

# 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 October 11, 1961

**MANUEL F. COHEN BECOMES COMMISSIONER.** Manuel F. Cohen today assumes his duties as a Member of the Securities and Exchange Commission. He will serve for the remainder of the term expiring June 5, 1963, left vacant by the recent resignation of Edward N. Gadsby. Commissioner Cohen joined the Commission's staff in April 1942 as an Assistant Attorney and for several years was group attorney engaged in the processing of Securities Act registration statements and similar work. He was promoted to progressively more responsible positions, becoming Chief Counsel of the Division of Corporation Finance in 1952. In August 1959 he was appointed Adviser to the Commission, a position which he held until July 1960 when he was named Director of the Division of Corporation Finance. In January 1956 Mr. Cohen received a Rockefeller Public Service award which enabled him to make a twelve-month study of corporate finance and government regulation in the principal financial centers of Western Europe. His outstanding service to the Federal government was further rewarded earlier this year when he was one of ten recipients of the "Career Service Awards" for 1961 issued by the National Civil Service League. In 1961 he was named a member of the Council of the Administrative Conference of the United States. Since 1958 he has been a Lecturer in Securities Law and Regulation at the George Washington University Law School.

Prior to his appointment to the Commission's staff, Mr. Cohen practiced law in New York for several years, principally as house counsel engaged in corporate and real estate practice. During 1933-34, he was a Research Associate in the Twentieth Century Fund studies of the securities markets. A native of Brooklyn, N. Y., where he was born on October 9, 1912, Commissioner Cohen received his B. S. degree in Social Science from Brooklyn College of the College of the City of New York in 1933. He graduated in 1936 with an LL.B. degree, cum laude, from the Brooklyn Law School of St. Lawrence University. He is married to the former Pauline Grossman and they have two children.

**TWO BROKER-DEALER REGISTRATIONS REVOKED.** The SEC has issued orders under the Securities Exchange Act (Release Nos. 34-6651 and 6652) revoking the broker-dealer registrations of (1) Empire Underwriters Corporation, Inc., Atlanta, Ga., and (2) C. H. Abraham & Co., Inc., New York. Abraham & Co. also was expelled from membership in the National Association of Securities Dealers, Inc. Thomas Thompson, Sr., president and board chairman, and Reginald J. Witalis, Secretary, were each found to be a cause of the order revoking Empire's registration; and Carl Henry Abraham was found to be a cause of the order revoking Abraham & Co.'s registration.

Based upon a stipulation entered into by Empire, Thompson and Witalis, the Commission ruled that, in the offer and sale of securities of Empire, they violated the anti-fraud provisions of the Federal securities laws by reason of misrepresentations concerning the offering price, future price, source and Commission approval of such securities; use of the proceeds of the sale of such securities; dividends; options for additional shares; Empire's directors, property and business activities; and monies obtained from Empire by its officers. Moreover, Thompson and Witalis caused Empire to fail to comply with the net capital, record-keeping, and financial reporting rules of the Commission and to amend its registration application to reflect changes in management officials; and Empire and Thompson sold Empire securities in violation of the Securities Act registration requirements.

With respect to Abraham & Co., the Commission also found, upon the basis of a factual stipulation, that Abraham & Co. and Abraham violated the Securities Act registration and anti-fraud provisions in the offer and sale of preferred and common stock of Abraham & Co. In the sale of such stock, they misrepresented the safety of an investment in Abraham & Co.; the profitability of the operations of the company (which in fact operated at a loss and soon became insolvent); the price, public holding and convertibility of the preferred stock and the dividends paid thereon; the registration and public holding of the common stock; and the comparability of the company with a large and well-known brokerage firm having publicly held stock. The Commission also ruled that Abraham & Co. failed to amend its registration application to reflect changes in its management officials and violated the Commission's net capital and bookkeeping rules.

**INDICTMENT RETURNED IN SALE OF SHAWANO DEVELOPMENT STOCK.** In an indictment returned September 14th (USDC SDNY), five individuals and one company were charged with violations of the anti-fraud provisions of the Securities Act in the sale of Shawano Development Corporation stock (Lit-2119). The defendants were Samuel Garfield, Clare, Mich.; Irving Pasternak, Denver; Allard Roen, Las Vegas; Allen K. Swann, Evansville, Ind.; Joseph H. Lederer, Miami; and J. H. Lederer Company, Inc., New York. Alexander L. Guterma was named co-conspirator.

