

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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Statistical Release No. 1920. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended August 16, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1963 is as follows:

	1957-59 = 100		Percent Change	1963	
	8/16/63	8/9/63		High	Low
Composite	145.4*	143.4	1.4	145.4	130.6
Manufacturing	136.1*	134.4	1.3	136.1	121.1
Durable Goods	130.9	128.6	1.8	133.3	116.2
Non-Durable Goods	141.1*	139.9	0.9	141.1	125.8
Transportation	130.4*	127.0	2.7	130.4	106.4
Utility	182.7*	179.7	1.7	182.7	170.3
Trade, Finance & Service	174.1*	170.5	2.1	174.1	153.8
Mining	133.5*	132.9	0.5	133.5	104.2

\*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 15, 1963, 16 registration statements were filed, 21 became effective, 4 were withdrawn, and 273 were pending at the week-end.

NEW RULE ADOPTED. The SEC has adopted a new Rule 16b-9 under the Securities Exchange Act (Release 34-7118) which exempts from the operation of Section 16(b) of the Act certain transactions in which shares of stock are exchanged for similar shares of stock of the same issuer. Section 16(b) provides for the recovery, by or on behalf of the issuer of equity securities registered on a national securities exchange, of short-term trading profits realized by directors, officers and principal security holders of the issuer. The Commission is authorized to exempt from Section 16(b) transactions not comprehended within the purpose of that section.

The new rule exempts from the operation of Section 16(b) any acquisition or disposition of shares of stock of an issuer in exchange for an equivalent number of shares of another class of stock of the same issuer pursuant to a right of conversion under the terms of the issuer's charter or other governing instruments. The exemption is available only if (1) the shares surrendered and those acquired in exchange therefor evidence substantially the same rights and privileges except that the shares surrendered may, in the discretion of the board of directors, receive a lesser dividend than the shares for which they are exchanged and (2) the transaction was effected in contemplation of a public sale of the shares acquired in the exchange. This rule is intended to relate only to the typical Class A and B common equity securities.

FOOTE, CONE & BELDING FILES FOR SECONDARY. Foote, Cone & Belding, Inc., 200 Park Avenue, New York, filed a registration statement (File 2-21646) with the SEC on August 16 seeking registration of 500,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York. The public offering price (maximum \$17 per share\*) and underwriting terms are to be supplied by amendment. The company is an advertising agency and is primarily engaged in planning and creating advertising for clients and placing such advertising in media such as television, radio, newspapers and magazines. It has outstanding 1,233,017 shares of common stock and 511,592 Class B common shares, of which Robert F. Carney, board chairman, owns 8.7% and 11.8%, respectively, and management officials as a group 75.6% and 74.2%, respectively. Fairfax M. Cone is chairman of the executive committee and Rolland W. Taylor is president. The prospectus lists 12 selling stockholders owning an aggregate of 662,805 common and 283,917 Class B shares, including Carney, Cone and Taylor who propose to sell 83,041, 38,000 and 46,313 shares, respectively. Others propose to sell amounts ranging from 17,573 to 49,330 shares. After the stock sale, management officials as a group will own 67.8% of the combined classes outstanding.

HAROLD A. MEYER INDICTED. The SEC Chicago Regional Office announced August 15 (LR-2716) the return of an indictment (USDC, SD, Ill.) charging Harold A. Meyer with violations of the Securities Act anti-fraud provisions in the offer and sale of stock of Business and Professional Womens Holding Company, an Illinois company, which Meyer organized.

OVER

SEC SUSPENDS ADVANCED RESEARCH AND POLYTRONIC OFFERINGS, REVOKES REGISTRATIONS OF 3 BROKERS.

In a decision announced today (Release 33-4630), the SEC (1) issued a stop order under the Securities Act of 1933 suspending the effectiveness of a registration statement filed by Advanced Research Associates, Inc. ("ARA"), of Rockville, Md., (2) made permanent its prior order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Acme Tool & Engineering Corporation (subsequently renamed Polytronic Research, Incorporated - "Polytronic"), which was formerly also engaged in business in Rockville, and (3) revoked the broker-dealer registrations of the First Washington Corporation ("First Washington"), The Stanford Corporation ("Stanford Corp."), and Williams, Widmayer Incorporated (never activated - "W W Inc."), all formerly of Washington, D. C. The Commission also cancelled the registration of Wesley Zaugg, doing business as Wesley Zaugg and Company, of Kensington, Md. (Zaugg died during the pendency of the proceedings).

