

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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Washington 25, D.C.

FOR RELEASE December 23, 1959

**DVORETSKY-DENNIS & CO. REGISTRATION REVOKED.** The Securities and Exchange Commission today announced the issuance of a decision (Release 34-6147) revoking the broker-dealer registration of Alexander Dvoretzky, doing business as Dennis & Company, 744 Broad St., Newark, N.J., for violation of SEC rules governing the activities of broker-dealer firms. Dvoretzky conceded the charges and consented to revocation of his registration.

In his application for registration, filed in June 1957, Dvoretzky represented that neither he nor any of his salesmen or other employees had been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of securities. Subsequently, three salesmen were employed against whom state court injunctions had previously been issued; but Dvoretzky failed to amend his registration application to correct the original disclaimer, thus violating a reporting requirement of the Commission.

Furthermore, according to the Commission's decision, Dvoretzky engaged in the conduct of a securities business in violation of the Commission's net capital rule and its record-keeping requirements. The net capital rule seeks to protect investors against the financial instability of firms with which they do business. On February 28, 1959, Dvoretzky had a net capital deficiency of \$26,179 under the rule, which requires that a firm's aggregate indebtedness to all other persons may not exceed 2000 per cent of his net capital. During the period February 28 to July 22, 1959, Dvoretzky failed to make and keep current various books and records pertaining to his securities business as required by the Commission's rules.

Under the circumstances, the Commission concluded that revocation of Dvoretzky's broker-dealer registration is in the public interest.

**PENN FUEL GAS STOCK ACQUISITION APPROVED.** The SEC has issued an order under the Holding Company Act (Release 35-14120) authorizing Penn Fuel Gas, Inc., to acquire the outstanding capital stock of Lewisburg Gas Company, a Pennsylvania corporation, for an aggregate of \$32,500 if all shares are acquired. Penn Fuel Gas, which is owned by John H. Ware, 3rd, operates through subsidiaries in central and eastern Pennsylvania. Lewisburg serves l.p. gas in Lewisburg and environs.

**COLUMBIA GAS SYSTEM TO ACQUIRE SERVICE COMPANY SECURITIES.** The Columbia Gas System, Inc., New York holding company, has joined with its subsidiary, Columbia Gas System Service Corporation, in the filing of a proposal for the purchase by the parent of an additional 8,000 common shares for \$800,000 and \$1,095,000 of Installment Promissory Notes of the Service Corporation; and the Commission has issued an order (Release 35-14121) giving interested persons until January 7, 1960, to request a hearing thereon. The additional funds will be used by the Service Company to repay \$1,795,000 of advances previously made by the parent for construction of an office building and related expenditures and to reimburse its working capital to the extent of \$100,000.

**SAFETY INDUSTRIES - AMERICAN MFG. MERGER APPROVED.** The SEC has issued an order under the Investment Company Act (Release 40-2952) granting an exemption with respect to certain transactions incident to the merger of Safety Industries, Inc., with and into American Manufacturing Company, Inc. Webster Investors, Inc., New York investment company, owns about 64% of the outstanding stock of American; and Webster and American own about 37% of the stock of Safety. American is engaged in the domestic cordage, oakum and packing businesses and has a substantial investment in Mergenthaler Linotype Company and in Safety. The latter, directly and through subsidiaries, manufactures and sells industrial scales, timers and controls and other products; and it holds a substantial interest in Vapor Heating Corp. Under the merger, holders of Safety stock will receive one share of Class A stock of American for each share of Safety common held; and holders of American common will receive

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one new share of new common for each share held.

**INDICTMENT NAMES FALK, PETERSON.** The SEC Seattle Regional Office announced December 15, 1959, that Walter A. Falk and Carl H. Peterson were apprehended under a March 1959 secret indictment charging fraud in the sale of securities relating to uranium mining claims, stock of The Oregon Company and Scientific Research Corporation, and their personal promissory notes.

**CAN-FER MINES FILES FOR STOCK OFFERING.** Can-Fer Mines Limited, 18 Toronto St., Toronto, Canada, filed a registration statement (File 2-15951) with the SEC on December 22, 1959, seeking registration of 300,000 shares of capital stock, to be offered for public sale on a best efforts basis by Pearson, Murphy & Co., Inc., and Emanuel, Deetjen & Co. The public offering price and underwriting terms are to be supplied by amendment. Assuming the public sale of the 300,000 shares, the underwriters will receive a one-year option on an additional 50,000 shares each, exercisable at the offering price.

The company was organized in August 1957 for the purpose of acquiring, exploring and developing mining properties, primarily those with iron ore potential. It has no operating history, but owns a number of unsurveyed and unpatented mining claims in the Kowkash, Port Arthur and Temiskaming Mining Divisions of Northwestern and Northern Ontario on which some exploration work has been performed. Of the net proceeds of the stock sale, \$50,000 will be used for grinding and related costs for 2,000 tons of samples for direct reduction tests, \$45,000 for direct reduction test costs, \$55,000 for cost of bringing 150 claims to patent, and the balance for assessment work on claims.

