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 August 17, 1956

Securities Exchange Act Release No. 5354

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of L. D. Friedman & Co., Inc., of New York, and whether Friedman & Co. should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. The hearing therein is scheduled for September 10, 1956, at 10:00 A. M. in the Commission's New York Regional Office.

Friedman & Co. became registered with the Commission as a brokder-dealer on January 30, 1953. In the application for registration and supplements thereto, Leo Raymond is shown successively to be a trader and salesman and the vice-president and a director; and Louis D. Friedman is listed as the president, treasurer, a director and a controlling stockholder.

In its order for proceedings, the Commission asserts that information developed in an investigation by its staff "tends to show" that Friedman & Co. induced certain persons to purchase common stock of North Pacific Exploration Ltd. during the period March 1, 1953, to July 31, 1955, and Raymond and Friedman caused it so to do, by means of certain false and misleading representations with respect to the financial interests of a principal officer of North Pacific, the use and accounting for proceeds from the sale of such stock, purchases of such stock by Friedman & Co. and its officers, advances of bonus stock, the listing of such stock on an exchange, the increase in the price of the stock, the discovery of oil on the properties of the company, the comparison of such stock as an investment with the stock of North Canadian Oil Ltd., and negotiations of that company with St. Regis Paper Co. If true, the Commission stated, this information tends to show that Friedman & Co., Raymond and Friedman, "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers" of North Pacific stock in violation of the anti-fraud provisions of the Securities Act of 1933.

It is further asserted in the Commission's order that Friedman & Co. filed, and Raymond and Friedman caused it to file, the application for registration and supplements thereto, which contain false and misleading statements, in that Friedman is represented as the owner of "all the common stock presently issued" by the company when, in fact, Raymond was at all times the owner of 40% of such stock; that Friedman & Co., aided by Raymond and Friedman, failed to make and keep current certain books and records, made certain false and fictitious entries in its books and records with

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respect to certain purchases and sales of securities, engaged in the conduct of a securities business when the company's indebtedness to all other persons exceeded 2,000 percentum of its net capital, and induced certain persons to purchase securities through Friedman & Co. and accepted the deposit of monies and securities upon the representation that Friedman & Co. are ready and able to execute and fill such orders and to meet all liabilities arising in connection therewith, when in fact, the liabilities of Friedman & Co. exceeded its assets and it was unable to meet its current liabilities; and that such activities were in violation of rules of the Commission.

At the hearing, inquiry will be conducted into the question whether the reported information is true and, if so, whether Friedman & Co., Raymond and Friedman have wilfully violated provisions of the Securities Act and Securities Exchange Act and rules of the Commission and, if so, whether an order of revocation, suspension or expulsion should be issued.

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Scripto, Inc., Atlanta, Ga., filed a registration statement (File 2-12711) with the SEC on August 16, 1956, seeking registration of 360,000 shares of its Class A Common Stock (50¢ par). The company proposes to offer these shares for public sale at $7 per share through an underwriting group headed by Johnson, Lane, Space & Co., Inc., for which a 65¢ per share commission is to be paid, except that 40,000 shares are to be offered at $6.67½ per share to certain officers and employees of the company. The company expects to utilize the net proceeds as follows: $457,000 for plant additions presently under construction; $650,000 for new machinery and equipment; and $1,149,000 for additional working capital through reduction of current bank borrowings. The construction involves additions to the company's main plant at Atlanta, expected to be completed during 1956.

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Holding Company Act Release No. 13241

The Columbia Gas System, Inc. (New York) has received SEC authorization to purchase additional common shares and installment notes of its subsidiaries, as follows: The Manufacturers Light and Heat Company, $2,500,000 of stock and $7,950,000 of notes; Virginia Gas Distribution Corporation, $200,000 of stock and $350,000 of notes; and Cumberland and Alleghany Gas Company, $250,000 of stock and $1,925,000 of notes. The proceeds are to be used by the subsidiaries for their 1956 construction programs.

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Investment Company Act Release No. 2397

American Research and Development Corporation, Boston investment company, has joined with Synco Resins, Inc., of Bethel, Conn., in the filing of an application for an exemption order under the Investment Company Act of 1940 with respect to an exchange offer to be made by Synco; and the Commission has issued an order giving interested persons until August 29, 1956, to request a hearing thereon.

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According to the application, Synco is engaged in the business of production of acid catalyzed phenolic adhesives for utilization in wood assemblies for freight car and truck bodies, and of phenolic, urea and alkyd resins and molding powders. It has proposed an offer whereby it will issue common stock for outstanding notes, debentures and preferred stock on the basis of one share of common stock for each $2 principal or par amount of notes, debentures and preferred. Certain holders of such securities have agreed to accept the exchange.

American Research is among the holders who have agreed to accept the exchange offer. It holds $50,000 (50%) of the outstanding notes, 8,640 (17.3%) of the outstanding debentures, and 50,000 shares (32.4%) of the outstanding preferred, together with 21,600 shares (15.3%) of the outstanding common. The application states that those holders who have agreed to accept the offer, including American Research, also have agreed to waive accrued and unpaid interest and dividends amounting to $18,063 on the notes, $1,728 on the debentures, and $34,390 on the preferred.

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Rochester Gas and Electric Corporation (New York) today filed a registration statement (File 2-12712) with the SEC seeking registration of 60,000 shares of its Preferred Stock, Series K ($100 par), to be offered for public sale through an underwriting group headed by The First Boston Corporation. The dividend rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds of the financing will be used to discharge short term obligations the proceeds of which were used in connection with the company's construction program. As of August 15, 1956, there was $7,500,000 of such obligations outstanding. During the years 1956 and 1957, the company expects to expend about $43,000,000 for new construction. To provide for such construction, it is estimated that, in addition to the proceeds of the sale of the new preferred and other securities heretofore sold, retained earnings and accruals to the depreciation reserve, approximately $23,000,000 will be required from additional future financing.

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