

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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SECURITIES VIOLATIONS CHARGED TO HAYDON SECURITIES

The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the Federal securities laws have been violated by Haydon Securities, Inc., Medical Arts Building, Wilmington, Del., and, if so, whether its registration as a broker-dealer should be revoked.

According to the Commission's order, Haydon Securities has been registered with the Commission since May 1, 1959. The registration application lists Raleigh Lister Haydon as president, a director, and beneficial owner of 10% or more of its outstanding common stock. The order further recites that Haydon Securities was permanently enjoined on October 12, 1959, by order of the U. S. District Court in Wilmington from continuing certain practices in connection with the purchase and sale of stock of C & F Electronics, Inc. The Commission's complaint in that action charged that Haydon Securities was offering and selling C & F Electronics stock in violation of the Securities Act registration requirements and that it also violated Commission rules governing the maintenance of specified books and records.

The Commission asserts in its present order that the stock of C & F Electronics was offered and sold by Haydon Securities in violation of the said registration requirement and that Haydon Securities did not make and keep current certain books and records as prescribed in Commission rules. It is further asserted that Haydon Securities falsified its registration application by listing Haydon as an owner of 10% or more of its outstanding stock when in fact he did not own such stock, and by reason of representation therein that no other person directly or indirectly controlled its business when, in fact, the business was controlled by Joseph Siegal, who was not named in the application.

A hearing will be held to take evidence on the foregoing, at a time and place later to be announced.

MISSOURI POWER BOND OFFERING PROPOSED

Missouri Power & Light Company, Jefferson City, Mo., has applied to the SEC for an order under the Holding Company Act authorizing its issuance and sale at competitive bidding of \$4,000,000 of First Mortgage Bonds, Series due December 1, 1989; and the Commission has issued an order (Release 35-14083) giving interested persons until November 23, 1959, to request a hearing thereon. Net proceeds of the bond sale will be used to retire some \$2,800,000 of short-term bank loans, to finance in part the cost of the company's construction during 1960, estimated at \$4,400,000, to reimburse the company's treasury for construction expenditures, and for other corporate purposes.

QUARTERLY DISTRIBUTION SHARES IN REGISTRATION

Quarterly Distribution Shares, Inc., Kansas City, Kansas, investment company, filed an amendment on November 3, 1959, to its registration statement (File 2-12187) seeking registration of an additional 200,000 common shares.

VIOLATIONS CHARGED TO JACWIN-COSTA AND BILTMORE SECURITIES FIRMS

The SEC New York Regional Office announced the filing of a complaint on November 2, 1959, (USDC, SDNY) seeking to enjoin Jacwin & Costa, Inc., of 33 Broadway, Biltmore Securities Corp., of 160 Broadway, Frank H. Burd and Wilbur Buff, presidents, respectively, of the two companies, and certain other individuals, from further violations of the anti-fraud provisions of the Securities Act in the sale of common stock of Shelton-Warren Oil Co., Inc. A temporary restraining order was issued on consent and a court hearing scheduled for November 5, 1959, on SEC motion for preliminary injunction. OVER

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

SEC REVOKES THREE AFFILIATED REGISTRATIONS

In a decision announced today (Release 34-6100), the SEC revoked the broker-dealer registrations of the following because of fraud in the sale of Mio Dio Uranium Corporation stock and other securities violations:

Sterling Securities Company
714 South Spring St., Los Angeles, Calif.
Marc Sterling & Co.
Virginia & Truckee Building, Carson City, Nev.
Columbia Securities Co., Inc., of Wyoming
426 C.A. Johnson Building, Denver, Colo.

According to the Commission's decision, Sterling Securities ("registrant") controlled and dominated the market for Mio Dio stock when the stock was being sold to its customers, failed to disclose in its registration application the identity of a beneficial owner of more than 10% of registrant's stock, and failed to amend such application to disclose a change in beneficial ownership. The Commission concluded that it was in the public interest to revoke registrant's broker-dealer registration as well as the registrations of the other two firms who were controlled by controlling persons of registrant.

Registrant underwrote an offering of 1,600,000 shares of Mio Dio stock at 10¢ per share which was substantially completed in April 1956; and it commenced over-the-counter trading in such stock in the Los Angeles area on May 15, 1956, conducted under direction of Columbia. Between May 15 and August 2, registrant sold 755,600 shares at prices ranging from 10¢ to 30¢ and purchased about 728,500 shares at prices ranging from 9¢ to 25¢ per share. Its opening transaction, on May 15th, was the sale of 1,000 shares at 16¢ to one of registrant's employees; and its total transactions that day consisted of sales of 64,850 shares to 46 customers at prices of from 16¢ to 21¢ and purchases of 5,500 shares at 15¢ to 17¢. On May 16, registrant sold 23,800 shares at 20¢ to 22¢ and purchased 28,500 shares at 17¢ and 18¢. During this period, registrant was the only dealer making a market for Mio Dio stock in Los Angeles (several dealers made a few transactions in Denver). Upon the basis of its analysis of the trading and other evidence, the Commission concluded that at least during the week of May 15 "registrant dominated and controlled the market in Mio Dio stock and, in concert with Columbia, fixed the prices of such stock. This domination of the market made it possible for registrant to dictate the substantial spreads between its purchases and sales on the same day ... Registrant's salesmen used the quoted prices so established in soliciting customers to buy and sell the stock. However, no disclosure was made to investors that registrant dominated and controlled the market and that the price was established by registrant in a non-competitive market." The Commission also held that William Benjamin Feinberg and Marc Sterling, then president and secretary-treasurer as well as 25% and 50% stockholders, respectively, must be held responsible for such failure to disclose.

