

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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WINSTON & CO. EXPELLED & REVOKED. The SEC today announced two decisions under the Securities Exchange Act involving the broker-dealer firm of J. A. Winston & Co., Inc., 11 Broadway, New York, as follows: (1) order sustaining NASD disciplinary action against the firm, including its expulsion from NASD membership (Release 34-7334); and (2) order revoking the firm's broker-dealer registration (Release 34-7337). The NASD action also included revocation of the registrations, as registered representatives, of Joel Alfred Winston, Irving Bernstein, and Morrison Gilbert (officers), and Albert Bernstein (a director), and a finding that they were each a cause of the firm's expulsion from NASD membership. The Commission also found each of the four individuals to be a cause of the revocation of the firm's registration.

In sustaining the NASD order, the Commission affirmed its ruling that the Winston firm violated the NASD Rules of Fair Practice by taking excessive mark-ups in its sale of Class A and B shares of Atlas Credit Corporation in 1958. According to the decision, the firm "completely maintained, controlled and dominated" the market for Class B stock; sales to customers were solicited mainly by telephone calls by about 30 salesmen; the mark-ups on its retail sales of Class B stock ranged from 15.8% to 42.8% and averaged 33.5%, computed on the basis of same-day prices paid by the firm on purchases from other dealers, and averaged 15.8% on the basis of the firm's same-day costs on purchases from retail customers; and the record amply supports the conclusion of NASD that the prices charged were excessive. The firm's retail sales of Class A stock were at prices ranging from 16.1% to 30.7% and averaging 26% over same-day costs on the firm's purchases from other dealers and were "clearly excessive," the Commission stated. The NASD also found that the Winston firm had failed to register 141 persons as representatives.

The Commission's decision revoking the Winston firm's broker-dealer registration also was based in part on its sale to customers in 1960 of stock of seven companies at excessive mark-ups. The sales prices represented mark-ups of 8.3% to 20% over same-day purchase prices; and in at least 240 sales transactions the mark-ups exceeded 10%. The Commission also found that the firm violated the anti-fraud provisions of the Securities Act in its offering and sale of stock of Gob Shops of America, Inc., in 1956-57. According to the decision, the firm engaged "in a high pressure sales campaign" to sell Gob Shops stock, in connection with which false and misleading representations were made.

(On May 28th, the four named individuals entered pleas of guilty to charges of violating the Securities Act anti-fraud provisions in the sale of stock of American Leduc Petroleum, Ltd., through the facilities of the Winston firm).

SILTRONICS OFFERING SUSPENSION PERMANENT. The SEC today announced a decision under the Securities Act (Release 33-4700) making permanent its November 1961 order temporarily suspending a Regulation A exemption from registration with respect to a public offering of shares of Siltronics, Inc., of 2231 Saw Mill Run Blvd., Pittsburgh. Siltronics consented to the permanent suspension. Upon the basis of the company's offer of settlement, the Commission concluded that Siltronics had failed to comply with certain terms and conditions of Regulation A and that its offering circular was false and misleading in respect of various material facts, including the failure to disclose (1) that First Pennington Corporation, John R. Wilson, Jr., Co., Shawe and Company, Bruno-Lenchner, Inc. (Lenchner, Covato & Co., Inc.), and Strathmore Securities, Inc. were to act as underwriters of the securities of the issuer, although said activities occurred without the consent or knowledge of the issuer; (2) the prearranged plan of distribution of 25,000 shares of the offering, although said activities occurred without the consent or knowledge of the issuer; and (3) that the issuer had a contingent liability with respect to certain shares of its common stock sold in violation of Section 5 of the Securities Act. According to the decision, the prearranged plan provided for certain designated persons to purchase 25,000 shares of Siltronics common at the offering price of \$2 per share from John R. Wilson, Jr. Co., which shares had been acquired by John R. Wilson, Jr. Co. by means of a series of transactions involving Atlantic Equities Company, Blair F. Claybaugh & Co., and First Pennington Company in accordance with said plan. The prearranged plan further arranged for such persons to resell such shares at an increased price to Shawe & Co., and further arranged for Strathmore Securities, Inc. to ultimately acquire certain of the shares by means of a series of transactions which caused said shares to pass at ever increasing prices through the brokerage firms of Shawe & Co., Lenchner, Covato & Co., Inc. and Blair F. Claybaugh & Co. The Claybaugh firm previously consented to the revocation of its registration; an offer of settlement has been made by First Pennington Company; and the proceedings are continuing with respect to Atlantic Equities Company and six other firms.

