

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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SANCTION AGAINST WALDMAN & CO., OTHERS PROPOSED. SEC Hearing Examiner Warren E. Blair has filed an initial decision in proceedings under the Securities Exchange Act involving Waldman & Co., of New York, its general partner Seymour Waldman, and seven of the firm's salesmen. The Examiner ruled that Waldman & Co., together with or aided and abetted by the eight individuals, violated the anti-fraud provisions of the Federal securities laws in connection with the offer and sale in 1964 and 1965 of shares of Development Corporation of America ("DCA") and United Utilities Corp. of Florida ("UUF"). The salesmen-respondents are Reubin Ehrlich, Aaron J. Gabriel, Julius Gladstein, Allan Harris, Samuel Lewis, Norman Pollitsky and Bernard Portnoy. Additionally the examiner found that Waldman & Co., aided and abetted by Waldman, wilfully violated the Commission's net capital rule. On the basis of such findings, the Examiner ordered the revocation of the broker-dealer registration of Waldman & Co. and that the individuals each be barred from further association with any broker-dealer firm. That order will become effective if the Commission does not order review thereof either on its own motion or on petition by any party.

Previously, on February 25, 1966, Waldman & Co.'s registration had been suspended by the Commission pending further hearing on and determination of the question whether its registration should be revoked; and bar orders have been issued against five other individual respondents on the basis of their defaults. In May 1965, a court order of preliminary injunction was obtained by the Commission enjoining Waldman & Co., Waldman, and six of the individual respondents from violating the securities laws in the offer and sale of DCA and UUF shares.

According to the Examiner's decision, the stock of DCA and UUF was offered and sold by means of various misrepresentations and omissions of material facts concerning the operations and future activities of the two companies and the prospects of financial reward from investments in their stocks, including unwarranted predictions of specific and substantial price increases in the stocks within relatively short periods of time. Moreover, the firm engaged in further fraudulent activity by mailing "wooden tickets" purporting to confirm purchases which were not authorized, and by selling stock of the two companies at prices that represented excessive mark-ups over the firm's contemporaneous costs and bore no reasonable relationship to current market prices.

EIGHT TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of the following companies for the additional 10-day period February 2-11, inclusive: Continental Vending Machine Corporation, Lincoln Printing Company, Pakco Companies, Inc., Pinal County Development Association, Sports Arenas, Inc., Underwater Storage, Inc., United Security Life Insurance Company, and Westec Corporation.

PRO FUND PROPOSES OFFERING. Pro Fund, Inc., 9425 Stenton Ave., Philadelphia, Pa., filed a registration statement (File 2-25934) with the SEC on January 30 seeking registration of 300,000 shares of common stock. The stock is to be offered for public sale at net asset value (\$10 per share maximum*) plus a sales charge not exceeding 5%.

The Fund was initiated in 1966 by the management of P. R. O. Inc., a Pennsylvania corporation which offers retirement plans to medical societies and other professional organizations. The Fund is intended to provide participants in qualified plans with a comprehensive investment program in the convenient form afforded by a single security available in amounts adaptable to any specific requirements. Accordingly, each participant is being offered an amendment to the plan in which he is now a participant whereby the plan trustee will be authorized to purchase Fund shares. P.R.O., Inc., will recommend that plan participants direct the trustees to acquire shares of the Fund in exchange for the securities held by the trustees for the accounts of the participants. Such exchanges will be proposed to be made without commissions of any kind. The Fund's investment adviser and principal underwriter is Pro Services, Inc., a subsidiary of P. R. O., Inc., whose stock, in turn, is owned by certain officers of the Fund. James H. Burdick is president of the Fund.

NATIONAL INVESTMENT PROPOSES OFFERING. National Investment Corporation, Inc., 3301 Van Buren St., Topeka, Kans., filed a registration statement (File 2-25933) with the SEC on January 30 seeking registration of 500,000 shares of common stock. The stock is to be offered for public sale at \$2.25 per share (initially the shares are to be offered to stockholders, policy owners, agents and employees of American Investors Life Insurance Company, Inc., at the rate of 100 shares per stockholder and 100 shares per policy owner, agent or employee). The offering is to be made on a "best efforts" basis through Frontier Securities Company, Inc., 3420 Van Buren St., Topeka, Kans., which will receive a \$.25-per-share selling commission.

Organized under Kansas law in 1967, the company proposes to acquire, organize and control companies engaged in the business of writing life insurance. Net proceeds of its stock sale will be used to acquire such companies and added to working capital. The company has outstanding 600 common shares, issued to its incorporators at \$2 per share; an additional 67,000 shares are to be offered at \$2 per share to certain organizers simultaneously with the offering of the stock being registered. Lloyd R. Parker is board chairman and James H. Carter is president.

