

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE April 7, 1959

SEC ORDER CITES PERKINS & CO.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Perkins & Company, Inc., 31 Milk St., Boston.

Perkins & Co. has been registered with the Commission as a broker-dealer since December 1949. Ralph L. Perkins is president, treasurer and owner of 10% or more of its outstanding capital stock. On December 16, 1957, Perkins & Co. was enjoined by order of the U. S. District Court in Boston from further violating provisions of Section 17(a) of the Act and Commission rules thereunder governing the making and keeping of proper books and records of its securities business.

According to the Commission's orders, information developed in an investigation conducted by its staff tends if true to show that during the period November 1958 to date Perkins & Co. failed to make and keep current certain of its books and records, including an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities, and all receipts and disbursements of cash; ledgers or other records reflecting all assets and liabilities, income and expense and capital accounts; ledger accounts itemizing separately all purchases, sales, receipts, and deliveries of securities for each cash and margin account; a record of all "long" or "short" positions, including securities in safekeeping, carried for its account or for the account of customers; and a record of proof of money balances of all ledger accounts in the form of trial balances prepared currently at least once a month.

A hearing will be held for the purpose of taking evidence with respect to the foregoing matters, at a time and place to be announced later.

VIOLATIONS CHARGED TO BELLIN SECURITIES

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether A. G. Bellin Securities Corp., 56 Beaver St., New York City, sold stock of General Oil & Industries Co., Inc., in violation of the registration and anti-fraud provisions of the Securities Act of 1933 and, if so, whether it is in the public interest to revoke the broker-dealer registration of Bellin Securities and/or to suspend or expel it from membership in the National Association of Securities Dealers, Inc.

An initial hearing will be held before the Commission on Monday, April 13, 1959, at 2:30 P.M. for the purpose of determining whether Bellin Securities' broker-dealer registration should be suspended pending further hearings and final decision on the question of revocation.

According to the Commission's order, information developed in an investigation conducted by its staff tends if true to show that Bellin Securities and certain of its officers sold General Oil stock in violation of the Securities Act registration requirement. It is further asserted that in connection with such sales, Bellin Securities and the officers "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit upon the purchasers," and they made false and misleading representations of material facts with respect to General Oil and its stock. The alleged misrepresentations related to the future price of the stock, the company's management, its earnings, the merger of General Oil with a prominent oil company, the listing of its

OVER

stock on an exchange, the ownership by General Oil of oil and gas wells with a current substantial production, and the production of oil and gas from its properties.

The officers in question are Arthur G. Bellin, Benjamin Zwang and Walter M. Holtzberg. In a court action filed by the Commission, the three individuals and Bellin Securities were preliminarily enjoined on March 19, 1959 by the U. S. District Court for the Southern District of New York from further sales of General Oil stock in violation of the Securities Act registration requirement.

PRECON ELECTRONICS PROPOSES STOCK OFFERING

Precon Electronics Corp., 120 E. 41st St., New York, filed a registration statement (File 2-14951) with the SEC on April 6, 1959, seeking registration of 175,000 shares of its 75¢ par Common Stock, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts basis by Charles Plohn & Co. and Netherlands Securities Company, Inc., both of New York, for which a \$1 per share selling commission is to be paid. The company also has agreed to pay \$30,000 of the expenses of the underwriters; and the underwriters have acquired from one stockholder of the company, for \$75, 75,000 shares of the company's common stock which, according to the prospectus, they intend to hold until after 15 months from the initial public offering of stock. These shares also are included in the statement.

Precon was organized under Delaware law on February 9, 1959. In exchange for all of its then outstanding stock, the company acquired from Photographic Analysis, Inc., a California company, of North Hollywood, assets consisting of certain patents and inventions in the electro-mechanical, electronic and photographic fields which that company is said to have developed. The company intends to put into production certain devices and systems based upon these assets, and to continue developmental and research work conducted by the predecessor since 1953. Among these are three devices said to be "ready to be tooled up for production," an automation controller, a TV programmer and a data recording pulse camera. Net proceeds of the sale of stock, assuming all shares are sold, are estimated at \$620,000. The company proposes to subcontract the work of fabricating and assembling the three devices. Of the net proceeds, \$155,000 will be supplied to the subcontractors for tools, jigs, dies and models; \$244,000 will be used for working capital; \$31,000 will be used to reimburse the predecessor for certain development expenses; \$96,000 for inventories and work in process; \$66,000 for continuing research and development; and \$28,000 for advertising and sales promotion.

The issuing company now has outstanding 325,000 common shares, of which 250,000 were issued to Photographic Analysis for its assets. The latter is said to have expended \$342,145 in research and development costs to December 31, 1958. The prospectus lists Theodore C. Robinson of Northridge, Calif., as president and treasurer. Photographic Analysis owns 250,000 of the issuer's outstanding shares, Charles Plohn & Co., 50,000, and Netherlands Securities 25,000. Robinson owns 53-1/3% of the Photographic Analysis stock and two other officers, the balance.

