

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE October 23, 1962

REGISTRATION OF MINEO & CO. CANCELLED. The SEC has issued an order under the Securities Exchange Act (Release 34-6917) cancelling the broker-dealer registration of Mineo & Co., 99 Wall Street, New York. According to the order, the firm and its partners, John and Richard Mineo, who were charged with certain violations of the Act in the offer and sale of stock of Colorplate Engraving Company, filed a stipulation and consent to revocation of the firm's broker-dealer registration. The Commission concluded, however, that it is not necessary in the public interest to revoke registration but that, since it appears that the firm has ceased doing business as a broker or dealer, its registration should be cancelled.

SOUTHWEST FACTORIES OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Southwest Factories, Inc., 1432 West Main St., Oklahoma City, Oklahoma.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on October 10, 1961, Southwest proposed the public offering of 100,000 common shares at \$3 per share. The offering was commenced and completed on December 27, 1961, all shares being sold. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with, that the company's offering circular was false and misleading in respect of certain material facts, and that the offering was made in violation of the Securities Act anti-fraud provisions. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations in the offering circular relate to the statement with regard to the proposed use of the proceeds, which were intended to be and were actually applied for other purposes, including the acquisition of another company. The Commission also asserts the company did not comply with the Regulation in that its report of stock sales was not filed in proper form, was not signed by an authorized officer and did not give certain required information.

ADMIRAL OIL & GAS ENJOINED. The SEC Fort Worth Regional Office announced October 17th (LR-2399) the entry of a Federal court order (USDC Oklahoma City) permanently enjoining Admiral Oil & Gas Company of Dallas, Texas, and M. E. Barnett, of Oklahoma City, from violations of the Securities Act registration and anti-fraud provisions in the offer and sale of fractional undivided working interests in an oil and gas lease. The defendants consented to entry of the injunction.

S. BROOKS JOHNSTON INDICTED. The SEC Chicago Regional Office announced October 19th (LR-2400) the return of a six-count indictment (USDC SD, Florida) charging S. Brooks Johnston, president of Johnston & Company, Inc., of Cleveland, with violations of the National Stolen Property Act and the Mail Fraud and Interstate Fraud by Wire statutes in the transportation and subsequent sale for his own account of said company's inventory securities.

FRED T. HALEY SENTENCED. The SEC Chicago Regional Office announced October 19th (LR-2401) that Fred T. Haley was sentenced to five years' imprisonment following his conviction (USDC Grand Rapids, Mich.) of violating the Securities Act registration and anti-fraud provisions in the sale of various securities relating to an oil and gas leasehold located in Ohio County, Ky. Another defendant, Menno Frank Haan, who had pleaded guilty to two counts of the indictment charging violations of the Securities Act registration provisions, was sentenced to two years' imprisonment.

SMITH, HOLLY REGISTRATION CANCELLED. The SEC has issued an order under the Securities Exchange Act cancelling the broker-dealer registrations of Smith, Holly Co., Inc., 40 Exchange Place, New York, and Milton D. Smith, president and sole stockholder of Smith, Holly, and dismissing consolidated broker-dealer revocation proceedings instituted against them by the Commission in September 1961 for alleged violations of the anti-fraud and other provisions of the Federal securities laws. According to the cancellation order, the firm and Smith were permanently enjoined by Federal court order in February 1960 from further violations of the anti-fraud and other provisions of the Federal securities laws. In addition, Smith, Holly was permanently enjoined by the New York Supreme Court in January 1960 from engaging in securities transactions in New York and the court appointed a receiver for the business of the firm. The Commission found that Smith and Smith, Holly have ceased doing business as broker-dealers and determined to dismiss said revocation proceedings and cancel their broker-dealer registrations.

METROPOLITAN EDISON PROPOSES BOND OFFERING. Metropolitan Edison Company, Pennsylvania electric utility subsidiary of General Public Utilities Corporation, a registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing its proposed sale at competitive bidding of \$15,000,000 of first mortgage bonds due 1992, and the Commission has issued an order (Release 35-14725) giving interested persons until November 13, 1962 to request a hearing thereon. As previously reported (News Digest of October 10th), the net proceeds from the bond sale, together with other funds, will be used to finance the company's 1962 construction program, estimated at \$18,000,000. Any balance will be used to reimburse its treasury in part for construction expenditures prior to 1962.

OVER

GREATER PITTSBURGH CAPITAL EXEMPTED. The SEC has issued an order under the Investment Company Act (Release IC-3564) declaring that Greater Pittsburgh Capital Corporation, Pittsburgh, has ceased to be an investment company. According to the order, the company's outstanding securities are beneficially owned by 22 persons; and it does not intend to make a public offering of its securities.

