SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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

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Washington 25, D.C.

FOR RELEASE September 27, 1960

SECURITIES VIOLATIONS CHARGED TO C. H. ABRAHAM & CO. INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether C. H. Abraham & Co., Inc., of New York, "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon public investors 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 Commission's order charges the said "Respondent" and its president, Carl Henry Abraham, with fraudulent representations in the sale of the Respondent's own preferred and common stocks and in other securities transactions with its customers, as well as other violations of the Federal securities laws.

With respect to the sale of Respondent's preferred and common stocks, the Commission's order asserts that, in addition to violating the Securities Act registration requirement, false and misleading representations were made concerning the Respondent's management, financial position, and past profits; the nature of its common stock, the safety of an investment in its securities, and an anticipated rise in the price of its stock; and the profits in the brokerage business and the activity in the market for Respondent's stock.

The Commission also charges in its order that Respondent (1) induced customers to purchase certain other securities and accepted monies in payment therefor, and that the funds were not used to purchase said securities for customers but were appropriated to the use and benefit of Respondent and Abraham; and (2) induced customers to sell and deliver certain securities to it but did not pay the customers therefor and, instead, appropriated such securities to the use and benefit of Respondent and Abraham.

Furthermore, according to the order, Respondent (a) engaged in the conduct of a securities business in violation of the Commission's net capital rule; (b) engaged in the conduct of a securities business and solicited and accepted the deposit of monies and securities from customers upon the representation that it was ready and able to execute and fill such orders and to meet all liabilities arising in connection therewith when, in fact, its liabilities exceeded its current assets and it was unable to meet its current liabilities; (c) filed a report of financial condition as of November 30, 1959, which was false and misleading in that it either overstated its assets or understated its liabilities; (d) made false and misleading entries in its books and records with respect to certain stock sales, by reason of its failure to show agreements to repurchase such securities; (e) refused to make its books and records available for examination by Commission investigators; (f) failed to amend its registration application to disclose a change in its business address from 136 East 57th Street to 527 Lexington Avenue, in New York, and the resignation of Vernon L. Johnson as an officer; and (g) is temporarily enjoined by an August 12, 1960, Federal court order from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

A hearing for the purpose of taking evidence with respect to the foregoing will be held at a time and place later to be announced.

GEORGIA POWER PROPOSES BOND OFFERING. Georgia Power Company, Electric Building, Atlanta, filed a registration statement (File 2-17102) with the SEC on September 26, 1960, seeking registration of $12,000,000 of First Mortgage Bonds due 1990, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds, and $2,000,000 to be received in November 1960 from the sale of additional stock to The Southern Company (parent), will be used for property additions and improvements and the payment of $5,000,000 of bank borrowings for the construction program. Construction expenditures of $185,061,000 are estimated for the years 1960-62, exclusive of investments in the common stock of Southern Electric Generating Company.

CANNON ELECTRIC FILES FOR SECONDARY. Cannon Electric Company, 3208 Humboldt Street, Los Angeles, Calif., filed a registration statement (File 2-17099) with the SEC on September 26, 1960, seeking registration of 200,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof through a group of underwriters headed by Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the design and manufacture of electrical connectors and related wiring devices to provide multi-circuit electrical contacts for a wide variety of applications in the electronic, communications, aircraft, missile, computer, and other fields where close tolerances, convenience, and high reliability under varied and often extreme environmental conditions are required.

OVER

In addition to certain indebtedness, the company has outstanding 1,500,000 shares of common stock, of which Robert J. Cannon, president, James H. Cannon, a vice president, Helen Cannon Rowen, and Patricia Cannon Arnell, own 375,000 shares (25%) each. The latter two holders propose to sell 100,000 shares each.

