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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SANCTION AGAINST SEVEN PROPOSED. SEC Hearing Examiner Irving Schiller has ruled in an Initial Decision that seven persons associated with the New York broker-dealer firm of Christopher & Co., Inc., violated provisions of the Federal securities laws. Among these were Theodore Sotell, Alfred Miller, William V. Simone, Irving Sherer, Bernard Freimark and Peter Lobkowicz (a/k/a Leblovic). According to the Examiner's decision, these respondents, in the offer and sale of stock of Alaska International Corporation, "engaged in a course of conduct which amounted to a scheme to defraud and which operated as a fraud and deceit on the public." The Examiner concluded that these six respondents should be barred from further association with broker-dealer firms. He also ruled that the seventh respondent, Thomas Souran, Christopher's chief executive officer and controlling stockholder, should be suspended from any such association for a period of four months, for failure to report changes in the management and ownership of Christopher. Under Commission rules, the respondents may petition the Commission within fifteen days for review of the Examiner's decision. (Previously, on July 27, 1965, the Commission revoked Christopher's registration and barred Joseph Cannistraci from further association with broker-dealer firms, based upon their default.)

FRED J. PRINCE BARRED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7781) barring Fred J. Prince, of Reseda, Calif., from further association with a broker or dealer by reason of violations of the anti-fraud provisions of the Federal securities laws. According to the order, Prince made false and misleading statements in the sale of American States Oil Co. concerning the economic potential of certain oil leases and the status of drilling operations thereon, the income and assets of the company, and the value (present and future) of its stock.

ORDER BARS LOUIS PILNICK. In a decision announced today under the Securities Exchange Act (Release 34-7784), the SEC barred Louis Pilnick, a former salesman for Waldman & Co., New York broker-dealer, from future association with a broker or dealer. The bar order was based upon violations of the anti-fraud provisions in the sale of common stocks of Development Corporation of America ("DCA") and United Utilities Corp. of Florida ("UUF"). According to the Commission's decision, Pilnick, among other things, made false and misleading representations to customers concerning the business activities and prospects of DCA and UUF, and that he used high-pressure selling techniques "to place unsophisticated investors in a position in which they were induced to make hasty investment decisions upon deceptive representations, and sold such securities at prices which were excessive and unreasonable." Pilnick consented to the issuance of the order.

LEO G. MACLAUGHLIN SECURITIES REVOKED; INDIVIDUALS BARRED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7783) revoking the broker-dealer registrations of Leo G. MacLaughlin Securities Co., 65 S. Euclid Ave., Pasadena, Calif., and Jeanne Wilkins, d/b/a Bond & Share Co., 16 N. Marengo, Pasadena, Calif. The order also barred Jeanne Wilkins and Charlene V. Thompson from future association with a broker or dealer.

The respondents failed to file answers to the charges set forth in the order for proceedings against them. Upon the basis of such default and the said charges, the Commission found that during February 1961-July 1962 MacLaughlin Securities and Wilkins, aided and abetted by Thompson, violated the anti-fraud provisions of the Federal securities laws. Among other things, the respondents solicited and accepted orders on the representations that MacLaughlin Securities was able to execute such orders when, in fact, it was insolvent and was unable to meet its current liabilities; made representations concerning the market prices of securities in transactions effected for MacLaughlin's customers; and falsely represented that MacLaughlin Securities was obtaining the "best possible prices" in agency transactions for customers. It was also found that MacLaughlin Securities, aided and abetted by Wilkins and Thompson, violated the net capital and record-keeping requirements of the Securities Exchange Act, and that Wilkins (d/b/a Bond & Share Co.) violated the record-keeping provisions of the Act. In addition, Wilkins and MacLaughlin Securities, aided and abetted by Thompson, failed to amend their broker-dealer registration applications to disclose certain required information concerning controlling persons.

WALDORF SYSTEM RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-4470) permitting (1) certain transactions incident to the proposed acquisition by a wholly-owned subsidiary of Waldorf System Inc., New York, of substantially all of the assets of Restaurant Associates, Inc., for 1,060,686 shares of Waldorf's common stock and (2) participation by certain affiliated persons in such transactions. Waldorf and Associates are both engaged primarily in the restaurant business. Waldorf has outstanding 469,900 common shares, of which A. M. Capital Corporation, a closed-end non-diversified investment company, owns 14%. Waldorf owns 21.3% of Associates' outstanding 771,408 common shares and has an irrevocable proxy for one year to vote 220,492 shares, or 28.6%. The effect of the proposal will be to exchange 1,375 shares of Waldorf stock for each share of Associates' stock outstanding. Associates will distribute to its stockholders the Waldorf stock received in exchange for its assets, and will be dissolved. The exemption order is sought because of certain inter-company affiliations of management officials.

