

SECURITIES AND EXCHANGE COMMISSION

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REGISTRATIONS OF THREE BROKERS REVOKED. In decisions announced today (Releases 34-7119, 34-7120 and 34-7121), the SEC revoked the broker-dealer registrations of (1) Gribble, Shepherd and Company, Suite 130, Denver Club Bldg., Denver, (2) State Securities Corporation, 24 Commerce St., Newark, N. J., and (3) N. Warren and Company, 1411 Pennsylvania Ave., N. W., Washington, D. C. Jack I. Gribble, Samuel Schachner and Warren N. Ritholtz, presidents and principal stockholders of the respective firms, were each found a cause of the revocation of his firm's registration.

In its decision with respect to Gribble-Shepherd, the Commission found that the firm, aided and abetted by Gribble, violated the Commission's net capital, record-keeping and financial reporting requirements and failed to amend its application for registration to show a change of address. With respect to State Securities, the Commission found that in the offer and sale of stock of Commercial Currency Corporation (of which Schachner was president) at prices of \$1 and \$3 per share (during 1959-60), the firm, Schachner and David Winston, a salesman, violated the anti-fraud provisions of the Federal securities laws in that they made various representations, including that the price of the stock would go up sharply within a short period of time and would be listed on the New York Stock Exchange, which had no reasonable basis in fact. The Commission also found that they made no effort to disclose Commercial's true financial condition (at June 1959 it had an accumulated deficit of \$18,331 and shortly thereafter was placed in receivership) despite the fact that Schachner, as president, was in a position to supply that information. It was also found that the firm's application for registration was not amended to show that in July 1960 a New Jersey court enjoined the firm, Schachner and Commercial from engaging in securities business in that State and appointed a receiver for Commercial. Violations of the Commission's net capital, record-keeping and financial reporting requirements were also found.

With respect to Warren and Company, the Commission found that in the offer and sale of stock of American International Savings and Loan Association, a Maryland corporation, the firm and Ritholtz violated the anti-fraud provisions of the Federal securities laws in that they (1) engaged in a sales campaign which included the use of flamboyant and misleading sales literature, implemented by telephone calls to prospective purchasers with whom they were not acquainted and of whose individual needs and circumstances they had no knowledge, (2) engaged in the sale of American stock without having made any reasonable inquiry into American's background, the source of American stock sold by the firm, the history of American's operations or its current financial position (nor were purchasers told of the lack of information), and (3) made material misrepresentations concerning, among other things, an expected increase in the market price of American stock and its planned merger with another savings and loan company. The Commission also found that purchasers were not told of American's operating losses, the nature of its assets, nor of its speculative investments in Florida land contracts and in junior mortgages in contravention of Maryland law.

SUSPENSION OF AMERICAN BERYLLIUM OFFERING MADE PERMANENT. The SEC today made permanent its July 1962 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering by American Beryllium & Oil Corp. (formerly Great Divide Oil Corp.), of Salt Lake City, Utah, of 300,000 common shares at \$1 per share. According to a report of stock sales filed in May 1962 by American Beryllium and Elmer K. Aagaard, president and promoter of the issuer and underwriter for the offering, the offering began in March 1959 and was still in progress, with 141,487 shares having been sold. The Commission ruled that the Regulation A exemption was not available with respect to the offering as a result of action by the National Association of Securities Dealers, Inc. in April 1962 in expelling Aagaard from membership in the Association on the ground that he had violated its Rules of Fair Practice and engaged in conduct inconsistent with just and equitable principles of trade. The NASD found that Aagaard failed to register 13 securities salesmen who engaged in activities requiring registration under the NASD By-Laws, and he permitted the salesmen to sell securities after he had been advised by the NASD that such activities required registration. The Commission also ruled that the issuer's notification became materially false and misleading by reason of the failure to amend it to disclose Aagaard's expulsion from the NASD.

NEW YORK DOCK SEEKS ORDER. New York Dock Company, New York registered investment company, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3756) giving interested persons until September 5, 1963 to request a hearing thereon. According to the application, in 1958 the company merged into Dunhill International, Inc. (which became the surviving company), and as of that date all of the property of the company became vested in Dunhill and it thereafter ceased to have a separate corporate existence.

