

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



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FOR RELEASE July 13, 1962

SUSPENSION OF FARWEST PLYWOOD OFFERING MADE PERMANENT. The SEC today made permanent its March 1960 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering by Farwest Plywood Company, a Washington company, of 80 shares of its Class A preferred stock (\$3,500 par) and 80 shares of common stock, in units of one common and one Class A preferred share at \$3,500 per unit (76 units being reserved for employee stockholders for the conversion of Class C preferred stock upon payment of \$3,000 per unit). In its order, the Commission sustained the findings of its Hearing Examiner that the company had failed to comply with Regulation A in that its offering circular was false and misleading in respect of certain material facts, particularly concerning the direct and indirect interest of the company's principal and controlling stockholder and the substantial pecuniary benefits which have accrued and will accrue to him by virtue of contracts and other transactions with affiliated companies also owned or controlled by him; the lack of timber reserves and resulting competitive disadvantages to the issuer in the procurement of raw materials; the voting and dividend rights of the securities being offered; the nature and extent of and limitations on the preferential employment rights conferred on holders of the Class A shares; and the terms and conditions under which the securities were to be sold.

SEC SUSTAINS NASD SANCTION. The SEC today announced a decision (Release 34-6847) sustaining findings by the National Association of Securities Dealers, Inc., that its record-keeping requirements and the SEC net capital rule had been violated by Joseph Blumenthal, a registered broker-dealer, 8 Hancock Ave., Newton Centre, Mass., and that such conduct violated the NASD rules of fair practice and was inconsistent with high standards of commercial honor and just and equitable principles of trade.

Blumenthal contended that his principal activity for many years has been the sale of life insurance, that his securities transactions were relatively few in number and that his records were adequate for his limited type of operations. He further contended that there was no evidence of any dishonorable conduct on his part and that his transactions have never involved harm or risk to any customer. The Commission agreed with the NASD findings and stated that the fact that the violations were not aggravated and apparently did not result in any harm to customers is reflected in the relatively moderate penalty of censure and a \$200 fine; and it concluded that such penalty was not excessive or oppressive.

LITTON INDUSTRIES FILES STOCK PLAN. Litton Industries, Inc., and Foundation of the Litton Industries (a non-profit corporation), both of 336 North Foothill Road, Beverly Hills, Calif., filed a registration statement (File 2-20578) with the SEC on July 11th seeking registration of 25,000 shares of common stock of Litton Industries (owned by the Foundation), to be offered to selected employees of Litton Industries pursuant to the Foundation of the Litton Industries Plan.

GLASCO PACIFIC FILES FOR STOCK OFFERING. Glasco Pacific, Inc., 1299 N. First Street, San Jose, Calif., filed a registration statement (File 2-20579) with the SEC on July 12 seeking registration of 250,000 shares of \$5 par Class A stock (6% cumulative preferred dividend, non-voting except on default in dividend payments) and 250,000 shares of common stock, to be offered for public sale in units consisting of one Class A and one common share. The offering will be made at \$5.05 per unit by Wilson, Johnson & Higgins, 465 California Street, San Francisco, which will receive a 50¢ per unit commission. The statement also includes 87,500 common shares to be sold to certain of the company's founders, 33,750 shares to the underwriter, and 3,750 shares to Manhattan Capital Corporation, the finder, all at 5¢ per share.

Organized under California law in April 1962, the company intends, initially, to manufacture flat glass mirrors and sliding wardrobe mirror doors and related products at Sunnyvale, Calif., and to market these products through the 11 western states and Hawaii. The company will lease its plant to be built by its president and vice president on land owned by them in Sunnyvale. The \$1,128,750 estimated net proceeds from the sale of the units (and stock to the underwriter and others) will be used to purchase various equipment (\$398,954), to acquire raw materials (\$120,000), for working capital for accounts receivable (\$200,000), and for other expenses and working capital for general purposes. Frank J. Schnoor is president.

TRADING BAN IN THREE STOCKS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in stocks of Apex Minerals Corporation, Automated Procedures Corp. and Industrial Enterprises, Inc., for additional ten-day periods of July 14-23, 1962, as to shares of the latter two companies and July 15-24, 1962, as to shares of Apex Minerals.

PAUL NICHOLS CO. INC. ENJOINED. The SEC Seattle Regional Office announced July 9th the entry of a Federal court order in Anchorage, Alaska, permanently enjoining Paul Nichols and Paul Nichols Company, Inc., of Anchorage, from further violating the SEC record-keeping requirements. Defendants also were enjoined from disposing of any securities except after notice to and approval by the court. (Lit-2309)

OVER

SOUTHWESTERN BELL TELEPHONE PROPOSES DEBENTURE OFFERING. Southwestern Bell Telephone Company, 1010 Pine St., St. Louis, Mo., today filed a registration statement (File 2-20580) with the SEC seeking registration of \$100,000,000 of debentures due 1997, to be offered for public sale at competitive bidding. The net proceeds from the debenture sale will be used to reimburse the company's treasury for expenditures made for construction, to repay an estimated \$91,000,000 of advances from its parent, American Telephone and Telegraph Company, and for general corporate purposes. Construction expenditures approximated \$271,000,000 for 1961 and \$73,400,000 for the first three months of 1962.

SECURITIES ACT REGISTRATIONS. Effective July 13: Bacardi Corp. (File 2-19912); Policy-Matic Affiliates, Inc. (File 2-19142); Henry Rosenfeld, Inc. (File 2-20010); Shelley Manufacturing Co. (File 2-19578); Tronchemics Research, Inc. (File 2-20360); Walter Reade-Sterling, Inc. (File 2-20048). Withdrawn July 13: Atlantic Mid-Continent Corp. (File 2-20134); The Barnum Co. (File 2-19291); BarChris Construction Corp. (File 2-20326); Century Food Processors, Inc. (File 2-20415); H. Davis Toy Corp. (File 2-19351); International Coffee Corp. (File 2-19265); Thermotronics Corp., Inc. (File 2-18480).

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