SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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

Washington, D.C. 20549

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

(Issue No. 65-11-9)

FOR RELEASE November 12, 1965

ZIONS UTAH BANCORPORATION RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4403) declaring that Zions Utah Bancorporation (previously known as Zions First National Investment Co.), Salt Lake City, Utah, has ceased to be an investment company as defined in the Act.

According to the application, the company is primarily engaged in the banking business through the Zions First National Bank, which is now a majority-owned subsidiary. The only change contemplated in the company's business will result from its proposed acquisition of all of the assets of Lockhart Corporation, a Nevada corporation, in exchange for shares of the company's capital stock. Lockhart is a holding company which is principally engaged through wholly-owned subsidiaries in the industrial loan and consumer finance business in Utah and Colorado, in the savings and loan business in Utah, and in equipment leasing in Utah. On September 22, applicant's stockholders approved a change in its business to cease being an investment company under the Investment Company Act and to authorize it to be principally engaged through majority-owned and wholly-owned subsidiaries in the banking, finance, savings and loan, and related businesses.

GM SHARES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4404) exempting GM Shares, Inc., Detroit, registered open-end, non-diversified management investment company (subject to certain conditions), from all provisions of the Act except Section 8(a) and Section 17(a) through 17(e) thereof relating to transactions of certain affiliated persons and underwriters, to the extent that such sections may be applicable to the redemption of the company's outstanding stock. The company's stockholders are present or former General Motors executives or their transferees consisting primarily of estates, charitable institutions, and family members. Its stock, as of December 31, 1964, was held by 605 persons.

WEST PENN POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15347) authorizing West Penn Power Co., Greensburg, Pa., public-utility subsidiary of Allegheny Power System, Inc., to sell at competitive bidding $27,000,000 of first mortgage bonds, Series U, due 1995. According to the application, the company will use the net proceeds of its sale of bonds to pay at maturity all of the $27,000,000 principal amount of its first mortgage bonds, Series I, 3½%, due 1966.

SKAGIT VALLEY TELEPHONE HEARING POSTPONED. The SEC has authorized a postponement, from November 15 to December 13, 1965, of the hearing on the application of Skagit Valley Telephone Co., Mt. Vernon, Wash., for exemption from the registration requirements of Section 12(g) of the Securities Exchange Act.

FOREIGN RESTRICTED LIST. The SEC has added Victoria Oriente, Inc., to its Foreign Restricted List (Release 33-4808). The list is comprised of the names of foreign companies whose securities it has reason to believe recently have been, or currently are being, offered for public sale and distribution within the United States in violation of the registration requirements of the Securities Act of 1933.

CONTINENTAL VENDING SUSPENSION CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation for a further ten-day period, November 13-22, 1965, inclusive.

PAUL C. EDWARDS GUILTY. The SEC Fort Worth Regional Office announced November 5 (LR-3364) that Paul C. Edwards and Edwards Enterprises, Inc., was found guilty by a jury (USDC, Tulsa) on all counts of an indictment charging violations of the Securities Act registration and anti-fraud provisions in the sale of interests in an oil and gas lease located in Kay County, Okla. Sentencing was deferred until November 16.

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. 0-	Registrant	Location
1924	Centennial Turf Club, Inc.**	Littleton, Color.
1928	Procter & Gamble Profit Sharing Div. Plan, P & G Stk Purchase Plan & P & G Co. **	Cincinnati, Ohio
1923	Turf Paradise, Inc. **	Phoenix, Ariz.

OVER

File No. 0-	Registrant	Location
1905	Affiliated Investments, Inc.	Jackson, Miss.
1914	Central Wisconsin Motor Transport Co.	Wisc. Rapids, Wisc.
1910	Continental Screw Co. **	New Bedford, Mass.
1908	J.S.Dillon & Sons Stores Co **	Hutchinson, Kansas
1916	Duncan Electric Co., Inc.**	Lafayette, Indiana
1933	Excel Investment Co. **	Bettendorf, Iowa
1907	Magic Chef, Inc. **	Cleveland, Tenn.
1922	Official Films, Inc. **	New York, N. Y.
1921	Power Designs, Inc.**	Westbury, L.I.,N.Y.
1919	Quebec Natural Gas Corp.**	Montreal, Canada
1909	Radio Shack Corp. **	Boston, Mass.
1920	Rogers Brothers Co.**	Idaho Falls, Idaho
1917	Texam Oil Corp	Midland, Texas
1915	Thomaston Cotton Mills	Thomaston, Ga.
1911	United States Plastics, Inc**	Miami, Fla.
1912	Vacu-Dry Co. **	Emeryville, Cal.

