

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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)



Washington 25, D.C.

FOR RELEASE December 17, 1959

MOTION FOR NEW EVIDENCE IN NASD APPEAL DENIED. The SEC today announced the issuance of a decision (Release 34-6140) denying a motion of Robert Leopold and Gerald M. Greenberg, former officers of H. Carroll & Co., of Denver, then a member of the National Association of Securities Dealers, Inc., to reopen the record in disciplinary action taken early in 1959 by the NASD against Carroll & Co., Harold Carroll, its president, Leopold, vice-president, and Greenberg, treasurer. Leopold and Greenberg petitioned the Commission to review the NASD action, which expelled Carroll & Co. from membership for violations of the NASD Rules of Fair Practice by reason of charging prices for securities not reasonably related to the current market and other improper activities. The registrations of Carroll, Leopold and Greenberg as individual representatives were revoked on the ground that they were causes of the firm's expulsion. Leopold and Greenberg appealed and sought to adduce additional evidence, asserting that they were not personally responsible for the violations found.

In denying the motion to reopen the record, the Commission noted that the decision of the NASD District Committee revoking their registrations clearly expressed its findings that petitioners had failed to exercise adequate supervision with respect to the firm's transactions in which excessive mark-ups had been charged; that at the later hearing before the subcommittee of the Board of Governors of the NASD they were informed of their right to adduce additional evidence, Leopold was specifically asked if he cared to make a statement concerning his "capacity" with the firm, and a similar opportunity was afforded Greenberg; and that at that time any evidence which they now seek to adduce was in their possession, yet they did not attempt to present it nor petition for a rehearing before the NASD. To permit petitioners now to reopen the record would be inconsistent with generally accepted legal procedures, the Commission ruled, and would tend to impair the efficacy of proceedings before the NASD.

EXEMPTION ORDER SOUGHT ON DYNAMICS CORP. STOCK ACQUISITION. Securities Corporation General, Columbia City, Indiana, investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the purchase of Anemostat Corporation of America stock by Dynamics Corporation of America; and the Commission has issued an order giving interested persons until 2:00 P. M., December 28, 1959, to request a hearing thereon.

Under the proposal, Dynamics would acquire a total of 77,395 shares of Anemostat stock from Securities Corp. by (a) the proposed purchase of 56,195 shares in exchange for the transfer by Dynamics to Securities Corp. of a total of 1,219 shares of \$7 preferred and 3,538 shares of \$6 preferred to the latter; and (b) the proposed purchase of 21,200 shares of Anemostat stock in consideration of a cash payment of \$155,820 by Dynamics to Securities Corp.

According to the application, the assets of Securities Corp., except for a small amount of cash and miscellaneous assets, consist of 131,355 shares of Dynamics common (4.95%) and 77,395 shares of Anemostat common (51.25%). Dynamics owns 49,636½ shares of Anemostat common (32.87%). Dynamics is engaged in the manufacture of electronics products and other equipment and Anemostat in the manufacture of air diffusing equipment and related equipment for air conditioning systems.

The application further states, among other things, that Securities Corp. has outstanding 272,500 common shares, 4,731 shares of \$6 preferred and 1,843 shares of \$7 preferred. Dynamics owns 3,538 shares of the \$6 and 1,219 of the \$7 preferred, the balance being publicly owned. At December 31, 1959, accrued dividend arrears on the \$6 preferred will amount to \$12 per share and on the \$7 preferred \$14 per share. Within 60 days after consummation of the proposed transactions, Securities Corp. will invite the public holders of the 1,193 shares of \$6 and 524 shares of \$7 preferred then remaining outstanding to tender their holdings of such stock for repurchase by Securities Corp. at prices of \$93 per share for the \$6 and \$99 for the \$7 preferred.

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

ORDER EXEMPTS MADISON SQUARE GARDEN PURCHASE. The SEC has issued an exemption order under the Investment Company Act (Release 40-2949) permitting Royal American Corporation to sell 130,250 shares of capital stock of Madison Square Garden Corporation to the latter at \$20 per share. Both companies are affiliates of Graham-Paige Corporation, a registered investment company.

HOME OIL PROPOSES DEBENTURE OFFERING. Home Oil Company Limited, 304 Sixth Avenue West, Calgary, Alberta, Canada, filed a registration statement (File 2-15937) with the SEC on December 16, 1959, seeking registration of \$20,000,000 of Convertible Subordinated Debentures due January 15, 1975 (convertible into common shares of Trans-Canada Pipe Lines Limited), to be offered for public sale in the United States and Canada through underwriters headed by Lehman Brothers and Wood, Gundy & Company Limited. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the debentures, together with the proceeds of the concurrent sale to institutional investors in the United States of \$10,000,000 of 6½% secured bonds due 1975, will be added to the general funds of the company and will be available for retirement in part of bank loans, for meeting investment and capital expenditures, and for other corporate purposes. The company plans to reduce immediately its bank loans by at least \$1,094,606 (Canadian) and \$15,800,000 (U. S.). Investment and capital expenditures during 1960 and 1961 will require about \$11,000,000 of funds in addition to the proceeds of this financing. Expenditures are estimated at \$14,155,000 for 1960 and \$8,835,000 for 1961.

