

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE March 3, 1960

NASD EXPULSION ORDER AFFIRMED. In a decision announced today (Release 34-6198), the SEC sustained an order of the National Association of Securities Dealers, Inc., which expelled Franz Bachmann, 338 East 51st Street, New York, from NASD membership for violation of NASD rules.

The NASD action was based upon admitted violations by Bachmann of NASD rules through the conversion to his own use of \$1,175 received from a customer in payment for certain securities, failure to make appropriate entries in his books and records reflecting that transaction, and destruction of a copy of the confirmation describing the transaction. Bachmann sought review by the Commission on the ground that the penalty of expulsion was excessive and oppressive.

Bachmann asserted that at the time of the misappropriation he was critically ill and faced the prospect of a major operation, without assets or income, and that the misappropriation was an act of panic. He further urged that despite poor health and inability to work regular hours, he has made full restitution of the sum misappropriated, plus interest, that he is over 71 years old and has been in the securities business all his life, and that since April 1958 he has been a registered representative of another NASD member and has no other means of earning a livelihood.

Observing that the conversion of a customer's funds "is one of the most serious violations within the cognizance of the securities laws administered by us and the rules of the NASD," the Commission concluded that, notwithstanding the unfortunate circumstances confronting Bachmann at the time of the conversion and the fact that he has made restitution, the penalty of expulsion imposed by the NASD is not excessive or oppressive.

RULE PROPOSAL WITHDRAWN. The SEC has withdrawn a proposal to revise its Rule 70 under Section 17(c) of the Holding Company Act governing the connections with financial institutions of officers and directors of registered holding companies and their subsidiaries. The revision proposal (announced in Release No. 12242-X) would have granted broader and more general exceptions from the provisions of Section 17(c). In view of the fact that the Commission has, since the issuance of this proposal, amended the rule three times so as to broaden the exceptions in certain respects, the Commission determined to withdraw this particular proposal.

EUROFUND RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release 40-2980) permitting Eurofund, Inc., a Maryland corporation with offices at 14 Wall Street, New York, to permit certain of its portfolio securities to be held by four foreign banks as agents of the domestic bank custodian of Eurofund's assets, Bankers Trust Company.

GUILTY PLEA ENTERED BY J. L. GRUBER, JR. The SEC Boston Regional Office announced March 1, 1960 (Lit. Release No. 1603) that Joseph L. Gruber, Jr., of Los Angeles (formerly of Lynn, Mass.) had entered a plea of guilty to a Federal court indictment (USDC, Boston) charging fraud in the sale of Eagle Oil and Supply Co., Inc., stock.

PUBLIC SERVICE OF NEW MEXICO FILES FOR RIGHTS OFFERING. Public Service Company of New Mexico, 819 Simms Bldg., Albuquerque, New Mexico, filed a registration statement (File 2-16204) with the SEC on March 2, 1960, seeking registration of 102,229 shares of common stock, of which 97,229 shares will be offered for subscription by holders of its outstanding common stock at the rate of one new share for each 20 shares held. The remaining 5,000 shares will be offered to employees of the company. Any unsubscribed shares will be offered for public sale by underwriters headed by Allen & Company. The subscription price and underwriting terms will be supplied by amendment.

The net proceeds from the sale of the stock (plus bank borrowings) will be applied toward the company's 1960 construction program, and for other corporate purposes including the repayment of a short-term bank loan in the amount of \$2,000,000 and working capital.

The company estimates its expansion and construction program in 1960 will cost \$11,884,000 and that during the next four years the program will cost \$44,838,500.

OVER

For further details, call ST. 3-7600, ext. 5526

INLAND CONTAINER PROPOSES STOCK OFFERING. Inland Container Corp., 120 East Market St., Indianapolis, Indiana, filed a registration statement (File 2-16205) with the SEC on March 2, 1960, seeking registration of 175,000 shares of Class A common stock, to be offered for public sale through a group of underwriters headed by Lazard Freres & Co. on an all-or-none basis. The public offering price and the underwriting terms will be supplied by amendment.

The company is engaged in the manufacture and sale of corrugated fibre boxes and related corrugated fibre products, folding cartons and specialty paperboard products. It also sells kraft linerboard, fruit and vegetable packaging products, hatchery supplies and poultry equipment. Net proceeds from the sale of the stock will be used in part to pay the \$2,500,000 balance of the company's demand promissory note payable to a 50% owned subsidiary, which payment will be used in financing the construction of a new \$30,000,000 kraft mill. The remainder of the net proceeds will be available for general corporate purposes, including capital additions of the company and its wholly-owned subsidiaries.

