

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST

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



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**REGISTRATIONS OF THREE BROKERS REVOKED.** The SEC today announced the issuance of decisions under the Securities Exchange Act revoking the broker-dealer registrations of the following: Michael L. Spano, doing business as Garden State Securities, 1632 K St., N.W., Washington, D. C. (Release 34-7003); Harry George Ames, 6906 Jameson Avenue, St. Louis, Mo. (Release 34-7004); and Investors Reserve, Inc., 20 Janssen Place, Kansas City, Mo. (Release 34-7002).

In its decision with respect to Garden State Securities, the Commission sustained findings by its Hearing Examiner that the firm, aided and abetted by Albert Lerch (also known as Coleman and Cole), Samuel A. Black (also known as Samuels, Blackwood and Blackwell), Ned Rogoff (also known as Rogers), and Saul Heller (also known as Pierce), in the sale of shares of Steuben Electronics Corporation during 1959, violated the anti-fraud provisions of the Federal securities laws in that they made false or misleading representations in long distance telephone calls concerning, among other things, the price to which the stock would rise within a short time, the issuer's products, contracts and dividends, expected mergers, and listing on a national exchange. Lerch, Heller and Rogoff were each found a cause of the revocation order.

With respect to Harry George Ames, the Commission found that Ames had been convicted by a Federal court in Illinois of violations of the Securities Act anti-fraud provisions in the sale of fractional undivided interests in oil leases, and that he failed to file required financial reports for the years 1958 through 1961. The Commission found with regard to Investors Reserve, that the firm failed to file a report of its financial condition for 1961.

**UNLISTED TRADING SOUGHT.** The SEC has issued an order under the Securities Exchange Act (Release 34-7006) giving interested persons until February 8 to request a hearing upon applications of the Detroit Stock Exchange for unlisted trading privileges in the common stocks of the following companies: Allied Chemical Corp., American Can Co., American Cyanamid Co., American Tobacco Co., Arizona Public Service Co., Delta Air Lines, Inc., Douglas Aircraft Co., Inc., El Paso Natural Gas Co., Fairbanks Whitney Corp., Gulf Oil Corp., International Paper Co., Kellogg Co., Kerr-McGee Oil Industries, Inc., The Magnavox Co., Martin-Marietta Corp., McDonnell Aircraft Corp., Charles Pfizer & Co., Inc., Polaroid Corp., Schenley Industries, Inc., Tennessee Gas Transmission Co., United Fruit Co.

**NEW YORK EQUITIES FILES FOR SECONDARY.** New York Equities, Inc., 280 Broadway, New York, filed a registration statement (File 2-21033) with the SEC on January 23 seeking registration of \$1,700,000 of outstanding 8% subordinated debentures due 1981 and 241,604 outstanding shares of Class A stock, to be offered for public sale by the holders thereof from time to time in the over-the-counter market at prevailing prices (maximum \$10 per common share\*).