SAVE-CO VETERANS & SERVICES DEPT. STORES FILES FOR OFFERING AND SECONDARY. Save-Co Veterans & Services Department Stores, Inc., 3176 Frontier Street, San Diego, Calif., filed a registration statement (File 2-17101) with the SEC on September 26, 1960, seeking registration of 163,636 shares of common stock, of which 127,273 shares are to be offered for public sale by the company and 36,363 shares, being outstanding stock, by the present holders thereof. The principal underwriter is listed as Dempsey-Tegeler & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the operation of a retail department store and gasoline service station of the type commonly known as a closed-door membership discount house. The use of the company's facilities is restricted to registrants and limited primarily to veterans, military personnel and employees of nonprofit organizations and of companies engaged in performance of government contracts. The net proceeds from the company's sale of additional stock will be used as follows: $230,000 to acquire a parcel of property now leased by the company on which its gasoline service station facility is located, $132,751 to discharge long-term notes to shareholders representing indebtedness incurred for construction of facilities and to provide working capital, and $65,000 to replenish the company's treasury for expenses recently incurred in remodeling the company's store facilities. The balance of the proceeds will be added to the company's general funds for working capital.

The company was organized in 1957 under the name of Federal Supply Corp. to operate the retail department store under the name of "Save-Co." In May, 1958 Save-Co Automotive Center was established as a separate corporation to operate the gasoline center adjacent to the store. The station was located on property sublet from Rosecrans Properties, Inc., which was organized in 1957 and which rented such property from unrelated persons. The ownerships of the said corporations were generally the same. On September 16, 1960, the name of Federal Supply Corp. was changed to Save-Co Veterans & Services Department Stores, Inc. In September 1960 the company acquired the net assets of Save-Co Automotive Center and Rosecrans Property, Inc. in exchange for 85,104 shares and 34,720 shares of stock, respectively.

In addition to certain indebtedness, the company has outstanding 365,208 shares of common stock, of which management officials as a group and their wives and children own 275,489 shares (75.43%). Of the 27 selling stockholders, Victor J. Schulman, a director, owns 57,639 shares and proposes to sell 5,739 shares, Morris D. Goodrich, vice president, owns 40,995 shares and proposes to sell 4,082 shares, and Harry L. Foster, president, owns 33,561 shares and proposes to sell 3,342 shares. Other holders propose to sell blocks ranging from 282 to 3,538 shares.

FEDERAL STREET FUND FILES FOR OFFERING. Federal Street Fund, Inc., 140 Federal Street, Boston, Mass., filed a registration statement (File 2-17098) with the SEC on September 26, 1960, seeking registration of 50,000 shares of common stock, to be offered to investors in exchange for securities. The public offering price will be $1,000 per share. A fee will be payable to the fund's Dealer Manager, Goldman, Sachs & Co., at the time of the exchange of deposited securities for the fund shares in the amount of 4% of the market value of such securities exchanged in single transactions of less than $100,000, the minimum transaction being $50,000. The fee rate is reduced as the size of the transaction increases, to a minimum of 1.125% for transactions of $1,000,000 or more.

The fund, organized under Massachusetts law in August 1960, is a diversified open-end investment company with redeemable shares. Its investment adviser is listed as The Fund and State Street Research & Management Company. Paul C. Cabot is listed as the company's board chairman and George F. Bennett as president.

WEST PENN ELECTRIC PROPOSES CHARTER AMENDMENTS. The West Penn Electric Company, New York holding company, has filed a proposal with the SEC for an amendment of its charter so as to effect a change in its name to Allegheny Power System, Inc.; and the Commission has issued an order under the Holding Company Act (Release 35-14289) giving interested persons until October 12, 1960, to request a hearing thereon. The company also seeks authorization to solicit stockholder approval of such charter amendment.

SEC COMPLAINT NAMES ERWIN J. DRUKE. The SEC Seattle Regional Office announced September 19th (LR-1790) the filing of Federal court action (USDC, Portland, Ore.) seeking to enjoin Erwin J. Druke from further violations of the anti-fraud provisions of the Federal securities laws in the sale of stock of New Hemisphere Life Insurance Company of Salt Lake City.