NEW JERSEY POWER & LIGHT PURCHASE APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14724) authorizing the sale by Jersey Central Power & Light Company to New Jersey Power & Light Company, both Morristown, New Jersey public-utility subsidiaries of General Public Utilities Corporation, a registered holding company, of two power transformers for an aggregate of \$137,735. According to the order, the transformers are not needed by Jersey Central Power and in 1961 were lent without cost to New Jersey Power which is presently using the equipment.

CENTRAL AND SOUTH WEST ACCOUNTING APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14723) with respect to Central and South West Corporation, Chicago registered holding company, approving the accounting treatment in the consolidated financial statements of Central and its subsidiaries of the negative underlying book value (\$498,401) of the common stock of Transok Pipe Line Company acquired by Central in December 1961. Such amount will be charged against consolidated earned surplus.

UNITED MERCHANTS AND MANUFACTURERS FILES STOCK PLANS. United Merchants and Manufacturers, Inc., 1407 Broadway, New York, filed a registration statement (File 2-20830) with the SEC on October 22nd seeking registration of 394,531 shares of common stock, to be offered pursuant to its Employees Stock Purchase Plan and its Executive Employees Restricted Stock Option Plans (of 1951, 59 and 62).

PENNSALT CHEMICALS FILES STOCK PLAN. Pennsalt Chemicals Corporation, Three Penn Center, Philadelphia, filed a registration statement (File 2-20831) with the SEC on October 22nd seeking registration of 23,000 shares of common stock, to be offered pursuant to its Employee Stock Purchase Plan, 1962-1963.

DIPLOMAT ASSOCIATES FILES FOR OFFERING. Diplomat Associates, 310 Madison Avenue, New York, filed a registration statement (File 2-20832) with the SEC on October 22nd seeking registration of \$1,156,000 of additional limited partnership interests in Associates, to be offered for public sale in 289 units and at \$4,000 per unit. The offering will be made on a best efforts basis by Group Equities, Inc., of the Madison Ave. address, which will receive \$45,000 in underwriting commissions out of which it will pay such portion of the expenses of the partnership in connection with its formation, the acquisition of certain property and this offering as exceeds \$21,000.

Associates is a limited partnership organized under New York law in August 1962 with Eli N. Cooper and Sidney Rivkin as general partners and nine others as original limited partners. It was formed for the purpose of acquiring the leasehold interest in the property known as The Diplomat Motel, in St. Louis, Mo., together with an option to purchase for \$95,000 the fee title to three buildings, two of which are adjacent to the said Motel. The property was acquired by the Partnership from Dinkler St. Louis Management Corp. (on a lease-back arrangement) for \$2,302,581, of which \$1,160,000 was paid in cash and the balance by taking title subject to a deed of trust in the then unpaid balance of \$1,142,581. Of the net proceeds from the sale of additional partnership interests, \$1,100,000 will be used to repay a loan from the Irving Trust Company, incurred to pay the cash payment for the property. The \$60,000 additional amount of the cash payment was obtained from the general and original partners. After sale of the additional partnership units, the general partners will own 46 units, representing about 12.3% of the total partnership units, for which they contributed their contract for the purchase of the property and the said option together with about 1% of the total cash contributed to the partnership; the original limited partners will own 38 units (10.2%) for a contribution of 4.7% of the total cash contributed to the partnership; and the public will own 289 units (77.5%) for a contribution of 94.3% of the total contributed cash. The general partners own all of the stock of the underwriter.

RICHARDSON-MERRELL FILES INCENTIVE PLAN. Richardson-Merrell Inc., 122 East 42nd Street, New York, filed a registration statement (File 2-20833) with the SEC on October 22nd seeking registration of \$1,800,000 of interests in its Incentive Plan, and 45,000 capital shares which may be acquired pursuant thereto.

FAIRCHILD CAMERA FILES FOR SECONDARY. Fairchild Camera and Instrument Corporation, 300 Robbins Lane, Syosset, L.I., N.Y., today filed a registration statement (File 2-20834) with the SEC seeking registration of 38,000 outstanding shares of common stock, to be offered for public sale by John Carter, board chairman, from time to time on the New York Stock Exchange at prevailing market prices (maximum \$47.50 per share*) or at private sales to institutional investors at negotiated prices related to prevailing market prices.

The company manufactures and sells a wide variety of products, including semiconductors, defense products and graphic equipment. In addition to certain indebtedness, it has outstanding 2,528,583 shares of common stock, of which Sherman M. Fairchild, executive committee chairman, owns 20% and management officials as a group own 24.8%. Carter proposes to sell 38,000 of 80,176 shares (3.2%) owned by him. Richard Hodgson is president.

SECURITIES ACT REGISTRATIONS. Effective October 22: Southern California Edison Co. (File 2-20791). Effective October 23: Econ-O-Pay, Inc. (File 2-19205).

*As estimated for purposes of computing the registration fee.