

# 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 February 24, 1960

**ACTION NAMES TWO INVESTMENT ADVISER FIRMS.** The SEC has ordered proceedings under the Investment Advisers Act of 1940 to determine whether it is appropriate in the public interest to revoke the registrations as investment advisers of the following:

Cambridge Research and Investment Corporation  
1430 Massachusetts Avenue, Cambridge, Massachusetts  
Arthur J. Bryant  
426 Broadway, Lynn, Massachusetts

According to the Commission, Cambridge Research has been registered with the Commission as an investment adviser since August 7, 1957, and Bryant since February 14, 1958. Cambridge Research's registration application states that Bryant is the only owner of more than 25% of its voting securities. The order further recites that Cambridge Research and Bryant were permanently enjoined on January 29, 1960, by a decree of the U. S. District Court in Boston from engaging in or continuing certain conduct and practices in connection with their investment adviser activities. The Commission's complaint in that action charged violations of the anti-fraud provisions of the Investment Advisers Act in the solicitation of subscribers and the sale of a weekly publication known as Investment Chronicle, including the application to their own use of fees for renewal and/or original subscriptions to the Investment Chronicle at a time when they were unable to publish said publication. The defendants consented to entry of the court decree.

The Commission also charges in its present order that since September 1957 Bryant has not been the only owner of more than 25% of the voting securities of Cambridge Research; that since May 1958 Cambridge Research has not maintained its principal place of business at the Cambridge address listed in its registration application; and that Cambridge Research failed to amend its registration application to correct said representations.

A hearing will be held, at a time and place later to be announced, to take evidence on the foregoing matters.

**VIOLATIONS CHARGED TO TWO FIRMS.** The SEC today announced the institution of consolidated proceedings under the Securities Exchange Act of 1934 to determine whether investors were defrauded by the following in their offer and sale of common stock of Anaconda Lead & Silver Company and, if so, whether their broker-dealer registrations should be revoked and/or whether they should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.:

Scott Taylor & Co., Inc. ("Scott Taylor")  
79 Wall Street, New York  
Theodore A. Landau, doing business as Landau & Co. ("Landau")  
11 Broadway, New York

According to the Commission's orders, information developed in an investigation conducted by its staff tends to show that, in the offer and sale of Anaconda stock during the period April 30, 1959, to August 18, 1959, Scott Taylor and Landau, together with Stephen N. Stevens, president of Scott Taylor, made false and misleading representations of material fact which operated as a "fraud and deceit" upon the purchasers. The alleged misrepresentations related to (1) the management of Anaconda and the condition of its books and records; (2) the production from properties held by Anaconda, leases being acquired by it in the United States and Canada, the ownership of interests in Anaconda by well-known companies, a possible merger of Anaconda with another company, and the cash assets of and machinery and equipment owned or possessed by Anaconda; (3) the number of shares of Anaconda stock then outstanding; and (4) the income and earnings of Anaconda, dividend payments on its stock, the existence of a ready market for the stock, the market price of the stock and its future market price.

The Commission's orders further assert that during said period, Scott Taylor, Landau and Stevens, while engaged in a public distribution of Anaconda stock, (1) published bids and offers for said stock, purchased said stock, and induced the purchase of said stock by others; and (2) induced customers to purchase such stock by representing that the stock was being offered "at the market" or at a price reasonably related to the market when they knew or had reasonable grounds to believe that no market existed for the stock other than that which they made, created or controlled. Scott Taylor, Landau and Stevens were temporarily enjoined on

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December 15, 1959, by order of the U. S. District Court for the Southern District of New York, in an action filed by the Commission, from inserting bids for Anaconda stock in the National Daily Quotation Sheets so long as they are participating in a distribution of such stock.

A hearing will be held for the purpose of taking testimony on the foregoing matters, at a time and place to be announced.

**SIERRA PACIFIC PROPOSES RIGHTS OFFERING.** Sierra Pacific Power Company, 220 South Virginia Street, Reno, Nevada, filed a registration statement (File 2-16157) with the SEC on February 23, 1960, seeking registration of 49,714 shares of common stock, to be offered for subscription by the holders of outstanding common stock of record March 14, 1960, on the basis of one new share for each fifteen shares held. The subscription price will be filed by amendment. No underwriting is involved.

