

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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FOR RELEASE June 4, 1965

REGISTRATION OF WALNUT SECURITIES REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7620) revoking the broker-dealer registration of Walnut Securities Corporation, 2104 Walnut St., Philadelphia, Pa., for violations of the net capital and other provisions of the Federal securities laws. Louis P. Sanza, Reginald Van Vorrhees Mecke, Raymond Kravitz and Leonard P. Levy (officers) were each found a cause of the revocation order.

According to the decision, the firm, aided and abetted by the named individuals, violated the record-keeping and reporting requirements of the Federal securities laws during the period December 1961-May 1962 by entering loans from two customers (aggregating \$7,500) and from Levy (aggregating \$33,000) in its books and records as subordinated loans when in fact no subordination agreements had been executed or even discussed, and by listing such indebtedness as subordinated loans in its financial report filed in May 1962. The Commission further found that during December 1962, the firm engaged in business in violation of the SEC net capital rule. The Commission concluded, however, that in view of extenuating circumstances its order would not constitute a bar to the employment of Kravitz in the securities business in a non-supervisory capacity upon a showing of appropriate supervision.

THREE DEALER FIRMS CANCELLED. The SEC today announced that, by reason of the fact that the following firms are no longer engaged in the securities business, their broker-dealer registrations under the Securities Exchange Act of 1934 have been cancelled: (a) Bennett & Company, 786 Broad St., Newark, N. J. In April 1963 a Federal court order was issued permanently enjoining this firm, Bennett Davies, its sole general partner, and Frederick Davies, a salesman, from further violations of the Securities Act anti-fraud provisions in the sale of stock of Financial Development Corp.; (b) T. M. Kirsch Co., Inc., 54 Wall St., New York. The Kirsch firm was permanently enjoined by Federal court order in April 1964 from further violations of the Commission's net capital rule. Previously, it had been expelled from membership in the National Association of Securities Dealers, Inc., for similar violations, at which time the NASD also revoked the registration of the firms' president, Terry M. Kirsch, as a registered representative; and (c) Phoenix Securities, 40 Church St., Montclair, N. J. By Federal court order of February 1964, this firm was permanently enjoined from further violating the Securities Act anti-fraud provisions in the sale of Class A stock of Jersey Planning Corporation, Inc. Also enjoined were Henry Giannetti, Sr., the firm's sole general partner, Henry Giannetti, Jr., a limited partner, and the following salesmen: Thomas Tullio, Michael Favata, Anthony Galanti, Frederick P. House and Lewis Moskowitz.

J. B. COLLINS CITED. The SEC Fort Worth Regional Office announced June 1 (LR-3241) the filing of an application (USDC, Dallas) for an order to show cause why J. B. Collins, Fort Worth, Tex., should not be punished for criminal contempt of a Federal court order enjoining him from further violations of the Securities Act registration requirements in the sale of oil and gas interests in leases located in Texas, Kentucky, Kansas and Oklahoma. An order was entered requiring Collins to appear and show cause on June 30 why he should not be adjudged in criminal contempt.

HANNA MINING SEEKS ORDER. The Hanna Mining Company, approximately 46.5% of whose outstanding voting stock is owned by The M. A. Hanna Company, a closed-end non-diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to participate with National Steel Corporation (21.7% of whose outstanding stock is also owned by The M. A. Hanna Co.) in a joint venture for the commercial exploitation of a process developed by Midland-Ross Corporation for the production from iron ore of reduced ore pellets and oxidized ore pellets. The Commission has issued an order (Release IC-4262) giving interested persons until June 22 to request a hearing thereon. According to the application, Hanna Mining and National have entered into an agreement with Midland-Ross which provides that Midland-Ross will establish near Nashauk, Minnesota, a pilot plant for testing and demonstrating its process for the production of iron ore pellets; and Midland-Ross, National, and Hanna Mining will for a period of three years, and such additional time as may be agreed upon, collaborate in the further development and testing of the process. The costs of acquisition of the property and construction and operation of the pilot plant are to be borne one-half by Midland-Ross and one-fourth each by National and Hanna Mining.

ALABAMA POWER STOCK SALE APPROVED. The SEC today announced a decision under the Holding Company Act (Release 35-15252) authorizing Alabama Power Company to issue and sell an additional 140,000 common shares to its parent, The Southern Company (both of Atlanta), for \$14,000,000. Southern will issue notes to banks for all or part of this amount to acquire the Alabama Power stock. Alabama Power will use the proceeds of its stock sale, together with additional funds to be obtained from the sale of bonds and preferred stock, for its 1965 construction program estimated at \$91,688,000, and partly toward retirement of a portion of its outstanding bonds. The Commission ruled that stock sale by Alabama Power and the borrowings by Southern satisfied the applicable provisions of the Holding Company Act.

