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

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SOUTH BAY INDUSTRIES REGISTRATION SUSPENDED. The SEC today announced the issuance of a "stop order" (Release 33-4702) suspending the effectiveness of a Securities Act registration statement filed by South Bay Industries, Inc., of Gardena, Calif. because of false and misleading statements therein and omissions of material fact. The statement proposed the public offering of 210,000 Class A common shares at \$5 per share through Amos Treat & Co., Inc., as managing underwriter. Of those shares, 23,000 were offered on behalf of South Bay's president, Edmoun P. Safady, and 15,000 on behalf of its secretary, John H. Matthes. The statement became effective in March 1960 and the offering was completed shortly thereafter.

The Commission ruled that the statement failed to disclose current adverse financial information; was inaccurate and inadequate with respect to South Bay's backlog of orders; and misrepresented the facts with respect to the intended use of the proceeds of the company's stock sale. It also misrepresented Matthes' role in South Bay and his participation in the stock offering (he was not the beneficial owner of the 15,000 shares offered in his behalf, nor the 71,000 shares listed in his name in the prospectus - they instead were under the control of James G. Fuller, an undisclosed promoter); failed to disclose that nearly 34,000 shares of the company's offering had been allotted to promoters, management officials and others (including an officer, director and employees of the underwriter); and falsely characterized the certifying accountant, Milton J. Nenny, practicing under the name Milton J. Nenny & Co., as "independent" (his association with Safady in another business destroyed his independence). South Bay had argued that a stop order should not be issued because, among other things, it is no longer doing business and most of its assets have been sold to satisfy "in part" its debts.

DECISION ISSUED IN AMOS TREAT CASE. The SEC today announced the issuance of its decision detailing the violations of the Federal securities laws by Amos Treat & Co., Inc., of 79 Wall St., New York, which gave rise to its December 1962 order suspending the firm from NASD membership for 12 months (ending in Dec. 1963). That action was based on an offer of settlement by the respondents, Amos Sherman Treat, president, and Edward J. DeFelice, secretary-treasurer, also had been found to be causes of such suspension.

The Commission ruled that the firm and two individuals violated the anti-fraud provisions of the Federal securities laws in connection with their transactions in the stocks of South Bay Consolidated, Inc., Avionics Corporation of America, and Magna-Bond, Inc. The violations with respect to South Bay included the failure to disclose current adverse information with respect to the financial condition and earnings of the company in connection with the public offering of its shares in 1960 for which Amos, Treat served as managing underwriter.

Amos, Treat also was one of the underwriters for a public offering of Avionics stock in 1958 and thereafter continued retail sales thereof. Salesmen for the firm offered and sold Avionics shares by means of misrepresentations, as well as predictions for which there was no adequate basis, as to Avionics future prospects, dividends, and increases in the market price of its securities. Amos, Treat in May 1961 sold 2,900 shares of Magna-Bond stock to five customers at \$10 per share; and its salesmen falsely represented to customers, among other things, that the "price was reasonable" and that the stock "had a future" and was "a good buy."

SHIELS SECURITIES REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7339) revoking the broker-dealer registration of Shiels Securities, Inc., 516 Mead Bldg., Portland, Ore., for violations of the anti-fraud provisions of the Federal securities laws in connection with its purchase and sale of securities of Guarantee Mortgage, Inc. ("GMI"). Lawrence W. Shiels, Jr., president and principal stockholder of the Shiels firm (as well as president and controlling stockholder of GMI) was found to be a cause of the revocation order, as were Donald L. Tindall, vice-president of the Shiels firm, and Vernon E. Paulsen, a salesman. The firm had requested withdrawal of its registration by reason of the fact that it was no longer engaged in the securities business, but the Commission rejected this request.

