

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 64-12-6)

FOR RELEASE December 8, 1964

NASD REVOCATION OF OFFICER'S REGISTRATION SUSTAINED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7479) sustaining the action of the NASD in revoking the registration of Hugh M. Casper, president and a registered representative of an NASD member in Pittsburgh, Pa.

The sole issue was whether the penalty, which was imposed as a result of Casper's admittedly taking an NASD qualification examination for prospective registered representatives on behalf of Howard Graham, Jr., a trainee of the member, was excessive. Graham, whose registration also was revoked by the NASD, did not appeal to the Commission.

Casper urged in mitigation that he was a close friend of and had a deep personal interest in Graham, that his decision to take the examination for Graham, at the latter's request, was made on the spur of the moment, and that it involved no personal profit or gain and was motivated by kindness and charity for Graham who was beset by financial, health and other problems.

The Commission, in its decision, concluded that the record failed to provide an adequate basis for leniency. After stressing the importance of examinations in upgrading the level of competence in the securities business, the Commission's decision stated, "we regard a deception in connection with the taking of those examinations, particularly as was practiced in this case, to be so grave that we would not find the extreme sanction of revocation or expulsion to be excessive or oppressive unless the most extraordinary mitigative facts were shown." The Commission also regarded Casper's conduct as "particularly reprehensible" because he agreed to take the examination for Graham even though, as president of the member, he had previously certified Graham's good character and competence in the application for registration of Graham submitted to the NASD by the member.

S. THOMAS GUREN NAMED CAUSE. The SEC today issued a supplemental decision (Release 34-7480) in which it found S. Thomas Gruen a cause of the Commission's September 1963 order revoking the broker-dealer registration of R. Baruch and Company, formerly of 1518 K St., N. W., Washington, D. C. Guren consented to findings by the Commission that he willfully violated registration and anti-fraud provisions of the Securities Acts in the sale of stock of Agricultural Research Development, Inc. His consent was on condition that such findings would not prejudice his re-entry into the securities business upon an appropriate showing to the Commission. In mitigation, Guren asserted that he had not been the subject of any disciplinary action in connection with his previous employment in the securities business, that he had been misled concerning Agricultural's affairs, and that he had not engaged in the securities business for over three years, thereby suffering economic hardship.

NINE FIRMS' REGISTRATIONS REVOKED. The SEC has issued an order under the Securities Exchange Act (Release 34-7482) revoking the broker-dealer registrations of the following registrants for failure to file required reports of their financial condition: Irving Birnbaum, dba Central Planning Co., 40 Exchange Place, New York, N. Y.; Co-Ordinated Investing Corporation, 521 Fifth Ave., New York, N. Y.; Cornerstone Planning Corp., 91-48 Lefferts Blvd., Richmond Hill, N. Y.; Diversified Mutual Fund Co., 23 Meister Blvd., Freeport, N. Y.; Dynamic Planning Corporation, 51 Broadway, New York, N. Y.; K. L. McLaren & Company, Inc., 244 West 12th St., New York, N. Y.; Nathan Shapiro, dba N. Shapiro & Co., 220 Madison Ave., New York, N. Y.; Sterling Holding Corp., 475 Fifth Ave., New York, N. Y.; H. Law Weatherwax, Rt. 199, Red Hook, N. Y. Co-Ordinated was also expelled from membership in the National Association of Securities Dealers, Inc., and Richard Reiner, Co-Ordinated's president, and Menachem M. Rubin, Sterling's secretary and sole stockholder, who were found to have aided and abetted their respective firms' violations, were barred from being associated with any broker or dealer.

HEWLETT-PACKARD FILES STOCK PLAN. Hewlett-Packard Company, 1501 Page Mill Rd., Palo Alto, Calif., filed a registration statement (File 2-22994) with the SEC on December 7 seeking registration of \$3,890,625 of interests in its Employee Stock Purchase Plan, together with 250,000 shares of common stock which may be acquired pursuant thereto.

VOLUME DISTRIBUTORS FILES FOR SECONDARY. Volume Distributors, Inc., 911 Adams St., Topeka, Ks. filed a registration statement (File 2-22995) with the SEC on December 7 seeking registration of 125,000 outstanding shares of common stock. The shares are to be offered for public sale by the present holders thereof through underwriters headed by Stern Brothers & Co., 1009-15 Baltimore Ave., Kansas City, Mo. The public offering price (\$11 per share maximum*) and underwriting terms are to be supplied by amendment.

The company, whose businesses are located in Colorado and seven other States, is engaged primarily in operating a chain of 38 self-service family shoe stores and two self-service shoe departments in open-door discount department stores. It has outstanding 509,520 common shares and 240,480 Class B common shares, of which management officials and members of their immediate families own 61.1% and 99.6%, respectively. The selling stockholders are listed as Louis Pozex (president), offering 25,000 of 25,236 common shares held; Mrs. Louis Pozex, 15,000 of 15,422; S. Lee Pozex (vice president), 40,000 of 41,730; Lawrence E. Kornbleet (vice president), 40,000 of 42,029; and Mrs. Lawrence E. Kornbleet, 5,000 of 5,136.

OVER

STERLING PRECISION RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act authorizing certain proposed transactions between Sterling Precision Corporation, New York, and Designatronics, Inc., a New York company controlled by Sterling. Sterling is deemed to be controlled by The Equity Corporation, a registered investment company, and it, in turn, owns some 30% of the outstanding voting securities of Designatronics.

