

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 March 14, 1961

THOMPSON RAMO WOOLDRIDGE SHARES IN REGISTRATION. Thompson Ramo Wooldridge Inc., 23555 Euclid Ave., Cleveland, Ohio, filed a registration statement (File 2-17710) with the SEC on March 13, 1961, seeking registration of 90,414 shares of common stock, which include the following: (1) 25,807 shares of common stock to be issued to three stockholders of Teves & Co., G.m.b.H., of West Germany, in exchange for a 50% interest therein; (2) a portion (to be supplied by amendment) of an aggregate of 26,184 common shares issued in April 1960 to three stockholders of Good-All Electric Mfg. Co. in exchange for 83.6% of the outstanding shares of that company (the balance having been acquired in August 1960); and (3) a portion (to be supplied by amendment) of an aggregate of 124,054 common shares which were or are to be issued to stockholders of Radio Industries, Inc. in exchange for all of the outstanding shares of that company. Such shares may be sold by the holders thereof for the most part through the New York, Midwest, Pacific Coast or Philadelphia-Baltimore Stock Exchanges at prices related to the current market prices at the time of sale. The registration statement also includes common shares (amount to be supplied by amendment) which are to be offered to employees of the company pursuant to its 1951, 1956 and 1958 Stock Option Plans.

The principal business of the company is the performance of research, consulting and advisory services and the manufacture and sale of products in the electronics, missile and space fields, and the manufacture and sale of aircraft component parts and auxiliary equipment, largely for aircraft engines, a wide range of engine and other parts for automobile, trucks and tractors, and miscellaneous other products. It has outstanding certain indebtedness, preferred stock and 3,153,658 shares of common stock (as of December 31, 1960). Management officials as a group own 8.3% of the outstanding common shares. J. D. Wright is listed as board chairman and D. E. Wooldridge as president.

TRANSCONTINENTAL GAS PIPE LINE PROPOSES BOND OFFERING. Transcontinental Gas Pipe Line Corporation, 3100 Travis Street, Houston, Texas, filed a registration statement (File 2-17711) with the SEC on March 13, 1961, seeking registration of \$35,000,000 of First Mortgage Pipe Line Bonds, due 1981, to be offered for public sale through underwriters headed by White, Weld & Co. and Stone & Webster Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment.

Of the net proceeds from the bond sale, \$18,000,000 is to be used to repay notes which have been or will be incurred for construction purposes; and \$10,500,000 is to be deposited with the Trustee under the company's mortgage as the basis for issuance of a portion of the new bonds. The amount so deposited is to be withdrawn by the company against property additions and, together with the balance of the proceeds from the new bonds, will be added to the general funds to be available for construction and other corporate purposes. The company's scheduled construction program after December 1960 is estimated at \$113,600,000 in completing construction work then scheduled.

ALLSTATE SECURITIES REGISTRATION SUSPENDED. The SEC today announced the issuance of a decision (Release 34-6496) suspending the broker-dealer registration of Allstate Securities, Inc., 80 Wall Street, New York, pending the ultimate decision of the Commission in proceedings under the Securities Exchange Act of 1934 to determine whether its registration should be revoked. The hearing in such proceedings is now in progress.

According to the Commission's decision, the evidence adduced at a prior hearing shows that Allstate Securities salesman and Vincent J. Sbarbati, its president, made false and misleading representations of material facts in their offer and sale, over the telephone, of stock of Dwain Records, Inc., a music recording company. The offering was made between July 1959 and July 1960; and investors who purchased the stock at prices ranging from 2 to 6½ testified that representations made to them included statements that the stock would double or triple in price, go to 8 or 10 in a few months, might or could go to 15 or 20 or even 40 if the company were successful, or "make a phenomenal gain in a short time"; that "the rise would be meteorical"; that the stock was listed; that Dwain was about to enter into a record distribution contract with a newsstand chain, the signing of which might occur the next day, and when "this word got out this stock is going to take a jump"; that Dwain was making money, would pay dividends on its "huge earnings," had produced hit records, had several famous singers under contract and had just cut a record called "Be a Band Leader" which would be a "hit;" and that Allstate Securities had "promoted Decca records" and there was "reason to believe Dwain records would also be a big success."

Allstate Securities and Sbarbati knew or should have known, the Commission stated, that Dwain had lost money since its inception and, as of April 30, 1960, was unable to meet its liabilities as they matured; but no disclosure of Dwain's adverse financial condition was made to purchasers of the stock to whom the favorable representations were made. The record also indicates that Dwain never listed its stock, produced any hit records or promoted Decca records, did not have any stars under contract, and had placed "Be a Band Leader" on the market several months before but its promotion efforts had been unsuccessful. "It is clear," the Commission stated, "that the optimistic representations as to a rise in the price of the stock and the payment of dividends, as well as the other representations, were unwarranted."

