

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

(In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 64-11-19)

FOR RELEASE November 30, 1964

**CLAUDE WARREN ACCEPTS BAR ORDER.** The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-7475) barring Claude Warren, of 1841 K Street, N. W., Washington, D. C. from being associated with any broker-dealer firm. The order was based upon an offer of settlement submitted by Warren, president of Fairfax Investment Corporation, who consented to the entry of an order barring his association with any broker-dealer without the Commission's consent. The order was issued in proceedings charging that in 1961 Warren in concert with others violated the Securities Act registration provisions in the sale of stock of Agricultural Research Development, Inc. The order further alleged that Warren and others violated the anti-fraud provisions of the said Act in that, among other things, they bid for and purchased AGR stock for accounts in which they had a beneficial interest in the course of distributing such stock, and engaged in other manipulative activities; arranged with a controlling person of AGR for the opening of two accounts with a registered broker-dealer for the purpose of distributing and trading substantial amounts of AGR stock in such accounts; and made certain false and misleading representations to purchasers and prospective purchasers.

Observing that Warren is no longer in the securities business and has stated that he has no intention of re-entering such business, and that he has agreed to dismissal of his pending appeal from an injunction entered against him in SEC v. Fairfax Investment Corporation, et al if his offer of settlement is accepted, the Commission determined to accept the offer.

**SEC SUSPENDS DONALD KELTNER.** The SEC today announced the issuance of an order (Release 33-4738) denying to Donald Keltner, of Los Angeles, the privilege of appearing or practicing before the Commission for two years. The order was based upon a charge in private proceedings that Keltner "was lacking in the requisite qualifications to represent others before the Commission within the meaning of Rule 2(e)(1), in that while acting as counsel, he participated in the preparation and submission to the Commission of filings under Regulation A for Aero Space Electronics, Inc. and George Harmon Company, Inc., which filings contained material misrepresentations and omissions which he knew or reasonably should have known were false and misleading concerning, among other things: the participation and compensation of certain finders and method of distribution of shares to them; certain major customers; certain purchase orders and backlog orders; the state of development of products; interim operating losses and loans affecting the financial condition of the companies; and the identity, participation and compensation of certain affiliated persons." While not admitting the allegation, Keltner consented to the entry of the order.

**FORMS PROPOSED FOR OVER-COUNTER ISSUERS.** The SEC today announced a proposal (Release 33-4742) for the revision of its rules and regulations under the Securities Exchange Act of 1934, as a further step in implementing the registration and reporting provisions of the Securities Acts Amendments of 1964. The purpose of the proposed amendments to the General Rules and Regulations under the Securities Exchange Act of 1934 is to make those rules generally applicable to issuers required to register securities pursuant to the new Section 12(g) of the Act. Interested persons are invited to submit their comments not later than December 30th.

Under the proposed amendments to the Exchange Act rules, the provisions of Regulation 12B, Regulation 13A, and Regulation 15D, now applicable to companies which register (list) their securities on a national securities exchange and which thereafter are obligated to file annual and other periodic reports (Regulation 15D also is applicable to certain registrants under the Securities Act), to companies whose securities are traded over-the-counter and which must register with the Commission pursuant to provisions of the 1964 amendments. The new registration requirement generally applies to non-listed companies which have \$1,000,000 in assets and 750 shareholders (500 after July 1, 1966). In addition, it is proposed to rescind Rule 15d-20, which provides an exemption from the reporting requirements of Regulation 15D for certain closely held issuers, since it is no longer necessary under provisions of the new law.

In addition, the Exchange Act rules now applicable to the filing of ownership and trading reports by "insiders" of listed companies (officers, directors and 10% owners) would be made applicable to the reporting by "insiders" of companies which register under the new law.

**HARRY ODZER CO. ENJOINED.** The SEC New York Regional Office announced November 25 (LR-3092) the entry of a Federal court order (USDC SDNY) permanently enjoining Harry Odzer, dba Harry Odzer Company, 67 Broad St., New York, from further violating the SEC net capital and recordkeeping rules.

