

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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B/D REGISTRATION FEES PROPOSED. The SEC today announced a proposal under the Securities Exchange Act (Release 34-7838) for the establishment of fees for brokers and dealers registered with the Commission which are not NASD members; and it invited the submission of views and comments thereon not later than April 6.

It is anticipated that the proposed fees will defray the costs of the Commission in its regulation of such brokers and dealers during fiscal 1966 pursuant to the provisions of the Securities Acts Amendments of 1964, enacted August 20, 1964, authorizing the Commission to adopt rules and regulations requiring such brokers and dealers and their associated persons to meet prescribed standards of training, experience and other qualifications and to assess reasonable fees to defray the costs of regulation incurred thereby. The rule also requires that the fees be paid, and Form SECO-4 (the assessment form) be filed on or before July 31, 1966.

The fees comprise the following factors: (1) A base fee of \$150 for each nonmember broker or dealer; plus (2) \$7 for each associated person engaged directly or indirectly in securities activities for or on behalf of the broker or dealer at any time during the fiscal year; and (3) \$30 for each office of the broker or dealer open at any time during the fiscal year. The rule provides that in no case shall any broker or dealer have to pay more than \$15,000 by virtue of factors (1) and (2) - the base fee plus the \$7 head tax indicated above. The fee of \$30 for each office may not be included in the computation of the \$15,000 maximum.

Brokers and dealers registered with the Commission and not members of an association on the effective date of the rule who had been so registered for less than 6 months will be required to pay half the fee. Brokers and dealers registering after the effective date of the rule who do not become members of the association within 45 days after the effective date of their registration would pay a fee of \$150.

LEE NATIONAL RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4544) granting a 30-day interim exemption to Lee National Corporation, New York, from certain provisions of the Act. According to the application, Lee has disposed of the tire and rubber business in which it was engaged until recently under the name of Lee Rubber & Tire Co. As a result, its assets consist almost entirely of cash, certificates of deposit, and marketable securities, and it comes within Section 3(a)(3) definition of an "investment company". Lee represents that it is engaged in an active effort to acquire an operating business to take the place of its former business and that when it is able to carry out such acquisition program it will not come within such definition. Decision was reserved by the Commission on the company's request for a one-year exemption during which it will seek to carry out such program.

NATIONAL SUGAR REFINING SHARES IN REGISTRATION. The National Sugar Refining Company, 100 Wall St., New York 10005, filed a registration statement (File 2-24636) with the SEC on March 14 seeking registration of 3,990 outstanding shares of 5½% convertible preferred stock and outstanding interim certificates for 222 shares of 5½% convertible preferred stock. According to the prospectus, the said preferred shares and certificates were issued to the trustees of The Gordon P. Kelley Trust Fund, a former holder of 21,000 common shares of Krim-Ko Corporation, in connection with the merger of Krim-Ko with and into National Sugar Refining. Interim certificates for the 222 shares and 1,995 of the 3,990 preferred shares will be purchased by Horace Havemeyer, Jr., board chairman, and Harry W. Havemeyer, executive vice president.

HAWAIIAN TELEPHONE PROPOSES RIGHTS OFFERING. Hawaiian Telephone Company, 1130 Alakea St., Honolulu, Hawaii 96813, filed a registration statement (File 2-24639) with the SEC on March 15 seeking registration of 363,987 shares of common stock, to be offered for subscription by stockholders. Any unsubscribed shares are to be offered for public sale through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York 10005. The subscription rate, record date, offering price (\$35 per share maximum*) and underwriting terms are to be supplied by amendment.

Net proceeds of the company's stock sale will be added to general funds and will be applied to its capital expenditure program (estimated to cost \$28,718,000 in 1966) and to repay bank loans incurred for capital purposes. In addition to indebtedness and preferred stock, the company has outstanding 5,294,363 common shares, of which management officials own 15,534 shares. Douglas S. Guild is president.

CUTTER LABORATORIES FILES STOCK PLAN. Cutter Laboratories, Inc., Fourth and Parker Sts., Berkeley, Calif. 94710, filed a registration statement (File 2-24641) with the SEC on March 15 seeking registration of 80,000 shares of Class A common stock, to be offered pursuant to its Key Employees Qualified Stock Option Plan of 1965.

JOHNSON AND DARBY INDICTED. The SEC New York Regional Office announced March 15 (LR-3456) the return of an indictment (USDC, SD NY) charging Vernon L. Johnson of La Porte, Ind., and James V. Darby of New York City with violations of and conspiracy to violate the Securities Act anti-fraud provisions in the sale of common stock of Jefferson Financial Corp.

OVER

GENEGANTSLET GAS & OIL, OTHERS ENJOINED. The SEC New York Regional Office announced March 11 (LR-3457) the entry of a Federal court order (USDC, MD NY) enjoining Genegantslet Gas & Oil Co., Inc., Chester H. Decker, Paul D. Pepper, James W. Voorhees, Alfred D. Krusen, Lawrence E. Taft and Richard L. Taft (all officers of Genegantslet Gas & Oil) from further violations of the Securities Act registration provisions in the sale of common stock of Genegantslet Gas & Oil. The defendants consented to the entry of the order.

FLYNN CHANGES PLEA. The SEC Chicago Regional Office announced March 11 (LR-3458) that Thomas Patrick Flynn withdrew his plea of not guilty and entered a plea of guilty (USDC, MD Wisc.) to violating the Securities Act anti-fraud provisions in the sale of stock of The House of Our Lady of Guadalupe.

FOOD FAIR FILES STOCK PLAN. Food Fair Stores, Inc., 3175 John F. Kennedy Blvd., Philadelphia, Pa. 19104, filed a registration statement (File 2-24643) with the SEC on March 11 seeking registration of 366,100 shares of common stock, to be offered pursuant to its 1964 Qualified Stock Option Plan and Restricted Stock Options.

ARMCO STEEL FILES STOCK PLAN. Armco Steel Corporation, 703 Curtis St., Middletown, Ohio, filed a registration statement (File 2-24644) with the SEC on March 15 seeking registration of \$25,000,000 of interests in its Thrift Plan for Salaried Employees, together with common stock which may be acquired pursuant thereto.

SECURITIES ACT REGISTRATIONS. Effective March 15: Commonwealth Edison Co., 2-24532; Hanes Corp., 2-24531 (90 days); Province of Ontario, 2-24571 (Apr 25); Reynolds Metals Co., 2-24539 (Apr 24); Riker Delaware Corp., 2-24231 (40 days). Effective March 16: K & M Electronics Co., 2-24411 (90 days); Systems Engineering Laboratories, Inc., 2-24040 (Jun 14). Withdrawn March 15: Clinical Development Corp., 2-23692 and 2-23740; Jim Walter Corp., 2-23063.

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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