

STOCK EXCHANGE PRACTICES

FRIDAY, FEBRUARY 23, 1934

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met at 10:30 a.m., pursuant to adjournment on yesterday, in room 301 of the Senate Office Building, Senator Duncan U. Fletcher presiding.

Present: Senators Fletcher (chairman), Adams, Townsend, and Couzens.

Present also: Ferdinand Pecora, counsel to the committee; Julius Silver and David Saperstein, associate counsel to the committee; and Frank J. Meehan, chief statistician to the committee; Robert Jones, attorney for Cities Service Co.; G. T. Stanford, attorney for Sinclair Consolidated Oil Corporation; and Roland L. Redmond, attorney for New York Stock Exchange.

The CHAIRMAN. The committee will please come to order. Who will you have first this morning, Mr. Pecora?

Mr. PECORA. Mr. Johnston.

The CHAIRMAN. Please come forward, hold up your right hand, and be sworn:

You solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, regarding the matters now under investigation by the committee. So help you God.

Mr. JOHNSTON. I do.

The CHAIRMAN. Just take a seat there at the committee table opposite the microphone.

TESTIMONY OF ERNEST H. JOHNSTON, WESTFIELD, N.J., VICE PRESIDENT CITIES SERVICE CO., NEW YORK CITY

The CHAIRMAN. Mr. Johnston, please give your name, residence, and occupation.

Mr. JOHNSTON. Ernest H. Johnston.

Mr. PECORA. Do you spell your last name J-o-h-n-s-t-o-n?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Go ahead and finish your answer.

Mr. JOHNSTON. 157 Lincoln Road, Westfield, N.J.

Mr. PECORA. What is your business or occupation?

Mr. JOHNSTON. Vice president of the Cities Service Co.

Mr. PECORA. How long have you been connected with the Cities Service Co. in that capacity?

Mr. JOHNSTON. For about 15 years.

Mr. PECORA. Are you also a director of that company?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. What is the general nature of the business conducted by that corporation?

Mr. JOHNSTON. It is a holding company for public utilities, oil, and natural gas corporations.

Mr. PECORA. Where is the office or principal place of business of the company?

Mr. JOHNSTON. No. 60 Wall Street.

Mr. PECORA. In the city of New York?

Mr. JOHNSTON. In the city of New York; yes, sir.

Mr. PECORA. Now, Mr. Johnston, in recent years has it been the practice or custom for your company to issue monthly letters addressed to the executive committee?

Mr. JOHNSTON. Not since 1929.

Mr. PECORA. Well, did it do so in 1929 and prior thereto?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Who was the author of the monthly letters that we have in mind during the year 1928?

Mr. JOHNSTON. Charles H. E. Scheer.

Mr. PECORA. Is he employed by the company?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. In what capacity?

Mr. JOHNSTON. He has been with us since 1914. He started in as cadet engineer in Denver, and has been developed by the company along engineering and other lines. He has shown an aptitude in regard to economics, and has been employed in that capacity in recent years.

Mr. PECORA. I show you what purports to be an excerpt from one of the monthly letters, so-called, on economic conditions, addressed to the executive committee of Henry L. Doherty & Co., for the month of December 1928. Will you be good enough to look at it and tell me if you recognize it to be an excerpt from such monthly letter?

Mr. JOHNSTON (after reading the paper). Yes, sir.

Mr. PECORA. Mr. Chairman, I now wish to offer it in evidence.

The CHAIRMAN. Let it be admitted.

(An excerpt from the monthly letter on economic conditions to the executive committee of Henry L. Doherty & Co. for Dec. 1928, was marked "Committee Exhibit No 83, Feb. 23, 1934", and will be found immediately following where read by Mr. Pecora.)

Mr. PECORA. Now, Mr. Chairman, this excerpt just received in evidence as committee exhibit no. 83, reads as follows, under the caption "A Pivotal Element in 1929?":

The huge expansion of credit which took place in 1928 was made possible largely by idle funds in the hands of individuals, corporations, and foreign sources which were made available for security speculation through loans to brokers. Had it not been for this unforeseen large supply of credit there would probably have been an actual shortage of credit in 1928 when as it happened nothing more than an increase in interest rates took place. If these sources continue to supply credit in increasing amounts during 1929 all will be well for both the stock markets and business in general. If they merely hold their own or dry up to any degree, it seems highly probable that the driving force for both speculation and business will be found definitely lacking. It therefore seems that for the year 1929 much may depend upon the course of brokers' loans which are classified in banking figures as "for the account of others." This statement without further elaboration may seem to be rather dogmatic and arbitrary; but

its importance warrants mention at the first of the New Year, and the next issue of this letter will devote more space to a detailed discussion of the importance and trend of this factor.

Now, Mr. Johnston, I notice that this monthly letter on economic conditions, from which this extract is taken, was addressed to the executive committee of Henry L. Doherty & Co. What is the relationship between Henry L. Doherty & Co. and the Cities Service Co.?

Mr. JOHNSTON. Henry L. Doherty & Co. are fiscal agents for the Cities Service Co.

Mr. PECORA. Well, as such fiscal agents, what are the functions of Henry L. Doherty & Co.? How do they serve, in other words, the Cities Service Co.?

Mr. JOHNSTON. At that time the funds of Cities Service Co. and certain of its subsidiaries were deposited with Henry L. Doherty & Co.

Mr. PECORA. And what else?

Mr. JOHNSTON. Henry L. Doherty & Co. also maintained operating departments and financial advisors.

Mr. PECORA. Is Henry L. Doherty & Co. a corporation or is it a copartnership.

Mr. JOHNSTON. It is now an individual. But Mr. Doherty has no part in it.

Mr. PECORA. In 1929 was it a copartnership, firm, association, or corporation, or what was its legal form?

Mr. JOHNSTON. It was an individual doing business under the firm name of Henry L. Doherty & Co., since 1922.

Mr. PECORA. And the the individual who did business under the firm name of Henry L. Doherty & Co. was what person?

Mr. JOHNSTON. Henry L. Doherty.

Mr. PECORA. Now, was he also an officer or director of the Cities Service Co.?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. What office did he hold in it?

Mr. JOHNSTON. President.

Mr. PECORA. Do you know how long he has been president of the Cities Service Co.?

Mr. JOHNSTON. Since its organization.

Mr. PECORA. Which took place in what year?

Mr. JOHNSTON. In 1910.

Mr. PECORA. Now, the Cities Service Co. was organized as a holding company, I believe you said?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. And has functioned as such ever since its creation?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Do you know the utilities companies whose shares are principally held by the Cities Service Co.?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Can you name them?

Mr. JOHNSTON. The Electric Utilities are a group under the Cities Service Co. called the Cities Service Power & Light Co. The Cities Service Power & Light Co. have subsidiaries, and the principal ones are: Public Service Co. of Colorado, Ohio Public Service Co., Toledo Edison Co., Empire District Electric Co., St. Joseph Railway, Light,

Heat & Power Co., East Tennessee Light & Power Co., Danbury-Bethel Gas & Electric Co., and a number of other smaller companies.

The CHAIRMAN. Are they all subsidiaries, do you say, or affiliates, or what do you call them?

Mr. JOHNSTON. Subsidiaries of the Cities Service Power & Light Co.

Senator TOWNSEND. Is the Eastern Shore Gas & Electric Co. a subsidiary of Henry L. Doherty & Co.?

Mr. JOHNSTON. The Eastern Shore?

Senator TOWNSEND. Yes.

Mr. JOHNSTON. No, sir.

Mr. PECORA. Now, Mr. Johnston, I show you a printed document entitled "Monthly Letter on Economic Conditions to the Executive Committee, Henry L. Doherty & Co., January 1929."

Will you look at it and tell me if you recognize it as being a copy of a monthly letter prepared by Mr. Scheer for the executive committee of the Cities Service Co.?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Mr. Chairman, I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(A printed document entitled "Confidential. Monthly Letter on Economic Conditions to the Executive Committee, Henry L. Doherty & Co., January 1929", was marked "Committee Exhibit No. 84, Feb. 23, 1934", and the entire document will be retained with the files of the committee, such portions thereof being read by Mr. Pecora immediately below as he wished to draw to the attention of the witness.)

Mr. PECORA. Mr. Chairman, this monthly letter is captioned or entitled, on the first page beneath the cover, "The Present Troublesome Part of Brokers' Loans. Its Effect on Security Markets and Business." And the first paragraph of it is as follows:

A new source of credit: Every few years some particular element in the business system takes on new and possibly dominating importance by virtue of its unusual expansions or contraction. In 1920 the climax of unprecedented speculation in commodity markets and expansion of productive activity were dominating factors affecting the subsequent depression. During 1928 the appreciable loss of gold and expansion of speculative credit were the dominating factors. This unusual expansion of credit for us in security markets was made possible largely through loans made to brokers by corporations and individuals. The chart reproduced below shows the rapid growth in brokers' loans over the past 3 years, and in particular the sudden rise in loans for the account of others (corporations, individuals, and foreign) during 1928.

In the last issue of this letter, under the heading "A Pivotal Element in 1929", it was stated that if this new source of credit merely holds its own or dries up to any degree, it seems highly probable that the driving force for both speculation and business will be found definitely lacking, and that therefore in the coming year much may depend upon the course of that portion of brokers' loans which is classified in banking reports as "for the account of others."

Origin of outside credit: Before discussing definite reasons for this view, it might be well to summarize briefly the origin and development of this new source of credit. As can be seen from the chart on page 5 of the August 1928 issue of this letter, bank credit and its base, gold, expanded rapidly from 1922 to early in 1928. Easy credit conditions during this period, aided by the Federal Reserve policy, and the increasing gold stock, were availed of by real estate enterprises, installment finance corporations, and by what is by far the most important—buyers of securities. Money was most plentiful and corporations took advantage of this and of the great demand for securities to float large amounts of new securities, which were used to build up cash reserves after bank loans were paid off, working capital increased, and some plant expansion taken care of. These cash reserves found employment in the call

money market. This condition, in general then, accounts for the source from which money is pouring into the security markets in the form of brokers' loans not originating in the banks themselves.

The above chart shows the astounding rate at which brokers' loans for the account of others (labelled uncontrolled) have advanced during 1928, a year when the United States credit base of gold was narrowed by approximately 500 millions of dollars from a total of approximately 45 billions. This outside credit has been termed uncontrolled because bank reserves need not be kept against such loans and because such transactions are practically as free and unregulated as a personal loan from one individual to another. The other curve on the chart showing the divisions of brokers' loans is labeled controlled and shows the relatively small increase in broker's loans supplied by the banks themselves.

And, Mr. Chairman, the chart on this page shows the astounding rate at which broker's loans "for account of others" labeled "controlled" have advanced during 1928, the year that the United States credit base of gold was carried up approximately \$500,000,000, or a total of approximately 4½ billion dollars. Then under the sub-heading "Present Importance of 'Loans for Others,'" I read the following:

The great importance of the present huge amount of broker's loans from outside sources lies in the fact that while the banks are not now directly concerned with loans from others, these loans do represent a potential call on bank credit. Any sudden withdrawal of money from the security markets by individuals, corporations, or through foreign accounts, must be met by the banks if chaos and disrupting gyrations in call money and in the stock market are to be avoided. This is quite clear when the close relationship between brokers' loans and stock prices is observed in the chart on the preceding page.

I might comment here, Mr. Chairman, that the chart to which reference has just been made would seem to show that the trend of stock prices almost parallel the trend of brokers' loans:

It is therefore quite certain that the present stock market cannot proceed further without the aid of a corresponding increase in loans for others. Should the stock market give ground, business would be adversely affected in three ways, although such effects would not be simultaneous or drastic. In the first place, purchasing power gained by the sustained advance in the stock market would be partially curtailed; secondly, the psychological effect in the form of loss of confidence would cause business to be hesitant in making future commitments; and finally, the ease with which new financing could be launched would be seriously affected.

These are briefly the chief reasons behind the following statement made in the December 1928 issue of this letter: "It therefore seems that for the year 1929 much may depend upon the course of brokers' loans which are classified in banking figures as 'for the account of others.'"

Now, Mr. Johnston, let me ask if you agree with the philosophy expressed in this monthly letter I have just read into the record.

Mr. JOHNSTON. In the light of events that have occurred since that letter was written, I think those points were well taken. But at the time I did not agree with them.

Mr. PECORA. Were you a member of the executive committee to whom this monthly confidential letter was addressed?

Mr. JOHNSTON. No, sir.

Mr. PECORA. Who composed the executive committee which received these monthly letters on economic conditions?

Mr. JOHNSTON. Mr. W. Alton Jones, chairman; Lewis F. Musil, John M. McMillan, Paul R. Jones, Frank R. Coates, H. O. Caster, F. C. Hamilton, T. F. Kennedy, R. G. Griswold.

Mr. PECORA. Of what corporation were these gentlemen the executive committee?

Mr. JOHNSTON. Henry L. Doherty & Co., not the corporation.

Mr. PECORA. They were the executive committee of this what?

Mr. JOHNSTON. Of Henry L. Doherty & Co.

Mr. PECORA. You stated before that Henry L. Doherty & Co. was simply Henry L. Doherty individually doing business under that name or style, Henry L. Doherty & Co.

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Well, did he have an executive committee?

Mr. JOHNSTON. As fiscal agents for the Cities Service Co. and its subsidiaries, he had an executive committee.

Mr. PECORA. Can you tell us what the purpose was in the preparation and circulation of these monthly letters back in 1928?

Mr. JOHNSTON. In 1928?

Mr. PECORA. Yes; back in 1928 and 1929 among the members of this so-called "executive committee" of Mr. Doherty's.

Mr. JOHNSTON. To acquaint them with an economist's ideas of the trend of finances and business generally, and also to explain the earnings records of the Cities Service Co. and its subsidiaries.

Mr. PECORA. Now, Mr. Johnston, I want to show you this printed document, and let me ask you if it consists of an excerpt from the monthly letter on economic conditions addressed to the executive committee of Henry L. Doherty & Co. in February of 1929.

Mr. JOHNSTON (after looking at the paper). Yes, sir.

Mr. PECORA. Mr. Chairman, I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(A paper entitled "Further Developments in Brokers' Loans", was marked "Committee Exhibit No. 85, Feb. 23, 1934", and will be found immediately following where read by Mr. Pecora.)

Mr. PECORA. The paper received in evidence as committee exhibit no. 85 reads as follows, under the caption "Further Developments in Brokers' Loans":

The importance of the volume of brokers' loans in the present credit and general business situations warrant periodic checking up of the course of these figures

In the January issue of this letter it was stated that the great importance of the present huge amount of brokers' loans from outside sources lies in the fact that, while banks are not directly concerned with loans from others, these loans do represent a potential call on bank credit. In the first week of the new year this fact was clearly demonstrated. Brokers' loans from outside sources showed a sharp drop at the year end, due to the usual withdrawals made at this time for year-end settlements and requirements. These transactions left a void in brokers' loans of approximately \$875,000,000 which the New York banks promptly filled. Since then loans for others have returned in greater volume and the reporting member banks have withdrawn their relief fund

The brief January drop in the stock market caused almost no liquidation of total brokers' loans. The more severe break in February did force a drop of about \$190,000,000 in a total of over 55 billion dollars. At the end of February the stock market has fully recovered to a new high and figures for brokers' loans of the last week in February advanced \$30,000,000, indicating that liquidation has about run its course for the present movement at least.

Thus we have the picture: Greater speculation, more and more uncontrolled money in brokers' loans, and continuation of the trend toward higher money which has been in process for over a year and a half. The situation is not comforting, from the business point of view.

Now, Mr. Johnston, did you agree with the observations and the philosophy of that monthly letter, or the portion thereof which I have just read?

Mr. JOHNSTON. I subscribe to these things now, in the light of events, but at the time it seemed to me they were a little too alarmed.

Mr. PECORA. Did you recognize then, that is, during the period when these letters were being written, that there was a direct relationship between brokers' loans and the trend of stock-market prices?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. And has it been your experience that that relationship is manifest at all times, generally speaking?

Mr. JOHNSTON. I have only the charts that are published by various services to guide me, but I think the trend shown in those charts is that there is such relationship.

Mr. PECORA. Now, during the year 1929, to your knowledge, did the Cities Service Co. make any loans on call?

Mr. JOHNSTON. Yes, sir. Henry L. Doherty & Co., acting as fiscal agents for the Cities Service Co., made the loans.

Mr. PECORA. And do you know the number and amounts of such loans made during the year 1929 by Henry L. Doherty & Co. as fiscal agents for the Cities Service Co.?

Mr. JOHNSTON. The total number of Street loans made in the call-money market of New York City was 912.

Mr. PECORA. And what was the total amount of the Street loans made in that year in the call-money market in New York City?

Mr. JOHNSTON. By adding up all the individual loans as they were made, even though some of them were made for only 1 day, we get a total of \$285,325,092.21. But, of course, not all this money was outstanding at any one time. The largest amount outstanding at any one time was \$41,900,000.

Mr. PECORA. And on what date, if you know, was that peak in the amount of loans outstanding?

Mr. JOHNSTON. September 25, 1929.

Mr. PECORA. That was about a month before the big break in the stock market?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Had the number and the aggregate amount of call-money loans made by or on behalf of the Cities Service Co. steadily increased during the year 1929, from the beginning up to and including September of that year?

Mr. JOHNSTON. They did not steadily increase. There were times when the amount would increase, and other days when they would decrease.

Mr. PECORA. But the general trend was rather toward an increase, wasn't it?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. From the beginning of the year up to September.

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Now, Mr. Johnston, following the break in the stock market, which, as you undoubtedly recall, took place in the latter part of October of 1929, can you tell this committee whether or not there was a perceptible drop in the number and amount of call loans made by or on behalf of the Cities Service Co. for the balance of the year 1929?

Mr. JOHNSTON. Yes, sir. We had no bank loans, or I mean—

Mr. PECORA (interposing). I beg pardon?

Mr. JOHNSTON. I say, we had no call loans by the end of the year.

Mr. PECORA. Now, had it been the policy of the Cities Service Co. prior to the year 1929 to make call loans in the Street?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. How many years had that policy been continued prior to 1929?

Mr. JOHNSTON. I do not recall the exact date, but there were call-money loans placed in 1919, and possibly in 1926, and the beginning of 1928, and—

Mr. PECORA (interposing). This was a time of considerable activity in the stock market as compared with the years immediately preceding, wasn't it?

Mr. JOHNSTON. I couldn't tell you about that.

Mr. PECORA. Had you completed your answer? I did not mean to interrupt you, Mr. Johnston, when you referred to 1919 and 1926, and were you beginning to mention some other period?

Mr. JOHNSTON. And the beginning of 1928 and 1929.

Mr. PECORA. Well, you do recall that in 1928 and throughout that year, and throughout the year 1929 and up to the latter part of October there was increased activity in stock-market trading?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Now, who had charge of the making of these call loans in behalf of the Cities Service Co. during the years 1928 and 1929?

Mr. JOHNSTON. The call loans were made under my supervision.

Mr. PECORA. Will you describe to the committee, briefly but concisely, the mechanism by which those loans were made? Just describe the general operation of the making of those call loans.

Mr. JOHNSTON. During the day we would call a money broker on the telephone and tell him how much money we wished to loan on call that day.

Mr. PECORA. By "money broker" do you mean a member of the New York Stock Exchange?

Mr. JOHNSTON. They are usually members of the New York Stock Exchange; yes, sir.

The CHAIRMAN. Does a money broker differ from other brokers, or bankers, or investment people, or is he a specialist of some kind?

Mr. JOHNSTON. I think in the case of certain firms that would be the firm's specialty. In the case of other firms it would be just one department.

Mr. PECORA. Now, Mr. Johnston, will you continue with your explanation of the method or the machinery by which those call loans were made by you?

Mr. JOHNSTON. A little later on the money broker, or the office of the broker, would call up and give us the list of the loans which had been made. And then later on in the afternoon the brokers' messengers would bring in to us envelopes in which there was the collateral for the loans. Our clerks would take the envelopes and the collateral, check it, and hand the messenger our check for the amount.

The CHAIRMAN. What would the collateral consist of?

Mr. JOHNSTON. A variety of stocks listed on the New York Stock Exchange.

Senator TOWNSEND. Were all of your loans made through brokers in the manner you have indicated?

Mr. JOHNSTON. I believe the majority of them were. Occasionally some broker would call us direct and ask if he could send around a loan that day.

Mr. PECORA. Those loans were invariably made to brokers themselves, weren't they?

Mr. JOHNSTON. Yes; to members of the New York Stock Exchange.

Mr. PECORA. Were they made by the Cities Service Co. without the interposition of any bank?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. That is, the loans were made directly by the Cities Service Co. to the various brokers who received them?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. And who determined the interest rates at which those loans were made?

Mr. JOHNSTON. The interest rates were determined on the floor of the stock exchange and published.

Mr. PECORA. And they varied from day to day, did they?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. And sometimes they varied during the day?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. What was the general range, Mr. Johnston, of the interest rates, we will say, during the year 1929, beginning with January and ending with October?

Mr. JOHNSTON. Well, roughly speaking, I should say from about 5 percent to about 15 percent.

The CHAIRMAN. The rate went as high as 20 percent, didn't it?

Mr. JOHNSTON. I recall a 20-percent rate during a prior period. I don't recall whether it was during 1928 and 1929 that they reached 20 percent or not.

Mr. PECORA. Do you recall that in March, I think it was of 1929, the National City Bank sent in \$25,000,000 to the money posts of the New York Stock Exchange, which was loaned at rates ranging from 16 to 20 percent?

Mr. JOHNSTON. I remember the incident; yes, sir.

Mr. PECORA. What was the incident?

Mr. JOHNSTON. Just as you have stated, only I do not recall definitely the rate.

Mr. PECORA. That money was loaned at the time when the Federal Reserve bank sought to put a check on speculation through raising of the rediscount rates, and that action was nullified by this action of the National City Bank. Do you recall that?

Mr. JOHNSTON. I think that is my recollection; yes, sir.

Mr. PECORA. Can you give this committee the amounts received by the Cities Service Co. during the year 1929 by way of interest on these street loans?

Mr. JOHNSTON. I am sorry, sir; I did not prepare myself with that figure.

Mr. PECORA. Can you give us an approximation of the amount, it being understood that it is only an approximation and subject of course to correction?

Mr. JOHNSTON. The average daily amount of call loans outstanding was a little over \$10,000,000.

Mr. PECORA. \$10,375,000 approximately, wasn't it?

Mr. JOHNSTON. Yes, sir. So to take a percentage of 5 percent of that—

Mr. PECORA (interposing). Now you are taking the lowest rate, aren't you?

Mr. JOHNSTON. I was going to say, if you took 5 percent that would be \$500,000.

Mr. PECORA. At 5 percent?

Mr. JOHNSTON. Five percent.

Mr. PECORA. But the range of the interest rates ran from 5 to 15 percent?

Mr. JOHNSTON. It was higher than 5; yes, sir. Those higher rates were few and far between.

Mr. PECORA. Would it be possible for you to get, for the benefit of this committee, after today from your office records the figure that I have asked for?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Can you tell us this, Mr. Johnston: What was the average period of time for which those call loans were made in 1928 and 1929?

Mr. JOHNSTON. I should judge the average loan would stay out 4 or 5 days.

Senator TOWNSEND. Mr. Johnston, how was this surplus of money which Cities Service was loaning in the Street obtained? Was it a profit on their business or how was it obtained?

Mr. JOHNSTON. Partly from the earnings of the operating companies, and partly from the sale of securities.

Senator TOWNSEND. Sale of securities—what do you mean by that?

Mr. JOHNSTON. Cities Service Co. and its subsidiaries.

The CHAIRMAN. Issuing stock and selling stock?

Mr. JOHNSTON. Different kinds of securities were issued. There was stock issued; yes, sir.

Senator TOWNSEND. What portion of this money was received by the sale of Cities Service stock itself?

Mr. JOHNSTON. Well, it is hard to tell just where any portion of certain sums of money comes from. Sources of income are varied, and the disbursements are also varied.

Senator TOWNSEND. Do you recall the amount of Cities Service stock sold, we will say, in the year 1929, and the prices obtained for it?

Mr. JOHNSTON. I do not recall at the moment those figures; no, sir.

Mr. PECORA. Could you give the figure with some degree of approximation?

Mr. JOHNSTON. It is too far back.

Mr. PECORA. What would be your best estimate at this time of that figure?

Mr. JOHNSTON. The number of shares of stock?

Mr. PECORA. No; the amount realized from the sale of stock in that year.

(There was a pause without response.)

Senator TOWNSEND. It would suffice if you would get that for the record, the amount of stock sold in 1929 and the prices obtained and the amount of money received.

Mr. JOHNSTON. It is quite a large amount, and it would be just a guess in any one year.

Mr. PECORA. Will you get that figure also, Mr. Johnston, and send it to me at the New York office and I will submit it to the committee?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. You might give us that figure for both the years 1928 and 1929 separately stated for each of those years.

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Now I show you, Mr. Johnston, a letter addressed to me as counsel to this committee by some gentleman connected with the Cities Service Co. whose signature I cannot read, dated November 1, 1933, which refers to accompanying data. Will you look at it and tell me if you recognize it to be a letter caused to be sent to me as counsel for this committee by the Cities Service Co. on or about November 1, 1933, with the accompanying data which I also show you?

Mr. JOHNSTON (after examining document). Yes, sir; the first letter is signed by Mr. W. Alton Jones, and the second by Mr. W. B. S. Winans.

Mr. PECORA. Yes. I offer the letters and accompanying data in evidence.

The CHAIRMAN. Let them be admitted.

(Letter dated Nov. 1, 1933, from W. A. Jones to Ferdinand Pecora, together with accompanying data, was designated "Committee Exhibit No. 86, February 23, 1934". The letter appears in the record in full, immediately following, where read by Mr. Pecora, and the exhibit appears in full at the close of the day's proceedings.)