**JOHN A. MURCH ARRESTED.** The SEC Seattle Regional Office announced November 25 (LR-3093) the arrest of John A. Murch of Edmonds, Wash., on a complaint charging Murch with violating the Securities Act anti-fraud provisions, and the indictment of Murch on charges of fraud in the sale of securities, mail fraud, false statements made to government agencies, and interstate transportation of stolen securities (all while Murch was serving as securities salesman for Grande & Co., Inc., of Seattle).

**ALLSTATE SECURITIES, deLYRA, SBARBATI INDICTED.** The SEC New York Regional Office announced November 25 (LR-3094) the return of an indictment (USDC SDNY) charging John L. deLura of 261 East 23d Street, Brooklyn, Vincent J. Sbarbati of 511 East 80th Street, New York, and Allstate Securities, Inc., a defunct securities firm, formerly of 80 Wall St., New York, with violating the Securities Act anti-fraud provisions in the sale of stock of North American Properties Corporation, formerly of the 80 Wall St. address.

OVER

**BALDWIN SECURITIES SEEKS ORDER.** Baldwin Securities Corporation, New York investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its ownership of stock of General Industrial Enterprises, Inc.; and the Commission has issued an order (Release IC-4089) giving interested persons until December 18 to request a hearing thereon. Baldwin now owns about 93% of the outstanding voting stock of General. It is contemplated that General will be merged into Baldwin without a vote of stockholders pursuant to Delaware law. The merger plan will provide that each stockholder of General (other than Baldwin) will receive Baldwin stock equal in book value to the book value of his General stock, subject to Delaware law appraisal rights. According to the application, the plan of merger cannot be carried out unless Baldwin receives an exemptive order from the Commission pursuant to Section 17(b) of the Act. The merger proposal contemplates that the statement of policy of Baldwin will be amended to include various of the policies contained in General's statement of policy. Such amendment will require action at a stockholders' meeting of Baldwin. Its next annual meeting is scheduled for March 17, 1965. The present application seeks an extension of an exemption previously granted by the Commission from December 31, 1964 to April 30, 1965.

**JIFFY FRANCHISE SYSTEM PROPOSES OFFERING.** The Jiffy Franchise System, Inc., 1224 Magnolia Ave., Knoxville, Tenn., filed a registration statement (File 2-22970) with the SEC on November 27 seeking registration of 50,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made on a "best efforts" basis by Gayden Investment Corporation, 315 Union St., Nashville, Tenn., which will receive a \$1 per share selling commission.

The company was organized in June 1960 and has been engaged in the business of franchising drive-in restaurants known as "Jiffy Drive-Ins" and the purchase of restaurant equipment for resale to franchise holders. Proceeds of this stock offering are to be used to purchase land and construct Jiffy Drive-Ins thereon for lease to franchise holders, or for sale to them. The company now has outstanding (after a recent stock split and stock dividend) 51,120 shares of common stock. Assuming successful completion of the proposed stock offering, book value of outstanding shares will be increased from \$3.62 to \$6.29 per share; and, according to the prospectus, shares purchased by the public at \$10 per share will decline \$3.71 to the same book value. Outstanding stock is owned by Clarence D. Weaver, president, and five others. After the public offering (again assuming its successful completion), they will own 50.6% of the outstanding stock, having a net worth of about \$136,555, and public stockholders will own about 49.4%, for which they will have paid \$500,000.

**PANOIL PROPOSES OFFERING.** Panoil Company, 1130 Republic National Bank Bldg., Dallas, filed a registration statement (File 2-22971) with the SEC on November 27 seeking registration of 300,000 shares of capital stock, to be offered for public sale on an all or none basis through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Place, New York, and Rauscher, Pierce & Co., Inc., 1200 Mercantile Dallas Bldg., Dallas. The public offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. Also included in the registration statement are an additional 181,500 common shares, underlying warrants issued in 1957 and 1958 at a price of 10¢ for each share covered thereby and which are exercisable at \$7.50 per share until September 1, 1966. Among the initial purchasers of the warrants were Camed Corporation (a subsidiary of DeGolyer and MacNaughton Inc.), which acquired warrants to purchase 80,000 shares, and Kidder, Peabody & Co., which acquired warrants to purchase 60,000 shares. Camed Corp. still owns warrants to purchase 70,340 shares. Kidder, Peabody & Co. sold certain of its warrants to others in 1957 and 1959 and distributed the remainder to its partners in December 1959. Officers and directors of Kidder, Peabody & Co., Incorporated, one of the principal underwriters, now own an aggregate of 162,388 shares of Panoil capital stock, purchased from the company in 1961 at 25¢ per share (less a commission of 2½¢ per share) by Kidder, Peabody & Co., which shares were subsequently distributed by that firm to its partners. Prior to December 1, 1964, Kidder, Peabody & Co., Incorporated was a corporate affiliate of Kidder, Peabody & Co., and as of the opening of business that date acquired the business of that firm. Officers and directors of Kidder, Peabody & Co., Incorporated, also own warrants to purchase 35,828.8 shares of Panoil stock.