LITTON INDUSTRIES FILES STOCK PLANS. Litton Industries, Inc., 9370 Santa Monica Blvd., Beverly Hills, Calif. 90210, filed a registration statement (File 2-24215) with the SEC on November 10 seeking registration of 75,000 shares of common stock, to be offered pursuant to its Employees Stock Purchase Plan. It also filed a registration statement (File 2-24216) covering 30,000 options to purchase a like number of common shares (and the underlying stock), to be offered under the Foundation of the Litton Industries Plan.

EASTERN STAINLESS STEEL FILES STOCK PLAN. Eastern Stainless Steel Corporation, Rolling Mill Ave., Colgate, Baltimore County, Md. 21203, filed a registration statement (File 2-24214) with the SEC on November 10 seeking registration of 100,474 shares of common stock, to be offered under its Incentive Stock Option Plans.

AMPAL-AMERICAN ISRAEL PROPOSES OFFERING. Ampal-American Israel Corporation, 17 E. 71st St., New York 10021, filed a registration statement (File 2-24212) with the SEC on November 10 seeking registration of $3,000,000 of 10-year, 5½-6½% sinking fund debentures, Series L, 1975, to be offered for public sale in units ranging from $500 to $10,000. The offering is to be made on a best-efforts basis through Israel Securities Corp., of the New York address, which will receive a selling commission of $35 to $700 per unit.

The company is engaged principally in making funds available for commercial, banking, credit, industrial and agricultural enterprises concerned with the development of Israel. Net proceeds of the sale of debentures will be used in the conduct of such business. In addition to indebtedness and preferred stock, the company has outstanding 191 common shares, of which Hevrat Ovdim, Ltd., and Bank Hapoalim B. M. own an aggregate of 162 shares. Management officials own 11.6% of the outstanding common. Rudolf G. Sonneborn is board chairman and Abraham Dickenstein is president.

IRELAND PROPOSES BOND OFFERING. Ireland today filed a registration statement (File 2-24220) with the SEC seeking registration of $20,000,000 of 20-year, 6% external loan bonds (due 1985). The bonds are to be offered for public sale through underwriters headed by Harriman Ripley & Co., Inc., 60 Broad St., New York 10004, and Hill, Samuel & Co. Ltd., 100 Wood St., London E. C. 2, England. The public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the sale of bonds will be used by Ireland to finance in part capital expenditures set forth in its 1965/1966 capital budget, which includes expenditures to assist agriculture, industrial development and other national development programs.

GENERAL INSTRUMENT PROPOSES DEBENTURE OFFERING. General Instrument Corporation, 65 Gouverneur St., Newark, N. J. 07104, today filed a registration statement (File 2-24217) with the SEC seeking registration of $12,000,000 of convertible subordinated debentures (due 1985). The debentures are to be offered for public sale through underwriters headed by Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company manufactures electronic components and end products for television and radio, defense and space exploration and industrial applications. Net proceeds of the sale of debentures will be used to repay all of the company's presently outstanding 5¼% loans payable to banks and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 2,657,523 common shares, of which management officials own 15.7%. Martin H. Benedek is board chairman and Moses Shapiro is president.

CONTINUED

PRESS PLEASE NOTE

The following item is For Release in November 13th Newspapers
PLEASE withhold it from all wires until 6:30 P.M., November 12th

SHEARSON, HAMMILL CITED BY SEC. In a decision announced today (Rel. 34-7743), the Commission ruled that Shearson, Hammill & Co., of 14 Wall Street, New York City, and certain individuals associated with it, engaged in activities in 1960-61 which were violative of the registration and anti-fraud provisions of the Federal securities laws. The violations occurred in three of the Shearson firm's branch offices in California; and they were "so grave and extensive," the Commission concluded, "as to warrant the imposition of substantial sanctions." However, in view of various mitigative factors, the Commission withheld the imposition of a sanction against the Shearson firm on condition that the five principal partners of the firm who comprised its executive committee be dissociated from the firm for a period of 60 days, either concurrently or consecutively. The Commission found that those partners, Murray D. Safanie, Robert C. Van Tuyl, Walter Maynard, H. Stanley Krusen, and William J. Denman, by "their failure to exercise their managerial obligations" in supervising the activities of the firm's Los Angeles office during the 1960-61 period with respect to transactions in the stock of United States Automatic Merchandising Company (USAMCO), bore a "heavy responsibility" for the violations committed in that office.