The company has outstanding, in addition to certain indebtedness, 135,000 shares of 4% preferred stock (\$100 par), 925,200 shares of Class A common and 925,200 shares of Class B common. Officers and directors own an aggregate of 400,450 shares of Class A common (43.3%) and an equal number of Class B shares. Board chairman and treasurer Herman C. Krannert and Mrs. Krannert own an aggregate of 624,575 shares of Class A common stock (67.5%) and an equal number of Class B shares.

NATIONAL FUEL GAS FILES FOR DEBENTURE OFFERING. National Fuel Gas Company, 30 Rockefeller Plaza, New York, filed a registration statement (File 2-16206) with the SEC on March 2, 1960, seeking registration of \$18,000,000 of Sinking Fund Debentures, due 1985, to be offered for public sale at competitive bidding. Net proceeds of the sale of the debentures will be used in part to prepay \$10,800,000 of bank loans, and the balance will be loaned to subsidiaries and used by them to finance in part their 1960 construction program. Construction expenditures by the subsidiaries for 1960, including underground gas storage inventories, are estimated at \$13,400,000.

Addendum to News Digest of March 2, 1960:

SAVANNAH ELECTRIC FILES FOR OFFERING AND SECONDARY. Savannah Electric and Power Company, 27 West Bay St., Savannah, Ga., filed a registration statement (File 2-16207) with the SEC on March 2, 1960, seeking registration of 187,950 shares of common stock. Of this stock, 87,950 shares are to be offered for subscription by common stockholders at the rate of 1 new share for each 13 shares held of record on March 29, 1960. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and Stone & Webster Securities Corporation head the underwriting group.

The remaining 100,000 are now outstanding and constitute part of the holdings of 369,600 shares (32.3%) by a number of trusts created for the benefit of members of the family of the late William H. Donner and for which the Donner Corporation is investment advisor. Sale of the 100,000 will reduce such holdings to 269,600. These trusts have agreed not to sell any of their rights applicable to the new shares without first offering such rights to the underwriters. Public offering of the 100,000 shares will be made through the same underwriting group, at an initial public offering price related to the then current market price of outstanding shares.

Net proceeds to the company from its sale of the additional 87,950 shares will be used to repay a portion of bank loans made for construction purposes (amounting to \$4,000,000 at December 31, 1959). The company estimates its construction expenditures at about \$10,500,000 for 1960.

GENERAL TIRE FILES FOR PROFIT-SHARING PLAN. The General Tire & Rubber Company, 1708 Englewood Ave., Akron, Ohio, filed a registration statement (File 2-16208) with the SEC on March 2, 1960, seeking registration of 102,000 shares of common stock to be offered pursuant to the company's profit-sharing plan for salaried employees.

FIGURETTE PROPOSES STOCK OFFERING. Figurette, Ltd., 514 N. E. 79th St., Miami, Fla., today filed a registration statement (File 2-16209) with the SEC seeking registration of 100,000 shares of Class A common stock, to be offered for public sale at \$6 per share on an all or none basis by Myron A. Lomasney & Co. In addition to its commission of 90¢ per share, the underwriter will acquire for \$100 five-year warrants to purchase 10,000 Class A shares at \$6 per share. The underwriter has purchased 22,500 Class A shares at \$1.50 per share from the founders and principals of the business.

The company and its subsidiaries operate a chain of salons engaged in the rendering of various beautifying, body development and health services to women, principally in the states of Florida and Massachusetts. Net proceeds of its sale of the additional 100,000 Class A shares, estimated at \$477,500, will be added to the general funds of the company, will be used to (a) discharge \$9,300 of short-term loans and salary accruals, (b) finance the opening (\$30,000) of new salons (two of which are currently planned); (c) finance the purchase (\$25,000) of additional equipment for use in existing and new salons, and provide the sale of health and exercise equipment for home and institutional use pursuant to contract (\$50,000); and realize \$100,000 additional working capital sufficient to obtain increased bank credit. Any proceeds not so used (about \$257,500) will be added to working capital.

The company has outstanding 77,500 Class A and 202,500 Class B common shares. Donald G. Saunders, president, and two other officers own 67,500 each of the Class B and the underwriter owns the 22,500 Class A shares. Sale of the 100,000 Class A shares will result in an increase in the book value of the 225,000 outstanding shares from 70¢ to \$1.94 per share.