

For RELEASE Monday, July 18, 1966

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Securities Exchange Act of 1934
Release No. 7919

(a) SEC Order Cites Three Firms.

The Securities and Exchange Commission has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the following broker-dealer firms:

- a) Frank D. Ford Co., Inc., of Spokane, Wash.
Also named as a respondent is Richard H. Ellis, president
- b) L. E. Nicholls Co., of Spokane, Wash.
Also named as a respondent is Leigh E. Nicholls, president
- c) Wallace Brokerage Company, Inc., Wallace, Idaho
Also named as a respondent is Dorothy B. Kottkey, president

The proceedings against each of the firms and its president are based upon staff charges that they offered and sold outstanding shares of stock of Hibernia Silver Mines, Inc., in violation of the registration requirements of the Securities Act of 1933. The source of such Hibernia stock is understood to have been James A. Allen, president and controlling person of Hibernia, and/or other firms of which he also is president and controlling person, as follows: Alpine Mining Company, Coeur d'Alene Consolidated Silver-Lead Mines, Inc., Delaware Mines Corporation, and Hunter Silver-Lead Mines, Inc.

A hearing will be scheduled by further order to take evidence on the staff charges and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the charges are true and, if so, whether any action of a remedial nature should be ordered by the Commission.

The Commission has filed a court action (USDC, Spokane, Wash.) against James A. Allen and others (but not including the above-named respondents in the administrative proceedings), seeking to enjoin their further sale of Hibernia stock in violation of the Securities Act registration requirement. Information with respect to this injunctive action is set forth in Litigation Release No. 3543.

(over)

(b) Costello, Russotto Revocation Decision Final.

On April 8, 1966, Hearing Examiner Sidney Gross filed an initial decision in administrative proceedings involving the broker-dealer firm of Costello, Russotto & Co., of Beverly Hills, California. In his decision, the Examiner ruled that the said firm and certain individuals violated the anti-fraud provisions of the Federal securities laws in the sale of securities of Device Seals, Inc., Lou Kornhandler, Inc., and Tabach Industries, Inc. On the basis thereof he ordered that the firm's broker-dealer registration be revoked; that Frank A. Costello and Martin A. Fleischman be barred from further association with any broker-dealer firm; and that Bernard Livingston and Jerold Irwin Kantor be suspended from any such association for six months. Neither the firm nor any of the four individual respondents sought Commission review of that decision. Accordingly, the decision has become final as to all five respondents; the revocation order as to the Costello, Russotto firm and the bar orders as to Costello and Fleischman have become effective; and the six-month suspension orders as to Livingston and Kantor are declared effective as of the opening of business July 25, 1966. Two other individual respondents applied to the Commission for review of the initial decision as to them, and the appeal proceedings are still pending.

(c) Peter Fotis Bar Order Permanent.

In an initial decision announced June 9, 1966, in proceedings involving the New York firm of Huntington Securities Co., Inc., the Hearing Examiner Sidney Ullman ordered that Peter Fotis be barred from further association with any broker-dealer firm because of violations of the Federal securities laws in the sale of stock of Consumer Credit Corp. Fotis did not seek Commission review of the initial decision; and that decision and bar order have become final. Three other individual respondents have appealed the decision. Huntington Securities previously consented to the revocation of its broker-dealer registration.

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