

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.

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

(Issue No. 64-5-14)

FOR RELEASE May 20, 1964

NASD DISCIPLINE SUSTAINED; PENALTY REDUCED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7318) affirming disciplinary action of the National Association of Securities Dealers, Inc., against an NASD member, J. B. Howard, dba J. B. Howard Investment Company, of Shreveport, La., for violating the NASD Rules of Fair Practice; but it ordered a reduction from six months to thirty days of the period of Howard's suspension from NASD membership. A \$1,000 fine and assessment of costs against Howard was upheld.

The Commission sustained the NASD's finding that Howard in 1961 engaged in business in violation of the SEC net capital rule. According to the NASD, the net capital deficiency on several month-end dates ranged from \$2,466 to \$6,955. Based upon a recomputation of the market values of Howard's securities, however, the Commission found that the net capital deficiency ranged from \$84 to \$3,882. The NASD also held that in 33 transactions Howard failed to send confirmations to customers. The Commission sustained this finding as well as the further finding that Howard failed to make or keep current certain books and records. However, the Commission concluded that the record does not support the NASD's finding that Howard failed on one occasion to comply with Regulation T which requires prompt cancellation of a transaction when payment is not made within seven days.

Howard had urged that the NASD penalties were unduly severe. The Commission agreed with the NASD that Howard's conduct was inconsistent with just and equitable principles of trade; but it concluded, under the circumstances above related, that the period of suspension from NASD membership should be reduced to 30 days.

L.M.A.F. MORTGAGE & ACCEPTANCE OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of stock by L.M.A.F. Mortgage and Acceptance Corp., of Falls Church, Va. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed October 18, 1963, the said "Acceptance Corp." proposed the public offering of 72,500 shares of common stock at \$4 per share. The Commission asserts in its suspension order that it "has reason to believe" that certain terms and conditions of Regulation A were not complied with by Acceptance Corp., in that its proposed stock offering, when computed in accordance with requirements of the Regulation, would exceed the \$300,000 maximum; the notification fails to list Land & Cattle Syndicate as an affiliate; and the notification fails to disclose the issuance of securities by such affiliate. The order also charges (1) that the stock offering would violate Section 17 of the Act, in that the company's offering circular fails to disclose the said affiliate or to disclose the interest of an officer therein; and (2) that an officer of the issuer failed to cooperate in connection with a Commission investigation into the activities of the affiliate.

COURT ENJOINS SIMPLIFIED TAX RECORDS, OTHERS. The SEC Boston Regional Office announced May 18th (LR-2938) the entry of a Federal court order (USDC NH) permanently enjoining violations of the Securities Act registration requirements in the sale of stock of Simplified Tax Records, Inc., by the said company, M. Stanley Metz and Leo C. Pyne, of New York City, Swampscott, Mass., and West Medford, Mass., respectively.

ST. CROIX PAPER GRANTED EXEMPTION. The SEC has issued an order under the Securities Exchange Act of 1934 granting an application of St. Croix Paper Company, of Boston, Mass., for an exemption from the requirements of that law for the filing of annual and other periodic reports. According to the application, the company has outstanding 586,714 common shares, of which 579,449 are held by Georgia-Pacific Corporation, 6,735 by the issuing company and 523 by 14 other stockholders (the remaining 7 are director's qualifying shares). Granting of the exemption is conditioned upon the company furnishing financial statements on request to minority stockholders.

IFC COLLATERAL CORP. PROPOSES DEBENTURE OFFERING. IFC Collateral Corporation, 630 Fifth Ave., New York, filed a registration statement (File 2-22427) with the SEC on May 15 seeking registration of 8% registered subordinated debentures in the aggregate principal amount of \$250,000 (due 1966) and 9% registered subordinated debentures in the aggregate principal amount of \$1,000,000 in four series of \$250,000 each (due, respectively, 1969, 1970, 1971 and 1972). The debentures are to be offered for public sale at \$1,000 principal amount through IFC Securities Corporation, 630 Fifth Ave., New York on a best-efforts basis. The underwriter will receive a commission of \$25 per \$1,000 principal amount of 8% debentures sold and \$75 per \$1,000 principal amount of 9% debentures sold.

Organized under New York laws in 1960, the company is engaged primarily in purchasing, investing in and selling real estate mortgages. Net proceeds from its debenture sale will be used for the purchase of mortgage notes, bonds and other types of securities. The company and the underwriter are wholly-owned subsidiaries of Investors Funding Corporation of New York. Jerome Dansker is listed as president of the company and as board chairman of Investors Funding.

