

SECURITIES AND EXCHANGE COMMISSION 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. 66-153)

FOR RELEASE August 11, 1966

VIOLATIONS FOUND IN SALE OF AG. RESEARCH STOCK. The SEC has issued its final decision (Release 34-7932) in proceedings under the Securities Exchange Act involving the 1960-61 sale of stock of Agricultural Research Development, Inc., by R. Baruch and Company (of Washington, D. C.) and others. Baruch's registration as a broker-dealer was revoked by Commission order of September 11, 1963. In today's decision, the Commission found that Eugene Tucker violated the Securities Act anti-fraud provisions in the sale of ARD stock and that he was a cause of the Baruch revocation order.

The Commission also ruled that John Meslovich violated the Securities Act registration provisions in the sale of ARD stock, and that he also aided and abetted violations of Rule 10b-6 which proscribes bids for a security while distributing such security. Meslovich was then employed in A. T. Brod & Company's Washington office (Brod & Co. was suspended from NASD membership for 40 days in 1963). However, because of certain mitigating circumstances, the Commission concluded that the public interest does not require that he be completely barred from the securities business but that he might be employed in the securities business in a non-managerial capacity upon an appropriate showing that such employment will be adequately supervised.

The Commission found that the activities of Bernard Hammett, an attorney, "played an important part" in the distribution of ARD stock by Eugene Petersen, a controlling person, in violation of the Securities Act registration requirement. However, there was no indication that Hammett has any present intention to engage in the securities business and the Commission ordered the discontinuance of the proceedings against him.

The Commission cancelled the broker-dealer registrations of Fairfax Investment Corporation and Seraphim & Company, Inc. They were named as respondents by reason of an alleged association with them of individual respondents charged with securities violations in their transactions in ARD stock while associated with Baruch & Brod. Neither appeared in the proceedings to answer the charges. The hearing examiner found that both were out of business and that there was no evidence that any effort was being or would be made to reactivate them.

ADVISERS REPORTING RULE ADOPTED. The SEC today announced the adoption of an amendment to Rule 204-2 under the Investment Advisers Act (Release IA-203) to require investment advisers to maintain records containing specified information concerning securities transactions in which they or any advisory representatives have a beneficial interest. The amendment, to be effective October 1, 1966, requires the maintenance of a record of every securities transaction in which the adviser or any advisory representative has any direct or indirect beneficial interest, except (i) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and (ii) transactions in securities which are direct obligations of the United States.

ENGINEERED ROYALTIES SEEKS ORDER. Engineered Royalties, Inc., Newport Beach, Calif., registered closed-end non-diversified investment company, has applied to the SEC for an order authorizing it to acquire from Edmund C. Pratt, for \$100,000, one-half of his interest in a royalty related to a patented home fire alarm, and to pay Pratt \$5,000 for certain rights in other royalties; and the Commission has issued an order (Release IC-4674) giving interested persons until August 31 to request a hearing thereon. Section 17 of the Act makes it unlawful for Pratt, a promoter of applicant, to sell securities or other property to the applicant unless the Commission exempts the transaction from such prohibition.

AMP FILES FOR SECONDARY. AMP Incorporated, Harrisburg, Pa., 17105, filed a registration statement (File 2-25379) with the SEC on August 8 seeking registration of 200,000 outstanding shares of common stock. Each certificate for AMP stock bears an endorsement evidencing that it also represents a proportionate interest in the stock of Pamcor, Inc., San Juan, Puerto Rico; and 641-8/312 shares of Pamcor stock (of 20,000 shares outstanding) are included in the registration statement. The present holders propose to offer the AMP stock for public sale through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., and Blyth & Co., Inc., 14 Wall St., both of New York 10005. The public offering price (\$58.125 per share maximum*) and underwriting terms are to be supplied by amendment.

AMP is engaged in designing and producing solderless electrical terminals, splices, connectors and application tooling to pressure-crimp these devices to electric wires. It also manufactures programming systems, capacitor products and other electronic components. Pamcor is an AMP affiliate formed to manufacture AMP products in Puerto Rico under license from AMP. In addition to indebtedness, AMP has outstanding 6,240,000 common shares, of which management officials own 11.26%. The prospectus lists the AMP selling stockholders, as follows: Midland Investment Co., offering 170,040 of 1,307,592 shares held, and U. A. Whitaker (AMP board chairman), 29,960 of 552,170. S. S. Auchincloss is president.

