

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST



Washington 25, D.C.

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)

FOR RELEASE March 3, 1961

SPIRIT MOUNTAIN CAVERNS OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Spirit Mountain Caverns, Inc. ("Respondent"), of Cody, Wyoming. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in September 1958, Respondent proposed the public offering of 225,000 shares of 8% non-cumulative non-voting participating Class A preference stock at \$1 per share pursuant to such an exemption. The Commission asserts in its suspension order that certain terms and conditions of Regulation A were not complied with by Respondent; that its offering circular was false and misleading by reason of its failure to disclose certain material facts; and that the stock offering has been and would be made in violation of the anti-fraud provisions of the law.

More particularly, the order asserts that Respondent's offering circular failed to disclose changes in the method by which its securities were to be offered, failed to disclose the name and address of the underwriter, and failed to provide financial statements prepared in accordance with generally accepted accounting practices. Regulation A was not complied with by reason of the offer and sale of securities by an underwriter not named in the offering circular and the continuance of the offer for more than nine months without revising the offering circular.

HAYDON SECURITIES REGISTRATION REVOKED. The SEC has revoked the broker-dealer registration under the Securities Exchange Act of Haydon Securities, Inc., Wilmington, Del., for violations of the Federal securities laws and Commission rules thereunder (Release 34-6483). Raleigh L. Haydon, company president, was found to be a cause of the revocation order. Both the company and Haydon consented to the order.

In a unanimous decision written by Commissioner Woodside, the Commission adopted findings of its Hearing Examiner (Sidney L. Feiler) that Haydon Securities had falsified its registration application by concealing the fact that Joseph Siegal stood in a control relationship to Haydon Securities; that Haydon Securities in 1959 offered and sold C & F Electronics, Inc. stock in violation of the Securities Act registration requirement; and that Haydon Securities failed to maintain books and records as required by rules of the Commission. Moreover, Haydon Securities was enjoined by Federal court order in October 1959 (USDC Del.) from further sale of C & F Electronics stock in violation of the said registration requirement.

According to the decision, Haydon Securities and Haydon stipulated that Siegal directly and indirectly controlled the business of the company but was not named as such in its registration application, which became effective May 1, 1959. The Commission sustained the finding of the Hearing Examiner that Siegal, while not having any official connection with the company, "clearly played a decisive part in its establishment and operations. He also exercised a control relationship....The plan for the creation of the registrant, its method of operation, its staffing, and its office lay-out, all came from Siegal. He not only outlined proposed plans to Haydon but proceeded to execute them without bothering to consult Haydon." The company and Haydon also conceded the violation of the Securities Act registration requirement and of the Commission's record-keeping requirement.

A finding that Siegal also was a cause of the revocation order was not made "only because service of notice of these proceedings was not effected as to him."

UNLISTED TRADING SOUGHT. The SEC has issued orders (Release 34-6486) giving interested persons until March 17, 1961, to request hearings upon (1) applications of the Detroit, Philadelphia-Baltimore, Boston, Cincinnati and Pittsburgh Stock Exchanges for unlisted trading privileges in the common stock of Armour and Company (Del.); and (2) a similar application of the Philadelphia-Baltimore Stock Exchange for such privileges in the common stocks of I-T-E Circuit Breaker Company and Standard Pressed Steel Company.

UNLISTED TRADING GRANTED. The SEC has issued an order (Release 34-6486) granting an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Lukens Steel Company and National Can Corporation.

TWO DELISTINGS PROPOSED. The SEC has issued orders (Release 34-6486) giving interested persons until March 17, 1961, to request a hearing (1) upon an application of the Midwest Stock Exchange to delist the common stock of Gibco, Inc., due to reduced public holdings of and inadequate trading in the Gibco stock; and (2) upon an application of the Pittsburgh Stock Exchange to delist the common stock of Old Republic Insurance Company due to inactive trading in the shares on the Exchange.

