

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the SEC

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



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FOR RELEASE July 24, 1959

INDUSTRO TRANSISTOR STOP ORDER LIFTED

The Securities and Exchange Commission has vacated its stop order issued July 17, 1959, suspending the registration statement filed by Industro Transistor Corporation, of Long Island City, N. Y., which proposed the public offering of 135,000 shares of common stock and warrants for an additional 36,000 shares.

The stop order (Release 33-4116) was based upon a Commission decision that Industro's registration statement and prospectus failed to meet the disclosure requirements of the Securities Act of 1933, particularly with respect to the description of the company's business, its financial statements, compensation to the underwriter and others, proposed use of the proceeds of the stock sale, and the speculative features of Industro's business and securities, including competitive factors in the industry.

The registration statement having been amended so as to make appropriate disclosures in accordance with the Commission's decision, the Commission lifted its stop order, thus permitting the registration statement to become effective.

TWO BROKER-DEALER REGISTRATIONS REVOKED

In decisions announced today, the SEC revoked the broker-dealer registrations of the following: John F. McBride Co., Inc., 135 Broadway, New York, N. Y., (Release 34-6023); and George B. Wallace & Co., 26 Journal Square, Jersey City, N. J. (Release 34-6024).

Revocation of McBride Co.'s registration was based upon its failure to file financial reports for the years 1954 through 1957 and upon a 1954 Federal Court decree enjoining McBride Co. and its president and sole stockholder, John F. McBride, from further offerings and sales of Wyoming-Gulf Sulfur Corporation stock in violation of the Securities Act registration requirement. Both the company and McBride consented to the court decree, as well as the Commission's revocation order.

In the case of Wallace & Co., a partnership composed of George B. Wallace and August G. Fuchs, revocation was based upon a December 1956 Federal Court decree enjoining the firm and its partners from the further conduct of a securities business in violation of the Commission's net capital rule, and upon a November 1957 New Jersey court decree and a February 1958 New York court decree enjoining them from engaging in the securities business in the respective states. The complaint in the New Jersey action alleged violations of the New Jersey securities laws; and the complaint in the New York action charged that they had engaged in fraudulent practices, including forging a customer's signature and embezzling customers' funds. The firm and its partners consented to entry of each decree but did not admit the truth of the allegations of the complaints in the state actions.

INDENTURE QUALIFICATION BY HOOD & SONS, INC. SOUGHT

H. P. Hood & Sons, Inc., Charlestown, Mass., filed an application with the SEC on July 23, 1959 (File 22-2617), for qualification under the Trust Indenture Act of an indenture pursuant to which \$15,000,000 of 6% Income Debentures due October 1, 1999, are to be issued. The debentures are to be offered exclusively to existing holders of the \$50 par preferred stock of Hood & Sons on the basis of two shares of preferred for \$100 principal amount of debentures.

OVER

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

DELISTING OF GERMAN SAVINGS BANKS DEBENTURES APPROVED

The SEC has issued an order (Release 34-6027) granting an application of the Boston Stock Exchange to delist the 7% and 6% SF Gold Debentures of German Savings Banks & Clearing Association, effective at the close of the trading session on August 7, 1959.

UNLISTED TRADING REQUESTED BY TWO EXCHANGES

The Boston Stock Exchange has applied for unlisted trading privileges in the common stock of Corn Products Company (Delaware) and the Pacific Coast Stock Exchange for such privileges in the common stocks of Aluminum Company of America and Cerro De Pasco Corporation. The SEC has issued orders (Release 34-6027) giving interested persons until August 7, 1959, to request a hearing upon the respective applications.

AXE HOUGHTON FUND FILES FOR ADDITIONAL SHARES

Axe Houghton Fund A, Inc., Tarrytown, N. Y., investment company, has filed an amendment to its registration statement (File 2-13494), seeking registration of an additional 1,000,000 shares of its common stock.

VIOLATIONS CHARGED TO ROSENSON & BAUMANN

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Eugene M. Rosenson and Marcus T. Baumann, 2423 E. McDowell Road, Phoenix, Arizona, defrauded investors in the sale of North American Finance Company stock and, if so, whether their partnership registration as a broker-dealer should be revoked.

The Finance Company filed a registration statement with the Commission proposing the public offering of 500,000 shares of Class B common non-voting stock at \$3 per share, which became effective December 13, 1957. Rosenson and Baumann were named therein as promoters and as president and vice president, respectively, as two of the three directors, and as owners of all its outstanding voting stock; and their broker-dealer firm was named as the underwriter for the stock offering. According to the Commission's order, the Finance Company's registration statement (including its prospectus), which was signed by Rosenson and Baumann, contained false and misleading representations of material facts with respect, among other things, to a contingent civil liability of the Finance Company to investors, the independence of the public accountant who certified its financial statements, and the conduct and practices of the underwriter in connection with the stock offering.

