

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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FOR RELEASE June 23, 1964

SIDNEY HERWOOD NAMED CAUSE. The SEC today issued a supplemental decision (Release 34-7352) in which it found Sidney Herwood, of Arlington, Va. as a cause of the Commission's September 1963 order revoking the broker-dealer registration of R. Baruch and Company, formerly of 1518 K St., N. W., Washington, D. C. Herwood consented to the order and to the Commission's finding that he violated the Securities Act registration and anti-fraud provisions in the sale of stock of Agricultural Research Development, Inc. According to the decision, these violations resulted primarily from statements to customers which were false and misleading but which Herwood asserted were based on representations made to him by the president of Baruch. Herwood's employment by Baruch was his initial engagement in the securities business. He consented to this finding on condition that he would not be precluded from re-entry into the securities business in a supervised capacity upon an appropriate showing; but he asserts that he has no present intention of doing so.

MARVIN HAYUTIN INDICTED. The SEC New York Regional Office announced June 19th (LR-2968) that Marvin F. Hayutin of New York was arrested June 18th (upon his return from abroad) on a warrant based on a sealed indictment returned March 12th charging violation of the Securities Act registration requirement in the sale of stock of Allied Entertainment Corp. of America, Inc.

SEC COMPLAINT NAMES HOUSER DRILLING. The SEC Denver Regional Office announced June 19th (LR-2969) the filing of a Federal court complaint (USDC Denver) seeking to enjoin violations of the Securities Act registration requirement by Houser Drilling Company, Inc., and R. G. Houser of Cheyenne, Wyoming, and Loveland, Colo., in the sale of oil interests on property in Weld County, Colo.

GENERAL MFG. (NEBR.) ENJOINED. The SEC Denver Regional Office announced June 19th (LR-2970) the entry of a Federal court order (USDC, Lincoln, Nebr.) permanently enjoining further violations of the registration and anti-fraud provisions of the Securities Act in the sale of stock of General Manufacturing Corporation by the said company and Melvin D. Gulley, both of Lincoln; Clement A. Banks, Thomas V. Short, Russel G. Bretz and Warren L. Wendt, of Omaha; and Alan R. Townsend of Elkhorn, Nebr. The company, Gulley, Banks and Short consented to the injunction (but without admitting the allegations); and the other defendants defaulted.

CIVIL ACTION DROPPED FOLLOWING IMPRISONMENT. The SEC Washington Regional Office announced June 22 (LR-2971) that the Commission's injunctive action against F. R. Ernst and Co., Inc., and Frank R. Ernst of Baltimore was dismissed on SEC motion (USDC Md.) following conviction of Frank R. Ernst in a State of Maryland criminal action involving securities transactions. Ernst received a suspended sentence but was later imprisoned to serve his original two-year sentence for violating terms of his parole. The firm's broker-dealer registration has been cancelled.

AMERICAN HOIST & DERRICK PROPOSES OFFERING. American Hoist & Derrick Company, 63 S. Robert St., St. Paul, Minn., filed a registration statement (File 2-22535) with the SEC on June 22 seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by Lehman Bros., One William St., New York. The public offering price (\$25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the sale of heavy lifting equipment, including various types of cranes, power shovels, hoists and derricks, and marine hardware. Net proceeds from its stock sale will be used for various corporate purposes including working capital. In addition to indebtedness, the company has outstanding 842,593 shares of common stock, of which management officials as a group own 10%. John E. Carroll is president.

NORTHERN STATES POWER PROPOSES BOND OFFERING. Northern States Power Company, 100 N. Barstow St., Eau Claire, Wisc., filed a registration statement (File 2-22533) with the SEC on June 22 seeking registration of \$15,000,000 of first mortgage bonds (due 1994), to be offered for public sale at competitive bidding. The company is a public utility engaged principally in the business of furnishing electric and natural gas service in west-central Wisconsin. Of the net proceeds from its bond sale, \$7.3 million will be used to retire bank loans for construction purposes, and the balance will be applied to construction expenses through the early part of 1965. The company's construction program through 1966 is estimated at \$27 million.

MARQUARDT CORP. FILES STOCK PLAN. The Marquardt Corporation, 16555 Saticoy St., Van Nuys, Calif., filed a registration statement (File 2-22536) with the SEC on June 22 seeking registration of 124,632 shares of common stock, to be offered pursuant to its Employee Stock Option Plan.

JAMASTRAN INDUSTRIES PROPOSES OFFERING. Jamastran Industries, Inc., 1740 N. E. Second Ave., Miami, filed a registration statement (File 2-22530) with the SEC on June 19 seeking registration of 400,000 shares of common stock, to be offered for public sale at \$5 per share through underwriters headed by Frederick Entman, Inc., 30 Broad St., New York, which will receive an 85¢-per-share commission (plus \$60,000 for expenses). Unless at least 300,000 of the shares are sold, all subscriptions will be refunded. Subject to the sale of

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300,000 shares, the company has also agreed to sell to the underwriters warrants to purchase 10% of the number of its common shares outstanding at the completion of this offering, at a price of \$.001 per warrant. Offering of the last 100,000 shares will be on a best efforts basis.

