

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE August 3, 1960

SEC ORDER CITES FENNEKOHL & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether B. Fennekohl & Co. ("Registrant"), 205 E. 85th St., New York, Olaf Fennekohl and two other individuals defrauded investors during 1958 and 1959 in the sale of stock of Allied Mission Oil Company ("Allied") and, if so, whether the broker-dealer registration of Registrant and its successor, Fennekohl and Company, Incorporated (of the same New York address) should be revoked and whether the successor should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

In its order authorizing these proceedings, the Commission asserts that information developed in an investigation conducted by its staff tends to show that Registrant and the said individuals "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers" of Allied stock, in that they offered and sold said stock by means of false and misleading representations with respect to the financial condition and prospects of Allied, its present and prospective earnings, its prospective dividends, increase in the price of Allied stock, investors in Allied, and the source of Allied stock being sold, as well as Commission approval of all stock sold by Registrant.

According to the order, Registrant has been registered with the Commission since June 1954 and the successor since February 28, 1960. The latter is a member of the NASD. Olaf Fennekohl is president of the successor. He served as manager of Registrant from January 1958 until about October 2, 1959, and as a general partner since that date. The other two individuals named in the order are Marshall Fligel and Norman Romanoff (also known as Norman Roman), who served as salesmen for Registrant and the successor, Fligel becoming vice president of the successor on June 21, 1960.

A hearing will be held for the purpose of taking evidence on the foregoing matters, at a time and place later to be announced. (NOTE TO PRESS. Copies of foregoing also available in NY SEC Office)

MAKRIS INVESTMENT HEARING SCHEDULED. The SEC has scheduled for hearing on September 20, 1960, in Miami, Florida, the proceedings under the Securities Exchange Act of 1934 to determine whether the Federal securities laws have been violated by Makris Investment Brokers, 4730 North Bay Road, Miami Beach, Florida, and, if so, whether its broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. The hearing will be held in Room 209, Post Office and Federal Courthouse Building, 300 N. E. First Ave., Miami.

In its order of March 15, 1960, authorizing these proceedings (Release 34-6216), the Commission charged, among other things, that in the offer and sale of common stock of Real Estate Discount Corporation and Class A common stock of Inter-City Finance Corporation, Makris Investment Brokers and its partners, Michael Angel Socrates Makris and Clyde Levingston, made misrepresentations of material fact and "engaged in acts, practices, and a course of business which would and did operate as a fraud and deceit" upon the purchasers. The order also charged that the firm converted the funds and securities of certain customers to its own use and benefit.

RENNER DELISTING APPROVED. The SEC has granted an application of The Renner Company, Youngstown, O., to withdraw its common stock from listing and registration on the Pittsburgh Stock Exchange, effective at close of trading session August 16, 1960. The application states that 75% of the outstanding stock is closely held, that it is selling for less than \$1 per share, and that delisting will save expenses and may tend to create local interest therein.

HEARING SET ON TWO SUSPENDED OFFERINGS. At the request of the following companies, the Securities and Exchange Commission has scheduled hearings in Las Vegas, Nevada, on the dates indicated, for the purpose of determining whether to vacate or make permanent earlier orders of the Commission temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public stock offering proposals of the respective companies:

Date of Hearing

Marko Mining & Milling Co., Inc.
116 South Fourth St., Las Vegas

8/22/60

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For further details, call Worth 3-5526

Great Basin Consolidated Mines, Inc.
5306 Evergreen, Las Vegas

8/23/60

In Regulation A notifications filed with the Commission under dates of December 15, 1959, and May 5, 1960, respectively, each company proposed the public offering of 300,000 common shares at \$1 per share. The Regulation A exemptions from registration for such offerings were suspended by Commission orders of June 7, 1960, which charged non-compliance with certain terms and conditions of the Regulation, including the failure to disclose in each company's offering circular the existence of the other, affiliated company organized by and having the same controlling persons and business purposes. The hearings for the purpose of taking evidence therein will be held in Room 305 of the U. S. Post Office Building in Las Vegas.

TRADING IN SKIATRON ELECTRONICS SUSPENDED. The SEC has ordered the further suspension of trading in the common stock of Skiatron Electronics and Television Corporation, New York, on the American Stock Exchange and the over-the-counter market for the period August 4 to 13, 1960, inclusive (Release 34-6336).

