

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 July 10, 1962

FOUR INVESTMENT ADVISER REGISTRATIONS REVOKED. In an order announced today (Release IA-129), the SEC revoked the investment adviser registrations of Owen K. Taylor, Inc., 274 Pearl Street, N.Y.; Edward Blatt, 129 E. 82nd Street, N.Y.; Walter Rosenbush, P.O. Box 37, Limestone Road, Ridgefield, Conn.; and Financial Forecaster, Inc., 15 William Street, N.Y.

In its decision, the Commission ruled that Taylor, Blatt, Rosenbush and Financial Forecaster violated the Investment Advisers Act in that they made false statements and omitted material facts in their applications for registration as investment advisers. Blatt's application, prepared with Rosenbush's assistance, stated that only Blatt had the power to exercise a controlling influence over his investment adviser business, whereas in fact Rosenbush possessed such power. In addition, Blatt incorrectly stated his principal business address and the name of the investment advisory publication issued by him. Furthermore, Blatt's application did not disclose any of Rosenbush's business and professional connections or Blatt's succession to the business of Security Forecaster Co., Inc., whose investment adviser registration had been revoked. Also, according to the decision, Rosenbush organized Financial Forecaster to succeed to Blatt's business and continued to manage that business through Financial Forecaster (of which he was president and beneficial owner of over 25% of its voting securities); and Rosenbush is president and a director of Fox & Walters, Inc., a registered broker-dealer. However, Rosenbush's registration application made no disclosure of his connections with Taylor, Blatt, Fox, Security Forecaster or Financial Forecaster. Moreover, Financial Forecaster's application (signed by Rosenbush) did not disclose Rosenbush's connections or the date of its succession to the business of Blatt. Blatt, Rosenbush and Financial Forecaster admitted the violations and consented to revocation of their registrations as investment advisers.

The violations with respect to Taylor involved a failure to amend its application to disclose a change in business address or the resignations of two named directors. Isadore Aberlin, president and sole stockholder of Taylor, was advised by the Commission's staff of the necessity of filing an appropriate amendment but despite ample opportunity made no effort to comply. Aberlin disclaimed knowledge of Rosenbush's activities in Taylor despite the daily presence of both men at Taylor's place of business. The Commission stated that such disclaimer by Aberlin "evidenced either a distortion of the facts or an abdication of his responsibility to adequately supervise Rosenbush, who as he knew had been the subject of previous disciplinary action by the New York Stock Exchange."

COLUMBIA GAS INTERCOMPANY FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14664) authorizing The Columbia Gas System, Inc., New York holding company, to purchase an aggregate of \$36,375,000 of notes from seven of its subsidiaries (including The Ohio Fuel Gas Company). The notes will be issued by the subsidiaries during the period ending March 31, 1963, as funds are needed for construction. The Commission's order also authorizes Columbia Gas to make open-account advances during the balance of 1962 to one of the subsidiaries, United Fuel Gas Company, in amounts aggregating up to \$20,000,000. United will use the funds to purchase inventory gas for storage.

AMERICAN NATURAL GAS TO PURCHASE STOCK OF SUBSIDIARY. The SEC has issued an order under the Holding Company Act (Release 35-14665) authorizing American Natural Gas Company, New York holding company, to purchase at par an additional 30,000 shares of the \$100 par preferred stock of its subsidiary, American Natural Gas Production Company, during the period ending December 31, 1963. The funds will be used in furtherance of the subsidiary's exploration and development program.

MEDICAL EQUIPMENT & DRUG GRANTED EXEMPTION. The SEC has issued an order under the Investment Company Act (Release IC-3493) declaring that Medical Equipment and Drug Investment Company, of Washington, D. C., has ceased to be an investment company. The company has no stock outstanding and plans to dissolve.

WILBUR FICKEN SENTENCED. On June 8th Wilbur H. Ficken was sentenced (USDC Cleveland) to a total of 18 years' imprisonment on his plea of guilty to an indictment charging securities fraud and other law violations. (Release Lit-2304)

SEC COMPLAINT NAMES SANDKUHL & CO. INC. The SEC New York Regional Office announced July 5th (Lit-2305) the filing of a complaint (USDC NJ) seeking to enjoin Sandkuhl & Company, Inc., of Newark, N. J., from further violations of the SEC net capital rule. Also named as defendants were Henry and Marvita Sandkuhl, Florence Marcelin and Leonard G. Brown. A temporary restraining order was issued by the court, which scheduled the Commission's motion for preliminary injunction for hearing on July 12th.