The Shiels firm served as underwriter for a 1960 offering of GMI debentures and Class A stock warrants pursuant to a Regulation A exemption from Securities Act registration (the exemption was suspended by Commission order of November 22, 1961, for failure to comply with the Regulation). The Commission ruled that the Shiels firm engaged in certain activities for the purpose of "artificially raising the prices" of the GMI securities, including the declaration of a dividend on the Class A stock when GMI had inadequate earned surplus to pay the dividend. A profit of \$1,997 was shown for the fiscal year ended June 30, 1960; but such profit was overstated as the result of various improper credits and failure to record appropriate reserve and amortization items.

Furthermore, following completion of the public offering of GMI securities on August 25, 1960, when the Shiels firm was the only dealer actively trading those securities, the firm effected 32 purchases of a total of 4,500 Class A stock warrants from customers at prices which it arbitrarily fixed at successively higher levels from 3 (a price three times the offering price of each warrant) to 9. Moreover, the warrants were sold at excessive mark-ups - such mark-ups ranging from 8-1/3% to 33-1/3% over the inflated prices the Shiels firm had paid for the warrants as a result of its manipulative practices.

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In addition, false and misleading statements were made concerning GMI's earnings prospects, and the Shiels firm violated Regulation T by reason of its failure to cancel or liquidate 15 purchases by customers for which prompt payment was not made. The said firm was expelled from NASD membership in August 1961; and in December 1962, the firm, GMI, Shiels and Tindall were permanently enjoined (with their consent and without admitting the violations alleged) from violating the Securities Act anti-fraud provisions in the sale of GMI securities.

THILL SECURITIES APPEAL DISMISSED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7342) sustaining NASD disciplinary action against Thill Securities Corporation, 13360 Marquette Ave., Elm Grove, Wisc. Based upon seventeen purchases of securities from customers in 1958 at unfair prices in violation of the NASD Rules of Fair Practice, the NASD had imposed a fine of \$500 and assessed costs of \$313.50. The Commission concluded that the penalties were neither excessive nor oppressive.

In its decision (written by Commission Woodside), the Commission disagreed with the position of the NASD that the best indication of the prevailing market price (against which to measure the mark-up over prices paid customers) was the price realized by Thill in later same-day resales to other dealers. But the Commission found that Thill's mark-ups in most of the questioned transactions were excessive even using the concurrent bids obtained by Thill from dealers making a market in the securities or the representative bids in the sheets employed by NASD.

The securities included stocks of public utilities and a bank and were not low-priced or speculative in nature; and the market in them appeared generally competitive and the spreads between individual bids and offers fairly narrow. Using concurrent bids, the spreads ranged between 5 per cent and 6 per cent in 8 transactions, between 4 per cent and 5 per cent in 5 transactions, 3.9 per cent in one transaction, and between 2 per cent and 3 per cent in 3 transactions. The securities, which as noted above included stocks of public utilities and a bank and had active markets, were in the intermediate price range, and substantial dollar volumes and markdowns were involved. For example, on one day applicant effected 5 purchases from one customer for a total of \$23,011, and on another day 2 purchases for \$13,268 from the same customer, with the spreads from the concurrent bids amounting to \$1,002 and \$576, respectively. On a third day, it made 4 purchases from a customer for \$4,464, with the spread amounting to \$204. One of the securities purchased by applicant was a listed security. Applicant paid the customer 25-5/8 for 30 shares and resold them over the counter to a dealer on the same day at 26-5/8 (equal to the concurrent bid) for a markdown of 3.9 per cent.

The Commission also rejected Thill's contention that members of the NASD District Committee and Board of Governors who were associated with exchange member firms are not qualified to determine fairness of over-the-counter prices.

SEC ORDER CITES CLARENCE EARL THORNTON. The SEC has ordered proceedings under the Securities Exchange Act of 1934 involving Clarence Earl Thornton, dba Clarence E. Thornton, 11255 Glenhaven Drive, Baton Rouge, La. Thornton has been registered with the Commission as a broker-dealer since March 26, 1964.

The proceedings are based upon staff charges that Thornton violated the anti-fraud provisions of the Federal securities laws in his transactions with a customer (including the purchase of stock from the customer at a price not reasonably related to the current market price thereof). Failure to disclose that William J. Goudeau controlled Thornton's business and effected certain transactions as a broker-dealer in partnership with him, failure to comply with the Commission's record-keeping and confirmation rules, and falsification of his books and records and a financial report filed with the Commission also are charged to Thornton.

