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

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ALDRICH SCOTT & CO. REGISTRATION REVOKED. In a decision announced today (Release 34-6597), the SEC revoked the broker-dealer registration of Aldrich, Scott & Co., Inc., 80 Wall Street, New York, for fraud in the sale of securities and other violations of the Federal securities laws. Edward L. Benedict, Jr., 80% stockholder and former president, and Walter Scott Aldrich, president and 20% stockholder, were each found to be a cause of the revocation.

In its decision (written by Chairman Cary), the Commission ruled that in the Fall of 1959 the respondent company, aided and abetted by Benedict, defrauded two customers by inducing them to purchase certain securities for which they paid a total of \$3,351, failing to deliver the securities to the customers, and converting and appropriating the securities to respondent's own use and benefit. Moreover, respondent under Benedict's direction engaged in the conduct of the securities business under the implied representation that it was solvent, when in fact respondent knew but did not reveal that its liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course. Respondent also violated the Commission's net capital rule.

In addition, according to the decision, the respondent, Benedict and Aldrich were enjoined by a December 1959 Federal court order, on a Commission complaint, from violating the anti-fraud and net capital provisions of the securities laws.

Aldrich urged in extenuation that he never engaged in the securities business, merely lent his name to respondent, never attended any official meetings of company officers and directors, never took delivery of his stock, and never received any benefit from his association with registrant. Moreover, he became president and sole director solely for the purpose of winding up respondent's affairs. The Commission rejected these arguments, stating that "he cannot escape by pleading ignorance and inexperience," and found him a cause of the revocation order along with Benedict.

INTERNATIONAL INVESTMENTS REGISTRATION REVOKED. The SEC today announced a decision (Release 34-6598) revoking the broker-dealer registration of International Investments, Inc., 1160 - 21st Street, N. W., Washington, D. C., for fraud in the sale of securities and other violations of the Federal securities laws. John K. Gibbs, president, was found to be a cause of the revocation.

In its decision (written by Commissioner Frear), the Commission ruled that Gibbs had made "flagrantly fraudulent" representations in his offer and sale of International stock and All Alaskan Development Corp. stock. He offered and sold International stock in 1958 to two Army sergeants through misrepresentations that the company was a District of Columbia corporation engaged in the finance business, that its shares had been registered with the Commission, that "things were going good," that the stock was a good buy and would go up in price, and (while installment payments were being made on the stock) that the stock had gone up from \$1.25 to \$2 per share. No filings had been made either with the Commission or the District of Columbia.

In the sale of All Alaskan Development stock in 1959, Gibbs represented that the issuer had filed a notification with the Commission for a Regulation A exemption from registration which would be approved shortly, that the public offering price would be \$2 or \$2.50 per share, and that he was making shares available as part of a "private offering" limited to 20 to 25 persons at prices of 50¢ and \$1 per share. The issuer had made no filing with the Commission under Regulation A or otherwise; and one investor who paid Gibbs \$2,000 for 2,000 shares never received a stock certificate. Gibbs and International were enjoined by Federal court order in June 1959 from selling International stock in violation of the Securities Act registration and anti-fraud provisions.

NORTHEAST TELECOMMUNICATIONS STOCK 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 public stock offering by Northeast Telecommunications, Inc., 122 East 42d St., New York.

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 October 1958, Northeast Telecommunications ("issuer") proposed the public offering of 300,000 common shares at \$1 per share. The Commission asserts in its suspension order that certain terms and conditions of Regulation A were not complied with; that issuer's offering circular was false and misleading by reason of its failure to disclose certain information; that shares received by the underwriters were distributed in violation of the commitment contained in the underwriting agreement and reflected in the offering circular; and that the stock offering violated Section 17(a) (the anti-fraud provision) of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations in the offering circular related to the issuer's failure to disclose adequately and accurately (a) the actual educational background and business experience of Richmond Lisle-Cannon, officer, director, principal stockholder and promoter of the issuer; (b) the proposed use of the proceeds of the sale of stock; and (c) the consideration given by management officials for outstanding stock, in that the shares were not issued for the amount of cash stated in the offering circular. Moreover, according to the

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order, the issuer failed to include shares issued to controlling persons; in the computation of securities to be offered; sales were made in jurisdictions (states) other than those specified in the notification; the issuer filed a false and misleading report of stock sales, namely, that the offering was completed on February 10, 1959, when in fact sales continued to be made after that date; and the aggregate amount of securities offered, when computed in accordance with the requirements of the Regulation, exceeded the \$300,000 limitation.