SEC COMPLAINT NAMES NINE IN INSURANCE COMPANY STOCK SALES. The SEC Seattle Regional Office announced September 19th (LR-1791) the filing of Federal court action (USDC ED Wash.) seeking to enjoin violations of the anti-fraud provisions of the Securities Act by the following in the sale of stock of Treasure State Life Insurance Company of Montana: Tarris D. Dolan, Robert Markee, James E. Caine, Gerald Dedmore, Lyle Dedmore, Arnold V. Tibbetts, John P. Stokes, Rodney P. Byrne and Lee Gregersen.

DIVERSIFIED SECURITIES ENJOINED. The SEC Denver Regional Office announced September 22d (LR-1792) entry of a Federal court order (USDC, Colo.) permanently enjoining Diversified Securities, Inc., and its president, Gifford W. Gabriel, Jr., of Englewood, Colo. from further violating the Commission's net capital rule. The defendants consented to the injunction.

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COURT ORDER ENJOINS AMERICAN DIVERSIFIED SECURITIES. The SEC Washington Regional Office announced September 26th (LR-1789) the entry of a Federal court order (USDC DC) enjoining American Diversified Securities, Inc. and Gildar & Company, Inc., of Washington, D. C., from effecting securities transactions until their books and records are brought into compliance with the SEC record-keeping requirements. The two companies, together with Sidney and Frederick W. C. Haddad and Richard A. Gildar, consented to the injunction.

COURT ORDER ENJOINS HILTON & HOVEY SLAYTON. The SEC today announced (LR-1786) the entry of a Federal court order (USDC,St.Louis, Mo.) permanently enjoining Hilton H. Slayton, Hovey E. Slayton and Slayton Associates, Inc., from serving or acting in the capacity of an officer, director, investment adviser or principal underwriter for any registered investment company. The defendants consented to the court decree. The Commission's complaint had charged "gross abuse of trust" in their management of the affairs of Managed Funds, Inc., St. Louis investment company (which since has obtained new management).

AIRCRAFT ARMAMENTS SHARES IN REGISTRATION. Aircraft Armaments, Inc., Cockeysville, Maryland, filed a registration statement (File 2-17100) with the SEC on September 26, 1960, seeking registration of 275,000 outstanding shares of common stock. These shares are to be offered by United Industrial Corporation, a Delaware corporation, to its stockholders of record on November 18, 1960 for subscription at the rate of one share of Aircraft Armaments stock for each eight shares of United Industrial common stock held. The principle underwriter is listed as Eastman Dillon, Union Securities & Co. The subscription price and underwriting terms are to be supplied by amendment.

Aircraft Armaments is engaged in applied research and development in the fields of aerodynamics, ballistics, electronics, ordnance, and electro-mechanics and in the design and manufacture of electronic, electrical, and mechanical devices largely for the Department of Defense. The stated purpose of the offering is to provide United Industrial with additional funds for general corporate purposes and, together with the distribution of of 53,100 shares of the company's common stock to common stockholder's of United Industrial on September 16, 1960, to "broaden the market" for the company's stock.

In addition to certain indebtedness, the company has outstanding 750,000 shares of common stock, of which United Industrial owns 609,400 shares, and management officials as a group own 57,349 shares. Ellery C. Huntington, Jr. is listed as board chairman and Joel M. Jacobson as president. United Industrial has no present intention of disposing of any of the other 343,900 shares of Aircraft Armaments stock owned by it.

UNITED INDUSTRIES CO. FILES FOR OFFERING. United Industries Company, Inc., 1235 Shadowdale, Houston, Texas, today filed a registration statement (File 2-17104) with the SEC seeking registration of $500,000 of 6% Convertible Serial Subordinated Debentures, to be offered for public sale at 100% of their principal amount with a 5% commission to the underwriter, Dempsey-Tegeler & Co.

