

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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Issue No. 64-11-10)

FOR RELEASE November 16, 1964

LINDER-BILOTTI FIRM SUSPENDED. In a decision announced today (Rel 34-7460), the SEC suspended the broker-dealer registration of Linder, Bilotti & Co., Inc., of 205 W. 34th St., New York City, pending final determination on the question whether the firm's registration should be revoked.

While reserving judgment on the question of revocation, the Commission concluded, upon the basis of evidence adduced at an administrative hearing, that there has been "a sufficient showing of misconduct" to make it appropriate in the public interest to suspend the firm's broker-dealer registration. According to the decision, Hyman S. Linder and Armand Bilotti, principal officers of the firm, made "materially false and misleading statements and predictions" in connection with their offer and sale of Class A common stock of Elite Theatrical Productions Ltd., during the period June through September 1963. The misrepresentations included statements that the price of the stock, then being offered at \$2 per share, would double or go to \$4 or \$5 (a statement proposing the public offering of 400,000 shares of Elite stock at \$5 per share was filed in September 1963 and is still pending); that the stock would be offered in September at \$10; that Elite was a very good or safe investment, had a great future and good possibilities of earnings; and that there would be big capital gains. There was no reasonable basis for the representations; Elite had never had any income, had sustained losses, and its few ventures in the theatrical and motion picture field were unsuccessful; and no disclosure was made of Elite's lack of an experienced management, its adverse financial condition, and the substantial risk of loss involved in investments in theatrical enterprises.

The Commission also ruled that in the firm's sale of some \$55,000 of notes to three elderly women in an attempt to remedy its deficient capital position, Linder and Bilotti falsely represented that an investment in the firm was safe, better than anything on the market and no riskier than any other business investment when, in fact, the firm had sustained large operating losses and had accumulated and was increasing a substantial operating deficit.

MCCRORY CORP. FILES EXCHANGE PROPOSAL. McCrory Corporation, 711 Fifth Ave., New York, filed a registration statement (File 2-22927) with the SEC on November 12 seeking registration of \$49,853,110 of 5% junior subordinated notes due 1965 to 1970. The notes are to be offered to stockholders of Glen Alden Corporation as part payment for 1,572,132 (33%) of Glen Alden common shares, which the company proposes to acquire on the basis of \$4 in cash and \$10.25 of the 5% notes for each share.

The company operates 583 variety stores in 38 states and the District of Columbia. Through subsidiaries it also manages retail stores operating under the names of Cassels United States, Inc., Oklahoma Tire and Supply Co., Economy Auto Stores and Lerner Stores. Glen Alden is engaged in the production and marketing of anthracite coal and in the motion picture theatre, textile manufacture and warehouse businesses. In addition to indebtedness and preferred stock, the company has outstanding 5,217,411 common shares, of which management officials as a group own 6,942 shares. Rapid-American Corporation owns 50.9% of the outstanding common stock. Meshulam Riklis is board chairman and Harold M. Lane is president.

FREEPORT SAVINGS AND LOAN PROPOSES OFFERING. Freeport Savings and Loan Association, Limited, P. O. Box 488, Freeport, Grand Bahama Island, Bahamas, filed a registration statement (File 2-22928) with the SEC on November 12 seeking registration of \$5,000,000 of savings accounts, to be offered to United States residents. Organized under Bahamian law in 1963, the company is engaged in the business of borrowing funds from investors to be deposited in savings accounts, and lending such funds to finance the construction and improvement by others of residential and commercial establishments in the Bahamas. It has outstanding 56,723 common shares, of which management officials as a group own 30.72%. Earl H. Gray is president.

EMPIRE LIFE OF OHIO FILES FINANCING PROPOSAL. Empire Life Insurance Company of Ohio, Union Commerce Bldg., Cleveland, filed a registration statement (File 2-22930) with the SEC on November 13 seeking registration of 2,200,000 shares of common stock. Of these shares, 1,100,000 are to be offered at \$1 per share to insurance agents or persons otherwise connected with the insurance business in Ohio, and 300,000 are to be offered to initial shareholders in exchange for company shares purchased at \$1 per share, on a one-for-one basis. The offering is to be made primarily through the president and vice-president of the company. Of the remaining 800,000 shares, 440,000 underlie incentive options to be granted to insurance agents; 100,000 are reserved for exercise of options to be issued to company officers and employees; and 320,000 are reserved for sale at \$1 per share to Empire Life Insurance Co., a California corporation, during a 5-year period following completion of this offering.

Organized under Ohio law in July 1964, the company intends to write life insurance policies on a non-participating basis. Of the net proceeds from its stock sale, \$23,000 will be paid to incorporators who assist in organizing the company; approximately \$17,000 will be used to reimburse Empire of California for advancing out-of-pocket expenses incurred in connection with this offering; and the balance will be added to capital and surplus and used to purchase office equipment and supplies and to conduct an insurance business. The company has outstanding 300,000 common shares of .66-2/3¢ par value. The initial shareholders (including Empire of California, which owns 120,000 shares) have agreed to exchange the shares for the .20¢ par value common shares covered by this registration statement. C. Sydney Barton is board chairman of the company and Edward D. Landers is president.

