, the trading end of it. He would telephone me and give me the short sales every night.

Mr. PECORA. Now, did you do it in this fashion: You would first tell Ruloff Cutten as the floor member of E. F. Hutton & Co. of the New York Stock Exchange, what transactions you wanted to have executed in behalf of trading in the stock, by long distance telephone from Chicago?

Mr. CUTTEN. More or less; yes, sir.

Mr. PECORA. And then at the end of the following day he would report to you whether or not your instructions had been carried out, your orders executed. Is that right?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. And then you would give him your orders and instructions to be carried out the following day. Is that right?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. And that was the mechanism by which you gave your orders to the brokers, E. F. Hutton & Co., who executed them, or saw to the execution of them?

Mr. CUTTEN. That is right.

Mr. PECORA. So that the judgment that was exercised in making the purchases and sales for the account of the trading syndicate was your judgment. Is that right?

Mr. CUTTEN. More or less. I allowed him discretion, you know. I wasn't down there, but was in Chicago.

Mr. PECORA. I know. And that was why you were using the telephone. You are not a member of any board except the Chicago Board of Trade, are you?

Mr. CUTTEN. No; just the Chicago Board of Trade and Chicago Stock Exchange.

Mr. PECORA. And you were an extensive operator on other exchanges?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. So that necessarily in those other instances you had to give your orders to a broker or a member?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. The same as you did as the manager of this trading syndicate. Is that right?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. Now, you frequently gave orders in connection with the operations of this Sinclair trading syndicate, to both buy and sell on the same day, didn't you?

Mr. CUTTEN. I gave him a discretionary order. He could use his discretion. I wasn't there to see how the market was all the time.

Mr. PECORA. But you gave him certain instructions for his guidance?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. And those instructions were to be followed according to his discretion. Is that what you mean to say?

Mr. CUTTEN. That is what I am talking about.

Mr. PECORA. Now, on days when you instructed him to buy and to sell what was your purpose and intent in giving him such instructions as the manager of the trading syndicate?

Mr. CUTTEN. Well, we had this stock to liquidate.

Mr. PECORA. You mean the stock consisting of 1,130,000 shares?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. All right. Go ahead.

Mr. CUTTEN. And when the market fluctuated and was selling off we would buy a little stock trying to steady the price a little. And then when it went up—

Mr. PECORA (interposing). You would sell?

Mr. CUTTEN. Yes.

Mr. PECORA. And you would help to have it go up by reason of the trading account's operations?

Mr. CUTTEN. No. We didn't do that.

Mr. PECORA. Are you disclaiming now that that was done?

Mr. CUTTEN. I am not disclaiming, no. But you are trying to tell me that it went right on up.

Mr. PECORA. No. I am not trying to tell you anything. I am trying to have you tell us something.

Mr. CUTTEN. We tried not to interfere with the natural market.

Mr. PECORA. When you say you tried not to interfere with the natural market, what did you mean this morning when you said one of the purposes of this trading syndicate was to furnish a buying power so that when the market needed it you kept it sustained or maintained? That was influencing the market, wasn't it?

Mr. CUTTEN. The market just at this time that you speak about—

Mr. PECORA (interposing). I do not hear you.

Mr. CUTTEN. The market just at this time that you are speaking about did not need very much support.

Mr. PECORA. But apparently it got a lot of support from your trading syndicate, didn't it?

Mr. CUTTEN. In buying and selling; yes.

Mr. PECORA. Well, as a matter of fact, take for instance—

Mr. CUTTEN (continuing). We traded back and forth in the market when we thought it was desirable to do so.

Mr. PECORA. Under what circumstances did you think it was desirable to trade back and forth? What were the circumstances that made it desirable in your opinion to do that?

Mr. CUTTEN. Well, I do not know that I could give you an opinion.

Mr. PECORA. What were the circumstances under which you formulated the judgment to buy and sell, or to trade back and forth as you put it, when the market was a little weak, or whatever you said?

Mr. CUTTEN. When the market was a little weak we would buy stock. When it was stronger we would sell it out again. We would trade back and forth.

Mr. PECORA. With the view of putting the price of the stock up?

Mr. CUTTEN. Well, if we could do it, yes.

Mr. PECORA. And you found you could do it, didn't you?

Mr. CUTTEN. At that time the whole market went up.

Mr. PECORA. How many trading syndicates were in the market when the general market was going up? Do you know?

Mr. CUTTEN. I could not tell you.

Mr. PECORA. There were many, weren't there?

Mr. CUTTEN. There must have been.

Mr. PECORA. Well, that is not keeping a free and open market for the benefit of the public, is it, Mr. Cutten?

Mr. CUTTEN. I think when the public gets in there, when the public is trading, I think that is a free and open market, yes.

Mr. PECORA. Well, how about the shots in the arm that Senator Gore was speaking of this morning? They were injections of a stimulant by means of those trading syndicates, weren't they?

Mr. CUTTEN. Well, they naturally would be.

Mr. PECORA. Which makes a showing of activity in the market.

Mr. CUTTEN. Yes.

Mr. PECORA. And then the public seeing that activity and not knowing that it was the result of a shot in the arm, would be lured into the market, wouldn't it? Isn't that about the way the thing worked?

Mr. CUTTEN. I do not want to try to express an opinion.

Mr. PECORA. I wish you would.

Mr. CUTTEN. That is all I could do.

Mr. PECORA. What is that?

Mr. CUTTEN. That is all that it would be, an opinion.

Mr. PECORA. Well, as an opinion from you we would like to have it.

Mr. CUTTEN. I want to tell you the facts.

Mr. PECORA. Well, give us your opinion.

Mr. CUTTEN. Well, I think syndicates do, of course, interfere—or I mean I think they do influence the market more or less.

Mr. TOMPKINS. Activity in a stock usually attracts attention, doesn't it?

Mr. CUTTEN. Naturally.

Senator COUZENS. Doesn't the witness know English without his counsel having to state answers for him?

Mr. TOMPKINS. I do not want to make any answers for him, Senator.

Senator COUZENS. Well, that seems to be the situation.

Mr. PECORA. I notice from Committee Exhibit No. 114, which is a list of participants in the purchasing syndicate, that a man named Arthur Reynolds was given a subparticipation in that syndicate. Who is Arthur Reynolds?

Mr. CUTTEN. Arthur Reynolds was the president of the Continental Bank a few years ago.

Mr. PECORA. The Continental what?

Mr. CUTTEN. The Continental Bank in Chicago.

Mr. PECORA. The Continental Bank of Chicago?

Mr. CUTTEN. The Continental Bank of Illinois.

Mr. PECORA. And it was an affiliate of the Continental Bank of Chicago, known as the Continental National Co., which was a participant in both the purchase syndicate and the trading syndicate in this Sinclair Consolidated Oil Co. stock. Is that right?

Mr. CUTTEN. Yes, sir.

Mr. PECORA. I notice that one A. M. Andrews was also given a subparticipation in the original purchasing syndicate. Who was he?

Mr. CUTTEN. He must have gotten that through Blair & Co.

Mr. PECORA. Well, who is he?

Mr. CUTTEN. I don't know.

Mr. PECORA. Did you ever hear of him before?

Mr. CUTTEN. Yes; I have heard of him.

Mr. PECORA. Who is he?

Mr. CUTTEN. He was a mining broker, I think. I had known him 20 years ago or so, but haven't heard of him since.

Mr. PECORA. You say he was a mining broker?

Mr. CUTTEN. I think he was. He had some office.

Mr. PECORA. Now, the Famothe Corporation also appears to have been a participant in the original purchasing syndicate, having been given a subparticipation of  $1\frac{3}{4}$  percent. That is the same corporation that appeared in the trading syndicate, isn't it?

Mr. CUTTEN. I do not know that.

Mr. PECORA. Likewise, the Traywin Corporation was given a subparticipation in the purchasing syndicate. Don't you know that corporation?

Mr. CUTTEN. No.

Mr. PECORA. And L. W. Hill & C. O. Kolman were given a sub-participation in the original purchasing syndicate.

Mr. CUTTEN. I don't know them.

Mr. PECORA. Are there any further questions of Mr. Cutten?

The CHAIRMAN. Are there any further questions by members of the subcommittee? [A pause, without response.] I believe that is all, then.

Mr. PECORA. Now, if you will give us the other data. And when E. F. Hutton & Co. are here we would like to have Mr. Cutten here, too.

Mr. TOMPKINS. Do you want Mr. Cutten here the same day Mr. Sinclair is here?

Mr. PECORA. Yes, sir.

(Thereupon the witness was excused for the present and left the stand.)

The CHAIRMAN. Who will you have next, Mr. Pecora?

Mr. PECORA. I will ask Mr. Stanford to take the stand, please.

The CHAIRMAN. Mr. Stanford, please stand, hold up your right hand, and be sworn: You solemnly swear that the evidence you will give in the hearing now being conducted by this subcommittee will be the truth, the whole truth, and nothing but the truth. So help you God?

Mr. STANFORD. I do.

#### **TESTIMONY OF G. T. STANFORD, GENERAL COUNSEL FOR THE SINCLAIR CONSOLIDATED OIL CORPORATION, NEW YORK CITY**

Mr. PECORA. Mr. Stanford, please give your full name and address for the record.

Mr. STANFORD. G. T. Stanford, 45 Nassau Street, New York City.

Mr. PECORA. Are you an attorney and counselor at law?

Mr. STANFORD. I am.

Mr. PECORA. Admitted to practice before the courts of the State of New York?

Mr. STANFORD. I am.

Mr. PECORA. Are you the attorney for Mr. Harry F. Sinclair, whose attendance before this subcommittee was desired?

Mr. STANFORD. I will answer that question in this way: I am general counsel for the Sinclair Consolidated Oil Corporation, and at Mr. Sinclair's request, he not being here, I came to submit certain documents to you. I am here at his request for that purpose and also for the purpose of submitting anything that the Sinclair Consolidated Oil Corporation may have in connection with this transaction.

Mr. PECORA. Well, can you state to the subcommittee the reason why Mr. Sinclair is not here?

Mr. STANFORD. Yes.

Mr. PECORA. Will you please now do so?

Mr. STANFORD. Mr. Sinclair left Chicago on the 26th of October for Excelsior Springs suffering with a very bad cold, which developed into some pleurisy and influenza, or bronchitis, rather. I communicated with him after I saw you had requested his subpoenaing and on up till as late as Tuesday night, and his doctor advised strongly that he not make the trip, but thought he would be able

to come here sometime next week, along about the middle or latter part of the week.

Mr. PECORA. Have you any knowledge of or familiarity with the organization and operation of a purchasing syndicate that was formed on or about October 24 or 25, 1928, to purchase 1,130,000 shares of the common stock of the Sinclair Consolidated Oil Corporation?

Mr. STANFORD. I have knowledge of the syndicate from what I got from Mr. Sinclair's files. I knew, of course, about the contract between the corporation and Mr. Cutten, and learned that a syndicate had been organized simultaneously with the execution of that contract, for the purchase by Mr. Cutten of stock of the corporation.

Mr. PECORA. Did you hear the testimony of Mr. Arthur W. Cutten given before this subcommittee today?

Mr. STANFORD. I did.

Mr. PECORA. I want to ask you some questions about the purchasing syndicate that he was examined upon, and also about the trading syndicate he was examined upon.

Senator COUZENS. Might I ask what is the purpose of interrogating Mr. Stanford when we are going to have Mr. Sinclair here?

Mr. PECORA. Well, in order that he may give us whatever information we can get at this session.

Senator COUZENS. I hope, Mr. Chairman, we won't have any duplication by way of having Mr. Stanford answer questions and Mr. Sinclair answer the same questions, too. If we are going to have the principal why have his attorney?

Mr. PECORA. Well, the attorney presents himself here, apparently with some information that I thought the subcommittee might want and might be able to get about these two syndicates.

Senator COUZENS. I appeal to the chairman not to have any duplication of this testimony. If we are going to have the principal, why have his attorney?

The CHAIRMAN. Well, there may be something that Mr. Pecora has in mind that he can get now.

Mr. PECORA. Might I suggest this, Senator Couzens: This witness yesterday gave me a narrative statement in typewritten form, which I have now before me, and which the witness indicated he would like to have incorporated in the record. Is that right, Mr. Stanford?

Mr. STANFORD. No. I did not say that. I gave that to you for the purpose of aiding you in going through the documents. It wasn't got up for the purpose of incorporating it in the record, that narrative statement I furnished to you.

Mr. PECORA. I would like to have it identified as the statement which you prepared and gave to me for that purpose. I thought you wanted it to go into the record.

Mr. STANFORD (after looking at a paper handed to him by Mr. Pecora). Yes; this is the statement.

Mr. PECORA. Who prepared that statement, Mr. Stanford?

Mr. STANFORD. Mr. Ragland, my assistant here, in connection with myself. He did the dictating of it.

Mr. PECORA. What were the sources of your information as to the facts embodied in this statement?

Mr. STANFORD. Records taken from the corporation and from the files in Mr. Sinclair's office.

Mr. PECORA. All right. Now, Mr. Chairman, I will ask that this paper be marked for identification.

(Thereupon the paper furnished to committee counsel by Mr. Stanford was marked "Committee Exhibit No. 117 for identification, Nov. 9, 1933.")

Mr. PECORA. Have you any objection, Mr. Stanford, to this statement going into the record?

Mr. STANFORD. You mean I personally?

Mr. PECORA. Yes.

Mr. STANFORD. No.

Mr. PECORA. I think it ought to be marked in evidence then, and I will read it.

Senator COUZENS. Do I understand now it is spread on the record?

The CHAIRMAN. Let it be marked and spread on the record.

(Narrative statement previously marked "Committee Exhibit No. 117, Nov. 9, 1933, for identification", was thereupon designated "Committee Exhibit No. 117, Nov. 9, 1933, in evidence.")

Mr. PECORA. I will just read it. It purports to be a narrative of the entire transaction that led to the organization of these two syndicates, and I think to that extent it would certainly be enlightening. [Reading.]

Sinclair Consolidated Oil Corporation was incorporated under the laws of New York, September 23, 1919, by the filing on that date of a consolidation agreement between Sinclair Oil & Refining Corporation, Sinclair Gulf Corporation, and Sinclair Consolidated Oil Corporation. By its articles of incorporation it was authorized to issue 5,500,000 shares of common stock without par value. Its articles of incorporation provided "no stockholder and no holder of bonds, debentures, or other securities convertible into stock in the new corporation shall be entitled as a right to subscribe for, purchase, or receive any part of any new or additional issue of stock or bonds, debentures, or other securities convertible into stock may be issued and disposed of by the board of directors to such person or persons and on such terms and for such consideration so far as may be permitted by law as the board of directors in its absolute discretion may deem advisable." The charters of the three constituent companies which were consolidated into the new corporation contain a similar provision.

Out of the 5,500,000 shares which the corporation was authorized to issue it had on October 24, 1923, available for original issue 1,115,519 shares and it also had in its treasury 14,488 shares which had theretofore been issued by the corporation but subsequently acquired by it.

During the month of January 1928, the stock sold on the New York Stock Exchange at prices ranging from a low of 19½ to a high of 21¼.

During the month of February 1928, the price ranged from a low of 17½ to a high of 20¾.

During the month of March 1928, the price ranged from a low of 19½ to a high of 29¾.

During the month of April 1928, the price ranged from a low of 25¾ to a high of 30¾.

During the month of May 1928, the price ranged from a low of 25 to a high of 30.

During the month of June 1928, the price ranged from a low of 21 to a high of 27.

During the month of July 1928, the price ranged from a low of 23 to a high of 26½.

During the month of August 1928, the price ranged from a low of 25½ to a high of 29½.

During the month of September 1928, the price ranged from a low of 25½ to a high of 42½.

The closing prices during October 1928 were as follows: 1st, 29¾; 2d, 29¼; 3d, 28¾; 4th, 29; 5th, 28½; 6th, 28½; 7th, Sunday; 8th, 28¾; 9th, 27¾; 10th,

28%; 11th, 28½; 12th, Columbus Day; 13th, 28¼; 14th, Sunday; 15th, 28; 16th, 31½; 17th, 30%; 18th, 29%; 19th, 30; 20th, 29¾; 21st, Sunday; 22d, 29½; 23d, 32; 24th, 35%; 25th, 36¼; 26th, 35%; 27th, 36½; 28th, Sunday; 29th, 38%; 30th, 38; 31st, 37.

During the month of November 1928, the price ranged from a low of 27½ to a high of 46¼.

During the month of December 1928, the price ranged from a low of 35 to a high of 45½.

During the month of January 1929, the price ranged from a low of 36¼ to a high of 45.

During the month of February 1929, the price ranged from a low of 36 to a high of 42½.

During the month of March 1929, the price ranged from a low of 35½ to a high of 42½.

During the month of April 1929, the price ranged from a low of 37 to a high of 41.

During the month of May 1929, the price ranged from a low of 37½ to a high of 40¾.

During the month of June 1929, the price ranged from a low of 35½ to a high of 40¼.

During the month of July 1929, the price ranged from a low of 33 to a high of 37%.