CALIFORNIA GROWTH CAPITAL FILES FOR STOCK OFFERING. California Growth Capital, Inc., 111 Sutter St., San Francisco, filed a registration statement (File 2-18519) with the SEC on July 18th seeking registration of 600,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by H. M. Byllesby and Company and Birr & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 60,000 additional common shares which underlie 30-day options granted to the underwriters, which may be exercised and offered on the same terms as that applicable to the 600,000 shares.

The company was organized under California law in October 1960 and is a small business investment company licensed in May 1961 under the Small Business Investment Act of 1958. According to the prospectus, it is a closed-end non-diversified management investment company as defined under the Investment Company Act of 1940. The net proceeds from the stock sale will be used for investment in small business concerns; and, to the extent necessary, a portion may be used to retire any indebtedness which may be incurred under its subordinated debenture previously issued to the Small Business Administration (\$147,411).

The company has outstanding 14,000 shares of common stock, of which J. C. Ernst, board chairman and Joseph R. Territo, president, own 8.6% each, and management officials as a group 84.3%.

NATIONAL PERIODICAL PUBLICATIONS FILES FOR SECONDARY. National Periodical Publications, Inc., 575 Lexington Avenue, New York, filed a registration statement (File 2-18520) with the SEC on July 18th seeking registration of 500,000 outstanding shares of common stock, to be offered for public sale by the holders thereof on an all or none basis through underwriters headed by Shearson, Hammill & Co. and Prescott, Shepard & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is principally engaged in the publication of comics magazines (including "Superman") and the distribution of magazines and paperback books. In addition, the company produces and leases television films based on the character "Superman." In May 1961 the company acquired all of the outstanding stock of the newly organized Arleigh Publishing Corporation from certain members of the Liebowitz, Donenfeld and Sampliner families in exchange for an aggregate of 44,236 common shares of the company. In June 1961 Superman, Inc. was consolidated with and into the company, pursuant to which 120 shares of the company were issued for each Superman share. The latter corporation formerly licensed to the company the right to publish comics magazines based on "Superman" and other related fictional characters.

The company has outstanding 1,293,486 shares of common stock of which Harry Donenfeld, a director, owns 28.04% and management officials as a group 66.76%. The prospectus lists 30 selling stockholders including Jacob S. Liebowitz, president, and Paul H. Sampliner, treasurer, who own 212,580 and 151,765 shares, respectively, and propose to sell 4,000 and 50,000 shares, respectively. Others propose to sell amounts ranging from 900 to 88,000 shares by executors of Estate of Gussie Donenfeld).

WHITESTONE PETROLEUM FILES FOR OFFERING. Whitestone Petroleum Corporation, 20 Broad Street, New York, filed a registration statement (File 2-18516) with the SEC on July 17th seeking registration of \$3,000,000 of participating interests in the 1961 Whitestone Program, to be offered for public sale (without underwriting) at an anticipated minimum amount of \$50,000 per interest; the company reserving the right to accept a lesser participation.

The company was organized under Delaware law in 1961. Under the agreement pursuant to which the participant enters the program, the participant is given contractual rights to acquire undivided interests or property rights in oil or gas properties selected by the company for development or exploration. Principal activities are expected to center in the Gulf Coast and Mid-continent regions of the United States. The net proceeds from the sale of participations will be used to find and screen areas to develop prospects for submittal to participants for approval, drilling, testing, completing and equipping or plugging and abandoning wells, and defraying the other costs and expenses of the program.

In addition to certain indebtedness and preferred stock, the company has outstanding 1,000 shares of common stock, all of which are owned by George F. Clements, Jr., president.

