

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 August 14, 1964

BROAD STREET INVESTING SEEKS ORDER. Broad Street Investing Corporation, New York open-end investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the proposed issuance of its shares at net asset value for all of the cash and securities of The Cove Investment & Improvement Company, and the Commission has issued an order (Release IC-4035) giving interested persons until August 31, 1964 to request a hearing thereon. According to the application, Cove is a Connecticut investment company with six trusts as its record stockholders. On June 9, 1964, its cash and securities were valued at approximately \$7,855,696. The Broad Street shares acquired by Cove will be distributed to its stockholders on the liquidation of Cove.

IT&T FILES STOCK PLAN. International Telephone and Telegraph Corporation, 320 Park Ave., New York, filed a registration statement (File 2-22681) with the SEC on August 12 seeking registration of 3,925 shares of capital stock and 390 shares of cumulative preferred stock, 4% convertible Series E, to be offered pursuant to the company's Substitute Stock Options.

DIVERSIFIED SECURITIES REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7387) revoking the broker-dealer registration of Diversified Securities, Inc., 3395 South Bannock Street, Englewood, Colo., for violations of the anti-fraud and securities registration provisions of the Securities Acts and of the Commission's net capital rule. Clifford W. Gabriel, Jr., the president and controlling stockholder of the firm, Seymour J. Cassel, a former sales manager, and salesman Charles J. Anderson, Francis Brandt, Ray Roberts, Karell E. Kissinger, Jr., Hugh D. Whiteman, Thomas L. McCourt and Cleo P. Hartman were each named a cause of the revocation.

The Commission found that in the sale of Diversified Industries of Colorado stock the firm and its salesman, under Cassel's direction, utilized high-pressure telephone solicitations and made misleading or outright false representations concerning, among other things, that company's sales, earnings, and contracts and the safety of the stock. The Commission also found that Gabriel and the salesman sold unregistered stock of Shield Chemical, Ltd. by means of false and misleading statements regarding an increase in value of the stock and the firm's research service to its customers.

EQUITY GENERAL INVESTMENT REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7388) revoking the broker-dealer registration of Equity General Investment Corporation, 88 Logan St., Denver, Colo. The Commission found that the firm violated the anti-fraud provisions of the Securities Acts in transactions involving six different securities, failed promptly to cancel or liquidate customers' purchases contrary to the provisions of Regulation T, failed to disclose in an amendment to its broker-dealer application that an officer had previously been enjoined from engaging in securities sales by unlawful means, and failed to report a change of address. Lee A. Huey, a former president and controlling stockholder, Seymour J. Cassel, president and controlling stockholder, and Irvin Heyman, Louis Wagner and Edward Garber, who were salesman for the firm, were each found a cause of the revocation.

According to the decision, in the course of an offering through the firm as underwriter of common stock of Cemex of Arizona, Inc., Huey, Heyman, and Garber made false or misleading representations relating to public acceptance of Cemex's product, a building material, the company's earnings, and future increases in the price of the stock. Following his acquisition of a controlling interest in the firm in late 1959, Cassel directed a blatant "boiler-room" sales campaign in connection with an offering of common stock of Winterland, Inc., a promotional company proposing to operate a winter sports area. As part of the sales campaign, Wagner and Heyman made misrepresentations regarding the payment of dividends by Winterland, future increases in the price of the stock, and the progress of the offering. The Commission also found that prior to his association with the Equity firm Cassel had wilfully violated the anti-fraud provisions of the Securities Acts while employed as sales manager by Diversified Securities, Inc., as detailed in the Commission's decision of today revoking the registration of that firm (Release 34-7387).

With respect to Garber, the Commission adverted to certain mitigating factors, including his relatively brief association with the firm and the fact that his misconduct was apparently attributable to inexperience in the securities business, and conclude that the public interest did not require that he be barred from employment by a registered broker-dealer in a non-supervisory capacity and under appropriate supervision.

COURT ENJOINS MURCO PRODUCTION. The SEC Fort Worth Regional Office announced July 31 (LR-3000) the entry of a Federal court order (USDC Kansas) permanently enjoining Charley C. Murphy, individually and doing business as Murco Production Company, from further violations of the Securities Act registration and anti-fraud provisions in the sale of oil and gas interests. Murphy consented to the entry of the order.

