

# 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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FOR RELEASE March 21, 1961

**BIG BOY PROPERTIES FILES FOR OFFERING.** Big Boy Properties, Inc., 1001 East Colorado St., Glendale, Calif., filed a registration statement (File 2-17754) with the SEC on March 20, 1961, seeking registration of 100,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made through the company's officers and directors who will receive no remuneration for such services.

The company was organized under California law in September 1960 for the principal purpose of acquiring and leasing restaurant properties of the same general type as those now operated in nineteen states by Robert C. Wian Enterprises, Inc. and its licensees under the "Big Boy" trade mark. In January 1961 the company purchased the "Big Boy" restaurant at 3130 East Colorado Street in Pasadena from Wian Enterprises for \$225,000 and leased it back to that company for a ten year term at \$22,500 annually. Except for this lease-back transaction, the company has not engaged in other business. According to the prospectus, the company intends to purchase the restaurant at 900 East Colorado Street in Glendale, Calif. for \$250,000 and to lease it back to Wian Enterprises for \$25,000 annually. Of the net proceeds from the stock sale, about \$125,000 will be applied toward the purchase of the property and building in Glendale, and the balance to acquire such other restaurants or properties as are selected by the company's management.

The company has outstanding 20,000 shares of common stock which were sold at \$10 per share. Of such stock, Robert C. Wian Enterprises, Inc. owns 50%, and management officials as a group 40%. Robert C. Wian is listed as president of the company and president and principal stockholder of Wian Enterprises.

**MISSISSIPPI POWER ACCOUNTING ADJUSTMENT APPROVED.** The SEC has issued an order under the Holding Company Act (Release 35-14392) authorizing Mississippi Power Company, Jackson, to transfer \$2,850,000 from its earned surplus account to its common stock capital account, equivalent to \$1 per share on the outstanding common stock. At December 31, 1960, the company's common stock account aggregated \$37,050,000 and earned surplus \$7,919,370.

**GULF POWER TO ISSUE BONDS.** Gulf Power Company has filed a proposal with the SEC under the Holding Company Act for the issuance of \$486,000 of First Mortgage Bonds, 3½% Series due 1984, for sinking fund purposes; and the Commission has issued an order (Release 35-14393) giving interested persons until April 5, 1961, to request a hearing thereon.

**SEC COMPLAINT NAMES OSBORNE CLARK & VAN BUREN.** The SEC New York Regional Office announced March 16th (LR 1945) the filing of Federal court action (USDC, SDNY), seeking to enjoin Osborne Clark & Van Buren, Inc., 230 Park Avenue, New York City, and its president, William B. Buchanan, Jr. from further refusal to permit an SEC inspection of its books and records.

**MIRIAM G. HEIN ENJOINED.** The SEC New York Regional Office announced March 17th (LR 1946) the issuance of Federal court order (USDC, SDNY), permanently enjoining Miriam G. Hein, doing business as Hein Company, New York City, from further violating the net capital and anti-fraud provisions of the Securities Exchange Act.

**OLD REPUBLIC INSURANCE STOCK DELISTED.** The SEC has granted an application of The Pittsburgh Stock Exchange to delist the capital stock of Old Republic Insurance Company, effective at the close of the trading session on March 24, 1961, because trading therein has become inactive.

**ROCKET JET ENGINEERING FILES FOR SECONDARY.** Rocket Jet Engineering Corp., 1426 South Flower Street, Glendale, California, filed a registration statement (File 2-17756) with the SEC on March 20, 1961, seeking registration of 110,000 outstanding shares of common stock, to be offered for public sale on an all or none basis through Thomas Jay, Winston & Co., Inc. and Maltz Greenwald & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 27,500 common shares which are to be sold to the underwriters by the selling stockholders for \$21,633.26.

