

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 64-4-21)

FOR RELEASE April 30, 1964

E J MOSCHETTI DENIED REGISTRATION. In a decision under the Investment Advisers Act announced today (Release IA-164), the SEC denied an application of Edward J. Moschetti for registration as an investment adviser by reason of the failure to disclose in his registration application that he had been convicted in June 1963 on a plea of guilty to an indictment under the mail fraud statute. The indictment charged Moschetti with ordering articles on approval (including collector's coins) from dealers in other states, accepting delivery of the parcels, removing the contents, notifying the senders that the parcels had been received without such contents, and filing postal claim forms indicating non-receipt. He was fined \$500 and placed on probation for five years.

In his application to the SEC, filed in December 1963, Moschetti answered "No" to the question whether he had been convicted of any of the crimes enumerated in the application form, which specifically included "mail fraud" without any qualification as to the nature of the mail fraud involved. Moschetti asserted that he mistakenly interpreted the question as calling for information with respect to mail fraud convictions only if they involved securities. He further undertook to minimize his conviction by claiming that his offense was merely "neglect to return the coins promptly to dealers" and that he never intended to convert the coins to his own use or defraud any of the dealers from whom he received them. The Commission rejected these pleas.

DEFENDANTS IN HARWYN PUBLISHING CASE ENJOINED. The SEC New York Regional Office announced April 28 (LR-2908) the entry of a Federal court order (USDC SDNY) preliminarily enjoining violations of the Securities Act registration requirements by the following in the sale of securities of Harwyn Publishing Corporation: Stanley Singer and John DeAndrea (who consented to the order); Philip Shaiman, Jay Cohan and Samuel Zuckerman (who defaulted). All are residents of Denver.

SEC COMPLAINT CITES NO. AMERICAN-FEDERAL SECURITIES ASSN. The SEC Boston Regional Office announced April 28 (LR-2909) the filing of Federal court action (USDC, Boston) seeking to enjoin violations of the Securities Act registration and anti-fraud provisions in the sale of investment certifications of North American-Federal Securities Corporation, Inc., by said defendant corporation (of Martha's Vineyard, Mass.) and Foster L. Silva (of Chappaquiddick, Mass.).

GENERAL TIRE FILES STOCK PLAN. The General Tire & Rubber Company, 1708 Englewood Ave., Akron, Ohio, filed a registration statement (File 2-22367) with the SEC seeking registration of \$850,000 of participations in its Profit-Sharing and Savings Retirement Plan of RKO General, Inc., together with 35,233 shares of common stock which may be acquired pursuant thereto.

AVIEN PROPOSES RIGHTS OFFERING. Avien, Inc., 58-15 Northern Blvd., Woodside, Long Island, N. Y., filed registration statement (File 2-22362) with the SEC on April 28 seeking registration of 453,563 shares of common stock. It is proposed to offer 270,230 shares to holders of outstanding common stock at the rate of 1 new share for each common share held. The subscription price (\$2.63 per share maximum*) and record date are to be supplied by amendment. No underwriting is involved; however, certain persons have entered into standby agreement with the company to purchase, at the subscription price, unsubscribed shares to the extent necessary to assure the company \$135,000 in the aggregate. Such persons subsequently may reoffer for public sale at prevailing market prices, any shares so purchased. Shares not sold pursuant to the rights offering and standby agreement may be publicly offered by the company, from time to time, at the subscription price. The company has reserved the remaining 183,333 shares for the conversion of its outstanding preferred stock.

The company designs and manufactures diversified electrical, electronic, hydraulic and mechanical products, as well as components and complete systems, for aircraft, spacecraft and missiles. Net proceeds from its stock sale will be used to improve working capital, to carry inventory, and to satisfy trade debts. In addition to indebtedness and preferred stock, the company has outstanding 1,370,230 shares of common stock, of which management officials as a group own 54.4% (including 25.8% owned by Leo A. Weiss, president). Three directors are part of the group (S&S Associates) which have entered into the standby agreement to purchase unsubscribed shares. According to the prospectus, during fiscal 1961, 1962 and 1963 the company experienced substantial losses, due in large part to the new activities initiated in 1960. This necessitated refinancing in the current fiscal year, which among other things provided for a \$700,000 advance by S & S Associates by way of loans, as temporary financing, followed by the issuance of 700 common shares in discharge of such indebtedness.

MSL INDUSTRIES FILES FOR SECONDARY. MSL Industries, Inc., 6330 N. Pulaska Rd., Chicago, filed a registration statement (File 2-22368) with the SEC on April 29 seeking registration of 178,000 outstanding common shares. The present holders thereof propose to make a public offering of the shares through an underwriting group headed by Dean Witter & Co., 50 W. Adams St., Chicago, and Bache & Co., 36 Wall St., New York. The offering price (\$29 per share maximum*) and underwriting terms are to be supplied by amendment.

