

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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COLUMBIA GAS SYSTEM RECEIVES FURTHER ORDER. The SEC has issued a further order under the Holding Company Act (Release 35-14879) authorizing open amount advances by The Columbia Gas System, Inc., New York registered holding company, to its subsidiaries, Cumberland and Allegheny Gas Company and Columbia Gas of New York, Inc., in amounts not exceeding \$1,300,000 and \$2,500,000, respectively, (to be made in connection with the prepayment of installment notes of these subsidiaries held by Columbia).

EASTERN UTILITIES ASSOCIATES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14880) authorizing Eastern Utilities Associates, Boston registered holding company, and five subsidiaries, to use a method of allocating the group's consolidated income tax liabilities which will give to each of the companies included therein the full investment credit each company contributes to the total investment credit allowed on the consolidated returns.

SEC FILES IN AMERICAN GUARANTY PROCEEDING. The SEC has filed an application in the Federal court in Providence, R. I. to dismiss the arrangement proceedings under Chapter XI of the Bankruptcy Act with respect to American Guaranty Corporation, on grounds that these proceedings should have been brought under the corporate reorganization provisions of Chapter X of the Act. A hearing on the Commission's application is scheduled for June 17, 1963. American Guaranty is engaged in the commercial financing and equipment leasing business. A balance sheet as at September 30, 1962 shows assets of approximately \$26,700,000 and liabilities of approximately \$24,600,000, of which \$20,000,000 is owed to institutional creditors and \$4,600,000 to 2,800 public investors holding 3 different issues of debt securities. In addition, there are 1,100 public holders of common and preferred stocks. The Commission's application urges that the procedures of Chapter XI are inadequate to meet the rehabilitation needs of the company. (Release CR-202)

SEC ENTERS TRANS-UNITED PROCEEDING. The SEC announced today that it has entered an appearance in the proceeding under Chapter X of the Bankruptcy Act for the reorganization of Trans-United Industries, Inc., pending in the Federal court in Hartford, Conn. Edward S. Rogin and Robert E. Cohn serve as trustees. The Debtor (formerly Artloom Carpet Co., Inc.) is presently engaged, through subsidiaries, in the fabricating of structural steel and the manufacturing of electrical components. A consolidated balance sheet as at July 31, 1962, shows total assets of \$7,867,920 and total liabilities of \$6,888,052. Its assets consist primarily of pledged accounts receivable in the amount of \$3,883,604, pledged inventories in the amount of \$1,207,578, notes receivable in the amount of \$970,000, and land, building and equipment in the amount of \$1,080,985. For the six months ended January 31, 1963, the Debtor reported sales of \$3,974,248 and net income of \$125,953. However, it reported net losses for prior periods. As at July 31, 1962, the Debtor had outstanding 531,807 shares of common stock held by about 1,900 persons. (Release CR-203)

SEC ORDER CITES GLANZMAN & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether William Glanzman & Co., Inc., 27 William St., New York, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether its broker-dealer registration should be revoked. The said company ("registrant") has been registered with the Commission as a broker-dealer since January 27, 1962. William Glanzman is president and a principal stockholder.

In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of common stock of Gaslite Equipment Co., Inc., from September 1962 to March 1963, registrant, Glanzman and certain salesmen "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit" upon investors in violation of the anti-fraud provisions of the Federal securities laws, in that they made false and misleading representations with respect to anticipated rise in the price of Gaslite stock; the financial condition, assets, operations, activities, management and background of Gaslite; the listing of its stock on an exchange; and the payment of dividends. It is further alleged by the staff that registrant and Glanzman employed salesmen with records of previous employment by "boiler rooms" who, without suitable training or indoctrination in the standards of conduct required of those engaged in the securities business, offered and sold Gaslite stock by means of cold canvassing and intensive local telephone calls without such reasonable and diligent inquiries as would have revealed the true nature of the financial condition, assets, operations, activities and management of Gaslite, and without regard or knowledge as to the customer's financial circumstances or the suitability of an investment in Gaslite stock to his investment needs.

The Commission's order also cites the following salesmen of registrant: Anthony Frank Arrabito, Howard Saul Cohen, Oliver Paul Coleman, Gerard DeFillippo, Frederick York Davies, Frank Engelman, Lee Gordon, Gerald N. Lancona, Jr., Alan Joseph Lowenthal, Esther Rubinstein, Benjamin Saporta and Kenneth Ivory West. A hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing matters to determine whether the broker-dealer registration of Glanzman & Co. should be revoked and whether Glanzman and the several salesmen were each a cause of any such revocation order as may be issued.