TWO DELISTINGS GRANTED. The SEC has issued orders (Release 34-6486) granting applications of the New York Stock Exchange, effective as of the close of the trading session on March 17, 1961, (1) to delist the common stock of Bangor and Aroostook Railroad Company, due to the limited holdings of other than Bangor & Aroostook Corporation; and (2) to delist the American Preferred Shares representing 6% Cumulative Preferred Stock and the underlying shares of La Consolidada, S. A., because the deposit agreement has terminated and transfer facilities are no longer available in New York City.

OVER

SOUTHERN CO. TAX ALLOCATION APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14382) approving a proposal of The Southern Company, Atlanta, Ga., holding company, for the allocation of taxes between it and its subsidiaries for the taxable years 1960-66.

FLORIDA CAPITAL LOAN CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3204) permitting Florida Capital Corporation, West Palm Beach, to make a \$200,000 debenture loan to North Palm Beach Utilities, Inc. The funds will be used by the latter to extend its water and sewer lines under agreements with various developers who own property in its franchised area.

STERLING INVESTMENT FUND ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3205) permitting Sterling Investment Fund, Inc., Charlotte, N. C., to issue its shares at their net asset value for substantially all of the cash and securities of J. T. Beaty Company, valued at \$87,981 as of August 9, 1960.

FEDERAL STREET FUND SEEKS ORDER. Federal Street Fund, Inc., Boston investment company, has filed an application with the SEC under the Investment Company Act seeking an exemption order with respect to certain transactions with affiliates; and the SEC has issued an order (Release IC-3206) giving interested persons until March 21, 1961, to request a hearing thereon. The Fund has solicited the deposit by investors of various securities in a tax-free exchange for the Fund's shares. Securities with a tax basis of \$13,221,849 and a market value as of February 23, 1961, of \$168,530,689 have been deposited by 691 depositors. A report thereon has been sent to depositors, who may withdraw any or all of their deposited securities at any time prior to the close of business on March 21, 1961. Thereafter, the exchange of Fund shares for such securities will be consummated. Two of the depositors are directors of the Fund, namely, Henry Ford II who deposited 8000 shares of Ford Motor Company stock and Paul C. Cabot who deposited 235 shares of Superior Oil Company stock; and a third director, Richard Saltonstall, is one of three trustees of a trust which has deposited 2500 shares of Niagara-Mohawk Power Corporation stock. The present applicant seeks a Commission order exempting the issuance of Fund shares for these securities to the extent the transactions may be prohibited by the Act by reason of the affiliation of the directors with the Fund.

WESTINGHOUSE ELECTRIC FILES STOCK PLAN. Westinghouse Electric Corporation, 3 Gateway Center, Pittsburgh, today filed a registration statement (File 2-17674) with the SEC seeking registration of 200,000 shares of common stock, to be offered to employees of the company and certain of its subsidiaries pursuant to its Employee Stock Plan.

SECURITIES ACT REGISTRATIONS. Effective March 2: Standard and Shell Homes Corp. (File 2-17262); Metro-Goldwyn-Mayer, Inc. (File 2-17457); Leaseways Transportation Corp. (File 2-17462); Speedry Chemical Products, Inc. (File 2-17494); Loral Electronics Corp. (File 2-17497); Palo Verde Investment Company (File 2-17512). Withdrawn March 2: North American Mortgage and Development Corp. (File 2-16937). Effective March 3: Boonton Electronics Corp. (File 2-17411); Palomar Mortgage Company (File 2-17385). Withdrawn March 3: United States Boat Corp. (File 2-16326).

HENSON, HICKEY & FLOYD ENTER PLEAS. The SEC Denver Regional Office announced February 28th (LR-1927) that Owen H. Henson, Jess Hickey and Charles C. Floyd entered pleas of guilty (USDC, KC, Ks.) to certain counts of a 35 count indictment charging violations of registration and anti-fraud provisions of Securities Act in sale of Mountain States Oil and Uranium Corporation stock. Separate trial granted as to Jack T. Wilson and indictment still pending as to issuing company.

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