

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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

FOR RELEASE April 18, 1961

VIOLATIONS CHARGED TO McCLANE & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether McClane & Co., Inc., 25 Broadway, New York, violated the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of common stock of American Fidelity Building and Loan Association, Inc. ("American"), and, if so, whether its broker-dealer registration should be revoked. An initial hearing will be held April 21st in the Commission's New York Regional Office on the question whether it is in the public interest to suspend the registration of McClane & Co. pending decision on the ultimate question of revocation. The proceedings also involve the question whether McClane & Co. should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

McClane & Co. has been registered with the Commission as a broker-dealer since October 1960. Walter McClane is listed as president; and Max Weber has served as a salesman since March 13, 1961. According to the Commission's order, it appears on the basis of facts developed in an investigation conducted by its staff that McClane & Co., McClane and Weber offered and sold American stock during the period March 13, 1961, to date in violation of the Securities Act registration and anti-fraud provisions. The order asserts that, in the offer and sale of such stock, they "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon the purchasers, in that they made false and misleading representations with respect to the existence and location of American's principal and branch offices; the status of mortgages or liens held by American under provisions of Article 23, Section 161Z(c) of the Annotated Code of Maryland, to become effective June 1, 1961; the nature of mortgages or liens held by American; the financial condition of American; the advantages of an investment in American; dividends to be derived from an investment in stock of American; and the comparison of the possible yield to be expected from an investment in American with that of investments in established savings and loan companies and other selected types of investments.

AMERICAN ELECTRIC POWER INTRASYSTEM TRANSACTIONS APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14410) authorizing the sale of utility properties by Wheeling (W.Va.) Electric Company to Ohio Power Company (Canton), both subsidiaries of American Electric Power Company, Inc., New York holding company. According to the application, Wheeling Electric proposes to sell its electric utility facilities in Ohio to Ohio Power for a cash consideration based on the depreciated original cost of such properties (\$1,408,332 as of December 31, 1960). Wheeling Electric also was authorized to extend to June 30, 1962, the time within which it may issue \$4,250,000 of bank notes in renewal of short-term notes maturing June 23, 1961.

EASTERN SHORE P.S. OF VA. PROPOSES FINANCING. The SEC has issued an order under the Holding Company Act (Release 35-14411) giving interested persons until May 2d to request a hearing upon a proposal of Eastern Shore Public Service Company of Virginia, Salisbury, Md., to issue and sell to its parent, Delaware Power & Light Company, up to \$1,000,000 of 4½% promissory notes due October 1973 and not exceeding 10,000 shares of its \$100 par value common stock. The securities would be sold to the parent from time to time prior to March 31, 1963. The subsidiary will use the proceeds to reimburse its treasury for construction expenditures and to provide funds for future construction expenditures. Its property additions are estimated at \$593,125 for 1961 and \$1,656,500 for 1962.

DREXEL EQUITY FUND PURCHASE EXEMPT. The SEC has issued an exemption order under the Investment Company Act (Release 40-3229) permitting Drexel Equity Fund, Inc., Philadelphia investment company, to purchase 340 shares of common stock of American District Telegraph Co. owned by Drexel & Co. at a price of \$84.74 per share.

INCORPORATED INVESTORS SEEKS ORDER. Incorporated Investors ("Fund"), Boston investment company, and The Parker Corporation, principal underwriter for Fund shares, have joined in an application to the SEC for an exemption order under the Investment Company Act with respect to sales of Fund shares at other than the current public offering price described in the Fund's prospectus; and the Commission has issued an order (Release IC-3230) giving interested persons until April 26th to request a hearing thereon. The price at which the Fund's shares are offered currently to the public, as described in its prospectus, is the net asset value of the shares plus a sales load varying with the dollar amount of the purchase. It is proposed that on or after May 1st the sales load be increased. Under the proposal, the sales load expressed as a percentage of the applicable offering price would range from 8½% for purchases up to \$24,999 (as contrasted with the present sales load of 7½%) to 1-3/4% for purchases of \$1,000,000 and over (as compared with the present 1% sales load).

CORN PRODUCTS FILES RETIREMENT PLAN. Corn Products Company, 717 Fifth Avenue, New York, filed a registration statement (File 2-17972) with the SEC on April 17th seeking registration of \$22,600,000 of interests in the company's Supplementary Contributory Retirement Plan for Salaried Employees, and 247,671 shares of common stock which may be acquired pursuant thereto.

TEXAS ORE LANDS, OTHERS ENJOINED. The SEC San Francisco and Fort Worth Regional Offices announced April 6th (LR-1981) the entry of a Federal court order (USDC, Tucson, Ariz.) preliminarily enjoining Texas Ore Lands Corporation, Horizon Land Corporation, Joseph Timan, Sidney Nelson and Bret Masters from further violating the Securities Act registration requirement in the offer and sale of oil interests under land in Presidio County, Texas.

INDICTMENT NAMES GUTERMA, GARFIELD, OTHERS. The SEC reports the return of a Federal indictment (USDC SDNY) on April 13th (LR-1982) charging a conspiracy to violate the Securities Act registration and anti-fraud provisions in the sale of Shawano Development Corporation stock by Samuel Garfield, Alexander L. Guterma, Irving Pasternak, Allard Roen, Allen K. Swann, Louis P. Coticchia, also known as Louis P. Brady, John Ehrlich, Natham W. Gennes, Frank Gruber, also known as Frank Graver, Daniel A. Lamar, Morris Miller and World Wide Investors Corporation.

CONSOLIDATED PETROLEUM INDUSTRIES HEARING CANCELLED. The SEC has cancelled the hearing scheduled for April 24, 1961, in its Fort Worth Regional Office, on the question whether to vacate, or make permanent, an earlier order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to proposed public offering of stock by Consolidated Petroleum Industries, Inc., of San Antonio, Texas. The hearing had been requested by the issuing company. However, the request for hearing later was withdrawn and the issuer consented to the permanent suspension of the Regulation A exemption. Accordingly, under provisions of the Regulation, the suspension order has now become permanent.

AUTOMATION-ENGINEERING HEARING CANCELLED. The Commission also has cancelled the hearing scheduled for April 20, 1961, in its San Francisco Regional Office on the question whether to vacate, or make permanent, a prior order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Automation-Engineering Company, of Carson City, Nev. The hearing had been called on request of the issuing company. However, the issuer failed to file an answer to the allegations set forth in the earlier order, as directed. Accordingly, the Commission cancelled the hearing and the suspension order has become permanent.

SECURITIES ACT REGISTRATIONS. Effective April 17: Winston-Muss Corporation (File 2-17545); National Biscuit Company (File 2-17612). Effective April 18: Colonial Mortgage Service Company (File 2-17555); Wilshire Insurance Company (File 2-17605); Season-All Industries, Inc. (File 2-17690); Independent Telephone Corporation (File 2-17692); The Victoreen Instrument Company (File 2-17731); Mack Trucks, Inc. (File 2-17747); Madison Gas & Electric Company (File 2-17774); United States Steel Corporation (File 2-17821); Tennessee Gas Transmission Company (File 2-17879).

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