

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE February 17, 1959

TWO EXEMPT OFFERINGS SUSPENDED

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by the following, both of Scottsdale, Arizona.

National Land Company of Arizona

In a Regulation A notification, filed January 16, 1959, National proposed the public offering of 10,000 Class A common shares at \$10 per share

Armed Forces Investment Fund, Inc.

In its notification, filed January 26, 1959, the Fund proposed the public offering of 50,000 Class A common shares at \$2 per share

Regulation A provides a conditional exemption from registration with respect to public offerings of stock not exceeding \$300,000 in amount. In its orders suspending the exemptions with respect to National and the Fund, the Commission asserts that the conditions of Regulation A were not complied with by the respective companies by reason of their failure to disclose an affiliation with each other as well as an affiliation of each with Jack R. Foster, Jack R. Foster Realty, Inc., and Homer W. Forrester. National's offering circular also is said to have omitted certain material facts by reason of its failure to disclose such affiliations.

Furthermore, the Commission's order with respect to the Fund asserts that its offering circular is false and misleading in respect of various material facts and that its stock offering would violate the anti-fraud provisions of the Securities Act. The false and misleading statements relate to the following: (1) failure to disclose that the Fund and National are affiliates and were incorporated and propose to engage in the same business operations; (2) failure to disclose that Jack R. Foster Realty, Inc., controlled by Jack R. Foster, president of the Fund, is to act as real estate agent for both the Fund and National; (3) failure to disclose adequately the significance of the ownership of all the Fund's voting stock by Jack R. Foster; (4) failure to disclose the method of computing the Fund's profits and the charges to be included in its determination; (5) the statement therein that the Fund's management receives only "incentive" type compensation; (6) failure to disclose adequately the intended use of the proceeds of the stock sale; (7) failure to disclose that the sale of the Fund's securities exclusively to members of the Armed Forces has no investment significance; and (8) the statement that "Property values increase as population increases."

Each of the orders provides for a hearing, upon request, on the question whether the suspension should be vacated or made permanent.

(Also released in SEC San Francisco and Los Angeles Offices.)

SECURITIES VIOLATIONS CHARGED TO ARKANSAS SECURITIES CORP.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Arkansas Securities Corporation ("Respondent"), 233 Central Avenue, Hot Springs, Arkansas, and/or Russell Neville Keith and Archibald Eugene Crow, its president and vice president, respectively, have violated the registration, anti-fraud and other provisions of the Federal

OVER

For further details, call ST. 3-7600, ext. 5526

Securities Laws and, if so, whether Respondent's broker-dealer registration should be revoked.

In its order, the Commission asserts that information developed in a Staff investigation tends to show that during the period July 1, 1957 to January 9, 1958, Respondent, Keith and Crow offered and sold Creswell-Keith Mining Trust stock in violation of the Securities Act registration requirement; and that during the same period they "engaged in acts, practices and a course of business which, operated as a fraud and deceit upon certain persons," in that they solicited and induced certain customers to purchase securities and obtained monies from such customers upon representations that the monies would be used in payment for the securities, when in fact they intended to and did appropriate such monies to their own use and benefit. Similarly, they are said to have induced certain persons to buy securities from Respondent and to have accepted monies in payment therefor upon the representation that Respondent was solvent and ready and able to discharge its liabilities to such persons when, in fact, Respondent's liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business.

Furthermore, according to the order, Respondent engaged in the conduct of a securities business in violation of the Commission's net capital rule, violated rules governing the sending of proper written confirmations of securities transactions, violated rules governing the making and maintenance of proper books and records, and filed a false report of financial condition.

A hearing will be held, at a time and place to be announced later, to take evidence with respect to the foregoing matters and for the purpose of determining whether the violations occurred and, if so, whether it is in the public interest to revoke Respondent's broker-dealer registration. Respondent, Keith and Crow were permanently enjoined on February 14, 1958, by the U. S. District Court for the Western District of Arkansas from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

(Also released in SEC Fort Worth Office.)

ALLIED SECURITIES REGISTRATION REVOKED

The SEC today announced the issuance of a decision (Release 34-5880) revoking the broker-dealer registration of Allied Securities Corporation, 87 Walton St., N. W., Atlanta, Ga., for fraud in the sale of securities and other violations of the Federal Securities Laws. Allied also was expelled by the Commission from the National Association of Securities Dealers, Inc.