**SOUTH PENN POWER STOCK SALE CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14530) authorizing South Penn Power Company, Waynesboro, Pa., to issue and sell to its parent, The Potomac Edison Company, of Frederick, Md., an additional 100,000 shares of stock for a cash consideration of \$500,000. The subsidiary proposes to use the proceeds for property additions.

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**CONTINENTAL BAKING PROPOSES DEBENTURE OFFERING.** Continental Baking Company, Rye, N. Y., filed a registration statement (File 2-19114) with the SEC on October 10th seeking registration of \$13,200,000 of subordinated (convertible) debentures due 1983. The company proposes to offer the debentures for subscription at 100% of principal amount by common stockholders, at the rate of \$100 of debentures for each 15 shares held. The record date, interest rate, and underwriting terms are to be supplied by amendment. Wertheim & Co., Lehman Brothers and Equitable Securities Corporation head the list of underwriters.

The company and its wholly-owned subsidiaries are engaged primarily in the baking and selling of bread, cake and other related baker products at wholesale. Net proceeds of this financing will be applied toward the payment of a \$3,500,000 note and the balance will be available for capital expenditures and other corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 1,965,641 shares of common stock. The prospectus lists R. Newton Laughlin as president.

**P-G PRODUCTS MFG. PROPOSES OFFERING.** P-G Products Mfg. Co., Inc., 230 East 162nd St. New York, filed a registration statement (File 2-19115) with the SEC on October 10th seeking registration of 110,055 shares of common stock, to be offered for public sale through underwriters headed by Kahn & Peck, Cohn & Co. The public offering price and underwriting terms are to be supplied by amendment. Also included in the statement are an additional 15,000 common shares underlying a like number of five-year warrants to be issued to the principal underwriter at one mill per warrant, exercisable at the public offering price.

The company is engaged in the manufacture and distribution of appliance replacement parts and accessories. Net proceeds of this financing will be used in part to repay a \$100,000 note and the balance used to expand manufacturing facilities and for working capital and to expand the company's distribution facilities. The company now has outstanding 440,220 common shares, owned in equal amounts by Morris L. Goldman, president, and three other officials.

**MISS ELLIETTE PROPOSES OFFERING.** Miss Elliette, Inc., 1919 South Los Angeles St., Los Angeles, Calif., filed a registration statement (File 2-19117) with the SEC on October 10th seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by F. L. Rossman & Co. The public offering price and underwriting terms are to be supplied by amendment. Also included in the statement are an additional 15,000 shares sold to Rossman & Co. at \$3.75 per share.

The company is engaged in the design, manufacture and distribution to retailers of several lines of women's and misses' dresses. Net proceeds of its sale of additional stock will be used to enable the company to finance its own trade accounts receivable, with the balance available to finance increased inventories and the larger payroll resulting from expansion. The company now has outstanding 415,000 common shares, of which 200,000 shares each are owned by Jack Bryan, president, and Elliette Bryan, executive vice president.

**CAROLINA POWER & LIGHT FILES FINANCING PROPOSAL.** Carolina Power & Light Company, 336 Fayetteville St., Raleigh, N. Car., today filed a registration statement (File 2-19118) with the SEC seeking registration of \$25,000,000 of First Mortgage Bonds due 1991 and 150,000 shares of common stock. The bonds are to be offered for public sale at competitive bidding. The stock will be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., and R. S. Dickson & Co. Inc., the offering price and underwriting terms to be supplied by amendment. Net proceeds of this financing will be used to (1) repay bank loans of some \$17,000,000 used in connection with the company's construction program and (2) for the construction of additional facilities. The company estimates that its construction expenditures during 1961 will approximate \$37,700,000 (of which some \$28,100,000 was expended in the nine months ended September 30) and during 1962 \$27,000,000.

**SECURITIES ACT REGISTRATIONS.** Effective October 11: Admiral Corp. (File 2-18787); California Growth Capital, Inc. (File 2-18519); Clarise Sportswear Company, Inc. (File 2-18533); John Gombos, Inc. (File 2-18382); Hi-Shear Corp. (File 2-18622); Hydrometals, Inc. (File 2-18430); Medco, Inc. (File 2-18492); National Cleaning Contractors, Inc. (File 2-18526); New Era Mining Co. (File 2-18467); Wagner Baking Co. (File 2-18466); Wisconsin Natural Gas Co. (File 2-18922).

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