

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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**JOHN P. FOX SUSPENDED.** The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-7854) suspending John P. Fox, a registered broker-dealer of Mount Vernon, N. Y., from NASD membership for a period of 30 days, commencing April 11th. Fox consented to the suspension and to a Commission-imposed censure for failure to file a report of his financial condition for 1964. Certain mitigating circumstances were involved, including illness and the unavailability of Fox's accountant.

**APPELBAUM, FRANKFURT-ZURICH SECURITIES WITHDRAWS.** The SEC has issued an order under the Securities Exchange Act (Release 34-7855) permitting Ernest Apfelbaum, d/b/a Frankfurt-Zurich Securities Co., of 150 Broadway, New York City, to withdraw from registration as a broker-dealer. Proceedings to determine whether his registration should be revoked were dismissed. The proceedings were based upon Apfelbaum's failure to file reports of his financial condition for 1963 and 1964. It appeared, however, that he had mailed a letter to the Commission in February 1963 indicating his desire to withdraw from registration, which apparently went astray, and that he had not received notices from the Commission relating to the filing of such reports, having vacated the premises to which they were directed. He further represented that he had never engaged in the securities business.

**NASD EXPULSION OF BENSON & CO. AFFIRMED: REGISTRATION REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7856) affirming the NASD's expulsion from membership of C. A. Benson & Co., Inc., of Monroeville, Penna. The Commission also announced the adoption of an order (Release 34-7857) revoking that firm's broker-dealer registration, based upon the initial decision of a Hearing Examiner that the Benson firm, together with or aided and abetted by Carl A. Benson, its president and controlling stockholder, had violated the anti-fraud provisions of the Federal securities laws. Benson also was barred from being associated with a broker or dealer. Neither appealed the decision of the Hearing Examiner.

In Its decision, the NASD found that in 268 sales of stock of Wyoming Nuclear Corporation during the last four months of 1962, the firm, Benson and James H. Alm, secretary-treasurer, violated NASD rules by charging the customers "prices which were not reasonably related to the current market price. These prices, which ranged from 50¢ to 75¢ per share, included mark-ups ranging from 25% to 200%, computed by the NASD on the basis of the firm's contemporaneous cost. More than 60% of the sales involved mark-ups of 100% or more." The Commission rejected arguments of the firm that the NASD computations were improper. Other violations included the failure to comply with the SEC net capital requirements, use of misleading advertising material in the sale of Home Makers Savings Corp. stock and failure to disclose to customers that the Benson firm and the issuer of such stock were under common control.

In addition to its expulsion of the Benson firm, the NASD had revoked the registrations of Benson and Alm, fined the firm \$2,500, Benson \$1,500 and Alm \$750, censured them and imposed costs. These sanctions were affirmed by the Commission except as to Alm, the revocation of whose registration was reduced to a 30-day suspension, effective April 11th. The Commission cited certain mitigating circumstances, including the fact that Alm occupied a substantially more limited position, was less experienced in the securities field and had no proprietary interest in the firm. (Release 34-7856)

**T.W.A. FILES FOR SECONDARY.** Trans World Airlines, Inc., 605 Third Ave., New York, N.Y. 10016, filed a registration statement (File 2-24831) with the SEC on April 8th seeking registration of 6,584,937 outstanding shares of common stock. The shares are to be offered for public sale by the holder thereof, Hughes Tool Company, through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., of 70 Pine Street, New York. The public offering price (\$85 per share maximum\*) and underwriting terms are to be supplied by amendment.

TWA is engaged in the air passenger and cargo service, both domestic and international. In addition to indebtedness, it has outstanding 8,760,558 common shares. According to the prospectus, after its sale of the shares the subject of this offering, Hughes Tool "will own neither common stock nor voting trust certificates of TWA. Furthermore, Hughes Tool Company has irrevocably released its option to purchase the Series A Notes of TWA which had been granted by the holders of such Notes on December 30, 1960." The prospectus lists Ernest R. Breech as board chairmand and Charles C. Tillinghast, Jr., as president of TWA.

**DOW CHEMICAL SHARES IN REGISTRATION.** The Dow Chemical Company, Midland, Mich., 48640, filed registration statements with the SEC on April 8th as follows: File 2-24828, covering 4,000 common shares; File 2-24829, covering 1,500 shares; and File 2-24830, covering 17,000 shares. The shares are to be purchased in the open market by Dow Badische Company, Ethyl-Dow Chemical Company and Dow Corning Corporation, each of which is 50%-owned by Dow Chemical. Each will offer the shares to its employees.