AMERICAN STRATEGIC MINERALS FILES FOR STOCK OFFERING. American Strategic Minerals Corporation, 527 Failing Bldg., Portland, Oregon, filed a registration statement (File 2-20569) with the SEC on July 9th seeking registration of 400,000 shares of common stock, to be offered for public sale at a price to be supplied by amendment (maximum \$3 per share*). The names of the underwriters and underwriting terms are also to be supplied by amendment.

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The company was organized under Delaware law in April 1962 and proposes to engage primarily in the business of exploring for strategic minerals eligible for financial assistance from the Office of Minerals Exploration of the Department of Interior. It intends to provide funds to its five wholly owned subsidiaries to carry out exploration contracts to be entered into with the Government. One such contract is said to have been entered into for exploration of the Mother Lode Cinnabar Mine in Oregon. Of the net proceeds from the stock sale, about \$150,000 will be used to discharge current liabilities, \$160,000 to explore the said mine in Oregon, and \$421,000 to explore copper, gold and silver mines near Elk City, Idaho and Boone Springs, Nevada. The balance will be used for limited exploration and for working capital. The company has outstanding 170,500 shares of common stock acquired at an average cost of \$1 per share. After sale of the new shares, management officials as a group will own about 10.6% of the company's outstanding stock. Conrad M. Ellingsen is president.

GENERAL MOTORS FILES FOR SECONDARY. General Motors Corporation, 1775 Broadway, New York, today filed a registration statement (File 2-20570) with the SEC seeking registration of 1,589,680 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Morgan Stanley & Co., 2 Wall Street, New York. The public offering price (maximum \$52 per share*) and underwriting terms are to be supplied by amendment. In addition to certain indebtedness and preferred stock, the company has outstanding 285,782,065 shares of common stock. The selling stockholders, Christiana Securities Company, Delaware Trust Company (as trustee of three trusts of which William du Pont, Jr. and Marion du Pont Scott are the current income beneficiaries), Longwood Foundation, Inc. (a charitable foundation created by the late Pierre S. du Pont) and William du Pont, Jr., own 7,244,060, 710,704, 327,986 and 10,000 shares, respectively. They propose to sell 550,000, 707,694, 327,986 and 4,000 shares respectively.

Christiana is a holding company, the principal investment of which is 13,417,120 shares of common stock of E. I. du Pont de Nemours and Company. On July 8, 1962, Du Pont held of record 63,000,000 shares, or 22%, of the General Motors common stock; and it has stated that it proposes to distribute all or substantially all of such 63,000,000 shares to Du Pont common stockholders in three, or possibly four, installments. On July 9th, Du Pont distributed to its stockholders a total of 22,991,492 shares of General Motors common stock at the rate of $\frac{1}{3}$ share of General Motors common stock for each share of Du Pont common stock outstanding on June 8, 1962. After giving effect to such distribution (which Du Pont has announced will be the only such distribution by it in 1962), Du Pont owned a total of 40,008,508 shares, or 14%, of General Motors common stock. On July 8, 1962, Christiana held of record 13,417,120 shares, or 29%, of Du Pont common stock and 535,500 shares of General Motors common stock. On July 9, 1962, Christiana received 6,708,560 shares of General Motors common stock in the distribution from Du Pont. Both Du Pont and Christiana are subject to the Judgment of the United States District Court in Chicago, Illinois with respect to their General Motors common stock. The 550,000 shares of General Motors stock being sold by Christiana are part of the 6,708,560 shares received by it on the pro rata distribution by Du Pont. The prospectus states that the 550,000 shares are being sold by Christiana to raise funds to pay Federal income taxes incurred by reason of the receipt of shares of General Motors common stock from Du Pont, and taxes and expenses incident to such sale, as permitted by a Judgment of the court. Christiana has not determined when and how within the requirements of the Judgment it will dispose of the 6,594,060 shares of General Motors common stock it will own immediately after the offering or any additional shares it may receive on further distributions by Du Pont.

