

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE July 8, 1959

## PAUL C. FERGUSON REGISTRATION REVOKED

In a decision announced today (Release 34-6009), the Securities and Exchange Commission revoked the broker-dealer registration of Paul Carroll Ferguson, doing business as Paul C. Ferguson & Co., 1508 Capital Avenue, Houston, Texas, for violation of the anti-fraud and other provisions of the Federal Securities Laws. Ferguson consented to revocation of his registration.

The Commission ruled that, in transactions with his customers, Ferguson sold unregistered securities, failed to send proper confirmations, sold securities for customers and did not account for the entire price, made false representations in the sale of stock, charged prices not reasonably related to and substantially in excess of prevailing market prices, and failed to maintain required books and records. It also held that he engaged in a securities business prior to registration as a broker-dealer and in violation of the registration requirement.

The violation of the Securities Act registration requirement related to the securities of Barry Enterprises, Inc., which had been organized by Elizabeth Barry to produce and promote a television and radio series. Ferguson obtained \$42,450 from 33 investors in Texas and Kansas for 98,900 unregistered shares of Barry Enterprises stock and unregistered promissory notes executed by Elizabeth Barry. Barry received commissions of about 20%, plus assignments of Barry Enterprises stock from Elizabeth Barry in amounts equal to those sold to investors. Ferguson did not furnish the purchasers with the required written notifications informing them of the capacity in which he was acting.

In transactions in other securities Ferguson sent confirmations falsely stating that he was acting as agent for customers in their sales, when in fact he purchased the securities for his own account and simultaneously or shortly thereafter resold them to other customers at a profit. For example, in one such transaction Ferguson issued confirmations to the customer representing that as agent for the customer he had sold certain securities for an aggregate of \$2,400 less commission charges of \$120. In fact, Ferguson sold these shares to three other customers for a total of \$2,745, and transferred only \$2,280 to the customer and retained the remainder for himself. The prices of the securities ranged from a fraction of a cent to \$10 per share, and Ferguson's mark-ups in individual transactions ranged from 10% to 100%, and in 14 instances were 50% or more above Ferguson's cost. In certain of these transactions, Ferguson made misrepresentations as to the price at which he had sold the same securities to other customers.

(NOTE TO PRESS: Foregoing also released by SEC Houston Branch Office)

## CANADIAN RESTRICTED LIST Fifth Supplement

The SEC today announced the addition of the following Canadian companies to its Canadian Restricted List:

Amador Highland Valley Coppers Limited  
Eagle Plains Developments Limited  
Inlet Mining Corporation Limited  
Mack Lake Mining Corporation Limited  
Senvil Mines Limited

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

The list comprises the names of Canadian companies whose securities, the Commission has reason to believe, recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide. (See Release No. 4110)

#### FLORIDA WATER PROPOSES OFFERING

Florida Water and Utilities Co., Miami, Fla., filed a registration statement (File 2-15328) with the SEC seeking registration of 86,000 shares of common stock. Of this stock, 65,000 shares are to be offered for public sale for the account of the company and 21,000 shares, representing outstanding stock, for the account of two selling stockholders. The public offering price and underwriting terms are to be supplied by amendment. Beil & Hough, Inc., is listed as the principal underwriter.

Net proceeds of approximately \$715,000 from the sale of stock by the company are to be used to reduce outstanding indebtedness of the company by \$350,000 and to increase general working capital by \$365,000.

The company has outstanding 172,316 common shares (in addition to certain indebtedness). The selling stockholders are Joshua J. Segal, secretary-treasurer, who is selling 14,000 of his holdings of 73,211 shares (42.49%), and David Blumberg, president, 7,000 of 36,605 shares (21.24%).

#### SEC ORDER EXEMPTS JET-HEET REORGANIZATION TRANSACTIONS

The SEC has issued an exemption order under the Investment Company Act (Release 40-2896) with respect to certain transactions involved in a proposed reorganization of Jet-Heat, Inc., Englewood, N. J., an affiliate of American Research and Development Corporation, Boston investment company.

Jet-Heat has outstanding \$20,000 of 6% demand notes, \$312,500 of 5% notes, and 46,887 shares of common stock. American Research owns \$10,000 of the 6% demand notes, \$204,700 of the 5% notes, and 18,521 shares of the stock. It is proposed that the outstanding 5% notes be exchanged for new Ten-Year 5% Subordinated Income Debentures and shares of common stock, on the basis of \$4 principal amount of debentures and 18.75 common shares for each \$25 principal amount of 5% notes. If all the 5% notes are surrendered, a total of \$50,000 of debentures and 234,000 of common shares will be issued in exchange therefor.

It is further proposed that Jet-Heat will issue \$20,000 of new Five-Year 6% notes and 46,888 common shares in exchange for the outstanding 6% demand notes.

The plan is proposed as a means by which Jet-Heat will improve its financial position and be able to attract new capital. It has been approved by the company's stockholders, holders of the 6% demand notes, and by more than 97% of the holders of the 5% notes. The company is an engineering and licensing company providing development services for manufacturers seeking new products, largely in the field of heat transfer and thermomechanics. The Commission's order provides an exemption from prohibitions of the Investment Company Act against transactions between a registered investment company and its affiliates.