Mr. PECORA. The exhibit has been marked no. 86 in evidence, and the forwarding letter reads as follows [reading]:

CITIES SERVICE COMPANY,
November 1, 1933

Mr FERDINAND PECORA, Counsel—

Et cetera—

MY DEAR MR PECORA:

With further reference to your inquiry of October 26, you will find enclosed herewith complete questionnaire, which we trust you will find in order.

Sincerely yours,

W A JONES.

Is that—

Mr. JOHNSON. Yes, sir.

Mr. PECORA. W. Alton Jones. The enclosures consist of the so-called "questionnaire", entitled "Questions and answers regarding call loans of year 1929", and gives the figures that have already been testified to by the witness, namely, total number of loans in the call money market in New York City that were made during the year 1929 was 912; that the total amount of those loans in that year was \$285,325,092.21; that the maximum amount of call money on any one day was \$41,900,000; that the average daily amount of call loans outstanding during the year made by the company was \$10,375,778.23, and that the average amount of each call loan made was \$312,856.46, and that such loans were not made through any commercial bank, private bank, or any other agency, but made directly to the borrower.

The other letter, addressed to me on behalf of the Cities Service Co., and signed by W. B. S. Winans, reads as follows [reading]:

NOVEMBER 11, 1933

Committee on Banking and Currency,
and so forth.

DEAR SIR: In response to your telephone request we enclose herewith a statement accounting for the call loans outstanding on the day in the year 1929 when call loans were in the largest amount. The list attached indicates to whom loans were made and the amounts involved, the total of which was \$41,900,000.

In respect to your inquiry regarding the total number of shares transferred in 1929, we wish to advise that from January 1st, 1929 to May 1st, 1929, 3,936,159 shares of \$20 per value stock were transferred, and from May 2, 1929 to December 31, 1929, 49,500,528 shares of no par value stock were transferred.

Yours very truly,

W. B. S. WINANS.

The stock referred to in this letter which I have just read into the record, Mr. Johnston, was the stock of the Cities Service Co.?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. What was the total number of shares of common stock \$20 per value that that company had outstanding in the year 1929?

Mr. JOHNSTON. Probably between seven and eight million shares.

Mr. PECORA. According to the information or data embodied in this letter of Mr. Winans of November 11, 1933, the transfers made on the books of the company of its common stock \$20 par value during the year 1929 were about seven times the amount of stock outstanding, were they not, between six and seven times?

Mr. JOHNSTON. I did not get that.

Mr. PECORA. You said the total number of shares outstanding in that year was between seven and eight million?

Mr. JOHNSTON. Yes.

Mr. PECORA. The total number of shares transferred from January 1 to December 31, 1929, according to the advices embodied in Mr. Winans' letter, was 53,486,787 shares.

Mr. JOHNSTON. That figure includes stock with no par value, which in about May of 1929 was issued four shares for one of the \$20 par, and therefore the number of shares of no par value would be in the neighborhood of 30 to 35 million.

Mr. PECORA. That was after May 1929?

Mr. JOHNSTON. Yes; about May 1.

Mr. PECORA. These figures merely relate to the transfers made on the books of the company, don't they?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. And you would say, would you not, that those figures would not include the total amount traded in in the shares of the stock of your company during the year 1929?

Mr. JOHNSTON. The number of shares traded in and the number of shares transferred would be two different figures.

Mr. PECORA. Yes. The number of shares traded in would be far in excess of the number of shares transferred on the books?

Mr. JOHNSTON. I would not say that, Mr. Pecora, because there may be transfers for other purposes than just trading on the exchange.

Mr. PECORA. Well, don't you find as a matter of experience and observation that the number of shares of a given stock bought and sold throughout the year on the floor of the exchange, assuming it is a listed security, far exceeds the number of transfers made on the books of the issuing company?

Mr. JOHNSTON. I think they would exceed them; yes.

Mr. PECORA. Several times over?

Mr. JOHNSTON. Probably not. In individual cases there may be transfers of large blocks of stock that did not involve any trading.

The CHAIRMAN. Were there transfer taxes paid on these?

Mr. JOHNSTON. Oh, yes; the transfer tax was paid by the seller.

The CHAIRMAN. What would that amount to?

Mr. JOHNSTON. I have no figures for that at the moment.

Mr. PECORA. Could you also send to our office in New York within the next few days from your records the total amount of shares traded in during the year 1929?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Bought and sold on the floor of the exchange?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. All right, sir. Now, among the data which accompanied the letter marked in evidence here as exhibit no. 86, and which forms a part of that exhibit in this record, is a statement entitled "Details of maximum call loans outstanding any 1 day, 1929—September 25, 1929", and gives the names of the brokers to whom call loans were made on that day to an amount aggregating \$41,900,000.

I have no further questions to ask the witness, Mr. Chairman. Have you any information or any statement you would like to make to this committee without being asked specifically about it, Mr. Johnston?

Mr. JOHNSON. No, sir; not at this moment.

The CHAIRMAN. Is the H. L. Doherty Co. still the fiscal agent of the Cities Service?

Mr. JOHNSTON. Yes, sir; but they do not carry the funds of the corporations in their name in the banks at this time. The funds of the Cities Service Co. and its subsidiaries are carried in the banks in their own name.

The CHAIRMAN. Each subsidiary?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Is there any commission arrangement between Henry L. Doherty & Co. and the Cities Service Co. determining the compensation paid to Henry L. Doherty & Co. for its services as fiscal agent for the corporation?

Mr. JOHNSTON. No, sir.

Mr. PECORA. I assume that Henry L. Doherty & Co. do collect or receive fees, commissions, or compensation in some form?

Mr. JOHNSTON. No, sir.

Mr. PECORA. They render that service gratis?

Mr. JOHNSTON. Yes, sir. The expenses, of course, are charged up to Cities Service Co. also.

The CHAIRMAN. Were fees paid to the brokers with whom you negotiated these loans?

Mr. JOHNSTON. The borrower paid a small fee to the money broker. We did not.

The CHAIRMAN. Do you know what that fee would amount to? What was the small fee you mentioned?

Mr. JOHNSTON. I do not recall at this time.

Mr. PECORA. That is, the broker to whom the loan was made would pay not only the interest on the loan but would also pay a small fee to the money broker?

Mr. JOHNSTON. Yes, sir.

Mr. PECORA. Through whose instrumentality the loan from the Cities Service Co. was secured?

Mr. JOHNSTON. Yes, sir.

Senator KEAN. That is not over one sixty-fourth of 1 percent, is it?

Mr. JOHNSTON. Well, it never passed through our office, so I could not say exactly what the fee was.

Senator KEAN. I think it is about one sixty-fourth of 1 percent.

The CHAIRMAN. I believe that is all, Mr. Johnston. You will be excused, sir.

Mr. JOHNSTON. Thank you.

Mr. PECORA. Is Mr. Groesbeck in the room, please?

TESTIMONY OF C. E. GROESBECK, CHAIRMAN OF THE BOARD OF ELECTRIC BOND & SHARE CO., NEW YORK CITY

The CHAIRMAN. Mr. Groesbeck, you do solemnly swear that the testimony you are about to give in the matters under investigation by this committee will be the truth, the whole truth, and nothing but the truth. So help you God.

Mr. GROESBECK. I do. May I bring my associate with my papers here?

Mr. PECORA. Yes. What is your full name, Mr. Groesbeck; and your address?

Mr. GROESBECK. C. E. Groesbeck. My office address is 2 Rector Street, New York. My home address is Locust Valley, L.I.

Mr. PECORA. Mr. Groesbeck, are you connected with a corporation called Electric Bond & Share Co.?

Mr. GROESBECK. I am, sir.

Mr. PECORA. In what capacity?

Mr. GROESBECK. I am chairman of the board.

Mr. PECORA. How long have you been connected in any capacity with the Electric Bond & Share Co.?

Mr. GROESBECK. Well, about 17 years.

Mr. PECORA. How long have you been the chairman of its board?

Mr. GROESBECK. About 11 months.

Mr. PECORA. And immediately prior to that were you connected with it in any other official capacity?

Mr. GROESBECK. I was, sir. I was president of the company prior to that time.

Mr. PECORA. And how long had you been president?

Mr. GROESBECK. Well, for several years. I don't know that I can—well, until sometime in 1929.

Mr. PECORA. And you have been a member of the board of directors of the Electric Bond & Share Co. for many years?

Mr. GROESBECK. For several years; yes, sir.

Mr. PECORA. When was the Electric Bond & Share Co. organized?

Mr. GROESBECK. In 1905.

Mr. PECORA. Is it a holding company?

Mr. GROESBECK. Well, it is a holding company in the sense that it owns the securities of a number of companies.

Mr. PECORA. What is the kind of business conducted by the various companies whose securities it owns?

Mr. GROESBECK. Public-utility business.

Mr. PECORA. During the year 1929, to your knowledge did the Electric Bond & Share Co. make call-money loans to brokers in the city of New York?

Mr. GROESBECK. It did.

Mr. PECORA. Were those loans made by your company directly or were they made through the medium of any banks or bankers?

Mr. GROESBECK. All through bankers; through banks and trust companies. All through banks and trust companies.

Mr. PECORA. Will you name the banks and trust companies through whom such loans were made by your company?

Mr. GROESBECK. May I have the privilege of referring to the record?

Mr. PECORA. Surely.

Mr. GROESBECK (referring to date). The Irving Trust Co., the Guaranty Trust Co., the Bankers Trust Co., the Central Hanover, the Chemical Bank & Trust Co., the Chase National Bank, and the National City Bank, all of New York.

Mr. PECORA. In those call-money loans that were made during that year by your company, were there included loans made by a corporation called the "American & Foreign Power Co., Inc."?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. Is that one of the subsidiaries of the Electric Bond & Share Co., or is it one of the—

Mr. GROESBECK. Well, it is one of the associated companies. We control a very large amount of their stock.

Senator KEAN. You do not absolutely control that stock, do you?

Mr. GROESBECK. We have the majority of the stock, sir.

Mr. KEAN. You have it?

Mr. GROESBECK. Yes, sir; American & Foreign Power Co.

Mr. PECORA. You own 75 percent or more of its stock?

Mr. GROESBECK. No. No; to be quite technical about it, we own just a little under the 50 percent of the common stock, but we own enough other stock so that we could make it over 50 in case it became desirable to do so. It is so close that it is rather a technical point to make.

Mr. PECORA. There is no question that the stock owned by the Electric Bond & Share of the American & Foreign Power Co., Inc., is enough to give it management control easily?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. What was the total number of call loans made to brokers in New York City by the Electric Bond & Share Co., either in behalf of itself or itself and subsidiaries or associated companies during the year 1929?

Mr. GROESBECK. One thousand six hundred and sixty-three.

Mr. PECORA. And what was the aggregate amount of those loans in the year 1929?

Mr. GROESBECK. By that you mean, Mr. Pecora, the accumulated total?

Mr. PECORA. Aggregate amount of all of these 1,663 loans; yes.

Mr. GROESBECK. Regardless of whether they were turned over daily?

Mr. PECORA. Yes.

Mr. GROESBECK. \$867,295,000.

Senator KEAN. That means that loans were paid from day to day and that you reloaned the money to somebody else?

Mr. GROESBECK. Right.

Senator KEAN. So that it might be that \$100,000 would make 365?

Mr. GROESBECK. Yes; that is it precisely.

Mr. PECORA. Yes; that is understood. This figure of \$867,295,000 which you have given us, Mr. Groesbeck, represents the aggregate amount of all of the 1,663 call loans which your company made during the year 1929?

Mr. GROESBECK. That is right.

Mr. PECORA. What was the highest amount of such loans outstanding on any single day during the year 1929?

Mr. GROESBECK. \$187,900,000.

Mr. PECORA. And on what date was that amount outstanding?

Mr. GROESBECK. August 27, 1929.

Mr. PECORA. What was the daily average of these loans for the year 1929 which your corporation made?

Mr. GROESBECK. \$100,727,010.

Mr. PECORA. Which officer or board of officers of your corporation supervises the making of these call loans?

Mr. GROESBECK. Directly the mechanics were carried by the treasurer of the company.

Mr. PECORA. Are you familiar with those mechanics, Mr. Groesbeck?

Mr. GROESBECK. No; I am not, Mr. Pecora, but I can get you any information you want.

Mr. PECORA. Do you know at what rates of interest these loans were made during the year 1929? That is, what was the range?

Mr. GROESBECK. Well, generally speaking, I should say from recollection that they ran from around 5 to 15 percent.

Mr. PECORA. That is, they were made at the current rates?

Mr. GROESBECK. At the current rates; yes, sir; whatever the prevailing rate was.

Mr. PECORA. And that ranged generally from 5 to 15 percent throughout the year?

Mr. GROESBECK. I heard a statement made that the rate was higher than that before, but I cannot speak of that of my own knowledge.

Mr. PECORA. Do you know the amount received by the Electric Bond & Share Co. by way of interest on these loans for the year 1929?

Mr. GROESBECK. I am sorry, Mr. Pecora; I haven't that.

Mr. PECORA. That can be furnished to us by your company?

Mr. GROESBECK. It can; yes, sir. And may I say that I received this subpoena only yesterday at 1 o'clock, which was a holiday, and our treasurer was in the country many miles from the office, and I

did not get a hold of him until 3 o'clock yesterday afternoon. So perhaps I have not quite as much information as I should have.

Mr. PECORA. That is quite all right, sir; if you will get us the information at your early convenience and send it to me so that I will present it to the committee.

Mr. GROESBECK. I will be very glad to, sir.

Mr. PECORA. Had it been the business or practice of the Electric Bond & Share Co. and its associated companies to make call-money loans to brokers prior to the year 1929?

Mr. GROESBECK. Yes; we had several years before, but not to brokers, Mr. Pecora. Through the same channel, through the banks.

Mr. PECORA. Through the banks?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. The loans were made to brokers through the medium of your banks?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. For how many years prior to 1929 had your company made such loans as part of its business operations?

Mr. GROESBECK. Probably 3 years, Mr. Pecora, but we will be glad to get that information exactly from our records, if you desire. Would you like it?

Mr. PECORA. Yes. Would you say, Mr. Groesbeck, that the greatest number of these loans and for the greatest aggregate amount were made in the year 1929?

Mr. GROESBECK. By far.

Mr. PECORA. And what was that due to?

Mr. GROESBECK. The attractive interest rates.

Mr. PECORA. And those attractive interest rates were due to the very, very active speculation in securities?

Mr. GROESBECK. Well, I don't know that I am qualified to pass on that.

Mr. PECORA. I don't think you need be so modest.

Mr. GROESBECK. I am not an economist and I am not a banker, and I really do not know that my opinion would be worth anything on that, Mr. Pecora.

Mr. PECORA. Recognizing you are neither a banker nor an economist, your opinion might be of some value.

Mr. GROESBECK. Will you repeat the question, please?

The SHORTHAND REPORTER. "And those attractive interest rates were due to the very, very active speculation in securities?"

Mr. PECORA. During the year 1929.

Mr. GROESBECK. I would like to answer you, but really all I can do would be to give you a guess.

Mr. PECORA. Well, even your guess might be illuminating.

Mr. GROESBECK. My guess would be that the activity in the securities market contributed to the high interest rates. I am not trying to evade the question, Mr. Pecora, but—

Mr. PECORA. To your knowledge that activity in the securities market was unprecedented in the year 1929, wasn't it?

Mr. GROESBECK. Greatest I have even seen or heard of; yes, sir.

Mr. PECORA. And would you say, as executive of a corporation that held securities of many utilities companies, that that speculation, in its volume and the manner in which it was conducted, was a good, wholesome thing for the national economy?

Mr. GROESBECK. We had lots of advice in that period, both from foreigners and Americans that we were in a new era and that things were going on at that rate forever, but in the light of events we know that that did not happen.

Mr. PECORA. You know that the reverse happened, in the light of events?

Mr. GROESBECK. Something has happened; I know that.

Mr. PECORA. Something happened that had the opposite trend?

Mr. GROESBECK. Right; yes, sir.

Mr. PECORA. To an advance or a continuation of that so-called "prosperity"?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. You recall, don't you, that there was a very severe break in securities prices on the stock exchanges late in October 1929?

Mr. GROESBECK. I do.

Mr. PECORA. Following that break or shortly thereafter did your company cease making these call loans?

Mr. GROESBECK. We reduced.

Mr. PECORA. Very considerably?

Mr. GROESBECK. Very considerably; yes, sir.

Mr. PECORA. Because stock market activity reduced?

Mr. GROESBECK. Because we could not get the return, the interest rate.

Mr. PECORA. Well, the severe drop in securities prices at that time was a contributing factor to that, wasn't it?

Mr. GROESBECK. Again you are getting a little way out of my field, Mr. Pecora.

The CHAIRMAN. The demand for these loans fell off after October?

Mr. GROESBECK. Very materially, I assume. Otherwise the interest rates would not have gone down so rapidly.

The CHAIRMAN. How did your loans run, say, in November and December 1929?

Mr. GROESBECK. I am sorry, Mr. Chairman, I haven't the figures, but I can say that they were reduced substantially, and I can get the figures—be very glad to if you desire them.

Mr. PECORA. During the year 1930 did your company continue making these call loans?

Mr. GROESBECK. We did.

Mr. PECORA. But in a very much decreased amount?

Mr. GROESBECK. Yes, sir.

Mr. PECORA. How about the year 1931?

Mr. GROESBECK. I should have to look that up, Mr. Pecora.

Mr. PECORA. Will you look it up also for the year 1932 and the year 1933?

Mr. GROESBECK. Yes.

Senator KEAN. Mr. Groesbeck, you had a large amount of money loaned in 1929. Then the rates were very high?

Mr. GROESBECK. Yes, sir.

Senator KEAN. After 1930 the rate on the stock exchange went down to something like 2 percent, didn't it?

Mr. GROESBECK. I believe it did; yes, sir.

Senator KEAN. Therefore you could deposit this money in a trust company and receive more money than you could on the stock exchange for it?

Mr. GROESBECK. I am not sure, Senator, that those are the facts. I am not attempting to contradict you, but my own knowledge of the thing is pretty hazy.

Senator KEAN. If the trust company was paying for deposits 3½ percent and the stock exchange loans were down to 2 percent, there was a difference there that you ought to have taken cognizance of; is that right?

Mr. GROESBECK. Yes, sir. And if those were the conditions, I think undoubtedly we did take advantage of the conditions.

Mr. PECORA. Have you any thought, Mr. Groesbeck, that during the year 1929 and during the year 1928 the unusual activity in the stock market could have been possible, could have been sustained, without the making available to brokers these tremendous sums of money by way of call loans?

Mr. GROESBECK. I have no real opinion on that, Mr. Pecora. Again, that is—

Mr. PECORA (interposing). Again I think you are modest.

Mr. GROESBECK. Again that is a little out of my field.

Mr. PECORA. Do you know the average period of time for which these call loans were made by your company in the year 1929?

Mr. GROESBECK. I haven't that, Mr. Pecora. I will have to get it for you if you desire it. Shall we make a note of it?

Mr. PECORA. If you don't mind.

Senator KEAN. Mr. Groesbeck, these loans were call loans, so that all you had to do was to notify the people that you had loaned the money through that you wanted the money back and they would have had to pay it by 2:15?

Mr. GROESBECK. That is correct, sir.

Mr. PECORA. Mr. Groesbeck, you have stated that the aggregate amount of the 1,663 call loans which your company made in 1929 is \$867,295,000; that the peak amount in any 1 day in that year was \$187,900,000, and that the daily average of those loans for the year was \$100,727,110.

Now, in view of the fact that the daily average of your call loans for the year was over a hundred million dollars, isn't there an error in the aggregate amount of those loans for the year as being only \$867,000,000?

Mr. GROESBECK (after consulting associate). Well, I think the figures are right, Mr. Pecora. I will be very glad to have them checked.

Mr. PECORA. You see, the daily average being more than a hundred million dollars, the total number of loans 1,663, I would think that the aggregate amount of all those loans would greatly exceed \$867,000,000, if these were the usual kind of call-money loans made for a few days at a time, usually 1 day.

Mr. GROESBECK (after consulting associate). Well, some of these loans may have run for a week or 30 days or longer, which would reduce the turn-over.

Mr. PECORA. Yes; but you had 1,600 loans. The daily average for the year was a hundred million dollars. There were call loans usually made for very short periods of time, as a rule a day or two. I think perhaps there is a mistake somewhere in the figures that you have given us as the aggregate.

Mr. GROESBECK. May we verify them and send you the answer?

Mr. PECORA. Yes.

Mr. GROESBECK. Thank you.

Mr. PECORA. Now, I show you, Mr. Groesbeck, a communication addressed to me as counsel to this committee by your company over the signature of its treasurer under date of November 9, 1933. Will you look at it and tell me if you recognize it to be a letter so addressed to me in behalf of your company? That was sent to us, if you notice, in response to a questionnaire that we submitted to your company.

Mr. GROESBECK (after examining document) I identify this as a letter addressed to you by the treasurer of our company.

Mr. PECORA. Yes. I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(Letter dated Nov. 9, 1933, from A. C. Ray, treasurer Electric Bond & Share Co., to Ferdinand Pecora, counsel, Committee on Banking and Currency, was designated "Committee Exhibit No. 87, February 23, 1934", and appears in full in the record at the end of today's proceedings.)

Mr. PECORA. The letter has been marked in evidence as "Exhibit No. 87", on the letterhead of the Electric Bond & Share Co., and reads as follow [reading]:

NOVEMBER 9, 1933

DEAR MR. PECORA. In accordance with the request contained in your letter of October 23, I desire to report as follows in answer to your questionnaire:

A-1. The total number of shares of the Common Stock of Electric Bond and Share Company appearing on our records as of June 18, 1929* in the name of such stock brokerage firms as we were able to identify as stock brokerage firms was 2,112,222

It then states that the total number of such brokers and brokerage firms on the records of the Electric Bond & Share as of June 18, 1929, as the owners of the common stock of that company was 510. It gives other information which will be spread in the record from the reading of the letter.

It states also total number of shares of the common stock of Electric Bond & Share Co. transferred from the books from one ownership to another during the year 1929 was 10,796,073 shares. It states further that the total number of transfers of common stock of Electric Bond & Share Co. from one ownership to another during the year 1929 was 141,569. And then gives the other information with regard to call money loans which the witness has already given in the course of his examination.

The CHAIRMAN. What was the total capital of the Electric Bond & Share Co.?

Mr. PECORA. That is, of its common stock, how many shares were outstanding during the year 1929?

Mr. GROESBECK. Early in the spring of 1929 the capitalization of the company was changed, and thereafter the outstanding common stock was around 5 million shares.

Mr. PECORA. Do you know what the total volume of trading in that stock was through the medium of any securities exchange during that year?

Mr. GROESBECK. I do not.

Mr. PECORA. The stock was listed, was it not, on the New York—

Mr. GROESBECK. On the curb; yes, sir.

The CHAIRMAN. Curb, or on the exchange?

Mr. GROESBECK. On the curb.

The CHAIRMAN. Not on the New York Stock Exchange?

Mr. GROESBECK. Not on the New York Stock Exchange.

The CHAIRMAN. What was the par value?

Mr. GROESBECK. \$5 a share.

Mr. PECORA. Now, I show you another communication in the form of a letter addressed to me under date of November 9, 1933, by the American & Foreign Power Co., Inc., through its treasurer, A. C. Ray. Will you look at it and tell me if you recognize it as being a letter caused to be sent on behalf of that company to me under date of November 9, 1933?

Mr. GROESBECK (after examing document). I identify this as a letter from the treasurer of the American & Foreign Power Co., addressed to you.

Mr. PECORA. I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(Letter dated Nov. 9, 1933, from A. C. Ray, treasurer, American & Foreign Power Co., to Ferdinand Pecora, counsel, Committee on Banking and Currency, was designated "Committee Exhibit No. 88, February 23, 1934", and appears in full in this record at the end of today's proceedings.)

Mr. PECORA. The letter has been received in evidence as exhibit no. 88 of this date, and I ask that it be spread in full on the minutes, and I merely want to call the attention of the committee at this time to the following information embodied in the letter: That the total number of shares in the common stock in the American & Foreign Power Co., Inc., transferred on the books from one ownership to another during the year 1929 was 1,930,679, and that the total number of transfers on the books from one ownership to another of such common stock for the year 1929 was 32,159.

It also states that the total amount of street loans made during that year by the American & Foreign Power Co. was \$57,610,000; that the peak amount of such call loans at any 1 day during that year was \$30,321,000, and that the daily average amount of such loans for the year 1929 was \$6,477,729, and that all those call loans were made through commercial banks.

This letter further states that the figures with regard to call loans made by the American & Foreign Power Co. during the year 1929 are included in the figures already put into the record through the testimony of Mr. Groesbeck as the call loans made by Electric Bond & Share Co.

Mr. GROESBECK. Correct.

Mr. PECORA. Were the shares of the common stock of the American & Foreign Power Co. listed on any securities exchange?

Mr. GROESBECK. The New York Stock Exchange.

Mr. PECORA. Do you know the total amount of common stock that company had issued and outstanding during the year 1929?

Mr. GROESBECK. I am sorry I do not know offhand what it was at that time, but I will be glad to send it to you.

Mr. PECORA. Also the total amount of trading in the common stock of that company during the year 1929?

Mr. GROESBECK. We will get that from the exchange turnover; yes, sir.

Mr. PECORA. Also, in connection with this letter from the American & Foreign Power Co., it strikes me that the aggregate amount for the entire year of the call loans made by that company and stated here to be \$57,610,000 might be erroneous in view of the fact that the daily average of the call loans made by the company during the year was \$6,477,000. Will you also check up that total for the year?

Mr. GROESBECK. We will.

Mr. PECORA. From what source did these two companies, Electric Bond & Share Co., and American & Foreign Power Co., obtain the moneys which they used in the making of these call loans?