The company is primarily engaged in the design, development and manufacture of escape and survival equipment used in the life support system installed in military aircraft. Pursuant to a recapitalization scheduled for April 1961, its 825 common shares then outstanding will be exchanged for 539,000 common shares (with a book value of about 79¢ per share). Of such stock, John J. Sepe, president, and James T., Ralph A. and Joseph A. Sepe, management officials, will own 110,000 shares each and propose to sell 27,500 shares each.

**COCA-COLA FILES THRIFT PLAN.** The Coca-Cola Company, 515 Madison Avenue, New York, filed a registration statement (File 2-17759) with the SEC on March 20, 1961, seeking registration of \$1,800,000 of participations in The Coca-Cola Company Thrift Plan and 21,686 shares of common capital stock which may be acquired pursuant thereto.

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**SINCLAIR OIL FILES SAVINGS PLAN.** Sinclair Oil Corporation, 600 Fifth Avenue, New York, filed a registration statement (File 2-17761) with the SEC on March 20, 1961, seeking registration of \$12,000,000 of participations in the company's Employees Savings Plan and 150,000 shares of common stock which may be acquired pursuant thereto.

**WELCH SCIENTIFIC FILES FOR OFFERING AND SECONDARY.** The Welch Scientific Company, 1515 North Sedgwick Street, Chicago, Illinois, filed a registration statement (File 2-17752) with the SEC on March 20, 1961, seeking registration of 545,000 shares of common stock, of which 176,000 shares are to be offered for public sale by the company and 369,000 shares, being outstanding stock, by the present holders thereof. Hornblower & Weeks heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company (formerly W.M. Welch Manufacturing Company) is engaged principally in the manufacture and sale of scientific instruments, laboratory apparatus and supplies for use in teaching chemistry, physics, biology and other sciences and for various research and industrial uses. It also produces diplomas and scientific and educational charts. The net proceeds from the company's sale of additional stock will be added to working funds and used for general corporate purposes, including among others, payment of short-term borrowing from banks, aggregating \$1,300,000, and the financing of inventory and accounts receivable.

In addition to certain indebtedness, the company has outstanding 1,624,000 shares of common stock, of which Medard W. Welch, president, Richard E. Welch, executive vice president, Richard E. Welch, Jr. and Kenneth A. Bro, vice presidents, and Patricia W. Bro own 466,700, 545,100, 266,400, 172,400 and 172,400 shares, respectively, and propose to sell 160,000, 190,600, 6,400, 6,000 and 6,000 shares, respectively. After this offering, the named stockholders will own 69.67% of the outstanding stock.

**NASD SUSPENSION OF FIRST SECURITIES CORP. AFFIRMED.** The SEC today announced a decision (Rel 34-6497) affirming action of the National Association of Securities Dealers, Inc., in its suspension of First Securities Corporation, 1520 Locust St., Philadelphia, from NASD membership for a period of 60 days for violating the NASD Rules of Fair Practice. The NASD will fix the date on which the suspension is to become effective. The NASD action had been appealed by First Securities.

The violations and resulting suspension were based upon excessive trading in the account of an elderly widow during the period 1954-1957, induced by First Securities and A.L. Pennock Smith, its registered representative. The NASD found that during a 41-month period Smith made 118 purchases for her account for a total of \$146,693 and 111 sales for a total of \$146,171. Although certain trading profits and income from portfolio securities were realized, the account declined in value from about \$28,955 in January 1954 to \$26,590 in June 1957, including an additional net investment of \$521, and was turned over at the rate of once every seven months during the period. The NASD concluded that the company and Smith had violated its Rules of Fair Practice by making unsuitable recommendations to the customer, and that the company also violated the rules by reason of its failure to exercise proper supervision over Smith's handling of the account.