The company was organized in 1961 to engage in the general real estate business. In October 1961, the company acquired from David Rapoport, president and board chairman, and Harris J. Klein, vice president, all of the outstanding capital stock of Broadway-Lafayette Corporation (the owner in fee of the premises at 346 Broadway, N.Y.) in exchange for an aggregate of 45,000 Class A shares; and in March 1962 it purchased all of the assets and assumed \$3,200,500 of liabilities of Astor-Broadway Holding Corp. (the owner of the sublease of premises at 770 Broadway, N.Y.) in exchange for 225,000 Class A shares and \$1,500,000 of 8% subordinated debentures. Rapoport, Klein and Gerald B. Schwarz, a director, owned all of the outstanding stock of Astor-Broadway. They agreed to assume personally all liabilities of Astor-Broadway, in excess of \$3,200,500, and by reason thereof have obligated themselves for \$470,000, a major portion of which has been advanced by the company without interest. The acquired assets consisted principally of the sublease and an option to purchase the ground lease for \$8,000,000. Simultaneously, but conditioned upon the prior purchase of the assets of Astor-Broadway, the company offered to acquire the ground lease from Wanamaker Building Associates in exchange for 260,000 Class A shares and \$2,400,000 of 8% subordinated debentures, but such offer was not accepted by the required 90% of the partnership interests. Upon termination of such exchange offer, the company attempted unsuccessfully to sell publicly 260,000 Class A shares at \$10 per share and \$2,400,000 of 8% subordinated debentures. A simultaneous public offering of 196,875 Class A shares and \$1,575,000 of 8% subordinated debentures also was not consummated. Rapoport, Klein and Schwarz had agreed to purchase from the company a sufficient amount of the 196,875 shares and \$1,575,000 of debentures to assure that the company would realize a sufficient sum (\$3,200,000) to permit payment of obligations of Astor-Broadway and Broadway-Lafayette; and accordingly they purchased 180,000 Class A shares at \$10 per share and \$1,400,000 of debentures, payment therefor being made partly in cash and in part by assuming or liquidating obligations which had been assumed by the company. The company had intended, assuming consummation of the exchange offer made to Wanamaker, to effect a surrender and termination of the sublease, but upon rejection thereof the company determined to purchase the Wanamaker leasehold for \$8,000,000 by obtaining a new mortgage of \$7,500,000 and discharging the prior mortgage thereon. Thereafter, the company gave notice of its intention to exercise the option contained in the sublease to purchase the ground lease for \$8,000,000; and the balance of \$500,000 (plus any other funds required) to consummate this transactions will be loaned to the company by Rapoport, Klein and Schwartz.

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In addition to certain indebtedness, including \$3,104,050 of 8% subordinated debentures due 1981, the company has outstanding 475,527 Class A and 100,000 Class B shares. Rapoport, Klein and Schwarz own 42.5%, 29.1% and 1.9%, respectively, of the Class A shares and 40%, 40% and 5%, respectively, of the Class B shares. In addition, they own 22.9%, 40% and 1.6%, respectively, of the outstanding 8% debentures. They propose to sell 149,916, 86,488 and 5,200 Class A shares, respectively, and \$650,000, \$998,000 and \$48,000 of debentures, respectively. According to the prospectus, the selling stockholders have received indications that, after the purchase of the Wanamaker leasehold, a substantial number of participants in Wanamaker Associates intend to reinvest the distributions they will be receiving by purchasing from the selling stockholders some of the securities being registered; and the selling stockholders intend to make the said \$500,000 loan to the company out of the first funds available to them from such purchases by Wanamaker participants.

**ASHLAND OIL & REFINING FILES FINANCING PLAN.** Ashland Oil & Refining Company, 1409 Winchester Ave., Ashland, Ky., filed a registration statement (File 2-21034) with the SEC on January 23 seeking registration of \$25,000,000 of sinking fund debentures due 1988, \$35,000,000 of convertible subordinated debentures due 1993, and 260,000 shares of common stock, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., and E. F. Hutton & Co., Inc., both of One Chase Manhattan Plaza, New York, and A. G. Becker & Co., Inc., 120 S. La Salle St., Chicago. The interest rate on both debenture issues, the public offering price of all the securities (maximum \$30 per common share\*) and underwriting terms are to be supplied by amendment. Eastman Dillon will receive \$700,000 for services in the negotiation of the proposed acquisition by the company of the assets of United Carbon Company, and Hutton & Co. \$75,000 (from United) for similar services.

