

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 April 17, 1959

VIOLATIONS CHARGED TO SOUTHERN STATES SECURITIES

The Securities and Exchange Commission has ordered proceedings under the Securities and Exchange Act of 1934 to determine whether the anti-fraud and other provisions of the Federal Securities Laws have been violated by Southern States Securities Corporation, 1182 West Peachtree St., N. W., Atlanta, Ga., and, if so, whether its broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Southern has been registered with the Commission as a broker-dealer since January 29, 1958. Robert B. Sherwood is listed as president and as the owner of 100% of its outstanding capital stock. The application represents that no other person directly or indirectly controls the company's business.

According to the Commission's order, information developed in an investigation conducted by its staff, if true, tends to show that Southern and Sherwood "engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers" of Class A common stock of Asco, Inc., and common stock of Continental Underwriters, Inc., in violation of Section 17 (the anti-fraud provision) of the Securities Act of 1933, in that they solicited and induced the purchase of such stocks by means of false and misleading representations of material facts. The misrepresentations related, among other things, to the investment by principals of Asco in that company, the financial condition of the company which Asco intended to buy, the financial condition of Continental, dividends of Continental, guarantees to repurchase Continental stock, and the future performance of Continental.

Furthermore, the Commission's order asserts, the statements in Southern's application for broker-dealer registration concerning stock ownership and control are false; Southern violated the Commission's record-keeping rules by failing to make and keep current the required books and records and by falsifying its records through the failure to record certain entries with respect to assets, liabilities, receipts and disbursements; Southern failed to give or send confirmations of stock transactions; and Southern engaged in the conduct of a securities business in violation of the Commission's net capital rule, which is designed to safeguard investors against the financial instability of broker-dealer firms.

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

(Note to Press: Copies of foregoing also available in the SEC Atlanta Regional Office.)

DVORETSKY - DENNIS & CO, HEARING POSTPONED

The SEC has postponed from April 20 to April 22, 1959, at 2:00 P. M., the hearing under the Securities Exchange Act of 1934 to determine whether it is necessary or appropriate in the public interest to suspend the broker-dealer registration of Alexander Dvoretzky, doing business as Dennis & Company, 744 Broad St., Newark, N. J., pending further hearings and ultimate decision on the question of revocation. The postponement was necessitated by a conflict in assignment of cases. (For details concerning the proceedings, see News Digest of April 14, 1959).

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For further details, call ST. 3-7600, ext. 5526

SEC EXEMPTS TRANSACTIONS IN DEVELOPMENT CORP. MERGER

The SEC has issued an order under the Investment Company Act (Release 40-3865) granting an exemption from provisions of that Act with respect to transactions between Equity General Corporation, a wholly-owned subsidiary of The Equity Corporation, Development Corporation of America, and Real Estate Equities Corporation (the latter a subsidiary of Equity General), in connection with the merger of Real Estate Equities into Development Corporation.

Various transactions between the companies will precede the merger. Upon the merger becoming effective, Development Corporation will issue to Equity General (as holder of the Real Estate Equities stock) all of the 2,399,504 shares of Development Corporation common to be outstanding; and it will also issue 299,457 preferred shares to present holders of Development Corporation common on the basis of one share of preferred for each three shares of common.

OHIO POWER PROPOSES SALE

Ohio Power Company, Canton, has filed a proposal with the SEC for the sale of certain jointly-owned wood poles to The Ohio Bell Telephone company; and the Commission has issued an order (Release 35-13986) giving interested persons until May 4, 1959, to request a hearing thereon. The first sale, which is expected to be consummated after April 15, 1959, involves 12,243 poles located in Ohio Bell's Southwest Exchange Area. The second sale, expected to be consummated about May 15, 1959, involves 6,085 poles located in its Northeast Exchange Area. The selling price will be \$467,375 and \$235,132, respectively. Ohio Power is said to own considerably more jointly-used poles than Ohio Bell; and the purpose of the sales is to effect approximate equalization of investment in jointly-used poles and in the fees which each company pays the other for the privilege of joint use. The two companies will continue to share joint use of the poles.

