

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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Washington 25, D.C.

FOR RELEASE July 13, 1960

ASSOCIATED SECURITIES CORP. REGISTRATION REVOKED. In a decision announced today (Release 34-6315), the SEC revoked the broker-dealer registration of Associated Securities Corporation ("Associated"), 626 Continental Bank Building, Salt Lake City, for fraud in the sale of securities and other violations of the Federal securities laws. Norman V. Jenson, executive vice president, treasurer, and controlling stockholder, was found to be a cause of said revocation order.

Associated has been registered with the Commission since January 1956. In April 1956, it sold 50,000 shares of Blue Lizard Mines, Inc., stock to a securities dealer in New Orleans and that dealer immediately re-sold 49,400 of such shares to public investors. Associated had received these shares in March 1956 as partial compensation for services as an underwriter for a proposed offering of convertible debentures by Associated, for which a registration statement subsequently was filed. The Commission ruled that Associated and George L. Hackett, its former president and controlling stockholder, violated the Securities Act registration requirement in the sale of such stock in advance of its registration.

Moreover, according to the decision, Associated and Jenson made fraudulent representations in the offer and sale of stock of New Hemisphere Life Insurance Company during the first half of 1958. Associated acquired some 1,100 shares at a cost of \$57,539 and, during the same period, sold 1,017 shares to 100 investors, at prices increasing from \$75 to \$90 a share, for a total price of \$86,230 (thus realizing a profit of \$32,981 on the shares sold, or a mark-up of 61.9%). A number of the purchases and sales took place on the same day or were substantially contemporaneous. For example, on February 6, 1958, Associated purchased 30 shares at \$50 a share and on the same day sold 27 shares at \$75 a share; and on February 20, 1958, it bought 100 shares at 52 and 40 shares at 61.25 and on the same day sold 44 shares at 85 and on the next day 6 shares at 85.

The Commission ruled that the prices charged for the Insurance Company stock, ranging from \$75 to \$90 per share, "were not reasonably related to the market which, on the basis of the prices paid by Associated in substantially contemporaneous purchases and the prices paid in transactions of other broker-dealers during the same period, generally ranged from about \$50 to \$61.25 a share." Failure to disclose the current market to purchasers rendered "Materially false" Associated's express and implied representation to purchasers that the prices charged were prevailing market prices or were reasonably related to the current market, the Commission stated; and representations to customers that the market price had increased and would greatly increase like that of other insurance company stocks also were materially false and misleading in view of the substantially lower market price then prevailing in relation to the prices charged by Associated and the fact that no reasonable conclusion as to a possible increase in market value could be drawn from the experience of other insurance companies. Jenson was held to have "aided and abetted" these violations of the anti-fraud provisions of the securities laws.

In addition, the Commission held that Associated, aided and abetted by Grant Nelson, secretary, did not maintain certain books and records as required by the rules of the Commission.

BOSTON FUND SEEKS ORDER. Boston Fund, Inc., Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed purchase of substantially all the cash and securities of The Hartford Investment Company; and the Commission has issued an order (Release 40-3069) giving interested persons until July 26, 1960, to request a hearing thereon.

Hartford Investment is a personal holding company having no more than 45 shareholders. Boston Fund has entered into an agreement for the purchase of substantially all its cash and securities, having a value of about \$6,200,000 as of March 31, 1960, in exchange for shares of Boston Fund at their net asset value.

BORROWINGS BY COLUMBIA GAS SUBSIDIARIES APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14257) authorizing the purchase by The Columbia Gas System, Inc., of installment notes of four of its subsidiaries, as follows: Columbia Gas of New York, Inc., \$775,000; Home Gas Company, \$1,025,000; The Ohio Fuel Gas Company, \$14,000,000; and The Ohio Valley Gas Company, \$1,000,000. The subsidiaries will use the proceeds for their 1960 construction requirements.

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