OVER

The company (formerly The Minneapolis & St. Louis Railway Co.) is engaged primarily in the production and distribution of industrial fasteners and steel tubing and in the contract aerosol container filling business, and to a lesser extent in the production and distribution of hydraulic fittings, stampings and certain fabricated items. In addition to indebtedness, the company has outstanding 1,271,627 common shares. The prospectus lists 11 selling stockholders, including the following vice presidents: Milton M. Colton (offering 15,000 of his holding of 20,000 shares), Bernard S. Epps (30,000 of 51,588 shares), Rex McClure, Jr., (10,000 of 15,516 shares) and Eugene L. Rose (17,943 of 30,800 shares). In addition, Arnold Meyer (chairman of the executive committee) is offering 30,000 of his holding of 38,513 shares; Norman R. Sackheim (vice chairman of the board) 4,495 of 21,195 shares; Samuel E. Jackson, Jr. (director), 45,000 of 87,807 shares; and Pauline Sackheim, her entire holding of 14,495 shares. The remaining stock to be offered ranges in amounts from 2,000 to 5,210 shares. Joseph T. Zoline is listed as president and board chairman.

SEC ORDER CITES F AND C SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of F and C Securities, Inc., of 6911 18th Avenue, Brooklyn, N. Y. The firm has been registered with the Commission since February, 1963, and Clement Esposito is president; and it also is a member of the National Association of Securities Dealers, Inc. A request for withdrawal from registration, filed January 31, 1964, will be considered by the Commission at the conclusion of these proceedings.

The proceedings are based upon staff charges that the firm, aided and abetted by Clement and Frank Esposito, violated the reporting requirements of said Exchange Act (by disclaiming control by any person not named in its registration application when, allegedly, Frank Esposito directly and indirectly controlled the firm), as well as the net capital and record-keeping rules of the Commission thereunder.

A hearing will be held, at a time and place to be announced, to take evidence on the staff charges and afford F and C Securities, Inc., and the two named individuals an opportunity to establish any defenses thereto, for the purpose of determining whether the alleged violations occurred and, if so, whether any administrative action of a remedial nature is appropriate in the public interest.

PILGRIM FINANCIAL AND GROWTH FILES FOR OFFERING. Pilgrim Financial and Growth Fund, Inc., 46 W. Clinton Ave., Tenafly, N. J., filed a registration statement (File 2-22366) with the SEC on April 29 seeking registration of 300,000 shares of common stock. It is proposed to offer the shares through authorized dealers at net asset value (\$10 per share maximum*), plus a maximum sales charge of 8.75%. William Jennings & Co., Inc. is listed as principal underwriter. The Fund's objective is "long-term growth of capital and income." It proposes to concentrate a majority of its assets in securities of financial institutions, including life, casualty and other insurance companies, banks and trust companies, consumer and industrial finance companies. Pilgrim Advisers, Inc., is listed as investment adviser. William J. Lippman, president of the Fund, owns 75% of the investment adviser's stock and 75% of the underwriter's stock.

MACY FILES STOCK PLAN. R. H. Macy & Co., Inc., 151 W. 34th St., New York, N. Y., filed a registration statement (File 2-22369) with the SEC on April 29 seeking registration of 150,000 shares of common stock, to be offered under its Employee Stock Option Plan (1954), and 100,000 shares, to be offered under its 1962 Stock Option Plan.

COLUMBIA GAS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15062) approving the proposal of The Columbia Gas System, Inc., New York, to issue and sell at competitive bidding \$50,000,000 of sinking fund debentures due 1989. Net proceeds from the debenture sale will be added to the general funds of the company and will be available for financing, in part, its 1964 construction, estimated at \$135,000,000.

LOUISIANA POWER PROPOSES BOND OFFERING. Louisiana Power & Light Company, 142 Delaronde St., New Orleans La., has filed a proposal with the SEC under the Holding Company Act, for the issuance and sale at competitive bidding of \$25,000,000 of first mortgage bonds due 1994; and the Commission has issued an order (Release 35-15063) giving interested persons until May 27th to request a hearing thereon. As reported in the SEC News Digest of April 24, the net proceeds from the bond sale will be used for property additions and improvements (construction expenditures are estimated at \$35,900,000 for 1964), for paying off bank loans in an amount not to exceed \$8,500,000, and for other corporate purposes.

DATE FOR COMMENTS ON RULE PROPOSAL EXTENDED. The SEC has extended from May 4 to June 1, 1964, the period within which views and comments may be filed upon its proposal to amend Rule 20a-2 under the Investment Company Act of 1940. That proposal, announced on March 18, 1964 (Release IC-3931), relates to certain financial and other information to be disclosed in proxy statements of registered investment companies. The extension was requested by several organizations and individuals, including the Investment Company Institute and the National Association of Securities Dealers, Inc.

SECURITIES ACT REGISTRATIONS. Effective April 29: Ford Motor Co. (File 2-22295); Olin Mathieson Chemical Corp. (File 2-22267); Royal Palm Beach Colony, Inc. (File 2-22033); Sternco Industries, Inc. (File 2-22227); The Warner Brothers Co. (File 2-21996). Effective April 30: Equity National Life Insurance Co. (File 2-22214); Israel Discount Bank Ltd. (File 2-22195); Kennesaw Life and Accident Insurance (File Nos. 2-22249 and 21952); Mesa Petroleum Co. (File 2-22126); The Borden Co. (File 2-22256); The Columbia Gas System, Inc. (File 2-22180); The Crowell-Collier Publishing Co. (File 2-22299).

*As estimated for purposes of computing the registration fee.