During the month of August 1929, the price ranged from a low of 31½ to a high of 39½.

During the month of September 1929, the price ranged from a low of 34 to a high of 38½.

During the month of October 1929, the price ranged from a low of 22½ to a high of 35%.

During the month of November 1929 the price ranged from a low of 21 to a high of 28%.

During the month of December 1929, the price ranged from a low of 23 to a high of 28¼.

At a meeting of the executive committee held on October 24, 1928, a resolution was adopted authorizing the sale to A. W. Cutton of 1,130,000 shares at \$30 a share. The executive committee consists of 15 members, namely: J. W. Carnes, E. H. Clark, R. L. Clarkson, C. E. Crawley, J. F. Farrell, S. L. Fuller, W. H. Isom, W. P. Phillips, J. R. Simpson, E. W. Sinclair, H. F. Sinclair, E. R. Tinker, Elisha Walker, A. E. Watts, and H. P. Whitney. All of the members of the executive committee were present at the meeting except R. L. Clarkson, E. W. Sinclair, E. R. Tinker, and H. P. Whitney. Both Mr. Elisha Walker and Mr. H. F. Sinclair stated at the meeting that they intended to be personally interested in the transaction and they retired from the meeting while the matter was being passed upon. On the next day, to wit October 25, 1928, the board of directors approved the sale.

The board of directors consisted of 23 members, to wit: J. W. Carnes, Sheldon Clark, R. L. Clarkson, F. H. Bartlett, C. E. Crawley, J. F. Farrell, S. L. Fuller, E. H. Clark, D. H. Hooper, E. W. Isom, W. H. Isom, J. H. Markham, Jr., W. P. Phillips, J. R. Simpson, E. W. Sinclair, H. F. Sinclair, George H. Taber, Jr., P. W. Thirtle, E. V. R. Thayer, E. R. Tinker, Elisha Walker, A. E. Watts, and H. P. Whitney. All of the directors were present except Sheldon Clark, R. L. Clarkson, J. R. Simpson, E. R. Tinker, and H. P. Whitney. Messrs. H. F. Sinclair, F. H. Bartlett, and Elisha Walker stated to the directors that they would be interested with Mr. Cutten in the purchase of the shares and withdrew from the meeting while the matter was under consideration. Mr. Frank Callahan, who was not a director but who was attending the meeting for Mr. R. L. Clarkson, stated that the Chase Securities Corporation would likewise be interested in the transaction and he withdrew from the room.

Senator COUZENS. That is the way they make R.F.C. loans.

Mr. PECORA (continuing reading):

During the year 1928 the subsidiary companies of the corporation made expenditures of approximately \$21,000,000 for the development of and additions to property consisting of approximately \$8,000,000 for drilling wells and developing of oil properties, \$3,000,000 for additional undeveloped oil and gas leases, \$1,600,000 for casinghead gasoline plant additions, \$3,800,000 for refinery improvements, and \$2,500,000 for marketing facilities.

During the year 1929 the subsidiaries made expenditures of \$42,047,000 for the development of and additions to properties, as follows: \$10,465,000 for the development of oil properties, \$4,126,000 for additional undeveloped oil and gas leases, \$2,245,000 for casinghead gasoline plant additions, \$9,395,000 for refinery additions, \$12,878,000 for marketing facilities, including construction or acquisitions of a large number of bulk or retail service stations, and \$2,938,000 for miscellaneous additions and improvements.

During the year 1929 the funded debt and preferred stock in the hands of the public were reduced by \$5,359,900.

Before the executive committee or directors authorized the sale of 1,130,000 shares to A. W. Cutten, Mr. Sinclair asked for an opinion of counsel as to whether the sale could be made without first offering the stock to the stockholders, and under date of October 22 the general counsel of the company rendered an opinion, a copy of which is attached.

May I ask, Mr. Stanford, who the general counsel were that rendered that opinion?

Mr. STANFORD. I was.

Mr. PECORA (resuming reading).

The agreement between Sinclair Oil Corporation and Mr. Arthur Cutten was in the form of a letter from the Corporation to Mr. Cutten, confirmed by Mr. Cutten on October 24.

Now I may say that that letter constituting the agreement is in evidence here.

Under date of October 24, 1928, an agreement was made between Blair & Co., Chase Securities Corporation, the Shermar Corporation, Arthur Cutten, and H. F. Sinclair, whereby it was agreed that all the parties thereto were to participate in the purchase of the 1,130,000 shares under the agreement between A. W. Cutten and Sinclair Consolidated Oil Corporation. Pursuant to that agreement the parties organized a syndicate under an agreement dated October 25, 1928, constituting A. W. Cutten, syndicate manager. Subscribers to the syndicate agreement were Blair & Co., Inc., for 282,500 shares, Chase Securities Corporation for 188,333 $\frac{1}{4}$  shares, Shermar Corporation for 94,166 $\frac{3}{4}$  shares, Arthur W. Cutten for 282,500 shares, and H. F. Sinclair for 282,500 shares. These participations were adjusted on December 24, 1928, so as to permit additional participations of Continental National Bank, 42,300 shares; Arthur Reynolds, 11,300 shares; J. M. Andrews, 11,300 shares; the Famoth Corporation, 19,775 shares; L. W. Hill and C. O. Kalman, joint account, 5,650 shares. See letter from Arthur Cutten, by R. E. Cutten, dated December 24, 1928, addressed to Mr. H. F. Sinclair.

A trading group was formed for the purpose of buying and selling Sinclair Consolidated Oil Corporation stock on the New York Stock Exchange under an agreement known as Syndicate Agreement "B", dated October 25, 1928, and Mr. H. F. Sinclair had one 50,000 share and one 25,000 share participation in such trading group.

Each subscriber to the trading syndicate made a payment of \$2 per share on his participation. See letter from Ruloff E. Cutten to Mr. H. F. Sinclair dated November 14, 1928, the reply thereto dated November 15, 1928, and further letter from Ruloff E. Cutten to Mr. Sinclair dated November 16, 1928. The purchase group syndicate was closed out on or about April 16, 1929, and the profit allocable to Mr. Sinclair's 22 $\frac{1}{2}$  percent participation amounted to \$2,632,962.75.

However, Mr. Sinclair had given subparticipation to 17 people, covering 118,733 shares and \$1,229,575.20 of the profit.

Mr. Sinclair retained 135,517 shares of his participation and in connection therewith had a profit of \$1,403,387.55. All of the subparticipations were granted by a letter addressed to each of the subparticipants by Mr. Sinclair dated November 14, 1928.

The trading group in which Mr. Sinclair had two participations, one of 50,000 shares and one of 25,000 shares, and which under the agreement was to last for a period of 6 months, was on April 29, 1929, extended for a further period of 90 days. See letter of E. F. Hutton & Co. for the syndicate manager to Mr. Harry F. Sinclair dated April 29, 1929. The trading group was terminated on May 17, 1929.

as 50,000-share participation, and \$10,459.59 on account of his 25,000-share participation, making his total profit from participations in the trading group \$31,878.77.

The 1,130,000 shares of stock sold by Sinclair Consolidated to A. W. Cutten were delivered as follows: On December 26, 1928, 500,000 shares were delivered to E. F. Hutton & Co., representing A. W. Cutten, for which a payment of \$15,000,000 was made by E. F. Hutton & Co. on December 27. On December 27, 1928, the remaining 630,000 shares were delivered to E. F. Hutton & Co., for which a payment of \$18,900,000 was made on December 31. On December 31 the company also received \$204,700 in interest accrued from November 23, 1928. The agreement between Sinclair Consolidated and Cutten provided that if delivery was not taken and the stock paid for within 30 days, interest should thereafter be paid on the purchase price.

A. W. Cutten was elected a director of Sinclair Consolidated on October 30, 1928.

Under date of October 24, 1928, Mr. Sinclair addressed a letter to Mr. Arthur Cutten, confirming agreement between Cutten and his associates, on the one hand, and Mr. Sinclair on the other, whereby Mr. Sinclair was to purchase 130,000 shares of Sinclair Consolidated stock upon the same terms and conditions as Cutten and his associates had purchased such stock from the corporation. Mr. Sinclair took delivery of this stock on February 6 and 7, against payment therefor at the price of \$30 per share, plus interest.

The CHAIRMAN. Were the members of the executive committee also directors of the corporation?

Mr. STANFORD. Yes.

Mr. PECORA. Now, Mr. Stanford, can you produce a copy of the letter referred to in this statement as a letter dated November 14, 1928, addressed to each of the subparticipants that came in through Mr. Sinclair into the purchasing syndicate?

Mr. STANFORD. I think you have got the only one I have got, Mr. Pecora. It is in that blue-backed folder, if I remember correctly.

Mr. PECORA. I show you what purports to be a copy of the form of such a letter dated "New York, N.Y. November 14, 1928." Will you please look at it and tell us if it is a true copy of a letter sent by Mr. Sinclair to each of the subparticipants who acquired an interest out of his original interest in this purchasing syndicate?

Mr. STANFORD. Yes; this is a copy of letter that went to each sub-participant with the exception of where the blank is here it was filled in for each subparticipant according to what his subparticipation was.

Mr. PECORA. But all the letters were identical as to form?

Mr. STANFORD. That is right.

Mr. PECORA. And that was the form of the letter?

Mr. STANFORD. That is right.

Mr. PECORA. I offer it in evidence.

Senator COUZENS. Who was it signed by?

Mr. PECORA. By Mr. Sinclair, I presume.

Mr. STANFORD. It was signed by Mr. Sinclair.

Mr. PECORA. I offer just the letter.

The CHAIRMAN. Let it be marked and spread on the record.

(Letter dated Nov. 14, 1928, addressed to H. F. Sinclair, 45 Nassau Street, New York City, but unsigned, was thereupon designated "Committee Exhibit No. 118, Nov. 9, 1933.")

Mr. PECORA. The form of the letter introduced in evidence is as follows [reading]:

NEW YORK, N.Y., November 14, 1928.

DEAR SIR: I have taken a participation in a certain syndicate with Arthur W. Cutten as manager formed for the purpose of buying and/or selling shares of

the common stock of Sinclair Consolidated Oil Corporation. A copy of the agreement forming and constituting such syndicate, marked "Appendix A", is hereto attached and made a part hereof.

It will be noted in said agreement that my subscription was for a participation of 232,500 shares. However, by mutual agreement of all the subscribers to said agreement, the participation of each has been reduced so that my participation in said syndicate is for 254,250 shares.

You have signified that you desire that I should allot to you, as a subparticipation — shares of my said participation of 254,250 shares.

Therefore, in consideration of your acceptance of this agreement in the manner hereinafter designated, and of our mutual obligations hereunder, I agree to allot to you as a subparticipation — shares of my said participation of 254,250 shares and I agree to transfer and deliver to you when, as and if received by me, and upon payment by you of any obligation which may be due from you as hereinafter provided, such proportion of any and all moneys and/or shares of stock and/or benefits which I receive as a participant in said syndicate as the number of shares so allotted to you bears to my said participation of 254,250 shares, and you agree to be obligated to me to the extent of the same proportion of any and all of my obligations as such a participant in said syndicate and that as, if and when I am called upon to make any payment on my said participation or under any obligation or commitment contained in said syndicate agreement, appendix A hereto, you will pay me promptly on my request your aliquot share of the sum or sums required for such payment.

It is understood and agreed that in case of your failure to make such payments as and when called, I shall have the same rights in respect of your subparticipation as the manager of said syndicate has in respect of original participations in said syndicate, all as provided in said syndicate agreement.

Kindly indicate your acceptance of this agreement by signing at the place hereon indicated for that purpose and by returning same to me, you to retain the duplicate hereof which has been duly signed by me and which is enclosed herewith.

Very truly yours,

And you say these letters, Mr. Stanford, were all signed by Mr. Sinclair?

Mr. STANFORD. They were.

The CHAIRMAN. How many of these subparticipants were there?

Mr. STANFORD. I think there were 17. I have given that information to Mr. Pecora.

Mr. PECORA. Have you the names of those subparticipants?

Mr. STANFORD. They are the same names that I gave you.

Mr. PECORA. I show you, Mr. Stanford, typewritten statement entitled "Sinclair Consolidated Oil Corporation Stock Purchase Group, H. F. Sinclair and Sub-Participants." Will you please look at it and tell us if that statement correctly shows the names and respective interests of each subparticipant in this purchase group that received any allotment of Mr. Sinclair's original participation interest?

Mr. STANFORD. Yes; this is right.

Mr. PECORA. I offer that in evidence.

The CHAIRMAN. Let it be entered and spread on the record.

(Tabulation entitled "Sinclair Consolidated Oil Corporation Stock Purchase Group, H. F. Sinclair and subparticipants" was thereupon designated "Committee Exhibit No. 119, Nov. 9, 1933", and appears in the record in full on page 3157.)

Mr. PECORA. Now, the first name appearing on this list, Mr. Stanford, is that of Mr. H. F. Sinclair himself. The second name is that of W. L. Connelly. Who is W. L. Connelly, if you know?

Mr. STANFORD. He was at that time—in 1928?

Mr. PECORA. November 1928.

Mr. STANFORD. He was associated in some capacity with our producing company, the Sinclair Oil & Gas Co., at Tulsa, Okla.

Mr. PECORA. The next name is that of R. Costello. Who was he?

Mr. STANFORD. That was my secretary.

Mr. PECORA. The next name is that of Nellie Kline Crawley. Who is she?

Mr. STANFORD. I think that that is the wife of Mr. Eugene Crawley, who was also one of our vice presidents.

Mr. PECORA. When you say "one of our vice presidents", what company are you referring to?

Mr. STANFORD. I mean the Consolidated Oil Corporation.

Mr. PECORA. The next name is that of Mason Day. Who was he?

Mr. STANFORD. He was a friend of Mr. Sinclair.

Mr. PECORA. The next name is that of Miss Josephine Farrell. Who was she?

Mr. STANFORD. She was a sister-in-law of Mr. Sinclair.

Mr. PECORA. And the next name is that of J. F. Farrell. Who was he?

Mr. STANFORD. He was the treasurer of Consolidated Oil.

Mr. PECORA. Also director?

Senator GORE. Was he a brother of this woman?

Mr. STANFORD. No; no relation.

Mr. PECORA. Was he also a director of the Consolidated Oil?

Mr. STANFORD. Yes.

Mr. PECORA. The next name is that of J. J. Larkin. Who was he?

Mr. STANFORD. Mr. Larkin is an oil operator residing at Tulsa, Okla.

Mr. PECORA. Was he connected with the Oil Corporation?

Mr. STANFORD. No; he was not.

Mr. PECORA. The next name is that of J. H. Markham, Jr. Who was he?

Mr. STANFORD. Mr. Markham was an oil operator. He was a director and since died.

Mr. PECORA. He was a director of the Consolidated Oil Corporation?

Mr. STANFORD. Yes.

Mr. PECORA. At that time?

Mr. STANFORD. Yes.

Mr. PECORA. Now the next name I see is that of H. H. Rogers. Who was he?

Mr. STANFORD. He was the president, I think, at that time of the Exchange National Bank at Tulsa.

Mr. PECORA. That is not Col. H. H. Rogers of New York, is it?

Mr. STANFORD. It is not.

Mr. PECORA. Was he an officer or director of the company?

Mr. STANFORD. He was not.

Mr. PECORA. The next name is that of E. W. Sinclair. Who was he?

Mr. STANFORD. He is the brother of H. F. Sinclair.

Mr. PECORA. Was he an officer or director of the corporation?

Mr. STANFORD. Yes; he was.

Mr. PECORA. At that time?

Mr. STANFORD. Yes.

Mr. PECORA. The next name is that of Mrs. H. F. Sinclair. Is that Mr. Harry F. Sinclair's wife?

Mr. STANFORD. That is right.

Mr. PECORA. The next name is that of G. T. Stanford. Does that allude to you?

Mr. STANFORD. That is me.

Mr. PECORA. And were you an officer or director of the corporation?

Mr. STANFORD. I was not.

Mr. PECORA. You were counsel for it?

Mr. STANFORD. I was.

Mr. PECORA. The next name is that of R. W. Ragland. Who was he?

Mr. STANFORD. Mr. Ragland sits here at my right and was my assistant at that time.

Mr. PECORA. The next name is that of P. W. Thirtle. Who was Mr. Thirtle?

Mr. STANFORD. Mr. Thirtle was the auditor and also a director.

Mr. PECORA. Of the Consolidated Oil Corporation?

Mr. STANFORD. Yes.

Mr. PECORA. The next name is that of Mr. Frank Walls. Who was he?

Mr. STANFORD. I don't know Mr. Frank Walls. I don't know who he was.

Mr. PECORA. The next name is that of A. E. Watts. Was he the vice president of the Sinclair Consolidated Oil Corporation then?

Mr. STANFORD. He was, and a director.

Mr. PECORA. The next name is that of H. P. Whitney. Who was he?

Mr. STANFORD. H. P. Whitney was the late H. P. Whitney, I think everyone in New York knows.

Mr. PECORA. Was he an officer or director of the corporation?

Mr. STANFORD. He was a director but not an officer.

