



SECURITIES INVESTOR PROTECTION CORPORATION

NINTH
ANNUAL REPORT
1979

Contents

- 5 A Message from the Chairman**
- 7 Customer Protections—Liquidations and Direct Payment Proceedings**
- 9 Membership, Assessments and the SIPC Fund**
- 10 Disciplinary and Criminal Actions Against Principals and Associates of Members**
- 10 Referral of Members In or Approaching Financial Difficulty**
- 11 Administration**
- 13 Financial Statements**
- Appendix I: Data Concerning Customer Protection Proceedings under SIPA**
 - 16 A: Customer Claims and Distributions Being Processed by Trustees**
 - 18 B: Customer Claims (Except Problem Claims) Have Been Satisfied**
 - 24 C: Direct Payment Proceedings**
 - 26 D: Liquidations Completed in 1979**
 - 28 E: Summary**
- 29 Appendix II: Analysis of SIPC Revenues and Expenses for the Five Years Ended December 31, 1979**
- 32 Appendix III: Distributions for Accounts of Customers for the Nine Years Ended December 31, 1979**



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

March 26, 1980

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

Dear Chairman Williams:

On behalf of the Board of Directors I submit herewith the Ninth Annual Report of the Securities Investor Protection Corporation pursuant to the provisions of Section 11(c)(2) of the Securities Investor Protection Act of 1970.

Respectfully,

A handwritten signature in cursive script that reads "Hugh F. Owens".

Hugh F. Owens
Chairman

SECURITIES INVESTOR PROTECTION CORPORATION

DIRECTORS



Hugh F. Owens
Chairman



Adolph P. Schuman
President, Lilli Ann
Corporation
San Francisco, California
Vice Chairman

Ralph D. DeNunzio
President and Chairman,
Executive Committee
Kidder Peabody & Co., Inc.
New York, New York



Brenton H. Ruppel
Chairman, Robert W.
Baird & Co., Inc.
Milwaukee, Wisconsin

James L. Kichline
Director, Division of
Research and Statistics,
Board of Governors
of the Federal Reserve
System
Washington, D.C.



Michael A. Taylor
Senior Vice President,
Paine, Webber,
Jackson & Curtis,
Incorporated
New York, New York

Robert H. Mundheim
General Counsel,
Department of the
Treasury
Washington, D.C.



STAFF OFFICERS

Lloyd W. McChesney
Vice President—Finance

John B. Bourne
Assistant Vice President—Finance

J. H. Moelter
Assistant Vice President—Finance

Theodore H. Focht
General Counsel—Secretary

Wilfred R. Caron
Associate General Counsel



INTRODUCTION

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

Congress acted swiftly, passing the Securities Investor Protection Act of 1970 (SIPA). Its purpose is to afford certain protections against financial loss to customers of broker-dealers which fail and, thereby, promote investor confidence in the nation's securities markets. Currently, the limits of protection are \$100,000 per customer, except that claims for cash are limited to \$40,000 per customer.

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

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

The SIPC staff, numbering 29, is composed of the Finance Department, headed by a Vice-President, and the Legal Department headed by the General Counsel. Their functions include initiating the steps leading to the liquidation of a member, advising the trustee, his counsel and accountants, reviewing claims, auditing distributions of property, and other activities pertaining to the Corporation's purpose. In cases where the court appoints SIPC or a SIPC employee as Trustee and in direct payment proceedings, the staff responsibilities and functions are all en-

compassing—from taking control of customers' and members' assets to satisfying valid customer claims and accounting for the handling of all assets and liabilities to the courts having jurisdiction.

The money required to protect customers beyond that which is available from the property in the possession of the failed broker-dealer is advanced by SIPC from a fund maintained for that purpose. The sources of money for the SIPC Fund are assessments collected from SIPC members and interest on investments in United States Government securities. If the need arises, the Securities and Exchange Commission has the authority to lend SIPC up to \$1 billion, which it, in turn, would borrow from the United States Treasury.

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

Further information about the provisions for customer account protection are contained in a booklet, "An Explanation of the Securities Investor Protection Act of 1970 as Amended in 1978", which is available from the Securities Industry Association, 20 Broad Street, New York, New York 10005, and from the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

* Section 3(a)(2)(A) of SIPA excludes:

(I) persons whose principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions; and

(II) persons whose business as a broker or dealer consists exclusively of (I) the distribution of shares of registered open end investment companies or unit investment trusts, (II) the sale of variable annuities, (III) the business of insurance, or (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts.



A MESSAGE FROM THE CHAIRMAN



During 1979, the changes engendered by the Securities Investor Protection Act Amendments of 1978 proved their merit. Each of the six new protection proceedings initiated in 1979 was handled under the new procedures. While reducing costs per case, the amendments allow SIPC greater flexibility in handling the medium and smaller sized cases that have formed the bulk of proceedings under SIPA in recent years.

The amendments permit SIPC to serve as trustee in medium sized cases and, in smaller proceedings, allow SIPC to pay customers directly, thereby avoiding costly court ordered and supervised liquidations. A trustee other than SIPC was appointed in only one of the nine cases commenced since the amendments were enacted in May, 1978. Of the six cases initiated in 1979, SIPC serves as trustee in five with the remaining case being handled under the direct payment procedure.

Expenses per case are undoubtedly far lower under the new procedures than they would have been had a non-SIPC trustee and court-supervised liquidation been required in each new

proceeding. In direct payment proceedings and under SIPC trusteeships, most of a proceeding's considerable administrative work is handled by SIPC's own financial and legal professionals and support personnel. Although the workload and responsibilities increased, the new tasks are being accomplished expeditiously without any staff increase. The number of SIPC employees, in fact, has declined from a total of 33 on May 21, 1978, the day the amendments were signed into law, to 29 employees as of December 31, 1979.

Increase in Limits of Protection

More broadly, the refinements of the amendments are part of an evolutionary improvement in investor protection occurring as the lessons of experience are learned and conditions in the securities industry change over the years. The reduced rate of member failures in recent years and the SIPC Fund's build-up, for instance, have resulted in an industry proposal to increase the limits of protection.

In September, 1979, the Boards of the Securities Industry Association and The National Association of Securities Dealers, Inc. each passed resolutions urging an increase in the limit of protection afforded customer securities held by SIPC members. Under the proposal, the limit of SIPC advances for customer securities claims would be raised from the current \$100,000 to \$500,000. Following endorsement of the proposed increased protection by the New York Stock Exchange, the American Stock Exchange, the regional stock exchanges and the SEC, we have transmitted to Congress a recommendation to so amend SIPA pursuant to authorization by the SIPC Board early in 1980 sanctioning such action. In addition, reflecting current Congressional deliberations on banking legislation, the Board requested Congress amend SIPA to increase the current limit of \$40,000 on SIPC advances for customer cash claims to the cash amount ultimately set by Congress to insure depositors in banks, savings and loan associations and credit unions.

Based on SIPC's past experience, such increases in the limits of protection should neither expose the Fund to debilitating outlays, nor will they require additional member assessments.



While net SIPC advances for accounts of customers totalled \$42.7 million since the inception of SIPC in 1970, the Fund has earned interest of \$55 million during the same period.

Indeed, for the fourth year in a row, interest on investments during 1979 substantially exceeded SIPC's expenses. During the year, interest earned plus net recoveries from advances in customer protection proceedings exceeded total expenses by about \$15.5 million.

