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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MINNEAPOLIS-HONEYWELL REGULATOR PROPOSES DEBENTURE OFFERING. Minneapolis-Honeywell Regulator Company, 2747 Fourth Ave. South, Minneapolis, filed a registration statement (File 2-21580) with the SEC on July 16 seeking registration of $30,000,000 of sinking fund debentures due 1988, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Part of the net proceeds will be applied to the payment of $10,500,000 of outstanding short term notes incurred to provide a portion of cash requirements resulting from the expansion of business and activities; and the balance will be added to working capital and used to provide funds for further expansion of business, including particularly electronic data processing operations.

GENERAL FIREPROOFING FILES STOCK PLAN. The General Fireproofing Company, East Dennick Ave., Youngstown, Ohio, filed a registration statement (File 2-21581) with the SEC on July 16 seeking registration of 8,000 shares of common stock, to be offered pursuant to its Stock Purchase Plan for Employees.

BEDE AIRCRAFT FILES FOR STOCK OFFERING. Bede Aircraft, Inc., 350 South Fountain Ave., Springfield, Ohio, filed a registration statement (File 2-21582) with the SEC on July 16 seeking registration of 600,000 shares of common stock, to be offered for public sale on a best efforts basis by Consolidated Securities Corp., 920 N. Federal Highway, Pompano Beach, Fla. The public offering price (maximum $3 per share*) and underwriting terms are to be supplied by amendment. The underwriter will receive $22,000 for expenses.

Organized in 1960, the company is in the development stage. It is engaged in the design and development of several airplanes, including a light weight sport airplane constructed of structural aluminum honeycomb, fiberglass and structural bonding to replace riveted construction. Of the $1,530,000 estimated net proceeds from the stock sale, $130,500 will be used to pay notes and current liabilities; $100,000 to complete the said airplane to the production state; $792,000 to construct three prototypes of another airplane; and the balance to organize sales and marketing organization, for redemption of founders' stock, and for working capital. According to the prospectus, the proceeds from the stock sale will be sufficient only for the company to complete its development and testing stage and additional financing must then be obtained to go forward with the manufacture and marketing of the company's aircraft. Giving effect to the sale of the new stock (and the re-sale back to the company by management officials of 300,000 shares at 20¢ per share), the company will have outstanding 1,654,950 shares, of which management officials as a group (and other present stockholders) will own 64% for a total investment of $257,765, and the public will own 26% for a total investment of $1,800,000. James R. Bede, vice president, owns 645,000 shares. Arthur F. Flood is board chairman and president.

BURNS DETECTIVE AGENCY FILES FOR SECONDARY AND STOCK PLAN. The William J. Burns International Detective Agency, Inc., 235 East 42nd St., New York, filed registration statements (Files 2-21583 and 2-21584) with the SEC on July 17 seeking registration of (1) 150,000 outstanding shares of Class A common stock, to be offered for public sale by the holders thereof through underwriters headed by Smith, Barney & Co., Inc., 20 Broad St., New York, and (2) 25,922 Class A shares, to be offered pursuant to the company's Key Employees' Restricted Stock Option Plan. The public offering price (maximum $28 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of furnishing protective services to industrial and commercial clients, principally by means of uniformed guards. It also provides other services to its clients, including investigations, undercover operations and the furnishing of up-to-date information on the habits and characteristics of various types of criminals. The company has outstanding 628,951 Class A and 62,995 Class B common shares, of which the Burns family owns 45.5% and 100%, respectively. The prospectus lists 14 selling stockholders (all members of the Burns family) including Raymond J. Burns, board chairman, who proposes to sell 13,605 of 39,585 Class A shares owned. In addition, W. Sherman Burns, president, William J. Burns, a vice president, and Dorothy A. Burns propose to sell 19,627, 24,940 and 19,617 shares, respectively. Each Class B common share held by members of the Burns family is entitled to 11 votes per share and each share of Class B not held by a member of that family (none presently outstanding) and each Class A share is entitled to one vote per share.

E.I. DU PONT RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3743) exempting from Section 17(a)(3) of the Act transactions whereby foreign affiliated companies of E. I. du Pont de Nemours and Company, a Delaware company, may make loans to their employees (including employees who are also officers and/or directors).

HAROLD DERBER ENJOINED. The SEC Washington Regional Office announced July 17 (LR-2688) the entry of a Federal court order (USDC, DC) permanently enjoining (by default) Harold Derber, of Miami Beach, Fla., from further violations of the Securities Act registration and anti-fraud provisions in the sale of stock of American Orbitronics Corporation.

