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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ROULETTE RECORDS STOCK 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 stock by Roulette Records, Inc., of 1631 Broadway, New York.

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 on August 29, 1960, Roulette Records proposed the public offering of 100,000 shares of common stock at $3 per share. The Commission's suspension order asserts that the company's notification and offering circular contain information which is false and misleading in respect of certain material facts and that the stock offering would violate the anti-fruad provisions of the law. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the Commission's order, it appears that the Roulette Records notification and offering circular (1) fail to disclose the existence of and subject matter involved in a pending proceeding before the Federal Trade Commission in which said Commission is alleging that Roulette Records, Inc. engaged in certain designated activities which constitute specified "unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act", and omit to disclose the sanctions which may be imposed upon Roulette Records, Inc. by the Federal Trade Commission; (2) fail to disclose material facts concerning the methods by which Roulette Records, Inc. has done and is now doing business, including: the acts, practices and methods by which it has promoted the sale of its products; the continued relationship of such acts, practices and methods to its sales and earnings; changes in such acts, practices and methods; and the effects on its sales and earnings of changes in such acts, practices and methods and (3) include financial statement of the company which are not in accordance with generally accepted acounting principles and practices, particularly with respect to (a) the amortization of the costs incurred by Roulette Records, Inc. in creating "master" records; (b) the write-off of goodwill to earned surplus; and (c) the treatment of amounts paid by Roulette Records, Inc. to certain artists as advance royalties.

DIVERSIFIED COLLATERAL HEARING REQUEST GRANTED. The Commission has granted a request of Diversified Collateral Corporation, 420 Lincoln Road, Miami Beach, Florida, for a hearing on the question whether to vacate or make permanent the February 10, 1961, order of the Commission temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of 75,000 common shares of said Corporation at $4 per share pursuant to a notification filed in February 1960. The suspension order asserted that the Corporation's offering circular failed to disclose certain material facts, including the names of two underwriting firms which participated in the stock distribution and the relationship of the issuer to such firms, and that the offering through one of such firms operated as a fraud and deceit upon the purchaser by reason of its failure to deliver shares to purchasers and to remit the proceeds to the issuer.

HERMETIC SEAL SUSPENSION BECOMES PERMANENT. The Commission's order of April 25, 1960, temporarily suspending a Regulation A exemption with respect to a public offering of 100,000 common shares at $3 per share by Hermetic Seal Corporation, of Newark, N. J., has become permanent, following withdrawal by the company of its request for a hearing thereon. The suspension order asserted, among other things, that the company's offering circular was false and misleading in respect of certain material facts.

COMMITTEE OIL CO. 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 Committee Oil Co., 4601 Race Street, Denver.

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 February 1, 1961, Committee Oil proposed the public offering pursuant to such an exemption of $299,988 of securities, consisting of 16,666 units each consisting of a $15 debenture and 3 shares of common stock. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with, that the company's offering circular is false and misleading in respect of certain material facts, and that the offering would violate the anti-fraud provisions of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the Commission's order, the Committee Oil offering circular fails to disclose the source of funds with which the company intends to pay interest and principal on the debentures, the alternative use of proceeds should the company fail to acquire oil and gas properties as proposed, and (adequately) the risks involved in the oil and gas business and the extent to which the properties of the company are to be explored and developed. The order also challenges the company's forecast of profits based on conjecture, the statement that the company will pay all direct sales costs and certain other expenses when in fact no funds are available therefor, the use of oil and gas reserve figures based upon secondary recovery methods although such methods have not as yet proved successful on the properties involved, and the statement that the offering includes 49,998 shares of common stock whereas the authorized capitalization of the company provides for only 45,000 shares. (NOTE TO PRESS. Copies of foregoing also available in SEC Denver Office).

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SALE OF NON-UTILITY PROPERTY BY HOLDING COMPANY APPROVED. The SEC has issued a decision under the Holding Company Act authorizing American Electric Power Company Company, Inc., New York holding company, to divest (sell) certain non-utility properties to B. R. DeWitt, of Pavillion, New York, for $470,000.

The properties consist of two small parcels of limestone land owned by Appalachian Power Company, a subsidiary, and contiguous limestone properties owned by the latter's subsidiary, Radford Limestone Company, Inc. These properties are adjacent to Claytor Dam, which is part of a hydro-electric project owned and operated by Appalachian. Retention of these properties in the American system was permitted by the Commission in a 1945 decision by reason of the fact that, in the then existing state of the art, blasting and quarrying by a non-affiliated operator might have seriously endangered the foundation of the Clayton Dam. More efficient, accurate and safer methods of blasting and quarrying have been developed through the use of a series of smaller blasts; and, as a consequence, it is now possible to obtain assurances that operation of the Radford quarrying business by a non-affiliated owner will not jeopardize the Clayton Dam.