OVER

CORRECTION RE SCOT LAD FOODS FILING. In the SEC News Digest of November 9, 1965, it was incorrectly reported under "O/C Registrations Reported" that Scot Lad Foods, Inc., is located in Andover, Mass. The company's address is 1500 E. 97th St., Chicago, Ill.

MARRUD SUSPENSION CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Marrud, Inc., for a further ten-day period, January 7 to 16, 1966, inclusive. The action was taken to allow additional time for distribution to Marrud shareholders and dissemination to the investing public generally, of the financial data released to the public on January 6th.

PINAL COUNTY DEVELOPMENT SUSPENSION CONTINUED. The SEC has also issued an order suspending over-the-counter trading in bonds of Pinal County Development Association for a further ten-day period, January 10-19, 1966, inclusive.

SHARON STEEL PROPOSES OFFERING. Sharon Steel Corporation, Sharon, Penn., today filed a registration statement (File 2-24407) with the SEC seeking registration of 225,000 shares of common stock, to be offered for public sale through underwriters headed by Lehman Brothers, One William St., New York, N.Y. 10004. The public offering price ($32 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is an integrated steel producer, except that it does not own any iron ore or limestone properties. Net proceeds of this financing will be added to the company's general funds and will be available for general corporate purposes. Because of the anticipated reduction in working capital during 1966 in the course of completing the Capital Improvement Program, the funds represented by such proceeds will be reflected primarily in working capital of the Company during the current year. If the Company should install additional steel melting facilities now under study (which would not be until sometime in 1967 at the earliest), the Company expects that its general funds, as augmented by these proceeds and internally generated funds, would be sufficient for such purposes. In addition to indebtedness, the company has outstanding 1,374,945 common shares, of which management officials own 6.8%. D. W. Frease is president and board chairman.

HOOKER CHEMICAL PROPOSES DEBENTURE OFFERING. Hooker Chemical Corporation, 277 Park Ave., New York 10017, filed a registration statement (File 2-24400) with the SEC on January 6 seeking registration of $25,000,000 of sinking fund debentures (due 1991). The debentures are to be offered for public sale through Smith, Barney & Co., Inc., 20 Broad St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a producer of industrial chemicals, farm chemicals and plastics. Net proceeds of its debenture sale will be added to general funds and will be available (together with internally generated funds) for general corporate purposes, including financing of the company's capital expansion program, additional working capital, and repayment of $6,000,000 of short-term bank loans incurred during 1965 for such purposes. During the five years ended November 30, 1965, the company expended approximately $130,000,000 for expansion of productive capacities and improvement of facilities. It anticipates that its capital expenditures during fiscal 1966 will approximate $42,000,000. In addition to indebtedness, the company has outstanding 8,746,591 common shares. F. L. Bryant is board chairman and T. F. Willers is president.

PACKARD-BELL ELECTRONICS FILES FOR OFFERING AND SECONDARY. Packard-Bell Electronics Corporation, 12333 West Olympic Blvd., Los Angeles, Calif. 90064, filed a registration statement (File 2-24401) with the SEC on January 6th seeking registration of 150,550 shares of capital stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 50,550, being outstanding stock, by the present holder thereof. The offering is to be underwritten by group headed by Bear, Stearns & Co., One Wall St., New York, N.Y. 10005; and the public offering price ($25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in the design, assembly, sale and service of home entertainment electronic products, including color and black and white television receivers, sterophonic high fidelity AM-FM radio-record player consoles and combination television-stero consoles. The company also manufactures, pursuant to prime contracts and subcontracts, various electronic devices for the government and has recently been awarded a U. S. Government contract to operate a Job Corps Training Center. Net proceeds of its sale of additional stock will be used to increase inventories in its Home Products Division and for working capital purposes. In addition to indebtedness, the company now has outstanding 882,720 shares of stock, of which management officials own about 1.30%. The selling stockholder, Marathon Securities Corporation, proposes to sell all its holdings of 50,550 shares. It also is the owner of the company's $5,000,000 of 5-1/2% convertible subordinated note due 1978, which is convertible into approximately 526,000 shares of stock until April 30, 1968. Three company directors are also officers and directors of Marathon Securities. The prospectus lists Robert S. Bell as board chairman and Wendell B. Sell as president of Packard-Bell.

ORAL ARGUMENT, COMING WEEK. January 12 - 3:30 p.m. - Langley-Howard, Inc.

SECURITIES ACT REGISTRATIONS. Effective January 6: Agway, Inc., 2-24161 (40 days); Chromalloy Corp., 2-24260 (Feb 17); Southwestern Investment Co., 2-24289. Withdrawn January 6: U. S. Natural Gas Corp, 2-23716.

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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