

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 December 15, 1959

RULE VIOLATIONS CHARGED TO WILLIAMS & ASSOCIATES. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Williams & Associates, 24-30 Commerce St., Newark, N. J., should be revoked.

Associates is a partnership which has been registered since March 4, 1959. William Angelo, Jr., is the sole general partner. According to the Commission's order, information developed in an investigation conducted by its Staff tends to show that during the period from about July 31 to October 20, 1959, Associates engaged in the conduct of a securities business in violation of the Commission's net capital rule, which is designed to protect investors against losses arising out of the inability of broker-dealer firms to meet their financial commitments. The order further states that Associates and Angelo, individually, were enjoined by a Federal Court order of October 30, 1959, from further violations of the said net capital rule.

A hearing will be held for the purpose of taking evidence with respect to the foregoing at a time and place later to be announced.

DE VILLE COMPANY OFFERING SUSPENDED. The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by De Ville Company of 555 Fifth Ave., New York. De Ville is a New York partnership whose general partner is Edmund L. Dorman.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. In a Regulation A notification filed with the Commission's Fort Worth Regional Office on October 27, 1959, De Ville and Dorman proposed the public offering of \$295,000 of limited partnership interests, in units of \$5,000. The partnership proposes to purchase certain land and buildings in Houston and to lease the properties to the Douglas Company. In its order, the Commission charges that certain of the terms and conditions of Regulation A were not complied with; that the firm's offering circular is false and misleading by reason of the failure to disclose certain information; and that the offering is being or would be made in violation of Section 17 (the anti-fraud provision) of the Securities Act. A hearing will be held, upon request, on the question whether the suspension should be vacated or made permanent.

The Commission's order asserts that the De Ville offering circular fails to disclose adequately the details with respect to the parties, considerations, and terms of the transactions involving purchase of the Houston properties; fails to disclose information concerning the respective rights and obligations of Dorman and purchasers of the limited partnership interests, particularly with respect to the interests and relationships of Dorman in and to the partnership enterprise and the operations of the properties through the Douglas Company, with the profits and remuneration to be received by Dorman therefrom; fails to disclose the relationship between Dorman and the Douglas Company after acquisition of title to the properties by the partnership, including all terms and conditions of the proposed lease agreement with the Douglas company; and fails to disclose possible profits to be derived by Dorman in the event of future sales of the Houston properties to be acquired by the partnership. The offering circular also fails to disclose on the outside cover page the manner in which the offering of partnership interests will be made, the amount of commissions and expenses to be incurred in connection with the offering and identity of the recipients, and the fact that no assurance can be given that all such interests will be sold and that the organization of the limited partnership may not occur.

It also is asserted in the Commission's order that the De Ville notification fails to disclose the names of all predecessors and affiliates of the partnership, as well as information as to other offerings of securities by the partnership and its predecessors and affiliates, particularly a proposed offering of partnership interests by Bissonnet Company, an affiliated limited partnership (See Release 33-4167).

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For further details, call ST. 3-7600, ext. 5526

MISSOURI EDISON BANK BORROWINGS CLEARED. The SEC has issued an order (Release 35-14116) authorizing Missouri Edison Company, Louisiana, Mo., to issue \$1,500,000 of promissory notes to The Boatmen's National Bank of St. Louis. The borrowings together with treasury cash will be used to repay \$600,000 of notes held by the bank and to finance construction expenditures to March 1961.

EUA AND MONTAUF PROPOSE BORROWINGS. Eastern Utilities Associates and its indirect subsidiary, Montauf Electric Company, have joined in the filing of applications with the SEC proposing bank borrowings by the respective companies; and the Commission has issued an order (Release 35-14117) giving interested persons until December 29, 1959, to request a hearing thereon. According to the application, EUA has outstanding bank loan indebtedness which is expected to amount to \$2,775,000 by the year-end, secured by a pledge of bonds of Blackstone Valley Gas and Electric Company. EUA proposes to pay such indebtedness through the periodic issuance and sale of notes to The First National Bank of Boston and two other institutions in amounts not to exceed an aggregate of \$2,775,000 to be outstanding at any one time and to be similarly secured. Montauf proposes to pay its short-term loans outstanding by the year-end and meet its cash requirements for construction purposes during 1960 through the issuance and sale to First National and three other institutions of notes up to a maximum of \$3,600,000 to be outstanding at any one time.