Maintaining Confidence

The proposal to increase the limits of protection is, of course, in accord with the primary objective of Congress in creating, and the industry in supporting, SIPC: to provide greater protection for customers of securities broker-dealers. During 1979, SIPC also addressed the related objective of maintaining confidence in our securities markets.

Certainly, confidence in securities markets and in our members will be enhanced as SIPC protections become more widely recognized by the public. In helping to design SIPA and in financing the protections it affords, the securities industry has made a major contribution to protection of the investor. Yet, there has been little awareness of the program among current and prospective customers. During hearings on the 1978 Amendments, one senior industry representative likened the situation to "playing a violin in an empty hall."

The SIPC Advertising Bylaw that went into effect January 1, 1979 was one step toward building greater awareness of SIPC among existing customers. Members are complying by displaying the SIPC symbol in their offices and advertising.

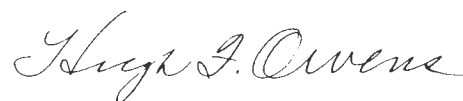
Public Information Program

To create broader awareness among the general public, a public information program was implemented during 1979. That effort, described in detail elsewhere in this report, brought the SIPC story directly to hundreds of business and community leaders through presentations to selected service and business clubs in ten cities. The resulting media coverage literally reached millions.

The gratifying response by business editors, television producers and investors suggests that knowledge of SIPC's protections can play a constructive role in investment decision-making, thereby contributing to confidence. With these considerations in mind, the SIPC Board of Directors has authorized the expansion of the program through 1980.

I am pleased to report that SIPC experienced its fifth consecutive year of decrease in administrative expenses, exclusive of the consultant's fees paid in connection with SIPC's public information program initiated in late 1978 (See Appendix II). This was accomplished even though we have undertaken in-house all six proceedings commenced in 1979.

During 1979, further progress was made toward achieving all the goals set for SIPC nine years ago. We enter the new decade with confidence in the ability of the SIPC Fund and staff to fulfill all obligations to Congress, the securities industry, its customers, and the general public.



Hugh F. Owens
Chairman



CUSTOMER PROTECTIONS – LIQUIDATIONS AND DIRECT PAYMENT PROCEEDINGS

Customer protection proceedings were initiated for six SIPC members in 1979, bringing the total since SIPC's inception to 138 proceedings commenced under SIPA. The 138 members represent 1.4 percent of the approximately 10,000 broker-dealers that have been SIPC members during the last nine years. Currently, SIPC has 5,985 members.

The six new cases compare with four commenced in 1978 and an overall average of six proceedings per year during the period 1975 through 1979. SIPC serves as trustee in five of the new cases and one is a direct payment proceeding. The members for which customer protection proceedings were undertaken are:

Member	Date Trustee Appointed
Price, Allen & Stevens Securities Corporation Cleveland, Ohio	3/01/79*
Paul Kendrick & Co., Inc. San Francisco, California	4/17/79
Francis Eugene Mooney, Jr. d/b/a Bach Planning Co. Knoxville, Tennessee	5/23/79
Link-Up + 1 Securities, Inc. Denver, Colorado	8/09/79
Hamilton/Cooke & Co. of Florida, Inc. Miami, Florida	10/02/79
P. J. Kisch & Co., Inc. Minneapolis, Minnesota	11/09/79

* Publication date (Direct payment case; no trustee appointed.).

Hamilton/Cooke & Co. of Florida, Inc. (Hamilton) and P. J. Kisch & Co., Inc. (Kisch) were the two largest liquidations undertaken during 1979. The Hamilton proceeding is the first under SIPA involving a SIPC member that was a dealer in Government National Mortgage Association securities. As of February 29, 1980, cash and securities having an aggregate value of \$2.4 million had been distributed to 184 customers of Hamilton and an aggregate value of \$900,000 had been distributed to 387 customers of Kisch.

The other proceedings commenced in 1979 are relatively small.

Status of Customer Protection Proceedings

Of the 138 proceedings begun under SIPA to date, 97 have been completed, 35 involve problem claims and/or litigation, and claims in 6 are being processed (See Figure 1). Five of the six cases were begun in 1979 and one, I. E. S. Management Group, Inc., was commenced in 1977.

During the nine years of SIPC's existence, cash and securities distributed for accounts of customers aggregated approximately \$287 million. Of that amount, approximately \$244 million came from debtors' estates and \$43 million from the SIPC Fund (See Appendix III).

Table 1 shows that the 12 debtors for which net advances from the SIPC Fund of more than \$1 million have been made accounted for about half the total advanced in all 138 customer protection proceedings. The largest net advance in a single liquidation is \$8 million for Weis Securities, Inc. This is about equal to the net advances in the 91 smallest proceedings.

The four costliest proceedings accounted for \$16.5 million, or 32 percent of net advances from the SIPC Fund for all proceedings.

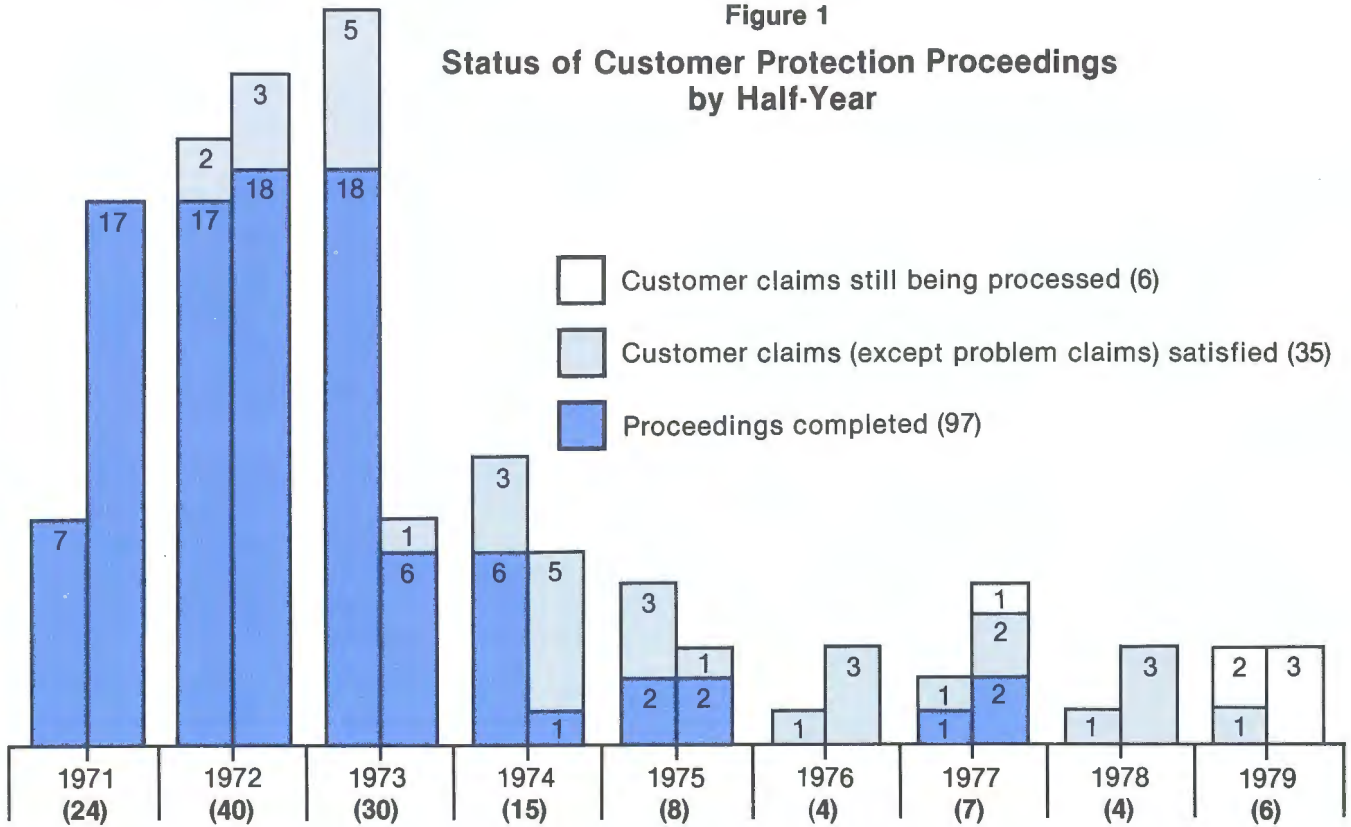
Table I
Net Advances from the SIPC Fund
As of December 31, 1979
138 Customer Protection Proceedings

