

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 September 7, 1965

NASD EXPULSION OF GABRIEL CO. AFFIRMED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7696) affirming an order of the NASD which expelled from membership the New York firm of A. J. Gabriel Co., Inc., and revoked the registration of Aaron J. Gabriel, its president and sole stockholder, as a registered representative.

The NASD found that the firm and Gabriel had violated various of its Rules of Fair Practice during 1960 and 1961, including violations of rules governing confirmations, margin trading, net capital and record keeping. These were uncontested. The Commission also affirmed the NASD findings that the firm and Gabriel had violated its "free-riding" rules by selling to Gabriel's wife 500 shares of Hupp Systems, Inc., out of a 2,000-share participation by the firm in an offering of Hupp Systems stock. In appealing the NASD disciplinary action, the firm and Gabriel urged that the penalties were excessive and oppressive and should be cancelled or reduced. The Commission disagreed, observing that the violations were "pervasive and representative of a general failure and neglect to supply any supervision or control over vital areas of the member's operations." However, the Commission concluded that, while the record indicates that Gabriel is not qualified to manage a broker-dealer business himself, the public interest does not require that he be prohibited from engaging in the securities business in the capacity of an employee upon an appropriate showing of adequate supervision and control. The Commission ordered a reduction of the NASD fine from \$2,500 to \$1,000 and the assessment of costs from \$1,451 to \$500, in view particularly of the fact that more than half of the transcript of the hearings before the NASD related to charges that were not established.

SUNSHINE SECURITIES PROCEEDINGS DISMISSED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7698) dismissing proceedings involving the broker-dealer firm of Sunshine Securities, Inc., 98-25 64th Rd., Rego Park, Long Island, N. Y., and Lillian Grossbard (sole stockholder and president) for failure to file a 1963 financial report. Subsequent to the institution of these proceedings, the firm submitted certified financial statements and reports to cover 1963 and 1964; and the president stated that the firm will not re-engage in the securities business until it has filed a current financial report which shows compliance with the net capital requirements of the Act. In view of the special circumstances of this case including the fact that the firm had filed such reports for years prior to 1963 and that the president was incapacitated because of a serious illness from October 1962 through 1964, during which time the firm maintained no office, had no employees, did no securities business, and did not receive or hold any monies or securities of customers, the Commission concluded that it was not necessary in the public interest to take any further remedial action.

SEC JOINS SOUND MORTGAGE CASE. The SEC announced today that it has entered its appearance, at the request of Judge William J. Lindberg, in the proceeding under Chapter X of the Bankruptcy Act for the reorganization of Sound Mortgage Company, pending in the United States District Court at Seattle, Washington. Judge Lindberg approved the petition on August 4, 1965, and Laird B. Peterson was appointed Trustee. The Debtor is engaged in the real estate and mortgage business. Statements attached to the Debtor's petition reflect, as at July 1, 1965, assets and liabilities totaling \$1,014,798 and \$1,087,153, respectively. Assets consist principally of receivables of \$322,000 and real estate held for sale with an estimated market value of \$627,000. Liabilities consist principally of contracts and mortgages payable on real estate held for sale at \$312,000 and investment certificates listed at \$262,000. All of the Debtor's common stock is owned by Monarch Corporation, a corporation whose stock is held by a few individuals. The Debtor owns 42.5% of the stock of Monarch, which owns the controlling stock interest in Investors Associated, Inc., presently in reorganization under Chapter X in the same Court.

CAPITAL EXPENDITURES UP. The SEC and the Department of Commerce today reported that expenditures by business for new plant and equipment will continue to rise in the second half of this year. Outlays were at a record seasonally adjusted annual rate of \$50.3 billion in the second quarter and are expected to rise to \$51.2 billion in the third quarter and to \$52.9 billion in the final quarter of 1965. Realization of these programs would mark 4 1/2 years of rising investment, with the final quarter of this year almost 60 percent above the recession low of mid-1961. For details, see Stat. Release No. 2074.

AMPAL ISRAEL MUTUAL FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4344) declaring that The Ampal Israel Mutual Fund, Inc., 17 E. 71st St., New York, has ceased to be an investment company as defined in the Act. The application states that the company has never engaged in any business, does not have any stockholders or assets, and has no intention of making any offering of its securities or engaging in the business of investing, reinvesting or trading in securities.