Organized in 1956, the company's principal business is oil exploration and development. At the present time its principal interests are in Turkey. Since 1956 its operations have resulted in a deficit of \$1,330,855, according to the prospectus. Net proceeds of its sale of additional stock will be used primarily to pay part of the company's share of the costs of exploring and developing a 54,000-acre tract in the "Selmo field" of southeastern Turkey. Under an agreement with a subsidiary of Socony Mobile Oil Company, Inc., Panoil has a right to have assigned to it a 20% interest in a petroleum exploration license covering this tract, which according to a DeGolyer and MacNaughton Inc. survey has a substantial "proved and indicated oil reserve." This tract is now under exploration and development by Panoil and the Socony subsidiary.

Panoil now has outstanding 3,568,148 shares of stock, of which management officials own 13.1%. Wilbur B. Sherman is listed as president.

**WADDELL & REED FILES STOCK PLAN.** Waddell & Reed, Inc., 20 W. 9th Street, Kansas City, Mo., filed a registration statement (File 2-22972) with the SEC on November 27 seeking registration of 40,035 shares of Class A common stock, which are issuable upon the exercise of options under the Employees' Stock Option Plan of the company.

**FINANCIAL & COMMERCIAL INVESTMENT OF VA. FILES FOR OFFERING.** Financial & Commercial Investment Company of Virginia, 115 Park Ave., Falls Church, Va., filed a registration statement (File 2-22973) with the SEC on November 27 seeking registration of 150,000 shares of common stock. The shares are to be offered for public sale at \$10 per share (in units of no less than 200 shares) by management officials. No commissions are payable, except that Daniel A. Prager, company president, will be granted options to purchase up to 10,000 shares (at fair market value on the date the option is granted) on the basis of an option for one share for each 200-share unit sold.

The company was organized under Virginia law in March 1962 for the purpose of acting as a holding company for subsidiary companies which would engage in various aspects of the insurance business in Virginia and West Virginia. According to the prospectus, one subsidiary (Financial & Commercial Agency, Inc.) is presently conducting a limited amount of business; and a life insurance company subsidiary is in the process of formation. A minimum of \$500,000 of the proceeds of this stock offering will be invested in the insurance company subsidiary; and the company plans to invest a total of \$1,000,000 of the proceeds in said company. An additional 15% of the proceeds will be used as working capital to pay operating expenses of the company during the period of this offering, and \$43,000 for expenses of the offering. The latter will include a \$15,000 fee to Insurance Management Corporation of America (which will receive a franchise fee of 6% of the total capital paid into the company). The 22 initial investors of the company (seven of whom are directors) subscribed for 5,800 and purchased 5,550 shares of stock, which are now outstanding, at \$10 per share. In addition, these promoters purchased (at 1¢ each) warrants expiring in May 1974 for the purchase of 5,800 additional shares at \$10 per share. Identical warrants for the purchase of 2,140 shares were sold at 1¢ each to thirteen persons (including five directors) who provided services as finders or otherwise in connection with the organization and initial capitalization of the company. The 5800 shares, warrants and shares underlying the warrants are also included in the registration statement. James Hudson Huffard, Sr., is listed as board chairman; and Prager serves as treasurer as well as president.

**I M C MAGNETICS FILES STOCK PLAN.** I M C Magnetics Corp., 570 Main Street, Waterbury, N. Y., filed a registration statement (File 2-22974) with the SEC on November 27 seeking registration of 40,750 common shares, to be offered under its Key Employee Restricted Stock Option Plan.

