

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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NATIONAL AVIATION RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4667) authorizing National Aviation Corporation, New York, closed-end, non-diversified management investment company, to purchase up to \$900,000 of convertible subordinated debentures (due 1986) of Piedmont Aviation, Inc., during the existence of an underwriting agreement with respect to a proposed public offering of \$7,000,000 of such debentures. The application states that Howard E. Buhse, a director of National Aviation, is a partner of Hornblower & Weeks-Hemphill Noyes, one of the principal underwriters of the public offering. In view thereof, any purchase of the Piedmont debentures by National Aviation is prohibited by the Act absent the issuance of an exemption order by the Commission.

MARINE CAPITAL WITHDRAWS APPLICATION. The SEC has issued an order granting a request of Marine Capital Corporation and Business Resources, Inc., for withdrawal of their application for an exemption order under the Investment Company Act (Release IC-4668) with respect to the transfer by Marine of its license as a small business investment company under the Small Business Investment Act of 1958 (together with approximately 71% of its total assets) to Business Resources in exchange for all of the stock of the latter company. On July 15, 1966, shareholders of Marine voted to liquidate and dissolve that company; therefore, the pending application is moot.

CABOT INTERNATIONAL SEEKS ORDER. Cabot International Finance Corporation, Boston, Mass., subsidiary of Cabot Corp., has applied to the SEC for an order under the Investment Company Act exempting it from certain provisions of the Act; and the Commission has issued an order (Release IC-4669) giving interested persons until August 24 to request a hearing thereon. The application states that the subsidiary has been organized to raise funds abroad for financing the parent's expanding foreign operations while, at the same time, providing assistance 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. The subsidiary proposes to sell \$10,000,000 of its guaranteed notes (due 1971) to a group of underwriters for offering outside the United States. The parent will guarantee the principal and interest payments on the notes. Any additional debt securities of the subsidiary which may be issued to or held by the public will be guaranteed by the subsidiary in a manner substantially similar to the guarantee of the notes. The subsidiary intends that all of its assets will be invested in or loaned to companies at least 10% of whose voting securities are owned by the parent company and which will be either foreign or domestic companies whose business is carried on abroad and which are primarily engaged in a business other than that of investing, reinvesting or trading in securities. The parent company's activities include the production of carbon black and of natural gas, condensate and crude oil, the operation of gas products plants, and the manufacture of plastic piping systems.

PUTNAM EXCHANGE FUND SEEKS ORDER. The Putnam Exchange Fund, Inc., Boston, Mass., has applied to the SEC for an exemption order under the Investment Company Act with respect to the \$100,000 minimum net capital provisions of the Act; and the Commission has issued an order (Release IC-4670) giving interested persons until August 22 to request a hearing thereon. The Fund has filed a registration statement under the Securities Act covering 1,200,000 shares of common stock, to be offered to investors in exchange for securities of the character of those listed in its prospectus (see SEC News Digest of July 12).

SECOND DIVERSIFICATION FUND SEEKS ORDER. Second Diversification Fund, Inc., Boston, Mass., has applied to the SEC for an order under the Investment Company Act exempting it from the \$100,000 minimum net capital requirements of the Act; and the Commission has issued an order (Release IC-4671) giving interested persons until August 22 to request a hearing thereon. According to the application, the Fund has filed a registration statement under the Securities Act for 299,999 shares of common stock to be offered to investors in exchange for securities included in a list set forth in its prospectus (see SEC News Digest of July 22).

WESCO & CO. REVIEW PROCEEDINGS DISMISSED. The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-7928) dismissing a petition filed by Wesco and Company, 1036 S. W. First St., Miami, Fla., for review of NASD disciplinary action against the firm. The NASD found that Wesco, a sole proprietorship owned by Wesley J. Moffatt, violated certain of its Rules of Fair Practice, including the sale of securities at unfair prices (the mark-ups ranged up to 26.9%), improper confirmations to customers, improper extension of credit, and failure to maintain books and records. The NASD censured Wesco, fined it \$500, and assessed costs of \$376 against it. Based on a review of the record, the Commission affirmed the NASD findings and held that the penalty imposed on Wesco was not excessive or oppressive having due regard to the public interest. The various violations reflect at least "an attitude of gross indifference by applicant toward its obligation to know and comply with applicable rules of the NASD and this Commission...."

