

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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. 65-8-3)

FOR RELEASE August 4, 1965

**UNDERHILL SECURITIES REVOKED.** The SEC today announced a decision (Release 34-7668) revoking the broker-dealer registration of Underhill Securities Corporation, 19 Rector St., New York City, for violations of the anti-fraud provisions of the Federal securities laws in the 1962 sale of common stock of American Micro Devices, Inc. ("AMD"). Underhill's request to withdraw from registration was denied. The Commission also ruled that the following were each a cause of the revocation order: Harold D. Levine, Bernard Kushin, Leonard Raymond, Ivan Israel, Jack Finn, Sebastian P. Fortugno, Lewis Smithken and Harry Kissen.

Underhill and Levine, its president and principal stockholder, admitted the violations and consented to the Commission's order. Kushin, Underhill's general manager, and the other respondents, who were its salesmen, appeared at the hearing (except Kissen). However, only Smithken and Raymond filed exceptions to the recommendation of the hearing examiner that Underhill's registration be revoked and that each of the individual respondents be found a cause of such revocation.

AMD made a registered public offering of 1,500,000 common shares in March 1962 at \$1.15 per share. Underhill was a member of the selling group. In subsequent trading operations, Underhill purchased over 100,000 shares of AMD stock, mostly from other broker-dealers, and resold about the same amount to public investors at prices ranging from 65¢ to \$1 per share. The Commission ruled that Underhill and the individual respondents made false and misleading statements in the sale of AMD stock, particularly with reference to AMD's financial condition, its contracts and future prospects, and an anticipated increase in the market price of the stock. The offer and sale of the stock was made, the Commission stated, by means of widespread public advertising and a "high-pressure" telephone solicitation and selling effort. In addition to favorable comparisons with IBM, Fairchild Camera, and Polaroid, predictions were made that AMD stock would double or triple within a short period.

Additional violations included representations that AMD stock had been "approved" by the Commission; the mailing of confirmations to persons who had not ordered the stock; and sales of AMD stock at "excessive mark-ups" over Underhill's cost (the mark-ups in 43 transactions ranged from 17.6% to 42.9%).

The Commission rejected various arguments and contentions of Raymond and Smithken, including the arguments that they were improperly compelled to become parties to the administrative proceedings and the Commission had no jurisdiction over them, and that proof of violations beyond a reasonable doubt was necessary in penal proceedings.

**JOHN DESBROW SUSPENDED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7670) suspending John Desbrow, of Glendale, Calif., from association with any broker-dealer firm for 45 days, commencing August 4th. The action was based upon a stipulation and consent filed by Desbrow in administrative proceedings involving the firm with which he was formerly associated, Century Securities Company, of Beverly Hills.

Based on the charges set forth in the order for proceedings, the offer of settlement and the stipulated facts, the Commission ruled that Desbrow in 1963 offered and sold common stock of Jayark Films Corporation in violation of the anti-fraud provisions of the Exchange Act. According to the decision, Desbrow represented to customers that Jayark's acquisition of large motion picture libraries for showing on television was imminent, and he predicted that the price of Jayark stock would rise to \$10 or at least \$10 per share (from a range of \$5.50 to \$7.75 per share at the time of the predictions) when the acquisition was effected or within three or four months. He failed to disclose that Jayark was operating at a loss, had a constantly increasing deficit and was unable to make substantial film acquisitions, and that there was no independent market for Jayark stock.

Various considerations were urged by Desbrow in mitigation, including the fact that he was employed by Century for only five months and that he terminated his employment because he became dissatisfied with Century's operations and advised his customers to sell their Jayark stock and buy more seasoned securities. He further undertook to adhere to the highest standards of conduct in his future dealings with investors. The Commission's findings do not apply to Century or to seven other individual respondents. The hearing with respect to them is scheduled for August 9th in the SEC Los Angeles Branch Office.)

**JERSEY CENTRAL P&L RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 34-15288) authorizing Jersey Central Power & Light Company, Morristown, N. J., to sell to The First National Bank of Morristown (a non-affiliate), approximately 0.12 acres of land and a 3-story office building located at 18-20 South St., Morristown, for a cash consideration of \$150,101.

**ALLIED FARM EQUIPMENT SEEKS ORDER.** The SEC has issued an order under the Securities Exchange Act giving interested persons until August 30, 1965, to request a hearing upon an application of Allied Farm Equipment, Inc. (Allied), 35 E. Wacker Dr., Chicago, Ill. The application requests that the following subsidiaries of Allied be exempted from the reporting requirements of the Act: Alco Equipment Ltd., Allied Farm Equipment Ltd., Falcon Equipment Co. Ltd., Fleury-Bissell Implements Ltd., Grain Belt Farm Equipment Ltd., Northwest Farm Equipment Ltd., Que-Mar Equipment Ltd., Reeves Distributing Co., Reliable Farm Specialties Ltd., The Melvin-Thompson Co. Ltd., and WRH Co., Inc.

