

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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ACME TOOL (POLYTRONIC) STOCK OFFERING SUSPENDED

The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Acme Tool & Engineering Corporation of 4124 Howard Ave., Kensington, Md., (now Polytronic Research, Inc., of Rockville, Md.).

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. Pursuant to a notification filed on April 4, 1957, Acme Tool proposed the public offering of 100,000 common shares at \$1 per share pursuant to such an exemption. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with; and the Commission has ordered a hearing June 22, 1959, in its Washington Office for the purpose of determining whether the order of temporary suspension should be vacated or made permanent.

More particularly, the Commission charges that an offering circular was not used in connection with the offering and sale of certain Acme Tool stock, as provided in Rule 256, which requires that written offers be accompanied or preceded by an offering circular containing prescribed information. Moreover, according to the order, Acme Tool failed to file a complete and accurate report of stock sales, as required by Rule 260, in that its report filed July 25, 1957, states, contrary to the fact, that the offering was completed July 24, 1957, and that the offering was made at \$1 per share and by the broker-dealer firms named therein (including The First Washington Corporation, formerly of 1300 Connecticut Ave., Washington, D. C., and now of Pittsburgh, Pa.), and does not reflect the actual commissions paid and received, in that between 15,000 and 20,000 shares were purportedly sold in connection with the public offering but were, in fact, issued to certain persons and resold by them to the underwriters as principals at higher prices, who in turn sold them to the public at prices ranging as high as 1-5/8.

LEONARD BURTON CORP. REGISTRATION DENIED

The SEC today announced the issuance of a decision (Release 34-5978) denying an application of Leonard Burton Corporation, 27 Williams St., New York, for registration as a broker-dealer under the Securities Exchange Act of 1934.

Denial was based upon false and misleading representations made by Leonard Burton, president and sole stockholder of the Corporation, in connection with his sale of stock of the Texas Union Gas Company while he was employed as salesman for Steven Randall & Co., Inc. (whose registration was revoked on February 11, 1959). These misrepresentations, the Commission ruled violated the anti-fraud provisions of the Federal Securities Laws; and, accordingly, the Commission concluded, "it is in the public interest to deny the application" for broker-dealer registration filed by the Corporation.

According to the Commission's decision, Burton sold 7,900 shares of Texas Union stock to 14 customers between January 23 and March 10, 1958. One customer purchased 200 shares at 35¢ per share upon the basis of Burton's representation to another stockholder that the company was producing and actively drilling for oil and expected to become very active, that the stock would probably double in price, and that then was the time to "get in" on the situation. Later she purchased 300 additional shares at 35¢ per share on the direct recommendation of Burton, who represented to her that in view of the rate of the company's oil production there were possibilities of tripling any money invested in the stock, that the stock would probably rise in the immediate future to 50¢ a share, that as shown by the confirmation of her first purchase no commission had been charged and none would be

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charged her on her subsequent purchases, and that she would never lose her investment because he would protect her from loss by repurchasing the stock at her cost.

Burton denied making the representations and stated that he told customers that it was und^{er} good the Texas Union stock involved "a great deal of speculation" and "if they got lucky . . . and t^{he} struck oil . . . it was possible that it would be a profit making stock." The hearing examiner who observed the witnesses credited the testimony of the investors as against the conflicting testimony of Burton, and the Commission found "no basis for disagreeing with the hearing examiner."

With respect to the purported waiver of commissions, sale of the Texas Union stock was confirmed as principal and, accordingly, it was "materially misleading" to represent that no commission was being charged, the Commission stated. Concerning future increases in the market prices of the stock, Burton's own testimony, according to the Commission's decision, revealed that he understood that the stock was speculative in nature and that the likelihood of enhancement of its value was contingent on the company being "lucky" and striking new oil wells. Nevertheless, he presented to the investors a highly optimistic picture of probable large and quick increases in market value as a result of actual oil production and made no reference to the speculative and contingent factors known to him. "A prediction by a securities salesman or dealer to an investor that a stock is likely to go up," the Commission stated, "implies that there is an adequate foundation for such prediction and that there are no known facts which make such a prediction dangerous and unreliable. Since such uncertainties were known to Burton, the failure to disclose them to the investor rendered the prediction materially misleading."