Accordingly, divestment of the properties is proposed by American. Appalachian will transfer its stock interest in Radford to American. The properties will be transferred to American in complete liquidation of Radford, and they will then be sold to DeWitt (or to a new Virginia company organized by him, Radford Stone Corp.) for $467,000 in cash, payable in installments. Appalachian will also sell to DeWitt for $2,400 in cash the contiguous parcels owned by it.

Copies of the Commission's decision (Release 35-14835) may be obtained upon request.

VIOLATIONS CHARGED TO IRWIN VINCENT POWELL. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Irwin Vincent Powell of 63 Wall Street, New York, violated the registration, anti-fraud and other provisions of the Federal securities laws and, if so, whether an application for broker-dealer registration filed by Powell, doing business as Powell Securities Company, should be denied.

The hearing for the purpose of taking evidence therein is scheduled for 2:30 P.M., Monday, March 13, 1961, in the Commission's New York Regional Office and is consolidated with similar proceedings on the question whether the broker-dealer registration of R. A. Holman & Co., Inc., of New York should be revoked. The hearing will concern itself initially with the question whether to postpone the effectiveness of the registration application until final determination of the question of denial. Powell was employed by Holman & Co. as a salesman and in other capacities during the period January 1959 to November 1960. According to the Commission's order it appears from information developed in an investigation conducted by its staff that Holman & Co. and Powell engaged in acts, practices and a course of business during the period August 1959 to March 1960, "which operated as a fraud and deceit upon certain persons" in connection with the offer and sale to such persons of the common stocks of Pearson Corporation, Span American Boat Company, Inc., and Cascade Pools Corporation, and Class A stock of Red Fish Boat Company, for which stock offerings Holman & Co. served as underwriter, in that they confirmed the sale of the said stocks to such persons despite the fact that such persons had not previously authorized the transactions and had not previously obligated themselves to purchase the securities. It is further asserted that Holman & Co. made, and Powell caused it to make, false and fictitious entries on its blotters and in its ledgers with respect to such sales of securities; that during the period January to June, 1959, Holman & Co. and Powell offered and sold common and preferred stocks of Precise Development Corporation in violation of the Securities Act registration requirement and through false and misleading representations with respect to the control of Precise, its financial condition, the future value of its stock, and completion of a Regulation A offering of Precise shares; that in the sale of Precise shares Holman & Co. failed to disclose the fact that it was in control of Precise, represented to investors that the Precise shares were being offered "at the market" and at prices related to the market price when there was no market for such securities other than that made and controlled by Holman & Co. and persons associated with it, and bid for Precise shares while engaged in its distribution, and that Powell caused Holman & Co. so to do; and that Powell falsified his registration application with respect to his connections with and financial interest in any brokers or dealers within the past ten years. These various activities by Powell are alleged to be violative of various provisions of the Federal securities laws and Commission regulations thereunder.

REVISED "INSIDER TRADING" RULES ADOPTED. The SEC today announced the adoption of simplified rules under the Securities Exchange Act of 1934, governing the reporting by officers, directors and 10% owners of their holdings of and transactions in the equity securities of companies which have equity securities listed on a national securities exchange (Release 34-6487). The amendments also pertain to the related reporting requirements under the Public Utilities Holding Company Act of 1935 and the Investment Company Act of 1940. Two new forms have been adopted, Form 3 for the filing of an "Initial Statement of Beneficial Ownership of Securities," and Form 4, "Statement of Changes in Beneficial Ownership of Securities." These forms replace Forms 4, 5 and 6 under the 1934 Act, Forms U-17-1 and U-17-2 under the 1935 Act, and Forms N-30F-1 and N-30F-2 under the 1940 Act.

However, the Commission deferred action, pending further study, on a proposed definition of the term "person" to include any group or syndicate the members of which are acting in concert, and on a proposed new ruling relating to the reporting of interests in securities held by corporations and business trusts.

GPU FILES EXCHANGE PROPOSAL. General Public Utilities Corporation, New York holding company, has filed a proposal with the SEC under the Holding Company Act for the issuance of stock in exchange for certain utility and other assets; and the Commission has issued an order (Release 35-14384) giving interested persons until March 27, 1961, to request a hearing thereon.

Under an agreement with Altoona and Logan Valley Electric Railway Company, which owns all the outstanding common stock of Home Electric Company, of Tyrone, Pa., GPU proposes to issue 81,191 shares of its common stock in exchange for (a) all the said stock of Home Electric and (b) all the cash of the Railway Company remaining after the latter provides for payment of its liabilities and expenses of its dissolution and liquidation. In the liquidation of the Railway Company, its stockholder will receive 1.6 shares of GPU common for each Railway Company share held. Home Electric is engaged in the purchase, transmission, distribution and sale of

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electric power, all of which it purchases from Pennsylvania Electric Company, a subsidiary of GPU. Home Electric serves some 6,000 customers in a service area, about 12 miles east of Altoona, Pa., which is almost completely surrounded by the service area of Pennsylvania Electric.