OVER

SEC ORDER CITES PAKCO. The SEC has ordered administrative proceedings pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934, as amended (Exchange Act), involving Pakco Companies, Inc. (Pakco), of Hammonton, New Jersey (not to be confused with Pako Corporation, an unrelated company).

The proceedings are based upon allegations of the Commission's Division of Corporation Finance (Division) that Pakco has failed to comply with the disclosure and reporting provisions of Sections 12 and 13 of the Exchange Act, in that it assertedly has failed to file a report required to be filed and has filed reports containing materially misleading statements of material facts or which omit material information required to be stated or necessary to make statements therein not misleading. Section 15(c)(4) provides that if, after hearing, the Commission finds that any registered company has failed to comply with the provisions of Sections 12 and 13 of the Act, it may publish its findings and order the company to comply therewith "upon such terms and conditions and within such time as the Commission may specify in such order."

In its "Statement of Matters" to be considered at the hearing, the Division alleges, among other things, that Pakco failed to disclose adequately and accurately the facts with respect to the 1965 sale of its agricultural (blueberry) properties and improvements near Mays Landing, New Jersey ("plantation"). The Division alleges that in substance Pakco, through two conduits, sold the plantation to Crescent Corporation and that Lewis L. Colasurdo had a material interest in that transaction. Colasurdo is the president and largest individual stockholder of Crescent, and he also has a material stock interest in Pakco, of which he was formerly president. The Division also challenges the adequacy of disclosure and the accuracy of the accounting presentation relating to this disposition of property in Pakco's financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 1965.

The Division further alleges that disclosures in Pakco's Current Report on Form 8-K for December 1966 are materially deficient in that, while Pakco reported the return of 600,000 shares of Crescent's common stock to Crescent in exchange for the return to Pakco of the outstanding stock of Elliott and Evans, Inc., and Hammonton Investment and Mortgage Company (HIMCO) due to lapse of the purchase agreement, Pakco failed to disclose the effect of this return of stock on its financial condition. In addition, Pakco assertedly failed to disclose material facts about the operations and financial condition of HIMCO.

A hearing has been scheduled for February 20, 1967, to receive evidence on the Division's charges and afford Pakco an opportunity to establish any defenses thereto. The Division has filed a motion to consolidate these proceedings with similar proceedings pursuant to Section 15(c)(4) of the Act involving Crescent Corporation now scheduled for hearing on February 20, 1967. The Division urges in its motion, which has not yet been ruled on by the Commission, that common questions of law and fact are involved in both proceedings.

Previously, on December 20, 1966, the Commission temporarily suspended over-the-counter trading in the common stock and other securities of Pakco for the ten-day period December 20-29, 1966, inclusive, pending disclosure by Pakco of all pertinent facts relating to the effect on its financial condition of the "lapse by its terms" in December 1966 of the agreement between Pakco and Crescent relating to a purchase by Crescent in December 1965 of the two named Pakco subsidiaries in exchange for 600,000 shares of Crescent common stock. The suspension of trading has been renewed for subsequent ten-day periods and is still in effect.

JAMES A. ALLEN, OTHERS ENJOINED. The SEC Seattle Regional Office announced January 20 (LR-3637) the issuance of a Federal court order (USDC, ED Wash.) enjoining James A. Allen, Hibernia Silver Mines, Inc., Alpine Mining Co., Lexington Silver-Lead Mines, Inc., Hunter Silver-Lead Mines, Inc., Delaware Mines Corp., and Coeur d'Alene Consolidated Silver-Lead Mines, Inc., from further violations of the Securities Act registration provisions in the sale of common stock of Hibernia Silver Mines. The defendants consented to the entry of the order without admitting the allegations of the complaint.

SECURITIES ACT REGISTRATIONS. Effective January 31: Abbey Rents, 2-25834; P&C Food Markets, Inc., 2-25842 (40 days); Purex Corp., Ltd., 2-25859.

Effective February 1: Connelly Containers, Inc., 2-25848; Great Atlantic Life Insurance Co., 2-24070 (90 days); Kingsport Press, Inc., 2-25818; Leasco Data Processing Equipment Corp., 2-25844; Oscar-Mayer & Co., Inc., 2-25878 (Mar 13).

Withdrawn January 31: Peter Cooper Life Insurance Co. of New York, 2-23398.

Withdrawn February 1: C. F. Kirk Laboratories, Inc., 2-24179.

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.

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