A hearing will be held, at a time and place to be designated, to take evidence on the staff charges and afford Thornton and Goudeau an opportunity to establish any defenses thereto, for the purpose of determining whether the alleged violations occurred and, if so, whether any administrative action of a remedial nature is appropriate in the public interest.

NEW JERSEY POWER SEEKS ORDER. New Jersey Power & Light Company, Morristown, N. J., has filed a proposal with the SEC under the Holding Company Act for the issuance and sale at competitive bidding of \$6,000,000 of debentures due 1989; and the Commission has issued an order (Release 35-15089) giving interested persons until July 9 to request a hearing thereon. As reported in the SEC News Digest of June 3, net proceeds from the debenture sale, together with a \$3,000,000 cash contribution heretofore made to the company by its parent, (General Public Utilities Corp.), will be used to finance construction and to pay short-term bank notes which were incurred for construction purposes.

PROFESSIONAL INSURANCE PROPOSES OFFERING. Professional Insurance Company of New York, 44 Wall St., New York, filed a registration statement (File 2-22507) with the SEC on June 11 seeking registration of 129,990 shares of common stock. The stock is to be offered for public sale through an underwriting group headed by M. A. Schapiro & Co., Inc., One Chase Manhattan Plaza, New York. The public offering price (\$23 per share maximum*) and underwriting terms are to be supplied by amendment. The underwriters have agreed to reserve up to 12,000 of the shares being registered for offering to company officials at the public offering price.

The company, managed under contract by Oakeley, Vaughan & Johnston, Inc., specializes in writing professional liability insurance for members of the medical and dental professions in the State of New York. Net proceeds from its 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 outstanding 70,010 shares of common stock, of which management officials as a group own 28.5%. (John F. Johnston, president, owns approximately 11% of the company's outstanding stock and 52% of the manager's outstanding stock). Winthrop O. Cook is listed as board chairman.

DUKE POWER FILES STOCK PLAN. Duke Power Company, 422 S. Church St., Charlotte, N. C., filed a registration statement (File 2-22508) with the SEC on June 12 seeking registration of 49,189 shares of common stock, to be offered under its Purchase-Savings Program for Employees.

BROCKTON TAUNTON GAS PROPOSES RIGHTS OFFERING. Brockton Taunton Gas Company, 125 High St., Boston, filed a registration statement (File 2-22509) with the SEC on June 12 seeking registration of 47,784 shares of common stock, to be offered to its common stockholders at the rate of one new share for each seven shares held on July 10, 1964. The offering is to be made through an underwriting group headed by The First Boston Corporation, 20 Exchange Place, New York. The subscription price (\$36 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the distribution and sale of natural gas in southeastern Massachusetts. Net proceeds from its sale of stock will be used to reduce the company's \$2,463,000 of short-term bank loans incurred for its 1961-63 construction programs. Construction expenses through 1966 are estimated at \$9,150,000. In addition to indebtedness and preferred stock, the company has outstanding 334,491 shares of common stock, of which management officials as a group own 17%. Charles H. Tenney II is board chairman and Anthony D. Matarese is president.

MONTANA-DAKOTA UTILITIES PROPOSES BOND OFFERING. Montana-Dakota Utilities Co., 831 Second Ave. South, Minneapolis, Minn., filed a registration statement (File 2-22510) with the SEC on June 12 seeking registration of \$12,000,000 of first mortgage sinking fund bonds (due 1984), to be offered for public sale at competitive bidding. The company is an operating public utility engaged principally in the business of furnishing gas and electric service in Montana and four other states. Net proceeds from its bond sale will be applied to the payment of \$6,500,000 of short-term bank notes (issued to provide part of the funds for the company's 1963 construction program), and the balance will be applied to the cost of its 1964 construction program, estimated at \$10,000,000.