The primary violators in the Los Angeles office, according to the Commission's decision, were John B. Dunbar, regional partner in charge of Shearson's branch offices in California and Arizona, Richard J. Teweles, manager and later resident partner, James C. Brum, head of the trading department, and William Troutman, Robert D. Hickson, Barry Kaye, Munro J. Silver, Gerard H. Wayne, and Robert H. Wechter, salesmen. By virtue of the Commission's findings as to those individuals, they are disqualified from engaging in the securities business; but the Commission ruled that Troutman may seek reentry after a period of four months upon an appropriate showing that he would be adequately supervised.

The violations with respect to USAMCO, a company organized in July 1960 to engage in the automatic vending business, involved Shearson's participation in the distribution of unregistered stock of that company, bidding for and purchasing such stock during the distribution, domination and control of the market in the stock and operation of a so-called "work-out" market in the stock during June 1961, fraudulent representations, and excessive mark-ups.

The USAMCO distribution commenced on November 8, 1960, pursuant to an offering circular under SEC Regulation A which stated that it was being made without the use of an underwriter, through its officers and directors (including Dunbar, who was a Shearson partner as well as a director of USAMCO). The Commission found that Shearson was the "de facto but undisclosed principal underwriter" of the offering, observed that extensive solicitation had been made by Dunbar and his assistant, Troutman, who made substantial use of Shearson's facilities in the distribution of such stock, and that a majority of the issue had been sold by them to customers, partners and employees of Shearson. The Commission further found that Shearson commenced trading in USAMCO stock on November 14, 1960, before the distribution was completed. New subscriptions were accepted after that date, and partners and employees of Shearson and insiders of USAMCO sold their Regulation A shares primarily through Shearson at prices substantially above the $1 offering price through the first half of 1961. Sales by Shearson personnel included 3,300 shares by Dunbar for a profit of $49,479, 2,000 shares by Troutman for a profit of $31,349, 4,500 shares by Teweles at 12 to 16, and 1,000 shares by Wayne at 15. As a result, the $300,000 limitation for Regulation A offerings was substantially exceeded. The Commission also found that during the distribution Shearson published daily bids and purchased such stock in contravention of the anti-manipulation provisions of Rule 10b-6.

The Commission's decision stated that from November 14, 1960 through November 30, 1961, Shearson dominated and controlled the market in USAMCO stock in that it was both the primary wholesale and retail dealer in the stock and the market for the stock was dependent upon its continued sales efforts. Its quotations rose progressively from a bid of 3 on November 14, 1960 to a high of 18-19 in April 1961,and some sales were made at 19-7/8. Thereafter, the price declined to about 10 at the end of June. On June 12, 1961, the demand for the stock being insufficient to cover anticipated sell orders, Dunbar directed that the firm's market in USAMCO be conducted on a "work-out" basis, under which no sell orders from customers were to be accepted or executed by the firm unless off-setting buy orders for at least an equal number of shares were on hand. Nevertheless, the firm continued to publish both bid and ask quotations and purchased 6,500 shares from Teweles and Wayne at about 15 and sold them to customers solicited by them at 15-1/4 and 16, without disclosing that a work-out market was being maintained, and even though prior orders from customers to sell such stock to Shearson at lower prices remained open and unexecuted. The firm also sold 1,982 shares from its inventory, and purchased only 210 shares from customers. The Commission noted that Dunbar admitted the work-out market conducted by the Los Angeles office was "not a true market," and that, according to Brum, in a "normal" market the price would have dropped rapidly to 10. The Commission concluded: "Since registrant was the principal market maker and, as shown, dominated and controlled the market in USAMCO stock, the commencement of the work-out market created a situation which not only was potentially subject to abuse but was in fact used to conduct a one-sided market at an artificial level for the benefit of [Shearson] and its employees while it was through its quotations giving the false appearance of maintaining a normal two-sided market."