Mr. GROESBECK. From the sale of securities, and in the Electric Bond & Share figure, as stated here, we were loaning the money for a considerable number of affiliated companies. We were handling their funds for them.

Mr. PECORA. Were their funds also derived principally from the sale of securities?

Mr. GROESBECK. The sale of securities and earnings. They have peaks and valleys. During a period of months they will be accumulating earnings for interest or dividends. During that period their money is idle. Then they get a demand, on the 1st of January, or the 1st of July, or any other date, for dividend money, for construction money, or for interest money, and their surplus funds during this period were employed to some extent in this manner.

Mr. PECORA. Mr. Groesbeck, is there any other evidence or information you feel like giving to this committee on this general subject without being specifically questioned?

Mr. GROESBECK. I think not, Mr. Pecora.

Senator KEAN. I would like to ask some questions. Mr. Groesbeck, an electric company, in which you are interested or in which the company is interested, sells some securities with the idea of building a new powerhouse, and then it receives the money for those securities. That is correct, is it not?

Mr. GROESBECK. Yes.

Senator KEAN. It then makes a contract with somebody to build that powerhouse, and it pays that money out as a proportion of that work is completed?

Mr. GROESBECK. Yes.

Senator KEAN. Therefore, they have the money on hand until that project is completed.

Mr. GROESBECK. Right.

Senator KEAN. And in order to earn some interest on that money they either deposit it in a bank or loan it on call on the stock exchange.

Mr. GROESBECK. Correct, sir.

Senator KEAN. That is all.

Mr. GROESBECK. And, if I may say a word on that, Senator, this money is really bought in the money market, and you have to buy it when you can. You sell your securities when you can. Funds pile up, as you have pointed out, against commitments. If these are mortgage obligations interest must be paid on those obligations from the time the money is acquired. The purpose of this loaning is to

secure some earnings to offset the interest charges against the time the money becomes really productive in the business.

The CHAIRMAN. Has the Electric Bond & Share Co. kept up its dividends?

Mr. GROESBECK. On preferred stock; yes, sir. We have discontinued dividends on our common stock.

The CHAIRMAN. How about these different corporations?

Mr. GROESBECK. Many of them have been obliged to cut or entirely eliminate their preferred-stock dividends.

Mr. PECORA. Would you say that a very substantial portion of the moneys the Electric Bond & Share Co. loaned on call in 1929 represented proceeds from the sale of its securities?

Mr. GROESBECK. I would not be able to give you an answer on that, Mr. Pecora, without making an examination, and again may I say that I had such short notice that I did not have a chance to get in the office to get anything at all yesterday.

Mr. PECORA. That information can be furnished to us subsequently?

Mr. GROESBECK. Very gladly. Shall we make a note of it?

Mr. PECORA. If you please. I think that is all, Mr. Groesbeck.

The CHAIRMAN. Did you have any losses on any of these call loans, Mr. Groesbeck?

Mr. GROESBECK. None.

The CHAIRMAN. That is all.

Mr. PECORA. Is there an officer here from the Standard Oil Co. of New Jersey?

**TESTIMONY OF R. P. RESOR, BRONXVILLE, N.Y., ASSISTANT
TREASURER, STANDARD OIL CO., INC., NEW JERSEY**

The CHAIRMAN. You solemnly swear that you will tell the truth, the whole truth, and nothing but the truth regarding the matters now under investigation by the committee, so help you God?

Mr. RESOR. I do.

Mr. PECORA. Will you state your full name, please?

Mr. RESOR. R. P. Resor.

Mr. PECORA. Are you connected with the Standard Oil Co. of New Jersey?

Mr. RESOR. I am assistant treasurer of the Standard Oil Co., Inc., in New Jersey, the parent company.

Mr. PECORA. That is a corporate name—the Standard Oil Co., Inc., of New Jersey?

Mr. RESOR. The corporate name is Standard Oil Co. We identify it by calling it "Incorporated in New Jersey", to show where.

Mr. PECORA. For purposes of convenience in description, I will refer to it in my examination of you as the Standard Oil Co. of New Jersey.

Mr. RESOR. There is a Standard Oil Co. of New Jersey, Mr. Pecora, that is an operating company.

Mr. PECORA. Then I will refer to it as the Standard Oil Co. Mr. Resor, who are the executive officers of the company of which you are the assistant treasurer?

Mr. RESOR. At present?

Mr. PECORA. Yes, sir.

Mr. RESOR. Mr. W. S. Farish, Mr. W. C. Teagle—

Mr. PECORA. Give their respective offices.

Mr. RESOR. W. S. Farish is chairman; W. C. Teagle, president; Mr. Christy Payne, vice president and treasurer; E. J. Sadler, vice president; Mr. C. O. Swain, general counsel.

Mr. PECORA. How long have you been assistant treasurer of the company?

Mr. RESOR. Since the latter part of 1911.

Mr. PECORA. During the year 1929 did that company make call loans to brokers in the city of New York?

Mr. RESOR. Yes, sir; by an arrangement through a broker.

Mr. PECORA. What was the name of the broker?

Mr. RESOR. Messrs. Jesup & Lamont.

Mr. PECORA. Is that broker a member of the New York Stock Exchange?

Mr. RESOR. Yes, sir.

Mr. PECORA. What was the total number of such call loans made by your company to to brokers in New York City during the year 1929?

Mr. RESOR. I cannot tell you the exact number.

Mr. PECORA. What was the name of the brokerage firm?

Mr. RESOR. Messrs. Jesup & Lamont.

Mr. PECORA. You cannot give the number of those loans made during the year 1929. Can you give the number of the borrowers?

Mr. RESOR. I could if I added these all together, but you gentlemen have the figures.

Mr. PECORA. I can perhaps simplify your examination, then, by showing you this document addressed to me as counsel to this committee under date of November 3, 1933, signed by W. C. Teagle in behalf of the company. Mr. Teagle, you said, was the president. Will you look at it and tell me if you recognize it to be a communication caused to be sent to me in behalf of your company by the president [exhibiting paper to the witness]?

Mr. RESOR. Yes.

Mr. PECORA. I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(Copy of communication, Nov. 3, 1933, Teagle to Pecora, was received in evidence, marked "Committee's Exhibit No. 89," Feb. 23, 1934, and the same will be found at the conclusion of today's proceedings.)

Mr. PECORA. The document has been marked "Committee's Exhibit No. 89" in evidence. According to this letter and the data which accompany it, the Standard Oil Co., in behalf of itself and subsidiary and affiliated companies, during the year 1929 made call loans to brokers of New York City in the following amounts. The amounts I will state represent the daily averages, by months, for the year 1929. The recapitulation shows that in January 1929, the total number of borrowers was 83, and the daily average of loans made on call was \$75,692,000.

Mr. RESOR. Right.

Mr. PECORA. In the month of February the number of borrowers was 84, and the daily average of the call loans made to them was \$72,310,000.

Mr. RESOR. Right.

Mr. PECORA. During the month of March the number of borrowers was 92, and the daily average amount of the loans was \$75,359,000.

During the month of April the number of borrowers was 102, and the daily average of the loans was \$79,736,000.

During the month of May the number of borrowers was 89, and the daily average of loans was \$76,857,000.

In the month of June the number of borrowers was 89, and the daily average of the loans was \$79,853,000.

In the month of July the number of borrowers was 91, and the daily average of the loans was \$83,838,000.

In the month of August the number of borrowers was 94, and the daily average was \$85,788,000.

In the month of September the number of borrowers was 96, and the daily average of the loans was \$86,650,000.

In the month of October the number of borrowers was 89, and the daily average of the loans was \$79,157,000.

In the month of November the number of borrowers was 25, and the daily average of the loans was \$16,372,000.

In the month of December the number of borrowers was 19, and the daily average was \$20,049,000.

The average number of borrowers per day for the entire year was 79, and the daily average of the loans for the year was \$69,304,000.

The CHAIRMAN. That was not the regular business of the corporation, was it, to make these loans?

Mr. RESOR. We have always kept surplus funds on the street in that way.

The CHAIRMAN. These were surplus funds you were loaning?

Mr. RESOR. These were surplus funds that we might need any moment in the operation of our business, and represent funds of other companies which are deposited with the parent company for their use.

The CHAIRMAN. Were these funds derived from earnings and income, or sale of stock, or what?

Mr. RESOR. Not from sales of stock—from earnings, income, and payment of bills to us.

Senator KEAN. They might be derived by a reduction in your inventory, might they not?

Mr. RESOR. Yes, somewhat.

Senator KEAN. In other words, at times you carry a very large amount of oil on hand.

Mr. RESOR. Correct.

Senator KEAN. And at other times you dispose of that oil, and therefore you have surplus funds.

Mr. RESOR. Yes. That is particularly true in the foreign business, where inventories are built up against certain seasonal demands.

Mr. PECORA. Mr. Resor, can you give the committee the aggregate amount of all these call loans that your company made during the year 1929?

Mr. RESOR. Your office called up day before yesterday and put the amount at 17 billions odd. That agrees with this figure, Mr. Pecora, but it did not mean anything to us, for the reason that if we had had one million dollars out every day of the year for the year 1929, we

would certainly not have had \$365,000,000 in the market. We would only have had one million.

Mr. PECORA. What I am trying to find out, and what our office tried to find out, was the aggregate amount of all these loans during the year 1929. We recognize the fact that that amount would not represent anything but loans made, collected and reloaned—that is, reinvestments, you might say.

Mr. RESOR. It totals something like seventeen billion.

Mr. PECORA. The total of those loans would be something over \$17,000,000,000.

Mr. RESOR. As recorded in these figures.

The CHAIRMAN. In other words, you received the interest on \$17,000,000,000?

Mr. RESOR. No.

Mr. PECORA. Oh, no.

Mr. RESOR. If you had \$1,000,000 out for the year, you would not get interest on \$365,000,000. You would get it only on \$1,000,000.

Mr. PECORA. Mr. Resor, the fact is, according to your own figures, that the average daily amount throughout the year, or, rather, the outstanding call loans, all the call loans made by your company, were \$69,304,000, approximately.

Mr. RESOR. Right.

Mr. PECORA. Do you know on what date in the year 1929 your company had outstanding the largest amount in dollars and cents of these call loans?

Mr. RESOR. September 9; \$97,824,000.

Mr. PECORA. On September 9 the peak amount was \$97,824,000; is that right?

Mr. RESOR. That is right.

Mr. PECORA. Under whose direction or supervision were those call loans made that year?

Mr. RESOR. Mine.

Mr. PECORA. Will you describe to the committee very briefly the mechanism that you used, or the procedure that you followed in the making of these call loans?

Mr. RESOR. We have for years done this business through Messrs. Jesup & Lamont. We carry but one account. We did not have during 1929 any brokers on our books except Jesup & Lamont, in a total account for all the loans. We were in close touch with them, because they are at 26 Broadway. If we had surplus funds that we did not use, we merely said, "We have two, three, or four million dollars that we can put out today." It was up to them to loan the money on the floor of the exchange or direct to themselves at times, or over the counter. It is done in three ways. When they took the money down, which they had to do before they got collateral, we gave them a check and took their receipt. Later in the day, after the delivery hour of collateral, they would give us security for the amounts covered by that day.

Mr. PECORA. Can you tell the committee whether or not the call loans made by your company during the year 1929 exceeded in amount those made in any year since you have been identified with the company in any way?

Mr. RESOR. Yes; they did.

Mr. PECORA. Did they greatly exceed those made by the company in any year?

Mr. RESOR. I should think in prior years we might loan up to \$30,000,000 to \$35,000,000.

Mr. PECORA. A day, as a daily average?

Mr. RESOR. At times, when we had surplus funds.

Mr. PECORA. But in 1929 the daily average of the loans was over \$69,000,000?

Mr. RESOR. Yes.

Mr. PECORA. Were those loans made at what were the prevailing rates of interest for call loans?

Mr. RESOR. They were made at presumably very close rates. Most of them were made at the renewal rates, which are established on the floor of the exchange. We got that, less a commission of one quarter of 1 percent. In other words, if the rate was 6 percent, we would get $5\frac{3}{4}$.

Mr. PECORA. You paid Jesup & Lamont a brokerage or commission for their services in placing the loans.

Mr. RESOR. They deducted that when they gave us the interest.

Mr. PECORA. Do you recall what the range of rates of interest was during the year 1929 on these call loans?

Mr. RESOR. I think one day it touched 15.

Mr. PECORA. Didn't it go beyond 15 sometime during that year?

Mr. RESOR. It may have, on loans that were made late in the afternoon, but I am speaking of the official rates as established on the stock exchange.

Mr. PECORA. What was the range? You have given us the top.

Mr. RESOR. Something between 5 and 15. I should say it ran mostly 6, 7, 8, and 9, along in there.

Mr. PECORA. Do you know, Mr. Resor, the total amount received by your company by way of interest on these call loans during that period?

Mr. RESOR. Yes, sir.

Mr. PECORA. Will you give us the figure?

Mr. RESOR. I will [producing paper].

Mr. PECORA (after examining paper). I offer in evidence the type-written statement produced by the witness in answer to the last question.

The CHAIRMAN. Let it be admitted.

(Statement entitled "Interest on Jesup & Lamont deposit account for year 1929", was received in evidence, marked "Committee's Exhibit No. 90", Feb. 23, 1934, and the same will be found at the conclusion of today's proceedings.)

Mr. PECORA. The statement has been received in evidence as committee's exhibit no. 90, and is entitled "Interest on Jesup & Lamont deposit account for year 1929." It shows the total for the year of \$4,945,217.65, divided up into months as follows: January, \$403,000. I will merely give the thousands. February, \$327,000; March, \$526,000; April, \$485,000; May, \$491,000; June, \$455,000; July, \$600,000; August, \$552,000; September, \$565,000; October, \$398,000; November, \$63,000; December, \$74,000.

Senator KEAN. I would like to ask you what average rate that makes for the money.

Mr. RESOR. About 7 percent. You remember I said the rates ran mostly around 6, 7, 8, and 9.

Senator KEAN. So, you received about 7 percent on the amount of money you were loaning on the exchange?

Mr. RESOR. Yes.

Mr. PECORA. That does not include the one quarter of 1 percent which the broker, Jesup & Lamont, received out of the interest paid by the borrower?

Mr. RESOR. That is right. This is net.

Mr. PECORA. That is net to your company?

Mr. RESOR. Yes.

Mr. PECORA. Did the broker receive more than a quarter of 1 percent?

Mr. RESOR. Never.

Mr. PECORA. On what securities exchange is the stock of your company listed?

Mr. RESOR. The New York Stock Exchange.

Mr. PECORA. Do you know what the total number of common shares issued and outstanding in the year 1929 was?

Mr. RESOR. It possibly was 23 million or 24 million—[after conferring with an associate]—from 25 to 25½ million.

Mr. PECORA. Do you know the total amount of trading in the market in the common stock of your company in 1929?

Mr. RESOR. No; I would not have that figure.

Mr. PECORA. You gave the number of shares?

Mr. RESOR. Twenty-five million shares, approximately.

Mr. PECORA. According to exhibit no. 89 in evidence, which is the return to the questionnaire we addressed to your company, the total number of shares of the capital stock of your company transferred on the books during the year 1929 was 16,828,779.

Mr. RESOR. That is according to the letter.

Mr. PECORA. And the total number of transfers of that stock during the year 1929, made on the books, was 238,770; that is, where stock was transferred from one ownership to another on the books.

Mr. RESOR. Right. I want to call your attention to that paragraph, however, Mr. Pecora, in the split-up of stock, which is very important, and which illustrates that that 16,000,000 shares is very excessive, because in the split-up of stock we have given the total number of transfers, whereas a great many of them were not, in effect, transfers to another name, but merely a split-up of the certificates.

Mr. PECORA. That is part of the record here, because this entire document has been put in evidence, Mr. Resor. I have not read the entire document because of its length.

The CHAIRMAN. Is the stock listed on the New York Stock Exchange?

Mr. RESOR. Yes, sir.

The CHAIRMAN. Are the shares widely distributed or concentrated?

Mr. RESOR. Very widely distributed.

Senator KEAN. How many stockholders have you?

Mr. RESOR. I could not say at the present time, Senator.

Senator KEAN. I think it would be important to know.

Mr. SWAIN. It is in excess of 150,000.

Mr. PECORA. You can give the figure approximately, Mr. Resor.

Mr. RESOR. The last I knew was about 140,000. Mr. Swain is probably more nearly correct.

Mr. SWAIN. Can we use the number as of the last day of record?

Mr. PECORA. Yes; and if you have in your files or among your records the total amount of trading for the year 1929, we would like to have that.

Mr. SWAIN. We have not that.

Mr. PECORA. We can get that from the stock exchange statistical records.

Mr. SWAIN. I will see if we have that.

Mr. RESOR. Mr. Pecora, that figure is the total as given by the manuals. We can get it for you in any of the newspapers, if you wish it. You want the actual number of shares outstanding?

Mr. PECORA. In the year 1929.

Mr. RESOR. And at present?

Mr. PECORA. And at present; and the amount of trading, the number of shares traded in on the exchange during the year 1929.

Mr. RESOR. And the number of stockholders.

Mr. PECORA. Yes.

The CHAIRMAN. What is the par value of the stock?

Mr. RESOR. Twenty-five dollars at the present time.

Mr. PECORA. Can you tell the committee, Mr. Resor, the factors and circumstances that led to such very heavy borrowings by brokers in the year 1929, or at least up to the end of October of that year?

Mr. RESOR. I can tell you why we loaned so much money; because there was a demand for it at excessively high rates, over and above what we could get from what we would normally invest in, which are Government securities, municipals, and things of that sort.

Mr. PECORA. What caused that great demand?

Mr. RESOR. Speculation in the stock market, of course.

Mr. PECORA. Without the furnishing of credit in the form of these call loans, not only by banks, but by nonbanking corporations and individuals, could that speculation have been sustained?

Mr. RESOR. Personally I think so, Mr. Pecora. I have been loaning money in this way for over 20 years, and if it had not been coming from us, our money would have been in the banks; the money we put into securities would have gone back to the sources where that money comes from, and it would have been secured in just the same way. I do not believe the volume of it would have been decreased if we had not loaned it on the market.

Mr. PECORA. Could that excessive speculation have been maintained without the credits extended to brokers, represented by call loans?

Mr. RESOR. No; I doubt it. The point I wanted to make is that I believe if the demand is there, the money will be forthcoming. The money was not there first, to make the demand.

Senator KEAN. I would like to ask a question, if I may, Mr. Chairman. If the money had not come from you, and had not come from the United States, there are other money markets in the world that were sending money into the market to loan, isn't that true?

Mr. RESOR. Absolutely. Foreign funds that were here, Senator, were enormous, of course.

The CHAIRMAN. If the banks had been making the loans, they would have been loaning depositors' money.

Mr. RESOR. That is what they loan in every case.

Mr. PECORA. I think that is all of this witness. Have you any statement you would like to make to the committee, or information to convey to the committee, without being questioned?

Mr. RESOR. I would like just to make this plain, Mr. Pecora. I came to New York in 1908, and we were loaning money then. Probably it had been the practice of the company for years before that. We are loaning it today, and that is a practice not because of the speculation that brought more money in 1929 out into the market, but it is our practice to always keep a large line of call money out so that we can have it any minute we want it.

The CHAIRMAN. How is the demand today?

Mr. RESOR. It is not so high.

Mr. PECORA. It is not nearly so high.

Mr. RESOR. I have no objection to telling you that we have only about \$11,000,000 out today.

Mr. PECORA. As compared with a daily average of \$69,000,000 in 1929.

The CHAIRMAN. What interest do you get today?

Mr. RESOR. One percent, less commission, and sometimes less.

The CHAIRMAN. It was the higher interest that made these loans attractive to you at that time?

Mr. RESOR. But, Senator, we keep it out at the low rates, as I say, because it is just a matter of principle to us, to have money available when we can get it at any minute.

Mr. PECORA. I think that is all of this witness.

The CHAIRMAN. You may be excused.

(Witness excused.)

Mr. PECORA. There are other witnesses, Mr. Chairman, but the usual hour of recess has arrived. I suggest that we take a recess at this time.

The CHAIRMAN. The committee will now take a recess until 2 o'clock.

(Whereupon, at 1 p.m., Friday, Feb. 23, 1934, a recess was taken until 2 p.m., of the same day.)

AFTERNOON SESSION

The committee resumed at 2 p.m. at the expiration of the recess.

The CHAIRMAN. The committee will please come to order.

Mr. PECORA. Mr. Sinclair.

Mr. SINCLAIR. Do you wish me to be sworn?

Mr. PECORA. No; you have heretofore been sworn and are now being recalled.

TESTIMONY OF HARRY F. SINCLAIR, GREAT NECK, LONG ISLAND, N.Y., CHAIRMAN OF THE EXECUTIVE COMMITTEE OF CONSOLIDATED OIL CORPORATION, NEW YORK CITY—Resumed

Mr. PECORA. Mr. Sinclair, you have heretofore testified before this committee, and in connection with the testimony then given by you it appeared that you were connected with a corporation known as the Consolidated Oil Corporation, I believe.

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. Now, during the year 1929 what was the corporate name of that corporation?

Mr. SINCLAIR. Sinclair Consolidated Oil Corporation.

Mr. PECORA. You were connected with that corporation that year, were you?

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. In what capacity?

Mr. SINCLAIR. Chairman of the board.

Mr. PECORA. Now, in the year 1929 did the Sinclair Consolidated Oil Corporation make call loans to brokers in New York City?

Mr. SINCLAIR. They did.

Mr. PECORA. Did the Corporation make such loans generally throughout that year?

Mr. SINCLAIR. They did.

Mr. PECORA. I show you what purports to be a statement in writing signed by Mr. G. T. Stanford, general counsel of the Consolidated Oil Corporation, entitled:

Questionnaire propounded by the Honorable Ferdinand Pecora, Counsel to the Committee on Banking and Currency, to Consolidated Oil Corporation, and answers thereto by said Corporation.

Will you look at it, Mr. Sinclair, and tell me if you can identify it as a correct statement or answers to the questions propounded in this questionnaire, that was submitted to your corporation?

Mr. SINCLAIR (after looking at the papers). I do.

Mr. PECORA. Mr. Chairman, I now offer these papers in evidence.

The CHAIRMAN. Let them be admitted.

(The answers made by the Consolidated Oil Corporation to the questionnaire sent by the committee, marked "Committee Exhibit No. 91, February 23, 1934", will be found at the end of the day's proceedings.)

Mr. PECORA. The document has been received as committee exhibit no. 91 of this date and will be spread in full on the record of the hearings. I want to point out that, according to this exhibit, and the schedule attached thereto and forming a part thereof, the Sinclair Consolidated Oil Corporation, as it was called during the year 1929, and its affiliated and subsidiary corporations named therein, made call loans during the year 1929 aggregating in amount \$211,000,000. Those loans were made through various commercial banks, the names of which are set forth in this exhibit or the schedule annexed to it and made a part thereof; and that such loans were made in behalf of and by the Sinclair Consolidated Oil Corporation, Sinclair Automobile Service Corporation, Sinclair Pipe Line Co., Sinclair Crude Oil Purchasing Co., and the Venezuelan Petroleum Co.

Now, Mr. Sinclair, do you know the highest amount of such call loans outstanding on any one day during that year that were made by or on behalf of those corporations?

Mr. SINCLAIR. On October 9, \$17,600,000.

Mr. PECORA. What was the daily average amount of those loans made by your companies during the year 1929?

Mr. SINCLAIR. It was \$12,595,636.

Mr. PECORA. Were they made at the call-money rates that were prevailing at the time?

Mr. SINCLAIR. Presumably so.

Mr. PECORA. Are you familiar with the mechanism or procedure by which your companies made those call loans during that year?

Mr. SINCLAIR. The loans were made through our banking connections for us.

Mr. PECORA. Had it been the custom or a part of the business of your companies to make such call loans generally for any period of time prior to 1929?

Mr. SINCLAIR. Yes. We made call loans in 1928, and I do not recall the other years.

Mr. PECORA. Have your companies made such call loans since 1929?

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. What would you say was the amount of those loans made by your companies during the year 1929, as to this point: Did they far exceed any amount of similar loans made in any other year?

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. And what was that due to?

Mr. SINCLAIR. I would say partly on account of interest rates and partly on account of demand. And also the fact that, perhaps, our corporation did not have funds at other times.

Mr. PECORA. During the year 1929, as you recall it, would you say that the amount of speculation in securities far exceeded that which was witnessed in any other year in recent times, or, say, within as much as a decade or two?

Mr. SINCLAIR. I think so.

Mr. PECORA. This paper, which is committee exhibit no. 91, also states that as of June 15, 1929, there were outstanding 3,563,502 shares of the common capital stock of the Sinclair Consolidated Oil Corporation, and that certificates representing 2,891,805 of those shares were on that date outstanding in the names of brokers or brokerage firms. That is correct, isn't it, Mr. Sinclair?

Mr. SINCLAIR. Yes, sir; I think so.

Mr. PECORA. The questionnaire addressed to your firm in behalf of this committee asked, among other things, for the following information:

1. The total number of shares of the common stock of your corporation transferred on your books from one ownership to another.

Can you give us that figure, Mr. Sinclair?

Mr. SINCLAIR. Yes. It is 8,910,126.

Mr. PECORA. No. That is the total number of shares transferred on the books. But what was the total number of transfers.

Mr. SINCLAIR. We do not have that information here, Mr. Pecora.

Mr. PECORA. But the total number of shares of common stock transferred on the books during the calendar year 1929 was 8,910,126.

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. About two and a half times the total amount of common stock outstanding.

Mr. SINCLAIR. I think so.

Mr. PECORA. Do you know the total amount of trading that was done in the market in the common stock of the company during the year 1929?

Mr. SINCLAIR. I do not.

