

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 64-5-4)

FOR RELEASE May 6, 1964

**R. MOORE & CO. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7307) revoking the broker-dealer registration of Raymond Moore & Co., 9465 Wilshire Blvd., Beverly Hills, Calif., for violating the anti-fraud and other provisions of the said Act. Raymond C. Moore, president of the said "registrant," was found to be a cause of the revocation order. According to the decision, registrant hypothecated securities carried for the accounts of customers under circumstances that permitted commingling of customers' securities without obtaining the consent of each of the customers to such hypothecation, and under circumstances that permitted the claim of the pledgee to exceed the aggregate indebtedness of all its customers in respect of securities carried for their accounts. Registrant also violated the SEC net capital rule and failed to maintain required books and records and failed to file a report of financial condition as of a date within the calendar year 1962. In June 1962, registrant and Moore were enjoined (USDC SD Cal.) from further violating the SEC net capital rule.

**COURT ENJOINS FUND INVESTMENTS.** The SEC Atlanta Regional Office announced May 1st (LR-2913) the entry of a Federal court order (USDC WD N.Car.) permanently enjoining Fund Investments, Inc., of Charlotte, N. Car., Sister Perfection, its president, and Marjorie G. Hugo, secretary-treasurer, from violating the SEC net capital rule. A similar injunction decree was issued (USDC, MD Fla.) against Fund Investments, Inc., of Florida and the two individuals (as president and secretary-treasurer, respectively). The defendants in both actions consented to the court orders.

**COURT DIRECTS RESPONSE TO SUBPOENAS.** The SEC Denver Regional Office announced May 1st (LR-2914) the entry of a Federal court order (USDC S.Dak.) directing compliance with Commission subpoenas calling for the production of certain books and records by Midland Trust, Inc., Midland Basic, Inc., Midland Security, Inc., Donald P. Sandidge, Phyllis J. Sandidge, William Hofeling, Clifford G. Jacobs, William H. Clapper, all of Sioux Falls, S. Dak., and Isaac P. Tieszen of Marion, S. Dak. The respondents consented to the court order.

**ALABAMA POWER ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15065) authorizing the Alabama Power Company, Birmingham, Ala., to issue and sell at competitive bidding \$29,000,000 of first mortgage bonds due 1994 and 60,000 shares of \$100 par preferred stock. Net proceeds from the sale of the securities (together with other available funds) will be used for property additions and improvements, for the payment of short-term bank loans made for such purposes, and for other purposes.

**MAGNA MANAGEMENT FILES FOR OFFERING.** Magna Management Company (the "General Partner"), 1000 Mercantile Continental Bldg., Dallas, Texas, filed a registration statement (File 2-22391) with the SEC on May 4 seeking registration of \$3,600,000 of interests in two Limited Partnerships, Magna 1965-A Explorations, Ltd., (to be formed by January 1965) and Magna 1965-B Explorations, Ltd., (to be formed by July 1, 1965). Partnership interests will be offered for public sale in multiples of \$5,000 (aggregating a maximum of \$1,800,000 for each Partnership), the offering to be made by officers and employees of the General Partner. In addition to being reimbursed from the Limited Partnerships for expenses, the General Partner will also receive (a) management fees of 10% of all subscriptions and 5% of all amounts expended for development and producing operations, and (b) a 25% interest in all property acquired by the Partnerships. The only contribution to the Limited Partnerships required from the General Partner will be its 25% share of funds for Development and Producing Operations. The offer is conditional, and unless subscriptions to either Limited Partnership aggregating \$600,000 are received, all subscriptions will be refunded in full.

Organized under Delaware law in April, the General Partner is a wholly owned subsidiary of Magna Oil Corporation and, through the Limited Partnerships, proposes to engage in oil and gas exploration and development (principally in Texas and Louisiana). G. B. Howell is listed as board chairman of the General Partner and W. G. Holloway, Jr., as president. Howell is also president of Magna Oil and Holloway is a director.

**NUVEEN TAX-EXEMPT FUND FILES.** John Nuveen & Co., 135 S. LaSalle St., Chicago, Ill., depositor and sponsor of Nuveen Tax-Exempt Bond Fund, Series 7, filed a registration statement (File 2-22392) with the SEC on May 4 seeking registration of 200,000 units of participating interest in the said Fund. The sponsor has deposited with the Fund trustee \$20,000,000 of state, county, municipal and other securities considered to be "exempt from all Federal Income Taxes under existing law." Each unit represents a fractional undivided interest in the principal and net income of the Fund in the ratio of 10 units for each \$1,000 par value of securities initially deposited. The registration statement also includes additional units which might be reacquired by the depositor and offered for resale.

