

# 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 May 1, 1959

## VICKERS BROTHERS REGISTRATION REVOKED

In a decision announced today (Release 34-5945), the SEC revoked the broker-dealer registration of Vickers Brothers, 37 Wall St., New York, for violation of the Commission's net capital rule. The firm also was expelled from membership in the National Association of Securities Dealers, Inc.

The net capital rule is designed to provide safeguards with respect to the financial responsibility of brokers and dealers. It specifies that no broker or dealer shall permit his aggregate indebtedness to all persons to exceed 2000% of his net capital. According to the Commission's decision, during the period from December 31, 1957, to November 1, 1958, Vickers Brothers engaged in the conduct of a securities business with a net capital deficit (as computed under the rule) on seven specified dates ranging from \$1,967 to \$75,742. Upon the basis thereof, the Commission concluded that revocation of its registration and expulsion from the NASD was in the public interest.

Vickers Brothers' registration listed Henry G. Vickers and Norman L. Martin as general partners. The firm and the two individuals filed a stipulation waiving a hearing, admitting certain facts with respect to violations of the net capital rule, and consented to the issuance of the Commission's order of revocation and expulsion.

## WEST PENN POWER PROPOSES SALE OF BONDS AT COMPETITIVE BIDDING

West Penn Power Company, Greensburg, Pa., has filed a proposal with the SEC for the issuance and sale at competitive bidding of \$14,000,000 principal amount of First Mortgage Bonds, Series R, due June 1, 1989; and the Commission has issued an order (Release 35-13995) giving interested persons until May 15, 1959, to request a hearing thereon. The net proceeds from the sale of the bonds will be applied to the payment of \$8,500,000 of short-term bank loans incurred for construction expenditures, and the balance, together with about \$5,000,000 from the sale of additional common stock in 1960, cash on hand, and cash to be generated from operations, will be used for further construction in 1959 and 1960, the cost of which is estimated at \$32,400,000. The filing states that, on the basis of present estimates, no financing, other than the sale of common stock referred to above, will be necessary during 1959 or 1960.

## CANADIAN RESTRICTED LIST

### Twenty-fourth Supplement

The Securities and Exchange Commission announced today the addition of the following companies to its Canadian Restricted List:

Franksin Mines Limited  
Hallmark Explorations Limited  
Kipwater Mines Limited

At the same time, the Commission removed from the list Wayne Petroleums Limited. The net addition of two to the list brings the total of Canadian stocks on the list to 219.

The Canadian Restricted List is composed of the names of Canadian companies whose securities the Commission has reason to believe, upon the basis of information developed in its investigations and otherwise, have been or are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933. Evasion of such requirement, which is applicable

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to securities of foreign as well as domestic companies, deprives United States investors of the financial and other information about the issuing companies and their securities which registration would provide and which is essential to an evaluation of the securities.

Wayne Petroleum Limited was added to the list in February 1957. It appears that its stock has not been offered for sale in the United States since that time; and the company has complied with established procedures for the removal of its name from the list, including appropriate undertakings and financial information.

#### DELISTING OF COLORADO AND SOUTHERN RAILWAY PROPOSED

The New York Stock Exchange has applied to the SEC to delist the 4% Second Preferred and the common stock of The Colorado and Southern Railway Co.; and the Commission has issued an order giving interested persons until May 12, 1959, to request a hearing thereon (Release 34-5948). According to the application, all but 30,235 common and 23,579 preferred shares are owned by Chicago, Burlington & Quincy Railroad Company.

#### DELISTING OF AETNA-STANDARD ENGINEERING AND S AND W FINE FOODS GRANTED

The SEC has issued orders (Release 34-5948) granting exchange applications to delist the common stock of The Aetna-Standard Engineering Company from the New York Stock Exchange (the company being in the process of complete liquidation following the sale of its principal assets to Blaw-Knox Company) and to delist the common stock of S and W Fine Foods, Inc., from the Pacific Coast Stock Exchange (all but 12,849 shares of the S and W common stock having been acquired by Di Giorgio Fruit Corporation). The delisting of the S and W common stock became effective at the close of the trading session on April 29, 1959, and the delisting of the Aetna-Standard common will become effective at the close of the trading session on May 15, 1959.

