

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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REGISTRATION DENIED TO HAYES & CO. In a decision announced today (Release 34-7102), the SEC denied an application filed by R. J. Hayes & Company, Incorporated, 27 Williams St., New York, for registration as a broker-dealer under the Securities Exchange Act. Ralph James Hayes, president and principal stockholder, was found a cause of the denial order.

In its decision, the Commission sustained findings of its Hearing Examiner that Hayes, while employed as a salesman in 1960 by a registered broker-dealer who was the underwriter of a public offering of stock of Ultra-Sonic Precision Co., Inc. (pursuant to a claimed Regulation A exemption from registration), violated the anti-fraud provisions of the Federal securities laws as well as the Securities Act registration provisions. The Commission found that despite instructions from his employer that he could not purchase shares of this so-called "hot issue" for his own account, Hayes opened seven fictitious accounts with his employer, purchased 700 shares for such accounts at \$2 per share (from shares allocated for sale to his customers), then opened fictitious accounts in the name of the same persons with another broker-dealer (falsely representing to it that those persons owned the 700 shares), and caused that firm to sell the shares at \$3 per share to a third broker without the use of an offering circular. Hayes obtained the checks in payment, endorsed them with the names of the payees and retained the proceeds. Finally, he caused unidentified persons to prepare and sign letters instructing his employer to deliver the 700 shares to the second broker to consummate the resales.

The Commission held that in opening and using fictitious accounts and making false and misleading statements concerning the ownership of the 700 shares, Hayes "engaged in a scheme to defraud." Moreover, the Commission ruled that the resale of such shares by Hayes constituted a continuation of the offering and, because no offering circular was furnished to the broker to whom the shares were sold, no exemption from registration pursuant to Regulation A was available. The Commission noted that on two occasions, while under oath, Hayes denied that the 7 accounts were fictitious, a fact he later admitted.

CANADIAN RESTRICTED LIST. The SEC has added Keele Industrial Developments Ltd. to its Canadian Restricted List, thus bringing to 254 the number of companies whose securities the Commission has reason to believe recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

STEFFES BROTHERS INDICTED. The SEC Seattle Regional Office announced July 15 (LR-2690) the return of an 11-count indictment (USDC, Montana) charging Leo V. Steffes (Missoula, Montana) and Francis J. Steffes (Billings, Montana) with violations of the Securities Act anti-fraud provisions in the sale of stock of Great Plains Acceptance Corporation, a small loan and finance company of Miles City, Montana.

COLUMBIA GAS SYSTEM SEEKS ORDER. The Columbia Gas System, Inc., New York registered holding company, together with its utility subsidiary The Ohio Fuel Gas Company, and an Ohio company recently organized by Columbia, Columbia Gas of Ohio, Inc., have applied to the SEC for an order under the Holding Company Act authorizing transactions related to the sale and transfer by Ohio Fuel to the new subsidiary of all of Ohio Fuel's assets and properties in Ohio used in the distribution at retail of natural gas, together with cash of about \$3,000,000 and other current assets related to such distribution; and the Commission has issued an order (Release 35-14912) giving interested persons until August 8, 1963 to request a hearing thereon. According to the application, the new subsidiary will then be engaged in the business of purchasing, distributing and selling natural gas at retail solely within Ohio. The proposed transactions are part of an overall program previously initiated by Columbia and certain of its subsidiaries for the purpose of minimizing problems of rate regulation within the system by realigning the system's natural gas properties in such a manner that all natural gas production, storage and transmission properties will, to the extent possible, be owned and operated by one corporation subject to the jurisdiction of the Federal Power Commission, and the retail gas distribution facilities owned and operated in each state will be owned by a single company subject to the jurisdiction of the appropriate state commission.

SECURITIES ACT REGISTRATIONS. Effective July 18: Continental Telephone Co. (File 2-21502); Livestock Financial Corp. (File 2-19826); Trailer Train Co. (File 2-21509).

Effective July 19: Burroughs Corp. (File 2-21536); Molybdenum Corp. of America (File 2-21363).

ORAL ARGUMENT, COMING WEEK. The Wolf Corporation, July 25, 2:30 P.M.

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