

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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Statistical Release No. 1669. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended April 1, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960, is as follows:

	1939 = 100		Percent Change	1960	
	4/1/60	3/25/60		High	Low
Composite	398.2	403.1	-1.2	432.5	391.2
Manufacturing	479.2	486.4	-1.5	538.9	472.0
Durable Goods	458.8	465.0	-1.3	521.6	453.4
Non-Durable Goods	488.6	496.6	-1.6	544.4	479.9
Transportation	290.7	298.5	-2.6	329.3	290.7
Utility	230.3	230.7	-0.2	230.7	216.1
Trade, Finance & Service	431.8	434.4	-0.6	446.5	414.7
Mining	264.7	270.4	-2.1	299.7	264.7

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended March 31, 1960, 125 statements were filed, 45 became effective, 1 was withdrawn, and 412 were pending at the week end.

AMERICAN RESERVE LIFE OFFERING SUSPENDED. In a decision announced today (Release 33-4200), the SEC made permanent a previous order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of 300,000 common shares by American Reserve Life Insurance Company, of Phoenix, Arizona, at \$1 per share.

The offering proposal was filed on September 11, 1959. The temporary suspension order was issued on February 3, 1960, at which time 9,955 shares had been sold to the public. American Reserve filed a motion to vacate the suspension order, admitted certain facts, and consented to entry of an order of permanent suspension if its motion to vacate is denied.

In its decision, the Commission stated that American Reserve mailed to prospective investors a four page brochure entitled "Through Investments in Good Life Insurance Stock Your Money Can Earn Money For You," which constituted sales material used in the stock offering and which was not filed with the Commission as required by a provision of Regulation A. Moreover, the brochure failed to state material facts necessary in order to make the statements made therein not misleading, particularly statements concerning the profits and investment return of stocks of other insurance companies and their relationship to the profits and investment return of the stock of American Reserve. We find that under the circumstances the offering of American Reserve stock was, and its continued offer would be, in violation of Section 17 (the anti-fraud provision) of the Securities Act. In addition, American Reserve offered its stock in Idaho and Maryland, which were not listed in its notification among the jurisdictions in which the stock was to be offered.

In support of its motion to vacate, American Reserve urged certain mitigating circumstances. In denying the motion, the Commission observed that the failure to comply with Regulation A cannot be excused because of failure to consult counsel and that the brochure was misleading on its face and this should have been particularly apparent to persons experienced in the insurance business (as its principal officers claimed to be).

CARROLL & CO. REGISTRATION REVOKED. In a decision announced today (Release 34-6221), the SEC revoked the broker-dealer registration of H. Carroll & Co., 1 Equitable Building, Denver, for fraud in the sale of securities and other violations of the Federal securities laws. Howard P. Carroll, president and controlling stockholder, was held to be a cause of the revocation order.

According to the Commission's decision, Carroll & Co. during the months March through July 1958 offered and sold through its Beverly Hills (Calif.) Branch Office about 300,000 shares of common stock of Comstock, Ltd., in violation of the Securities Act registration requirement. Because of Carroll's control relationship to Comstock and the fact that Carroll & Co. purchased the stock from Carroll with a view to its distribution

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and thereby became an underwriter, the Commission rejected the contention that the offering and sale were exempt from the registration requirement.

Furthermore, the Commission ruled, the Comstock shares were offered and sold by means of fraudulent misrepresentations. False representations included statements by salesmen that the price of the Comstock shares would double or increase to \$1 or \$2.50 per share within six months, that the company was paying or would shortly pay dividends, that it was making money and would earn tremendous profits, that Comstock had an operating and profitable mine and that customers would be guaranteed against loss. Neither Comstock nor its predecessor had made any profits out of its charcoal or quicksilver operations; neither had paid any dividends or had any reasonable prospects of paying dividends; the mine was shut down; and there was no guarantee against loss to customers.

HANNIBAL ASSOCIATES REGISTRATION REVOKED. The SEC today announced the issuance of a decision (Release 34-6223), revoking the broker-dealer registration of Hannibal Associates, Inc., 99 Wall St., New York, for violations of the registration requirements and anti-fraud provisions of the Securities Act of 1933. Donald M. Boris, president and principal stockholder, was found to be a cause of the revocation. The company and Boris waived a hearing and consented to the revocation order.