**VULCAN MATERIALS FILES STOCK PLAN.** Vulcan Materials Company, One Office Park, Mountain Brook, Ala., filed a registration statement (File 2-22975) with the SEC on November 27 seeking registration of \$2,500,000 of interests of participation in its Thrift Plan for Salaried Employees, together with 145,985 shares of common stock which may be acquired pursuant thereto.

**THIRD MARKET REPORTING RULE ADOPTED.** The SEC announces (for December 1st Newspapers) the adoption of Rule 17a-9 under the Securities Exchange Act (Release 34-7474) requiring broker-dealer firms to report certain information concerning over-the-counter trading in listed common stocks, effective January 4, 1965.

The new rule and related reporting forms provide a system for the identification of firms making off-board markets in listed common stocks (the so-called "third market"), and for the reporting of summaries of over-the-counter trading in common stocks traded on those exchanges whose sales of securities exceed \$20,000,000. Blank copies of the forms to be used in reporting may be obtained on or about December 23d from the Commission's Washington as well as its regional offices. It is expected that the Commission will regularly publish summaries of third market trading, as compiled from the reports filed under the rule; but the reports of transactions filed by individual firms will not be made public. In addition to the data to be obtained under the rule, the Commission plans periodically to conduct detailed transaction studies for the purpose of analyzing particular aspects of activity in the off-board market. The reported data and these studies, the Commission stated, will enable it to evaluate the need for more detailed reporting and further regulation of this market. The reporting requirements are discussed below.

Form X-17A-9(1) calls for a report not later than January 14, 1965, by each market-maker, showing the name of each exchange common stock in which he is a market maker and the principal exchange on which such stock is traded. The "market maker" is defined as a dealer who holds himself out as being willing to buy and sell for his own account on a continuous basis otherwise than on an exchange. A report on this form also must be filed by any such firm which commences or ceases to make a market in any exchange common stock after January 4th, the report to be filed within 10 days of such commencement or cessation.

Forms X-17A-9(2) and X-17A-9(3) provide a system for the periodic reporting of summaries of over-the-counter transactions in common stocks traded on exchanges (i.e., all exchanges whose sales of securities in the most recent calendar year exceeded \$20,000,000. For 1963 this sales figure was exceeded by all exchanges except the National, Salt Lake, San Francisco Mining and Spokane exchanges). It was originally proposed that reports would be required only on NYSE stocks. The broader coverage of the reporting requirement to include stocks traded on most of the other exchanges "will permit a fuller understanding of the scope and character of the off-board market." The second modification concerns the frequency of the initial reports (monthly for six months after January 4th, and quarterly thereafter, as contrasted with the original proposal for quarterly reports). While quarterly reports may serve the Commission's long-range needs, the filing of monthly reports for a limited period will afford the Commission an opportunity to assess the possible usefulness of more frequent filings. These reports are designed to supply information on the volume of over-the-counter purchases by the public, one by market makers and the other by other firms who effect off-board transactions in exchange stocks involving \$25,000 or more without the participation of another registered firm. Since most firms do not effect such transactions and are not market makers, they will not likely be required to file a report under this rule.

The Form X-17A-9(2) reports to be filed by market makers will show the aggregate dollar and share volume of over-the-counter transactions according to the principal exchange on which the stocks are traded, the share volume for individual stocks, and the extent to which market makers effect purchases and sales on exchanges in stocks in which they make a market. Market makers also must report their off-board trading in exchange stocks in which they do not make a market. Form 17A-9(3) reports must be filed by firms who are not market makers. They must file reports for transactions of \$25,000 or more where (a) the firm is an intermediary between two public customers; (b) no other firm is involved; and (c) the stock is traded on an exchange (under the original proposal, it was contemplated that transactions involving 500 shares or more would be filed).