Mr. PECORA. Now, all of these individuals whose names are shown on exhibit no. 119 accepted the subparticipations indicated on this exhibit, did they?

Mr. STANFORD. That is right.

Mr. PECORA. And received in the distribution of profits the sums set opposite their names under that caption of distribution of profits shown on this exhibit no. 119?

Mr. STANFORD. That is right.

Mr. PECORA. Where was the meeting of the executive committee of the board of directors of the Sinclair Consolidated Oil Corporation that was held on October 24, 1928, held?

Mr. STANFORD. To the best of my recollection it was held in the board room. I say that because that is where all the meetings are held.

Mr. PECORA. Where was that?

Mr. STANFORD. New York City.

Mr. PECORA. And the following day, October 25, 1928, I note from the statement introduced in evidence that the board of directors had a meeting?

Mr. STANFORD. That is right.

Mr. PECORA. Same place?

Mr. STANFORD. Same place.

Mr. PECORA. Were you present at those meetings?

Mr. STANFORD. I was present at the board meeting. Yes; I notice by the minutes that I was present at both meetings.

Mr. PECORA. Were you a member of the executive committee?

Mr. STANFORD. I was not.

Mr. PECORA. In what capacity did you attend the meeting of the Executive Committee on October 24?

Mr. STANFORD. Merely as counsel for the corporation.

Mr. PECORA. Now, I show you what purports to be certificate from the minutes or certificate contained in an excerpt from the minutes of the meeting of the executive committee of the Sinclair Consolidated Oil Corporation held on October 24, 1928, signed by O. M. Gerstung, as assistant secretary, bearing date November 3, 1933. Do you know whether that is a true and correct copy of the excerpt from such minutes?

Mr. STANFORD. It is.

Mr. PECORA. I offer it in evidence.

The CHAIRMAN. Let it be entered on the record and marked as an exhibit.

(Certified excerpt from minutes of executive committee of Sinclair Consolidated Oil Corporation meeting, held Oct. 24, 1928, was thereupon designated "Committee Exhibit No. 120, Nov. 9, 1933", and appears on page 3157.)

Mr. PECORA. I also show you typewritten statement signed by O. M. Gerstung, assistant secretary, under date of November —, 1933, purporting to be an excerpt from the minutes of the meeting of the board of directors of Sinclair Consolidated Oil Corporation held on October 25, 1928. Will you look at it and tell us if that excerpt is a true and correct transcript from the minutes?

Mr. STANFORD. That is a true and correct transcript of the entire minutes.

Mr. PECORA. I offer that in evidence.

The CHAIRMAN. Let it be marked and entered on the record.

(Certified transcript of minutes of meeting of board of directors of Sinclair Consolidated Oil Corporation held Oct. 25, 1928, was thereupon designated "Committee Exhibit No. 121, Nov. 9, 1933", and appears on page 3158.)

Mr. PECORA. Mr. Chairman, it is now 4 o'clock, and I think this would be a good place to adjourn. We will not be able to finish with Mr. Stanford until Mr. Sinclair is here. Will Mr. Sinclair be here next Tuesday, do you think, Mr. Stanford?

Mr. STANFORD. I will ascertain and let you know. Are you going back to New York?

Mr. PECORA. I will be here tomorrow.

Mr. STANFORD. I will endeavor to ascertain tonight.

Mr. PECORA. All right. You will be here tomorrow I presume?

Mr. STANFORD. Yes.

The CHAIRMAN. The committee will take a recess until 10 o'clock tomorrow.

(Accordingly, at 4 p.m., the subcommittee took a recess until 10 a.m. the following day.)

EXHIBIT No. 81, NOVEMBER 9, 1933

The following loans were presented and approved by the board of directors of the Chase National Bank of the City of New York at meetings held on the dates indicated:

	Amount	Rate	Maturity
<b>MEETING OF JAN. 4, 1928</b>			
Shields & Co., Inc., as a corporation and as syndicate manager. Secured by 50,000 shares Woodworth, Inc., convertible preferred stock; 100,000 shares Woodworth, Inc., common stock. Syndicate agreements. This loan was made Dec. 27, 1927, and was paid Dec. 28, 1927.	\$2,600,000.00	6 percent.....	Dec. 28, 1927.
<b>MEETING OF FEB. 8, 1928</b>			
James Rattray as syndicate manager (renewal).. Secured by 200 shares Guardian Trust Co. of New Jersey, Newark, N.J. (valuation \$40,000). Guaranteed jointly and severally by all the members of the syndicate as follows: Clarence G. Appleton, Meyer Krasner, Philip Lindeman, Clarence R. O'Crowley, James Rattray, Benjamin J. Sugarman, Edward M. Waldron, Israel J. Rachlin, Meyer Augenblick, Nathaniel Elin, Michael Hollander, William W. Kamm, Leon N. Lissner, Grover C. Trumbull, Oscar L. Weingarten.	22,500.00	5 percent.....	On or before Apr. 30, 1928.
<b>MEETING OF MAR. 7, 1928</b>			
Brown Brothers & Co. as syndicate managers... Secured by 37,600 shares of Jones Bros. Tea Co. Inc. 7 percent cumulative preferred stock (valuation \$4,537,000). Signed syndicate agreements and assignment thereof, total \$4,200,000. We have agreed to loan up to \$4,200,000.	2,617,000.00	6 percent.....	On or before March 1, 1929.
Kidder Peabody & Co., syndicate managers United Drug Co. first preferred stock syndicate. Secured by 68,000 shares United Drug Co. first preferred stock (valuation \$4,012,000). Liabilities of group members are as follows: Kidder Peabody & Co..... \$720,000 Shawmut Corporation of Boston..... 720,000 F. S. Moseley & Co..... 720,000 Bankers Trust Co..... 720,000 Chase Securities Corporation... 720,000  Total..... 3,600,000 We have agreed to loan up to \$10,000,000.	3,600,000.00	5 percent.....	Demand.
Haystone Securities Corporation managers Wesco Corporation—Fox Film Corporation class A common stock purchase group under agreement dated Feb. 14, 1928. Secured by 36,203 shares Fox Film Corporation, class A common stock (valuation \$2,896,000). Signed syndicate agreements and assignment thereof. Liabilities of group members are as follows: Chadbourne Stanchfield & Levy..... \$328,193.33 Edlyn Realty Corporation..... 262,540.00 Wertheim & Co..... 328,193.33 White Weld & Co..... 492,328.67 C. D. Barney & Co..... 328,193.33 Amster Investing & Trading Association..... 181,306.67 Glenny, Monro & Moll..... 65,658.33 Grenville Clark..... 98,480.00  Total..... 2,034,886.66	2,034,886.66	.....do.....	Do.

	Amount	Rate	Maturity																		
<b>MEETING OF MAY 9, 1928</b>																					
James Rattray as syndicate manager (renewal)..... Secured by 200 shares Guardian Trust Co. of New Jersey, Newark, N.J. (valuation, \$40,000). Guaranteed jointly and severally by all the members of the syndicate as follows: Clarence G. Appleton, Mayer Krasner, Philip Lindeman, Clarence R. O'Crowley, James Rattray, Benjamin J. Sugarman, Edward M. Waldron, Israel J. Rachin, Meyer Augen- blick, Nathaniel Elin, Michael Hollander, William W. Kamm, Leo N. Lissner, Grover O. Trumbull, Oscar L. Weingarten.	\$22,500.00	5 per cent.....	On or before July 30, 1928.																		
<b>MEETING OF MAY 16, 1928</b>																					
O. L. Gubelman, manager..... Secured by 951,805 shares Armour & Co. of Illinois B common voting-trust certifi- cates, May 16, 1928, present amount of loan, \$92,997.50.	5,710,830.00	6 percent.....	Demand.																		
<b>MEETING OF MAY 23, 1928</b>																					
Pynchon & Co. as syndicate managers under Washington Gas Light Co. common stock, Syndicate agreement dated Apr. 26, 1928. Secured by 6,000 shares Washington Gas Light Co. common stock. Signed syndicate agreements and assignment thereof total 40,000 shares. Liabilities of members of syndicate are as fol- lows:	560,000.00	.....do.....	Do.																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 10px;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="text-align: right; padding-right: 10px;">20,000</td> <td style="text-align: right; padding-right: 10px;"><i>Shares</i></td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Pynchon &amp; Co.....</td> <td style="text-align: right; padding-right: 10px;">9,200</td> <td></td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">D. A. Pearson.....</td> <td style="text-align: right; padding-right: 10px;">3,000</td> <td></td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">James O'Donnell.....</td> <td style="text-align: right; padding-right: 10px;">2,000</td> <td></td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Pynchon &amp; Co. (for placement).....</td> <td style="text-align: right; padding-right: 10px;">5,800</td> <td></td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Total.....</td> <td style="text-align: right; padding-right: 10px;">40,000</td> <td></td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	<i>Shares</i>	Pynchon & Co.....	9,200		D. A. Pearson.....	3,000		James O'Donnell.....	2,000		Pynchon & Co. (for placement).....	5,800		Total.....	40,000				
Utilities Power & Light Securities Corporation.....	20,000	<i>Shares</i>																			
Pynchon & Co.....	9,200																				
D. A. Pearson.....	3,000																				
James O'Donnell.....	2,000																				
Pynchon & Co. (for placement).....	5,800																				
Total.....	40,000																				
<b>MEETING OF JUNE 20, 1928</b>																					
Pynchon & Co. as syndicate managers under Washington Gas Light Co. common stock, syndicate agreement dated Apr. 26, 1928. Present amount of loan \$310,000. Secured by 8,500 shares Washington Gas Light Co. common stock. Signed syndicate agreements and assignment thereof, total 40,000 shares, as follows:	250,000.00	.....do.....	Do.																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 10px;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="text-align: right; padding-right: 10px;">20,000</td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Pynchon &amp; Co.....</td> <td style="text-align: right; padding-right: 10px;">9,200</td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">D. A. Pearson.....</td> <td style="text-align: right; padding-right: 10px;">3,000</td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">James O'Donnell.....</td> <td style="text-align: right; padding-right: 10px;">2,000</td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Pynchon &amp; Co. (for placement).....</td> <td style="text-align: right; padding-right: 10px;">5,800</td> </tr> <tr> <td style="text-align: right; padding-right: 10px;">Total.....</td> <td style="text-align: right; padding-right: 10px;">40,000</td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	Pynchon & Co.....	9,200	D. A. Pearson.....	3,000	James O'Donnell.....	2,000	Pynchon & Co. (for placement).....	5,800	Total.....	40,000									
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James O'Donnell.....	2,000																				
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Total.....	40,000																				
<b>MEETING OF JULY 5, 1928</b>																					
Kidder, Peabody & Co., Caldwell & Co., Inc., syndicate managers. Secured by 130,000 shares Southern Surety Co. of New York.	2,947,335.00	.....do.....	Do.																		
<b>MEETING OF AUG. 1, 1928</b>																					
Kidder Peabody & Co., Caldwell & Co., Inc., syndicate managers. Present amount of loan, \$960,000. Secured by 53,500 shares Southern Surety Co. of Iowa.	1,755,000.00	.....do.....	Do.																		

	Amount	Rate	Maturity												
<b>MEETING OF AUG. 8, 1928</b>															
<p><b>James Rattray as syndicate manager (renewal).</b>                      Secured by 200 shares Guardian Trust Co. of New Jersey, Newark, N.J. (valuation \$38,000). Guaranteed jointly and severally by all the members of the syndicate as follows: Clarence G. Appleton, Mayer Krasner, Philip Lindeman, Clarence R. O'Crowley, James Rattray, Benjamin J. Sugarman, Edward M. Waldron, Israel J. Rachlin, Meyer Augenblick, Nathaniel Elin, Michael Hollander, William W. Kamm, Leo N. Lissner, Grover C. Trumbull, Oscar L. Weingarten.</p>	\$22,500.00	5½ percent.....	On or before Oct. 30, 1928.												
<b>MEETING OF SEPT. 5, 1928</b>															
<p><b>Pynchon &amp; Co. as syndicate managers under Washington Gas Light Co. common stock.</b>                      Syndicate agreement dated Apr. 26, 1928. Present amount of loan \$1,014,000. Secured by 10,500 shares Washington Gas Light Co. common stock.                      Signed syndicate agreements and assignment thereof total 40,000 shares, as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="width: 20%; text-align: right;">20,000</td> </tr> <tr> <td>Pynchon &amp; Co. ....</td> <td style="text-align: right;">9,200</td> </tr> <tr> <td>D. A. Pearson .....</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>James O'Donnell.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Pynchon &amp; Co. (for placement) ..</td> <td style="text-align: right;">5,800</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right;"><b>40,000</b></td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	Pynchon & Co. ....	9,200	D. A. Pearson .....	3,000	James O'Donnell.....	2,000	Pynchon & Co. (for placement) ..	5,800	<b>Total.....</b>	<b>40,000</b>	204,000.00	6 percent.....	Demand.
Utilities Power & Light Securities Corporation.....	20,000														
Pynchon & Co. ....	9,200														
D. A. Pearson .....	3,000														
James O'Donnell.....	2,000														
Pynchon & Co. (for placement) ..	5,800														
<b>Total.....</b>	<b>40,000</b>														
<b>MEETING OF OCT. 3, 1928</b>															
<p><b>Pynchon &amp; Co. as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.</b>                      Present amount of loan \$1,301,080. Secured by 13,000 shares Washington Gas Light Co. common stock.                      Signed syndicate agreements and assignment thereof total 40,000 shares, as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="width: 20%; text-align: right;">20,000</td> </tr> <tr> <td>Pynchon &amp; Co. ....</td> <td style="text-align: right;">9,200</td> </tr> <tr> <td>D. A. Pearson .....</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>James O'Donnell.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Pynchon &amp; Co. (for placement) ..</td> <td style="text-align: right;">5,800</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right;"><b>40,000</b></td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	Pynchon & Co. ....	9,200	D. A. Pearson .....	3,000	James O'Donnell.....	2,000	Pynchon & Co. (for placement) ..	5,800	<b>Total.....</b>	<b>40,000</b>	287,080.00	.....do.....	Do.
Utilities Power & Light Securities Corporation.....	20,000														
Pynchon & Co. ....	9,200														
D. A. Pearson .....	3,000														
James O'Donnell.....	2,000														
Pynchon & Co. (for placement) ..	5,800														
<b>Total.....</b>	<b>40,000</b>														
<b>MEETING OF OCT. 10, 1928</b>															
<p><b>Pynchon &amp; Co. as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.</b>                      Present amount of loan \$1,401,080. Secured by 13,000 shares Washington Gas Light Co. common stock.                      Signed syndicate agreements and assignment thereof total 40,000 shares, as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="width: 20%; text-align: right;">20,000</td> </tr> <tr> <td>Pynchon &amp; Co. ....</td> <td style="text-align: right;">9,200</td> </tr> <tr> <td>D. A. Pearson .....</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>James O'Donnell.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Pynchon &amp; Co. (for placement) ..</td> <td style="text-align: right;">5,800</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right;"><b>40,000</b></td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	Pynchon & Co. ....	9,200	D. A. Pearson .....	3,000	James O'Donnell.....	2,000	Pynchon & Co. (for placement) ..	5,800	<b>Total.....</b>	<b>40,000</b>	100,000.00	.....do.....	Do.
Utilities Power & Light Securities Corporation.....	20,000														
Pynchon & Co. ....	9,200														
D. A. Pearson .....	3,000														
James O'Donnell.....	2,000														
Pynchon & Co. (for placement) ..	5,800														
<b>Total.....</b>	<b>40,000</b>														
<b>MEETING OF OCT. 17, 1928</b>															
<p><b>Pynchon &amp; Co. as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.</b>                      Present amount of loan \$1,416,572.50. Secured by 13,000 shares Washington Gas Light Co. common stock.                      Signed syndicate agreements and assignment thereof, total 40,000 shares, as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Utilities Power &amp; Light Securities Corporation.....</td> <td style="width: 20%; text-align: right;">20,000</td> </tr> <tr> <td>Pynchon &amp; Co. ....</td> <td style="text-align: right;">9,200</td> </tr> <tr> <td>D. A. Pearson .....</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>James O'Donnell.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Pynchon &amp; Co. (for placement) ..</td> <td style="text-align: right;">5,800</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right;"><b>40,000</b></td> </tr> </table>	Utilities Power & Light Securities Corporation.....	20,000	Pynchon & Co. ....	9,200	D. A. Pearson .....	3,000	James O'Donnell.....	2,000	Pynchon & Co. (for placement) ..	5,800	<b>Total.....</b>	<b>40,000</b>	15,492.50	.....do.....	Do.
Utilities Power & Light Securities Corporation.....	20,000														
Pynchon & Co. ....	9,200														
D. A. Pearson .....	3,000														
James O'Donnell.....	2,000														
Pynchon & Co. (for placement) ..	5,800														
<b>Total.....</b>	<b>40,000</b>														