SENTENCE OF WAYNE M. MANN SUSPENDED. The SEC Chicago Regional Office announced June 11th (LR-2962) that Wayne M. Mann (of Citrus Heights, Cal.), who was found guilty in March by a Federal court jury in Chicago of violating the Securities Act registration and anti-fraud provisions in the sale of mining claims in Utah, was sentenced to two years in prison and fined \$3,000 on the registration charge, both sentences being suspended. On motion of defendant, Judge Abraham Marovitz acquitted Mann on the fraud charge.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended June 11, 1964, 22 registration statements were filed, 26 became effective, 2 were withdrawn, and 258 were pending at the week-end.

FORM 8-K REPORT CLARIFICATION. The Form 8-K reports listed in the SEC News Digest of June 12th were for April 1964 except where otherwise indicated in individual instances.

NORSIG RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3993) exempting Norsig Company, New York, from all provisions of the Act. Norsig is 50% owned by Producers, Inc. (wholly owned by Signal Oil and Gas Company) and 50% owned by Norland Shipping Company, Inc. (wholly owned by Anglo Norsig Shipping Company, a Bermuda corporation). Norsig owns 15% of Signess Shipping Company, Inc., which proposes to construct in Japan two oil tank vessels at a cost of up to \$6,000,000 each and to purchase two vessels of Liberia registry at a cost of up to \$3,500,000 each; and the remaining interest in Signess Shipping is owned in equal amounts by Signal Oil and Anglo Norsig. To finance such construction or acquisition, Norsig proposes to borrow up to \$19,000,000 from insurance companies and a bank (and to issue notes therefor). Signess Shipping will issue to Norsig an equal amount of its notes. Norsig claims exemption from the Investment Company Act because it will be merely a debt financing vehicle for one aspect of the business activities of Signal Oil and Anglo Norsig, its only assets will be the stock interest in and notes of Signess Shipping, and it does not intend to trade in securities of other companies or to make a public offering of its own securities.

MILWAUKEE GAS PROPOSES OFFERING. Milwaukee Gas Light Company, 626 E. Wisconsin Ave., Milwaukee, Wisc., filed a registration statement (File 2-22512) with the SEC on June 12 seeking registration of \$18,000,000 of first mortgage bonds (due 1989), to be offered for public sale at competitive bidding. The company is engaged in selling natural gas in central and eastern Wisconsin. Net proceeds from its bond sale, together with \$4,000,008 to be received from the sale of common stock to its parent, American Natural Gas Company, will be used to pay off short-term bank loans of \$10,500,000, incurred for construction purposes, and the balance of the proceeds will be added to treasury funds for ultimate application to construction costs (estimated at \$17,500,000 for 1964).

SECURITIES ACT REGISTRATIONS. Effective June 15: Laclede Gas Co. (File 2-22448); Mid-Continent Telephone Corp. (File 2-22446); Shulton, Inc. (File 2-22417). Withdrawn June 12: Musicaro Bros., Inc. (File 2-21839).

*As estimated for purposes of computing the registration fee.

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RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month of April 1964 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.

American Tel & Tel Co (7,11)
 Cinerama Inc (7,12,13)
 Exeter Oil Co Ltd (11)
 Frank Paxton Lumber Co (11)
 International Breweries, Inc (1,13)
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 Scurry-Rainbow Oil Ltd (7,13)
 Southeastern Tel. Co (11,13)
 Thompson-Starrett Co, Inc (12)
 Tip Top Products Co (2,7,8,11,13)
United Fruit Co (11,13)
 Barton's Candy Corp (3)
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 The General Tire & Rubber Co (11,13)
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 Ohio Power Co (11,12)
 Puerto Rican Cement Co Inc (11,13)
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 Bradford Speed Packaging & Devel. Corp
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 Barrington Ind, Inc (11)
 Eastern Can Co Inc (11)
 Hobam, Inc (3)
 Interstate Secur. Co (7,13)
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S S White Dental Mfg Co (7,11,13)
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 Borden Co (3,11)
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Union Tank Car Co (8)