

# 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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FOR RELEASE November 24, 1964

**R. H. FREEMOND DISQUALIFIED.** The SEC today announced the issuance of an order (Release 33-4736) "permanently disqualifying" Ronald H. Freemond from appearing or practicing before the Commission. The order was based upon charges in private proceedings that, in connection with the preparation and submission of filings pursuant to Regulation A under the Securities Act of 1933, Freemond and three other individual respondents, attorneys at law, "had engaged in a course of conduct while practicing before the Commission wherein they had sought out unseasoned and undercapitalized companies to induce them to obtain financing by means of offering of equity securities under Regulation A and that they had then acted as counsel in preparing and submitting to the Commission the filings under Regulation A for those offerings; that in connection with said activities they had recommended the use of Regulation A financing under circumstances where they knew or reasonably should have known that the exemption under Regulation A was unavailable to the companies or that Regulation A was not a suitable or adequate means of financing for the companies; that in order to induce the companies to engage in the aforesaid financing they had performed various services, such as arranging for and obtaining the services of underwriters and obtaining and providing interim financing for certain of the companies; and that in preparing and submitting sixteen filings under Regulation A there were made material misrepresentations and omissions which they knew or reasonably should have known were false and misleading." While not admitting the allegations, Freemond (of Beverly Hills, Calif.) consented to the entry of the order.

**FABRIKANT-UNEEDA VENDING HEARING SCHEDULED.** The SEC has scheduled a hearing for January 11, 1965, in administrative proceedings involving Fabrikant Securities Corporation, 1 Bushwick Place, and Uneeda Vending Service, Inc., 250 Meserole Street, both of Brooklyn, N. Y. The hearing will commence at 11:00 A.M. that date in Room 705, 45 Broadway, New York City, N. Y.

The proceedings with respect to Fabrikant involve charges of the Commission's staff that said firm and various named individuals violated provisions of the Federal securities laws in connection with their transactions in the securities of five companies, including Uneeda Vending; and the action with respect to Uneeda Vending concerns the question whether the Commission should vacate or make permanent a prior order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a 1962 public offering of Uneeda Vending stock. The proceedings have been consolidated for purposes of hearing insofar as they relate to the sale of Uneeda Vending stock.

**REGISTRATIONS OF THREE FIRMS CANCELLED.** The SEC has issued orders cancelling the broker-dealer registrations of the following: Continental Fund Distributors, Inc., and Niagara Investors Corp., both of 323 Hempstead Avenue, West Hempstead, N. Y., and Arden Perin & Co., Inc., of 510 Madison Avenue, New York City, N. Y.

Continental is the parent of Niagara; and Richard C. Jacobs is president of Continental and vice president of Niagara. In November 1963, Continental was enjoined by Federal court order from further violating provisions of the Investment Company Act of 1940 in the sale of shares of Continental Growth Fund, Inc.; and Jacobs also was enjoined from violations of said Act and from causing Jefferson Financial Corporation to violate the Act. In June 1964, Jacobs also was preliminarily enjoined by decree of the Supreme Court of the State of New York from engaging in and continuing certain conduct in connection with the sale of certain securities in New York. Neither firm is now engaged in the conduct of a securities business.

Perin & Co. filed a voluntary petition in bankruptcy in July 1962. It previously was enjoined (in 1961) from violating Article 23A of the General Business Law of the State of New York in transactions involving real estate syndication offerings; and in April 1964 the said firm was expelled from membership in the National Association of Securities Dealers, Inc. by order of the NASD.

**BALOGH & CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7466) revoking the broker-dealer registration of Balogh & Co., Inc., Woodward Bldg., Washington, D. C., for violations of its net capital rule and financial reporting requirements. According to the order, the respondent's subordinated capital account and its 1962 annual report showed receipt of certain securities as part of its capital under a properly executed subordination agreement, when in fact such securities were pledged as collateral for a loan to a party other than Balogh & Co. Stephen E. Balogh, president and principal stockholder, was found to be a cause of the revocation order. Both the firm and Balogh consented to the entry of the order.

