

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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(Issue No. 64-7-7)

FOR RELEASE July 10, 1964

DISCIPLINARY ACTION SET ASIDE. The SEC today announced a decision under the Securities Exchange Act (Release 34-7365) in which it reversed disciplinary action by the NASD against Reese, Scheftel & Co., Inc., of 171 Madison Ave., New York, its president, Stanley Reese Scheftel, and a salesman, Alexander Scheftel. The NASD had found that the firm and two individuals violated certain of its rules, for which it censured them, fined each \$1,000 and assessed costs of \$144 against the firm.

The NASD District Business Conduct Committee had ruled that the firm had used "wooden orders" in the offer and sale of securities (sending written confirmations to unsophisticated investors in anticipation of payment, even though the investor had not expressly committed to a purchase in prior telephone conversations), in violation of NASD rules against deceptive practices, and with resulting violations of the NASD bookkeeping and confirmation rules. Based upon new evidence introduced before the NASD Board of Governors, the Board reversed the finding that "wooden orders" had been used. However, it did not reverse the Committee's finding that the firm's use of "wooden orders" had violated the record-keeping and confirmation rules. The Board did find that the arrangements between the firm and its customers did not amount to bona fide purchases and "should not have been entered in its books as such."

However, according to the Commission's decision, the Board did not make clear the nature of the practices it intended to condemn. In view of the ambiguity, the Commission concluded that it would not be appropriate to pass on the specific questions raised by the Board's finding, and under the facts here involved (including the protracted length of these proceedings), not to remand the case to the Board for clarification.

CARROLL AND FISCHMAN SENTENCED. The SEC Denver Regional Office announced July 6th (LR-2980) that Howard P. Carroll of Denver and Mervyn Fischman had received suspended prison sentences of 3½ and 3 years, respectively, following pleas of nolo contendere to charges of violating the Securities Act registration requirement in the sale of Douglas Corp. stock. Carroll also received a \$5,000 fine, of which \$3,000 also was suspended. As a condition of the probation, each is prohibited from engaging in the securities business during the probationary period.

MILLER AND McDONALD ENTER PLEAS. The SEC San Francisco Regional Office announced July 7th (LR-2981) that Howard S. Miller and Donald McDonald had entered pleas of nolo contendere to charges contained in indictments returned against them and others of violating the Securities Act registration requirement in the sale of real estate securities created under a "10% Investment Program" offered by Beverly Hills Security Investments. Imposition of sentence deferred.

OSBORNE CLARK PRESIDENT ENJOINED. The SEC New York Regional Office announced July 7th (LR-2982) the entry of a Federal court order (USDC SDNY), by default, permanently enjoining William B. Buchanan, Jr., president of the broker-dealer firm of Osborne, Clark & Van Buren, Inc., from further violating the record-keeping requirements of the Securities Exchange Act of 1934 and directing Buchanan to make the firm's books available to the Commission. The firm was enjoined by a prior court order.

GUARANTY INSURANCE TRUST PROPOSES OFFERING. Guaranty Insurance Trust, 1401 Hampton St., Columbia, S. Car., today filed a registration statement (File 2-22597) with the SEC seeking registration of 300,000 shares of common stock, to be offered for public sale at \$2.50 per share. The offering is to be made on an all or none basis through underwriters headed by Johnson, Coleman, Manning & Smith, Inc., 7 State St., Charleston, and G. H. Crawford Company, Inc., Columbia, which will receive a 25¢ per share commission.

The Trust was organized in June 1963 under South Carolina law for the purpose of writing mortgage insurance, and it has received a certificate of authority from the South Carolina Insurance Department which permits it to do business as a casualty insurance company in that state. It has engaged in the mortgage insurance business since December 1963 in that state. Net proceeds of this financing will be invested in accordance with the company's investment policies. The Trust now has outstanding 122,725 common shares, of which management officials as a group own over 95%. Three promoters and officers, Ernest F. Hollings, board chairman, James M. Waddell, Jr., president, and Bobby S. Merritt, secretary-treasurer, own 25,333, 12,834 and 62,833 shares respectively. They acquired their promotional stock at \$2 per share.

CONTINENTAL VENDING, TASTE FREEZ TRADING BANS CONTINUED. The SEC has issued orders suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation and Taste Freez Industries, Inc., for a further ten-day period, July 11-20, 1964, inclusive.

MILWAUKEE GAS FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-15102) authorizing Milwaukee Gas Light Company, Milwaukee subsidiary of American Natural Gas Company, to issue and sell \$18,000,000 of bonds (due 1989) at competitive bidding. The company also was authorized to issue and sell to its parent an additional 333,334 common shares for a cash consideration of \$4,000,008. The subsidiary will use the proceeds in part to pay outstanding notes, and the balance will be applied to its construction program, estimated at \$17,328,000 for 1964.

FINANCIAL LIFE INS. PROPOSES OFFERING. Financial Life Insurance Company, 2801 East Oakland Park Blvd., Fort Lauderdale, Fla., today filed a registration statement (File 2-22598) with the SEC seeking registration of 100,000 shares of common stock. The stock is to be offered for public sale on an all or none basis through underwriters headed by Roman & Johnson, 2700 E. Oakland Park Blvd., Fort Lauderdale; and the offering price (\$5 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of writing various forms of whole life, term, endowment and annuity policies on a nonparticipating basis. Net proceeds of its sale of additional stock will provide additional working capital and increase the company's capital and surplus, thereby enabling the company to establish general agencies in Georgia and such other states as it may be licensed. The company now has outstanding 300,000 common shares, of which James P. Hunt, president, owns 39.38%, and James S. Hunt, Jr., 19.73%. James S. Hunt is board chairman.

DELISTING APPROVED. The SEC has granted an application of the New York Stock Exchange to delist the common stock of West Kentucky Coal Company, effective at the opening of business July 21, because of the limited holdings of other than Island Creek Coal Company (Release 34-7367).

UNLISTED TRADING GRANTED. The SEC has granted an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in common shares of Commonwealth Oil Refining Company, Inc., and Whirlpool Corporation. (Release 34-7367)

SECURITIES ACT REGISTRATIONS. Effective July 9: Minnesota Mining and Manufacturing Co. (File 2-22494 and 22495).
Effective July 10: Grover, MacCurdy and Hoffacker (File 2-22116); Home Telephone and Telegraph Co. of Virginia (File 2-22539); Horace Mann Life Insurance Co. (File 2-21057); Milwaukee Gas Light Co. (File 2-225).
Withdrawn July 9: The Eberstadt Income Fund, Inc. (File 2-21462).

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