

NEWS DIGEST

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



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FOR RELEASE November 8, 1962

SEC CHARGES VIOLATIONS BY TWO N.Y. BROKERS. The SEC has ordered consolidated proceedings under the Securities Exchange Act of 1934 to determine whether Darius, Inc., 80 Pine St., and George Bassior, doing business as Bassior Company, 101 Cedar St. (both of New York), engaged in practices which operated as a "fraud and deceit" upon certain persons, or otherwise violated the Federal securities laws and, if so, whether their broker-dealer registrations should be revoked.

Darius, Inc. ("Darius") has been registered with the Commission as a broker-dealer since March 13, 1950, and Sheldon Leighton is its president. George Bassior ("Bassior"), a sole proprietor, has been so registered since October 20, 1961. According to the order, C.F.C. Funding, Inc. ("C.F.C."), of New York, filed a notification with the Commission in May 1960 pursuant to Regulation A under the Securities Act of 1933 proposing the public offering of 75,000 common shares at \$2 per share and naming Darius as underwriter. The offering circular represented that C.F.C. would engage principally in the business of purchasing machinery and equipment from manufacturers for leasing to chemical concerns and that the proceeds of the offering were to be used for the purchase of machinery. A report of stock sales subsequently filed with the Commission stated that the offering had been completed in August 1960 and that of the net proceeds (\$116,177), C.F.C. had used \$66,611 for the purchase of machinery and equipment. In October 1962, the Commission issued an order temporarily suspending the Regulation A exemption with respect to the said stock offering.

In its order instituting the proceedings, the Commission recites charges of its staff that information developed in an investigation tends to show (1) that Leighton was the promoter of C.F.C. and directed its operations and affairs; (2) that Bassior was employed by Darius as a salesman from May 1959 to March 1961 and served as president of C.F.C. during April 1960 to November 1961; (3) that from August 1960 to date, Darius, Leighton and Bassior, in the offer and sale of C.F.C. stock, "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit" upon certain persons in violation of the anti-fraud and anti-manipulative provisions of the Federal securities laws, and (4) that they made false and misleading statements with respect to certain material facts. The alleged misrepresentations concern (a) their failure to disclose that C.F.C. never engaged in, and never intended to engage in the purchase of machinery for leasing to others, and that the proceeds of the stock sale would not be used for the purpose stated in the offering circular (the funds, in fact, were diverted to Darius' own purposes and uses), and (b) the earnings of C.F.C. and an anticipated increase in the price of its stock. Other charges by the staff include violations of the Securities Act registration requirement in the sale of C.F.C. stock and of the Commission's net capital rule, and the conduct of securities business by Darius while insolvent.

A hearing will be held, at a time and place 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 registrations of Darius, Inc. and Bassior should be revoked. Darius and Bassior are members of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether they also should be suspended or expelled from NASD membership.

COMPLAINT FILED AGAINST CLOUD NINE, OTHERS. The SEC Denver Regional Office announced November 2d (LR-2416) the filing of a court action (USDC, Salt Lake City) seeking to enjoin Cloud Nine, Inc., American Resources, Ltd., Beryllium Corporation of America, Kiabab Uranium Corporation, Steven W. Netolicky, LaVern D. Netolicky, P.G. Christopoulos, E.E. Miller, Stanley Perkins, Colleen A. Owens, John Owens, and Louis A. Barella (also known as Louis Borrelli and Peter Kauffman), from further violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of the common stocks of Cloud Nine, Inc. and American Resources, Ltd.

RICHMOND CORP. HEARING CANCELLED. The SEC has cancelled the hearing scheduled for November 15th in the stop order proceedings with respect to the Securities Act registration statement filed by The Richmond Corporation of Washington, D. C., following the filing by the company of a factual stipulation, which will serve as the record in lieu of an evidentiary hearing.

ALLEN ROBERTS SENTENCED. The SEC announced today (LR-2417) that Allen Roberts received a suspended one-year prison sentence and was placed on two years' probation, following his guilty plea (USDC, N.H.) to charges of violating the mail fraud statute in the sale of common stock of St. Stephen Mickel Mines Ltd.

SECURITIES ACT REGISTRATIONS. Effective November 8: Country Set, Inc. (File 2-19883); The First Virginia Corp. (File 2-20351); Ross Togs, Inc. (File 2-20803); Russell Stover Candies, Inc. (File 2-20801); Stainless Steel Products Inc. (File 2-20413). Withdrawn November 7: First Financial Investment Co. (File 2-16989); Keystone-Universal Industries, Inc. (File 2-20591). Withdrawn November 8: Pioneer Restaurants, Inc. (File 2-19504).