According to the prospectus, 2,365,005 shares of stock are now outstanding of which 46.9% are held by management officials (344,551 by Harry L. Isaacs, president). Of the outstanding stock, 960,000 shares were initially issued in August 1957 to Isaacs and Charles G. Wray (another director) in exchange for claims (which they had acquired for about \$15,360); 500,000 were sold in September 1957 to Isaacs, Wray and others at 10¢ per share; 60,000 were sold in January 1958 at 15¢ per share to certain officers and others; and 100,000 shares were sold in February 1958 at 15¢ per share to certain officers and others. The company also had previously sold (at prices ranging from 40¢ to \$1.15 per share) a total of 700,000 shares to Steeple Securities Limited, an Ontario corporation owned by Wray, for \$439,625, which shares were resold at mark-ups of 1¢ per share to other brokers and distributed by them at various prices in the over-the-counter market in Canada.

**AETNA FINANCE FILES FOR FINANCING AND SECONDARY.** Aetna Finance Company, 120 S. Central Ave., Clayton, Mo., filed a registration statement (File 2-15952) with the SEC on December 22, 1959, seeking registration of \$5,000,000 of Convertible Subordinated Debentures, due February 1, 1975, and 200,000 shares of common stock. The debentures and 125,000 common shares are to be offered for public sale in behalf of the issuing company; and the 75,000 common shares are to be offered for sale by the present holders thereof. The debentures are to be offered at 100% of principal amount. The interest rate of the debentures, offering price of the stock, and underwriting terms for both issues, are to be supplied by amendment. Scherck, Richter Company and Dempsey-Tegeler & Company are listed as the underwriters.

The company, through its subsidiaries, is engaged in the consumer finance business in 24 states and in the credit life insurance business. It now has outstanding 1,676,376 common shares in addition to various indebtedness and 23,000 shares of \$100 par preferred. Net proceeds to the company from its sale of additional stock and the debentures will be added to general funds and initially used to reduce bank loans and short term notes due within one year. Additional borrowings may be made for advancement to subsidiaries as the need therefor arises.

The prospectus lists three selling stockholders, as follows: 5,000 of 66,000 shares held by Alice E. Baer; 40,000 of 51,420 shares held by Richard L. Yalem, trustee of Charles H. Yalem Foundation; and 30,000 of 297,024 shares held by Carolyn J. Knutten. Charles H. Yalem is company president; and he owns 660,580 shares and is the record holder of 469,050 shares, while his wife owns an additional 288,000 shares.

**PEPSI-COLA CO. FILES STOCK OPTION PLAN.** Pepsi-Cola Company, 500 Park Avenue, New York, filed a registration statement (File 2-15953) with the SEC on December 22, 1959, seeking registration of 175,600 shares of its capital stock, to be offered from time to time pursuant to stock options which have been or may be granted to officers and key employees of the company and its subsidiaries under its Restricted Stock Option Plan. Included therein are 27,000 shares purchasable under an option granted in September 1955 to Alfred N. Steele, then board chairman and now deceased. This option may be exercised by the executors of his estate at a price of \$21.49375 per share. The executors have advised the company that they intend to purchase said shares and to offer them for sale on the New York Stock Exchange at the prices from time to time prevailing on said Exchange.

DENTISTS' SUPPLY CO. FILES FOR SECONDARY. The Dentists' Supply Company of New York, 500 West College Ave., York, Pa., filed a registration statement (File 2-15954) with the SEC on December 22, 1959, seeking registration of 200,000 outstanding shares of its common stock, to be offered for public sale by the holders thereof through an underwriting group headed by Reynolds & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company now has outstanding 1,224,000 common shares. The Amalgamated Dental Company, Limited, of London is listed as the selling stockholder. It now owns 350,815 common shares (28.66%), of which it proposes to sell 200,000 shares.

COASTAL STATES GAS FILES EMPLOYEE STOCK PLAN. Coastal States Gas Producing Company, 200 Petroleum Tower, Corpus Christi, Texas, filed a registration statement (File 2-15955) with the SEC on December 22, 1959, seeking registration of 100,000 shares of its common stock, to be offered to employees of the company under its Employees' Stock Option Plan.

RULE RESCISSION EXTENDED. The Securities and Exchange Commission today announced the postponement from December 31, 1959 to February 29, 1960 of the effective date for the rescission of Rule 9 promulgated under the Public Utility Holding Company Act of 1935 ("Act"), which rule affords a basis for claiming exemption from the provisions of the Act by small holding company systems.

Certain holding companies, presently exempt under Rule 9, have been undertaking action to make them eligible for exemption on a basis other than Rule 9 or to render them no longer holding companies. A few holding companies, by reason of special problems, have been unable to complete such action within the time heretofore provided and have requested a further extension of the exemption afforded by Rule 9.

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