

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE March 1, 1957

Securities Exchange Act Release No. 5461

The SEC today announced that it had revoked the broker-dealer registration of David Gordon & Company, New York City, for failure to make and keep current the books and records required by the Commission's Rule X-17A-3 under the Securities and Exchange Act of 1934.

The Commission's decision and order, which also was based upon a court order enjoining the firm and David Gordon, a member of the firm, from certain conduct and practices in connection with the purchase and sale of securities, also expelled the firm from membership in the National Association of Securities Dealers, Inc. Gordon was found to have been "cause" of such revocation and expulsion.

According to the Commission's decision, Gordon & Company and Gordon were permanently enjoined from engaging in the securities business in the State of New York by a decree dated August 29, 1956, of the Supreme Court of the State of New York, County of New York. The complaint in that case, filed by the Attorney General of the State of New York, alleged, among other things, that Gordon & Company was insolvent and concealed such insolvency, that it was unable to make payments and deliver securities to customers entitled thereto, and that Gordon was in charge of the firm's affairs and responsible for all its acts and practices.

In the hearing before the Commission, it was stipulated that at no time since its registration on February 10, 1956, had Gordon & Company kept any securities record or ledger reflecting for each security as of the clearance dates all long and short positions carried by the firm for its account or for the accounts of its customers and partners as required by Rule X-17A-3. The firm also failed to keep current other books and records. In view of the injunction and these wilful violations of the Commission's bookkeeping rules, the Commission found that it was in the public interest to revoke Gordon & Company's broker-dealer registration and to expel it from NASD membership.

Securities Exchange Act Release No. 5464

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of C. Herbert Onderdonk, doing business as C. Herbert Onderdonk Co., of New York City, should be revoked. The hearing therein, which is scheduled for March 11, 1957, at 2:00 P. M., in the Commission's New York Regional Office, also will concern itself with the question whether Onderdonk should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Onderdonk's broker-dealer registration became effective on March 29, 1949. On January 3, 1956, he filed a report of financial condition as of November 30, 1955. By decree entered on December 12, 1956, by the United States District Court for the Southern District of New York, Onderdonk was enjoined from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

In its order authorizing the proceedings, the Commission asserts that information reported by its Staff tends to show (1) that Onderdonk is permanently enjoined by a decree of the Supreme Court of New York, County of New York, entered on October 10, 1956, from engaging in or continuing certain conduct or practices in connection with the purchase and sale of securities; (2) that Onderdonk failed to make and keep current various of the books and records required by Commission rules and regulations; and (3) that the said report of financial condition was false and misleading in that it omits to disclose certain liabilities.

At the March 11th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the reported information is true and, if so, whether it is in the public interest to revoke Onderdonk's broker-dealer registration and to suspend or expel him from NASD membership.

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American Electronics, Inc., Los Angeles, filed a registration statement (File 2-13126) with the SEC on February 28, 1957, seeking registration of 190,000 shares of its \$1 par Common Stock. Of this stock, the company proposes to offer 130,000 shares for public sale for its own account. The remaining 60,000 shares, now outstanding, are to be offered for sale by the present owners thereof. The initial public offering price will be related to the current market for the outstanding shares, which are listed on the American and Pacific Coast Stock Exchanges, at the time of the offering. The underwriters, headed by Van Alstyne, Noel & Co. and Crowell, Weedon & Co., will purchase the shares at 90% of such initial public offering price.

Net proceeds to the company from its sale of the 130,000 shares will be added to its general funds to be available for general corporate purposes. According to the prospectus, the company's backlog of unfilled orders as well as its volume of business has been increasing which has necessitated the carrying of larger inventories. Approximately \$350,000 of the proceeds will be used to reduce outstanding borrowings under the company's credit agreement; and \$125,000 will be used for acquisition of testing equipment in establishing a testing laboratory at Fullerton, California.

The company now has outstanding 517,860 common shares. The selling stockholders, Arthur E. Lamel, President, Ray H. Cripps, Vice President, and Phillip W. Zonne, Board Chairman, own 90,500, 90,500 and 86,300 shares, respectively. They propose to sell 20,000 shares each.

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Baltimore Gas and Electric Company, Baltimore, Md., filed a registration statement (File 2-13127) with the SEC on February 28, 1957, seeking registration of 591,537 shares of its no par Common Stock. The company proposes to offer this stock for subscription by holders of its outstanding common stock of record March 18, 1957, at the rate of one additional share for each 11 shares then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation is named principal underwriter.

Net proceeds of this financing will be used for general corporate purposes, including proposed construction expenditures, and the repayment of any then existing bank loans (estimated not to exceed \$5,500,000) temporarily required pending sale of the stock. Construction expenditures are estimated at \$40,000,000 in 1957 and at \$233,000,000 for the five years 1957-1961.

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Roberts Company, Sanford, N. Car., filed a registration statement (File 2-13128) with the SEC on February 28, 1957, seeking registration of 190,000 shares of its \$1 par Common Stock, to be offered for public sale through a group of underwriters headed by Straus, Blosser & McDowell. Of this stock, 150,000 shares are to be offered for the account of the issuing company and 40,000 by a selling stockholder. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged principally in the manufacture and distribution of new and rebuilt spinning frames and parts, used in the production of cotton and most synthetic staple threads. Net proceeds of the company financing, estimated at \$760,000, are to be used as follows: (1) for additional working capital, including cash funds, receivables and inventories, \$265,000; (2) for reduction of current notes and other liabilities, \$340,000; (3) for retirement of long-term debts, \$55,000; and (4) for purchase of manufacturing facilities and equipment, \$100,000.