Proceeds from the sale of the stock will be applied to the partial payment of bank loans incurred for construction purposes. The company expects to spend approximately \$4,967,900 for construction in 1960. This will include \$3,466,900 for the Electric Department, \$478,600 for the Gas Department and \$1,022,400 for the Water Department. According to the prospectus additional permanent financing will be required in 1960 and the company plans to finance \$3,500,000 through the sale of debt securities. Additional funds would be obtained from bank loans and operations.

**HARN CORP. FILES FOR STOCK OFFERING.** The Harn Corporation, 1800 E. 38th Street, Cleveland, Ohio, filed a registration statement (File 2-16158) with the SEC on February 23, 1960, seeking registration of 187,500 shares of common stock, to be offered for public sale at \$4 per share through underwriters headed by Arnold Malkan & Co., Inc., and Street & Co., Inc. The offering will be made on an all-or-none basis. In addition to an underwriting commission of 60¢ per share, Arnold Malkan and Irving Orenstein, officers of the underwriters, may purchase for \$250, five-year options to purchase from Herman Cohen, secretary and treasurer of the company, 25,000 shares of outstanding common stock at \$4 per share for a five-year period.

The company is engaged in the manufacture and sale of nursery products including padded and quilted crib, play-pen, and bassinet accessories, as well as comforters, quilts, decorative pillows and mattress and chair pads. Of the proceeds from the sale of the stock \$131,302.30 will be used to repay existing bank obligations. The balance of approximately \$464,200 will be added to general funds and used as required for working capital.

In addition to certain indebtedness the company has outstanding 338,113 shares of common stock, of which Herman Cohen owns 33.7% and Rudolph Cohen and Arnold Cohen, president and vice president, respectively, own 27.9% each.

**CITY PRODUCTS SHARES IN REGISTRATION.** City Products Corporation, 33 South Clark St., Chicago, filed a registration statement (File 2-16159) with the SEC on February 23, 1960, seeking registration of 181,611 shares of common stock.

According to the prospectus, City Products recently acquired the assets and business of Butler Brothers for an aggregate purchase price of \$50,159,963, subject to certain post-closing adjustments, and assumed all its liabilities. The purchase price was paid in part from cash on hand and from the proceeds of a loan from two insurance companies.

In connection with the purchase of the Butler Brothers assets, City Products undertook to offer shares of its stock to employees who hold subscriptions under Butler Brothers' Employees Stock Purchase Plan, to offer substituted stock options to former executive personnel of Butler Brothers now employed by City Products, to offer a share exchange to former employees of Butler Brothers now employed by City Products and for shares of Butler Brothers held by "Ben Franklin" store owners, and to offer new shares to such store owners. The 181,611 shares are to cover these offerings and exchanges.

**INSURANCE SECURITIES FUND PROPOSES OFFERING.** Insurance Securities Trust Fund, sponsored by Insurance Securities, Inc., 2030 Frankling St., Oakland, Calif., filed a registration statement (File 2-16161) with the SEC on February 23, 1960, seeking registration of \$100,000,000 of Trust Fund Certificates.

**CHAMPION PAPER FILES FOR OFFERING AND SECONDARY.** The Champion Paper and Fibre Company, Hamilton, Ohio, filed a registration statement (File 2-16160) with the SEC on February 23, 1960, seeking registration of 1,265,211 shares of common stock to be issued in the acquisition of certain interests, under a stock option plan and in connection with its Deferred Compensation Trust. Of the shares to be registered, 50,017 shares are outstanding and were issued in the acquisition of another business and of minority interests in subsidiaries.

The company will issue 8,393 shares in exchange for all the outstanding common stock held by minority stockholders of three of its subsidiaries, Central Michigan Paper Company, Indiana Paper Company, Inc. and Mid-West-Pak Corporation. In addition, 215,636 shares are to be issued in connection with the acquisition of assets of Montag Brothers, Inc.; 220,000 shares to be issued under the company's restricted stock option plan, and 60,000 may be purchased, on the open market or otherwise, by The First National Bank of Cincinnati, as trustee under the company's Deferred Compensation Trust. The remaining 711,165 are to be issued from time to time in the acquisition of additional properties including shares of stock of other corporations.