**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 November 3 News Digest.

8-Ks for Oct. 1964

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|---|--|
| Bunker-Ramo Corp ( 12)                                      | Alloys & Chemicals Corp ( 2,8,11,13)   |
| Cummins Engine Co, Inc ( 13)                                | Bates Mfg. Co ( 11)  |
| Paul Hardeman, Inc ( 12)                                    | Brite Universal, Inc ( Nov. 1964) ( 12,13)   |
| Joseph Magnin Co, Inc ( 11,13)                              | Kaiser Steel Corp ( 3)   |
| Mt. Clemens Industries, Inc ( 3,11,13)                      | Atmos-Pak, Inc ( 11)   |
| Pocket Books, Inc ( 12,13)                                  | Hoover Co ( 13)  |
| The Williamhouse, Inc ( 11,12)                              | Management Assistance, Inc ( 7)  |
| Foote, Cone & Belding, Inc ( 7,10,11,13)                    | Import Electric Corp ( 7,13)   |
| Harsco Corp ( 7)  | North-West Nitro-Chemicals, Ltd ( 11)  |
| Panacolor, Inc ( 7,13)                                      | Dorsett Electronics, Inc ( 7,13)   |
| South Georgia Natural Gas Co ( 7)                           | Instrument Systems, Inc ( 2,13)  |
| Wellington Management Co ( 3,13)                            | Mercantile Financial Corp ( 4,7,13)  |
| Fair Lanes, Inc ( 11)                                       | Barrington Industries, Inc ( 2,11,13)  |
| Schwitzer Corp ( 11,13)                                     | Dorchester Gas Producing Co ( 2,4,6,7, 13)   |
| Voss Oil Co ( 6,13)   | Grand Deposit Mining Co ( Jan. 1962) ( 2,7, 11,13) (Aug. 1962) ( 13) (Dec. 1963) ( 7,13) (July 1964)( 11,13) |
| Western Nuclear, Inc. ( 11)                                 | Intercoast Companies, Inc ( 10,11,12,13)   |
| American Urethane, Inc ( 7,13)                              | Magnasync Corp ( 3,7,12,13)  |
| Continental Vending Machine Corp ( 2,3,13)                  | Ramo, Inc ( 11,13)   |
| Curtis Publishing Co ( 6,7,12)                              | Sta-Rite Products, Inc ( 7,9)  |
| Globe-Wernicke Industries, Inc ( 3)                         | World-Wide Realty & Investing Corp ( 11)   |
| Jersey Central Power & Light Co ( 7,10,13)                  | Besco Enterprises, Inc ( 11,12)  |
| Popular Library, Inc May 1963 ( 11)                         | C.F.M. Co ( 6) ( Aug. 1964)  |
| Royal Crown Cola Co ( 12)                                   | Mobilife Corp ( 2,11,12,13)  |
| Trenton Foods, Inc June 1964 ( 3)                           | Sanders Associates, Inc ( 11)  |
| Georgia Power Co ( 4,7,13)                                  | The First Republic of America ( 2,7,8,13)  |
| Joy Mfg. Co ( 12)   | Inland Underground Facilities, Inc ( 7,13)   |
| Otis Elevator Co ( 13)                                      | Middlesex Water Co ( 7,13)   |
| Portland General Electric Co ( 12)                          | Sage International, Inc ( July 1964) ( 4,7, 8,13)  |
| Plant Industries, Inc ( 2,13)                               | American Fidelity & Casualty Co, Inc ( 2)  |
| Doughboy Industries, Inc Amend #1 to 8K for Sept. 1964 ( 4) | Greatamerica Corp ( 7,8,13)  |
| Yates American Machine Co Amend #1 to 8K for June 1964 ( 2) | Reading & Bates Offshore Drilling Co ( 1)  |
| Walter E. Heller & Co Amend #1 to 8K for Sept. 1964 ( 7)    | Weingarten Markets Realty Co ( 12)   |
| American Heritage Publishing Co, Inc ( 11,13)               | Cle-Ware Industries, Inc ( 1,7)  |
| Consumers Cooperative Association ( 7,8)                    |  |
| Western Power & Gas Co ( 7,11,13)                           |  |
| Wilcox-Gay Corp ( 2,13)                                     |  |

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended November 24, 1964, 28 registration statements were filed, 14 became effective, and 272 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS.** Effective November 25: Republic of Finland (File 2-22914).  
Effective November 30: Epicure Foods, Inc. (File 2-22453); Magic Mountain Corp. (File 2-22839); Lear Jet Corp. (File 2-22646).

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

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