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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 May 9, 1961

WAKEFIELD-CARDER-HOLT REGISTRATION REVOKED. The SEC today announced a decision revoking the broker-dealer registration of Wakefield, Carder & Holt, Inc. ("Respondent"), 320 South Cincinnati St., Tulsa, Okla., for fraudulent conduct of a broker-dealer business while insolvent and other violations of the Federal securities laws. Harry Hubert Holt, president, was found to be a cause of the revocation order. Respondent and Holt consented to the revocation and the finding as to Holt, but had requested permission to withdraw from registration, which was denied.

According to the decision (written by Commissioner Hastings), Respondent during the period August 1959 to January 1960 engaged in the conduct of a securities business when its liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business, thus violating its implied representation that it was solvent and able to discharge its liabilities. During this period, Respondent's liabilities exceeded its total assets by amounts ranging from \$573 to \$2,726. Thus, the Commission concluded, Respondent violated the anti-fraud provisions of the Federal securities laws; and Holt, who knew that it was insolvent but caused it to effect transactions without disclosing that fact to customers, aided and abetted the company in such violations.

Respondent also conducted its business during the same period in violation of the Commission's net capital rule. Its net capital deficiency ranged from \$4,275 to \$5,746. Moreover, Respondent's registration application, filed in November 1957, was false by reason of its failure to list one Gladys Vetter and one J. C. Lunsford as owners of 6,000 and 5,000 shares, respectively, of Respondent's outstanding stock; and Respondent also failed to amend the application to disclose Holt's subsequent purchase of the 5,000 shares from Lunsford and Vetter's sale of the 6,000 shares to one Ivan J. Singleton. In addition, Respondent violated the Commission's record-keeping requirements and failed to file certified financial reports for 1958 and 1959.

MIDAS MANAGEMENT HEARING ORDERED. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by Midas Management Corporation, 235 E. Broad St., Westfield, N. J., should be denied.

The registration application of Midas Management was filed on April 11, 1961. Alexander Dvoretzky is listed as president, secretary-treasurer and only director of the applicant. Dvoretzky was formerly registered with the Commission as a sole proprietor doing business as Dennis & Co. In a December 1959 decision the Commission revoked said registration for violations of the provisions of Sections 15(b), 15(c)(3) and 17(a) of the Act and rules thereunder, involving failure to amend subject's registration application, violation of the net capital rule, and failure to keep books and records.

The new application of Midas Management presents the question whether, in view of the foregoing, it is in the public interest to deny the said application. An initial hearing will be held in the Commission's New York Regional Office on May 15, 1961, to determine whether the effective date of the said application should be postponed pending decision on the ultimate question of denial.

HARVEY HOUSE FILES FOR STOCK OFFERING. Harvey House, Inc., 5 South Buckhout St., Irvington-on-Hudson, New York, filed a registration statement (File 2-18080) with the SEC on May 8th seeking registration of 140,000 shares of common stock, to be offered for public sale at \$3 per share through underwriters headed by Michael G. Kletz & Co. The underwriters will receive a 33¢ per share commission and \$17,500 for expenses. The registration statement also includes 10,000 outstanding common shares purchased from the controlling stockholders by Michael G. Kletz and 5,000 shares by Norman Stern, a director and financial consultant to the company, all at a price of 10¢ per share.

The company, through its Harvey House Division, publishes and distributes educational books, science and educational kits and related educational material for children from pre-school age through high school, and general trade books for children and adults; and through its American Legal Publications Division, publishes and distributes law case digests and text books for law students. The estimated \$348,000 net proceeds from the stock sale will be used as follows: \$102,000 for the publication of new titles, \$75,000 for re-run printing of books in the "Learn and Play" series, \$25,000 for advertising and sales promotion, \$43,531 to repay outstanding indebtedness to bank and the balance will be added to working capital, part of which will be used to supermarkets and chain-stores.

In addition to certain indebtedness, the company has outstanding 215,000 shares of common stock, of which Zola E. Harvey, president, and Edith Harvey, vice president, own 66% and 27%, respectively, and management officials as a group own 95%.