OVER

de VEGH INVESTING SEEKS ORDER. de Vegg Investing Company, Inc., c/o Pine Street Fund, Inc., 30 Wall St. New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-4078) giving interested persons until December 4 to request a hearing thereon. According to the application, de Vegg merged into Pine Street Fund, Inc., a registered open-end diversified management investment company, on June 24, 1963. As of September 10, 1964, 115 holders of certificates formerly representing de Vegg stock had not exchanged them for certificates of Pine Street.

ORDER CITES NEW ENGLAND PRECISION PRODUCTS, OTHERS. The SEC Boston Regional Office announced November 9 (LR-3072) the entry of a Federal court order (USDC Mass.) permanently enjoining New England Precision Products Co., Inc., James Henry Devine, Evelyn Y. Devine and Anthony S. Pietrillo from further violations of the Securities Act registration and anti-fraud provisions in the sale of New England securities. The defendants consented to the order.

INSURED MORTGAGE AND TITLE CORP., OTHERS ENJOINED. The SEC Atlanta Regional Office announced November 6 (LR-3073) the entry of a Federal court order (USDC Fla.) permanently enjoining Insured Mortgage and Title Corp., Sunniland Development Corp. of Florida, H. E. C. Finance Corp., and H. E. Corrigan from further violations of the Securities Act registration and anti-fraud provisions in the sale of securities issued by Insured Mortgage and Title Corp. and Sunniland Development.

KRIEWALD ENJOINED. The SEC San Francisco Regional Office announced November 9 (LR-3074) the entry of a Federal court order (USDC Phoenix) permanently enjoining Elgin L. Kriewald, with his consent, from further violating the Securities Act registration requirements in the sale of Moel, Inc., securities.

VOLKSWAGEN INS. PROPOSES OFFERING. Volkswagen Insurance Company, 4144 Lindell Blvd., St. Louis, filed a registration statement (File 2-22931) with the SEC on November 13 seeking registration of 727,275 shares of common stock. Of this stock, 527,275 shares are to be offered for public sale at \$12 per share. The offering is to be made through underwriters headed by E. F. Hutton & Co., Inc., One Chase Manhattan Plaza, New York, and Newhard, Cook & Co., 400 Olive St., St. Louis, which will receive a \$1-per-share commission. An additional 200,000 shares are to be offered to company officials at the public offering price.

The company is engaged in selling automobile liability and physical damage insurance to U. S. Volkswagen owners. The company (organized in Arkansas in 1954) was acquired by the St. Louis Insurance Corp. in July 1962 through the purchase of its outstanding common stock (181,818 shares) at an average cost of \$11 per share. Net proceeds from its stock sale will be added to surplus and used to defray expenses incident to the company's expanding operations. Frank C. Blumeyer is president.

FASHION TRESS FILES FINANCING PROPOSAL. Fashion Tress, Inc., 1900 Purdy Ave., Miami Beach, Fla., filed a registration statement (File 2-22932) with the SEC on November 13 seeking registration of \$700,000 of 6½% convertible sinking fund debentures due 1979 and 119,000 shares of common stock, to be offered for public sale in units consisting of \$100 principal amount of debentures and 17 common shares. The offering is to be made through underwriters headed by P. W. Brooks & Co., Inc., 120 Broadway, New York. The public offering price (\$130 per unit maximum*) and underwriting terms are to be supplied by amendment.

Organized in 1961 under Delaware law, the company is engaged in the business of importing and distributing fashion wigs and other hair goods. Of the net proceeds from this financing, \$550,000 will be used to retire \$500,000 principal amount of 6% convertible subordinated notes due 1965 and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 659,500 common shares, of which management officials as a group own approximately 41%. Rowland Schaefer is president.

FUND INVESTMENTS REGISTRATION REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7461) revoking the broker-dealer registration of Fund Investments, Inc. (Charlotte, N. C.), and Fund Investments, Inc., of Florida (Tampa) for violations of the anti-fraud, net capital, record-keeping and reporting requirements of the Act. Sister Perfection, president of the Funds, and Marjorie G. Hugo, secretary-treasurer, were each found a cause of the revocation order.

According to the decision, the respondents between April 1962 and April 1964 made materially misleading statements with respect to the value of Fund Investments stock, the operating results and financial condition of the two Funds, the use made by respondents of securities assigned by customers, respondents' disposition of the proceeds of certain bank loans obtained by using customers' securities as collateral, the ability of respondents to repay such loans, the capacity in which respondents were acting for customers, and respondents' background, qualifications and experience. The Funds also violated the net capital, record-keeping and reporting provisions of the Act during the period from March 1962 to April 1964.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended November 12, 1964, 21 registration statements were filed, 14 became effective, 3 were withdrawn, and 267 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective November 13: American Diversified, Inc. (File 2-22511); Bulov Watch Co., Inc. (File 2-22869); Pennsalt Chemicals Corp. (File 2-22864); Southern Industries Corp. (File 2-22713). Effective November 16: M.S.B. Fund, Inc. (File 2-22542); Nathan Hale Life Insurance Company of New York (File 2-22840); Western Air Lines, Inc. (File 2-22766).

*As estimated for purposes of computing the registration fee.