Net Advances		Number of Proceedings	Amounts Advanced*
From	To		
\$5,000,001	up	1	\$ 8,062,433
2,000,001	\$5,000,000	3	8,493,629
1,000,001	2,000,000	8	10,048,288
500,001	1,000,000	12	8,873,172
250,001	500,000	23	7,967,495
100,001	250,000	36	5,599,791
50,001	100,000	35	2,536,816
25,001	50,000	12	417,432
10,001	25,000	3	44,269
- 0 -	10,000	5	21,525
			\$52,064,850

* Consists of advances for accounts of customers (\$42,730,782) and for administrative expenses (\$9,334,068). Limited amounts advanced to trustees may be recovered by SIPC.



Figure 1
Status of Customer Protection Proceedings
by Half-Year



Claims Over The Limits

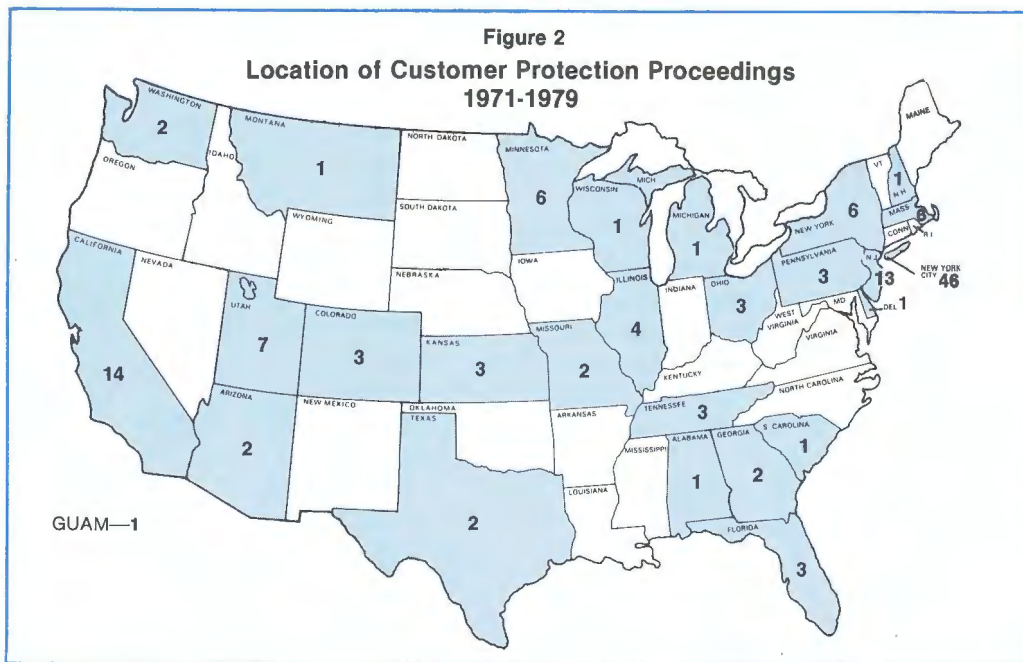
Of the more than 100,000 claims satisfied as of December 31, 1979, 212 were claims for cash and securities whose value was greater than the limits of protection provided by SIPA.

The 212 claims reflect a net decrease of 4 during 1979 and represent approximately two-tenths of one percent of all claims paid. The unsatisfied portion totalled \$4.4 million, an increase of

\$200,000 over 1978's year-end balance, and is approximately 1.5 percent of the value of securities and cash distributed for accounts of customers.

The reduction in the number of such claims resulted from satisfaction of 19 claims through additional distributions from the estate in the Weis liquidation. The 15 additional claims filed were scattered among six other proceedings.

Figure 2
Location of Customer Protection Proceedings
1971-1979



MEMBERSHIP, ASSESSMENTS AND THE SIPC FUND

Membership

There were 5,985 members as of December 31, 1979, a net increase of 315 during the year. Table II reflects the number of members and their affiliation for purposes of collection of SIPC assessments at the end of the year, as well as the changes during the year.

Persons certifying that they met the membership exclusion provisions of SIPA decreased by 45 to a total of 380 at year-end.

Assessments

Net revenues from member assessments for 1979 of \$64,321 resulted from collections of \$137,484 of the 1979 assessment of \$25 from each member and \$66,092 of prior years' underpayments, less \$139,255 of refunds of member assessment overpayments from prior years. The SIPA amendments of 1978 and a SIPC bylaw amendment concerning prior years' member assessment overpayments, provided authority for the refund of these overpayments.

SIPC had encouraged each collection agent to combine the collection of the 1979 SIPC assessment with their established member assessment billing procedures. Nearly 2,000 SIPC members paid this assessment to the two agents who elected to use this combined collection procedure. Such elections minimized the costs and administrative efforts associated with the collections and simplified the affected SIPC members' accounting therefor. The three collection agents that have elected to collect the 1980 assessment by use of the alternate method and the approximate 4,000 SIPC members affected thereby will share the benefits of this simplified procedure.

Assessment revenues for the period since inception (December 31, 1970) through December 31, 1979 aggregated approximately \$203,000,000. Prior to 1979, assessments were based on members' gross revenues from the securities business.

Delinquencies

There were 232 SIPC members who were delinquent in filing reports and/or paying assessments as of December 31, 1979, and had received notices under Section 14(a).¹ Notices to 125 of these members were mailed in 1979 (33 in

¹ 14(a) Failure To Pay Assessment, etc.—If a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured, by the filing of such report or information or by the making of such payment, together with interest and penalty thereon, within five days after receipt by such mem-

December), 52 in 1978, and 55 during the years 1973 through 1977. The SEC staff has advised that: (1) 117 of these members are no longer engaged in the securities business and if they do not withdraw their 1934 Act registrations, it will recommend cancellation thereof; (2) the delinquencies of 22 have subsequently been cured, 24 are subjects of administrative proceedings and 24 are otherwise not continuing to constitute a potential loss of SIPC assessments; and (3) the remaining 45 are undergoing review by its regional offices and the respective examining authorities.

SIPC Fund

The SIPC Fund, as defined by SIPA, consists of the aggregate of cash and investments in United States Government securities. At December 31, 1979, the SIPC Fund totaled \$194,214,742, an \$18,561,875 increase from the previous year-end.

