

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

(Issue No. 64-9-15)

FOR RELEASE September 22, 1964

**RULE 15b-9 AMENDED.** The SEC today announced a revision of its Rule 15b-9 under the Securities Exchange Act (and of a related provision of its Rules of Practice) to implement the Securities Acts Amendments of 1964 as related to administrative proceedings involving associates of broker-dealer firms (Release 34-7422). Before such amendments, the Exchange Act authorized the Commission to proceed administratively against persons associated with a broker-dealer firm or a member of the National Association of Securities Dealers, Inc. only in an action against such firm or member. In such proceedings, Rule 15b-9 prescribed the procedures relating to the participation of associated persons, who could on a proper showing be found a cause of any sanction against the firm or member. The Commission may now proceed directly against persons associated with a broker-dealer firm or member without joining the firm. To implement the new law, the Commission has amended Rule 15b-9 to provide that unless it otherwise directs in a specific case, it shall apply only to proceedings instituted prior to August 20, 1964, the date of enactment of the amendments.

**PENN. ELECTRIC FINANCING CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-15129) authorizing the Pennsylvania Electric Company to sell, at competitive bidding, \$20,000,000 of first mortgage bonds due 1994. Of the net proceeds from this financing, \$18,500,000 (together with \$16,500,000 in cash capital contributions made to the company during 1964 by its parent, General Public Utilities Corporation) will be used to reimburse the company's treasury for construction expenditures prior to 1964, and \$1,500,000 will be applied to its 1964 construction program, estimated at \$26,400,000.

**WATER INDUSTRIES CAPITAL SEEKS ORDER.** Water Industries Capital Corporation, 122 E. 42nd St., New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-4052) giving interested persons until October 9 to request a hearing thereon. According to the application, the company (an SBIC) made a distribution in liquidation of \$8.35 per share, or a total of \$4,474,765, on May 17, 1963. It made a final liquidating distribution on August 10, 1964 of \$1.615 per share or \$865,478.50 and was dissolved on August 11, 1964.

**NATIONAL INDUSTRIES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4053) extending the exemption of National Industries, Inc., Louisville, Ky., from said Act until such time as the Commission has entered an order determining National's status pursuant to Section 3(b)(2) of the Act.

**COMPLAINT CITES CAPITAL FUNDS, OTHERS.** The SEC Fort Worth Regional Office announced (LR-3027) the filing of a complaint (USDC Little Rock, Ark.) on September 16 seeking to enjoin Capital Funds, Inc., of Arkansas, Ernest A. Bartlett, Jr., and Austin E. Gatlin of Fort Smith, Ark., from further violations of Sections 14 and 10b-5 of the Securities Exchange Act in soliciting proxies from stockholders of Modern American Mortgage Corporation of Little Rock. A temporary restraining order was issued against all defendants.

**BIG DRUM FILES FOR SECONDARY.** Big Drum, Inc., 1183 Essex Avenue, Columbus, Ohio, filed a registration statement (File 2-22779) with the SEC on September 21 seeking registration of 74,960 outstanding shares of common stock, to be offered for public sale by the present holder thereof through underwriters headed by Merrill, Turben & Co., Inc., 1612 Union Commerce Bldg., Cleveland, and The Ohio Company, 51 N. High St., Columbus, Ohio. The public offering price (\$18 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in supplying packaging materials and equipment to producers of frozen confections. The company has outstanding 200,261 common shares and 199,739 Class A shares, of which management officials as a group own 40% and 97%, respectively. The selling stockholder, J. T. Parker (board chairman), is offering his entire holdings of common shares. In order to effect this transaction, Parker exchanged 72,240 Class A shares for 72,240 common shares. He will own 50,000 Class A shares upon completion of this offering. Thomas L. Parker is company president.

**KEYSTONE RAILWAY EQUIPMENT FILES FOR SECONDARY.** Keystone Railway Equipment Company, 310 S. Michigan Ave., Chicago, filed a registration statement (File 2-22780) with the SEC on September 21 seeking registration of 200,000 outstanding shares of Class A stock, to be offered for public sale by the present holder thereof through underwriters headed by Auchincloss, Parker & Redpath, 2 Broadway, New York. The public offering price (\$17 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of special equipment for railroad freight cars. Since 1961, its main product has been a hydraulic cushioned "shock control" under-frame unit. The company has outstanding 330,000 Class A and 165,000 Class B shares, of which Jay R. Sheesley (company president and selling stockholder) owns approximately 99% of each. Upon successful completion of the proposed offering of the 200,000 Class A shares by Sheesley, his holdings of such stock will be reduced to 38%.

