

NEWS DIGEST

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 Public Affairs Unit, cite number)

FOR RELEASE May 19, 1959**VIOLATIONS CHARGED TO PFEFFER-MURRAYHILL INVESTMENT**

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Sol T. Pfeffer, doing business as Murrayhill Investment Company, 9350 Wilshire Blvd., Beverly Hills, California.

According to the Commission's order, information developed in an investigation conducted by its Staff, if true, tends to show that Pfeffer since January 14, 1959, has "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit" upon his customers in that he induced their purchase of securities at prices "far in excess of the prevailing market prices" while withholding from such persons information with respect to such market prices.

Furthermore, the order asserts, Pfeffer falsified his application for registration by reason of a disclaimer therein that any other person controlled his business; included therein a statement of financial condition which was false and misleading with respect to cash in bank, total assets, and net worth; engaged in the conduct of a securities business while his net capital did not meet the minimum requirements of the Commission's net capital rule; and falsified his books and records related to his capital account, all in violation of Commission rules governing these matters.

Pfeffer became registered as a broker-dealer on December 7, 1958. Under date of April 17, 1959, he applied for withdrawal of his registration. A hearing for the purpose of taking evidence on the foregoing matters, and to consider the withdrawal request, will be held at a time and place later to be announced.

(Note To Press: Foregoing also released by the SEC Los Angeles Branch Office.)

MOUNTAIN STATES URANIUM OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order under the Securities Act of 1933 temporarily suspending a Regulation A exemption from registration with respect to a public offering of stock by Mountain States Uranium, Inc., of 9709-1/2 West Colfax Ave., Denver, Colo. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

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 in May 1954, Mountain States Uranium proposed the public offering of 30,000,000 common shares at 1¢ per share pursuant to such an exemption. According to the Commission's order, (1) the notification failed to disclose changes in the company's officers and directors and in their security holdings; and (2) the company's offering circular failed to disclose the uses of the proceeds of the stock sale, the status of its right, title and interest to its properties, and the results of work performed on the properties, including the status of performance of assessment work. The stock offering, under such circumstances, "would operate as a fraud and deceit upon purchasers," the order asserts.

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SECURITIES VIOLATIONS CHARGED TO CAPITOL UNDERWRITING

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the Federal Securities Laws have been violated by Capitol Underwriting Company, 2801 East Colfax Ave., Denver, and if so, whether its application for broker-dealer registration should be denied.

According to the Commission's order, an investigation conducted by its Staff tends, if true, to show that from May 1957 to date Capitol and two of its officials (1) have offered and sold Western Empire Life Insurance Company stock in violation of the registration requirements of the Securities Act of 1933 and (2) have engaged in the conduct of a securities business without registration as a broker-dealer and in violation of the registration requirements of the Securities Exchange Act. The officials named are Elbert Allen Cannady, president, and Glenn Charles Wilkin, secretary-treasurer.

At an initial hearing scheduled for June 1, 1959, in the Commission's Denver Regional Office, inquiry will be conducted into the foregoing matters for the purpose of determining whether, pending further hearing and Commission decision of the ultimate question of denial of Capitol's application for broker-dealer registration, it is necessary or appropriate in the public interest to postpone the effective date of registration.

THREE STOCK OFFERINGS SUSPENDED

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Central Publications Service, Inc., 11 West 42nd St., New York

Proposed offering of 750 common shares at \$100 per share pursuant to a notification filed June 5, 1956.

De Lys Theatre Associates, Inc., 133 West 72nd St., New York

Proposed offering of 600,000 shares of common and 120,000 shares of preferred, in units of 50 shares of common and 10 shares of preferred at \$10.50 per unit, pursuant to a notification filed June 20, 1958.

George Wiener as "Dis Mus Be Der Place Company," 1619 Broadway, New York

Proposed offering of pre-formation limited partnership interests in the amount of \$250,000, pursuant to a notification filed February 14, 1956.

Regulation A provides a conditional exemption from registration with respect to public offerings not exceeding \$300,000 in amount. The Commission's order with respect to Central Publications and George Wiener asserts that there has been a failure to comply with one of such conditions, namely, a requirement for the filing of semi-annual reports of the sale of securities pursuant to the exemption.

The Commission's order with respect to De Lys Theatre Associates asserts that that company also failed to comply with certain requirements of Regulation A. Moreover, according to the order, Associates' offering circular is false and misleading in respect of certain material facts and the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act. It is asserted in this connection that the offering circular failed to disclose adequately the facts with respect to the interests (by security holdings or otherwise) of each promoter, officer and director, the expenses of the stock offering, the intended use of the proceeds of the stock sale, whether there would be a return of funds to subscribers if all the shares were not sold, and cash receipts and disbursements by Associates and its predecessor.

Each of the orders provides an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent.