Table II
SIPC Membership
Year Ended December 31, 1979

Agent for Collection of SIPC Assessments	Number of SIPC Members		
	Added ^(a)	Terminated ^(a)	Total
National Association of Securities Dealers, Inc.	73	104	1,957
Chicago Board Options Exchange, Incorporated	84	30	1,234
SIPC ^(b)	634	368	1,008
New York Stock Exchange, Inc.	73	73	820
American Stock Exchange, Inc.	47	23	382
Midwest Stock Exchange, Inc.	17	18	262
Philadelphia Stock Exchange, Inc.	11	7	153
Pacific Stock Exchange, Inc.	17	8	116
Boston Stock Exchange, Inc.	2	10	46
Spokane Stock Exchange	—	2	5
Intermountain Stock Exchange	—	—	2
	<u>958</u>	<u>643</u>	<u>5,985</u>

Notes:

- Excluding transfers (829) of members to successor collection agents.
- SIPC is the collection agent and the SEC is the examining authority for brokers and dealers that are not members of any self-regulatory organization. The additions in this category reflect the temporary status of many broker-dealers between the date of their registrations under Section 15(b) of the 1934 Act and their becoming members of a securities exchange or association. The large number of terminations reflect the temporary status after broker-dealers terminate their memberships in these self-regulatory organizations and before their withdrawal of registrations as broker-dealers.

ber of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer. If such member denies that it owes all or any part of the amount specified in such notice, it may after payment of the full amount so specified commence an action against SIPC in the appropriate United States district court to recover the amount it denies owing.



DISCIPLINARY AND CRIMINAL ACTIONS AGAINST PRINCIPALS AND ASSOCIATES OF MEMBERS SUBJECT TO SIPC CUSTOMER PROTECTION PROCEEDINGS

SIPC routinely forwards to the Securities and Exchange Commission, for possible action under Section 10(b) of SIPA, the names of principals and others associated with members for which SIPC customer protection proceedings have been initiated. Those individuals are also reported to the self-regulatory organization exercising authority for appropriate action by that organization. Trustees and SIPC personnel appointed to administer such proceedings cooperate with SEC and law enforcement authorities in their investigations of possible violations of law.

During 1979, two individuals were barred from association with other members as a result of action by self-regulatory organizations against persons associated with members subject to SIPC proceedings and the SEC barred 13 individuals from association with any broker or dealer.

Criminal indictments were returned by federal grand juries against 4 persons associated with members subject to SIPC customer protection action; 5 associated persons who had previously been indicted were convicted of criminal charges. Sentences imposed by the courts included confinement ranging from 1 to 5 years and probation for up to two years.

Summary of Criminal and Administrative Actions

Since enactment of the Securities Investor Protection Act in December, 1970, criminal action has been initiated in 46 of the 138 SIPC proceedings. A total of 119 indictments have been returned in federal courts, resulting in 100 convictions to date. As of December 31, 1979, trial or sentencing was pending against 19 persons who had been indicted or convicted.

Administrative and/or criminal action in 126 of the 138 SIPC customer protection proceedings initiated through December 31, 1979, was accomplished as follows:

Action Initiated	Number of Proceedings
1. Joint SEC/Self-Regulatory Administrative Action	37
2. Exclusive SEC Administrative Action	22
3. Exclusive Self-Regulatory Administrative Action	21
4. Criminal and Administrative Action	40
5. Criminal Action Only	6
TOTAL	126

In the 120 customer protection proceedings in which administrative action has been effected, the following sanctions have been imposed against associated persons:

Sanction	SEC	Self-Regulatory Organizations
Notice of Suspension ²	58	53
Bar from Association	240	142
Fines	Not Applicable	\$331,500

² Notice of suspension include those issued in conjunction with subsequent bars from association.

Suspensions by self-regulatory authorities ranged from five days to a maximum of five years. Those imposed by SEC ranged from 15 days to a maximum of one year.

Some associated persons were barred from the securities industry. Others were barred from association in a principal or supervisory capacity.

The \$331,500 in fines assessed by self-regulatory authorities were levied against 37 associated persons and ranged from \$250 to \$50,000.

REFERRAL OF MEMBERS IN OR APPROACHING FINANCIAL DIFFICULTY

Section 5(a)(1) of SIPA requires the SEC or the self-regulatory organizations to immediately notify SIPC upon discovery of facts which indicate that a broker or dealer subject to their regulation is in or is approaching financial difficulty. The SEC, the NASD and the securities

exchanges fulfill this requirement through regulatory procedures which integrate examination and reporting programs with an early-warning procedure for notifying SIPC. The primary objective of those programs is the early identification of those members which are in or are ap-



proaching financial or operational difficulty and the initiation of action necessary to protect the investing public.

Summary of Members on Active Referral

SIPC maintained active files on 31 members referred under Section 5(a) during the year 1979. Nineteen new referrals were received during the year and twelve active referrals had been carried forward from prior years. Of the 31, four remained on active referral status at year-end.

In addition to the formal referral of members under Section 5(a), SIPC received periodic reports from the SEC and self-regulatory organizations identifying those members which, although not considered to be in or approaching financial difficulty, were subject to closer-than-normal surveillance because they temporarily did not meet certain pre-established financial or operational standards.

ADMINISTRATION

Directors

Following reappointment by President Carter, the Senate reconfirmed Brenton H. Ruppel as a member of SIPC's Board of Directors. Mr. Ruppel, Chairman of Milwaukee-based Robert W. Baird & Co., Inc., has served as a SIPC Director since 1978. During his initial confirmation hearings, Banking Committee Chairman, Senator William Proxmire, cited Mr. Ruppel's "outstanding record of leadership in the industry in Wisconsin."

Mr. Ruppel is a former Governor of the American Stock Exchange and Investment Bankers Association and has served as Vice Chairman of the Securities Industry Association.

Public Information Program

A public information program to increase awareness of SIPC protections, authorized by the SIPC Board of Directors in November, 1978, was implemented during 1979. The program stems from the findings of a 1978 New York Stock Exchange (NYSE) study that only 3 percent of investors know about SIPC. A summary of the survey, released by the NYSE in 1979, urged "promotion of SIPC to the public" as a "definite opportunity" to improve the public's perception of the securities industry.

Among the presentations to business and service clubs in ten cities during 1979, Chairman Owens addressed the Commonwealth Club of San Francisco and the Town Hall of California

in Los Angeles. In his remarks, the industry's role in SIPC's creation and build-up of the SIPC Fund are stressed together with such other factors as improvements in the self-regulatory environment and member operational management that have created a new era of investor protection.

In addition to numerous television and radio appearances generated by the speaking tours, articles on SIPC and its operations have appeared in such prominent newspapers as the LOS ANGELES TIMES, SAN FRANCISCO CHRONICLE, HOUSTON POST, DALLAS MORNING NEWS and ST. LOUIS POST-DISPATCH. An article on SIPC protections by Sylvia Porter, the nationally syndicated columnist, appeared in over 500 newspapers throughout the country. Feature stories appeared in a variety of regional and national publications including NEW ORLEANS MAGAZINE, SURGICAL BUSINESS, INC. MAGAZINE, and the American Association of Retired Persons' NEWS BULLETIN.

