

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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FOR RELEASE June 16, 1964

NASD FINE AND CENSURE SUSTAINED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7346) sustaining NASD disciplinary action against C. A. Benson & Co., Inc., and its president, Carl A. Benson, of 223 Fourth Ave., Pittsburgh, Pa. The NASD had imposed a censure and \$750 fines against each for violations of its Rules of Fair Practice; and the Commission affirmed the violations and found that the penalties were neither excessive nor oppressive.

According to the Commission's decision, the Benson firm (1) confirmed 15 sales of securities to customers as agent when in fact it had acted as principal; (2) in 47 transactions where the firm acted as principal it also charged its customers a commission; (3) the firm distributed to customers a circular which violated NASD proscriptions against the use of advertising and sales literature which employs "come-on" techniques or statements which are flamboyant or misleading or tend to mislead; and (4) the firm failed to cancel or liquidate promptly customer purchases on six occasions when payment therefor was not made within the time required by Regulation T. Various assertions in defense and mitigation were rejected by the Commission, as was the firm's contention that the composition of the NASD District Committee and subcommittee of the Board of Governors which ruled on its case did not comply with an NASD requirement for "fair representation."

SEC ORDER CITES MAX KEIFFER. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving Max E. R. Keiffer, of 3041 Fairfax Trafficway, Kansas City, Kansas. Keiffer has been registered with the Commission as a broker-dealer since November 1959, and is a member of the National Association of Securities Dealers, Inc.

The proceedings are based upon staff charges that Keiffer engaged in activities violative of certain provisions of the Federal securities laws, more particularly, that he sold stock of Long's Laundry, Inc., in violation of the Securities Act registration requirement, failed to comply with the Commission's record-keeping requirements, and falsified a statement supporting his claim to an exemption from the requirement that a report of financial condition for 1961 need not be certified by an independent accountant.

A hearing will be held (at a time and place to be announced) to take evidence on the staff charges and afford Keiffer 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.

HEARINGS IN TWO CASES POSTPONED. Due to the pendency of discussions looking to a possible agreement on a factual stipulation which would avoid the necessity of an evidentiary hearing in proceedings involving (1) Spear & Staff, Inc., and (2) J. H. Goddard & Co., Inc., (both of Boston), the respective hearings therein have been postponed from June 23 to July 7, 1964.

UNLISTED TRADING GRANTED. The SEC has granted an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of Avon Products, Inc., and Continental Air Lines, Inc. (Release 34-7348)

COURT DIRECTS DARIUS PRESIDENT TO TESTIFY. Pursuant to Federal court order of June 12th (USDC SDNY), Sheldon Leighton, president of Darius, Inc., New York, to respond to a subpoena issued in connection with a pending investigation of the sale of stock of Space-Tone Electronics Corp. by Darius. (LR-2963)

TWO FILE GUILTY PLEAS. The SEC Atlanta Regional Office announced June 15th (LR-2964) that Alec M. Crowell and Omar Cheer had entered pleas of guilty to two counts of indictment (USDC New Orleans) charging violations of the Securities Act anti-fraud provisions in sale of oil interests in Barron County, Ky. Sentencing deferred.

H. S. IVORY ENJOINED. The SEC New York Regional Office announced June 12th (LR-2965) the entry of a Federal court order (USDC NJ) permanently enjoining violations of the Securities Act registration requirements by Harry S. Ivory, of Herbertsville, N. J., in the sale of securities of Hydrocarbon Chemicals, Inc., and Southwestern Hydrocarbon Pipeline Co.

AMERICAN DIVERSIFIED PROPOSES OFFERING. American Diversified, Inc., 7125 W. 44th Ave., Wheatridge, Col., filed a registration statement (File 2-22511) with the SEC on June 12 seeking registration of 75,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made through Nation-Wide Underwriters, Inc., which will receive \$1 per share commission.

Through wholly owned subsidiaries (The Roosevelt National Life Insurance Company, The Roosevelt Credit Corp. and Nation-Wide Underwriters, Inc.) the company is engaged in writing life insurance and annuity policies and allied lines; is engaged also in the loan and finance business; and acts as broker-dealer and underwriter in the sale of corporate securities. According to the prospectus, operations of the subsidiaries have not been profitable. Net proceeds from its stock sale will be used to retire three notes totaling \$57,500, executed in connection with the purchase of real estate; to repay indebtedness of \$13,274 to a subsidiary; approximately \$150,000 to conduct its insurance business; \$10,000 to be used as working capital

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of the company; and, as needed, to conduct the business of the underwriter. The company has outstanding 102,731 shares of common stock, of which management officials as a group acquired 29,000 shares for a sum of \$55,000. Thomas W. Smeester is board chairman and president.