OVER

**SEC COMPLAINT NAMES COLORADO FIRM.** The SEC Denver Regional Office announced September 18 (LR-3028) the filing of a complaint in Federal court (USDC Denver) seeking to enjoin First Securities of Golden, Inc., and Peter Hairston Oliver, its president, both of Golden, Colo., from further violations of the anti-fraud and other provisions of the Securities Exchange Act, as well as the appointment of a receiver for the corporate defendant. Permanent injunction order was issued against corporate defendant by the court, which reserved decision on question of receiver; and a preliminary injunction was issued against defendant Oliver.

**DE BARY-SPONSORED FUND FILES.** Marquette de Bary Co., 44 Wall St., New York, depositor and sponsor of Income Tax Free Revenue Fund, Series 1, filed a registration statement (File 2-22781) with the SEC on September 21 seeking registration of 500,000 units of interests in said Fund. The sponsors have deposited with the Fund trustee, United States Trust Company of New York, \$5,000,000 of tax-exempt bonds. Each unit initially represents a 1/500,000th undivided fractional interest in the Fund in the ratio of 100 units for each \$1,000 par value of securities deposited in the Fund. The sponsor is a sole proprietorship organized under New York law. Marquette de Bary is principal of the firm.

**JERSEY CENTRAL P & L PROPOSES OFFERING.** Jersey Central Power & Light Company, Morristown, N. J., filed a registration statement (File 2-22783) with the SEC on September 21 seeking registration of \$5,000,000 of debentures due 1989, to be offered for public sale at competitive bidding. The company, an electric public utility, will apply the net proceeds from the debenture sale to its 1964 construction program (estimated at \$42,000,000) or to partially reimburse the company's treasury for expenditures for that purpose.

**AVON FILES FOR SECONDARY.** Avon Products, Inc., 30 Rockefeller Plaza, New York, today filed a registration statement (File 2-22782) with the SEC seeking registration of 720,000 outstanding shares of capital stock, to be offered for public sale by the present holder thereof through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York and Lee Higginson Corp., 20 Broad St., New York. The public offering price (\$55 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company's primary business is the manufacture and sale of cosmetics, toiletries and some household products. In addition to indebtedness, it has outstanding 28,688,307 capital shares (as adjusted to reflect a 3-for-1 stock split to become effective on October 2). Management officials as a group own 11.7% of the outstanding stock. The selling stockholder is the Estate of Alexander D. Henderson (a former director of the company), which holds 1,008,396 shares. John A. Ewald is board chairman of the company and Wayne Hicklin is president.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the September 2 News Digest.

Banner Industries, Inc.  
Nov 62 (Its 2,13) & Apr 62 (Its 2,7,13)  
Ceco Steel Products Corp. (Del)  
Aug 64 (It 12)  
Knott Hotels Corp. Aug 64 (Its 2,13)  
Reliance Insurance Co. Apr 64 (Its 7,11,13)

Williams-McWilliams Industries Inc. Aug 64  
(It 8)

Corroon & Reynolds Corp Aug 64 (It 8)  
First Bank Stock Corp Aug 64 (It 3)  
Raymond International Inc. Aug 64 (It 12)

Muskegon Piston Ring Co. Aug 64 (It 12)  
Nationwide Corp Aug 64 (Its 2,13)  
Reading Co Aug 64 (It 13)  
Seaboard Air Line RR Company Aug 64  
(Its 7,13)

Transcontinental Investing Corp. Aug 64  
(It 7)  
Wieboldt Stores, Inc. Aug 64 (Its 6,12)

Aeronca Mfg Corp Aug 64 (It 6)  
Premier Industrial Corp Aug 64 (It 11,13)

Bayview Oil Cor Aug 64 (Its 12,13)

Aileen, Inc. Aug 64 (It 3)  
North American Acceptance Corp. Aug 64 (It 8)

Radio Corp of America Aug 64 (It 3)

A. J. Industries, Inc. Aug 64 (It 11)  
Alside, Inc. Aug 64 (Its 10,12,13)

Canada Dry Corporation Aug 64 (Its 12,13)  
Valve Corp. of America Aug 64 (It 13)

**SECURITIES ACT REGISTRATIONS.** Effective September 21: Monmouth Park Jockey Club (File 2-22722); Pennsylvania Electric Co. (File 2-22667). Effective September 22: Applied Technology, Inc. (File 2-22739); Buttonwood Capital Corp. (File 2-22395); Ehrenreich Photo-Optical Industries (File 2-22643). Withdrawn September 21: Chrysler Corp. (File 2-22464).

\*As estimated for purposes of computing the registration fee.