The company produces, purchases, sells, transports and refines crude oil; manufactures and sells a wide variety of petroleum products at wholesale and retail; purchases from others and sells fuel oils for industrial and domestic consumption; and operates transportation facilities both in connection with its own operations and as a contract carrier. The company has contracted to purchase the assets, properties, and rights, except for a production payment, of United Carbon Company, which manufactures reinforcing carbon black and synthetic rubber, polymers and latex products, and is engaged in the acquisition and development of oil and gas properties and production and sale of crude oil, natural gas and liquified petroleum products. Of the net proceeds from this financing, \$50,447,028 will be paid to United for the assets to be acquired by the company, \$12,000,000 will be applied to payment of outstanding long-term indebtedness of United, and the balance will be used to defray a portion of the costs, expenses and taxes (estimated at \$5,000,000) payable by the company in connection with the United acquisition. The acquisition is subject to approval by shareholders of both companies. United has entered into an agreement to sell a production payment, in the primary amount of \$97,500,000 to Real Properties, Inc. and The Wentworth Corporation. As a result, said purchasers of the production payment will be entitled to receive an amount of oil, gas and other hydrocarbons to be produced from United's proved oil and gas properties in the U.S., the market value of which (free and clear of all costs and expenses of production) shall be equal to the primary sum plus certain taxes and expenses related to acquisition of the production payment together with an amount equal to 5-3/8% per year on such amount and on the unliquidated balance of such primary sum. The production payment will be payable solely out of the following percentages of the oil, gas and other hydrocarbons which may be produced from the properties subject to the payment: 88% of the production from presently producing pools by wells connected to United's gathering system, 85% of the production from other presently producing pools and 50% of the production from pools which are considered to be subsequently discovered pools. As indicated, Ashland will not acquire the \$97,500,000 production payment and Ashland will not receive full income from such properties until such time as the primary amount (plus the other amounts as stated above) are received by the owners (purchasers) of the production payment.

In addition to various indebtedness and preferred stock, the company has outstanding 7,593,266 shares of common stock, of which management officials as a group own 4.37%. Rexford S. Blazer is board chairman and Everett F. Wells is president.

**VALLEY INVESTORS FILES FOR STOCK OFFERING.** Valley Investors Incorporated, Sidney, Montana, filed a registration statement (File 2-21035) with the SEC on January 23 seeking registration of 328,858 shares of common stock, to be offered for public sale at \$1 per share. The prospectus reflects a 10¢ per share underwriting commission but no underwriter is named.

Organized under Montana law in March 1962, the company is an open-end diversified investment company. It intends to invest at least 75% of its assets in stocks and securities, particularly in common stocks of legal reserve life insurance companies. The company now has outstanding 45,620 shares of common stock and subscriptions for 125,522 shares. The prospectus lists 5 holders of 5% or more of the company's outstanding securities, including Peter Glein, a director (together with Glenna Glein). DeVere D. Steinley is president.

**MEAD CORP. FILES STOCK PLANS.** The Mead Corporation, 118 West First St., Dayton, Ohio, filed a registration statement (File 2-21036) with the SEC on January 24 seeking registration of 412,987 shares of common stock, to be offered pursuant to its 1955 and 1960 Stock Option Plans.

**AMERICAN BERYLLIUM & OIL HEARING POSTPONED.** Upon the request of American Beryllium & Oil Corp., Salt Lake City, Utah, the SEC has postponed from January 28 to February 26, the hearing in its Denver Regional Office, to determine whether to vacate or make permanent a Commission order of July 23, 1962, temporarily suspending a Regulation A exemption from Securities Act registration with respect to a stock offering by American Beryllium.

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**ACTION RENEWED AGAINST FIVE FIRMS.** The SEC has reinstated administrative proceedings under the Securities Exchange Act of 1934 to determine whether the following broker-dealer firms violated the anti-fraud and other provisions of the Federal securities laws in connection with the public offering and sale in 1961 of common stock of Siltronics, Inc., of Pittsburgh, and, if so, whether their broker-dealer registrations should be revoked.

Atlantic Equities Company, Washington, D. C.  
Blair F. Claybaugh & Company, Harrisburg, Pa.  
Klein, Runner and Company, Inc., Chevy Chase, Md.  
Lenchner, Covato & Co. Inc., of Pittsburgh, Pa.

John Randolph Wilson, doing business as John R. Wilson, Jr. Co., Washington, D. C.

The proceedings are scheduled for hearing on February 11, 1963; and they are consolidated with related proceeding now pending with respect to three other firms, First Pennington Company and Strathmore Securities, Inc., both of Pittsburgh, and Shawe & Co., Inc., of Washington, D. C., as well as with proceedings on the question whether an order temporarily suspending a Regulation A exemption from Securities Act registration with respect to Siltronics should be vacated or made permanent.