CAPITAL SOUTHWEST CORP. FILES FOR STOCK OFFERING. Capital Southwest Corporation, 6517 Hillcrest Avenue, Dallas, Texas, filed a registration statement (File 2-18081) with the SEC on May 8th seeking registration of 1,250,000 shares of common stock, to be offered for public sale at \$11 per share. The offering will be made on an all or none basis through underwriters headed by Rotan, Mosle & Co., which will receive a \$1 per share commission. The registration statement also includes 135,000 common shares which will be offered directly by the company at \$10 per share to its directors and certain other persons connected with its organization.

OVER

Organized under Texas law in April 1961, the company is licensed as a small business investment company under the Small Business Investment Act of 1958 and is registered as a closed-end non-diversified management investment company under the Investment Company Act of 1940. The company was founded through the cooperative efforts of a group including the executive officers and directors of 21 banks located in the Southwest. All of these banks invested in the stock of the company and all but one have invested an amount equal to 1% of their respective capital and surplus. The principal aim of the company will be to achieve capital appreciation through investment in small businesses which it believes to have favorable potential for growth, and to supply management, financial and advisory services on a fee basis, primarily to such businesses. With the net proceeds from the stock sale and shares recently sold to its present stockholders, the company will commence operations with about \$14,450,000 in cash. The company will furnish equity capital to small businesses, with initial investment emphasis to be in the Southwest, to make long-term loans to small businesses, and to supply management, financial and advisory services to such businesses.

The company has outstanding 60,000 shares of common stock, of which management officials as a group own directly (or indirectly by virtue of stock ownership in banks which own company stock) 42.83%, and the said banks own the balance. Cam F. Dowell, Jr. is listed as board chairman and Harlan Ray as president.

FEDERAL FACTORS FILES FINANCING PLAN. Federal Factors, Inc., 400 South Beverly Drive, Beverly Hills, Calif., filed a registration statement (File 2-18082) with the SEC on May 8th seeking registration of \$700,000 of 6½% convertible subordinated debentures due 1976 and 70,000 shares of common stock, to be offered for public sale in units each consisting of \$100 of debentures and 10 common shares. The offering will be made on an all or none basis through Thomas Jay, Winston & Co., Inc., Maltz, Greenwald & Co. and Globus, Inc. The public offering price of the units and the underwriting terms are to be supplied by amendment. The registration statement also includes 14,000 outstanding common shares which the holders thereof sold the underwriters for \$1.25 per share.

The company supplies current funds on a revolving basis to its clients, who are engaged in varied business activities, thereby enabling its clients to utilize their respective facilities to the maximum extent. Funds are usually made available through the outright purchase, by the company, of the client's accounts receivable, and through loans secured by the borrowers' inventories, equipment and other assets. The initial capital of the company was raised in February 1958, when Samuel L. Beber, president, and Jerome H. Feig, a vice president, purchased 25 common shares for \$25,000 cash and loaned the company \$75,000 at no interest. Shortly thereafter, the two organizers each sold Irving S. Reiss, a vice president, 3-1/8 shares for an aggregate of \$11,250. In June 1961, pursuant to a recapitalization, the 25 common shares will be split 5,600 to 1 and there will be outstanding 140,000 new common shares. As part of the recapitalization, \$64,271 of said \$75,000 loan will be transferred into stated capital. During the 3 years of operations, Beber and Feig have made various loans to the company which, as of March 31, 1961, amounted to \$359,000 represented by 10% ninety day notes. The net proceeds from the sale of the units will be used in part to retire about \$284,012 of 10% ninety day notes held by individuals not connected with the company, and to retire the said \$359,000 of notes held by the two officers. The balance will be added to general funds for working capital to be used principally for purchasing additional accounts receivable.

The company has (or will have) outstanding 140,000 shares of common stock (after giving effect to the recapitalization), of which Beber, Feig and Reiss own 34%, 34% and 22%, respectively. After the sale of the units, the promoters of the company will own 60% of the outstanding common stock for which they paid \$89,271 and the public will own 33-1/3% for which they paid \$350,000.