Mr. PECORA. Have you any figures that would give us that information?

Mr. SINCLAIR. I have not.

Mr. PECORA. On what securities exchange was the common stock listed at that time?

Mr. SINCLAIR. The New York Stock Exchange.

Mr. PECORA. Can you get the figure showing the total amount traded in as to that stock for that year?

Mr. SINCLAIR. I think so.

Mr. PECORA. Will you send it to our office in New York?

Mr. SINCLAIR. All right.

Mr. PECORA. Can you give this committee now the total amount received by these companies affiliated with the Sinclair Consolidated Oil Corporation, and by that corporation itself, in the year 1929 by way of interest on those call loans?

Mr. SINCLAIR. We have the information for all of our companies except the Crude Oil Purchasing Co. and the Sinclair Pipe Line Co., whose books are in Tulsa, Okla., and we did not have time to get it for them.

Mr. PECORA. Will you give us the figures so far as you are in position to do it now?

Mr. SINCLAIR. The figures show \$833,593.24.

Mr. PECORA. That is exclusive of interest paid to these other two companies?

Mr. SINCLAIR. Yes, sir.

Mr. PECORA. That is all that I want of Mr. Sinclair, Mr. Chairman.

The CHAIRMAN. Then you are excused, Mr. Sinclair.

Mr. PECORA. Mr. Sinclair, is there anything that you would like to give to the committee on the subject of these call loans at this time without being specifically questioned thereon?

Mr. SINCLAIR. I believe not.

Mr. PECORA. All right. That is all.

The CHAIRMAN. That is all, Mr. Sinclair, and you are excused.

Mr. SINCLAIR. I thank you, gentlemen.

(Thereupon the witness was excused.)

Mr. PECORA. Now, Mr. Chairman, there were sent questionnaires similar in form to those which have been put in evidence here today, to various other nonbanking corporations. The questionnaire called for information concerning call loans made by the corporations to which they were addressed, during the year 1929, and for certain details with respect to such call loans. We have here the answers made to those questionnaires, which I will put in evidence. But before proceeding directly to put these documents in evidence, I want to offer in evidence a recapitulation of the information conveyed in those questionnaires with respect to Street loans made by these corporations during the year 1929 in the call-money market of New York City. This recapitulation has been prepared from the information embodied in the questionnaires, by members of the investigating staff of the committee, and I believe they will be found to be accurate.

The CHAIRMAN. The statement will be admitted in evidence.

(The recapitulation made by members of the investigating staff of the committee, entitled "Total number and amount of Street loans made by private corporations for the year 1929 in the call money market of New York City", was marked "Committee Exhibit No.

92, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. Mr. Chairman, the corporations referred to in this recapitulation, which has been marked in evidence "Committee Exhibit 92", are as follows:

American Founders Corporation and subsidiaries; American & Foreign Power Co., Inc., and subsidiaries; American Can Co.; Anaconda Copper Mining Co.; Auburn Automobile Co., Bethlehem Steel Corporation and subsidiaries, Chrysler Corporation; Cities Service Co.; Consolidated Oil Corporation; Electric Bond & Share Co and subsidiaries; General Foods Corporation; General Motors Corporation; International Nickel Co., Inc.; Pan American Petroleum & Transport Co.; Radio Corporation of America and subsidiaries; Radio-Keith-Orpheum Corporation; Standard Oil Co of New Jersey and subsidiaries; Tri-Continental Corporation and affiliated corporations; the United Corporation; the United Gas & Improvement Co. and subsidiaries.

Mr. Chairman, I now offer in evidence and ask to have spread on the record, the answers to the questionnaires submitted to the corporations which I have named, in behalf of this committee, and which give details with regard not only to call loans made in the year 1929 by such corporations, but also give detailed information with respect to the number of shares listed of the capital stock of such companies that were transferred on the books of the companies, respectively, during the calendar year 1929.

The first answer to the questionnaire is that of the American Can Co., which shows a total amount of call loans in 1929 of \$149,000,000, with an average amount outstanding of \$9,424,000, and with the total number of call loans made, 374. The maximum amount outstanding at any one time was \$16,000,000, which was for a period of 8 days, January 17 to January 25, 1929.

The CHAIRMAN. Let it be admitted.

(The answer of the American Can Co. to the committee's questionnaire was marked "Committee Exhibit No. 93, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. Mr. Chairman, the next one is the return to the questionnaire made by the Anaconda Copper Mining Co., and it shows the total amount of Street loans made in the call money market of New York City was \$32,500,000, and that the total number of Street loans made by the corporation was 147.

The CHAIRMAN. Let it be admitted.

(The answer made by the Anaconda Copper Mining Co. to the committee's questionnaire was marked "Committee Exhibit No. 94, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the answer made by the Auburn Automobile Co., and it shows that the total number of Street loans made was 13, and that the total amount was \$1,600,000.

The CHAIRMAN. Let it be admitted.

(The answer by the Auburn Automobile Co. to the committee's questionnaire was marked "Committee Exhibit No. 95, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next return made is in behalf of the Bethlehem Steel Corporation, and, Mr. Chairman, I might call attention to the fact that in this return to our questionnaire, the Bethlehem Steel Corporation stated that the peak amount of call loans out-

standing at any one time in the year 1929 was \$157,450,000, and that the total number of loans made was 517.

The CHAIRMAN. Let it be admitted.

(The answer by the Bethlehem Steel Corporation to the committee's questionnaire was marked "Committee Exhibit No. 96, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return to our questionnaire made in behalf of the Chrysler Corporation, showing that the loans were made through three banks, and that the largest amount made through the first bank was on September 26, when there were 114 loans amounting to \$60,150,000; the largest amount through the second bank was on October 9, when there were 26 loans amounting to \$15,000,000; and the largest amount through the third bank was on October 28, when there were 33 loans, amounting to \$15,400,000.

The CHAIRMAN. Let it be admitted.

(The answer by the Chrysler Corporation to the committee's questionnaire was marked "Committee Exhibit No. 97, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return to our questionnaire made in behalf of the General Foods Corporation, which states that the loans were all made through banks, and that the total number was 187; that the total amount of Street loans made by the corporation in the call-money market of New York in 1929 was \$36,000,000.

The CHAIRMAN. Let it be admitted.

(The answer of the General Foods Corporation to the committee's questionnaire was marked "Committee Exhibit No. 98, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made in behalf of General Motors Corporation and subsidiaries, in the year 1929, and shows a total of \$103,700,000, and the General Motors Truck Corporation made four loans for a total of \$2,000,000.

The CHAIRMAN. Let it be admitted.

(The answer of the General Motors Corporation and subsidiaries to the committee's questionnaire was marked "Committee Exhibit No. 99, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return to the questionnaire made in behalf of the International Nickel Co. of Canada, Ltd., and shows for the year 1929 they made 14 Street loans in the call-money market of New York City for a total of \$3,000,000.

The CHAIRMAN. Let it be admitted.

(The return made by the International Nickel Co. of Canada, Ltd., to the committee's questionnaire was marked "Committee Exhibit No. 100, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return to the questionnaire made in behalf of the Pan American Petroleum & Transport Co., which shows a total of \$9,500,000.

The CHAIRMAN. Let it be admitted.

(The return made by the Pan American Petroleum & Transport Co. to the committee's questionnaire was marked "Committee Exhibit No. 101, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made in behalf of the Radio Corporation of America and subsidiaries, and shows that loans were made through three banks in New York City for a total of \$18,600,000.

The CHAIRMAN. Let it be admitted.

(Return made by the Radio Corporation of America to the committee's questionnaire was marked "Committee Exhibit No. 102, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made in behalf of the Radio-Keith-Orpheum Corporation, and states that the largest amount invested in the call-money market by that corporation and its subsidiaries and affiliates was in March of 1929, when \$8,000,000 was so invested.

The CHAIRMAN. Let it be admitted.

(The answer submitted by the Radio-Keith-Orpheum Corporation to the committee's questionnaire was marked "Committee's Exhibit No. 103, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made in behalf of the Tri-Continental Corporation showing an aggregate of call loans made \$86,525,000.

The CHAIRMAN. Let it be admitted.

(The return made by the Tri-Continental Corporation to the committee's questionnaire was marked "Committee's Exhibit No. 104, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made in behalf of the United Corporation, which states that it did not make directly any Street loans in the call-money market of New York City during the year 1929, but that on January 25, 1929, the United Corporation obtained an interest through J. P. Morgan & Co. to the extent of \$7,400,000 in six such loans.

The CHAIRMAN. Let it be admitted.

(The answer made by the United Corporation to the committee's questionnaire was marked "Committee Exhibit No. 105, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

Mr. PECORA. The next one is the return made by the United Gas Improvement Co. and subsidiaries, and states that the maximum amount loaned by way of Street loans at any one time was \$3,600,000.

The CHAIRMAN. Let it be admitted.

(The answer made by the United Gas Improvement Co. to the committee's questionnaire was marked "Committee Exhibit No. 106, Feb. 23, 1934", and will be found at the end of the day's proceedings.)

The CHAIRMAN. May I ask you, Mr. Pecora, if those are what are known as "bootleg" loans, or if they represent what are called "bootleg" loans.

Mr. PECORA. Mr. Chairman, they have often been called "bootleg" loans, not only in the parlance of the Street, but I think some textbook writers have referred to brokers' loans as "bootleg" loans as distinguished from loans made by banks.

I have in mind in that respect a reference to such loans as "bootleg" loans, which will be found in a book called "Brokers' Loans", written by Profs. Louis H. Haney, Lyman S. Logan, and Henry S. Gavens, of New York University. And some observations with regard to these so-called "bootleg" loans made by these authors in that book, might not be out of place at this time, Mr. Chairman, and if you wish I will read a few statements culled from that book.

The CHAIRMAN. All right. I think they might be in order now so as to give us a clearer idea of that.

Mr. PECORA. Quoting from this book I will read as follows:

The so-called "bootleg" loans

One of the most important problems connected with brokers' loans is found in that part of such loans which comes from the nonbanking lenders or "others". Such loans have been a disturbing factor and in 1929 developed to extraordinary proportions. It is estimated that at times they constitute a large part of the loans made for the account of out-of-town banks and were probably over one half of the out-of-town bank loans in the fall of 1929.

Loans by "others" swell to enormous proportions in periods of speculative mania. They are drawn largely from the surplus funds of corporations built up out of past earnings or sales of securities; from funds secured by new investors through far-sighted liquidation of securities; and from foreign sources.

But probably considerable Reserve bank credit is diverted into brokers' loans reported as being made by "others", as a result of the inability of the authorities to control the use of credit extended through the rediscount privilege.

When large corporation surpluses exist as in 1923 and 1929, and low yields on securities both invite the sale of stock and retard investment in plant and equipment, the existence of high call loan rates is bound to cause a strong trend toward a large volume of brokers' loans by "others".

These loans, having been subject to little control were long a source of great danger. Not only did they deprive industry and trade of funds at reasonable rates, but they threw fuel on the speculative fire. There comes a time when, the private lenders not having the responsibility of banks, are apt to become panicky and withdraw loans suddenly, thus precipitating a crisis. The experience of 1929 but repeats that of 1907 and other similar periods.

The essence of the situation in this respect is inflation. The higher stocks go and the larger the volume of trading by speculators, the greater the demand for brokers' loans and the higher money rates. There is no limit to the speculative appetite. To argue that loans by "others" relieve the situation by furnishing credit which the banks would otherwise have to supply seems futile. It assumes that such credit should be furnished—that it is desirable and connected with a sound condition. This begs the question. It is not a service to throw fuel on a dangerous fire.

Nor do such loans by "others" represent a mere shifting of credit without any disturbance of the relation between deposits and loans. We find in 1923-29 declining deposits and an abnormal volume of loans, largely brokers' loans made for the account of "others."

As to the argument that these loans by "others" are part of a means which enables corporations to raise capital, it hardly seems that a refutation is needed since our experience in 1929-30. They have been proved to have become but a link in an endless chain of inflation whereby funds were raised which were used not for investment, but to allow speculative purchases of stocks, and were then re-lent to allow speculative purchases of more stock.

The fact is that when speculative funds become relatively so scarce that money rates are bid up to 6, 8, 10, 12, or even 15 percent, the funds supplied by "others" become a causal factor in promoting excessive speculation and preventing effective credit control by the central banking system.

Desirability of control.

Loans by nonbanking lenders on a large scale were a new phenomenon in 1923-29. They were called "bootleg loans" and were widely attacked because they were feared and their economic significance not understood. It was

argued that they had an unfavorable effect upon our economic structure because:

1. They took away money from "legitimate business"
2. They brought on the inflation in stocks.
3. If the lenders became frightened by some economic disturbance and withdrew them, a grave panic would follow.
4. They were a liability on the banking system, for banks must be prepared to supplant them in case they should be withdrawn suddenly.
5. They were dangerous because the lenders were not generally competent to function in this field.
6. They were not controlled by banks and were usurping a field not properly belonging to them.

On the other hand, there were many economists who defended every aspect of brokers' loans and denied that they had any unfavorable effect on our economic structure.

Although it is fair to point out that originally such loans were a result of the speculative situation, and that in some cases the lenders had no other equally good outlet for their funds, it is our conclusion that they did become part of a vicious circle in stock-market inflation, and that subsequent events justified much of the fear concerning the rapid withdrawal of funds supplied by irresponsible lenders, with a resulting great burden thrown upon the banks.

The chief point, however, is to prevent the development of the excessive speculation and the runaway stock and money markets which make the occasion for a large volume of loans to brokers by nonbanking lenders.

In late 1929, when the market declined, nonbanking and out-of-town lenders hastily withdrew their funds, forcing the New York banks to expand their loans to brokers in order to prevent an utter credit debacle.

It is to be remembered, however, that even if the loans others called were placed on deposit in New York City as was true only in part, their withdrawal from brokers tending to aggravate the situation, in that for every \$100,000 which a nonbanking lender called, the banks could return only \$87,000, since they have to keep about 13 percent of their deposits as a reserve.

However, it does seem that when corporations withhold accumulated surplus funds instead of paying them out as dividends, or sell new stock in order to make loans in the call-money market and thereby to some extent make it possible for speculators to carry that very stock, they tend to overstep the boundaries of normality.

I think, Mr. Chairman, those statements are very pertinent and are supported very largely by testimony that has been presented here today with regard to these call loans.

Senator KEAN. Where did those statements come from?

Mr. PECORA. A book written by professors of New York University, Professors Haney, Logan, and Gavens, a book called "Brokers' Loans."

Among the returns I want to offer in evidence are two of them made on behalf of the American Founders Corporation, the first one dated November 6, 1933, and the second one dated February 21, 1934.

The CHAIRMAN. Let them be admitted.

(Return to questionnaire, dated Nov. 6, 1933, from L. H. Seagrave, president American Founders Corporation, to Ferdinand Pecora, counsel, Committee on Banking and Currency, and supplemental return from L. H. Seagrave to Ferdinand Pecora, dated Feb. 21, 1934, were marked as one exhibit "Committee Exhibit No. 107, Feb. 23, 1934", and they appear in full in the record at the end of today's proceedings.)

Mr. PECORA. Is Mr. George U. Harris here?

**TESTIMONY OF GEORGE U. HARRIS, MEMBER BROKERAGE FIRM
HARRIS, UPHAM & CO., AND MEMBER PUBLICITY COMMITTEE
NEW YORK STOCK EXCHANGE**

The CHAIRMAN. You may come forward, Mr. Harris, and be sworn. You do solemnly swear that the testimony you are about to give in regard to the matters now under investigation by this committee will be the truth, the whole truth, and nothing but the truth. So help you, God.

Mr. HARRIS. I do.

Mr. PECORA. Will you give your full name, Mr. Harris, and your address and business?

Mr. HARRIS. George U. Harris, 11 Wall Street.

Mr. PECORA. And what is your business?

Mr. HARRIS. I am a member of the New York Stock Exchange, brokerage business.

Mr. PECORA. Are you connected with any firms?

Mr. HARRIS. Connected with the firm of Harris, Upham & Co.

Mr. PECORA. And how long have you been connected with that firm, Mr. Harris?

Mr. HARRIS. Seven years.

Mr. PECORA. And how long have you been a member of the New York Stock Exchange?

Mr. HARRIS. Seven years.

Mr. PECORA. Are you an officer of that exchange at the present time?

Mr. HARRIS. No, sir; I am not an officer.

Mr. PECORA. Are you a member of the board of governors of that exchange?

Mr. HARRIS. I am.

Mr. PECORA. How long have you been a member of its board of governors?

Mr. HARRIS. Approximately 5 years.

Mr. PECORA. Are you a member of any of the committees of the exchange, any of its standing or special committees?

Mr. HARRIS. Yes, sir; I am.

Mr. PECORA. Of what committee or committees are you a member?

Mr. HARRIS. Business conduct committee, the committee on publicity.

Mr. PECORA. How long have you been a member of the committee on business conduct?

Mr. HARRIS. Approximately 4 years.

Mr. PECORA. And how long have you been a member of its committee on publicity?

Mr. HARRIS. Approximately 4 years.

Mr. PECORA. Are you the chairman of the last named committee?

Mr. HARRIS. No, sir; I am not.

Mr. PECORA. Who is the chairman of that committee?

Mr. HARRIS. Mr. James Auchincloss.

The CHAIRMAN. What is your age, Mr. Harris?

Mr. HARRIS. Thirty-six.

Mr. PECORA. What are the functions of the committee on publicity of the New York Stock Exchange, Mr. Harris?

Mr. HARRIS. They pertain to statistical matter mostly that is gotten out by the stock exchange in its various functions.

Mr. PECORA. Well, statistical matter relating to what?

Mr. HARRIS. Volume of transactions and general questions of how the business is conducted on the floor of the exchange.

Mr. PECORA. Do you happen to have with you at the present time copy of the constitution, bylaws, rules, and regulations of the New York Stock Exchange now in force and effect?

Mr. REDMOND. No; we haven't a copy, Mr. Pecora.

Mr. PECORA. I think I have a copy here.

Mr. REDMOND. You are looking for the committee on publicity?

Mr. PECORA. Yes.

Mr. REDMOND. I can turn right to it.

(Mr. Redmond turned to desired place in book.)

Mr. PECORA. I have before me what purports to be a copy of the constitution of the New York Stock Exchange and rules added by the governing committee of that institution pursuant to the constitution, with amendments to October 10, 1933, and there have also been inserted in this volume changes down to and including January 24, 1934.

Will you look at it, Mr. Harris, and tell me if you can identify it as being a copy of the constitution of the New York Stock Exchange with such rules as adopted by the governing committee and changes made therein down to and including January 24 of this year?

Mr. HARRIS (after examining document). Yes; that is a correct copy.

Mr. PECORA. I ask that it be marked for identification.

(Constitution, rules, together with amendments thereto, of the New York Stock Exchange was thereupon marked for identification "Committee Exhibit No. 108 for Identification, February 23, 1934", and the same is filed among the records of the committee.)

Mr. PECORA. On page 23 of this exhibit no. 108 let me read the following paragraph marked "paragraph 9, article 10, of the Constitution of the New York Stock Exchange", which reads as follows [reading]:

Committee of five to be known as the committee on publicity.

It shall be the duty of this committee, under the direction of the president, to keep the public correctly informed concerning matters of public interest having to do with the exchange

Now, the committee on publicity that is referred to there is the committee of which you are now a member and have been a member for the past 4 years?

Mr. HARRIS. Approximately; yes, sir.

Mr. PECORA. And according to the powers, duties, and functions of the committee as contained in this paragraph ninth of article 10 of the constitution of the exchange, the duty of the committee is "to keep the public correctly informed concerning matters of public interest having to do with the exchange."

Do you know of any other power, duty, or responsibility that might not be comprehended within that language that is conferred upon or exercised by the committee on publicity?

Mr. HARRIS. No; I know of no other; no, sir.

Mr. PECORA. How often does the committee on publicity meet?

Mr. HARRIS. There is no regular time for its meeting. At intervals when something that is of importance to that committee comes up a meeting is called. It has no other regular dates.

Mr. PECORA. It has no regular stated times for holding meetings?

Mr. HARRIS. None.

Mr. PECORA. Its meetings are held upon the call of somebody?

Mr. HARRIS. Upon the call of the chairman.

Mr. PECORA. And is the president of the exchange ex officio a member of the committee?

Mr. HARRIS. He is.

Mr. PECORA. Are there any other officers of the exchange who are ex officio members of the committee?

Mr. HARRIS. There are not any.

The CHAIRMAN. How many members are there?

Mr. HARRIS. Five.

Mr. PECORA. The chairman is James Auchincloss?

Mr. HARRIS. Yes.

Mr. PECORA. How are the members of the committee on publicity chosen?

Mr. HARRIS. They are appointed by the president.

Mr. PECORA. Is that true generally of the membership of all the standing committees of the stock exchange?

Mr. HARRIS. That is true of all the committees, standing committees.

Mr. PECORA. Now, can you tell this committee how many meetings have been held by the committee on publicity since the first of this year?

Mr. HARRIS. I believe there has only been one meeting.

Mr. PECORA. How long ago was that held?

Mr. HARRIS. Day before yesterday.

Mr. PECORA. At whose instance was that called?

Mr. HARRIS. At the instance of the chairman.

Mr. PECORA. Did you attend that meeting?

Mr. HARRIS. I did.

Mr. PECORA. Are minutes kept of the meetings of the committee on publicity when such meetings are held?

Mr. HARRIS. Complete minutes are kept.

Mr. PECORA. When was the meeting immediately prior to the one that was held the day before yesterday?

Mr. HARRIS. Mr. Pecora, I am not absolutely certain, but I would say some 6 weeks ago. There may possibly have been another meeting since the first of the year, but at the moment it does not come to my recollection.

Mr. PECORA. If you can give it to us by access or reference to any records, I prefer that you do so; but if you have no such records, tell us from your general recollection how many meetings of the committee on publicity were held during the calendar year 1933.

Mr. HARRIS. I cannot even make an estimate as to that. I have no recollection of it.

Mr. PECORA. Can't you tell us from general recollection?

Mr. HARRIS. Well, a rough estimate would be maybe 12.

Mr. PECORA. Do you happen to have the minute book of the meetings of the committee on publicity with you?

Mr. HARRIS. No, sir; I have not.

Mr. REDMOND. Mr. Pecora, I might say that while the subpoena covered all documents and papers, et cetera, Mr. Harris was not informed as to what papers you wanted, and inasmuch as the rest of the question referred to answers in regard to the publicity committee, he came down to Washington simply with the answers to that questionnaire. He had no notice of any other documents that you wanted.

The CHAIRMAN. Let the record show who is speaking.

Mr. PECORA. Mr. Roland Redmond, who has heretofore appeared before the committee. And I think you were sworn.

Mr. REDMOND. Twice.

Mr. HARRIS. Of course, Mr. Pecora, I will be glad to furnish any records that the committee desire.

Mr. PECORA. Yes; I understand. Now, can you tell this committee in a general way what the activities were of the committee on publicity by way of keeping the public correctly informed during the past year concerning matters of public interest having to do with the exchange?

Mr. HARRIS. They have been purely routine and the same as ever since I have been connected with the committee. That is, sending out a certain number of pamphlets, showing people through the exchange through the medium of the gallery, sending various documents to educational institutions.

Mr. PECORA. That is all routine work?

Mr. HARRIS. Yes.

Mr. PECORA. To what extent or to what number were pamphlets sent out during the calendar year 1933, if you can tell us?

Mr. HARRIS. Yes; I think I have that right here. For the year 1933?

Mr. PECORA. Yes, sir.

Mr. HARRIS. We have it only up to October 1. There were three different pamphlets sent and 55,000 copies.

Mr. PECORA. Fifty-five thousand copies of each of these three pamphlets?

Mr. HARRIS. No; that is the total number of copies.

Mr. PECORA. Oh, of all three?

Mr. HARRIS. Of all three.

Mr. PECORA. And to whom were they sent, to what classes of persons?

Mr. HARRIS. Well, it is the usual mailing list, primarily educational institutions.

Mr. PECORA. Are there that many in the country—55,000?

Mr. HARRIS. Of course, members and brokers are included in that list.

Mr. PECORA. There are 1,375 members?

Mr. HARRIS. Yes.

Mr. PECORA. That still leaves a very, very large number.

Mr. HARRIS. Yes; but each member would probably desire a great many copies.

Mr. PECORA. What was the nature and title of the three pamphlets sent out in the year 1933?

Mr. HARRIS. The titles were as follows: Writing Down Assets and Writing off Losses; Security Investors and The Future; Statement of Richard Whitney, President.

Mr. PECORA. During the year 1932 did the exchange under the direction of its committee on publicity distribute any large number of printed pamphlets?

Mr. HARRIS. Yes, sir; they distributed six pamphlets to their regular mailing list, with a total number of copies of 260,000.

Mr. PECORA. What were the titles of those six pamphlets, Mr. Harris?

Mr. HARRIS. Statement of Richard Whitney, President; Statement of Richard Whitney, President, Two; Statement of Richard Whitney, President, Three; The New York Stock Exchange; Report of the President; New York Stock Exchange Year Book. Those are the six pamphlets.

Mr. PECORA. During the calendar year 1931 did the exchange distribute any printed pamphlets under the direction of the committee on publicity?

Mr. HARRIS. Yes, sir; they distributed 12, with a total of 2,250,000 copies.

Mr. PECORA. And what were the titles of those 12 pamphlets?

Mr. HARRIS. Titles were as follows: Place of the Stock Exchange in American Business; Measuring the Stock Market; Public Opinion and the Stock Market; Business Honesty; Statement on Investment Trusts, Management Type; Special Requirements for Listing Investment Trust Securities and Report of the President; Economic Law and Business; The Stock Exchange on Investment Trusts; Short Selling; Short Selling and Liquidation; Statistics in Regard to Short Selling; New York Stock Exchange Year Book.

