

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE November 27, 1963

INVESTMENT ADVISER REGISTRATION OF JUSTIN STONE REVOKED. In a decision announced today (Release IA-153), the SEC revoked the investment adviser registrations of Justin Federman Stone, doing business as Justin Stone & Associates, Los Angeles, Calif., and of Justin Stone Associates, Inc., Beverly Hills, Calif., for violations of the anti-fraud and other provisions of the Investment Advisers Act of 1940.

The Commission found that the respondents wilfully violated provisions of the Investment Advisers Act in that they made untrue and misleading statements of material facts in the solicitation and inducing, through the use of the mails, of subscriptions to their advisory service, Stock Diagnosis, such activities and the making of such statements constituting a scheme to defraud prospective clients and a course of business operating as a fraud upon prospective clients. The Commission also found that the respondents wilfully violated other provisions of the Act in that they failed to include in their investment advisory contracts a provision that no assignment of any such contract could be made by the respondents without the consent of the other party to the contract and also in that the application for registration filed by Justin Stone Associates, Inc., contained misstatements about the background and experience of Justin Federman Stone, the president and controlling person.

BROAD STREET INVESTING CORP. RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3830) exempting Broad Street Investing Corporation, New York open-end investment company, from compliance with the provisions of Section 22(d) of the Act to permit Broad Street to issue its shares at net asset value for substantially all the cash and securities of Pine Holding Company.

COLUMBIA GAS SYSTEM SEEKS ORDER. The Columbia Gas System, Inc., New York registered holding company, and fifteen wholly-owned subsidiary companies, have applied to the SEC for an order under the Holding Company Act authorizing the continuation during the 1964 calendar year of open account advances by Columbia to the subsidiary companies, and the Commission has issued an order giving interested persons until December 20, 1963, to request a hearing on the application. The application proposes that the subsidiary companies will prepay with excess cash, from time to time prior to the end of 1964, a portion of their outstanding installment promissory notes (aggregating \$107,000,000) held by Columbia. As any of such companies require funds for construction and other corporate purposes after prepayment, it is proposed that advances will be made to them on open account by Columbia, provided that at no time will the amount of such advances to any subsidiary exceed the amount of notes theretofore prepaid by it, less any current maturities applicable to such notes which would have matured subsequent to the date of prepayment.

NARRAGANSETT ELECTRIC FILES FINANCING PROPOSAL. The Narragansett Electric Company, 15 Westminster St., Providence, R. I., filed a registration statement (File 2-21900) with the SEC on November 26 seeking registration of \$5,000,000 of First Mortgage Bonds, Series F __%, due 1994, to be offered for public bidding on or about January 3, 1964. The bonds will be issued in coupon form and in the denomination of \$1,000. The offering price per unit (maximum 104%*) is to be supplied by amendment. Prior to the issue and sale of these bonds the company will issue and sell 100,000 shares of common stock to the New England Electric System for a cash consideration of \$5,000,000, which proceeds will be applied to outstanding short term notes. As of September 30, 1963 there were outstanding short-term notes amounting to \$1,100,000. Proceeds from the sale of the bonds will also be applied against the outstanding short term notes. Incorporated in 1926, the company engages in the generation, purchase, distribution and sale of electricity and in the sale of electric appliances. It is a subsidiary of New England Electric System, which owns all of the company's common stock.

SECURITIES ACT REGISTRATIONS: Effective November 27: Cooperative Grange League Federation Exchange, Inc. (File 2-21778); Craft Master Corp. (File 2-21756); Okliana Corp. (File 2-21695); Oxford Chemical Corp. (File 2-21769). Withdrawn November 26: Key Finance Corp. (File 2-21480); Ultronic Systems Corp. (File 2-21730).

*As estimated for purposes of computing the registration fee.

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