

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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FOR RELEASE January 22, 1960

CONANT & CO, ACTION DISMISSED. The SEC has dismissed a proceeding under the Securities Exchange Act of 1934 to determine whether to deny an application for broker-dealer registration filed by M. Paul Conant & Co., Inc., of 42 Broadway, New York (Release 34-6167). The action was based upon the fact that Michael Hynes, who was listed as president and owner of 10% or more of the applicant's stock, had been enjoined from engaging in or continuing certain conduct in connection with the purchase and sale of securities. Subsequently, the application was amended to reflect that Hynes is no longer associated with the company in any capacity and the Commission thereupon dismissed its action.

SECURITIES VIOLATIONS CHARGED TO FIRST SECURITIES - WASSERMAN. The SEC has ordered consolidated proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of First Securities Company ("Registrant") and to deny an application for broker-dealer registration filed by Frank L. Wasserman, doing business as First Securities Company, ("Applicant"), both of 1 State Street, Boston. The hearing therein is scheduled for January 29, 1960, in the Commission's Boston Regional Office.

According to the Commission's order, Registrant, a partnership, has been registered with the Commission since December 1958 and Wasserman has been a general partner thereof since November 1958; and Applicant applied for registration under date of December 24, 1959. Registrant was permanently enjoined by Federal court order on December 10, 1959, from engaging in and continuing certain conduct and practices in connection with the sale of securities.

The order of the Commission asserts that information developed in an investigation conducted by its staff tends if true to show (1) that during the period April to December 1959 Registrant engaged in the conduct of a securities business in violation of its net capital rule and (2) during September and October 1959 Registrant hypothecated certain securities carried for the accounts of certain customers under circumstances that permitted such securities to be commingled with securities carried for the account of Registrant under a lien for a loan made to Registrant, also in violation of Commission rules.

DELISTING OF GENERAL TIRE PREFERRED STOCKS PROPOSED. The Midwest Stock Exchange has applied to the SEC to delist the 4½% preference and 4¼% preferred stocks of The General Tire & Rubber Company because of the reduced number of shares of such issues now outstanding in the hands of the public; and the Commission has issued an order giving interested persons until February 5, 1960, to request a hearing thereon. (Release 34-6170)

DIVIDEND SHARES FILES FOR ADDITIONAL STOCK. Dividend Shares, Inc., New York investment company filed an amendment on January 21, 1960, to its registration statement (File 2-11023), seeking registration of an additional 7,000,000 shares of stock.

OIL, GAS & MINERALS HEARING POSTPONED. Pursuant to the further request of counsel, the SEC has authorized an additional postponement from January 23 to February 25, 1960, of the hearing in stop order proceedings pending in respect of the registration statements filed by Oil, Gas & Minerals, Inc., and American Investors Syndicate, Inc., both of New Orleans, La. The further postponement will provide additional time for continuing negotiations to determine whether an evidentiary hearing might be avoided by stipulating the factual record.

PRELIMINARY COURT ORDER ENJOINS SMITH HOLLY CO. The SEC New York Regional Office announced January 20, 1960, that a Federal court order of preliminary injunction had been issued (USDC, SDNY)

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enjoining Smith Holly Co., Inc., 40 Exchange Place, New York, and its president, Milton D. Smith, from further violating the SEC net capital and bookkeeping rules. The defendants consented to entry of the order. Smith also conceded that the financial condition of his firm was caused by its long position of 25,000 shares of Oreclone Concentrating Corp. stock and the sudden "collapse" of the market price thereof on January 15, 1960. (Lit. Release No. 1559)

FEDERAL PACIFIC ELECTRIC FILES FOR EXCHANGE OFFER. Federal Pacific Electric Company, 50 Paris Street, Newark, N. J., today filed a registration statement (File 2-16036) with the SEC seeking registration of 492,500 shares of 5½% Convertible Second Preferred Stock, Series A (\$23 par). The company proposes to offer these shares in exchange for common stock of Cornell-Dubilier Electric Corporation on the basis of one share of Federal preferred for each share of Cornell-Dubilier common.

According to the prospectus, Federal now owns 22,800 of the 515,390 shares of Cornell-Dubilier common outstanding. Two officers of Federal and a member of their family own an aggregate of 105,300 shares, and the president of Cornell-Dubilier and certain members of his family and an estate in which he has an interest own an aggregate of 81,797 shares, which they intend to deposit for exchange pursuant to said offer.

Federal is engaged primarily in the business of manufacturing mass-produced and specially made devices for the distribution and control of electrical energy. Cornell-Dubilier is engaged in the manufacture and sale of capacitors, vibrators, television antenna rotators, and converters and inverters utilizing semi-conductors.

PACIFIC TELEPHONE FILES OFFERING PROPOSALS. The Pacific Telephone and Telegraph Company, 140 New Montgomery St., San Francisco, today filed a registration statement (File 2-16037) with the SEC seeking registration of \$72,000,000 of Thirty-three year Debentures due February 1, 1993, to be offered for public sale at competitive bidding.

In a separate registration statement (File 2-16038), Pacific Telephone seeks registration of 10,045,630 shares of common stock, to be offered for subscription at \$14-2/7 per share by holders of outstanding common and preferred shares in the ratio of one common share for each ten common shares held and seven common shares for each ten preferred shares held. The record date will be supplied by amendment. The stock offering is not underwritten.

According to the prospectus, American Telephone and Telegraph Company, which owns 90.31% of its outstanding common shares and 78.07% of its preferred shares of Pacific Telephone, intends to subscribe for the 9,002,621 shares of Pacific Telephone common which represent its pro rata portion of the stock offering. Net proceeds of the sale of the debentures and common shares will be used to reimburse the company's treasury for expenditures made for property additions and improvements. Upon receipt of the proceeds of the sale of the debentures, the company will apply an equivalent amount toward the repayment of advances from the parent, which are then expected to approximate \$140,000,000 and are obtained for construction and general corporate purposes.

COMMONWEALTH FUNDS ORDER ISSUED. The SEC has issued an order (Release 40-2967) granting a one-month extension for the selection of a successor to a resigned member of the boards of directors of Commonwealth Income Fund, Inc., Commonwealth Investment Company, and Commonwealth Stock Fund, Inc.

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