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

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FOR RELEASE July 31, 1964

FRANCHARD-GLICKMAN RULING (for August 1 Newspapers). The SEC today announced a decision under the Securities Act (Release 33-4710) in which it ruled that three registration statements filed by Franchard Corporation (formerly Glickman Corporation), of New York, N. Y., a cash-flow real estate company, were false and misleading in material respects. The Commission refused to declare effective certain amendments to one of those statements. However, for reasons indicated below, it withheld the issuance of a stop order.

In its decision, written by Chairman Cary, the Commission held that the statements (which became effective in 1960 and 1961) were materially defective because of their failure to disclose (1) transfers of large sums from the company to another company wholly owned by Louis J. Glickman, the company's former controlling stockholder and chief executive officer, and (2) the fact that Glickman's control stock was pledged as security for high-interest loans thereby rendering his position in the company uncertain and giving him a special motive to cause it to maximize its cash distributions without regard to the long-run impact of unduly generous cash distributions. The Commission rejected certain staff-charges with respect to the failure to disclose the directors' alleged abdication of their duties.

The Commission also found that amendments to one of the company's statements (namely, the last statement plus lengthy supplements thereto) failed to give investors the clear, comprehensive picture of the company's business and affairs required by the Securities Act. The Commission observed that the original prospectus was clearly outdated, that efforts to bring it up to date by means of the supplements had resulted in an obscure and uncoordinated presentation, and that a thoroughgoing revision of the prospectus was required. The Commission also held that prospectuses relating to cash flow real estate securities must set forth clearly the precise sense in which the term "cash flow" is being used as well as such risk elements peculiar to cash flow real estate securities as the impact of the "vanishing tax shelter" resulting from the utilization of depreciation deductions for tax purposes, the adverse implications of the high ratio of fixed costs to gross income, the uncertainty and instability of non-recurring cash receipts derived from such sources as property sales and mortgage refinancings, the wasting asset character of certain leasehold interests, and the distinction between actual depreciation and tax depreciation. This should be done at the very outset of the prospectus under an appropriate caption directing attention to the presence of special risks.

Observing that extensive publicity had already been given to the deficiencies in the company's filings, and that a fundamental change in company management had taken place subsequent to the events giving rise to the deficiencies, the Commission concluded that a stop order suspending the statements is not necessary. Accordingly, the Commission dismissed the proceedings, on condition that copies of its opinion be distributed to all of the company's past and present security holders.

"Any new post-effective amendment," the Commission stated, "should conform to the views expressed in this opinion. After the Division has reviewed such amendment, it will communicate its views with respect to it to the registrant, and thereafter the matter will be submitted to us for appropriate action."

DISCIPLINE OF ELLIOT EVANS MODIFIED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7378) sustaining NASD findings that Elliot Evans, dba Elliot Evans Company, 8631 Sunset Blvd., Los Angeles, had violated its Rules of Fair Practice. However, the Commission overruled the NASD's expulsion of Evans from membership and its imposition of a \$1,000 fine, and ordered instead a 30-day suspension from NASD and affirmed the assessment of \$657 in costs.

Evans had appealed the NASD action, which was based upon the complaint of a New York member firm that Evans had failed to consummate a contract for the sale of stock entered into in April 1961. Certificates for the shares in question (and accompanying bank draft) were forwarded to a New York City bank representing the complainant, which refused to accept them on the ground that the endorsement signatures were not properly guaranteed. While the guarantee would have been acceptable to the transfer agent for transfer purposes (and thus proper under NASD rules), it appears that the certificates did not conform with trade usage and custom among dealers in New York. The certificates were returned to Evans' bank, which made a second and unsuccessful attempt at delivery. Later, the complainant's request for delivery was refused, Evans considering the transaction rescinded by the original failure to accept delivery. Subsequently, in a civil action based on the same events involved in this proceeding, a court found that Evans had breached the agreement and awarded damages for such breach, which Evans has paid.

Although observing that it is not concerned with the contract rights of parties in the review of NASD disciplinary action, the Commission noted that a member's failure to comply with its contractual obligations would, in the absence of any extenuating circumstances, constitute dishonorable, or inequitable conduct; and it concluded that Evans' conduct in this case was not consistent with the ethical practices required of NASD members and that the NASD properly found that he had violated Section 1 of Article III of the NASD rules. "It was not consistent with high standards of business ethics," the Commission stated, for Evans "unilaterally to treat the contract as rescinded without making any inquiry of complainant as to the reasons for the failure to accept delivery, without making any attempt to resolve the delivery problem, and without even informing complainant" that Evans considered the contract rescinded. However, in view of certain extenuating circumstances, the Commission concluded that the NASD sanction should be reduced to one of 30-day suspension plus assessment of costs.

