

# 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 October 25, 1965

**G. H. MUSEKAMP & CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7728) revoking the broker-dealer registration of G. H. Musekamp & Co., 41 E. Fourth St., Cincinnati, for violations of the net capital, record-keeping, and other provisions of the Federal securities laws. George H. Musekamp, III, president and majority stockholder, was found to be a cause of the revocation order.

According to the decision, the firm, aided and abetted by Musekamp, engaged in the securities business in 1963 and 1964 while insolvent and in non-compliance with the Commission's net capital rules, and violated the SEC hypothecation and record-keeping rules. By a March 1964 Federal court order, the firm and Musekamp were permanently enjoined from violating the anti-fraud provisions of the Federal securities laws. After the institution of the injunction action, the firm decided to dissolve and a liquidator was appointed to wind up its affairs. The Commission concluded that under all the circumstances, including the facts that Musekamp had, as far as the record shows, seven unblemished years as a securities salesman with an established firm and that he had advanced \$97,500 to the firm's liquidator to help satisfy its obligations, it is not necessary to bar Musekamp from being employed as a securities salesman, provided a satisfactory showing is made that he will receive adequate supervision and will not be given discretionary authority over nor be permitted to handle or have access to customers' funds or securities.

**ZIONS UTAH BANCORPORATION SEEKS ORDER.** Zions Utah Bancorporation (previously known as Zions First National Investment Co.), Salt Lake City, Utah, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined in the Act; and the Commission has issued an order (Release IC-4384) giving interested persons until November 10 to request a hearing thereon. According to the application, the company is primarily engaged in the banking business through the Zions First National Bank, which is now a majority-owned subsidiary. The only change contemplated in the company's business will result from its proposed acquisition of all of the assets of Lockhart Corporation, a Nevada corporation, in exchange for shares of the company's capital stock. Lockhart is a holding company which is principally engaged through wholly-owned subsidiaries in the industrial loan and consumer finance business in Utah and Colorado, in the savings and loan business in Utah, and in equipment leasing in Utah. On September 22, applicant's stockholders approved a change in its business to cease being an investment company under the Investment Company Act and to authorize it to be principally engaged through majority-owned and wholly-owned subsidiaries in the banking, finance, savings and loan, and related businesses.

**MANAGEMENT ASSISTANCE FILES STOCK PLAN.** Management Assistance Inc., 300 E. 44th St., New York 10017, filed a registration statement (File 2-24144) with the SEC on October 22 seeking registration of 170,000 shares of common stock, to be offered pursuant to the company's Restricted Stock Options and its 1964 and 1965 Qualified Stock Option Plans.

**TECHNOLOGY INC. PROPOSES OFFERING.** Technology Incorporated, 7400 Colonel Glenn Highway, Dayton, Ohio, 45431, filed a registration statement (File 2-24141) with the SEC on October 22 seeking registration of 95,000 shares of common stock, to be offered for public sale at \$12.50 per share. The offering is to be made through underwriters headed by Ball, Burge & Kraus, 1414 Union Commerce Bldg., Cleveland, Ohio, the underwriting terms to be supplied by amendment.

The company is engaged primarily in the development and analysis of scientific data in the aircraft, missile, space exploration and biomedical fields for agencies of the Federal Government. Net proceeds from its stock sale will be used to diversify the company's activities and for working capital. In addition to indebtedness, the company has outstanding 216,000 common shares, of which management officials own 70.97% (including 40.56% owned by Maurice F. Krug, president).

**CONSTITUTION EXCHANGE FUND FILES PROPOSAL.** Constitution Exchange Fund, Inc., 50 Congress St., Boston, Mass. 02109, filed a registration statement (File 2-24143) with the SEC on October 22 seeking registration of 600,000 shares of common stock. The stock is to be offered in exchange for certain "acceptable securities" on the basis of one Fund share for each \$50 of market value of securities received by the Fund, after deducting from such value a maximum sales charge of 4%. A. G. Becker & Co. Inc., 60 Broad St., New York, is listed as the dealer manager.

