

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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SEC ORDER CITES GENERAL SECURITIES CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether General Securities Company, Incorporated, 101 West 57th St., New York, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether its broker-dealer registration should be revoked.

The said company has been registered with the Commission as a broker-dealer since July 17, 1959. Nicholas J. Papadakos is president and a principal stockholder. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that the company and Papadakos during the period December 1960 to March 1963 (1) violated the Commission's net capital and record-keeping rules, and (2) "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon certain persons in violation of the anti-fraud provisions of the Federal securities laws. The latter charge is based upon the fact that the company effected transactions in securities with and for certain persons (and in connection therewith accepted funds and securities) at times when the company assertedly was operating with a continuing net capital deficit which was not disclosed to said persons. According to the order, the company and Papadakos were preliminarily enjoined in April 1963 by a Federal court in New York from further net capital violations.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether the company's broker-dealer registration should be revoked. The company is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether it also should be suspended or expelled from NASD membership.

REGISTRATION OF PHILIP STEINFELD WITHDRAWN. The Commission also has issued a decision under the Exchange Act permitting Philip Steinfeld, doing business as Philip Steinfeld Co., 26 Court St., Brooklyn, N. Y., to withdraw his registration as a broker-dealer. According to the decision, Steinfeld, after the Commission instituted revocation proceedings against him for failure to file a report of financial condition for 1961, admitted his failure to file such report. He further stated that he was not presently engaged in nor did he intend to re-enter the securities business for at least five years. The Commission found that under all the circumstances it is appropriate in the public interest to permit his request for withdrawal to become effective; and it discontinued the revocation proceedings.

COMPLAINT CITES BUSINESS AND PROFESSIONAL WOMENS HOLDING CO. The SEC Chicago Regional Office announced May 13 (LR-2622) the filing of court action (USDC, SD, Ill.) seeking to enjoin Business and Professional Womens Holding Company and its president, Harold A. Meyer, both of Springfield, Ill., from further violations of the Securities Act registration provisions in the offer and sale of common capital stock of the said Holding Company.

COURT ORDER RE MYSTERY SNIFFER MINES. The SEC Seattle Regional Office announced May 13 (LR-2623) the entry of a Federal court order (USDC, ED., Wash.) requiring Mystery Sniffer Mines, Inc., a Washington company, to appear at the Federal court in Spokane on May 15th to show cause why an order should not be issued to enforce a subpoena duces tecum previously served by the SEC upon the said company.

CONTINENTAL VENDING SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the common stock and debentures of Continental Vending Machine Corporation for a further ten-day period, May 17 to May 26, 1963, inclusive.

FORM 7-K AMENDMENT PROPOSED. The SEC today announced a proposal to amend Rules 13a-15 and 15d-15 and Form 7-K under the Securities Exchange Act, which require certain real estate companies to file with the Commission quarterly reports with respect to distributions to shareholders (Release 34-7077). The rules as proposed to be amended would require the filing of Form 7-K quarterly reports by real estate investment trusts and by real estate companies which as a matter of policy or practice make distributions to shareholders from sources other than current or retained earnings. Other real estate companies would be required to file reports with respect to quarters in which a distribution is made from a source other than current or retained earnings. In addition, it is proposed to amend Form 7-K to eliminate the two-column reporting now required and to clarify the language of the items of the form to simplify the preparation and filing of the required reports. The Commission has invited interested persons to submit their views and comments on the proposed amendments on or before June 17, 1963.

CLARIFICATION RE COLONIAL FUND ORDER. The SEC News Digest of May 7 reported that the Commission had issued an order under the Investment Company Act declaring that The Colonial Fund, Inc., 49 Federal St., Boston, has ceased to be an investment company. That company (a Delaware corporation) should not be confused with a Massachusetts corporation of the same name which currently is registered with the Commission as an open-end investment company and is and for a number of years has been making a continuous public offering of its shares to the public.