OVER

SUSPENSION OF NORTHEAST TELECOMMUNICATIONS OFFERING MADE PERMANENT. In a decision and order announced today (Release 33-4622), the SEC made permanent its July 1961 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering by Northeast Telecommunication Inc., of 122 E. 42d, New York, of 300,000 common shares at $1 per share. In its decision, the Commission sustained findings of its Hearing Examiner that (1) the sale of issuer's stock violated the Securities Act anti-fraud provisions by reason of a false and misleading statement in the offering circular, (2) the issuer failed to comply with terms and conditions of Regulation A in that sales were made in a number of jurisdictions (states) other than those specified in the notification, and (3) the exemption was not available to issuer in that the aggregate amount of the stock offered exceeded the $300,000 limitation.

The Commission found that the offering circular falsely stated that issuer had issued a total of 182,500 shares to four officers and directors in consideration of "$18,250 in cash, including cash expended for property transferred to" issuer, and services in organizing issuer and in securing valuable contracts for it. In fact, according to the decision, issuer received no such cash or property, any cash contribution having been made to its predecessor, which expended all or substantially all of the contributions prior to issuer's organization, and which transferred no property attributable to the $18,250 to the issuer. Moreover, shares were issued to one director merely because of his position rather than for any cash contribution or services. The Commission also held that when computing the aggregate amount of the securities, there should have been included 22,000 shares composed of 10,000 shares owned by officers and directors of issuer which were transferred out of escrow contrary to the terms of the escrow agreement, and 12,000 shares sold by issuer in violation of the Securities Act registration requirements within one year prior to commencement of the Regulation A offering.

SEC ORDER CITES FINCHLEY INVESTORS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Finchley Investors Corporation, 42 Broadway, New York, engaged in practices which operated as a "fraud and deceit" upon investors or otherwise violated the Federal securities laws 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 December 1959. Herman Weinstein is reported as president in a 1962 amendment to its registration application; and Seymour B. Cohen, who was reported in 1961 amendments to be an officer and director, was subsequently reported to be no longer engaged in such capacities. 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 securities of Consolidated Aeronautics, Inc. (and other securities) during January 1962 to date, registrant, Weinstein, Seymour B. Cohen and Martin Cohen (employed by registrant from February to May 1962) "engaged in transactions, acts, practices and courses 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. As a part of such activities, it is alleged that they (1) did not deliver securities (including those of Consolidated Aeronautics) which registrant sold to nor pay for securities which it purchased from certain persons, while falsely representing that such transactions would be consummated and that registrant would be able to meet its obligations, and (2) falsely represented to purchasers of Consolidated Aeronautics stock that (a) registrant was authorized by Consolidated Aeronautics to act on the latter's behalf in the offer and sale of its stock, when no such agency relationship existed, (b) that purchasers of such stock were being given preferential treatment in that no brokerage commission would be charged by registrant when, in fact, registrant acted as principal in effecting such transactions and took a profit, and (c) that the price thereof would increase. It is also alleged that an amendment to registrant's application was false and misleading in stating that Weinstein had not been previously connected with other brokers and dealers and that no person named therein directly or indirectly controlled registrant's business when, in fact, Seymour B. Cohen was in control. Failure to amend the application to reflect a change of business address is also charged, as well as violations of the Commission's net capital, record keeping and financial reporting requirements.

A hearing will be held at a time to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registration of Finchley Investors should be revoked.

CORRECTION RE. F. S. JOHNS & CO., ET AL RELEASE. The SEC News Digest of July 16 reported the institution of broker-dealer revocation proceedings against F. S. Johns & Co., of Union, N. J., and five other broker-dealer firms. The item incorrectly stated that Jack L. Dlugash, Marvin Abel and Edward McNamara were employed by Reuben Rose & Co., Inc. (one of the other five firms), whereas they were employed by Douglas Enterprises. The item omitted to state that William Rosenthal was employed by the Reuben Rose firm.

THE RES CONVICTED. The SEC announces the conviction of Gerardo (Jerry) A. Re, Gerard F. Re, Charles A. Grande (Casagrande), Ely Batkin and Jacob Yaffe (USDC, SDNY) of violating the Securities Act registration provisions in the distribution of unregistered common stock of Swan-Finch Oil Corporation, and with conspiring to violate those provisions and to manipulate the price of that stock on the American Stock Exchange (LR-2689). The defendants will be sentenced on September 10, 1963. Lowell M. Birrell, who was also indicted in this case, was not tried since he is presently a fugitive and outside the jurisdiction of the United States; and Verna E. Skoglund, another defendant, was acquitted by the Judge.

SECURITIES ACT REGISTRATIONS. Effective July 16: United Mexican States (File 2-21511). Effective July 17: Associated Oil & Gas Co. (File 2-21524); The Dorsey Corp. (File 2-20792); Evans, Inc. (File 2-21433); International Seaway Trading Corp. (File 2-21446); Nautec Corp. (File 2-20987). Withdrawn July 17: Equity Funding Corporation of America (File 2-20095); Quaker City Life Insurance Co. (File 2-21491).

*As estimated for purposes of computing the registration fee.

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