

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE April 19, 1957

Securities Exchange Act Release No. 5491

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 Columbia Securities Company, Inc. of Wyoming, Denver, Colorado. The hearing therein, which also will concern itself with the question whether Columbia should be suspended or expelled from membership in the National Association of Securities Dealers, Inc., will commence on May 2, 1957, in the Commission's Los Angeles Branch Office.

The Commission also has ordered that such proceedings be consolidated with similar proceedings heretofore ordered against Sterling Securities Company, of Los Angeles (see Release No. 5474). According to the Commission's orders, William Benjamin Feinberg, president, a director and a controlling stockholder of Columbia Securities, also was president, a director and a controlling stockholder of Sterling Securities from November 28, 1955, to approximately June 29, 1956.

The Commission's order with respect to Columbia Securities asserts that information obtained as a result of an investigation conducted by its staff tends to show that, in connection with the purchase and sale of capital stock of Mio Dio Uranium Corporation (Denver) during the period from approximately May 15, 1956, to date, Sterling Securities employed "devices, schemes and artifices to defraud..." and engaged in "acts, practices and a course of business which operated as a fraud and deceit upon certain persons," in that it induced said persons to buy and sell the Mio Dio stock by means of false and misleading representations of material facts concerning, among other things, the market for the said stock, the market price of the stock, Sterling Securities' domination and control of the market, its activities in the market, and the activities and plans of the officers, directors and promoters of Mio Dio. The order further asserts that Feinberg caused Sterling Securities to engage in such activities.

With respect to the proceedings involving Sterling Securities, the Commission has amended its order of March 14, 1957, so as to charge that both Marc Sterling, its president, treasurer, director and controlling stockholder, and William Benjamin Feinberg, its former president, director, and controlling stockholder, caused Sterling Securities to engage in the activities above referred to.

At the consolidated hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether Sterling Securities, Marc Sterling and William Benjamin Feinberg have engaged in the activities complained of and, if so,

whether they have violated the anti-fraud provisions of the Federal Securities Laws and whether the broker-dealer registrations of Sterling Securities and Columbia Securities should be revoked and/or whether they should be suspended or expelled from NASD membership.

Securities and Exchange Act Release No. 5492

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Foster-Mann Inc., New York, N. Y., should be revoked. The hearing therein is scheduled for May 1, 1957, in the Commission's New York Regional Office.

Foster-Mann Inc. has been registered with the Commission as a broker-dealer since September 22, 1955. Victor Foster and Herbert R. Mann are listed as president and secretary, respectively; and they also are directors of the company and each owns 10% or more of its outstanding Class B common stock.

According to the Commission's order, Foster-Mann Inc., Victor Foster and Herbert R. Mann were permanently enjoined on March 29, 1957, by the United States District Court for the Southern District of New York, from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

At the Commission's hearing on May 1, 1957, inquiry is to be conducted into the question whether, in view of said injunction, it is in the public interest to revoke the broker-dealer registration of Foster-Mann Inc.

Securities Act Release No. 3778

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:

Bapay Minerals, Inc., Tungstonia, White Pine County, Nevada

In its Regulation A notification, filed October 8, 1953, Bapay proposed the public offering of 800,889 shares of common stock at 25¢ per share

Mack-Lang Uranium Corporation, Lander, Wyoming

The Regulation A notification filed on March 29, 1955, by Mack-Lang proposed the public offering of 300,000 shares of common stock at \$1 per share

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

In its suspension orders, the Commission asserts that the respective companies failed to comply with the terms and conditions of Regulation A; that their offering circulars contain false and misleading representations of material facts; and that use of said offering circulars would operate as a fraud and deceit upon purchasers.

With respect to Bapay, the Commission's order alleges that that company's offering circular fails to contain the required statement of cash receipts and dis-

bursements or income and expense and fails to contain a financial statement of Bapay's condition of the type required, and that the company failed to file the required semi-annual report of stock sales and the use to which the proceeds thereof were applied. Furthermore, it is alleged that the offering circular was false and misleading in respect of (1) the quantity, quality and value of ore to be found on Bapay's leased properties; (2) the financial condition of Bapay, in that the financial statement contains extensions for dollar amounts for non-cash transactions notwithstanding that Bapay was at that time an industrial or extractive company in the promotional, exploratory or development state; and (3) the failure to disclose that Bapay failed to make certain payments as required by certain contracts under which it was acquiring its properties and thereby or otherwise lost its properties.