PUTNAM INCOME FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4345) declaring that The Putnam Income Fund, Boston, Mass., has ceased to be an investment company as defined in the Act. According to the application, the company has been liquidated in accordance with the plan approved by shareholders on March 31, 1965. Pursuant to that plan, it sold all of its assets (except cash sufficient to pay its liabilities and expenses) to Incorporated Income Fund, a registered open-end management investment company, on April 5, 1965, in return for shares of Incorporated, which were distributed to stockholders of applicant who have surrendered their certificates for applicant's shares.

OVER

MUNICIPAL INVESTMENT TRUST FUND, SERIES F, RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4346) granting an application of Municipal Investment Trust Fund, Series F, 45 Wall St., New York, for exemption from the minimum net capital provisions of Section 14(a) of the Act. The application states that the company proposes to make a public offering of 15,000 units of undivided interest in a portfolio of municipal bonds.

DUNCAN ELECTRIC SEEKS EXEMPTION. Duncan Electric Company, Inc., of Lafayette, Ind., has applied to the SEC for exemption from the registration requirements of Section 12(g) of the Securities Exchange Act; and the Commission has issued an order (Release 34-7701) scheduling the application for hearing on September 27th. Granting of the requested exemption also would exempt the company from the periodic reporting and proxy provisions of the Act, and the company's officers, directors and 10%-owners from the reporting and other provisions of the Commission's "insider trading" rules.

According to the application, Duncan has two classes of stock outstanding, as follows: 232,767 shares of Class A and 356,133 shares of Class B. There are 649 holders of the Class A and 1,331 holders of the Class B (616 shareholders own both Class A and Class B). As of February 28 the company had total assets of \$11,549,858.

The company specializes in the manufacture, distribution and sale of watt-hour (electric) meters and associated equipment, including meter-mounting devices. Meters and associated equipment are sold to electric utility companies for installation on their customers' premises to measure the consumption of electricity, and account for about 90% of the net sales of the company. The company's principal competitors are General Electric Company, Westinghouse Electric Corporation and Sangamo Electric Company. It urges that if it is required to register with the Commission, it will be required to file financial statements disclosing, among other things, its gross sales and cost of goods sold. The company states that since it is a small, one-product company, its competitors would be able to compute the company's cost and profit margin attributable to the watt-hour meters which it sells and contends that its competitors could use this information to the company's detriment. The company states that, if such information becomes public, the company could be forced to sell its business or merge with some larger company. Because its competitors are larger, diversified companies, their gross profit on meter sales cannot be detected from published financial statements. It is the company's position that denial of the exemption will force the company to disclose financial information which its competitors, because of their greater size and diversity, are not required to disclose.

In addition, the company believes that the limited amount of trading interest in its securities justifies granting the requested exemption. During 1964, for example, only 18,780 Class B shares were purchased; and only 207 investors at most were interested in acquiring the B shares.

CHARLES PINDYCK PROPOSES OFFERING. Charles Pindyck, Inc., 112 W. 34th St., New York 10001, filed a registration statement (File 2-23992) with the SEC on September 2 seeking registration of 165,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by Stanley Heller & Co., 44 Wall St., New York; 22,000 shares are to be offered initially to designees of the company and an additional 3,000 shares to company employees, and the representative underwriter may purchase for investment purposes up to 5,000 of the shares being registered. The offering price \$7.50 per share maximum* and underwriting terms are to be supplied by amendment.

The company is engaged in the design, manufacture, sale and distribution of infants' wear and related accessories. Of the net proceeds from its stock sale, the company will use approximately \$50,000 for equipping a new central warehouse being constructed in Conover, N.C.; \$125,000 for expansion of existing plant facilities; \$50,000 for engineering, time and production method studies; \$30,000 for expanding the New York City showrooms; and the balance will be added to working capital. The company has outstanding 265,000 common shares, of which management officials own 82.68%. Charles Pindyck, president, owns 46.87% of the outstanding stock.

WINGS AND WHEELS REGISTERS SHARES AND WARRANTS. Wings and Wheels Express, Inc., 142-42 41st Ave., Flushing 55, New York, filed a registration statement (File 2-23997) with the SEC on September 1 seeking registration of 2,275 warrants, each convertible into 30 shares of common stock at a price of \$4.50 per share during the month of November 1970. The registration statement also covers 68,250 shares of common stock to be issued upon exercise of the convertible warrants. According to the prospectus, the company has outstanding 25,200 warrants and restricted stock options issued in 1960 which expire on December 5, 1965. It is offering to holders of such warrants and options an opportunity to exchange their rights for the convertible warrants being registered. One convertible warrant is to be issued on payment of \$12.50 and the surrender of an outstanding warrant or option in the amount of 25 shares.