**HERMAN & APPEL FINANCING & SECONDARY FILED.** Herman & Appley, Inc., 16 Court St., Brooklyn, N. Y., filed a registration statement (File 2-22952) with the SEC on November 20 seeking registration of \$1,250,000 of 7½% convertible subordinated debentures due 1984 and 115,000 shares of Class A common stock, to be offered for public sale in units consisting of a \$250 debenture and 23 Class A shares. Of the Class A shares, 57,500 are to be offered by the company and 57,500 (being outstanding stock) by the present holders thereof. The first 1,500 units (including 34,500 outstanding shares) are to be offered on a best-efforts, all-or-none basis and the remaining units on a best-efforts basis with the offering of the remaining 23,000 outstanding shares to receive priority over the stock being offered by the company. Arnold, Wilkens & Co., Inc., 50 Broadway, New York, is the principal underwriter. The public offering price (\$365 per unit maximum\*) and underwriting terms are to be supplied by amendment.

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The registration statement also includes 35,883 outstanding Class A common shares which the company issued to Rye Gardens Associates (a non-affiliated partnership) in exchange for two properties. The partnership proposes to distribute the shares to the partners who may offer them in the over-the-counter market from time to time at the then prevailing market price (\$5 per share maximum\*).

Organized under Delaware law in 1961, the company is engaged in the real estate business and is active primarily in the purchase of apartment houses and garden apartments suitable for improvement and renovation. Net proceeds from its sale of additional securities will be invested in real estate. If such investments are not available, the proceeds will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 430,680 Class A and 10,000 Class C common shares, of which management officials as a group own 26.02% and 60%, respectively. Bernard B. Herman (president) owns 43,415 Class A and 4,000 Class C common shares, which he acquired for a total cash cost of \$40,295.67. Harold Herman (secretary) is the owner of 13,419 Class A and 2,000 Class C common shares, acquired for an aggregate cash cost of \$6,500. The selling stockholders are listed as Huguenot Street Associates, Andrews Avenue Associates, and Rye Gardens Associates, with the number of shares to be offered by each to be supplied by amendment.

**ALGONQUIN EXPLORATION PROPOSES OFFERING.** Algonquin Exploration Program 1965, 80 Park Ave., New York, filed a registration statement (File 2-22950) with the SEC on November 20 seeking registration of 200 units of interests in its Limited Partnership. The securities are to be offered at \$5,000 per unit, through officials and employees of the General Partner, and is conditional upon the sale of at least \$150,000 of units by June 1, 1965. According to the prospectus, officials and employees of the General Partner are expected to subscribe to a minimum of 10% of the offering. The partnership was organized under New York law in November 1964 for the purpose of drilling for oil and gas well locations. Algonquin Petroleum Company, Inc., will act as General Partner and manage the program.

**CONN. YANKEE ATOMIC POWER PROPOSES OFFERING.** Connecticut Yankee Atomic Power Company, 107 Selden St., Berlin, Conn., filed a registration statement (File 2-22959) with the SEC on November 23 seeking registration of \$40,000,000 of first mortgage bonds, Series A, due 1993, to be offered for public sale at competitive bidding. The company was organized in 1962 to provide electric power to the eleven sponsoring New England electric utilities which are its stockholders. It has started construction of a single-unit nuclear electric generating plant of the pressurized water type, commercial operation of which is planned for October 1967. Estimated capital requirements for the plant, working capital and nuclear fuel core fabrication cost, after the anticipated receipt of \$6,050,000 of financial assistance from the Atomic Energy Commission, are \$98,500,000. Net proceeds from the company's bond sale will be applied to such construction program. In addition to indebtedness, the company has outstanding 125,000 common shares, all of which are owned by the company's sponsors. Sherman R. Knapp is president.

**W. R. GRACE & CO. FILES STOCK PLAN.** W. R. Grace & Co., 7 Hanover Sq., New York, filed a registration statement (File 2-22953) with the SEC on November 20 seeking registration of 7,143 shares of common stock, to be offered under its 1963 Stock Option Plan. The company granted options covering such shares in connection with its acquisition of Walnut Grove Products Company, Inc.

**FRONTIER AIRLINES SHARES IN REGISTRATION.** Frontier Airlines, Inc., 5900 E. 39th Ave., Denver, filed a registration statement (File 2-22949) with the SEC on November 20 seeking registration of 137,500 shares of common stock. Of these shares, 106,250 are to be offered under its Restricted Stock Option Plan and 31,250 (being outstanding stock) may be offered by Lewis Dymond, company president, through facilities of the American Stock Exchange from time to time at prices then prevailing (\$12 per share maximum\*). The company is engaged primarily in the air transportation of persons, property and mail in 11 States. In addition to indebtedness, it has outstanding 1,186,819 common shares, of which management officials as a group own 3.1%. Richard C. Pistell is board chairman.

