

# 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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**SEC ORDER CITES GREENBAUM & BERTRAM FIRMS.** The SEC has issued orders under the Securities Exchange Act of 1934 taking the following actions: (1) instituting proceedings to determine whether Donald Lewis Greenbaum, doing business as D. L. Greenbaum & Company, 1604 Walnut St., Philadelphia, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether his broker-dealer registration should be revoked, (2) amending its prior order of June 21, 1962 instituting similar proceedings against Bertram, Leonard & Williams, Inc., 1411 Pennsylvania Ave., N. W., Washington, D. C., to allege additional violations, and (3) consolidating the proceedings for purpose of hearing.

Greenbaum has been registered with the Commission as a broker-dealer since June 27, 1961. Paul Bertram Linn is president of Bertram, Leonard and Williams, Inc. ("Bertram"); and Leonard Sloane, doing business as Robert L. Stanton Associates ("Sloane") is a brother-in-law and business associate of Linn. In its 1962 order instituting public proceedings against Bertram, the Commission's staff charged that an amendment filed to Bertram's application for broker-dealer registration purporting to list the Pennsylvania Avenue address as the actual location of the corporation's business was false and misleading; that the corporation failed to preserve its records in an easily accessible place and available for examination by Commission representatives; and that the Commission's reporting and record-keeping requirements were thereby violated. In its orders instituting proceedings against Greenbaum and alleging additional violations by Bertram, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of the common stocks of Middle Atlantic Investment Company of Philadelphia, Pa., and of Tripoli Company, of Philadelphia, during 1961-62, Greenbaum, Bertram, Linn and Sloane, "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit" upon investors in violation of the anti-fraud provisions of the Federal securities laws, in that they distributed and sold such stocks to customers with whom they were unacquainted (and by means of an intensive telephone campaign) without knowledge of their individual needs and circumstances or the suitability of such stocks to their needs, and endeavored to place customers in a position where they were asked to make hasty decisions to buy the securities upon the basis of undocumented representations and without disclosing to them material facts concerning the true nature and worth of the stocks and the fact that such stocks were not in short supply. Moreover, it is charged that they permitted and arranged for Greenbaum to employ and use untrained and unlicensed salesmen of Bertram in such offerings, and in connection therewith instructed the salesmen to use aliases and to falsely represent that such offers were being made by Greenbaum and its salesmen.

The staff further charges that they made false and misleading statements in connection with the above activities and particularly with respect to Tripoli, namely, that its stock would rise from the \$5 offering price to as high as \$10 per share within a year; that if the entire Tripoli offering were not sold, the purchaser's money would be returned; that Tripoli common was a "hot offering," was all sold out, or was nearly sold out (23,867 shares of the 60,000-share offering were sold by the time the offering was terminated in February 1962), and that Tripoli would be merged with or purchased by a larger company and that it would be listed on a national securities exchange. It is also alleged that Greenbaum and Bertram failed to make and keep current certain required records and that they made false entries in certain books and records which were maintained by registrant.

A consolidated hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registrations of Greenbaum and Bertram should be revoked. Greenbaum is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether he also should be suspended or expelled from NASD membership.

**JOYCE, INC. SEEKS ORDER.** Joyce, Inc., a California company, has applied to the SEC for an order under the Securities Exchange Act of 1934 exempting it from the duty to file annual and other periodic reports with the Commission; and the Commission has issued an order giving interested persons until March 25, 1963 to request a hearing thereon. According to the application, at the end of the fiscal year ended October 1962, all of the outstanding securities of the company were held of record by not exceeding 50 persons; and the company has and will continue to furnish stockholders with an annual report.

**MIDDLE SOUTH UTILITIES SEEKS ORDER.** Middle South Utilities, Inc., New York registered holding company, and Middle South Services, Inc., a company recently organized by Middle South Utilities, have applied to the SEC for an order under the Holding Company Act regarding the proposed organization and conduct of business of the service company as a subsidiary service company in the holding-company system of Middle South Utilities (and related sales and acquisitions of securities and other assets); and the Commission has issued an order (Release 35-14816) giving interested persons until March 27, 1963 to request a hearing thereon. The service company proposes to perform services at cost solely for associate companies in the Middle South System commencing on April 1, 1963, and during the first year of its operations to perform most of the services now being performed by personnel of Middle South Utilities and certain of the services presently being purchased from outside suppliers. Initially the staff of the service company will be supplied primarily by transfers of personnel from Middle South Utilities, and Middle South Utilities will transfer service functions to the service company. The service company further proposes to sell to Middle South Utilities for \$20,000 in cash

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2,000 common shares (of 50,000 shares authorized) and \$230,000 of unsecured notes. In anticipation of the service company's planned expansion of operations, further authorization is requested for the service company to sell to Middle South Utilities during the next five years not more than \$500,000 additional notes.