INVESTORS COMMERCIAL FILES FOR SECONDARY

Investors Commercial Corporation, 180 W. Randolph St., Chicago, filed a registration statement (File 2-14952) with the SEC on April 6, 1959, seeking registration of 105,000 outstanding shares of its common stock, to be offered for public sale by the present holders thereof through an underwriting group headed by Paul C. Kimball & Co. The offering price and underwriting terms are to be supplied by amendment. The issuing company will receive none of the proceeds.

The company's major line of business is the purchase from dealers of retail installment contracts or notes for merchandise purchased from, or for services rendered or to be rendered by, retail vending or service establishments. It has outstanding 250,000 shares of common stock in addition to preferred stock, debentures and other indebtedness. The prospectus lists seven selling stockholders, who own 198,737 shares. Of these, five are officers, including Sidney Field, president, (17,850 shares being sold); Abraham A. Siegel and Edwin B. Bernsen, vice presidents (18,250 and 15,826 respectively); David A. Klein, treasurer (18,090); and Armand J. Sofield, director (8,044). Helen S. Ruskin of Wilmette, Ill., is selling 5,190 shares (Harry H. Ruskin is a director); and Klein, et al., trustees under a trust agreement with A. E. Levin as Settlor, is selling 16,250 shares.

OFFERING PROPOSED BY OFFICE BLDG. OF AMERICA

Office Buildings of America, Inc., 9 Clinton St., Newark, N. J., filed a registration statement (File 2-14953) with the SEC on April 6, 1959, seeking registration of 91,809 shares of Class A and 10,201 shares of Class B common stock. It is proposed to offer this stock for public sale in units consisting of 9 shares of Class A and 1 share of Class B stock, and at \$100 per unit. No underwriting is involved.

The company was organized under New Jersey law on January 30, 1959, for the purpose of investing in real estate. It intends to invest substantially in real estate syndications wherein the public provides the funds to purchase large office buildings, hotels, apartment houses, and similar buildings and the investors, usually as limited partners, acquire participating shares or interests in such properties. Pursuant to this policy, the company has recently purchased (a) two units (each representing a one-hundredth interest) in Office Building Associates, which owns five office buildings in Los Angeles, (b) one unit (representing a one-twelve-hundredth interest) in Motors Building Realty Company, which owns a long term lease on the General Motors Building in New York City, and (c) one-fourth unit (representing a one-four-hundredth interest) in Military Park Building Company, which owns the Military Park Building in Newark. The company also proposes to purchase income producing properties with a view to resales, and has recently executed an agreement to purchase the Wiss building in Newark for \$76,500 (subject to mortgages and liens of \$511,211). It has entered into an agreement for the sale of the Wiss Building to Wiss Building Associates for \$150,000 (subject to the indebtedness) and for the lease of the building to the company for 21 years at a rental of \$15,000 per year.

Net proceeds to the company from its proposed stock sale will be added to its general funds to be available for investment in real estate syndicates and other real estate. The company has outstanding 8,190 shares of Class A and 910 shares of Class B stock, all owned by its promoters, officers and directors. The prospectus lists Leonard P. Weinstein of Metuchen, N. J. as president.

AMERICAN ELECTRIC POWER FILES EMPLOYEE STOCK PLAN

American Electric Power Company, Inc., 30 Church St., New York, filed a registration statement (File 2-14954) with the SEC on April 6, 1959, seeking registration of 173,000 shares of its common stock, to be offered pursuant to the American Electric Power System Key Employee Stock Purchase Plan - 1959.

INTERNATIONAL PAPER FILES STOCK OPTION PLAN

International Paper Company, New York, filed a registration statement (File 2-14955) with the SEC on April 6, 1959, seeking registration of 84,405 shares of its common stock, to be offered pursuant to the company's Incentive Stock Option Plan for Key Employees. According to the prospectus, at February 28, 1959, 192 officers or employees of the company and its subsidiaries held options to purchase a total of 206,378 shares (a portion of which were registered under previous filings). The exercise price ranges from \$39.277 for options granted in 1952 to \$112.464 for options granted in November 1958.

AMERICAN NATURAL GAS TO PURCHASE STOCK OF SUBSIDIARIES

American Natural Gas Company, New York, holding company, has joined with three of its subsidiaries in the filing of proposals with the SEC for the reinvestment by the parent of special cash dividends to be received from the subsidiaries; and the Commission has issued an order (Release 35-13974) giving interested persons until April 21, 1959, to request a hearing thereon.

