

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE June 17, 1964

**WM. P. MACKAY CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7343) revoking the broker-dealer registration of William P. Mackay, trading as Mackay and Company, 524 Washington St., Reading, Pa., for violations of the anti-fraud and other provisions of the Federal securities laws. Mackay also was expelled from NASD membership.

According to the decision, Mackay falsely confirmed to customers that he had, as agent, purchased securities for their accounts; failed to deliver securities he purchased for customers as their agent and for which they had paid in full; sold customers' securities for his own account without authorization; and concealed those unauthorized transactions from customers by paying them amounts equal to the dividends declared on such securities and falsely representing that a delay had been encountered in the transfer of their securities and that the securities were being held in a street name. Mackay also violated the Commission's hypothecation, net capital and record-keeping rules, and filed a report of financial condition in January 1964 which was false and misleading in that it failed to include certain liabilities arising from loans made to him. In a Federal court action filed by the Commission, Mackay was enjoined in February 1964 (USDC ED Pa.) from further violations of the net capital, record-keeping and reporting requirements.

**HOROWITZ & CO. REGISTRATION CANCELLED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7345) dismissing proceedings on the question whether to revoke the broker-dealer registration of Michael Horowitz & Company, of 19 Rector St., New York, and cancelling the firm's registration. The proceeding was based upon the failure of the Horowitz firm (a partnership composed of Michael Horowitz and Norman Fischer) to file a report of financial condition for 1962. Fischer severed his connection with the firm in June 1962 and Horowitz continued the firm's business until his death in January 1963, at which time it was terminated. Accordingly, the Commission granted a motion of Staff counsel to dismiss the proceeding and cancel the firm's registration.

**NASD DISCIPLINE SUSTAINED.** The SEC has issued a decision under the Securities Exchange Act (Release 34-7347) sustaining NASD disciplinary action against Edward W. Stewart, of Miami, Fla. Stewart was president of E. W. Stewart & Co., Inc., which recently withdrew from registration as a broker-dealer. The NASD had suspended the firm from membership for 90 days, suspended the registrations as registered representatives of Stewart and two other officers, fined Stewart and one other officer \$500 each and a third officer \$50, and assessed costs of \$452 against the firm. Only Stewart appealed the NASD action.

The NASD had ruled that the Stewart firm had net capital deficiencies in 1962 ranging up to \$46,000; that it had violated the Commission's hypothecation rules on four occasions; that it had effected four sales to customers at excessive mark-ups; that it had failed to cancel or liquidate two cash purchases when the customers had not made timely payments therefor; and that these activities violated the NASD's Rules of Fair Practice. Stewart did not contest the findings of violations, but urged that the penalties of suspension and fine imposed against him are excessive and oppressive and should be cancelled. The Commission disagreed and sustained the NASD discipline.

**KEITH STEWART ACQUITTED.** The SEC Chicago Regional Office announced June 12 (LR-2966) that Keith W. Stewart was acquitted after trial on charges of violating the anti fraud provisions of the Federal securities laws. John W. Thompson, a co-defendant, died before trial, and Walter W. Keniston, another co-defendant, was not tried for medical reasons.

**REPUBLIC GYPSUM PROPOSES OFFERING.** Republic Gypsum Company, 515 E. 34th St., Lubbock, Tex., filed a registration statement (File 2-22514) with the SEC on June 15 seeking registration of 10,000 shares of cumulative convertible preferred stock, to be offered for public sale at \$100 per share through company officials and employees. No underwriting is involved.

Organized in 1961 under Delaware laws, the company is engaged in the manufacture of gypsum wallboard and other gypsum products and the marketing and sale of such products as well as other building materials purchased for resale. It has no record of earnings. Net proceeds from its stock sale will be added to general funds and will be used for working capital and other general corporate purposes, including payment of interest and principal on existing indebtedness. In addition to indebtedness, the company has outstanding 448,680 common shares, which are owned entirely by Rhyne Simpson (president); William J. Salmon, Rhyne Simpson, Jr., and Phil Simpson (vice presidents); Avinger Lumber Co. (owned and managed by the same four persons); and Simpson Brothers (a partnership composed of Phil Simpson and Rhyne Simpson, Jr.). Such shares were acquired for \$63,207 in cash, a 440-acre gypsum deposit, and inventory of ten prefabricated houses, and \$78,101 of promotional development and pre-operating cost.