The company now has outstanding 88,825 shares of \$1 par Common Stock and 257,375 shares of Common Stock, Founders' Series, \$1 par. The selling stockholder, Robert E. Pomeranz, President and General Manager, owns all of the Founders' Series stock. He also is selling the 40,000 common shares.

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Fischer & Porter Company, Hatboro, Pa., filed a registration statement (File 2-13129) with the SEC on February 28, 1957, seeking registration of \$3,200,000 of Convertible Subordinated Sinking Fund Debentures, due March 1, 1977, to be offered for public sale through a group of underwriters headed by Hallowell, Sulzberger & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The registration statement also covers 10,000 shares of \$1 Common Shares, to be offered pursuant to the company's Profit Sharing and Stock Distribution plans for the benefit of employees and officers of the company.

The company manufactures and sells a line of industrial instruments. It proposes to add the net proceeds of this financing to its general funds, to be available for such general corporate purposes as the management may determine, including

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capital improvements and working capital. Growth in the company's business beginning in 1955 has resulted in increased working capital requirements, which have been met in part through retained earnings and short-term bank loans. The amount of such loans on February 26, 1957, was \$1,596,052, including bank loans to subsidiaries. The company expects to pay off these bank loans out of the proceeds of the sale of the debentures. However, it anticipates that additional funds will be needed for working capital within the next two years and expects to maintain a line of credit and to incur bank loans from time to time.

Holding Company Act Release No. 13400

The SEC has issued an order authorizing Standard Shares, Inc. (New York, N. Y.) to acquire additional stock of Pittsburgh Railways Company and to make \$3,500,000 of bank borrowings for such purpose.

Standard Shares owns 986,000 shares (45.59%) of the outstanding common stock of Standard Gas and Electric Company. The latter owns all of the outstanding common stock of Philadelphia Company, which in turn owns 547,678 shares (50.9%) of the outstanding common stock of Pittsburgh Railways. Philadelphia is in the process of liquidation and proposes to distribute to Standard Gas the 547,678 shares of Pittsburgh Railways common. Standard Gas will offer 540,651.75 of such shares for subscription by its stockholders, at a subscription price of \$6 per share less any dividend paid thereon after October 19, 1956.

Standard Shares has agreed to exercise the subscription rights for Pittsburgh Railways stock to which it is entitled, and to purchase from Standard Gas any shares not subscribed for or purchased by others during the subscription period. In addition, it will purchase the 7,026.25 remaining shares not covered by the subscription offer.

Investment Company Act Release No. 2493

The Adams Express Company and American International Corporation, affiliated investment companies of New York, have applied to the SEC for an exemption order under the Investment Company Act permitting their acquisition of debentures of Daystrom, Incorporated; and the SEC has issued an order giving interested persons until March 12, 1957, to request a hearing thereon.

On February 5, 1957, Daystrom filed a registration statement with the Commission proposing the public offering of \$8,000,000 of Convertible Subordinated Debentures due March 1, 1977. Among the principal underwriters of this offering are Adamex Securities Corporation, a subsidiary of Adams Express, Hallgarten and Co. and R. W. Pressprich and Co. A director of each of the latter two companies is also on the Boards of Adams Express and American International. Adams Express may determine to purchase from Adamex not to exceed \$180,000 of the Daystrom debentures, and American International may determine to purchase not to exceed \$120,000 of such debentures. Because of the intercompany affiliations, such purchases are prohibited by the Investment Company Act unless an exemption order is issued by the Commission.

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ADDENDUM TO NEWS DIGEST OF FEBRUARY 28, 1957Securities Exchange Act Release No. 5463

The Securities and Exchange Commission today ordered proceedings under the Securities Exchange Act of 1934 to determine whether the common stock of Consolidated Virginia Mining Company ("Consolidated"), of Reno, Nevada, should be suspended for a period not exceeding twelve months, or withdrawn, from listing and registration on the San Francisco Mining Exchange. The hearing therein is scheduled for March 18, 1957, at 10:00 A. M., in the Commission's Los Angeles Branch Office.

In its order, the Commission asserts that it has reason to believe that Consolidated failed to comply with the reporting requirements of Section 13 of the Act by reason of its failure to file a current Form 8-K report to reflect that on or about October 16, 1956, it issued 12,474,375 shares of its common stock in exchange for substantially all of the outstanding stock of Hampton Mining Co. ("Hampton"), a Utah corporation.

The order further charges that a proxy statement filed by Consolidated on June 18, 1956, with respect to a special meeting of stockholders called for July 9, 1956, to vote upon a proposal to increase the authorized shares of common stock of the company from 7,500,000 to 30,000,000 shares, was false and misleading (1) in representing to stockholders that no particular transaction was then pending for the issuance of any such additional authorized shares and (2) in omitting to state that at that time negotiations were pending for the acquisition of the Hampton stock in exchange for a large block of the additional shares to be authorized and omitting to state the nature and approximate amount of Hampton's assets.

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