

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 April 8, 1957

Statistical Release No. 1446

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended April 5, 1957, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956 and 1957, is as follows:

	<u>(1939 = 100)</u>		<u>Percent Change</u>	<u>1956 - 1957</u>	
	<u>4/5/57</u>	<u>3/29/57</u>		<u>High</u>	<u>Low</u>
Composite	332.7	329.9	↗ 0.8	366.2	319.0
Manufacturing	421.2	416.9	↗ 1.0	468.6	398.6
Durable Goods	395.0	389.9	↗ 1.3	437.6	369.4
Non-Durable Goods	445.6	441.9	↗ 0.8	500.8	425.2
Transportation	289.2	287.9	↗ 0.5	353.0	286.1
Utility	159.1	158.5	↗ 0.4	161.5	151.6
Trade, Finance & Service	280.7	280.8	0.0	325.5	274.8
Mining	344.2	344.6	- 0.1	383.2	326.8

Securities Act Release No. 3773

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 offerings of securities by the following:

Bald Eagle Gold Mining Company, Needles, Calif.

In its Regulation A notification, filed June 8, 1953, Bald Eagle proposed the public offering of 250,000 common shares at 25¢ per share

Gibraltar Uranium and Oil Co., Denver, Colo.

Gibraltar Uranium filed its Regulation A notification on June 14, 1955, proposing the public offering of 3,000,000 common shares at 10¢ per share

Mineral Concentrating Company of America, Inc., Des Plaines, Ill.

Mineral Concentrating filed its Regulation A notification on April 24, 1956, proposing the public offering of 35,000 Class A common shares at \$8 per share

O V E R

In each of the three suspension orders, the Commission asserts that the offering circulars of the respective companies contain false and misleading statements of material facts and/or that the terms and conditions of Regulation A have not been complied with; and the orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

More particularly, the order with respect to Bald Eagle asserts that information in that company's offering circular is false and misleading in respect of (A) the identity of the underwriter for the stock offering; and (B) the method of sale and the identity of the person or persons to whom commissions on sales of its securities are being paid.

In the case of Gibraltar Uranium, the order asserts that the notification and offering circular contain false and misleading information with respect to the portion of the stock offering which has been sold, the jurisdictions in which stock sales have been effected, and the contingent liabilities incurred as a result of previous stock sales. The order also alleges that the terms and conditions of Regulation A have not been complied with, in that the notification failed to state each of the jurisdictions in which the securities were to be offered and the company failed to file the required reports of stock sales and the use to which the proceeds thereof were applied.

In the order with respect to Mineral Concentrating, the Commission asserts that the offering circular is false and misleading in the following particulars: (1) in stating that 45 per cent of the stock of Park Ridge Uranium Co. was acquired from promoters of the issuer for 153,496 shares of Class B \$1.00 par common stock of the issuer and 71,104 shares of Class A \$4.00 par common stock of the issuer, constituting a total par value of \$224,600, but omitting to state that the cost of such stock to the promoters was not in excess of \$3,000; (2) in stating that the issuer holds an employment contract for one year expiring December 31, 1956, with Frank W. Hack, inventor of record of the patents held by the corporation, who under the terms of the contract was to devote his entire efforts for the benefit of the corporation and the development of its products, but omitting to state that for substantial portions of said period Hack was not in the employ of the issuer and terminated his employment prior to the expiration of such period, and the reason for such action; and (3) in omitting to state that the company has ceased operations at its Des Plaines factory, that the financial position of the company has become such that it is in the process of attempting a financial adjustment or voluntary reorganization with its creditors, and that it is defendant in a suit which seeks, among other things, the appointment of a receiver and accounting and the dissolution of the issuer. This order further asserts that the Regulation A exemption was not available for the stock offering by Mineral Concentrating in that the aggregate offering price of the securities to be offered, together with those sold in violation of the registration requirement, exceed the \$300,000 limitation prescribed by Regulation A.

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Securities Act Release No. 3771

The Securities and Exchange Commission today announced the issuance of a decision suspending the effectiveness of a registration statement covering a proposed \$8,000,000 stock offering by American Investors Corporation, of Nashville, Tenn., because of false and misleading representations of material facts contained in the registration statement and prospectus.

