

# 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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Washington 25, D.C.

FOR RELEASE October 25, 1960

**N. PINSKER & CO., INC. REGISTRATION REVOKED.** In a decision announced today (Release 34-6401), the SEC revoked the broker-dealer registration of N. Pinsker & Co., Inc., for fraudulent representations in the offer and sale of stock of Tyrex Drug and Chemical Corporation during a three months' period ending February 28, 1958. Pinsker & Co. also was expelled from membership in the National Association of Securities Dealers, Inc.

According to the decision, Tyrex sold a block of its Class B stock to Dennis Securities Corporation, of which 55,000 shares were resold to Pinsker & Co. on November 25, 1957, for \$35,000, or about 64¢ per share. Immediately thereafter Pinsker & Co. began offering these shares to the public and from about December 2, 1957, to February 28, 1958, it distributed these shares to public investors at prices ranging from \$1.125 to \$1.625 per share. The said shares were sold in violation of the Securities Act registration requirement.

Moreover, the Commission ruled, Pinsker & Co. solicited customers to purchase Tyrex stock by repeated and insistent telephone calls in the course of which false and misleading representations were made that Tyrex had developed a cure for cancer which would be publicly announced as soon as confirmation was received from Denmark, that Tyrex had a "miracle drug" for ulcers, that one of its products, a drug called Philin, was a wonder drug that would cure ulcers, that Tyrex had a cure for ulcers that had been perfected in Sweden, that Tyrex was negotiating for a merger or an affiliation with a large Swedish or other drug company, and that the Tyrex stock would increase greatly or double or triple in price when the news of these events was released. The Commission concluded that Pinsker & Co.'s technique of using numerous salesmen to sell a large block of securities of one issuer by wholesale and persistent telephone solicitations, in the course of which highly optimistic representations were made without disclosure of known or easily ascertainable adverse facts and customers were urged to sell other securities they owned and to use the proceeds to acquire Tyrex shares without knowledge of their individual investment needs and situations, violated the basic standards of fair and honest dealing.

The Commission noted in its decision that Norman Pinsker, former president and controlling stockholder of Pinsker & Co., is now deceased, and that the record does not show that his wife, Bradford O. Smith, Samuel Shatz or Frank Joseph McDermott aided in the violations by the company.

**AMENDED RULE CALLS FOR EXTRA COPIES OF CERTAIN AMENDMENTS.** The SEC today announced the adoption of an amendment of Rule 472 under the Securities Act of 1933 (Release 33-4289) relating to the filing of amendments to Securities Act registration statements. Paragraph (a) of this Rule requires three copies of every amendment, other than telegraphic delaying amendments, to be filed with the Commission. Paragraph (b) provides that where an amendment related to the prospectus, five additional copies of the amended prospectus shall be furnished for use in the examination of the material. The amended paragraph (b) requires that where an amendment relates to financial statements not included in the prospectus, five additional copies of the amended statements shall also be furnished.

**REPORT FORM PRESCRIBED FOR INTER-AMERICAN DEVELOPMENT BANK.** The SEC today announced the adoption of a new Regulation IA (Release 33-4290) prescribing the periodic and other reports to be filed with it by the Inter-American Development Bank. The Regulation was adopted pursuant to Section 11(a) of the Inter-American Development Bank Act.

Section 11 of the said Act exempts from registration under both the Securities Act of 1933 and the Securities Exchange Act of 1934 securities issued in connection with the raising of funds for inclusion in the Bank's ordinary capital resources and securities guaranteed as to both principal and interest by the Bank. However, the Bank is required to file with the Commission such annual and other reports with respect to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors. It would appear that an exemption is available under the Trust Indenture Act of 1939.

The new rules and regulations require the Bank to file with the Commission substantially the same information, documents and reports as would be required if the Bank had securities registered under the Securities Exchange Act of 1934. The Bank is also required to file a report with the Commission not less than seven days prior to the date on which any of its primary obligations are sold to the public in the United States. This report and the periodic reports to be filed will make available at the Commission information quite similar to the information which would be required in a registration statement under the Securities Act of 1933.

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The Commission is informed by the Bank that no public offering of securities guaranteed by the Bank is presently contemplated. Accordingly, the new rules, insofar as they require the reporting of the proposed public sale of securities, are limited to the sale of primary obligations of the Bank. Rules with respect to reporting the proposed sale of securities guaranteed by the Bank will be adopted by the Commission when the need therefore arises.