OVER

MINERALS & CHEMICALS PHILIPP FILES STOCK PLANS. Minerals & Chemicals Philipp Corporation, Menlo Park, N. J., filed a registration statement (File 2-22428) with the SEC on May 18 seeking registration of 338,950 shares of common stock, to be offered under its Stock Option Plans. Of this stock, 12,000 shares are to be offered under the 1956 Stock Option Plan; 61,950 shares under the 1961 Stock Option Plan; and 265,000 shares under the 1964 Stock Option Plan.

LOUISIANA AND SOUTHERN LIFE INSURANCE PROPOSES OFFERING. Louisiana and Southern Life Insurance Company, 225 Baronne St., New Orleans, filed a registration statement (File 2-22429) with the SEC on May 18 seeking registration of 525,000 shares of common stock, to be offered for public sale at \$10 per share through an underwriting group headed by E. F. Hutton & Co. Inc., One Chase Manhattan Plaza, New York, which will receive a 90¢-per-share commission (the underwriters have agreed to set aside 10,000 of the shares for sale at \$10 per share to specific individuals designated by the company).

Organized under Louisiana law in April, the company proposes to conduct a life, health and accident insurance business, initially in Louisiana and the southern portion of the United States. Net proceeds from its stock sale, plus \$3,280,550 received from a previous stock sale, will be added to the capital and surplus of the company and used in the conduct of its insurance business. The company has 360,500 outstanding common shares all of which were purchased by 32 initial investors (including 25 company officials) at \$9.10 per share. Garner H. Tullis is listed as board chairman and Jack J. Reynolds as president.

ALFRED HART CO. FILES FOR OFFERING AND SECONDARY. The Alfred Hart Company, 1650 E. Nadeau St., Los Angeles, filed a registration statement (File 2-22430) with the SEC on May 19 seeking registration of 135,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 35,000 shares (being outstanding stock) by the present holders thereof. The offering will be made through an underwriting group headed by Dempsey-Tegeler & Co., Inc., 1000 Locust St., St. Louis. The public offering price (\$8 per share maximum*) and underwriting terms are to be supplied by amendment.

The company (successor to The Alfred Hart Distilleries, Inc.) is engaged in the wholesale distribution of alcoholic beverages. Among the nationally advertised liquors distributed by the company are Old Crow, Jim Beam, Old Grand-Dad, Gilbey's Gin and Vodka. Of the net proceeds from its sale of additional stock, \$600,000 will be used to retire certain long-term debt represented by outstanding debentures, and the balance will be added to the working capital. In addition to indebtedness, the company has outstanding 340,600 shares. The prospectus lists three selling stockholders, as follows: David Fox, president, offering 15,000 of his holding of 86,880 shares; Alfred Durslag, executive vice president, offering 10,000 of his holding of 62,904 shares; and Ben Bloom, vice president, offering 10,000 of his holding of 66,803 shares. Upon completion of this offering, aggregate holdings by management officials will be reduced from 67% to 43.8% of the outstanding stock.

NORTHEASTERN FINANCIAL RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-3979) permitting Morris M. Schnitzer, as court-appointed Trustee for Northeastern Financial Corporation, Newark, N. J., investment company, to sell 30,000 shares of common stock of Atlantis International Corporation, a New Jersey corporation, to Atlantis, and to sell the Trustee's rights under a lot-purchase contract for \$20,000, making a total of \$110,000. In return, the Trustee will release whatever rights Northeastern may have under the Act to rescind both the lot-purchase contract and the purchase by Northeastern in April 1962 of 110,000 shares of Atlantis stock (and thereby to recover \$135,200). Northeastern's principal asset is its ownership of 150,000 of the 1,008,618 outstanding shares of Atlantis stock. Northeastern also has a contract to buy for \$198,200, payable in instalments, 135 lots in a tract of 1,200 acres owned by Atlantis in Little Egg Harbor Township, New Jersey. It has paid \$25,200 on account of such contract and is in arrears on the instalment payments. Atlantis is engaged in developing this property for residential, commercial and industrial uses. Under a registration statement which became effective this date, Atlantis proposes to make a public offering of 130,000 common shares at \$4 per share.

SECURITIES ACT REGISTRATIONS. Effective May 19: Bonanza Air Lines, Inc. (File 2-22297); Commercial Solvents Corp. (File 2-22300); Jewel Tea Co., Inc. (File Nos. 2-22347 and 2-22348). Effective May 20: Atlantis International Corp. (File 2-21371); James B. Clow & Sons, Inc. (File 2-22346); Israel Baby Food Co. Ltd. (File 2-21696).

*As estimated for purposes of computing the registration fee.

---ooo0ooo---