	Amount	Rate	Maturity
<b>MEETING OF NOV. 7, 1928</b>			
<b>Pynchon &amp; Co.</b> as syndicate managers Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.	\$193,240.00	6 percent.....	Demand.
Present amount of loan \$1,609,812.50. Secured by 14,500 shares Washington Gas Light Co. common stock.			
Signed syndicate agreements and assignment thereof, total 40,000 shares as follows:			
Utilities Power & Light Securities Corporation.....	20,000		
Pynchon & Co.....	9,200		
D. A. Pearson.....	3,000		
James O'Donnell.....	2,000		
Pynchon & Co. (for placement).....	5,800		
Total.....	40,000		
<b>MEETING OF NOV. 28, 1928</b>			
<b>Utility Equities Corporation</b> purchase group by Chase Securities Corporation group managers. Secured by temporary allotment certificates for 33,000 shares Utility Equities Corporation \$5 50 dividend priority and 33,000 shares Utility Equities Corporation common. Liabilities of members of purchase group are as follows:	3,135,000.00	4 percent.....	Do.
Chase Securities Corporation.....	\$1,140,000		
Stone & Webster and Blodgett, Inc.....	1,140,000		
Brown Bros. & Co.....	427,500		
First National Corporation of Boston.....	213,750		
Cassatt & Co.....	213,750		
Total.....	3,135,000		
<b>Pynchon &amp; Co.</b> , as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.	150,000.00	6 percent.....	Do.
Present amount of loan \$1,759,812.50. Secured by 16,000 shares Washington Gas Light Co. common stock signed syndicate agreements and assignment thereof, total 40,000 shares as follows:			
Utilities Power & Light Securities Corporation.....	20,000		
Pynchon & Co.....	9,200		
D. A. Pearson.....	3,000		
James O'Donnell.....	2,000		
Pynchon & Co. (for placement).....	5,800		
Total.....	40,000		
<b>MEETING OF DEC. 12, 1928</b>			
<b>Hunter Dulin &amp; Co.</b> , syndicate managers Southern California Gas Corporation common stock syndicate.	4,164,500.00	do.....	May 7, 1929.
Present amount of loan, \$4,113,500. Secured by 242,500 shares Southern California Gas Corporation common stock.			
Signed syndicate agreements and assignments thereof, total 242,500 shares, as follows:			
Hunter Dulin & Co.....	145,500		
American National Co.....	97,000		
Total.....	242,500		
<b>MEETING OF DEC. 26, 1928</b>			
<b>Pynchon &amp; Co.</b> , syndicate manager under bankers' group agreement dated Dec. 14, 1928.	1,795,333.33	Renewal rate.....	Demand.
Secured by \$2,000,000 American States Public Service Co. 10-year 6 percent gold debenture bonds, series A, due Dec. 1, 1938.			
Liabilities of members of group are as follows:			
Pynchon & Co., 50 percent.....	\$897,666.67		
Peabody Smith & Co., 25 percent.....	448,833.33		
L. L. Davis Co., 15 percent.....	269,800.00		
Gillet & Co., 10 percent.....	179,833.33		
Total.....	1,795,333.33		
Pynchon & Co. guarantee the liability of L. L. Davis Co. and Gillet & Co.			

	Amount	Rate	Maturity
<b>MEETING OF DEC. 26, 1928—continued</b>			
Peabody Smith & Co., Inc., syndicate manager under bankers' group agreement dated Dec. 14, 1928. Secured by: \$2,700,000 American States Public Service first lien 5½ percent gold bonds, series A, due May 1, 1948. Liabilities of members of group are as follows: Peabody Smith & Co., Inc., 45 percent..... \$1,089,888.75 Pynchon & Co., 35 percent..... 847,691.25 L. L. Davis Co. and Gillet & Co (jointly), 20 percent..... 484,395.00 Total..... 2,421,975.00 Peabody Smith & Co., Inc., guarantees the liability of L. L. Davis Co. and Gillet & Co.	\$2,421,975.00	Renewal rate.....	Demand.
<b>MEETING OF JAN. 16, 1929</b>			
Pynchon & Co., as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928. Present amount of loan \$1,764,812.50. Secured by 16,000 shares Washington Gas Light Co., common stock. Signed syndicate agreements and assignment thereof, total 40,000 shares as follows: Utilities Power & Light Securities Corporation..... 20,000 Pynchon & Co..... 9,200 D. A. Pearson..... 3,000 James O'Donnell..... 2,000 Pynchon & Co. (for placement).. 5,800 Total..... 40,000	5,000.00	6 percent.....	Do.
<b>MEETING OF JAN. 30, 1929</b>			
Pynchon & Co. as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928. Present amount of loan \$1,774,812.50. Secured by 16,000 shares Washington Gas Light Co. common stock. Signed syndicate agreements and assignment thereof, total 40,000 shares as follows: Utilities Power & Light Securities Corporation..... 20,000 Pynchon & Co..... 9,200 D. A. Pearson..... 3,000 James O'Donnell..... 2,000 Pynchon & Co. (for placement).. 5,800 Total..... 40,000	10,000.00	do.....	Do.
<b>MEETING OF FEB. 6, 1929</b>			
Pynchon & Co. as syndicate managers under Washington Gas Light Co. common stock. Syndicate agreement dated Apr. 26, 1928. Present amount of loan \$3,104,812.50. Secured by 26,487 shares Washington Gas Light Co. common stock. Signed syndicate agreements and assignment thereof, total 40,000 shares as follows: Utilities Power & Light Securities Corporation..... 20,000 Pynchon & Co..... 9,200 D. A. Pearson..... 3,000 James O'Donnell..... 2,000 Pynchon & Co. (for placement).. 5,800 Total..... 40,000	1,330,000.00	do.....	Do.

	Amount	Rate	Maturity
<b>MEETING OF MAR. 18, 1929</b>			
<b>Fynchon &amp; Co. banking group managers under Utilities Power &amp; Light Corporation class B bankers group agreement dated Mar. 1, 1929.</b> Secured by 69,500 shares Utilities Power & Light Corporation class B full paid subscription receipt for voting trust certificates (value \$2,919,000). Liabilities of group members are as follows: West & Co.----- \$333,981.10 W. S. Hammons & Co.----- 625,494.86 Fynchon & Co.----- 1,251,024.04 Total----- 2,710,500.00	\$2,710,500.00	Renewal rate-----	Demand.
<b>MEETING OF APR. 3, 1929</b>			
<b>Fynchon &amp; Co. as syndicate managers under Washington Gas Light Co. common stock syndicate agreement dated Apr. 26, 1928.</b> Present amount of loan \$3,339,812.50. Secured by 28,951 shares Washington Gas Light Co. common stock. Signed syndicate agreements and assignment thereof, total 37,286 shares as follows: Utilities Power & Light Securities Corporation----- 22,712 Fynchon & Co.----- 9,574 D. A. Pearson----- 3,000 James O'Donnell----- 2,000 Total----- 37,286	235,000.00	6 percent-----	Do.
<b>MEETING OF APR. 10, 1929</b>			
<b>Brown Bros. &amp; Co., as syndicate managers, L. P. Hollander Co. syndicate.</b> Secured by 800 shares L. P. Hollander Co., Inc. Signed syndicate agreements and assignment thereof: Charles D. Barney & Co.---- \$500,000 Chase Securities Corporation. 500,000 Brown Bros. & Co.----- 1,500,000 Total----- 2,500,000 We have agreed to loan up to \$2,000,000.	1,800,000.00	6 percent and commission.	Oct. 1, 1929.
<b>250,000 shares Electric Shareholdings Corporation \$6 cumulative convertible preferred stock (optional stock dividend series). Purchase syndicate, J. Henry Schroder Banking Corporation, Chase Securities Corporation, syndicate managers.</b> Secured by 20,300 shares Electric Shareholdings Corporation \$6 cumulative convertible preferred stock (optional stock dividend series). The sole obligor of this loan is J. Henry Schroder Banking Corporation.	1,948,800.00	8 percent-----	Demand.
<b>MEETING OF APR. 24, 1929</b>			
<b>International Hydro-Electric System convertible 6 percent gold debentures Special Group Chase Securities Corporation, Bankers Co. of New York, Harris, Forbes &amp; Co., special group managers by Chase Securities Corporation.</b> Secured by \$2,100,000 International Hydro-Electric System convertible 6 percent gold debentures due April 1, 1944. Liabilities of members of special group are as follows: Chase Securities Corporation, 28 percent----- \$566,048 Bankers Co. of New York, 14 percent----- 233,024 Harris, Forbes & Co., 14 per- cent----- 233,024 Lee, Higginson & Co., 14 per- cent----- 233,024 Blair & Co., Inc., 10 percent.. 202,160 Halsey Stuart & Co., Inc., 10 percent----- 202,160 E. H. Rollins & Sons, 5 per- cent----- 101,080 Redmond & Co., 5 percent.... 101,080 Total----- 2,021,600 Present amount of loan is \$1,844,469.34.	1,202,160.00	Coupon on bonds.	Do.

<sup>1</sup> Bankers Trust Co. have a 50 percent participation in this loan.

	Amount	Rate	Maturity
<b>MEETING OF MAY 1, 1929</b>			
Peabody Smith & Co., Inc., syndicate manager under bankers group agreement dated Dec. 14, 1928. Present amount of loan \$1,196,875. Secured by \$1,500,000 American States Public Service first lien 5½ percent gold bonds series A due May 1, 1948. Liabilities of members of group are as follows: Peabody Smith & Co., Inc., 45 percent..... \$538, 593. 75 Pynchon & Co., 35 percent. 418, 906. 25 L. L. Davis Co., Gillet & Co. (jointly), 20 percent..... 239, 375. 00 Total..... 1, 196, 875. 00 Peabody Smith & Co., Inc., guarantee the liability of L. L. Davis Co. and Gillet & Co.	\$85, 440. 00	Renewal rate.....	Demand.
<b>MEETING OF MAY 8, 1929</b>			
Pynchon & Co. syndicate managers under, syndicate agreement dated Apr. 26, 1929, on \$2,000,000 American States Public Service Co. 10 year 6 percent gold debenture bonds series A due Dec. 1, 1933. Secured by \$2,000,000 American States Public Service Co. 10-year 6 percent gold debenture bonds due Dec. 1, 1933. Signed syndicate agreements. Liabilities of members of syndicate are as follows: Pynchon & Co., 50 percent.... \$900, 000 Peabody, Smith & Co., Inc., 25 percent..... 450, 000 L. L. Davis Co., 25 percent.... 450, 000 Total..... 1, 800, 000 Pynchon & Co. and Peabody, Smith & Co., Inc., guarantee the liability of L. L. Davis Co.	1, 800, 000. 00	.....do.....	Do.
<b>MEETING OF JUNE 5, 1929</b>			
Kidder Peabody & Co., Caldwell & Co., syndicate managers. Secured by 27,000 shares Southern Fire Insurance Co. of New York.	830, 000. 00	6 percent.....	Do.
<b>MEETING OF JUNE 26, 1929</b>			
J. Philip Bird, Harry D. Leavitt, Bentley H. Pope, syndicate managers. Participation from First Mechanics National Bank, Trenton, N.J., in their loan for \$205,000. Secured by 4,555 shares International Reinsurance Corporation. Also endorsed by: J. Philip Bird, Harry D. Leavitt, Bentley H. Pope, J. C. Slack, W. C. Hillman, F. C. J. Wiss, Ferdinand Wilckes, Edward D. Farmer, Henry A. Ludehe, Samuel Haverstick, Edward C. Stohes, Lewis H. Lawton.	50, 000. 00	.....do.....	Oct. 17, 1929.
<b>MEETING OF JULY 17, 1929</b>			
Kidder Peabody & Co., syndicate managers..... Present amount of loan \$500,000. Secured by 8,000 shares National Shawmut Bank of Boston, Mass. (value \$396,000).	1, 000, 000. 00	.....	Demand.
<b>MEETING OF AUG. 7, 1929</b>			
Pynchon & Co. as syndicate managers under General Theatres Equipment, Inc., common-stock voting trust certificates. Syndicate agreement dated July 18, 1929. Secured by 100,000 shares General Theatres Equipment, Inc. voting trust certificates; valuation \$3,500,000. Signed syndicate agreements as follows: Folds Bnck & Co., Inc..... 25, 000 West & Co..... 65, 677 Pynchon & Co..... 122, 738	2, 500, 000. 00	Renewal rate.....	Do.

	Amount	Rate	Maturity
<b>MEETING OF AUG. 7, 1929—continued</b>			
<b>Pynhon &amp; Co. as syndicate managers under General Theatres Equipment, Inc. common stock voting trust certificates. Syndicate agreement dated July 18, 1929—Continued.</b>			
Signed syndicate agreements as follows:			
—Continued			
		<i>Shares</i>	
W. S. Hammons & Co.....		63,000	
Halsey Stuart & Co.....		28,548	
Harry Roberts.....		3,573	
William Eshbaugh.....		21,436	
W. F. Ingold, Sr.....		3,573	
Joseph E. Higgins.....		42,871	
J. S. Bache & Co.....		14,291	
Hunter Dulin & Co.....		25,000	
Harrison & Co.....		10,000	
<b>Total.....</b>		<b>435,767</b>	
<b>MEETING OF AUG. 21, 1929</b>			
<b>Pynhon &amp; Co. as syndicate managers under Utilities Power &amp; Light Corporation class B stock voting trust certificates, syndicate agreement dated Aug. 3, 1929.</b>	<b>\$2,500,000.00</b>	<b>Renewal rate minimum 7 percent.</b>	<b>Demand.</b>
Secured by 40,000 shares Utilities Power & Light Corporation class B voting trust certificates; valuation \$3,200,000.			
Signed syndicate agreements as follows:			
		<i>Shares</i>	
Pynhon & Co.....		10,000	
West & Co.....		10,000	
W. S. Hammons & Co.....		10,000	
Public Utilities Securities Corporation.....		10,000	
Eastern Utilities Investment Corporation.....		10,000	
<b>Total.....</b>		<b>60,000</b>	
<b>MEETING OF AUG. 28, 1929</b>			
<b>Pynhon &amp; Co. syndicate managers under General Theatres Equipment Inc. common stock voting trust certificates, syndicate agreement dated July 18, 1929.</b>	<b>4,000,000.00</b>	<b>1 percent above renewal rate.</b>	<b>Do.</b>
Secured by 200,000 shares General Theatres Equipment Inc., voting trust certificates; valuation \$7,200,000.			
Signed syndicate agreements as follows:			
		<i>Shares</i>	
Folds Buck & Co., Inc.....		25,000	
West & Co.....		65,677	
Pynhon & Co.....		132,798	
W. S. Hammons & Co.....		63,000	
Halsey Stuart & Co.....		28,548	
Harry Roberts.....		3,573	
William Eshbaugh.....		21,436	
W. F. Ingold, Sr.....		3,573	
Joseph E. Higgins.....		42,871	
J. S. Bache & Co.....		14,291	
Hunter, Dulin & Co.....		25,000	
Harrison & Co.....		10,000	
<b>Total.....</b>		<b>435,767</b>	
<b>MEETING OF SEPT. 18, 1929</b>			
<b>Transcontinental Oil Co., common stock syndicate of July 23, 1929, Stroud &amp; Co., Inc., syndicate manager.</b>	<b>1,470,857.20</b>	<b>8 percent.....</b>	<b>Do.</b>
Secured by 200,000 shares Transcontinental Oil Co., common stock, valuation \$2,400,000.			
Signed Syndicate Agreements as follows:			
		<i>Units</i>	
Stroud & Co., Inc.....		50,000	
O. L. Gubelman.....		25,000	
F. B. Parriott.....		25,000	
Amos L. Beaty.....		50,000	
Realty & Securities Corporation.....		50,000	
Theodore Schulze & Co., Inc.....		50,000	
<b>Total.....</b>		<b>250,000</b>	