The Commission also ruled that registrant made a misleading statement in its registration application in not disclosing that Arnold L. Kimmes was the beneficial owner of 25.5% of its stock. The application listed Feinberg and Sterling together with Zeke Snyder, then vice-president, as owners of all the outstanding stock. However, according to the decision, the shares issued to Feinberg and Snyder were paid for with funds supplied by Columbia, of which Kimmes was board chairman and a 51% stockholder and Feinberg a 44% stockholder; and, accordingly, the said shares were beneficially owned by Kimmes and Feinberg in the same ratio and disclosure should have been made thereof in registrant's application. The Commission held that Feinberg and Sterling caused registrant to fail to make such disclosure.

Both Feinberg and Snyder resigned as officers of registrant on May 25, 1956, and all its stock was retired except that owned by Sterling, who became president and treasurer. Sterling sold 50% of his stock in July 1956 and the balance in October 1956, when he resigned as an officer and director; and on July 26, 1956, Columbia purchased 50% of the stock from Sterling. However, the registration application was not amended to disclose the change in stock ownership, as required by Commission rules. (Registrant ceased doing business in February 1957.)

The Commission also expelled Sterling Securities from membership in the National Association of Securities Dealers, Inc.

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BILL OF PARTICULARS DENIED M. J. REITER CO.

The SEC today announced the issuance of a decision (Release 34-6108) denying a motion for a bill of particulars filed by Morris J. Reiter, doing business as M. J. Reiter Co., 60 Wall St., New York, respondent in administrative proceedings under the Securities Exchange Act of 1934 to determine, among other things, whether provisions of the Federal securities laws were violated by respondent in the offer and sale of Belmont Oil Corporation stock, and, if so, whether respondent's registration as a broker-dealer should be revoked and/or whether respondent should be suspended or expelled from NASD membership. The Commission concluded that the allegations were stated with sufficient particularity to enable preparation of respondent's defense.

MIAMI WINDOW HEARING FURTHER POSTPONED

On request of counsel for Miami Window Corporation, Hialeah, Fla., the SEC has ordered a further postponement from November 5 to November 23, 1959, in the proceedings under the Securities Act of 1933 to determine whether that company's registration statement, which proposed the public offering of debentures and preferred stock, is materially inaccurate or incomplete and, if so, whether a stop order should be issued suspending its effectiveness. The continuance will provide further opportunity for discussions between counsel and the SEC staff on the question whether an evidentiary hearing might be avoided through stipulation of the facts.

VANCE, SANDERS FILES FOR SECONDARY

Vance, Sanders & Company, Inc., 111 Devonshire Street, Boston, Mass., filed a registration statement (File 2-15801) with the SEC on Nov. 3, 1959, seeking registration of 400,000 shares of outstanding non-voting common stock, to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis. The public offering price and underwriting terms are to be supplied by amendment.

The selling stockholders are officers and directors of the company who own an aggregate 783,128 shares, or 93.27% of the non-voting stock. In addition to the non-voting common stock, the company also has 10,000 shares of common stock outstanding which are wholly owned by officers and directors and are deposited in a voting trust, of which Henry T. Vance, president and William F. Shelley and Kimball Valentine, vice presidents, are voting trustees with unrestricted voting rights.

The company is the exclusive distributor of the shares of five open-end investment companies, namely, Boston Fund, Inc., Canada General Fund Limited, Century Shares Trust, Massachusetts Investors Growth Stock Fund, Inc. and Massachusetts Investors Trust.

CONSUMERS COOPERATIVE FILES FINANCING PROPOSAL

The Consumers Cooperative Association, 3315 N. Oak Trafficway, Kansas City, Mo., filed a registration statement (File 2-15802) with the SEC on November 3, 1959, seeking registration of \$9,000,000 of Subordinated Certificates of Indebtedness (5½% - 25 years) and 120,000 shares of 5½% Preferred Stock, \$25 par (cumulative to extent earned before patronage refunds). The certificates are to be offered for public sale in \$100 units and the preferred shares at \$25 per share. No underwriting is involved.

Net proceeds of the sale of the securities will be added initially to the general funds of the Association, of which \$1,756,000 will be used for retirement of maturing certificates of indebtedness and redemptions on request of certificates of indebtedness prior to maturity and of preferred shares. In addition, a portion of the proceeds, supplemented by earnings and depreciation, may be applied to the company's capital expenditure program estimated at \$14.4 million for 1960.

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