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**EXAMINER RULING WOULD IMPOSE SANCTIONS.** SEC Hearing Examiner Sidney Ullman has filed an initial decision in administrative proceedings involving six former associates of Fabrikant Securities Corporation, of New York. The broker-dealer registration of Fabrikant was revoked by the Commission in May 1965 (Release 34-7600) and its president, Martin Fabrikant, was barred from further association with a broker-dealer firm, based upon their consents. Eleven other individual respondents were similarly barred, either with consent or by reason of default.

Examiner Ullman order that four additional respondents be similarly barred: D. Richard Engel (a/k/a Richard D. Engel), Irving Friedman, Eugene E. Leighton and Bernard Portnoy. A fifth respondent, Nathan Abramowitz, was suspended from such association for 60 days; and the sixth respondent, Kenneth Jacobs, was barred from such association, provided that after four months he may apply for authorization to re-enter the securities business on an appropriate showing that he will be adequately supervised. The respondents have fifteen days within which to petition the Commission for review of the Examiner's order; otherwise the sanctions will become effective.

The Examiner's decision was based upon findings that each of the six respondents had violated the anti-fraud provisions of the Federal securities laws in the sale of securities during 1962 and 1963 "by making untrue and misleading statements of material facts, and by acts and practices which operated as frauds upon his customers, including the failure to state material facts regarding securities offered and sold." The securities involved were Aceto Chemical Co., Inc., Continental Fund Distributors, Inc., Capital Consultants Corporation, Jefferson Financial Corporation and Uneeda Vending Service.

**TRADING SUSPENDED IN GILBERT AND WRATHER STOCKS.** The SEC today announced the temporary suspension of trading in securities of A. C. Gilbert Company ("Gilbert"), of New Haven, Conn., and Wrather Corporation ("Wrather"), of Beverly Hills, Calif., for the ten-day period April 11-20, 1966, inclusive. The suspension applies to the common stock of Gilbert, which is listed and registered on the American Stock Exchange, and to the capital stock of Wrather, which is traded over-the-counter.

The Commission is advised that Gilbert has substantial financial problems which it is trying to work out. Until these problems are resolved, investors cannot make an informed evaluation of the stock of Gilbert or of the stock of Wrather, which owns about 50% of the stock of Gilbert. Accordingly, the Commission ordered the suspension of trading in shares of the two companies pending clarification of the facts with respect to the financial condition of Gilbert.

**CONTINENTAL VENDING MACHINE TRADING BAN CONTINUED.** The SEC has issued an order suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation for a further 10-day period, April 12-21, 1966, inclusive.

**SOUTHERN CALIF. EDISON PROPOSES OFFERING.** Southern California Edison Company, 601 W. Fifth St., Los Angeles, Calif., today filed a registration statement (File 2-24835) with the SEC seeking registration of \$75,000,000 of first and refunding mortgage bonds, Series T, due 1991. The bonds are to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its bond sale to pay approximately \$48,000,000 of short-term obligations and the balance will become treasury funds. Its gross construction expenditures for the years 1966-1967 are estimated at \$577,420,000.

**INSURANCE INVESTMENT SECURITY, OTHERS ENJOINED.** The SEC Denver Regional Office announced April 5 (LR 3475) the entry of a Federal court order (USDC, Colo.) temporarily enjoining Insurance Investment Security, Inc., John K. Galbraith, Richard M. Sherman, Gordon Marquette and Richard Coons (all of the Denver area) from further violations of the anti-fraud provisions of the Federal securities laws in the sale of 8% preferred notes of Insurance Investment Security. L. P. Kindlin, Jr., consented to the entry of an order of preliminary injunction. The order also restrained Valeria Galbraith, from affixing her signature to the securities of Insurance Investment Security. A hearing on the Commission's motion for a preliminary injunction is scheduled for April 15.

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended April 7, 1966, 34 registration statements were filed, 47 became effective, 1 was withdrawn, and 439 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS:** Effective April 11: Drilco Oil Tools, Inc., 2-24529 (July 11).

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

\*As estimated for purposes of computing the registration fee.