

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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Statistical Release No. 1977. The SEC Index of Stock Prices, ^{1/} based on the closing prices of 300 common stocks for the week ended May 28, 1964, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1964 is as follows:

	1957-59 = 100		Percent Change	1964	
	5/28/64	5/22/64		High	Low
Composite	163.8	164.5	-0.4	165.3	153.6
Manufacturing	155.2	155.8	-0.4	157.1	144.6
Durable Goods	151.5	152.1	-0.4	153.3	141.5
Non-Durable Goods	158.9	159.5	-0.4	160.8	147.7
Transportation	160.8	162.1	-0.8	162.1	138.3
Utility	194.2	196.0	-0.9	199.2	192.1
Trade, Finance & Service	195.9	195.8	0.1	195.9	176.6
Mining	160.8	160.9	-0.1	162.5	139.2

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended May 28, 1964, 41 registration statements were filed, 37 became effective, 1 was withdrawn, 1 stop order was issued, and 269 were pending at the week-end

FINANCIAL EQUITY (L.A.) REVOKED. In a decision under the Securities Exchange Act announced today, (Release 34-7326), the SEC revoked the broker-dealer registration of Financial Equity Corporation, 639 South Spring St., Los Angeles, for violations of the registration, anti-fraud and other provisions of the Federal securities laws. Jack Jerayr Mahakian, former president; Richard F. Taylor, Michael R. Taylor, and Austin F. Tilden, to whom control was later transferred; David W. Thayer, sales manager; and Mendardo (Mike) Rangel, a salesman, were each held to be a cause of the revocation order.

According to the decision, despite a December 1961 Federal court order enjoining "Financial" from further violations of the SEC net capital rule, Financial and Mahakian (its then president) persisted in conducting business despite continuing substantial deficiencies in its net capital. This condition continued after the transfer of control to the Taylors and Tilden in mid-January 1962. In connection with such transfer of control, the four individuals arranged for the transfer of \$10,000 from Financial to Mahakian (despite the existence of Financial's net capital deficiency), purportedly to pay Mahakian for a stockholder interest which was "under water." Following such misappropriation and depletion of Financial's assets, the Taylors and Tilden took over control and continued to operate the business in its more impaired financial condition. This constituted a violation of the anti-fraud provisions of law, since Financial's conduct of a securities business carried the implied (but false) representation that it was solvent and able to meet its obligations as they came due.

Moreover, according to the decision, Financial, Mahakian and Thayer in October 1961 offered shares of Medical Video Corp. stock in violation of the Securities Act registration requirement; Financial, the Taylors and Tilden offered and sold subordinated notes of Financial in violation of the Securities Act registration and anti-fraud provisions; Financial, the said three individuals, Thayer and Rangel, offered and sold stock of a company controlled by the Taylors and Tilden, also in violation of the Securities Act registration and anti-fraud provisions; and Financial, aided and abetted by Mahakian and the Taylors, made false statements in its registration application and failed to file promptly corrective amendments thereto with respect to the identity of and changes in management officials.

NASD EXPULSION OF NORMAN J. ADAMS SUSTAINED. In a decision under the Securities Exchange Act announced today (Release 34-7327), the SEC dismissed an appeal by Norman J. Adams, dba Adams & Company, 5455 Wilshire Blvd., Los Angeles, from an order of the NASD expelling him from membership in that Association for violators of its Rules of Fair Practice and conduct inconsistent with just and equitable principles of trade. Adams had contended that the NASD was prejudiced against him because he was a small firm and urged that the penalty should be reduced to a 90-day suspension.

In its decision, the Commission affirmed findings of the NASD that during the period May-July 1961 Adams sold stock of Benbow Astronautics, Inc., and Silicon Transistor Corporation at prices which were not fair and reasonably related to the market. In sales of Benbow stock at prices of 5-1/8 to 6-1/4, the mark-ups ranged from 5% to 10% above Adams' same-day purchase in 9 transactions, and exceeded 10% in 11 transactions (and reached as high as 29.4%); and in sales of Silicon stock at prices of 12 to 17-3/4, the mark-ups ranged from 5% to 10% in 39 transactions and exceeded 10% in 30 transactions (and reached as high as 40.8%). Moreover, Adams used flamboyant, exaggerated and misleading advertising and sales literature in the sale of stock of the two companies. The NASD also found violations by Adams of Regulation T by reason of his failure to cancel 45 cash purchases by customers in which payment was not received within the prescribed period (the delays ranging up to 63 days), and that he failed to disclose his capacity as a broker or dealer in confirmations of transactions sent to customers.

^{1/} This is the FINAL ISSUE of the SEC Index of Stock Prices, in accordance with the April 13th News Digest announcement.