The company is engaged in several businesses, the major one being the warehousing of grain under contract with the U. S. Commodity Credit Corporation. It has a total of seven storage buildings, four storage tanks and one terminal type grain elevator; and there is presently under construction one additional storage building and an addition to the grain elevator expected to increase storage capacity from 9 to 11.5 million bushels. Net proceeds of the sale of the debentures will be used as follows: $200,000 to pay the cash portions of the cost of the increased storage facilities and elevator addition; and the balance for working capital and other corporate purposes, including loans to subsidiaries to meet peak seasonal inventory demands.

In addition to various indebtedness and a preferred stock issue, the company has outstanding 400,000 shares of common stock. The prospectus lists Louis Kaplan as board chairman and Irvin D. Kaplan as president. The two officers and members of their families own 21.6% each of the outstanding stock; and other officers (with members of their family) own additional stock, as follows: Charles I. Kaplan, 14.9%; Robert Putterman, 9.29%; Jerry E. Finger, 15.07%; and Gerald Rauch, 11.32%.

ALL AMERICAN ENGINEERING PROPOSES RIGHTS OFFERING. All American Engineering Company, du Pont Airport, Wilmington, Del., today filed a registration statement (File 2-17107) with the SEC seeking registration of 85,918 shares of common stock, to be offered for subscription by holders of outstanding stock on the basis of one new share for each four shares held. The subscription price and underwriting terms are to be supplied by amendment. Drexel & Co. is listed as the principal underwriter.

The company is engaged primarily, under Government-sponsored contracts, in research, development and manufacturing activities relating to the aircraft, satellite and missile fields. Net proceeds of the sale of the additional stock will be used for general corporate purposes, including reimbursement and payment for capital expenditures of about $300,000 for 1960, a portion of which will be used for the construction of a laboratory and manufacturing building adjacent to the company's general offices in Wilmington. The company contemplates the expenditure during the following two years of about $700,000, including $150,000 for laboratory and testing equipment and $550,000 for machine tools and other capital items.

In addition to certain indebtedness, the company now has outstanding 337,412 shares of common stock, of which management officials own about 16% in the aggregate. The prospectus lists Charles W. Wendy as president.

JOHN SEXTON FILES FOR OFFERING AND SECONDARY. John Sexton & Co., 4700 South Kilbourn Avenue, Chicago, today filed a registration statement (File 2-17103) with the SEC, seeking registration of 200,000 shares of common stock, of which 33,000 shares are to be offered for public sale by the company and 167,000 shares, being outstanding stock, by the present holders thereof. Hornblower & Weeks heads the list of underwriters. The public offering price and underwriting terms are to be supplied amendment.

OVER

The company is a distributor of a line of food products, and certain related products, principally to the "institutional trade," consisting of restaurants, schools and colleges, hospitals, clubs, hotels and other purveyors of prepared food services. The net proceeds from the company's sale of additional stock will be added to its general funds and used as working capital, reimbursing its treasury for $402,915 to be paid for the purchase of 3911.8 of its 6% preferred shares in October 1960 at $103 per share, and for an aggregate of $105,000 paid for a total of 1050 of its 6% preferred shares purchased in April and July of 1960 at $100 per share.

In addition to certain indebtedness, the company has outstanding 342,432 shares of common stock and 8,462 shares of 6% preferred stock. In October 1960, the company will purchase and cancel 3,911.8 shares of its outstanding preferred stock, will change each of its outstanding common shares into two common shares, and will change each of its remaining outstanding preferred shares into 6.5 new common shares, resulting in the issuance of 29,573 additional common shares and the elimination of its preferred stock. Of the 714,437 common shares to be outstanding in October 1960, the family groups of Thomas G. Sexton, president, William C. Sexton, vice president, A. H. Egan, a director, Franklin Sexton and Ethel Sexton Marten, will own 151,086, 141,667.8, 156,258.6, 141,307.8, and 112,746.8 shares respectively, and each family group proposes to sell 33,400 shares.

