

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.

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FOR RELEASE November 23, 1959

Statistical Release No. 1642. The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended November 20, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939 = 100		Percent Change	1959	
	11/20/59	11/13/59		High	Low
Composite	414.2	413.4	+0.2	441.3	400.1
Manufacturing	515.6	514.3	+0.3	554.2	490.7
Durable Goods	493.3	488.9	+0.9	527.7	457.8
Non-Durable Goods	526.0	527.6	-0.3	570.1	510.5
Transportation	320.4	318.7	+0.5	371.6	318.7
Utility	210.2	211.0	-0.4	231.8	207.1
Trade, Finance & Service	435.3**	432.3	+0.7	435.3	382.7
Mining	283.8*	284.1	-0.1	360.4	283.8

*New Low
**New High

FRAUD CHARGED TO BEST SECURITIES, INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the anti-fraud and other provisions of the Federal securities laws have been violated by Best Securities, Inc., 135 Broadway, New York, New York.

According to the Commission's order, Best Securities, Inc., has been registered with the Commission as a broker-dealer since October 4, 1957. Ludwig J. Kabian is president, director, and 100% stockholder. The Commission's order asserts that information developed in an investigation conducted by its staff tends to show that Morton Livenston is sales manager of Best Securities, Inc.; that Judah Cohen, also known as Judd Cohen, is a sales representative; and that Best Securities in June 1959 employed David Schor, also known as David DeShore, who is temporarily enjoined by an order of the United States District Court for the District of New Jersey entered on or about January 19, 1959, from engaging in and continuing certain conduct and practices in connection with the sale of securities. The order further asserts that Best Securities' application for registration as a broker-dealer became inaccurate in June 1959 when the registrant employed Schor and failed to file an amendment correcting the inaccuracy; that, during the period from approximately March 1, 1959, to approximately June 30, 1959, Best Securities, Kabian, Livenston, and Cohen, in the offer and sale of securities of North Carolina Telephone Company, employed devices, schemes, and artifices to defraud; obtained money and property by means of untrue statements of material facts and omissions to state material facts; and engaged in acts, practices, and a course of business which operated as a fraud and deceit upon certain persons. The asserted false and misleading statements concerned, among other things, the future price of North Carolina Telephone Company stock, the dividends to be paid by that company, a proposed merger of North Carolina Telephone with American Telephone and Telegraph Company, and a proposed merger of North Carolina Telephone with Southern Bell Telephone Co.

A hearing will be held at a time and place later to be announced to determine whether the Securities laws were violated in the respects indicated and, if so, whether the broker-dealer registration of Best Securities, Inc., should be revoked; whether Best Securities, Inc., should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.; and whether Kabian, Livenston, and Cohen, or any of them, should be named as "causes" of any order of revocation, suspension, or expulsion which the Commission may enter.

FRAUD CHARGED TO N. SIMS ORGAN & CO. The SEC has issued an order under the Securities Exchange Act of 1934 postponing the effective date of registration of N. Sims Organ & Co., Inc., 460 E. Park St., Long Beach, L. I., New York, as a broker-dealer, and ordering a hearing on the question whether

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such registration should be denied. B. N. Sims Organ is president, treasurer, director, and owner of 10% or more of the common stock of N. Sims Organ & Co., Inc.

The order of the Commission asserts that members of its staff have reported information obtained as a result of an investigation which tends to show that, during the period from approximately February 1958 to November 1958, Organ solicited and induced certain persons to purchase certain securities, and, in connection therewith, employed devices, schemes, and artifices to defraud, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary to make such statements not misleading, and engaged in acts, practices, and a course of business which operated as a fraud and deceit upon such persons, in that Organ, while employed as a salesman by J. H. Lederer Co., Inc., offered and sold to such persons common stock of Continental Mining Exploration Ltd. and, in connection therewith, made false and misleading statements of material facts and omitted to state material facts concerning, among other things, (1) the dividend to be paid by Continental; (2) the future market price of Continental stock; (3) the prospective earnings of Continental; and (4) the length of time Lederer has been doing business as a broker-dealer. The order also asserts that Organ used, directly and indirectly, the mails and means and instrumentalities of interstate commerce in the offer and sale of the securities of Continental.

