

**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 December 14, 1961

**BANNER SECURITIES HEARING ORDERED.** The SEC today announced the issuance of a further order under the Securities Exchange Act of 1934 which schedules a hearing for January 3, 1962, in the Commission's New York Regional Office on the question whether the broker-dealer registration of Banner Securities, Inc., 26 Broadway, New York City, should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The Commission's initial order of September 29, 1961, authorizing these proceedings (Release 34-6641), raised the question whether Banner Securities, Frank Ebner, president, Matthew Naphtali, vice president, Bernard Rotter, then sales manager, and John La Femina, then a salesman, violated the Securities Act registration and anti-fraud provisions in the offer and sale of stock by Diversified Collateral Corporation during the period November 15, 1960, to February 13, 1961. In an amended order dated December 13, 1961, the further question is raised whether Banner Securities, Ebner, Naphtali, and Samuel Balinski (also known as Sam Balin), another salesman, violated the Securities Act registration and anti-fraud provisions in the offer and sale during the period July 15 to October 31, 1961, of the common stock of Buckeye Corporation. The order questions representations made in connection with the offer and sale of Buckeye stock, including an increase in the market price of the stock, transfer of the listing of Buckeye stock from the American to the New York Stock Exchange, the identity and location of a company being acquired by Buckeye, and dividends to be paid by Buckeye. (NOTE: Trading in Buckeye shares was suspended by the American Stock Exchange on October 31, 1961, because, in the opinion of the Exchange, the company's financial condition and operating results were such as to make the issue unsuitable for Exchange dealings.)

**SEC COMPLAINT NAMES HYDRAMOTIVE CORP., FORREST PARROTT, DURWARD E. WILLIS, OTHERS.** The SEC announced December 13th (Lit-2153) the filing of a complaint (USDC, Oklahoma City) seeking to enjoin further offering and sale of stock of Hydramotive Corporation of Charlotte, N. Car., in violation of the Securities Act registration and anti-fraud provisions. Defendants in addition to said corporation were: Forrest Parrott, of Oklahoma City, his son Donald Parrott, and ten Parrott-affiliated companies; John V. Holmes of Charlotte; Durward E. Willis and Hydramotive Mfg. Corp., of Charlotte; George H. Slack, of Chicago, president of Hydramotive; American Capital Corp. of Washington, D. C., and Jules Arfield, Robert I. Allen and Max V. Schoenwald; Walter Allen Raleigh, doing business as Raleigh Securities Co. of Baltimore; General Securities Corp. of Washington, D. C., and Thomas J. O'Connor; and Morrison and Company, Inc., of Charlotte, and Robert H. Morrison. Temporary restraining order issued by court, which scheduled a hearing for December 22d on SEC motion for preliminary injunction.

**TEN CONVICTED IN INSURANCE STOCK FRAUD.** The SEC Seattle Regional Office announced December 11th (Lit-2158) that ten of thirteen defendants were convicted (USDC ED Wash.) of fraudulent misrepresentations in the sale of Treasure State Life Insurance Company of Butte, Mont. (the said insurance company was not involved in the activities resulting in the indictment). Those convicted were John Meyer, Northern Brokerage Company, Tarris D. Dolan, Arnold V. Tibbetts, James E. Caine, Gerald Dedmore, Lyle Dedmore, Lee Gregerson, John P. Stokes, and John Edwards. Defendants James Priestly, Rody P. Byrne and William Baxter were acquitted.

**THIRD QUARTER EARNINGS OFF.** The SEC and FTC announce (for December 15th newspapers) that sales and earnings of manufacturing corporations "declined slightly" in the third 1961 quarter but were maintained at volumes substantially above those during the latter part of 1960 and early 1961. For details, see Stat. Ser. Release 1796.

**LACAL PETROLEUM FILES FOR OFFERING.** Local Petroleum Company, 550 South Flower Street, Los Angeles, filed a registration statement (File 2-19453) with the SEC on December 13th seeking registration of \$1,500,000 of participating interests in the Lacal 1962 Exploration Program to be offered for public sale in \$50,000 units. The offering will be made by J. Barth & Co., which will receive a 5% carried interests as its total compensation as underwriter and for other services. The company will receive \$2,000 per month and expenses, an overriding royalty of 2%, and a 20% carried interest as total compensation for its services in all capacities to the Program, including activities of its partners as underwriters.