CHRISTIANA SECURITIES SEEKS ORDER. Christiana Securities Company, Wilmington, Del., investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting it and certain other persons to make a public offering of common stock of General Motors Corporation; and the Commission has issued an order (Release IC-3494) giving interested persons until July 24, 1962, to request a hearing thereon. According to the application, the U. S. District Court (ND, Ill.) recently handed down a judgment which provides that E. I. du Pont de Nemours and Company must dispose of all of its holdings of 63,000,000 shares of the General Motors stock by February 28, 1965. Under the judgment, which became effective on May 1, 1962, divestiture must commence no later than July 30, 1962. The initial step in the divestiture is the distribution of about 23,000,000 shares on the basis of one-half share of General Motors stock for each outstanding share of Du Pont Company common stock, payable July 9, 1962. Christiana on the record date of the distribution owned 13,417,120 shares of Du Pont Company common stock and accordingly, received 6,708,560 shares of General Motors stock under the initial distribution. Christiana also owns 535,500 shares of General Motors common stock which it has held for some years. By the terms of the judgment Christiana must divest itself, within three years of the effective date of the judgment, of General Motors stock it receives as a stockholder of Du Pont plus the 535,500 shares of General Motors stock it owned at the time of judgment. The judgment in part provides: (1) that it may sell as many shares of General Motors stock as may be necessary to pay taxes on the receipt of stock from Du Pont Company and the expenses and taxes incurred upon sale, and (2) that it shall distribute the remainder to its stockholders (including non-pro-rata distributions in redemption of its own stock). Under the terms of the judgment, officers and directors of Christiana, certain Du Pont family members and spouses, certain related trusts and Longwood Foundation, Inc. must, over the next ten years, dispose of any shares of General Motors stock received from Christiana or from the Du Pont Company or presently owned.

Although legislation has been enacted to reduce the tax impact of the pro-rata distributions of General Motors stock by Du Pont and Christiana, heavy taxes will still be payable by Christiana and certain of its shareholders according to the application. To pay such taxes Christiana proposes to make an underwritten secondary distribution of part of the General Motors stock it is to receive. Since it is not feasible to have a number of underwritten secondary distributions in any limited period of time, Christiana has extended the opportunity to join the underwritten secondary offering to certain of the other major shareholders of Christiana and Du Pont Company who might find it necessary to sell General Motors shares to pay taxes. Christiana, Delaware Trust Company as trustee of three trusts of which members of the Du Pont family

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are beneficiaries, Longwood Foundation, Inc., and William du Pont, Jr., plan to sell 1,589,680 shares of General Motors stock in the underwritten secondary offering, of which 550,000 shares are to be sold by Christiana.

GENERAL MOTORS FILES FOR SECOND SECONDARY. General Motors Corporation also filed a registration statement (File 2-20571) with the SEC today seeking registration of an additional 101,354 outstanding shares of common stock, to be offered for public sale by the holders thereof through transactions on the New York Stock Exchange, or other stock exchanges, or otherwise, at market prices prevailing at the time of sale or at negotiated prices. The selling stockholders are certain management officials of E. I. du Pont de Nemours and Company, certain management officials of Christiana Securities Company, brothers and sisters of the late Pierre S. du Pont or their descendants, spouses and children living in the household of any of the foregoing, and certain related trusts. None of the GM common stock the subject of this offering is stock received by the selling stockholders in respect of Christiana common shares owned by them and, accordingly, none of the shares being offered are shares required to be sold by court Judgment.

SECURITIES ACT REGISTRATIONS. Effective July 10: Arnav Industries, Inc. (File 2-19580); Babs, Inc. (File 2-19348); Nuclear Data, Inc. (File 2-20069); Rochester Telephone Corp. (File 2-20488); Thom-Tex Paper Converting Corp. (File 2-19953). Withdrawn July 10: Jefferson Growth Fund, Inc. (File 2-18480); Premier Microwave Corp. (File 2-19875).

*As estimated for purposes of computing the registration fee.

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