Under the proposal, Sterling intends to sell to Designatronics all of the latter's preferred stock, in return for the payment to Sterling by Designatronics of \$150,000 in cash and the issuance to Sterling by Designatronics of \$775,000 of the latter's Series 1979 debenture bonds. Designatronics also will purchase certain real property from Sterling for \$103,500. These proposals are part of an agreement to settle certain litigation between the two companies, which agreement also contemplates, among other things, the assignment by Sterling to Designatronics of any interest of Sterling in certain U. S. patents related to assets sold to Designatronics in 1961 and an undertaking by Designatronics to attempt to settle a suite brought by Wilco Equipment Corporation involving the real property. (Release IC-4094)

ASSOCIATED OIL & GAS EXPLORATIONS PROPOSES OFFERING. Associated Oil & Gas Explorations, 1965, Ltd., 3703 Yoakum Blvd., Houston, Tex., filed a registration statement (File 2-22996) with the SEC on December 7 seeking registration of \$4,000,000 of limited partnership interests, to be offered for public sale in \$100,000 units. The offering is to be made through AO Ventures, Inc. (the General Partner), which may employ certain registered broker-dealers to aid in soliciting subscriptions. Such broker-dealers will receive a 4% commission. The offering is conditional upon receipt of subscriptions aggregating \$1,500,000 by April 2, 1965.

Organized under Texas law in November 1964, the Partnership intends to enter into a Participation Agreement with Associated Oil & Gas Explorations, Inc., for the purpose of exploring for oil and gas in leaseholds located generally in the Gulf Coast regions of Texas and Louisiana including the Gulf of Mexico. Ben B. Sutton is president of the General Partner. The General Partner and Associated Oil & Gas Explorations, Inc. are wholly owned subsidiaries of Associated Oil & Gas Co.

COMMONWEALTH INDUSTRIES FILES RIGHTS OFFERING. Commonwealth Industries Corporation, 212 E. Monroe St., Springfield, Ill., filed a registration statement (File 2-22998) with the SEC on December 7 seeking registration of 2,200,000 shares of Class A common stock. The company proposes to offer to its stockholders residing in Illinois the right to subscribe to such shares at \$3 per share at the rate of 1-1/2 new shares for each share held. The record date is to be supplied by amendment. The offering is to be made on a best-efforts basis through Universal Securities Corporation, 1027 S. Second St., Springfield, Ill., which will receive a 35¢-per-share selling commission.

The company was organized in 1964 under Illinois law for the purpose of forming, owning, investing in and operating insurance companies, mortgage loan companies and other types of financial institutions. To date, it has organized Abraham Lincoln Insurance Company, Lincoln Land Mortgage Company and Abe Lincoln Mortgage Guaranty Insurance Company. Of the net proceeds from its stock sale, \$1,950,000 will be used to purchase 650,000 additional common shares of the insurance company at \$3 per share; \$1,800,000 to buy additional shares of Lincoln Land Mortgage; and \$1,800,000 to purchase 600,000 common shares of Mortgage Guaranty at \$3 per share. The company has outstanding 1,500,000 Class A and 3,700,000 Class B common shares. Management officials own 8.2% of the Class A stock. All of the Class A shares were purchased prior to June 1, 1964 for a price of \$1 per share, and Raymond R. Powell, president, purchased all of the outstanding Class B stock for a total of \$9,250. Powell is also president of the underwriter and owns 51% of its outstanding stock.

HORN DEVELOPMENT, HORN AND FIDLER ENJOINED. The SEC Fort Worth Regional Office announced on November 30 (LR-3098) the entry of a Federal court order (USDC Houston) permanently enjoining Horn Development Company and L. H. Horn of Mt. Gilead, Ohio, and Nevin Fidler of Deerfield, Ohio, from further violations of the Securities Act registration and anti-fraud provisions in the sale of oil and gas interests located in Ohio.

GRANCO PRODUCTS, H. P. B. CORP., OTHERS ENJOINED. The SEC New York Regional Office announced December 2 (LR-3099) the entry of a Federal court order (USDC SDNY) preliminarily enjoining violations of the Securities Act registration provisions in the sale of common stock of Granco Products, Inc., by Granco Products and H. P. B. Corp. of New Hyde Park, N. Y.; Henry Fogel (president of Granco) of Great Neck, N. Y.; Leonard Gold (president of H. P. B. Corp.) of Springfield, Ohio; and Robert Colucci (d/b/a Luccis & Co.) of Toronto, Ontario. Colucci was also preliminarily enjoined from violating the anti-fraud provisions of the Securities Act.

CONSOLIDATED INVESTMENT FUNDS, OTHERS ENJOINED. The SEC Denver Regional Office announced December 2 (LR-3100) the entry of a Federal court order (USDC SD) permanently enjoining violations of the anti-fraud provisions of the Federal securities laws by First (as well as Second, Third, Fourth and Fifth) Consolidated Investment Fund, Investors Brokerage Co., Consolidated Investment Trusts, Donavon B. Sondreal and Paul R. Christen, all of Huron, S. D., and F. D. Randall and Philip G. Christen of Mitchell, S. D.

SECURITIES ACT REGISTRATIONS. Effective December 7: Equity Funding Corporation of America (File 2-22815); Tennessee Gas Transmission Co. (File 2-22929).
Effective December 8: Carolina Telephone and Telegraph Co. (File 2-22934); Granite City Steel Co. (File 2-22916); Heublein, Inc. (File 2-22926).
Withdrawn December 7: Panar Fisheries Corp. (File 2-22734); Salant & Salant, Inc. (File 2-22140).

*As estimated for purposes of computing the registration fee.