

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.

(In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 64-11-14)

FOR RELEASE November 20, 1964

STOCK OPTION RULES MODIFIED. The SEC today announced the adoption of amendments to its Form S-8 for the registration of shares underlying "restricted stock options" under the Securities Act of 1933, as well as related amendments to its Rules 10b-6 and 16b-3 under the Securities Exchange Act of 1934 (Release 33-4733). The purpose of the amendment to Form S-8 is to authorize its use for the registration of stock to be offered pursuant to options which meet the conditions set forth in Section 424(b) of the Internal Revenue Code for "restricted stock options" except for the fact that the options are granted after January 1, 1964; and the purpose of the amendment of the two rules is to extend the exemptive provisions thereof to such options. Rule 10b-6 makes it unlawful for participants in a distribution of securities, including the issuer, to purchase any such security until completion of the distribution, subject to specified exceptions. An exemption is provided with respect to distributions pursuant to restricted stock option plans. Rule 16b-3 provides an exception from the recovery provisions of Section 16(b) of the Exchange Act for shares issued pursuant to restricted stock option plans.

ORDER CITES FRANK BUSH. The SEC Seattle Regional Office announced November 16 (LR-3079) the entry of a Federal court order (USDC WD Wash) permanently enjoining Frank Bush of Seattle from further violations of the Securities Act registration provisions in the sale of securities of Alaskan Pacific Fisheries, Inc.

POLAR BEAR MINES, LANTZ AND CASE ENJOINED. The SEC Seattle Regional Office announced November 16 (LR-3080) the entry of a Federal court order (USDC WD Wash) preliminarily enjoining Polar Bear Mines, Inc., Robert F. Lantz and Earl "Lucky" B. Case, of Darrington, Wash., from further violations of the Securities Act anti-fraud provisions in the sale of capital stock of Polar Bear Mines.

POLLARD ENTERS GUILTY PLEA. The SEC Fort Worth Regional Office announced November 16 (LR-3081) that Robert T. Pollard entered a plea of guilty (USDC Hartford, Conn) to one count of an 8-count indictment charging violations and conspiracy to violate the anti-fraud and registration provisions of the Securities Act and the mail fraud statute in the sale of interests in oil and gas leases. Imposition of sentence was deferred.

TILLOTSON INDICTED. The SEC Denver Regional Office announced November 17 (LR-3082) the return of an indictment (USDC Cheyenne, Wyo.) against Leonard J. Tillotson, of Salt Lake City, charging violations of the anti-fraud provisions of the Securities Exchange Act and the mail fraud statute in transactions with customers of the Riverton, Wyo., branch office of Copley & Co.

PETRON CORP., UNITED OIL CORP., OTHERS ENJOINED. The SEC Denver Regional Office announced November 17 (LR-3083) the entry of a Federal court order (USDC Col.) permanently enjoining Petron Corp., United Oil Corp. and Walter Allen Raleigh, doing business as Raleigh Securities Co., from further violations of registration and anti-fraud provisions of the Securities Act in the sale of common stock of Ampet Corp. and Petron Corp. The court also enjoined Namsa Oils Co., Namsa Oils, Ltd., Namsa Co., Resources Engineering, Inc., Dixie Lumber Co., Midcentral Petroleum Corp., The Arthur Corp., S. P. Land and Cattle Co., Plains Petroleum Corp., Americrude, Inc., Petroleum Finance Corp., Fair Park Co. and Graves Lumber Co., Inc.

SANDKUHLE & CO. ENJOINED. The SEC New York Regional Office announced November 18 (LR-3084) the entry of a Federal court order (USDC NJ) permanently enjoining Sandkuhl & Co., Inc., Newark, N. J., Henry Sandkuhl (former president) and Marvita Sandkuhl (former vice-president), both of Short Hills, N. J., from further violating the net capital, bookkeeping and anti-fraud provisions of the Securities Exchange Act.