In approving this financing proposal, the Commission denied a petition for intervention and request for hearing filed by the Alabama Electric Cooperative, Inc. The latter urged that the proposed construction would extend Alabama Power's lines and facilities into localities for which the Cooperative or its members

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are providing adequate service and that such lines and facilities "are wholly unnecessary and need not be built." The Cooperative further requested the Commission to condition any grant of authorization so as to safeguard its territorial rights and to prevent pre-emption of its or its members' customers by Alabama Power. The Commission observed that it was not empowered under the Holding Company Act to determine whether one or another public utility company is the better qualified to provide electric service in a particular local community, or whether local consumers should or should not be provided a competitive choice of services. "Such questions," the Commission stated, "are to be determined by the appropriate licensing or franchise authorities, in this case the Alabama Commission, from which Alabama Power holds a certificate of convenience and necessity and which has disagreed with the very arguments that the Cooperative's petition presents in the proceeding before us. The Cooperative has appealed the ruling of the Alabama Commission approving the proposed financing by Alabama Power.

CONSOLIDATED NATURAL GAS RECEIVES ORDER. The SEC has issued a supplemental order under the Holding Company Act (Release 35-15254) extending for 12 months (until June 11, 1966) the authority previously granted to Consolidated Natural Gas Company, New York registered holding company, to organize and conduct the business of Con-Gas Service Corporation as a subsidiary service company in the Consolidated holding-company system.

POTOMAC EDISON RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15255) authorizing The Potomac Edison Company, Frederick, Md., to acquire additional common stock from Northern Virginia Power Co., Potomac Light and Power Co. and South Penn Power Co. (three of its electric utility subsidiaries) from time to time prior to December 31, 1965. Potomac Edison proposes to purchase 4,000 shares from Northern Virginia for \$400,000; 5,000 shares from Potomac Light for \$500,000; and 260,000 shares from South Penn for \$1,300,000. The proceeds to be received by the subsidiaries will be used to finance, in part, their 1965 construction programs, estimated as follows: Northern Virginia, \$1,376,000; Potomac Light, \$1,594,000; and South Penn, \$1,883,000.

MIDDLE SOUTH UTILITIES SEEKS ORDER. Middle South Utilities, Inc., New York registered holding company, and Louisiana Power & Light Co., a New Orleans subsidiary, have applied to the SEC for an order under the Holding Company Act authorizing Middle South to acquire an additional 2,300,000 shares of the subsidiary's common stock for \$12,650,000 and to sell to banks unsecured promissory notes aggregating \$14,650,000. The Commission has issued an order (Release 35-15256) giving interested persons until June 28 to request a hearing thereon. The application states that, concurrent with the sale, Louisiana Power proposes to transfer \$3,200,000 from its earned surplus account to its common capital stock account. The proceeds from the sale of additional stock will be applied by Louisiana Power to the cost of its current construction program estimated at \$46,400,000, to reimburse its treasury for monies expended thereon, and for general corporate purposes. Middle South will use the proceeds from its note sale to purchase the subsidiary's stock and to prepay \$2,000,000 of its outstanding notes to banks.

NEW PARK MINING FILES FOR OFFERING AND SECONDARY. New Park Mining Company, 1790 E. Plumb Lane, Reno, Nev., filed a registration statement (File 2-23665) with the SEC on June 1 seeking registration of 350,958 shares of common stock. Of this stock, 275,000 shares (being outstanding stock) may be offered for public sale from time to time by the present holder thereof on the American Stock Exchange, or otherwise, at prices current at the time of sale (\$6 per share maximum*). The remaining stock is to be offered by the company.

The company is engaged in exploring for gold and other metals and in developmental work at its Mammoth Mine properties located in Utah. It is also a party to a working agreement with Hecla Mining Company of Wallace, Ida., wherein Hecla manages and operates the company's Mayflower Mine and adjacent properties in Utah. Net proceeds from the company's sale of additional stock will be added to general funds and may be used to further develop the Mammoth mineral properties. The company has outstanding 3,424,042 common shares, of which management officials own 11.34%. Charles A. Steen (board chairman and president) is the sole selling stockholder and is offering his entire stock holdings of 275,000 shares.

AMERICAN INVESTMENT COUNSELING FUND PROPOSES OFFERING. American Investment Counseling Fund, Inc., 4055 Wilshire Blvd., Los Angeles, Calif. 90005, filed a registration statement (File 2-23650) with the SEC on May 28 seeking registration of 40,000 shares of capital stock, to be offered for public sale at net asset value (\$50 per share maximum*).

