

# 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 September 7, 1960

**SEC ACTION NAMES WILLIAM DOUGLAS BRADFORD.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether William Douglas Bradford, 639 Spring Street, Los Angeles, violated certain rules of the Commission under said Act and, if so, whether his broker-dealer registration should be revoked.

Bradford has been registered with the Commission as a broker-dealer since June 1957. In its order, the Commission asserts that he did not make and keep current during the period June 1957 to February 1958 certain of the books and records required by its Rule 17a-3, and that he did not file reports of financial condition for the years 1957, 1958 and 1959 as required by Rule 17a-5. Moreover, according to the order, Bradford was enjoined by Federal court order in January 1959 from further violations of said rules, which order was affirmed on appeal in May 1960.

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

**GIBBS & COMPANY HEARING TRANSFERRED.** The September 19th hearing involving Gibbs & Company of Worcester, Mass., and referred to in the News Digest of September 6, 1960, has been transferred from the Commission's Boston Regional Office to the Federal Court Room, U. S. Post Office and Court House, Worcester, Mass. (The name of the company listed in the title of the September 6th item was incorrectly referred to as "Briggs & Company.")

**SEC RULES OF PRACTICE NOW AVAILABLE AT GPO.** Copies of the revised "Rules of Practice" of the Commission may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at \$.15 per copy. A separate publication which includes the Rules of Practice along with the Commission's code of ethics, employee conduct rules, organization, and informal and other procedures may be obtained at \$.30 per copy.

**KENTUCKY POWER PROPOSES BANK BORROWINGS; ACCOUNTING ISSUE RAISED.** Kentucky Power Company, Ashland, subsidiary of American Electric Power Company, Inc., New York, has applied to the SEC for an order authorizing bank borrowings from time to time prior to December 31, 1962, in amounts not to exceed \$40,000,000 in the aggregate; and the Commission has issued an order (Release 35-14279) scheduling the proposal for hearing on October 3, 1960.

The Commission also has authorized a proceeding, consolidated with the hearing on the proposed bank borrowings, with respect to the question whether the accounting for "Earned Surplus Restricted for Future Federal Income Taxes," reflected in the consolidated balance sheet of American and its subsidiaries and the corporate balance sheet of Kentucky, as contained in the present filing, conforms to the Commission's "Statement of Administrative Policy Regarding Balance Sheet Treatment of Credit Equivalent to Reduction of Income Taxes," issued February 29, 1960 (Release 35-14173).

The borrowings by Kentucky are to be made in equal amounts from four lending banks. Of the proceeds, \$5,100,000 will be used to pay a like amount of outstanding bank notes; and the balance will be applied to the costs, estimated at \$41,000,000, of a new 265,000-kilowatt generating plant and related transmission facilities expected to be placed in service in 1962. According to the application, American intends to supply capital funds to Kentucky in 1962, either by a capital contribution or the purchase of additional common shares, to the extent, not exceeding \$7,000,000 in the aggregate, required to enable Kentucky to complete the proposed bank financing and permitted by regulatory authorities.

With respect to the accounting question, the Commission's order recites that the consolidated balance sheet of American and its subsidiaries, as of March 31, 1960, filed as a part of said amendment contains an amount of \$86,976,332 identified as "Earned Surplus Restricted for Future Federal Income Taxes," and that the corporate balance sheet of Kentucky as of the same date filed as a part of said amendment contains an amount of \$731,441 identified in the same manner. In its policy statement above referred to, the Commission announced that any financial statements filed with the Commission in which the accumulated tax credit is designated as earned surplus (or its equivalent) or in any manner as a part of equity capital (even though accompanied by words of limitation such as "restricted" or "appropriated") will be presumed by the Commission to be misleading or inaccurate, despite disclosure contained in the certificate of the accountant or in footnotes to such financial statements,

OVER

For further details, call WOrth 3-5526

provided the amounts involved are material. Accordingly, since it appears that the financial statements of the two companies do not conform with said policy statement, the Commission has ordered that a consolidated hearing upon Kentucky's bank borrowing proposal and on the question as to what action, if any, should be taken by the Commission with respect to the financial statements of the two companies.

