

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE September 3, 1965

**KETTERING, FRANKEL & CO. REVOKED; PRESIDENT BARRED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7695) revoking the broker-dealer registration of Kettering, Frankel & Company, Inc., Pittsburgh, Pa., for violations of the anti-fraud provisions of the Federal securities laws. The order also barred Oscar Frankel (president and principal stockholder) from being associated with any broker-dealer.

Based on the offer of settlement and consents of the respondents, the Commission found that the firm, aided and abetted by Frankel, violated the anti-fraud provisions of the securities laws in the sale of stocks of Scott Oil Co., Green Mountain Uranium Corp., Delaware Valley Financial Corp., and Treedale Laboratories, Inc., during January 1963-July 1964. The respondents sold the stocks at prices that were not reasonably related to the prevailing market prices for such securities and were unfair and excessive.

**"NOLO CONTENDERE" PLEAS ENTERED.** The SEC Seattle Regional Office announced August 24 (LR-3309) the entry of nolo contendere plea (USDC, Ore.) by Charles M. Simmons, of San Mateo, Calif., to a charge of violating the Securities Act anti-fraud provisions and by William F. Gressinger, of Wilsonville, Ore., to conspiracy to violate said provisions. The court upon motion of the Government dismissed the indictment as to defendants Robert G. Fox, Charles M. Simmons II, and Francis A. Butterworth.

**AXE-HOUGHTON FUNDS RECEIVE EXEMPTION ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-4343) authorizing Axe-Houghton Fund A, Inc. (Fund A), Axe-Houghton Stock Fund, Inc. (Stock Fund), and Axe Science Corp. (Science Fund), open-end diversified management investment companies located in Tarrytown, N. Y., to purchase securities of Panacolor, Inc., as set forth in SEC News Digest of August 18, 1965. Among other things, Panacolor intends to sell to applicants 15,000 shares of its common stock (at \$10 per share) and an aggregate of \$150,000 principal amount of 6% convertible subordinated debentures, due 1970, in units consisting of \$3,000 principal amount of the debentures and 300 shares.

**EASTERN UTILITIES ASSOCIATES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15303) authorizing Blackstone Valley Electric Co., Brockton Edison Co., and Fall River Electric Light Co. (subsidiaries of Eastern Utilities Associates, Boston, Mass.) to make certain adjustments in their respective investments in Montaup Electric Co. The order also authorized Blackstone to sell up to \$5,000,000 of unsecured promissory notes to banks and/or to Eastern Utilities by December 23, 1965. According to the application, the three subsidiaries own all of the outstanding preferred and common stocks and debentures of Montaup, which supplies its owner companies most of their electric energy requirements. To bring their respective investments into proportion with each company's estimated electric energy requirements for the 12-month period ending December 31, 1965, Blackstone proposes to acquire (a) from Brockton 2,140 common shares of Montaup and \$176,400 principal amount of Montaup's 3-3/8% debentures due 1982 and (b) from Fall River 12,900 shares of such common stock and \$1,063,400 principal amount of such bonds. The purchase price for the stock will be about \$106 per share. The Montaup securities proposed to be sold to Blackstone are presently pledged under indentures securing Brockton's and Fall River's outstanding First Mortgage and Collateral Trust Bonds. To procure the release of these securities from the lien of their indentures, Brockton and Fall River will deposit with the respective trustees under the indentures the cash proceeds to be received from Blackstone, amounting to \$403,927.39 and \$2,434,943.62, respectively. Such cash deposits will subsequently be released, in accordance with the provisions of the indentures, by the substitution of additional property. The cash so released to Brockton will be used to meet its construction requirements. Fall River proposes to use the cash to be so released (together with treasury funds) to redeem and retire its outstanding 30,000 shares of 5.80% preferred stock having a par value of \$100 per share. The application states that the proceeds from Blackstone's proposed note sale, together with treasury funds, will be used as follows: \$2,838,871 to purchase Montaup securities; \$1,772,000 for its construction program ending December 31, 1965; and \$700,000 to pay outstanding short-term loans from Eastern Utilities.

**BARNES-HIND PHARMACEUTICALS FILES FOR SECONDARY.** Barnes-Hind Pharmaceuticals, Inc., 895 Kifer Rd., Sunnyvale, Calif. 94086, filed a registration statement (File 2-23993) with the SEC on September 2 seeking registration of 270,300 outstanding shares of common stock, to be offered for public sale by the present holders thereof. Blyth & Co., Inc., Russ Bldg., San Francisco, Calif. 94104, is listed as the principal underwriter. The public offering price (\$18.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, manufacture and sale of pharmaceutical products which are promoted principally to physicians, contact lens specialists, and hospital and retail pharmacists. In addition to indebtedness and preferred stock, it has outstanding 630,000 common shares, of which management officials own 97.84%. According to the prospectus, the company's outstanding 20,000 preferred shares and \$300,000 principal amount of convertible subordinated notes will be converted into 28,000 and 42,000 common shares, respectively, immediately prior to this offering. The prospectus lists 22 selling stockholders, including Harry W. Hind (president), offering 112,260 of 309,260 shares held; Ivan J. Szekely (executive vice president), 28,540 of 78,540; John C. Petricciani (vice president), 28,540 of 78,540; John Harden, Jr. (treasurer), 28,540 of 71,540; and Robert Morgan (secretary), 35,540 of 78,540. The remaining selling stockholders are offering shares ranging in amounts from 700 to 7,000.

