

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 24, 1957

Securities Exchange Act Release No. 5498

The SEC today announced the issuance of a decision revoking the broker-dealer registration of Mitchell Securities, Inc., of Baltimore.

The revocation was based upon a May 16, 1956, decree of the United States District Court for the District of Maryland enjoining Mitchell Securities, Inc., C. Benjamin Mitchell, its president and director, and Rossell P. Dotterer, vice-president and director, from selling securities by means of false statements and misleading omissions. The complaint in that action alleged that Mitchell Securities sold its own debentures to the public by means of misrepresentations concerning its financial condition, its history of unprofitable operations, and the commissions paid in connection with such sale.

Mitchell Securities consented to the issuance of the revocation order.

Securities Exchange Act Release No. 5499

The SEC today announced the issuance of a decision revoking the broker-dealer registration of Edward B. Clark, doing business as Edward B. Clark & Co., Idaho Falls, Idaho, for willful violations of the anti-fraud, net capital, record keeping and reporting provisions of the Securities Exchange Act of 1934 and the Commission's rules thereunder. Clark admitted the factual statements contained in the order of the Commission which authorized the proceedings and consented to the entry of the revocation order. The order also expelled Clark from membership in the National Association of Securities Dealers, Inc.

According to the decision, Clark engaged in the conduct of a securities business from December 1, 1955, to July 1, 1956, when his indebtedness to all other persons exceeded 2000 per centum of his net capital, in violation of the Commission's net capital rules; did not give customers written notification of the capacity in which he was acting; did not disclose that his liabilities exceeded his assets and that he was unable to meet current liabilities; and, contrary to his representations, did not make prompt delivery of securities purchased or the proceeds of securities sold for customers.

Furthermore, the Commission stated, Clark also hypothecated and permitted the hypothecation of customers' securities under circumstances which permitted the commingling of their securities without first obtaining the written consent of each such customer; failed to make and keep current certain books and records; and on February 3, 1956, filed with his application for broker-dealer registration a report financial condition which was false and misleading, in that it failed to disclose certain assets and liabilities, including certain customers' accounts receivable and payable.

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

(OVER)

Janaf, Incorporated, Washington, D. C., filed a registration statement (File 2-13274) with the SEC on April 23, 1957, seeking registration of \$10,000,000 of 5½% - 8% Variable Interest Sinking Fund Debentures and 400,000 Common Shares, 20¢ par. The company proposes to offer these securities in units consisting of 40 common shares for each \$1,000 of debentures or 4 common shares for each \$100 of debentures. The offering price for each unit of \$1,000 of debentures and 40 common shares is to be \$1,008 per unit. Underwriting arrangements are to be supplied by amendment.

Organized under Delaware law in August, 1953, Janaf is devoting itself "to the acquisition of desirable land and developing it with shopping centers, motor hotels and other commercial and residential buildings which offer promise of both profit and long term gain possibilities." Its founder, president and director is James K. Beazley.

Janaf has three wholly-owned subsidiaries, Janaf Shopping Center, Inc., Janaf Motor Hotels, Inc., and Janaf Homes, Inc. It proposes to use the proceeds of this financing to lend funds to the subsidiaries necessary to provide all or suitable working capital. Of the proceeds, \$5,000,000 are to be advanced to Janaf Shopping Center for its shopping center near Norfolk, Va., and \$500,000 to pay Second Deed of Trust on the Shopping Center land and leases; \$600,000 to Janaf Motor Hotels for its Admiralty Motor Hotel adjacent to the Shopping Center; \$200,000 to Janaf Homes; \$2,050,000 for acquisition of land and/or new development (new ventures); \$750,000 to retire the present preferred shares; and \$180,000 for expenses.

