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

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REVISED INVESTMENT ADVISER ADVERTISING RULE PROPOSED. The SEC today published a revised proposal for the adoption of a rule governing advertisements by investment advisers (Release IA-119); and it invited the submission of views and comments thereon not later than September 15, 1961.

The proposed rule (Rule 206(4)-1) would define certain advertisements by investment advisers as "fraudulent, deceptive or manipulative" within the meaning of Section 206(4) of the Act which, as amended in September 1960, empowers the Commission by rules and regulations to proscribe activities by investment advisers deemed fraudulent, deceptive or manipulative. The proposed rule is intended to implement the statutory mandate by foreclosing the use of advertisements which have a tendency to mislead or deceive clients or prospective clients. As the Commission observed in the April 1961 announcement of the original rule proposal, investment advisers are generally required to adhere to a stricter standard of conduct than that applicable to ordinary merchants, securities are "intricate merchandise", and clients or prospective clients of investment advisers are frequently unskilled and unsophisticated in investment matters.

The original proposal would have defined the term "advertisement" to include any notice, circular, letter or other communication, written or oral, which offers any investment advisory service. The comments pointed out that this definition was so broad that it would have encompassed even face to face conversations between an investment counsel and his prospective client. Under the revised definition the term would not include a personal conversation with a client or prospective client, or a personal letter sent to only one person. The proposed revision would define the term "advertisement" to include notices, circulars and other written communications addressed to more than one person, and notices or other announcements in any publication or by radio or television.

Another significant change in the proposed rule was made with respect to Clause (2) thereof. The earlier proposal would have prohibited any advertisement which called attention to past recommendations of the investment adviser which were or would have been profitable to any person. Some of the comments pointed out that the prohibition was so broad that it would have prevented an investment adviser from furnishing information with respect to all of the recommendations he had ever made. Under the revised proposal, this clause has been changed so that it would not prohibit an advertisement which sets out or offers to furnish either (A) a list of all recommendations made by the investment adviser within the preceding period of not less than one year, or (B) a truly representative list of all such recommendations which shows those which were or would have been unprofitable as well as those which would have been profitable, and which is not otherwise misleading. The rule would specify the kind of information which must be furnished in such a list, and also require that the advertisement (and the list if it is furnished separately) must contain a specified cautionary legend in print or type as large as the largest print or type used.

Clause (3) of the rule was also revised. In the original proposal this clause would have prohibited an investment adviser from using an advertisement offering any graph, chart, formula, method, system or other device which represents that any such graph, chart, etc. could in and of itself be used to make investment determinations. This clause would also have required any advertisement representing that any such graph, chart, etc. would assist any person in making investment decisions to fully disclose "in close juxtaposition and with equal prominence" the limitations and difficulties with respect to its use. Various comments suggested that the prohibitions of this clause should be applicable only with respect to advertisements offering graphs, charts, formulas, or other devices; that the broad reference to "methods" and "systems" might make it appear that it was intended to apply to every offer of any investment advisory service. Since this broad effect was not intended, the suggestion was adopted in the revised proposal. In addition, the requirement with respect to disclosure of the limitations and difficulties with respect to the use of the graph, chart, formula or other device has been modified to make it clear that if such limitations and difficulties are disclosed prominently anywhere in the advertisement it need not be repeated on each page of the advertisement or on each graph or chart.

METROPOLITAN EDISON PROPOSES BANK BORROWINGS. Metropolitan Edison Company, Berks County, Pa., has applied to the SEC for an order under the Holding Company Act authorizing bank borrowings through 1962 in amounts aggregating \$19,300,000; and the Commission has issued an order (Release 35-14492) giving interested persons until August 25, 1961, to request a hearing thereon. Under an exemptive rule of the Commission, Meted may make borrowings on short-term notes in an amount not exceeding 5% of the principal amount and par value of its other outstanding securities. It has applied for an increase in its short-term borrowing power from 5% to 10%, which would permit Meted to have outstanding an aggregate of \$19,300,000 face amount short-term notes, of which \$9,000,000 are now outstanding. The borrowed funds would be used to finance, in part, the company's construction program through 1961.