#### HEARING ORDERED ON MACINAR FILING

The Securities and Exchange Commission has scheduled a hearing for June 15, 1959, in its Washington office on the question whether to vacate, or make permanent, its March 30, 1959, order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of common stock and warrants by Macinar, Incorporated, Washington, D.C.

The Commission's order of March 30 charged that Macinar had failed to comply with certain terms and conditions of Regulation A; that the notification and offering circular contained untrue statements of material facts and omitted to disclose material facts; and that, by reason thereof, Macinar's stock offering violated Section 17 (the fraud prohibitions) of the Securities Act.

At the hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the suspension order should be vacated or made permanent.

#### HERCULES POWDER FILES FOR OPTION PLAN SHARES

Hercules Powder Company, New York, filed a registration statement (File 2-15049) with the SEC on April 30, 1959, seeking registration of 450,000 shares of Common Stock, \$2-1/12 par value. The shares being registered include (a) shares which are being offered or are to be offered from time to time by the company to certain executives and key employees of the company and its subsidiaries pursuant to the terms of the company's Stock Option Plan and (b) shares heretofore purchased or to be purchased by optionees under the plan upon the exercise of options, which shares may be resold by such persons to the public from time to time.

#### CALIFORNIA INTERSTATE TELEPHONE PROPOSES COMMON STOCK OFFERING

California Interstate Telephone Company, Victorville, Calif., filed a registration statement (File 2-15050) with the SEC on April 30, 1959, seeking registration of 150,000 shares of Common Stock, \$5 par value, to be offered for public sale through an underwriting group headed by Will R. Staats & Co. The public offering price and underwriting terms are to be supplied by amendment.

The net proceeds from the offering will be used to discharge current short term bank borrowings which it is estimated will not exceed \$2,200,000 when such proceeds are received. Such borrowings

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have been or will be used to finance the company's construction program. The balance, if any, of such proceeds will also be used for construction purposes.

#### REEVES SOUNDCRAFT CORP. FILES FOR SECONDARY OFFERING

Reeves Soundcraft Corp., Danbury, Conn., filed a registration statement (File 2-15051) with the SEC on April 30, 1959, seeking registration of 22,000 shares of its Common Stock, \$.05 par value. The shares being offered are being sold by Hazard E. Reeves, president and director, to Lewis Cowan Merrill at a price of \$3.00 per share, pursuant to the exercise by Mr. Merrill of an option to purchase such shares. No underwriting is involved. The company will receive no part of the proceeds from the proposed sale.

According to the prospectus, Mr. Merrill may sell the 22,000 shares proposed to be purchased by him, in the open market or otherwise from time to time at prices current at the time of sale.

The company is engaged in the manufacture, distribution, and sale of instantaneous recording discs. It has outstanding 2,967,325 shares of Common Stock. As of April 15, 1959, Mr. Reeves was the beneficial owner of 289,159 shares of such stock.

#### MERCK & CO. FILES EMPLOYEE STOCK PURCHASE PLAN

Merck & Co., Inc., Rahway, N. J., filed a registration statement (File 2-15052) with the SEC on April 30, 1959, seeking registration of participations in its Employee Stock Purchase and Savings Plan.

#### AMERICAN COMMERCIAL BARGE LINE FILES FOR SECONDARY OFFERING

American Commercial Barge Line Company, Jeffersonville, Ind., filed a registration statement (File 2-15054) with the SEC on April 30, 1959, seeking registration of 400,000 shares of Common Stock, \$3 par value, to be offered for public sale by the holders thereof through an underwriting group headed by F. Eberstadt & Co. The public offering price and underwriting terms will be supplied by amendment. None of the proceeds will be received by the company.

The company and its subsidiaries operate a water carrier system on the inland waterways (excluding the Great Lakes), a truck-barge service for the transportation of automobiles in the United States and a shipyard and drydock for the construction and repair of river towboats and barges.