CONTINENTAL VENDING TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in securities of Continental Vending Machine Corporation for the 10-day period, August 10-19, 1966, inclusive.

OVER

AMSBARY ALLEN MORTON FIRM CITED. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Amsbary, Allen & Morton, Inc., of Pittsburgh, Pa. Also named as respondents are Louis A. Moore, president, and Larry A. Hirsh, secretary-treasurer, as well as Anthony J. Pivrotto, until recently a salesman and sales manager, and Harold E. Haffner, Frank G. Gorman, Jr., Patrick J. Kelly and John P. Fleming, former salesmen.

The proceedings are based upon staff charges that the Amsbary firm and the several individuals engaged in various activities violative of provisions of the Federal securities laws, including the sale of securities of Siltronics, Inc., Southern Foods, Inc. Frasure Hull, Inc., and Equality Plastics, Inc., during the period March 1965 to May 1966, in alleged violation of the anti-fraud provisions of those laws.

A hearing will be scheduled by further order to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the alleged violations in fact occurred and, if so, what remedial action may be necessary in the public interest. On March 9, 1966, the Commission affirmed an order of the National Association of Securities Dealers, Inc., providing for a 90-day suspension of the firm from NASD membership. The firm on June 9 applied for withdrawal from registration, which request will be one of the issues to be considered in the administrative proceedings.

ORDER CITES W. H. LEA CO. The SEC has issued an order authorizing administrative proceedings with respect to an application for broker-dealer registration filed by W. H. Lea & Company, Inc., of Los Angeles, Calif. Willard Harlon Lea, president of the firm, is also named as a respondent. The proceedings are based upon staff charges that a statement of financial condition accompanying the registration application contains untrue statements of material facts. A hearing will be scheduled by further order to take evidence on the staff charges and afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the financial statement violates the Commission's financial reporting rules and, if so, whether the registration application should be denied or other remedial action taken.

COMPLAINT CITES DUNFEE SAVINGS & LEASE. The SEC Chicago Regional Office announced August 5 (LR-3552) the filing of a complaint (USDC, WD No.) seeking a Federal court order enjoining Thomas Dunfee, d/b/a Dunfee Savings & Lease, from further alleged violations of the Securities Act registration provisions in the sale of its notes.

CAPITAL WIRE & CABLE FILES FOR OFFERING AND SECONDARY. Capital Wire & Cable Corporation, 910 Tenth St., Plano, Tex. 75074, filed a registration statement (File 2-25378) with the SEC on August 8 seeking registration of 300,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 200,000 shares (being outstanding stock) by the present holder thereof. Goodbody & Co., 2 Broadway, New York 10004, is the principal underwriter. The public offering price (\$17.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of manufacturing and selling copper and aluminum electrical wire and cable products principally for use in the building and construction industries. Of the net proceeds of its sale of additional stock, \$1,420,000 will be used for certain additions to its plant and manufacturing facilities, and the balance will be used for working capital. The company has outstanding 1,000,000 common shares, as adjusted to reflect a proposed 2-for-1 stock split. Management officials own approximately 4.5% of the outstanding stock. Vincent A. Rego is president. The selling stockholder is Capital Southwest Corporation, which presently owns 607,766 shares (60.8%).

SECURITIES ACT REGISTRATIONS. Effective August 8: Abercrombie & Fitch Co., 2-25220; E. W. Bliss Co., 2-24953; Oxford Paper Co., 2-25252.
Effective August 9: Continental Corp., 2-25232 (Sep 19).
Withdrawn August 8: Levine's, Inc., 2-24881.

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.

*As estimated for purposes of computing the registration fee.

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