The Commission ruled that during the period December 1, 1957 to March 15, 1958, Allied together with Jack R. Parkman, its president and controlling stockholder, and William E. Powell, a salesman, offered and sold stock of Life Insurance Co. of South Carolina ("Carolina") and of Georgia Pacific Underwriters, Inc., ("Georgia") in violation of the registration and anti-fraud provisions of the Securities Act of 1933. Among other things they represented that persons who bought Georgia stock, which was being sold at a price of 2-3/4 per share, could more than double their investment in a short time by exchanging such for shares of Carolina stock on a basis of 2-1/2 shares of Georgia stock for one share of Carolina stock since the latter stock was scarce and there was an active market for such stock and it could be readily sold at \$15 per share. In fact there was no active market for Carolina stock, Carolina itself had previously offered its shares at \$15 per share and a large amount of stock remained unsold from such offering, the \$15 price placed by the company on its stock was an arbitrary one, and the book value of the stock according to the company's own statement as of August 31, 1956, was less than \$1 per share.

Allied and the two individuals also represented that Carolina was in sound financial condition, that a certain well-known international financier had invested \$1,050,000 in Carolina and would increase its insurance business by the amount of \$159,000,000, and that other valuable assets would be acquired by Carolina. In fact, Carolina was in an unsound financial condition, no investment of any kind had been made by the named international financier and he did not bring any insurance business to Carolina and a substantial portion of Carolina's liquid assets were sold and replaced with lands, mortgages and securities of questionable value.

Furthermore, according to the Commission's decision, Allied engaged in the conduct of a securities business in violation of the Commission's net capital rule; improperly extended credit in violation of Regulation T of the Federal Reserve Board; and failed to make and keep current the books and records required by the Commission, and, in addition, falsely recorded a check received as payment for

CONTINUED

securities as a capital contribution from Parkman.

(Also released in SEC Atlanta Office.)

VICKERS BROTHERS CONSENTS TO REVOCATION OF REGISTRATION

Vickers Brothers, 37 Wall Street, New York, has agreed to consent to the revocation of its broker-dealer registration under the Securities Exchange Act of 1934. Accordingly, the hearing scheduled for 2:30 P. M. this date on the question whether to suspend its registration pending decision on the question of revocation has been cancelled. A decision and order based upon the stipulation and consent will be issued by the Commission in due course.

TRULY NOLEN PRODUCTS HEARING CANCELLED

The Securities and Exchange Commission has cancelled further hearings in the proceedings under the Securities Act of 1933 on the question whether to vacate, or make permanent, an order of the Commission temporarily suspending a Regulation A exemption from registration with respect to a proposed public offering of stock by Truly Nolen Products, Inc., of Miami, Florida. According to the Commission's order, the issuer has been adjudged a bankrupt; and the Trustee in Bankruptcy has requested withdrawal of the issuer's prior request for a hearing upon the suspension order.

Accordingly, the temporary suspension of the Regulation A exemption becomes permanent.

AMERICAN NATURAL RIGHTS OFFERING CLEARED

The SEC has issued an order (Release 35-13925) authorizing American Natural Gas Company, New York, N. Y., to offer an additional 486,325 shares of its common stock for subscription on a one-for-ten basis by holders of the outstanding 4,863,246 common shares of record February 26, 1959. The subscription price is to be determined by the company; and the offering is to be underwritten pursuant to competitive bidding.

The company will use the net proceeds of the stock sale to purchase shares of the common stocks of system companies, thereby aiding in financing the expansion program upon which the system is engaged. Further filings will be made with the Commission with respect to these additional investments in subsidiaries.

MIDDLE SOUTH UTILITIES FEE PAYMENT APPROVED

The SEC has issued an order (Release 35-13926) releasing jurisdiction with respect to the payment by Middle South Utilities, Inc., of a \$10,000 legal fee (plus \$565.40 for expenses) to its counsel, Cahill, Gordon, Reindel & Ohl, for legal services rendered in connection with the recent sale by Middle South of its 10% stock interest in Electric Energy, Inc., to Kentucky Utilities Company.

BUTLER BROS. SEEKS REGISTRATION OF SHARES

Butler Brothers, 165 North Canal St., Chicago, filed a registration statement (File 2-14746) with the SEC on February 16, 1959, seeking registration of 30,000 shares of its Common Stock. The company proposes to offer these shares, for a limited period, to certain of the Ben Franklin Franchise Holders, at a price to be supplied by amendment. The right to purchase is based upon rebate paid to the franchise holder under the terms of a Franchise Contract between the company and the store owner. The store owner is offered the opportunity to buy the number of shares equal to the price per share divided into 50% of the amount of rebate paid under the Franchise Contract for the year 1958. The company provides service and merchandise to Ben Franklin Stores, who are franchised to use the name "Ben Franklin" and are provided with comprehensive merchandise listings, promotional aids, store operation and control procedures.