* * * *

CORRECTION: In the SEC News Digest of April 23, 1957, with respect to the proposed offering of an additional 175,118 shares of \$5 par Common Stock by Sundstrand Machine Tool Co. to its stockholders, it was erroneously reported that the offering would be made on the basis of 1 additional share for each share held. The offering is to be made at the rate of 1 additional share for each 8 shares held.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Securities Exchange Act of 1934
Release No. 5500

I

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether the \$1 par Common Stock of Bellanca Corporation (formerly Bellanca Aircraft Corporation), of New Castle, Delaware, should be suspended for not more than twelve months, or withdrawn, from listing and registration on the American Stock Exchange, for alleged violations of the disclosure and reporting requirements of that Act. The hearing for the purpose of taking evidence therein is scheduled for 10:00 A.M., May 8, 1957, in the Commission's Washington Office.

At the hearing, inquiry will be conducted into various allegations of failure on the part of Bellanca to comply with the disclosure and reporting requirements of Sections 13 and 14 of the Act, as set forth below. These allegations are an outgrowth of a study and investigation conducted by the Commission's staff, from which it appears that Bellanca has violated the said provisions of the Act. This investigation is continuing into other and related aspects of the transactions referred to below, for the purpose of determining whether other provisions of the Federal Securities Laws have been violated.

II

On or about August 29, 1955, registrant acquired approximately 97% of the stock of N. O. Nelson Company, St. Louis, Mo. (hereinafter called "Nelson"), and 45.5% of the stock of Joplin Supply Company, Joplin, Mo. (hereinafter called "Joplin"). At the time of such acquisition the amount paid for the assets acquired exceeded 15 per cent of the total assets of the registrant. The Commission has reason to believe that the information reported with respect to certain transactions involving Nelson and Joplin was insufficient, misleading and not timely filed as required by Rule X-13A-11 and Form 8-K pursuant to Section 13 of the Act, in the following respects:

1. On September 12, 1955, registrant reported its acquisition of Nelson and Joplin on Form 8-K filed with the Commission but failed therein to state the manner of acquisition, the nature and amount of consideration given therefor, the principle followed in determining the amount of such consideration, and the identity of the persons from whom the assets were acquired. Registrant further failed to disclose the terms of its loan agreement with Maston & Company, New York, N. Y., the proceeds of which were used to purchase Nelson and Joplin.

2. Registrant failed to file a Form 8-K with the Commission to report the pledging of assets of Nelson and Joplin to Walter E. Heller & Co., Chicago, Illinois on or about December 1955.

3. Registrant failed to file a Form 8-K with the Commission to report its default on notes made to Nelson and Joplin for approximately \$3,600,000 and executed in or about December 1955, which notes, by their terms, were due six months from the date of issuance.

4. Registrant failed to file a Form 8-K to report a legal proceeding instituted on May 7, 1956 by a minority stockholder of Nelson. A temporary injunction restraining Nelson from issuing a dividend of which registrant's share was approximately \$3,500,000 was obtained on or about May 8, 1956. Registrant further failed to file a Form 8-K to report the commencement of proceedings under the Bankruptcy Act against Nelson in or about July 1956.

III

In or about December 1955, registrant entered into a contract to acquire shares of Automatic Washer Company, Newton, Iowa (hereinafter called "Automatic") and other considerations in exchange for its holdings in Nelson. The exchange was made in or about April 1956. At the time of such acquisition the amount paid for the assets acquired exceeded 15 per cent of the total assets of the registrant. The Commission has reason to believe that the information reported with respect to such acquisition was insufficient, misleading and not timely filed as required by Rule X-13A-11 and Form 8-K pursuant to Section 13 of the Act, in the following respects:

1. Registrant failed to file a Form 8-K with the Commission disclosing the contract of December, 1955 within the time prescribed for reporting such events. Registrant further failed to file a Form 8-K to report a material amendment to the contract executed in or about February 1956.
2. On May 11, 1956 registrant reported its acquisition of Automatic, but failed to state material facts with respect to a note for \$915,000 alleged by registrant to have been indebtedness of Sidney Albert to Automatic. The Form 8-K of May 11, 1956 was further materially deficient in that financial statements of Automatic were not filed.
3. Registrant failed to file a Form 8-K to report the commencement of proceedings under the Bankruptcy Act against Automatic in or about October 1956.

