

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE February 1, 1966

DELANEY PROMOTED IN BOSTON. Chairman Manuel F. Cohen of the SEC today announced the promotion of Edward P. Delaney from the position of Chief Enforcement Attorney to the position of Assistant Regional Administrator of the Boston Regional Office. Mr. Delaney succeeds Mr. James E. Dowd who became Regional Administrator on January 2, 1966.

Mr. Delaney was born in Boston, Massachusetts, on February 17, 1925. He received an A.A. degree from Boston University in 1949 and an LL.B. degree from Boston University Law School in 1952. He was admitted to the Massachusetts bar in 1952.

Mr. Delaney first joined the Commission's staff in January 1956 as an attorney in the Boston Regional Office, after being associated with the Boston law firm of Langan & Dempsey from 1952 to 1956. He was designated as Chief Enforcement Attorney in 1961. He is a Naval veteran of World War II and resides in Belmont, Massachusetts.

NASD DISCIPLINARY ACTION AFFIRMED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7806) sustaining disciplinary action of the NASD against L. B. Securities Corp. (formerly R. B. Marx & Co., Inc.), 1335 Lincoln Rd., Miami Beach, Fla., and Richard B. Marx, president and sole stockholder. The NASD had expelled the firm from membership, revoked Marx' registration as a registered representative and assessed costs of \$319.89, against the firm and Marx, based upon findings that the firm had violated its rules of fair practice. Such violations included the failure of the firm to supervise an employee who engaged in fraudulent activities (by sending false confirmations, or so-called "wooden orders," to two customers), failure to register that employee before he engaged in dealings with the public, and violations of net capital and record-keeping rules. In view of the violations (and particularly in light of the prior misconduct by the firm which included net capital violations and the failure to register salesmen), the Commission concluded that the NASD's expulsion of the firm was consistent with the protection of the public interest. With respect to Marx, the Commission observed that he "has shown himself seriously wanting as a proprietor and manager and should appropriately be excluded from acting in such capacities," and that disciplinary action with respect to his right to be employed as a registered representative was warranted. However, the Commission noted that revocation of Marx' registration as a registered representative is not necessarily a permanent bar and does not preclude an application by Marx at a later date to become employed by a member upon a showing that he will be properly supervised.

Commissioner Budge filed a dissenting statement based upon the denial of a motion of the parties for an adjournment and transfer of the hearing before the NASD District Business Conduct Committee from Atlanta to Miami.

The broker-dealer registration of the firm was cancelled in November 1963.

CHARLES DUPUY REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7807) revoking the broker-dealer registration of Charles Dupuy, 817 Clairborne Dr., New Orleans, La., for falsifying financial information in his application for registration.

TWO TRADING BANS CONTINUED. The SEC announced January 28 the issuance of orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Associated Oil & Gas Co., as well as over-the-counter trading in bonds of Pinal County Development Association, for the further ten-day period January 29 to February 7, 1966, inclusive.

CONTINENTAL VENDING TRADING BAN CONTINUED. The SEC has issued an order suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corp. for a further ten-day period, February 1-10, 1966, inclusive.

SMITY, HOLLY CO. PLEADS GUILTY. The SEC New York Regional Office announced January 20 (LR-3409) that Smith, Holly Co., Inc., a defunct New York broker-dealer, and Milton D. Smith, its president, pleaded guilty (USDC, ED NY) to violating the Securities Act anti-fraud provisions in the sale of common stocks of Oreclone Concentrating Corp., Sip 'N Snack Shoppes, Inc., and Electro-Sonic Laboratories, Inc. Smith also pleaded guilty to violating the mail fraud statute in the sale of oil and gas leases on land located in New Mexico, which sales Smith made as agent for the New Mexico Oil and Gas Lease Exchange, Washington, D. C., and Clyde A. Bowles. Sentencing is scheduled for March 31.

MCGUIRE, BLUMNER AND PERRY SENTENCED. The SEC Chicago Regional Office announced January 25 (LR-3410) that John A. McGuire of Erie, Pa., was sentenced to a 3-year prison term and fined \$6,000 (USDC, SDNY) and that Edmond G. Blumner and Herbert Perry, both of New York, were sentenced to serve two- and one-year prison terms, respectively. The defendants had been found guilty of conspiring to violate the Securities Act registration and anti-fraud provisions and violating the registration provisions of the Act in the sale of common stock of Asta-King Petroleum, Inc., Tamarac Gas and Oil Co. and Harative Gas and Oil Co., Inc. Perry was also found guilty of violating the anti-fraud provisions of the Act.