According to the decision, Hannibal offered and sold stock of Alaska Development Company ("Alaska") during the period February-June 1959 without prior registration thereof and in violation of the Securities Act registration requirement. In connection with such offer and sale, Hannibal and Boris made false and misleading representations with respect to Hannibal's business standing and Alaska's ownership, assets and prospects. Among the misrepresentations were statements that Hannibal was an old, reliable firm in business fifty years and government bonded, that Union Oil Company of California owned stock in Alaska, that a Texas oil company was buying Alaska stock, that Alaska owned 68,000 acres in the Dakotas and 165,000 acres in the State of Alaska, that two oil wells had been drilled and fourteen others were planned on Alaska's property, that Alaska owned oil and gold ore properties, that Alaska would receive royalties from drilling being done on Alaska's property by Sinclair Oil Company, and that Standard Oil Company was going to make an announcement that would make Alaska triple in value in ninety days.

SUSPENSIONS OF TWO ARIZONA COMPANY OFFERINGS VACATED. In a decision announced today (Release 33-4203), the SEC authorized withdrawal of stock offering proposals filed by National Land Company of Arizona and Armed Forces Investment Fund, Inc., both of Scottsdale, Arizona, and vacated earlier orders temporarily suspending Regulation A exemptions of such offerings from the Securities Act registration requirement.

The two companies were organized in late 1958 by Jack R. Foster and Homer W. Forrester as real estate ventures. In notifications filed in January 1959, the Land Company proposed the offering of 10,000 Class A shares at \$10 per share and the Investment Fund 50,000 Class A shares at \$2 per share, pursuant to Regulation A exemptions from registration. By order dated February 13, 1959, the exemptions were temporarily suspended by the Commission. No offering was made and no shares were sold under either filing, and neither company has engaged in any business.

In its decision, the Commission ruled that certain terms and conditions of Regulation A were not complied with by the two companies and that their offering circulars omitted to disclose material information necessary in order to make other information in the circulars not misleading, including a failure to name affiliates, to disclose that both companies were organized for the same purpose, to disclose adequately the facts regarding voting rights and compensation to management, and to disclose (in one company's circular) that limitation of its offering to members of the armed forces had no investment significance.

However, since the deficiencies resulted primarily from lack of clarity and proper emphasis, there was an apparent good faith attempt to comply with Regulation A, and no offering has been made and no securities have been sold or are outstanding and in view of the frank and cooperative attitude of Foster and Forrester in these proceedings, the Commission concluded that a sufficient showing of good faith and mitigating factors had been made and that it would be appropriate in the public interest to permit withdrawal of the two stock offering proposals and to vacate the suspension orders.

CARROLL SECURITIES REGISTRATION REVOKED. The SEC today announced the issuance of a decision (Release 34-6220) revoking the broker-dealer registration of Edward J. Carroll, doing business as Carroll Securities Company, 1731 Beacon St., Brookline, Mass.

The action was based on a May 25, 1959, Federal court order enjoining Carroll from further violations of the anti-fraud provisions of the Securities Exchange Act of 1934 and the Commission's net capital and record keeping rules thereunder.

According to the decision, Carroll received from four customers a total of over \$6,300 for the purchase of securities from him but, due to lack of funds to meet current liabilities, applied part of the funds received to other purposes and did not promptly execute the transactions; and he received from two customers securities with a \$6,000 market value for the purpose of sale and delivery or reinvestment of the proceeds, but failed to execute such orders within a reasonable period. Carroll's records showed a net capital deficiency of \$2,846 as of November 30, 1958; and he failed to keep proper books and records during the latter months of 1958 and the early months of 1959.

Carroll failed to appear in or contest either the injunctive action or the Commission's administrative proceedings.

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NYSE PROPOSES DELISTING TWO STOCKS. The New York Stock Exchange has filed applications with the SEC to delist the 4% cumulative second preferred stock of Cluett, Peabody & Co., Inc. (less than 5,000 shares are outstanding) and the capital stock of The Gold & Stock Telegraph Company (all but 7,378 of the 50,000 shares are owned by Western Union Telegraph Company); and the Commission has issued an order (Release 34-6226) giving interested persons until April 15, 1960, to request a hearing thereon.

NORTH STAR OIL DELISTING APPROVED. The SEC has issued an order (Release 34-6226) granting a request of North Star Oil Company to withdraw its common stock from listing and registration on the San Francisco Mining Exchange, effective at the close of business April 15, 1960.

BRUNS, NORDEMAN HEARING POSTPONED. The SEC has granted a request of counsel for Bruns, Nordeman & Company, New York, for a further postponement from April 11 to May 2, 1960, of the hearing in proceedings under the Securities Exchange Act to determine whether that company's broker-dealer registration should be revoked.