Organized under Florida law in 1963, the company proposes to acquire all of the capital stock of two Honduran companies; and it will engage (through such subsidiaries) in developing and operating agricultural properties and related industrial enterprises. One company is said to be an "approximately 24,000-acre agricultural complex and mining property," and the other is an inactive concern holding the only distillery license issued to date in Honduras. Jamastran has entered into an agreement with Garvey Ranch Management Inc., of Fort Worth to provide ranch and agricultural management. Of the net proceeds from the company's stock sale, \$350,000 will be used to acquire the outstanding stock of the two companies; about \$512,000 will be used to retire indebtedness of such companies (including \$70,000 to the company); and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 156,000 shares of common stock, of which Richard W. Fincher (president) acquired 75,000 shares in 1964 at a price of 10¢ per share.

MAX FACTOR FILES STOCK PLAN. Max Factor & Co., 1655 N. McGadden Pl., Hollywood, Calif., filed a registration statement (File 2-22534) with the SEC on June 22 seeking registration of 103,254 shares of common stock, to be offered under its Executive Stock Option Plan. As of June 15, 1964, options to purchase 47,657 shares were outstanding and 55,597 shares were available for future options.

MESA PROPERTIES FILES EXCHANGE PLAN. Mesa Properties, Inc., 1534 W. McDowell Rd., Phoenix, Ariz., filed a registration statement (File 2-22531) with the SEC on June 19 seeking registration of 168,062 shares of capital stock, to be offered to persons comprising seven land-purchase groups (joint ventures) which own real property in Arizona, in exchange for their undivided interests in the joint-venture assets on the basis of \$7 per share. In addition, a participant in the plan will be required to purchase or subscribe to stock at \$7 per share in an amount equal to his pro-rata share of the venture obligations for one year from July 31, 1964. Of the shares being registered, 143,800 will be offered in exchange for joint-venture assets and 24,262 for cash. The offering is not underwritten and is being made directly by company officials.

Organized under Arizona law in January, the company was established for the purpose of exchanging shares of its capital stock for land and other assets located in Arizona and to deal and invest generally in unimproved and improved real property (particularly in Arizona), including buying, improving, holding for income, subdividing and/or reselling such properties. The land owned by the joint venturers is unimproved. If the exchange offer is successful, the company will have assumed mortgage and contract obligations of \$698,366. It will be necessary for the company to raise additional funds by means of sale of securities, sale or lease of company properties, or refinancing existing indebtedness in order to meet succeeding annual commitments. Net proceeds realized from its stock sale will be used for general operating expenses. The company has outstanding 6,769 shares of common stock, which were acquired at \$7 per share by L. Tiny Lambert (president) and Thomas N. Lyons (vice president).

ATOKA PROPOSES OFFERING. Atoka, Inc., 403 W. Payne St., Olney, Tex., filed a registration statement (File 2-22532) with the SEC on June 19 seeking registration of 240 units in the "Atoka Plan No. 1 -- 1964," to be offered for public sale at \$2,500 per unit. The offering will be made on a best-efforts basis through Craig-Hallum, Inc., 133 S. Seventh St., Minneapolis, Minn., which will receive a selling commission of \$150 per unit. Unless \$250,000 of plan units are sold by October 1, 1964, all subscriptions will be refunded.

The Plan, a partnership to be managed by Atoka, Inc. (managing partner), proposes to acquire interests in producing oil and gas properties and to engage in oil and gas explorations in the continental United States. The managing partner is a newly formed company and has engaged in no material transactions in the management acquisition or development of oil and gas properties. As compensation for its management services, it will receive (a) 5% of all originally subscribed Plan funds and 4% of all additionally invested funds spent on other than equipment rentals from Atoka, Inc.; and (b) 25% of the Plan's net profit from each lease after the Plan has recovered its entire investment in the lease. Investors, as general partners in the Plan, may be liable for funds in excess of the unit subscription price. Of the net proceeds from its unit sales, approximately 60% will be used to acquire producing oil and gas properties; 10% for administrative expense and compensation to the managing partner; and 30% for other acquisitions and miscellaneous costs, including costs of geological services, drilling, and testing. Roy L. Strong is president of the general manager.

OHIO POWER ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15095) authorizing Ohio Power Company, Canton subsidiary of American Electric Power Company, Inc., to purchase the electric utility system of Paulding, Ohio, from the Village of Paulding. Ohio Power submitted the high bid of \$960,700 for the system.

SECURITIES ACT REGISTRATIONS. Effective June 23: The Alfred Hart Co. (File 2-22430); Carolina Power & Light Co. (File 2-22440); Deere & Co. (File 2-22486).

*As estimated for purposes of computing the registration fee.