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**SAN DIEGO IMPERIAL CORP. FILES FOR OFFERING.** San Diego Imperial Corporation, 1400 Fifth Ave., San Diego, Calif., today filed a registration statement (File 2-16164) with the SEC seeking registration of \$5,000,000 of Subordinated Convertible Debentures due April 1975 and 600,000 shares of common stock, to be offered for public sale through an underwriting group headed by White, Weld & Co. and J. A. Hogle & Co. The interest rate on the bonds, public offering price and underwriting terms will be supplied by amendment.

Of the 600,000 common shares, 728,531 shares will be offered for the account of the issuing company and 128,531 by three stockholders of the company. The initial public offering price will be a fixed price related to the current market for outstanding shares at the time of the offering. Underwriting terms are to be supplied by amendment.

The company is engaged primarily in the business of holding stocks of other companies; and it owns (among other interests) substantially all the equity stock of fourteen savings and loans associations, four in California, seven in Texas, one in Colorado, and two in Kansas. The company now has outstanding 4,181,280 common shares in addition to various indebtedness. Of the net proceeds of this financing, \$4,104,256 will be used to pay the unpaid balance (\$3,989,256) of the purchase price of shares of Investors Savings and Loan Association and accrued interest (\$115,000) to date of payment; \$855,000 to pay the unpaid balance of the purchase price of shares of Amarillo Savings & Loan Association; and the balance to make a partial payment on the company's outstanding bank loans (expected to amount to \$7,150,000). Proceeds from the bank loans were used by the company and Texas Imperial Corporation to pay the balances of the respective purchase prices (including interest) of shares of Equitable Savings Association (\$2,996,015), Gibraltar Savings Association (\$4,726,875), and Midland Savings and Loan Association (\$1,556,750).

Of the outstanding common shares, Gerald L. Schlessman (a director) owns 658,531 shares (15.8%) and management officials own an aggregate of 1,176,416 shares. Schlessman proposes to offer 500,000 shares, Susan M. Fredericks 9,889 (of 30,000 shares held), and Calhan Foundation all of 15,000 shares held.

**ADRs FOR SOCIETA EDISON FILED.** Chemical Bank New York Trust Company filed a registration statement (File 2-16162) with the SEC on February 23, 1960, seeking registration of American Depositary Receipts for 50,000 shares of Capital Stock of SOCIETA EDISON.

**ADRs FOR SNIA VISCOSA FILED.** Chemical Bank New York Trust Company filed a registration statement (File 2-16163) with the SEC on February 23, 1960, seeking registration of American Depositary Receipts for 50,000 ordinary shares of SNIA VISCOSA (NAZIONALE INDUSTRIA APPLICAZIONI VISCOSA).

**METROPOLITAN EDISON STOCK SALE APPROVED.** The SEC has issued an order under the Holding Company Act (Release 35-14174) authorizing Metropolitan Edison Company, Berks County, Pa., subsidiary of General Public Utilities Corporation, to issue and sell to the parent an additional 53,000 shares of common stock at \$100 per share, or an aggregate of \$5,300,000. The funds will be used by the subsidiary to repay \$2,500,000 of bank notes and to reimburse its treasury in part for construction expenditures prior to 1960.

**GEORGE J. WERNER CONVICTED.** The SEC Chicago Regional Office announced February 10, 1960 (Lit. Release 1594) that a Federal grand jury in Hammond, Ind., had found George J. Werner guilty under indictment charging fraud in the sale of interests in Werner Oil Development Co.

**SEC COMPLAINT NAMES PLATALLOY, NELSON ASSOCIATES.** The SEC San Francisco Regional Office announced February 19, 1960 (Lit. Release 1595) the filing of a complaint (USDC, Los Angeles) seeking to enjoin further violations of the Securities Act registration requirement in the offer and sale of unregistered securities of Platalloy Corporation, Mineral Conversion Corporation and J. B. Nelson & Associates by the said three firms and four individuals.