
The Securities and Exchange Commission has issued an order revoking the registration as a broker and dealer of Inter-City Securities Corp., Jamaica, New York, and expelling it from membership in the National Association of Securities Dealers, Inc.

In its findings and opinion accompanying the order, the Commission found that registrant had done business when it was insolvent and its indebtedness was excessive in relation to its net capital under the Commission's rules. Deficiencies in its net capital had been called to the registrant's attention on seven different occasions, the deficiencies ranging from $3,552.19 to $24,109.01. After the first three dates, William Spiller, registrant's treasurer, a director and its controlling stockholder, obtained additional capital to cure the deficiencies. However, he thereafter withdrew $11,300 of registrant's funds, without the knowledge of any of the other officers or employees of registrant, with the result that registrant's liabilities exceeded its assets by around $1600. During this period registrant accepted money and securities from customers for the purpose of effecting over-the-counter transactions with them, without disclosing to them that registrant was insolvent, and the Commission held that this conduct violated the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the regulations thereunder.

As a further basis for its order, the Commission found that on February 27, 1956, registrant and Spiller were with their consent permanently enjoined by the Supreme Court of the State of New York in New York City from engaging in the securities business in that state, in an action based on allegations that registrant was doing business while insolvent without disclosing the insolvency.

The Commission found that Spiller was the cause of the order of revocation and expulsion entered by it.

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Libbey-Owens-Ford Glass Company, Toledo, Ohio, filed a registration statement (File 2-12864) with the SEC on October 22, 1956, seeking registration of 21,062 Common Shares ($10 par). These shares are to be offered to employees holding Libbey-Owens-Ford Glass Company Series L options granted pursuant to the Employe Stock Option Plan.

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Truax-Traer Coal Company, Chicago, filed a registration statement (File 2-12865) with the SEC on October 22, 1956, seeking registration of 19,200 shares of Common

For further details, call ST. 3-7600, ext. 5526
Stock, $1 par value, to be offered to eligible employees of the company and its subsidiary, Little Sister Coal Corporation, under the Employees Stock Purchase Incentive Plan.

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Giant Food Properties, Inc., Washington, D. C., filed a registration statement (File 2-12866) with the SEC on October 23, 1956 seeking registration of 40,500 units, each unit consisting of $100 principal amount of 5% Sinking Fund Debentures, due December 1, 1971, and 22 shares of Common Stock, 10 cents par value, an aggregate of $4,050,000 principal amount of Debentures and 891,000 shares of Common Stock. Registration is also sought for 250,000 additional shares of Common Stock. Units aggregating $2,500,000 principal amount of Debentures and 550,000 shares of Common Stock are to be offered for public sale at $100 per unit by an underwriting group headed by Auchincloss, Parker & Redpath and Kidder, Peabody & Co. In addition, the underwriters will offer 100,000 shares of Common Stock at $1 per share to the public. Registrant will issue 15,500 units aggregating $1,550,000 principal amount of Debentures and 341,000 shares of Common Stock in exchange for properties, will offer directly to certain employees of Giant Food Shopping Center, Inc., 40,000 shares at $1 per share, and will issue and sell 110,000 shares of Common Stock at $1 per share to associates of Giant Food Shopping Center, Inc. and Tower Construction Company.

The company, incorporated in Delaware on September 19, 1956, proposes to engage in the business of acquiring, constructing, developing and operating shopping centers. Proceeds of this financing in the amount of $506,500 will be used to the satisfaction of purchase money mortgages on shopping center sites on which the company has acquired title. The remainder will be added to the general funds of the company and will be available for working capital and other general corporate purposes.

Securities Act Release No. 3707

The SEC has suspended the effectiveness of a registration statement filed by Freedom Insurance Company of California ("registrant") which proposed the public offering of 500,000 shares of common stock at $22 per share.

The Commission found that the registration statement filed by the registrant, which became effective on December 22, 1955, contains materially misleading statements and omits to state material facts with respect to (l) the adequacy of the financing of Uni-Insurance Service Corporation ("Uni"), also a California corporation, which is to act as the promoter and underwriter of the registered shares; the advances to be made to Uni for its future operations; and the amount of fees to be paid by the registrant to Uni under a "Sales and Service Agreement." Following a hearing and the taking of testimony, the registrant consented to the entry of the stop order.

The decision pointed out that registrant in its prospectus represented that registrant would be in a position to commence the insurance business immediately as soon as its minimum capital of $2,000,000 was raised from the sale of 100,000 shares of its common stock, and that Uni, as the promoter and general sales agent, was adequately financed to proceed in the interim period to pay whatever expenses were necessary to maintain key personnel and develop the program necessary for the commencement of the insurance business.

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The Commission found that the high rate of monthly expenses incurred and to be incurred by Uni and the failure to disclose the true intention of officers and directors of Uni not to advance further funds to pay interim expenses constitute omission of material facts necessary to make not misleading the statements made in the prospectus as to the financial ability of Uni to set up and maintain the staff and organization for Uni to commence business operations immediately upon the sale of 100,000 shares of its common stock.

The Commission also found that the materiality of facts required to be disclosed by the Act is determined by the potential effect of such facts on a prudent investor's decision to buy the offered security and not the ability of the investor subsequently to secure a return of his investment under certain conditions.

In addition, the Commission held that where the arrangement for the payment of insurance sales expenses under the "Sales and Service Agreement" as set forth in the prospectus was modified prior to the effective date of the registration statement by the board of directors, such modification constituted a material change in the contractual arrangements which should have been disclosed.

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