**LEE GUBER FILES FOR OFFERING.** Lee Guber, 25 West 54th St., New York, filed a registration statement (File 2-17219) with the SEC on October 24, 1960, seeking registration of \$350,000 of Limited Partnership Shares, to be offered in \$7,000 units. The interests to be offered relate to the musical play presently entitled "The Happiest Girl in the World" and to "Happiest Girl Company", a New York partnership. Guber, the producer, acquired the right to present the play from E. Y. Harburg, Fred Saily and Henry Meyers. The music consists of music composed by Jacques Offenbach. Guber has contracted with Cyril Ritchard to direct the production and perform the leading male role. The total cost of opening a first-class production of the musical in New York City, including all production expenses and the cost of an out-of-town try-out, is estimated at \$350,000. The proceeds of the sale of partnership shares will be applied to such production. Purchasers of the shares will be entitled to 50% of the net profits.

**BALTIMORE MID-TOWN MOTEL FILES FOR OFFERING.** Baltimore Mid-Town Motel, a partnership, of 2 East Lexington Street, Baltimore, filed a registration statement (File 2-17221) with the SEC on October 24, 1960, seeking registration of \$765,000 of Limited Partnership Interests, to be offered for sale in \$1,000 units. The partnership consists of Leon K. Ackerman, James K. Cullen, Jr., Benjamin Solomon and John B. Brown as general partners. It has acquired by assignment from National Motels Corporation a contract to acquire two parcels of property at South Eutaw and West Lombard Streets in Baltimore, on which it will erect a 100 room air-conditioned motel together with restaurant and/or coffee shop and meeting rooms. National Motels will receive \$50,000 in cash and \$100,000 of subordinated limited partnership interests for its effort in organizing the partnership and negotiating the terms of the contract. The stock of National Motels is owned by the four general partners. The acquisition cost of one of the parcels is \$275,000 (payable \$500 immediately and \$274,500 on the settlement date) and the other \$85,000 of limited partnership interests. The total cost of construction, including the land and various related expenses, will approximate \$1,165,076. A \$400,000 mortgage on the property is contemplated.

**ADRS FOR MAGAZIJN DE BIJENKORF FILED.** Morgan Guaranty Trust Company of New York filed a registration statement (File 2-17222) with the SEC on October 24, 1960, seeking registration of American Depositary Receipts for 50,000 ordinary bearer shares of N. V. Magazijn De Bijenkorf (of the Netherlands).

**ADRS FOR UNITED KINGDOM WAR LOAN STOCK FILED.** Morgan Guaranty Trust Company of New York filed a registration statement (File 2-17223) with the SEC on October 24, 1960, seeking registration of American Depositary Receipts for 50,000 shares of Stock of the 3½% War Loan of the United Kingdom of Great Britain and Northern Ireland.

**BRADFORD POOLS PROPOSES OFFERING.** Bradford Pools, Inc., 245 Nassau St., Princeton, N. J., filed a registration statement (File 2-17224) with the SEC on October 24, 1960, seeking registration of 160,000 shares of Class A common stock (Limited Voting), with stock purchase warrants attached. The Class A stock with warrants is to be offered for public sale in units consisting of 5 shares and one warrant (each warrant representing the right to purchase one Class A share at \$3 per share within two years). The offering price is to be \$10 per unit. The offering will be made by R. A. Holman & Co., Inc., on a best efforts basis, for which it will receive a selling commission of \$1.25 per unit plus an additional 5% commission for expenses. The underwriter has purchased 10,000 Class A shares from the company at its 10¢ par value per share, and the company has agreed to issue to the underwriter five-year warrants for the purchase of 15,000 Class A shares on the basis of 15 warrants for each 32 units sold, such warrants to be exercisable at \$2 per share.

The company was organized in July 1957 as Bradford Construction and Contracting Co. A subsidiary called Bradford Pools, Inc., was organized in October 1959. The parent company has been engaged primarily in the construction, sale and installation of pools in New Jersey and neighboring states, and it also has been engaged in constructing school buildings. The subsidiary has been inactive. It is proposed that the parent will continue in the pool enterprise and the subsidiary in the building activities. Accordingly, the parent recently took the name of Bradford Pools, Inc., and the subsidiary changed its name to that of the parent. The parent has outstanding 2,500 shares of \$10 par preferred stock, 19,500 shares of Class A common and 60,000 shares of Class B common. Net proceeds of its sale of additional Class A stock will be added to its general funds and used primarily to meet needs for additional working capital.