UNION ELECTRIC PROPOSES BANK BORROWINGS

Union Electric Company, St. Louis, has applied to the SEC for authorization to make bank borrowings from time to time prior to February 14, 1960, in amounts aggregating \$28,000,000; and the Commission has issued an order (Rel. 35-14020) giving interested persons until June 19, 1959, to request a hearing thereon. Of the \$28,000,000 proposed to be borrowed, borrowings heretofore made in the amount of \$13,500,000 and to be made in the additional amount of \$7,105,000 are entitled to an exemption from the Holding Company Act, and specific authorization is requested for the balance of the borrowings, \$8,200,000. The funds are to be used to finance construction requirements.

AMERICAN STOCK EXCHANGE ADOPTS NEW TRADING RULES

Recently the SEC recommended to the American Stock Exchange the adoption of an additional and more effective floor trading rule upon that Exchange. As a result of discussions between officials of the Exchange and the staff of the Commission, the Exchange has adopted a rule designed to prevent floor traders from making purchases of a stock at successively higher prices and to restrict the possible impact of their trading upon the market for active and volatile issues.

Prior to adoption of the rule, the Exchange had three other rules regulating floor trading activity, all of which will continue to remain in effect. The first rule prohibits members on the floor from availing themselves of the privilege of "stopping" stock; the second rule prohibits members on the floor, while acquiring a position in a security, from claiming parity with a public order entered at the same time and the same price; and the third rule prohibits members on the floor from congregating in a stock or from dominating or being conspicuous in the market for a stock.

Upon the basis of studies of floor trading on the American Stock Exchange conducted by the Commission's staff, the Commission concluded that further restrictions were necessary upon floor trading activities on the Exchange; that these restrictions should prevent floor traders from stimulating public interest in a stock by active and concerted buying; and that floor traders should be restricted from aggravating demand in present active markets where many issues on the Exchange are peculiarly susceptible to extreme price fluctuations because of a small floating supply. The Commission has permitted the Exchange to put into effect on an experimental basis a rule which the Exchange believes will minimize the undesirable features of floor trading, yet preserve certain asserted benefits.

The rule imposes the following restrictions upon floor trading purchases in a rising market: it prohibits floor traders from making any purchases on their own bid on a "plus tick"; that is, floor traders may not purchase stock on their own bids at a price higher than the last sale. The rule limits the amount of offered stock which floor traders may purchase on a "plus tick" and on a "zero plus tick"; i.e., at the last sale price if such price is higher than the next preceding

different price. After these limited amounts of stock have been purchased floor traders under the rule may not make further purchases at the same or at a higher price for a 15-minute period. The rule contains a number of exemptions to permit floor traders under appropriate conditions to assist in the maintenance of fair and orderly markets.

The rule will be put into effect by the Exchange on June 15, 1959 for a period of six months during which time both the Exchange and the staff of the Commission can closely examine its effectiveness in achieving its purpose.

VANADIUM-ALLOYS DELISTING FROM PITTSBURGH EXCHANGE PROPOSED

The SEC has issued an order (Rel. 34-5982) giving interested persons until June 16, 1959, to request a hearing upon an application of Vanadium-Alloys Steel Company to withdraw its capital stock from listing and registration on the Pittsburgh Stock Exchange. The stock will continue to be listed and registered on the American Stock Exchange.

BOSTON EXCHANGE SEEKS UNLISTED TRADING IN EIGHT STOCKS

The SEC has issued an order (Rel. 34-5982) giving interested persons until June 19, 1959, to request a hearing on applications of the Boston Stock Exchange for unlisted trading privileges in the capital stock of Universal Oil Products Company and the common stocks of Champion Spark Plug Company, General Instrument Corporation, Northern Natural Gas Company, Scurry-Rainbow Oil Limited, Texas Gas Transmission Corporation, Texas Instruments Incorporated, and Thiokol Chemical Corporation, all of which stocks are listed and registered on the New York Stock Exchange except Scurry-Rainbow, which is listed and registered on the American Stock Exchange.