SEC COMPLAINT NAMES AMERICAN PROGRAMMING. The SEC San Francisco Regional Office announced March 28, 1960 (Lit. Release 1634) the filing of a court action (USDC, Los Angeles) seeking to enjoin American Programming Corporation and its president, Karl C. Vesper, of Beverly Hills, from further violations of the SEC net capital rule.

ARKANSAS POWER PROPOSES STOCK SALE. Arkansas Power & Light Company, Little Rock, subsidiary of Middle South Utilities, Inc., has applied to the SEC for an order under the Holding Company Act permitting its issuance and sale of an additional 600,000 common shares for \$7,500,000 cash to the parent; and the Commission has issued an order (Release 35-14202) giving interested persons until April 19, 1960, to request a hearing thereon. Arkansas Power proposes to use the proceeds of the stock sale to reimburse its treasury for construction expenditures, to further its construction program, and for general corporate purposes.

ORDER EXEMPTS ONE WILLIAM ST. ACQUISITION. The SEC has issued an exemption order under the Investment Company Act (Release 40-2999) permitting One William Street Fund, New York investment company, to issue its shares at their net asset value for substantially all of the cash and securities of W & W Investment Company, having a value of \$1,345,000 as of November 30, 1959. W & W Investment's outstanding shares are owned by one person.

McPHAIL CANDY GRANTED EXEMPTION. The SEC has issued an order under the Investment Company Act (Release 40-3000) declaring that The McPhail Candy Corporation, New York, has ceased to be an investment company. The Commission's action followed an agreement in settlement of Federal court action which the Commission had filed against Russell McPhail, G. Marion Martin, Dan McL. Martin and McPhail Candy Corporation, under which McPhail Candy was to repurchase or redeem the public holdings of its outstanding preferred and common stock, other than shares held by Russell McPhail and members of his family. As of December 8, 1959, all but 1,730 preferred shares had been deposited in acceptance of the repurchase offer, as well as all shares of publicly held common stock, with the exception of 15,146 shares held by 96 stockholders, including Russell McPhail and three members of his family. As of February 15, 1960, McPhail Candy had repurchased the preferred stock so deposited, and on February 29th payment was made in redemption of the non-deposited shares of preferred stock (other than shares owned by McPhail and members of his family).

McPhail Candy now has a commitment for a loan from a bank in an amount sufficient to enable it to repurchase the common shares so deposited; and it is committed to deposit with a bank as agent for the repurchase of the deposited shares, sufficient proceeds of the loan for such repurchase. Russell McPhail has paid to McPhail Candy an amount sufficient to pay the sum of \$1 cents per share for each of the 15,146 shares of its common stock which have not been deposited for repurchase; and McPhail Candy has caused checks in payment of such amounts to have been deposited with a bank under instructions to deposit same in the mails immediately upon the entry of the Commission's order. McPhail Candy also undertakes that in the event any such payment is returned the same will be held in trust for payment to the stockholders entitled thereto upon demand, or when their whereabouts shall become known.

McPhail Candy also represents that it is not making and does not presently propose to make a public offering of its securities.

AMERICAN LIFE FUND SEEKS ORDER. American Life Fund, Inc., newly-organized closed-end management investment company of Oakland, Calif., has applied to the SEC for an exemption order with respect to its directorate; and the Commission has issued an order (Release 40-3001) giving interested persons until April 13, 1960, to request a hearing thereon.

The Fund was organized under Delaware law in December 1959, has registered under the Investment Company Act, and has filed a registration statement under the Securities Act covering 1,250,000 shares of its capital stock. It proposes to enter into an investment advisory contract with Insurance Securities Incorporated. The Fund's fiscal year ends on September 30, 1960, and its first annual meeting of stockholders will be held December 6, 1960. Since the Fund will have no stockholders prior to the public offering of its share, it proposes to take appropriate stockholder action at the December 6th meeting with respect to an investment

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advisory contract, the selection of the Fund's independent accountants, and the election of directors. It seeks an exemption order so that the Fund may operate for a limited period (until the December 6th meeting) without stockholders approval of these matters.

UBS FUND OF CANADA REGISTRATION CLEARED. The SEC has issued an order under the Investment Company Act (Release 40-3002) permitting UBS Fund of Canada, Ltd., Montreal, to register under said Act as an investment company and to make a public offering of securities in the United States, subject to compliance with the Securities Act disclosure requirements with respect to such offering.

The Fund was organized under the Companies Act, 1934, of Canada in October 1959 for the purpose of carrying on business as an investment company, concentrating its investments principally in securities of Canadian companies or companies whose principal activities are in Canada and securities of the Canadian government, provinces and municipalities. Its initial capital will be subscribed by United Investment Counsel Inc. and certain of the Fund's directors. The principal underwriter will be UBS Distributing Corporation, of Boston.