OVER

UNITED DEVELOPMENT ET AL ENJOINED. The San Francisco Regional Office announced May 24 (LR-2635) the entry of a Federal court order (USDC, Las Vegas) permanently enjoining United Development Corporation, Shamrock Securities, Inc., Aaron Cook and Steel Petersen, all of Las Vegas, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of common stock of United Development. In addition, Shamrock Securities, a broker-dealer, was permanently restrained from violations of the Exchange Act registration provisions. The defendants consented to entry of the order.

COSMETICS INVESTMENTS, ET AL ENJOINED. The SEC New York Regional Office announced April 9 (LR-2636) the entry of a Federal court order (USDC, NJ) permanently enjoining Cosmetics Investments, of Newark, N. J., Peter J. Dowd (Livingston, N. J.), Kenneth Archibald McKay (East Orange, N.J.), and Herbert S. Winson (Newark) from further violating the Securities Act registration and anti-fraud provisions and the Exchange Act registration provisions in the offer and sale of unregistered Class A shares of Lord Adam/Lady Eve Products, Inc. The defendants consented to entry of the order. Two additional defendants, Eliot, Roberts & Co., Inc. (Newark), and Robert E. Shafarman (West Orange, N.J.), were preliminarily enjoined (by default) from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of said stock.

FIRST AMERICAN ISRAEL MUTUAL FUND SEEKS ORDER. The First American Israel Mutual Fund, Boston open-end investment company, has applied to the SEC for an order under the Investment Company Act exempting all underwriters of Fund shares from the provisions of Section 17(a) of the Act to the extent that such provisions would otherwise prevent them from acquiring shares of the Fund in exchange for State of Israel bonds; and the Commission has issued an order (Release IC-3707) giving interested persons until June 14, 1963 to request a hearing thereon. The Fund, which proposed the offering of 2,750,000 shares of beneficial interest in the Fund, also seeks permission to suspend redemptions and postpone the date of payment or satisfaction upon redemption for any period during which the Tel Aviv Stock Exchange may be closed (other than the customary weekend and holiday closing), or during which trading thereon is restricted (as determined by Commission rules and regulations). Substantially all of the Fund's investments will be made in securities listed on such Exchange, and for purposes of determining its net asset value, the Fund will value portfolio securities which are traded on the Exchange at the prices prevailing thereon.

INTERNATIONAL BANK SEEKS ORDER. International Bank, an Arizona company with principal offices in Washington, D. C., has applied to the SEC for an order under the Investment Company Act authorizing the purchase of certain property by the Alexandria National Bank from certain officers and directors of International Bank; and the Commission has issued an order (Release IC-3708) giving interested persons until June 14, 1963 to request a hearing thereon. According to the application, International Bank proposes to purchase from Ira R. Devonald, Trustee, acting as such for Luther A. Gilliam, Henry P. Thomas, E. Guy Ridgely and Ira R. Devonald, directors of the Bank, properties located in the City of Alexandria comprising in the aggregate about 13,754 square feet of land for a cash consideration of \$112,500. The purchase price represents approximately \$19,000 more than the cost of the property to the directors, including expenditures since the acquisition of the property in February 1960 and July 1961. Such property is being acquired by the Bank to provide parking facilities at its main office located in Alexandria.

NORTHWESTERN NATIONAL LIFE FILES FOR SECONDARY. Northwestern National Life Insurance Company, 430 Oak Grove St., Minneapolis, today filed a registration statement (File 2-21453) with the SEC seeking registration of 604,867 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Lehman Brothers, 39 S. LaSalle St., Chicago. The public offering price (maximum \$38 per share*) and underwriting terms are to be supplied by amendment. The company writes a variety of individual life, term and endowment policies on both a participating and nonparticipating basis. It has outstanding 1,760,000 shares of common stock (after giving effect to a recent recapitalization whereby such shares were issued in exchange for the 220,000 shares then outstanding), of which management officials as a group own 4.6%. John S. Pillsbury, Jr. is president. The 604,867 shares are to be offered by a syndicate consisting of some 80 persons and corporations owning an aggregate of 909,824 shares. J. C. Bradford owns 144,912 shares and proposes to sell 94,912 shares, and others propose to sell amounts ranging from 1,333 to 53,333 shares.

SECURITIES ACT REGISTRATIONS. Effective May 27: Admiral Plastics Corp. (File 2-20982); Gem International, Inc. (File 2-21381); J. Herbert Orr Enterprises, Inc. (File 2-20327); Pacific Northwest Bell Telephone Co. (File 2-21402). Effective May 28: American Biltrite Rubber Co., Inc. (File 2-21375); Brown Engineering Co., Inc. (File 2-21386); Clevite Corp. (File 2-21338); Dow Jones & Co., Inc. (File 2-21380). Withdrawn May 27: Castle Hospitality Services (File 2-20951); Consolidated Resource Corp. (File 2-21247); Key Training Service, Inc. (File 2-21212); United Markets, Inc. (File 2-19943).

*As estimated for purposes of computing the registration fee.

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