

# 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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**CLINTON ENGINES DISMISSAL MOTIONS DENIED.** In a decision announced today (Release 33-4585), the SEC denied a motion filed by Clinton Engines Corporation, of New York City, for dismissal of "stop order" proceedings against a Securities Act registration statement filed by Clinton; and the Commission also denied Clinton's motion to disqualify the presiding Hearing Examiner on the basis of an affidavit of prejudice.

The principal basis for the motion to disqualify the Hearing Examiner is a claim that a fair and impartial hearing cannot be obtained because the hearing examiner is biased and prejudiced and has permitted evidence concerning transactions not involving Clinton or its stock to be introduced over Clinton's objection that such evidence is not relevant to the issues and is prejudicial in nature. It is further contended that the hearings are being conducted in a manner which deprives Clinton of due process in that they are being used to buttress criminal proceedings now pending against David B. Charnay, board chairman, and two other principal officers of Clinton, Charles N. Maybruck and Allen J. Kraft. The Commission concluded that there was no error in the Hearing Examiner's receipt of the evidence in question; that there was no basis for viewing his ruling as prejudicial or as reflecting a prejudice by him against Clinton; and that there is no foundation for any claim of prejudice by virtue of the Hearing Examiner's investigative activities as staff attorney in another case prior to his becoming a Hearing Examiner.

Clinton had urged dismissal of the proceedings on the basis of a contention that it cannot obtain a fair decision because of certain activities by the Commission in connection with criminal action against the three named individuals in another matter. Clinton implies, the Commission observed, "that we have by virtue of such activity become so prejudiced against its controlling officials as to be unable to decide these stop-order proceedings fairly. We reject this as not true in fact and unsound in law." A claim of prejudice based upon the issuance of a press release announcing the institution of the stop order proceeding also was rejected by the Commission.

**SEC FILES IN GUARANTY TRUST DEED CASE.** The SEC announced today that it has entered an appearance in the proceedings under Chapter X of the Bankruptcy Act for the reorganization of Guaranty Trust Deed Corporation, of Salt Lake City, pending in the United States District Court of Utah. William G. Fowler is Trustee. The Debtor was the founder of the Guaranty Sevenplan Trust Fund and sold interests in this Trust Fund to the public on the basis that investors were to receive 7% interest on their investments. The funds thus received were to be invested in second deeds of trust, second mortgages and other securities secured by real estate. A balance sheet (submitted with the Chapter X petition) lists total assets of \$2,392,241 and total liabilities of \$3,068,906. The assets consist primarily of notes in the amount of \$1,331,693 and property in the amount of \$815,352. The liabilities consist primarily of a mortgage payable in the amount of \$362,853 and investors' deposits in the amount of \$2,443,708. Several thousand persons have deposited money with the Debtor, and the Debtor has outstanding 1,250 shares of common stock held by approximately 60 persons.

**HAMILTON FUNDS-HAMILTON MANAGEMENT RECEIVE ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-3643) exempting Hamilton Management Corporation ("Management"), until the next annual meeting of shareholders of Hamilton Funds, Inc. ("Hamilton"), Denver registered open-end investment company, or until the distribution by the Executor of Class "B" (voting) common shares of Management owned by the estate of Harold Huber (former principal stockholder of Management), whichever occurs first, from the provisions of the Act prohibiting Management from serving as investment adviser of Hamilton without approval of the advisory agreement between Hamilton and Management by majority vote of the outstanding securities of Hamilton.

**GULF LIFE INSURANCE FILES STOCK PLANS.** Gulf Life Insurance Company, P. O. Box 1050, Jacksonville, Fla., filed a registration statement (File 2-21124) with the SEC on March 4 seeking registration of an aggregate of 79,000 shares of common stock, to be offered pursuant to its Executive Stock Option Plan, Employees Stock Option Plan, and Stock Purchase Plan for Members of the Field Sales Force.

**PAUL G. FRICKE INDICTED.** The SEC Chicago Regional Office announced February 28 (LR-2523) the return of a 16-count indictment (USDC, Chicago) charging Paul G. Fricke, president of Dualoc Drive, Inc., with violations of the Securities Act anti-fraud provisions in the offer and sale of his personally-owned stock of Dualoc Drive.

**COMPLAINT CITES PRUDENTIAL DIVERSIFIED SERVICES.** The SEC announced February 28 (LR-2524) the filing of a court action (USDC, Montana) seeking to enjoin Prudential Diversified Services, a Montana company, from further violations of the Securities Act anti-fraud provisions and asking for the appointment of a receiver of the firm.

**SECURITIES ACT REGISTRATIONS.** Effective March 4: Wometco Enterprises, Inc. (File 2-21001).  
Withdrawn March 4: American Bolt & Screw Mfg. Corp. (File 2-19469).