LEON ALLEN FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release 40-3003) granting an exemption with respect to an advisory contract between the Fund and Gillen & Company, investment adviser. Gillen & Company has served as the Fund's investment adviser since June 1952 under a written contract. On December 10, 1959, one of its partners died, which constituted a transfer of control of the partnership and resulted in an assignment of the investment advisory contract within the meaning of the Investment Company Act. The Commission's exemption order permits the firm to continue to serve as investment adviser until the next annual meeting of shareholders, and provides an exemption with respect to all actions of the firm since December 10, 1960.

SMALL BUSINESS CO. SEEKS EXEMPTION. The Third's Small Business Investment Company, Nashville, Tenn., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined in said Act; and the Commission has issued an order (Release 40-2997) giving interested persons until April 13, 1960, to request a hearing thereon.

Applicant is also a small business investment company licensed as such under the Small Business Investment Act of 1958. Its authorized capital stock consists of 50,000 shares of \$10 par common stock, of which 16,000 shares are issued and outstanding, of which 12,000 shares are owned by Third National Bank in Nashville and the remaining 4,000 by Third National Company. The Act excepts from the definition of an investment company any issuer which is not making or contemplating a public offering and whose outstanding shares are owned by not more than 100 persons. Under SEC Rule 3c-2 adopted since applicant became registered, any company holding in excess of 10% of the voting securities of a licensed company is deemed to be one beneficial owner (regardless of the number of shareholders of such beneficial owner), provided that the value of all securities of licensed companies which such owner holds does not exceed 5% of the value of such owner's total assets.

CAPITAL GROWTH ACQUISITION EXEMPTED. The SEC has issued an exemption order under the Investment Company Act (Release 40-2998) permitting Capital Growth Securities, Inc., investment company, to issue its shares to three individuals in exchange for certain securities which they own, to provide the company with a part of the initial net worth of at least \$100,000 required by the Act. The transferors are all members of the family of Richard C. Jacobs, president, and his wife.

NATIONAL PACKAGING PROPOSES OFFERING. National Packaging Corporation, 3002 Brooklyn Ave., Fort Wayne, Ind., filed a registration statement (File 2-16414) with the SEC on March 30, 1960, seeking registration of 60,000 shares of common capital stock, to be offered for public sale at \$6 per share. The offering is to be made on a best efforts basis, for which a selling commission of 60¢ per share is to be paid.

The company was organized in June 1959 and is engaged in the production of thin gauge plastic trays and containers, sold under the trade name "Pak-Apeal" primarily to the food industry. Net proceeds of its stock sale will be used to retire \$87,000 of indebtedness, to purchase \$18,000 of additional machinery and equipment, to set up a small plant (at cost of \$28,000) on the west coast to service the fruit tray and vegetable tray business in that area, and for working capital.

According to the prospectus, the company now has outstanding 40,000 shares of stock, of which management officials own 18%. William E. Browning is listed as president; and he has a five-year option for 4,000 shares, exercisable at \$6 per share. Two company officials are also officials of the underwriter.

DUBOIS CHEMICALS FILES FOR OFFERING. DuBois Chemicals, Inc., 634 Broadway, Cincinnati, O., filed a registration statement (File 2-16416) with the SEC on March 30, 1960, seeking registration of 200,000 shares of common stock, to be offered for public sale through an underwriting group headed by Allen & Company. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes 125,000 shares issuable under the company's Restricted Stock Option Incentive Plan for key employees.

The company was organized in February 1960 for the purpose of facilitating a merger by and among Hall-Scott, Inc., The DuBois Holding Company, and The DuBois Co., Inc.; and, upon consummation of the merger, DuBois Chemicals will become the owner of the assets and business of each of the constituent companies. These consist principally of the assets and business of DuBois Co., which manufactures and sells cleaning compounds for industrial, commercial, institutional and transportation applications. In connection with the merger, the new

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company will issue 2,277,021 common shares for the stock interests of the other merging companies.

Net proceeds of the sale of additional stock by the company will be used to reduce the balance of a bank loan in the amount of \$2,681,000. Of the outstanding stock, 195,500 shares will be owned by C. Robert Allen, a director of the company and a partner of Allen & Company; 165,785 by Louis Lerner, company president; 85,000 by F. William Harder, a director; 68,321 by Charles A. DuBois, board chairman; and 48,950 by Samuel J. Miller, a director.

FLINTKOTE FILES EXCHANGE OFFER. The Flintkote Company, 30 Rockefeller Plaza, New York, filed a registration statement (File 2-16417) with the SEC on March 31, 1960, seeking registration of 375,000 shares of common stock.