BELLIN SECURITIES REGISTRATION SUSPENDED

In an interim decision announced today, the Securities and Exchange Commission suspended the broker-dealer registration of A. G. Bellin Securities Corp., 56 Beaver St., New York, pending further

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hearing and decision on the ultimate question of revocation, because of "fraudulent representations to investors" in the sale of unregistered stock of General Oil & Industries Co., Inc.

Bellin Securities became registered as a broker-dealer on May 4, 1957. Arthur G. Bellin, Benjamin Zwang, and Walter M. Holtzberg are directors, principal officers and sole stockholders.

According to the decision, Bellin Securities acquired 208,000 shares of General stock from Canadian and New York securities firms during July-September 1958 at prices ranging from 1 to 1-1/8, and sold those shares to over 200 investors at prices ranging from 1-1/4 to 1-7/8. None of the shares has been registered pursuant to the Securities Act, and no exemption from registration was asserted to be available. In the sale of such stock, General's salesmen made "numerous false and misleading representations" over the telephone to purchasers, including statements that General would be "making 20¢ the next quarter and 30¢ the following quarter," and would declare a 20¢ dividend the following year, that the stock presented a "marvelous opportunity," was bound to go up, that the stock would "move very fast," that the customer would be able to liquidate the stock at any time, that the market price was expected to double in a few months, that the stock would sell at between \$5 and \$6 a share within 4 or 5 months, that the "prospects for future profits were infallible," that the customer was missing the biggest opportunity of his life by not buying additional stock, that the customer was guaranteed recoupment within a short time of losses sustained by him on holdings of other securities, that the "head of Getty Oil" had an interest in General, that the stock would be taken over shortly by a company listed on the American Stock Exchange, and that there were possibilities of the stock being listed on that Exchange.

Bellin Securities also distributed a brochure to its customers and to persons on a mailing list which contained false and misleading representations, including a statement that General "has a promising profit potential" with an "indicated steady cash flow income from its present producing wells." The brochure also falsely represented that the exercise price of an option to acquire an interest in New Mexico acreage containing 24 producing gas wells "appears unusually attractive" and that Bellin Securities was confident that, on a speculative basis, General's stock "could become a very profitable investment for those seeking substantial capital gains profit." It also included the glowing statement that "An oil stock could be . . . the foundation of your fortune!" and gave two examples of fortunes allegedly made through oil stocks, and referred to the "prolific Texas field" where General's producing oil wells are located and to General's lease holdings on other acreage in New Mexico.

"According to the evidence present at the hearings, all these representations were false or misleading," the Commission stated. General's only income-producing assets during the period in question were five Texas wells from which it derived a total gross income of only \$9,000 in July, August and September 1958. After deducting the expenses of operating the wells, and without allowance for salaries and administrative and other expenses paid by General, earnings on General's 1,500,000 outstanding shares "amounted at best to somewhat less than 2¢ per share per year." Moreover, General did not have funds with which to exercise the option to acquire the 24 producing wells, nor any reasonable basis for expecting that it could raise the required funds, or funds with which to pay 1959 installments on its purchase of 27 oil wells in Louisiana acquired in September 1958 for \$125,000. There was no basis or justification in fact for the other representations.

Bellin Securities salesmen testified at the Commission's hearing and denied making the statements attributed to them by investor witnesses, stating that they had merely represented to their customers that General stock was speculative and involved risks but was a good capital gains situation, and recommended purchase of the stock as an investment based on its speculative situation and growth possibilities. "On the basis of our observation of the demeanor of the investor witnesses and of registrant's salesmen at the hearings and our review of the record before us," the Commission stated, "we accept the investors' versions of their conversations with the salesmen." Several factors were found to militate against crediting the testimony presented on behalf of Bellin Securities, including its glowing recommendations of purchase without having obtained a financial statement from General, the Commission observing: "In our opinion it was convincingly demonstrated that registrant and its salesmen deliberately embarked on an intensive campaign to sell General stock irrespective of its investment worth."

(N) NO PRESS: Also available SEC New York Regional Office)

INDICTMENT NAMES ULTRASONIC AND DANSER, JR.

In an indictment returned May 18, 1959, by a Federal court grand jury in Boston (Lit. Release 1443), Ultrasonic Corporation (now known as Advance Industries, Inc.) of Cambridge and Harold W.

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Danser, Jr., its former president, were charged with violating the anti-fraud provisions of the Securities Act in the sale of Ultrasonic stock in 1954 and conspiring to file a false registration statement under the Securities Act under which the stock was to be offered.