Organized under California law in May 1965, the Fund proposes to engage in business as a diversified mutual investment fund of the open-end, management type, and will invest primarily in common stocks. The Fund has employed the American Investment Counseling Company to furnish investment advisory and other services. William H. Doughty is president of the Fund and of the investment adviser.

PEPSI COLA FILES STOCK PLAN. Pepsi-Cola Company, 500 Park Ave., New York 10022, filed a registration statement (File 2-23676) with the SEC on June 1 seeking registration of 109,301 shares of capital stock, to be offered pursuant to the Employees Restricted Stock Option Plans of Frito-Lay, Inc.

UNITED REPUBLIC LIFE INVESTMENT PROPOSES OFFERING. United Republic Life Investment Company, P. O. Box 2009, Pittsburgh, Pa., filed a registration statement (File 2-23677) with the SEC on June 1 seeking registration of 100,000 shares of Class A stock, warrants to purchase 200,000 Class A shares, and deferred payment subscription agreements to purchase 10,000 Class A shares, together with the shares underlying such warrants and subscription agreements. The offering is to be made in minimum units of 1,000 Class A shares, with warrants to purchase 2,000 Class A shares and a subscription agreement to purchase 100 Class A shares. The warrants are exercisable in multiples of 50 shares at \$10 per share until March 31, 1967 and thereafter at \$15 per share until September 30, 1968. The units are to be offered for public sale at \$10,000 per unit, through company officials.

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Organized under Pennsylvania law in March 1965, the company proposes to form a wholly-owned Pennsylvania life insurance subsidiary which will operate in the individual life insurance field. Net proceeds from this financing will be invested in such insurance subsidiary; a portion of the proceeds may be applied to the acquisition of other companies such as savings and loan associations, banks and small loan companies. The company has outstanding 53,750 Class A and 200,000 Class B shares. Management officials and other organizers of the company purchased all of the outstanding Class A stock, together with warrants to acquire 107,500 shares and deferred payment subscription agreements for the purchase of 5,375 Class A shares, for an aggregate price of \$537,500. R. Joseph Gard (board chairman and president) and Merle F. Dixon (secretary-treasurer) also purchased 100,000 of the outstanding Class B shares (at the price of \$.10 per share) with attached warrants to purchase an aggregate of 400,000 Class B shares. Management officials own 82.75% of the company's total outstanding stock.

J. M. SMUCKER CO. FILES FOR SECONDARY. The J. M. Smucker Company, N. Walnut St., Orrville, Ohio 44667, filed a registration statement (File 2-23679) with the SEC on June 3 seeking registration of 165,000 outstanding shares of common stock. The stock is to be offered for public sale by the holders thereof. The offering is to be made through McDonald & Co., 925 Euclid Ave., Cleveland, with the public offering price (\$25 per share maximum*) and underwriting terms to be supplied by amendment.

The company is engaged principally in the production and sale of preserves, jellies and ice cream toppings. In addition to indebtedness, it has outstanding 1,575,435 common shares, after giving effect to a 3-for-1 stock split. Management officials own 42.34% of the outstanding stock. The prospectus lists 13 selling stockholders, including Willard E. Smucker (board chairman), offering 28,680 of 190,260 shares held; Paul H. Smucker, trustee u/a with Letha E. Smucker dated May 2, 1956, the trust's entire holdings of 31,827 shares; Welker J. Smucker (vice president), 15,000 of 136,500; Wilma S. Good (director), 15,000 of 106,620; Winna E. Hostetler (director), 15,600 of 33,600; and Chance V. Hostetler, 19,500 of 37,500. The remaining selling stockholders are offering shares ranging in amounts from 1,500 to 13,560. Upon completion of the proposed sale, holdings by management officials will be reduced from 42.34% to 35.30% of the company's outstanding stock. Paul H. Smucker is president.

PFIZER & CO. FILES STOCK PLAN. Chas. Pfizer & Co., Inc., 235 E. 42nd St., New York 10017, filed a registration statement (File 2-23680) with the SEC on June 3 seeking registration of 50,000 shares of common stock, to be offered pursuant to the Pfizer Savings Plan.

GARAN FILES FOR OFFERING AND SECONDARY. Garan, Incorporated, 366 Fifth Ave., New York 10001, filed a registration statement (File 2-23681) with the SEC on June 3 seeking registration of \$2,500,000 of convertible subordinated debentures, due 1985, and 15,000 outstanding shares of common stock. The debentures are to be offered for public sale by the company and the stock by the present holder thereof. White, Weld & Co. Inc., 20 Broad St., New York City, is listed as the underwriter. The interest rate on the debentures and public offering prices of the debentures and stock (\$18 per share maximum*), as well as the underwriting terms, are to be supplied by amendment.