The company proposes to offer this stock in exchange for 25,000 shares of 4% Second Preferred Stock, 5,000 shares of Class A common stock and 45,000 shares of Class B common stock of Harry T. Campbell Sons' Corporation. Flintkote has entered into an agreement with stockholders of Campbell whereby each Campbell stockholder will exchange all of his shares of Campbell stock on the basis of 15 shares of Flintkote common for each one share of Campbell preferred and an aggregate of two shares of either Campbell Class A or Class B common stock.

Flintkote is engaged in the business of manufacturing, mining, distributing and selling various products for construction, industrial, and consumer uses. Campbell is a quarrying, manufacturing and contracting firm. In addition to various indebtedness, Flintkote has outstanding three series of preferred stock and 5,071,946 shares of common stock, of which some 2.5% is owned by management officials. Of the 375,000 shares of Flintkote common being issued in exchange for Campbell stock, Bruce T. Campbell will receive 105,900 shares and other members of the Campbell family 214,125 shares. Two other individuals will receive the 54,975 balance.

AUSTRALIA FILES FOR OFFERING. The Commonwealth of Australia filed a registration statement (File 2-16418) with the SEC on March 31, 1960, seeking registration of \$25,000,000 of Twenty Year Bonds, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The net dollar proceeds to be received from the sale of the bonds will be added to the Commonwealth's international reserves; and the Australian currency equivalent thereof will be applied towards capital works expenditures being financed under the borrowing programme for 1959/60 approved by the Australian Loan Council for the Governments of the Commonwealth and the States. Funds are required from this programme to finance such public works projects as housing, the extension of electric power transmission facilities, the modernization of railroad equipment and the construction of additional water supply, irrigation and sewerage facilities.

URANIUM REDUCTION FILES FOR SECONDARY. Uranium Reduction Company, 557 First Security Building, Salt Lake City, filed a registration statement (File 2-16419) with the SEC on March 31, 1960, seeking registration of 558,380 outstanding shares of common stock.

The company has outstanding 1,830,000 common shares in addition to certain indebtedness. Of this stock, 720,000 shares were issued prior to June 1955 in exchange for properties and contract rights. An additional 480,000 shares were issued in June 1955 in connection with the sale of bonds and debentures and borrowings from banks to defray the costs of constructing the company's mill and other financial requirements; and, subsequently, an additional 630,000 shares were issued, also in connection with the sale of debentures. The sale of the common stock was made to a limited group of investors in each instance.

Of the 558,380 shares now being registered, 200,000 shares are to be offered for public sale by the holders thereof through an underwriting group headed by A. C. Allyn and Company, Inc. The public offering price and underwriting terms are to be supplied by amendment. The prospectus lists 86 selling shareholders. The amount of their individual holdings is to be supplied by amendment. Certain of these shareholders propose to sell the 200,000 shares to the underwriters, who will reoffer the stock on an all or none basis. The selling shareholders also may from time to time offer on the over-the-counter market additional shares of stock. Some of the selling stockholders are or were investment banking firms or security dealers or partners, directors, officers or employees thereof. The selling stockholders also include Mitchell Melich, president, and four other management officials.

SPARTANS INDUSTRIES FILES FOR SECONDARY. Spartans Industries, Inc., 1 West 34th St., New York, filed a registration statement (File 2-16420) with the SEC on March 31, 1960, seeking registration of 120,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through an underwriting group headed by Shearson, Hammill & Co. and J. C. Bradford & Co. The public offering price and underwriting terms will be supplied by amendment.

The company is engaged in the production and distribution of apparel for men, women and children. It was incorporated under the laws of Delaware in April 1959, and acquired all of the capital stock of Spartans Manufacturing Co., Inc., a Tennessee corporation, and a merger was effected. The capitalization of the company as of April 15, 1960, after giving effect to certain recent changes, including a 50% stock dividend payable on May 16, 1960, to holders of record on April 15, will be 601,162 shares of common stock and 900,111 shares of Class B stock.

The selling stockholders include Murray Sussman, president, who will sell 71,250 shares of 79,218 held; Samuel Weissman, vice president and treasurer, 28,500 of 30,712 shares; Edward Katz, vice president 15,000 of 16,669; and The Murray and Miriam Sussman Foundation and The Samuel and Sophie Weissman Foundation, all of their holdings of 3,750 shares and 1,500 shares, respectively. The three officers and the Foundations will continue to own an aggregate of 400,079 shares of Class B stock in addition to their remaining shares of common stock.