OVER

**DU PONT RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4347) authorizing E. I. du Pont de Nemours and Company, Wilmington, Del. (29% of whose common stock is owned by Christiana Securities Co., a registered closed-end investment company) to purchase from Knollwood, Inc., for \$175,000, a tract of property located in Wilmington, Del. According to the application, R. R. M. Carpenter, Jr., a director of Christiana, owns approximately 17% of the outstanding voting stock of Knollwood. Section 17(a)(1) of the Act makes it unlawful for any affiliated person of a registered investment company to sell to such investment company, or to any company controlled by it, any securities or other property unless the Commission grants an exemption.

**SECOND OHIO CAPITAL FUND RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-4348) authorizing Second Ohio Capital Fund, Inc., a recently organized investment company of Columbus, Ohio, to acquire securities from certain "affiliated persons". According to the application, the Fund offered to exchange shares of its common stock for securities of other companies deposited by investors on or before August 9, 1965. As of such date, the market value of the deposited shares was \$6,199,963. The market value of securities deposited by affiliated persons approximates \$974,000, of which \$570,000 of securities were deposited by Capitol Square Corp.; \$318,500 by The Ohio Co.; and the balance by five individuals.

**HANNA MINING RECEIVES EXEMPTION ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-4349) authorizing The Hanna Mining Company, Cleveland, Ohio (46.6% of whose outstanding voting stock is owned by The M. A. Hanna Company, a closed-end non-diversified investment company) to purchase from The Youngstown Mines Corp., a wholly-owned subsidiary of The Youngstown Sheet and Tube Co., all of the assets relating to the Rabbit Lake iron ore mine in the Cuyuma Range of Minnesota. The purchase price is to be approximately \$584,000 cash and the payment of an overriding royalty. According to the application, Youngstown Sheet is an "affiliated person" of Hanna Company by virtue of its ownership of approximately 5.1% of the voting stock of Iron Ore Company of Canada (27.7% of whose outstanding voting stock is owned by Hanna Mining). Hanna Mining and Youngstown Sheet also have stock interests in Carol Pellet Co., Carryore, Ltd., and Iron Ore Transport Co., Ltd.

**CONTINENTAL VENDING TRADING BAN CONTINUED.** The SEC has issued an order suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation for a further ten-day period, September 4-13, 1965, inclusive.

**MIDWESTERN FINANCIAL OF KANSAS PROPOSES RIGHTS OFFERING.** Midwestern Financial Corporation of Kansas, Inc., 3333 E. Central Ave., Wichita, Kans., filed a registration statement (File 2-23991) with the SEC on August 30 seeking registration of 1,000,000 shares of common stock, Series A. The stock is to be offered for subscription by common stockholders at \$7.20 per share and at the rate of one share of Series A common for each common share held on the effective date of the registration statement. Any remaining shares are to be offered for public sale at \$8 per share through Midwestern Underwriters, Inc., 3333 E. Central Ave., Wichita, Kansas, which will receive a \$.80-per-share selling commission on sales otherwise than to stockholders. The underwriter is a newly organized subsidiary of the company.

Organized under Kansas law in 1963, the company's primary purpose is to acquire/entities engaged in the fields of insurance and finance. It organized Investors Reserve Life Insurance Company of Kansas, Inc., in December 1964 and Charter Finance Co., Inc., in March 1965, both Kansas companies. In addition to indebtedness and preferred stock, the company has outstanding 483,652 common shares, of which management officials own 61.51% (including 35.97% owned by Ben P. Robinson, president of the company and its subsidiaries). Company organizers were issued 360,000 common shares for an aggregate consideration of \$259,685. In addition to such organizational stock, persons other than management officials had invested, as of May 31, 1965, \$1,674,840 and owned 123,652 outstanding common shares and 108,657 preferred shares. The preferred stock may be converted into 434,628 common shares. Of the net proceeds from its stock sale, approximately \$6,000,000 will be used to expand the company's life insurance operations by either acquiring controlling interest in existing life insurance companies or organizing such companies; approximately \$500,000 will be used to purchase controlling interest in or to organize banks and/or finance companies; and the balance will be added to working capital.

**FEDERATED INVESTORS FILES FOR OFFERINGS.** Federated Investors, Inc., 719 Liberty Ave., Pittsburgh, Pa. 15222, depositor for Income Foundation Fund Investment Plans, filed a registration statement (File 2-23980) with the SEC on August 23 seeking registration of \$3,000,000 of systematic investment plans and \$500,000 under fully-paid plans for the accumulation of shares of Income Foundation Fund, Inc. The company, as depositor for Federated Investment Plans, also filed a registration statement (File 2-23981) seeking registration of \$1,000,000 of systematic investment plans and \$500,000 of fully-paid plans, for the accumulation of shares of Federated Growth Fund.

**SECURITIES ACT REGISTRATIONS.** Effective September 3: Emery Air Freight Corp., 2-23914; Israel Hotels International, Inc., 2-23776 (40 days); Rusco Industries, Inc., 2-23805; Universal American Corp., 2-23734 (40 days).

**NOTE TO DEALERS.** The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

\*As estimated for purposes of computing the registration fee.