

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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FOR RELEASE October 11, 1960

GLIDE CONTROL OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Glide Control Corporation, 1608 Centinela Blvd., Inglewood, Calif.

Regulation A provides a conditional exemption from registration under the Securities Act with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in April 1959, Glide Control, which was organized in March 1959 for the purpose of marketing an automatic throttle control device, proposed the public offering of 300,000 shares of common stock at \$1 per share through an underwriter, Reilly, Hoffman & Co., Inc., of Lynbrook, L. I., N. Y. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with for the reason that the underwriter made stock sales prior to completion of the offering without the use of an offering circular; that the company's notification and offering circular falsely represented that the shares were being offered to the public at \$1 per share when in fact certain of the shares were being offered and sold by the underwriter to the public at higher prices; that a subsequent report filed with the Commission by the company incorrectly stated that the offering was completed on May 21, 1959, and that the public paid \$300,000 for the stock, when in fact the offering was not completed until September 1959 and the public paid more than \$300,000; and that, in the offer and sale of stock, the said underwriter made false and misleading representations in violation of Section 17 of the Act, particularly with respect to statements that the stock would be listed on an exchange, that the stock would increase in value to \$8 or \$10 per share within one year, that major automobile companies were about to purchase the Glide Control product, that the latter had made sales of \$600,000 as of August 1959 with earnings of \$300,000 and that it was manufacturing in the East.

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. The Commission also has instituted proceedings to determine whether to revoke the broker-dealer registration of Reilly, Hoffman & Co., Inc., in which proceedings issues are raised similar to those referred to above.

SECURITIES VIOLATION CHARGED TO REILLY, HOFFMAN & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Reilly, Hoffman & Co., Inc., 30 Raymond Ave., Lynbrook, L. I., N. Y., engaged in activities "which would and did operate as a fraud and deceit" upon purchasers of Glide Control Corporation stock and, if so, whether its registration as a broker-dealer should be revoked.

According to the Commission's order, the company ("respondent") has been registered with the Commission as a broker-dealer since March 1956. Thomas J. Reilly is president and Philip J. Hoffman secretary-treasurer, and each owns 10% or more of respondent's outstanding stock. Respondent acted as underwriter for a public offering of Glide Control common stock commencing in April 1959. The offering, involving 300,000 shares, was made pursuant to a Regulation A exemption from registration under the Securities Act of 1933, the offering circular stating that all shares would be offered at a \$1 per share offering price. A later report filed with the Commission by Glide Control stated that the offering had been completed on May 21, 1959.

The Commission's order asserts that information developed in an investigation conducted by its staff tends to show that the said stock offering by respondent violated the registration and anti-fraud provisions of the Securities Act, in that, prior to May 21, 1959, the respondent placed a substantial portion of the shares in its firm trading account and in a fictitious customer's account controlled by it and that, shortly thereafter, respondent distributed these shares to the public at prices in excess of the \$1 per share offering price. It is further asserted that, in the offering and sale of Glide Control stock during the period May 6 to September 30, 1959, respondent engaged in fraud and deceit upon purchasers of the stock by its failure to disclose the actual method of offering; by representing that the offering had been completed when, in fact, respondent continued to engage actively in the stock distribution; by representing that the shares were being sold "at the market" when, in fact, respondent knew and omitted to state that the prices paid by purchasers were not prices established by a free, open and competitive market but were prices artificially established by respondent; and by making false and misleading representations concerning the listing of Glide Control stock on an exchange, the future market price of the stock, the existing business opportunities of the company, the company's performance and growth, and the states in which the stock could legally be sold. Reilly and Hoffman are said to have caused the respondent to engage in certain of these activities, as are four of its salesmen, Theodore Kempinski (aka Ted Kemp),

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Robert Campbell (aka Bob Camp), Norman Grant, and Paul Gordon (aka Paul Gruber).

The Commission's order also charges that the respondent made false and misleading entries in its books and records and otherwise failed to comply with the record-keeping requirements of the Commission.

A hearing will be held for the purpose of taking evidence with respect to the foregoing, at a time and place later to be announced. The Commission also has issued an order temporarily suspending the Regulation A exemption pursuant to which the Glide Control stock was offered and sold.

COMMERCIAL CREDIT FILES FOR OFFERING. Commercial Credit Company, 300 St. Paul Place, Baltimore, Md., filed a registration statement (File 2-17167) with the SEC on October 10, 1960, seeking registration of \$50,000,000 of notes due November 1, 1980, to be offered for public sale through a group of underwriters headed by The First Boston Corporation and Kidder, Peabody & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a holding company and does no business with the public. The business engaged in by its subsidiaries consists primarily of specialized forms of financing and insurance. The company also has several manufacturing subsidiaries. The net proceeds from the sale of notes will be used to increase or maintain the company's working capital, which may be used for the purchase of receivables, advanced to or invested in subsidiaries for such purposes as the bulk purchase of receivables or other purposes as relate to their respective businesses, or initially applied to the reduction of short term loans.

In addition to various indebtedness, the company has outstanding 5,094,400 shares of common stock. E. L. Grimes is listed as board chairman and C. C. Green as president.

INTERNATIONAL PETROLEUM HOLDING CORP. ENJOINED. The SEC Denver Regional Office announced October 7th (LR-1807) the entry of a court order (USDC U.) permanently enjoining International Petroleum Holding Corporation and Earl J. Knudson, Jr., from further violating the Securities Act registration requirement in the sale of common stock of International.

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