IV

The Commission has reason to believe that in or about May 1956, registrant entered into a contract with Bankers Life & Casualty Co., Chicago, Illinois (hereinafter called "Bankers") whereby the registrant agreed to transfer over 1,000,000 shares of Automatic for certain hotel and oil properties valued in the contract at approximately \$8,900,000. Such contract required the payment of an amount exceeding 15 per cent of the total assets of the registrant. Registrant failed to file a Form 8-K, although the instant transaction was an event required to be so reported.

In September 1956, Bankers instituted an action in the Circuit Court of Cook County, Illinois, wherein registrant was named as the defendant, to obtain a declaration by the court that Bankers owns 500,000 shares of Automatic deposited with it by registrant pursuant to the agreement of May 1956, which agreement involved the exchange of Automatic shares for hotel and oil properties. Registrant failed to file a Form 8-K reporting this legal proceeding.

V

In or about August 1955, registrant entered into a contract for the acquisition of approximately 22 per cent of the capital stock of Waltham Watch Company, Waltham, Massachusetts (hereinafter called "Waltham"). In 1956 registrant contracted to dispose of these shares. The Commission has reason to believe that the information reported to it with respect to such acquisition and disposition of Waltham was false and misleading in the following respects:

1. In the report of the acquisition of Waltham on a Form 8-K filed on September 12, 1955, registrant failed to disclose that it was obligated under the sales agreement to offer to purchase the remaining 78 per cent of the stock of Waltham for cash or in exchange for Bellanca stock at a later date.

2. The Form 8-K filed on May 11, 1956 reporting the exchange of Waltham shares by registrant for shares of Pierce Governor Company, Inc. (hereinafter called "Pierce") failed to disclose material conditions in the contract of exchange, and was false in that no exchange of Waltham shares had occurred nor, in fact, did delivery of Waltham shares to Pierce ever occur. An amendment to the Form 8-K of May 11, filed on June 25, 1956, failed to correct the previous filing and falsely stated the conditions upon which completion of the exchange depended.

VI

In or about October 1955, registrant acquired approximately 325,000 shares of the capital stock of Glenn Uranium Mines, Ltd., Ontario, Canada. Such acquisition was reported in a Form 8-K filed by the registrant on November 14, 1955. The Commission has reason to believe that the Form 8-K so filed was false and misleading in that the registrant failed to state that it was obligated under the agreement to repurchase the shares it had issued to the seller at a future time at the seller's option.

VII

In or about June 1956, registrant acquired, directly or indirectly, approximately 71,000 shares of common stock of Selby Shoe Company of Portsmouth, Ohio. The amount of the acquisition exceeded 15 per cent of the total assets of the registrant and its consolidated subsidiaries. The shares of Selby Shoe Company acquired by registrant were hypothecated as security for loans, and were sold by the lenders to satisfy the indebtedness. The transactions were not reported on Form 8-K as required by the form and related instructions.

VIII

In a report on Form 8-K filed March 13, 1956, the registrant reported issuance of 120,000 shares of its common stock to its wholly-owned subsidiary, Blue Star Airlines. The Commission has reason to believe that Blue Star Airlines pledged the shares of the registrant with lenders as collateral for loans, and that the lenders subsequently sold most of the pledged shares to satisfy the indebtedness. The subsequent disposition of the shares was not reported on Form 8-K, as required by the form and related instructions.

IX

The Commission has reason to believe that the registrant disposed of certain of its assets to Piasecki Aircraft Corporation of Philadelphia, Pennsylvania, in November 1956, for cash, notes and other consideration, and that the consideration received in the transaction exceeded 15 per cent of the total assets of the registrant and its consolidated subsidiaries. The transactions were not reported on Form 8-K as required by the form and related instructions.

X

Registrant failed to file with the Commission the semi-annual report for the six month period ended June 30, 1956, required by Rule X-13A-13 and Form 9-K pursuant to Section 13 of the Act.