JERSEY CENTRAL P&L PROPOSES OFFERING. Jersey Central Power & Light Company, Madison Avenue at Punch Bowl Rd., Morristown, N. J., filed a registration statement (File 2-25390) with the SEC on August 10 seeking registration of \$15,000,000 of debentures, due 1991, to be offered for public sale at competitive bidding. A subsidiary of General Public Utilities Corporation, the company will apply \$13,707,650 of the net proceeds of its debenture sale to its 1966 construction program, estimated to cost \$73,600,000. The balance of the proceeds will be used in connection with certain sinking fund obligations.

OVER

GOVERNMENT EMPLOYEES FINANCIAL PROPOSES RIGHTS OFFERING. Government Employees Financial Corporation, 41 E. Colfax Ave., Denver, Colo. 80202, filed a registration statement (File 2-25393) with the SEC on August 10 seeking registration of \$2,023,400 of convertible capital debentures (due 1981). The debentures are to be offered for subscription by common stockholders at the rate of \$50 principal amount of debentures for each 15 shares held on September 26. The subscription price is 100% of the principal amount. Any unsubscribed debentures are to be offered for public sale through underwriters headed by Johnston, Lemon & Co., 900 Southern Bldg., Washington, D. C. 20005. The interest rate and underwriting terms are to be supplied by amendment.

Organized under Colorado law in 1962, the company engages in the business of making unsecured personal loans. Its principal source of loan business is the clientele of the companies in the Government Employees Group (Government Employees Insurance Co., Government Employees Life Insurance Co., Government Employees Corp., and Criterion Insurance Co.) and military personnel. Net proceeds of the company's debenture sale will be used to finance its expanding business operations. In addition to indebtedness, it has outstanding 607,000 common shares, of which management officials own 32.38% (including 15.8% owned by Leo Goodwin, Jr., founder chairman). Lorimer A. Davidson is board chairman and Raymond F. Rodgers is president.

NEUWIRTH FUND PROPOSES OFFERING. Neuwirth Fund, Inc., 49 Robin Court, Middletown, N. J., filed a registration statement (File 2-25392) with the SEC on August 10 seeking registration of 200,000 shares of common stock, to be offered for public sale at net asset value.

Organized under Delaware law in March 1966, the Fund is an open-end diversified management investment company whose investment objective is "long term capital appreciation." It has issued 20,000 common shares for \$100,000. Neuwirth Management and Research Co. is the Fund's investment adviser. Henry Neuwirth who is president of the Fund is also president and sole stockholder of the investment adviser.

BURLINGTON INDUSTRIES PROPOSES DEBENTURE OFFERING. Burlington Industries, Inc., 301 N. Eugene St., Greensboro, N. C. 27402, filed a registration statement (File 2-25394) with the SEC on August 10 seeking registration of \$40,000,000 of convertible subordinated debentures (due 1991). The debentures are to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Pl., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company produces textile mill products. It will use the net proceeds of its debenture sale to reduce short-term borrowings, for its capital improvement and expansion program (capital expenditures are estimated to be \$160,000,000 in 1966) and for increased working capital requirements. In addition to indebtedness, the company has outstanding 25,222,945 common shares, of which management officials own 2.58% and Wachovia Bank and Trust Co., as trustee for the Profit Sharing Plan of Burlington Industries, Inc., holds 10.48%. Henry E. Rauch is board chairman and Charles F. Myers, Jr., is president.

SECURITIES ACT REGISTRATIONS. Effective August 10: Deluxe Check Printers, Inc., 2-25361; Puritan Fashions Corp., 2-25073 (Sept 20).

Effective August 11: Club Santa Lucia, Inc., Club Santa Lucia, Ltd., 2-24566 (90 days); Louisville Downs, Inc., 2-25263 (90 days); Michigan Association of the Professions, 2-24181 (90 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.

*As estimated for purposes of computing the registration fee.

---0000000---