Mr. PECORA. I notice the tremendous number of copies of those 12 pamphlets that were distributed by the exchange in the year 1931 as being 2,250,000, compared with distribution of 55,000 copies in the aggregate of pamphlets sent out in the year 1933 to October 1. Was there any special reason, Mr. Harris, why the committee deemed it necessary or advisable or expedient to send out 2¼ million copies of 12 different printed pamphlets in the year 1931?

Mr. HARRIS. Yes, sir. There were two pamphlets sent out for which there was a great demand from the public.

Mr. PECORA. And which were those two pamphlets?

Mr. HARRIS. Short Selling, and Short Selling and Liquidation.

Mr. PECORA. Who was the author of those two pamphlets?

Mr. HARRIS. One was an address by Richard Whitney before the Hartford Chamber of Commerce in Hartford, and the other was an address by Richard Whitney, president, before the Syracuse Chamber of Commerce in Syracuse, N.Y.

Mr. PECORA. Isn't there a publication distributed by the stock exchange on short selling by a man named Meeker?

Mr. HARRIS. Mr. Meeker wrote a book, I believe, on short selling, Mr. Pecora.

Mr. PECORA. I beg pardon?

Mr. HARRIS. Mr. Meeker wrote a book on short selling, but that was his own enterprise.

Mr. PECORA. Had the stock exchange caused to be made any distribution of copies on that book?

Mr. HARRIS. I am not absolutely certain as to that.

Mr. PECORA. Do you know the book to which I refer?

Mr. HARRIS. I know the book to which you refer.

Mr. PECORA. Have you read it?

Mr. HARRIS. I have not.

Mr. PECORA. Who is Mr. Meeker, the author of that book?

Mr. HARRIS. He is the economist for the stock exchange.

Mr. PECORA. He is employed by the stock exchange?

Mr. HARRIS. He is employed by the stock exchange.

Mr. PECORA. As an economist?

Mr. HARRIS. As an economist.

Senator STEIWER. May I ask, Mr. Chairman, why the stock exchange needs an economist?

Mr. HARRIS. The stock exchange is constantly being asked various questions, to study general conditions. That is a rather difficult question to answer in a way, but he serves a very useful function. There is a large demand for his services by the public.

Mr. PECORA. To your knowledge, you cannot tell us whether or not the stock exchange has caused to be distributed copies of this book on short selling written by Mr. Meeker, its economist?

(Mr. Harris and Mr. Redmond examined data.)

Mr. HARRIS. It may be here, Mr. Pecora.

Mr. PECORA. I am a little bit surprised that as a member of the committee on publicity for the last 4 years you cannot tell us that, Mr. Harris, as a matter of personal knowledge.

Mr. HARRIS. Yes; here is the data on this, Mr. Pecora.

Mr. PECORA. What data are you reading from on that?

Mr. HARRIS. This is a copy of a questionnaire that is in the hands of your committee.

Mr. PECORA. Did you have anything to do with the preparation of the answers to that questionnaire?

Mr. HARRIS. Not this; no; I did not.

Mr. PECORA. Did your committee have anything to do with the preparation of the answers to that questionnaire?

Mr. HARRIS. Yes, sir; the chairman was consulted.

Mr. PECORA. Mr. Auchincloss. Is he the only member of the committee that formulated the answers to the questionnaire, so far as you know? Or have you any knowledge on the subject at all?

Mr. HARRIS. I believe that Mr. Auchincloss is the only one that was consulted in the answers to this questionnaire, because they were all taken right out of the records. There was no reason to consult with the committee. They were just facts that were to be presented to you. I have some data here about the book on short selling if you care to hear it.

Mr. PECORA. All right; tell us.

Mr. HARRIS. The book Short Selling was published in 1932, and 1,500 copies were purchased by the exchange and its subsidiaries. This is Mr. Meeker's book that I referred to.

Mr. PECORA. Yes?

Mr. HARRIS. All through the committee on publicity. The distribution of the book so purchased was as follows: To members or

to employees of the exchange and students of New York Stock Exchange Institute—

Mr. PECORA. No.

Mr. HARRIS. No; that is right; to officers and employees of the exchange, 103; to economics faculties of colleges, 144; foreign economists, 63; to colleges and other libraries, 155; to newspapers, magazines, and so forth, 321; public officials, 583; miscellaneous, on hand, and so forth, 131.

Mr. PECORA. What was the nature of the public officials who received 583 copies of this book on short selling during the year 1932? What kind of offices did they hold?

(Mr. HARRIS examined data.)

Mr. PECORA. Can't you tell us these things of your own personal knowledge, Mr. HARRIS?

Mr. HARRIS. Well, I believe a large number of these were sent to Members of Congress.

Mr. PECORA. And that was all done on the initiative of the stock exchange, wasn't it?

Mr. HARRIS. I believe so.

Mr. PECORA. There had not been any widespread demand from Members of Congress to be enlightened on short selling?

Mr. HARRIS. No; but it was a topic particularly at that time that they were much interested in.

Mr. PECORA. How was that evidenced to you?

Mr. HARRIS. Why, there was a great deal of talk about it in the press.

Mr. PECORA. That is, the general subject of short selling was being considerably publicly agitated throughout the calendar year 1932?

Mr. HARRIS. As I remember, there was considerable agitation in the press on the subject of short selling.

Mr. PECORA. And in that agitation much argument was heard and advanced against short selling, was there not?

Mr. HARRIS. Yes; naturally there was considerable talk on both sides of the question.

Mr. PECORA. On both sides of the question; that is, both for and against the practice of short selling; is that right?

Mr. HARRIS. Yes.

Mr. PECORA. So was it because of that that the stock exchange had its economist, Mr. Meeker, write this book?

Mr. HARRIS. Mr. Meeker wrote this book on his own free will and accord and on his own time, not in the hours he was employed by the stock exchange. It was his book.

Mr. PECORA. I presume, however, from the fact that the stock exchange as an institution has caused to be made at its own expense the distribution of that book that you have testified to, that the sentiments expressed in the book are approved by the exchange. Is that the correct assumption of fact, Mr. HARRIS?

Mr. HARRIS. Yes. Mr. Meeker published that. The stock exchange did not pay for the publishing of that book. The exchange did purchase some copies from him. The exchange naturally thought that it was a fine article on the subject of short selling and explained it clearly and adequately.

Mr. PECORA. Do you know what Mr. Meeker set forth in that book?

Mr. HARRIS. I have not read the book.

Mr. PECORA. The exchange gave this public distribution to this book in 1932 through the committee on publicity, didn't it?

Mr. HARRIS. Yes, sir.

Mr. PECORA. Well, now, as a member of the committee on publicity that year, did you approve of the purchase of 1,500 copies of the book and their distribution to hundreds of people, including Members of Congress, without knowing what the contents of the book were?

Mr. HARRIS. I had not actually read the book, Mr. Pecora. I thought that I knew the basic arguments in the book.

Mr. PECORA. How did you know—

Mr. HARRIS (interposing). Not word for word.

Mr. PECORA. That without having read them? If the book represented the product of Mr. Meeker's mind—

Mr. HARRIS. Well, I knew Mr. Meeker's attitude on short selling.

Mr. PECORA. Oh, then you knew that from the fact that he had been for a number of years an economist in the employ of the stock exchange?

Mr. HARRIS. Well, through conversation with him.

Mr. PECORA. And do you happen to know what salary or compensation Mr. Meeker receives as economist for the stock exchange?

Mr. HARRIS. I haven't got that figure here.

Mr. PECORA. Do you know whether or not he is on salary?

Mr. HARRIS. He is on salary.

Mr. PECORA. Could you tell this committee, Mr. Harris, how much was expended during the calendar year 1931 by the committee on publicity in connection with its duty of—and I am quoting now from the constitution:

* * * duty to keep the public correctly informed concerning matters of public interest having to do with the exchange?

Mr. HARRIS. Yes, sir.

Mr. PECORA. How much?

Mr. HARRIS. The approximate total is \$239,000.

Mr. PECORA. For the year 1931?

Mr. HARRIS. For the year of 1931, which is broken up as follows: Salaries and wages, \$52,893.64; president's speeches, \$64,449; president's annual report, \$13,988.20.

The office of the economist spent, further, an approximate total of \$45,000, which was divided as follows: \$44,203.55, salaries and wages; \$1,404.99, stationery, supplies, books, subscriptions, and so forth.

Mr. PECORA. Making a grand total of \$284,863.94 for the year?

Mr. HARRIS. Correct.

Mr. PECORA. Is that right?

Mr. HARRIS. Yes, sir.

Mr. PECORA. Now I notice that among the figures given by you representing the moneys expended by the committee on publicity in the fulfillment of its duty of keeping the public correctly informed during the year 1931 is the figure of \$52,893.64 representing salaries and wages of the committee on publicity. To what kind of employees does it pay salaries and wages aggregating a little over a thousand dollars a week?

Mr. HARRIS. Of course, that is divided up among 24 employees, Mr. Pecora.

Mr. PECORA. No; it is 24?

Mr. HARRIS. I am sorry. It is 15. I was adding in the department of the economist.

Mr. PECORA. What sort of services are performed by these 15 employees of the committee on publicity?

Mr. HARRIS. They have a great deal of statistical work to do. They are getting up data of all sorts all the time. There are these educational pamphlets that are sent out which have to be prepared and very carefully gone over, which requires a great deal of time and a great deal of work.

Mr. PECORA. I notice that most of the pamphlets sent out during the year 1931 were copies of two addresses of Mr. Whitney.

Mr. HARRIS. Yes, sir.

Mr. PECORA. Those addresses were not prepared by the employees of the committee on publicity, were they?

Mr. HARRIS. No; those were not.

Mr. PECORA. Or any of them.

Mr. HARRIS. A great many of the pamphlets are. Of course, the year book, Mr. Pecora, takes a great deal of work, and there is a great deal of mail constantly coming into that department that must be answered, various members of the public asking questions.

Mr. PECORA. I show you, Mr. Harris, a typewritten statement entitled "Schedule C. Committee on Publicity", covering items of expenditures for the years 1929 to 1933, both inclusive. Will you look at it and tell us if it is a true and correct statement of the items referred to therein?

Mr. HARRIS (after examining paper). That is a true statement.

Mr. PECORA. I offer it in evidence.

The CHAIRMAN. Let it be admitted.

(Copy of statement entitled "Schedule C, Committee on Publicity", 1929, to 1933, both inclusive, was received in evidence, marked "Committee Exhibit No. 109", Feb. 23, 1934, and the same will be found at the conclusion of today's proceedings.)

Mr. PECORA. The document has been marked in evidence as "Committee's Exhibit No. 109" of this date, and shows the moneys expended by the committee on publicity for each of the years in the 5-year period, 1929 to 1933, both inclusive, as follows: For the year 1929, \$174,846.11; for the year 1930, \$243,964.91; for the year 1931, \$284,863.94; for the year 1932, \$206,439.25; for the year 1933, \$92,970.51.

Mr. HARRIS. Mr. Pecora, that is only up to September 1.

Mr. PECORA. That is, for 1933?

Mr. HARRIS. For 1933.

Mr. PECORA. That makes a total for that approximate 5-year period of \$1,001,084.72, if our calculation is correct.

Mr. HARRIS. I have not totaled it here yet.

Mr. PECORA. Subject to correction, I think you can safely accept that total.

Now, I notice in this statement or recapitulation marked "Committee's Exhibit No. 109", an item of expenses attributed to "year-books, miscellaneous, other publications, gallery pamphlets, motion-

picture expenses, postage, et cetera." What are the motion-picture expenses included therein?

Mr. HARRIS. Several years ago the exchange had two films showing the trading floor of the New York Stock Exchange, and actual trading conditions as they existed, and those have been shown in various theaters throughout the country.

Mr. PECORA. What were the titles of these two motion-picture films?

Mr. HARRIS. I am sorry. I have seen them both. They have slipped my mind. One was called "The Nation's Market Place."

Mr. PECORA. When was that film made?

Mr. HARRIS. Several years ago. I have not got the exact date.

Mr. PECORA. What is the title of the other one?

Mr. HARRIS. I do not remember. I have no recollection.

Mr. PECORA. Isn't it The Mechanics of the Nation's Market Place, Part I, The Training of the Boys?

Mr. HARRIS. Yes; that is right.

Mr. PECORA. When was that picture made?

Mr. HARRIS. Likewise several years ago. There have been new cuts put into it within 2 years, but it is an old picture.

Mr. PECORA. It was brought down to date, that is, up to 2 years ago, by revisions.

Mr. HARRIS. I believe so.

Mr. PECORA. Are they sound pictures?

Mr. HARRIS. The original picture was not a sound picture. I believe the second picture is a sound picture—at least parts of it.

Mr. PECORA. How are these two pictures exhibited, under the direction of the committee on publicity?

Mr. HARRIS. They were shown in various theaters throughout the country. One concern had exclusive rights. They were shown where there seemed to be a demand in any locality. If there was a demand for a stock-exchange picture, this picture was put on.

Mr. PECORA. How would that demand become manifest to stock exchange's committee on publicity?

Mr. HARRIS. The agent of these pictures would get a demand from a certain theater for a picture of this type, and would then write the stock exchange about it.

Mr. PECORA. Would he get the demand, or would he go out and create it?

Mr. HARRIS. I cannot speak for the agent, Mr. Pecora.

Mr. PECORA. Was the use of these films made available free of charge by the stock exchange?

Mr. HARRIS. It was.

Mr. PECORA. Do you know throughout what area they were exhibited?

Mr. HARRIS. Practically throughout the country.

Mr. PECORA. Were they exhibited in motion-picture houses principally?

Mr. HARRIS. Principally motion-picture houses.

Mr. PECORA. Have you any notion that the owners of motion-picture houses observed any demand on the part of their patrons for the exhibition of these pictures?

Mr. HARRIS. Yes; from time to time the committee on publicity has had letters from various theaters saying that there was a demand from the public for one of these two pictures.

Mr. PECORA. Have you available to you any records or statistics showing the aggregate number, approximately, that composed the audiences to whom these pictures were exhibited during the year 1931?

Mr. HARRIS. I have not, Mr. Pecora, but we might be able to furnish you with those figures.

Mr. PECORA. There is a yearbook issued annually by the New York Stock Exchange, is there not?

Mr. HARRIS. Yes, sir.

Mr. PECORA. Don't you know that that yearbook contains those figures?

Mr. HARRIS. As I say, I came down very hurriedly and, as this was not specified, I did not bring it.

Mr. PECORA. Have you ever read the yearbook?

Mr. HARRIS. I do not think I have read it word for word, but I have always gone through it yearly as it comes out.

Mr. PECORA. Do you recall that at one time, or at any time when you have read the yearbook, reference was made to the number of exhibitions of these motion pictures as a part of the work done by your committee on publicity?

Mr. HARRIS. Yes; I believe it is so mentioned.

Mr. PECORA. I have what purports to be a copy of the yearbook of the New York Stock Exchange for 1931 and 1932. From page 73 thereof let me read as follows [reading]:

Two motion pictures of the activities of the exchange have been made under the supervision of the committee on publicity and are now available for exhibition purposes. The two films are entitled "The Nation's Market Place" and "The Mechanics of the Nation's Market Place, Part I, The Training of the Boys."

By the way, who picked out that title?

Mr. HARRIS. I do not know. I did not.

The CHAIRMAN. Who was the agent who handled these films?

Mr. HARRIS. The committee on publicity controlled the pictures.

The CHAIRMAN. You made your contract with some agent for the handling of the films. You did not go about the country exhibiting them yourself.

Mr. HARRIS. Oh, no. It was a company that acted as our agents.

The CHAIRMAN. I am asking who that was.

Mr. HARRIS. They recently went bankrupt, Mr. Chairman, and we had to get the films back from them. I cannot think of their name.

Mr. PECORA. Apparently the demand for these films has died down.

Mr. HARRIS. I do not think that is what caused their bankruptcy.

The CHAIRMAN. That does not quite identify them.

Mr. PECORA. In the title of this second picture, called "The Mechanics of the Nation's Market Place, Part I, the Training of the Boys", does the word "mechanics" refer to the machinery of the exchange, or to any of its members?

Mr. HARRIS. They are more or less combined. It refers to the general operation, the general mechanism of the exchange.

Mr. PECORA. I will read further from page 73 of this yearbook for 1931 and 1932 [reading]:

The first film tells a connected story of the methods by which business is done on the floor of the exchange; and the second film deals with the personnel of the exchange, showing the thorough training of its employees, as a result of which the exchange's high standard of public service is maintained. Since December 1928, when the film "The Nation's Market Place" was produced, it has been shown to audiences throughout the United States totaling more than 3,500,000 people. During the last year a sound track lecture has been added to this film. Arrangements are being made to show this film both theatrically and nontheatrically throughout the United States. Requests for prints of this film have been received from Japan, Czechoslovakia, and other foreign countries. The projection time of "The Nation's Market Place" is approximately 12 minutes; that of "The Mechanics of the Nation's Market Place" is 20 minutes. These films may be obtained for exhibition upon application to the committee on publicity of the exchange. There is no charge except the express costs of transporting the film from New York and back.

Who prepares the yearbook for the exchange?

Mr. HARRIS. The committee on publicity prepares the yearbook.

Mr. PECORA. What particular individual or individuals, or employees?

Mr. HARRIS. Two employees. Mr. Jason Westerfield and Mr. Charles Klem.

Mr. PECORA. Do they prepare it in accordance with their ideas of what its contents should be, or do they prepare it under the instructions as to such content that they get from someone else?

Mr. HARRIS. There is more or less routine work, of course, that comes in yearly, and the balance is gone over by the president and the committee.

Mr. PECORA. Mr. Harris, how much has been appropriated for use by the committee on publicity of the stock exchange for the current year, 1934?

Mr. HARRIS. The budget figure for 1934?

Mr. PECORA. Yes.

Mr. HARRIS. \$200,000.

Mr. PECORA. Has there been any appropriation made outside of that budget figure?

Mr. HARRIS. None that I know of. I believe the budget is the same as last year, when it was also \$200,000, and only \$92,000 was spent.

Mr. PECORA. What was the special occasion for calling this meeting of the committee on publicity day before yesterday which, according to your recollection this afternoon, is the only meeting it has held so far this year?

Mr. HARRIS. It was a very minor, unimportant matter, Mr. Pecora. It was a question whether or not the exchange would spend \$2,000 to fix up an anteroom outside the gallery for visitors so that they could sit down while they were waiting to go in the gallery. That was the purpose of the meeting.

Mr. PECORA. Mr. Chairman, it is now very close to 4 o'clock.

The CHAIRMAN. Mr. Harris, does this committee do any more in the way of publicity than what you have mentioned? Do they furnish statements for the press, or anything of that sort?

Mr. HARRIS. On rare occasions the committee on publicity does, yes. If there is an important announcement coming out, or a change in rulings, it is given to the press through the secretary of the committee on publicity.

Mr. PECORA. Mr. Chairman, I have not any other matters I want to examine this witness about. I will ask that he return here at the next session of the committee on Monday morning.

The CHAIRMAN. The committee will take a recess until Monday morning at 10:30. We will go on with these hearings then. In the afternoon of Monday we expect to take up the bill, but we will not reach that until Monday afternoon.

(Whereupon, at 3:34 p.m., Friday, Feb. 23, 1934, an adjournment was taken until Monday, Feb. 26, 1934, at 10:30 a.m.)

COMMITTEE EXHIBIT No 86, FEBRUARY 23, 1934

CITIES SERVICE COMPANY,
SIXTY WALL STREET,
New York, N Y, November 1, 1933.

Mr. FERDINAND PECORA,
Counsel, Committee on Banking and Currency,
285 Madison Avenue, New York, New York

MY DEAR MR. PECORA. With further reference to your inquiry of October 26th, you will find enclosed herewith completed questionnaire, which we trust you will find in order

Sincerely yours,

W A JONES

WAJ g

QUESTIONS AND ANSWERS REGARDING CALL LOANS OF YEAR 1929

A Give the following data for the year 1929.

1 Total number of street loans made by your Corporation in the call money market in New York City

Answer: The total number of street loans made in the call money market in New York City was 912

2 The total amount of street loans made by your Corporation in the call money market in New York City

Answer: The total amount of street loans in the call money market in New York City was \$285,325,092 21

Note This amount represents the cumulative amount of street loans made during the year. You will appreciate that street loans may be made one day and paid the next day. Consequently the total amount represents the loaning of the same funds over and over again. The maximum amount of call money in any one day loaned by Cities Service Company was \$41,900,000. This is shown, together with other data, in the listing shown below, which was not requested in your questionnaire but which we thought might be of value or interest

(a) Maximum amount of call money, one day-----	\$41, 900, 000 00
(b) Average daily amount of call loans outstanding---	10, 375, 778 23
(c) Average amount of each loan made-----	312, 856 46

3 State the manner or method in which the loans made in the call money market in New York City were effected, whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to borrower

Answer. The above loans were made direct to borrower

COMMITTEE EXHIBIT No 87, FEBRUARY 23, 1934

CITIES SERVICE COMPANY,
SIXTY WALL STREET,
New York, N Y, November 11, 1933

COMMITTEE ON BANKING AND CURRENCY,
285 Madison Avenue, New York, N Y

Attention Mr Ellis

DEAR SIR: In response to your telephone request, we enclose herewith a statement accounting for the call loans outstanding on the day in the year

175541-34-PT 14-13

1929 when call loans were in the largest amount The list attached indicates to whom loans were made and the amounts involved, the total of which was \$41,900,000.

In respect to your inquiry regarding the total number of shares transferred in 1929, we wish to advise that from January 1, 1929 to May 1, 1929, 3,936,159 shares of \$20 par value stock were transferred, and from May 2, 1929 to December 31, 1929, 49,500,528 shares of no par value stock were transferred

Yours very truly,

W B S WINANS.

DETAILS OF MAXIMUM CALL LOANS OUTSTANDING ANY ONE DAY 1929—SEPTEMBER
25, 1929

Name :	Amount
Anderson & Fox.....	\$100,000 00
Annenberg Stein & Co.....	100,000 00
Appenzeller, Allen & Hill.....	200,000 00
Blake Bros & Co.....	100,000 00
Blyth & Company.....	2,000,000 00
Buell & Company.....	300,000 00
Campbell Starring & Company.....	800,000 00
Carreau & Snedeker.....	100,000 00
S B Chapin & Company.....	200,000 00
Clark Childs & Company.....	1,400,000 00
Colvin & Company.....	500,000 00
Frank B Cohn & Company.....	100,000 00
Collins Hall & Peckham.....	200,000 00
Curtis & Sanger.....	200,000 00
De Saint Phalle & Company.....	1,000,000 00
De Basque & De Witt & Company.....	200,000 00
Drayton Pennington & Colket.....	300,000 00
Emmanuel & Company.....	300,000 00
Euc & Shrevers.....	500,000 00
Walter J Fahy & Company.....	500,000 00
Farroll Bros.....	900,000 00
Fenner & Beane.....	300,000 00
Frazier Jelke & Company.....	1,000,000 00
Gardner & Company.....	100,000 00
Goodbody & Company.....	500,000 00
Gray & Wilmerding.....	700,000 00
Gurnett & Company.....	900,000 00
C D Halsey & Company.....	500,000 00
Harde and Sharp.....	100,000 00
H Hentz & Company.....	2,000,000 00
Benjamin Hill & Company.....	1,600,000 00
J H Colmes & Company.....	2,100,000 00
E F Hutton & Company.....	500,000 00
W E Hutton & Company.....	500,000 00
Hyman & Company.....	700,000 00
Ingalls & Snyder.....	400,000 00
Lamborn Hutchings & Company.....	200,000 00
Arthur Lipper & Company.....	500,000 00
Luhner & Shackon.....	100,000 00
Ludwig Robertson & Company.....	700,000 00
Livingston & Company.....	1,000,000 00
Luke Banks & Weeks.....	300,000 00
McGlenn & Company.....	200,000 00
Joseph Madrian & Company.....	100,000 00
John Medady & Company.....	500,000 00
M. J Meehan & Company.....	500,000 00
Morris Joseph & Company.....	100,000 00
Morrison & Townsend.....	1,650,000 00
Moyse & Holmes.....	100,000 00
Munds & Winslow.....	800,000 00
Newburger Henderson & Loeb.....	1,000,000 00

Name	Amount
Newman Bros & Womes.....	\$700,000 00
Naumberg Dixon & Company.....	500,000 00
Orton Kent & Company.....	300,000 00
Otis & Company.....	2,000,000 00
Palmer & Company.....	300,000 00
Parker McElroy & Company.....	100,000 00 ¹
Prentice & Slepach.....	500,000 00 ¹
Pynchon & Company.....	1,000,000 00
Arthur J Rosenthal & Company.....	1,200,000 00
Russell Miller & Company.....	1,200,000 00
Smith, Graham & Rockwell.....	250,000 00
Stevens & Legg.....	100,000 00
Sulzbacker Granger & Company.....	100,000 00
Samuel Ungerheder & Company.....	1,000,000 00
Tobey & Kirk.....	800,000 00
Tooker & Company.....	400,000 00 ¹
Tucker Anthony & Company.....	700,000 00
Watson & White.....	100,000 00 ¹
Edwin Weisl & Company.....	1,000,000 00
Total.....	\$41,900,000 00

COMMITTEE EXHIBIT No 88, FEBRUARY 23, 1934

AMERICAN & FOREIGN POWER COMPANY, INC,
New York, N Y, November 9, 1933

FERDINAND PECORA, Esq.