OVER

JEFFERSON COUNSEL FILES FOR OFFERING. Jefferson Counsel Corp., 52 Wall Street, New York, filed a registration statement (File 2-17713) with the SEC on March 13, 1961, seeking registration of 30,000 shares of Class B common stock (non-voting), to be offered for public sale at \$10 per share. The offering will be made through underwriters headed by Washington Planning Corporation, which will receive a \$1 per share commission.

The company was organized under Delaware law in January 1961 for the purpose of sponsoring the organization of Jefferson Growth Fund, Inc., and acting as its investment adviser and manager. Organized under Maryland law, the Fund plans to register under the Investment Company Act of 1940 as an open end diversified investment company of the management type. The company has also initiated the organization of Jefferson Distributors Corp. under Delaware law, which will act as the principal underwriter of the Fund shares and also as sponsor and underwriter of a "Contractual Plan" for investment in the Fund's shares. The net proceeds from the stock sale will be used for the following purposes: organization expense of the company and the distributor and expenses of this offering; organization expense of the Fund and initial and continuous public offering of its shares; operating expenses of the company until its income will pay such expenses; and amounts required to be paid to the Fund under an agreement guaranteeing that the Fund's expenses will not exceed 1% of the average net asset value per annum.

The company has outstanding 20,000 shares of Class A common stock (voting) and 20,000 shares of Class B common stock (non-voting). Charles W. Badalamenti, president of the company and vice president of the underwriter, owns 60.55% of the Class A and 43.25% of the Class B stock, and Samuel J. Romano, a director, owns 24.45% and 25%, respectively. Rodger J. Browne is listed as vice president of the company and president of the underwriter.

FURTHER SENTENCES IMPOSED IN STOCK FRAUD CASES. Judge Robert P. Anderson (USDC, New Haven, Conn.) on March 6, 1961, sentenced Carmine Lombardozi to three years imprisonment on his plea of nolo contendere to charges of violating the anti-fraud provisions of the Securities Act in the sale of stock of Atlas Gypsum Corporation Ltd. through the brokerage firm of J. C. Graye Co. (LR-1936). Execution of the sentence was suspended and Lombardozi was placed on five years probation and fined \$2,500. Arthur Tortorello and Louis Michael De Filippo also received three-year sentences, execution of which are to be suspended after defendants serve three months; and they also were placed on five years probation. Tortorello and De Filippo also pleaded guilty to similar fraud charges in the sale of securities of Shoreland Mines, Ltd., through Lincoln Securities, Inc. The defendants were sentenced to three years imprisonment, the execution of which was to be suspended after they serve three months, and they were also placed on five years probation (these sentences to run concurrently with sentences in the Atlas Gypsum case).

RECEIVER APPOINTED FOR ST. PETERSBURG FIRM. The SEC Atlanta Regional Office announced March 10th (LR-1937) that Judge Wm. J. Barker (USDC, SD Fla.), on motion of the Commission, had named Rex Meighen of Tampa, Fla., as receiver for Insured Mortgage and Title Corporation, St. Petersburg, Fla., and its affiliates, Sunniland Development Corporation of Florida and H. E. C. Finance Corporation. The receivership was demanded by the SEC in its action to enjoin the three firms and H. E. Corrigan from further violations of the registration and anti-fraud provisions of the Federal securities laws.

BATES MFG., OTHER ENJOINED. The SEC New York Regional Office announced March 10th (LR-1938) the entry of a Federal court order (USDC SDNY), on consent of the defendants, enjoining Fruit of the Loom, Inc., Bates Manufacturing Company, Carl M. Loeb, Rhoades & Co., S. Bruce Smart, John W. Poulson and A. Phillip Goldsmith from further violating the anti-fraud provisions of the Securities Exchange Act in attempts by Bates Mfg. and Loeb, Rhoades to purchase Fruit of the Loom stock.

KELLOGG COMPANY FILES STOCK PLAN. Kellogg Company, Battle Creek, Mich., filed a registration statement (File 2-17716) with the SEC on March 13, 1961, seeking registration of 88,915 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan.

MAJESTIC SPECIALTIES FILES STOCK PLAN. Majestic Specialties, Inc., 340 Claremont Ave., Jersey City, N. J., filed a registration statement (File 2-17717) with the SEC on March 13, 1961, seeking registration of 40,880 shares of common stock, to be offered under Employee Restricted Stock Options.

CORRECTION. The application to delist the common stock of Trail Mines, Inc. referred to in the SEC News Digest of March 10th, was filed by the San Francisco Mining Exchange, not the San Francisco Stock Exchange.

LIFE INSURANCE FUND EXEMPTED. The SEC has issued an order under the Investment Company Act (Release IC-3212) declaring that Life Insurance Fund, Inc., of Fayetteville, N. Car., has ceased to be an investment company. The company has sold no stock or other securities.

SECURITIES ACT REGISTRATIONS. Effective March 14: Israel Development Corp. (File 2-17320); Random House, Inc. (File 2-17529). Withdrawn March 14: Caribbean & Southeastern Development Corp. (File 2-17132).