Registration of N. Sims Organ & Co. as a broker-dealer was postponed by the Commission's order until December 21, 1959. A hearing will be held on December 2, 1959, in the Commission's New York Regional Office, on the question whether registration should be postponed until final determination on the question of denial of such registration.

VIOLATIONS CHARGED TO FIRST LEWIS CORPORATION. The SEC has ordered proceedings to determine whether First Lewis Corporation, 31 State Street, Boston, Mass., has violated provisions of the Securities Exchange Act of 1934. Fred T. Lewis is president and director of First Lewis Corporation, which is registered with the Commission as a broker-dealer.

The order of the Commission asserts that members of its staff have reported information obtained as a result of an investigation which tends to show (1) that First Lewis Corporation wilfully violated the provisions of the Securities Exchange Act in that information with respect to its principal place of business and other information became inaccurate when, on or about September 1, 1958, First Lewis Corporation abandoned its principal place of business and certain of its officers and directors resigned; (2) that First Lewis failed to file a report of financial condition for the calendar year 1958; and (3) that First Lewis Corporation is permanently enjoined by a decree of the United States District Court for the District of Massachusetts from engaging in or continuing certain conduct or practices in connection with the purchase or sale of securities.

A hearing will be held at a time and place later to be announced to determine whether provisions of the Securities Exchange Act were violated by First Lewis Corporation, whether the registration of First Lewis as a broker-dealer should be revoked, and whether Fred T. Lewis should be found to be a cause of such order of revocation if entered by the Commission.

HEARINGS SET IN THREE BROKER-DEALER REVOCATION CASES. The SEC has issued orders scheduling the following hearings, to be held in its New York Regional Office, on the question of revocation of broker-dealer registrations:

- December 1, 1959, 10:00 A. M. - Benjamin Zwang & Company, Inc.
New York, N. Y.
- December 2, 1959, 10:00 A. M. - Empire State Mutual Sales Inc.
New York, N. Y.
- December 3, 1959, 10:00 A. M. - I. W. Page & Co., Inc.
New York, N. Y.

APACHE PROPERTIES SHARES IN REGISTRATION. Apache Properties, Inc., 523 Marquette Ave., Minneapolis, Minn., filed a registration statement (File 2-15853) with the SEC on November 20, 1959, seeking registration of 500,000 shares of its common stock, \$1 par value. It proposes to offer shares of the stock at \$10 per share in exchange for undivided interests in gas and oil leaseholds located in certain counties in Oklahoma. No underwriting is involved.

The company was organized as a Delaware corporation on October 2, 1959, to acquire certain of the interests of investors in the gas and oil drilling programs organized by Apache Oil Corporation. As of October 31, 1959, it had outstanding 100 shares of common stock, \$1 par value, which shares were purchased by Apache Oil for a consideration of \$1,000. Subscribers to the shares proposed to be offered may elect, with respect to each separate program or miscellaneous lease, to exchange their interests on the basis of any one of the following options: stock only at \$10 per share; or 80% stock at \$10 per share and 20% in cash payable to the subscriber on March 15, 1960; or 60% stock

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at \$10 per share and 40% in cash payable to the subscriber in four equal annual installments, due on March 15 of each year from 1960 through 1963.

The prospectus states that the company's assets, after the completion of the proposed offering, will consist almost entirely of working interests in productive gas and oil leaseholds received in the exchange, and the company will do business as a production company. The prospectus also states that, as the company will realize no cash proceeds from the proposed offering, it must operate on the income from the properties received in the exchange until it raises additional working capital by the placement of equity or debt securities; that the management of the company has no present intent to raise additional working capital, believing that the operating income should be sufficient to finance the company's operations in the near future; but that the cash commitments for property interests acquired partially for cash and partially for stock may prove to be so large that debt financing will be necessary.

CENTRAL AND SOUTH WEST FILES EMPLOYEES' THRIFT PLAN. Central and South West Corporation, 902 Market Street, Wilmington, Del., filed a registration statement (File 2-15855) with the SEC on November 20, 1959, seeking registration of \$6,235,988 of participations in the Employees' Thrift Plan of the corporation and its subsidiaries.