FASHION HOMES FILES FINANCING PLAN. Fashion Homes, Inc., 1711 N. Glenstone, Springfield, Mo., filed a registration statement (File 2-18521) with the SEC on July 18th seeking registration of \$600,000 of ten year subordinated debentures due 1971, 100,000 shares of common stock and 100,000 5-year warrants (exercisable at from \$4 to \$8 per share), to be offered for public sale in units consisting of \$60 or debentures, 10 common shares and 10 warrants and at \$100 per unit. The registration statement also includes an additional 40,800 common shares, to be offered for public sale at \$6 per share. The offering will be made on an all or none basis through underwriters headed by Globus, Inc. and Kuss, Lyon & Co., Inc., which will receive \$10 per unit commission and a 60¢ per share commission. The interest rate on the debentures is to be supplied by amendment. The registration statement also includes 9,200 common shares (and a like amount of warrants) sold to the underwriters for an aggregate of \$55,200, and 80,000 common shares which underlie warrants sold for \$800 to the underwriters and Chester Shore, a finder. Parrish & Co., a finder, will receive a fee of \$25,000.

Organized under New Jersey law in 1960, the company is principally engaged in the construction of "shell homes." Its operations have been limited to certain areas of Missouri, Arkansas and Florida; expansion is contemplated in the states of Georgia, Alabama and Missouri. According to the prospectus, an essential feature of the company's operations will be the utilization of E. A. Strout Realty Agency, Inc. and E. A. Strout

Western Realty Agency, Inc. as selling agencies of the company. The \$1,035,320 net proceeds from the financing will be used as follows: \$15,120 to redeem outstanding 8% debentures; \$300,000 for use by the company's subsidiary Fashion Homes Acceptance Corp. to finance a greater portion of future credit sales of shell homes; \$7,500 to repay loans incurred for current operating expenses; \$150,000 for a program of increased advertising and promotion activities; and the balance for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 100,000 shares of common stock, of which Kenneth H. Myers, president, and Strout Realty own 33.3% each, Charles J. Fago, a vice president, 15% and management officials as a group 62.2%. Myers, Fago and certain other officials of the company are also officers and director of Strout Realty.

HOFFMAN INTERNATIONAL FILES RIGHTS OFFERING. Hoffman International Corporation, 107 Fourth Avenue, New York, filed a registration statement (File 2-18522) with the SEC on July 18th seeking registration of \$1,890,700 of 7% convertible subordinated debentures due 1973. It is proposed to offer such debentures for subscription at 100% of principal amount by common stockholders at the rate of \$100 of debentures for each 25 shares held. J. R. Williston & Beane heads the list of underwriters. The record date and underwriting terms are to be supplied by amendment.

The company, through certain subsidiaries and divisions, and foreign subsidiaries, is engaged principally in the manufacture and sale of pressing and dry cleaning equipment and accessories for pressing and dry cleaning machines. The net proceeds from the debenture sale will be used to discharge a \$404,211 loan from Valley Commercial Corp., to pay and discharge a \$600,000 6% promissory note held by U. S. Hoffman, Machinery Corp., former parent from which it acquired certain subsidiaries and divisions, and to pay and discharge a \$250,000 obligation owing to The Franklin National Bank of Long Island. The balance will be available for corporate purposes.

In addition to various indebtedness, the company has outstanding 472,576 shares of common stock, of which Matthew Forbes, board chairman, owns 9.66%, and Harold Roth, a director, 9.81%.

YARDNEY ELECTRIC FILES FOR STOCK OFFERING. Yardney Electric Corporation, 40-52 Leonard Street, New York, filed a registration statement (File 2-18523) with the SEC on July 18th seeking registration of 200,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Kidder, Peabody & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 117,500 common shares subject to restricted stock options granted or to be granted to employees.

The company is principally engaged in the development, design, manufacture and sale of silver-zinc primary and rechargeable batteries under the trademark "Silvercel" and of silver-cadmium rechargeable batteries under the trademark "Silcad." Such batteries are manufactured and sold under a licensing agreement which grants to the company exclusive rights in the United States to patents and inventions owned or controlled by Yardney International Corp., wholly owned by Michel N. Yardney, president, and his family. Of the net proceeds from the stock sale, \$1,250,000 will be used for the purchase and installation of certain additional equipment for use in the recently acquired Stonington, Connecticut plant, \$500,000 to purchase machinery and equipment needed for the development and production of certain new products, and \$250,000 may be used to pay the balance of the purchase price of the company's property in Stonington if the company should decide not to exercise its option to sell and lease back that property. The balance will be available for working capital and other corporate purposes.

