

# 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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**VIOLATIONS CHARGED TO H. S. SIMMONS & CO.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of H. S. Simmons & Co., Inc., 2 Broadway, New York, and whether to suspend or expel that company from membership in the National Association of Securities Dealers, Inc.

According to the Commission's order, Simmons & Co. and Harry Simmons, its president, were temporarily enjoined by Federal court order (USDC SDNY) on January 12, 1961, from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities. Moreover, the order asserts (1) that, during the period August 9, 1960, to January 10, 1961, Simmons & Co. engaged in the conduct of a securities business in violation of the Commission's net capital rule; and (2) that Simmons & Co. "engaged in acts, practices and a course of conduct which would and did operate as a fraud and deceit" upon its customers, in that, in connection with transactions with customers, it represented that it was solvent and ready and able to discharge its liabilities to such persons when, in fact, its liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business.

A hearing for the purpose of taking evidence on the foregoing will be held at a time and place later to be announced.

**CLARK L. FRY CONVICTED.** The SEC Chicago Regional Office announced January 25th (LR-1901) that Clark L. Fry had been convicted by a Federal jury (USDC, Madison, Wis.) on six counts of a ten-count indictment charging fraud in the sale of securities relating to the development and promotion by the defendant of the following products and alleged inventions: (1) a machine for generating energy, (2) a protective paint application called mi-fry-ca, (3) a non-slip lock nut, (4) Tizit roll-a-way furniture, and (5) a water retaining fertilizer called Zorbit.

**SOUTH FLORIDA CITRUS INDUSTRIES; TROPICAL RIVER COOPERATIVE FILE FOR OFFERING.** South Florida Citrus Industries, Inc., and Tropical River Cooperative Association, 135 Madeira Ave., Coral Gables, Fla., filed a registration statement (File 2-17551) with the SEC on January 30, 1961, seeking registration of \$2,070,000 of investment contracts to be offered for sale by Citrus Industries, representing interests in 2,809 acres of land in Charlotte County, Fla., to be developed into orange groves, and 2,809 shares of capital stock of the Cooperative. The offering is to be made in 180 units, at \$11,500 per unit, of which a down payment of \$2,500 is required. The offering will be made through company employees, the selling commission and expenses being estimated at \$1,150 per unit.

Citrus Industries (the company) has acquired the 2,809 acres, located 31 miles north-northeast of Fort Meyers. It plans to retain for its own use and benefit about 800 acres; and the balance is to be sold in ten acre tracts, improved with 700 orange trees per ten acres. The company has obligated itself to plant the trees and to maintain them for a period of five years, or until they become productive. In addition to the purchase price, a maintenance charge of \$80 per acre for the first year, and thereafter the actual cost incurred for maintenance, must be paid by the purchasers. The Association was formed as a non-profit stock corporation for the purpose of assuming management of and maintaining the groves and marketing the crop five years after the trees are planted or become fruit bearing whichever shall first occur. Each purchaser of a ten-acre tract shall receive one share of the Association's stock, obligating the purchaser to use its facilities in the marketing of the citrus fruit and the care of the trees.

Of the net proceeds of the financing, estimated at \$1,863,000, some \$22,400 will be used for the purchase and planting of trees, \$299,000 for land payments, \$648,000 for drainage operations, \$416,000 for planting of trees, and the balance for general corporate purposes.

The prospectus lists Jack A. Freeman as president and Jules Freeman as secretary-treasurer. They own all the outstanding 50 common shares of Citrus Industries. By virtue of its retention of 800 acres of the land, the company will own about 28.4% of the stock of the Association.

**MANSFIELD INDUSTRIES FILES FOR OFFERING AND SECONDARY.** Mansfield Industries, Inc., 1227 West Loyola Avenue, Chicago, Ill., filed a registration statement (File 2-17554) with the SEC on January 31, 1961, seeking registration of 150,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by McDonnell & Co. The public offering price and underwriting terms are to be supplied by amendment. A maximum of 30,000 of the 150,000 shares have been reserved for sale at the public offering price to certain officers, employees and business associates of the company, and 10,000 of such 30,000 shares will be purchased by Herbert R. Leopold and Albert R. Bernard president and executive vice president, respectively, and principal stockholders of the company.

