

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.

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE September 21, 1962

TRADING IN PROSPER OIL SUSPENDED. The SEC today announced the issuance of an order pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934 suspending trading in the common stock of Prosper Oil and Mining Company, of Milford, Utah (and Los Angeles), on the Salt Lake Stock Exchange, for the ten-day period September 21 to 30, 1962, inclusive. The order also has the effect of suspending over-the-counter trading in Prosper Oil shares.

The Commission also has instituted proceedings pursuant to Section 19(a)(2) of the Act to determine whether to suspend or withdraw the said Prosper Oil common from listing and registration on the Exchange because of alleged non-compliance with the disclosure and reporting requirements applicable to Prosper Oil and certain of its management officials. A hearing therein is scheduled for October 8, 1962, in the Commission's Los Angeles Branch Office. The proceedings have been consolidated for purposes of hearing with proceedings under the Securities Act of 1933 with respect to alleged misrepresentations in an offering circular filed by Prosper Oil relating to a proposed public offering of 350,000 common shares at 50¢ per share (plus 170,000 shares for property and equipment) pursuant to a Regulation A exemption from Securities Act registration.

According to the order for proceedings on the question of delisting the Prosper Oil common stock, the Commission's staff has reported information which tends to show that the company (a) in an April 1962 report falsely claimed an exemption from Securities Act registration with respect to the issuance and sale of its stock, (b) failed to report the issuance of an order by the Commission in February 1962 temporarily suspending an exemption under Regulation A for the proposed stock offering above referred to (c) failed to report a cease and desist order issued in April 1962 by the Securities Division of the Arizona Corporation Commission against the sale of shares in Arizona, and (d) failed to file current and annual reports in 1961 and 1962 so as to avoid disclosure of the issuance of stock to management officials and controlling persons "which has acted as a fraud and deceit" upon the Commission, the Exchange and investors. Moreover, the Commission asserts that officers, directors and controlling persons of Prosper Oil failed to file "insider" trading reports reflecting the ownership of Prosper Oil stock and changes in such ownership.

UNLISTED TRADING GRANTED. The SEC has granted an application of the Philadelphia-Baltimore Stock Exchange (Release 34-6899) for unlisted trading privileges in the common stock of Jonathan Logan, Incorporated.

BENNETT & CO. ENJOINED. The SEC New York Regional Office announced September 19th (Lit-2375) the entry of a Federal court order (USDC Newark, N.J.) preliminarily enjoining Bennett & Company of Newark and Bennett Davies of Wanamasa, N.J., sole general partner of the Bennett firm, and Frederick Davies of Long Branch, N.J., from further violations of the Securities Act anti-fraud provisions in the sale of Class A common of Financial Development Corp.

ARO CORP. FILES STOCK PLAN. The Aro Corporation, Bryan, Ohio, filed a registration statement (File 2-20733) with the SEC on September 20th seeking registration of 100,000 shares of common stock, to be offered pursuant to its 1962 Restricted Stock Option Plan for Key Employees.

TEXTRON FILES FOR SECONDARY. Textron Inc., 10 Dorrance Street, Providence, R. I., filed a registration statement (File 2-20734) with the SEC on September 20th seeking registration of 40,000 outstanding shares of common stock, to be offered for public sale by the holder thereof through Blair & Co., Incorporated, 20 Broad St., New York. The public offering price (maximum \$27 per share*) and underwriting terms are to be supplied by amendment.

The company is a multi-industry manufacturing company with sales obtained from six major product groups: agrochemical, automotive, consumer, defense, industrial and textile. In addition to certain indebtedness and preferred stock, it has outstanding 4,853,792 shares of common stock, of which management officials as a group (and their associates) own 5.11%. Rupert C. Thompson, Jr. is board chairman and Geo. Wm. Miller is president. Howard Kellogg and Doris K. Neale, as trustees of a certain trust, propose to sell the 40,000 shares (of 75,942 shares held).

INVESTMENT COMPANIES CAUTIONED. It has come to the attention of the SEC that registered investment companies and companies controlled by them apparently inadvertently have purchased or otherwise acquired securities or other interests in brokers, dealers, underwriters, and investment advisers in contravention of the provisions of Section 12(d)(3) of the Investment Company Act of 1940 ("Act").