**KLEIN STORES FILES FOR DEBENTURE OFFERING.** S. Klein Department Stores, Inc., 6 Union Square, New York, filed a registration statement (File 2-22394) with the SEC on May 5 seeking registration of \$3,500,000 of 5-3/4% convertible subordinated debentures (due 1979), to be offered for public sale at 100% of principal amount. The offering will be made through an underwriting group headed by Emanuel, Deetjen & Co., 120 Broadway, New York, which will receive a 5% commission.

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The company operates eight full-line department stores; and two new stores are under construction and are expected to open in the fall of 1964 and spring of 1965. Net proceeds from its debenture sale will be used for carrying additional inventory and other increased working capital requirements resulting from the company's expansion program. In addition to indebtedness, the company has outstanding 1,126,778 shares of common stock, of which management officials as a group own 20.4% (including 12% owned by Hyman P. Kuchai, board chairman). Philip S. Harris is listed as president.

**NORTHERN INSURANCE (NY) SEEKS EXEMPTION.** Northern Insurance Company of New York, 83 Maiden Lane, New York City, has made application to the SEC pursuant to provisions of the Securities Exchange Act of 1934, for exemption from the periodic reporting requirements of that Act. The Commission has issued an order giving interested persons until June 3, 1964 to request a hearing upon the application.

According to the application, Maryland Casualty Company owns 779,429 shares of Northern's outstanding common stock; and the remaining 2,226 shares are held by 12 other record holders. Northern's financial statements are consolidated with those of Maryland Casualty and are furnished to Northern's shareholders.

**FIVE FUNDS, OTHERS ENJOINED.** The SEC Denver Regional Office announced May 1st (LR-2915) the entry of a Federal court order (USDC, S.Dak.), to which the defendants consented, preliminarily enjoined violations of the anti-fraud provisions of the Federal securities laws in the sale of fund shares by First Consolidated Investment Fund, Second Consolidated Investment Fund, Third Consolidated Investment Fund, Fourth Consolidated Investment Fund, Fifth Consolidated Investment Fund, Investors Brokerage Company, Donavon B. Sondreal, Paul R. Christen, F. D. Randall, Philip G. Christen and Consolidated Investment Trusts, of Huron and Mitchell, S. Dak.

**AMERICA AND ISRAEL GROWTH FUND PROPOSES OFFERING.** America and Israel Growth Fund, Inc., 54 Wall St., New York, filed a registration statement (File 2-22393) with the SEC on May 5 seeking registration of 200,000 shares of capital stock, to be offered for public sale at net asset value, plus a maximum sales charge of 8½% (\$12 per share maximum\*). The shares may be paid for in cash or State of Israel bonds of the Independence or Development issue. Brager & Co. is listed as distributor of the shares.

The Fund was organized under Maryland law in January 1964 and is a diversified management investment company of the open-end type. It will seek "to provide a medium for investment in a diversified portfolio of equity securities of both American and Israeli enterprises selected primarily with the objective of growth and capital appreciation and with only secondary emphasis placed upon dividend or interest income." The Fund presently has outstanding 10,000 shares, which were purchased at \$10 per share. Its investment adviser is America and Israel Management Corporation, all of the capital stock of which is owned by Brager & Co. Harry E. Brager (president of the Fund) owns 25% of the voting stock of Brager & Co. Three of the officers of the investment adviser also serve as Fund officials. To assist in the performance of its advisory functions, the investment adviser has entered into an agreement with Hayden, Stone Incorporated, which will furnish advice from time to time.

**SECURITIES ACT REGISTRATIONS.** Effective May 5: Berkey Photo, Inc. (File 2-22259); California Interstate Telephone Co. (File 2-22185); Laymen Life Insurance Co. (File 2-22132); Ramada Inns, Inc. (File 2-22226). Effective May 6: Alabama Power Co. (File 2-22308); Brown & Sharpe Manufacturing Co. (File 2-22160); Republic of Finland (File 2-22333); Virginia Electric and Power Co. (File 2-22258). Withdrawn May 5: American Independent Life Insurance Co. (File 2-21337); The Gillette Co. (File Nos. 2-20247 and 21204).

