

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.

December 4, 1956

FOR RELEASE _____

Securities Act Release No. 3725

The Securities and Exchange Commission has issued orders temporarily suspending Regulation D exemptions from registration under the Securities Act of 1933 with respect to the public offering of securities of the following Canadian companies:

Brutona Uranium & Metals Corporation, Toronto, Ontario, Canada

Brutona's Regulation D notification, filed August 20, 1956, proposed the public offering of 3,000,000 shares of common stock at 10¢ per share

Hawker Uranium Mines Ltd., Edmonton, Alberta, Canada

Hawker's Regulation D notification, filed October 20, 1953, proposed the public offering of 1,500,000 shares of common stock at 20¢ per share

The respective suspension orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

In its suspension order with respect to Brutona, the Commission asserts that a Regulation D exemption is not available to that company in that Joseph Nastasi is a promoter of Brutona; that he individually and as a controlling person of US-CAN Securities, Inc., is an underwriter of the Brutona shares to be offered; and that he was a promoter of Hawker Uranium Mines Ltd. and participated in and was connected with the public offering of Hawker shares, with respect to which a suspension order has been issued. The order further asserts that Brutona's offering circular was false and misleading in respect of various material facts, in that there was a failure to state therein in a clear and concise manner (1) that the promoters of Brutona are also the principal stockholders of US-CAN Securities; (2) the cost to the promoters of the properties transferred to Brutona in exchange for stock; (3) the amount of cash contributed by the promoters and their associates and by the investing public and the voting control to be held by each; (4) the total amount and percentage of proceeds from the proposed issue which the promoter, Edward H. Fingard, will receive; (5) the nature and extent of interests of Fingard in property contiguous to property transferred to Brutona, and the failure to disclose that by reason of such interest Fingard may be benefitted by any successful exploratory work on properties transferred to Brutona; (6) the status of the properties transferred to Brutona, in the event Brutona defaults on cash payments to Fingard, if sufficient funds are not raised through the sale of securities; (7) the comparative effect on public stockholders and the promoters and their associates in the event of liquidation of the issuer; (8) that, with respect to references in the offering circular to well known companies operating uranium mining properties in the Bancroft area where Brutona expects to explore, such companies have the benefit of governmental sales contracts providing

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for a better-than-usual uranium price (because of the low grade quality of the ore in this area) and that contracts of this type are no longer available; and (9) whether or not Brutona has qualified or could qualify the proposed offering in Ontario, and the omission from the offering circular of information relating to (a) the requirements of Ontario law for the escrow of promoters' shares and the limitation on consideration to promoters and (b) whether or not Brutona could presently meet such requirements, and the effect thereof upon possible future financing by the issuer.

The Commission's order with respect to Hawker asserts that that company's notification and offering circular are false and misleading in the following respects; (1) the notification fails to disclose each predecessor and each affiliate of the issuer, in that a predecessor company, Hawker Uranium Mines, Inc., a Delaware corporation, was a predecessor of Hawker, and that North Country Uranium and Minerals Ltd. was an affiliate under common control with Hawker; (2) the offering circular represented S. Donald Moore and Augustus R. Hawker were the founders of Hawker, received 2,300,000 shares in exchange for certain properties, and transferred 15,000 shares to other individuals in consideration for services rendered, but failed to disclose that Joseph Nastasi is a promoter, that an agreement existed between Nastasi and Moore pursuant to which Nastasi was entitled to 30% of the initial shares issued by Hawker, and that Nastasi was to assist in the distribution of the Hawker shares; (3) the offering circular represented Moore as owning 1,691,501 shares and Augustus R. Hawker 576,000 shares but failed to disclose the percentage of shares issued to them which it was agreed would be issued to Nastasi; and (4) the offering circular represented Degaetano Securities Company, New York, as the principal underwriter of the issue but failed to disclose that the promoter, Nastasi, was to participate actively to assist Degaetano in the sale of the securities.

Holding Company Act Release No. 13324

Power Reactor Development Company, Detroit, Michigan ("PRDC"), has applied to the SEC for an order declaring it not to be an electric utility company within the meaning of that term as used in the Holding Company Act; and the Commission has issued an order scheduling the application for hearing on December 18, 1956.