LIBBEY-OWENS-FORD FILES STOCK PLAN. Libbey-Owens-Ford Glass Company, 811 Madison Ave., Toledo, Ohio, filed a registration statement (File 2-22944) with the SEC on November 19 seeking registration of 491,669 shares of common stock, to be offered pursuant to its Employee Stock Option Plan.

SPECIALIST RULE ADOPTED. The SEC announces (For Release Monday, November 23d) the adoption of a new Rule 11b-1 under the Securities Exchange Act providing for the regulation of the conduct of specialists on national securities exchanges, effective January 4, 1965. For details, see Release 34-7465.

Rule 11b-1 provides that exchanges may register members as specialists and permit them to act as dealers, provided exchange rules meet certain standards. The rules must include adequate minimum capital requirements; a requirement that a specialist affirmatively engage in a course of dealings for his own account to assist in the maintenance, so far as practicable, of a fair and orderly market; restrictions limiting a specialist's dealer transactions to those reasonably necessary to permit him to maintain a fair and orderly market; provisions setting forth the brokerage responsibilities of a specialist; and procedures which will provide for effective and systematic surveillance of the activities of specialists. Such rules must be filed with the Commission; and the Commission may disapprove any change or addition thereto (under prescribed procedures). Under the rule, the Commission also may institute proceedings under certain circumstances to require an exchange to cancel or suspend a specialist's registration in one or more of his

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specialty securities if he engages in transactions which are not part of a course of dealings reasonably necessary to permit him to maintain a fair and orderly market or to act as an odd-lot dealer in such securities.

The New York Stock Exchange and American Stock Exchange have undertaken a series of changes in their rules, policies and procedures governing specialists, to take effect concurrently with the effectiveness of Rule 11b-1. These changes are designed to improve dealer performance of specialists, to ameliorate various problems arising because the specialist is permitted to exercise the functions of both broker and dealer, and to provide for more effective surveillance of specialists' activities.

Rule 11b-1 and the changes in exchange rules have been developed upon the basis of an intensive study of the specialist system made by the SEC Special Study of Securities Markets and in subsequent discussions between the Commission and the exchanges. The Commission believes that "these measures constitute an effective basis for the regulation and surveillance of specialist activities on the New York and American Stock Exchanges." However, their effectiveness, the Commission observed, "depends in great measure upon the manner in which the exchanges exercise their self-regulatory responsibilities."

Based upon the limited volume of transactions on the following exchanges and in view of the fact that the Commission has made no studies of the structure of their specialist systems, the Commission proposes to exempt the following exchanges having specialist systems from said rule: Boston Stock Exchange, Cincinnati Stock Exchange, Detroit Stock Exchange, Midwest Stock Exchange, National Stock Exchange, Pacific Coast Stock Exchange, Philadelphia-Baltimore-Washington Stock Exchange and Pittsburgh Stock Exchange.

MCCRORY OFFERING CLARIFIED. In the SEC News Digest of November 16th, the item reporting the filing of a registration statement by McCrory Corporation (File 2-22927) inaccurately described the purpose for which McCrory was registering its \$49,853,110 of 5% junior subordinated notes due 1965-70. The item erroneously stated that the notes "are to be offered to stockholders of Glen Alden Corporation as part payment for 1,572,132 (33%) of Glen Alden common shares, which the company proposes to acquire on the basis of \$4 in cash and \$10.25 of the 5% notes for each share." In fact, McCrory has heretofore acquired 1,572,132 (33%) of Glen Alden common shares on the basis of \$4 in cash and \$10.25 of substantially similar 5% notes for each share, and proposes to exchange the notes covered by its registration statement for the notes theretofore issued. The balance of the notes are to be offered to stockholders of Glen Alden Corporation as part payment for Glen Alden common shares which the company proposes to acquire on the same basis. Glen Alden presently has outstanding 4,796,909 common shares, and an additional 66,809 common shares are presently issuable upon exercise of options now outstanding.

SECURITIES ACT REGISTRATIONS. Effective November 18: Electronics Assoc. Inc. (File 2-22891).
Effective November 20: Niagara Mohawk Power Corp. (File 2-22904).

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