

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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TWO FIRMS REVOKED FOR BOILER ROOM ACTIVITIES AND "SALES PUFFING." The SEC today announced a decision under the Securities Exchange Act (Release 34-6898) revoking the broker-dealer registrations of B. Fennekohl & Co. ("registrant"), and its successor, Fennekohl and Company, Incorporated, both of 205 East 85th Street, New York, for conducting "a fraudulent, high-pressure sales campaign to push" the stock of Allied Mission Oil Company in violation of the anti-fraud provisions of the Federal securities laws. The activities of the firm and three individuals were characterized as a "boiler-room" operation which involved high-pressure telephone solicitations by means of false and misleading representations, including predictions of specific price increases said to be the "usual obligato of dishonest and lurid puffing, the common tactic which has so often proved successful with guileless investors." The two firms and Olaf Fennekohl, a general partner of the original firm and president of its successor, consented to revocation of registrant's registration; and Fennekohl, Norman Romanoff (also known as Norman Roman) and Marshall Fligel, salesmen for the firms, were each found to be a cause of such revocation.

According to the decision, the respondents in 1958-59 offered and sold some 90,000 shares of Allied stock at prices ranging from 40¢ to \$1.12 per share. The Commission ruled that, in the offer and sale of the stock, they made false and misleading representations in their long-distance telephone sales campaign with respect to the future prospects, present and prospective earnings, and financial condition of Allied, anticipated increases in the price of the stock, and the investment in Allied by a certain well-known dance band leader. Sales literature used in the offer and sale of Allied stock "painted a picture of a unique opportunity for a highly profitable investment in well-managed, successfully operated and expanding properties in an advantageous combination of attractive industries." No disclosure was made, however, of Allied's financial condition or that Allied, which had been organized in 1955 to engage in the oil business, had operated at a loss in 1958 and 1959. Highly colored and deceptive sales literature was used which emphasized the oil, mining, and electronics properties acquired from two corporations and oil properties to be acquired by Allied, but did not disclose that prior to its acquisitions, Allied had a number of small interests in oil properties, little or no cash or receivables, and an indebtedness of about \$4,700; that Allied had engaged in operating a textile converting business which failed and lost about \$25,000; that the corporation from which Allied acquired various oil and mining interests incurred a small operating loss; and that the "established mining company" acquired by Allied had completed only two contracts and had only one or two employees. In addition, Allied had a net loss of \$35,914 from all its operations in 1959. Moreover, the impression sought to be conveyed that the band leader was a principal figure in Allied was false. Although a director, he played no part in the management of Allied, acquired no stock, and later resigned as a director. (NOTE TO PRESS. Copies of SEC decision available in New York Regional Office.)

MIDWEST PLANNED INVESTMENTS SHARES IN REGISTRATION. Midwest Planned Investments, Inc., 1300 First National Bank Bldg., Minneapolis, filed a registration statement (File 2-20724) with the SEC on September 17th seeking registration of 37,500 shares of common stock. Such shares may be acquired in stabilizing transactions in connection with its public offering of 250,000 common shares, which were previously registered with the Commission.

HUMAN SCIENCES RESEARCH FILES STOCK PLAN. Human Sciences Research, Inc., 1408 North Fillmore St., Arlington, Va., filed a registration statement (File 2-20725) with the SEC on September 17th seeking registration of 800 shares of common stock, to be offered to employees pursuant to its Stock Bonus Plan.

SCIENCE VENTURES SEEKS ORDER. Science Ventures, Inc., New York closed-end management company, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3539) giving interested persons until October 3rd to request a hearing thereon. According to the application, the company has not submitted a Securities Act filing, has not issued shares of capital stock, and does not intend to offer shares to the public.

HANNA MINING FILES INVESTMENT PLAN. The Hanna Mining Company, 1300 Leader Bldg., Cleveland, filed a registration statement (File 2-20728) with the SEC on September 18th seeking registration of 31,750 shares of common stock, to be offered pursuant to its Investment Plan for Salaried Employees.

AMERICANA EAST FILES FOR STOCK OFFERING. Americana East, Inc., 173 First St., Macon, Ga., filed a registration statement (File 2-20726) with the SEC on September 18th seeking registration of 400,000 shares of common stock, to be offered for public sale at \$2.50 per share. The offering will be made on a best efforts basis by Nusouth Growth Stock Sales Corporation, 4101 Steam Mill Road, Columbus, Ga., which will receive a 37½¢ per share selling commission and \$25,000 for expenses. After the offering, the company will sell to the underwriter at 1¢ each 30,000 5-year warrants to purchase 30,000 shares at 50¢ per share. Myer Sherman, president of the underwriter, has purchased 5,000 shares of the company at 50¢ per share.

The company was organized under Delaware law in July 1962 and is presently engaged in developing and constructing industrial, commercial and residential properties, and in the management of such properties.