The company, organized under Delaware law, is the successor to the business of an Illinois corporation bearing the same name and organized in 1946. In August 1960, the company acquired all of the capital stock of the Illinois corporation for \$1,519,200 in cash. The company is engaged in the manufacture in the United

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States of a line of 8mm motion picture film projectors, motion picture editors, slide projectors, and photographic accessory equipment; and, through a Japanese affiliate, it produces 8mm motion picture cameras of the turret lens and reflex zoom types, and imports them into the United States and sells them to individual dealers and several large mail order houses. The net proceeds from the company's sale of additional common stock will be added to working capital, to be used for the carrying of increased accounts receivable resulting from increase volume, for the purchase of additional inventory needed for expanded operations and for general corporate purposes.

In addition to two series of debentures outstanding in the amount of \$1,000,000 each, the company has outstanding 300,000 shares of common stock, of which Leopold owns 58,200 shares, McDonnell & Co. 37,500 shares and management officials as a group 165,607 shares. The company's \$1,000,000 of 6% convertible subordinated debentures, Series A, are to be converted into 200,000 common shares, of which 100,000 shares are to be offered for public sale and are included in this offering. The prospectus lists 27 selling stockholders. The largest blocks are being sold by Growth Capital, Inc. (20,000 shares), Elfum Trusts (12,500), and Studley, Shupert & Co., Inc., as Trustee (10,500).

COLONIAL MORTGAGE SERVICE FILES FOR OFFERING. Colonial Mortgage Service Company, 141 Garrett Road, Upper Darby, Pennsylvania, filed a registration statement (File 2-17555) with the SEC on January 31, 1961, seeking registration of 100,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Drexel & Co. and Stroud & Company, Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the business of servicing mortgage loans for institutional investors and of originating mortgage loans for sale to such investors using both its own funds and to a very substantial extent borrowed funds for this purpose. The net proceeds from the stock sale will be added to working capital and will permit the company to increase the number of mortgage loans which it originates from its own funds as compared to those which are financed with borrowed funds.

In addition to certain indebtedness, the company has outstanding 400,000 shares of common stock (divided into three series containing 100,000, 100,000 and 200,000 shares, respectively), all of which is owned by A. H. Weiss, M. H. Tyson (co-chairmans of the board), their wives and H. Bruce Thompson, executive committee chairman owns 12% of each series. After the sale of the 100,000 common shares, Weiss, Tyson and their wives will own 17% each and Thompson 12% of the then outstanding stock.

BELL & HOWELL FILES STOCK PLAN. Bell & Howell Company, 7100 McCormick Road, Chicago, Ill., today filed a registration statement (File 2-17556) with the SEC seeking registration of 184,887 shares of common stock, to be offered to key executives who are employees of the company pursuant to options which have been or may be granted under its Restricted Stock Option Plans.

CONSOLIDATED NATURAL GAS FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14360) authorizing Consolidated Natural Gas Company, New York holding company, to issue and sell at competitive bidding \$45,000,000 of Debentures due February 1, 1986. Proceeds of the sale of the debentures will be used to pay \$25,000,000 of outstanding short-term notes, the remaining \$20,000,000 to be used to finance in part the 1961 construction programs of subsidiary companies, estimated to aggregate \$70,000,000. Four subsidiaries, The East Ohio Gas Company, Hope Natural Gas Company, New York State Natural Gas Corporation, and The Peoples Natural Gas Company, will issue and sell to Consolidated an aggregate of \$25,000,000 face amount of long-term notes in exchange for an equal face amount of short-term notes issued in 1960.

MILWAUKEE GAS LIGHT FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14361) authorizing Milwaukee Gas Light Company to issue and sell an additional 416,667 common shares for \$5,000,004 in cash, to its parent, American Natural Gas Company, and to issue and sell to banks, from time to time during 1961, up to an aggregate of \$20,000,000 of promissory notes. The additional funds will be used by Milwaukee Gas Light to finance in part its 1961 and 1962 construction program.

EFFECTIVE SECURITIES ACT REGISTRATIONS: February 1: Life Insurance Stock Fund Inc. (File 2-16580); Electronic Tube Corporation (File 2-17333); Consolidated Natural Gas Company (File 2-17451). Registration withdrawn: February 1: United Pacific Aluminum Corporation (File 2-16950).