A public service videotape on SIPC's protections was produced and released to over one hundred television stations nationwide. The tape, broadcast during the week of October 29, 1979 and tied to the 50th Anniversary of the "Great Crash," aired on 80 stations with a total estimated viewing audience of 8.5 million.

Based on the results achieved in 1979, the Board of Directors has authorized an expanded program through 1980.



FINANCIAL STATEMENTS

ACCOUNTANTS' REPORT

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

We have examined the statement of financial condition of Securities Investor Protection Corporation as of December 31, 1979, and the related statements of operations and fund balance and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Securities Investor Protection Corporation at December 31, 1979, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & WHINNEY

New York, N.Y.
January 25, 1980



SECURITIES INVESTOR PROTECTION CORPORATION

STATEMENT OF FINANCIAL CONDITION

December 31, 1979

ASSETS

Cash	\$	78,770
U.S. Government securities, at amortized cost and accrued interest receivable (\$3,637,065); (approximate market \$190,855,000)		194,135,972
Advances to trustees for customer protection proceedings in progress, less allowance for possible losses (\$26,644,173) (Note 4)		1,500,000
Furniture and equipment, at cost, less accumulated depreciation (\$75,495)		42,178
Other		974
		\$195,757,894

LIABILITIES AND FUND BALANCE

Advances to trustees – in process (Note 4)	\$	20,263
Accounts payable and accrued expenses		53,418
Estimate of costs to complete customer protection proceedings in progress (Note 4)		4,500,000
		4,573,681
Fund balance		191,184,213
		\$195,757,894

STATEMENT OF OPERATIONS AND FUND BALANCE for the year ended December 31, 1979

Revenues:		
Interest on U.S. Government securities	\$	15,342,696
Member assessments, net of refunds of prior years' overpayments (\$139,255) (Note 3)		64,321
Interest on assessments		8,728
		15,415,745
Expenses:		
Administrative:		
Salaries and employee benefits		1,009,117
Legal and accounting fees		27,250
Rent		131,302
Other		182,230
		1,349,899
Public information program consultant's fees		44,383
		1,394,282
Customer protection proceedings (Note 4):		
Net provision for possible losses on (recoveries of) advances:		
Trustees other than SIPC (net of \$8,157,369 recoveries)		(6,686,179)
SIPC as Trustee (net of \$8,012 recoveries)		413,791
Direct payments		251,569
Estimate of costs to complete customer protection proceedings in progress		4,500,000
		(1,520,819)
		(126,537)
Excess revenues		15,542,282
Fund balance, beginning of year		175,641,931
Fund balance, end of year		\$191,184,213

See notes to financial statements.



STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1979

Cash provided from (used in) operations:

Provided:

Interest on U.S. Government securities	\$ 14,054,022
Recoveries of advances to trustees other than SIPC, net	5,206,442
Member assessments	64,321
Interest on assessments	8,728
	19,333,513

Used:

Administrative expenses	(1,390,947)
Advances to SIPC as Trustee, net	(413,791)
Direct payments	(251,569)
	(2,056,307)
	17,277,206

Other uses of cash:

Purchases of U.S. Government securities, net	(17,231,641)
Miscellaneous	(4,005)

Increase in cash	41,560
Cash, beginning of year	37,210
Cash, end of year	\$ 78,770

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

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

2. The "SIPC Fund"

The "SIPC Fund," as defined by SIPA, consists of cash and U.S. Government securities aggregating \$194,214,742.

In the event the SIPC Fund is or may reasonably appear to be insufficient for the purposes of SIPA, the Securities and Exchange Commission is authorized to make loans to SIPC and, in that connection, the Commission is authorized to issue notes or other obligations to the Secretary

of the Treasury in an aggregate amount not to exceed \$1,000,000,000.

3. Member assessments

Each member's annual general assessment is \$25 beginning in 1979. Assessment revenues include collections of \$66,092 of prior years' underpayments when assessments were based on members' gross revenues.

4. Customer protection proceedings

Customer protection proceedings (proceedings) include liquidations conducted by court appointed trustees and direct payment procedures conducted by SIPC. There are 38 liquidations and 3 direct payment procedures in progress at December 31, 1979. Customer claims, except problem claims, have been satisfied in 35 of these proceedings and in 6 proceedings customer claims are still being processed.

As of December 31, 1979, SIPC is able to commence estimating the costs to complete, and future recoveries from, the proceedings in progress. An estimate of \$4,500,000 of costs to complete proceedings has been recorded. Such estimated costs are based upon the costs of



completed cases of comparable size and complexity, adjusted for costs already incurred and for other costs that can be reasonably estimated. Estimated future recoveries of advances to trustees other than SIPC of \$1,500,000, combined with the \$6,657,369 received, aggregate \$8,157,369 recoveries for the year.

Advances to trustees represent net amounts disbursed and amounts currently payable for proceedings in progress, less an allowance for possible losses. Customer payments and related expenses of direct payment procedures are recorded as expenses as they are incurred.

These financial statements do not include accountability for assets and liabilities of members being liquidated by SIPC as Trustee. Such accountability is reflected in reports required to be filed with the courts having jurisdiction.

5. Retirement Plan

SIPC has a non-contributory retirement plan covering all employees. SIPC's policy is to fund retirement expense accrued. The retirement expense was \$93,500 for 1979.



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

PART A: Customer Claims and Distributions Being Processed by Trustees

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
THIRD QUARTER 1977					
I.E.S. Management Group, Inc., Irvington, New Jersey (Michael R. Griffinger, Esq.)	6/17/70	6/ 9/77	9/27/77	3,600	1,682
SECOND QUARTER 1979					
Paul Kendrick & Co., Inc. San Francisco, California (SIPC)	9/ 8/71	4/10/79	4/17/79	132	9
THIRD QUARTER 1979					
Link-Up + 1 Securities, Inc. Denver, Colorado (SIPC)	12/22/78	5/17/79	8/ 9/79	117	25
FOURTH QUARTER 1979					
Hamilton/Cooke & Co. of Florida, Inc. Miami, Florida (SIPC)	4/10/78	9/25/79	10/ 2/79	1,000	240
P. J. Kisch & Co., Inc. Minneapolis, Minnesota (SIPC)	6/15/78	11/ 5/79	11/ 9/79	1,407	728
TOTAL 5 MEMBERS: PART A				<u>6,256</u>	<u>2,684</u>

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

FIRST QUARTER 1972

JNT Investors, Inc., New York, New York (Jerry B. Klein)	6/17/70	2/15/72	2/15/72	1,572	938
C. H. Wagner & Co., Inc., Boston, Massachusetts (Thomas J. Carens, Esq.)	6/23/69	2/22/72	2/28/72	14,000	839

FOURTH QUARTER 1972

Equitable Equities, Inc., New York, New York (Robert E. Smith, Esq.)	2/ 4/70	10/13/72	10/13/72 2/15/78*	134	69
Havener Securities Corp., New York, New York (Ezra G. Levin, Esq.)	11/13/59	10/13/72	10/24/72	900	533
C. I. Oren & Co., Inc., New York, New York (Martin R. Gold, Esq.)	11/10/68	10/13/72	10/26/72	345	61

