

# 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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Washington 25, D.C.

FOR RELEASE November 17, 1959

**SEC LIFTS SPORTS ARENAS STOP ORDER.** The SEC has vacated its stop order issued on October 23, 1959, which suspended the effectiveness of the registration statement filed by Sports Arenas (Delaware) Inc., Great Neck, New York, proposing the public offering of \$2,000,000 of Ten Year 6% Convertible Debentures (subordinated) for the account of the company and 461,950 shares of common stock for the account of various stockholders.

The stop order (Release 33-4153) was based on a Commission decision that Sports Arenas' registration statement and prospectus misstated and omitted material facts concerning, among other things, prior distributions in violation of the registration requirements of the Securities Act of 1933 and contingent liabilities arising therefrom, description of the company's business, estimates of earnings, certification of financial statements, the part played by Joseph Abrams (convicted of a crime involving fraud in a transaction with the United States Government) in the formation and operation of the company, and the interest of Abrams and members of his family and others in various transactions with the registrant, including transactions in the company's stock.

The registration statement having been amended so as to make appropriate disclosures in accordance with the Commission's decision, the Commission lifted its stop order, thus permitting the registration statement to become effective.

**STATE STREET INVESTMENT PROPOSES ACQUISITION OF BROAD BROOK CO.** State Street Investment Corporation, Boston, Mass., investment company, has applied to the SEC for an order exempting from the provisions of the Investment Company Act the issuance of shares of State Street at net asset value, plus a 1% premium, to the Broad Brook Company, a private investment company, pursuant to an agreement of reorganization between the two companies. The Commission has issued an order release (Release 40-2927) giving interested persons until November 30, 1959, to request a hearing thereon.

Pursuant to the agreement of reorganization, all of Broad Brook's assets will be transferred to State Street in exchange for shares of State Street stock. Broad Brook had a net asset value of approximately \$2,754,000 on September 30, 1959. Upon the receipt of the State Street shares by Broad Brook, Broad Brook plans to distribute such shares to its shareholders in liquidation.

**GREENWICH WATER SYSTEM PROPOSES SALE OF BONDS TO INVESTORS MUTUAL.** Greenwich Water System, Inc., Wilmington, Del., has applied to the SEC for an order exempting from the prohibitions of the Investment Company Act the proposed sale by Greenwich of \$3,000,000 of collateral trust bonds to Investors Mutual Inc., Minneapolis, Minnesota, a registered investment company, and the Commission has issued an order giving interested persons until November 30, 1959, to request a hearing on the proposal.

Subject to the issuance of the order of exemption, Greenwich proposes to sell \$4,500,000 of 6% collateral trust bonds, due in 1984, at par plus accrued interest, to three institutional investors, including Investors Mutual. The other two institutional investors are Lincoln National Life Insurance Company of Fort Wayne, Indiana, which will purchase \$1,000,000 of the bonds, and Home Life Insurance Company of New York, which will acquire the remaining \$500,000 of the bonds. Greenwich is a wholly-owned subsidiary of American Water Works Company, Inc., and Investors Mutual owns approximately 5.5% of American's voting securities. Because of this affiliation, the transaction is prohibited under the Investment Company Act unless an exemption is granted by the Commission.

**TRADING IN JACOBS CO. STOCK SUSPENDED.** The SEC has issued an order under the Securities Exchange Act of 1934 summarily suspending trading on the New York and Detroit Stock Exchanges and in the over-the-counter market in the common stock of F. L. Jacobs Co. for a further ten-day period, from November 18, 1959, to November 27, 1959, inclusive.

**WILLARD E. FERRELL PROPOSES OFFERING OF SPRUCE CREEK DEVELOPMENT INTERESTS.** Willard E. Ferrell, Philadelphia, Pa., filed a registration statement (File 2-15842) with the SEC on November 16, 1959,

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seeking registration of 128 co-ownership interests in the working interest of the Spruce Creek Development Company to be offered for public sale at a price of \$700 per interest. Proceeds will be used for drilling four gas and oil wells on land bordering on Spruce Creek in West Virginia. The prospectus states that the co-ownership interests may be liable for assessment in the amount of \$20 per interest if oil production should result. Willard E. Ferrell will distribute the securities through salesmen, who will receive a commission of \$70 for each interest sold.

