

## NEWS DIGEST

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



Washington, D.C. 20549

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

(Issue No. 65-6-7)

FOR RELEASE June 9, 1965

**SCHWEICKART FIRM SUSPENDED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7623) suspending the New York broker-dealer firm of Schweickart & Co., from NASD membership for the 15-day period June 21 to July 5, 1965, inclusive, for violations of the "margin" requirements of Regulation T in 1960 and 1961. The Commission's action was based upon a stipulation of facts and offer of settlement, including an agreement by the firm to make restitution to customers who suffered losses as a result of insolvency of the factor which had extended credit to firm customers. One firm partner and seven salesmen were each named a cause of the suspension order.

According to the decision, the charges arose from the fact that a number of firm customers financed their securities transactions through the factor, First Discount Corp. During the 17-month period ended May 31, 1961, First Discount extended credit in connection with securities transactions effected through the Schweickart firm in at least 37 accounts serviced by the seven salesmen, each of which had a number of factored accounts.

Regulation T restricts the amount of credit that may be extended by broker-dealer firms in connection with securities transactions; and it also prohibits such a firm from directly or indirectly "arranging" for the extension of credit by any other person (including a factor) to or for any customer in excess of the amount which the firm itself could extend. Each of the salesmen performed a wide range of activities involved in factoring the 36 accounts, including the preparation of the First Discount loan and delivery forms and instructions. Their activities, the Commission ruled, constituted "arranging" for the extension of credit; and in all instances the credit extended by First Discount exceeded the amounts the Schweickart firm could have loaned under Regulation T.

The seven salesmen were: Abe M. Cleeman, Arnold Klugman, Joseph Schwarz, Joan Masi Zarlenga, Vernon E. Gilman, Ourania Papadopoulos and Harry Glatzer. The partner, Winfield H. Schweickart, was the firm's managing partner with general supervision over the activities of all salesmen as well as employees in the margin department. The Commission concluded that the failure to maintain and diligently enforce a proper system of supervision to prevent violations of Regulation T constituted participation in the salesmen's conduct not only by the firm but also by Schweickart. Accordingly, the firm, aided and abetted by Schweickart and the seven salesmen, was found by the Commission to have violated Regulation T.

In view of various extenuating circumstances, including the fact that only a small porportion of the firm's customers accounts were involved and action by the NYSE against three of the salesmen, the Commission concluded that it was appropriate to accept the settlement offer (which provided that a suspension from the NASD for no more than 15 days could be ordered by the Commission). The Commission also ruled that the suspension order should not affect the continued or future employment of the individuals named.

**ROBINSON & CO. (L.A.) REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7621) revoking the broker-dealer registration of the Los Angeles firm of John S. Robinson, dba J. Robinson and Company. According to the decision, Robinson made false and misleading representations in the sale of securities, sold securities at unfair prices, violated the SEC net capital, record-keeping and reporting requirements, and failed to amend his registration application to disclose required information.

The Commission ruled that Robinson, acting through two firms controlled by him, violated the Securities Act anti-fraud provisions in the sale of bonds of the Village of Deming, New Mexico. During the period January 1960 to September 1960, 18 bonds were sold at \$1,000 each. Robinson falsely represented that the bonds were municipal obligations for which the municipality was responsible, and that there was "always a ready market" for the bonds. In fact, the bonds were industrial revenue bonds payable only out of the revenues of a certain industrial project, and there was never at any time an active market for the bonds. Nor did the customer receive any "bonus" bonds, as promised. Moreover, in the sale of 11 bonds, the two firms charged excessive mark-ups ranging from 19.7% to 25% over the market price as evidenced by the cost thereof to the firms just prior to their resale.

In addition, Robinson, through fraudulent means, obtained loans of \$6,500 and \$11,656, respectively, from two widows who were inexperienced in securities transactions. Facts with respect to the intended use of the proceeds of these loans were misrepresented. Robinson's firm subsequently defaulted on the loan agreements.

**MAX E. R. KIEFFER REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7622) revoking the broker-dealer registration of Max E. R. Kieffer, 3041 Fairfax Trafficway, Kansas City, Kans., for violating the registration and other provisions of the Federal securities laws. Kieffer consented to the revocation.

According to the decision, Kieffer sold unregistered stock of Long's Laundry, Inc., during the period November 1962-May 1964. He also filed an uncertified financial report for 1961, which contained a false and misleading sworn statement to support a claimed exemption from such certification, and failed to file 1962 and 1963 financial reports. Kieffer also violated the Commission's record-keeping rules during November 1959 and June 1964. The Commission also declined to grant a request of Kieffer for permission to act as salesman for another firm.