INDUSTRO TRANSISTOR HEARING AGAIN POSTPONED

The hearing scheduled for April 20, 1959, in the proceedings under the Securities Act of 1933 to determine whether a stop order should be issued suspending the effectiveness of the registration statement filed by Industro Transistor Corporation, of Long Island City, N. Y., has been postponed for an additional week, or until April 27, 1959, by agreement of counsel for the company and counsel for the Commission, in order to complete the typing of a factual stipulation agreed to by the parties for introduction into the record of the proceedings in lieu of an evidentiary hearing.

AETNA-STANDARD DELISTING PROPOSED

The SEC has issued an order (Release 34-5937) giving interested persons until April 29, 1959, to request a hearing upon an application of the New York Stock Exchange to delist the common stock of The Aetna-Standard Engineering Company, whose principal assets have been sold to Blaw-Knox Company.


FOUR DELISTINGS GRANTED

The SEC has issued orders (Release 34-5937) granting exchange applications to delist the common stock of Automatic Washer Company from the Midwest Stock Exchange (the company is in the process of liquidation pursuant to court order); the capital stock of Trunz, Inc., from the American Stock Exchange (90,598 of the 100,000 outstanding shares are held by management officials and their families); the common stock of Industrial Development Corporation from the Midwest Stock Exchange (the company is in the process of liquidation); and the \$5.50 preferred stock of Spear & Company (all but 409 shares of the preferred have been exchanged for Spear common). All delistings are effective at the close of trading sessions on April 30, 1959.

UNLISTED TRADING IN COLUMBIA BROADCASTING APPROVED

The SEC has issued an order (Release 34-5937) granting an application of the Detroit Stock Exchange for unlisted trading privileges in the common stock of Columbia Broadcasting System, Inc., which is listed and registered on the New York and Pacific Coast Stock Exchanges.

DIT-MCO FILES FOR SECONDARY



DIT-MCO, Incorporated, 911 Broadway, Kansas City, Mo., filed a registration statement (File 2-14986) with the SEC on April 15, 1959, seeking registration of 30,000 outstanding shares of its common stock, to be offered for public sale at \$10.50 per share through Midland Securities Company, Inc., which will receive a commission of \$1.05 per share.

The company is engaged principally in the sale of an automatic electrical circuit analyzer. It has outstanding 170,250 common shares. George P. Heller, board chairman, owns 83,755 shares, or 50.68%. He and his wife propose to offer the 30,000 shares for public sale.

SOHIO FILES EMPLOYEE PLAN

The Standard Oil Company (an Ohio Corporation), Midland Building, Cleveland, filed a registration statement (File 2-14988) with the SEC on April 16, 1959, seeking registration of \$2,500,000 of Interests in its Sohio Employees Investment Plan, together with 25,000 shares of common stock and 9,000 shares of \$100 preferred stock, Series A, 3-3/4%, cumulative, which may be acquired pursuant to said Plan.

EL PASO ELECTRIC FILES FINANCING PROPOSAL

El Paso Electric Company, 215 North Stanton St., El Paso, Texas, filed a registration statement (File 2-14989) with the SEC on April 16, 1959, seeking registration of \$3,500,000 of First Mortgage Bonds, Series due 1989, and 20,000 shares of no par Preferred Stock, to be offered for public sale at competitive bidding.

Also included in the registration statement are 76,494 shares of \$5 par common stock which the company proposes to offer for subscription by holders of its outstanding common shares of record May 11, 1959, at the rate of one new share for each 20 shares then held. The subscription price and underwriting terms are to be supplied by amendment. Stone & Webster Securities Corporation is listed as the dealer manager.

The company proposes to use the net proceeds of the sale of these securities to retire its outstanding short term notes (\$2,000,000), evidencing borrowings for construction purposes, and for its 1959 construction program. The company estimates its 1959 construction expenditures at \$11,181,400.


MARINE MIDLAND FILES FOR RIGHTS OFFERING

Marine Midland Corporation, 241 Main St., Buffalo, N. Y., today filed a registration statement (File 2-14991) with the SEC seeking registration of 465,000 shares of Common Stock. The company proposes to offer this stock for subscription by holders of outstanding common stock of record May 12, 1959, at the rate of one new share for each 20 shares then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation, Eastman Dillon, Union Securities & Co., Schoellkopf, Hutton & Pomeroy, Inc., and Granbery, Marache & Co. are listed as the principal underwriters.