The company is engaged principally in the manufacture and sale of men's and boys' knitted and woven sport shirts. Net proceeds from the company's debenture sale will be used as additional working capital required by the company's expanded manufacturing and sales volume, and a portion will be used to repay certain indebtedness incurred to finance a part of its seasonal inventory and other requirements. In addition to indebtedness, the company has outstanding 591,352 common shares, of which management officials own 54%. The selling stockholder is Seymour Lichtenstein (president), offering 15,000 of 93,978 shares held. Samuel Dorsky is board chairman.

CONTINENTAL VENDING 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 ten-day period, June 6-15, 1965, inclusive.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.
- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. Financial Statements and Exhibits.

Copies of the reports may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with requested material when mailed.

Leonora Mining & Milling Co Apr 65 (8,9,13)	1-1739-2	The Dayton Pwr & Lt Co Apr 65 (12)	1-2385-2
Foundation Corp & Gulf States Life Ins Co Feb & Mar 65 (1,2,4,7,11,12,13)	0-1083-2	Tally Corp Apr 65 (4,11,13)	0-1104-2
Fla Tel Corp Apr 65 (7,13)	0-1244-2	Standard Packaging Corp Apr 65 (7,8,11,13)	1-2815-2
Internatl Fidelity Ins Co Mar 65 (11)	2-11543-2	CEC Corp Mar 65 (2,9,11,12,13)	2-18457-2
Space City Investments Inc Mar 65 (11)	2-22635-2	Blue Crown Petroleum Ltd Amend #1 to 8K for July 64 (1)	1-4493-2

O/C REGISTRATIONS REPORTED. The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "**"):

File No.	O- Registrant	Location
1131	Arkansas-Missouri Power Co. **	Blytheville, Ark.
1132	A. J. Armstrong Co., Inc. **	New York, N.Y.
1117	A. J. Bayless Markets, Inc. **	Phoenix, Ariz.
1127	The Birtcher Corp. **	L. A., Cal.
1134	Bloch Bros. Tobacco Co. **	Whelling, W. Va.
1136	Brown Fintube Co. **	Cleveland, Ohio
1133	Colonial Stores Inc. **	East Point, Ga.
1180	Electrolux Corp.	New York City
1128	First RR & Banking Co of Ga. **	Augusta, Ga.
1129	A. P. Green Fire Brick Co. **	Mexico, Mo.
1125	Madison Gas & Electric Co. **	Madison, Wisc.
1135	Melpar, Inc. **	Arlington, Va.
1130	No. Carolina Telephone Co. **	Matthews, N.C.
1123	Piedmont Natural Gas Co Inc. **	Charlotte, N. C.
1124	Smith Industries Internatl Inc**	Los Angeles, Cal.
1126	Thomas Industries Inc. **	Louisville, Ky.
838	Jack Winter, Inc. **	Milwaukee, Wisc.
1163	Bagdad Copper Corp. **	Bagdad, Ariz.
1140	James B. Clow & Sons, Inc. **	Chicago, Ill.
1137	Colonial Board Co. **	Manchester, Conn.
1150	Eastern Shopping Centers Inc. **	Croxs Cty. Centers, Yonkers
1161	The Educator & Executive Co. **	Columbus, Ohio
1139	General Shales Products Corp. **	Johnson City, Tenn.
1149	Gisholt Machine Co. **	Madison, Wisc.
1148	Mechanical Handling Systems Inc. **	Warren, Mich.
1147	Ridge Tool Co. **	Elyria, Ohio
1156	Scholz Homes Inc. **	Toledo, Ohio
1141	Telephones, Inc. **	Chicago, Ill.
1145	United Va. Bankshares, Inc. **	Richmond, Va.
1138	Volkswagen Ins. Co. **	St. Louis, Mo.

ORAL ARGUMENTS, COMING WEEK. June 9, 2:30 P.M. - C. A. Benson & Co.
June 10, 2:30 P.M. - Sunshine Securities, Inc., et al.

SECURITIES ACT REGISTRATIONS. Effective June 3: The Great Eastern Life Insurance Co., 2-22979 (90 day)
Effective June 4: Marine Midland Corp. (File 2-23581).

NOTE TO DEALERS. The last date or 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.

CORRECTION. A registration statement filed by The First Utilities Exchange Fund, Inc. (File 2-23318) was declared effective by the Commission on June 1 not June 2 as reported in the News Digest of June 3, 1965

*As estimated for purposes of computing the registration fee.

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