American Investors was organized under Tennessee law in June, 1956, for the purpose of investing primarily in securities of companies in the insurance field, including the purchase of all of the stock of a new company to be organized by it, American Investment Life Insurance Company. 4,000,000 shares were to be offered for public sale at \$2 per share; and an additional 962,500 shares were reserved for issuance upon exercise of options to be granted in order to attract and retain competent agency and home office personnel. Frank Poole is listed as president.

The Commission found that various representations contained in the registration statement and prospectus were false and misleading, including information with respect to the plan of distribution of the stock, the use of the proceeds, the description of the business and management, transactions with promoters and management, and the experience of officers and directors.

"The serious nature of the many deficiencies," the Commission stated, "reflects a gross indifference on the part of the registrant to its statutory obligation of fair disclosure to the investor. Registrant is seeking to induce the public to invest \$8,000,000 of its funds, without revealing any definite plans, or the lack thereof, for use of the funds other than as to \$300,000, and without disclosing the facts of the highly competitive business which it seeks to enter. Neither did it identify adequately the persons responsible for the enterprise and disclose their interests in the venture, including interests in the stock options of registrant and in the sale of the securities. It has materially misdescribed the management and failed to disclose their lack of experience in the operation and management of insurance companies and of an investment portfolio."

The representation that options for stock were to be granted in order to attract and retain competent agency and home office personnel, and that the number of shares to be optioned (ranging from 5,000 to 25,000 shares to each such person) would be determined on the basis of the past earnings and experience of the individual receiving the option, was found false and misleading in light of the failure to disclose that many of the options were committed to members of management who have had little or no experience in the management or operation of insurance companies or in the management of investment portfolios. The company promised to issue the options "without cost to prominent personalities in order to secure their association with registrant for the purpose of facilitating the sale of the securities to the public, as well as to its own promoters, as a reward for their promotional activities," the Commission stated.

"In view of the numerous material deficiencies," the Commission concluded, "the public interest requires that a stop order should issue."

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Holding Company Act Release No. 13438

The SEC has issued an order authorizing Metropolitan Edison Company, Reading, Pa. subsidiary of General Public Utilities Corporation, to issue and sell an additional 105,000 shares of its common stock to GPU for a cash consideration of \$10,500,000. Edison will use the proceeds to reimburse its treasury for construction expenditures made prior to January 1, 1957 (and in connection therewith to pay not in excess of \$4,500,000 of short-term bank notes outstanding December 31, 1956, the proceeds of which had been used for construction purposes).

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Thompson Products, Inc., Cleveland, today filed a registration statement (File 2-13232) with the SEC seeking registration of 125,000 shares of its \$5 par Common Stock. These shares are to be offered for subscription under the company's 1951 and 1956 Stock Option Plans for officers and other key employees of the company and its subsidiaries.

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Koninklijke Luchtvaart Maatschappij N. V. (KLM Royal Dutch Airlines), The Hague, The Netherlands, today filed a registration statement (File 2-13233) with the SEC seeking registration of 400,630 Common Shares (100 Dutch guilders Par Value). The company proposes to offer 250,000 shares of this stock for public sale through an underwriting group headed by Smith, Barney & Co. and The First Boston Corporation. The public offering price and underwriting terms are to be supplied by amendment. Simultaneously with such offering, up to an additional 150,630 common shares will be made available by the company for sale on the Amsterdam Stock Exchange through the agency of a group of Netherlands banking institutions.

The company is engaged in air transportation of persons, property and mail, its operations being exclusively international and overseas. Net proceeds will become a part of the company's general funds and will be used for such corporate purposes as the management and board of directors may determine, and may include expenditures for purchase of flight equipment and for hangars, terminal facilities, additional ground equipment, spare parts and engines and for other capital items. The proceeds of this offering will not be a significant part of the funds presently considered to be necessary for the company's projected expansion program; but it is anticipated that substantially all of the funds necessary therefor will be provided from other sources and that no additional public financing will be required for the completion of such program. As of January 1, 1957, the company had outstanding contracts or commitments for the purchase of flight equipment costing about \$126 million, of which \$14,938,000 had been prepaid on that date.

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