

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)

Issue No. 64-1-7)

FOR RELEASE January 10, 1964

E. R. D'ABRE EMPLOYMENT REJECTED. In a decision under the Securities Exchange Act announced today (Release 34-7213), the SEC disapproved a request of the NASD that a member firm be continued in membership with Edgar R. D'Abre, of Boston, in its employ.

In 1961, the NASD revoked D'Abre's registration as a registered representative, which created a "disqualification" barring his subsequent employment by a member firm without approval of the Commission. The transactions giving rise to such disqualification occurred in 1959. According to the Commission's decision, D'Abre opened two accounts in the name of John Bixby and allocated shares of "hot issues" to these accounts (realizing profits of \$6,000 therefrom over a period of several months). When questioned by his then employer, he fabricated a credit report on the non-existent Bixby; but his explanation was unacceptable to the firm and he was discharged in August 1959. In its 1961 order, the Committee concluded that the accounts were in fact D'Abre's, characterized his explanation as "preposterous," found that D'Abre had effected transactions in those accounts without the consent or knowledge of his employer, and revoked his registration and fined him.

Shortly before this decision, D'Abre had obtained employment as salesman for another firm; and thereafter proceedings were instituted before the NASD to determine whether the new employer should be continued in membership with D'Abre as an employee. Subsequently, an NASD application for approval of such continuance was remanded by the SEC, which expressed concern as to D'Abre's appreciation of "the professional obligation to his employer and to the public that further participation in the securities field entails." After further hearings and consideration by the NASD, the latter renewed its application for approval, urging certain mitigating circumstances.

In denying the present application as not appropriate in the public interest, the Commission stated, in part: "The violations of NASD rules committed by D'Abre were of a serious nature, involving not only 'free riding,' but the manufacture over a period of several months of fictitious accounts and records and a false credit report, for the purpose of deceiving his employer and concealing violations of the restrictions upon transactions in new issues. This misconduct was compounded by D'Abre's concoction and presentation of false explanations to the NASD and his persistent failure to disclose the true facts. Only the pressure created by our remand and the ensuing hearing finally caused D'Abre to admit that the Bixby accounts were fictitious and to state that he regretted his violation of the trust that had been reposed in him. It was only after some prompting that he admitted his profit motivation in maintaining the accounts. He stated that absent our remand and subsequent hearing, he probably would never have acknowledged the facts. That he made no further denials of his improprieties after the first District Committee decision or that he believed that the Committee members probably knew he had lied to them, cannot excuse his continued lack of candor." These and other considerations, the Commission concluded, clearly demonstrate D'Abre's unreliability and his lack of understanding of his obligations to his employer, the District Committee, to the NASD Board of Governors and to the securities industry.

ALLYN, CARR WITHDRAWAL PERMITTED. In a decision announced today (Release 34-7212) the SEC permitted the withdrawal of the registration as a broker and dealer of Allyn, Carr & Co., Inc., 79 Wall Street, New York, and dismissed proceedings on the question whether the firm's registration should be revoked. The action was based upon failure properly to disclose certain information in the firm's registration application. In view of certain mitigating circumstances, however, and the fact that "it appears that the individual respondents were not motivated by any intent to deceive, and that registrant has never engaged in the securities business and has been dissolved," the Commission concluded that it would be appropriate to dismiss the action and permit withdrawal of the firm's registration.

SEC ORDER CITES B. M. KAHN CO. OF NEW YORK. The SEC, upon the basis of allegations by its staff, has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Bernard M. Kahn & Company, Inc., 67 Broadway, New York City, engaged in activities violative of the anti-fraud and other provisions of the Federal securities laws and, if so, whether its broker-dealer registration should be revoked. The activities complained of by the Staff relate to the respondent's offer and sale, as underwriter, of the stock of Home Entertainment Company of America since June 1963; and the order also names Bernard M. Kahn, company resident, as an additional respondent. A hearing will be held, at a time and place to be announced, to take evidence on the staff charges; and it will also concern itself with the question whether the company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

SEC ORDER CITES A. J. DAVIS CO. OF PITTSBURGH. The Commission, again upon the basis of allegations by its staff, also has ordered proceedings under the Securities Exchange Act of 1934 to determine whether A. J. Davis Company, 345 Fourth Ave., Pittsburgh, Pa., engaged in activities violative of the registration and anti-fraud provisions of the Federal securities laws and, if so, whether its broker-dealer registration should be revoked. The activities complained of by the staff relate to respondent's offer and sale during April-June 1962 of stock of Transport Industries, Inc., of Albion, Pa. (formerly Hoppenstand Motors, Inc.); and the order also names Alan J. Davis, company president, as an additional respondent. A hearing will be

OVER

held, at a time and place to be announced, to take evidence on the staff charges; and it will also concern itself with the question whether the company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

TRADING BAN CONTINUED IN CONTINENTAL VENDING - TASTEE FREEZ. The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation and Tastee Freez Industries, Inc., for a further ten-day period January 12-21, 1964, inclusive.