OVER

Allied proposed the public offering of \$1,500,000 principal amount of its 6% convertible subordinated debentures (due 1980) and 180,000 shares of its Class A stock in a registration statement which became effective on March 3, 1965. The debentures were guaranteed by each of the said subsidiaries and each signed the registration statement as an issuer. Thus, each was required to comply with the reporting provisions of Section 15(d) of the Act. The application states that the filing of reports by each of the subsidiaries would be unduly burdensome and would cause substantial unwarranted expense. Allied will file financial statements which will include the operations of each subsidiary on a consolidated basis.

HARDAN LIQUIDATING SEEKS EXEMPTION ORDER. The SEC issued an order under the Securities Exchange Act giving interested persons until August 30, 1965, to request a hearing upon an application of Hardan Liquidating Co. (formerly Bloomfield Industries, Inc.), 4546 W. 47th St., Chicago, Ill., for exemption from the reporting requirements of Section 15(d) of the Act. According to the application, Hardan stockholders approved the transfer of substantially all of the company's assets to Beatrice Foods Co., in exchange for common stock of Beatrice and its assumption of substantially all of the company's liabilities. The transfer of assets was consummated on December 15, 1964. The company has not conducted any business operations since that date.

CONTINENTAL VENDING TRADING BAN CONTINUED. The SEC has issued an order suspending trading in securities of Continental Vending Machine Corporation for a further ten-day period, August 5-14, 1965, inclusive.

DENNY'S RESTAURANTS FILES FOR OFFERING AND SECONDARY. Denny's Restaurants, Inc., 14256 E. Firestone Blvd., La Mirada, Calif., filed a registration statement (File 2-23890) with the SEC on August 3 seeking registration of 125,000 shares of common stock. Of this stock, 75,548 shares are to be offered for public sale by the company and 49,452 shares (being outstanding stock) by the present holders thereof. Dempsey-Tegeler & Co., Inc., 1000 Locust St., St. Louis, Mo. 63101, is listed as the principal underwriter. The public offering price (\$28 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, management and operation of Denny's restaurants. Net proceeds from its sale of additional stock will be added to working capital and may be used to expand the company's operations. In addition to indebtedness, the company has outstanding 704,452 common shares, of which management officials own 71.3%. The prospectus lists two selling stockholders, as follows: Harold Butler (president) and Edward C. Field (executive vice president), each offering 24,726 of his holdings of 246,503 common shares.

FOUNDERS LIFE OF FLA. FILES EXCHANGE PROPOSAL. Founders Life Assurance Company of Florida, Founders Life Bldg., Tampa, Fla., filed a registration statement (File 2-23891) with the SEC on August 3 seeking registration of 566,943 shares of common stock. The stock is to be offered in exchange for the outstanding common stock of Equity Life Insurance Company, at the rate of 3 company shares for each 2 of the 377,961 outstanding common shares of Equity Life. According to the prospectus, the exchange offer will be declared effective if 67% of Equity Life's outstanding stock is deposited for exchange; however, it is the company's present intention to keep the offer open until a minimum of 80% of such stock is tendered pursuant to the exchange proposal. The registration statement also includes 98,767 common shares to be reserved for issuance upon exercise of stock options.

Organized under Florida law in 1963, the company is engaged in writing life insurance and accident and health insurance. Equity Life, an Alabama corporation, writes the same types of insurance. The company has outstanding 1,001,233 common shares, of which management officials own approximately 16%. Loper B. Lowry is board chairman of the company and C. W. Thaxton is president.

AMERICAN PHOTOCOPY FILES STOCK PLAN. American Photocopy Equipment Company, 2100 W. Dempster St., Evanston, Ill., filed a registration statement (File 2-23892) with the SEC on August 2 seeking registration of 150,000 shares of common stock, to be offered pursuant to the company's 1964 Qualified Stock Option Plan.

CHRYSLER FILES STOCK PLAN. Chrysler Corporation, 341 Massachusetts Ave., Highland Park, Mich., filed a registration statement (File 2-23893) with the SEC on August 2 seeking registration of 365,560 shares of common stock, to be offered under its Stock Option Plan for Salaried Officers and Key Employees.

SECURITIES ACT REGISTRATIONS. Effective August 4: General Mills, Inc., 2-23832 (Sept 14); Leasco Data Processing Equipment Corp., 2-23791 (90 days).  
Withdrawn August 3: Camerina Petroleum Corp., 2-23169.

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.

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