	Amount	Rate	Maturity																																
<b>MEETING OF OCT. 2, 1929</b>																																			
<b>Pynchon &amp; Co., syndicate managers under syndicate agreement dated Sept. 20, 1929, for 210,000 shares General Theatres Equipment, Inc., common stock voting trust certificates. Secured by 125,000 shares General Theatres Equipment, Inc., voting trust certificates (valuation, \$7,575,000). Signed syndicate agreements as follows:</b>	<b>\$5,000,000</b>	1 percent above renewal rate.	Demand																																
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<b>MEETING OF OCT. 9, 1929</b>																																			
<b>Brown Bros. &amp; Co. (renewal) as syndicate managers, L. F. Hollander Co. syndicate. Secured by 800 shares L. F. Hollander Co., Inc. Signed syndicate agreements and assignment thereof:</b>	<b>1,600,000.00</b>	6 percent.....	Apr. 1, 1930.																																
<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Charles D. Barney &amp; Co.....</td> <td style="text-align: right;">\$500,000</td> </tr> <tr> <td>Chase Securities Corporation.....</td> <td style="text-align: right;">600,000</td> </tr> <tr> <td>Brown Bros. &amp; Co.....</td> <td style="text-align: right;">1,500,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Total.....</td> <td style="text-align: right; border-top: 1px solid black;">2,600,000</td> </tr> </tbody> </table>	Charles D. Barney & Co.....	\$500,000	Chase Securities Corporation.....	600,000	Brown Bros. & Co.....	1,500,000	Total.....	2,600,000																											
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<b>We have agreed to loan up to \$2,000,000. Stone &amp; Webster &amp; Blodgett, Inc., as syndicate managers under Marine Midland Corporation agreement dated Sept. 24, 1929. Secured by 200,000 shares Marine Midland Corporation. Liability of members of syndicate as follows:</b>	<b>11,400,000.00</b>	5½ percent.....	Demand.																																
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Total.....	11,400,000																																		
<b>MEETING OF OCT. 30, 1929</b>																																			
<b>O. L. Gubelman, manager..... Secured by 6,200 shares International Paper &amp; Power Co. 7 percent preferred (valuation \$527,000). Liability of members of Syndicate as follows:</b>	<b>465,000.00</b>	7 percent.....	Do.																																
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; font-weight: normal; font-size: small;">Shares</th> </tr> </thead> <tbody> <tr> <td>A. R. Graustein.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Cyrus Eaton.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Sohrmer Atherton &amp; Co.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Rudolph Paganstecher.....</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Allen Curtis.....</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Percy H. Jennings.....</td> <td style="text-align: right;">500</td> </tr> <tr> <td>The Second Shares Trust.....</td> <td style="text-align: right;">900</td> </tr> <tr> <td>H. R. Weaver.....</td> <td style="text-align: right;">200</td> </tr> <tr> <td>W. N. Hurlbut.....</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>O. L. Gubelman.....</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Edwin Weisl &amp; Co.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Drury &amp; Co.....</td> <td style="text-align: right;">3,900</td> </tr> <tr> <td>F. N. Southam.....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>M. G. Chace Co.....</td> <td style="text-align: right;">16,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Total.....</td> <td style="text-align: right; border-top: 1px solid black;">45,000</td> </tr> </tbody> </table>		Shares	A. R. Graustein.....	5,000	Cyrus Eaton.....	5,000	Sohrmer Atherton & Co.....	5,000	Rudolph Paganstecher.....	500	Allen Curtis.....	500	Percy H. Jennings.....	500	The Second Shares Trust.....	900	H. R. Weaver.....	200	W. N. Hurlbut.....	1,000	O. L. Gubelman.....	2,500	Edwin Weisl & Co.....	2,000	Drury & Co.....	3,900	F. N. Southam.....	2,000	M. G. Chace Co.....	16,000	Total.....	45,000			
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	Amount	Rate	Maturity
<b>MEETING OF NOV. 6, 1929</b>			
<b>O. L. Gubelman, manager</b> .....	<b>\$75,000.00</b>	<b>7 percent</b> .....	<b>Demand.</b>
Present amount of loan \$540,000. Secured by 7,200 shares International Paper & Power Co. 7 percent preferred (valuation \$648,000). Liability of members of Syndicate as follows:			
<i>Shares</i>			
A. E. Graustein.....	5,000		
Cyrus Eaton.....	5,000		
Schirmer Atherton & Co.....	5,000		
Rudolph Pagenstecher.....	500		
Allen Curtis.....	500		
Percy H. Jennings.....	500		
Second Shares Trust.....	900		
H. R. Weaver.....	200		
W. N. Hurlburt.....	1,000		
O. L. Gubelman.....	2,500		
Edwin Weisl & Co.....	2,000		
Drury & Co.....	3,900		
F. N. Southaw.....	2,000		
M. G. Chace Co.....	16,000		
<b>Total</b> .....	<b>45,000</b>		
<b>MEETING OF NOV. 27, 1929</b>			
<b>Stone &amp; Webster capital stock trading account</b> group under agreement dated June 28, 1929, as supplemented by agreement dated July 12, 1929. Stone & Webster and Blodget, Inc., group managers. Secured by 37,743 shares Stone & Webster, Inc. (valuation \$3,095,000). Signed agreements and assignment thereof. Liability of members of trading account group as follows:	<b>1,400,000.00</b>	<b>½ percent above renewal rate, minimum 6 percent.</b>	
<i>Percent Shares</i>			
Edwin S. Webster....	40.3125	33,250	
Henry G. Bradle....	1.875	1,500	
Frederick S. Pratt....	6.25	5,000	
Frederick P. Royce....	1.25	1,000	
Russell Robb, Jr....	1.25	1,000	
Richard Harte.....	2.50	2,000	
Charles E. Ober.....	1.25	1,000	
Cyrus T. Ferris.....	1.25	1,000	
J. E. Baker.....	3.75	3,000	
Charles A. Stone....	40.3125	33,250	
<b>Total</b> .....	<b>100.00</b>	<b>80,000</b>	
We have agreed to loan up to \$5,200,000.			
<b>Petree, Fair &amp; Co. and Laidlaw &amp; Co. jointly and severally; Petree, Fair &amp; Co. and Laidlaw &amp; Co. as syndicate managers</b>	<b>1,278,308.50</b>	<b>1 percent above renewal rate, minimum 7 percent.</b>	<b>Do.</b>
Participation from Bankers Trust Co. in loan for \$2,556,617. Secured by 75,500 shares Caterpillar Tractor Co. (valuation \$4,153,000). Signed syndicate agreement and assignment thereof. We have agreed to take up to \$3,000,000. Liability of members of Caterpillar Tractor Syndicate:			
<i>Shares</i>			
C. L. Best.....	10,000		
R. C. Force.....	10,000		
B. C. Heacock.....	3,000		
J. A. McGreagor.....	10,000		
C. F. Holt.....	1,500		
P. E. Holt.....	3,000		
F. B. Anderson.....	5,000		
H. H. Fair.....	10,000		
Petree, Fair & Co.....	5,000		
H. Fleishhacker.....	2,000		
K. R. Kingsbury.....	2,000		
Horace B. Pillsbury.....	1,000		
C. O. G. Miller.....	1,000		
Laidlaw & Co.....	5,000		
Henry McSweeney.....	5,000		
S. Pond-Petree F. & Co.....	2,000		
William Gerstle.....	3,000		
Mark Gerstle.....	1,000		
C. K. McIntosh.....	1,000		
O. P. Carruthers.....	1,000		
A. D. Harrison.....	3,000		
James E. Dorsey.....	500		
C. L. Neumiller.....	1,000		

	Amount	Rate	Maturity
<b>MEETING OF NOV. 27, 1929—continued</b>			
Peirce, Fair & Co. and Laidlow & Co. jointly and severally; Peirce, Fair & Co. and Laidlow & Co. as syndicate managers—Continued			
Liability of members of Caterpillar Tractor Syndicate—Continued			
			Shares
L. W. Harris.....	500		
George H. Lent.....	1,000		
Harry L. Barbash.....	500		
Selah Chamberlain.....	2,000		
S. T. Blackwood.....	500		
Greenshields & Co.....	500		
Ralph W. Kinney.....	1,000		
William Winter & Son.....	1,000		
J. V. Munro.....	1,500		
George L. Bell.....	1,500		
George W. Lewis.....	500		
George A. Ditz.....	1,000		
Oscar L. Starr.....	1,500		
Total.....	99,000		
William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.)	\$336,908.00	6 percent.....	Demand.
Present amount of loan \$236,908. Secured by 1,599 shares County Trust Co., New York (valuation \$399,750). Signed syndicate agreement and assignment thereof.			
Liability of members of syndicate as follows			
			Shares
John J. Raskob.....	500		
William H. English.....	500		
Michael J. Meehan.....	500		
W. F. Kenny.....	500		
Arthur Lehman.....	500		
Vincent Astor.....	500		
Alfred E. Smith.....	100		
John J. Cavanagh.....	100		
John J. Pulleyn.....	100		
Peter J. Carey.....	100		
Ralph W. Long.....	25		
P. F. Saylor.....	100		
J. V. Bontell.....	25		
W. J. Fitzgerald.....	100		
Edward J. Kelly.....	100		
Daniel J. Mooney.....	50		
Total.....	3,800		
<b>MEETING OF DEC. 4, 1929</b>			
William H. English, John J. Raskob, syndicate managers. (Participation certificate of Bankers Trust Co.)	57,150.00	.....do.....	Do.
Present amount of loan, \$318,058. Secured by 1,837 shares County Trust Co., New York (valuation \$459,250). Signed syndicate agreement and assignment thereof. Liability of members of syndicate as follows:			
			Shares
John J. Raskob.....	500		
William H. English.....	500		
Michael J. Meehan.....	500		
William F. Kenny.....	500		
Arthur Lehman.....	500		
Vincent Astor.....	500		
Alfred E. Smith.....	100		
John J. Cavanagh.....	100		
John J. Pulleyn.....	100		
Peter J. Carey.....	100		
Ralph W. Long.....	25		
P. F. Saylor.....	100		
J. V. Bontell.....	25		
W. J. Fitzgerald.....	100		
Edward J. Kelly.....	100		
Daniel J. Mooney.....	50		
Total.....	3,800		

	Amount	Rate	Maturity
MEETING OF DEC. 4, 1929—continued			
\$1,200,000. Seaboard Air Line Ry. Co. 4½ percent first-lien equipment trust certificates, series BB 3/3 account by Chase Securities Corporation managers. Secured by \$611,000 Seaboard Air Line Ry. 4½ percent first-lien equipment trust certificates, series BB, various maturities. Liability of members of 3/3 account are as follows: Chase Securities Corporation..... 7½ Redmond & Co..... 7½ Freeman & Co..... 7½	\$649,900.00	6 percent.....	Demand.
Utilities Power & Light Corporation 5½ percent debentures trading account, by Chase Securities Corporation managers. Secured by \$347,000 Utilities Power & Light Corporation 20-year 5½ percent debentures due June 1, 1947. Liability of members of trading account are as follows:  Percent Chase Securities Corporation..... 18 West & Co..... 18 Pynchon & Co..... 17¼ Federal Securities Corporation..... 12¾ H. M. Byllesby & Co., Inc..... 12¾ Halsey, Stuart & Co., Inc..... 11¼ W. S. Hammons & Co..... 10¾ Total..... 100	753,830.00	.....do.....	Do.
Central States Utilities Corporation 6 percent secured gold bonds trading account, by Chase Securities Corporation managers. Present amount of loan \$361,833. Secured by \$415,900 Central States Utilities Corporation 10-year 6 percent secured gold bonds due Jan. 1, 1938. Liability of members of trading account are as follows:  Percent Chase Securities Corporation..... 25 Pynchon & Co..... 17½ Peabody, Houghteling & Co..... 17½ Federal Securities Corporation..... 17½ West & Co..... 17½ W. S. Hammons & Co..... 5 Total..... 100	363,573.00	.....do.....	Do.
Central States Power & Light Corporation \$7 dividend preferred stock trading account by Chase Securities Corporation, managers. Present amount of loan, \$445,374.50. Secured by 5,899 shares of Central States Power & Light Corporation \$7 dividend preferred stock. Liabilities of members of trading account are as follows:  Percent Chase Securities Corporation..... 30 Pynchon & Co..... 30 Central-Illinois Co..... 17½ West & Co..... 17½ W. S. Hammons & Co..... 5 Total..... 100	530,910.00	.....do.....	Do.
General Theatres Equipment, Inc., 6 percent convertible gold debentures, trading account by Chase Securities Corporation, managers. Secured by \$962,000. General Theatres Equipment, Inc., 15-year 6 percent convertible gold debentures due July 1, 1944. Liabilities of members of trading account are as follows: Chase Securities Corporation..... \$200,000 Pynchon & Co..... 200,000 West & Co..... 200,000 W. S. Hammons & Co..... 200,000 Harley L. Clarke..... 200,000 Total..... 1,000,000	1,047,200.00	.....do.....	Do.

	Amount	Rate	Maturity
<b>MEETING OF DEC. 4, 1929—continued</b>			
Lincoln Building, Lincoln Forty-second Street Corporation 6¼ percent sinking-fund gold debentures trading account of Dec. 3, 1928, by Chase Securities Corporation, managers. Secured by \$281,000. Lincoln Building, Lincoln Forty-second Street Corporation, 20-year 6¼ percent sinking-fund gold debentures. Liabilities of members of trading account are as follows:	\$288,520.00	6 percent.....	Demand.
<i>Percent</i>			
Chase Securities Corporation.....			33¼
E. H. Rollins & Sons.....			33¼
Continental National Co.....			33¼
Total.....			100
\$7,700,000 Gatineau Power Co., first-mortgage gold bonds, 5 percent series, due 1956, special group, by Chase Securities Corporation, managers. Secured by \$1,005,000 Gatineau Power Co., first-mortgage gold bonds, 5 percent series, due 1956. Liabilities of members of special group are as follows:	924,600.00	.....do.....	Do.
<i>Percent</i>			
Chase Securities Corporation.....			28
Bankers Co. of New York.....			14
Harris, Forbes & Co.....			14
Lee, Higginson & Co.....			14
Bancamerica-Blair Corporation.....			10
Halsey, Stuart & Co., Inc.....			10
Otis & Co.....			5
First National Corporation of Boston.....			2¼
Old Colony Corporation.....			2¼
Total.....			100
Detroit & Canada Tunnel Co. 6¼ percent convertible sinking-fund gold debentures trading account, by Chase Securities Corporation, managers. Present amount of loan, \$1,124,200. Secured by \$1,277,500 Detroit & Canada Tunnel Co. 20-year 6¼ percent convertible sinking-fund gold debentures, due May 1, 1948. Liabilities of members of trading account are as follows:	1,171,800.00	.....do.....	Do.
<i>Percent</i>			
Guardian Detroit Co.....			40
Chase Securities Corporation.....			40
Bartles, Rawls & Donaldson, Inc....			20
Total.....			100
St. Louis Gas & Coke Corporation first-mortgage 6 percent sinking-fund gold bonds trading account, by Chase Securities Corporation, managers. Secured by \$514,600 St. Louis Gas & Coke Corporation first-mortgage 20-year 6 percent sinking-fund gold bonds due June 1, 1947. Liabilities of members of trading account are as follows:	411,200.00	.....do.....	Do.
<i>Percent</i>			
Chase Securities Corporation.....			20.28
West & Co.....			20.28
Pyncheon & Co.....			19.44
Federal Securities Corporation..			14.08
H. M. Byllesby & Co.....			14.08
W. S. Hammons & Co.....			11.84
Total.....			100.00
<b>MEETING OF DEC. 11, 1929</b>			
William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.). Present amount of loan \$385,898. Secured by 2,117 shares County Trust Co., New York (valuation \$529,250). Signed syndicate agreement and assignment thereof. Liability of members of syndicate are the same as previously reported.	67,840.00	.....do.....	Do.