OVER

**PAUL HARRIS STORES FILES FOR SECONDARY.** Paul Harris Stores, Inc., 2920 N. Tibbs Ave., Indianapolis, Ind. filed a registration statement (File 2-23687) with the SEC on June 8 seeking registration of 36,889 shares of common stock, to be offered for public sale at \$12 per share by the present holders thereof. The offering is to be made through Kiser, Cohn & Shumaker, Inc., 220 Circle Tower, and City Securities Corp., 417 Circle Tower, both of Indianapolis, Ind., which will receive a 90c-per-share commission on the sale of 12,000 shares being offered by Gerald Paul (president) and Earl Harris (secretary-treasurer), and a \$1.05-per-share commission on the remaining stock.

The company operates leased retail stores offering men's, women's and children's apparel. In addition to indebtedness, it has outstanding 187,966 common shares, after giving effect to the company's recent conversion of all of its Class A and Class B common into one class of common stock. Management officials own 67.6% of the outstanding stock. The selling stockholders are listed in two groups: Group A and Group B. Each of the 28 members of Group A is a shareholder of Enterprises Funds, Inc., and received the company shares as a dividend in partial liquidation of Enterprises. In connection with a \$150,000 loan from Enterprises in 1963, the company issued warrants covering the purchase of 23,716 company shares which Enterprises exercised in March 1965 at \$6.325 per share. The exercise price was paid by the surrender to the company of its \$150,000 note. Group B is composed of Paul and Harris, each offering 6,000 of his holdings of 63,000 each.

**CATALINA CASUALTY INS. PROPOSES OFFERING.** Catalina Casualty Insurance Company, 1027 Russ Bldg., San Francisco, Calif., filed a registration statement (File 2-23688) with the SEC on June 8 seeking registration of 22,084 shares of capital stock. Of this stock, 10,000 shares are to be offered for public sale at \$55 per share through company officials. Upon completion thereof, 10,000 shares are to be offered at the same price through underwriters headed by Mason Brothers, 1130 First Western Bldg., Oakland, Calif., which will receive a \$4.50-per-share commission. The remaining shares are subject to options, exercisable at \$55 per share. Of such options, the company has agreed to grant to the underwriters or their nominees options to purchase 700 shares.

Organized under California law in June 1964, the company intends to engage in workmen's compensation insurance business. Net proceeds from its stock sale will be used to pay organizational expenses and in the conduct of the company's insurance business. Louis J. Wiman is president.

**M.I.T. SEEKS ORDER.** Massachusetts Investors Trust, 200 Berkeley St., Boston, Mass., has applied to the SEC for an exemption order under the Investment Company Act with respect to the proposed issuance of its shares at net asset value for substantially all of the cash and securities of Dana Investment Co.; and the Commission has issued an order (Release IC-4269) giving interested persons until June 25 to request a hearing thereon. According to the application, Dana, whose stock is held by two shareholders, is a Delaware corporation engaged in investing its funds in securities. As of February 26, 1965, the net assets of M.I.T. amounted to approximately \$2,196,000,000 and the net assets of Dana approximated \$16,964,000.

**M. A. HANNA CO. SEEKS ORDER.** The M. A. Hanna Company, Cleveland, Ohio, registered closed-end non-diversified investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposal to offer approximately 300,000 shares of capital stock of National Steel Corporation for subscription by Hanna's common stockholders; and the Commission has issued an order (Release IC-4267) giving interested persons until June 25 to request a hearing thereon. According to the application, Hanna owns 3,402,780 shares (21.6%) of National Steel stock; and it proposes to offer the 300,000 shares for subscription by its common stockholders at the rate of one National Steel share for each 40 Hanna shares held. Any unsubscribed shares are to be offered for public sale through underwriters. The exemption application relates to possible acceptance of the offer by affiliates of Hanna (primarily officers, directors or employees of Hanna or of one or more of its corporate affiliates), who will participate in the proposed offering on the same terms as Hanna's other stockholders. Hanna will use the net proceeds from the stock sale for reinvestment either directly or through Hanna Diversified Investments, Inc., a wholly-owned subsidiary. (The filing of a registration statement covering the proposed offering was reported in the SEC News Digest of June 8)

An application has also been filed by Model, Roland & Co., New York, for an exemption order authorizing it to participate as one of a group of underwriters in a standby commitment with respect to the unsubscribed stock of National Steel; and the Commission has issued an order (Release IC-4266) giving interested persons until June 25 to request a hearing thereon. According to the application, Model, Roland has an "affiliate" relationship to Hanna.

