

MEMORANDUM OF CONFERENCE

June 24, 1941

SUBJECT: Plough, Inc. Common Stock

Present: For Plough, Inc – Mr. Abe Plough, President
For the Commission: Messrs. E. G. Blumner and
G. C. Poole

Mr. Plough (who is a personal friend of Mr. Robert E. McKellar) said that the above-named stock is currently selling on the New York Curb Exchange at around $8\frac{3}{4}$, and has a rather inactive market, due largely to the fact that the 300,000 shares outstanding are held by approximately 5,000 persons, his own holdings amounting to 100,000 shares. He said his firm was considering the purchase of a firm in the same line of business now owned by the British, and that there seemed to be only two ways in which such a purchase could be financed; i. e., either by the sale of treasury stock of his company or by borrowing the funds from a bank.

Mr. Plough said that in considering the first alternative he wondered whether his company could employ salesmen to sell outstanding stock of the company throughout the South, where the company is well-known, and effect purchases, to cover such sales, on the New York Curb Exchange, for the purpose of raising the price of the stock on that exchange to around \$15 per share, the ultimate purpose being to sell treasury stock at the latter price and thus obtain the funds with which to purchase the other company. Mr. Plough said that the book value of his company's common stock is around \$10 per share and that he felt that the fair value of the stock was nearer \$15 than \$9.

It was explained to Mr. Plough that the proposed activities would unquestionably violate Section 9(a)(2) of the Securities Exchange Act of 1934, because they would undoubtedly involve raising the prices of the stock and creating activity in the market therefor at a time when the prohibited purpose would admittedly be present.

G. C. Poole

GCP/ljp