CANADIAN RESTRICTED LIST

The SEC has dropped the names of the following Canadian companies from its Canadian Restricted List (Release 33-4085):

Basic Minerals Limited	Forbes Lake Mining Corporation Limited
Eli-Riv Uranium and Copper Corporation Limited	Great Valley Exploration and Mining Limited
Blumont Mines Limited	Lorando Uranium Mines Limited
Britco Oils Limited	Marvel Uranium Mines Limited
Cabanga Developments Limited	Monpre Uranium Exploration Limited
Cavalcade Petroleums Limited	New Lafayette Asbestos Company Limited
Colonial Asbestos Corporation Limited	Oakridge Mining Corporation Limited
Comet Petroleums Limited	Rouandah Oils and Mines Limited
Continental Uranium Corporation Limited	Trio Uranium Mines Limited
Copper Island Mining Company Limited	Triton Mines and Metals Corporation Limited
Cordon Cobalt Mines Limited	Triton Uranium Mines Limited
Falger Mining Corporation Limited	West Plains Oil Resources Limited
Famous Gus Uranium Mines Limited	Winston Mining Corporation Limited
Fleetwood Yellowknife Mines Limited	Nortoba Nickel Explorations Limited
	Woodgreen Copper Mines Limited

The list contains the names of Canadian companies whose securities have been the subject of distributions into the United States during the past year. A revised, up-to-date listing of the 191 companies remaining on the list will be issued May 20, 1959. (Copies of the revised list may be obtained by requesting Release 33-4086.)

WEST PENN POWER BOND FINANCING CLEARED

The SEC has issued an order under the Holding Company Act (Release 35-14005) authorizing West Penn Power Company, Greensburg, Pa., to issue and sell \$14,000,000 of bonds at competitive bidding. Net proceeds will be applied to the payment of \$8,500,000 of bank loans incurred for construction expenditures, and the balance will be applied to further construction.

THRIFTIMART PROPOSES DEBENTURE OFFERING

Thriftmart, Inc., 1489 W. Washington Blvd., Los Angeles, filed a registration statement (File 2-15121) with the SEC on May 18, 1959, seeking registration of \$8,000,000 of Convertible Subordinated Debentures due 1980, to be offered for public sale through an underwriting group headed by Reynolds & Co., Inc. and Lester, Ryons & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the debenture sale are expected to be applied to the extent of about \$6,000,000 to the acquisition, construction and equipping of new supermarket facilities under the company's expansion program during the next two fiscal years. The company also proposes to apply \$900,000 to the payment of certain trust deed notes payable by it and a subsidiary; and the balance will be added to general funds to provide additional working capital for the expansion program and for general corporate purposes.

ST JOSEPH LIGHT & POWER PROPOSES BOND OFFERING

St. Joseph Light & Power Company, 520 Francis St., St. Joseph, Mo., filed a registration statement (File 2-15122) seeking registration of \$4,500,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding. Net proceeds are to be applied toward payment of bank loans (outstanding in the amount of \$5,470,000 at March 31, 1959) incurred by the company as temporary financing for its continuing construction program. The company anticipates that its construction program will require expenditures of \$1,350,000 during 1959 and additional sums in future years.

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HEROLD RADIO PROPOSES DEBENTURE OFFERING

Herold Radio & Electronics Corporation, 716 South Columbus Ave., Mount Vernon, N. Y., filed a registration statement (File 2-15123) with the SEC on May 18, 1959, seeking registration of \$1,500,000 of 6% Convertible Subordinated Debentures due June 15, 1974. The debentures are to be offered for public sale at 100% of principal amount through Ira Haupt & Co., Hirsch & Co., and Amos Treat & Co., Inc. Underwriting terms are to be supplied by amendment. The company will reimburse the underwriter for not more than \$4000 of their advertising and other expenses; and the underwriters will buy from the company for a nominal consideration warrants to purchase 20,000 common shares during a five-year period, the exercise price of the warrants to be supplied by amendment.

Net proceeds of the sale of the debentures will be used to reduce notes payable, excise taxes, payroll taxes and other current liabilities.

AMERICAN BAKERIES FILES FOR SECONDARY

American Bakeries Company, 919 No. Michigan Ave., Chicago, today filed a registration statement (File 2-15124) with the SEC seeking registration of 60,000 outstanding shares of its Common Stock. This stock is to be offered for public sale by the present holders thereof through an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith. The public offering price and underwriting terms are to be supplied by amendment.

The company has outstanding 1,694,135 shares of common stock as of May 15, 1959 (which may be increased to 1,747,745 if 21,444 shares of preferred stock are converted into common). The selling stockholders are L. A. Cushman, board chairman, selling 35,000 shares, and L. A. Cushman and his wife Martha-Bryan Allen Cushman, as Trustees of an inter vivos trust for their children, selling 25,000 shares. Cushman is listed as the owner of 67,356 shares and the trust 80,000 shares, while Mrs. Cushman owns an additional 2,893 shares.

VARIAN ASSOCIATES FILES EMPLOYEE STOCK PLAN

Varian Associates, 611 Hansen Way, Palo Alto, Calif., today filed a registration statement (File 2-15125) with the SEC seeking registration of \$2,025,000 of Interests in its Employee Stock Purchase Plan, together with 70,244 shares of capital stock which may be acquired pursuant thereto.

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