**CONSOLIDATION COAL SEEKS EXEMPTION ORDER.** Consolidation Coal Company, Pittsburgh, Pa., and The M. A. Hanna Company, Cleveland, Ohio, registered closed-end non-diversified investment company, have applied to the SEC for an exemption order under the Investment Company Act authorizing Consolidation Coal to purchase 500,000 of its common shares from Hanna at a price of \$51 per share. The Commission has issued an order (Release IC-4268) giving interested persons until June 25 to request a hearing thereon. According to the application, Consolidation Coal, a Pennsylvania corporation primarily engaged in the production and marketing of bituminous coal and lignite, is an affiliated person of Hanna by reason of Hanna's ownership of 2,010,000 shares (approximately 19.2%) of the outstanding common stock of Consolidation Coal. Hanna will use the net proceeds from the stock sale for reinvestment either directly or through Hanna Diversified Investments, Inc., a wholly-owned subsidiary of Hanna.

**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 in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the June 4 News Digest.

Allen Industries Inc Jan 65 (12)	1-2344-2	D H Baldwin Co Apr 65 (11,13)	1-1655-2
Balding Heminway Co Inc Apr 65 (3)	1-3462-2	L E Carpenter & Co Apr 65 (7,11)	1-4943-2
Chadbourne Gotham Inc Apr 65 (2,12,13)	1-3926-2	Natl Fuel Gas Co Apr 65 (11,13)	1-3880-2
Diamond Alkali Co Apr 65 (11)	1-3638-2	New England Elec System Apr 65 (11)	1-3446-2
Duquesne Brewing Co of Pittsburg Mar 65 (11)	1-1598-2	Van Raalte Co Inc Dec 64 (4,7,11,13)	1-631-2
Apr 65 (11)	1-1598-2		
Sharon Steel Corp Apr 65 (11,13)	1-569-2	Federal Mogul Corp Apr 65 (2,11,13)	1-1511-2
Standard Pressed Steel Co Apr 65 (11)	1-4416-2	Jeanette Glass Co Apr 65 (11,13)	1-2899-2
United Engineering & Foundry Co Apr 65 (11,12)	1-1711-2	Natl Castings Co Apr 65 (11,13)	1-2716-2
Wheelabrator Corp Apr 65 (7)	1-2483-2	Pepsi-Cola Co Apr 65 (12)	1-1183-2
American Life Cos Inc Amend #1 to 8K for Jan 65 (1)	0-1283-2	Seilon Inc Apr 65 (3,8)	1-1497-2
Natl Tile & Mfg Co Amend #1 to 8K for Jan 64 (13)	1-283-2	Western Union Telegraph Co Apr 65 (11,13)	1-2493-2
Genl Tel Co of Fla Amend #1 to 8K for Mar 65 (7)	1-3090-2	S S White Dental Mfg Co Apr 65 (11,13)	1-2841-2
Carrier Corp Apr 65 (3,13)	1-3220-2	Ampex Corp Apr 65 (12)	1-4150-2
Chelsea Industries Inc Apr 65 (7,13)	1-4917-2	Anthony Pools Inc Apr 65 (13)	1-4290-2
Royal School Laboratories Inc Apr 65 (11)	1-4551-2	Newport News Shipbuilding & Dry Dock Co Apr 65 (13)	1-3130-2
Transnational Ventures Ltd Apr 65 (11)	1-4845-2	Pacific Southwest Airlines Mar 65 (7)	1-5080-2
C Brewer & Co Ltd Apr 65 (11)	1-4519-2	Internatl Utilities Corp Apr 65 (11)	1-116-2
Daitch Crystal Dairies Inc Apr 65 (11)	1-3700-2	20th Century Fox Film Corp Apr 65 (13)	1-3695-2
Dillingham Corp Apr 65 (11)	1-4581-2	United Shoe Machinery Corp Apr 65 (3)	1-1599-2
Southwestern Public Service Co Apr 65 (1,13)	1-3789-2	Laurentide Financial Corp Ltd Mar 65 (7,11,13)	1-4862-2
Williams-McWilliams Industries Inc Apr 65 (11,13)	1-3933-2	Nalco Chemical Co Apr 65 (11)	1-4957-2
A S Beck Shoe Corp Apr 65 (11)	1-3267-2	Standard Forgings Corp Apr 65 (7,12,13)	1-3300-2
Rio Grande Valley Gas Co Apr 65 (11)	1-3318-2	Interstate Dept Stores Inc Apr 65 (13)	1-1117-2
Avon Products Inc Apr 65 (11,13)	1-4881-2	Pittsburgh Plate Glass Co Apr 65 (11)	1-1687-2
Bradford Speed Packaging & Development Corp, Apr 65 (11)	1-4859-2	Rice Ranch Oil Co Apr 65 (11,12)	1-1856-2
Clevite Corp Apr 65 (11)	1-857-2	Rockwell-Standard Corp Apr 65 (11)	1-4944-2
Hamilton Watch Co Apr 65 (8)	1-181-2	Bloomfield Building Industries Inc Apr 65 (2,13)	1-4608-2
Reading Co Apr 65 (3)	1-649-2	Martin-Marietta Corp Apr 65 (11,12,13)	1-4552-2
Sinclair Venezuelan Oil Co Apr 65 (11)	1-1155-2	Penna Co Apr 65 (11)	1-4954-2
U S Natural Gas Corp Apr 65 (11)	1-1537-2	Republic Corp Amend #1 to 8K for Mar 65 (3)	1-3286-2
		Union Oil Co of Calif Amend #1 to 8K for Feb 65 (13)	1-554-2