OFFERING OF "VARIABLE ANNUITIES" PROPOSED BY PARTICIPATING ANNUITY LIFE

Participating Annuity Life Insurance Company, Hathcock Bldg., Fayetteville, Ark., filed a registration statement (File 2-15197) with the SEC on June 4, 1959, seeking registration of \$2,000,000 of Variable Annuity Policies. The company is a stock life insurance company which was organized in 1954. Harold Andrew Dulan is board chairman and president; and he owns 520 of the 867 outstanding shares of capital stock. The "securities" to be offered to the public are Variable Annuity insurance policies. The assets held for the benefit of Variable Annuity policy-holders are segregated -- both physically and on the company's records -- from the assets held for the capital stockholders; and the income and expense related to the management of such assets also are segregated. The prospectus defines a "variable annuity" as a "life insurance annuity policy, providing a life income for retirement purposes, in which the policyholder's funds under the contract tend to vary, both as to dollar income and as to market value, because they are invested partly or entirely in common stocks or other equities."

FLINTKOTE SHARES IN REGISTRATION

The Flintkote Company, 30 Rockefeller Plaza, New York, filed a registration statement (File 2-15198) with the SEC on June 4, 1959, seeking registration of 143,789 shares of its common stock. According to the prospectus, Flintkote on June 17th will acquire all the assets of The Glens Falls Portland Cement Company (of New York) in exchange for 369,858 shares of Flintkote common. The 143,789 shares are to be received by certain shareholders of Glens Falls upon the latter's dissolution and liquidation, who may sell all or part of such shares from time to time of the New York Stock Exchange or otherwise at prices current at the time of sale. The prospectus lists fourteen selling stockholders, including L. R. Burch, 26,637 shares; Katherine W. Burch, 24,000; and Horace E. Harding, 20,922.

CANADIAN RESTRICTED LIST Second Supplement

The SEC today announced the addition of the following Canadian companies to its Canadian Restricted List:

Gasjet Corporation Limited
Kordol Explorations Limited
Peace River Petroleum Limited

The list comprises the names of Canadian companies whose securities, the Commission has reason to believe, recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

MONTREAL FILES FOR DEBENTURE OFFERING

The City of Montreal (Canada) today filed a registration statement (File 2-15202) with the SEC seeking registration of \$8,100,000 of Sinking Fund Debentures for Local Improvements, due January 15, 1980, and \$11,900,000 of Sinking Fund Debentures for Public Works, due January 1, 1980. The interest rates, public offering price, underwriting terms and names of underwriters are to be supplied by amendment.

Proceeds to the City from the sale of the Local Improvements Debentures will be applied toward, or to the repayment of interim borrowings incurred to finance temporarily, the cost of various condemnations of property in order to open, extend and widen certain streets, and the cost of certain other permanent local improvements, consisting of sewers, pavements and sidewalks.

Proceeds to the City from the sale of Public Works Debentures will be applied toward the cost of various public works or the repayment of interim borrowings incurred in connection therewith, including street improvements, waterworks, sewers, lighting systems, underground conduits, bridges and tunnels, acquisition, construction and restoration of municipal buildings, garages and warehouses, and establishment of parking grounds and construction of parking garages.

TAFT BROADCASTING FILES FOR SECONDARY

Taft Broadcasting Company, 800 Broadway, Cincinnati, today filed a registration statement (File 2-15204) with the SEC seeking registration of 483,322 outstanding shares of common stock, to be offered for public sale by the present holders thereof through an underwriting group headed by Harriman, Ripley & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law on June 3, 1959. It has acquired by merger the business and assets of Radio Cincinnati, Inc., and its subsidiaries; and it owns and operates television broadcast stations and radio broadcast stations in Birmingham, Cincinnati and Columbus, and a television broadcast station in Lexington. The company also has a 30% equity interest in WBIR, Inc. which owns and operates a television broadcast station and a standard (AM) and a frequency modulation (FM) radio broadcast station in Knoxville. It owns and operates, or has an ownership interest in, five television broadcast stations, four AM radio broadcast stations and three FM radio broadcast stations, and holds a construction permit for a fourth FM radio station.