The prospectus lists John B. Liljestrand of Princeton as president and John J. Gibbons, Jr., of East Brunswick as secretary-treasurer. Each owns 30,000 shares (50%) of the outstanding Class B stock. The underwriter owns 9,000 Class A shares (it sold 1,000 to one of its registered representatives) and Shareholder Consultants, Inc., 9,200 Class A shares.

**TRICO-61 FILES FOR OFFERING.** 1961 Trice Oil and Gas Company ("Trico-61"), P. O. Box 1471, Longview, Texas, filed a registration statement (File 2-17218) with the SEC on October 24, 1960, seeking registration of \$5,000,000 of Participations in Trice Programs 6101, 6102, 6103, and 6104, to be offered for public sale in units of \$5,000 or more. No underwriting is involved. Each participation is subject to assessment not to

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exceed 10% of the amount thereof should the total costs and expenses incurred by the company under a Program exceed the total amount of participations in the Program. \$1,000,000 of participations are offered in Trice Program 6101, and the prospectus will be supplemented to state the amount of participations offered in the subsequent programs. Trice Program 6101 will commence on January 1, 1961, and end on March 31, 1961.

Organized under Delaware law in September 1960, the company proposes to acquire and explore undeveloped oil and gas properties, and will use the net proceeds from the sale of participations for such activities. Prospects will be drilled with the primary objective of discovering new fields, but Trice is likely to drill one or more semi-proven prospects during each program in an effort to extend the limits of old fields. In order to spread the risk of each Program over several prospects, it is expected that no single prospect will be included within a Program if the estimated costs of drilling and testing exceed \$300,000. It is anticipated that from 2 to 8 wells will be drilled during each Program. It is said that the participants will bear 90% of the leasehold acquisition and exploratory well costs and the company 10%. As compensation for its services, the company will receive a 30% interest in all property interests acquired by the Programs, which interest will be carried by participants as to exploratory well costs. Trico-61 is a wholly owned subsidiary of Trice Production Company, organized in Delaware in 1955, which will retain a 10% interest in all property interests acquired by the Programs and will pay 10% of all costs in connection therewith. Trice Properties, Inc., organized in 1958, will at the request of any participant act as his nominee for the purpose of holding title to any property interests acquired under the Program, and will receive as compensation the prorata portion of the cost of performing its service and an annual fee of \$50.

Cliff W. Trice is listed as president of Trico-61 and Trice Properties, and members of his immediate family own 61% of the outstanding voting stock of Trice Production.

**JAMES BROOKS & CO. FILES FOR OFFERING.** James Brooks & Company, Inc., 542 East 138th Street, New York, filed a registration statement (File 2-17220) with the SEC on October 24, 1960, seeking registration of \$400,000 of 12% Subordinated Debentures due 1980, 50,000 shares of common stock, and warrants to purchase 50,000 common shares. These securities are to be offered for public sale in units consisting of \$400 of debentures, 50 shares of stock, and warrants entitling the holder to purchase for cash 50 shares of common stock at prices ranging from \$1.75 per share in 1961 to \$3.75 in 1965, at the unit price of \$450. Of the 1,000 units, 781 will comprise Series A debentures and 219 will comprise Series B debentures. The Series A debentures will be entitled to priority in payment and redemption over the Series B debentures. Certain persons holding \$98,550 of demand notes of the company have agreed to purchase the 219 units comprising Series B debentures and to make payment therefor by surrender of the notes and payment in cash of the interest accrued on the Series B debentures. The underwriter, Lloyd Haas & Co., will receive a \$67.50 per unit selling commission, warrants for 5,500 shares of common stock and \$12,500 for expenses. The company will pay \$5000 to S. Amir & Co., Inc., as a finder's fee, and issue to it warrants for 4,500 shares of common stock. Stockholders will grant options to the underwriter to purchase 522 shares, and to the finder 427 shares, at 1¢ per share.

The company is engaged in the sale at retail of household furniture, major electrical appliances, jewelry, cameras and photographic supplies, typewriters, television and stereophonic instruments and other items in two stores in a congested low income area in Bronx, New York. The net proceeds from the sale of the units comprising Series A debentures will be applied in part to the reduction of accounts payable to factors and others and the balance will be added to working capital.

The company has outstanding 90,000 shares of common stock, of which Joseph I. Weinberg, president, owns 45,000 shares, and Samuel, Aaron and Philip Eis, company officers, own 15,000 shares each.