The prospectus lists 23 selling stockholders, who own in the aggregate approximately 595,000 shares. American Hawaiian Steamship Company proposes to sell 125,481 shares of its holdings of 209,136 shares; Charles J. Stewart, a director of the company and a partner in the investment banking firm of Lazard Freres & Co., proposes to sell 6,458 of the 10,763 shares owned by him. Among the selling stockholders are seven other partners in the Lazard Freres firm. The aggregate beneficial holdings of common stock of the company by partners of the Lazard Freres firm and their immediate families before the sale of the stock being offered was 266,075 shares, or 17.5% of the outstanding common stock of the company. After the contemplated sale, the aggregate holdings of such partners will be 106,430 shares, or 7% of the company's outstanding common stock.

#### FURTHER 10-DAY SUSPENSION ORDERED IN JACOBS CASE

The Securities and Exchange Commission has issued an order pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934 suspending trading in the common stock of F. L. Jacobs Co. for a further ten-day period from May 2 to 11, 1959, inclusive.

The stock is listed and registered on the New York Stock Exchange (where it was previously suspended from trading by action of the Exchange) and is admitted to unlisted trading privileges on the Detroit Stock Exchange. Upon the basis of a finding by the Commission that the suspension of trading on these Exchanges is necessary to prevent fraudulent, deceptive or manipulative acts or practices, over-the-counter trading by brokers and dealers in the stock also is prohibited during the period of suspension pursuant to provisions of the Commission's Rule 15c2-2.

The Commission previously announced the institution of proceedings pursuant to Section 19(a)(2) of the Act to determine whether Jacobs Co. has failed to comply with the disclosure and reporting

requirements of said Act and, if so, whether it is necessary in the public interest to suspend its stock from Exchange listing and registration for a period not exceeding twelve months, or to withdraw same from listing and registration.

The company is undergoing reorganization in proceedings pursuant to Chapter X of the Bankruptcy Act pending in the U. S. District Court in Detroit. At the request of counsel for the Trustees of the debtor, the hearing in the Section 19(a)(2) proceedings has been continued to June 1, 1959. The continuance was requested in order that independent accountants may complete their audit of the company's books and records and so that counsel may properly prepare for the hearing.

#### KOZA HEARING POSTPONED

The SEC has postponed to May 18, 1959, the hearing scheduled to be held on May 1 to determine whether an application for registration as a broker-dealer filed by Chester Richard Koza, doing business as Chester R. Koza & Co., Indianapolis, should be denied. The hearing will be held in the Commission's Chicago Regional Office.

Koza's application was filed on March 13, 1959. The Commission announced on April 27, 1959 (Release 34-5944), that it had ordered the denial proceedings, based on a permanent injunction entered on April 16, 1958, by the U. S. District Court for the Southern District of Indiana, Indianapolis Division, enjoining Koza from engaging in or continuing certain conduct or practices in connection with the purchase and sale of securities.

#### STATEMENT BY SEC CHAIRMAN GADSBY IN CONNECTION WITH SECOND "LAW DAY USA"

Chairman Edward N. Gadsby of the Securities and Exchange Commission has issued the following statement to all members of the Commission's staff in connection with the second national observance, on May 1, of "LAW DAY USA":

"President Eisenhower has issued an official Proclamation designating today as 'LAW DAY USA.' In his Proclamation the President has referred to this second national observance of LAW DAY as 'A day of national dedication to the principle of Government under laws' and said it would 'afford an opportunity to better understand and appreciate the manifold virtues of such a Government and to focus the attention of the world on them.'

"Throughout our Country today members of the Judiciary and Bar are gathered in Courts and public meetings to reaffirm our dedication to the fundamental mission of the law to safeguard the dignity of the individual. Some members of the Commission's staff are in attendance at various of these ceremonies and activities held in recognition of the role of law in the lives of all Americans. It is well for all of us to pause and recognize our responsibility to preserve the philosophy of our law which affords to each citizen maximum freedom of thought and action consistent with the rights and privileges of others.

"We at the Commission -- members and staff alike -- engaged in the administration of the federal securities laws are ever conscious of our duty in so doing to foster the development and expansion of our free securities markets. On this second 'LAW DAY - USA' we pledge ourselves to continue to observe the fundamental principles of liberty, justice and equality under law which has made our democratic institutions an inspiration throughout the world. The Commission and its staff is happy to join with the American Bar Association, the Federal Bar Association, civic groups throughout the Country, the Bench and the Bar and all citizens who have contributed to this second observance of 'LAW DAY - USA.'"

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