WALLACE PRESS FILES FOR SECONDARY. Wallace Press, Inc., 444 West Grand Avenue, Chicago, filed a registration statement (File 2-16872) with the SEC on August 2, 1960, seeking registration of 184,435 outstanding shares of common stock, to be offered for public sale by the present holders thereof through a group of underwriters headed by Shearson, Hammill & Co. and Wm. H. Tegtmeier & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the commercial printing business, its principal products being business forms, catalogs and directories. The prospectus lists Walter F. Wallace, Jr. as president and Frederick W. Henkel as board chairman. The company has outstanding 400,000 shares of common stock, of which, Henkel owns 43,348 shares and is selling 33,348 shares; Lowry K. Grulee, Jr. and W. Scott McDowell, trustees under the estate of Lowry K. Grulee, hold and are selling 118,353 shares; and Grulee, Jr., as trustee under the Lowry K. Grulee Insurance Trust holds and is selling 32,734 shares. An additional 205,565 shares are held in trusts under the last will and testament of Lowry K. Grulee, father of the company's president.

PLANS FOR CONTINENTAL GROWTH FUND SEEKS ORDER. Plans for the Accumulation of Shares of Continental Growth Fund, Inc., Harbourton, N. J., unit investment trust, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain stock transfers; and the Commission has issued an order (Release 40-3087) giving interested persons until August 15, 1960, to request a hearing thereon. Applicant registered with the Commission in April 1960 and proposes to offer to the public Fully Paid Plans and Systematic Investment Plans which will accumulate the shares of Continental Growth Fund, Inc. As a means of providing it with the \$100,000 net worth required by the Act, the applicant states that five individuals propose to transfer to its shares of Continental approximating that amount, which shares would constitute the underlying investment of the Plans to be offered by applicant and provide the medium in which proceeds from the sale of Plans will be invested. The transferors will receive in exchange Fully Paid Plans of equal amount with no deduction for sales commission. Three of the Transferors are members of the same family, namely, Alice Mumford Jacobs (wife of Richard C. Jacobs, president of Continental) and James and George S. Mumford, brother and father, respectively, of Mrs. Jacobs. The other two transferors are George Friedman and James D. Lindsay, private investors, the latter vice president of the underwriter of Continental.

AMERICAN MFG. TEMPORARY EXEMPTION EXTENDED. The SEC has issued an order under the Investment Company Act (Release 40-3088) granting American Manufacturing Company, Inc., Brooklyn, an extension of its temporary exemption from registration under that Act pending the disposition by the Commission of American's pending application for exemption. Pending before the Commission is a joint application of American, Century Investors, Inc., and Webster Investors, Inc., with American as the surviving corporation; and American has applied for an order declaring that it is not now and will not be an investment company upon consummation of such merger.

RUSSELL STOVER CANDIES PROPOSES STOCK OFFERING. Russell Stover Candies, Inc., 1206 Main St., Kansas City, Mo., today filed a registration statement (File 2-16875) with the SEC seeking registration of 200,000 shares of common stock, to be offered for public sale through an underwriting group headed by Harriman Ripley & Co., Inc., and Stern Brothers & Co. The public offering price and underwriting terms are to be supplied by amendment. Up to 75,000 shares will be reserved for allotment to certain officers and employees of the company and their relatives.

The company was organized under Missouri law in January 1960, its name being changed on May 11 from Ward-Murfin Corporation to Russell Stover Candies, Inc. On May 14th it acquired the business and certain assets of three partnerships: Russell Stover Candies of Kansas City, Russell Stover Candies of Lincoln, and Russell Stover Candies of Denver. The said partnerships were the successors to a business originally founded by Mr. and Mrs. Russell Stover in 1923. The company's business is the manufacture and distribution of a line of chocolates and other candies sold throughout the United States under the Russell Stover Candies brand name. Its manufacturing facilities are in Kansas City, Mo., Lincoln, Nebr., and Denver.

Acquisition of the business and substantially all the assets of the partnerships, not including accounts receivable, cash and certain real estate and investments, was made for \$6,120,823 in cash plus the assumption

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of certain of the partnerships' liabilities totalling \$756,615. Part of the funds for this purchase were obtained through the sale of 31,250 shares of \$100 par preferred stock to each of the two named underwriting firms for an aggregate consideration of \$6,250,000. Ward Paper Box Company purchased 399,500 common shares at \$3.125 per share and Louis L. Ward 500 shares at the same price, or an aggregate of \$1,250,000. Ward, board chairman and treasurer of the company, is also president and controlling shareholder of Ward Paper Box, of Kansas City. Representing all the common stock outstanding on May 13, 1960, these shares on June 27th were reclassified into 400,000 shares of "restricted common stock", \$1 par, and 900,000 shares of common stock, \$1 par, were authorized for issuance.