* Successor Trustee



Distributions of Properties Held by Trustees

Specifically
IdentifiableSingle and
Separate Fund

SIPC Advances to Trustees

Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
				\$ 3,119,940	\$ 278,503			\$2,841,437	248
				943	943				
				27,339	159			27,180	4
				123,987				123,987	16
				<u>\$ 3,272,209</u>	<u>\$ 279,605</u>			<u>\$2,992,604</u>	<u>268</u>
\$ 1,805,662	927	\$ 150,979	140	\$ 374,235	\$ 140,433	\$ 19,863	\$ 22,994	\$ 190,945	146
54,889	8			1,140,300	69,312	9,886	72,847	988,255	253
128,362	45	3,223	1	87,220	6,755	27,604	16,034	36,827	31
293,394	86	520,867	405	423,154	209,170	24,044	16,368	173,572	233
1,800	1			326,196	189,991	59,071	33,710	43,424	45



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

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

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
FIRST QUARTER 1973					
Provident Securities, Inc., New York, New York (Harvey R. Miller, Esq.)	3/16/69	1/23/73	2/ 2/73 9/10/75*	2,100	850
Custodian Security Brokerage Corp., New York, New York (Lyonel E. Zunz, Esq.)	4/25/71	3/ 6/73	3/ 7/73	673	67
Pacific Western Securities, Inc., Los Angeles, California (Edwin M. Lamb)	8/ 7/66	3/26/73	3/28/73	3,023	521
SECOND QUARTER 1973					
Weis Securities, Inc., New York, New York (Edward S. Redington, Esq.)	8/ 1/65	5/24/73	5/30/73	55,026	34,000
† In the administration of the estate, advances to pay customers' free credit balances or cash in lieu of securities were not separately identified.					
Smith & Medford, Inc., Atlanta, Georgia (William Green, Esq.)	9/ 2/70	5/31/73	6/ 1/73	1,705	525
THIRD QUARTER 1973					
Busec Securities Corp., Buena Park, California (Harold L. Orchid, Esq.)	8/10/69	9/13/73	9/14/73	575	65
FIRST QUARTER 1974					
Parker Jackson & Co., Salt Lake City, Utah (Herschel J. Saperstein, Esq.)	5/24/63	2/ 7/74	2/14/74	2,400	1,103
SECOND QUARTER 1974					
Memme & Co., Inc., New York, New York (Edward Farman, Esq.)	8/ 6/65	8/ 6/73	4/15/74	300	29
Christian-Paine & Co., Inc. Carlton Cambrige & Co., Inc. Hasbrouck Heights, New Jersey (Irwin Weinberg, Esq.)	6/24/70 7/21/68	4/10/74	4/18/74	17,500	7,884

* Successor Trustee



Distributions of Properties Held by Trustees

Specifically Identifiable Single and Separate Fund

SIPC Advances to Trustees

Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
\$ 229,976	742			\$ 1,004,665	\$ 293,970		\$ 310,211	\$ 400,484	672
1,219	3			134,272	81,634		29,927	22,711	17
280,827	158	\$ 79,179	118	1,420,962	299,122	\$ 18,163	980,074	123,603	360
147,671,942	32,000 (Estimated)	34,023,127	32,000 (Estimated)	8,062,433			8,062,433†		31,500 (Estimated)
166,141	298			275,968	72,576	25,685	172,458	5,249	272
5,975	4	7,000	1	124,822	30,428		94,282	112	62
42,899	417			130,171	78,535	963	26,929	23,744	154
70	6			69,056	37,753	7,562	4,300	19,441	14
763,856	12,561	16	3	3,252,679	946,297	3,125	2,044,056	259,201	6,571



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

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

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
THIRD QUARTER 1974					
Llorens Associates, Inc., New York, New York (Lloyd Frank, Esq.)	4/ 1/70	6/18/74	7/ 1/74	548	93
Investment Securities Corp., Clayton, Missouri (Martin M. Green, Esq.)	11/ 8/69	7/ 8/74	7/ 8/74	1,400	490
Financial House, Inc., Detroit, Michigan (David Robb, Esq.)	3/ 9/55	9/17/74	9/18/74	1,958	708
FOURTH QUARTER 1974					
Henry C. Atkeison, Jr., d/b/a Ambassador Church Finance Development Group, Inc.; d/b/a Atalbe Christian Credit Association, Inc., Brentwood, Tennessee (Fred D. Bryan)	4/18/70	11/ 7/74	12/17/74	531	115
Universal Underwriting Service, Inc., Salt Lake City, Utah (Herschel J. Saperstein, Esq.)	8/28/71	11/25/74	12/26/74	5,500	1,100
FIRST QUARTER 1975					
Executive Securities Corp., New York, New York (Cameron F. MacRae III, Esq.)	11/ 8/67	2/14/75	2/14/75	8,740	2,757
G. H. Sheppard & Co., Inc., New York, New York (Jerome M. Selvers, Esq.)	4/ 4/73	3/ 4/75	3/25/75	175	27
SECOND QUARTER 1975					
Horvat, Maniscalco & Co., Bergenfield, New Jersey (Lawrence E. Jaffe, Esq.)	9/ 5/71	4/25/75	4/25/75	1,093	221
THIRD QUARTER 1975					
Investors Security Corp., Monroeville, Pennsylvania (Thomas P. Ravis, Esq.)	5/ 8/66	9/15/75	9/15/75	4,300	244
FIRST QUARTER 1976					
J. S. Roberts & Co., Westfield, New Jersey (Michael M. Marx)	8/26/70	2/ 2/76	2/11/76	696	75



Distributions of Properties Held by Trustees

Distributions of Properties Held by Trustees				SIPC Advances to Trustees					
Specifically Identifiable		Single and Separate Fund		Total Advanced	Administration Expenses	Open Contractual Commitments	Cash In Lieu of Securities	Free Credit Balances	Number of Customers
Value	Number Customers	Value	Number Customers						
\$ 31,174	40			\$ 70,816	\$ 14,574	\$ 214	\$ 17,823	\$ 38,205	30
515,614	388			351,519	2,776	81,078	183,300	84,365	162
431,422	226			963,403	277,887	38	568,250	117,228	284
6,860	11			89,917	65,507		22,243	2,167	17
107,926	567	\$ 41,417	164	65,525			22,100	43,425	164
2,268,426	1,218			2,121,009	25,531	30,535	1,449,655	615,288	1,341
11,071	6			154,456	60,436	8,950	26,866	58,204	15
910	2			825,322	33,430		746,891	45,001	250
800	1			382,076	100,971		165,857	115,248	18
		141,947	2	65,862			65,862		2



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

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

Member and Trustee By Date of Appointment	Date Regis- tered as Broker-Dealer	Filing Date	Trustee Appointed	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
FOURTH QUARTER 1976					
Institutional Securities of Colorado, Inc., Denver, Colorado (Ralph M. Clark, Esq.)	4/27/71	9/29/76	10/ 4/76	9,000	1,780
E. J. Albanese & Co., Inc., New York, New York (Joseph O. Barton)	10/29/75	10/28/76	11/ 4/76	750	43
Stilwell, Coker & Co., Inc., Charleston, South Carolina (Norman W. Stevenson, Esq.)	10/ 9/73	12/16/76	12/16/76	539	77
FIRST QUARTER 1977					
Swift, Henke & Co., Inc., Chicago, Illinois (J. William Holland, Esq.)	5/30/65	3/14/77	3/15/77	1,350	186
THIRD QUARTER 1977					
Crystal Securities Corporation, Mendham, New Jersey (Bernard Hellring, Esq.)	1/ 6/60	9/16/77	9/16/77	61	27
FOURTH QUARTER 1977					
James A. Finan & Co., Inc., Jersey City, New Jersey (Bruce I. Goldstein, Esq.)	2/ 2/76	8/10/77	11/ 2/77	200	5
FIRST QUARTER 1978					
San Francisco Investment Corporation, San Francisco, California (Patrick A. Murphy, Esq.)	5/28/65	3/16/78	3/16/78	514	15
THIRD QUARTER 1978					
Douglas F. Brown Financial Services, Inc. Longview, Washington (James E. Newton, Esq.)	7/15/77	6/14/78	7/18/78	419	38
SECOND QUARTER 1979					
Francis Eugene Mooney, Jr. d/b/a Bach Planning Co. Knoxville, Tennessee (SIPC)	8/ 5/69	5/25/77	5/23/79	188	23
TOTAL 33 MEMBERS: PART B				<u>138,215</u>	<u>55,508</u>