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

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FOR RELEASE May 6, 1964 (Supplement)

**COMMUNICATIONS SATELLITE FILES.** Communications Satellite Corporation, 3029 Klingle Road, N. W., Washington, D. C., today filed a registration statement (File 2-22400) with the SEC, seeking registration of 10 million shares of common stock, to be offered for sale at \$20.00 a share. One-half of the issue (5 million shares) is to be offered for subscription by communications common carriers authorized by the Federal Communications Commission to own stock of the Corporation. The remaining 5 million shares (plus any shares not subscribed for by the carriers) will be underwritten and offered by the underwriters to the general public. The underwriting commission will be supplied by amendment. There will be 11 managing underwriters of the public offering, as follows:

Merrill Lynch, Pierce, Fenner & Smith Inc.  
70 Pine Street, New York City  
Blyth & Co., Inc., 14 Wall Street, New York City  
The First Boston Corporation  
20 Exchange Place, New York City  
Kidder, Peabody & Co. Inc.  
20 Exchange Place, New York City  
Kuhn, Loeb & Co. Inc., 30 Wall Street, New York City  
Lazard Freres & Co., 44 Wall Street, New York City

Lehman Brothers, One William Street, New York City  
Carl M. Loeb, Rhoades & Co.  
42 Wall Street, New York City  
Paine, Webber, Jackson & Curtis  
25 Broad Street, New York City  
White, Weld & Co. Incorporated  
20 Broad Street, New York City  
Dean Witter & Co.  
45 Montgomery Street, San Francisco, Calif.

The underwriters have agreed to use their best efforts to offer the common stock in a manner to encourage the widest distribution to the American public. It is anticipated that approximately 350 other underwriters, and upwards of 700 securities dealers covering all of the 50 states, will participate.

The underwriters and dealers are not required to accept or fill any orders received. In the proposed purchase contract the underwriters agree, in making sales to persons other than dealers, to limit the number of shares which may be sold to any purchaser and to require each dealer to enter into an agreement to the same effect covering the shares sold by such dealer. Before selling in excess of 100 shares to any purchaser, each underwriter or dealer must first offer any such excess shares back to the managing underwriters for re-distribution through other dealers.

The Corporation was organized under the Communications Satellite Act of 1962 to establish a global commercial communications satellite system. The Corporation is not a governmental agency and the United States Government has not guaranteed funds invested in the stock of the Corporation, the payment of dividends on shares of such stock or the profitability of the venture. It is anticipated that the satellites will be launched and operated as a joint venture, with foreign governments and telecommunications entities in foreign countries participating and sharing in the costs. Discussions with foreign groups, whose participation is necessary to the establishment of the system, are presently being conducted, but no arrangements have yet been made.

The Corporation plans to conduct experiments and limited operations by means of a satellite to be launched in mid-1965. Experimental communications satellites have been placed in orbit and operated in programs conducted by the United States Government and private United States firms (other than the Corporation); but the establishment of a communications satellite system, capable of providing commercially useful service, has never before been attempted. It is estimated that the system will not be in full operation before the latter part of 1967. However, in view of the risks of the venture, the program may be delayed for extended periods beyond the estimated period and the Corporation may operate at a loss for an indefinite period after full system operations are achieved.

Net proceeds to be received by the Corporation from its stock sale will be used in part to repay existing indebtedness; and the remainder will be applied to carrying forward the program of establishing a global commercial communications satellite system. The Corporation anticipates that such proceeds (plus certain additional funds) will provide an amount sufficient to pay substantially all presently estimated costs of establishing the system. However, in view of the risks associated with and possible changes in the program, actual costs may considerably exceed present estimates.

The Corporation's board of directors now consists of the initial incorporators appointed by the President of the United States. Leo D. Welch serves as Board Chairman and Joseph V. Charyk as President. This board will be replaced at the first annual meeting of stockholders by 6 members to be elected by public stockholders and 6 by the carrier stockholders and 3 to be appointed by the President of the United States.

[The Corporation advises that the preliminary prospectus will be available shortly from the participating underwriters and dealers, and that indications of interest or offers to buy the security may be made to such underwriters and dealers. No offer to buy the securities can be accepted and no part of the purchase price can be received until the registration statement has become effective, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to notice of its acceptance given after the effective date. The Corporation expects that the registration statement will not become effective before June.]