GUARDIAN TILDEN FILES FINANCING PROPOSAL. Guardian Tilden Corp., 45-14 Queens Blvd., Long Island, New York, N. Y., today filed a registration statement (File 2-15838) with the SEC seeking registration of 100,000 shares of 6% Cumulative Preferred Stock (\$10 par), \$1,060,000 of 15-year 8% Subordinated Capital Notes, and \$1,250,000 of 12-year 7% Subordinated Capital Notes, to be offered for sale and their respective par and principal amounts. No underwriting is involved. The securities are to be offered first to holders of securities of Guardian Loan Company Inc. and Tilden Commercial Alliance Inc., both of which are subsidiaries of Guardian Tilden. The latter intends to call or redeem through its subsidiaries securities of the two subsidiaries amounting to an aggregate of \$1,454,404 as to Guardian Loan and \$1,060,000 as to Tilden Commercial. It is believed that most, if not all, of the holders of such securities will subscribe to the new securities of Guardian Tilden. To the extent they are not so subscribed, the securities will be offered for sale through company officials and employees. Net proceeds are to be placed in Guardian Tilden's general funds and used primarily to provide for the present and anticipated expansion of its business or to open or acquire additional offices. Guardian Tilden was organized in March 1959 and through its two subsidiaries is engaged principally in the small loan business and the sales finance business. The subsidiaries were acquired in November. The company has outstanding 15,000 shares of Class B (voting) common stock and 31,600 shares of Class A (non-voting) common stock. M. Otto Schultz, president, Benjamin Schultz, board chairman, and Samuel Schultz, a director, own all the Class B shares in equal amounts; and management officials own 27,329 shares (86.48%) of the Class A stock.

GALLAHUE NAPLES FILES FOR OFFERING AND SECONDARY. Gallahue Naples Corporation, 542 North Meridian St., Indianapolis, Ind., today filed a registration statement (File 2-15939) with the SEC seeking registration of 110,000 shares of Class A stock, of which 35,000 shares are to be offered for public sale for the account of the issuing company. The remaining shares are to be offered on behalf of Dudley R. Gallahue, company president. The public offering price and underwriting terms are to be supplied by amendment. Raffensperger, Hughes & Co., Inc., is listed as the principal underwriter. All of the shares to be offered by the company and 20,000 shares by Gallahue are to be offered for immediate purchase (such shares referred to as "original shares"). The remaining 55,000 shares to be offered by Gallahue will be delivered in escrow to be held until December 31, 1961, for purchase by holders of transferable warrants to be issued by Gallahue to each original purchaser of original shares on the basis of one share for each purchased at the offering price.

The company was organized in February 1959 under Indiana law and is qualified to transact business in Florida. It was organized for the purpose of acquiring and holding for possible appreciation real estate located in Naples, Fla. The company has acquired real estate in three general areas in Naples from Gallahue, its organizer and sole shareholder. The real estate was conveyed to the company by Gallahue in consideration of the issuance to him of 104,589 shares of

Class A stock and 25,000 shares of Class B stock, both of the par value of \$5 per share, representing all but 1,000 shares of Class A stock of the issued and outstanding shares.

Net proceeds of the company's sale of the additional 35,000 Class A shares will be used for the payment in full of the existing mortgage obligations of the company, amounting to \$152,800 at November 30th, and the payment of a loan from Gallahue in the amount of \$50,000. The remainder of the proceeds will be added to general funds and applied to liquidation of the remaining indebtedness of the company.

COURT ORDER ENJOINS SALE OF TRANS-SOUTHERN OIL SECURITIES. The SEC New York Regional Office announced December 15, 1959, that a court order of permanent injunction had been issued (USDC, SDNY), enjoining the sale of oil interests by Trans-Southern Oil Development Corp. and David Feingold in violation of the Securities Act registration requirement. The order, entered on consent of defendants, also enjoins Feingold (alias David Gould) from further conduct of a securities business in violation of the Securities Exchange Act registration requirement (Lit. Release 1540).

BAN LIFTED ON COUNTER TRADING IN JACOBS CO. STOCK. The SEC today announced that it would not issue further orders under the Securities Exchange Act of 1934 for the temporary suspension of trading in the common stock of F. L. Jacobs Co., of Detroit.

The last ten-day suspension order will expire at the close of business this date. Commencing December 18, 1959, trading in Jacobs Co. stock in the over-the-counter market may be resumed. Trading in the shares on the New York Stock Exchange, where the stock is listed and registered and on the Detroit Stock Exchange, where it is admitted to unlisted trading privileges, is dependent upon the lifting of the trading suspension by the Exchanges.

Proceedings are still pending before the Commission under the Securities Exchange Act to determine whether Jacobs Co. violated the reporting and disclosure requirements of that Act and, if so, whether the Commission should order the withdrawal of its stock from listing and registration on the New York Stock Exchange. The hearing therein is now scheduled for January 18, 1960.

Jacobs Co. is undergoing reorganization pursuant to Chapter X of the Bankruptcy Act in the U. S. District Court in Detroit. Trustees of the debtor, through their counsel, requested that resumption of trading in Jacobs Co. stock in the over-the-counter market be permitted before the close of the year 1959 so that shareholders who wish to do so may effect sales for tax or other purposes. The Commission concluded that this was appropriate in light of the nature and extent of financial and other information concerning Jacobs Co. which was recently published and mailed to shareholders by the Trustees.

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