

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. 65-1-6)

FOR RELEASE January 11, 1965

RAYMOND - HART FIRMS REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7504) revoking the broker-dealer registration of R. P. Raymond & Co., Inc., Ozone Park, N. Y., and N. A. Hart & Co., Bayside, N. Y. Hart & Co. was also expelled from the NASD. Robert R. Maljean, president and 50% stockholder of Raymond & Co., Peter T. Kavakos, another 50% stockholder, and Morris Murray Goodis, a salesman for the Raymond firm, were each found a cause of the revocation of its registration; and Norbert A. Hochschartner and Milton Cramer, general partners of Hart & Co., were each found a cause of the revocation and expulsion order against that firm. All respondents consented to the Commission's action.

According to the decision, Raymond & Co., Maljean, Kavakos, Goodis, Hochschartner and Cramer violated the anti-fraud provisions of the Federal securities laws in the 1962 sale of common stock of National Mercantile Corporation, by means of false and misleading statements as to National's past and anticipated contracts, sales, earnings and dividends; its future prospects for new ventures and expanded operations and an increase in the market price of its stock; and the extent of its competition, past operating losses and the risks of an investment in its stock. Both firms also violated the net capital and record keeping rules of the SEC; Raymond & Co. violated its disclosure and reporting requirements; and Hart & Co. violated the SEC hypothecation rules.

SEC ORDER CITES DUVAL SECURITIES. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Duval Securities, Inc., Palsen Bldg., Spokane, Wash. Also named as respondents are Francis D. Duval and Francis H. Duval, company officials.

The proceedings are based upon staff charges that the respondents engaged in activities violative of the Federal securities laws, including alleged violations of the Securities Act anti-fraud provisions in the sale of common stock of Bonanza Gold, Inc., as well as the registration requirements in the sale of that stock and common stock of Mineral King Mining Co., Inc.

A hearing will be held (at a time and place to be announced later) to take evidence on the staff charges and afford the respondents an opportunity to establish any defenses thereto, all for the purpose of determining whether the alleged violations occurred and, if so, whether any action of a remedial nature is appropriate in the public interest.

SEC ORDER CITES STRATHMORE SECURITIES. The SEC has ordered administrative proceedings involving the broker-dealer firm of Strathmore Securities, Inc., of 605 Park Building, Pittsburgh, Pa., a member of the National Association of Securities Dealers, Inc. Also named as respondents are Auldus H. Turner, Jr., president of the Strathmore firm; Ronald D. Turner, T. Theodore Turner, and Theodore B. Henjum, salesmen of the firm; Louis A. Moore, Hugh M. Casper and John J. Baginski, former salesmen, and Ethel I. Weber, former Pittsburgh office manager, of another firm; and Michael R. Ventura, salesman of a third firm.

The proceedings are based upon staff charges that during the period December 1959 to July 1963 Strathmore Securities and the individual respondents offered and sold stock of L. F. Popell Co., Inc., of Miami, Fla., in violation of the registration and anti-fraud provisions of the Securities Act of 1933.

A hearing has been scheduled for February 1, 1965, at 2:00 P.M., in Room 708 of the U. S. Post Office and Court House in Pittsburgh, to take evidence on the staff charges and afford the respondents an opportunity to establish any defenses thereto, all for the purpose of determining whether the alleged violations occurred and, if so, whether any action of a remedial nature is appropriate in the public interest.

Strathmore Securities is also a respondent in proceedings commenced in November 1961 and involving staff charges of securities violations in the offer and sale of stock of Siltronics, Inc.

FERGUSON ASSOCIATES HEARING SCHEDULED. On request of Ferguson & Associates, Inc., of Atlanta, Ga., the SEC has issued an order under the Securities Act of 1933 scheduling a hearing for February 4, 1965, on the question whether the Commission should vacate, or make permanent, its December 7, 1964 order, temporarily suspending a Regulation A exemption from registration with respect to a public offering of securities by Ferguson.

In a notification filed in July 1963, Ferguson proposed the public offering of \$180,000 of debentures and 18,000 common shares. The Commission's suspension order asserts that the company's offering circular was false and misleading in respect of certain facts. The February 4th hearing is to be held in the Commission's Atlanta Regional Office, Suite 138, 1371 Peachtree St., N. W., Atlanta, Ga.