	Amount	Rate	Maturity																																								
<b>MEETING OF DEC. 18, 1929</b>																																											
William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.). Present amount of loan \$391,598. Secured by 2,137 shares County Trust Co., New York (valuation \$334,250). Signed syndicate agreement and assignment thereof. Liability of members of syndicate are the same as previously reported.	\$5,700.00	6 percent.....	Demand.																																								
<b>MEETING OF JAN. 2, 1930</b>																																											
Stone & Webster, Inc., capital stock trading account, group agreement, dated Dec. 27, 1929. By Stone & Webster and Blodgett, Inc., group managers. Secured by 37,743 shares Stone & Webster, Inc. (valuation, \$2,621,000). Signed agreements and assignments thereof. Liability of members of trading account group as follows:	1,975,000.00	½ percent above renewal rate, minimum 6 percent.	On or before Jan. 27, 1930.																																								
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<b>MEETING OF JANUARY 8, 1930</b>																																											
Lincoln Building, Lincoln Forty-Second Street Corporation 6½ percent sinking-fund gold debentures trading account of Dec. 3, 1928. By Chase Securities Corporation, managers. Secured by \$352,500 Lincoln Building, Lincoln Forty-Second Street Corporation, 20-year 6½ percent sinking-fund gold debentures. The liabilities of members of trading account are the same as reported on Dec. 4, 1929. This loan was paid on Jan. 2, 1930.	324,300.00	6 percent.....	Demand.																																								
\$1,200,000 Seaboard Air Line Railway Co. 4½ percent first lien equipment trust certificates, series BB 3/8 account. By Chase Securities Corporation, managers. Secured by \$591,000. Seaboard Air Line Railway Co. 4½ percent first lien equipment trust certificates, series BB, various maturities. The liabilities of members of 3/8 account are the same as reported on Dec. 4, 1929. This loan was paid on Jan. 2, 1930.	520,080.00	.....do.....	Do.																																								
Utility Equities Corporation \$5.50 dividend priority stock trading account. Secured by 7,303 shares Utility Equities Corporation \$5.50 dividend priority stock. Liability of members of trading account are as follows:	511,210.00	.....do.....	Do.																																								
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	Amount	Rate	Maturity
<b>MEETING OF JAN. 29, 1930</b>			
<b>Dillon, Read &amp; Co., H. C. Couch, C. S. McCain, syndicate managers (renewal)</b>	<b>\$2,795,000.00</b>	<b>7 percent.....</b>	<b>Demand.</b>
Secured by: 24,989 shares Louisiana & Arkansas Ry. Co. (Louisiana & Arkansas Corporation); 49,978 shares Louisiana & Arkansas Ry. Co. common (Delaware Corporation); 49,978 shares Louisiana & Arkansas Ry. Co. 6 percent preferred (Delaware Corporation).			
Also notes of syndicate participants as follows:			
Coverdale & Colpitts, due July 16, 1930.....	\$69,875		
J. A. Moffett, due July 16, 1930.....	279,500		
Dillon, Read & Co., due July 16, 1930.....	1,020,175		
Randolph G. Pack, due July 16, 1930.....	209,625		
H. C. Couch, due July 16, 1930.....	978,250		
Rogers Caldwell, due July 16, 1930.....	237,575		
<b>Total.....</b>	<b>2,795,000</b>		
<b>MEETING OF JAN. 15, 1930</b>			
<b>Dillon, Read &amp; Co., H. C. Couch, Coverdale &amp; Colpitts, Charles S. McCain, and S. Z. Mitchell, syndicate managers.</b>	<b>\$3,300,000.00</b>	<b>6 percent.....</b>	<b>July 9, 1930.</b>
Secured by \$645,000 Seaboard Air Line Ry. adjustment 5-percent 1949 convertible debentures; \$2,000 Seaboard Air Line Ry. refunding 4 percent 1959; \$490,000 Seaboard Air Line Ry. consolidated 6 percent 1945; \$309,000 Seaboard Air Line Ry. 3-year 5-percent 1931; \$303,000 Seaboard All Florida 6-percent series A 1935; \$88,000 Seaboard All Florida 6-percent series B 1935; \$125,000 Seaboard Air Line Ry. Atlanta & Birmingham 4-percent 1933; 27,400 shares Seaboard Air Line Ry. preferred, 217,400 shares Seaboard Air Line Ry. common (valuation \$4,035,700). Equitable Trust Co. has assignment of syndicate agreements totaling \$10,085,000, of which \$4,034,000 has been paid in cash, leaving the unpaid balance \$6,051,000 as security to their loan of \$2,700,000 to the syndicate. These have also been assigned to us in the proportion that our loan bears to the Equitable Trust Co. loan.			
<b>Seaboard Air Line Ry.—Purchase syndicate participants:</b>			
Dillon, Read & Co., 28 Nassau Street, New York City.....	\$2,500,000		
Coverdale & Colpitts, 82 Wall Street, New York City.....	500,000		
Southwestern Investors, Inc., Pine Bluff, Ark., attorney, Mr. H. C. Couch, president.....	800,000		
Rogers Caldwell, Nashville, Tenn.....	500,000		
Hillman Investment Co., Pittsburgh, Pa., attorney, J. H. Hillman, Jr., president.....	100,000		
John Nickerson & Co., 61 Broadway, New York City.....	100,000		
I. B. Tiggrett, Esq., Jackson, Tenn.....	100,000		
American National Co., Nashville, Tenn., attorney, Mr. Paul M. Davis.....	900,000		
Gen W. W. Atterbury, Broad Street Station, Philadelphia, Pa.....	100,000		
Frank M. Swacker, 120 Broadway, New York City.....	100,000		
Cotton & Franklin, Special No. 2, 37 Wall St., New York City (use 63 Wall Street).....	100,000		

\* Bank of New York & Trust Co. has a participation of \$800,000 in this loan.

	Amount	Rate	Maturity
<b>MEETING OF JAN. 15, 1930—continued</b>			
Seaboard Air Line Ry.—Purchase— syndicate participants—Contd.			
V. Everit Macy, 50 Broadway, New York City.....	\$250,000		
Robert C. Ream, 17 Battery Place, New York City.....	100,000		
Leonard A. Yerkes, 2 Park Ave- nue, New York City.....	100,000		
U.S. & Foreign Securities Corpor- ation, 786 Broad Street, Newark, N.J.....	500,000		
B. M. May, Esq., c/o Du Pont Rayon Co., 2 Park Ave., New York City.....	50,000		
Clarence H. Mackay, 67 Broad Street, New York City.....	100,000		
Marcus L. Bell, 25 Broad Street, New York City.....	25,000		
Arthur J. Rosenthal & Co., 111 Broadway, New York City....	50,000		
George F. Brownell, 50 Church Street, New York City.....	10,000		
L. H. Windholz, Norfolk, Vir- ginia.....	50,000		
Charles D. Barney & Co., 65 Broadway, New York City....	500,000		
Robt. C. Lassiter, Charlotte, North Carolina.....	500,000		
American International Corp., 120 Broadway, New York City..	100,000		
E. Naumburg & Co., 48 Wall Street, New York City.....	100,000		
Chase Securities Corp., 60 Cedar Street, New York City.....	1,000,000		
Paul V. Shields, 52 Wall Street, New York City.....	100,000		
Equitable Trust Co., of New York, 11 Broad Street, New York City.....	500,000		
E. A. Yates, c/o Alabama Power Co., Birmingham, Ala.....	250,000		
Total.....	10,085,000		
<b>MEETING OF FEB. 5, 1930</b>			
Stone & Webster, Inc., capital stock trading account, group agreement, dated Dec. 27, 1929 (renewal—paid \$200,000), by Stone & Webster and Blodgett, Inc., group managers. Secured by 37,743 shares Stone & Webster, Inc. (valuation \$3,094,926). Signed agree- ments and assignments thereof. Liability of members of trading account are the same as reported on Jan. 2, 1930.	\$1,775,000.00	½ percent above renewal rate, minimum 6 per- cent.	On or before Mar. 26, 1930.
<b>MEETING OF FEB. 26, 1930</b>			
Stone & Webster, Inc., capital stock trading account, group agreement, dated Dec. 27, 1929 by Stone & Webster and Blodgett, Inc., group managers. Present amount of loan \$1,375,000. Se- cured by 37,743 shares Stone & Webster, Inc. (valuation \$3,472,300). Signed agree- ments and assignment thereof. Liability of members of trading account are the same as reported on Jan. 2, 1930.	400,000.00	.....do.....	Do.
<b>MEETING OF MAR. 19, 1930</b>			
Stone & Webster, Inc., capital stock trading account, group agreement, dated Dec. 27, 1929 by Stone & Webster and Blodgett, Inc., group managers. Present amount of loan \$1,375,000. Se- cured by 20,000 shares Stone & Webster, Inc. (valuation \$1,980,000). Signed agree- ments and assignment thereof. Liability of members of trading account are the same as reported on Jan. 2, 1930.	500,000.00	.....do.....	Do.

	Amount	Rate	Maturity
<b>MEETING OF APR. 2, 1930</b>			
Stone & Webster, Inc., capital stock trading account, group agreement, dated Dec. 27, 1929 (renewal) by Stone & Webster and Blodgett, Inc., group managers. Secured by 20,000 shares Stone & Webster, Inc. (valuation \$2,000,000). Signed agreements and assignment thereof. Liability of members of trading account are the same as reported on Jan. 2, 1930.	\$1,375,000.00	½ percent above renewal rate, minimum 6 percent.	May 26, 1930
<b>MEETING OF APR. 9, 1930</b>			
Brown Bros. & Co. as syndicate manager, L. P. Hollander Co. Syndicate (renewal). Secured by 800 shares L. P. Hollander Co., Inc. Signed syndicate agreements and assignment thereof. Liability of members of syndicate are as follows: Charles D. Barney & Co. .... \$500,000 Chase Securities Corporation. .... 500,000 Brown Brothers & Co. .... 1,500,000 Total..... 2,500,000 We have agreed to loan up to \$2,000,000.	1,600,000.00	6 percent.....	Oct. 1, 1930.
<b>MEETING OF APR. 16, 1930</b>			
Hayden, Stone & Co. as syndicate managers Canal Bank & Trust Co., New Orleans, capital stock Underwriting Syndicate. Secured by 57,431 shares Canal Bank & Trust Co., New Orleans, La. Signed syndicate agreements. Liability of members of syndicate are as follows: Hayden, Stone & Co. .... 44/120 Chase Securities Corporation... 44/120 Rogers Caldwell & Co. .... 25/120 Hemphill, Noyes & Co. .... 5/120 Watson, Williams & Co. .... 2/120 120/120 Present amount of loan, \$2,823,700.	2,871,550.00	.....do.....	Demand.
<b>MEETING OF APR. 23, 1930</b>			
Pynchon & Co., syndicate managers..... Secured by 350,000 shares General Theaters Equipment, Inc., voting trust certificates (valuation \$17,150,000). Signed group agreement and assignment thereof. Liability of members of group are as follows: Percent Pynchon & Co. .... 31½ West & Co. .... 18 H. S. Hammons & Co. .... 18 Halsey Stuart & Co., Inc. .... 10 Chase Securities Corporation. .... 22½ Total..... 100	13,125,000.00	.....do.....	On or before May 19, 1930.
Pynchon & Co., syndicate managers..... Secured by 240,000 shares Fox Film Corporation, class A common (valuation \$11,620,000). Signed group agreement and assignment thereof. Liability of members of group are as follows: Percent Pynchon & Co. .... 28.35 West & Co. .... 16.2 W. S. Hammons & Co. .... 16.2 Pynchon & Co. for others. .... 9 Eric & Dreviers..... 10 Chase Securities Corporation. .... 20.25 Total..... 100	7,200,000.00	.....do.....	May 19, 1930.



	Amount	Rate	Maturity
<b>MEETING OF MAY 7, 1930—continued</b>			
Pynchon & Co., syndicate managers, General Theatres Equipment, Inc., common stock voting-trust certificates purchase syndicate dated Apr. 22, 1930.	\$15,377,812.00	6 percent.....	Demand.
Secured by: 410,075 shares General Theatres Equipment Co., Inc. voting-trust certificates common (valuation \$19,683,600). Signed syndicate agreements and assignment thereof.			
Liability of members of General Theatres Equipment, Inc., common stock voting-trust certificates—purchase syndicate dated Apr. 22, 1930:			
	<i>Shares</i>		
Chase Securities Corporation.....	41,175		
Halsey, Stuart & Co., Inc.....	18,300		
W. S. Hammons & Co.....	30,940		
West & Co.....	32,940		
Pynchon & Co.....	57,645		
Pynchon & Co., other accounts.....	24,500		
Almstedt Bros.....	2,000		
Allen & Co.....	2,500		
Eugene Andrews.....	500		
Bard & Co.....	3,000		
Brooke, Stokes & Co.....	2,000		
Cohle & Tyree.....	2,500		
E. W. Clark & Co.....	10,000		
Charles E. Doyle & Co.....	2,500		
Drumheller, Ehrlichman & White.....	1,000		
Eric & Drevers.....	25,000		
W. H. Eshbaugh & Co.....	25,000		
The Farnoth Corporation.....	15,000		
Folds, Buck & Co., Inc.....	25,000		
Glenny, Monro & Moll.....	2,500		
Harper and Turner.....	2,000		
Hitt, Farwell & Co.....	2,500		
Alfred Ingold.....	500		
W. F. Ingold, Sr.....	1,500		
M. J. Insull.....	2,500		
Kidder Peabody & Co.....	11,000		
Laclede Securities Co.....	1,500		
W. W. Lanahan & Co.....	3,000		
McMichael & Co., Inc.....	2,500		
Metcalf, Cowgill & Co., Inc.....	5,000		
Mitchell, Hutchins & Co.....	5,000		
Charles A. Munroe.....	5,000		
Munoz Finance Corporation.....	1,000		
R. P. Minton & Co., Inc.....	2,500		
Namanat Realty & Trading Corporation.....	5,000		
Palmer & Co.....	5,000		
Reinholdt & Co.....	2,000		
Albert Rothbart.....	1,000		
Arthur Reynolds.....	5,000		
Southern Securities Co.....	3,000		
Stein Bros. & Boyce.....	5,000		
Stout & Co.....	1,000		
Tucker, Hunter, Dulin & Co., Inc.....	25,000		
John Washburn.....	500		
Charles B. Wiggin.....	1,000		
Wincliff Corporation.....	10,000		
Total.....	433,000		
<b>MEETING OF JULY 2, 1930</b>			
Transcontinental Oil Co., common stock syndicate of July 23, 1929; Stroud & Co., Inc., syndicate managers.	23,243	.....do.....	Do.
Present amount of loan, \$1,085,238.20. Secured by 106,000 shares Transcontinental Oil Co., common (valuation, \$1,302,000). Signed syndicate of agreements and assignment thereof.			
Liability of members of syndicate are as follows:			
	<i>Units</i>		
Stroud & Co., Inc.....	25,000		
F. B. Parriott.....	12,500		
Amos L. Beaty.....	25,000		
O. L. Gubelman.....	12,500		
Realty and Securities Corporation.....	25,000		
Theodore Schulze & Co., Inc.....	25,000		
Total.....	125,000		

	Amount	Rate	Maturity
<b>MEETING OF JULY 2, 1930—continued</b>			
William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.)	\$65,020.00	6 percent.....	Demand.
Present amount of loan \$516,900. Secured by: 2,846 shares County Trust Co., New York (valuation \$526,510). Signed syndicate agreement and assignment thereof. Liability of members of syndicate are the same as previously reported.			
Dillon, Read & Co., H. O. Couch and Coverdale and Colpitts, syndicate managers (renewal).	2,700,000.00	5 percent.....	Dec. 22, 1930.
Present amount of loans \$6,000,000. <sup>4</sup> Secured by: 42,000 shares Seaboard Air Line Ry., preferred; 343,496 shares Seaboard Air Line Ry., common; \$278,000 Seaboard Air Line Ry. preferred 4 percent 1959; \$595,000 Seaboard Air Line Ry. 3 year 5 percent 1931 \$2,039,500 Seaboard Air Line Ry. consolidated 6 percent 1945; \$1,286,000 Seaboard All Florida series A 6 percent 1935; \$287,000 Seaboard All Florida series B 6 percent 1935; \$15,000 Jacksonville Gainsville 6 percent 1951; Warrants to purchase 14,530 shares Seaboard Air Line Ry. Co. common (valuation \$5,005,000). Assignment of syndicate agreements totaling \$10,085,000 of which \$4,034,000 has been paid in cash leaving the unpaid balance \$6,051,000. Seaboard Air Line Railway—purchase syndicate participants.			
Dillon Read & Co.....	\$2,500,000		
Coverdale and Colpitts.....	500,000		
Southwestern Investors, Inc.....	800,000		
Rogers Caldwell.....	500,000		
Hillman Investment Co.....	100,000		
John Nickerson & Co.....	100,000		
I. B. Tigrett, Esq.....	100,000		
American National Co.....	900,000		
Gen. W. W. Atterbury.....	100,000		
Frank M. Swacker.....	100,000		
Cotton & Franklin, special no. 2.....	100,000		
V. Everit Macy.....	250,000		
Robert C. Ream.....	100,000		
Leonard A. Yerkes.....	100,000		
United States & Foreign Securities Corporation.....	500,000		
B. M. May, Esq.....	50,000		
Clarence H. Mackay.....	100,000		
Marcus L. Bell.....	25,000		
Arthur J. Rosenthal & Co.....	50,000		
George F. Brownell.....	10,000		
L. H. Windholz.....	50,000		
Charles D. Barney & Co.....	500,000		
Robt. C. Lassiter.....	500,000		
American International Corporation.....	100,000		
E. Naumburg & Co.....	100,000		
Chase Securities Corporation.....	1,000,000		
Paul V. Shields.....	100,000		
Equitable Trust Co. of New York.....	500,000		
E. A. Yates.....	250,000		
<b>Total.....</b>	<b>10,085,000</b>		
<b>MEETING OF OCT. 1, 1930</b>			
William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.)	31,257.00	6 percent.....	Demand.
Present amount of loan \$412,706.03. Secured by: 2,306 County Trust Co., New York (valuation \$518,800). Signed syndicate agreement and assignment thereof. Liability of members of syndicate is the same as previously reported. (NOTE.—We also have a loan to William H. English, John J. Raskob, syndicate managers no. 2 account in the sum of \$208,196 as previously reported.)			

<sup>4</sup> Bank of New York & Trust Co. have a participation of \$800,000 in the loans.

