

OUTCOME OF SECTION 8 PROCEEDINGS INSTITUTED BY COMMISSION

Proceedings have been instituted under Section 8 of the 1933 Act V. 54 registration statements filed by 42 different companies as follows:-

8(b) .....	6
8(d) .....	34
8(e) .....	14
	<u>54</u>

The following action resulted -

of 6 - 8(b) <u>orders</u>	-- 5 have been lifted as a result of subsequent amendments
of 4 - 8(d) proceedings	-- 16 stop orders issued (6 subsequently lifted) 8 withdrawn 10 dismissed - (amended and effective)
of 6 - 8(e) proceedings subsequently changed to 8(d) proceedings	-- 2 withdrew -- 4 dismissed (amended and effective)
of 8 - 8(e) proceedings	-- 1 withdrew 6 dismissed (amended and effective) 1 pending

# INVESTMENT COMPANIES INVOLVED IN SECTION 8 PROCEEDINGS

Section 8(b)		Disposition
2-2008	General Equities, Inc	Withdrew
2-1208	Standard Depositor Corporation	In Effect
2-3496	State Street Investment Corp.	Effective
2-2802	Investors Fund of America, Inc	Withdrew
2-1998	International Investors Fund System, Inc	Effective
2-1424	Income Estates of America, Inc.	Effective
Section 8(d)		
2-1618) 2-2998)	Income Estates of America, Inc.	Effective
2-71 2-2343	Insured Investors, Inc. Thrift Investment Certificate Fund	Stop Order Effective
2-464 ) 2-1411)	American Participations, Inc.	Effective
2-2467 2-91 2-954	East Side Associates, Inc. Trustee Standard Shares, Inc. Cooperative Investing Group	Withdrew Effective Withdrew
2-2095) 2-2526) 2-3458) 2-3823)	W. Wallace Alexander, Inc.	Stop Order
2-1303) 2-2316) 2-3485)	T. I. S. Management Corp.	Effective
2-4165 2-2089 2-3584 2-1929 2-111 2-2621 2-3171 2-2849 2-2 2-536 2-684	Free Traders, Inc. Insurance Investors Co. Massachusetts Mutual Fund, Inc. American General Corporation Speculative Investment Trust Insurance Investors Fund Listed Securities, Inc. United Endowment Foundation, Inc. Republic Company Consolidated Funds Corporation Equity Corporation	Effective Withdrew Effective Withdrew Stop Order Withdrew Effective Effective Stop Order Effective Effective

Section 8(d) (continued)

2-3877	Investment Corporation of North America	Stop Order
2-876	American Participations, Inc	Stop Order
2-3965	Investors Distribution Shares, Inc.	Effective
2-823	General Income Shares, Inc.	Effective
2-1865	Corporate Leaders Securities Co.	Stop Order
2-1777)	Corporate Leaders of America, Inc.	Effective
2-3722)		Withdraw

Section 8(e)

2-3742	United Gold Equities of Canada, Ltd.	Withdrawn
2-1789	Commonwealth Investment Company	Effective
2-3535	Manhattan Bond Fund, Inc.	Effective
2-3907	Investment Company of America	Effective
2-3910	Industrial Funds Management Corporation	Effective
2-4208	Income Fund, Inc.	Pending
2-2843	Insured Investors Corp.	Effective
2-4557	Chemical Fund, Inc.	Effective

Sections 8(e) and 8(d)

2-1396	Comsec Corporation	Effective
2-3138	Industries Capital Corp.	Withdrawn
2-4187	Trend Corporation	Withdrawn
2-94 )	Republic Investors Fund	Effective
2-1842 )		
2-1843 )		



INVESTMENT COMPANIES INVOLVED IN INJUNCTIONS

<u>Name of Case</u>	<u>Section of Act Involved</u>		<u>Date on which Injunction was obtained</u>
Capital Savings Plan, Inc.	17(a)(2) '33 Act	Consent	6/23/38
Continental Guaranteed Deposits Company, Inc.	5(a)(1)(2) and 17(a)(2) of '33 Act	"	8/29/38
Fidelity Investment Association	17(a)(1)(2) and (3) of '33 Act	"	12-22-38
Financial Independence Founders, Inc.	5(b)(2) and 17(a)(2) of '33 Act	"	6-27-38
Foundation Plan, Incorporated (formerly known as United Endowment Foundations, Inc.)	5(b)(2) and 17(a)(1)(2)(3) of '33 Act	Court	1-8-40
Founders Trust	5(a) and 17(a) of '33 Act	Consent	4-13-38
Franklin (Benjamin) Foundation, Inc.	5(a)(b) and 17(a) of '33 Act	Consent	2-10-38
Income Estates of America, Inc.	5(b)(2) and 17(a)(2) of '33 Act	Consent	7-22-38
Lexington Foundation, Inc.	17(a)(2) and 5(b)(2) of '33 Act	Consent	9-12-38
Porter, Robert W., et al (Re: Fundamerican Trusteed Certificates - Fundamerican Corporation is not named as a defendant.)	5(b)(1) and 17(a)(2) of '33 Act	Order staying further prosecution upon stipulation defendants will not engage in acts and practices complained of, entered 12-12-38	
Wellington Foundation, Inc.	17(a)(2)(3) of '33 Act	Consent	1-12-39

MEMORANDUM TO CHAIRMAN PURCELL

Subject: Sales of Investment Trust  
Securities

There are at present in existence approximately 400 investment companies. Of these, 108 are actively engaged in the sale of certificates. In addition, there are 46 face amount and periodic payment companies which are collecting payments on outstanding contracts, although they are no longer selling new contracts. Open end management companies sold in the last fiscal year approximately \$55,000,000 of certificates. Periodic payment plan investment companies sold contracts having a face amount of \$3,700,000 in 1941. They received payments on all outstanding contracts in the amount of \$4,800,000 in 1941. The only face amount investment company which has reported to the Securities and Exchange Commission to date, Investors Syndicate and its subsidiary, Investors Syndicate of America, sold contracts with a face amount of \$70,800,000 in 1941 and received payments on all outstanding contracts in the amount of \$38,852,000 in 1941.

These investment company organizations employ several thousand salesmen who conduct thorough door-to-door campaigns. They frequently resort to extravagant and questionable methods. Their appeal is made generally to small investors of the type that the Treasury is anxious to have invest in savings bonds. While the amount of sales actually made by investment companies is now substantial, their sales may prove even a more serious obstacle to the Treasury at such time as greater confidence in the securities market returns. At that time they will be in a better position to "out-sell" the Treasury Department. It is important

to keep in mind that these organizations will not only try to obtain the new funds received by prospective investors, but will attempt to switch them from their readily convertible savings bonds into certificates in their companies. It should be noted that while 108 investment companies are now actively selling certificates, there are about 400 investment organizations in existence, most of which could swing into sales campaigns in a relatively short time. In addition, many new companies will undoubtedly be formed as soon as the securities market improves appreciably. As an indication of the number of such organizations which is likely to be formed, attention is called to the fact that 1300 investment companies of this type were organized within the last 15 years in this country.

Edward T. McCormick  
Assistant Director  
Registration Division

June 15, 1942