

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE October 4, 1960

I W PAGE CO. INC. REGISTRATION REVOKED. In a decision announced today (Release 34-6375) the SEC revoked the broker-dealer registration of I. W. Page & Co., Inc., 37 Wall Street, New York, for violations of the Securities Act registration and anti-fraud provisions in the sale of Franklin Atlas Corporation stock in 1957. The revocation order also was based in part on a Federal court order permanently enjoining Page & Co. from further violations of the said registration requirement in the sale of stock of Micro-Moisture Controls, Inc., in 1956.

According to the decision, Page & Co. and Jack Gold, its president and sole stockholder, sold 14,250 shares of unregistered Franklin Atlas stock in 1957 to public investors for about \$25,000. In an injunction action filed by the Commission based on these sales, the court entered a final decree enjoining Franklin Atlas and two other individual defendants from further violations of the registration and anti-fraud provisions of the Act. While the court concluded that an injunction against Page & Co. and Gold was not necessary since they were then out of business, it stated: "The Court cannot too strongly condemn the activities of Page and Gold in the past. They may have been the result of ignorance or carelessness, but in any event they certainly displayed a callous disregard for the rights of prospective investors and of those high standards which should be employed by all brokers and dealers. It may well be that a revocation of any broker-dealer authorization would be justified under the provisions of the Securities Exchange Act of 1934, but that issue is not something for this Court to decide."

The Commission ruled that in the sale of the Franklin Atlas stock, which had been acquired from controlling interests, Page & Co. and Gold violated the Securities Act registration requirements and made false representations that the company was an active real estate concern which had acquired certain valuable real estate on which it planned to build a large office building when, in fact, no such land had been acquired and the company did not have the funds to acquire it or the funds with which to erect a large building thereon.

With respect to the injunction involving Micro-Moisture stock, the court found that in the latter part of 1956 Page & Co. and Gold, together with other firms, participated in the illegal distribution of at least 710,621 unregistered shares of Micro-Moisture stock to numerous public investors in violation of the Securities Act registration requirement.

INDICTMENT NAMES JACK YETMAN AND SAMUEL J. SMILEY. In an indictment returned September 15, 1960, (USDC, Hartford, Conn.), Jack Yetman of Old Westbury, L. I., N. Y., and Samuel J. Smiley of Montreal, Canada, were charged with violations of the Securities Act registration and anti-fraud provisions in the sale of Atlas Gypsum Corporation, Ltd., stock (LR-1798). Co-schemers J. C. Graye Co., Stanley Younger and others were named in an earlier indictment (LR 1684).

JACK YETMAN CHARGED WITH PERJURY. In an indictment returned September 14, 1960 (USDC, Hartford, Conn.), Jack Yetman was charged with perjury in testimony taken in connection with the Commission's investigation in the matter of J. C. Graye Co. with respect to his association with Stanley Younger, Atlas Gypsum Corporation, George Mahler and others in the sale of Atlas Gypsum stock by J. C. Graye Co. (LR-1799).

SEC COMPLAINT NAMES BERT L. SNYDER, JR. -MIDWEST PETROLEUM. The SEC Chicago Regional Office announced September 28th (LR-1800) the filing of court action (USDC, Owensboro, Ky.) seeking to enjoin Bert L. Snyder, Jr., doing business as Mid-West Petroleum Company, from further sale of oil interests in violation of the Securities Act registration requirements.

KEYES FIBRE FILES RIGHTS OFFERING. Keyes Fibre Company, Upper College Avenue, Waterville, Maine, today filed a registration statement (File 2-17150) with the SEC, seeking registration of \$10,000,000 of subordinated debentures (convertible), due 1985 (with attached warrants to purchase 500,000 shares of common stock). It is proposed to offer the debentures to holders of outstanding preferred and common stock, on the basis of \$100 principal amount of debentures for each 15 shares of preferred or common held. Coffin & Burr is listed as the principal underwriter. The interest rate, record date, subscription price and underwriting terms are to be supplied by amendment. The attached warrants give the holder the right to buy 5 shares of common stock for each \$100 principal amount of debentures at a price to increase from \$18 to \$25 per share from June 1, 1961 through November 30, 1970.