CHAMBLEE SELF-SERVICE ASSOCIATES FILES FOR OFFERING. Chamblee Self-Service Associates ("Associates"), 60 East 42nd Street, New York, filed a registration statement (File 2-18083) with the SEC on May 8th seeking registration of \$670,000 of participations in partnership interests in Associates, to be offered for public sale at \$10,000 per participation. No underwriting is involved.

Associates was organized under New York law in January 1961, and is a partnership consisting of Lawrence A. Wien and Ralph W. Felsten. In January 1961, Buford Highway Associates ("Buford"), a partnership comprised of Wien and Peter L. Malkin, purchased about 8.5 acres of land, located about 14 miles from downtown Atlanta, Ga., from an unaffiliated person for \$77,000. Buford entered into a contract with Z. W. Corp. (owned by Sidney A. Wien, brother of Lawrence A. Wien) for construction of a building on that site for use as a "Zayre" self-service department store, Z. W. Corp. agreeing to deliver the building and paved parking area for \$733,000. The contract price is payable upon completion, but Z. W. Corp. has the right to borrow up to \$733,000 from Buford at 8% interest, as construction progresses. Buford immediately leased the property to a nominee who entered into a sublease with Zayre Corp. Thereafter, Buford sold the property to Associates for \$640,000, subject to the lease (which was assigned to Buford) and to the sublease held by Zayre. Wien and Felsten are each offering up to \$335,000 of participations in his partnership interest, and the partnership capital of \$670,000 will be used to defray Associates' acquisition cost (including \$30,000 to Wien, Lane & Klein to defray expenses and legal fees). Zayre is a privately owned company not affiliated with Associates or Buford, which operates a chain of self-service department stores and ladies' and children's apparel shops. Under the lease, Buford is required to pay rent to Associates (which can increase under certain conditions); and the gross income of Buford will be determined by the rent it receives from Zayre, which is a fixed minimum, but may increase depending on the volume of sale at the premises.

HATHAWAY INSTRUMENTS FILES FOR SECONDARY. Hathaway Instruments, Inc., 2401 East Second Avenue, Denver, filed a registration statement (File 2-18079) with the SEC on May 5th seeking registration of 351,280 shares of common stock. Of this stock, an unspecified amount (up to 90,000 shares) is to be offered for public sale by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by Bear, Stearns & Co. and Wertheim & Co. The public offering price will be related to the current market price at the time of sale. The underwriting terms are to be supplied by amendment. The registration

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statement includes (1) the company's outstanding \$2,000,000 of 5½% subordinated convertible debentures due 1975 (sold to private investors in December 1960) and 60,000 common shares into which they are convertible, (2) 33,780 common shares which underlie warrants exercisable at \$5 per share, (3) 160,000 outstanding common shares, of which 150,000 shares were purchased by the present holders thereof from James J. Ling, principal stockholder, at \$24.50 per share, and (4) 7,500 common shares to be offered by George Risk, a director, to employees and representatives of Dale Electronics, Inc. (of which he is president), a subsidiary of the company. All such securities may be offered from time to time by the holders thereof in the over-the-counter market.

The company designs, manufactures and sells electric power recording instruments for the electric utilities industry, electronic measuring and testing instruments for commercial and military use, and airborne recorders used in certain phases of missile training. The company is also engaged, through wholly-owned subsidiaries, in the design, manufacture and sale of resistors, trimmer potentiometers, printed circuits, airborne antenna, lighting arrestors, and electro-mechanical assemblies; industrial electric motors and reduction gear assemblies; induction and dielectric heating devices; and pneumatic and hydraulic equipment used in the control surfaces of jet aircraft and missiles.

In addition to certain indebtedness, the company has outstanding 1,000,410 shares of common stock, of which Ling owns 10.9% and management officials as a group 16.5%. The outstanding shares to be offered through the underwriters include certain shares purchased in December 1959, in connection with the company's organization, certain shares sold in a non-public sale on July 8, 1960, and certain shares issued in connection with various acquisitions.