One of the subsidiaries, Michigan Consolidated Gas Company, proposes to issue and sell to the parent an additional 360,000 shares of its common stock for \$5,040,000. Prior thereto, it will pay to the parent a special cash dividend of \$5,040,000. Similarly, Milwaukee Gas Light Company proposes to issue an additional 250,000 common shares to the parent for \$3,000,000, prior to which it will pay the parent a special cash dividend of \$2,000,000; and Michigan Wisconsin Pipe Line Company proposes to issue and sell to the parent an additional 20,000 shares of its common stock for \$2,000,000, prior to which it will pay the parent a special cash dividend of \$2,000,000. These transactions will convert \$10,040,000 of earned surplus of the subsidiaries into permanent capital represented by common stock.

ARKANSAS POWER PROPOSES PREFERRED STOCK OFFERING

Arkansas Power & Light Company, Little Rock, has filed a proposal with the SEC for the issuance and sale at competitive bidding of 75,000 additional shares of its \$100 par preferred stock; and the Commission has issued an order giving interested persons until April 22, 1959, to request a hearing thereon. Net proceeds of the stock sale will be used for construction and other corporate purposes. The company's 1959 construction expenditures are estimated at \$30,100,000.

SEC SUIT FILED AGAINST PERUVIAN OIL CONCESSIONS

The SEC filed a court action on April 2, 1959 (USDC, SDNY), seeking to compel Peruvian Oil Concessions Company, Inc., 21 Maiden Lane, New York City, and certain company officials, to file past due annual reports of the company for 1955, 1956 and 1957 and to correct material deficiencies in its 1953 report (Lit. Release 1417).

PRELIMINARY ORDER ENJOINS GRAVITY SCIENCE FOUNDATION

The SEC Chicago Regional Office announced April 2, 1959 (Lit Release 1419) that an order of preliminary injunction has been issued (USDC, ND, Ill.) enjoining Gravity Science Foundation, Inc., and Howard E. Baker from further violations of registration and anti-fraud provisions of the Securities Act in sale of oil interests in Tennessee. Defendants consented, court allowing additional time to April 27, 1959, to answer SEC complaint.

HEARING SCHEDULED IN ASSOCIATED SECURITIES CASE

The Securities and Exchange Commission has scheduled a hearing for April 22, 1959, in its Salt Lake City Branch Office, in the proceedings under the Securities Exchange Act of 1934 to determine whether Associated Securities Corporation, 626 Continental Bank Bldg., Salt Lake City, violated the registration and anti-fraud provisions of the Securities Act of 1933 and, if so, whether its broker-dealer registration should be revoked.

In its order of March 20, 1959, authorizing the proceedings (Release 34-5918), the Commission charged that Associated Securities and three of its officers sold stock of Blue Lizard Mines, Inc., in violation of the Securities Act registration requirement, and that they made fraudulent misrepresentations in the offer and sale of New Hemisphere Life Insurance Company stock. At the hearing, inquiry will be conducted into these charges for the purpose of determining whether the laws have been violated in the respects indicated and, if so, whether it is in the public interest to revoke Associated Securities' broker-dealer registration.

Addendum to News Digest of April 6, 1959:

SEC ISSUES STATEMENT ON STOCK MARKET

The Securities and Exchange Commission issued on April 6, 1959, the following statement:

"The securities markets have recently experienced a high level of activity which, unfortunately, has at times been accompanied by certain conditions which are of serious concern not only to the Securities and Exchange Commission but to responsible leaders in the financial community as well.

"The Commission, of course, does not have jurisdiction under the securities laws to interfere with the daily volume of trading in securities, with current prices for securities, or with trends in the price level of securities traded on exchanges and the over-the-counter markets, so long as they properly reflect the working of a free market. It is necessarily concerned, however, with conditions which might interfere to any degree with the maintenance of orderly, fair and honest markets, a primary objective of the Securities Exchange Act of 1934.

"Accordingly, the Commission views with concern the extent to which the prices of certain securities seem to fluctuate unduly without apparent economic reason, often as the result of baseless tips and rumors, and with the apparent participation of a considerable amount of speculation on the part of public investors. Obviously, these conditions facilitate the manipulation of securities prices and will result in eventual losses to investors. Speculation may sometimes serve a

CONTINUED

ful purpose, but it is a field for experts and the amateur who 'plays the market' is asking for trouble.

"Of course, market price movements are ordinarily based upon economic and other factors and are not attributable to manipulative activity. However, the Commission has observed in the present market indications of increased manipulative activity. Accordingly, it has placed greater emphasis upon the detection and prevention of manipulation, and a substantial number of investigations are now in progress. The investigation of suspected manipulations is a difficult and time-consuming task, but it is anticipated that certain cases now under investigation may well result in criminal prosecution.

"For their own protection, investors should exercise extreme caution and self-restraint when considering the purchase of securities upon the basis of tips and rumors. The Commission's files are full of cases in which substantial losses have resulted from reliance on such bases. Investors should purchase securities upon the basis of known facts and not hearsay. By the use of restraint and judgment, the investor can not only protect himself but also can contribute to the continued health of the capital markets and the stability of the national economy."

---ooo0ooo---