**MISSISSIPPI P&L RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15149) authorizing Mississippi Power & Light Company, Jackson subsidiary of Middle South Utilities, Inc., to transfer \$2,850,000 of its earned surplus (which amounted to \$9,010,108 on August 31, 1964) to its common capital stock account, thereby increasing the latter to \$45,600,000.

**CENTRAL AND SOUTH WEST CORP. SEEKS ORDER.** Central and South West Corporation, a registered holding company, and its public-utility subsidiary, Central Power and Light Company, have applied to the SEC for an order under the Holding Company Act authorizing the subsidiary to transfer a portion of its earned surplus to its capital stock account; and the Commission has issued an order (Release 35-15150) giving interested persons until December 14 to request a hearing thereon. According to the application, Central Power proposes to transfer \$30,571,100 from its earned surplus account (which amounted to \$47,682,808 on September 30, 1964) to its common capital stock account, thereby increasing the latter to \$74,244,100.

**CONSOLIDATED NATURAL GAS RECEIVES ORDER.** The SEC has issued a supplemental order under the Holding Company Act (Release 35-15151) extending for six months (until June 11, 1965) the authority previously granted to Consolidated Natural Gas Company, New York registered holding company, to organize and conduct the business of Con-Gas Service Corporation as a subsidiary service company in the Consolidated holding-company system.

**VALLEY GAS RECEIVES SUPPLEMENTAL ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15152) releasing its jurisdiction with respect to the subscription price for shares of common stock of Valley Gas Company. Previously, the Commission had approved a plan for the divestment by Eastern Utilities Associates, Boston holding company, and Blackstone Valley Gas and Electric Company of their interests in Valley Gas through an offering of Valley Gas stock held by Blackstone to the public minority shareholders of Blackstone, to the shareholders of EUA, and to employees of Valley Gas. The proposed subscription price of \$11.25 per share is computed in accordance with the provisions of Step 2 of the plan as heretofore approved.

**AMERICAN ELECTRIC POWER SEEKS ORDER.** American Electric Power Company, Inc., 2 Broadway, New York, has applied to the SEC for an order under the Holding Company Act authorizing the elimination of all of its outstanding common stock scrip; and the Commission has issued an order (Release 35-15153) giving interested persons until December 30 to request a hearing thereon. According to the application, the outstanding scrip (issued during the period 1914-1934) represents an inequity in voting power and an unnecessary complexity in American Electric's capital structure. On September 30, 1964 its outstanding scrip entitled the 1,076 holders thereof to an aggregate of approximately 1,590 full common shares, which shares are held by Morgan Guaranty Trust Company of New York for issuance upon surrender of the scrip.

**ALLEGHANY CORP. FILES FOR SECONDARY.** Alleghany Corporation, 350 Park Avenue, New York, N. Y., today filed a registration statement (File 2-22959) with the SEC seeking registration of 2,195,825 outstanding shares of its common stock. Of this stock, 500,000 shares are to be offered for public sale by the present holder thereof, Gamble-Skogmo, Inc., through an underwriting group headed by Allen & Company, Inc., of 30 Broad Street, New York, N. Y. The offering price (\$14 per share maximum\*) will be related to the then current market price for outstanding shares of Alleghany on the New York Stock Exchange; and the underwriting terms are to be supplied by amendment. The 500,000 shares represent all of Gamble-Skogmo's holdings of Alleghany stock.

The remaining 1,695,825 shares included in the statement are now owned by 20 other shareholders and are being registered for sale by them; but, according to the prospectus, no offering of such shares is contemplated at this time. Among the 20 holders are Allied Properties, Allen & Company, Fred Goodstein, and Coral Ridge Properties, Inc., whose holdings in the amounts of 450,180, 245,645, 200,000 and 100,000 shares, respectively, are being registered. In addition, 150,000 of 350,000 shares owned by Union Bank of Switzerland are being registered; and the other fifteen shareholders are registering all their holdings, ranging in amounts from 2,500 to 50,000 shares.