GRANITE CITY GENERATING - UNION ELECTRIC FILE PROPOSALS. Granite City Generating Company, of Chicago, together with the trustees under a voting trust agreement covering its stock, has filed a proposal with the SEC for the sale of its property, consisting of a generating station and related property and equipment; and the Commission has issued an order (Release 35-14432) giving interested persons until May 22, to request a hearing thereon.

The properties are primarily used to service Granite City Steel Company, whose property surrounds the generating station. They are under lease to Union Electric Company until April 1964. In addition to 308,472 common shares subject to the voting trust, the company has outstanding \$673,620 of first mortgage and collateral trust certificates due 1963. The principal activity of Granite City has been to collect annual rentals and use the resulting net income for the retirement of outstanding trust certificates. Under the proposal, the properties are to be sold to the Steel Company for a cash consideration of \$1,100,000. Proceeds will be used in part to retire the trust certificates. After such sale, the assets remaining after the payment of liabilities and the expenses of the sale and Granite City's dissolution will be distributed as a liquidating dividend to the voting trustees, who will surrender, and Granite City will acquire for cancellation, all of its outstanding capital stock. Prior to any such distribution of assets the voting trustees will file a plan with the Commission for divestment of the assets.

Union Electric proposes to sell to the Steel Company for \$376,000, its interest as lessee in certain equipment and improvements to the facilities of Granite City under lease to Union Electric.

ARKANSAS POWER BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14433) authorizing Arkansas Power & Light Company (Little Rock) to issue and sell at competitive bidding \$12,000,000 of first mortgage bonds due 1991. Net proceeds will be used for construction of new facilities, for the extension and improvement of present facilities, for repayment of notes to banks, and for other corporate purposes.

ONE WM. STREET FUND SEEKS ORDER. The One William Street Fund, Inc., New York investment company, has joined with Lehman Brothers, the Fund's principal underwriter, in the filing of an application with the SEC for an exemption order under the Investment Company Act with respect to certain sales of Fund shares; and the Commission has issued an order (Release IC-3244) giving interested persons until May 23, 1961, to request a hearing thereon.

The current offering price of the Fund's shares is the net asset value of the shares plus a sales load varying with the dollar amount of the purchase. On May 1st the sales load was increased and now ranges from 1% on purchases of \$1,000,000 and over to 8.5% for purchases under \$10,000 (as contrasted with the previous maximum of 7.5%). The sales load formerly applicable to a single purchase of a given quantity of shares was also applicable if such security was purchased during any consecutive 13-month period pursuant to a so-called "Statement of Intention and Price Agreement." The present application seeks to permit those investors who executed such an agreement within 13 months prior to the effective date of the new public offering price to complete purchases of Fund shares under such agreements at the former rather than the current public offering price, if the former price is lower.

ABRAHAM ROSEN SENTENCED. The SFC Boston Regional Office announced May 4th (LR-2012) that Abraham Rosen of Boston filed a plea of guilty (USDC, Mass.) to an indictment charging fraud in his securities transactions with customers and received a one-year prison sentence.

KELLER BROS. SECURITIES ENJOINED. The SEC Boston Regional Office announced May 5th (LR-2013) the entry of a court order (USDC Mass.) permanently enjoining Keller Brothers Securities Co., Inc. and Herman J. Keller from further violations of the Securities Exchange Act anti-fraud provisions in connection with the distribution of the Class A common stock of Phoenix Savings & Loan Assn. Inc.

SECURITIES ACT REGISTRATIONS. Effective May 9: Saxon Paper Corp. (File 2-17615); Angeles Crest Development Co., Inc. (File 2-17651); D. B. Milliken Company (File 2-17721); Electronic Assistance Corp. (File 2-17744); James B. Beam Distilling Co. (File 2-17791); Lockheed Aircraft Corp. (File 2-17881); Consolidated Cigar Corp. (File 2-17939). Effective May 8: The Welch Scientific Co. (File 2-17752).