OVER

**PARK FUND PROPOSES OFFERING.** The Park Fund, Inc., 203 Park Bldg., Cleveland, Ohio, filed a registration statement (File 2-22518) with the SEC on June 15 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at net asset value plus a sales commission not exceeding 8½% (\$8.78 per share maximum\*). The offering will be underwritten by L. A. Caunter & Co. (of the Cleveland address). The Heritage Management and Research Corporation is the Fund's investment adviser and manager. Organized under Delaware laws in October 1963, the Fund is an open-end, diversified, mutual investment company with its objective being the selection of "securities which have demonstrated continuous earning power in the past and whose potential earning power looks promising." It has outstanding 15,000 common shares. Charles M. Prell, Jr., is president. E. Lucille Caunter, Assistant Secretary of the Fund, is also Treasurer of the underwriter.

**PREFERRED RISK LIFE INSURANCE PROPOSES RIGHTS OFFERING.** Preferred Risk Life Insurance Company, 4119 Rollins St., Des Moines, filed a registration statement (File 2-22520) with the SEC on June 16 seeking registration of 228,057 shares of common stock, to be offered to its common stockholders at the rate of one new share for each two shares held. The subscription price (\$7.50 per share maximum\*) and record date are to be supplied by amendment. The offering is not underwritten; however, Preferred Risk Mutual Insurance Company is committed to purchase up to 120,000 shares of the unsubscribed stock.

The company is engaged in writing life insurance and accident and health insurance. Net proceeds from the stock sale will be added to capital and surplus and used in the conduct of its insurance business. The company has outstanding 456,114 shares of common stock, of which management officials as a group own 32.4%. Preferred Risk Mutual owns approximately 3% of the outstanding stock, and three of its officers are also company officials. Jules J. Mallon is president and board chairman.

**CERAMICS CO. HEARING SCHEDULED.** Pursuant to request of Ceramics Company of America, Las Vegas, Nev., the SEC has scheduled a hearing for June 24th in its Los Angeles Branch Office on the question whether to vacate or make permanent the May 25th order of the Commission temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock by Ceramics Co.

**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.

United Insurance Co of America  
March 1964 ( 2,13)  
Ajax Magnethermic Corp April 1964  
( 7,11,13)  
Tenney Engineering, Inc May 1964  
( 11)  
Texaco Inc April 1964 ( 13)  
W. A. Brown Mfg. Co April 1964  
( 1,2,3,4,13)  
Florida Gas Co May 1964 ( 11)  
Industria Electrica deMexico S.A.  
April 1964 ( 11)  
Loral Electronics Corp Jan. 1964  
( 12,13)  
Natl. Elec. Welding Machine Co Jan. 1964  
( 11)  
Allied Artists Pictures Corp  
Feb. 1964 ( 7,8,13)  
F. L. Jacobs Co April 1964  
( 6)  
Baystate Corp April 1964 ( 7)  
Continental Independent Tel. Corp  
April 1964 ( 4,7,8,13)  
Outlet Co May 1964 ( 11,13)  
G. D. Searle & Co April 1964 ( 11)  
Sigma Instruments Inc Mar. 1962  
( 7)  
Commonwealth Tel. Co (Penna)  
April 1964 ( 7,11)

Electronic Communications Inc  
Amend #1 to 8K for Nov. 1963  
( 2,13)  
American Steel & Pump Corp Amend  
#1 to 8K for March 1964 ( 1,13)  
Buffums' Amend #1 to 8K for  
April 1964 ( 7)  
American Alloys Corp (6) Apr 64  
Applied Technology Inc (1,11,12) Apr 64  
Charter Oil Co Ltd May 64 (2)  
Consolidated Paper Co (12,13) Apr 64  
Edgcomb Steel Co (11) Apr 64  
Farrington Mfg Co (2,11) Apr 64  
Jarecki Corp (11) Apr 64  
Nuclear Data Inc (12,13) Apr 64  
Pavelle Corp (12,13) Apr 64  
Rath Packing Co (12,13) Apr 64  
Wells-Gardner Electronics Corp (13) Apr 64

**Amendments to 8-K**

Thrift Drug Co of Penn Mar 1964 (7)  
Continental Commercial Corp Feb 64 (4)  
Ajax Magnethermic Corp Feb 63  
Warner Brothers Co Apr 64 (8,10,13)  
Detroit Mobile Homes Inc Feb 64 (4,7)  
Bernz o Matic Corp Dec 63, Jan 64  
Great American Realty Corp Aug 1963  
Godfrey Co Nov 63 (4,13)  
Russeks Inc Nov 63 (13)

**SECURITIES ACT REGISTRATIONS.** Effective June 16: Consolidated Oil & Gas, Inc. (File 2-22406); The Carborundum Co. (File 2-22447); Pacific Gas and Electric Co. (File 2-22456). Effective June 17: Astrodata, Inc. (File 2-21984); Link-Belt Co. (File 2-22450).

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