The company now has outstanding (in addition to certain indebtedness) 1,449,972 common shares. Approximately 87.2% of the stock is owned by, or held in trust for, 17 members of the Taft family and seven members of the Ingalls family, all of whom are descendants of or related to the late Charles P. Taft. The prospectus lists 29 selling stockholders. The largest blocks are being offered for sale by David S. Ingalls and Robert Taft, Jr., Trustees under Trust Agreement with Jane Taft Ingalls, 67,226 of 201,677 shares held; Estate of Hulbert Taft, 52,990 of 158,969; Hulbert Taft, Jr., (president), 56,730 of 170,189; David G. Taft, 50,471 of 151,414; and William T. Semple, et al., Trustees of Charles P. Taft Memorial Fund, 50,419 of 151,258.

FIRST NATIONAL LIFE PROPOSES STOCK OFFERING

First National Life Insurance Company, 1230 E. Camelback Rd., Phoenix, Ariz., filed a registration statement (File 3-15199) with the SEC on June 4, 1959, seeking registration of 75,000 shares of common stock. The company proposes to offer the stock for public sale at \$12 per share through an underwriting group headed by Blair & Co., Inc., which will receive a commission of \$1.20 per share.

The company writes only ordinary life insurance, except for a single group policy carried on its own employees. It operates in eleven Southwestern and Southeastern states. There are presently standing 155,000 shares (not including 20,000 which may be sold through the exercise of options to company officials, employees and agents, which are also included in the registration statement). Net

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proceeds of the sale of the additional stock will be added to the company's general funds, to permit it to implement more vigorously an expansion program undertaken in January 1956 directed toward the enlargement of its sales force and territory, to provide funds for the possible purchase of other life insurance companies, and for the opening of additional branch offices.

TREASURE HUNTERS FILES FOR STOCK OFFERING

Treasure Hunters, Inc., 1500 Massachusetts Ave., N. W., Washington, D. C., filed a registration statement (File 2-15200) with the SEC on June 4, 1959, seeking registration of 1,900,000 shares of common stock. The company proposes to offer the stock for public sale at \$1 per share, without underwriting.

According to the prospectus, the company was formed "primarily to engage in the search for, and the recovery and sale of, sunken cargoes and buried treasures, as well as the search for, and subsequent sale or development and operation of, mineral deposits of commercial significance throughout the world. The prospectus lists Commodore Robert E. Robinson, Jr., U.S.N. (Ret.), as board chairman and Daniel Stack as president. A total of thirteen promoters (officers and directors), plus 20 other persons, together own 53,500 shares, purchased at the 10¢ par value per share, or \$162.12.

For its first search project the company plans, assuming sufficient funds are on hand from this offering, "to participate in the search for some of the remaining unsalvaged gold, silver, and jewels that went to the bottom of Vigo Bay, Spain, in October, 1702," and it is said to have entered into a joint venture with the Atlantic Salvage Company, Ltd., for this purpose. If the proceeds of this offering are sufficient, it plans to undertake a second group of search projects "involving the search for the more than a dozen wrecks of the Spanish treasure fleet which was lost during a violent storm in the Silver Shoals area off the Bahamas in November, 1643." Net proceeds of the sale of stock are to be applied as follows: \$76,000 for expenses of this offering; \$125,000 for Vigo Bay operations, and \$550,000 for Silver Shoals operations, any balance, unspecified.

ANCHOR HOCKING GLASS FILES EMPLOYEE PLAN

Anchor Hocking Glass Corporation, 109 North Broad St., Lancaster, O., filed a registration statement (File 2-15201) with the SEC on June 4, 1959, seeking registration of 140,000 shares of common stock, to be offered to eligible employees under its Stock Option Plan.

BALLARD AIRCRAFT HEARING POSTPONED

The SEC has granted a request of counsel for Ballard Aircraft Corporation, Washington, D. C., for a postponement from June 8 to June 15, 1959, of the hearing in the stop order proceedings pending against that company's registration statement. The postponement was requested in order to provide additional time for counsel to consider whether a factual stipulation may be agreed upon which would obviate the necessity for an evidentiary hearing.

The company's registration statement proposed the public offering of 300,000 common shares at \$3.25 per share. The stop order proceedings challenge the accuracy and adequacy of various informational disclosures contained in the statement and accompanying prospectus.

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