

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE March 17, 1959

## GOTHAM - WASHINGTON SECURITIES REGISTRATIONS REVOKED AND DENIED

In a decision announced today (Release 34-5899), the SEC revoked the broker-dealer registration of Gotham Securities Corporation, Newark, N. J.; and it also denied an application for broker-dealer registration filed by Washington Securities Corporation, Hoboken, N. J.

The decision was based upon a decree dated August 19, 1958, of the United States District Court for the District of New Jersey, which permanently enjoined Gotham Securities, Joseph Freundel, president and controlling stockholder, and Rico Tomaso, Jr., secretary-treasurer, from making untrue or misleading statements in connection with the offer and sale of common stock of Saskalon Uranium and Oils, Limited. This decree, entered upon the consent of the defendants, was based on a complaint filed by the Commission which alleged various false and misleading statements in connection with the offer and sale of Saskalon stock, including representations that the purchasers would receive 300 shares of Saskalon free if the shares were purchased at 95¢ per share cash in advance; that the purchaser would reap rich rewards in purchasing Saskalon shares; that the stock would go to \$2 a share by noon the day after purchase; that Saskalon would buy the shares at \$4 on demand any time between October 1 and 10, 1958; and that Saskalon would be listed on an exchange by October 1958 and the price per share at the opening of exchange trading would be \$5 per share.

In light of the injunction and the nature of the conduct enjoined, the Commission agreed with its Hearing Examiner that it is in the public interest to revoke the broker-dealer registration of Gotham Securities. In view of the fact that Freundel is also the president and controlling stockholder of Washington Securities, the Commission also concluded that it was in the public interest to deny its application for broker-dealer registration, as the Hearing Examiner had recommended.

## GENERAL TIRE FILES EMPLOYEE STOCK PLAN

The General Tire & Rubber Company, 1708 Englewood Ave., Akron, O., filed a registration statement (File 2-14831) with the SEC on March 13, 1959, seeking registration of \$15,000,000 of Participations in its Third Employees' Stock Purchase Plan together with an unspecified number of shares of General Tire common stock which may be acquired under the Plan.

## HAWAIIAN ELECTRIC PROPOSES BOND OFFERING

The Hawaiian Electric Company Limited, 900 Richards St., Honolulu, filed a registration statement (File 2-14835) with the SEC on March 16, 1959, seeking registration of \$10,000,000 of First Mortgage Bonds, Series K, due March 15, 1989, to be offered for public sale through an underwriting group headed by Dillon, Read & Co., Inc., and Dean Witter & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the bond sale will become part of the general funds of the company and will be applied toward the cost of its construction program (including repayment of \$2,000,000 of bank borrowings). Construction expenditures are estimated at \$56,804,000 for the period 1959-63.

## CONSOLIDATED NATURAL GAS PROPOSES SHARE INCREASE

Consolidated Natural Gas Company, New York City, holding company, has filed a proposal with  
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the SEC for a charter amendment to increase its authorized shares of capital stock from 8,500,000 to 9,500,000 shares and to solicit stockholder approval thereof; and the Commission has issued an order (Release 35-13951) giving interested persons until March 30, 1959, to request a hearing thereon. According to the application, the additional shares would be available for issuance from time to time to finance the acquisition of operating properties or securities of a public utility or natural gas company. Consolidated's 1959 financing program contemplates that an offering of 821,256 shares will be made to stockholders, shortly after the annual stockholders meeting, on the basis of one new share for each ten shares held.

#### MILWAUKEE GAS STOCK SALE PROPOSED

Milwaukee Gas Light Company has applied to the SEC for an order under the Holding Company Act authorizing its sale of an additional 583,334 shares of common stock to its parent, American Natural Gas Company, for a cash consideration of \$7,000,000, or \$12 per share; and the Commission has issued an order (Release 35-13952) giving interested persons until March 30, 1959, to request a hearing thereon. Proceeds of the stock sale will be used by Milwaukee Gas in part to pay off, or reimburse its treasury for funds applied to the payment of, \$3,300,000 of bank loan notes; and the balance will be applied to the company's construction program for 1959 estimated at \$11,375,000.

#### TODD - NEW ENGLAND COUNSELLOR HEARING POSTPONED

At the request of F. Payson Todd, doing business as The New England Counsellor, Rowley, Mass., the Commission has authorized a postponement from March 19, 1959, to April 1, 1959, of the hearing in the proceedings under the Investment Advisers Act to determine whether it is in the public interest to revoke Todd's registration under the Investment Advisers Act as an investment adviser. The proceedings are based upon a December 1958 court decree enjoining Todd from engaging in or continuing certain conduct or practices in connection with his investment advisory services and in connection with the purchase and sale of securities. The SEC complaint in the court action charged violations of the registration and anti-fraud provisions of the Federal Securities Laws in the offer and sale of Canadian Javelin stock.

#### INDICTMENT RETURNED IN SALE OF COMSTOCK URANIUM TUNGSTEN STOCK

The SEC San Francisco Regional Office announced March 13, 1959 (Release 1408) that Clement G. Cafarelli, Kearns, U., Leo J. Puccinelli of Eiko, Nev., and George T. Tayler of Salt Lake City, U., were indicted March 4, 1959, by Federal Grand Jury for District of Utah, for violations of registration and anti-fraud provisions of Federal Securities Laws in the offer and sale of common stock of Comstock Uranium Tungsten Company, Inc.