J. E. PLASTICS MFG. FILES FOR OFFERING

J. E. Plastics Manufacturing Corp., 400 Nepperhan Ave., Yonkers, N. Y., filed a registration statement (File 2-14747) with the SEC on February 16, 1959, seeking registration of 120,000 shares of its common stock. Of this stock, 30,000 shares are issuable upon exercise of warrants to purchase stock at \$2.50 per share from November 1, 1959, to November 1, 1961.

CONTINUED

The remaining 90,000 shares are to be offered for public sale, 50,000 shares on behalf of the issuing company and 40,000 by selling stockholders. The offering price is to be the current market price of outstanding shares at the time of offering. Underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture of semi-rigid transparent acetate containers used for packaging a variety of products. Net proceeds to the company from its stock sale, estimated at \$194,000, will be used to redeem \$57,300 of outstanding debentures, for the purchase of \$50,000 of additional equipment, and for working capital. The selling stockholders include Herbert Magnes, president, who holds 146,720 shares and proposes to sell 30,500 shares. The treasurer and general manager, Warren Weinberg, is selling 8,000 of his holdings of 14,945 shares; and the secretary, Lois Goldstein, is selling 1500 of her holdings of 3,407 shares.

* * * * *

United Funds, Inc., Kansas City, Mo., investment company, filed on February 16, 1959, an amendment to its registration statement (File 2-11527) seeking registration of an additional 2,000,000 of United Accumulative Fund Shares.

Keystone Custodian Funds, Inc., Boston investment company, filed on February 16, 1959, an amendment to its registration statement (File 2-10660) seeking registration of an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation Series K-2.

MEEKER RECEIVES ARTHUR FLEMMING AWARD

Chairman Edward N. Gadsby of the Securities and Exchange Commission today issued the following statement concerning Thomas G. Meeker, General Counsel of the Commission, the recipient of one of ten Arthur S. Flemming Awards sponsored by the Junior Chamber of Commerce of Washington, D. C.

"The Members and staff of the Commission join me in congratulating Thomas G. Meeker on his selection by the Arthur S. Flemming Awards Commission of the Junior Chamber of Commerce of Washington, D. C. as one of the ten outstanding young men in the Federal service.

"Mr. Meeker was born on September 30, 1919 at Orange, New Jersey. A graduate of Wesleyan University (B. A., 1941) and of the Yale Law School (LL.B., 1948), he first served as law clerk to United States District Judges Carroll C. Hincks in New Haven and J. Joseph Smith in Hartford. From 1949 to 1954, Mr. Meeker was associated with the law firm of Gumbart, Corbin, Tyler & Cooper in New Haven, Connecticut.

"Appointed to the Commission's staff as Assistant General Counsel in May, 1954, Mr. Meeker was named Associate General Counsel in June, 1955. During the period June 20 to November 28, 1955, he also served as Acting Executive Director. He was appointed to his present position as General Counsel of the Commission on January 31, 1956.

"A member of the Federal and State bars in Connecticut, the United States Courts of Appeal for several Circuits, and the United States Supreme Court, he has been active in the American Bar Association, the Federal Bar Association, the State Bar Association of Connecticut, and the New Haven County Bar Association and is now serving as Secretary to the Judicial Council of Connecticut. From 1942 to 1946 Mr. Meeker was on active duty with the U. S. Marine Corps and is now a Major in the Marine Corps Reserve.

"Mr. Meeker has brought to the public service an unusually high order of legal ability and a sound approach to highly technical and difficult problems in the very sensitive and complex field of securities and finance. In his capacity as General Counsel he has responsibility for the Commission's litigation in the Courts; for coordinating the legal policies of the Commission; and for advising the Commission and the staff on a wide variety of problems. Mr. Meeker, both as a lawyer and administrator, has made many extremely significant contributions to the administration and enforcement of the Federal securities laws.

"The winners were chosen by a panel of distinguished judges from among fifty-three nominations by twenty-three Federal departments and agencies. The awards will be presented at a luncheon on Thursday, February 19, at the Statler Hotel, Washington, D. C. Mr. Meeker may be justifiably proud of his award and we extend to him our sincerest appreciation for his years of outstanding and devoted public service in the interest of investor protection."

---ooo0ooo---