

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

December 18, 1957

AMERICAN MUTUAL INVESTMENT PROPOSES PUBLIC STOCK OFFERING

American Mutual Investment Company, Inc., Washington, D. C., filed a registration statement (File 2-13802) with the SEC on December 17, 1957, seeking registration of 490,000 shares of stock, to be offered for public sale at \$10.20 per share. No underwriting is involved. The Company proposes, according to the prospectus, to invest its assets in first trust notes, second trust notes, and construction loans. It may develop shopping centers, build or purchase office buildings and apartment houses. The fund may purchase government securities and common and preferred stock. "The objective of the investment policy shall be to provide the investors with income and with capital growth." The prospectus lists William Magazine as Board Chairman and Sheldon Magazine as president.

SHOPPING CENTERS OF PITTSBURGH FILES FINANCING PROPOSAL

Shopping Centers Corporation, Pittsburgh, Pa., filed a registration statement (File 2-13803) with the SEC on December 17, 1957, seeking registration of 50,000 shares of its \$2.50 par common stock and \$2,500,000 of debenture bonds. The company proposes to offer these securities for public sale in units, each consisting of one share of stock and one \$50 bond, and at \$52.65 per unit (\$2.65 for the stock and \$50 for the bond). The offering is to be made on a best efforts basis by Akiba Zilberberg, of Pittsburgh, for which he will receive a selling commission of \$3.15 per unit.

Organized under Delaware law on October 18, 1957, the company proposes to engage principally in the business of construction, ownership and management of shopping centers, luxury motels, and other commercial property. However, the management intends to engage actively in all phases of the commercial real estate business wherever attractive potentialities come to its attention. It has not yet commenced active business; however, it owns an option on approximately 29 acres of commercially-zoned land on Lee Highway one mile south of Roanoke, Va. Plans for a shopping center have been drawn and an agreement for a 20-year mortgage loan has been obtained from Jefferson Standard Life Insurance Company of Greensboro, N. Car. Total construction cost is estimated at \$2,500,000. Net proceeds of this financing, estimated at \$2,475,000 if all the securities are sold, will be added to the general funds of the company and will be available for working capital and other general corporate purposes. Among these purposes is the construction of the Roanoke shopping center. In view of the \$1,400,000 first mortgage commitment and other available credit, no more than \$550,000 in addition to the funds now in the corporation are said to be required.

For further details, call ST. 3-7600, ext. 5526

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In addition, the company is considering the construction of a shopping center and luxury motel in Rocky River, Ohio, some 10 miles west of Cleveland. This project is estimated at a cost of \$1,500,000. If present plans are carried out, a substantial portion of the company's funds will be invested in this project. However, it is expected that a substantial portion of the required construction costs can be financed by a first mortgage loan.

Principal organizers of the company are Tower Development and Investment Corporation, Akiba Zilberberg, and Morris Melman, all of Pittsburgh. They and other organizers have acquired 200,000 common shares for cash at \$2.50 per share. Zilberberg is listed as president and Melman treasurer.

CANADIAN RESTRICTED LIST
Fourteenth Supplement

The Securities and Exchange Commission today announced the addition of the following Canadian company to its "Canadian Restricted List":

Tamara Mining Limited

The Canadian Restricted List is composed of 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.

SEC "OBJECTIVE FIRMNESS" DISCUSSED BY COMMISSIONER ORRICK

In an address today before the Washington Society of Investment Analysts, Commissioner Andrew Downey Orrick of the Securities and Exchange Commission pledged a continuance of the Commission's "vigorous and aggressive" program to strike down any attempts by issuers and other sellers of securities to defraud the investing public; "constant vigilance" in securing disclosures of financial and other information concerning securities offered for public sale and those listed on stock exchanges, so they may be evaluated realistically by investors; and a diligent search for "realistic solutions" to various legal questions involving the application of the registration and disclosure requirements to particular types of transactions, including mergers and consolidations.