PRDC is organized for the purpose of advancing the art and technology of producing power by the use of fissionable materials; and its sole business is the development of an atomic reactor for the purpose of demonstrating that such reactor or reactors may be relied upon to provide an economical source of heat. In pursuit of this end, it is presently constructing, under a provisional construction permit issued by the Atomic Energy Commission, a fast breeder atomic reactor at Lagoona Beach, Michigan, to be known as the Enrico Fermi Atomic Power Plant. This reactor will produce both steam and plutonium. It is estimated that the steam will be sufficient to supply at least 100,000 kw (electrical) of motive power. The steam will be sold to The Detroit Edison Company for use in a turbine to be owned by that company on adjacent premises, the sales price of the steam to be the cost of producing an equivalent amount of steam through conventional means. The plutonium produced by the project will be delivered to the U. S. Government pursuant to the Atomic Energy Act of 1954, and it is expected that the proceeds received from such delivery will exceed the proceeds from the sale of the steam. The proceeds received from the sale of plutonium and steam will be used to meet the expenses of PRDC and to pay interest and principal on any loan obligation which it may incur. Any excess monies received will be devoted to research and development.

It is expected that the cost, direct and indirect, of the facilities to be owned by PRDC will exceed \$40,000,000. This cost will be supplied in part by contributions from companies which may become members, in part from loans, and in part from technical contributions by Atomic Power Development Associates, Inc. ("APDA"), a non-profit membership corporation now engaged in some of the initial research and development work which will be utilized in the construction of the proposed reactor.

PRDC is a non-profit corporation organized under Michigan law. Its members consist of executive officers of the following companies:

Central Hudson Gas & Electric Corporation
 The Cincinnati Gas & Electric Company
 Potomac Electric Power Co.
 Alabama Power Company
 Georgia Power Company
 The Detroit Edison Company
 Burroughs Corporation
 Delaware Power & Light Company
 Long Island Lighting Company
 Combustion Engineering, Inc.
 Rochester Gas and Electric Corporation
 Holley Carburetor Company
 The Babcock & Wilcox Company
 The Toledo Edison Company
 Consumers Power Company
 Columbus and Southern Ohio Electric Company
 Westinghouse Electric Corporation
 Philadelphia Electric Company
 Allis-Chalmers Manufacturing Company
 Southern Services, Inc.
 (as representative of The Southern Company,
 Alabama Power Co., Georgia Power Co., Gulf
 Power Co. and Mississippi Power Co.)
 Wisconsin Electric Power Company
 Iowa-Illinois Gas and Electric Company

These companies have made commitments to make contributions to PRDC in the aggregate amount of \$13,540,000; and it is expected that the total commitments for contributions will be \$23,540,000. Arrangements have been made with six New York banks for loans aggregating \$15,000,000; payment of the loans will be severally and unconditionally guaranteed by certain of the companies which become members.

Securities Exchange Act Release No. 5414

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a)(4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stocks of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange for a period of ten days from December 5, 1956 to December 14, 1956, inclusive, and it declared that such action necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices.

The summary suspension orders heretofore entered on November 23, 1956 against trading in the two stocks expire at the close of business this date. The result of the new orders is that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction, in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. The Commission ordered the hearings in the two cases consolidated in order to expedite a final determination, and the consolidated hearing commenced on November 26, 1956 in Washington, D. C., and is still in progress.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

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The Sunrise Fund, Inc., New York City, filed a registration statement (File 2-12935) with the SEC on December 3, 1956, seeking registration of 500,000 shares of its Capital Stock, to be offered for public sale at \$5 per share. Organized under New York law on June 30, 1955, the company will operate as a diversified management investment company. It is presently a closed-end investment company but will become an open-end company in March, 1957, or on such earlier date as all the shares the subject of this offering are sold.

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Louisiana Power & Light Company (New Orleans) today filed a registration statement (File 2-12936) with the SEC seeking registration of \$20,000,000 of First Mortgage Bonds, Series due 1987, to be offered for public sale at competitive bidding. Net proceeds will be used for property additions and improvements, for paying off bank loans in the amount of \$7,280,000 and for other corporate purposes. The company's construction program is expected to result in expenditures of approximately \$17,000,000 for the year 1956 (of which approximately \$13,200,000 had been spent through October 31, 1956), and \$28,000,000 for the year 1957.

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