**TELECHROME MANUFACTURING CORP. FILES FOR DEBENTURE OFFERING.** Telechrome Manufacturing Corp., Amitville, Long Island, N. Y., filed a registration statement (File 2-15843) with the SEC on November 16, 1959, seeking registration of \$750,000 of 6% Convertible Subordinated Debentures, due 1969 (convertible into shares of the company's Class A stock, 10¢ par value), to be offered for public sale at a price of 100% per unit, with an underwriting commission of 7½% per unit. Amos Treat & Co., Inc. and Truman, Wasserman & Co., Inc., are named as underwriters. They have agreed to purchase from the company Class A stock purchase warrants, exercisable for a period of five years from the date of issue, to purchase an aggregate of 10,000 shares of Class A stock. The conversion terms of the Class A stock are to be supplied by amendment.

The company is engaged in the manufacture and sale of monochrome and color television broadcasting and test equipment, telemetering equipment for guided missiles and for industrial telemetering systems, components for radio telegraph transmission, and automation control equipment. Of the proceeds of the offering, approximately \$650,000 will be used to retire bank notes; \$337,500 to pay the balance of the purchase price for 50% of the issued and outstanding capital stock of The Hammarlund Manufacturing Co., Inc.; \$100,000 for advances to Universal Transistor Products Corp.; and approximately \$447,500 for expansion of the manufacturing facilities of and the purchase of additional equipment for the company's automation and electronics division as well as for sales, development, and administrative expenses.

**MID-AMERICA MINERALS FILES FOR COMMON STOCK OFFERING.** Mid-America Minerals, Inc., 500 Mid-America Bank Building, Oklahoma City, Okla., filed a registration statement (File 2-15845) with the SEC on November 16, 1959, seeking registration of 400,000 shares of Class A common stock, \$1 par value, to be offered for public sale at a price of \$5 per share. No underwriting is involved. Shares may be subscribed for by the payment of cash at the time of subscription or may be subscribed for in exchange for property interests.

The company is engaged in the business of oil and gas exploration, development, operation, and production. At September 30, 1959, it had outstanding 293,517 shares of Class A common stock, \$1 par value; 111,621 shares of Class B common stock, \$1 par value; \$1,176,000 of 5% debentures, due August 1, 1972, and \$194,250 of 5% debentures, due August 1, 1973; and bank notes and obligations incurred in the purchase of properties, aggregating approximately \$1,500,000. Proceeds from the stock offering will be applied toward the payment of bank loans or other obligations in connection with acquisitions of properties, and any proceeds not so used will be retained to increase the working capital of the corporation.

**ADDITIONAL INVESTMENT COMPANY SHARES IN REGISTRATION.** The following investment companies filed amendments on November 16, 1959, to their respective registration statements, seeking registration of additional securities, as indicated: (1) Financial Industrial Fund, Inc. (Files 2-11236 and 2-11237), Denver, Colo., 10,000,000 of Financial Industrial Fund Shares, 66,670 Systematic (Periodic Payment) Investment Plans, and 12,000 Cumulative (Fully-paid) Investment Certificates, and (2) Massachusetts Investors Growth Stock Fund, Inc. (File 2-14677), Boston, Mass., 1,000,000 shares of Capital Stock, \$1 par value.

**ARKANSAS SECURITIES CORP. REGISTRATION REVOKED.** In a decision announced today (Release 34-6116), the SEC revoked the broker-dealer registration of Arkansas Securities Corporation, Hot Springs, Ark., for fraud in the sale of securities and other violations of the Federal Securities Laws. Russell Neville Keith and Archibald Eugene Crow, president and vice president, respectively, and directors of the registrant were found to be causes of the revocation order. The registrant consented to revocation of its registration.

According to the Commission's decision, from July 1, 1957, to January 9, 1958, the registrant, through Keith and Crow, used the mails and facilities of interstate commerce to obtain \$7,397 from 51 persons who were residents of Nebraska, Iowa, Illinois, Pennsylvania, Texas, and Arkansas in connection with the sale to them of shares of stock of Creswell-Keith Mining Trust, at \$1 per share.