In the area of fraud prevention, Commissioner Orrick noted that the Commission's stepped-up enforcement program had brought concrete results. Among these were the reference of 26 cases to the Department of Justice for prosecution and the institution of 71 court injunction actions in Fiscal 1957, as compared with 17 and 35, respectively, for the prior year. Moreover, administrative sanctions were invoked in over 175 cases during 1957, involving alleged violations of the SEC laws and rules. The principal target of this program has been the "fringe element of stockteering promoters and securities salesmen," who have been attracted to the securities industry by the intensified activity in the financial markets and the increased public appetite for corporate securities as a medium for investment, he said.

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In the registration of securities for public sale, Commissioner Orrick noted that during Fiscal 1957 registration statements covering a record volume of \$14.6 billion of proposed new security offerings were filed with and processed by the Commission for compliance with the disclosure requirements. However, he observed, a "considerable quantity of capital was raised by the sale of unregistered securities in transactions where substantial doubt exists whether the exemptions from registration relied upon by the issuers were available."

These questions of statutory construction and necessity for compliance with the registration and disclosure requirements include problems with respect to what constitutes a distribution or public offering of securities and the circumstances under which securities acquired for investment and not "with a view to distribution" may be exempt from registration. Commissioner Orrick warned that a person's intent to take for investment "can ordinarily be discovered only by weighing objective evidentiary factors and not by relying on self-serving statements - such as contained in so-called investment letters - that a particular purchase was made for investment."

In the sale of convertible securities, Commissioner Orrick also called attention to the fact that, whereas the initial sale of the convertible security may be considered a non-public sale entitled to exemption from registration, subsequent sales of the underlying shares received upon conversion may not be entitled to such an exemption.

The availability of an exemption from registration for securities issued in mergers and consolidations drew special attention from Commissioner Orrick. The Commission's Rule 133 qualifies the definition of "sale" in such a manner as to exempt such securities when issued in merger transactions pursuant to state statutes providing that a favorable vote by a majority of stockholders will bind all stockholders (with appraisal rights for dissenters). A 1956 proposal of the Commission to repeal this rule and subject these securities to the registration and disclosure requirements was withdrawn by the Commission after it drew heavy criticism from the practicing Bar. Observing that Rule 133 has been the subject of debate for a number of years, both as to its validity and desirability, Commissioner Orrick concluded on the basis of his legal analysis: "The conclusion that the present structure of the Securities Act was not designed to encompass the registration of securities issued in inter- and intra-corporate transactions of this kind is not unreasonable." He emphasized, however, that the rule does not have the effect of "freeing up" from the registration requirements those securities which are issued in merger transactions merely as a maneuver to effect a public distribution without registration.

FORD MOTOR SAVINGS AND STOCK PLAN FILED

Ford Motor Company, Dearborn, Mich., filed a registration statement (File 2-13804) with the SEC on December 17, 1957, seeking registration of \$60,000,000 of Participations in the Ford Motor Company Savings and Stock Investment Program for Salaried Employees, together with 1,500,500 shares of Ford Motor common stock issuable under said Program.

For IMMEDIATE Release Wednesday, December 18, 1957

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Securities Act of 1933
Release No. 3878

SEC Suspends Exemption for Confidential Finance,
Col-Ny Uranium, and Eagle Oil Stock Offerings,
Grants Hearing on Franklin Atlas Suspension

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public stock offerings by the following:

Confidential Finance Corp., Omaha, Nebraska

In its Regulation A notification, filed March 11, 1955, Confidential Finance proposed the public offering of 150,000 preferred shares and 15,000 common shares, in units of ten preferred shares and one common share and at \$10 per unit.

Col-Ny Uranium, Inc., Cortez, Colorado

Col-Ny Uranium filed its Regulation A notification on July 3, 1956, proposing the public offering of 1,449,000 common shares at 20¢ per share.