Distributions of Properties Held by Trustees

Specifically Identifiable		Single and Separate Fund		SIPC Advances to Trustees					
Value	Number Customers	Value	Number Customers	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash in Lieu of Securities	Free Credit Balances	Number of Customers
\$ 1,861,520	882	\$ 337,706	29	\$ 1,042,150		\$ 3,826	\$ 660,816	\$ 377,508	484
3,694	18	913	7	67,609			35,237	32,372	15
120,453	28	7,863	8	333,391	\$ 5,408		274,318	53,665	53
2,092,090	75	113,862	13	690,790		331	290,618	399,841	106
18,995	4			189,193	1,630		54,861	132,702	26
				93,500			75,800	17,700	4
				96,717			30,000	66,717	6
				181,055	3,707		1,102	176,246	17
				261,521	346		75,525	185,650	15
<u>\$158,917,967</u>	<u>50,722</u>	<u>\$35,428,099</u>	<u>32,891</u>	<u>\$24,871,964</u>	<u>\$3,048,179</u>	<u>\$320,938</u>	<u>\$16,653,747</u>	<u>\$4,849,100</u>	<u>43,339</u>



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

PART C: Direct Payment Proceedings

Member	Date Regis- tered as Broker-Dealer	Date Notice Published	Customers ^(a) To Whom Notices and Claim Forms Were Mailed	Responses ^(a) Received
Customer Claims and Distributions Being Processed				
FIRST QUARTER 1979				
Price, Allen & Stevens Securities Corp. Pepper Pike, Ohio	3/ 5/76	3/ 1/79	534	44
Customer Claims (Except Problem Claims) Have Been Satisfied				
THIRD QUARTER 1978				
Benchmark Securities, Inc., Los Angeles, California	5/31/67	9/22/78	1,500	41
FOURTH QUARTER 1978				
Harold E. Pray Lewisburg, Pennsylvania	9/26/58	10/19/78	106	11
TOTAL 3 MEMBERS: PART C			<u>2,140</u>	<u>96</u>



Direct Payments

Total	Administration Expenses	Securities Purchased	Free Credit Balances	Number of Customers
\$132,805	\$ 1,234	\$ 31,117	\$100,454	8
79,792	2,649		77,143	9
67,002	478	3,023	63,501	6
<u>\$279,599</u>	<u>\$ 4,361</u>	<u>\$ 34,140</u>	<u>\$241,098</u>	<u>23</u>



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

PART D: Liquidations Completed in 1979

Member and Trustee By Date of Appointment	Trustee Appointed	Number of Customers For Whom Trustees Have Distributed Securities and Cash	Total
Security Planners Ltd., Inc., Boston, Massachusetts (William C. Foehl, Esq.)	8/ 6/71	150	\$ 34,927
Morgan Kennedy & Co., Inc., New York, New York (Eugene L. Bondy, Jr., Esq.)	3/13/73	2,330	2,006,073
Lexington Capital Corp., New York, New York (Peter H. Morrison, Esq.)	3/26/73	591	520,569
J. Shapiro Co., Minneapolis, Minnesota (William T. Dolan, Esq.)	4/13/73	13,983	21,317,741
Associated Underwriters, Inc., Salt Lake City, Utah (Richard L. Blanck, Esq.)	9/11/73 10/23/73*	42	18,486
Saxon Securities Corp., New York, New York (Joseph O. Barton)	4/ 1/75	51	133,583
A. H. Speer Co., Wichita, Kansas (Thomas R. Brunner)	2/ 1/77	117	46,340
Willis E. Burnside & Co., Inc., New York, New York (Thomas Ungerland, Esq.)	12/21/77	218	40,043
Brokers Trading, Inc., Minneapolis, Minnesota (Timothy M. Heaney, Esq.)	12/22/77	154	133,528
TOTAL 9 MEMBERS 1979		<u>17,636</u>	<u>24,251,290</u>
TOTAL 88 MEMBERS 1973-1978^(b)		<u>32,489</u>	<u>34,222,745</u>
TOTAL 97 MEMBERS 1973-1979		<u>50,125</u>	<u>\$58,474,035</u>

* Successor Trustee



Distributions of Properties Held by Trustees

Customers' Specifically Identifiable	Single and Separate Fund and General Estate		SIPC Advances to Trustees				
	Customers and Others	Administration Expenses	Total Advanced	Administration Expenses	Open Contractual Commitments	Cash In Lieu of Securities	Free Credit Balances
\$ 516		\$ 34,411	\$ 268,324	\$ 69,161		\$ 164,487	\$ 34,676
1,660,644	\$ 26,569	318,860	928,811	474,770	\$ 23,085	211,379	219,577
430,679	837	89,053	334,527	118,229	47,579	50,886	117,833
20,072,243	929,183	316,315	1,070,406			716,894	353,512
6,775		11,711	110,076	64,765		10,650	34,661
69,863	28,817	34,903	63,815	54,649		4,463	4,703
		46,340	939,733	3,618		8,750	927,365
2,454		37,589	585,505	72,994	29,788	289,119	193,604
74,572	752	58,204	85,158	21,364	1,797	39,820	22,177
<u>22,317,746</u>	<u>986,158</u>	<u>947,386</u>	<u>4,386,355</u>	<u>879,550</u>	<u>102,249</u>	<u>1,496,448</u>	<u>1,908,108</u>
<u>18,519,642</u>	<u>8,508,399</u>	<u>7,194,704</u>	<u>19,254,723</u>	<u>5,122,373</u>	<u>672,503</u>	<u>8,105,606</u>	<u>5,354,241</u>
<u>\$40,837,388</u>	<u>\$9,494,557^(c)</u>	<u>\$8,142,090</u>	<u>\$23,641,078</u>	<u>\$6,001,923</u>	<u>\$774,752</u>	<u>\$9,602,054</u>	<u>\$7,262,349</u>



APPENDIX I

CUSTOMER PROTECTION PROCEEDINGS UNDER SIPA

PART E: Summary

	Responses Received/ Customers Receiving Distributions	Total
Part A: 5 Members—Customer Claims and Distributions Being Processed by Trustees	2,684 ^(a)	
Part B: 33 Members—Customer Claims (Except Problem Claims) Have Been Satisfied	55,508 ^(a)	\$194,346,066
Part C: 3 Members—Direct Payment Proceedings:		
1 Member—Customer Claims and Distributions Being Processed	44 ^(a)	
2 Members—Customer Claims (Except Problem Claims) Have Been Satisfied	52 ^(a)	
Sub-Total	58,288	194,346,066
Part D: 97 Members—Liquidations Completed	50,125 ^(d)	58,474,035
TOTAL	108,413	\$252,820,101

Notes:

- (a) Notices and claim forms are commonly sent to all persons who, from the debtor's records, may have been customers. This is done so that potential claimants may be advised of the proceeding.
- (b) Revised from previous reports to reflect subsequent recoveries, disbursements and adjustments.
- (c) Includes \$304,814 for open contractual commitments and \$307,717 paid to general creditors other than SIPC.
- (d) Number of customers receiving securities and/or cash.
- (e) To be reported at completion of liquidation.
- (f) Securities purchased for customers.