According to the decision, ARA was organized in 1957 by Norman K. Walker and Williams, Widmayer and Company ("W W Co."), whose sole general partners were Richard N. Williams and Don F. Widmayer. Walker, Widmayer and Williams were the principal officers of the company. In 1958 ARA filed a registration statement under the Securities Act with respect to an offering of 400,000 common shares at \$6 per share, with W W Inc., a firm owned by W W Co., and Zaugg designated as underwriters. In its decision, the Commission found that the registration statement, insofar as it purported to describe the company's history, present status, and future prospects, fell far short of minimum standards of disclosure, and, considered in its entirety, presented a highly misleading picture. The Commission found that the description of the company's business, despite certain caveats, created a misleading over-all impression of a company on the verge of a major expansion and a successful operation in the advanced electronic field in aviation. The Commission also held that an exemption from registration with respect to certain prior sales of securities was not available as claimed and that the resulting contingent liability should have been disclosed. It also held that certain speculative features of the offering should have been disclosed in summary form in the forepart of the prospectus and that by virtue of various transactions and associations over a two-year period between Williams, Widmayer and Seymour A. Kaufman, who certified the financial statements included in the prospectus, the latter could not be considered an independent accountant with respect to ARA.

According to the decision, Polytronic, was organized in 1955 and in April 1957 filed a notification under Regulation A with respect to a public offering of 100,000 common shares at \$1 per share through First Washington as underwriter. That firm was owned by Williams and Widmayer, and they were its sole officers. Polytronic subsequently filed a report stating that the offering had been completed in July 1957. The Commission found that the notification falsely claimed an exemption from Securities Act registration for the previous sale of 247,500 common shares and 35 \$1,000 convertible bonds, and failed to disclose contingent liabilities arising from such sales. The Commission also ruled that statements in the sales completion report regarding the date on which the offering was completed and the price at which the offering was made were false or misleading. It noted that in the closing days of the offering, three persons closely associated with the underwriter purchased shares in large blocks (representing over 20% of the total offering), and that shortly thereafter, and after the purported completion of the offering, most of such shares were repurchased by the underwriter at prices above the offering price and resold to the public at still higher prices. The Commission concluded that under these circumstances the offering could not be considered completed until the shares came to rest with public investors.

In the broker-dealer revocation proceedings, the Commission found that First Washington, Williams Widmayer, Stanford Corp., and George W. Stanford and Robert L. Ramey, principal officers of the latter firm, violated the Securities Act registration provisions in the sale of unregistered Polytronic securities. The Commission further found that between July 1957 and April 1958, First Washington, aided and abetted by Williams and Widmayer, and in certain respects by John P. Smith, manager of its Pittsburgh branch office, violated the anti-fraud provisions of the federal securities laws. Among other things, it found that First Washington manipulated the market in Polytronic stock and sold the stock at inflated prices without disclosing that the price of the stock had been artificially raised and at a time when they knew there was no market in the stock other than one controlled by First Washington. The Commission also found that First Washington's salesmen represented to customers, among other things, that Polytronic stock was a good investment, that it should double and perhaps triple in value, and that it was expected to be listed shortly; and the Commission ruled that there was no reasonable basis for these representations and that Williams and Widmayer were responsible for them and for misleading sales literature.

The Commission found that in the offer and sale of Polytronic stock, Stanford Corp. and George W. Stanford violated the anti-fraud provisions in that they (1) made misrepresentations regarding Polytronic's contracts and equipment and the demand for its products, and made unfounded predictions of a price rise and (2) made sales at prices not reasonably related to the prevailing market. The Commission found that Williams, Widmayer and Smith were each a cause of the revocation of First Washington's registration; that Williams and Widmayer were each a cause of the revocation of W W Inc.; and that Stanford and Ramey were each a cause of the revocation of Stanford Corp.

SECURITIES ACT REGISTRATIONS. Withdrawn August 19: Pan American Beryllium Corp. (File 2-19876); The United Saran Plastic Corp. Ltd. (File 2-21104).

\*As estimated for purposes of computing the registration fee.