OVER

FINES IMPOSED IN THE NATIONAL SECURITY LIFE CASE. The SEC Chicago Regional Office announced June 2 (Release LR-3001) that Richard A. Lawson, Ewing L. Cox and National Security Life Insurance Company, all of Indianapolis, Ind., received the respective fines of \$15,000, \$15,000 and \$3,000 on their pleas of nolo contendere to three counts of an indictment charging violations of the anti-fraud and anti-manipulative provisions of the Federal securities laws and that Samuel B. Huffman was fined \$5,000 on a plea of nolo contendere to two counts of the indictment alleging violation of the anti-manipulative provisions, in the sale of National Security's common stock.

PENN. ELECTRIC SEEKS ORDER. Pennsylvania Electric Company, 1001 Broad St., Johnstown, Pa., has filed a proposal with the SEC under the Holding Company Act for the public offering, at competitive bidding, of \$20,000,000 of first mortgage bonds due 1994; and the Commission has issued an order (Release 35-15113) giving interested persons until September 15, 1964 to request a hearing thereon. As reported in the SEC News Digest on August 5, \$1,500,000 of the net proceeds from the bond sale will be applied to the company's 1964 construction program (estimated at \$26,400,000). The balance, together with \$16,500,000 in cash capital contributions made during 1964 to the company by its parent, General Public Utilities Corporation, will be used to reimburse the company's treasury for construction expenditures prior to 1964.

BALL, PABLO CANCELLED. The Commission has ordered cancellation of the broker-dealer registration of Ball, Pablo & Co., 1000 Connecticut Ave., N. W., Washington, D. C. According to the order, Ball, Pablo was permanently enjoined by a Federal court order on March 13, 1964 from violating certain provisions of the Securities Exchange Act, and it has ceased doing business as a broker-dealer.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the August 3 News Digest.

Electronic Associates, Inc, June 64, (7,13)
Interprovincial Pipe Line Co, July 64,
(11,13)
Philippine Long Distance Tel Co, June 64,
(7,8,13)

Madway Main Line Homes, Inc, June 64, (7)
Royal Properties, Inc, June 64, (2,12,13)

Curtis Electro Corporation, Aug 63, (7)

Assembly Products, Inc, Mar 63, (11)
Apr 62, (11)
Apr 64, (8,11)

Leaseway Transportation Corp, June 64,
(2,7,10,11,13)

Pacific Airlines, Inc, June 64, (1,7,8,11,12)
Pillsbury Co, July 64, (13)
Waddall & Reed, Inc, June 64, (3)

Buttrey Foods, Inc, May 64, (11)
National Periodical Publications, Inc, June
64, (2,13)

Savin Business Machines Corp, May 64, (7)

North American Acceptance Corp, May 64, (11)

Vulcan Materials Company, Apr 64, (7)

Ling-Temco-Vought, Inc, June 64, (3,7,8,13)

Mount Vernon National Life Insurance Company
June 64, (7)

B. T. Babbitt, Inc, Amend #1 for May 64
1,4,7,8,13)

The Rucker Company, Amend #1 for Dec 63 (9)
Associated Baby Services Inc, July 64, (11)

Gerber Scientific Instrument Co, Aug 63, (11)
Oct 61, (7)

Anderson Electric Corporation, June 64,
(11,13)

American Hydrocarbon Corp, Aug 62 to June 64
(2,3,7,8,9,10,11,12,13)

Disc, Inc, May 64, (3,13)
July 64, (7,11,13)
April 64, (7)

Tillie Lewis Foods, Inc, July 64, (3)

Bogue Electric Mfg Co, March 64, (2,13)
American Hydrocarbon Corp, Amend #1 to 8K
for Aug 62 to June 64, (13)
Disc, Inc, Amend #1 to 8K for July 63, (7)
Amend #1 to 8K for Oct 63, (7)
Amend #1 to 8K for Jan 64, (7)

ORAL ARGUMENTS, COMING WEEK. August 19, 2:30 P.M., Samson, Roberts & Co., Inc.
August 20, 3:45 P.M., John W. Yeaman, Inc.

SECURITIES ACT REGISTRATIONS. Effective August 13: Great Eastern Insurance Co. (File 2-22499); Guaranty Insurance Trust (File 2-22597); Trinity Steel Company, Inc. (File 2-22569). Effective August 14: Pacific Lighting Corp. (File 2-22658).