Distributions of Properties Held by Trustees

Customers' Specifically Identifiable	Single and Separate Fund and General Estate		SIPC Advances to Trustees and Direct Payments				
	Customers And Others	Administration Expenses	Total	Administration Expenses	Open Contractual Commitments	Cash In Lieu of Securities	Free Credit Balances
		(e)	\$ 3,272,209	\$ 279,605			\$ 2,992,604
\$158,917,967	\$35,428,099	(e)	24,871,964	3,048,179	\$ 320,938	\$16,653,747	4,849,100
			132,805	1,234		31,117 ^(f)	100,454
			146,794	3,127		3,023 ^(f)	140,644
158,917,967	35,428,099		28,423,772	3,332,145	320,938	16,687,887	8,082,802
40,837,388	9,494,557	\$8,142,090	23,641,078	6,001,923	774,752	9,602,054	7,262,349
<u>\$199,755,355</u>	<u>\$44,922,656</u>	<u>\$8,142,090</u>	<u>\$52,064,850</u>	<u>\$9,334,068</u>	<u>\$1,095,690</u>	<u>\$26,289,941</u>	<u>\$15,345,151</u>



Analysis of SIPC Revenues and Expenses

	1979
Revenues:	
Interest on U.S. Government securities	\$15,342,696
Member assessments	64,321
Interest on assessments	8,728
	<u>15,415,745</u>
Expenses:	
Administrative:	
Salaries and employee benefits:	
Salaries	833,791
FICA taxes	34,880
D.C. and Federal unemployment tax	3,571
Group health and life insurance	31,079
Contribution to Employees' Retirement Trust	93,500
Other employee benefits	12,296
	<u>1,009,117</u>
Assessment collection direct costs	2,080
Credit agreement commitment fee	-
Legal fees	19,850
Accounting fees	7,400
Other:	
Printing and mailing annual and interim reports	12,715
Directors fees and expenses	2,242
Travel and subsistence	36,446
Personnel recruitment	5,787
Rent - office space	131,302
Depreciation and amortization	11,474
Insurance	8,597
Postage	5,021
Office supplies and expense	46,716
Telephone and telegraph	22,191
Custodian fees	9,861
Miscellaneous	19,100
	<u>311,452</u>
Public information program consultant's fees	44,383
	<u>1,394,282</u>
Customer protection proceedings:	
Net provision for possible losses on (recoveries of) advances:	
Trustees other than SIPC:	
For completion of open contractual commitments (net recoveries)	(49,850)
Securities (net recoveries)	(6,000,106)
Free credit balances	608,402
	<u>(5,441,554)</u>
Administration expenses	255,375
	<u>(5,186,179)</u>
Estimate of future recoveries	(1,500,000)
	<u>(6,686,179)</u>
SIPC as Trustee:	
Securities	75,525
Free credit balances	336,817
	<u>412,342</u>
Administration expenses	1,449
	<u>413,791</u>
Direct payments:	
Securities	34,140
Free credit balances	216,099
	<u>250,239</u>
Administration expenses	1,330
	<u>251,569</u>
Estimate of costs to complete customer protection proceedings in progress	4,500,000
	<u>(1,520,819)</u>
	<u>(126,537)</u>
	<u>\$15,542,282</u>

Excess revenues

\$15,542,282

For the Five Years Ended December 31, 1979

1978	1977	1976	1975
\$11,168,387	\$ 8,395,045	\$ 6,350,313	\$ 5,126,165
8,235,672	30,836,226	32,709,210	25,485,635
6,493	8,944	7,262	24,982
<u>19,410,552</u>	<u>39,240,215</u>	<u>39,066,785</u>	<u>30,636,782</u>
854,828	859,938	946,255	965,631
31,472	30,521	34,514	34,083
7,507	6,335	6,892	7,046
32,472	32,828	32,809	31,324
95,000	98,000	96,000	71,000
10,958	12,387	14,124	13,794
<u>1,032,237</u>	<u>1,040,009</u>	<u>1,130,594</u>	<u>1,122,878</u>
<u>4,800</u>	<u>8,760</u>	<u>9,439</u>	<u>10,035</u>
—	—	—	103,472
<u>22,814</u>	<u>26,808</u>	<u>22,624</u>	<u>6,256</u>
<u>7,200</u>	<u>14,000</u>	<u>12,900</u>	<u>8,800</u>
11,505	11,513	11,926	15,529
2,517	2,610	3,200	5,678
37,281	53,625	49,745	66,119
1,855	4,202	4,896	21,830
112,844	101,111	103,974	92,955
12,320	12,664	13,278	13,362
7,615	7,270	6,176	4,299
7,763	6,690	6,567	4,430
56,842	55,255	54,153	47,549
22,783	25,694	28,964	28,147
14,230	16,521	14,812	17,610
23,442	22,739	21,557	13,293
<u>310,997</u>	<u>319,894</u>	<u>319,248</u>	<u>330,801</u>
<u>5,000</u>	—	—	—
<u>1,383,048</u>	<u>1,409,471</u>	<u>1,494,805</u>	<u>1,582,242</u>
(128,449)	29,544	(26,574)	223,250
75,688	(888,179)	565,401	3,129,514
<u>2,545,722</u>	<u>1,112,270</u>	<u>224,966</u>	<u>1,393,839</u>
<u>2,492,961</u>	<u>253,635</u>	<u>763,793</u>	<u>4,746,603</u>
<u>236,647</u>	<u>778,431</u>	<u>797,745</u>	<u>1,798,915</u>
<u>2,729,608</u>	<u>1,032,066</u>	<u>1,561,538</u>	<u>6,545,518</u>
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
25,000	—	—	—
<u>25,000</u>	—	—	—
<u>3,031</u>	—	—	—
<u>23,031</u>	—	—	—
—	—	—	—
<u>2,757,639</u>	<u>1,032,066</u>	<u>1,561,538</u>	<u>6,545,518</u>
<u>4,140,687</u>	<u>2,441,537</u>	<u>3,056,343</u>	<u>8,127,760</u>
<u>\$15,269,865</u>	<u>\$36,798,678</u>	<u>\$36,010,442</u>	<u>\$22,509,022</u>



APPENDIX III

**Distributions for Accounts of Customers
For the Nine Years Ended December 31, 1979**

(In Thousands of Dollars)

	From Debtors' Estates (Including Securities)	From SIPC	Total
1971	\$ 271	\$ 401	\$ 672
1972	9,300	7,343	16,643
1973	170,672	31,706	202,378
1974	21,582	(222)*	21,360
1975	6,379	4,746	11,125
1976	19,901	764	20,665
1977	5,462	254	5,716
1978	1,242	2,518	3,760
1979	9,561	(4,779)*	4,782
	<u>\$244,370</u>	<u>\$42,731</u>	<u>\$287,101</u>

* Net recoveries.