XI

On March 27, April 3 and April 5, 1957 the registrant filed copies of preliminary proxy soliciting material, including financial statements, pursuant to Section 14(a) of the Act, and rules and regulations promulgated thereunder. The Commission has reason to believe that the information in such preliminary proxy soliciting material is false and misleading in material respects, more particularly regarding:

1. The information regarding the terms of the transaction between the registrant and Automatic for the transfer of the stock of Nelson, the profit stated to have resulted from the transaction, and the status of a dividend payable by Nelson.
2. The information regarding a contract between the registrant and Bankers for the transfer of the stock of Automatic, the status of the proposed transaction and the litigation relating to the contract and proposed transaction.
3. The information included regarding the personal resources and credit made available to the registrant by its president, Sydney L. Albert.
4. The information regarding projects involving the use of the stock of the registrant, and the reasons why certain projects were not consummated.
5. The information included regarding use of the registrant's substantial loss carry-forward in connection with proposals for expansion.
6. The information included regarding the net worth of the registrant.
7. The omission of information regarding any material interest of (1) directors and officers of the registrant, (2) nominees for election as directors, and (3) associates of the foregoing persons in material transactions to which the registrant or any of its subsidiaries was a party or in material proposed transactions to which the registrant or any of its subsidiaries is to be a party.
8. The adequacy and accuracy of the information reflected in the financial statements and the notes thereto, with particular reference to reported net income and the carrying values of major assets and liabilities in view of the foregoing, and the inability of the certified public accountants, who examined the consolidated financial statements of the registrant and subsidiaries, to express an overall opinion of the financial statements.

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION
April 24, 1957

In the Matter of	:	
Trading on the American Stock	:	
Exchange in the \$1.00 par	:	ORDER SUMMARILY SUSPENDING
value Capital Stock of	:	TRADING PURSUANT TO SECTION
BELLANCA CORPORATION	:	19(a)(4) OF THE SECURITIES
File No. 1-2115	:	EXCHANGE ACT OF 1934
Securities Exchange Act of 1934	:	
Section 19(a)(4)	:	

I

The \$1.00 par value Capital Stock of Bellanca Corporation is listed and registered on the American Stock Exchange, a national securities exchange; and

II

The Commission on April 24, 1957, issued its order and notice of hearing under Section 19(a)(2) of the Securities Exchange Act of 1934 (hereinafter called "the Act") to determine at a hearing to be held on May 8, 1957, whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months, or to withdraw, the registration of the capital stock of Bellanca Corporation (hereinafter called "registrant") on the American Stock Exchange for failure to comply with Section 13 of the Act and the rules and regulations adopted thereunder, in that the Commission had reason to believe that (i) the information reported by the registrant with respect to certain material transactions covering the period from August 1955 to the present, was insufficient, false, misleading, and not timely filed as required by Rule X-13A-11 and Form 8-K pursuant to Section 13 of the Act.

(ii) The registrant has failed to file a semi-annual report on Form 9-K for the period January 1 through June 30, 1956 as required by Rule X-13A-13 and Form 9-K pursuant to Section 13 of the Act.

(iii) The registrant filed copies of preliminary proxy soliciting material, including financial statements, pursuant to Section 14(a) of the Act, and rules and regulations promulgated thereunder, on March 27, April 3, and April 5, 1957, which contained information which was false and misleading in material respects, and which omitted material information required to be included therein.

III

The Commission being of the opinion that the public interest requires the summary suspension of trading in such security on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors; and

The Commission being of the opinion that such suspension is necessary in order to prevent fraudulent, deceptive, or manipulative acts or practices, with the result that it will be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such security otherwise than on a national securities exchange.

IT IS ORDERED, pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934, that trading in said securities on the American Stock Exchange be summarily suspended in order to prevent fraudulent, deceptive, or manipulative acts or practices for a period of ten (10) days from the date of this order.

By the Commission.

Orval L. DuBois
Secretary