

# 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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**HOLMAN-POWELL-PEARSON DECISION RENDERED.** The SEC today announced a decision and order (For Release in December 17th papers) (Securities Exchange Act Rel. 34-7770) revoking the broker-dealer registration of R. A. Holman & Co., Inc., 54 Wall Street, New York City, for violations of the anti-fraud provisions of the Federal securities laws in the sale of stocks of Pearson Corporation, Precise Development Corporation, and other companies. The Holman firm also was expelled from the National Association of Securities Dealers, Inc. Richard A. Holman, president and sole stockholder of R. A. Holman & Co., was found to be a cause of the revocation and expulsion order, as were two employees, Irwin Vincent Powell and Ben Eisenberg (who were not involved in the violations relating to the sale of Pearson stock). A separate application of Powell (doing business as Powell Securities Company) for registration as a broker-dealer was denied by the Commission. In addition, the Commission made permanent its September 1960 order suspending a Regulation A exemption from registration with respect to the offering of Pearson stock.

The Commission ruled that false and misleading statements violative of the anti-fraud provisions of the Federal securities laws were made in connection with the offering and sale of Pearson and Precise stocks; that the offering circular used in the sale of Pearson stock was false and misleading; that Holman & Co. bid for and purchased Pearson stock and published bids for Precise stock while engaged in their distribution, in violation of the anti-manipulative provisions of the laws; and that Registrant confirmed the sale of Pearson stock and securities of other companies to several customers who had not in fact agreed to purchase such securities.

With respect to the sale of Pearson's stock (in 1959), the Commission found that a substantial portion of the Regulation A offering was sold to Holman and certain of his relatives and associates with a view to its subsequent repurchase, and was resold at higher prices after the public offering was purportedly completed; that, accordingly, the method of distribution set forth in the offering circular was false and misleading; and that prices paid in the offering and sale of Pearson stock "were not established in a free, open and competitive market but were artificially established by registrant's activities in connection with the sale of a substantial portion of the offering to insiders and affiliated persons." The offering of Precise stock also continued after the purported termination thereof on December 31, 1958, and misrepresentations were made with respect to the financial condition of the company, the future value of its stock, and Holman's acquisition of control of the issuer.

**SCIENCE & TECHNOLOGY EXCHANGE FUND SEEKS ORDER.** The Science & Technology Exchange Fund, Inc., New York, open-end, diversified management, registered investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the minimum net worth requirements of Section 14(a) of the Act; and the Commission has issued an order (Release IC-4443) giving interested persons until January 4 to request a hearing thereon. According to the application, the company has filed a registration statement under the Securities Act of 1933 for 250,000 shares of its common stock to be offered to investors in exchange for securities of the character of those included in a list set forth in the prospectus.

**DU PONT SEEKS ORDER.** E. I. du Pont de Nemours and Company, Wilmington, Del., 29% of whose stock is owned by Christiana Securities Co., a registered closed-end investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to du Pont's proposed conversion of a \$430,000 non-negotiable note of Block Engineering, Inc., into 200,000 shares of Block common stock. The Commission has issued an order (Release IC-4444) giving interested persons until January 6 to request a hearing thereon. According to the application, the request for exemption was filed in view of the fact that the two companies may be affiliated by virtue of du Pont's present ownership of 36% of the outstanding shares of Block.

**BRISTOL-MYERS INTERNATIONAL SEEKS ORDER.** Bristol-Myers International Finance Company ("International"), New York, has applied to the SEC for an order under the Investment Company Act exempting it from all provisions of the Act; and the Commission has issued an order (Release IC-4446) giving interested persons until December 29 to request a hearing thereon. According to the application, International was organized by Bristol-Myers Co. under Delaware law in November 1965. All of its outstanding stock (1,000 common shares) is to be purchased for \$3,000,000 and held by Bristol-Myers. The parent company will also acquire any additional securities, other than debt securities, which International may issue in the future and will not dispose of any of the securities except to International or to a wholly-owned subsidiary of Bristol-Myers. Bristol-Myers is engaged in the manufacture and sale of toiletries, cosmetics, medicines, specialty products in the household cleaning field and certain plastic devices, products and compounds. International has been organized to finance the expansion and development of Bristol-Myers' foreign operations in a manner designed to assist in improving the balance of payments position of the United States, in compliance with the voluntary cooperation program instituted by the President in February 1965. International intends to sell an aggregate of \$15,000,000 principal amount of guaranteed debentures (due 1980) to underwriters for offering outside the United States. Bristol-Myers will guarantee the principal and interest payments on the debentures and will so guarantee any additional debt securities which International may issue. It is intended that the assets of International will be invested in or loaned to foreign subsidiaries and affiliates of Bristol-Myers and

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invested in obligations of foreign governments or foreign financial institutions, and that at least 70% of such assets will be invested in or loaned to foreign companies whose voting securities are at least 50%-owned by Bristol-Myers and which are primarily engaged in businesses other than that of investing, reinvesting, owning, holding or trading in securities.