EMMER GLASS CORP. FILES FOR OFFERING AND SECONDARY. Emmer Glass Corporation, 6250 N.W. 25th Avenue, Miami, Fla., filed a registration statement (File 2-17691) with the SEC on March 8, 1961 seeking registration of 190,000 shares of Class A common stock, of which 160,000 shares are to be offered for public sale by the company and 30,000 shares, being outstanding stock, by the present holder thereof. The shares are to be offered for sale at $4 per share through underwriters headed by Clayton Securities Corporation, which will receive a 45¢ per share commission. The selling stockholder, Jack M. Emmer, president, has sold to the principal underwriter 10,000 shares of Class B common stock, series 1 (convertible into 10,000 Class A shares), at 10¢ per share. Of this stock, 5,000 shares are to be resold to Floyd D. Cerf, Jr. Co. Inc., which also will receive a fee of $15,200.

The company and its subsidiaries are primarily engaged in the sale of glass, metal, fiber, plastic and specially fabricated containers; caps and closures thereto; packaging, filling and capping equipment; and of housewares, garden supplies and patio accessories. Of the $524,230 net proceeds from the company's sale of additional stock, $86,000 will be applied to retire loans payable to banks; $130,400 to retire loans due to Emmer and companies of which he is the sole owner; $59,600 to pay sums due companies of which Emmer is the sole owner in payment of accrued rent for properties occupied by the company; and the balance will be added to general funds and may be applied to corporate purposes including the carrying of inventories, payment of operating expenses, and the carrying of accounts receivable.

In addition to certain indebtedness, the company has outstanding 70,000 Class A and 170,000 Class B shares. Emmer owns 100% of the Class A and 94.12% of the Class B shares, and proposes to sell 30,000 Class A shares. After the public sale of the 190,000 Class A shares, Emmer will own 17.39% of the outstanding Class A shares and 94.12% of the Class B shares, or a total of 50% of the voting securities of the company. Class B shares are convertible into Class A shares on a share for share basis.

INDEPENDENT TELEPHONE PROPOSES OFFERING. Independent Telephone Corporation, 25-27 South Street, Dryden, N. Y., filed a registration statement (File 2-17692) with the SEC on March 8, 1961, seeking registration of 350,000 shares of common stock, to be offered for public sale through underwriters headed by Burnham & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is in the business of acquiring, owning and holding controlling interests in telephone operating companies and rendering financial, management and other services to such subsidiaries. It currently controls 11 telephone operating companies in New York, Michigan, New Jersey, New York and West Virginia. It also has options to acquire controlling interests in 4 other operating companies in New York State. Net proceeds of the sale of the additional stock will be used as follows: $189,500 to repay bank loans; $599,400 to make advances to and/or investments in subsidiaries, to be applied by them to reduction of short term debt incurred for construction, to purchase common stocks or assets of operating companies, and for additional expenditures in connection with their acquisition or construction programs; and the balance for general corporate purpose. The company intends to acquire controlling or minority interests in stocks of other telephone operating companies, either through an exchange of shares or for cash.

According to its prospectus, the company now has outstanding 378,507 shares of common stock in addition to 15,136 shares of $10 par preferred and certain indebtedness. Management officials own 33% of the preferred and 14% of the common. The prospectus lists William B. Harrison as president.

GENERAL ECONOMICS FILES FOR OFFERING. General Economics Corporation, 130 West 42nd Street, New York, filed a registration statement (File 2-17693) with the SEC on March 8, 1961, seeking registration of 130,000 shares of common stock, to be offered for public sale at $5 per share. The shares will be offered directly to the public by officers and directors of the company for which no commissions will be paid, and through brokers and dealers (including First Continental Planning, Inc., a wholly-owned subsidiary of the company) who are members of the National Association of Securities Dealers, Inc., for which a 40¢ per share selling commission will be paid.

The company was organized under Delaware law in January 1961 and is successor to Axelrad-Lenel Agency Corp., formerly First Continental Agency, Inc., organized in 1960. The company, directly and through its subsidiaries, is active in the over-the-counter market as both broker and principal, sells mutual fund securities and life insurance, and finances the payment of life insurance premiums. It may also act as an underwriter. According to the prospectus, the company has filed for registration as a broker-dealer with the Commission and the NASD. The net proceeds from the stock sale will be added to working capital.

The company has outstanding 260,000 shares of common stock, of which Leonard I. Axelrad, president, and Nelson Axelrad, vice president, own 50% each. They obtained such shares for their holdings of all of the outstanding stock of the predecessor company.