PENSION PLAN PROPOSED BY IDS. Investors Diversified Services, Inc., Minneapolis, has applied to the SEC for an order under the Investment Company Act with respect to a pension plan for the benefit of its divisional managers, district managers and sales representatives; and the Commission has issued an order (Release 40-2943) giving interested persons until December 28, 1959, to request a hearing thereon. IDS plans a graduated percentages of the commissions paid to salesmen will be withheld yearly by I.D.S. Although it is not obligated to do so, I.D.S. plans to invest the sums so withheld in the shares of Investors Stock Fund, Inc. I.D.S. will treat the sums withheld from commissions plus an amount equal to the capital appreciation and income, if any, from such sums if invested in shares of Stock Fund as a liability which will become due to the salesmen as they retire. In all events I.D.S. commits itself to pay to the salesmen the amount which is withheld from commissions pursuant to the plan.

ORDER SOUGHT BY AMERICAN-SOUTH AFRICAN CO. American-South African Investment Company, Ltd., Johannesburg, Union of South Africa, has applied to the SEC for an order under the Investment Company Act permitting additional payments under a Sub-Investment Adviser Agreement; and the SEC has issued an order (Release 40-2944) giving interested persons until December 28, 1959, to request a hearing thereon. Applicant's investment adviser is South African Investment Adviser (Proprietary) Limited, which has entered into a sub-investment adviser agreement with Engelhard Industries of Southern Africa, Ltd. Under the agreement, payments to Engelhard Industries for the year ending December 31, 1959, would amount to £16,000; and it is proposed to increase such payments by £10,000.

PRESTON MOSS FUND FILES FOR OFFERING. Preston Moss Fund, Inc., Boston investment company, filed a registration statement (File 2-15926) with the SEC on December 14, 1959, seeking registration of 20,000 shares of capital stock.

AMERICAN LAND CO. FILES FOR OFFERING AND EXCHANGE. American Land Company, 49 East 53rd St., New York, filed a registration statement (File 2-15927) with the SEC on December 14, 1959, seeking registration of 300,000 shares of Class A Preference Stock (\$15 par) and 300,000 shares of common stock, to be offered for public sale in units consisting of one share each of the Class A Preference and the common stock. The public offering price and underwriting terms of the units are to be supplied by amendment. Hemphill, Noyes & Co. is listed as the principal underwriter.

The statement also includes an additional 10,480 common shares, which are to be offered to the holders of 1,048 shares of the common stock of Previews Incorporated (which constitutes all the outstanding shares of that company's stock except for the 13,382 shares owned by American) on the basis of ten shares of American common for each share of Previews common.

American was organized in June 1959 under Delaware law by the majority owners of Previews Incorporated who are said to have become active in the business of purchasing and developing large tracts of land. It was organized primarily to integrate the operations of Previews and various land developments corporations, and to secure the public financing which would provide capital for these corporations and permit expansion on a national and international basis, according to the prospectus. After organization American acquired about 93% of the stock of Previews which

operates a nation-wide system rendering marketing service to individuals and institutions desiring to purchase or sell real estate. Previews owns 100% of Fairhaven Corporation; and it also acquired 100% ownership of three other corporations controlled by the company's founders, namely Lake Phelps Farms, Inc., Washington's Forest, Inc. and Lucian Park Corporation. The latter three corporations and Fairhaven Corporation then owned, or leased with the right to repurchase, an aggregate of approximately 134,000 acres of land in various stages of development in the coastal plain area of Eastern Virginia and Eastern North Carolina and approximately 150 acres with 3,811 feet of oceanfront on the Outer Banks of North Carolina in the vicinity of Cape Hatteras. It is the Company's intention to develop these properties to their best present economic use, which ranges from agricultural farms to residential communities and commercial centres, and thereafter, to sell or lease the lands, from time to time, as may seem advisable. It also intends to utilize Previews to locate attractive real estate situations in other sections of the country which may be acquired.

Net proceeds of this financing by American will be added to its working capital, and are to be used primarily in the acquisition and development of additional properties and also to a small extent for the development of properties now owned. It is anticipated that during 1960 American will advance about \$445,000 to Washington's Forest and \$105,000 to Fairhaven for use in their development programs. Washington's Forest will use the funds advanced to it primarily for the construction of roads and the preparation of farm land and residential sites on the tracts located just outside the Norfolk-Portsmouth area in Virginia; and Fairhaven will be enabled to proceed with the building of commercial and recreational facilities on the oceanfront property owned by it on the Outer Banks of North Carolina.

The prospectus lists C.T.S. Keep as board chairman and Charles L. Gleaves as president. Of the 1,085,503 outstanding common shares, Keep owns 11.08% and Gleaves 8.9%. Ripley Realty Co., Inc. of Virginia Beach owns 41.92%; Dwight D. Ripley, of Greenport, L. I., New York, 10.44%; and Hamphill, Noyes & Co., 9.21%. The outstanding stock of Ripley Realty is owned by Dwight D. Ripley, 50%, Gleaves 37%, and Keep, 12%.