Consolidated Mortgage & Investment Corp Mar 65 (2)	1-4445-2	Interchemical Corp Apr 65 (11,13)	1-965-2
Investors Funding Corp of N Y Apr 65 (7,11,12)	1-4600-2	Ketchum & Co Inc Apr 65 (11)	1-4893-2
Midwest Oil Corp Apr 65 (11)	1-3652-2	Mc Louth Steel Corp Apr 65 (11,13)	1-4795-2
Rollins Inc Apr 65 (12)	1-4422-2	Timken Roller Bearing Co Apr 65 (4,7,13)	1-1169-2
The United Piece Dye Works Apr 65 (11)	1-4962-2	Toldeo Scale Corp Apr 65 (11,13)	1-4932-2
U S Vitamin & Pharmaceutical Corp Apr 65 (2,11)	1-3861-2	Allied Control Co Inc Apr 65 (11)	1-3830-2
Lee Natl Corp Apr 65 (2,13)	1-344-2	Fram Corp Apr 65 (11)	1-4469-2
Natl Steel Corp Apr 65 (11,13)	1-983-2	General Baking Co Apr 65 (11,13)	1-1066-2
E W Bliss Co Apr 65 (11,13)	1-3304-2	Rath Packing Co Apr 65 (3,11)	1-1285-2
Crescent Corp Mar 65 (7)	1-3425-2	A H Robins Co Inc Apr 65 (11,13)	1-5047-2
Crown Central Petroleum Corp Apr 65 (11)	1-1059-2	Nopco Chemical Co Amend #1 to 8K for Apr 65 (2,13)	1-2627-2
Globe-Wernicke Ind Inc Apr 65 (7)	1-4172-2		

O/C REGISTRATIONS REPORTED. The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "\*\*\*");

File No.	O- Registrant	Location	File No.	O- Registrant	Location
1215	All-State Credit Corp. **	Valley Stream, N.Y.	1189	Penton Publishing Co. **	Cleveland, Ohio
1327	Associated Invtrs. Secs. of La., Inc.	Baton Rouge, La.	1218	Public Service Co. of N. C. Inc. **	Gastonia, N.C.
1205	Atlantic Co. **	Atlanta, Ga.	1326	San Francisco & Oakland Helicopter Airlines, Inc.	Oakland, Cal.
1217	Brown & Sharpe Mfg. Co. **	N. Kingston, R.I.	1324	Miss. Valley Portland Cement Co. **	Jackson, Miss.
1337	Carson Pirie Scott & Co. **	Chicago, Ill.	1340	Shenandoah Tel. Co.	Edinburg, Va.
1334	Consumer Acceptance Corp.	Providence, R.I.	1333	Southern Bakeries Co.	Atlanta, Ga.
1221	Hamilton Cosco Inc. **	Columbus, Ind.	1338	T. I. M. E. Freight, Inc.	Lubbock, Tex.
1331	Heywood-Wakefield Co.	Gardner, Mass.	1323	Tudor City Ninth Unit Inc.	N. Y., N.Y.
1335	Macmillan Ring-Free Oil Co., Inc.	N. Y., N.Y.	1325	Tudor City Seventh Unit, Inc.	N. Y., N.Y.
1220	Marshall & Ilsley Bank Stock Corp. **	Milwaukee, Wisc.	1336	Universal Food Products, Inc.	Lakeland, Fla.
1328	Old National Corp.	Spokane, Wash.	1219	Waldbaum, Inc. **	Garden City, N.Y.
1339	Oregon Metallurgical Corp.	Albany, Ore.	1329	Western Acceptance Corp.	Moorhead, Minn.
1214	Ozark Air Lines Inc. **	St. Louis, Mo.	1216	Zenith Life Ins. Co. **	Chicago, Ill.
1332	Pacific Gamble Robinson Co.	Minneapolis, Minn.			

SECURITIES ACT REGISTRATIONS. Effective June 8: Minnesota Mining and Manufacturing Co., 2-23597 (July 19). Effective June 9: Aries Corp., 2-23133 (Sept 9).

NOTE TO DEALERS. The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.