In addition to certain indebtedness, the company has outstanding 2,014,500 shares of common stock, of which Yardney owns 62% and management officials as a group 71%.

COBURN CREDIT PROPOSES DEBENTURE EXCHANGE AND OFFERING. Coburn Credit Co., Inc., 53 North Park Ave., Rockville Centre, N. Y., filed a registration statement (File 2-18524) with the SEC on July 18th seeking registration of \$3,100,000 of convertible subordinated debentures due 1976 (interest rate to be supplied by amendment). It is proposed to offer \$1,600,000 of such debentures in exchange for the company's 8% subordinated debentures due 1970, at the rate of \$800 principal amount of the former for each \$1,000 of the latter. The remaining \$1,500,000 of debentures are to be offered for public sale at 100% of principal amount on an all or none basis through underwriters headed by Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc., which will receive a 5% commission and \$30,000 for expenses. The registration statement also includes 20,000 common shares which underlie 5-year warrants sold to the underwriters for \$1,000, exercisable at a price per share to be supplied by amendment.

The company is engaged primarily in the consumer sales finance business which consists of the purchase by the company from retail dealers of installment contracts entered into by customers with the dealers in connection with installment purchases of merchandise. The net proceeds from the company's sale of the additional \$1,500,000 of debentures will be added to general funds and will be available for general corporate purposes. In addition to certain indebtedness, the company has outstanding 857,500 shares of common stock, of which management officials as a group own 50%. Irving L. Bernstein is listed as president.

B.S.F. CO. FILING CLARIFIED. In the SEC News Digest of July 5th, in reference to the registration statement (File 2-18439) filed by B. S. F. Company of Wilmington, Del., it was stated that Dreyfus & Co. owns 14% of the outstanding stock, whereas Dreyfus is the record holder, not beneficial owner, of such stock. With reference to the proposed offer of stock in exchange for common shares of The Tonopah Mining Company stock, it was correctly stated that such offer was "conditional upon its acceptance by the holders of not less than 355,000 of the 780,918 shares of outstanding Tonopah stock." However, the prospectus further indicates that the company may elect to accept, in the event that less than 355,000 Tonopah shares are deposited, all of the shares of Tonopah stock so deposited.

CONSOLIDATED NATURAL GAS TO ACT AS SURETY. The SEC has issued an order under the Holding Company Act (Release 35-14480) authorizing Consolidated Natural Gas Company, New York holding company, to act as surety on the surety bond to be filed by its subsidiary, Hope Natural Gas Company, incident to its new rate schedules filed with the Public Service Commission of West Virginia.

APEX MINERALS TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act temporarily suspending trading on the San Francisco Mining Exchange and the over-the-counter market in the common stock of Apex Minerals Corporation, Reno, Nev., for a further ten-day period July 20 to 29, 1961, inclusive.

SECURITIES ACT REGISTRATIONS. Effective July 19: Brunswick Corporation (File 2-18462); Calvert Gas & Oils Ltd. (File 2-16080); Eastern Lime Corp. (File 2-17898); G-W, Incorporated (File 2-17520); Hydro-Space Technology Inc. (File 2-18103); Northwestern Public Service Company (File 2-18456); The Rowan Controller Company (File 2-18216); Science Capital Corporation (File 2-18088).

CORRECTION RE W. E. LEONARD & CO., INC. In the SEC News Digest of July 18th and Securities Exchange Act Release No. 6596 of that date, it was stated that the hearing in proceedings to determine whether to revoke the broker-dealer registration of W. E. Leonard & Company, Inc., 15 William Street, New York, N. Y., would be held at a time and place later to be determined. An initial hearing is scheduled for July 26th in the SEC New York Regional Office to determine whether said registration should be suspended pending final determination of the question of revocation.

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