OVER

PECHINEY ENTERPRISES SEEKS EXEMPTION. Pechiney Enterprises Incorporated, wholly-owned subsidiary of Pechiney Compagnie de Produits Chimiques et Electrometallurgiques ("Pechiney"), a European aluminum producer, has applied to the SEC for an order under the Investment Company Act exempting it from all provisions of the Act; and the Commission has issued an order (Release IC-3693) giving interested persons until May 28, 1963 to request a hearing thereon. The company was organized by Pechiney to facilitate the financing by Pechiney of the purchase of 40% (1,300,000 shares) of the outstanding common stock of Howe Sound Company in November 1962 at a total price of \$20,455,000. In addition to borrowings from and sale of common stock to Pechiney, the company financed the said purchase through three domestic banks and one foreign bank (such bank borrowings secured by the company's holdings of Howe stock). The company proposes to borrow \$17,500,000 from Metropolitan Life Insurance Company to pay such borrowings and, according to the application, will then qualify for the requested exemption since the company, although defined as an "investment company" in the Act, would be exempt because all of its outstanding securities (except the notes to be owned by Metropolitan) are owned by a company (Pechiney) primarily engaged in a business other than that of investing, reinvesting, owning, holding or trading in securities.

EASTERN UTILITIES ASSOCIATES SEEKS ORDER. Eastern Utilities Associates, Boston registered holding company, and its utility subsidiaries, Blackstone Valley Gas and Electric Company and Valley Gas Company, have applied to the SEC for an order under the Holding Company Act approving an aggregate of \$218,432.31 of fees and expenses incurred in connection with Step I of a two-step plan previously approved by the Commission providing for the divestment of the gas properties of Blackstone Valley Gas and Electric; and the Commission has issued an order (Release 35-14875) giving interested persons until June 3, 1963 to request a hearing thereon.

COASTAL STATES GAS PROPOSES BOND OFFERING. Coastal States Gas Producing Company, 200 Petroleum Tower, Corpus Christi, Texas, filed a registration statement (File 2-21422) with the SEC on May 15 seeking registration of \$50,000,000 of first mortgage bonds due 1983 (series A), to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., Inc., 30 Wall St., New York, and two other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in gas gathering operations in southern Texas, involving the purchase of gas from numerous individual producers, the extraction of liquid hydrocarbon by-products from the gas gathered, and the ultimate sale of such gas to large pipeline companies and industrial customers. Of the net proceeds from the bond sale, \$35,400,000 will be applied to retire bank loans, \$10,800,000 to retire vendor debt of the company and its subsidiaries, and the balance will be added to working capital and used for general corporate purposes. The total indebtedness to be retired includes \$24,500,000 incurred within the past year for expansion of gathering systems, acquisition of production properties, and the acquisition of a crude oil refinery and related facilities. In addition to various indebtedness, the company has outstanding 6,254,871 shares of common stock, of which O. S. Wyatt, Jr., president and board chairman, owns about 19.9% and management officials as a group about 22.7%.

OWENS-CORNING FIBERGLAS FILES STOCK PLAN. Owens-Corning Fiberglas Corporation, National Bank Bldg., Toledo, Ohio, filed a registration statement (File 2-21423) with the SEC on May 15 seeking registration of \$2,170,000 of interests in its Savings and Stock Investment Plan, and 35,000 shares of common stock which may be acquired pursuant thereto.

TWO DELISTINGS APPROVED. The SEC has granted applications of the New York Stock Exchange to delist the common stocks of United Carbon Company and Cosden Petroleum Corporation, effective at the opening of business on May 20 and May 27, 1963, respectively (Release 34-7080).

UNLISTED TRADING SOUGHT. The SEC has issued an order (Release 34-7080) giving interested persons until May 31, 1963 to request a hearing upon an application of the Pacific Coast Stock Exchange for unlisted trading privileges in the common stocks of Xerox Corporation and McDonnell Aircraft Corporation.

SECURITIES ACT REGISTRATIONS. Effective May 15: American Enka Corp. (File 2-21181); The Brooklyn Union Gas Co. (File 2-21373); Ipco Hospital Supply Corp. (File 2-21225); Southeastern Propane Gas Co. (File 2-21334). Effective May 16: The Hartford Gas Co. (File 2-21287); Quaker State Oil Refining Corp. (File 2-21284). Withdrawn May 15: Amecana Properties Trust (File 2-19871); California Real Estate Investment Trust (File 2-18704); Consolidated Vending Corp. (File 2-20186).

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