	Amount	Rate	Maturity																								
<b>MEETING OF NOV. 5, 1930</b>																											
<b>William H. English, John J. Raskob, syndicate managers (participation certificate of Bankers Trust Co.).</b>	\$5,830.00	6 percent.....	Demand.																								
<p>Present amount of loan \$469,013.03. Secured by 2,564 shares County Trust Co., New York (valuation \$482,000). Signed syndicate agreement and assignment thereof. Liability of members of syndicate is the same as previously reported.</p> <p>(NOTE.—We also have a loan to William H. English, John J. Raskob, syndicate managers no. 2 account in the sum of \$203,196 as previously reported.)</p>																											
<b>MEETING OF DEC. 3, 1930</b>																											
<b>J. H. Carpenter and L. H. Bean, syndicate managers under agreement dated May 17, 1923, as amended, relating to the Lincoln Building.</b>	1,000,000.00	5½ percent.....	May 23, 1931.																								
<p>Secured by note of Lincoln Forty-second Street Corporation \$1,000,000. Endorsed by them and by United Engineers &amp; Constructors, Inc. Signed syndicate agreements. Liability of members of syndicate is as follows:</p> <table border="0" style="width: 100%;"> <tr><td>J. H. Carpenter.....</td><td style="text-align: right;">\$225,000</td></tr> <tr><td>J. E. R. Carpenter.....</td><td style="text-align: right;">120,000</td></tr> <tr><td>Dwight P. Robinson &amp; Co., Inc.....</td><td style="text-align: right;">328,000</td></tr> <tr><td>L. H. Bean.....</td><td style="text-align: right;">15,800</td></tr> <tr><td>Dwight P. Robinson.....</td><td style="text-align: right;">60,000</td></tr> <tr><td>Chase Securities Corporation.....</td><td style="text-align: right;">60,000</td></tr> <tr><td>Murray W. Dodge.....</td><td style="text-align: right;">30,000</td></tr> <tr><td>Comrades Realty Corporation.....</td><td style="text-align: right;">79,500</td></tr> <tr><td>H. L. Clarke.....</td><td style="text-align: right;">20,000</td></tr> <tr><td>Enjay Holding Co., Inc.<sup>1</sup>.....</td><td style="text-align: right;">60,000</td></tr> <tr><td>General Farms &amp; Realty Corporation<sup>1</sup>.....</td><td style="text-align: right;">31,700</td></tr> <tr><td><b>Total.....</b></td><td style="text-align: right;"><b>1,000,000</b></td></tr> </table>				J. H. Carpenter.....	\$225,000	J. E. R. Carpenter.....	120,000	Dwight P. Robinson & Co., Inc.....	328,000	L. H. Bean.....	15,800	Dwight P. Robinson.....	60,000	Chase Securities Corporation.....	60,000	Murray W. Dodge.....	30,000	Comrades Realty Corporation.....	79,500	H. L. Clarke.....	20,000	Enjay Holding Co., Inc. <sup>1</sup> .....	60,000	General Farms & Realty Corporation <sup>1</sup> .....	31,700	<b>Total.....</b>	<b>1,000,000</b>
J. H. Carpenter.....	\$225,000																										
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Enjay Holding Co., Inc. <sup>1</sup> .....	60,000																										
General Farms & Realty Corporation <sup>1</sup> .....	31,700																										
<b>Total.....</b>	<b>1,000,000</b>																										
<b>MEETING OF JAN. 7, 1931</b>																											
<b>Pynchon &amp; Co., syndicate managers under General Theatres Equipment, Inc., preferred-stock syndicate dated Nov. 11, 1930.</b>	154,162.00	6 percent.....	Demand.																								
<p>Present amount of loan \$297,332.81. Secured by 25,600 shares General Theatres Equipment \$3 preferred voting-trust certificates, 34,426 shares General Theatres Equipment new common voting-trust certificates. Valuation, \$397,700. Signed syndicate agreements and assignment thereof.</p>																											
<b>Pynchon &amp; Co. as syndicate managers under General Theatres Equipment, Inc. original group preferred stock syndicate dated Nov. 28, 1930 (trading account).</b>	78,718.68	.....do.....	Do.																								
<p>Present amount of loan \$304,692.06. Secured by: 4,499 shares General Theatres Equipment, common; 3,187 shares General Theatres Equipment, Inc. \$3 convertible preferred. Valuation, \$342,500. Signed syndicate agreements and assignment thereof: West &amp; Co., Pynchon &amp; Co., W. S. Hammons.</p>																											
<b>Pynchon &amp; Co. as syndicate managers under General Theatres Equipment, Inc. preferred stock syndicate dated Nov. 11, 1930 (trading account).</b>	225,181.63	6½ percent.....	Do.																								
<p>Present amount of loan \$683,769.95. Secured by: 11,557 shares General Theatres Equipment, Inc. common; 16,074 shares General Theatres Equipment, Inc. \$3 convertible preferred. Valuation, \$627,800. Signed syndicate agreements and assignment thereof.</p> <p>The total loans to Pynchon &amp; Co. as syndicate managers of various General Theatres Equipment stock syndicates is \$10,685,901.57 and the present value of the General Theatres Equipment, common and \$3 preferred stock held as collateral is \$13,692,800.</p>																											

<sup>1</sup> Agreements not yet signed by Enjay Holding Co., Inc., and General Farms & Realty Corporation, but we hold letter of guarantee of Dwight P. Robinson & Co., Inc., stating that in event they do not sign and deliver executed copy to us, Dwight P. Robinson & Co., Inc., will pay their proportions on demand.

	Amount	Rate	Maturity
<b>MEETING OF JULY 1, 1931</b>			
Commitment was approved to loan syndicate of which E. H. Rollins & Sons, Inc., are managers, up to a total of \$12,000,000, to run not more than 60 days, one half of the loan to be secured by Jersey Central Power & Light Co. first mortgage 4½ percent bonds of 1961 and the balance to be secured by Jersey Central Power & Light Co. 5½ percent preferred stock.			
<b>MEETING OF AUG. 16, 1933</b>			
State of New York serial bonds group account the Chase National Bank of the city of New York Group account managers.	\$2,837,411.18	3 percent.....	Demand.
This loan was made July 11, 1933.			
\$2,831,000 at \$100.14313..... \$2,835,052.01			
Accrued interest July 1-11.. 2,359.17			
2,837,411.18			
Secured by \$2,831,000 State of New York 3 percent general State Improvement and elimination of grade crossing bonds, dated July 1, 1933, due serially July 1, 1934 to July 1, 1938, inclusive. Signed syndicate agreements. Present amount of loan August 12, 1933, \$1,290,916.85.			
Liability of members of group account participants:			
	<i>No. of bonds</i>		
The Chase National Bank.....	\$228,000		
Hallgarten & Co.....	97,000		
Barr Bros. & Co., Inc.....	97,000		
R. W. Pressprich & Co.....	97,000		
Salomon Bros. & Hutzler.....	97,000		
Kidder Peabody & Co.....	56,000		
Manufacturers Trust Co., New York City.....	41,000		
Marine Trust Co. of Buffalo....	41,000		
F. S. Moseley & Co.....	41,000		
N. W. Harris Co., Inc.....	41,000		
Northern Trust Co., Chicago, Ill.....	41,000		
Kean, Taylor & Co.....	32,000		
Hayden, Stone & Co.....	32,000		
Commercial National Bank & Trust Co., New York City..	24,000		
A. Iselin & Co.....	24,000		
Philadelphia National Bank, Pennsylvania.....	24,000		
Blyth & Co., Inc.....	24,000		
R. H. Moulton & Co.....	22,000		
Empire Trust Co., New York City.....	22,000		
Wallace & Co.....	22,000		
New York State National Bank, Albany, N.Y.....	22,000		
Hemphill, Noyes & Co.....	16,000		
Mercantile - Commerce Co., Inc.....	16,000		
Darby & Co.....	16,000		
J. & W. Seligman & Co.....	12,000		
Stranahan, Harris & Co., Inc.....	12,000		
National Commercial Bank & Trust Co., Albany, N.Y.....	12,000		
Wells-Dickey Co.....	9,000		
Stern Bros. & Co.....	9,000		
Kalley, Richardson & Co.....	9,000		
Green, Ellis & Anderson.....	9,000		
Wells Fargo Bank & Union Trust Co., San Francisco, Calif.....	9,000		
Laurence M. Marks & Co.....	9,000		
William R. Compton Co., Inc.....	5,000		
County Trust Co. of New York.....	5,000		
Frederick Lewisohn, Esq.....	5,000		
Lee Higginson Corporation....	5,000		
E. Lower Stokes & Co., Philadelphia, Pa.....	5,000		
<b>Total.....</b>	<b>1,288,000</b>		

	Amount	Rate	Maturity
<b>MEETING OF AUG. 16, 1933—continued</b>			
State of New York serial bonds group account the Chase National Bank of the city of New York. Group account managers.....	2,881,311.17	2½ percent..	Demand.
This loan was made July 11, 1933.			
\$2,875,000 at \$100.14313.....	\$2,879,114.99		
Accrued interest, July 1-11, 1933.....	2,196.18		
Total.....	2,881,311.17		
Secured by: \$2,875,000 State of New York 2½ percent emergency unemployment relief bonds dated July 1, 1933, due serially July 1, 1934, to July 1, 1940, inclusive. Signed syndicate agreements. Present amount of loan August 12, 1933, \$1,291,329.59.			
Liability of members of group account participants:	<i>Number of bonds</i>		
The Chase National Bank.....	\$227,000		
Hallgarten & Co.....	97,000		
Barr Bros. & Co., Inc.....	97,000		
E. W. Pressprich & Co.....	97,000		
Salomon Bros. & Hutzler.....	97,000		
Kidder, Peabody & Co.....	55,000		
Manufacturers Trust Co., New York City.....	41,000		
Marine Trust Co. of Buffalo..	41,000		
F. S. Moseley & Co.....	41,000		
The N. W. Harris Co., Inc.....	41,000		
Northern Trust Co., Chicago, Ill.....	41,000		
Kean, Taylor & Co.....	31,000		
Hayden, Stone & Co.....	31,000		
Commercial National Bank & Trust Co., New York City..	24,000		
A. Iselin & Co.....	24,000		
Philadelphia National Bank, Philadelphia, Pa.....	24,000		
Blyth & Co., Inc.....	24,000		
R. H. Moulton.....	21,000		
Empire Trust Co., New York City.....	21,000		
Wallace & Co.....	21,000		
New York State National Bank, Albany, N. Y.....	21,000		
Hemphill, Noyes & Co.....	17,000		
Mercantile - Commerce Co., Inc.....	17,000		
Darby & Co.....	17,000		
J. & W. Seligman & Co.....	12,000		
Stranahan, Harris & Co., Inc.	12,000		
National Commercial Bank & Trust Co., Albany, N. Y.....	12,000		
Wells-Dickey Co.....	10,000		
Stern Bros. & Co.....	10,000		
Kelley, Richardson & Co.....	10,000		
Green, Ellis & Anderson.....	10,000		
Wells Fargo Bank & Union Trust Co., San Francisco, Calif.....	10,000		
Laurence M. Marks & Co., Inc.....	10,000		
William E. Compton Co. Inc.	5,000		
County Trust Co. of New York, New York City.....	5,000		
Frederick Lewisohn.....	5,000		
Lee, Higginson Corporation..	5,000		
E. Lober Stokes & Co.....	5,000		
Total.....	1,289,000		
<b>MEETING OF AUG 23, 1933</b>			
State of Maryland 4-percent serial bonds group account. The Chase National Bank, managers,	7,796,485.32	4 percent.....	Do.
This loan was made Aug. 15, 1933. Secured by: \$7,381,000 State of Maryland 4-percent certificates of indebtedness dated Aug. 15, 1933, due Aug. 15, 1934, to Aug 15, 1943, inclusive. Issued for emergency relief and unemployment and general construction purposes.			

	Amount	Date	Maturity
<b>MEETING OF AUG. 23, 1933—continued</b>			
State of Maryland 4-percent serial bonds group account. The Chase National Bank, managers—Continued.			
Advance:			
\$7,331,000, at 105.6291196..	\$7,796,485.32		
Present amount of loan....	2,509,747.85		
Signed syndicate agreements.			
Liability of members of group-account participants:			
<i>Number of bonds</i>			
The Chase National Bank....	\$920,000		
The City Co. of New York, Inc.	918,000		
Alexander Brown & Sons (Baltimore).....	418,000		
The First of Boston Corporation.....	700,000		
Salomon Bros. & Hutzler.....	600,000		
E. B. Smith & Co.....	600,000		
Brown Bros., Harriman & Co..	600,000		
L. F. Rothschild & Co.....	500,000		
First of Michigan Corporation.	250,000		
Eldredge & Co., Inc.....	250,000		
Mason, Hagan, Inc. (Richmond).....	250,000		
Boatmen's National Bank (St. Louis).....	250,000		
F. S. Moseley & Co.....	200,000		
Foster & Co., Inc.....	200,000		
Lee, Higginson Corporation.....	150,000		
Hannahs, Ballin & Lee.....	150,000		
Starkweather & Co.....	125,000		
Wells, Dickey Co. (Minneapolis).....	125,000		
Schaumburg, Rebhann & Osborne.....	125,000		
Owen Daly & Co. (Baltimore).....	50,000		
Total.....	7,381,000		
State of Minnesota 4½ percent highway bonds group account. The Chase National Bank, managers.	\$1,305,870.75	4½ percent.....	Demand.
This loan was made on Aug. 17, 1933. Secured by \$1,212,000 State of Minnesota 4½-percent highway bonds dated Nov. 15, 1930, due May 15, 1944, to May 15, 1946. (Issued for State trunk-highway purposes.)			
Advance:			
\$1,212,000, at 106.659..	\$1,292,707.08		
Accrued interest from May 15, 1933, to Aug. 17, 1933.....	13,163.67		
Total.....	1,305,870.75		
Signed syndicate agreements.			
Liability of members of group-account participants:			
<i>Number of bonds</i>			
The Chase National Bank....	\$556,000		
Harris Trust & Savings Bank, Chicago, Ill.....	556,000		
Bank Northwest Co., Minneapolis, Minn.....	100,000		
Total.....	1,212,000		

COMMITTEE EXHIBIT No. 116, NOVEMBER 9, 1933

[Private and confidential]

## SINCLAIR CONSOLIDATED OIL CORPORATION

SYNDICATE AGREEMENT B (1,000,000 SHARES), OCTOBER 25, 1928

Agreement made and entered into as of this 25th day of October 1928, by and between Arthur W. Cutten of 209 Lake Shore Drive, Chicago, Ill. (hereinafter called the "Manager") party of the first part, and the subscribers hereto, severally (each of whom is hereinafter called the "subscribers") parties of the second part, and all of whom together constitute the syndicate;

Whereas the parties hereto desire to form a syndicate for the purpose of buying and/or selling shares of the common capital stock of the Sinclair Consolidated Oil Corporation, now listed and dealt in upon the New York Stock Exchange,

Now, therefore, in consideration of the premises and the sum of \$1 by each party to the other in hand paid, the receipt whereof is hereby acknowledged, the subscribers hereby agree with one another and with the manager as follows:

1. The subscribers hereby form a syndicate for the purpose above expressed, and each subscriber for himself and not for any other, agrees to subscribe to an interest in said syndicate represented by the number of shares set opposite his name, and authorizes the manager to purchase and/or sell for the syndicate account from time to time shares of the common capital stock of the Sinclair Consolidated Oil Corporation upon the floor of the New York Stock Exchange, provided only that the manager shall not have a net commitment at any one time for the syndicate account exceeding 1,000,000 shares of said common capital stock. All stock bought by the manager pursuant to the authority hereby given, shall be carried by him in the syndicate account or accounts which he shall open on the books of any firm or firms, members of the New York Stock Exchange, which the manager may select. Each subscriber hereto shall participate in such purchases and/or sales, and in the profits and/or losses and reasonable expenses of the syndicate, in the proportion that the number of shares subscribed for by him bears to the total of 1,000,000. The manager may call upon the subscribers or any of them, from time to time, for payment for all or any part of the stock purchased for the syndicate account, and each subscriber agrees to pay promptly the full amount of such call or calls up to the full amount of his individual liability as indicated by the interest in the syndicate subscribed for by him hereunder. Each subscriber shall, at the request of the manager, at any time or from time to time during or upon the termination of the syndicate, take up and pay for in full, at the cost thereof to the syndicate, his proportion of any stock held for the syndicate or for which it may be committed, or, at the option of the manager, shall margin to the manager's satisfaction, his proportionate part of any stock held by the syndicate, and shall meet his other syndicate obligations, if any, upon call by the manager. Stock so taken up by the participants during the life of the syndicate shall be for carrying purposes only, and shall be subject to recall by the manager at any time.

2. In case of the failure of any subscriber to make such payments as and when called, the manager may sell the rights and interests of the defaulting subscriber in and under this agreement and any stock represented thereby at public or private sale, at any time thereafter, without further advertisement or notice, and after deducting all interest or other costs and expenses, the residue shall be applied on any liability or indebtedness of such defaulting subscriber, and if there be any deficiency he shall pay and discharge the same. Any overplus shall be paid over to such defaulting subscriber. The manager may purchase on any such sale, the rights and interests of any defaulting subscriber for the benefit of the nondefaulting subscribers, and may call for and apportion any assessment to pay for the same.

3. The manager shall have the sole direction, management, and entire control of the business and transactions of the syndicate, and any stock purchased by him for the syndicate account may, in his discretion be loaned by him or by any stock exchange house carrying a syndicate account. He shall have full power to buy and/or sell said common stock upon the New York Stock Exchange for the account of the syndicate in his uncontrolled discretion, but, as above provided, he shall not have a net commitment for the syndicate account at any one time exceeding 1,000,000 shares of said stock. The manager may become a subscriber and in that event shall share in the assets, profits, losses, and expenses hereof, on the same basis as any other member. He shall have the exclusive control of the money and assets of the syndicate and may deposit the same with any firm or firms, members of the New York Stock Exchange, or in any New York bank or trust company selected by him, and use the same in the operation of the syndicate. He may deal for the syndicate account with any other group or syndicate of which he is a member and/or manager, and no contract with any such other group or syndicate shall be affected by reason of the fact that the manager is also the manager of such other group or syndicate and/or a member or participant therein.