With respect to the charge of prejudice, the Commission stated that Adams had not shown that the composition of the District Committee or Board of Governors who heard and decided his case prejudiced him in any way, and he was given full opportunity to present his defense. The Commission concluded that the proceedings before the NASD were conducted with due regard to Adams' rights, and that, in view of the nature and extent of the violations, the penalty imposed was not excessive or oppressive.

SEC REPORTS ON BEVIS SHELL HOMES PLAN. The SEC today announced the filing of an Advisory Report with the U. S. District Court in Tampa, Fla., upon the Trustee's amended plan for the reorganization of Bevis Shell Homes, Inc. and two subsidiaries. The report concludes that the plan is not fair and equitable or feasible. Since there is no assurance or indication that the reorganized company will resume general construction of shell or other types of homes and since a suggested diversification program is vague and uncertain, the Commission concluded that the proposed plan is not feasible. The Commission concluded also that the plan is not fair and equitable to the debenture holders, since it fails to allow their contractual claim to interest and at the same time provides for participation, in what is actually a liquidation, for security holders junior in rank. The Commission recommended that no new securities be issued and that the proceeds of liquidation be distributed to security holders in accordance with their rank and priority. Certain alternatives to the Trustee's proposals were suggested. (Release CR-213).

CORRECTION RE CLARIFICATION OF STOCK OFFERING RULES. The last sentence of the "clarification" item appearing in the SEC News Digest of May 28th should have read: "Supplemental sales literature ("free writing") may be used if it is accompanied by a prospectus . . ." not "accomplished by a prospectus . . ."

LOUISIANA POWER FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-15080) approving the proposal of Louisiana Power & Light Company, New Orleans, to issue and sell at competitive bidding \$25,000,000 of first mortgage bonds due 1994. Net proceeds from the bond sale will be applied toward property additions and improvements (estimated at \$35,900,000 for 1964), the payment of bank loans in an amount not to exceed \$8,500,000 and other corporate purposes.

PARTICIPATING ANNUITY LIFE ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-3982) with respect to the sale by Participating Annuity Life Insurance Company, Little Rock, Ark., of its variable annuities. The company has adapted its operation and contracts to the general pattern of two other companies which received exemptions from certain provisions of the Act following the Supreme Court decision in March 1959 involving the sale of variable annuities.

BROAD STREET INVESTING ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-3983) with respect to the proposed issuance of shares by Broad Street Investing Corporation, New York, at their net asset value in exchange for assets of High Street Investment Fund, Inc.

THREE STOCKS DELISTED. The SEC has issued orders granting an application of the Cincinnati Stock Exchange to delist the common stock of Elco Investment Company, effective at the opening of business June 8th, and applications of the Pacific Coast Stock Exchange to delist the common stocks of Eureka Corporation Limited and Goebel Brewing Company, effective at the opening of business June 12th and June 15th, respectively. (Rel. 34-7331)

UNLISTED TRADING. The SEC has issued an order giving interested persons until June 11th to request a hearing upon an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of Avon Products, Inc., and Continental Air Lines, Inc. (Release 34-7331)

DELTA CORP. PROPOSES OFFERING. Delta Corporation, 766 First National Bldg., Oklahoma City, Okla., filed registration statements (File 2-22451 and 2-22452) with the SEC on May 26 seeking registration of 100 units of partnership interests in its Drilling Program A and 65 units of partnership interests in the Delta Drilling Program, to be offered for public sale at \$5,000 per unit. The offerings will be made on a best-efforts basis by the company, as issuer, and Delta Funds, Inc., as underwriter. Delta Funds will receive a selling commission of \$350 per unit, which will be paid by the company and will not be deducted from operating expenses of the programs. The programs, which are substantially identical, provide for the leasing, drilling and development of oil and gas properties. The company, as the Managing Partner of the partnerships, will conduct the programs and will receive as compensation for its services (a) 7% of all funds received, (b) an overriding royalty interest (free of the cost of developing and operating the lease) in the amount of 1/16 of all oil and gas produced and sold from the programs' interest in the working interest in each lease (for which it will be liable to pay 1/16 of the cost of lease bonuses and rentals), and (c) after the programs have recovered their entire investment in the lease, 25% of the net profits from each lease, calculated after the deduction of the 1/16 overriding royalty interest.

Organized under Delaware laws in 1962, the company was formed by the exchange of stock for interests in seven producing oil and gas properties located in Oklahoma and Texas and has been engaged in the production of oil and gas since its activation. The company has outstanding 465,501 shares of common stock, of which management officials as a group own 16.3%. Clare W. Headington is listed as president.