CHAMPION PAPER & FIBRE CO. FILES EXCHANGE OFFER. The Champion Paper and Fibre Company, Hamilton, Ohio, filed a registration statement (File 2-17694) with the SEC on March 8, 1961, seeking registration of 237,599 shares of common stock, to be issued to Carpenter Paper Company, a Delaware corporation, upon the exchange by Carpenter of substantially all it assets for not more than 1,290,888 shares of such common stock, of which the said 237,599 shares constitute a part. According to the prospectus, Carpenter proposes to distribute the Champion Paper stock to its shareholders in the course of its liquidation. Of the Carpenter stockholders who will receive the Champion Paper stock, 19 will receive the 237,599 shares which they propose to offer for sale from time to time on the New York Stock Exchange or the Cincinnati Stock Exchange or otherwise at prices current at the time of sale.

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The company is a pulp and paper producer, engaged primarily in the manufacture and sale of pulp and paper and paperboard produced from bleached and semi-bleached pulps. Carpenter is primarily a wholesale distributor of paper, paper products, stationery products and allied lines in 26 states in the Middle West, Southwest and Far West.

In addition to certain indebtedness and preferred stock, the company has outstanding 4,689,703 shares of common stock. Karl R. Bendetsen is listed as president and Dwight J. Thomson as board chairman. The 19 shareholders of Carpenter who will receive shares of Champion pursuant to the exchange offer include Kenneth C. Holland, board chairman and president of Carpenter, who will receive 11,493 shares, Gilbert E. Carpenter, 34,590 shares, and I. W. Carpenter, Jr., 25,831 shares.

TENNESSEE GAS TRANSMISSION FILES FOR OFFERING. Tennessee Gas Transmission Company, Tennessee Bldg., Houston, Texas, filed a registration statement (File 2-17695) with the SEC on March 8, 1961, seeking registration of 200,000 shares of cumulative preferred stock, $100 par, to be offered for public sale through underwriters headed by Stone & Webster Securities Corp. and White, Weld & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

The net proceeds from the stock sale will be applied to the retirement of short-term notes outstanding under the company's Revolving Credit Agreement, the proceeds from which were used in the expansion of properties. In addition to various indebtedness and common stock, the company has outstanding several series of preferred stock and 39,673,464 shares of common stock. Gardiner Symonds is listed as board chairman and Harold Burrow as president.

MEAD CORP. PROPOSES DEBENTURE OFFERING. The Mead Corporation, 118 West First Street, Dayton, Ohio, filed a registration statement (File 2-17696) with the SEC on March 8, 1961, seeking registration of $25,000,000 of debentures due April 15, 1986, to be offered for public sale through underwriters headed by Drexel & Co. and Harriman Ripley & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries manufacture and sell white papers, paperboard and converted paperboard products, and convert and sell kraft linerboard produced by 50%-owned corporations. Of the net proceeds from the debenture sale, $15,000,000 will be used to retire short-term bank loans incurred to make capital investments, and the balance of $10,000,000 will be available for capital improvements and other corporate purposes.

In addition to certain indebtedness and preferred stock, the company has outstanding 5,269,234 shares of common stock.

ARMSTRONG PAINT & VARNISH WORKS FILES FOR SECONDARY. Armstrong Paint & Varnish Works, Inc., 1330 South Kilbourn Ave., Chicago, today filed a registration statement (File 2-17697) with the SEC seeking registration of 207,315 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by Lee Higginson Corporation. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of paint, varnish, lacquer and paint cans for the industrial and consumer markets. It has outstanding 737,835 shares of common stock, of which Stewart R. Todd, executive vice president, owns 45,330 shares and proposes to sell 35,000 shares, the Armstrong "Employees' Benefit Fund" owns 48,465 shares and proposes to sell 5,000 shares, and Frank W. Brokamp, president, owns 26,415 shares and proposes to sell 6,750 shares. The prospectus lists 37 other selling stockholders who propose to sell holdings ranging from 75 to 22,260 shares.

SEC COMPLAINT NAMES DECKER-THOMPSON BROKERS, OTHERS. The SEC Fort Worth Regional Office announced March 2d (LR-1932) the filing of a complaint (USDC, Shreveport, La.) seeking to enjoin Decker-Thompson, Brokers, Inc., Arthur C. Decker, Jr., Harold Bernard Thompson, and Arthur C. Decker, Jr., Trustee, from further violation of the registration and anti-fraud provisions of the Federal securities laws, both in relation to their sale of Life Underwriters Ins. Co. stock and otherwise.

SECURITIES ACT REGISTRATIONS. Effective March 9: Colorite Plastics, Inc. (File 2-17402); Rixon Electronics, Inc. (File 2-17441); S. Klein Department Stores, Inc. (File 2-17506); The Kicks Company (File 2-17538). Withdrawn March 9: Zurn Industries, Inc. (File 2-17109); Genie Petroleum, Inc. (File 2-17289).

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