The consolidated proceedings involve staff charges that the eight firms, in the offer and sale of Siltronics stock, made false and misleading representations of material facts; employed devices, schemes and artifices to defraud; and engaged in acts, practices and a course of business, "which would and did operate as a fraud and deceit" upon the purchasers of the stock. The Siltronics stock was offered for sale at \$2 per share; and the staff charges that the firms in question engaged in various activities to stimulate public demand for the stock by circulating reports that the market price thereof would rise upon completion of the offering, while withholding substantial blocks of the original 150,000-share offering from immediate distribution to bona fide public purchasers to "control the flow of the securities into the market" so that the stock might ultimately be distributed at higher prices than the \$2 per share offering price.

The proceedings were first instituted by the Commission in November 1961. After some four months of hearing, Atlantic Equities and the other four firms first named challenged the qualification of one Commissioner on the ground of his alleged participation in the investigation which preceded the action while he was a member of the staff. In view of the decision in the Amos Treat & Co. case, the Commission on December 21, 1962 dismissed the action against the five firms, without prejudice to its reinstatement. Commissioner Cohen did not participate in the Commission's action reinstating the proceedings.

**TOWNSEND MANAGEMENT - TOWNSEND CORP. OF AMERICA RECEIVE ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-3621) authorizing a loan of \$380,000 to be made by Townsend Management Corporation to Townsend Corporation of America, both Short Hills, New Jersey investment companies, so as to permit TCA and its subsidiaries to repay past-due borrowings and to meet other urgent commitments.

**MISSILE VALVE OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Missile Valve Corporation, 5455 Wilshire Blvd., Los Angeles (last known address). 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 November 1961, Missile Valve proposed the public offering of 300,000 common shares at \$1 per share. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with in that the company failed to file a report of stock sales and a revised offering circular as required; and, in connection with such failure, the company, its management officials and promoters did not respond to repeated letters from the Commission's Staff requesting the filing of such material.

**WESTERN OIL & GAS LEASE HEARING SCHEDULED.** Upon the request of Western Oil & Gas Lease Company, First National Bank Bldg., Abilene, Texas, the Commission has scheduled a hearing for March 4, 1963, in its Fort Worth Regional Office, to take evidence on the question whether an order of the Commission dated December 28, 1962, temporarily suspending a Regulation A exemption from registration with respect to a public offering of 7,880 acres of oil and gas leases in 40-acre tracts at \$8 cash per acre (or \$8.50 per acre in installments), should be vacated or made permanent. The Commission's suspension order was based upon alleged false and misleading representations in the issuer's offering circular.

**POTOMAC ELECTRIC POWER PROPOSES BOND OFFERING.** Potomac Electric Power Company, 929 E St., N. W., Washington, D. C., today filed a registration statement (File 2-21037) with the SEC seeking registration of \$50,000,000 of first mortgage bonds due 1998, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be used to pay \$12,000,000 of outstanding 4½% bank loan notes due March 1963 (obtained in November 1962 for construction expenditures, working capital and other corporate purposes), to reimburse the treasury for construction expenditures previously made and to provide for a portion of the anticipated construction expenditures for 1963 (estimated at \$90,000,000).

**SECURITIES ACT REGISTRATIONS.** Effective January 25: Americana East, Inc. (File 2-20882); Occidental Petroleum Management Co. (File 2-20942). Withdrawn January 24: The Cambridge Fund of California, Inc. (File 2-19055); Data Systems Devices of Boston, Inc. (File 2-20287); Penn Gardens Limited Partnership (File 2-21016).

**ORAL ARGUMENTS, COMING WEEK.** Doman Helicopters, Inc., Tuesday, January 29, 2:30 P.M.  
Investors Diversified Services, Inc. and Gamble-Skogmo, Inc.  
Wednesday, January 30, 2:30 P.M.

\*As estimated for purposes of computing the registration fee.

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