

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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BLANDY CORP. 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 proposed public offering of securities by Blandy Corporation, of Lemoyne, Pa. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

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 in January 1964, Blandy proposed the public offering of 240,000 shares of Class A Nonvoting common stock at \$1 per share. The Commission asserts in its suspension order that it has "reasonable cause to believe" that certain terms and condition of the Regulation were not complied with and that Blandy's offering circular is false and misleading in respect of certain material facts. The alleged misrepresentations related, among other things, to a failure to make proper disclosure that purchasers of the new shares would receive only 49.9% of the Class A Nonvoting stock for their investment of \$296,022 whereas the promoters for a cash investment of \$5,000 would receive all of the Class B voting stock and 50.1% of the Class A nonvoting stock; the failure to make proper disclosure of the amount of royalties, production quotas, and other obligations of Blandy as a result of certain franchises; and the failure to disclose the existence of a bond of \$53,200 executed by Blandy to secure payment of a mortgage note on its plant. The offering circular also failed to disclose the cost to promoters of franchises exchanged for Blandy stock, as well as the details concerning its indebtedness of \$53,000 to officers.

AMERICAN INSURANCE FOUNDERS OFFERING SUSPENDED. The SEC has issued an order suspending a Regulation A exemption from registration with respect to a 1960 public offering of 300,000 shares of Class A common stock at \$1 per share by American Insurance Founders, Inc., 1741 K Street, N. W., Washington, D. C. The order asserts that the Commission has "reason to believe" (1) that certain terms and conditions of the Regulation were not complied with in that the said company ("AIF") failed to deliver an offering circular to each offeree and purchaser of the stock, its offering circular did not meet the requirements of Regulation A, and AIF failed to file reports of stock sales pursuant to the offering; and (2) that the offering violated Section 17 (the anti-fraud provisions) of the Act, by reason of the failure to make proper disclosure of the fact that 50,000 of the 300,000 shares were issued by AIF in conjunction with the acquisition of real property and that a portion of the offering would be sold at prices different from the stated public offering price.

NASD DISCIPLINE SUSTAINED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7332) sustaining disciplinary action by the NASD against Givens, Marx & Co., Inc. (now R. B. Marx & Co., Inc.), and its president, Richard B. Marx, of 1102 Ainsley Bldg., Miami, Fla. The Marx firm and Marx had appealed from the NASD's order suspending the firm from membership for 30 days, suspending Marx' registration as a registered representative for a like period, and fining Marx \$500 and assessing \$365 of costs against the firm, for violations of the NASD Rules of Fair Practice.

In its decision, the Commission affirmed the NASD finding that the Marx firm effected nine principal sales of securities at unfair prices during the period August-October, 1962. In eight of these transactions, the firm took mark-ups ranging from 10.5% to 18.7% over its same-day cost of the securities, and 6.7% in the ninth. The 18.7% mark-up was taken in the largest transaction, which amounted to \$1,900; and the 6.7% mark-up was taken in a transaction involving a sale of 100 shares for \$1,600. Eight of the transactions were admittedly riskless, and "no justification appeared for any of the mark-ups charged."

The Marx firm also engaged in business in violation of the SEC capital rule, its net capital deficiency ranging from \$2,639 to \$5,634 on various dates during 1962; failed to cancel or otherwise liquidate six purchase transactions in special cash accounts of customers who failed to make prompt payment therefor; and failed promptly to register three salesmen as registered representatives. The Commission concluded that the penalties imposed by the NASD were not excessive or oppressive, and agreed that Marx was a cause of the violations.

SEC COMPLAINT NAMES LESTER D. BROWN. The SEC New York Regional Office announced June 1st (LR-2950) the filing of a complaint in Federal court (USDC SDNY) seeking to enjoin violations of the record-keeping rules and anti-fraud provisions under the Securities Exchange Act by Lester D. Brown, dba L. D. Brown Co., of 55 Liberty St., New York, and seeking the appointment of a receiver of the assets of Brown.

FRONTIER PETROLEUM ENJOINED. The SEC Chicago Regional Office announced June 1st (LR-2951) the entry of a Federal court order (USDC, Chicago) permanently enjoining Frontier Petroleum Corporation, of Chicago, Raymond Silhan and Steve Pawlowski (with their consent) from further violations of the Securities Act registration requirements in the sale of oil interests.