NATIONAL DISTILLERS FILES STOCK PLAN. National Distillers and Chemical Corporation, 99 Park Ave., New York, filed a registration statement (File 2-22458) with the SEC on May 27 seeking registration of 150,000 shares of common stock, to be offered under its Employees' Savings and Stock Purchase Plan.

U. S. STEEL FILES STOCK PLANS. United States Steel Corporation, 51 Newark St., Hoboken, N. J., filed a registration statement (File 2-22459) with the SEC on May 27 seeking registration of 1,500,000 shares of common stock, to be offered under its 1951 and 1964 Stock Option Incentive Plans.

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GENESCO FILES STOCK PLAN. Genesco Inc., 111 Seventh Ave., North Nashville, Tenn., filed a registration statement (File 2-22460) with the SEC on May 28 seeking registration of 100,000 shares of common stock, to be offered under its Savings Fund -- Employee Stock Purchase Plan (1964).

RICHMOND LIFE PROPOSES OFFERING. Richmond Life Insurance Company, 603 E. Grace St., Richmond, Va., filed a registration statement (File 2-22461) with the SEC on May 28 proposing the public offering of 200,000 shares of common stock. The public offering price (\$10 per share maximum*), underwriting terms and identity of the underwriters are to be supplied by amendment.

The company is engaged in the sale of life insurance and accident and health insurance in the southeastern part of the United States. Net proceeds from its stock sale will be added to the capital and surplus of the company and used in the conduct of its insurance business. The company has outstanding 300,465 shares of common stock, of which management officials as a group own 71,680 shares. John L. Epps, Jr., is listed as president.

KAWECKI CHEMICAL FILES STOCK PLAN. Kaweck Chemical Company, Boyertown, Pa., filed a registration statement (File 2-22462) with the SEC on May 28 seeking registration of 80,544 shares of capital stock, to be offered under its Stock Option Incentive Plan and Employees Qualified Stock Option Plan.

RONSON FILES STOCK PLAN. Ronson Corporation, 1 Ronson Rd., Woodbridge, N. J., filed a registration statement (File 2-22466) with the SEC on May 28 seeking registration of 87,500 shares of common stock, to be offered under its Qualified Stock Option Plan of 1964.

AMERICAN INVESTMENT FILES STOCK PLANS. American Investment Company, 8251 Maryland Ave., St. Louis, filed a registration statement (File 2-22467) with the SEC on May 28 seeking registration of 159,230 shares of common stock, to be offered under its 1959, 1960, 1961 and 1962 Incentive Stock Option Plans for Key Employees, 1962 Incentive Stock Option Plan for Officers and 1963 Stock Option Plan.

TRANS WORLD AIRLINES FILES STOCK PLAN. Trans World Airlines, Inc., 605 Third Ave., New York, filed a registration statement (File 2-22470) with the SEC on May 28 seeking registration of \$6,675,000 of deposits by eligible employees in its Employee Stock Purchase Plan, together with 397,321 shares of common stock which may be acquired pursuant thereto.

INDICTMENT NAMES STUART C. EDMONDS. The SEC Boston Regional Office announced May 26th (LR-2944) the return of a Federal court indictment (USDC Boston) charging Stuart C. Edmonds of Brookline, Mass., with violations of the anti-fraud provisions of the Federal securities laws.

COURT ENJOINS PAUL N. BELMONT, OTHERS. The SEC New York Regional Office announced May 26th (LR-2945) the entry of a Federal court order (by consent) enjoining the sale of securities of Hydrocarbon Chemicals, Inc., and Southwestern Hydrocarbon Pipeline Co. in violation of the Securities Act registration requirement. Enjoined were Paul N. Belmont, of Mantoloking, N. J., Bank of Commerce, New York City, Robert F. Euwer, Short Hills, N. J., and Harry Duckworth, John Albert Williams, Charles T. Cubellis, A. George Kavner, Philip Comora, Anthony DePetro, A. Lee Wheeler, Jack F. Perkins, Jr., David H. McAvoy, Jr., and Merle B. Kenwood. Previously enjoined were Jerome J. Gunther, dba Jerome J. Gunther & Co., of Hillside, N. J., and Arthur H. Witmond. A temporary restraining order was continued as to defendant Harry S. Ivory of Herbertsville, N. J.

SECURITIES ACT REGISTRATIONS. Effective May 28: Belden & Blake and Co. Ltd. Partnership No. 6 (File 2-22416); Michigan Wisconsin Pipe Line Co. (File 2-22354); United Gas Corp. (File 2-22372). Effective May 30: The Dow Chemical Co. (File 2-22317). Effective June 1: The Conestoga Telephone and Telegraph Co. (File 2-22236); Irving Air Chute Co. Inc. (File 2-21983).

*As estimated for purposes of computing the registration fee.

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