Organized under California law in December 1961, the company is a partnership composed of Howard C. Pyle and Joe B. Hudson. The Program will be primarily directed toward the discovery of substantial oil and gas reserves principally in the coastal area of Louisiana and Texas. The proceeds contributed to the Program will be used for various exploration, property acquisition, development and related purposes. Pyle and Hudson each have a one-half interest in the capital and earnings of the partnership, and each will receive through the partnership \$1,000 per month as partial compensation for services, together with out-of-pocket costs and expenses incurred in connection with the Program.

**BRENTWOOD FINANCIAL FILES FOR OFFERING AND SECONDARY.** Brentwood Financial Corp., 12001 San Vicente Blvd., Los Angeles, filed a registration statement (File 2-19454) with the SEC on December 13th seeking registration of 150,000 shares of common stock, of which 30,000 shares are to be offered for public sale by the company and 120,000 shares, being outstanding stock, by the holders thereof. The offering will be made on an all or none basis through underwriters headed by Hayden, Stone & Co. The public offering price and underwriting terms are to be supplied by amendment.

OVER

The company was organized under Delaware law in November 1961. It has acquired all of the outstanding guarantee stock of Brentwood Savings and Loan Association (a surviving corporation of a merger in November 1961 of Brentwood Savings and Loan Association into Monrovia Mutual Savings and Loan Association), which has been engaged in the savings and loan business in and around Monrovia, Calif., and, in connection therewith an escrow business. The company, through two subsidiaries which it proposes to acquire, will conduct an insurance agency business to assist the Association in making fire and other insurance available to its borrowers and a trustee business under which it will act as trustee under trust deeds securing loans made by the Association. Of the net proceeds from the company's sale of additional stock, up to \$40,000 will be used to acquire the two proposed subsidiaries, Monrovia Investment Corporation and Brentwood Investment Corporation and the balance for expansion of the direct operations of the company and the acquisition of other businesses of a related nature.

The company has outstanding 1,200,000 shares of common stock, of which Jack J. Spitzer, president, owns 140,400 shares and management officials as a group 603,946 shares. Spitzer and W. K. Glikberg, board chairman, received 140,400 and 99,622 shares, respectively, in exchange for their respective holdings in the Association. The list of selling stockholders and amounts proposed to be sold by each are to be supplied by amendment.

GUSTIN-BACON MFG. FILES STOCK PLAN. Gustin-Bacon Manufacturing Company, 210 West Tenth Street, Kansas City, Mo., filed a registration statement (File 2-19455) with the SEC on December 13th seeking registration of 70,285 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan.

DIVERSIFIED DISCOUNT AND ACCEPTANCE FILES FOR STOCK OFFERING. Diversified Discount and Acceptance Corp., 707 Northwestern Federal Building, Minneapolis, Minn., filed a registration statement (File 2-19456) with the SEC on December 13th seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4.50 per share. The offering will be made on an agency best efforts basis by Bratter and Company, Inc., which will receive a 50¢ per share selling commission.

The company is engaged in operating and conducting a finance business consisting primarily of the making of secured loans at interest to manufacturers, distributors and retailers. The \$481,882 estimated net proceeds from the stock sale will be used for expansion of business in the form of additional loans to present or new customers. Such proceeds will also be used as a basis for requesting additional bank lines of credit which have previously been extended in relative ratio to the amount of capital stock and subordinated debentures outstanding. In addition to certain indebtedness, the company has outstanding 127,875 shares of common stock (after giving effect to a recent 275-for-1 stock split), of which Morris White, president, Joseph C. Glickman, secretary, M. M. Goldman, a director, and Monroe Isenberg, vice president (and Marian Isenberg), own 10.75%, 11.39%, 11.62% and 32.25%, respectively.

CONNELLY CONTAINERS FILES STOCK PLAN. Connelly Containers, Inc., Bala-Cynwyd, Pa., filed a registration statement (File 2-19457) with the SEC on December 13th seeking registration of 17,872 shares of common stock, to be offered pursuant to its Salaried Employees' Stock Purchase Plan For 1962.

SECURITIES ACT REGISTRATIONS. Effective December 14: Amcap Investments, Inc. (File 2-19084); California Real Estate Investment Trust (File 2-18704); Capital Program Corp. (File 2-18341); Commerce Clearing House, Inc. (File 2-19278); Commonwealth Theatres of Puerto Rico, Inc. (File 2-18605); Kellwood Company (File 2-19184); Rapid-American Corp. (File 2-19258); Shaer Shoe Corp. (File 2-18916); Tip Top Products Company (File 2-19177); Valley Gas Production, Inc. (File 2-18939). Withdrawn December 14: Pantex Manufacturing Corp. (File 2-17419); World Wide Reinsurance Corp. (File 2-19066).

---ooo0ooo---