Alleghany's principal business is investing in corporate securities. It is not registered as an investment company under the Investment Company Act of 1940 by reason of a provision thereof which exempts any company subject to regulation under the Interstate Commerce Act. Its principal holdings are in Investors Diversified Services, Inc., and The New York Central Railroad Company. In addition to indebtedness, Alleghany has outstanding 10,079,940 shares of common stock and warrants to purchase an additional 918,716 shares (exercisable at \$3.75 per share). Allan P. Kirby is board chairman and Charles T. Ireland, Jr., is president.

**FOUNDATION OF THE LITTON INDUSTRIES FILES STOCK PLAN.** Foundation of the Litton Industries, 9370 Santa Monica Blvd., Beverly Hills, Calif., filed a registration statement (File 2-22955) with the SEC on November 23 seeking registration of 50,000 outstanding shares of common stock of Litton Industries, Inc. Such shares are owned by the Foundation and are to be offered to selected employees of Litton Industries, Inc., pursuant to the Foundation of the Litton Industries Plan.

**LITTON INDUSTRIES FILES STOCK PLAN.** Litton Industries, Inc., 9370 Santa Monica Blvd., Beverly Hills, Calif., filed a registration statement (File 2-22956) with the SEC on November 23 seeking registration of 100,000 shares of common stock, to be offered pursuant to its Employees Stock Purchase Plan.

**LOS ANGELES LIFE INS. PROPOSES OFFERING.** Los Angeles Life Insurance Company, 9460 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-22951) with the SEC on November 20 seeking registration of 32,000 shares of common stock. Of these shares, 30,000 are to be offered at \$50 per share primarily to persons who are insurance agents or otherwise connected with the insurance business in California. The offering is to be made on a best-efforts basis through company officials and employees. The remaining 2,000 shares are to be issued to Paul A. Marvis (director), who has agreed to pay all expenses relating to the company's organization and proposes offering. The registration statement also includes 6,400 common shares, to be issued upon exercise of incentive options for insurance agents.

Organized under California law in October 1964, the company proposes to engage in the business of writing life insurance in California. Net proceeds from its stock sale will be used to meet capital requirements for an insurance license and in the conduct of such business. Charles A. Peterson is president.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the November 3 News Digest.

Commercial Metals Co Oct. 1964 ( 12)  
Hudson National, Inc Oct. 1964 ( 11,13)

American Cryogenics, Inc April 1964 ( 11,13)

Filigree Foods, Inc Oct. 1964 ( 11)

Radiant Lamp Corp June 1963 ( 7) March  
1964 ( 2,7,9,11)

BK for Oct. 1964

Southern Bell Telephone Co ( 11,13)

General Mills, Inc ( 13)

General Steel Industries, Inc ( 7)

Norfolk Southern Ry Co ( 12,13)

Northeast Airlines, Inc ( 1,6)

Pittsburgh Railways Co ( 2,7,13)

Procter & Gamble Co ( 3,11,13)

Technical Measurement Corp ( 11,13)

Colgated-PalmoliveCo ( 12,13)

U.S. Rubber Co ( 8)

Clark Equipment Co ( 13)

William H. Rorer, Inc ( 12,13)

Sarcee Petroleums, Inc ( 11)

Hecla Mining Co ( 12)

Honeywell, Inc ( 12,13)

Aeronca Mfg. Corp ( 4,13)

J. Ray McDermott & Co, Inc ( 4,7,12,13)

Central Soya Co, Inc ( 13)

General Telephone Co. of Florida ( 7,13)

Sheraton Corp of America ( 8)

Fifth Avenue Coach Lines Corp ( 3,13)

Pennsylvania Co ( 2)

Sunshine Mining Co ( 11)

Lehigh Portland Cement Co ( 3)

Purolator Products, Inc ( 2,3)

American Zinc, Lead & Smelting Co ( 11)

Avondale Corp ( 11)

SECURITIES ACT REGISTRATIONS. Effective November 23: Western States Real Investment Trust (File 2-22329). Effective November 24: Alco Products, Inc. (File 2-22893); Pacific Gas and Electric Co. (File 2-22910); The Trane Co. (File 2-22919); Ultronic Systems Corp. (File 2-22794).

\*As estimated for purposes of computing the registration fee.

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