

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 65-1-13)

FOR RELEASE January 22, 1965

**H E WINTERHALTER CANCELLATION PROPOSED.** SEC Hearing Examiner Samuel Binder has filed an Initial Decision with the Commission providing for cancellation of the broker-dealer registration of Harold E. Winterhalter, doing business as Harold E. Winterhalter Co., of 72-61 113th St., Forest Hills, N. Y. Although finding that Winterhalter violated SEC rules by his failure to file a report of financial condition for 1963, Examiner Binder concluded that, in view particularly of the fact that Winterhalter has not bought or sold any securities for two years and is not now engaged in the securities business, cancellation rather than revocation of registration would be appropriate in the public interest. The parties may petition the Commission for a review of this decision within fifteen days. Absent review (either by petition of the parties or on the Commission's own motion within 30 days), an order pursuant to the initial decision will be issued.

**VERBRYCK, LAROS & CO. AND PRESIDENT ENJOINED.** The SEC San Francisco Regional Office announced January 19 (LR-3131) the entry of a Federal court order permanently enjoining Verbryck, Laros and Co., Inc., of Long Beach, Calif., and George G. Verbryck III, its president and sold stockholder, from further violations of the Securities Exchange Act.

**FRESNILLO CO. SEEKS ORDER.** The Fresnillo Company, New York, has applied to the SEC for an order under the Investment Company Act declaring that it is primarily engaged in a business other than that of investing, reinvesting, owning, holding or trading in securities, through controlled companies conducting similar types of businesses; and the Commission has issued an order (Release IC-4147) giving interested persons until February 23 to request a hearing thereon. According to the application, the company has been engaged in mining ore, principally in Mexico, since its formation in 1910. In 1961 a Mexican law became effective that imposed severe disadvantages upon corporations engaged in mining or metallurgical operations in Mexico that were not organized under Mexican law and where 51% of the outstanding stock was not held by Mexican nationals. At that time, Fresnillo transferred certain Mexican assets to a new Mexican company, Compania Fresnillo, S. A., and retained 49% of that company's stock. The applicant also retained 49% of the stock of various companies which held rights to the Mexican mining properties. Metalurgica Mexicana Penoles, S. A., a Mexican company, acquired 51% of the stock of Compania Fresnillo and 51% of the companies holding the mining properties for \$5,775,000.

**WARNER BROS. FILES STOCK PLAN.** Warner Bros. Pictures, Inc., 666 Fifth Ave., New York, filed a registration statement (File 2-23102) with the SEC on January 21 seeking registration of 240,000 shares of common stock, to be offered pursuant to the company's restricted stock option agreements.

**VENTURA OIL PROPOSES OFFERING.** Ventura Oil Company, 1029 E. 8th Ave., Denver, filed a registration statement (File 2-23103) with the SEC on January 21 seeking registration of \$1,200,000 of 6% convertible subordinated debentures due 1973. The debentures are to be offered for public sale in \$1,000 units through McDonnell & Co. Inc., 120 Broadway, New York, which will receive a \$100-per-unit commission. The company has also agreed to transfer to the underwriter 5-year warrants to purchase 28,800 shares of common stock at an initial exercise price of \$5 per share.

Organized under Nevada law in 1958, the company became engaged in 1963 in the exploration, development and operation of oil and gas properties. Of the net proceeds from its debenture sale, approximately \$434,577 will be used to retire certain indebtedness, \$380,000 to acquire and develop Wyoming properties, \$114,000 to develop Ohio properties, and the balance for working capital. In addition to indebtedness, the company has outstanding 335,949 common shares, of which management officials own about 74%. Homer Noble is president of the company.

**TAPROOT PETROLEUM 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 proposed public offering of common stock of Taproot Petroleum, Inc., 1116 Main St., Mt. Vernon, Ill. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offering of securities not exceeding \$300,000 in amount. In a notification filed December 9, 1964, the said company proposed the public offering of 10,000 common shares at \$25 per share. The Commission asserts in its suspension order that it has "reasonable cause to believe," among other things, that the offering will exceed the Regulation A limitation when computed in accordance with Rule 254, that the offering circular is false and misleading in respect of various material facts, and that the use of said circular in the proposed offering would violate the anti-fraud provisions of the Act. The alleged misrepresentations relate in part to the inherent risks of an investment in the company, the "dilution" aspects of the purchase of company stock, the company's past operational losses, its contingent liability on the sale of interests in oil leases in violation of the Securities Act registration requirements, and oil reserves.

OVER

BANKERS INTERCONTINENTAL OFFERING RESTRAINED. The SEC Atlanta Regional Office announced January 15 (LR-3132) the issuance of a Federal court order (USDC, Miami) temporarily restraining violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of stock of Bankers Intercontinental Investment Co., Limited, a Bahamian corporation with offices in St. Petersburg, Fla., and General Mortgage and Finance Corporation, also of St. Petersburg. In addition to the two issuing companies, the following also were restrained: Brokers Realty, Inc., and J.E.B., Inc., of St. Petersburg; Robert W. Evans, controlling person; Joseph B. Fairbanks, of Eau Gallie, Harry A. Goldstein, of St. Petersburg, and Gerrit Bates and James E. Sellers, of Clearwater; Charters and Co. of Miami, Inc., Arthur Kaplow, Hugh L. Strump and Michael F. Dermer, all of Miami; Broadwall Securities, Inc., its president, Arnold Mahler, of Flushing, N.Y. and Alexander Lapidus, Fred Cimino, Leonard Freedman, Arthur Hicklin and Norman Babat, of the firm's New York address; and Financial Distributors Corp. and its president, Frank L. Edenfield, of Miami.

RELIANCE ELECTRIC & ENGR FILES STOCK PLAN. The Reliance Electric and Engineering Company, 24701 Euclid Ave., Cleveland, Ohio, filed a registration statement (File 2-23105) with the SEC on January 21 seeking registration of 20,000 shares of common stock, to be offered pursuant to its Stock Purchase Plan.

BELDEN & BLAKE FILES FOR OFFERING. Belden & Blake and Company Limited Partnership No. 9, 702 Tuscarawa St., West, Canton, Ohio, filed a registration statement (File 2-23104) with the SEC on January 21 seeking registration of \$270,000 of limited partnership interests, to be offered in 100 units at \$2,700 per unit. The partnership was organized for the purpose of drilling oil and gas well locations in Ohio. Seismic work also will be carried on in certain counties in Ohio, in which counties acreage can be acquired from Belden & Blake Oil Production, 60%-owned by Henry S. Belden III and Glenn A. Blake, general partners in the limited partnership.

CORRECTION RE ALLIED FARM OFFERING. The maximum proposed offering price of the securities of Allied Farm Equipment, Inc., was erroneously reported as \$108.50 per unit in the SEC News Digest of January 12, and should have been \$202 per unit.

SECURITIES ACT REGISTRATIONS. Effective January 21: Beneficial Standard Life Insurance Co. (File 2-22905); Laurentide Financial Corp. Ltd. (File 2-22888). Effective January 22: Piasecki Aircraft Corp. (File 2-22987).

NEW REGISTRATIONS OF O/C COMPANIES: Donaldson Company, Inc. (File 0-2), of Minneapolis, Minn.

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