

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 May 17, 1960

SWIFT & CO. FILES THRIFT PLAN. Swift & Company, Union Stock Yards, Chicago, filed a registration statement (File 2-16593) with the SEC on May 16, 1960, seeking registration of 16,000 participations in its Thrift Plan, together with 238,000 shares of Thrift common which may be acquired pursuant thereto.

K-S FUNDS PROPOSES OFFERING. K-S Funds, Inc., 200 South Michigan Ave., Chicago, filed a registration statement (File 2-16594) with the SEC on May 16, 1960, seeking registration of 1500 participating units in its 1960 oil and gas exploration and development program, to be offered for sale at \$1,000 per unit. Each unit is subject to assessments not to exceed \$600. The funds will be expended during 1960 for the several accounts of the participants in gas and oil exploration. The program funds will be managed by the parent of Funds, Inc., King-Stevenson Oil Company, Inc., which will receive certain commissions and royalties. John M. King is president of both Funds, Inc., and King-Stevenson.

NED BOWMAN REGISTRATION REVOKED. The SEC today announced the issuance of a decision (Release 34-6257) revoking the broker-dealer registration of Ned J. Bowman Company, 10 West 2nd South, Salt Lake City, for violations of the Securities Act registration and anti-fraud provisions. K. Ralph Bowman and Ramon N. Bowman were each found to be a cause of the revocation order.

The Commission ruled that the Bowman Company violated the Securities Act registration requirement in its participation in the offering of 4,500,000 common shares of Lavender Uranium Corporation in 1954. Although the offering was purportedly made under the so-called intrastate exemption from registration, the Commission held that Bowman Company failed to sustain the burden of establishing that the exemption was available. Such an exemption is restricted to an offering by a company to residents of a single state in which it is organized and doing business. However, one 783,000-share block of Lavender stock was acquired by a Utah resident who during the next month resold 750,000 shares to a securities salesman in Chicago who distributed them to numerous investors in Illinois and elsewhere. In addition, a Bowman Company salesman purchased 125,000 shares and in the same month resold them to a Chicago broker-dealer, and such shares were distributed in Illinois, Colorado, Massachusetts and New York. Some of the shares distributed by Bowman Company also were sold through a Boston broker-dealer to the latter's clients in Massachusetts. Accordingly, the Commission held that Bowman Company did not restrict offers and sales of Lavender stock to residents of Utah, that the intrastate exemption was not available, and that the offering violated the Securities Act registration requirement.

The Commission also held that Bowman Company violated the anti-fraud provisions of the Securities Act. Two customers in 1954 entered into agreements to purchase Horseshoe Bend Uranium stock. Certificates of stock were never delivered to either customer, and both subsequently instituted legal actions to recover the amounts they had paid. A third customer was induced in 1954 to enter into a transaction which he understood was for the purchase of 10,000 shares of Standard Uranium Company stock, giving his check for \$2,500. He was asked to sign a typewritten document, which he did without reading it, reciting that he was entering into a loan agreement wherein the borrower had the option to repay the loan in 18 months in cash plus 5% interest or in shares of Standard stock at 25¢ per share. The customer never received the shares and subsequently instituted legal action to recover the amount he had paid and damages. The Commission concluded that Bowman Company had no intention of promptly delivering securities to this customer and that its failure to disclose this to the customer made misleading the implied representation that he would be dealt with fairly. There was evidence of the use of the mails in this transaction, and the Commission ruled that it violated the anti-fraud provisions of the law.

SECURITY INVESTMENT REGISTRATION REVOKED. In a decision announced today (Release 34-6259), the SEC revoked the broker-dealer registration of Security Investment Corporation, 517 Chamber of Commerce Bldg., Indianapolis, for fraud in the sale of securities and other violations of the Federal securities laws.

The Commission's decision was based upon the record of private hearings conducted in 1959. The Commission ruled that Security Investment made materially false and misleading representations to a nurse in connection with the sale of securities to her. In October and November 1956 she acquired a stock interest in registrant for \$5000 and a note representing a \$1200 loan, and in March 1957 she acquired a receipt evidencing

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another loan of \$1500. Among the misrepresentations made to her in connection with the sale of the stock interest and note were that she was purchasing a one-third stock interest, that Charles R. Hixon, president, and Wilmer J. Landry, vice president, were each investing \$10,000 and that she could not lose her investment. In fact, however, Landry invested no funds but received 50% of registrant's shares; Hixon received the remaining 50% for contributions totalling \$4,050 (including furniture and promotional activities); and the nurse received no interest or repayment on the \$1,200 loan and no shares were issued to her. When she advanced the additional \$1500 it was falsely represented that the funds were needed for expenses and to establish a mutual fund dealership in Spain, whereas nearly all the funds were quickly expended in normal operations and none were used to expand operations to Spain.

The Commission also ruled that Security Investment falsified a financial statement filed in 1956 by overstating assets and failing to disclose liabilities and the investment by the nurse, and that it failed to file reports of financial condition for 1956, 1957 and 1958.

JERSEY CENTRAL POWER FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14229) authorizing Jersey Central Power & Light Company, Denville, N. J., (1) to issue and sell to its parent, General Public Utilities Corporation, 300,000 additional common shares for \$3,000,000; and (2) to issue and sell at competitive bidding \$10,000,000 of first mortgage bonds, due June 1, 1990. Net proceeds of this financing will be used to finance, in part, the issuer's 1960 construction program estimated at \$18,400,000 and, in part, to repay notes to banks and partially to reimburse its treasury for previous construction expenditures.

FIRST PELHAM CORP. ORDER ISSUED. The SEC has issued an exemption order under the Investment Company Act (Release 40-3033) authorizing The First Pelham Corporation, Pelham, N. Y., investment company, to sell certain of its portfolio securities. One of the transactions contemplates the sale to Warren E. Buffett and certain partnerships in which he is a partner, of equity securities (other than common shares of Sanborn Map Company, Inc.) having a market value of \$768,859 on the date preceding the closing, in exchange for the sale and transfer to Pelham Corp. of 10,355 shares of its \$25 par capital stock at \$74.25 per share. The second involves the sale to Daniel G. Dobbins of equity securities having a market value of \$18,563, provided Dobbins accepts an offer to be made by Pelham Corp. to all its stockholders and sells and transfers his holdings of 250,000 shares of Pelham Corp. stock at \$74.25 per share.

SEC COMPLAINT NAMES STERLING MINING. The SEC Chicago Regional Office announced May 11th (Lit. Release 1682) the filing of a complaint (USDC, ND Ill.), seeking to enjoin Sterling Mining and Milling Co., Inc., Charles A. Sterling and two others from violating the Securities Act registration requirement in the offer and sale of Sterling stock.

BRUNS, NORDEMAN HEARING POSTPONED. The SEC has authorized an indefinite postponement of the hearing in broker-dealer revocation proceedings pending against Bruns, Nordeman & Co., of New York, pending completion of negotiations between company counsel and the Commission's staff which may obviate the necessity for an evidentiary hearing.

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