SYRACUSE REAL ESTATE INVESTMENT FILES FOR OFFERING. Syracuse Real Estate Investment Trust, Room 203, Midtown Plaza, 700 East Water St., Syracuse, N. Y., filed a registration statement (File 2-22007) with the SEC on January 7, seeking registration of 140,000 shares of beneficial interest in the Trust, to be offered for public sale at \$10 per share. The Trust intends to sell its shares on a best efforts basis through its franchisees (realtors or real estate brokers throughout the U.S.), other qualified dealers and Trustees and employees on a best efforts basis. Franchisees and dealers will be paid a 3% commission on shares sold, but no commission will be paid on the sale of the franchises. Each franchisee will have a franchise for his territory which grants non-exclusive rights (1) to offer properties to the Trust for purchase by the Trust, (2) to manage trust properties in the franchisee's territory if management is required and the franchisee is qualified, and (3) to enter into selling agreements with the Trust providing for the sale of Shares of the Trust in the franchisee's territory.

The trust is an unincorporated association organized in New York in December 1963 for the purpose of providing investors an opportunity to participate in real estate investments. The initial investment will be the purchase of the building and land occupied by Syracuse Ornamental Company, Van Buren, N. Y. at a price of approximately \$2,100,000, for which a mortgage loan in the amount of \$800,000 has been obtained. The balance of the purchase price will be paid from the proceeds of the sale of the shares. After organization and initial expenses of the Trust are paid, there will remain approximately \$6,000 which will be used for working capital. Harry Wiesner, builder and developer, is sponsor and George W. Glover, W. Carroll Coyne and Donald Wilby are the initial trustees.

GENERAL DEVELOPMENT RECEIVES ORDER. The SEC today issued an order under the Holding Company Act (Release 35-14994) declaring General Development Utilities, Inc., Miami subsidiary of General Development Corp., not to be a gas utility company and dismissing the alternative application of the parent company for exemption from the Act.

FUND OF AMERICA RECEIVES ORDER. The SEC issued an order today (Release IC-3892) declaring that Fund of America, Inc., 60 East 42d St., New York City, has ceased to be an investment company.

PROPOSAL RE EXCHANGE RULES ANNOUNCED. The SEC announced January 9th the issuance of a proposal for the adoption of a new Rule 17a-8 under the Securities Exchange Act (Release 34-7218) to require every national securities exchange to file with the Commission a report of any proposed change in its constitution, by-laws or rules not less than three weeks before they are submitted for any action by the membership or by the Board of Governors of the exchange. Interested persons may submit views and comments on or before January 31, 1964.

Under the Act, the Commission has the responsibility to oversee the self-regulatory functions of national securities exchanges. Moreover, under Section 11, Section 19(b), and other sections of the Act, the Commission has broad powers and responsibilities with respect to the rules of such exchanges and matters covered by such rules. Chapter XII of the Special Study Report concluded that the Commission's existing procedures for the review of exchange rules did not seem to be sufficient to assure the needed oversight by the Commission and it recommended that the Commission review exchange rules prior to the time when they become effective. The Commission's proposed rule would afford an opportunity for orderly Commission review of exchange rules before they become effective and assist the Commission in the execution of its functions and responsibilities.

Under the proposed rule, if any substantive change is made in the exchange's proposal after the report is filed with the Commission, a new three-week period would begin to run, unless the change is made to conform it to a suggestion made by the Commission. The Commission's rule would also provide that if emergencies arise in which a report cannot be filed as provided above, the exchange shall give the Commission as much notice as the circumstances permit, together with a written statement of the reasons why the filing of a report as required was impracticable.

KELLWOOD FILES STOCK OPTION PLAN. Kellwood Company, 35 East Wacker Dr., Chicago, filed a registration statement (File 2-22014) with the SEC on January 10 seeking registration of 100,000 shares of common stock, to be offered to employees pursuant to the company's Restricted Stock Option Plan.

COMPLAINT CITES GENERAL MANUFACTURING, ET AL. The Denver Regional Office of the SEC today announced (LR-2816) the filing (USDC, Nebr.) of an action seeking to enjoin General Manufacturing Corporation, 827 Stuart Bldg., Lincoln Nebr.; Melvin D. Gulley of Lincoln, Nebr.; Clement A. Banks, Russel G. Bretz, Warren L. Wendt, Thomas V. Short, all of Omaha; and Alan R. Townsend of Elkhorn, Nebr. from violating the registration and anti-fraud requirements of the Securities Act of 1933 in the sale of General Manufacturing stock.

SECURITIES ACT REGISTRATIONS. Withdrawn January 6: Transarizona Resources, Inc. (File 2-20419).