NATIONAL LAND 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 public offering of stock by National Land Corporation, of 82 W. 2865 South, Salt Lake City. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

In a notification filed in January 1963, the said company ("National") proposed the public offering of 260,000 common shares at \$1 per share. The Commission asserts in its suspension order that it has "reasonable cause to believe" that certain terms and conditions of the Regulation were not complied with; that National's offering circular contains false and misleading statements and the offering and sale of the stock violated Section 17 (the anti-fraud provision) of the Securities Act; and that a March 1964 report of stock

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sales was false and misleading. The alleged misrepresentations in National's offering circular related to the failure to name all underwriters of the offering, to indicate that shares would be offered for a consideration other than cash, to reflect a contingent liability for securities sold in Utah without registration under the Utah securities laws, and to disclose that National proposed to issue securities to an affiliated corporation. The order further asserts that the report of stock sales falsely stated that National received \$237,005 in cash from the public offering of securities, that \$159,789 had been used to purchase real estate, and that \$27,000 had been paid to officers, directors and affiliates. In addition, it is charged that stock was offered for sale and sold without delivery of an offering circular as required by Regulation A.

TEMPTRONIC, JEPSON & CARTER ENJOINED. The SEC Denver Regional Office announced June 1st (LR-2954) the entry of Federal court orders (USDC, Salt Lake City) preliminarily enjoining Temptronic Corporation, Edward E. Jeppson and Thomas A. Carter from further violating the anti-fraud provisions of the Federal securities laws in the sale of Temptronic stock.

L. D. BROWN CO. ENJOINED. The SEC New York Regional Office announced June 3d (LR-2955) the entry of a Federal court order (USDC SDNY) permanently enjoining violations of the Federal securities laws by Lester D. Brown, dba L. D. Brown Co., of 55 Liberty St., New York, and appointing John C. Lankenau as receiver of the firm's assets.

EARL LOMBARD SENTENCED. The SEC Washington Regional Office announced June 5th (LR-2956) that Earl J. Lombard, president of Guardian Investment Corp., and a Washington lawyer, had received a prison sentence of from 20 months to five years for violations of the anti-fraud provisions of the Securities Act and a like sentence for embezzlement (to run concurrently). Guardian Investment was fined \$1,000 for each of 9 counts of securities fraud and \$500 for each of 9 counts of embezzlement. Lombard was released on bond pending appeal.

J. E. MESLOVICH ENJOINED. The SEC Washington Regional Office announced June 5th (LR-2957) the entry of a Federal court order permanently enjoining John E. Meslovich of Arlington, Va., from violating and aiding Fairfax Investment Corp. in further violating the SEC net capital rule. Meslovich consented to the court order.

ADMIRAL OILS, OTHERS INDICTED. The SEC Fort Worth Regional Office announced June 2d (LR-2958) the return of a Federal court indictment (USDC, Oklahoma City) charging the sale of oil interests in violation of the Securities Act anti-fraud provisions by Marion Edmond Barnett, Charles L. Gouse (both formerly of Oklahoma City but now residing in Dallas), Admiral Oil, Inc., and Arrowhead Oil & Gas, Inc.

M. MAC SCHWEBEL SENTENCED. On June 6th (LR-2959), Morris Mac Schwebel of New York was sentenced to serve a year and a day in prison and fined \$15,000 following his earlier plea of guilty to three counts of indictment charging him with aiding and abetting the sale of unregistered Soil Builders International Corp. stock. Court suspended prison terms of one year each on two of the three counts and Schwebel was placed on probation for two years, beginning after Schwebel serves his prison term (scheduled for June 18th).

EXECUTIVES INVESTMENT ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3987) declaring that Executives Investment Trusts, 570 Lexington Ave., New York, has ceased to be an investment company.

ELCO INVESTMENT SEEKS ORDER. Elco Investment Company, 1401 Central Trust Tower, Cincinnati, Ohio, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3988) giving interested persons until June 25 to request a hearing thereon. According to the application, the company's outstanding securities are beneficially owned by less than 100 persons, and it is not making and does not presently propose to make a public offering of its securities.

COLUMBIA GAS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15086) authorizing The Columbia Gas System, Inc., to secure bank borrowings not in excess of \$80,000,000 during the period ending October 15, 1964. The borrowings will be used to provide funds for five of Columbia's subsidiaries to purchase inventory gas for storage.

AARON S. WEISMAN ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-3989) permitting Aaron S. Weisman to serve as an officer or director of California Growth Capital, Inc., a registered investment company. Weisman was disqualified from serving as an official of a registered investment company by a September 1962 court order which enjoined him (among others) from offering and selling stock of American Orbitronics Corp. ("Orbitronics") in violation of Securities Act registration requirement. In support of his application for an exemption order, Weisman stated that he was not associated in any way with the management of Orbitronics which was responsible for conceiving and conducting the activities on which the injunction was predicated and that he was simply a purchaser and one of the persons whom Orbitronics used as a nominee for shares that it sold.