OVER

AMERICAN FIDELITY SEEKS ORDER. American Fidelity Corporation, 423 E. Market St., Indianapolis, Ind., 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-4024) giving interested persons until August 21 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 now making and does not presently propose to make a public offering of its securities.

AMERICA AND ISRAEL GROWTH FUND ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-4025) permitting America and Israel Growth Fund, Inc., New York registered open-end management investment company, to maintain part of its assets in the custody of Israel Discount Bank Ltd. (an Israeli banking corporation with its principal office in Tel Aviv, Israel), as agent of the Fund's custodian, Bankers Trust Company of New York.

EVANS PRODUCTS' SHARES AND WARRANTS IN REGISTRATION. Evans Products Company, 1121 S. W. Salmon St., Portland, Ore., filed a registration statement (File 2-22642) with the SEC on July 29 seeking registration of 137,320 shares of common stock, to be offered pursuant to its Employees' Restricted and Qualified Stock Options. Also included in the registration statement are warrants to purchase 187,111 common shares which were issued in 1959 to eight institutional investors together with \$10,000,000 of the company's 5½% secured notes (since repaid) at a price equal to 100% of the principal amount of the notes. The warrants are exercisable through April 15, 1969, at \$19.24 per share.

The company is a diversified manufacturer and distributor principally of building materials and of equipment for the transportation industry. In addition to indebtedness, it has outstanding 1,532,268 common shares, of which management officials as a group own 8.2%. Monford A. Orloff is president.

WESLEYAN ENTERPRISES FILES OFFERING. Wesleyan Enterprises, Inc., 1528-30 Main St., Dallas, filed a registration statement (File 2-22645) with the SEC on July 29 seeking registration of 1,569,500 shares of Class A common stock. The stock is to be offered for public sale at \$2 per share on a best-efforts basis through The First City Securities Corporation, Main at A, Temple, Tex., which will receive a selling commission of 23¼¢ per share.

Organized in 1963 under Texas law, the company intends to acquire interests in one or more life, health and accident insurance companies, banks, savings and loan associations, loan companies, and other similar institutions. To date, it has contracted to purchase all of the outstanding capital stock of United National Life Insurance Company (a Texas corporation) for \$2,500,000. Of the net proceeds from its stock sale, \$2,400,000 will be used to pay the balance of the purchase price for United National, and the remainder will be used to acquire capital stock of other existing financial institutions, to charter new financial institutions, or to furnish additional funds to United National or to other organizations in which the company may invest. The company has outstanding 302,416 shares of Class A common stock (for which its founders and other persons paid \$1.15 per share) and 1,002 Class B common shares (acquired by three company officials at \$1 per share). Ted B. Spencer is president and John Allen is board chairman.

LEAR JET CORP. PROPOSES OFFERING. Lear Jet Corporation, P. O. Box 1280, Wichita, Ks., filed a registration statement (File 2-22646) with the SEC on July 29 seeking registration of 750,000 shares of common stock, to be offered for public sale. The public offering price (\$10 per share maximum*), identity of underwriters and terms of the underwriting are to be supplied by amendment.

Organized in 1960 under Delaware law, the company (formerly Swiss American Aviation Corporation) is engaged in the design, manufacture and sale of a nine-place executive aircraft called the "Lear Jet" and in the development of certain avionics systems. Construction of its Wichita plant began in August 1962, with occupancy in January 1963. Since then, according to the prospectus, the company has devoted its main energies to developing and producing three of its Model 23 jet airplanes, "which have been completed, tested and flown extensively;" and the company presently has 17 firm orders for the Lear Jet, expected to sell for about \$575,000. Among its other products under development is Lear Stereo, a combination of radio and cartridge-tape stereo for automobiles, aircraft, boats, etc. Operations during the next few years is expected to be devoted principally to the commercial production of the jet and stereo. Of the net proceeds from its stock sale, approximately \$3,500,000 will be used to procure additional tooling and equipment required to increase aircraft production and the balance will be used as working capital. Pursuant to recapitalization effected on July 27, the company has outstanding 1,500,000 shares of common stock, all of which were acquired by William P. Lear, Sr., (board chairman and president) and his wife for cash and as payment for loans which Lear had made to the company.