The company is engaged principally in the business of freight forwarding by air. It has outstanding 493,560 common shares, of which management officials own 55.9% (including 52.9% owned by Edward L. Richter, board chairman and president).

UNION OIL OF CALIF. FILES STOCK PLAN. Union Oil Company of California, Union Oil Center, Los Angeles, Calif. 90017, filed a registration statement (File 2-23998) seeking registration of 135,500 shares of \$2.50 cumulative convertible preferred stock to be offered pursuant to The Pure Oil Company Incentive Stock Ownership Plan.

MALONE & HYDE PROPOSES OFFERING. Malone & Hyde, Inc., 1700 Dunn Ave., Memphis, Tenn., filed a registration statement (File 2-23999) with the SEC on September 3 seeking registration of 125,000 shares of common stock, to be offered for public sale. Equitable Securities Corporation, 322 Union St., Nashville, is listed as the principal underwriter. The public offering price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the wholesale and retail grocery business and related activities. Net proceeds from its stock sale (together with funds from an \$8,000,000 note sale to institutional investors) will be used in part to retire some \$5,857,025 of indebtedness; and \$5,000,000 will be used to retire 50,000 outstanding shares of the company's 6% cumulative preferred stock. In addition to indebtedness and preferred stock, the company has outstanding 1,023,421 common shares, of which management officials own 36.7%. In addition, members of the immediate families of Joseph R. Hyde (board chairman) and Joseph R. Hyde, Jr. (president), and foundations controlled by them own an aggregate of 19.5% of the company's outstanding stock.

HOUSEHOLD FINANCE FILES EXCHANGE PROPOSAL. Household Finance Corporation, Prudential Plaza, Chicago, Ill. 60601, filed a registration statement (File 2-24000) ^{1/} seeking registration of 1,844,996 shares of \$4.40 cumulative convertible voting preferred stock. The stock is to be offered in exchange for common stock of City Products Corporation on the basis of one preferred share for each two common shares of City Products. The exchange offer is conditioned upon the acceptance by holders of not less than 80% of the 3,058,243 outstanding shares of City Products. Certain officials of City Products have agreed to deposit 206,148 common shares owned by them pursuant to the exchange offer. Lehman Brothers and Dean Witter & Co. will act as dealer managers on a best-efforts basis. ^{1/} Registration filed with SEC on September 3.

The company's primary business is the making of installment loans, principally to consumers, in comparatively small amounts. City Products (located in Des Plaines, Ill.) is primarily engaged in the sale of general merchandise through company-owned and franchised stores, ice manufacturing and distribution, and the operation of cold storage warehouses. In addition to indebtedness and preferred stock, the company has outstanding 9,707,295 common shares, of which management officials own 1.38%. Popular Finance Corp. owns 12.63% of the outstanding stock. H. E. MacDonald is president.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the September 2 News Digest.

First General Real Estate Trust Nov. 1964 (13)	0-129-2	Crestmont Oil & Gas Co July 1965 (2,3,7,9,11,13)	1-3902-2
First Research Corp April 1965 (11,13)	2-23233-2	Brown & Sharpe Mfg. Co April 1965 (11)	1-5106-2
Riker Delaware Corp June 1965 (2,7,11,13)	2-20085-2	Universal Automated Ind., Inc July 1965 (12)	1-3237-2
Varco Inc July 1965 (12,13)	1-5081-2	Westbury Fashions Inc Amend #1 to 8K for Feb. 1964 (13)	1-4528-2
Williams-McWilliams Ind, Inc July 1965 (2,13)	1-3933-2	Progress Mfg. Co Inc Amend #1 to 8K for July 1965 (7)	1-3889-2
Virginia Commonwealth Corp July 1965 (7,13)	0-591-2	Universal Automated Ind, Inc Amend #1 to 8K for July 1965 (12)	1-3237-2
Beneficial Standard Life Insur. Co Feb. 1965 (7,13)	2-11459-2		
Revere Racing Assoc., Inc July 1965 (11)	0-1590-2		
Coral Ridge Properties Inc July 1965 (2,7,10,13)	0-1655-2		

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended September 2, 1965, 33 registration statements were filed, 33 became effective, 1 was withdrawn, and 306 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective September 3: Federated Investors, Inc., Sponsor of Income Foundation Fund Investment Plans, File Nos. 2-23980 and 2-23981.
Effective September 7: Northwest Natural Gas Co., 2-23940; B. F. Saul Real Estate Investment Trust, 2-23749 (40 days).

NOTE TO DEALERS. The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.