In a unanimous decision written by Chairman Gadsby (with Commissioner Frear not participating), the Commission ruled that the record supported the NASD finding that the customer's account was subjected to excessive trading. Moreover, the Commission concluded that the customer "was substantially dependent on the income from her investments, was uninformed concerning securities matters and relied completely on the advice given her by Smith." This sustained the NASD finding that Smith occupied a position of trust and confidence with respect to the customer and was under a duty to act in her best interests, but that, motivated by a desire for personal gain, he used his relationship with her to cause an excessive number of securities transactions in the account. The record showed that the company and Smith each realized about \$4,000 in profits and commissions from the account. The Commission also concluded that the record amply buttresses the NASD finding that First Securities failed to provide adequate supervision over the manner in which Smith handled the account.

**GEORGE ALEXANDER KERR ARRESTED.** On March 19th, George Alexander Kerr was arrested in San Francisco on Federal criminal charges filed against him in Seattle on March 4th, alleging fraud in the offer and sale of securities of Eagle Plains Explorations Ltd. and Eagle Plains Developments Ltd. Others charged in the complaint were George F. Caldough (also known as George F. Woodall), Roland Smith and Captain P.J.H. van Oudenal of Vancouver, Canada. (LR 1947)

**SENTENCES IMPOSED IN MONARCH ASBESTOS STOCK FRAUD.** The SEC announced March 17th (LR 1948) the imposition of sentences (by USDC, NH) for Securities Act violations in the offer and sale of Monarch Asbestos Co., Ltd., through Philip Newman Associates, Inc., of New York. Stanley Ira Younger received three years imprisonment, to run concurrently with a sentence previously imposed; Arthur Tortorello and Louis Michael DeFilippo were sentenced to three years' imprisonment, to be suspended after three months, and to run concurrently with a previous sentence; eight other individuals received suspended sentences and were placed on probation; two others were fined; and the sentencing of George B. Mahler and James H. Taylor, also known as Jeffrey Taylor, was deferred. Other defendants were Fred William Fuchshuber Hesse, Theodore A. Landau, George H. Wagner, Daniel Mintzer, Samuel J. Nagle, Theodore Elwood Krol, Alvin Galpren, David Feingold, Arnold Naidich, and Brandon Karl Scott.

CALIF. LIQUID GAS CORP. FILES FOR OFFERING AND SECONDARY. California Liquid Gas Corporation, P.O. Box 5073, Sacramento, California, filed a registration statement (File 2-17763) with the SEC on March 20, 21 1961, seeking registration of 125,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 75,000 shares, being outstanding stock, by F.M. Rowles, president and principal stockholder. The offering will be made on an all or none basis through underwriters headed by Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiary companies are engaged principally in the sale and distribution of liquefied petroleum gas and appurtenant equipment. Of the net proceeds from the company's sale of additional stock, \$1,080,000 will be used to retire bank borrowings and other short term and long term debt incurred to finance the acquisitions of the assets of Ransome Company of Nevada and Liquefuel, Inc., \$50,000 to retire debt incurred in connection with other acquisitions and \$218,000 to retire loans incurred to carry an increased volume of inventories and receivables. The balance will be added to working capital to be used for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 752,596 shares of common stock, of which Rowles owns 290,314 shares (38.6%) and proposes to sell the 75,000 shares, and management officials as a group own 342,826 shares (45.6%).

EQUITY ANNUITY LIFE SEEKS ORDER. Equity Annuity Life Insurance Company, Washington investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting it to make loans to general agents; and the Commission has issued an order (Release IC-3216) giving interested persons until April 4, 1961, to request a hearing thereon. Ealic proposes to make loans to its general agents to permit them to annualize first year sales commissions to their special agents, and to allow draws to their special agents; also, to make loans to general agents to assist them in expanding their business.

SECURITIES ACT REGISTRATIONS. Effective March 21: Monarch Electronics International, Inc. (File 2-17256); Southern Gulf Utilities, Inc. (File 2-17351); Albee Homes, Inc. (File 2-17513); Southwestern Public Service Company (File 2-17578); Economics Laboratory, Inc. (File 2-17580); North American Car Corporation (File 2-17619)

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