

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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**LORAL ELECTRONICS FILES FOR SECONDARY.** Loral Electronics Corporation, 825 Bronx River Ave., New York, filed a registration statement (File 2-21575) with the SEC on July 12 seeking registration of 71,178 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time on the New York Stock Exchange at prices prevailing at the time of sale (maximum \$16 per share\*). The statement also includes 5,200 shares underlying warrants assumed by the company in connection with its acquisition in 1963 of A & M Instrument, Inc., entitling the holder to purchase one company share at \$8.749 for each 2.6 shares of A & M covered by the warrants owned by him.

The company is engaged in the research, development, production and distribution of electronic military products, electronic components and plastic products. In addition to certain indebtedness, the company has outstanding 2,444,765 shares of common stock, of which Leon Alpert, board chairman and president, and William Lorenz, executive vice president, own 15.5% and 11.4%, respectively. The 71,178 outstanding shares were acquired from the company in connection with its acquisition in 1961 of American Beryllium Company, Inc. and are proposed to be offered by O. F. Quartullo (59,859 shares), Amelia Dal Negro (5,660 shares) and Joseph Dal Negro (5,659 shares).

**SOUTHERN INDUSTRIES FILES STOCK PLAN.** Southern Industries Corporation, 61 St. Joseph St., Mobile, Ala., filed a registration statement (File 2-21576) with the SEC on July 12 seeking registration of 119,600 shares of common stock, to be offered pursuant to its Employee Stock Option Plan.

**ROLLINS BROADCASTING FILES FOR SECONDARY.** Rollins Broadcasting, Inc., 414 French St., Wilmington, Del., filed a registration statement (File 2-21577) with the SEC on July 15 seeking registration of 166,376 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by New York Securities Co., 52 Wall St., New York. The public offering price (maximum \$20 per share\*) and underwriting terms are to be supplied by amendment. The company and its wholly owned subsidiaries own and operate seven AM radio broadcasting stations, three VHF television stations and an outdoor advertising business. In addition to certain indebtedness, the company has outstanding 148,871 common and 809,400 Class B common shares, of which John W. Rollins, a director, owns 6.2% of the common and management officials as a group 11.3%. In addition, John W. Rollins and O. Wayne Rollins, president, own 200,000 (24.7%) and 509,400 shares (75.3%), respectively, of the outstanding Class B shares. John W. Rollins proposes to sell his holdings of common stock (9,196 shares) and, after conversion in the common, 40,000 Class B shares. O. Wayne Rollins proposes to sell 117,180 common shares (after conversion of a like amount of Class B shares). After the stock sale, O. Wayne Rollins will own an aggregate of 51.3% of the company's outstanding stock and John W. Rollins 16.7%.

**CAROLINA T&T FILES STOCK PLAN.** Carolina Telephone and Telegraph Company, 122 East St. James St., Tarboro, N. C., filed a registration statement (File 2-21578) with the SEC on July 15 seeking registration of 20,000 shares of common stock, to be offered pursuant to its Employees' Stock Plan.

**MICHIGAN WISCONSIN PIPE LINE BORROWING CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14911) authorizing Michigan Wisconsin Pipe Line Company, subsidiary of American Natural Gas Company, a registered holding company, to borrow from time to time beginning July 31, 1963 up to an aggregate of \$24,000,000 from a group of banks. According to the order, the proceeds, together with treasury funds, will be used to retire \$17,500,000 of outstanding notes incurred to finance the company's 1962 construction program, and to finance its 1963 construction program (estimated at \$7,500,000).

**CINCINNATI MILLING MACHINE FILES STOCK PLANS.** The Cincinnati Milling Machine Company, 4701 Marburg Ave., Cincinnati, Ohio, filed a registration statement (File 2-21579) with the SEC on July 15 seeking registration of 97,645 shares of common stock, to be offered pursuant to its 1953 Stock Option Plan and 1963 Restricted Stock Option Plan.

**SEC ORDER CITES SIX BROKER-DEALERS.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the following broker-dealers engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether their broker-dealer registrations should be revoked: F. S. Johns & Co., Inc. ("Johns & Co."), 1994 Morris Ave., Union, N. J.; Global Planning Corp. ("Global"), 20 Branford Place, Newark, N. J.; Regina Dlugash, doing business as Douglas Enterprises ("Douglas"), 8856 18th Ave., Brooklyn, N.Y.; Eliot, Roberts & Co., Inc. ("Eliot-Roberts"), 11 Commerce St., Newark; Reuben Rose & Co., Inc. ("Rose & Co."), 115 Broadway, N.Y.; and Winkler, Chase Company ("Winkler-Chase"), 11 Broadway, N. Y.