SOUTHEASTERN TIMBERLAND PROPOSES OFFERING. Southeastern Timberland Trust, Warm Springs, Ga., filed a registration statement (File 2-23076) with the SEC on January 8 seeking registration of 250,000 shares of beneficial interest in the Trust. The shares are to be offered for public sale on a best-efforts basis at \$3.85 per share through Georgia Timberlands Management Co., which will receive a 5¢-per-share selling commission. Georgia Timberlands will also act as managing agent and investment adviser for the Trust. Under a 1962 contract it may purchase Trust shares, at \$1.70 per share, up to 10% of the shares subscribed for during each calendar year.

Organized under Georgia law in 1962, the trust "intends to invest substantially all of its funds in timberlands, throughout Georgia and Alabama initially, and eventually in other states." It will attempt to qualify as a "real estate investment trust." A portion of the net proceeds from this financing will be

OVER

applied to some \$858,000 of indebtedness incurred to acquire certain properties, and the balance will be invested primarily in timber-bearing real estate. In addition to indebtedness, the Trust has outstanding 378,393 shares; and an additional 568,118 shares have been subscribed for but not issued. During 1964, 286,065 shares were purchased or subscribed for at \$3.08 per share. Elmer Loftin (board chairman), Harrold C. Crowder (trustee) and Judson R. Kendrick (trustee) are sole officers and stockholders of the management company. M. G. Woodward is president of the Trust.

MID-EASTERN CO. FILES FOR OFFERING. The Mid-Eastern Company, Philadelphia National Bank Bldg., Philadelphia, filed a registration statement (File 2-23077) with the SEC on January 8 seeking registration of 2,275,000 shares of common stock. Of this stock, a maximum of 130,000 shares are to be offered to certain incorporators and directors of the company and Mid-Eastern Life Insurance Company ("Insurance Company"), who are not shareholders of Mid-Eastern Development Company ("Organizer"); 375,000 shares are to be reserved for sale at \$1 per share, the public offering price, to the Organizer or persons designated by the Organizer; and the balance of 1,770,000 shares are to be offered to life insurance agents authorized to sell insurance in Pennsylvania and to certain officials, employees and advisors of the issuing company or Insurance Company. The offering is to be made on a best-efforts basis through Organizer (of the Philadelphia address), which will receive an additional 225,000 common shares as consideration for services rendered and reimbursement for expenses incurred in the organization of the company and Insurance Company and the sale of the company's shares. The registration statement also covers 500,000 common shares to be offered to insurance agents under incentive options, and 150,000 shares to be offered to key employees of Insurance Company under a stock option plan.

Organized under Pennsylvania law in December 1964, the company's primary function will be to invest in Insurance Company, a newly organized Pennsylvania company. Other than for \$100,000 which the company will retain to meet initial expenses, it will invest the net proceeds from its stock sale in Insurance Company so as to enable it to meet the capital requirements for obtaining a license to engage in an insurance business. The registration statement also covers 200,000 common shares of Insurance Company, of which the incorporators subscribed for 100,000 shares at \$1.50 per share to supply the surplus requirements for stock life insurance companies. The company will acquire the remaining 100,000 shares upon completion of its stock offering and will purchase at cost the 100,000 shares held by the incorporators at the time the insurance company obtains a license. Robert L. Snowden is president of the company, the Insurance Company and Organizer.

SYNTEX FILES STOCK PLAN. Syntex Corporation, Panama, Republic of Panama, filed a registration statement (File 2-23078) with the SEC on January 8 seeking registration of 150,000 shares of common stock, to be offered pursuant to its Qualified Stock Option Plan.

MASS. GENERAL LIFE INS. FILES STOCK PLAN. Massachusetts General Life Insurance Company, 22 Batterymarch St., Boston, filed a registration statement (File 2-23079) with the SEC on January 8 seeking registration of 60,000 shares of capital stock, to be offered pursuant to its Restricted Stock Option Plan.

SOUTHERN CALIF. EDISON PROPOSES BOND OFFERING. Southern California Edison Company, 601 W. Fifth St., Los Angeles, today filed a registration statement (File 2-23082) with the SEC seeking registration of \$60,000,000 of First and Refunding Mortgage Bonds, Series S, due 1990, to be offered for public sale at competitive bidding. The company, an electric public utility operating in southern California and western Nevada, will use a portion of the net proceeds from its bond sale to repay short-term bank loans of approximately \$15,000,000, which were incurred in connection with its construction program. The balance of such proceeds will become treasury funds, to be used for construction purposes. The company's construction expenditures for 1965-66 are estimated at \$470,709,000.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended January 7, 1965, 9 registration statements were filed, 14 became effective, 2 were withdrawn, and 262 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective January 8: Waddell & Reed, Inc. (File 2-22972). Effective January 11: The Park Fund, Inc. (File 2-22518). Withdrawn January 8: Reinsurance Investment Company (File 2-22843).