BECTON, DICKINSON & CO. FILES STOCK PLAN. Becton, Dickinson and Company, East Rutherford, N. J., filed a registration statement (File 2-22492) with the SEC on June 8 seeking registration of 136,000 shares of common stock, to be offered under its Stock Option Plan for Key Employees.

COLONIAL ACCEPTANCE FILES FOR OFFERING AND EXCHANGE. Colonial Acceptance Corporation, 208 S. LaSalle St., Chicago, filed a registration statement (File 2-22488) with the SEC on June 5 seeking registration of 100,000 shares of \$1.20 preferred stock and warrants to purchase a like number of shares of common stock, to be offered for public sale in units (one share and one warrant). The offering is to be made through an underwriting group headed by Reynolds & Co., 120 Broadway, New York. The public offering price (\$20 per unit maximum*) and underwriting terms are to be supplied by amendment.

Also included in the registration statement are an additional 100,000 shares of \$1.20 preferred stock and warrants to purchase the same number of common shares, which the company will offer in exchange for all the outstanding Class A (first series) common stock, which Class A shares are being called for redemption. Holders of Class A shares may elect to take the cash redemption price of \$7.63 per share, or convert their Class A shares into common stock at the rate of 1.08 common shares for each Class A/ or exchange one Class A share for .375 share of \$1.20 preferred stock with an attached warrant, or exchange one Class A share for .40 share of \$1.20 preferred stock without the warrant. David J. Gradman (president) and members of his family have agreed to exchange 47,387 Class A shares for 18,954 preferred shares without warrants.

The company is engaged primarily in the consumer finance (small loan) business and related insurance business. Net proceeds from its stock sale will be used to the extent necessary to supply funds for the redemption of its Class A shares not exchanged or converted into common stock. The balance of such proceeds will be added to the general funds and used initially to reduce short-term indebtedness. In addition to indebtedness, the company has outstanding 289,360 common shares, of which management officials as a group own 87.39%. Management officials also own 29,257 shares of the company's outstanding 249,998 Class A shares.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the June 2 News Digest.

Clear Creek Corp April 1964 (6)	Cleveland Trencher Co April 1964 (11)
Rothmoor Corp April 1964 (11)	Computer Control Inc April 1964 (12)
Jamaica Water Supply Co (N.J.) April 1964 (11,13)	Nekoosa Edwards Paper Co April 1964 (11,13)
First Bank Stock Corp April 1964 (11)	Jarecki Corp April 1964 (11,14)
Scripto Inc April 1964 (11)	Lee National Life Insurance Co April 1964 (11)
United Investors Corp (Del) March 1964 (12,13)	Northern Ontario Natural Gas Co Ltd Feb. 1964 (7)
Michigan Bakeries, Inc Jan. 1964 (11)	Pacific Power & Light Co April 1964 (11,13)
Park Drop Forge Co April 1964 (11,13)	Toro Mfg Co Amend #1 to 8K for Sept. 1963 (4,7,13)
Ozon Products Inc April 1964 (11)	Standard Register Co April 1964 (11,12,13)
Pakco Co, Inc April 1964 (11)	Kelly Girl Service Inc April 1964 (11)
The First Republic Corp of America April 1964 (2,13)	U.S. Life Insur. Co in the City of N.J. April 1964 (11)
Southern Electric Generating Co April 1964 (3)	Vitramon, Inc April 1964 (11,12)
Subscription Television Inc April 1964 (3,11,12,13)	Barton Distilling Co Oct. 1963 (11)
Texaco Canada Ltd April 1964 (11)	Aztec Oil & Gas Co April 1964 (11,12,13)
Waltham Watch Co (Del) April 1964 (3)	Beauty Counselors, Inc April 1964 (11)
American Title Insur. Co April 1964 (11)	Rimrock Tidelands, Inc April 1964 (11)
R. G. LeTourneau Inc April 1964 (11)	Scholz Homes Inc April 1964 (11)
Pearl Brewing Co April 1964 (11)	Wolverine Shoe & Tanning Corp April 1964 (11)
	Buffum's April 1964 (11)

SECURITIES ACT REGISTRATIONS. Effective June 8: W. R. Grace & Co. (File 2-22425); The Mead Corp. (File 2-22149); Pitney-Bowes, Inc. (File 2-22413). Effective June 9: International Stretch Products, Inc. (File 2-22389); Madison Life Insurance Co. (File 2-22173).
Withdrawn June 8: Resort Corporation of Missouri (File 2-20921).

*As estimated for purposes of computing the registration fee.

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