

# NEWS DIGEST



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

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FOR RELEASE October 15, 1964

**AXE FIRMS CENSURED.** The SEC today announced a decision (Release 34-7442) censuring Axe Securities Corporation and E. W. Axe & Co., Inc., of Tarrytown, N. Y., for violations of the Federal securities laws. However, due to mitigating factors, the Commission concluded that it was not necessary in the public interest to revoke the broker-dealer registration of Axe Securities (principal underwriter for certain mutual fund shares), or the investment adviser registration of Axe & Co. (investment adviser to three Funds), or to suspend or expel Axe Securities from NASD membership.

The violations resulted from the publication, in two issues of a book named "To the Bride," of an article "Your Investment Program." The book was distributed by 96 department stores as a gift to prospective brides who registered their wedding selections with such stores; and it contained, in addition to the article, recommendations by brand name of various household items. The investment article, for which the Axe firms paid a total of \$6,000, urged brides to initiate an investment program by purchasing shares in a mutual fund and stated that Axe & Co. is "one of the outstanding nationally recognized investment counsels," and that their "proven ability in economic research and evaluation, and their record in economic and market analysis, has led many financial institutions to retain them." It described the Funds, analyzed and recommended the shares of the Funds, and advised that a qualified investment dealer or broker be consulted concerning the Funds.

The book purported to contain impartial recommendations of brand names and manufacturers; and the Commission observed that, at least to the unsophisticated, the article "may have carried the false implication of an objective unpaid endorsement of the Funds by the publisher." And while the article did not purport to offer shares of the Funds for sale, nevertheless, for a consideration paid by Axe Securities and Axe & Co., it described such shares. Failure to disclose the consideration paid for the article, violated the express requirements of Section 17(b) of the Securities Act. Moreover, because the article had the effect of soliciting offers to buy shares of the Funds, it was a prospectus within the meaning of the Securities Act. It failed, however, to meet the SEC prospectus requirements; and the article was not filed with the Commission as required by the Investment Advisers Act.

The mitigating factors included cooperation with the Commission's staff in its investigation, deletion of the article from the book, undertaking to rescind purchases of fund shares by recipients of the book, and adoption of internal procedures with respect to preparation and distribution of sales materials.

**GEORGE R. WRIGHT & CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7444) revoking the broker-dealer registration of George R. Wright & Company, Inc., 5919 So. Woodland Dr., Ogden, Utah, for violating the anti-fraud and record-keeping provisions of the Federal securities laws. The firm was also expelled from the National Association of Securities Dealers, Inc. George R. Wright, company president, was found to be a cause of such revocation and expulsion.

On the basis of the order for proceedings and the offer of settlement by the respondents, the Commission found that the firm and Wright willfully violated the anti-fraud provisions in the sale of mutual fund shares by failing to execute customers' orders as promptly as promised, thereby at times causing the customers to suffer losses. Between May 1961 and March 1964, the respondents also failed to make and keep current certain required records.

**NEILY PLACED ON PROBATION.** The SEC Boston Regional Office announced October 9 (LR-3054) that Rupert Neily, Jr. received an 18-month suspended sentence and was placed on probation for 3 years, following his plea of guilty to an indictment charging violations of the fraud provisions of the Securities Act and the false statement provision of the Federal Criminal Code in the sale of common stock of Mainco Electronics and Marine Development Corporation.

**KERR-McGEE OIL FILES STOCK PLANS.** Kerr-McGee Oil Industries, Inc., Kerr-McGee Bldg., Oklahoma City, Okla., filed a registration statement (File 2-22846) with the SEC on October 14 seeking registration of 3,500 participations in its Thrift Plan and 1,275 participations in its Savings Plan, together with 173,000 shares of common stock which may be acquired pursuant to the plans.

**INSURED ACCOUNTS FUND PROPOSES OFFERING.** Insured Accounts Fund, Inc., 11 E. Adams St., Chicago, filed a registration statement (File 2-22841) with the SEC on October 9 seeking registration of 10,000 shares of common stock, to be offered at net asset value (\$1,050 per share maximum\*) plus a minimum sales commission of 5%. The offering is to be made through the Fund's sole underwriter, Insured Accounts Fund Distributors, Inc., 10 S. La Salle St., Chicago, which may be assisted by certain NASD members and foreign dealers. The purpose of the Fund "is to provide, in a single certificate, a means by which investors can participate in insured accounts in savings and loan associations located throughout the United States, and is specifically designed to meet the requirements of investors seeking a high degree of safety and freedom from fluctuation in the value of their investments." It has outstanding 100 common shares, as adjusted to reflect a 5-for-1 split on October 7, 1964. Robert G. Weinberg is president of the Fund and of its sponsor, Home Loan Associates.

OVER

**WINDSOR LIFE INSURANCE PROPOSES OFFERING.** Windsor Life Insurance Company of America, 122 E. 42nd St., New York, filed a registration statement (File 2-22845) with the SEC on October 14 seeking registration of 625,000 shares of capital stock. Of this stock, 255,000 shares are to be offered for public sale at \$5 per share through Bacon, Whipple & Co., 135 S. La Salle St., Chicago, and Courts & Co., 11 Marietta St., N. W., Atlanta; 120,000 shares are to be offered to company officials; 55,000 shares to company employees and insurance agents of the company; 50,000 shares to persons designated by George Becker (director); and 45,000 shares to persons designated by Guy N. Ducharme (president), all at the public offering price. The underwriters are to receive a 50¢-per-share commission. Pursuant to a purchase agreement with the company and subject to the sale by the underwriters of the above 525,000 shares, ten persons have agreed to purchase the remaining 100,000 capital shares at the public offering price.

