

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE January 6, 1959

SEC ORDERS PROCEEDINGS AGAINST NEWMAN ASSOCIATES

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Philip Newman Associates, Inc., 671 Broad Street, Newark, N. J., wilfully violated the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of common capital stock of Monarch Asbestos Company, Limited, and, if so, whether its registration as a broker-dealer should be revoked.

The Commission asserts in its order that information developed in an investigation conducted by its staff tends, if true, to show that during the last three months of 1958 Associates, together with three of its officers and eleven of its salesmen, (A) offered and sold Monarch stock in violation of the Securities Act registration requirements and (B), in connection with such sales, made false and misleading representations of material facts and "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers." The misrepresentations related, among other things to (1) the future price of Monarch stock, (2) an active market for Monarch shares, (3) the future commercial production of asbestos properties of Monarch, (4) the amount of commercial high-grade asbestos ore in the proven ore reserves of Monarch, (5) substantial cash dividends to be paid by Monarch, (6) Associates' ability to obtain secret confidential inside information directly from Monarch, (7) the interest of Johns-Manville Corporation in obtaining control of Monarch stock and properties, and (8) the length of time Associates has been doing business as a broker-dealer.

The officers of Associates referred to above are Marguerite P. Wagner, a director; George H. Wagner, president, a director, and the owner of 10% or more of Associates' outstanding stock; and Daniel Mintzer, secretary, treasurer and a director. It is further asserted in the Commission's order that the information developed in the investigation also tends to show that Associates violated the Commission's net capital rule and made false and misleading entries in certain of its books and records with respect to cash sales of stock to customers, and that the three officers caused it so to do.

A hearing for the purpose of taking evidence with respect to the foregoing matters will be held at a time and place later to be determined.

(NOTE TO PRESS: Above also available SEC New York Regional Office)

AMERICAN-SOUTH AFRICAN INVESTMENT SEEKS SEC ORDER

American-South African Investment Company, Limited, Johannesburg, South Africa, has applied to the SEC for an order pursuant to Section 7(d) of the Investment Company Act permitting the purchase and sale of South African Treasury Bills from and to the South African Treasury or the South African Reserve Bank, and related actions; and the Commission has issued an order giving interested persons until January 19, 1959, to request a hearing upon the application (Rel. 40-2817). The company's investment policy is to invest in common shares of companies engaged in the gold mining or other businesses in South Africa; and it contemplates that a major portion of its assets will consist of securities listed on the Johannesburg Stock Exchange. However, the company does not believe that it will, for a considerable time, be able to acquire sufficient long-term investments so as to have all of its available funds so invested; and it proposes that during such periods it will invest temporarily in Treasury Bills issued by the Government of South Africa.

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For further details, call ST. 3-7600, ext. 5526