BANK BORROWINGS PROPOSED BY UTAH POWER. Utah Power & Light Company, Salt Lake City, Utah, has applied to the SEC for an order under the Holding Company Act authorizing it to issue and sell to banks an aggregate of \$24,000,000 of promissory notes during the period ending September 11, 1962; and the Commission has issued

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an order (Release 35-14493) giving interested persons until August 28th to request a hearing thereon. The borrowed funds would be used to prepay \$5,000,000 of bank notes and to finance, in part, the construction programs of the company and its subsidiaries for 1961 and 1962, which is estimated to require about \$48,500,000.

APEX MINERALS TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Apex Minerals Corporation on the San Francisco Mining Exchange and the over-the-counter market for a further ten-day period August 9 to 18, 1961, inclusive.

TRUAX-TRAER COAL FILES STOCK PLAN. Truax-Traer Coal Company, 111 North Wabash Avenue, Chicago, filed a registration statement (File 2-18647) with the SEC on August 7th seeking registration of \$800,000 of participations in the Employees Stock Purchase Incentive Plan and 20,000 shares of common stock which may be acquired pursuant thereto.

GENERAL KINETICS PROPOSES OFFERING. General Kinetics Incorporated, 2611 Shirlington Rd., Arlington, Va., filed a registration statement (File 2-18649) with the SEC on August 7th seeking registration of 200,000 shares of common stock, to be offered for public sale on an all or none basis through Balogh & Co. Inc. and Irving J. Rice & Co. Inc. The public offering price and underwriting terms are to be supplied by amendment, the underwriters to receive \$12,500 for expenses. Also included in the statement are 50,000 additional common shares underlying warrants to be issued to the underwriters, the exercise price of which will be filed by amendment.

The company's activities fall within four primary areas of interest: Electronics, Mechanical Engineering, Instrumentation and Mathematics. Its products include the Model CT-1 magnetic tape cleaner and the Kinesonic process for cleaning magnetic tape, the latter being considered for commercial exploitation for cleaning motion picture film. It has interests in other phases of magnetic tape technology; and it also provides mathematical services to governmental and commercial customers. Net proceeds of the sale of additional stock will be to support a general expansion of company business, including research and development on new products and processes, manufacture of tape testers and cleaners for rental customers, acquisition of additional machinery and equipment, and expansion of marketing program.

Of the outstanding 306,740 common shares, about 17% each is owned by William B. Coggins, president and board chairman, and three vice presidents, Walter L. Anderson, Alfred E. Roberts, Jr. and Robert P. Guterman.

PALESTINE ECONOMIC CORP. FILES FOR OFFERING. Palestine Economic Corporation, 18 East 41st St., New York, filed a registration statement (File 2-18648) with the SEC on August 7th seeking registration of 120,000 shares of common stock, to be offered for public sale at \$25 per share cash or in certain State of Israel bonds. The company intends to sell the issue with the volunteer aid of its directors and salaried officers and through Palestine Economic Corporation of New York, which is reimbursed for its stock-selling expenses.

The company engages in enterprises in and outside Israel of the following nature through subsidiary and non-subsidiary corporations: banking; domestic and foreign credit; import and export; marketing; purchasing; industry; agriculture; land development; construction; real estate ownership and management; insurance; investments; transportation; and oil and mineral exploration and exploitation. The company extends loans and purchases securities and does both in various companies. It owns no physical property other than office furniture and equipment. Of the estimated \$2,850,000 net proceeds from the stock sale, \$1,500,000 will be used to participate in the further development of Israel industry; \$700,000 for development of urban and suburban areas and erection of residential and factory buildings; \$200,000 for citriculture; and the balance for working capital and general corporate purposes.

In addition to certain indebtedness and 19,473 shares of "B" stock, the company has outstanding 579,255 shares of common stock, of which the American Jewish Joint Distribution Committee, Inc., owns 92.26% of the "B" stock and management officials as a group own 4.73% of the common. Joseph Meyerhoff is listed as president and chairman of the executive committee.

AERO-DYNAMICS PROPOSES OFFERING. Aero-Dynamics Corp., 250 Goffle Rd., Hawthorne, N. J., filed a registration statement (File 2-18650) with the SEC on August 7th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts basis by Cambridge Securities, Inc., and Edward Lewis Co. Inc., for which they will receive a selling commission of 75¢ per share plus an additional 20¢ per share sold for expenses. The two firms have acquired from two company officials 10,000 outstanding shares at a price of one mill per share.

