

# 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 15, 1959

## CAMPBELL INVESTMENT CO. CITED IN SEC ORDER

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether T. J. Campbell Investment Company, Inc., 2711 South Main St., Houston, Texas, has violated the anti-fraud and other provisions of the Federal Securities Laws and, if so, whether its broker-dealer registration should be revoked.

Campbell Investment became registered with the Commission as a broker-dealer in January 1957. Theodore John Campbell, Robert G. Trimble, and (Mrs.) Patsy Ruth Campbell are listed, respectively, as president, vice-president, and secretary-treasurer, and as directors. The company and the three individuals were permanently enjoined by Federal court order in October 1958, in an action by the Commission, from violating the said provisions of law.

According to the Commission's order, information developed in an investigation conducted by its staff, if true, tends to show that during the period January to October 1958 Campbell Investment and the three named officers "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit" upon certain persons, in that they induced such persons to purchase or sell securities and to deposit funds and securities with the company for such purposes and, in connection therewith, represented to such persons that the securities would be purchased or sold for such persons and that securities purchased or the proceeds of securities sold would be delivered to such persons when, in fact, Campbell Investment and the said officers intended not to purchase and did not purchase such securities, and intended not to remit and did not remit to such persons the proceeds of the sale of such securities but, on the contrary, intended to and did appropriate such funds and securities to their own use and benefit. It further appears, according to the order, that Campbell Investment engaged in the conduct of a securities business while its liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business, without disclosing such fact to customers; and that it also conducted a securities business in violation of the provisions of Regulation T and of the Commission's net capital and bookkeeping rules.

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

## THREE STOCK OFFERINGS SUSPENDED

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by the following:

Bonus Uranium, Inc., 1154 Bannock St., Denver, Colo.

Offering of 3,000,000 common shares at 10¢ per share, as proposed in notification filed October 28, 1955

Red Lane Calcareous Sinter Co., Inc., Thermopolis, Wyo.

Offering of 150,000 common shares at 10¢ per share, as proposed in notification filed January 3, 1955

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For further details, call ST. 3-7600, ext. 5526

**Starfire Uranium and Development Corporation, Tooele, U.**

Offering of 13,000,000 common shares at 2¢ per share, pursuant to notification filed August 24, 1955.

Regulation A provides a conditional exemption from Securities Act registration with respect to public offerings of securities not exceeding \$300,000 in amount. One of the conditions of such an exemption is a requirement for the filing of semi-annual reports reflecting the amount of stock sold and the use of the proceeds thereof. The Commission's orders assert that each of the foregoing companies has failed to comply with this requirement.

Furthermore, according to the said orders, the offering circulars of Bonus Uranium and Starfire Uranium appear to be false and misleading in respect of certain material facts; and their respective stock offerings, if made upon the basis of such circulars, would operate as a fraud and deceit upon purchasers. The misrepresentations asserted with respect to Bonus Uranium relate to the failure to disclose the current status of performance of assessment work on its unpatented mining claims and the further fact that the underwriter named in the filing terminated its underwriting agreement with the company; those asserted concerning Starfire Uranium involve the failure to reflect the status of performance of assessment work on the company's unpatented mining claims and the status of a contract to purchase unpatented mining claims.

Each of the orders provides an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent.

**CIVIL & MILITARY FUND HEARING POSTPONED**

At the request of Civil & Military Investors Mutual Fund, Inc., Washington, D. C., the Commission has authorized a postponement from April 20 to April 21, 1959, of the hearing upon the Fund's application for a modification of an earlier decision and order of the Commission declaring that its corporate name is deceptive and misleading.

**SOUTHERN NATURAL GAS FILES STOCK PLAN**

Southern Natural Gas Company, Watts Building, Birmingham, Ala., filed a registration statement (File 2-14982) with the SEC on April 14, 1959, seeking registration of \$2,950,000 of Participations to be offered to eligible employees under its Stock Purchase Plan, together with 71,951 shares of common stock which may be acquired pursuant to the Plan.

**BROCKTON EDISON STOCK SALE CLEARED**

The SEC has issued an order under the Holding Company Act (Release 35-13981) authorizing Brockton Edison Company, Brockton, Mass., to issue and sell at competitive bidding 40,000 shares of \$50 par cumulative preferred stock. Net proceeds are to be used to prepay in part or in whole Brockton's short-term bank loans (of which \$2,300,000 were outstanding December 31, 1958), the proceeds of which were used for the acquisition of securities of Montaup Electric Company and for construction purposes.

**BOND OFFERING PROPOSED BY SOUTHERN ELECTRIC GENERATING CO.**

Southern Electric Generating Company, Birmingham, Ala., subsidiary of Alabama Power Company and Georgia Power Company, has joined with its parent companies in the filing of a proposal for the issuance and sale by the Generating Company at competitive bidding of \$25,000,000 of First Mortgage Bonds, Series due 1992; and the Commission has issued an order (Release 35-13982) giving interested persons until April 30, 1959, to request a hearing thereon. This financing represents the initial issue of bonds by the Generating Company in connection with financing the cost of constructing a steam-electric generating station on the Coosa River in Alabama and related facilities, the cost of which is estimated at \$161,000,000. The first unit of the station is expected to be in operation in May 1960. The bonds will be secured in part by a power contract between Generating Company and its parent companies.

**SETTLEMENT PROPOSED IN SEC ACTION AGAINST McPHAIL**

The SEC announced April 13, 1959, an agreement for settlement of its "gross abuse of trust" action (and a stockholders' suit) against Russell McPhail, J. Marion Martin and Dan McL. Martin

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(USDC, SDNY), whereby defendants consent to a court order enjoining them from serving as officials of any investment company, claims against McPhail are to be settled for \$325,000, an offer will be made to repurchase minority-held common shares at net asset value (as increased by the \$325,000 claim settlement), the preferred will be called at its redemption price of \$10 plus accrued dividends, and McPhail Candy Corp. will cease to be an investment company. The settlement proposal is set for court hearing on May 7, 1959.

#### VANDERSEE AND VANDERSEE CORP. FOUND GUILTY

The SEC New York Regional Office announced April 10, 1959, that a Federal court jury in Newark, N. J., had returned a guilty verdict against Arnold E. Vandersee and Vandersee Corporation on 11 of a 15-count indictment charging violations of anti-fraud provisions of the Securities Act and the Mail Fraud Statute in the sale of Vandersee Corp. stock. Sentencing was deferred. Harry B. Simon and Samson Wallach, Sr., were found not guilty.

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