*Counsel Committee on Banking and Currency, United States Senate,
285 Madison Avenue, New York City*

DEAR MR PECORA In accordance with the request contained in your letter of October 17th, I desire to report as follows in answer to your questionnaire:

A-1 The total number of shares of the Common Stock of American & Foreign Power Company Inc appearing on our records as of March 1, 1929¹ in the name of such stock brokerage firms as we were able to identify as stock brokerage firms was 345,250

2 The total number of such brokers and brokerage firms as we were able to identify as brokers and brokerage firms appearing on the records of American & Foreign Power Company Inc as of March 11, 1929 as the owners of Common Stock of that Company was 340

3 The total number of shares appearing on our records as of March 11, 1929 in each of the names of such brokers or brokerage firms as we were able to identify as brokers and brokerage firms and who are the first ten largest broker holders of record of shares of Common Stock was 104,977 The designation by number in order of numerical holdings is as follows:

1.....	21,950	7.....	8,265
2.....	16,200	8.....	6,379
3.....	11,003	9.....	5,760
4.....	10,603	10.....	5,645
5.....	10,410		
6.....	8,762	Total.....	104,977

B-1 The total number of shares of the Common Stock of American & Foreign Power Company Inc transferred on our books from one ownership to another during the year 1929 was 1,930,679

2 The total number of transfers of the Common Stock of American & Foreign Power Company Inc from one ownership to another for the year 1929 was 32,159

A-1 The total number of street loans made by American & Foreign Power Company Inc in the call money market of New York City for the year 1929 was 91

¹ This date selected as it was nearest date to July 1, 1929. We already had a stockholders' list as of Mar 11, 1929, and had it available

2 The total amount of street loans made by American & Foreign Power Company Inc in the call money market in 1929 was \$57,610,000 The peak amount on loan, at any one time, however, was \$30,321,000 and the daily average for the year was \$6,477,729 This includes loans made by American & Foreign Power Company Inc and by any and all of its subsidiary holding companies, entities or any other agency under direct or indirect control and management of American & Foreign Power Company Inc For your information, the amounts included herein are also included in the answers to the Questionnaire filed by Electric Bond and Share Company

3 All of the above call loans were made through commercial banks

Very truly yours,

AMERICAN & FOREIGN POWER COMPANY INC,
By A C RAY, *Treasurer*

AMERICAN & FOREIGN POWER COMPANY, INC,
New York, N Y, February 19, 1934

MR DAVID SOHENKER,
*Associate Counsel Committee on Banking & Currency,
United States Senate, 285 Madison Avenue, New York City*

DEAR SIR In accordance with the request over the telephone today from your office I wish to confirm that the peak amount of street loans in the call money market of New York City at any one time during the year 1929 for American & Foreign Power Company Inc and by any and all of its subsidiary holding companies, entities or any other agency under direct or indirect control and management of American & Foreign Power Company Inc was \$30,321,000, and the lowest amount during the year 1929 was \$100,000

As previously stated in our letter to Mr Pecora dated November 9, 1933, all of the above call loans were made through commercial banks

Very truly yours,

AMERICAN & FOREIGN POWER COMPANY INC,
A C RAY, *Treasurer*

COMMITTEE EXHIBIT No 89, FEBRUARY 23 1934

STANDARD OIL COMPANY,
New York, November Thurd, 1933

HONORABLE FERDINAND PECORA,
*Counsel United States Senate Committee on Banking and Currency,
285 Madison Avenue, New York, N Y*

DEAR MR PECORA Reference is made to your letter of October 17th, 1933, requesting certain information in response to the two questionnaires enclosed, and to your letter of October 26th, 1933, relative to the same matter The first questionnaire dealt with the matter of call-money loans and the second questionnaire with ownership and transfer information in connection with our capital stock Answering these requests for information in that order the following is submitted

I CALL-MONEY LOANS

The business of this Company has required at all times the maintenance of a substantial working capital in liquid form Beyond our actual cash needs it has of course been important to us to keep this profitably invested to the extent possible, and to that end we have been accustomed to buy federal, state and municipal short-termed obligations and also to avail ourselves of the even more liquid field of the New York call-money market For the latter purpose, during 1929, the loaning of our surplus funds was handled under arrangement with a brokerage firm, members of the New York Stock Exchange

We attach hereto as Schedule "A" (13 pages) a statement showing, for each day of the year 1929, the total number of borrowers and the total amount of the funds of this Company and its subsidiaries and affiliates thus outstanding

The schedule also shows recapitulation for the year by months, at the foot of which is given the daily average during the year in numbers of borrowers and amounts of loans

2 DATA ON CAPITAL STOCK OWNERSHIP AND TRANSFER

The Guaranty Trust Company of New York, as transfer agent of our capital stock, advises as follows

A1 Shares outstanding in the names of stock-brokerage firms as of the close of business May 25, 1929, 2,244,221

A2 Number of brokers or brokerage firms appearing as record owners at the close of business May 25, 1929, 475

A3 First 10 largest broker holders as of record May 25, 1929

- a 222,826 shares
- b 128,475 shares
- c 123,685 shares
- d 73,277 shares
- e 54,276 shares
- f 53,069 shares
- g 46,881 shares
- h 42,058 shares
- i 37,355 shares
- j 34,700 shares

B1 Total number of shares transferred during the calendar year 1929, 16,828,779

B2 Total number of transfers during the year 1929, 238,770

The Trust Company advises us that the answers to B1 and B2, as given above, do not strictly comply with your questionnaire in representing transfers from one ownership to another and that it would require a tremendous amount of work and analysis to secure such information. The reasons for this are as follows: If a stockholder sends in a certificate for 100 shares, of which 20 shares have been sold and are to be transferred to a new owner, the Transfer Agent will issue a new certificate for 20 shares in the name of the new owner and a new certificate for 80 shares in the name of the original owner. This will appear on the Transfer Agent's records as two transfers aggregating 100 shares when in fact but a single transfer of ownership in 20 shares has occurred. A similar situation arises when a certificate for a number of shares is sent in to be split into smaller certificates issued to the same owner, the figures therefore given in answer to B1 and B2 contain a considerable number of technical transfers which do not represent changes of ownership.

Trusting that the foregoing information answers your question, I am

Respectfully yours,

W C TEAGLE

SCHEDULE A — 1929 recapitulation Standard Oil Co (New Jersey) with subsidiary and affiliated companies (daily averages by months)

[000 omitted in amount column]

Month	Number of borrowers	Amount	Month	Number of borrowers	Amount
January	83	\$75,692	Jan 9	78	\$72,264
February	84	72,310	Jan 10	76	69,424
March	92	75,359	Jan 11	78	72,054
April	102	79,736	Jan 14	78	69,759
May	89	76,857	Jan 15	86	73,809
June	89	79,853	Jan 16	86	73,059
July	91	83,938	Jan 17	89	76,884
August	94	85,788	Jan 18	88	79,284
September	96	86,650	Jan 19	88	79,484
October	89	79,157	Jan 21	89	82,309
November	25	16,372	Jan 22	87	82,459
December	19	20,049	Jan 23	82	83,259
			Jan 24	83	83,359
Average per day (yearly)	79	69,304	Jan 25	83	78,444
			Jan 28	82	75,694
Jan 1	78	70,631	Jan 29	81	75,544
Jan 2	87	71,681	Jan 30	79	75,044
Jan 3	86	74,581	Jan 31	80	72,019
Jan 4	83	74,889			
Jan 7	82	75,164	Average per day	83	75,692
Jan 8	82	75,504			

SCHEDULE A—1929 recapitulation Standard Oil Co (New Jersey) with subsidiary and affiliated companies (daily averages by months)—Continued

[000 omitted in amount column]

Month	Number of borrowers	Amount	Month	Number of borrowers	Amount
Feb 1	79	\$68,969	May 14	84	\$74,016
Feb 4	85	73,662	May 15	86	74,516
Feb 5	84	72,772	May 16	87	74,341
Feb 6	85	72,472	May 17	89	76,741
Feb 7	86	72,872	May 20	92	79,741
Feb 8	86	72,472	May 21	94	77,291
Feb 11	81	70,975	May 22	91	77,691
Feb 13	82	70,200	May 23	86	74,401
Feb 14	83	69,900	May 24	85	76,276
Feb 15	80	68,950	May 27	85	75,816
Feb 18	84	70,000	May 28	86	75,726
Feb 19	83	71,300	May 29	85	75,226
Feb 20	90	74,000	May 31	87	75,068
Feb 21	88	72,550			
Feb 25	90	75,100	Average per day	89	76,857
Feb 26	88	74,750			
Feb 27	90	74,775	June 1	89	75,068
Feb 28	92	75,840	June 3	91	76,693
Average per day	84	72,310	June 4	93	78,193
Mar 1	92	76,830	June 5	90	78,243
Mar 4	91	76,580	June 6	92	77,693
Mar 5	96	77,283	June 7	95	77,693
Mar 6	96	76,983	June 10	94	79,493
Mar 7	94	76,958	June 11	84	80,593
Mar 8	88	75,558	June 12	85	78,243
Mar 11	86	73,308	June 13	82	77,543
Mar 12	87	74,573	June 14	89	81,143
Mar 13	85	74,798	June 17	86	78,193
Mar 14	87	69,918	June 18	88	78,168
Mar 15	89	69,018	June 19	86	80,008
Mar 18	78	71,768	June 20	89	82,908
Mar 19	84	72,618	June 21	83	82,158
Mar 20	90	75,068	June 24	88	81,283
Mar 21	90	75,468	June 25	89	82,683
Mar 22	97	75,963	June 26	91	84,183
Mar 25	97	75,718	June 27	91	84,183
Mar 26	107	76,868	June 28	90	82,558
Mar 27	108	81,168	Average per day	89	79,853
Mar 28	103	80,718			
Average per day	92	75,359	July 1	89	84,158
Apr 1	101	77,843	July 2	85	82,062
Apr 2	102	78,693	July 3	85	81,712
Apr 3	106	78,543	July 5	90	83,087
Apr 4	102	80,021	July 8	85	79,287
Apr 5	102	80,971	July 9	91	81,287
Apr 8	101	80,696	July 10	95	82,137
Apr 9	101	79,146	July 11	95	83,587
Apr 10	103	79,596	July 12	94	82,637
Apr 11	102	79,896	July 15	85	78,037
Apr 12	101	79,421	July 16	85	79,237
Apr 15	93	75,221	July 17	92	83,087
Apr 16	94	74,921	July 18	92	84,837
Apr 17	101	78,571	July 19	91	84,437
Apr 18	105	79,966	July 22	89	84,662
Apr 19	106	79,371	July 23	92	86,062
Apr 22	104	80,921	July 24	95	87,312
Apr 23	104	81,311	July 25	95	89,337
Apr 24	108	82,161	July 26	94	87,537
Apr 25	103	82,861	July 29	93	87,287
Apr 26	106	82,861	July 30	95	86,737
Apr 29	103	80,636	July 31	96	85,912
Apr 30	103	80,536	Average per day	91	83,838
Average per day	102	79,736			
May 1	99	80,786	Aug 1	98	87,862
May 2	99	80,806	Aug 2	97	88,362
May 3	91	79,891	Aug 5	93	85,965
May 6	85	77,891	Aug 6	94	86,865
May 7	89	78,416	Aug 7	98	86,865
May 8	86	76,891	Aug 8	98	86,765
May 9	98	76,291	Aug 9	97	85,365
May 10	99	76,841	Aug 12	93	83,365
May 13	87	76,191	Aug 13	92	83,415
			Aug 14	91	82,215
			Aug 15	87	79,490
			Aug 16	84	77,890
			Aug 19	86	79,390

SCHEDULE A—1929 recapitulation Standard Oil Co (New Jersey) with subsidiary and affiliated companies (daily averages by months)—Continued

[000 omitted in amount column]

Month	Number of borrowers	Amount	Month	Number of borrowers	Amount
Aug 20	87	\$31,940	Oct 25	103	\$91,692
Aug 21	87	31,890	Oct 28	93	85,500
Aug 22	93	85,625	Oct 29	67	56,100
Aug 23	95	88,325	Oct 30	47	31,516
Aug 26	99	89,200	Oct 31	41	28,266
Aug 27	98	90,095			
Aug 28	101	91,745	Average per day	89	79,157
Aug 29	98	92,345			
Aug 30	101	92,370	Nov 1	41	20,316
Average per day	94	85,788	Nov 4	40	25,316
Sept 1	96	92,370	Nov 6	40	23,316
Sept 3	96	94,145	Nov 7	37	21,308
Sept 4	95	94,620	Nov 8	36	20,133
Sept 5	96	95,970	Nov 11	28	17,383
Sept 6	98	96,624	Nov 12	27	16,583
Sept 9	99	97,824	Nov 13	25	14,833
Sept 13	100	95,724	Nov 14	22	13,683
Sept 11	103	97,774	Nov 15	20	12,578
Sept 12	102	96,774	Nov 18	18	12,578
Sept 13	99	94,774	Nov 19	18	12,053
Sept 16	91	75,224	Nov 20	17	11,628
Sept 17	92	75,924	Nov 21	16	11,128
Sept 18	93	75,874	Nov 22	16	11,428
Sept 19	94	76,024	Nov 25	16	14,128
Sept 20	102	78,874	Nov 26	16	14,678
Sept 23	95	77,974	Nov 27	16	15,628
Sept 24	100	79,924	Average per day	25	16,372
Sept 25	95	80,049	Dec 1	28	15,628
Sept 26	93	81,099	Dec 2	30	20,628
Sept 27	94	82,699	Dec 3	27	20,441
Sept 30	90	79,399	Dec 4	26	20,391
Average per day	96	86,650	Dec 5	24	20,391
Oct 1	87	81,696	Dec 6	15	24,211
Oct 2	88	82,199	Dec 9	6	20,541
Oct 3	90	83,599	Dec 10	6	17,691
Oct 4	93	85,499	Dec 11	6	18,441
Oct 7	96	85,802	Dec 12	6	18,791
Oct 8	96	86,002	Dec 13	6	17,131
Oct 9	99	85,402	Dec 16	22	20,931
Oct 10	96	85,502	Dec 17	20	22,731
Oct 11	100	86,002	Dec 18	21	23,131
Oct 14	96	83,202	Dec 19	19	20,406
Oct 15	89	80,052	Dec 20	22	23,106
Oct 16	87	78,602	Dec 23	19	20,106
Oct 17	87	83,052	Dec 24	15	19,606
Oct 18	100	84,252	Dec 26	21	20,776
Oct 21	97	89,052	Dec 27	21	21,576
Oct 22	99	88,852	Dec 30	21	17,241
Oct 23	100	87,702	Dec 31	25	17,191
Oct 24	105	91,152	Average per day	19	20,049

COMMITTEE EXHIBIT No 90, FEBRUARY 23, 1934

Interest on Jesup & Lamont deposit account for year 1929

1929		
January	-----	\$403,664 47
February	-----	327,082 64
March	-----	526,922 75
April	-----	485,131. 04
May	-----	491,818 29
June	-----	455,953 03
July	-----	600,940 47
August	-----	552,201 24
September	-----	565,228 41
October	-----	398,890 12
November	-----	63,304 18
December	-----	74,081. 01
Total	-----	4,945,217. 65

COMMITTEE EXHIBIT No 91, FEBRUARY 23, 1934
 CONSOLIDATED OIL CORPORATION
 45 Nassau Street, New York City

CHICAGO, ILLINOIS,
 October 25, 1933.

HONORABLE FERDINAND PECORA,
 Counsel Committee on Banking and Currency,
 285 Madison Avenue,
 New York City, N Y

DEAR SIR Complying with your request of October 17th, we enclose herewith copy of your questionnaire and answer thereto by Consolidated Oil Corporation.
 Yours very truly,

G T STANFORD,
 General Counsel

VII-2

QUESTIONNAIRE PROPOUNDED BY THE HONORABLE FERDINAND PECORA, COUNSEL TO THE COMMITTEE ON BANKING AND CURRENCY, TO CONSOLIDATED OIL CORPORATION, AND ANSWERS THERETO BY SAID CORPORATION

A

- 1 Give the total number of shares of the common stock of your Corporation appearing on your records in the names of stock brokerage firms as of July 1, 1929, and July 1, 1933

Answer We give the information as of June 15, 1929, for the reason that to give the information as of July 1st would entail a great deal of detail work which would delay materially the answer to the questionnaire. The list as of June 15, 1929, was compiled at the time for dividend purposes. As of June 15, 1929, there were outstanding 3,563,502 shares of the common capital stock of Sinclair Consolidated Oil Corporation in the names of brokers and/or broker firms, and as of July 1, 1933, there were 2,891,805 shares outstanding in the names of brokers and/or broker firms.

- 2 Give the total number of brokers and brokerage firms appearing upon your records as the owners of common stock of your Corporation.

Answer As of June 15, 1929, there were 739 brokers and/or broker firms appearing on our records as the owners of the common capital stock of our Corporation, and as of July 1, 1933, there were 878 brokers and/or broker firms appearing on our records as the owners of the common capital stock of our Corporation.

- 3 Give as of July 1, 1929, and July 1, 1933, the total number of shares appearing upon your records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of common stock. Designation need not be made by name, but may be by number, in order of numerical holdings.

Answer The ten largest broker accounts of record as of June 15, 1929, were as follows:

No 1	277,620 shares
2	137,222 "
3	117,705 "
4	110,467 "
5	94,035 "
6	87,612 "
7	81,815 "
8	73,881 "
9	68,259 "
10	61,234 "

The ten largest broker accounts of record as of July 1, 1933, were as follows:

No 1	412,650 shares
2	120,275 "
3	85,629 "
4	63,675 "
5	58,931 "
6	54,996 "
7	53,969 "
8	36,074 "
9	35,453 "
10	31,966 "

B Give the following information for the year 1929

- 1 The total number of shares of the common stock of your Corporation transferred on your books from one ownership to another
- 2 The total number of transfers of the common stock of your Corporation from one corporation to another

Answer During the calendar year 1929, new certificates were issued and old certificates cancelled for a total of 8,910,126 shares of the common capital stock of Sinclair Consolidated Oil Corporation

There was a total of twelve transfers of the common stock of Sinclair Consolidated Oil Corporation during 1929 from the name of one corporation of record to another corporation, and such transactions involved a total of 7,175 shares

C (A?) Give the following data for the year 1929

- 1 Total number of street loans made by your Corporation in the call money market of New York City
- 2 The total amount of the street loans made by your Corporation in the call money market of New York City

In replying to (1) and (2) include the loans made by your Corporation and by any and all of its subsidiaries, holding companies, affiliates, or any other agency or entity under direct or indirect control and management of the parent corporation. The total amount so loaned by the parent corporation and its subsidiaries, holding companies, affiliates and other agency or legal entities under such direct or indirect control or management need only be given, without allocation to the particular entity

- 3 State the manner or method in which the loans made in the call money market in New York City were effected whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower

Answer The answer to this questionnaire is set forth in "Exhibit A", hereto attached. All loans therein listed made by Consolidated Oil Corporation and/or any subsidiaries or affiliated corporations during the year 1929 were made in the call money market through banks, no loans being made direct to the borrower. You will note there are included in "Exhibit A" certain loans made by Sinclair Pipe Line Company and Sinclair Crude Oil Purchasing Company. Consolidated Oil Corporation (name changed from Sinclair Consolidated Oil Corporation) does not at this time own any interest in either of these two corporations, but did during the year 1929. The information with regard to the loans made by these two corporations is taken from memorandum records only.

Respectfully submitted,

CONSOLIDATED OIL CORPORATION,
By G T STANFORD, *General Counsel*

EXHIBIT A—Call loans
MADE BY CONSOLIDATED OIL CORPORATION

	Total	Chase National Bank of N Y	National City Bank of N Y	Chemical Bk & Tr Co of N Y	Chatham Phenix Nat'l Bk & Tr Co of N Y	Blair & Co of N Y	Bank of America, N.A. of N Y	Central Hanover Bk & Tr Co of N Y	Amer Exchange Irving Tr Co of N Y	1st National Bank of Chicago	Cont Illinois Bk & Tr Co of Chicago
In Force At—											
1/1/29	\$15,000,000	\$15,000,000									
3/12/29	13,000,000	13,000,000									
3/26/29	14,000,000	13,000,000									
4/11/29	12,500,000	11,500,000						\$1,000,000			
4/15/29	11,000,000	10,000,000						1,000,000			
4/18/29	10,000,000	9,000,000						1,000,000			
4/29/29	10,600,000	9,000,000				\$300,000		1,300,000			
5/7/29	11,100,000	9,000,000			\$500,000	300,000		1,300,000			
5/8/29	11,600,000	9,000,000			1,000,000	300,000		1,300,000			
5/20/29	11,600,000	9,000,000			1,000,000		\$300,000	1,300,000			
7/12/29	7,600,000	5,000,000			1,000,000		300,000	1,300,000			
7/13/29	7,100,000	4,500,000			1,000,000		300,000	1,300,000			
9/25/29	10,000,000	6,500,000	\$400,000	\$300,000	1,000,000		200,000	1,600,000			
10/1/29	11,000,000	6,500,000	400,000	300,000	1,000,000		1,200,000	1,600,000			
10/14/29	7,000,000	2,500,000	400,000	300,000	1,000,000		1,200,000	1,600,000			
10/21/29	6,300,000	2,500,000	400,000	300,000	1,000,000		1,000,000	1,600,000			
11/7/29	6,000,000	2,000,000	400,000		1,000,000		1,000,000	1,600,000			
11/13/29	3,600,000	2,000,000			500,000		500,000	600,000			
11/14/29	1,500,000	1,500,000									
11/15/29	2,500,000	2,500,000									
12/31/29	2,500,000	2,500,000									

MADE BY SINCLAIR AUTOMOBILE SERVICE CORPORATION

Loan placed 10/9/29	\$200,000	\$200,000									
Loans reduced 12/11/29	100,000	100,000									
In force at 12/31/29	100,000	100,000									

MADE BY SINCLAIR PIPE LINE CO

Loan placed 9/25/29	\$2,000,000									\$1,000,000	\$1,000,000
Loan reduced 12/10/29	1,000,000									500,000	500,000
In force at 12/31/29	1,000,000									500,000	500,000

MADE BY SINCLAIR CRUDE OIL PURCHASING CO

9/23/29 to between 11/2 and 12/12/29	\$3,000,000	-----	-----	-----	-----	-----	-----	-----	-----	\$1,500,000	\$1,500,000
Between 11/2 and 12/12/29 to and at 12/31/29	5,000,000	-----	-----	-----	-----	-----	-----	-----	-----	2,500,000	2,500,000

MADE BY VENEZUELAN PETROLEUM CO

In force at—											
1/ 1/29	\$800,000									\$800,000	
1/15/29	1,100,000	\$1,100,000									
1/18/29	1,500,000	1,500,000									
5/13/29	1,300,000	1,300,000									
5/14/29	900,000	900,000									
5/15/29	1,400,000	1,400,000									
11/ 4/29	1,300,000	1,300,000									
11/11/29	1,200,000	1,200,000									
11/14/29	700,000	700,000									
11/15/29	1,200,000	1,200,000									
12/31/29	1,200,000	1,200,000									

STOCK EXCHANGE PRACTICES

6369

COMMITTEE EXHIBIT No 92, FEBRUARY 23, 1934

Total number and amount of street loans made by private corporations for year 1929,
in the call money market of New York City

Name of Corporation	No of Street Loans Made	Total Amount	Peak Amount
American Founders Corporation and Subsidiaries.....	1,583	\$424,450,000 00	\$23,629,166 66
American & Foreign Power Company, Inc and Subsidiaries.....	91	57,610,000 00	30,321,000 00
American Can Company.....	374	149,000,000 00	16,000,000 00
Anaconda Copper Mining Co.....	147	79,800,000 00	32,500,000 00
Auburn Automobile Company.....	13	1,600,000 00	(1)
Bethlehem Steel Corporation and Subsidiaries.....	911	539,100,000 00	157,450,000 00
Chrysler Corporation.....	(1)	(1)	60,150,000 00
Cities Service Company.....	912	285,325,092 21	41,900,000 00
Consolidated Oil Corporation.....	(1)	211,000,000 00	15,000,000 00
Electric Bond & Share Co and Subsidiaries.....	1,572	809,685,000 00	157,579,000 00
General Foods Corporation.....	187	36,000,000 00	3,400,000 00
General Motors Corporation ²	201	105,700,000 00	25,000,000 00
International Nickel Co Inc.....	14	3,000,000 00	500,000 00
Pan American Petroleum & Transport Co.....	(1)	9,500,000 00	8,000,000 00
Radio Corporation of America and Subsidiaries.....	(1)	18,600,000 00	1,000,000 00
Radio-Keith-Orpheum Corporation.....	(1)	(1)	8,000,000 00
Standard Oil Co of N J and Subsidiaries.....	³ 20,466	⁴ 17,672,520,000 00	97,824,000 00
Tri-Continental Corp and Affiliated Corps.....	209	219,250,000 00	62,150,000 00
The United Corporation.....	6	7,400,000 00	3,000,000 00
The United Gas & Improvement Co and Subsidiaries.....	53	(1)	3,600,000 00

Name of Corporation	Made Through Commercial Banks	Made Direct to Borrowers	Made to Private Bankers
American Founders Corporation and Subsidiaries.....	Yes		
American & Foreign Power Company, Inc and Subsidiaries.....	Yes		
American Can Company.....	Yes		
Anaconda Copper Mining Co.....	Yes		
Auburn Automobile Company.....	Yes		
Bethlehem Steel Corporation and Subsidiaries.....	Yes		
Chrysler Corporation.....			
Cities Service Company.....		Yes	
Consolidated Oil Corporation.....	Yes		
Electric Bond & Share Co and Subsidiaries.....	Yes		
General Foods Corporation.....	Yes		Yes (one)
General Motors Corporation ²	Yes		
International Nickel Co Inc.....	Yes		
Pan American Petroleum & Transport Co.....	Yes		
Radio Corporation of America and Subsidiaries.....	Yes		
Radio-Keith-Orpheum Corporation.....	Yes		
Standard Oil Co of N J and Subsidiaries.....		Yes	
Tri-Continental Corp and Affiliated Corps.....	Partially	Partially	
The United Corporation.....			Yes
The United Gas & Improvement Co and Subsidiaries.....	Yes		Yes

¹ Not answered

² First loan placed Oct. 7, 1929

³ Cumulative figure of loans

⁴ Cumulative figure computed by multiplying daily average by number of days on which loans were outstanding

COMMITTEE EXHIBIT No 93, FEBRUARY 23, 1934

AMERICAN CAN COMPANY,
New York, November 2, 1933

FERDINAND PECORA, Esq.,
Counsel, Committee on Banking and Currency,
285 Madison Avenue, New York, N. Y.