The Commission's order with respect to Mack-Lang asserts that the aggregate offering price of all securities required to be included in the computation exceeds the \$300,000 limitation prescribed by Regulation A; that the notification failed to include information with respect to unregistered securities of the issuer sold on its behalf and on behalf of its affiliates within one year; and that the company failed to file the required semi-annual reports of stock sales and use of proceeds. In addition, the order alleges that Mack-Lang's offering circular contains false and misleading information with respect to (1) stock of Mack-Lang owned by its promoters, organizers and affiliates, (2) the intentions of the promoters, organizers and affiliates with respect to the distribution of Mack-Lang stock which they had received, and (3) the interests and investments of the promoters, organizers and affiliates in Mack-Lang; and that the offering circular failed to disclose the nature and status of certain material litigation in which Mack-Lang is a defendant and in which a judgment is sought against the company for a material amount.

Holding Company Act Release No. 13452

The Potomac Edison Company (Frederick and Hagerstown, Md.) has joined with three of its wholly-owned subsidiaries in the filing of a proposal for the purchase by Potomac of additional common stock of the subsidiaries; and the Commission has issued an order giving interested persons until May 6, 1957, to request a hearing thereon.

Under the proposal, Potomac will acquire \$1,050,000 (10,500 shares) of Northern Virginia Power Company stock; \$900,000 (9,000 shares) of Potomac Light and Power Company stock; and \$119,000 (23,800 shares) of South Penn Power Company stock. The subsidiaries will apply the proceeds for necessary property additions and improvements.

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Investment Company Act Release No. 2511

The Value Line Fund, Inc., New York investment company, and Arnold Bernhard & Co., Inc., its investment adviser, have joined in the filing of an application with the SEC for an exemption order permitting Bernhard & Co. to acquire from Value Line 8,800 shares of stock of Estey Organ Corporation (of Delaware); and the Commission has issued an order giving interested persons until April 29, 1957, at 1:00 P.M. to request a hearing thereon. Because of the inter-company affiliation, the transaction is prohibited by the Investment Company Act unless an exemption order is issued by the Commission.

According to the application, the proposed transaction is designed to dispose of Value Line's stock interest in Estey so as to bring Value Line into compliance with its by-laws; give Value Line a possible opportunity to realize benefits, if any, which may result from the efforts to rehabilitate Estey; and make available to Value Line shares of Estey stock for tender to Eastman Dillon, Union Securities & Co., in connection with a pending action for damages and for rescission instituted by Value Line against Eastman, Dillon in respect of the 1955 purchase by Value Line from Eastman Dillon of stock of Estey Organ Corporation (of Vermont), the predecessor of Estey. Under the purchase agreement, Value Line is to sell to Bernhard & Co. 8,800 shares of Estey stock at \$2 per share, or such higher price as may be realized by Bernhard & Co. upon the resale of such shares.

Investment Company Act Release No. 2512

The Lehman Corporation, New York investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its acquisition of a limited partnership interest in certain oil properties; and the Commission has issued an order giving interested persons until May 1, 1957, to request a hearing thereon. According to the application, the firm of Lehman Brothers and certain of its partners, affiliated persons of the applicant, intend to become limited partners in a limited partnership formed for the purpose of exploitation and development of certain interests in oil properties, the capital interest of the firm and such partners to be in the aggregate amounts of approximately \$250,000 and \$1,000,000 respectively. Certain customers and associates of that firm also are to become limited partners, to the extent of approximately \$1,500,000. Applicant has been invited to become a limited partner to the extent of \$750,000. The aggregate capital interest of the limited partners in this partnership, including those of other limited partners in addition to applicant, said firm, such partners, and such customers and associates of the firm, will be \$12,000,000.

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Irving Trust Company, New York, filed a registration statement (File 2-13264) with the SEC on April 18, 1957, seeking registration of American Depositary Receipts for 15,000,000 American Shares to be issued against the deposit of Ordinary 5 Shilling Par Value Shares of Stanhill Holdings Limited.

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Florida Power Corporation (St. Petersburg) today filed a registration statement (File 2-13265) with the SEC seeking registration of 255,813 shares of its \$7.50 par Common Stock. The company proposes to offer this stock for subscription by its common stockholders at the rate of one additional share for each ten shares held on May 14, 1957. The subscription price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane are listed as the principal underwriters.

The company's 1957 construction program is estimated at \$33,587,000 (of which \$4,096,000 was expended during the first two months). This program is to be financed from the net proceeds of this common stock offering, from funds received from the liquidation of its subsidiary, Georgia Power and Light Company, resulting from the sale of its properties to Georgia Power Company, and from cash generated from operations.

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The Pittston Company, New York, today filed a registration statement (File 2-13263) with the SEC seeking registration of 2,000 Participations in its Savings-Investment Plan for Salaried Employees, together with 20,000 shares of Pittston's \$1 par Common Stock which may be acquired under the Plan.

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