NATIONAL CO. FILES STOCK PLANS. National Company, Inc., 61 Sherman St., Malden, Mass., filed a registration statement (File 2-22647) with the SEC on July 30 seeking registration of 60,254 shares of common stock, to be offered under its Restricted Stock Option Plans of 1954 and 1956, Supplementary Restricted Stock Option Plan of 1959, and Employee Qualified Stock Option Plan.

DESOTO CHEMICAL FILES STOCK PLAN. DeSoto Chemical Coatings, Inc., 1700 S. Mount Prospect Rd., Des Plaines, Ill., filed a registration statement (File 2-22648) with the SEC on July 30 seeking registration of 1,400 fund memberships in its Savings and Profit Sharing Pension Fund, together with 60,000 shares of common stock which may be acquired pursuant thereto.

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 July 1 News Digest.

8-K for June 1964

American Tel & Tel Co (3,13)
Carrier Corp (3)
Western Power & Gas Co (11,13)

American Electric Power Co (12)
Appalachian Power Co (12)
Elgast Optical Co Inc (2,13)
Frito-Lay Inc (7)
General Electric Co (3)

United Electrodynamics Inc (2,10,12,13)
American Investment Co (4,7,8,13)
Christiana Oil Corp (2,7,13)
The Electrad Corp (12)

Arcs Ind, Inc (11)
Capitol Food Ind, Inc (2,13)

Eagle Picher Co (2,11,13)
Whitaker Corp May 1964 (12,13)

Alex Forst & Sons Inc (11,12)
Byer-Rolnick Corp (11)

Exquisite Form Ind, Inc (7,8,11,13)
General Development Corp (3,4,7,8,9, 11,12,13)

E. I. Du Pont De Nemours & Co (3)
General Motors Acceptance Corp (7,13)

Dunhill International Inc (4,7,13)

American Gypsum Co (4,7,12,13)
Fuller Ind, Inc (7)

B. T. Rabbitt, Inc (9,10,12)
Holiday Mobile Home Resorts, Inc (11)

The Dayton Power & Light Co (4)
Wilson Electric Co Inc (7)

Miss Shainess Mfg. Co (3)
Atlanta Gas Light Co (7)
Copperweld Steel Co (12)
Florida Public Utilities Co (7)

Elco Corp (7)
Frantz Ind, Inc (3)
Davidson-Routell Co (Del) Amend #1 to BK for May 1964
American & Effird Mills, Inc (11,13)
Chesapeake Life Insurance Co (2,7, 12,13)
Cummins Engine Co Inc (7,10)
Helene Curtis Ind, Inc (11,13)
Quebec Natural Gas Corp (7)
Real Properties Corp. of America (7)
Scientific Data Systems, Inc (7,13)
Horn Silver Mines Co (7)
The Londontown Mfg. Co (3)

Central Tel. Co (7,11,13)
The Chesapeake & Potomac Tel. Co (13)
Consumers Cooperative Assoc. (7,8)
The Grow Corp (7,8,12,13)
The Kyser Corp (4,7,13)
Micom, Inc (3)
Middle States Tel. Co of Illinois (7)
Neisner Brothers, Inc (12,13)
Pacific Tel & Tel Co (3)
Pioneer Plastics Corp (4,7,8,9, 11,13)
Silver Divide Mines Co (2)
United Bowling Centers, Inc (2,13)
Jaeger Machine Co (11,13)
Oil Shale Corp (11)
Pargas, Inc (2,13)
Cousins Properties Inc (7,13)
Lionel Corp (2,11,13)
Management Assistance Inc (4,7,8,9, 11,13)
Monsanto Co (12)
Great American Ind, Inc (11)
Hamilton Watch Co (4,7,8,13)
Rogers Corp (7)
Standard Oil Co of Calif. (7)
Thompson Ramo Woolridge Inc (2,7, 11,13)
Chemsol, Inc (3)
Harvey's Stores, Inc (12,13)
Interstate Securities Co (12,13)
Modern Homes Construction Co (April 1964 (7,13)
Pan American World Airways Inc (8)
Scott & Fttzer Co (7,10,11,12,13)
Trans-Coast Invst. Co (10,13)
Evans, Inc (11,13)
Liberian Iron Ore Ltd (11)
Stainless Steel Prod. Inc (3,11,13)
American Realty Trust (2,13)
McCroory Corp (4,12,13)
Union Carbide Corp (7,13)
General Plywood Corp (2,3,13)
National General Corp (11,13)
Reading & Bates Offshore Drilling Co (2)
Ingersoll Rand Co (4,7,11)
Simon Hardware Co (4,12,13)
Storer Broadcasting Co (9)
General Tel. Co of Michigan (7,8)
Pacific Airmotive Corp (1)
RIC Group, Inc (3)
Great Plains Devel. Co of Canada Ltd (8)
May Dept. Stores Co (7,11,12,13)
McDonnell Aircraft Corp (11)
General Public Utilities Corp N.Y. (3)
Metropolitan Edison Co (3)
Pioneer Finance Co (11)
I-T-E- Circuit Breaker Co (3)
Katz Drug Co (3)
Ozark Air Lines Inc (7,12)
Pure Oil Co (7,13)