DEAR SIR Pursuant to your letters of October 17 and October 26 addressed to the president of this company, I herewith furnish the following information in answer to the questionnaire contained in your first letter inquiring with reference to the transfers of stock

QUESTION A AS OF JULY 31, 1929

Item 1.....	977, 035
Item 2.....	397
Item 3.....	
1.....	115, 325
2.....	76, 898
3.....	61, 260
4.....	52, 700
5.....	34, 850
6.....	28, 924
7.....	20, 158
8.....	19, 400
9.....	18, 945
10.....	18, 049

QUESTION B

Item 1.....	3, 926, 423
Item 2.....	57, 857

The following information is in answer to your questionnaire with respect to Street Loans

QUESTION A

Item 1 374

Item 2 Average amount outstanding during the year was \$9,424,000 Maximum amount outstanding at any one time was \$16,000,000 which was for a period of eight days only

Item 3 Loans were effected through The First National Bank of New York at our request

Yours very truly,

AMERICAN CAN COMPANY,
R A BURGER, *Secretary.*

American Can Co , 1929 call loans

Month	Total number	Total amount	Average amount outstanding
January.....	72	\$32, 000, 000	\$14, 666, 000
February.....	13	5, 700, 000	11, 928, 000
March.....	4	1, 300, 000	11, 000, 000
April.....	43	15, 100, 000	11, 250, 000
May.....	41	16, 000, 000	12, 935, 000
June.....	7	2, 500, 000	6, 200, 000
July.....	11	5, 100, 000	4, 387, 000
August.....	15	6, 100, 000	4, 177, 000
September.....	39	15, 700, 000	7, 000, 000
October.....	79	32, 600, 000	10, 693, 000
November.....	38	12, 800, 000	9, 850, 000
December.....	12	4, 100, 000	9, 000, 000
Year.....	374	149, 000, 000	9, 424, 000

Maximum amount outstanding at any one time was \$16,000,000 which was for a period of eight (8) days only, January 17th-January 25th

COMMITTEE EXHIBIT No 94, FEBRUARY 23, 1934

ANACONDA COPPER MINING COMPANY,
New York, February 21, 1934

FERDINAND PECORA, Esq ,
Counsel, Committee on Banking and Currency,
285 Madison Avenue, New York, N Y

Attention Mr Paul Leebell

DEAR SIR With further reference to your letters of October 16th and October 26th, 1933, and telephone conversation with Mr Paul Leebell of your staff this date,

In answering questionnaire as to the total amount of street loans made by this corporation in the call money market of New York City, we assumed the total

amount had reference to the highest amount loaned at any one time, which amounted to \$32,500,000, as shown in reply to question No 2 of the questionnaire.

In your telephone conversation today, you stated you wanted the gross sum to which all loans made would total, which includes duplications of moneys loaned where loans were made for a short time and repaid and then reloaned. This gross sum amounted to \$79,800,000

We trust the foregoing gives you the information you desire

Yours very truly,

ROBERT E DWYER,
Vice President

ANACONDA COPPER MINING COMPANY,
New York, November 23, 1933

FERDINAND PECORA, Esq ,
*Counsel Committee on Banking and Currency,
285 Madison Ave , New York, N Y*

DEAR SIR With our letter of November 13th we forwarded part of the data requested in your letters of October 16th and October 26th, 1933, and informed you that as soon as we received information pertaining to stock transfers from our Transfer Agent the same would be forwarded to you

That information has now been received and we beg to enclose herewith answers to such of the questions contained in your questionnaire as were not answered in the data submitted with our letter of November 13, 1933

Yours very truly,

ROBERT E DWYER,
Vice President

QUESTIONNAIRE

B Give the following information for the year 1929

- 1 The total number of shares of the Common Stock of your Corporation transferred on your books from one ownership to another
12,940,717
- 2 The total number of transfers of the Common Stock of your corporation from one ownership to another
198,624

ANACONDA COPPER MINING COMPANY,
New York, November 13, 1933

FERDINAND PECORA, Esq ,
*Counsel Committee on Banking and Currency,
285 Madison Ave , New York, N Y*

DEAR SIR Further referring to your letters of October 16th and October 26th, 1933

We beg to enclose herewith the answers to the several questions contained in your questionnaire, except the total number of shares of common stock transferred on the books of the company from one ownership to another in 1929 and the number of transfers involved

Upon receipt of your letter we requested the Transfer Agent to gather this information, which Transfer Agent has been engaged in obtaining similar information for your Committee on behalf of other corporations They advise that they will be able to complete this information during the coming week and we shall endeavor to forward the same to you upon its receipt by us.

Yours very truly,

ROBERT E DWYER,
Vice President

QUESTIONNAIRE

A Give the following information as of July 1, 1929, and July 1, 1933

- 1 The total number of shares of the Common Stock of your corporation appearing on your records in the names of stock brokerage firms
July 13, 1929, 3,439,318.
April 21, 1933, 1,249,828.

2 The total number of brokers and brokerage firms appearing upon your records as the owners of Common Stock of your Corporation

July 13, 1929, 620

April 21, 1933, 562

3 The total number of shares appearing upon your records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of Common Stock Designation need not be made by name, but may be made by number, in order of numerical holdings

July 13, 1929.

1	235, 289
2	96, 543
3	96, 388
4	92, 338
5	72, 726
6	71, 877
7	63, 386
8	62, 294
9	57, 643
10	55, 291

April 21, 1933

1	146, 271
2	89, 465
3	40, 996
5	28, 676
5	26, 609
6	26, 536
7	24, 515
8	23, 153
9	21, 932
10	21, 594

QUESTIONNAIRE

A Give the following data for the year 1929

1 Total number of street loans made by your Corporation in the call money market of New York City

\$147

2 The total amount of the street loans made by your Corporation in the call money market of New York City

\$32,500,000

3 State the manner or method in which the loans made in the call money market in New York City were effected whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower

All loans were made through commercial banks

COMMITTEE EXHIBIT No 95, FEBRUARY 23, 1934

LAW OFFICES PRUITT & GREALIS,
Chicago, November 23, 1933

FERDINAND PECORA, Esquire,
Counsel, Committee on Banking & Currency,
235 Madison Avenue, New York, N Y

DEAR SIR Mr W. H. Beal, President of Auburn Automobile Company asked me to gather together the information and reply to your questionnaire I am therefore writing to give you the following information.

A 1 The records of the transfer office of Auburn Automobile Company show that on July 1, 1929 a total of 102,263 shares of the outstanding stock of the company were registered in the names of stock brokerage firms.

2 As of said date, the total number of brokers and brokerage firms appearing on the transfer records as the owners of stock of the Auburn Automobile Company was 208

3 As of said date the total number of shares of stock of Auburn Automobile Company registered in the names of the brokerage firms who were the ten largest holders of record of shares of common stock were as follows

	Shares		Shares
1	21, 669	7	2, 864
2	10, 200	8	2, 778
3	5, 029	9	2, 305
4	4, 789	10	1, 861
5	3, 797		
6	2, 868		
		Total	58, 160

B 1 For the year 1929 the total number of shares of common stock of Auburn Automobile Company transferred on the books of the transfer office from one ownership to another was 584,652 shares

2 For the said year the total number of transfers of the common stock of the corporation from one ownership to another was 17,059

You have also asked for certain information regarding street loans in the call money market in New York City. The records of the corporation show that the total number of such street loans made was thirteen (13) and the total amount of the same \$1,600,000. All of these loans were made by Auburn Automobile Company through the Guaranty Trust Company of New York.

Yours very truly,

R S PRUITT,

Secretary and General Counsel Auburn Automobile Company

RSP MR

COMMITTEE EXHIBIT No 96, FEBRUARY 23, 1934

BETHLEHEM STEEL CORPORATION,
New York, N Y, February 21, 1934

Mr. FERDINAND PECORA,

*Counsel, Committee on Banking and Currency, United States Senate,
285 Madison Avenue, New York, N Y.*

DEAR SIR In accordance with the request of Mr Leebell of your office, we confirm our statement made over the telephone to him today that the peak amount of street loans (including call and time loans) outstanding for our account at any one time in the year 1929 was \$157,450,000

Very truly yours,

WM J BROWN, *Treasurer*

BETHLEHEM STEEL CORPORATION,
New York, N Y, November 3, 1933

DEAR SIR Referring to your two letters of the 17th and 27th ult, respectively, enclosing questionnaires which you requested us to have filled out and returned to you, the answers to your questionnaire are as follows, the information requested in Section "A" being given as of July 19, 1929, which was the nearest date to July 1 as of which we had a stock list

1 The total number of shares of the Common Stock of this Corporation appearing on our records in the names of stock brokerage firms was 1,108,115.

2 The total number of brokers and brokerage firms appearing upon our records as the owners of Common Stock of this Corporation was 517

3 The total number of shares appearing upon our records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of Common Stock, designation being made by number, in order of numerical holdings, was as follows

1.....	31, 839	7.....	19, 693
2.....	29, 034	8.....	18, 653
3.....	23, 661	9.....	18, 353
4.....	22, 146	10.....	17, 690
5.....	21, 971		
6.....	21, 655	Total.....	224, 695

For the year 1929

1 The total number of shares of the Common Stock of this Corporation transferred on our books from one ownership to another was 6,340,165

2 The total number of transfers of the Common Stock of this Corporation from one ownership to another was 144,679

With reference to your other questionnaire regarding brokerage loans, I call your attention to my letter of October 23, 1933, inquiring as to the basis upon which the answers to that questionnaire were to be prepared. If I may have a reply to my letter of October 23 we will be able to give you the information desired promptly

Very truly yours,

R E. McMATH,
Vice President.

Mr. FERDINAND PECORA,

*Counsel Committee on Banking and Currency, United States Senate,
285 Madison Avenue, New York City*

BETHLEHEM STEEL CORPORATION,
New York, N Y, November 17, 1933

Mr FERDINAND PECORA,
Counsel Committee on Banking and Currency, United States Senate,
285 Madison Avenue, New York City

DEAR SIR Referring to my letters to you of the 23rd ult and the 3rd instant regarding the questionnaires which you requested us to have filled out and returned to you

I understand from a telephone conversation with a representative in your office that you wish the questionnaire regarding "street loans" answered in the form originally submitted, with the understanding that both time loans and call loans are to be included Accordingly, I am enclosing a copy of your questionnaire, on the margin of which is noted the answers on behalf of this Corporation and of its subsidiaries, affiliates, etc You will understand, of course, that, as pointed out in my letter of October 23rd, the loans referred to in the answers were not all outstanding at the same time, so that the total amount loaned, as reported in the questionnaire, very greatly exceeds the amount outstanding on any given date

Very truly yours,

R E McMATH,
Vice President

QUESTIONNAIRE

A Give the following data for the year 1929

1 Total number of street loans made by your Corporation in the call money market of New York City

911

2 The total amount of the street loans made by your Corporation in the call money market of New York City

\$539,100,000

In replying to (1) and (2) include the loans made by your Corporation and by any and all of its subsidiaries, holding companies, affiliates, or any other agency or entity under direct or indirect control and management of the parent corporation The total amount so loaned by the parent corporation and its subsidiaries, holding companies, affiliates and other agency or legal entities under such direct or indirect control or management need only be given, without allocation to the particular entity

3 State the manner or method in which the loans made in the call money market in New York City were effected Whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower

Loans made for our account through commercial banks in New York City

COMMITTEE EXHIBIT NO 97, FEBRUARY 23, 1934

CHRYSLER CORPORATION,
Detroit, Michigan, November 20, 1933

FERDINAND PECORA, Esq,
Counsel, Committee on Banking and Currency,
United States Senate, Washington, D C

DEAR MR PECORA With further reference to my letter of October 27th, you will find tabulated below the information required by you relative to this Company

CAPITAL STOCK

Stock held by Brokers on July 1, 1929 No of Brokers 556 Amount of Shares held 2,859,148

Ten Largest Holders

1.....	436, 091	6.....	65, 740
2.....	120, 773	7.....	58, 965
3.....	120, 715	8.....	58, 829
4.....	119, 647	9.....	45, 613
5.....	33, 719	10.....	44, 176

Stock held by Brokers on July 1, 1933 No of Brokers 440 Amount of Shares held 1,668,275

Ten Largest Holders

1.....	255, 329	6.....	34, 190
2.....	109, 610	7.....	32, 109
3.....	49, 734	8.....	31, 047
4.....	38, 313	9.....	29, 716
5.....	35, 096	10.....	26, 901

7,207,052 Shares changed ownership during the year 1929; the number of transfers 109,614.

November 20, 1933.

STREET LOANS

The making of street loans by this Corporation through New York banks in the call money market of New York City in the year 1929 continued all through the year. Some borrowers continued their loans from day to day over longer or shorter periods, subject to a rate of interest determined daily, others paid off and made new loans sometimes on the same day and in the same amount. The total amount of street loans varied from day to day. The loans were made through three banks. The largest amount through the first bank was on September 26th, when there were 114 loans amounting to \$60,150,000 00, and the least amount was on December 31st, when there were 35 loans amounting to \$7,500,000 00. The largest amount through the second bank was on October 9th, when there were 26 loans amounting to \$15,000,000 00, and the least amount was on December 31st, when there were 13 loans amounting to \$8,200,000 00. The largest amount through the third bank was on October 28th, when there were 33 loans amounting to \$15,400,000 00, and the least amount was from May 20th to September 18th, when there was one loan amounting to \$100,000 00.

Very truly yours,

B E HUTCHINSON,
Vice President and Treasurer

COMMITTEE EXHIBIT NO 98, FEBRUARY 23, 1934

GENERAL FOODS CORPORATION,
Postum Building, New York, November 6, 1933

FERDINAND PECORA, Esq.,
Counsel Committee on Banking & Currency,
285 Madison Avenue, New York, N Y

DEAR SIR: As I stated to one of your assistants over the telephone, Mr C M Chester, President of General Foods Corporation, has referred to this office your letter of October 17, 1933, enclosing questionnaires requiring certain data in connection with the pending investigation being conducted by the Senate Committee on Banking and Currency. Mr Chester also has referred to us your supplementary letter of October 27, 1933.

Following are the answers to the questionnaire relating to *holdings by brokerage firms and to transfers of shares*

"A Give the following information as of July 1, 1929

"1 The total number of shares of the Common Stock of your Corporation appearing on your records in the names of stock brokerage firms"

Answer According to the list of stockholders of Postum Company, Incorporated taken by our transfer agent, The New York Trust Company, at July 15, 1929, which is the date nearest to July 1, 1929, for which these figures are readily available, there were 972,826 shares of Postum Company, Incorporated common stock in the hands of stock brokerage firms which, according to the New York Stock Exchange Directory, dated September, 1929, were member firms of the New York Stock Exchange located in New York City. Reference is made to the name "Postum Company, Incorporated" because the name of our corporation

was changed from Postum Company, Incorporated to General Foods Corporation, effective July 24, 1929

"2 *The total number of brokers and brokerage firms appearing upon your records as the owners of Common Stock of your Corporation*"

Answer. According to the list of stockholders referred to in the answer to question 1, there were 355 stock brokerage firms holding Postum Company, Incorporated common stock at July 15, 1929, the expression "stock brokerage firms" being limited to member firms of the New York Stock Exchange located in New York City, as shown in the New York Stock Exchange Directory dated September, 1929

"3 *The total number of shares appearing upon your records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of Common Stock Designation need not be made by name, but may be by number, in order of numerical holdings*"

Answer. The ten largest of the broker holdings of Postum Company, Incorporated common stock referred to in the answer to question 2, were as follows

1-----	129, 825	6-----	20, 951
2-----	111, 890	7-----	20, 505
3-----	38, 908	8-----	20, 301
4-----	24, 792	9-----	17, 397
5-----	23, 174	10-----	17, 331

"B *Give the following information for the year 1929*

"1 *The total number of shares of the Common Stock of your Corporation transferred on your books from one ownership to another*"

Answer. According to our transfer agent, The New York Trust Company, the total number of shares of the common stock of this corporation transferred during the year 1929 was 5,067,653. So far as reasonably possible there have been eliminated from consideration mere exchanges of Postum Company, Incorporated certificates for General Foods Corporation certificates. The figure given is substantially the total number of shares transferred from one ownership to another, but it undoubtedly includes some cases where a number of certificates in one name were replaced by a single certificate issued in the same name and cases where a single certificate in one name was replaced by a number of certificates issued in the same name

"2 *The total number of transfers of the Common Stock of your Corporation from one ownership to another*

Answer. According to our transfer agent, The New York Trust Company, during the year 1929 a total of 145,276 new certificates was used by them in effecting transfers of our stock. The figure given includes all of the transfers of our stock from one ownership to another. It undoubtedly includes also some cases where a number of certificates in one name were replaced by a single certificate issued in the same name and cases where a single certificate in one name was replaced by a number of certificates issued in the same name. The figure also includes cases where stockholders surrendered Postum Company, Incorporated certificates for certificates in the new name of the corporation

Following are answers to the questionnaire relating to street loans

"A *Give the following data for the year 1929.*

"1 *Total number of street loans made by your Corporation in the call money market of New York City*"

Answer. The treasurer of General Foods Corporation advises that the total number of loans is not available. The loans were all made through banks, and the total number of transactions with the banks was 187.

"2 *The total amount of the street loans made by your Corporation in the call money market of New York City*"

Answer. The total amount of street loans made by this corporation in the call money market of New York City in the year 1929 was \$36,000,000.00. The maximum amount outstanding in such market at any one time was \$3,400,000.00

"3 *State the manner or method in which the loans made in the call money market in New York City were effected. Whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower*

Answer. The street loans referred to in the answers to questions 1 and 2 were effected through two commercial banks and one private bank doing business in New York City

Very truly yours,

LESTER E WATERBURY.

COMMITTEE EXHIBIT No 99, FEBRUARY 27, 1934

GENERAL MOTORS CORPORATION,
BROADWAY AT 57TH STREET,
New York, N Y, February 21, 1934.

FERDINAND PECORA, Esq.,
U S Committee on Banking & Currency,
285 Madison Avenue, New York, N. Y

Attention of Mr Leebell

DEAR MR PECORA Supplementing my letter of November 10, 1933 and confirming today's conversation with Mr Leebell, the amount of street loans made by General Motors Corporation in the call loan market in New York City for the year 1929 was \$103,700,000

We wish to call your attention, however, to the fact that the maximum amount of street loans outstanding in any one day in the year 1929 was \$25,000,000

As shown in our letter to you under date of November 10, 1933, street loans were first placed by General Motors Corporation on October 7, 1929. The average daily amount of street loans outstanding from October 7, 1929 to December 30, 1929, inclusive, was \$17,417,647.

Yours very truly,

B V. BORELLA,
Assistant Treasurer

GENERAL MOTORS CORPORATION,
BROADWAY AT 57TH STREET,
New York, N Y, November 10, 1933

FERDINAND PECORA, Esq.,
Counsel Committee on Banking & Currency,
285 Madison Avenue, New York City

DEAR MR PECORA We are in receipt of your letter of November 8, 1933, to Mr Alfred P Sloan, Jr, President of General Motors Corporation, attaching a questionnaire requesting certain data in connection with the pending investigation by the Senate Committee on banking and currency

In answer to your request for certain information as of July 1st, 1929, and July 1st, 1933, in regard to the total number of shares of the common stock appearing on our books in the names of stock brokerage firms, the number of brokers or brokerage firms appearing on the record, and a list showing the first ten largest broker holders of record, we beg to advise that the corporation took a record of its stockholders for common dividend purposes on May 18th and on August 17th, 1929, and May 11th and August 17th, 1933, and the information which you ask is available for the above dates and is attached hereto. We trust that this information will answer your purpose

We are unable to furnish you the information requested for the year 1929 as to the total number of shares of common stock transferred on the books from one ownership to another, and the total number of transfers from one ownership to another, for the reason that the corporation does not keep such records, nor do we believe that this information could be obtained even if an attempt were made to examine the 524,400 entries on the 40,200 transfer sheets for the year 1929. From time to time, the corporation prepares a statement showing the distribution of the stock, and we are attaching hereto statement covering distribution as of February 16, 1929, and January 24, 1930

The corporation makes a practice of computing the number of stockholders for each quarter and the number of holders of record for each quarter of the year 1929, are stated on the attached distribution sheet

We are attaching hereto a schedule showing the number and amount of street loans made by the corporation in the call money market of New York City for the year 1929

In addition, we are attaching a schedule covering the same information on General Motors Truck Corporation, a company which is wholly owned by Yellow Truck & Coach Manufacturing Company

The loans were effected through commercial banks of New York City

Very truly yours,

B V BORELLA,
Assistant Treasurer.

General Motors Corporation, common stock issued and outstanding, 43,500,000 par value \$10

NUMBER OF SHARES HELD BY FIRST TEN LARGEST BROKER HOLDERS

May 18, 1929	May 11, 1933	August 17, 1929	August 17, 1933
415, 119	114, 381	458, 305	132, 641
372, 223	105, 278	351, 834	110, 981
254, 962	97, 610	262, 218	100, 643
215, 658	77, 656	218, 358	100, 184
212, 260	65, 890	185, 859	72, 330
171, 158	60, 599	162, 974	67, 142
169, 695	58, 530	156, 745	62, 368
169, 331	57, 741	154, 047	56, 227
153, 591	52, 733	153, 294	55, 022
145, 332	43, 413	144, 296	53, 400

NUMBER OF BROKERS

435	469	491	472
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NUMBER OF SHARES REGISTERED IN NAMES OF BROKERS

6, 432, 842	2, 702, 318	6, 091, 055	3, 165, 607
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Statement showing comparison of the classifications of stockholders and shares held of the common stock of the General Motors Corporation at the close of business Feb 16, 1929 and Jan 24, 1930

Classifications	Feb 16, 1929		Jan 24, 1930	
	Stock-holders	Shares	Stock-holders	Shares
1-10.....	24, 106	110, 958	99, 159	622, 088
11-20.....	12, 854	200, 203	34, 581	518, 308
21-50.....	20, 229	698, 146	45, 155	1, 513, 616
51-100.....	9, 504	760, 064	18, 281	1, 514, 804
101-200.....	6, 250	925, 498	10, 256	1, 299, 952
201-300.....	3, 069	774, 292	3, 606	798, 480
301-400.....	1, 165	422, 358	1, 888	528, 970
401-500.....	1, 168	562, 274	1, 586	715, 648
501-1,000.....	1, 823	1, 354, 388	1, 932	1, 321, 233
1,001-10,000.....	1, 933	5, 205, 089	1, 673	4, 380, 291
10,001-100,000.....	270	7, 717, 271	258	6, 697, 416
100,001-& over.....	44	24, 760, 429	38	23, 589, 194
	82, 415	43, 500, 000	218, 413	43, 500, 000

Common-stock holders the fourth quarter of the year from 1917 to 1928 inclusive

1917.....	894	1923.....	46, 567
1918.....	2, 103	1924.....	45, 217
1919.....	6, 245	1925.....	29, 792
1920.....	17, 025	1926.....	30, 210
1921.....	44, 640	1927.....	43, 116
1922.....	44, 049	1928.....	48, 169

Common-stock holders for each quarter of 1929

1st quarter.....	82, 451	3rd quarter.....	117, 767
2nd quarter.....	102, 306	4th quarter.....	176, 693

General Motors Corporation, call loans, 1929

Date	October	November	December
1		7,000,000	16,500,000
2		7,000,000	16,500,000
3		7,000,000	20,000,000
4		7,000,000	21,500,000
5		7,000,000	23,000,000
6		7,000,000	23,000,000
7	15,000,000	7,000,000	20,000,000
8	23,400,000	7,000,000	20,000,000
9	25,000,000	11,000,000	20,000,000
10	23,000,000	11,000,000	17,000,000
11	25,000,000	17,000,000	17,000,000
12	25,000,000	17,000,000	17,000,000
13	25,000,000	17,000,000	17,000,000
14	25,000,000	19,000,000	18,500,000
15	25,000,000	19,000,000	18,500,000
16	25,000,000	18,000,000	7,000,000
17	25,000,000	18,000,000	9,000,000
18	25,000,000	19,000,000	19,000,000
19	25,000,000	19,000,000	19,000,000
20	25,000,000	19,000,000	19,000,000
21	25,000,000	22,000,000	18,000,000
22	25,000,000	22,000,000	18,000,000
23	25,000,000	23,000,000	16,600,000
24	25,000,000	23,000,000	16,600,000
25	25,000,000	10,000,000	16,600,000
26	12,000,000	14,000,000	14,600,000
27	12,000,000	16,500,000	14,600,000
28	14,000,000	16,500,000	16,000,000
29	7,000,000	16,500,000	16,000,000
30	7,000,000	16,500,000	14,600,000
31	7,000,000		
Total	520,400,000	440,000,000	520,100,000

In October, total number of loans placed	72
outstanding at end of month	15
In November, total number of loans placed	62
outstanding at end of month	36
In December, total number of loans placed	63
outstanding at end of month	none

General Motors Truck Corporation, subsidiary of Yellow Truck & Coach Manufacturing Company

CALL LOANS

1929	No of Loans	Loans Placed	Cumulative
Sept 20	1	\$500,000	\$500,000
Sept 21	1	500,000	100,000,000
Oct 11	1	500,000	1,500,000
Oct 16	1	500,000	2,000,000
Oct 29		350,000	1,650,000
Nov 29		1,650,000	
Total	4	2,000,000	

COMMITTEE EXHIBIT No 100, FEBRUARY 23, 1934

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED,
OFFICE OF THE PRESIDENT,
New York, October 27, 1933

FERDINAND PECORA, Esq.,
285 Madison Avenue, New York City

DEAR SIR With reference to my letter of October 20th, 1933, I am submitting the following data concerning The International Nickel Company of Canada, Limited, a Canadian corporation, which has been compiled with a view to giving you as promptly as possible, and with the least expense to our shareholders, the

essential information requested As an illustration of the foregoing, in connection with your Questionnaire respecting common stock, our United States Transfer Agent advised that the information asked for under A could be furnished fairly easily as of June 1st, 1929 (a dividend record date) and October 21st, 1933, whereas it would require considerable time and substantial additional expense to reconstruct the common stock records as of July 1st, 1929 and July 1st, 1933 I hope, however, that this, and any other slight deviations from the exact form of your Questionnaires, will be unimportant to you

As was indicated in my previous letter, the stock record information furnished herewith is with respect only to the United States transfer agency of the Company

Your questions are answered in the order in which they appear in your Questionnaires

COMMON STOCK

Question A

	June 1, 1929	October 21, 1933		June 1, 1929	October 21, 1933
Item 1.....	5,054,779	2,441,732	Item 3 —Continued		
Item 2.....	466	520	5.....	290,588	68,491
Item 3.....			6.....	209,188	57,367
1.....	701,124	239,070	7.....	154,575	51,050
2.....	541,330	162,066	8.....	121,521	45,322
3.....	521,531	78,409	9.....	108,822	37,688
4.....	417,682	76,520	10.....	81,984	35,902

The above information is with respect only to brokers and brokerage firms having addresses within the United States

Question B

Year 1929

Item 1.....	9,676,800
Item 2.....	27,707

The figures given in answer to Question B include split-ups of stock in the same name; in other words, transfers which did not involve change of ownership

CALL LOANS

1 During 1929 we made fourteen (14) street loans in the call money market of New York City

2 The total amount of these street loans was exactly Three Million Dollars (\$3,000,000)

3 All of these loans were effected through commercial banks in New York City, and at no time did we have any direct or indirect contact with the borrowers Trusting that the above will adequately serve your purpose,

Very truly yours,
RCS/WLM

_____, *President.*

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED,
OFFICE OF THE PRESIDENT,
New York, February 21, 1934.