Section 12(d)(3) makes it unlawful for any registered investment company or companies controlled by such registered company to purchase or otherwise acquire any security issued by, or any other interest in, the business of any person who is a broker, a dealer, engaged in the business of underwriting, or is either an investment adviser of an investment company, or an investment adviser registered under the Investment Advisers Act of 1940, unless the person is (A) a corporation all the outstanding securities of which are, or will be after the acquisition, owned by one or more registered investment companies and (B) primarily engaged in the business of underwriting and distributing securities issued by other persons, selling securities to customers, or any one or more of such or related activities, and the gross income of such person normally is

OVER

derived principally from such business or related activities. Since the prohibition includes both direct and indirect purchases or other acquisitions of interests in the businesses mentioned, investment companies should be especially careful to explore the businesses of companies in which they are considering acquiring an interest, including businesses in which such companies, in turn, have an interest by stock ownership or otherwise. It should also be noted that such prohibited purchases or acquisitions occur not only when a security or interest is originally purchased or acquired, but also when investment companies, or controlled companies thereof, hold an interest in a portfolio company which thereafter by merger, consolidation, re-organization (as defined in Section 2(a)(32) of the Act), or otherwise, acquires an interest in a dealer, broker, underwriter or investment adviser.

The Commission believes this release an appropriate means of stating that all investment companies and companies controlled thereby should take such steps as are necessary to divest themselves of such prohibited interests within a reasonable period of time.

INDUSTRIAL ENTERPRISES TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common assessable stock of Industrial Enterprises, Inc., on the San Francisco Mining Exchange and over-the-counter market for the further period September 22 to 30, 1962, inclusive.

COLORADO IMPERIAL MINING FILES FOR STOCK OFFERING. Colorado Imperial Mining Company, Creede, Colo., filed a registration statement (File 2-20735) with the SEC on September 20th seeking registration of 200,000 shares of common stock, to be offered for public sale at \$1 per share. A 15¢ per share selling commission will be paid to any dealers whom the company may employ to sell such shares, although no underwriting is presently involved. The statement also includes 26,074 shares reserved for certain creditors of the company.

Organized in 1960, the company has entered into exploration agreements with King Solomon Mining Corp. covering certain properties located in the Creede mining district, Mineral County, Colo; and the \$145,000 estimated net proceeds from the stock sale (assuming the payment of underwriting commissions and other expenses of the offering) will be applied to pay the company's share of the costs of the proposed program of exploration on such properties and its incidental operating expenses for the period of the program. The prospectus states that since 1910, none of the properties in the area has been a substantial producer of ore and none is now active. Furthermore, no ore bodies of consequence are known to remain in the existing workings on the properties. In addition to certain indebtedness, the company has outstanding 120,020 shares of common stock, of which Culver M. Roberts, president, John G. Kromschroeder, vice president, and Ruth A. Roberts, secretary-treasurer, own 41.75%, 12.50% and 10.62%, respectively. After the stock sale, management officials will have acquired 39.2% of the outstanding stock for \$15,274 in cash (satisfaction of loans), partnership interests representing capital contributions of \$48,497, the agreements under which explorations are proposed, rent and services; and the public will have acquired 60.8% for an investment of \$223,150.

SECURITIES ACT REGISTRATIONS. Effective September 20: Apache Corp. (Files 2-20200 and 2-20201); Midwest Planned Investments, Inc. (File 2-20724); San Diego Gas & Electric Co. (File 2-20693). Withdrawn September 20: Apache Corp. (Files 2-20198 and 2-20199); The Tremco Manufacturing Co. (File 2-19831). Effective September 21: The Lionel Corp. (File 2-19057); Stelber Cycle Corp. (File 2-19611); Technicolor, Inc. (File 2-20500).

*As estimated for purposes of computing the registration fee.

ARGUMENTS, COMING WEEK. September 27 - 2:30 P.M. - Isthmus Steamship-Robert Edelstein Co.

---ooo0ooo---