

MEMORANDUM

September 2, 1941

RE: Conference with Mr. Ward, of F. S. Moseley & Co., relative to proposed stabilization to facilitate secondary distribution of 100,000 shares of NATIONAL CYLINDER GAS COMPANY Common Stock

The above stock is listed on both the New York and Chicago Stock Exchange. F. S. Moseley & Co. will be joint manager with Paine Webber. The offering will be made at a fixed price after the close of the market on the day that the registration statement becomes effective. Mr. Ward asked whether or not the statute prohibited stabilizing on the day before and the day on which the registration statement becomes effective.

I told Mr. Ward that stabilizing in advance of the offering was not prohibited but that where stabilizing is commenced before the offering is made the prospectus should disclose that fact. I suggested that if stabilizing is commenced too late to permit the inclusion of a statement to that effect in the prospectus as it becomes effective, a sticker can and, in my opinion, certainly should be attached disclosing the fact of the commencement of stabilizing.

Mr. Ward also asked whether or not on the day before the offering the firm could wait until the stock sold "on a down tick" and commence stabilizing at such a price in order to assure itself against short sales.

I told Mr. Ward that it was my opinion that the stabilizer could do so. I also told him, as a matter of course, that he could not raise prices or create activity for the purpose of inducing others to purchase the security.

FTGreene/alw

cc Baldwin Bane  
MVFreeman