Organized under Massachusetts law in October 1965, the Fund is a diversified open-end investment company seeking "possible long-term growth of capital and income." Its investment adviser is Keystone Custodian Funds, Inc., which purchased all of the Fund's outstanding stock (2,000 common shares) for \$100,000. Wilfred Godfrey is president of the Fund and is board chairman and president of the investment adviser.

**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 "\*\*"):

OVER

File No. O- Registrant	Location
1795 Atlantic Utilities Corp. **	Opa Locka, Fla.
1792 First Colonial Corp. of Amer.	Baton Rouge, La.
1796 Investment Corp of Fla.**	Fort Lauderdale, Fla.
1791 Liberty Real Estate Trust **	Oklahoma City, Okla.
1793 National Brands, Inc.	Detroit, Mich.
1797 North American Finance Co.**	Clayton, Missouri
1798 Peter Paul, Inc.	Naugatuck, Conn.
1800 Platte Valley Packing Co.	Cozad, Nebraska
1790 Russell Mills, Inc.**	Alexander City, Ala.
1794 St. Paul Ammonia Products, Inc.	St. Paul, Minn.
1799 Select Theatres Corp.	New York, New York

MECHANICS FINANCE OFFERING PROPOSAL SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of 7% debentures by Mechanics Finance Co., 586 Newark Ave., Jersey City, N. J. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed June 11, 1964, Mechanics Finance proposed the public offering of \$250,000 principal amount of 7% debentures, due 1989. The Commission asserts in its suspension order that it has reasonable cause to believe that the company failed to comply with certain terms and conditions of Regulation A and that its offering circular was false and misleading in respect of certain material facts. The alleged misrepresentations relate particularly to the failure to disclose a prior and continuing offering of debentures due 1985.

ATLANTIC RESEARCH REGISTRATION CLEARED. The SEC has issued an order under the Securities Act of 1933 declaring effective as of this date an amended registration statement filed by Atlantic Research Corporation (ARC), of Alexandria, Va.

The Commission also lifted its stop order of December 6, 1963, which suspended the effectiveness of the ARC statement (File 2-20627), filed July 31, 1962. The stop order was based upon Commission findings that various informational disclosures contained in the company's registration statement and prospectus were materially defective. The deficiencies related not only to the company's financial statements but disclosures with respect to the following: Description of the company's business description of the company's stock in view of certain activities affecting the market for its stock, transactions by ARC in which certain management officials had a direct or indirect interest, potential disallowance of contract-cost recoveries, and estimated federal income taxes.

Subsequently, commencing on June 30, 1964, various amendments were filed by ARC seeking to correct the deficiencies in its registration statement and prospectus, as found by the Commission, the last such amendment having been filed on October 18, 1965. The Commission has determined that the statement has now been corrected in accordance with its stop order decision and has lifted the stop order.

The statement, as now amended, covers a total of 659,162 outstanding shares of ARC common stock. Of this stock, according to the prospectus, 258,162 may be offered for sale from time to time over the American and Philadelphia-Baltimore-Washington Stock Exchanges (at the price prevailing at the time of a particular sale). The holders of these shares include American Potash & Chemical Corporation, Atomics, Physics & Science Fund, Inc., and Television-Electronics Fund, Inc., who propose to sell (subject to the outcome of certain litigation), all of their holdings of 29,000, 50,000 and 115,000, respectively. In addition, 20,570 of 421,570 shares held by Arch C. Scurlock, a director and former board chairman, as well as 43,592 of 68,360 shares held by the Sloane Manufacturing Company (a partnership), also may be offered for sale on the said Exchanges.

Also included in the statement are the remaining 401,000 shares owned by Scurlock, which are part of a total of 421,000 shares pledged or subject to liens securing certain of his indebtedness. This indebtedness includes his obligation to the company on certain notes in an aggregate principal amount of \$500,000 secured, in part, by the assignment of his equity in 417,000 shares.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended October 21, 1965, 20 registration statements were filed, 24 became effective, 2 were withdrawn, and 290 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective October 5: Israel Development Corp., 2-23883 (40 days) (inadvertently omitted from News Digest of October 5).

Effective October 22: Financial General Corp., 2-23789; Interstate Bakeries Corp., 2-23886 (Dec 6).

Effective October 25: Atlantic Research Corp., 2-20627 (40 days).

NOTE TO DEALERS. 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.