ADDITIONAL INVESTMENT COMPANY SHARES IN REGISTRATION. The following investment companies filed amendments on November 20, 1959, to their respective registration statements, seeking registration of additional securities, as indicated: Trusted Funds, Inc. (File 2-11653), Boston, 3420 Commonwealth Fund Indenture of Trust Periodic Payment Plans A, with insurance, 1380 Plans B, without insurance, and 2130 theoretical units of participation, and United Funds, Inc. (File 2-11527), Kansas City, Mo., 2,000,000 shares of United Science Fund, \$1 par value.

STOP ORDER HEARING AGAIN POSTPONED. At the request of counsel for Oil, Gas & Minerals, Inc., and American Investors Syndicate, Inc., the SEC has further postponed, from November 23 to December 23, 1959, the hearing in the stop order proceedings pending in respect of registration statements filed by the two companies under the Securities Act of 1933.

GENERAL PUBLIC UTILITIES FILES FOR RIGHTS OFFERING. General Public Utilities Corporation, 67 Broad St., New York, N. Y., today filed a registration statement (File 2-15856) with the SEC seeking registration of 1,115,000 shares of common stock, \$2.50 par value, to be offered for subscription by the holders of its common stock of record at the close of business on December 30, 1959, at the rate of one new share for each 20 shares held of record. A portion of the shares will also be offered to employees of GPU, and its subsidiaries, and GPU may make some shares available for sale through participating dealers and others. The subscription price and participating dealers' fees will be supplied by amendment. Of the proceeds realized from the sale of the additional common stock, GPU will utilize \$4,500,000 to pay short-term bank loans effected by it in 1959, the proceeds of which were used in 1959 for additional investments in its domestic subsidiaries. The balance of the net proceeds will be added to the general corporate funds of GPU and utilized for additional investments in domestic subsidiaries.

ADDENDUM TO NEWS DIGEST OF FRIDAY, NOVEMBER 20, 1959:

NEW PLAN FILED FOR ARKANSAS FUEL OIL. A group of minority stockholders representing over 400,000 shares of Arkansas Fuel Oil Corporation today filed a plan with the Securities and Exchange Commission under Section 11(d) of the Public Utility Holding Company Act of 1935 for the sale of the assets of the company in an amount which would net all of the stockholders \$40 per share on the 3,801,536 outstanding shares. Thereafter, Arkansas would be liquidated and dissolved.

The plan provides for the sale of all the assets of Arkansas to a new company organized by certain of the proponents of the plan. The new company, in turn, will obtain a loan from The Prudential Insurance Company of America on the security of a production payment. Prudential has also made arrangements to lend certain funds to General American Oil Company of Texas which funds, together with the loan on the production payment, will be made available to the new company in the amount of approximately \$145,000,000. General American will provide the balance of the funds to carry out the proposal. Thereupon, the new company will sell all the assets to General American, with the production payment reserved.

Cities Service Company, holder of 51.5% of the stock of Arkansas, can in turn, under the plan, elect to purchase the company's assets itself for \$40 a share or, alternatively, certain of the company's marketing and storage properties with accompanying gasoline plant and pipe line facilities.

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The plan is designed to effectuate compliance with an order of the Commission requiring Cities Service and Arkansas to take action to effect the elimination of the 48.5% public minority stock interest in Arkansas or the disposition by Cities of its 51.5% stock interest in Arkansas.

The proponents of the plan are the Estate of M. L. Benedum, deceased; Madison Fund, Inc.; Copetec Corporation, Louis E. Marron, and Joseph S. Gruss. The plan was filed on their behalf by Bernard M. Shanley of the law firm of Shanley & Fisher, of Newark, New Jersey.

Hearings are presently pending before the Commission on a prior plan filed by Cities Service under Section 11(e) of the Act wherein Cities Service has proposed the exchange of the common stock of Arkansas for Cities Service stock on the basis of one share of Cities stock for each 2.4 shares of Arkansas stock. The plan filed today would, if approved by the Commission, supersede the plan filed by Cities Service.

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