

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington 25, D.C.

FOR RELEASE September 12, 1958

TENNESSEE GAS PROPOSES EXCHANGE OF STOCK WITH HARTOL PETROLEUM

Tennessee Gas Transmission Company, Houston, Texas, filed a registration statement (File 14359) with the SEC on September 11, 1958, seeking registration of 467,098 shares of its common stock, \$5 par, to be offered to the holders of the outstanding shares (5,766,633 shares) of capital stock of Hartol Petroleum Corporation, a New Jersey Corporation, on the basis of 81 shares of stock of Tennessee Gas for each share of stock of Hartol. The exchange of stock is being made pursuant to an agreement entered into on September 2, 1958, between Tennessee Gas and Hartol. The principal stockholders of Hartol and the number of shares of stock of Tennessee Gas which they will receive under the exchange are as follows: Frank C. Hart, Jr., 74,514 shares; two trusts (Marion A. Hart and Lawrence R. Condon, Trustees), 74,514 shares each; Herbert V. Peterson, 71,847 shares; and Lawrence R. Condon, 24,300 shares. Five other stockholders of Hartol, who own from 5 to 59 shares each, will receive the balance of the 467,098 shares of Tennessee Gas stock covered by the registration statement.

Hartol Petroleum Corporation, which was incorporated in New Jersey in 1923, is engaged directly and through wholly owned subsidiary companies in the marketing of gasoline, kerosene, and stillate fuel oils as an independent wholesaler on the Eastern Seaboard.

PITNEY-BOWES FILES EMPLOYEE STOCK PURCHASE PLAN

Pitney-Bowes, Inc., Stamford, Conn., filed a registration statement (File 2-14360) with the SEC on September 11, 1958, seeking registration of \$509,000 of participations in its Employees' Stock Purchase Plan.

AMERICAN BOX BOARD FILES FOR EXCHANGE OFFER

American Box Board Company, Grand Rapids, Mich., filed a registration statement (File 2-14361) with the SEC on September 11, 1958, seeking registration of 49,732 shares of its common stock, \$1 par value, to be offered for shares of the common stock of Wolverine Carton Company, Grand Rapids, at the rate of two shares of American for each share of Wolverine. The exchange offer is conditioned upon the acceptance thereof by the holders of at least 95% (23,623 shares) of the issued and outstanding shares of common stock of Wolverine. However, American, at its option, may declare the exchange effective at any earlier time whenever the offer has been accepted by the holders of not less than 80% (19,893 shares) of all the issued and outstanding shares of common stock of Wolverine.

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Missiles-Jets & Automation Fund, Inc., Washington, D. C. investment company, filed an amendment on Sept. 11, 1958 to its registration statement (File 2-14098) seeking registration of an additional 250,000 shares of Capital Stock, \$1 par value.

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Investors Stock Fund, Inc., Minneapolis, Minn. investment company, filed an amendment on September 11, 1958 to its registration statement (File 2-11358) seeking registration of an additional 5,000,000 shares of Capital Stock, 50¢ par value.

SEC ORDERS FURTHER SUSPENSION OF TRADING IN CORNUCOPIA STOCK

The Securities and Exchange Commission announced today the issuance of an order pursuant to Section 19(a) (4) of the Securities Exchange Act of 1934 suspending trading on the American Stock Exchange in the \$.05 par value Common Stock of Cornucopia Gold Mines, with offices formerly in Pittsburgh, Pennsylvania, for a further ten day period, September 13, 1958 to September 22, 1958, inclusive.

The action was based on the company's failure to comply with the reporting requirements of Section 13 of the Act and the disclosure requirements of the Commission's proxy rules under Section 14.

Upon the basis of a finding by the Commission that such suspension is necessary to prevent fraudulent, deceptive, or manipulative acts or practices in connection with trading in stock of Cornucopia Gold Mines, trading by brokers and dealers in such stock in the over-the-counter markets also is prohibited during the period of the suspension.

The Commission previously ordered proceedings pursuant to Section 19(a)(2) of the Act on the question whether the stock of Cornucopia Gold Mines should be suspended for a period not exceeding 12 months, or withdrawn, from listing and registration on the Exchange. These proceedings in which hearings are now in progress, involve charges of non-compliance with the reporting and disclosure requirements of the Act.

PENNRoad CORPORATION PROPOSES RIGHTS OFFERING

The Pennroad Corporation, New York, New York, today filed a registration statement (File 2-14362) with the SEC seeking registration of 1,286,619 shares of its common stock, \$1 par, to be offered to the holders of its outstanding common stock at the rate of one share for each four shares held. The offering is to be underwritten by a group headed by Kuhn, Loeb & Co. The subscription price and underwriting terms are to be supplied by amendment. The Net proceeds from the stock sale will be added to the corporation's general funds and will be available for additional investment and for general corporate purposes.

