

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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FOR RELEASE September 14, 1962

PERRY & CO. REGISTRATION REVOKED. The SEC has issued an order under the Securities Exchange Act (Release 34-6896) revoking the broker-dealer registration of Herbert Perry & Co., Inc., 70 Wall Street, New York, for violation of the anti-fraud and other provisions of the Federal Securities laws. The Commission found Herbert Perry, the firm's president and a principal stockholder, to be a cause of such revocation. Perry & Co. and Perry consented to such revocation.

According to the Commission's order, Perry & Co. in 1958 offered and sold at \$1.50 per share about 67,000 shares of Haratine Gas and Oil Co., Inc., pursuant to a Regulation A exemption under the Securities Act of 1933. The Commission ruled that Perry & Co., aided and abetted by Perry, violated the anti-fraud provisions and registration requirements of the Federal securities laws, in that they used certain sales material in connection with said offering which had not been filed with the Commission as required by Regulation A and made misleading statements of material fact in some of such sales material, particularly with respect to the market price of the stock and the oil properties of Haratine. (The Commission in October 1958 temporarily suspended the said exemption and in July 1959, with consent of Haratine and Perry & Co., made the suspension permanent.)

VIOLATIONS CHARGED TO MAGARIL COMPANY. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether J. I. Magaril Company, Inc., 37 Wall Street, New York, engaged in practices which operated as a "fraud and deceit" upon investors or otherwise violated the Federal securities laws and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") has been registered with the Commission as a broker-dealer since April 24, 1961. Jacob Irwin Magaril (also known as Jack I. Magaril) is president. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of common stock of Central Coil Corporation from April 24, 1961 to date, registrant and Magaril "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon certain purchasers," in that they acquired control of Central by stock purchases and thereafter caused Central to offer and sell 95,000 shares of its common stock at \$1 per share to a certain select group of customers and subsequently caused Central to enter into an agreement with registrant whereby registrant would underwrite a public offering of 107,400 shares of Central common at \$3 per share. The staff further charges that, in connection with the public offer and sale of Central stock, registrant and Magaril violated the anti-manipulative provisions of the Exchange Act by failing to disclose that registrant and Central were under common control of Magaril, and that they distributed sales brochures to purchasers which were false and misleading and violative of the anti-fraud provisions of the Federal securities laws, particularly with respect to the true financial condition of Central; its organization, business and operations; the identity of the controlling persons of Central; transactions by Central with affiliated companies and persons; and the use of the proceeds by Central from the sale of its stock.

It is also alleged by the staff that registrant and Magaril from April 30, 1962 to date engaged in the securities business while insolvent and without disclosing such insolvent condition to customers. Violations of the Commission's net capital, record-keeping and financial reporting rules also are charged. In May 1962 registrant and Magaril were permanently enjoined by Federal court order (by consent) from further violations of the Commission's anti-manipulative, net capital and record keeping rules.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registration of J. I. Magaril Company should be revoked. Registrant is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether it also should be suspended or expelled from NASD membership.

COLUMBIA GAS SYSTEM SERVICE ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14699) approving certain proposed modifications in the organization and conduct of business of Columbia Gas System Service Corporation, wholly-owned subsidiary service company of The Columbia Gas System, Inc., New York holding company. Columbia Service performs professional and technical services at cost for all associate companies in the Columbia Gas system, and also manufactures and sells stationery at cost to such associate companies. Under the proposal, Columbia Service intends (1) to pay the salaries and related expenses of system officers and employees, heretofore paid entirely by its parent, whose functions relate both to Columbia Gas and its operating subsidiaries, and to allocate such costs fairly and equitably among the associate companies benefiting therefrom in accordance with cost allocation methods approved by the Commission, and (2) to render to the system and the operating subsidiaries executive, managerial and coordinating services heretofore prohibited by the terms of a 1943 Commission order. The Commission's approval will expire March 26, 1964, unless extended by the Commission.

CASSIAR COPPERFIELDS ENJOINED. The SEC Seattle Regional Office announced September 10th (Lit-2364) the entry of a Federal court order (USDC, Seattle) permanently enjoining the offer and sale of Cassiar Copperfields shares in violation of the Securities Act registration requirement.

OVER

BLACK BEAR INDUSTRIES TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act further suspending trading in the common stock of Black Bear Industries, Inc., on the San Francisco Mining Exchange and over-the-counter market for an additional ten-day period September 15-24, 1962, inclusive.

KAY & CO. AND NANCE-KIETH HEARINGS CANCELLED. The SEC has cancelled hearings scheduled for September 18th in broker-dealer revocation proceedings involving Kay & Company of Houston and Nance-Kieth Corporation of New York City. The hearing involving Kay & Company related to the initial question whether its broker-dealer registration should be suspended pending determination of the ultimate question of revocation; and the suspension hearing was cancelled in view of the fact that the company ceased doing business following the issuance of a Federal court injunction and the appointment of a receiver to take custody of its assets. The hearing on the question of revocation has been adjourned pending further order of the Commission. The hearing with respect to Nance-Kieth was cancelled following its signing of a stipulation and consent to revocation of its broker-dealer registration.

T-A DEVELOPMENT FILES FOR STOCK OFFERING. T-A Development Co., 9601 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-20717) with the SEC on September 12th seeking registration of 2,000 shares of common stock, to be offered for public sale at a price to be supplied by amendment (maximum \$1,000 per share*). No underwriting is involved.

Organized under California law in March 1962, the company intends to engage principally in the business of acquiring, developing, improving, leasing and investing in industrial real properties primarily in Los Angeles County. At present the company does not own or hold any real properties nor have any acquisition or investment plans in any specific properties. The net proceeds from the stock sale will be used to acquire undeveloped real properties for development and lease as industrial properties. A portion may be used to pay costs and expenditures incidental to the company's organization and operations. It has outstanding 556 common shares (acquired for an aggregate of \$55,600), of which Jules B. Altemus, president, and Harry Turken, board chairman, own 44.1% and 19.8%, respectively, and management officials as a group 83.8%.

SECURITIES ACT REGISTRATIONS. Effective September 13: Saxon Paper Corp. (File 2-20160). Withdrawn Sept. 12: Mid-America Minerals, Inc. (File 2-19638). Withdrawn Sept. 13: Taylor Publishing Co. (File 2-19489). Effective September 14: Century Real Estate Trust (File 2-20450); Stratbridge Apartments Associates (File 2-20484).

ARGUMENTS, COMING WEEK. September 18 - 1:30 P.M. - R. J. Cunningham & Co., Inc.

*As estimated for purposes of computing the registration fee.

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