**ELECTRIC BOND AND SHARE-UNITED GAS SEEK ORDER.** Electric Bond and Share Company, New York registered closed-end investment company, and United Gas Corporation, a Delaware company, have applied to the SEC for an order under the Investment Company Act authorizing the proposed sale of certain securities by United to Bond and Share; and the Commission has issued an order (Release IC-3644) giving interested persons until March 28, 1963 to request a hearing thereon. According to the application, Bond and Share and United each owns 50% of each class of outstanding securities of Escambia Chemical Corporation, a Delaware company. The proposed sales agreement provides that United will sell to Bond and Share for \$21,000,000 in cash, United's entire interest in Escambia, consisting of \$4,062,750 of 4% notes due 1966, \$5,000,000 of 5 $\frac{1}{2}$ % convertible notes due 1967, and 5,000 shares of common stock.

**FRANK L. WASSERMAN SENTENCED.** The SEC Boston Regional Office announced March 1 (LR-2525) that Frank L. Wasserman of Newton, Mass., formerly president of First Securities Company, of Boston, received a one year prison sentence (USDC, Boston) following his plea of guilty to charges of violating the anti-fraud provisions of the Federal securities laws while employed as a securities salesman and later while operating his own business under the name First Securities Company.

**OLD COLONY SECURITIES ENJOINED.** The SEC Boston Regional Office announced March 1 (LR-2526) the entry of a Federal court order (USDC, Mass.) permanently enjoining Old Colony Securities Corporation, Malden, Mass., from further violations of the Commission's net capital rule. The defendant consented to entry of the order.

**SEC COMPLAINT NAMES GENERAL SECURITIES(NY).** The SEC New York Regional Office announced March 1 (LR-2527) the filing of court action (USDC SDNY) seeking to enjoin further violations of the Commission's net capital and bookkeeping rules by General Securities Company, Inc., of 101 W. 57th Street, New York, and Nicholas J. Papdakos, president, and Dushka Howarth, secretary.

**WEIL & CO. CITED IN SEC COMPLAINT.** The SEC Washington Regional Office announced March 5th (LR-2528) the filing of court action (USDC DC) seeking to enjoin further violations of the anti-fraud, reporting, bookkeeping and margin rules under the Federal securities laws by Weil and Company, Inc., of Washington, D.C. and seeking appointment of a receiver for the firm. Also named as defendants were Richard S. Weil, president and Samuel P. Grubb, Jr., secretary-treasurer.

**NORTHERN INDIANA PUBLIC SERVICE PROPOSES BOND OFFERING.** Northern Indiana Public Service Company, 5265 Hohman Avenue, Hammond, Ind., filed a registration statement (File 2-21125) with the SEC on March 5 seeking registration of \$30,000,000 of first mortgage bonds (series M) due 1993, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be added to working capital for ultimate application to the cost of gross additions to the company's utility properties including prepayment of bank loans (estimated at \$14,000,000) made to provide funds for construction purposes. The construction program for 1963 is estimated at \$36,000,000 and for 1964 at \$40,000,000.

**MERIDIAN FUND FILES FOR STOCK OFFERING.** Meridian Fund, Inc., 714 Boston Bldg., Denver, filed a registration statement (File 2-21126) with the SEC on March 4 seeking registration of 500,000 shares of capital stock, to be offered for public sale at net asset value plus a maximum sales charge of 5%, in conjunction with pension life insurance or pension annuity contracts. The offering will be made by Centennial Management and Research Corporation, of the Boston Bldg. address. The Fund will be offered initially to members of the medical profession and their families and employees.

The Fund was organized in October 1962 and is registered under the Investment Company Act of 1940 as a diversified open-end management investment company. It was established primarily to meet the retirement objectives of medical doctors, either alone or in conjunction with pension life insurance or pension annuities; and its stated investment objective is to provide a relatively conservative program for investors whose principal purpose is to accumulate funds for retirement. Centennial Management is also the Fund's investment adviser; and William M. B. Berger and Randal H. Macdonald III, vice presidents of the Fund, own 21% and 21.3%, respectively, of the outstanding stock of the adviser. The Fund has outstanding 10,838 capital shares, of which management officials as a group own 74.6%. Cyrus W. Anderson is president.

**PANHANDLE EASTERN PIPE LINE FILES STOCK PLAN.** Panhandle Eastern Pipe Line Company, One Chase Manhattan Plaza, New York, filed a registration statement (File 2-21127) with the SEC on March 5 seeking registration of 195,750 shares of common stock, to be offered pursuant to its Stock Option Plan.

**CHESAPEAKE FUND FILES FOR STOCK OFFERING.** Chesapeake Fund, Inc., 156 South St., Annapolis, Md., filed a registration statement (File 2-21128) with the SEC on March 5 seeking registration of 100,000 shares of common stock, to be offered for public sale, at net asset value, without sales commission or underwriting. The Fund (formerly Chesapeake Investment Corporation) is registered under the Investment Company Act of 1940 as a diversified closed-end investment company. Its primary objective is long term growth with the secondary objective of dividend earnings or interest income. The Fund has outstanding 25,000 common shares, of which management officials as a group own 32%. Allen J. Reiter is president of the Fund and of its investment adviser, Chesapeake Investment Corporation; and the two companies have other common management officials. In addition, each present stockholder of the Fund is a stockholder in the same proportion in the adviser.

**SECURITIES ACT REGISTRATIONS.** Effective March 5: Central Illinois Light Co. (File 2-21067); Gateway Chemicals, Inc. (File 2-21074). Effective March 6: Litecraft Industries Limited (File 2-20989); William Wallace Co. (File 2-21003).