FLORIDA NATIONAL DEVELOPMENT OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of securities by Florida National Development Corporation (formerly known as Glen Briar Holding Corporation) of Miami Beach, Florida. The order provided an opportunity for hearing upon request on the question whether the suspension order should be vacated or made permanent.

In its Regulation A notification filed August 7, 1958 the issuer proposed a public offering of 300,000 shares of its 1¢ par value common stock at \$1.00 per share for an aggregate offering of \$300,000. In its suspension order, the Commission asserts that it has reasonable grounds to believe that the terms and conditions of Regulation A have not been complied with in that, amo

other things, (a) the aggregate offering price of all the securities proposed to be offered plus all securities proposed to be issued pursuant to options exceeds \$300,000, the maximum permitted under the Regulation; (b) the issuer failed to disclose that one Mac Elrod was a promoter and/or predecessor of the issuer; and (c) the offering circular omitted to include the cost to promoters and other insiders of any property or services for which any payment by or for the account of the issuer has been or is to be made.

In addition, the Commission asserts that it has reason to believe that the offering circular is misleading with respect to various material facts and that its use in the offering and sale of the securities of Florida National Development Corporation would be in violation of the anti-fraud provisions of the Securities Act of 1933.

Among other things, the Commission alleges the failure to disclose in the offering circular (a) the exact amount paid by the issuer for its properties, the nature of the consideration given for the properties, whether promoters or other insiders have any direct or indirect interests in such properties, or whether any material transactions involved them to which the issuer or any of its predecessors or affiliates was a party; (b) the consideration given by the issuer for the transfer to the issuer of certain brokerage commissions and for the transfer of certain brokerage commissions receivable in the amount of \$223,750; and (c) the manner in which the obligation of the Monte Carlo Hotel Corporation and the brokerage commissions of Playas Del Golfo S. A., both of which obligations are due the issuer, arose, the financial condition of these obligors, and the nature and amounts of consideration given by the issuer therefor. The order also alleges that the issuer failed to make adequate disclosure in the offering circular concerning the circumstances surrounding the transactions in which the note and mortgage on the issuer's properties were issued and also failed to disclose certain information concerning an option on the issuer's land with respect to the terms of the option and the name of the optionee. Further, the offering circular is alleged to be misleading with respect to certain matters relating to the financial statements such as inclusion in the balance sheet as assets, under the contingencies involved, of certain commissions receivable in the sum of \$223,750.

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PROPOSAL TO ADOPT RULE 17a-8 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Notice is hereby given that the Securities and Exchange Commission has under consideration a proposal to adopt Rule 17a-8 requiring brokers and dealers to report promptly to the Commission transactions with non-residents of the United States involving a substantial amount of any security. The proposed action would be taken pursuant to the Securities Exchange Act of 1934, particularly Sections 17(a) and 23(a) thereof.

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The distribution of securities into the United States by or on behalf of foreign persons and institutions in possible violation of the registration provisions of the Securities Act of 1933 or the anti-fraud provisions of that Act and the Securities Exchange Act of 1934 have been a source of concern to the Commission for some time. There is reason to believe that foreign agencies and intermediaries have, on occasion, been employed in securities transactions for the purpose of endeavoring to conceal the identities of interested parties, or the nature and purpose of the transactions, in order to hinder the enforcement of the Federal securities laws.

The Commission ordinarily receives no notice of a distribution for a foreign account unless and until the matter comes to its attention in the course of its inspection or investigation work. It has been suggested that the Commission might be in a position to cope more promptly and effectively with the problem if it received prompt notice of significant transactions for foreign accounts, and the proposed rule is designed to accomplish this purpose in so far as brokers and dealers in the United States are involved in the transactions.

The proposed rule would require members of national securities exchanges and brokers and dealers to report to the Commission orders for a significant amount of a security received from non-resident persons and purchases of a significant amount of a security from a foreign source if the purchase is made for the account of the broker or dealer, or is made for the account of any other person who, to the knowledge of the broker or dealer, proposes to sell or is selling the securities in the United States. Transactions would be deemed to involve a significant amount of a security if a transaction or series of related transactions within a 6-months period involved the greater of one percent of the outstanding amount of the security or \$50,000. Reports would have to be filed with the Commission within three business days after the transaction giving rise to the duty to report.

If the broker or dealer so desired, reports filed with the Commission under the rule would be confidential, except that they would be available for official use by Government agencies, securities exchanges, or securities associations, of which the reporting broker or dealer was a member, and any other person to whom the Commission authorized disclosure in the public interest.