OVER

For further details, call WOrth 3-5526

The company manufactures a variety of molded pulp products comprising more than 260 items made of ground-wood, chemical pulp or reclaimed paper stock. It also manufactures fibrous plastic articles, including table-ware and serving trays, composed of a combination of pulp and various resins. Of the net proceeds from the debenture sale, \$8,000,000 will be used for the construction of a new manufacturing plant with additional production equipment near Sacramento, Calif., \$1,500,000 for the improvement of production equipment at existing plants, and the balance for working capital. A portion of such proceeds, until required for the above purposes, may be applied temporarily to payment of outstanding bank borrowings.

In addition to certain indebtedness, the company has outstanding 75,941 shares of 4.8% preferred stock and 1,506,372 shares of common stock. Massachusetts Mutual Life Insurance Company and Phoenix Mutual Life Insurance Company, of Connecticut, own 20,000 and 10,000 shares, respectively, of the preferred stock, and Coffin & Burr, Inc. and the company's management officials as a group own 125,874 and 14,725 shares, respectively, of the common stock. Ralph H. Cutting is listed as president.

SPIEGEL FILES STOCK PLAN. Spiegel, Inc., 1061 West 35th Street, Chicago, Illinois, filed a registration statement (File 2-17149) with the SEC on October 3, 1960, seeking registration of 82,750 shares of common stock, to be offered to officers and key executives pursuant to its Restricted Stock Option Plan.

COMMONWEALTH EDISON SHARES IN REGISTRATION. Commonwealth Edison Company, 72 West Adams Street, Chicago, today filed a registration statement (File 2-17151) with the SEC, seeking registration of 3,850 shares of common stock. Such shares represent "dividend stock" to be sold for certain stockholders by Continental Illinois National Bank and Trust Company of Chicago, as Agent. On September 7, 1960, the company declared a 2-4/10% dividend on its common stock payable at the rate of three shares for each 125 shares held of record September 22, 1960 (or an aggregate of 453,968 shares). The resolution provided that the dividend be payable by delivery to the Bank, for the account of and as agent for holders of the common stock, of a certificate or certificates for all dividend stock. Stockholders could elect either (a) to have all of his dividend stock delivered to him by the Bank (excluding any fraction sold by the Bank at the direction of the stockholder or including the full share resulting from the purchase by the Bank, at the director of such stockholder, of the additional fraction necessary to round out to a full share) or (b) to have any or all of his dividend stock (including any fraction) sold for his account by the Bank and any remaining full shares of his dividend stock delivered to him by the Bank. The Bank has contracted to sell such of the dividend shares (estimated at not to exceed 3,850 shares) to underwriters (The First Boston Corporation and Glore, Forgan & Co.) as it may be instructed to do by stockholders who make the alternative election. The underwriters propose to offer the shares for sale at the current market price of outstanding stock at the time of sale.

DEPOSIT RECEIPTS FOR CAPITAL AIRLINES SHARES FILED. United Air Lines, Inc., Chicago, filed a registration statement (File 2-17148) with the SEC on October 3, 1960, seeking registration of certificates of deposit for \$12,000,000 4-1/4% Convertible Subordinated Debentures, due July 1, 1976, of Capital Airlines, Inc.

On August 11, 1960, United and its directors, and Capital and its directors, entered into an Agreement of Merger, providing for the merger of Capital into United. Under the terms of the merger, United may abandon the merger if the holders of at least 85% in principal amount of the 4 1/4% debentures of Capital (or such lesser percentage as the Board of Directors of United may approve) shall not prior to December 31, 1960, or such later date as United may approve, have accepted United's offer to exchange such debentures for common stock of United. Such offer of exchange is to be made under United's earlier registration statement, filed September 21, 1960 (See News Digest of September 22, 1960). United's certificates of deposit are to be issued against the deposit of the Capital Airlines debentures.

---ooo0ooo---