METROPOLITAN TELECOMMUNICATIONS FILES DEBENTURE OFFERING AND SECONDARY. Metropolitan Telecommunications Corp., Ames Court, Plainview, New York, today filed a registration statement (File 2-17105) with the SEC, seeking registration of $600,000 of convertible subordinated debentures to be offered for public sale by the company, and 25,000 shares of outstanding common stock to be offered for public sale by the present holders thereof. The principle underwriters are listed as M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc. The debentures are to be sold at 100% of principle amount, with a 9% commission to the underwriters plus an amount not to exceed $12,000 for expenses. The interest rate of the debentures and the public offering price and underwriting terms of the common stock are to be supplied by amendment. In addition, the company is registering 19,166 common shares to be issued upon exercise of outstanding warrants and stock options and 5000 common shares purchased by Milton D. Blauner from certain controlling stockholders at $3.00 per share.

The company is engaged in the manufacture, assembly and sale of communication equipment, transformers, filters, relays, disc capacitors, radio frequency coils and other electronic components. Of the net proceeds from the company's sale of debentures, $160,000 will be used to replenish working capital in the amount expended in the reduction of debt assumed in the consolidation of Coil Winders, Inc. into the company on June 30, 1960; $60,000 to pay the balance of certain bank loans incurred by Coil Winders; $40,000 for expansion of capacitor manufacturing; $60,000 to commence manufacture and sale of resistors which will include engineering and the necessary equipment and inventory; $35,000 for engineering and inventory and sales promotion of central music systems; $20,000 to purchase additional sheet metal working machines; $75,000 for the development of new products; and the balance of $56,000 will be added to working capital.

In addition to certain indebtedness, the company has outstanding 422,766 shares of common stock, of which Sheppard Beidler, president, and Philip Krieger, vice president, own 85,800 shares each and propose to sell 11,000 shares each. In addition, Benjamin Yelsey and Milton Epstein, vice presidents, own 44,516 and 43,516 shares, respectively; and each proposes to sell 1,500 shares. Martin L. Levy and Multer, Nova & Seymour propose to sell 10,500 and 2,000 warrants, respectively.

KINGSPORT PRESS FILES FOR OFFERING AND SECONDARY. Kingsport Press, Inc., c/o The Corporation Trust Company, Wilmington, Delaware, today filed a registration statement (File 2-17106) with the SEC, seeking registration of 125,000 shares of common stock, of which 70,000 shares are to be offered for public sale by the company and 55,000 shares, being outstanding stock, by the present holders thereof. The principle underwriters are Lehman Brothers and W. H. Newbold's Son & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is the surviving Delaware corporation of a statutory merger, effective November 1, 1960, of Kingsport Press, Inc. into Press Management, Inc. It is a manufacturer of hard bound books in the United States and has, at its plant at Kingsport, Tennessee, facilities for the complete manufacture of books, book covers, and similar products, including typesetting, platemaking, printing and binding. According to the prospectus, the company contemplates, during the next two years, expenditures approximating $6,000,000 in the acquisition of new land, machinery and equipment, and the construction of additional plant, all in the Kingsport area. The net proceeds from the company's sale of additional stock will be utilized in its expansion program. Additional required funds will come from a loan from The Penn Mutual Life Insurance Co. and from cash generated by business.

Pursuant to said merger, each share of common stock of the present Kingsport Press will be changed into two shares of the surviving corporation (to be known by the same name). In addition to certain indebtedness, the company will have outstanding at the time of such merger 701,786 shares of common stock, of which Walter F. Smith, board chairman, will own 59,900 shares and proposes to sell 14,000 shares, Edward J. Triebe, president, 37,618 shares and proposes to sell 10,000 shares, and Curlett H. Wilhelm, a vice president, 46,088 shares and proposes to sell 12,000 shares. Certain other stockholders propose to sell the remaining 19,000 shares.

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