Fraudulent representations and flamboyant predictions were made in the sale of USAMCO stock, the Commission found. Extravagant publicity and press releases prepared from information supplied by Richard S. Stevens, president of USAMCO, who had little experience in the vending industry, were approved by Dunbar and used by the salesmen to solicit purchases. Price rises to various levels up to $100 per share were predicted by personnel in the Los Angeles office. Customers were also told that USAMCO was "safe," with "practically no downside potential whatsoever"; that it was the best stock on the market, would earn $4 per share for its first year, and would be listed on the New York or American Stock Exchange; and that USAMCO "was going to be another IBM." In fact, USAMCO in its first fiscal year ended August 31, 1961, suffered an operating loss of $495,486 and an aggregate net loss of $608,893. In the sales of the USAMCO stock Shearson was also found to have charged customers unfair mark-ups which ranged from 5.2% to 22.7% over the prevailing "market price" but which were even more excessive than the percentages indicated in view of the fact that the market was controlled by the firm.

On September 11, Shearson's New York partners, after an investigation, ordered the solicitation of customers to cease, and the market in the stock then collapsed and by December 12, 1961, the firm's bid was 1/4. The Commission concluded that the executive committee was on notice much earlier than September 1961 that an investigation of USAMCO as well as the Los Angeles office was in order, and that it was lax in not investigating into USAMCO's financial condition and the methods used by the Los Angeles office in selling t stock. The opinion stated that Safanie on at least two occasions in 1960 had expressed to Dunbar his lack enthusiasm for USAMCO, that Van Tuyl and other New York partners frequently warned the salesmen in early 19 against advising their clients to speculate in unlisted, unseasoned securities, and that beginning at least early as April 1961, Krusen and his staff knew that the projections and predictions made by USAMCO's management were based on inadequate financial data and he and the other members of the executive committee should have been alerted to take prompt action. The Commission found that although Shearson nationally advertised itself as "The firm that Research Built," the executive committee "continued to observe, with no apparent alarm," the increasing activity of the Los Angeles office in the speculative and unseasoned USAMCO stock which had not been researched or recommended by the New York office, the marked price rise, the concentrati of customers' investments in the stock, and the personal trading by the personnel of that office. "It is essential," the Commission's opinion declared, "not only that a system of internal controls adequate to meet the problems inherent in a large and scattered organization be established but also that such controls be effectively enforced by those in authority," and that the failure of the executive committee in this regard "resulted in the perpetration of fraud upon many customers."

Moreover, in addition to the foregoing violations involving USAMCO stock, the Commission found that Shearson, through its salesmen in the Los Angeles, Beverly Hills and La Jolla branch offices in California, induced excessive trading in the accounts of five customers, effected a number of unauthorized transactions and sold mutual fund shares to two customers in amounts slightly below the break points which would have entitled the customers to lower sales loads. The executive committee was not charged with responsibility for these non-USAMCO violations.

In urging that no sanction be imposed, Shearson stressed that the events described directly involved only a few people in a few branch offices who, with a few exceptions, were no longer employed by it; that i had already suffered severely from adverse publicity and the 5-day suspension and fine imposed upon it by the NASD in 1963 based on the USAMCO transactions; that it had settled for 50% customer claims amounting th far to $900,000 (a substantial portion of which was covered by insurance), that it has adopted additional supervisory procedures designed to prevent future violations, and that a sanction upon the firm other than censure would visit undue hardship and injury on the many innocent persons in its organization who had no connection with any of the activities in question.

Commissioner Budge stated that he was in agreement with the Commission's opinion except as to the sanction. He expressed the view that "the branch offices in southern California primarily involved, constituti as they did the 'locus of infection,' should be closed and registrant proscribed from doing business in that area." Commissioner Wheat did not participate in the decision.

SECURITIES ACT REGISTRATIONS. Effective November 10: Cambridge Nuclear Corp., 2-23753 (90 days); Guardian Central Trust, Inc., 2-24078 (40 days); Fischer & Porter Co., 2-24133 (Dec 21). Effective November 12: West Penn Power Co., 2-24087). Withdrawn November 10: General Telephone Co. of California, 2-23871.

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.

---oooOooo---