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No registration statement had been filed with the Commission with respect to such securities, nor did it appear, according to the decision, that any exemption was available. Accordingly, the Commission found that the registrant, aided and abetted by Keith and Crow, wilfully violated the registration provisions of the Securities Act of 1933.

Furthermore, the Commission's decision states, the registrant represented to the aforesaid customers that their money would be used to pay for their shares of Creswell-Keith stock. The registrant acted as underwriter of the Creswell-Keith offering, and the underwriting agreement required the registrant to deliver all funds to Creswell-Keith, Inc., trustee for the issuer. However, the registrant used \$1,014 of the money received to discharge its own obligations and did not turn such funds over to the trustee until some time after January 9, 1958. In addition, during the period from August 4, 1957, to January 9, 1958, the registrant's liabilities exceeded its assets and it was unable to meet its current liabilities, but it did not disclose those facts to its customers. Nor did the registrant send to its customers during this period confirmations which disclosed the capacity in which it acted. This conduct, the Commission found, constituted wilful violations by the registrant, aided and abetted by Keith and Crow, of the anti-fraud provisions of the Securities Exchange Act of 1934 and rules thereunder.

The Commission's decision also found wilful violations by the registrant, aided and abetted by Keith and Crow, of the Commission's net capital rule and record-keeping requirements. The decision states that the United States District Court for the Western District of Arkansas on February 14, 1958, permanently enjoined Creswell-Keith and its officers and Creswell-Keith, Inc. from violating the registration provisions of the Securities Act in the offer, sale, and delivery of shares of Creswell-Keith, and that, on the same day, that court permanently enjoined Arkansas Securities Corporation, Keith, and Crow from engaging in the conduct which the Commission found, in its decision announced today, to have been committed in violation of the Securities Exchange Act and rules thereunder.

COPPERWELD STEEL FILES FOR DEBENTURE OFFERING. Copperweld Steel Company, Pittsburgh, Pa., filed a registration statement (File 2-15844) with the SEC on November 16, 1959, seeking registration of \$8,000,000 of convertible subordinated debentures due 1979 to be offered for public sale by an underwriting group headed by Dillon, Read & Co., Inc. and Riter & Co. The interest rate, public offering price, and underwriting terms will be supplied by amendment.

The proceeds from the sale of the debentures are to be used to pay short term notes, and the balance will be added to the company's general funds and used, together with other funds, in the company's present program for the expansion and improvement of its manufacturing facilities. The program is due to be completed by the end of 1962 and will cost approximately \$15,800,000.

CAFARELLI PLEADS GUILTY TO SECURITIES VIOLATIONS. The SEC San Francisco Regional Office announced on November 12, 1959, that Clement G. Cafarelli had pleaded guilty (USDC, Utah) to two counts of an indictment charging violations of the anti-fraud and registration provisions of the Securities Act of 1933. Judge A. Sherman Christenson continued the defendant on bond pending return of a pre-sentencing report for the probation officer. Sentencing has been set for November 23, 1959. (Lit. Release 1517.)

ROBERT BIALKIN ENJOINED. The SEC New York Regional Office announced on November 13, 1959, that Judge Charles M. Metzner (USDC, SDNY) had permanently enjoined Robert Bialkin from further violations of the anti-manipulative and anti-fraud provisions of the Securities Exchange Act of 1934. (Lit. Release 1518.) The Commission's complaint (see Lit. Release 1515) was based on Bialkin's activities in the common stock of Artloom Industries, Inc.

COURT ORDER ENJOINS ROBERT H. DAVIS. The SEC Washington Regional Office announced on November 13, 1959, that Judge Richmond B. Keach (USDC, District of Columbia) had entered a final judgment permanently enjoining Robert H. Davis, doing business as Colonial Investors, a registered broker-dealer of Washington, D. C., from further violations of the anti-fraud provisions of the Securities Exchange Act of 1934 and from continuing to effect transactions in securities without making and keeping current the books and records required under the Act. The defendant consented to the entry of the final judgment. (Lit. Release 1519).