CON-GAS SERVICE SEEKS ORDER. Con-Gas Service Corporation, subsidiary service company of Consolidated Natural Gas Company, New York registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing Con-Gas to sell to Consolidated from time to time during 1963 \$1,600,000 of notes; and the Commission has issued an order (Release 35-14928) giving interested persons until September 13, 1963 to request a hearing thereon. Con-Gas proposes to use the proceeds to purchase from a non-affiliated

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supplier the main computer components which it previously had been authorized to lease for use in its Central Data Processing Unit, and to pay the costs of additional construction, equipment, and leasehold improvements. Con-Gas also proposes to rent surplus time on the equipment of its Processing Unit to non-affiliated users as an accommodation or on a reciprocal basis to meet emergencies, and to charge fees for use at the going rates which will not be less than the service charges to associate companies for comparable use.

COLUMBIA GAS RECEIVES FURTHER ORDER. The SEC has issued a further order under the Holding Company Act (Release 35-14929) authorizing Columbia Gas of New York, Inc. and Columbia Gas of Pennsylvania, Inc. to sell to their parent, The Columbia Gas System, Inc., New York registered holding company, installment notes not exceeding \$875,000 and \$6,250,000, respectively. The funds will be applied to the construction programs of the subsidiaries. Columbia Gas of New York also proposes to sell shares of common stock in an amount aggregating \$175,000 to its parent.

UNLISTED TRADING GRANTED. The SEC has granted an application of the Boston Stock Exchange for unlisted trading privileges in the common stock of Toledo Edison Company, and similar applications of the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stocks of Illinois Central Industries, Inc. and Purolator Products, Inc. (Release 34-7124)

TWO DELISTINGS APPROVED. The SEC has granted an application of the Pacific Coast Stock Exchange to delist the common stock of R. G. Le Tourneau, Inc., effective at the opening of business on August 30, 1963, and a similar application of the New York Stock Exchange to delist the capital stock of The Peoria & Eastern Railway Company, effective at the opening of business on September 3, 1963. (Release 34-7124)

UNLISTED TRADING SOUGHT. The SEC has issued an order (Release 34-7124) giving interested persons until September 5, 1963 to request a hearing upon an application of the Pacific Coast Stock Exchange for unlisted trading privileges in the common stock of Illinois Central Industries, Inc.

HAWAIIAN TELEPHONE FILES FOR RIGHTS OFFERING. Hawaiian Telephone Company, 1130 Alakea St., Honolulu, filed a registration statement (File 2-21651) with the SEC on August 20 seeking registration of 534,000 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at a price to be supplied by amendment (maximum \$23 per share*). The record date and rate of subscription are also to be supplied by amendment. No underwriting is involved. Unsubscribed shares are to be offered to employees at the subscription price.

The company is a public utility furnishing telephone and certain other communication services throughout the islands of the State of Hawaii. The net proceeds from the stock sale will be applied toward financing the company's intrastate capital expenditures and investments in cable systems, and to repay bank loans, if any, incurred for capital purposes. The company's planned capital expenditure program for 1963 is estimated at \$31,500,000. In addition to various indebtedness and preferred stock, the company has outstanding 4,919,207 shares of common stock. A. E. Steadman is board chairman and Douglas S. Guild is president.

COMPLAINT CITES TEXAS INDEPENDENT COFFEE, ET AL. The SEC Fort Worth Regional Office announced August 16 (LR-2718) the filing of court action (USDC, SD, Texas) seeking to enjoin Texas Independent Coffee Organization, Inc., Cleve H. Cravens, Roy A. Beaver, Harper Lincecum and A. E. Walton, all of Corpus Christi, and L. G. Worsham, of Pecos, Texas, from further violations of the Securities Act registration provisions in the sale of investment contracts arising out of the sale of acreage located in Costa Rica coupled with a contemporaneous agreement whereby Texas Independent Coffee would develop, cultivate and manage the acreage and share with the investors the profits derived therefrom.

COMPLAINT CITES FOOD BUYERS CO-OP. The SEC Denver Regional Office announced August 16 (LR-2719) the filing of court action (USDC, Utah) seeking to enjoin Food Buyers Co-op, a Utah company, George Badger, its president, and R. D. Wright, of Phoenix, and Vaude Raines, of Rock Springs, both sales personnel, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of stock and membership rights of Food Buyers Co-op.

SECURITIES ACT REGISTRATIONS. Effective August 20: The William J. Burns International Detective Agency, Inc. (File 2-21583); Mitsui & Co., Ltd. (File 2-21571); New England Telephone and Telegraph Co. (File 2-21620); Palomar Mortgage Co. (File 2-21292). Effective August 21: Invested Dollars Fund, Inc. (File 2-18006); The Mohawk Rubber Co. (File 2-21589).

*As estimated for purposes of computing the registration fee.

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