FABRI-TEK FILES FOR OFFERING AND SECONDARY. Fabri-Tek Incorporated, 606 Foshay Tower, Minneapolis, Minn., filed a registration statement (File 2-22481) with the SEC on June 3 seeking registration of 200,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 100,000 shares (being outstanding stock) by the present holder thereof. The offering is to be made through Kidder, Peabody & Co., Inc., 20 Exchange Place, New York. The public offering price (\$13 per share maximum*) and underwriting terms are to be supplied by amendment.

OVER

The company is engaged primarily in designing and selling digital information storage equipment. Net proceeds from its sale of additional stock will be used to repay borrowings of approximately \$170,000 incurred to purchase its Amery, Wisc., plant, to enlarge the said plant at an estimated cost of \$95,000, to finance a new manufacturing and research facility at Minneapolis, Minn., estimated at \$365,000; to purchase additional machinery and equipment estimated at \$270,000; and for general corporate purposes. The company has outstanding 1,108,800 shares of common stock, of which management officials as a group own 97%. The prospectus lists the selling stockholder as M. F. Mickelson (president), who is offering 100,000 shares of his holding of 1,008,000. Upon completion of the proposed offering, Mickelson's holding will be reduced from 91% to 75% of the outstanding common stock.

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. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the June 2 News Digest.

Interlake Steamship Co	April 1964	Raymond Engineering Laboratory, Inc	April 1964 (11)
(11)		DeJur-Amsco Corp	April 1964 (11)
D. H. Baldwin Co	April 1964	Blackstone Valley Gas & Electric Co	April 1964 (11)
(7)		Duriron Co, Inc	April 1964 (It 11)
National Castings Co	April 1964	Copeland Refrigeration Corp	Jan. 1964 (11)
(11,13)		Nevada Power Co	April 1964 (7,13)
Andrea Radio Corp	April 1964	General Foam Corp	April 1964 (3,4, 8,11,12)
(11)		Gilbralter Financial Corp of Calif.	April 1964 (11)
Johnson Service Co	April 1964		
(11,13)			
Aro Corp	April 1964 (7,13)		

VAIL ASSOCIATES PROPOSES OFFERING. Vail Associates, Ltd., Vail, Colorado, filed a registration statement (File 2-22463) with the SEC on May 28 seeking registration of 140 units of additional limited partnership interests, to be offered for public sale at \$5,000 per unit. The offering will be made on a best-effort basis by Boettcher and Co., 828 17th St., Denver, which will receive a 4% selling commission.

Vail Associates (a Colorado limited partnership) was organized in 1961 and owns and operates ski lifts, a ski school, related food-serving facilities and a hotel. The general partners are The Vail Corporation and Peter W. Seibert, who contributed certain properties and \$100,000 in cash. Additional capital has previously been obtained through the sale of Original Limited Partnership interests and, later, Additional Limited Partnership interests. According to the prospectus, the partnership has sustained a loss during its operations through April 30, 1964. Upon successful completion of the proposed offering, the new partners will have acquired 23.14% interest in the partnership for an investment of \$700,000. The effect of assigning to the new partners as a group 23.14% of the capital would be an immediate dilution of their contributions from \$700,000 to \$533,342. In addition, they will be charged 23.14% of the total charges accrued against the partnership capital since inception (which, as of April 30th, would have further diluted their interest to \$384,583). The management and control of the partnership are vested in Peter W. Seibert and The Vail Corporation. Of the net proceeds from the sale of new limited partnership interests (and anticipated borrowings of \$1,900,000 from two insurance companies), approximately \$789,000 will be expended for property additions and improvements; \$509,000 will be used to repay amounts due partners; \$472,500 will be used to retire outstanding notes and bank loan; and the balance will be used for working capital.

SECURITIES ACT REGISTRATIONS. Effective June 3: Genesco Inc. (File 2-22460); Mississippi Power Co. (File 2-22424); New York Airways, Inc. (File 2-22215).
Effective June 4: Home-Stake 1964 Program Operating Corp. (File 2-22302).

*As estimated for purposes of computing the registration fee.

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