It is further contemplated that the company in August will sell to institutional investors for \$5,500,000; (a) \$3,000,000 of Senior Notes with warrants for the purchase of 50,000 common shares and (b) \$2,500,000 of Subordinated Convertible Notes. The proceeds thereof will be applied in part to the redemption at \$100 per share plus accrued dividends of 42,500 preferred shares held by the two underwriting firms. The balance thereof will be added to the general funds of the company to be used for working capital and other corporate purposes.

Net proceeds of the company's sale of the 200,000 common shares, together with other available funds of the company, will be applied to the redemption of 17,000 shares of preferred stock (at \$110 plus accrued dividends), the balance of 3,000 preferred shares to remain outstanding. (The company's prospectus lists Fred Murfin as vice chairman, Clara Stover as honorary chairman, and Lem T. Jones as president.)

PURITRON FILES FOR OFFERING SECONDARY. The Puritron Corporation, 15 Stiles Street, New Haven, Conn., today filed a registration statement (File 2-16874) with the SEC, seeking registration of 250,000 shares of common stock, of which 200,000 shares are to be offered for public sale for the account of the company and 50,000 shares, being outstanding stock, by the present holder thereof. The public offering price and underwriting terms are to be supplied by amendment. Bache & Co. is listed as the principal underwriter. It will purchase from Joseph Stein, president and selling stockholder, for \$2,500, 25,000 5-year warrants to purchase a like amount of common stock from Stein.

The company is engaged in the manufacture of electrical products, principally various types of air purifiers. The net proceeds from its stock sale will be used to pay short term notes which are secured by accounts receivable and/or personally guaranteed by Stein. The proceeds of such notes were used for operating requirements. The balance of the proceeds will be added to the general funds, to be available for various corporate purposes.

In addition to indebtedness, the company has outstanding 806,125 shares of common stock, of which Stein owns 800,675 shares and is selling 50,000 shares (not including the 25,000 shares subject to warrants).

FEDERAL PACIFIC ELECTRIC FILES FOR OFFERING AND SECONDARY. Federal Pacific Electric Company, 50 Paris Street, Newark, N. J., filed a registration statement (File 2-16873) with the SEC on August 2, 1960, seeking registration of 377,000 shares of common stock and 45,000 outstanding shares of 5½% convertible second preferred series A stock. Of the common stock, 250,000 shares are to be offered for public sale by the company through a group of underwriters headed by H. M. Byllesby and Company. The public offering price and underwriting terms are to be supplied by amendment.

The additional 127,000 common shares represent part of the consideration being paid by the company for all the outstanding common stock of Pioneer Electric Limited (a Canadian company) from its sole common stockholders, Trio Holdings Limited, Rockwood Holdings Limited, and Prairie Holdings Limited. The purchase price of the Pioneer stock also will include \$1,243,100 in cash and \$560,593 in notes; and an additional \$39,407 is to be paid to Pioneer in settlement of amounts owing to Pioneer by certain stockholders of a subsidiary. The 127,000 common shares may be offered for sale from time to time by the recipients thereof on the New York Stock Exchange. The 45,000 preferred shares may be offered for sale from time to time over the said Exchange by Television-Electronics Fund, Inc., which recently acquired 30,000 such shares from Thomas M. Cole, president, and 15,000 shares from Louis W. Cole, board chairman, at \$23.50 per share, said shares having theretofore been acquired by Messrs. Cole in exchange for a like number of shares of common stock of Cornell-Dubilier Electric Corporation tendered by them to the company pursuant to an exchange offer.

The company is engaged primarily in the business of manufacturing and selling devices for the distribution and control of electric energy, including standard low tension equipment such as circuit breakers, safety switches, panel boards, fuses and fuse boxes. It also owns about 96% of the outstanding common stock of Cornell Dubilier Electric, which it acquired through an exchange offer made in February 1960. Net proceeds of the company's sale of the additional 250,000 common shares will be applied toward supplying the cash consideration for the purchase of the Pioneer stock and the balance to retire short term bank loans and for working capital.

In addition to various indebtedness and two series of preferred stock, the company now has outstanding 1,454,558 shares of common stock and 570,740 shares of Class B common stock. Management officials own 12.4% of the preferred, 3.1% of the common, and 80.8% of the Class B common, including 91,160 Class B shares held by Louis W. Cole and 275,180 Class B shares by Thomas M. Cole.

COURT ACTION NAMES STANLEY I. YOUNGER. The SEC New York Regional Office announced August 2nd (LR-1740) the filing of Federal court action (USDC SDNY) seeking to enjoin Stanley I. Younger from further violations of anti-fraud provisions of Securities Exchange Act and SEC rule thereunder.