SECURITY INVESTORS FUND PROPOSES OFFERING. Security Investors Fund, Inc., 212 South Tryon St., Charlotte, N. Carolina, filed a registration statement (File 2-15928) with the SEC on December 14, 1959, seeking registration of 290,000 shares of common stock. The company was organized under North Carolina laws on November 5, 1959, by Tully D. Blair, S. L. Booke, and R. Grady Wilmoth, Senior officers of Security Life and Trust Company of Winston-Salem, which now owns all its outstanding shares. Blair is listed as company board chairman and Booke as president. Investors Management Corporation of Winston-Salem serves as Manager and Underwriter-Distributor, as well as investment adviser, with which all company officers are affiliated.

RALSTON PURINA FILES STOCK PURCHASE PLAN. Ralston Purina Company, 835 South Eighth St., St. Louis, Mo., filed a registration statement (File 2-15929) with the SEC on December 14, 1959, seeking registration of 65,000 shares of common stock, to be offered pursuant to the Purina Stock Purchase Plan.

GENERAL ALUMINUM FABRICATORS FILES FOR OFFERING. General Aluminum Fabricators, Inc., 275 East Tenth Ave., Hialeah, Fla., today filed a registration statement (File 2-15930) with the SEC seeking registration of 75,000 shares of common stock (with attached warrants for the purchase of an additional 75,000 shares at \$4 per share at any time not later than January 30, 1961). It is proposed to offer the 75,000 shares (with warrants) for public sale at \$4 per share. The offering is to be made on a best efforts basis by Charles Plohn & Co., for which it will receive a selling commission of 60¢ per share plus \$45,000 for expenses. The underwriter has purchased an additional 25,000 shares from the holder of the outstanding stock of the company for the approximate book value of \$12,000. The company also has agreed to pay a \$5,000 finder's fee to David F. Cerf of Miami Shores, Fla.

The principal activities of General Aluminum (formerly General Window Corporation) consist of aluminum fabrication, including the manufacture and sale of aluminum windows, doors, jalousias, tub and shower enclosures, pool and patio enclosures, and related products. It now has outstanding 125,000 common shares. It is estimated that the company will receive from the sale of the 75,000 shares about \$220,000 net of selling commissions and expenses. Of this about \$145,000 will be used to discharge loans owing to a factor. The balance of the proceeds will be used primarily for the reduction of accounts payable and to supply additional working capital.

According to the prospectus, management officials own a total of 94,000 of the outstanding common shares after having sold 31,000 shares, and have made a cash investment in the company of \$10,000. The principal stockholder is Jack Carmel, president, who owns 94,000 shares, or 75.2%.

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DARYL INDUSTRIES FILES FOR OFFERING AND SECONDARY. Daryl Industries, Inc., 7240 N. E. 4th Ave., Miami, Fla., today filed a registration statement (File 2-15931) with the SEC seeking registration of 225,000 shares of common stock. Of this stock, 95,000 shares are now outstanding and are to be offered for public sale by the present holders thereof; and the remaining 130,000 shares are to be offered for sale for the account of the issuing company. The stock is to be offered for public sale at \$5 per share through an underwriting group headed by Clayton Securities Corporation, for which it will receive a \$.575 commission. The selling shareholders have agreed to sell an aggregate of 3,500 shares at 50¢ per share to Clayton Securities and Floyd D. Cerf, Jr., Company, Inc. A fee of 2% is to be paid to the Cerf Company for advice and financial services.

The company manufactures and sells aluminum sliding glass doors and aluminum shower and bath enclosures. Recently it acquired from its three directors and officers all the issued and outstanding common shares owned equally by them of Daryl Products Corp., Daryl Products Corp. of Florida, Miami Installations, Inc., and Ram Aluminum, Inc., in exchange for shares of the company's common stock. Net proceeds of the company's sale of additional stock will be used as follows: \$275,168 to retire certain indebtedness; and the balance of \$268,358 for general corporate purposes of the company and its subsidiaries, including the possible acquisition of additional equipment and plant facilities.

The prospectus lists Alexander Miller as president, Robert P. Miller as vice president, and Martin S. Lodge as secretary-treasurer. As of November 4th, they each owned 96,667 shares of the outstanding stock. Their 290,000 aggregate holdings are after giving effect to their sale of 31,666 shares each under this offering and the sale of 3,500 shares to Clayton Securities and Cerf Co.

COURT ORDER ENJOINS FIRST SECURITIES CO. The SEC Boston Regional Office announced December 10, 1959, that the U. S. District Court in Boston had permanently enjoined First Securities Company of Boston from further violations of the Commission's net capital rule.

SEC COMPLAINT NAMES SOUTHWESTERN IRON & STEEL. The SEC San Francisco Regional Office announced December 14, 1959, the filing of a court action (USDC, Tucson, Ariz.) to enjoin Southwestern Iron & Steel Industries, Inc., and certain individuals from further sales of Southwestern stock in violation of the Securities Act registration requirement.

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