FERDINAND PECORA, Esq.,
285 Madison Avenue, New York, City

DEAR SIR Confirming telephone conversation with Mr. Leebell this afternoon and referring to my letter of October 27th, 1933 I beg to advise you that the largest amount of any one of the fourteen (14) street loans made in the call money market of New York City during 1929 was \$500,000. As Mr Leebell was advised this figure does not take into account the amount of loans previously made to the debtor bank in question

Yours very truly,

R C STANLEY
President.

RCS/JJS

COMMITTEE EXHIBIT No 101, FEBRUARY 23, 1934

PAN AMERICAN PETROLEUM & TRANSPORT COMPANY
AND SUBSIDIARY COMPANIES,
New York, February 21, 1934

Mr PAUL LEEBELL,
United States Senate Committee on Banking and Currency,
New York, N Y

DEAR SIR Confirming our conversation today with your Mr Leebell regarding street loans made and outstanding during the year 1929, we desire to confirm that the total amount of street loans made during 1929, from October 9th to December 31st, was \$9,500,000 The peak amount outstanding at any one time during this period amounted to \$8,000,000

This is the information as requested and we believe the same to be correct

Yours very truly,

PAN AMERICAN PETROLEUM & TRANSPORT COMPANY,
A N PENN, Asst Secty & Asst Treas

PAN AMERICAN PETROLEUM & TRANSPORT COMPANY
AND SUBSIDIARY COMPANIES,
New York, October 28, 1933

Mr FERDINAND PECORA,
Counsel United States Senate,
Committee on Banking and Currency,
New York, N Y

Subject Pan American Petroleum & Transport Company.

DEAR MR PECORA Next below we are supplying information as called for in questionnaire transmitted to me with your letter of October 17th

Question A-1 The total number of shares of the Common Stock of your Corporation appearing on your records in the names of stock brokerage firms, as of July 1, 1929

	Shares
Common Stock.....	165, 584
Class "B" Common Stock.....	1, 214, 689
Total.....	1, 380, 273

Question A-2 The total number of brokers and brokerage firms appearing upon your records as the owners of Common Stock of your Corporation, as of July 1, 1929

Five hundred and forty (540) (Including Common and Class "B" Common Stock)

Question A-3 The total number of shares appearing upon your records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of Common Stock, as of July 1, 1929 Designation need not be made by name, but may be by number, in order of numerical holdings

1.....	67, 436	7.....	29, 136
2.....	49, 609	8.....	29, 124
3.....	37, 429	9.....	28, 752
4.....	35, 695	10.....	26, 862
5.....	32, 628		
6.....	30, 068		366, 739

QUESTION B-1 The total number of shares of the Common Stock of your Corporation transferred on your books from one ownership to another, during the year 1929.

	Shares
Common Stock.....	1, 287, 408
Class "B" Common Stock.....	4, 586, 468
Total.....	5, 873, 876

QUESTION B-2 The total number of transfers of the Common Stock of your Corporation from one ownership to another, during the year 1929

Common Stock	Shares 3, 064
Class "B" Common Stock	20, 202
Total	23, 266

QUESTION A-1 Total number of street loans made by your Corporation in the call money market of New York City, during the year 1929

This question cannot be answered See attached letter from Chase National Bank in which they state that the records of the Equitable Trust Company, which would enable them to give us the answer to this question, have been destroyed

QUESTION A-2 The total amount of the street loans made by your Corporation in the call money market of New York City

In view of the fact that the records of the Equitable Trust Company have been destroyed, we can only answer this question by saying that the largest amount which we had in street loans during 1929 was \$8,000,000 This was the highest figure standing on the ledger during 1929, and ran from December 17th to 31st, inclusive

QUESTION A-3 State the manner or method in which the loans made in the call money market in New York City were effected whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower

All of our loans were effected through a commercial bank viz the Equitable Trust Company of New York, which has since been consolidated with the Chase National Bank of the City of New York

Yours very truly,

PAN AMERICAN PETROLEUM & TRANSPORT COMPANY,
L BLANSTON, *President*

COMMITTEE EXHIBIT NO 102, FEBRUARY 23, 1934

RADIO CORPORATION OF AMERICA,
RCA Building, New York, November 8, 1933

Mr FERDINAND PECORA,
*Counsel Committee on Banking and Currency,
New York City*

MY DEAR MR PECORA Will you please refer to your letter of October 16, 1933 requesting certain data and to your supplemental letter of October 26, 1933, modifying the dates as of which the information was to be stated

The information requested is herewith submitted

Very truly yours,

MANTON DAVIS

THE CORPORATION TRUST COMPANY
New York, N Y, November 8, 1933.

Mr L MACCONNACH,
*Secretary Radio Corporation of America,
New York, N Y*

DEAR Mr MACCONNACH We submit below the data called for by the questionnaire which you recently turned over to us—assembled from your common stockholders' lists of April 13, 1929, and April 12, 1933

A Give the following information as of July 1, 1929, and July 1, 1933

1 The total number of shares of the common stock of your Corporation appearing on your records in the names of stock brokerage firms	1929 3, 107, 002	1933 2, 304, 401
2 The total number of brokers and brokerage firms appearing upon your records as the owners of common stock of your Corporation	607	1, 367

- 3 The total number of shares appearing upon your records in each of the names of brokers or brokerage firms who are the first ten largest broker holders of record of shares of common stock Designation need not be made by name, but may be made by number, in order of numerical holdings.....

	1929	1933
	228, 589	65, 585
	191, 203	52, 882
	123, 565	52, 300
	117, 106	51, 437
	100, 265	48, 254
	96, 076	45, 324
	87, 456	43, 135
	86, 025	42, 970
	81, 380	42, 677
	78, 812	41, 181

B Give the following information for the year 1929

- The total number of shares of the common stock of your Corporation transferred on your books from one ownership to another.. 9, 853, 280
- The total number of transfers of the common stock of your corporation from one ownership to another..... 120, 565

While the data submitted above has been compiled with the greatest care by trained members of our Transfer Department staff, it must be considered but approximately correct, inasmuch as we accepted your instruction to dispense with the detail of a re-check

Very truly yours,

The CORPORATION TRUST COMPANY,
B S MANTZ, *Vice President*

Radio Corporation of America and subsidiaries Call loans made during 1929

Amount of Street Loans outstanding at—	Banks through which Loans were effected							
	Bankers Trust Company		National Bank of Commerce		New York Trust Co		TOTAL	
	Amount of Call Loan	Amount of Loan Recalled	Amount of Call Loan	Amount of Loan Recalled	Amount of Call Loan	Amount of Loan Recalled	Amount of Call Loan	Amount of Loan Recalled
January 1, 1929.....	\$9, 500, 000	-----	\$5, 600, 000	-----	\$300, 000	-----	\$15, 400, 000	-----
January 3, 1929, Loan made.....	-----	-----	-----	-----	200, 000	-----	200, 000	-----
January 10, 1929, Loan recalled.....	-----	\$800, 000	-----	-----	-----	-----	-----	\$800, 000
January 11, 1929, Loan recalled.....	-----	200, 000	-----	-----	-----	-----	-----	200, 000
January 14, 1929, Loan made.....	1, 000, 000	-----	-----	-----	-----	-----	1, 000, 000	-----
January 17, 1929, Loan made.....	1, 000, 000	-----	-----	-----	-----	-----	1, 000, 000	-----
January 22, 1929, Loan recalled.....	-----	500, 000	-----	-----	-----	-----	-----	500, 000
February 2, 1929, Loan made.....	-----	-----	1, 000, 000	-----	-----	-----	1, 000, 000	-----
February 4, 1929, Loan recalled.....	-----	-----	-----	\$6, 500, 000	-----	\$500, 000	-----	7, 000, 000
February 7, 1929, Loan recalled.....	-----	-----	-----	100, 000	-----	-----	-----	100, 000
February 9, 1929, Loan recalled.....	-----	10, 000, 000	-----	-----	-----	-----	-----	10, 000, 000
	11, 500, 000	11, 500, 000	6, 600, 000	6, 600, 000	500, 000	500, 000	18, 600, 000	18, 600, 000

NOTE All Street Loans were discontinued on Feb 9, 1929 and no other Street Loans made during balance of 1929

COMMITTEE EXHIBIT No 103, FEBRUARY 23, 1934

IRVING TRUST COMPANY,
RECEIVER IN EQUITY OF
RADIO-KEITH-ORPHEUM CORPORATION,
1270 Sixth Avenue, New York, October 27, 1933.

FERDINAND PECORA, Esq.,
Counsel, Committee on Banking and Currency,
285 Madison Avenue, New York, N Y.

Re Radio-Keith-Orpheum Corporation
Att Mr Schenker

DEAR SIR Your letter of October 17, 1933, addressed to Mr Merlin H Aylesworth, President, Radio-Keith-Orpheum Corporation, relating to certain data desired by the Committee on Banking and Currency has been referred to us for acknowledgment

We are writing to inform you that Irving Trust Company was appointed receiver in equity of Radio-Keith-Orpheum Corporation by orders dated January 27 and February 17, 1933, made by the District Court of the United States for the Southern District of New York, and that the business of said corporation is being continued by Irving Trust Company pursuant to orders of said Court.

The assets of Radio-Keith-Orpheum Corporation, a holding company, consist almost entirely of stocks and obligations of subsidiary companies which have been pledged to secure certain obligations of the corporation. The cash position of the corporation is extremely weak and its ability to raise funds for any purpose severely restricted.

As we advised you by telephone on October 25th, 1933, it would be extremely difficult for the corporation to meet in full the request for information contained in the questionnaire enclosed with your letter of October 17th. The transfer agent, Commercial National Bank & Trust Company, has stated that in order to supply the data covered by the questionnaire with respect to the shares of common stock in the names of stock brokerage firms, the total number of brokers and brokerage firms appearing as owners of such common stock, the total number of shares transferred during the year 1929 and the total number of transfers of such stock from one ownership to another, a cost of approximately \$1,000 would be incurred. In addition, before any such expenditure could be incurred, it would be necessary to obtain authority from the District Court under whose jurisdiction the receivership is being conducted. At your request, we communicated with the Transfer Agent and requested them to advise you if this data could be supplied as of some other date and what cost would be involved.

On our instructions, the data requested relating to street loans has been compiled by the Accounting Department of the corporation without any substantial expense, and this information is attached hereto.

Accordingly, we hope that you will notify us that it will be unnecessary to consider further the matter of supplying the information as to which substantial expense would be incurred, or to take up with the District Judge in charge of this case the question of making such expenditure, in view of the severely limited cash resources of the estate.

Very truly yours,

IRVING TRUST COMPANY
(Receiver in Equity),
By A H McCausland

A Give the following data for the year 1929

1 *Total number of street loans made by your Corporation in the call money market in New York City*—Radio-Keith-Orpheum Corporation, its subsidiaries and affiliates invested in the call money market through four commercial banks in New York City. Such banks made periodical returns to the corporation of the interest earned on such investments but only in one instance did the bank report in detail the number of such street loans. This particular bank, Commercial National Bank and Trust Company of New York reported to the corporation each loan when called and each new loan when made.

2 *The total amount of the street loans made by your Corporation in the call money market in New York City*—The largest amount of money invested in the call money market by Radio-Keith-Orpheum Corporation, its subsidiaries and affiliates was in March, 1929, when \$3,000,000 was so invested. This amount changed from time to time during the balance of the year 1929 and at the end of such year \$900,000 was so invested.

3 State the manner or method in which the loans made in the call money market in New York City were effected, whether effected through commercial banks, private banks or other agency describing such agency, or directly to the borrower—Loans made in the call money market in New York City were effected through four commercial banks which were instructed to invest in call loans for the account of the Corporation, its subsidiaries and affiliates. Such four commercial banks were as follows:

The Chase National Bank of the City of New York
 The Commercial National Bank and Trust Company of New York
 The Bank of America National Association
 Empire Trust Company

285 MADISON AVENUE, NEW YORK, N Y, *October 17, 1933*

MR MERLIN H AGLESWORTH,
Pres Radio-Keith-Orpheum Corp, 1564 Broadway, New York, N Y

DEAR MR AGLESWORTH As counsel for the Senate Committee on Banking and Currency in its pending investigation, I send you herewith enclosed a questionnaire requesting certain data.

I am resorting to this means of obtaining the information because I believe it is a speedier and more convenient method than compelling attendance and the production of books and records before the Committee in Washington, D C.

I earnestly trust that I shall have the cooperation of your institution in this matter so that I may be in a position to submit a compilation and analysis of this information to the Committee by November 6th.

Will you not inform me immediately whether you intend to comply with this request and furnish the required data in due time?

Sincerely yours,

FERDINAND PECORA,
Counsel Committee on Banking and Currency.

COMMITTEE EXHIBIT No 104, FEBRUARY 23, 1934

TRI-CONTINENTAL CORPORATION,
New York, November 2, 1933

FERDINAND PECORA, Esq.,
*Counsel Committee on Banking and Currency,
 285 Madison Avenue, New York*

DEAR MR PECORA Referring to your letter of October 26, 1933, and questionnaire regarding Street loans made by this Corporation in the call money market in New York City in 1929, we would advise you as follows:

1 During the year 1929, this Corporation and its affiliated Corporation, Tri-Continental Allied Company, Incorporated, made such Street loans to 209 borrowers, in all but a few cases members of the New York Stock Exchange. The amount of the loans to these borrowers increased or decreased from time to time according to the amounts of cash which our corporations had free for this purpose and the individual requests of the borrowers, on some occasions their loans being paid off in full and reinstated at a later date.

2 The maximum amount of such Street loans by the two corporations at any one time outstanding was \$62,150,000, the minimum at any one time outstanding \$5,000,000, and the average amount during the year was \$29,268,624.64. This average is computed by taking the aggregate amount of loans outstanding at the close of each day and dividing that aggregate by 349, the total number of days subsequent to January 16, 1929, during which our corporations had call loans outstanding.

3 These loans were made through commercial banks and/or a New York Stock Exchange house.

Our own records do not have the complete details of all the loans but we have been able to ascertain what our records lacked from the banks and Stock Exchange house which acted as our loaning agencies. We shall be glad to furnish you with such additional data regarding these loans as you may desire.

Very truly yours,

TRI-CONTINENTAL CORPORATION,
 By FRANCIS F RANDOLPH, *President.*

TRI-CONTINENTAL CORPORATION,
New York, February 20, 1934

PAUL LEIVELL, Esq.

United States Senate, Committee on Banking and Currency,
285 Madison Avenue, New York, N Y

DEAR MR. LEIVELL Confirming telephone conversation with you today and supplementing information contained in Mr Randolph's letter dated November 2, 1933, to Mr Pecora I am pleased to give you the following data taken from the records in our office with regard to questions number 1 and 2 of the questionnaire attached to Mr Pecora's letter of October 26, 1933

Tri-Continental Corporation made loans on call on sixty-two days during the year 1929 Adding the total of such loans on said days makes an aggregate of \$131,325,000 of call loans made from time to time during the year Call loans were paid off on 145 days during the year, and the aggregate amount of said payments was \$118,925,000

Tri-Continental Allied Company, Incorporated, Tri-Continental Corporation's affiliated company, made loans on call on eighteen days during the year 1929 Adding the total of such loans on said days makes an aggregate of \$87,925,000 of call loans made from time to time during the year Call loans were paid off on forty-two days during the year, and the aggregate amount of said payments was \$86,525,000

Each of the two corporations mentioned had an initial capital of \$50,000,000 and had no borrowed money It is evident, therefore, that the above figures include large amounts of loans which were made in substitution for loans that were repaid

Very truly yours,

TRI-CONTINENTAL CORPORATION,
PAUL BARTHOLET, Comptroller

COMMITTEE EXHIBIT No 105, FEBRUARY 23, 1934

THE UNITED CORPORATION,
Wilmington, Delaware, October 31, 1933

Honorable FERDINAND PECORA,

Counsel, United States Senate Committee on Banking and Currency,
285 Madison Avenue, New York, N Y

DEAR MR PECORA I have caused to be prepared and hand you herewith the data as to The United Corporation, asked for in the Questionnaire enclosed with your letter of October 17, 1933

As suggested in your further letter of October 26, 1933, the reply to Questions A-1, 2 and 3 is as of July 10 for the year 1929

In 1929, The United Corporation had several small subsidiaries, all inactive, which were the only corporations under the direct or indirect control and management of The United Corporation No loans were made by any such subsidiary In consequence the information in regard to loans applies only to The United Corporation

Very truly yours,

GEORGE H HOWARD

The United Corporation, information in reply to questionnaire from the United States Senate Committee on Banking and Currency

	As of July 10, 1929	As of July 1, 1933
Question A		
1 Total Number of Shares of Common Stock in the Names of Brokers and Brokerage Firms.....	1,493,951	2,202,246
2 Total number of brokers and brokerage firms appearing on records as owners of Common Stock.....	553	398
3 Brokers and Brokerage firms who are the ten largest Broker holders of record of shares of Common Stock.....	(1)	(2)
Question B		
1 The total number of shares of Common Stock transferred from one ownership to another during the year 1929 was.....	40,757,810	-----
2 The total number of transfers of Common Stock from one ownership to another during the year 1929 was.....	111,658	-----

¹ No 1, 53,307, No 2, 31,949, No 3, 30,400, No 4, 23,224, No 5, 26,238, No 6, 22,737, No 7, 21,486, No 8, 21,309, No 9, 19,893, No 10, 18,999

² No 1, 117,455, No 2, 64,963, No 3, 59,460, No 4, 49,169, No 5, 47,331, No 6, 43,022, No 7, 41,311, No 8, 39,108, No 9, 33,824, No 10, 37,996

QUESTIONNAIRE NO 2

Question A-1, 2, and 3—The United Corporation did not make directly any street loans in the call money market of New York City during the year 1929. However, on January 25, 1929, The United Corporation obtained an interest through J P Morgan & Co to the extent of \$7,400,000 in six such loans. These loans were repaid as follows:

January 30, 1929.....	\$2, 500, 000
February 5, 1929.....	500, 000
February 9, 1929.....	3, 000, 000
February 18, 1929.....	1, 400, 000
Total.....	7, 400, 000

THE UNITED CORPORATION,
Wilmington, Del., November 17, 1933

Honorable FERDINAND PECORA,
Counsel, United States Senate Committee on Banking and Currency,
285 Madison Avenue, New York, N Y

DEAR SIR Your associate, Mr Ellis, telephoned me with reference to the 40,757,810 shares of stock of The United Corporation transferred during the year 1929, and asked if I knew why so many shares were transferred. I have inquired of the transfer agent, and I can suggest no reason other than the very large volume of transactions in many stocks during the year 1929 resulting from the general speculative conditions throughout the world in the early part of that year and the panic that fall.

Yours very truly,

GEORGE H HOWARD

COMMITTEE EXHIBIT NO 106, FEBRUARY 23, 1934

THE UNITED GAS IMPROVEMENT CO
Philadelphia, October 25, 1933

FERDINAND PECORA, Esq.,
Counsel, Committee on Banking and Currency,
No 285 Madison Avenue, New York, N Y

DEAR MR PECORA Supplementing my letter of October 19th, enclosed please find this Company's answers to the questionnaires in reference to transfers, etc., of our Common Stock and loans made by this Company or subsidiaries in the call money market in New York City.

Yours very truly,

THE UNITED GAS IMPROVEMENT COMPANY,
JOHN E ZIMMERMANN, President

THE UNITED GAS IMPROVEMENT COMPANY

ANSWERS TO QUESTIONNAIRE OF COMMITTEE ON BANKING AND CURRENCY UNITED STATES SENATE

"A Give the following data for the year 1929

1. Total number of street loans made by your Corporation in the call money market of New York City "

Ans During the year 1929 The United Gas Improvement Company loaned no money on call in the New York call money market

Subsidiaries of The United Gas Improvement Company made 53 such loans

"2 The total amount of the street loans made by your Corporation in the call money market of New York City "

Ans The maximum amount loaned at any one time by subsidiaries of The United Gas Improvement Company was \$3,600,000

"3 State the manner or method in which the loans made in the call money market in New York City were effected whether effected through commercial banks, private banks, or other agency, describing the agency, or directly to the borrower "

Ans All loans were effected through National Banks and Trust Companies

COMMITTEE EXHIBIT No 107, FEBRUARY 23, 1934

AMERICAN FOUNDERS CORPORATION,
New York, November 6, 1933.

FERDINAND PECORA, Esq.,
Counsel Committee on Banking and Currency, United States Senate,
285 Madison Avenue, Ne N Y

DEAR MR PECORA In answer to your letter of October 26, 1933 we submit herewith answers to the questionnaire with respect to street loans made by this Corporation in the New York City call money market during the year 1929

Our replies include loans made by this Corporation and the following controlled subsidiaries International Securities Corporation of America, Second International Securities Corporation, United States & British International Company, Ltd, American & General Securities Corporation and Founders General Corporation

Answer to Question 1 The total number of street loans made in the call money market during 1929 was 1,583 loans Each loan made to a broker, regardless of the length of time for which the loan may have run, has been treated as a separate loan and counted accordingly

Answer to Question 2 The amount placed in the call money market during 1929 averaged \$23,629,166 66 The largest loan was \$5,000,000, the smallest loan was \$25,000

Answer to Question 3 All loans made in the call money market in New York City were effected for the account of this Corporation and its subsidiaries through commercial banks

We trust this is the information you desire

Yours very truly,

L H SEAGRAVE, *President*

AMERICAN FOUNDERS CORPORATION,
New York, February 21, 1934

FERDINAND PECORA, Esq.,
Counsel Committee on Banking and Currency, United States Senate,
285 Madison Ave, New York City.

DEAR MR PECORA Supplementing our letter of November 6, 1933, we wish to advise that the sum total of all of the 1,583 separate street loans made in the call-money market during 1929 and reported by us in answer to question no 1 aggregated \$424,450,000

We did not believe this figure was of any particular significance as a given amount of money may have been placed on loan and called and then reloaned a number of times, and the figure is merely a total of all the different loans, and we therefore reported to you the average amount of money placed in the call-money market during 1929 by us and our controlled subsidiaries of \$23,629,166 66

We trust this is the information you require

Very truly yours,

L H SEAGRAVE

COMMITTEE EXHIBIT No 109, FEBRUARY 23, 1934

Schedule C

	1929	1930	1931	1932	1933
Committee on publicity					
Salaries and wages.....	\$45,951 96	\$53,020 20	\$52,893 64	\$46,514 64	\$28,750 00
President's speeches.....	16,788 44	36,799 74	64,449 00	12,942 50	1,357 00
President's annual report.....	16,084 18	18,422 65	13,988 20	16,597 50	-----
Year Books, miscellaneous, other publications, gallery pamphlets, motion-picture expenses, postage, etc.....	55,091 21	84,299 96	107,924 56	89,669 84	32,628 97
Total.....	133,915 79	192,542 55	239,255 40	165,724 48	62,735 97
Office of economist					
Salaries and wages.....	34,510 66	45,941 62	44,203 55	38,879 67	28,320 90
Stationery supplies, books, subscriptions, etc.....	6,419 66	5,480 74	1,404 99	1,835 10	1,913 64
Total.....	40,930 32	51,422 36	45,608 54	40,714 77	30,234 54
Subtotal.....	174,846 11	243,964 91	284,863 94	206,439 25	92,970 51

NOTE—The expense of publication of statistical data prepared by the Department of the Economist is included in the expense of the Committee on Publicity