Furthermore, the Commission's order asserts, Rosenson and Baumann in the offering and sale of the said Class B stock of the Finance Company made false and misleading representations of material facts and "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers." The alleged misrepresentations related, among other things, to purported approval by the Commission of the issue of Finance Company stock at \$5 per share; the status of the offering and the availability of the stock, the existing and potential value of the stock and its anticipated market value, dividends to be paid to stockholders, the status of the stock as insured or guaranteed, the safety and liquidity of investments in the stock, the refunding of investments in the stock upon demand, and the listing of the stock on an exchange; the stability of the consumer finance and small loan business, and a comparison of the growth potential of the Finance Company with that of another consumer finance and small loan company; the independence of the accountant who certified the Finance Company's financial statements included in the registration statement; the financial condition of the company; and certain disciplinary action taken against the firm and its salesman and the conduct and practices of the firm in connection with the stock offering.

Violations of other provisions of the law by Rosenson and Baumann are charged by reason of the filing of the Finance Company's registration statement which contained false and misleading representations of material fact and the inclusion therein of such false and misleading representations.

By decree issued April 17, 1959, by the U. S. District Court for the District of Arizona, in an action filed by the Commission, Rosenson and Baumann (along with the Finance Company) were permanently enjoined from further violations of the prospectus requirements and anti-fraud provisions of the Securities Act in the sale of Finance Company stock. The defendants consented to the entry of the decree.

CONTINUED

UNITED DISCOUNT PROPOSES STOCK OFFERING

United Discount Corporation, 222 - 34th St., Newport News, Va., filed a registration statement (File 2-15386) with the SEC on July 23, 1959, seeking registration of 500,000 shares of common stock, to be offered for public sale at \$3.50 per share. The offering is to be made on a best efforts basis by Willis, Kenny & Ayres, Inc., which will receive a selling commission of 48¢ per share plus \$1,000 in reimbursement of expenses.

Organized in December 1958, the company is engaged and will engage in the finance business, principally purchasing conditional sales contracts on new and used automobiles (also boats and house trailers). In March 20, 1959, it purchased from Eastern Investment Corporation all of the latter's installment conditional sales contracts on which no installment payment was past due for more than 5 days, and having aggregate outstanding balances of \$2,153,171.23, plus certain furniture and fixtures. Included therein were contracts with total balances of \$179,090 on which the first payments by the obligors thereon had not yet become due. The contracts were purchased for the sum of \$1,743,783, the outstanding balances thereof less unearned charges of \$409,387. The contract price of the furniture was \$9,181.52. In May 1959 the company organized a subsidiary, Universal Insurance Agency, Inc., to act as agent for insurers writing the collision, fire and theft insurance on the commodities securing the company's receivables and the credit life insurance on the lives of the obligors. Net proceeds of the public sale of stock by the company will be placed in its general fund and used to reduce the indebtedness to Eastern Investment, in the amount of \$1,752,965.

The company has outstanding 120,000 common shares, of which Eastern Investment owns 100,000 shares. An additional 10,000 shares are owned by E. R. Bowler, Sr., company president, who owns all the outstanding stock of Eastern Investment. These shares were issued at \$1 per share.

ACME MISSILES FILES FOR OFFERING AND SECONDARY

Acme Missiles & Construction Corporation, 2949 Long Beach Road, Oceanside, N. Y., today filed a registration statement (File 2-15387) with the SEC seeking registration of 200,000 shares of its common stock, of which 150,000 shares are to be offered for public sale for the account of Acme and 50,000 representing outstanding stock, by the present holders thereof. The stock is to be offered for sale at \$6 per share through Myron A. Lomasney & Co., for which it will receive a 75¢ per share commission. The company also will sell to the underwriter common stock purchase warrants for \$200, each warrant entitling the holder to purchase one share of common stock at \$6 per share through August 1963. The warrants and/or underlying shares may be offered for sale by the underwriter.

Organized in 1955 as Acme Hydraulic Door & Hoist Corp., the company is engaged in the development and expansion of the engineering, construction and installation of missile launching platforms. It now has outstanding 280,000 common shares. Net proceeds of the company's sale of the additional 150,000 shares will be used for general corporate purposes, including the expansion of the scope of the company's business in terms of its ability to perform a more comprehensive function than at present. This will require additional skilled personnel, increased office space and equipment, and "bondability" sufficient for it to bid or negotiate for larger contracts.

Of the 280,000 outstanding common shares, board chairman Saul Rabkin and president Alvin Fried own 135,000 shares each. Each is proposing to sell 25,000 shares of his holdings.

CONSUMERS POWER FILES FOR BOND OFFERING

Consumers Power Company, 212 West Michigan Ave., Jackson, Mich., today filed a registration statement (File 2-15388) with the SEC seeking registration of \$35,000,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding.

The net proceeds of the sale of the bonds will be used to finance in part the company's construction program, to reimburse its treasury for expenditures made for such purposes and to repay bank loans to the extent that they are incurred to secure funds for construction purposes. Expenditures for construction in 1959 are estimated to amount to \$117,600,000, of which approximately \$35,700,000 has been expended to May 31.

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