#### COURT PRELIMINARILY ENJOINS CARROLL SECURITIES

The SEC Boston Regional Office announced March 13, 1959 (Release No. 1409) that the USDC, Mass., had signed an order preliminarily enjoining Edward J. Carroll, doing Business as Carroll Securities Company, Brookline, Mass., from violating the anti-manipulative, net capital and bookkeeping rules of the Commission, and ordering Carroll to forthwith account for and record all financial transactions not heretofore recorded on his books.

#### CROWELL-COLLIER PUBLISHING FILES STOCK OPTION PLAN

The Crowell-Collier Publishing Company, 640 Fifth Ave., New York, filed a registration statement (File 2-14836) with the SEC on March 16, 1959, seeking registration of 145,398 shares of Common Stock. These shares include (a) shares which are being offered or are to be offered from time to time by Crowell-Collier to certain key management employees of the company and its subsidiaries under the company's Stock Option Plan; and (b) shares heretofore purchased or to be purchased by optionees under said plan upon exercise of options granted pursuant to the plan, which may be resold by such persons to the public from time to time. The prospectus lists twelve selling stockholders who have received options for the purchase of 83,500 shares in the aggregate, at prices ranging from \$6.89 to \$9.27, of which options for 7,500 shares have been exercised. Holders of options for the largest blocks of stock are: W. D. Cole, board chairman and chief executive officer, 10,000 shares; Peter J. Dennerlein, 10,000; and E. J. McCaffrey, treasurer, 10,000.

## INVESTMENT FUNDS FILE FOR ADDITIONAL SHARES

Television-Electronics Fund, Inc., Chicago, and Investors Syndicate of America, Inc., Minneapolis, filed amendments on March 16, 1959, to their respective registration statements, seeking registration of additional securities, as follows: Television-Electronics, (File 2-10668), 10,000,000 common shares; I.S.A., (File 2-10804), Installment Fact Amount Certificates, four series, amounting to \$161,000,000.

## TEXAS GENERAL OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public stock offering by Texas General Corporation, 320 Broadway, New York.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. In a notification filed February 12, 1959, Texas General proposed the public offering of 400 shares of \$500 par Class A stock at \$500 per share pursuant to such an exemption. The Commission's order asserts that there was a failure by Texas General to comply with certain conditions of Regulation A; that its offering circular is false and misleading in respect of certain material facts; and that, in view thereof, the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act. The Commission's order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The false and misleading statements in the Texas General offering circular relate among other things to the following: (1) statements that the company expects to obtain oil in commercial quantities and that its proposed operations have a good chance of success, that further drilling will produce "the true oil pocket of this well," and that the structural controls on its Texas leases are of such a nature as to enhance the possibility of production and that "there is a strong possibility of production from both the Bluff Creek and Cook horizons;" (2) the failure to disclose various information, including the total accumulated production from the well on a certain lease and that such well was not a profitable venture, that the company has no reliable geological information on which to base its predictions with respect to production in Shackelford and Comanche Counties, the significance of the dry holes drilled on Texas General properties, and the location and depths of the non-productive wells drilled on its leases; and (3) the failure to disclose whether the Class A shares are voting or non-voting and whether there will be a return of funds to investors if all shares are not sold. Furthermore, according to the order, the company's notification fails to disclose the names and addresses of, and other required information with respect to predecessors and affiliates of Texas General.

## KRATTER CORP. FILES PURCHASE AND EXCHANGE OFFER

The Kratter Corporation, 521 Fifth Ave., New York, filed a registration statement (File 2-14837) with the SEC on March 16, 1959, seeking registration of 2,719,950 shares of its Class A stock and 300,000 shares of its Class B stock.

Kratter proposes to offer to purchase from the partners of certain limited partnerships, the interests in the capital units in such limited partnerships in exchange for a maximum of 2,457,450 shares of its Class A stock upon the basis of an "exchange evaluation". According to the prospectus, 250,000 Class A shares were sold by the company on March 14, 1959, to certain persons at \$10 a share and 300,000 shares of Class B stock were sold on March 4, 1959, to certain persons at \$1 a share. The company will not receive any part of the proceeds of such sales as the holders of the Class A and Class B shares may make.

Kratter was organized on February 26, 1959 and proposes to engage in a general real estate business, including leasing, purchasing or otherwise acquiring, owning, developing, using, holding, selling, conveying, exchanging, mortgaging and financing real property and any interests or rights therein. The plan for its formation was conceived by Marvin Kratter, of Riverdale, N. Y., who is president and board chairman. The company intends to acquire from the partners or assignees of the partners or the assignees of such assignees, the interests or assigned interests in the capital units in each limited partnership, respectively. Kratter, who has a partnership interest in each of such partnerships, intends to accept the exchange offer, with certain minor exceptions, and to remain as a general partner in each partnership. Seven partnerships are involved, Mart Associates and 3450

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Associates, both of California, and the following New York partnerships: Transamerican Associates, Fawcett Associates, King Edward Associates, Thirty Four Associates, and Pratney Associates.

GREATER ALL AMERICAN MARKETS FILES FOR STOCK OFFER

Greater All American Markets, Inc., 7814 East Firestone Boulevard, Downey, Calif., today filed a registration statement (File 2-14838) seeking registration of 300,000 shares of Common Stock, to be offered for public sale through J. Barth & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company operates a chain of eight super markets in Los Angeles and Orange Counties, outside the City of Los Angeles. It expects to use some \$1,000,000 of the net proceeds of the stock sale for the purchase of inventories for six new super markets which are proposed to be opened during 1959 and 1960. It is also anticipated that \$120,000 of the net proceeds will be used for advance rental payments under leases of land and buildings and leases of fixtures and equipment for these markets. The balance of the proceeds will be available for additional working capital.

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