4. The manager may borrow for the syndicate account such amounts as he may deem necessary, not to exceed the total amount due and unpaid from syndicate subscribers, and may pledge all or any portion of the stock so purchased, or this agreement and the several payments to be made hereunder by the subscribers to secure any loan or loans made for the syndicate account. He may for and on behalf of the syndicate, contract with any bank and/or trust company and/or New York Stock Exchange firm, for any loan or loans necessary to carry on the operation of the syndicate, and may himself advance or loan money to the syndicate, charging for such advances the current interest rate charged by stock exchange firms to their customers.

5. As soon as subscriptions are obtained to the syndicate aggregating 1,000,000 shares of stock, the syndicate shall become operative without further notice.

6. The syndicate shall continue for a period of 180 days from the date hereof, but the manager may, in his discretion, extend the same for a further period or periods not exceeding in the aggregate 180 days. He may in his discretion close the operation of the syndicate at any time. At the expiration of the syndicate, the manager shall prepare a statement of the syndicate operations, and after paying all the costs and expenses of the syndicate and settling all of its obligations, any money and/or stock belonging to the syndicate remaining shall be distributed pro rata among the various subscribers, after first deducting from any net profits made by the syndicate 10 percent thereof, which shall be retained by the manager at the expiration of the syndicate as his compensation for managing the syndicate. The acceptance by the subscribers of any statement rendered by the manager at the expiration of the syndicate, together with any payment in either stock or money or both, shown to be due by said statement, shall operate as a full release of the manager from any and all liability hereunder.

7. The manager shall not be liable for any error in judgment or for any mistake of law or fact nor shall he be liable, save for his own gross negligence or willful default, nor liable for any act or acts done or performed in good faith under any of the provisions of this agreement.

8. Each subscriber ratifies, assents to, and agrees to be bound by any action of the manager assumed to be taken under this agreement, and agrees to perform his undertakings herein as stated in this agreement to the full extent of the number of shares subscribed for as his participation herein, but in no event or under no circumstances shall he be called upon to pay or be liable for any amount beyond the interest in the syndicate subscribed for by him plus interest thereon. The failure of any subscriber to perform any of his undertakings hereunder shall not affect or release any other subscriber.

9. Any notice which the manager or any lender may have occasion to give to any subscriber shall be sufficient for all purposes if given in writing mailed postpaid to the address of such subscriber set opposite his signature hereto.

10. Nothing contained in this agreement or otherwise shall constitute the subscribers partners with or agents for one another or for the manager, or render them liable to contribute in any event more than the interest in the syndicate subscribed for by them, plus interest thereon.

11. In case of the resignation or incapacity to act of the manager, a successor or successors shall be appointed in writing by a majority in amount of the subscribers.

12. This agreement shall be binding upon and enure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, and it may be executed in several counterparts, each of which when so executed shall be deemed to be the original, and such counterparts shall together constitute but one and the same instrument.

In witness whereof, the manager, party of the first part, and the subscribers, parties of the second part, have subscribed this agreement as of the day and year first above written.

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*Manager.*

Subscriber, Harry F. Sinclair, 45 Nassau Street, New York City, 50,000 shares.

H. F. SINCLAIR.

## COMMITTEE EXHIBIT No. 119, Nov. 9, 1933

*Sinclair Consolidated Oil Corporation stock purchase group H. F. Sinclair and subparticipants*

	Shares	Amount of liability	Distribution of profit
H. F. Sinclair.....	135,517	\$4,065,510	\$1,403,387.55
W. L. Connelly.....	333	9,990	3,448.48
R. Costello.....	333	9,990	3,448.48
Nellie Kline Crawley.....	1,000	30,000	10,355.80
Mason Day.....	3,300	99,000	34,174.14
Miss Josephine Farrell.....	2,000	60,000	20,711.60
J. F. Farrell.....	8,300	249,000	85,953.14
J. J. Larkin.....	1,600	45,000	15,583.70
J. H. Markham, Jr.....	16,700	501,000	172,941.86
H. H. Rogers.....	8,300	249,000	85,953.14
E. W. Sinclair.....	8,000	240,000	82,846.40
Mrs. H. F. Sinclair.....	5,000	150,000	51,779.00
G. T. Stanford.....	6,687	200,000	69,042.12
R. W. Ragland.....	1,000	30,000	10,355.80
P. W. Thirtle.....	2,000	60,000	20,711.60
Frank Walls.....	1,000	30,000	10,355.80
A. E. Watts.....	3,300	99,000	34,174.14
H. P. Whitney.....	50,000	1,500,000	517,790.00
Total.....	254,250	7,627,500	2,632,962.75

## COMMITTEE EXHIBIT No. 120, NOVEMBER 9, 1933

I, O. M. Gerstung, do hereby certify that I am the duly elected, qualified, and acting assistant secretary of Consolidated Oil Corporation and as such am familiar with the records and minutes of meetings of the executive committee of the board of directors of said corporation.

I further certify that the following is a true copy of an excerpt from the minutes of a regular meeting of the executive committee of said corporation (then known as "Sinclair Consolidated Oil Corporation") duly held on October 24, 1928:

"A regular meeting of the executive committee of Sinclair Consolidated Oil Corporation was held at the office of the corporation, 45 Nassau Street, New York, N.Y., on Wednesday, October 24, 1928, at 11 o'clock in the forenoon.

"There were present Messrs J. W. Carnes, Edward H. Clark, C. E. Crawley, J. Fletcher Farrell, S. L. Fuller, W. H. Isom, W. P. Phillips, J. R. Simpson, H. F. Sinclair, Elisha Walker, and A. E. Watts, constituting a quorum.

"Mr. G. T. Stanford, counsel for the corporation, and Mr. P. W. Thirtle, comptroller, were also present at the meeting.

"Mr. H. F. Sinclair, chairman, called the meeting to order and presided, and the secretary recorded the minutes.

"The minutes of the last meeting of the committee held September 26, 1928, were then presented, and on motion, duly made, seconded, and carried, it was unanimously

"Resolved, That the minutes of the last meeting of the committee held September 26, 1928, as presented to this meeting, be and the same hereby are ratified and approved.

"Mr. Walker, at the request of the chairman, stated to the meeting that Arthur W. Cutten and associates had made an offer to purchase, at a price of \$30 per share, all of the corporation's unissued authorized common stock, together with 14,481 shares of the same class of stock now held in the treasury of the corporation, a total of 1,130,000 shares, and further advised the meeting that Blair & Co., Inc., Chase Securities Corporation, and Mr. H. F. Sinclair were interested parties to the transaction.

"Thereupon, Mr. Sinclair relinquished the chair to Mr. Watts and, together with Mr. Walker, retired from the meeting while said offer was being discussed and acted upon.

"Thereupon, after giving due consideration to the matter, on motion duly made and seconded, it was unanimously

"Resolved, That this committee does hereby recommend to the board of directors of the corporation that the offer of Arthur W. Cutten and associates to purchase said 1,130,000 shares of unissued and treasury stock be accepted.

"Thereupon, Messrs. Elisha Walker and H. F. Sinclair returned to the meeting and took part in its further deliberations, Mr. Sinclair again assuming the chair."

Witness my hand and the seal of said corporation this 3d day of November 1933.

[SEAL]

(Signed) O. M. GERSTUNG,  
Assistant Secretary.

COMMITTEE EXHIBIT No. 121, NOVEMBER 9, 1933

I, O. M. Gerstung, do hereby certify that I am the duly elected, qualified, and acting assistant secretary of Consolidated Oil Corporation (the name of which on Oct. 25, 1928, was Sinclair Consolidated Oil Corporation), and as such am familiar with the records and minutes of meetings of the board of directors of said corporation.

I further certify that the following is a true copy of the minutes of the meeting of the board of directors of said corporation duly called and held on October 25, 1928:

"An adjourned meeting of the board of directors of Sinclair Consolidated Oil Corporation was held at the office of the corporation, 45 Nassau Street, New York, N.Y., on Thursday, October 25, 1928, at 11:30 o'clock in the forenoon.

"There were present Messrs. F. H. Bartlett, J. W. Carnes, Edward H. Clark, C. E. Crawley, J. Fletcher Farrell, S. L. Fuller, D. L. Hooper, E. W. Isom, W. H. Isom, J. H. Markham, Jr., W. P. Phillips, E. W. Sinclair, H. F. Sinclair, G. H. Taber, Jr., P. W. Thirtle, E. V. R. Thayer, Elisha Walker, and A. E. Watts.

"Mr. G. T. Stanford, counsel for the corporation, and Mr. Frank Callahan were also present.

"Mr. H. F. Sinclair, chairman, called the meeting to order and presided and the secretary recorded the minutes.

"The minutes of the last regular meeting of the board of directors held October 10, 1928, and of adjournments thereof held October 16, October 18, and October 23, 1928, were presented, and on motion duly made, seconded, and carried it was unanimously

"Resolved, That the minutes of the last regular meeting of the board of directors held October 10, 1928, and of adjournments thereof held October 16, 18, and 23, as presented to this meeting, be, and the same hereby are, ratified and approved.

"The minutes of the meeting of the executive committee held October 24, 1928, were then also presented, and on motion, duly made, seconded, and carried, Messrs. H. F. Sinclair, F. H. Bartlett, and Elisha Walker not voting, it was

"Resolved, That the acts of the executive committee as outlined in the minutes of the regular meeting thereof held October 24, 1928, as presented to this meeting, be, and the same hereby are, ratified and approved.

"The chairman stated that the finance committee of the corporation had been considering the sale of approximately 1,130,000 shares of the authorized common stock of the corporation remaining unissued or in the treasury of the corporation, for the purpose of procuring funds for the proper corporate purposes of the corporation. The chairman also stated that the finance committee deemed it opportune for an increasing expansion in the activities of the corporation and, in that connection, a possible increase in investments in stocks or properties which might be helpful to the corporation and its subsidiaries in their business. He stated that the committee did not have any specific recommendation to make to the board along these lines at the present moment, but that, in view of favorable market conditions, the committee felt that it would be advisable to sell the common stock above mentioned to procure funds in order that the corporation might be in a position to take advantage promptly of any opportunities along these lines and that such action had been recommended by the executive committee. The chairman further stated that, if opportunities did not present themselves for investments in stocks or properties, the corporation could use all or any part of the money realized from the sale of said shares of common stock very profitably within a comparatively short period of time to pay off at maturity and retire a part of the funded debt bearing high interest rates.

"The chairman stated that 125,000 shares of common stock of the corporation had been redelivered to the corporation by reason of the rescission of the contract between the corporation and Mr. Harry F. Sinclair, the counsel advised that the certificates for these shares would be canceled and that such shares would then automatically revert to the status of authorized but unissued shares, making the total of authorized but unissued shares (excluding fractions) 1,115,519 shares. He stated further that of the shares of common stock of the corporation which it had purchased for the purpose of providing stock for sale to employees 14,488 shares were now in the treasury of the corporation and available for sale, making the total of authorized full shares available for sale 1,130,007 shares.

"The chairman stated that Mr. Arthur W. Cutten had been negotiating with the finance committee of the corporation for the purchase by him of 1,130,000 of such shares on the terms and conditions set forth in a form of agreement between Mr. Cutten and the corporation, a copy of which was thereupon submitted and read to the meeting.

"Mr. Elisha Walker thereupon stated that, as president of Blair & Co., Inc., he was familiar with the proposal; that Mr. Cutten had invited his corporation to take a participation in such purchase, which Blair & Co., Inc., intended to take. Mr. Walker stated that it seemed to him a favorable time for the corporation to dispose of the shares and that the terms and conditions seemed reasonable, but that in view of the interest of his corporation he did not wish to vote on the transaction, and he thereupon asked to be excused and withdrew from the meeting and the room.

"Mr. Harry F. Sinclair stated that he also had been invited by Mr. Cutten to take a participation in the purchase of such shares, and he also asked to be excused and withdrew from the meeting and the room.

"Mr. F. H. Bartlett stated that he might be associated with Mr. Cutten in the purchase of such shares and asked to be excused from the meeting, and withdrew from the room.

"Mr. Frank Callahan stated that Chase Securities Corporation would be interested in the transaction, and also withdrew from the room.

"The members of the board of directors remaining at the meeting, constituting a quorum, with Mr. A. E. Watts acting as chairman, proceeded to a discussion of the proposed sale of 1,130,000 shares of the common stock of the corporation.

"During such discussion Mr. Edward H. Clark, because of a previous appointment, asked to be excused from the meeting, and before leaving the room stated that he was familiar with the negotiations pertaining to the sale of 1,130,000 shares of the common stock of the corporation to Mr. Arthur W. Cutten to be acted upon and requested that his vote be recorded in favor of the same.

"Thereupon, on motion duly made, seconded, and carried, the following preambles and resolution were unanimously adopted:

"Whereas on May 11, 1927, the treasurer of the corporation was authorized to purchase shares of the corporation's common stock sufficient in his judgment to cover subscription by employees pursuant to the plan adopted February 10, 1926; and

"Whereas there was purchased and is now in the treasury of the corporation 14,488 shares of said common stock over and above that subscribed for by said employees, pursuant to said plan: Now, therefore, be it

*Resolved*, That said 14,488 shares of the common stock of this corporation be held in the treasury of the corporation for disposition from time to time as the board of directors may determine.

"On motion duly made, seconded, and carried, the following preambles and resolutions were unanimously adopted:

"Whereas certificates representing 125,000 shares of the common stock, without nominal or par value, of this corporation have been returned to the corporation;

"Whereas it has been ascertained that the consideration for the issue of said stock has failed: Now, therefore, be it

*Resolved*, That said certificates for 125,000 shares of the common stock without nominal or par value, of this corporation so returned and now held by the corporation be canceled and that the proper officers of the corporation and/or the Central Union Trust Co., transfer agent, and the Chase National Bank of the city of New York, registrar, be and they are hereby authorized and directed to cancel as outstanding common stock of this corporation said

certificates representing 125,000 shares of said common stock without nominal or par value; and be it further

"Resolved, That the amount of outstanding common stock without nominal or par value of this corporation, as shown by the records of the corporation, be reduced by 125,000 shares and the capital stock liability be reduced accordingly in the proper amount.

"Thereupon, on motion duly made, seconded, and carried, it was unanimously

"Resolved, That the corporation issue 1,115,519 shares of its unissued, authorized common stock and sell same and 14,481 shares of the same class of stock now held in the treasury of the corporation, making a total of 1,130,000 shares, to Mr. Arthur W. Cutten at and for the price of \$30 per share and on the further terms and conditions set forth in said form of agreement between Mr. Cutten and this corporation submitted to this meeting; and further

"Resolved, That the form of agreement between Mr. Arthur W. Cutten and the corporation submitted to this meeting, be and it hereby is, in all respects approved and that this corporation enter into an agreement with Mr. Cutten substantially in such form and substantially upon the terms and conditions therein set forth, and that the president or a vice president of the corporation be, and he hereby is, authorized on behalf of the corporation, to sign and deliver an agreement substantially in said form and containing substantially such terms and conditions; and further

"Resolved, That contemporaneously with the issue at any time or from time to time of said 1,115,519 authorized but unissued shares in accordance with the terms of said agreement, the proper officers of the corporation be and they hereby are directed to give to the New York Stock Exchange official notice of the issuance thereof and take any and all steps and make any and all payments required to effect the listing of said shares on the New York Stock Exchange; and further

"Resolved, That the proper officers of the corporation be, and they hereby are, authorized and directed to do all other acts and things necessary and proper to carry out and perform, on behalf of the corporation, such agreement with Mr. Arthur W. Cutten.

"After the adoption of the foregoing resolutions Messrs. H. F. Sinclair, Elisha Walker, F. H. Bartlett, and Frank Callahan reentered the meeting and took part in its further deliberations."

The meeting then gave consideration to a proposal whereby this corporation, either directly or through one of its subsidiaries, might acquire a controlling interest in Venezuela Petroleum Corporation in exchange for the capital stock of Apure-Venezuela Petroleum Corporation, Zamora-Venezuela Petroleum Corporation, Eastern Zamora Oil Fields, Inc., and Cordillera Petroleum Corporation, owned by Sinclair Exploration Co., a subsidiary of this corporation, and for the indebtedness of said four corporations to Sinclair Exportation Co., the said stock and indebtedness to be transferred to Venezuela Petroleum Corporation in exchange for 1,251,000 shares of its stock, representing a controlling interest in said corporation.

"Thereupon, on motion, duly seconded, it was unanimously

"Resolved, That this board of directors does hereby recommend to the board of directors of Sinclair Exploration Co. that said proposal be accepted and that the proper officers of said Sinclair Exploration Co. be authorized and the proper officers of this corporation are hereby authorized, to conclude an agreement, substantially as set forth in the proposal as outlined by the chairman.

"On motion duly made and seconded, the meeting adjourned until Tuesday, October 30, 1928, at 11:30 o'clock in the forenoon."

Witness my hand and the seal of the corporation this \_\_\_\_\_ day of November 1933.

(Signed) O. M. GERSTUNG,  
Assistant Secretary.

[SEAL]