Marine Midland owns substantially all the capital stocks of eleven banks or trust companies, which are engaged in a general commercial banking business and serve 93 communities in New York through 169 banking offices. It functions primarily as a controlling stockholder of its constituent banks, and as such supplies its banks with various services.

Of the net proceeds of the proposed stock sale, it is anticipated that \$9,000,000 will be used to pay an outstanding bank loan due September 30, 1962. Any balance will be available for general corporate purposes.

SOUTHERN ELECTRIC GENERATING PROPOSES BOND OFFERING



Southern Electric Generating Company, 600 North 18th St., Birmingham, Ala., today filed a registration statement (File 2-14992) with the SEC seeking registration of \$25,000,000 of first Mortgage Bonds, Series due 1992, to be offered for public sale at competitive bidding.

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As previously indicated (see News Digest of April 15, 1959), this financing represents the initial issue of bonds by Southern in connection with financing the cost of constructing a steam-electric generating station on the Coosa River in Alabama and related facilities, the cost of which is estimated at \$161,000,000. All of Southern's common stock is held by Alabama Power Company and Georgia Power Company, in equal amounts.

HINSDALE RACEWAY HEARING POSTPONED

The hearing scheduled for April 20, 1959, in the proceedings to determine whether a stop order should be issued suspending the effectiveness of a registration statement filed by Hinsdale Raceway, Inc., Hinsdale, N. H., has been postponed to May 4, 1959, upon request of company counsel. The Hinsdale Raceway registration statement, filed December 29, 1959, proposed the public offering of capital trust certificates for 1,000,000 shares of capital stock and \$1,000,000 of 6% debenture notes. The proceedings instituted by the Commission challenge the adequacy and accuracy of various informational disclosures contained in the statement and prospectus (see Release 33-4066). In requesting postponement of the hearing, counsel states that the parties expect to agree upon a factual stipulation which will avoid the necessity for an evidentiary hearing.

AVNET ELECTRONICS FILES FOR OFFERING AND SECONDARY

Avnet Electronics Corporation, 70 State Street, Westbury, N. H., and 5877 Rodeo Road, Los Angeles, today filed a registration statement (File 2-14993) with the SEC seeking registration of 175,000 shares of its Common Stock. Of this stock, Avnet proposes to offer for public sale 100,000 shares; and an additional 75,000 shares, representing outstanding stock, is to be offered for sale by the holders thereof. The offering price is to be \$5.75 per share, with a \$.575 commission to the underwriters, headed by Michael G. Kletz & Co., Inc., and Amos Treat & Co., Inc. The principal stockholders of the two underwriters also have acquired 22,000 common shares at \$1 per share from the selling stockholders.

Avnet, together with its subsidiaries, is engaged in the business of manufacturing, assembling and distributing certain products, such as electrical connectors, transistors, diodes, capacitors, transformers, and other related items to the electronic, aircraft, missile and communications industries. Net proceeds to the company of its sale of the 100,000 shares will be added initially to its general funds. Present outstanding loans will be retired; but it is anticipated that further intermittent bank borrowings will be required. The company also expects during the next twelve months to purchase its leased premises at Westbury; to prepay its long term lease contracts on machinery in the sum of \$35,000; to purchase some \$50,000 of inventory requirements; and to use the balance of the proceeds of the stock sale for working capital purposes.

The company has outstanding 600,000 common shares, of which Lester Avnet, president, Robert H. Avnet, board chairman, and Charles Avnet, vice president, own 200,000, 200,000 and 140,000 shares respectively. Each proposes to offer for public sale 25,000 shares.

WEST PENN POWER PROPOSES BOND OFFERING

West Penn Power Company, Greensburg, Pa., today filed a registration statement (File 2-14955) with the SEC seeking registration of \$14,000,000 of First Mortgage Bonds, Series R, due June 1, 1989, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds, together with other cash resources and about \$5,000,000 from the expected sale of additional common stock in 1960, will be applied to the company's construction program and repayment of bank loans incurred therefor. Construction expenditures for 1959 and 1960 are estimated at \$32,400,000.

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