The company was organized in August 1964 under New York law and plans to write various forms of non-participating life insurance, including ordinary life, limited payment life, term insurance, endowment insurance, retirement income insurance, term and family income riders, group life, pension plans and annuities. Net proceeds from its stock sale will be added to capital and surplus to meet requirements for applying for an insurance license. Any proceeds exceeding such amount will be used for day-to-day operations.

**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 October 2 News Digest.

Chelsea Industries, Inc Sept. 1964 ( 12,13)  
Clear Creek Corp Sept. 1964 ( 5)  
Dial Finance Co Sept. 1964 ( 7,13)  
Riegel Textile Corp Sept. 1964 ( 7,8,9,10,11)  
Texas Instruments Inc Sept. 1964 ( It 13)

Buckingham Corp Sept. 1964 ( 1,12,13)  
Worcester Gas Light Co Sept. 1964 ( 7)

Natl. Video Corp-Rico Electronics Inc Sept. 1964 ( 11,13)  
Walgreen Co Oct. 1964 ( 4,7,13)

Natl. Cleaning Contractors, Inc Sept. 1964 ( 7,13)  
Royal Properties, Inc Sept. 1964 ( 8,13)  
Yard-Man Incorporated Sept. 1964 ( 11)

Central Illinois Elec. & Gas Co Sept. 1964 ( 11,13)  
New England Electric System Sept. 1964 ( 3)  
Parker-Hannifin Corp Sept. 1964 ( 11,13)  
Parkview Drugs, Inc Sept. 1964 ( 13)  
Richardson-Merrell, Inc Sept. 1964 ( 3)

R. C. Allen Business Machines, Inc March 1964 ( 11)  
Majestic Specialities, Inc Sept. 1964 ( 2,4,7,13)

Raytheon Co Sept. 1964 ( 12,13)  
Towmotor Corp Sept. 1964 ( 11,13)

Raker Properties, Inc Sept. 1964 ( 11)  
Corymation, Inc Sept. 1964 ( 12)  
Cory Corp Sept. 1964 ( 4,13)  
District Wholesale Drug Corp of Wash. Oct. 1964 ( 11)  
Kavanagh-Smith & Co Sept. 1964 ( 11,13)  
Sunair Electronics, Inc August 1964 ( 11)

Boston Garden Arena Corp Sept. 1964 ( 1)  
The Greater Nebraska Corp Sept. 1964 ( 7)

Argus Incorporated Sept. 1964 ( 8)  
Eastern Mass. St. Ry. Co Sept. 1964 ( 6)  
H. K. Porter Co, Inc ( Del) Sept. 1964 ( 3,13)  
Public Service Elec. & Gas Co Sept. 1964 ( 7,13)  
Scott Aviation Corp Sept. 1964 ( 7,13)  
Standard Kollsman Ind, Inc Sept. 1964 ( 12,13)

Alcolac Chemical Corp Sept. 1964 ( 7,8,11,12,13)  
American Gypsum Co Sept. 1964 ( 11,13)  
Wellington Electronics, Inc Sept. 1964 ( 11)  
Wisconsin Electric Power Co Sept. 1964 ( 7,8)

Oceanarium, Inc Sept. 1964 ( 8)  
Slater Electric, Inc Sept. 1964 ( 4,7,13)  
Texas Industries, Inc  
Delete: 8K for Sept. 1964 ( 13)  
(Appeared on Memo# 646)

Walter E. Heller & Co Sept. 1964 ( 3,7,8,13)  
Ketchum & Co, Inc April 1964 ( 11)  
Livingston Oil Co Sept. 1964 ( 11)

Cooper Tire & Rubber Co Sept. 1964 ( 7,12)  
Lance, Inc Sept. 1964 ( 2)  
Maust Coal & Coke Corp March 1964 ( 7,13)  
Ocean Drilling & Exploration Co Sept. 1964 ( 4,7,8,13)  
United Bowling Centers, Inc Amend #1 to 8K for Aug. 1964 ( 2)  
Crowleys Milk Co, Inc Amend #1 to 8K for Dec. 1961 ( 4,7,13)  
Leaseway Transportation Corp Amend #1 to 8K for June 1964 ( 7)  
Sampson Miller Associated Companies, Inc Amend #1 to 8K for Jan. & Mar. 1964 ( 2,12)  
Herman & Appley, Inc Amend #1 to 8K for June 1964 ( 2,7,13)  
Life Insurance Co of Florida Amend #1 to 8K for May 1964 ( 13)

**SECURITIES ACT REGISTRATIONS.** Effective October 14: Albright Title & Trust Co. (File 2-22710); Aurora Plastics Corp. (File 2-22745). Effective October 15: H. J. Heinz Co. (File 2-22827); National Company, Inc. (File 2-22647); Weyenberg Shoe Manufacturing Co. (File 2-22820); Diamond Laboratories, Inc. (File 2-22733); General Interiors Corp. (File 2-22755); Midwestern Corp. (File 2-22686); Standard Prudential Corp. (File 2-22707); United Trust Life Insurance Co. (File 2-22785); Universal Mfg. Co. (File 2-22764).

\* As estimated for purposes of computing the registration fee.

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