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According to the order, John A. Tricoli, Jr. is president of Johns & Co., John Silvestri is vice president and Anthony Grausso is secretary-treasurer; and they are also principal stockholders of the said firm. Lawrence Tricoli is secretary and a principal stockholder of Global; Robert E. Shafarman is president and a principal stockholder of Eliot-Roberts; Joseph Winkler and Louis Chazan are general partners of Winkler-Chase; and Paul Rosenthal is vice-president of Rose & Co. (which is a member of the New York and American Stock Exchanges). In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that (1) during the period January 1961 to about June 1962, Salvatore Facciponti (also known as Sal Ponti), Ronald Lappe, Aaron Lichtenstein (also known as Aaron Lang), George Rein, Harry Rower, Lucas D. Casarella, Joseph Tricoli, Lawrence Tricoli and Harry Weintraub (also known as Harry Winters), were employed by Johns & Co., and that during said time Jack L. Dlugash, Marvin Abel, and Edward McNamara were employed by Reuben Rose, and (2) in the offer and sale of securities of Diversified Funding, Inc. during said period all of said persons and firms "engaged in transactions, acts, practices and courses of business which would and did operate as a fraud and deceit" upon investors in violation of the anti-fraud and anti-manipulative provisions of the Federal securities laws. The staff alleges that in connection with such activities, said persons and firms (a) offered and sold Diversified Funding stock to persons with whom they were unacquainted, by means of an intensive telephone and direct mail and advertising campaign, principally through the facilities of Johns & Co. and its personnel, and at prices far in excess of and having no reasonable relationship to the market price or contemporaneous cost, (b) entered quotations for the stock in the National Daily Quotation Sheets at continually increasing prices for the purpose of creating the appearance of an independent, active market for the stock and falsely represented to customers of Johns & Co. and Douglas that the securities were being offered "at the market," (c) caused Global to become registered as a broker-dealer for the purpose of its participating in the distribution of Diversified Funding stock, for creating an apparent market therefor, and for artificially raising the market price thereof, and (d) made false and misleading representations of material facts. The alleged misrepresentations related, among other things, to a rise in the price of the stock; earnings and financial condition of Diversified Funding; dividends to be paid; amount of such stock available for sale; operations of Diversified Funding; value of its assets; and the identity of the registrar and transfer agent of Diversified Funding.

A hearing will be held at a time and place to be announced for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registrations of the six firms should be revoked. Johns & Co., Douglas and Rose & Co. are members of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether they also should be suspended or expelled from NASD membership. Also at issue is whether Rose & Co. should be suspended or expelled from membership in the New York and American Stock Exchanges.

**CONSOLIDATION COAL SEEKS ORDER.** Consolidation Coal Company, National Steel Corporation, (both of Pittsburgh), 22% and 26% owned, respectively, by The M. A. Hanna Company, a registered closed-end investment company, have joined with Mathies Coal Company in applying to the SEC for an order under the Investment Company Act authorizing (1) the proposed sale of 18,000 shares of Mathies stock to National by Consolidated at a purchase price equal to the book value thereof (\$181.35 per share at December 31, 1962), and (2) the sale of certain coal acreage (about 1,549 acres) to Mathies by Consolidation for \$2,218,000. The Commission has issued an order (Release IC-3742) giving interested persons until July 31, 1963 to request a hearing thereon. Mathies owns and operates a mine in Washington County, Pa.; and under the terms of a marketing agreement entered into at the time Mathies was formed, the production from its mine is allocated to each stockholder in proportion to its stock ownership. According to the application, National desires to purchase from Consolidation part of the latter's stock interest to insure a future coal supply adequate to meet National's needs and to bring its stock ownership and share of Mathies profits more in line with its purchases of Mathies coal and thus to reduce the net cost of coal purchased by it.

**MARKET STUDY REPORT, PART TWO.** On Wednesday, July 17th, the next segment (four chapters) of the Report of the SEC Special Study of Securities Markets will be delivered to Congress. At 1:00 P.M. that day, a comprehensive "Press Summary" of the four chapters will be delivered to the National Press Building for IMMEDIATE Release.

Those members of the Press wishing an opportunity to review the four chapters (nearly 210 pages), a separate volume of "Conclusions and Recommendations" (131 pages), and a summary of the four chapters (30 pages) before 1:00 P.M. Wednesday are invited to come to Room 292 of the Commission's Washington Office (425 Second St., N.W.) at any time after 8:00 A.M. that day for a "closed-door preview" thereof, provided they agree to remain until 1:00 P.M. Reporters should bring their own typewriters. A short briefing session will be held by Study Director Milton H. Cohen and his associates, commencing at 11:00 A.M., also in Room 292.

This segment of the Report will consist of Chapters V through VIII. Chapter V is a general introduction to the other three. Chapter VI will cover the operation of the exchange markets, particularly that of the New York Stock Exchange; and it will review the functions and activities of various specialized categories of members, including specialists, odd-lot dealers and floor traders, as well as the subjects of short selling and the commission rate structure. Chapter VII will explore the operation of the over-the-counter market including their wholesale and retail aspects and quotation systems. Chapter VIII will examine into the interrelationships among trading markets, including patterns of distribution of securities among exchange markets, over-the-counter trading in listed securities, and regional exchanges as "dual" and primary markets.

**SECURITIES ACT REGISTRATIONS. Effective July 15:** Community Public Service Co. (File 2-21505); Phillips Van Heusen Corp. (File 2-21495); Sentinel Life Insurance Co. (File 2-21494); Thorofare Markets, Inc. (File 2-21372); United States Fidelity and Guaranty Co. (File 2-21512).  
**Effective July 16:** Duval Corp. (File 2-21504).

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