TECH. ANIMATIONS FILES FOR SECONDARY. Technical Animations, Inc., 11 Sintsink Dr., East, Port Washington, N. Y., filed a registration statement (File 2-22649) with the SEC on July 30 seeking registration of 8,400 outstanding shares of Class A common stock and 7,000 outstanding shares of Class B capital stock. The stock is to be offered for public sale by the present holders thereof from time to time in the over-the-counter market at prices prevailing at the time of sale. Also included in the registration statement are 5,000 shares of Class B capital stock underlying an option granted in 1959 to Paul H. Taub to purchase such stock at \$2.6875 per share.

The company engineers, designs and manufactures animated transparencies (sold under the trade mark "Technamations") and other specialized training aids and displays, and sales and advertising devices. In addition to indebtedness, it has outstanding 355,730 shares of Class A common and 314,914 shares of Class B capital stock, of which management officials as a group own 39.7% and 9.8%, respectively. The prospectus lists two selling stockholders, who are offering their entire holdings, as follows: Philip Boone, 7,000 Class B shares and 5,000 Class A shares, and Robert H. Leeds, 3,400 Class A shares. Nathan Rosenblum is board chairman of the company and Stanley L. Schwartz is president.

SEC COMPLAINT CITES CHAS. MURPHY-MURCO PRODUCTION. The SEC Fort Worth Regional Office announced July 29 (LR-2997) the filing of a complaint (USDC Ks.) seeking to enjoin further violations by Charley C. Murphy, individually and doing business as Murco Production Company, of the Securities Act registration and anti-fraud provisions in the sale of oil and gas interests.

STALLWORTH OIL & GAS PROPOSES OFFERING. Stallworth Oil & Gas, Inc., 407 W. Missouri St., Midland, Tex., filed a registration statement (File 2-22650) with the SEC on July 30 seeking registration of 400 participating units in its 1964 program, to be offered for public sale at \$5,000 per unit. The purpose of the program is to explore and develop oil and gas prospects within the continental United States, primarily in Ohio and West Virginia. Organized under Texas law in 1962, the company has had no business transactions other than the issuance of all of its capital stock to Stallworth.

WISCONSIN INDUSTRIAL CORP. ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4027) declaring the Superior-Douglas County Industrial Development Corporation of Superior, Wisc., to be exempt from all provisions of said Act. Applicant is a subsidiary of Superior-Douglas Industrial Development Association, Inc., a non-profit Wisconsin corporation which owns all of its 61 outstanding common shares. It was formed for the purpose of investing in a note of Superior Fiber Products, Inc., a Wisconsin corporation which intends to construct and operate a hardboard manufacturing plant at Superior. Under a Securities Act registration statement filed by the applicant and Superior Fiber Products, applicant proposed a public offering of debentures in the amount of \$630,000, the proceeds of which will be used to purchase the note of Superior Fiber Products, which is expected to be its only asset. The major financing of the plant is to be provided by the United States Area Redevelopment Administration.

ROCHESTER GAS AND ELECTRIC PROPOSES BOND OFFERING. Rochester Gas and Electric Corporation, 89 East Ave. Rochester, N. Y., today filed a registration statement (File 2-22651) with the SEC seeking registration of \$16,000,000 of first mortgage bonds, Series U (due 1994), to be offered for public sale at competitive bidding. The company supplies electric, gas and steam service within the State of New York. Net proceeds from its bond sale will be used in connection with the company's construction program (estimated at \$41,400,000 through 1965), including the discharge of \$10,000,000 of short-term obligations the proceeds of which were so used. Robert E. Ginna is board chairman and Ernest J. Howe is president.

SECURITIES ACT REGISTRATIONS. Effective July 31: The Kansai Electric Power Co. Inc. (File 2-22543); Vail Associates, Ltd. (File 2-22463).

*As estimated for purposes of computing the registration fee.

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