The text of the proposed rule is as follows:

Rule 17a-8. Reports of Significant Transactions

(a) This rule shall apply to every member of a national securities exchange, and every broker or dealer who transacts a business in securities

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through the medium of any such member, and every broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

(b) Every member, broker or dealer subject to this rule shall file a report with respect to:

- (1) Any order to purchase or sell a significant amount (as hereinafter defined) of any security for the account of any non-resident person, or
- (2) Any purchase of a significant amount of any security by such broker-dealer for his own account from any non-resident person, or
- (3) Any purchase of a significant amount of any security by such broker or dealer for the account of any person, from any non-resident person, if such member, broker or dealer knows that the purchaser of such securities plans to sell them in the United States, or if such member, broker or dealer receives from such purchaser an order to sell such securities, or to deliver them for purposes of sale, in the United States.

(c) For purposes of this rule the term "significant amount" of any security shall mean the following:

- (1) For purposes of sub-paragraph (b)(1) of this rule an order shall be deemed to involve a significant amount of a security if the amount to be bought or sold, together with the amounts bought or sold, as the case may be, in all other transactions in securities of the same class by or on behalf of the same person within the preceding 6 months equals or exceeds one percent of the shares or other units of such securities outstanding at the time of the receipt of the order by such member, broker or dealer, provided however that an order shall not be deemed to involve a significant amount of securities if the total consideration involved in all of the transactions of the character above described does not exceed \$50,000.
- (2) For the purposes of sub-paragraph (b)(2) and (b)(3) of this rule a purchase shall be deemed to involve a significant amount of a security if the amount purchased for the account of the broker-dealer, or the account of any other person, as the case may be, together with the amounts purchased in all other transactions in securities of the same class by or on behalf of the same person and from non-resident persons within the preceding 6 months equals or exceeds one percent

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of the shares or other units outstanding at the time of such purchase, provided however that a purchase shall not be deemed to involve a significant amount of securities if the total consideration involved in all purchases of the character described above does not exceed \$50,000.

(d) For the purposes of this rule the term "non-resident person" shall mean (A) in the case of an individual, one who resides in or has his principal place of business in any place not subject to the jurisdiction of the United States; (B) in the case of a corporation, one incorporated in or having its principal place of business in any place not subject to the jurisdiction of the United States; (C) in the case of a partnership or other unincorporated organization or association, one having its principal place of business in any place not subject to the jurisdiction of the United States. The term "non-resident person" for purposes of this rule shall also include any person who, to the knowledge of a member, broker or dealer effecting with or for such person transactions involving a significant amount of a security, is either controlled by a non-resident person as herein defined, or is acting in such transaction for the account of, or as agent for, such a non-resident person.

(e) Reports pursuant to this rule shall include the name of the issuer of the securities involved in the transaction, the title of the securities, the number of shares or other units involved, whether the order is a buy or sell order, the name and address of the person for whose account the transaction is to be effected and, in the case of reports pursuant to paragraph (b)(2) or (3) the name and address of the person from whom the securities were purchased. In case a report is filed by reason of the fact that the order or purchase is deemed to involve a significant amount of the security by reason of other orders or purchases of the same security within a 6-months period, then the report shall include all other transactions in the same security by or on behalf of the same person within such 6-months period, except that if any of such other transactions have previously been reported a reference to that fact will be deemed sufficient. Such reports shall be signed by the member, broker or dealer or on his behalf by a duly authorized person.

(f) Reports of orders or purchases pursuant to this rule shall be filed at the principal office of the Commission not later than 3 business days after the date of the order or the transaction of purchase being reported. Provided however, that if the report is filed pursuant to paragraph (b)(3) of this rule by reason of the fact that the broker-dealer knows that the purchaser plans to sell the securities in the United States or receives an order from such purchaser to sell or deliver the securities in the United States, then the report shall be filed within 3 business days after the broker-dealer learns of the purchaser's plan or receives such order to sell or deliver the securities.

(g) If a member, broker or dealer so requests in a report pursuant to this rule, the report shall be deemed confidential, except that it shall be available for official use by any official or employee of the United States or any state, by national securities exchanges and national securities associations of which the person making such report is a member, and by any other person to whom the Commission authorizes disclosure of such information as being in the public interest.

(h) Notwithstanding the foregoing provisions of this rule, any non-resident broker or dealer, as that term is defined in paragraph (c)(3) of Rule 17a-7, shall not be required to report any transactions pursuant to this rule unless the securities involved in such transactions are ordered by or sold to a person residing in any place subject to the jurisdiction of the United States.

All interested persons are requested to submit their views and comments on the proposed rule in writing to the Securities and Exchange Commission, Washington 25, D. C. on or before October 15, 1958. Unless the person submitting any such comments or suggestions requests in writing that they be held confidential, they will be public records available for public inspection.

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