NEA MUTUAL FUND PROPOSES OFFERING. NEA Mutual Fund, Inc., 1527 New Hampshire Ave., N. W., Washington, D. C., filed a registration statement (File 2-22513) with the SEC on June 12 seeking registration of 2,500 shares of common stock. Shares will be offered to members of the National Education Association (NEA) at net asset value (\$10 per share maximum*), plus a sales charge of 2%. Educators Fund Management Corporation is the sold distributor and principal underwriter of the stock, and is also the Fund's business manager. Standard & Poor's Corporation is listed as investment adviser. Organized under Delaware laws in May 1964, the Fund is a diversified, fully managed fund of the open-end type and was "created to serve the interests of NEA members ... men and women in the teaching profession." Robert Hall Wyatt is president.

MANUFACTURERS' PROFITS UP. The SEC and FTC announce (For June 17th Newspapers) that sales of U. S. manufacturing corporations amounted to \$104.6 billion in the first quarter of 1964, 8 percent higher than in the corresponding quarter of 1963. Profits after taxes totaled \$5.1 billion, 27 percent above the first quarter of last year. (Stat. Release 1981)

DELEGATION RULES EXTENDED. The SEC today announced an amendment to Article 30-3(b) of Subpart A of its Statement of Organization, Conduct and Ethics, and Information Practices (17 CFR 200.30-3(b)), to provide for delegation to the Director, Division of Trading and Markets, of authority to approve requests of national securities exchanges to file reports of proposed changes in, or additions to, its rules less than three weeks prior to adoption, as provided for in Rule 17a-8 under the Securities Exchange Act of 1934 (Release 33-4703).

BUDGET FINANCE FILES STOCK PLAN. Budget Finance Plan, 6434 Wilshire Blvd., Los Angeles, filed a registration statement (File 2-22515) with the SEC on June 15 seeking registration of 25,350 shares of common stock, to be offered under its Second Selected Employees' Stock Purchase Plan.

ROPER APPLIANCE FILES STOCK PLAN. Roper Appliance Corporation, Kankakee, Ill., filed a registration statement (File 2-22516) with the SEC on June 15 seeking registration of 59,720 shares of common stock, to be offered pursuant to its Employee Stock Options.

NORTHLANDER OIL FILES FOR OFFERING AND SECONDARY. Northlander Oil Company, 602 Patterson Bldg., Denver, filed a registration statement (File 2-22517) with the SEC on June 15 seeking registration of 800,000 shares of common stock. The stock is to be publicly offered by the company in 3500-share units and at \$1.50 per share. The registration statement also includes 196,611 outstanding common shares, to be offered by the present holders thereof at the best available price (\$1.50 per share maximum*). The offerings are not underwritten.

Organized in 1963 under Colorado laws, the company is engaged in oil and gas explorations and owns interests in oil and gas leases located principally in the States of Alaska and Wyoming. It is dependent upon American Petrofina Holding Company for the exploration of its leases. The company has not realized any net income to date other than a non-recurring gain on the sale of leasehold interests. Net proceeds from its stock sale will be applied to bank indebtedness of \$235,293 and to a note of \$54,000, and the balance will be used to defray expenses connected with its exploratory work. In addition to indebtedness, the company has outstanding 618,750 common shares, of which management officials as a group own 573,925 shares (512,750 of the shares owned by management officials were issued in exchange for oil and gas leases, with the total cash investment of the transferors amounting to approximately \$179,000 for filing fees, first-year rental payments and bonus payments; and 20,000 shares were issued as partial consideration for the execution of an employment contract). The company sold 86,000 shares at \$1 per share. The prospectus lists seven selling stockholders, including three company officials (Lloyd Powers, board chairman and president, offering 144,342 of his holding of 344,342 common shares; Graham P. Stewart, Jr., executive vice president, offering 5,250 of 19,250 shares; Donald B. Yarbro, vice president, offering 27,237 of 112,237 shares). The company's consulting geologist is also offering 2,000 of his holding of 4,793. The remaining stock to be offered ranges in amounts from 3,000 to 8,000 shares.

SECURITIES ACT REGISTRATIONS. Effective June 16: Master Consolidated Inc. (File 2-22422); Sierra Pacific Power Co. (File 2-22411).
Withdrawn June 15: Airways Hotels, Inc. (File 2-21267).

*As estimated for purposes of computing the registration fee.

CONTINUED

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.

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