#### EDWARD STEEL CORP. PROPOSES STOCK OFFERING

Edward Steel Corporation, 3032 N. W. North River Drive, Miami, Fla., today filed a registration statement (File 2-15329) with the SEC seeking registration of 140,000 shares of common stock, to be offered for public sale at \$5 per share by Charles Flohn & Co. The underwriter will receive a commission of 75¢ per share, plus \$26,500 for expenses.

The company's major business activity is the fabrication and distribution of structural and reinforcing steel, together with steel accessories and pipe, fencing and similar items. It intends to apply the net proceeds of the stock sale as follows: \$325,000 to City Industrial Company in payment of loans; \$70,000 for acquisition of property and equipment for structural and miscellaneous steel fabrication; \$10,000 for additional facilities at the Tampa Branch; \$50,000 for reduction of current trade acceptances and open accounts payable; and \$87,000 for additional working capital.

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According to the prospectus, the company now has outstanding 210,000 common shares, of which Edward Tohari (president) and Stella Tohari, of Coral Gables, own 70,000 shares each. Charles Plohn & Co. owns 60,000 shares.

#### WALL STREET PLANNING FILES FOR ADDITIONAL SECURITIES

Wall Street Planning Corporation, Boston investment company, filed an amendment on July 7, 1959, to its registration statement (File 2-12757) seeking registration of an additional \$6,000,000 of Systematic Investment Programs and Programs with Group Creditor Life Insurance Protection.

#### ALABAMA GAS FILES FINANCING PROPOSAL

Alabama Gas Corporation, 1918 First Avenue North, Birmingham, Ala., today filed a registration statement (File 2-15330) seeking registration of \$4,000,000 of First Mortgage Bonds, Series E due 1984, and 30,843 shares of Series A Cumulative Preferred Stock, \$100 par (with warrants for the purchase of 92,529 common shares). The bonds are to be offered for public sale at competitive bidding. The preferred stock (with warrants) are to be offered for subscription by holders of outstanding common stock, on the basis of one share of preferred for each 30 shares of common. The record date, dividend rate, subscription price and underwriting terms of the preferred stock offering are to be supplied by amendment. White, Weld & Co. and Sterne, Agee & Leach are listed as the principal underwriters.

The company proposes to use the net proceeds of the sale of the bonds and preferred stock to retire loans outstanding under its revolving credit agreement; to provide funds for construction of property additions; and to reimburse the company's treasury for expenditures previously made for such purposes. Construction expenditures in 1959 and 1960 are estimated at \$10,000,000.

#### AMERICAN-ST. LAWRENCE SEAWAY LAND CO. PROPOSES STOCK OFFERING

American & St. Lawrence Seaway Land Co., Inc., 60 East 42nd St., New York, today filed a registration statement (File 2-15331) with the SEC seeking registration of 635,000 shares of common stock. Of this stock, 500,000 shares are to be offered for public sale on a best efforts basis by A. J. Gabriel Co., Inc., of which Mr. Gabriel, an officer and director of the Land Co., is the sole stockholder. The offering is to be made at \$3 per share, with a 45¢ per share selling commission to the underwriter. The company also has granted the underwriter an assignable option to purchase 100 shares for each 1,000 shares sold by or through the underwriter, the option being exercisable at \$1 per share. This option covers a maximum of 50,000 shares. An additional 100,000 shares are held or subscribed for by six individuals at \$1.50 per share and, as to the remaining 35,000 shares, the holder of a mortgage on the company's property has agreed under certain conditions to accept these shares at \$3 per share in reduction of such mortgage.

The Land Co. was organized under Delaware law in April 1959. It owns 100 acres of developed and improved land and buildings in Sackets Harbor, N. Y., known as "Madison Park," which has a deep water frontage along the Black River Bay section of Lake Ontario. It also owns the outstanding stock of Whitehouse Development Co., a New Jersey corporation, which owns a tract of land at Whitehouse, N. J., now under residential development. Since its organization, the company has issued an aggregate of 680,000 shares. Organizers of the company were Jack J. Arnold, president, who owns 186,667 shares of stock; Aaron J. Gabriel, treasurer, 166,667 shares, and Jerome P. Weiss, secretary, 166,667 shares. The three organizers (with their wives) received 500,000 shares in consideration of the assignment to the company of a contract to acquire Madison Park. An additional 100,000 shares were issued for the Whitehouse Development stock, of which Arnold received 20,000 shares, William Stix Wasserman 60,000 shares, and Irving Beckmann, an officer of the Land Co., 20,000 shares.

The net proceeds of the sale of stock will be used in part to pay off a \$175,890 first mortgage held by the General Services Administrator on Madison Park and \$105,000 on account of the \$210,000 second purchase money mortgage given as part of the purchase price (\$225,000 over and above the first mortgage) of the property. The balance of the proceeds will be used to develop and improve the properties of the company and its subsidiary, and will be available for further acquisitions, improvements and investments in real estate.