**TAMPA BAY CITRUS GROUP FILES FOR OFFERING.** The Tampa Bay Citrus Group, Suite 508-1401 Peachtree Street, N.E., Atlanta, Georgia, filed a registration statement (File 2-17008) with the SEC on September 6, 1960, seeking registration of \$2,200,000 of partnership interests "in the financing, development, operation and ownership of a proposed citrus grove" to be offered in units of \$22,000. Each limited partnership interest will require an initial payment of \$5,600 with a deposit of at least 15% of that amount, or \$840, accompanying the application. The remainder of the initial payment (\$4,760) must be made upon demand as soon as the entire 97 limited partnerships which are offered have been subscribed. The remaining \$16,400 of the subscription will be paid in 82 consecutive monthly installments of \$200 each. The units are to be offered for sale by the general partners on an all or none basis, and they will be paid \$97,000 as underwriting commissions if the offering is fully subscribed. Net proceeds of the sale of partnership interests will be used for land purchases and other purposes.

The said Citrus Group is a limited partnership organized under Georgia law in July 1960 for the purpose of acquiring and developing an approximately 1,174 acre tract of land in Hillsborough County, Florida for the total purchase price of \$498,950. The initial net proceeds from the sale of partnership interests, estimated at \$548,800, will be used toward the purchase of said tract of land and for other expenses. The partnership has outstanding one limited and two general partnerships, subscribed for at the time of the group's formation. The prospectus lists the general partners as D. D. Covington, Jr. of Dade City, Florida and Frank C. Lewis of Brandon, Florida, and the limited partner as James B. Sanders of Atlanta, Georgia. The tract to be purchased by the Citrus group is part of a 3,574 acre tract which was purchased in August 1959, for \$750,540 by a joint venture doing business as Dade City Agricultural Enterprises. Dade City is composed of five corporations including Lewis Associates, Inc., which is 98% owned by Frank Lewis, and Dade City Sales & Service, Inc., which has 51 outstanding capital shares, all of which are owned by D. D. Covington, Jr. and members of his immediate family.

The partnership has entered into a contract with Diversified Investment and Management Company, Inc., for necessary services and for immediate development of the citrus grove. Diversified also will be responsible for the sale of citrus developed. An agreement also has been entered into with Commercial & Financial Consultants, Inc., to provide assistance in the management of the partnership's administrative affairs. Covington and Lewis each own 48% of Diversified. Sanders is president and majority stockholder of Commercial.

**DETROIT EXCHANGE SEEKS TRADING PRIVILEGES.** The SEC has issued an order (Release 34-6364) giving interested persons until September 23, 1960, to request a hearing upon an application of the Detroit Stock Exchange for unlisted trading privileges in the common stock of Union Bag-Camp Paper Corporation.

**FEDERAL BAR BRIEFING CONFERENCE NOTED.** At the Federal Bar Association's Annual Convention to be held September 15, 16 and 17, 1960, at the Conrad Hilton Hotel in Chicago, Illinois, the Securities Law Committee is scheduled to hold a panel discussion between 2:00 p.m. and 5:00 p.m. on September 15, in the Astoria Ballroom.

The discussion will cover corporate incentive programs, private offering problems and all types of exchange offerings, including the Securities and Exchange Commission's proposed Rule 155.

The participants will include Commissioner James C. Sargent, moderator, Ralph Demmler, former Chairman of the SEC, presently a partner in Reed, Smith, Shaw & McClay, Pittsburgh, Pennsylvania, Professor Louis Loss of Harvard Law School, Thomas Halleran, Esq., of Cravath, Swaine & Moore, New York City, John Raben of Sullivan & Cromwell, New York City, Milton Cohen, partner of Dallstream, Schiff, Hardin, Waite & Dorschel in Chicago, Manuel F. Cohen, Director of the Division of Corporation Finance, SEC, Philip A. Loomis, Jr., Director of the Division of Trading and Exchanges, SEC, Allen Johnson, Associate Director of the Corporate Regulation Division, SEC, Charles E. Shreve, Chief Counsel of the Division of Corporation Finance, SEC, and Harry Heller, Assistant Director of the Division of Corporation Finance, SEC.

Enrollment information may be obtained from the Federal Bar Association, 1737 H Street, N. W., Washington, D. C.

**MANUEL F. COHEN NAMED DIRECTOR.** Chairman Edward N. Gadsby of the Securities and Exchange Commission today announced that Manuel F. Cohen has been named Director of the Division of Corporation Finance.

On July 16, 1960, when Byron D. Woodside became a Member of the Commission under a Recess Appointment by President Eisenhower, Mr. Cohen was appointed Acting Director of the Division. Subsequently, Commissioner Woodside received a further appointment, which was confirmed by the U. S. Senate, for the remainder of the term expiring June 5, 1962. He has been sworn in under such further appointment and is now acting thereunder.

Accordingly, Mr. Cohen has now been appointed Director of the Division on a permanent basis, having assumed such office on September 6, 1960. He has served the Commission in various capacities since he joined its staff in April 1942.