

(Securities Act Release No. 5292)

ADMINISTRATIVE PROCEEDING FILE NO. 3-3649

UNITED STATES OF AMERICA before the SECURITIES AND EXCHANGE
COMMISSION August 31, 1972

In the Matter of

U.S. STOCK TRANSFER CORPORATION 15 William Street New York, New York

(2-43333)

Securities Act of 1933 Section 8(d)

FINDINGS AND STOP ORDER

APPEARANCES:

Richard H. Rowe, Robert M. Steinbach, Theodore A. Doremus and Carl R. Klein, for the
Division of Corporation Finance of the Commission.

Eli H. Hellman, for U. S. Stock Transfer Corporation.

This is a proceeding instituted on April 4, 1972, under Section 8(d) of the Securities Act of 1933 to determine whether a stop order should issue suspending the effectiveness of a registration statement which was filed by U. S. Stock Transfer Corporation ("registrant") on March 9, 1972 and which became effective on March 28, 1972. On April 14, 1972 registrant filed a post-effective amendment to its registration statement which has not been declared effective. The registration statement relates to a proposed public offering of 75,000 shares of registrant's \$.01 par value common stock at a proposed maximum price of \$4.00 per share.

On April 18, 1972 a public hearing was held. Subsequently the Division of Corporation Finance of the Commission filed a motion to amend the Statement of Matters to be Considered. Thereafter registrant submitted an offer of settlement in which it waived further hearings and all post-hearing procedures, consented to the amendment of the Statement of Matters and admitted certain matters covered by such amendment, and consented to findings as to other matters based on the record and to the entry of a stop order. In the offer of settlement registrant also agreed to withdraw the registration statement upon the entry of any stop order.

Upon consideration of all the circumstances, including the recommendation of the Division, the Commission determined to accept the offer of settlement. Accordingly, on

the basis of the Statement of Matters, the offer of settlement and consent and the record in this matter, it is found that the registration statement filed by registrant included untrue statements of material facts and omitted to state material facts required to be stated therein or necessary to make the statements therein not misleading with respect to the following matters.

The registration statement states that registrant, a Delaware corporation, would conduct business as “a stock certificate transfer agent, registrar and dividend paying agent,” that it proposed to use the proceeds of the proposed public offering for, among other things, the costs of opening and equipping offices in New York, New Jersey and Delaware; that in the opinion of management “it is essential to the business of the company that it maintain an office in the State of New Jersey;” that on February 2, 1971 registrant had filed applications for authority to conduct business in New York and New Jersey and that it was subsequently qualified to do business in those two States; and that registrant would act as its own transfer agent inasmuch as that would be its main business.

The above statements are either untrue or materially misleading because the registration statement fails to disclose that under the banking laws of the States of New York and New Jersey no corporation other than a bank or a trust company may engage in the business of a transfer agent or registrar. Registrant in its offer of settlement admits that as presently constituted it is unable under the laws of the States of New York and New Jersey to conduct business as indicated in the registration statement. Irrespective of whether the failure to disclose registrant’s lack of legal qualification resulted from ignorance or negligence or was deliberate, such information was obviously material and of the utmost significance to prospective investors.

The registration statement as originally filed and as it became effective further stated that Peripheral Systems, Inc. of New York, New York had agreed to act as the underwriter of the proposed offering on a best efforts, two-thirds “all or none” basis. The record shows that prior to March 28, 1972, the effective date of the registration statement, the named firm had decided not to act as underwriter of the offering on that date. On Friday, March 24, 1972, Peripheral’s president and counsel met with staff members and after discussing Peripheral’s net capital situation, informed the staff that Peripheral would not proceed with registrant’s offering on March 28, and on Monday, March 27, 1972 the underwriter’s decision was reaffirmed by letter to the Commission. Although there is conflicting testimony as to whether the underwriter then informed registrant that it was not going to act as underwriter, a finding of such communication is not essential to finding that the registration statement became effective with materially untrue and misleading disclosure as to the plan of distribution. 1/

In view of the above deficiencies, a stop order should issue suspending the effectiveness of the registration statement and the post-effective amendment thereto.

Accordingly, IT IS ORDERED that the effectiveness of the registration statement filed by U. S. Stock Transfer Corporation including Post-Effective Amendment No. 1 be, and it hereby is, suspended.

For the Commission, by the Office of Opinions and Review, pursuant to delegated authority.

Ronald F. Hunt, Secretary

1/ The post-effective amendment, filed on April 14, 1972 after this proceeding was instituted, deleted the references to an underwriting by Peripheral, stated that the offering would be made by registrant without an underwriter on a best efforts basis, and that registrant proposed to sell the shares through its officers and employees and also through certain securities dealers.