Organized under Delaware law in April 1961, the company has acquired two subsidiaries, Architectural Marble Corp. and Piccoli Tile and Marble Co., New Jersey corporations. The latter specializes in the supply and installation of ceramic tile, precast flooring, marble, sculptured marble and domestic tiles for use in industrial, commercial, ecclesiastical or public construction, while the former intends to import, distribute, install and sell marble (and to engage in the cutting, polishing, slicing, sanding and bevelling of marble, granite, onyx and other allied stones). The parent company shortly intends to import, distribute and sell Italian ceramic glazed mosaic tiles, Italian vitreous glass mosaics, Italian precast flooring, Italian marble and sculptured marble under various licenses and agreements with Italian companies. It has a process for producing moulded curtain wall panels and has acquired the assignment of certain patent applications. Net proceeds of the sale of additional stock, estimated at \$370,000 if all shares are sold, will be used in part (\$200,000) for the purchase and installation of new moulds, machinery and equipment, including that related to the manufacture of curtain wall and to permit additional research and development of high temperature alloys and other valuable synthesis. The balance will be used for other corporate purposes, including working capital.

The company now has outstanding 230,000 common shares with a book value of 20.2¢ per share as of May 31st of which Frank J. Crisona and Salvatore De Stefano, president and secretary-treasurer, respectively, own 18.48% each. Joseph R. Kitson and Mario Vilella own 14.85% each. According to the prospectus, if the 100,000 new shares are sold, present management and employees will own 69.70% of the outstanding stock, which had a book value of \$46,465 as of May 31st, whereas the public will own 30.30% of the stock for which it will have paid \$500,000. At the present time the company's current liabilities exceed its current assets (\$66,847 compared with \$48,120 as of May 31st).

NATION-WIDE REAL ESTATE FILES FOR OFFERING. Nation-Wide Real Estate Investment Trust, 10 Post Office Square, Boston, filed a registration statement (File 2-18651) with the SEC on August 7th seeking registration of 750,000 shares of beneficial interest, to be offered pursuant to an arrangement with Reit Securities Corporation which will act as exclusive distributor on a best efforts basis of all shares offered by the Trust. Until a certain date (to be supplied by amendment) all shares will be offered without sales commission at \$10 per share, the Trust to receive the entire proceeds.

The Trust is to be organized in Boston on the initiative of David Engelstein, Sanford Lavine and Donald J. Ball, Trustees, as a business trust whose stated purpose will be to provide investors with a medium for investment primarily in real estate assets, as distinguished from investments in securities. The prospectus states that the Trust will become an investment company subject to the Investment Company Act of 1940. The net proceeds from the sale of shares will be used to acquire leasehold or fee interests in real property in accordance with the Trust's investment policies. REIT Advisory Corporation is listed as the Trust's advisor.

The Trust has outstanding 6,000 shares of beneficial interest, of which Robert Castle, Engelstein, Lavine, and Hyman I. Paltenson own 25%, 10%, 5.84% and 10%, respectively. Ball is listed as chairman of the trustees. Engelstein is listed as president of the distributor and Ball as president of the advisor. The several trustees (including those named) own interests in the advisor, which owns all the capital stock of the distributor.

KEYSTONE ACCUMULATION PLANS FILES FOR OFFERING. Keystone Accumulation Plans, Inc., 50 Congress St., Boston, depositor for Keystone Growth Fund, today filed a registration statement (File 2-18652) with the SEC seeking registration of Single Payment Plans, Monthly Accumulation Plans and Monthly Accumulation Plans With Insurance for the accumulation of shares of Keystone Growth Fund, in amounts aggregating \$25,000,000.

SECURITIES ACT REGISTRATIONS. Effective August 8: Aileen Inc. (File 2-18387); BBM Photocopy Manufacturing Corporation (File 2-18209); Cooperative Grange League Federation Exchange, Inc. (File 2-18455); Garan, Inc. (File 2-18215); Gulf-Southwest Capital Corporation (File 2-18148); Packer's Super Markets, Inc. (File 2-18182); Pueblo Supermarkets, Inc. (File 2-18259); Radiation Instrument Development Laboratory, Inc. (File 2-18232); Taffet Electronics, Inc. (File 2-18039).

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