**FEDERATED DEPARTMENT STORES INTERNATIONAL SEEKS ORDER.** Federated Department Stores International Company ("Federated International"), Cincinnati, Ohio, has applied to the SEC for an order under the Investment Company Act exempting it from all provisions of the Act; and the Commission has issued an order (Release IC-4447) giving interested persons until December 29 to request a hearing thereon. According to the application, Federated International ("applicant") was organized under Delaware law by Federated Department Stores, Inc., in November 1965. Federated will acquire all of the applicant's outstanding stock for \$1,000, and not later than January 15, 1966, will make a capital contribution thereto consisting primarily of Federated's holdings of 10% of the outstanding voting stock of Galerias Preciados S. A., a department store organization in Spain. The present market value of such stock is approximately \$3,500,000. Federated will acquire any additional securities, other than debt securities, which applicant may issue in the future and will not dispose of any of such securities except to applicant or to a wholly-owned subsidiary of Federated. Federated is engaged in the operation of department and specialty stores. Applicant has been organized to finance development of Federated's foreign operations in a manner designed to assist in improving the balance of payments position of the United States, in compliance with the voluntary cooperation program instituted by the President in February 1965. Applicant intends to sell \$20,000,000 principal amount of guaranteed sinking fund debentures (due 1985) to underwriters for offering outside the United States. Any additional debt securities of the applicant which may be issued will be so guaranteed by Federated. Substantially all of the applicant's assets will be invested in or loaned to foreign retailers and other foreign companies in related or other fields. These may include United States companies all or substantially all of whose business is carried on abroad. Applicant will limit investments to companies in which an equity interest of 10% or more is or will be owned, and which are engaged in businesses other than investing, reinvesting, owning, holding or trading in securities.

**UNLISTED TRADING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-7773) granting an application of the Boston Stock Exchange for unlisted trading privileges in the common stocks of American Sugar Co. and Ethyl Corp.

**RHEEM MFG. FILES STOCK PLANS.** Rheem Manufacturing Company, 400 Park Ave., New York 10022, filed a registration statement (File 2-24317) with the SEC on December 15 seeking registration of 202,000 shares of common stock to be offered under the company's Stock Option Plans.

**REEVES BROS. PROPOSES OFFERING.** Reeves Brothers, Inc., 1071 Avenue of the Americas, New York 10018, filed a registration statement (File 2-24318) with the SEC on December 15 seeking registration of \$12,500,000 of convertible subordinated debentures (due 1991), to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York 10004. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the textile business. Net proceeds of its sale of debentures will be used initially to reduce short-term borrowings which were incurred primarily to finance seasonal needs and expansion of the company's business. The balance will be added to general funds and may be used for capital expenditures. In addition to indebtedness, the company has outstanding 1,308,930 common shares, of which management officials own 17.96% (including 9.03% owned by John M. Reeves, board chairman). John E. Reeves is president.

**ATLANTIC REFINING FILES STOCK PLAN.** The Atlantic Refining Company, 260 S. Broad St., Philadelphia, Pa., filed a registration statement (File 2-24319) with the SEC on December 15 seeking registration of 32,925 shares of \$3 cumulative convertible preference stock, to be offered pursuant to its Richfield Oil Corporation Stock Option Plan.

**DORR-OLIVER FILES STOCK PLAN.** Dorr-Oliver Incorporated, 77 Havemeyer Lane, Stamford, Conn. 06904, filed a registration statement (File 2-24320) with the SEC on December 15 seeking registration of 60,000 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan for Key Employees.

**SECURITIES ACT REGISTRATIONS. Effective December 15:** A. P. Green Refractories Co., 2-24207 (Jan 25); Rodney Metals, Inc., 2-24047. **Effective December 16:** Boyne Products, Inc., 2-24187 (90 days); Swingline Inc., 2-24258 (Jan 26); Western Power & Gas Co., Inc., 2-24250 (40 days).

**NOTE TO DEALERS.** 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.