OVER

FIRST HARTFORD EXCHANGE FUND CITED. The SEC New York Regional Office announced January 25 (LR-3411) the filing of a complaint (USDC, SDNY) seeking to enjoin The First Hartford Exchange Fund, Inc., from doing business while its books and records are not maintained and kept current, from effecting redemptions of Fund shares at prices which fail to reflect the current net asset value of such shares, and from failing to redeem within 7 days Fund shares tendered for redemption. The Commission also requested the appointment of a Conservator of the Fund's assets.

WILLIAM C. JOINES CHANGES PLEA. The SEC Denver Regional Office announced January 26 (LR-3412) that William C. Joines withdrew his plea of not guilty and entered a guilty plea (USDC, Cheyenne, Wyo.) to an indictment charging violations of and conspiracy to violate the anti-fraud provisions of the Federal securities laws in the sale of securities of American Health Credit Plan, Inc. of Wyoming. Joines was fined \$500, received a suspended sentence, and was placed on 3 years' probation on condition, among other things, that he not engage in the securities business.

MARATHON SECURITIES SEEKS ORDER. Marathon Securities, 66 Beaver St., New York, closed-end, non-diversified investment company, and Bear, Stearns & Co., a New York limited partnership, have applied to the SEC for an exemption order under the Investment Company Act with respect to certain transactions; and the Commission has issued an order (Release IC-4499) giving interested persons until February 14 to request a hearing thereon. According to the application, Bear, Stearns proposes to buy from Marathon 50,550 shares of capital stock of Packard-Bell Electronics Corp. and to purchase from Packard-Bell 100,000 unissued shares of such stock. The purchases are to be made by Bear, Stearns as a representative of a group of underwriters for a public offering of such stock (see News Digest of January 7). Under the terms of the proposed underwriting agreement, the price to be paid to Marathon and Packard-Bell will be the price at which such shares are to be offered to the public, less discounts or commissions not to exceed 7% of the public offering price. Marathon is an "affiliated person" of Bear, Stearns by virtue of the fact that Jerome Kohlberg, Jr., is a general partner of Bear, Stearns and a director of Marathon. Marathon and Packard-Bell are also affiliated persons because, among other things, the 50,550 shares of the latter's capital stock owned by Marathon represents more than 5% of the outstanding voting securities of Packard-Bell.

DELISTINGS GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-7810) granting applications of the New York Stock Exchange to strike from listing and registration the common stocks of City Products Corp. and Simonds Saw and Steel Co., effective at the opening of business on February 1. The application on City Products states that the number of such outstanding shares have been reduced to 130,503 (exclusive of concentrated holdings) as a result of an exchange offer by Household Finance Corp. According to the application on Simonds Saw, approximately 115,022 shares of its common stock are publicly held, exclusive of concentrated holdings of Wallace-Murray Corp.

UNLISTED TRADING SOUGHT. The SEC has issued an order under the Securities Exchange Act (Release 34-7810) giving interested persons until February 11 to request a hearing on applications of (1) the Pacific Coast Stock Exchange for unlisted trading privileges in the common stock of United States Smelting Refining and Mining Co. and (2) the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stocks of Great Western Financial Corp. and National Aeronautical Corp.

LOUISIANA POWER SEEKS ORDER. Louisiana Power & Light Company, New Orleans electric-utility subsidiary of Middle South Utilities, Inc., has applied to the SEC for an order under the Holding Company Act authorizing it to sell at competitive bidding \$35,000,000 of first mortgage bonds (due 1996); and the Commission has issued an order (Release 35-15394) giving interested persons until February 25 to request a hearing thereon. As reported in the SEC News Digest of January 21, Louisiana Power will use the net proceeds of its bond sale to finance its construction program (estimated to cost \$50,000,000 in 1966), to repay some \$15,000,000 of bank loans, and for other corporate purposes.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended January 27, 1966, 21 registration statements were filed, 35 became effective, 4 were withdrawn, and 284 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective January 31: Citizens Financial Corp., 2-24269 (May 1). Withdrawn January 28: Western Empire Real Estate Investments, 2-20756.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.