Eagle Oil & Supply Co., Inc., Brockton, Massachusetts

The Regulation A notification of Eagle Oil, filed August 16, 1957, proposed the public offering of 125,000 common shares at \$1.20 per share.

Regulation A provides a conditional exemption from registration under the Securities Act with respect to public offerings of securities not exceeding \$300,000 in amount. In its orders temporarily suspending the exemptions from registration with respect to stock offerings by the three named companies, the Commission asserts that their respective offering circulars contain false and misleading statements of, or omit to state, material facts and that the use of such offering circulars would or did operate as a fraud and deceit upon purchasers of the respective securities in violation of Section 17 of the Securities Act. The orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

The order with respect to Confidential Finance states that its president, Hilding L. Jacobson, waived indictment and is the subject of an Information filed by the United States Attorney in Omaha charging a crime or offense involving the purchase or sale of a security. In addition, it is alleged that the company's offering circular contains a balance sheet which reflects as an asset the item "loans receivable" and fails to disclose that such loans are in part to Hilding L. Jacobson, J. L. Jacobson Company, and certain persons whose names were chosen at random by Jacobson, and that Jacobson and not such other persons actually received the loans.

In its order with respect to Col-Ny Uranium, the Commission states that that company was enjoined on October 10, 1957, by the Supreme Court of the State of New York from engaging in or continuing a conduct or practice in connection with the purchase or sale of securities. Furthermore, the order challenges the accuracy and adequacy of Col-Ny Uranium's offering circular, particularly with respect to a statement therein that Walter E. Siebert had paid \$3,750 for 37,500 shares of the company's stock when, in fact these shares were purchased by St. Lawrence Four Spar, Inc. for \$3,000; the information therein concerning Siebert after he had resigned as board chairman; the failure to disclose the status of a payment of \$5,000 due on February 10, 1957 under an option agreement to purchase seven patented mining claims in San Juan County, Colorado, or the status of such option agreement; and the failure to disclose the status of a payment of \$2,800 due on April 24, 1957 under a lease of 28 unpatented mining claims in Grants-McKinley County, New Mexico, or the status of such lease.

The Commission's order with respect to Eagle Oil states that Regulation A was not complied with, in that sales of Eagle Oil stock were made prior to the date permitted under the Regulation and that communications were used in connection with the offering which were not filed with the Commission, as required. Furthermore, it is asserted that the Eagle Oil offering circular failed to disclose an investment by Eagle Oil in February 1957 of \$5,000 for preferred stock of Pilgrim Securities, Inc., of New York, the underwriter for the stock offering; the advance by Eagle Oil of \$15,000 to Pilgrim in June 1957; and the advance by Eagle Oil of \$2,000 in June 1957 to Joseph L. Gruber, Jr., its president, for the purpose of setting up a Boston office for Pilgrim, in which firm Gruber was also an officer.

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At the request of Franklin Atlas Corporation, New York, the Commission has scheduled a hearing for February 17, 1958, at its New York Regional Office on the question whether to vacate, or make permanent, an earlier order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act with respect to a public offering of Franklin Atlas securities pursuant to a Regulation A notification filed by the company on July 6, 1955. In this notification, Franklin Atlas proposed the public offering of \$150,000 of convertible debentures, 149,000 Class A common shares and 53,800 Class B common shares, for an aggregate of \$299,538. By order dated October 28, 1957, the Commission temporarily suspended the exemption from registration for this offering, asserting that the company's offering circular contains false and misleading statements of, or fails to disclose, material facts; that use of said offering circular would and did operate as a fraud and deceit on purchasers of the securities; and that Franklin Atlas and others were enjoined by a Federal court on September 4, 1957, from violating certain provisions of the Securities Act in connection with the sale of Franklin Atlas securities. (See Release No. 3857). At the February 17th hearing, inquiry will be conducted with respect to the foregoing matters for the purpose of determining whether the suspension order should be vacated or made permanent.