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Shortly after organization, it acquired four duplexes, one residence and nine acres of unimproved land from certain organizers in exchange for 109,280 company shares. The company is presently engaged in the construction of several residences in the Macon area; and it also proposes to construct and operate a 100-unit motel in Warner Robins, Georgia, a 32-unit luxury type apartment building and a commercial office building. It also intends to engage in speculative residential construction and land development. Of the \$800,000 estimated net proceeds from the stock sale, \$269,000 will be used to construct the 100-unit motel (at an estimated total cost of \$826,000); \$99,000 for payment of balance due on purchase price (about \$105,062) of the motel site; \$200,000 for residential construction and land development; \$120,000 for construction of the 32-unit apartment building (total cost of \$300,000); and the balance for studies and surveys of potential locations and site for additional motels, for construction of the office building, and for working capital and general corporate purposes.

In addition to certain indebtedness, the company has outstanding 173,110 shares of common stock, of which G. William Epps, board chairman, and Richard D. Sutton, president, own 37.8% and 33.06%, respectively, and management officials as a group 100%. After the stock sale to the public, present stockholders, including the underwriter (to the extent of the 5,000 shares purchased by its president), will own 30.21% of the outstanding common stock of the company for which they will have paid an aggregate consideration of \$86,555 (an average of 50¢ per share) and the public investors will own 69.79% for a consideration of \$1,000,000 (\$2.50 per share).

WESTERN POWER & GAS FILES EXCHANGE OFFER. Western Power & Gas Company, 144 South 12th Street, Lincoln, Nebr., filed a registration statement (File 2-20727) with the SEC on September 18th seeking registration of 43,913 shares of common stock. It is proposed to offer such stock in exchange for the 17,391 common shares of Morris Telephone Company, a North Carolina company, at the rate of 2.525 shares of the company for each share of Morris Telephone.

The company owns and operates electric generating, transmission and distribution properties in Colorado and natural gas distribution properties in Nebraska and South Dakota. Its subsidiaries own telephone properties and provide telephone service in and around various communities in some eight states. Morris Telephone owns and operates telephone properties providing local exchange and toll service in Person, Orange and Caswell Counties in North Carolina. In addition to various indebtedness and preferred stock, the company has outstanding 2,760,746 shares of common stock, of which management officials as a group own 1.6%. Max McGraw is board chairman and Judson Large is president.

TELE-TRONICS REORGANIZATION. The SEC today announced that it has entered an appearance in the proceeding under Chapter X of the Bankruptcy Act for the reorganization of Tele-Tronics Company, pending in the United States District Court in Philadelphia, Pennsylvania. The Debtor's voluntary petition for reorganization, filed on July 26, 1962, was approved on the same day by Judge Alfred L. Luongo, who appointed Edmund J. Breen and Robert Gabarino as trustees. The Debtor, a Pennsylvania corporation, was engaged in the manufacture of fire extinguishers and in the fabrication of electronic, electrical and mechanical equipment for industrial and military use. In schedules filed with the petition, the Debtor listed assets of \$1,471,000, including an investment in the stock of Faraday, Inc. carried at \$600,000 and notes receivable from Faraday of \$500,000. Faraday is an Ohio corporation engaged in the manufacture of electrical and mechanical equipment at Adrian, Michigan. Total liabilities of the Debtor were reported at \$1,071,000, including \$354,000 balance due on the purchase of the Faraday stock. The Debtor has outstanding 386,821 shares of common stock held by approximately 720 persons.

NATIONAL GENERAL CORP. FILES STOCK PLAN. National General Corporation, 9570 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-20729) with the SEC on September 18th seeking registration of 75,000 shares of common stock, to be offered pursuant to its Stock Purchase Plan for Employees.

ADR'S FOR DE LA RUE FILED. Morgan Guaranty Trust Company of New York filed a registration statement (File 2-20730) with the SEC on September 18th seeking registration of 60,000 American Depositary Receipts for ordinary registered shares of The De La Rue Company Limited, of England.

IRON ORE OF CANADA SEEKS ORDER. Iron Ore Company of Canada, a Delaware corporation, has applied to the SEC under the Holding Company Act for an order declaring that it is not an electric utility company, on the ground that it is primarily engaged in one or more businesses other than that of an electric utility company; and the Commission has issued an order (Release 35-14700) giving interested persons until October 5th to request a hearing thereon. The company also seeks an exemption under the Act for itself and its subsidiaries, asserting that it is not a company the principal business of which within the United States is that of a public-utility company. According to the application, the company is engaged, among other things, in mining ore in Quebec and the sale thereof in Canada, and in developing an iron ore deposit at a second location in Labrador, Canada. The company has three Canadian subsidiaries which own or operate facilities for the generation, transmission or distribution of electric energy.

SECURITIES ACT REGISTRATIONS. Effective September 18: American Metal Climax, Inc. (File 2-20636); D. Kaltman & Co., Inc. (File 2-20511). Effective September 19: Liberty Loan Corp. (File 2-20647); Miracle Mart, Inc. (File 2-20270); Puritan Accumulation Plans (File 2-20563).