**BOWL-MOR PROPOSES RIGHTS OFFERING.** Bowl-Mor Company, Inc., Newtown Road, Littleton, Mass., today filed a registration statement (File 2-17225) with the SEC, seeking registration of 78,955 shares of common stock. The company proposes to offer this stock for subscription by holders of outstanding common stock on the basis of one new share for each ten shares held. Paine, Webber, Jackson & Curtis and Granbery, Marache & Co. are listed as the principal underwriters. The record date, subscription price and underwriting terms are to be supplied by amendment.

Organized in 1954, the company initially manufactured and distributed a pin-setting machine used for candlepins, the "small ball" bowling game. It also manufactures and distributes machines used for duck pin and rubber-band duck pin bowling, which are also "small ball" bowling games. More recently, the company has been developing machines to be used for tenpin ("large ball") bowling, played mostly in the United States, and for ninepin bowling, played in many European countries. The net proceeds from the sale of additional stock will be used for working capital and for costs of the company's entry into the tenpin field. It is estimated that the engineering, development and initial marketing of the company's tenpin machine will cost about \$1,500,000, of which about \$500,000 has already been spent or committed. According to the prospectus, the company contemplates the public offering in the near future of \$2,000,000 of 6% 15-year convertible subordinated debentures. Proceeds of the sale of the debentures would also be used for working capital, including the financing of conditional sales and leases of its pin-setting machines, to pay further costs involved in entering the tenpin field and to pay the costs of entering the ninepin field and the development of a foreign market for all the company's products. In addition to certain indebtedness, the company has outstanding 160,757 shares of \$1.00 par preferred stock and 789,553 shares of common stock, of which latter R. Lionel Barrows, vice chairman of the board, owns 29.9% and Howard M. Dowd, executive committee chairman, owns 29.2%. Management officials as a group own 71% of the outstanding common stock and 16% of the outstanding preferred. W. Leroy Temple is listed as board chairman and Charles W. O'Connor, as president.

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**DREXEL EQUITY FUND FILES FOR OFFERING.** Drexel Equity Fund, Inc., 1500 Walnut Street, Philadelphia, today filed a registration statement (File 2-17226) with the SEC, seeking registration of 500,000 shares of common stock, to be offered for public sale at \$10.20 per share through Drexel & Co., the Fund's distributor and investment adviser. Drexel & Co. will receive a 20¢ per share selling commission.

Organized under Delaware law on October 19, 1960, the Fund is presently a closed-end investment company, but will become an open-end investment company with redeemable shares on the next full day of business after the first delivery of shares to, and payment for such shares by or through the distributor. Thereafter the Fund will operate as an open-end diversified management investment company. According to the prospectus, it has not yet purchased any securities for its portfolio, and will not until 3 days after it has become an open-end investment company. Paul F. Miller, Jr. is listed as president.

**CONGRESS STREET FUND ORDER ISSUED.** The SEC has issued an exemption order under the Investment Company Act (Release 40-3129) with respect to transactions proposed by Congress Street Fund, Inc., Boston, and relating to an escrow agreement providing a procedure for accumulating \$10,000,000 or more in securities from offerors or "Depositors" and the subsequent exchange thereof for Funds shares.

**SEC COMPLAINT NAMES SOUTHERN INVESTMENT & FINANCE.** The SEC Atlanta Regional Office announced October 21st (LR 1815) the filing of court action to enjoin Southern Investment and Finance Corporation and J. M. Franklin of Macon, Ga., from further violating the registration and anti-fraud provisions of the Securities Act in the offer and sale of promissory notes of the defendant corporation.

**SWINGLINE FILES FOR OFFERING AND SECONDARY.** Swingline, Inc., 32-00 Skillman Ave., Long Island City, N.Y. today filed a registration statement (File 2-17227) with the SEC seeking registration of 250,000 shares of Class "A" stock, of which 50,000 shares are to be offered for public sale by the issuing company and 200,000 shares, being outstanding stock, by the holders thereof (Jack Linsky, president and board chairman, and his wife). The public offering price and underwriting terms are to be supplied by amendment. Paine, Webber, Jackson & Curtis is listed as the principal underwriter. The Linskys have granted the underwriters a 30-day option to purchase an additional 5,000 shares; and the Linskys will make a separate offering of an additional 30,000 shares to certain employees of the company.

The company and its subsidiary, Ace Fastener Corp. (Ill.), design, manufacture and sell stapling machines and staples for business, home and school use, as well as certain other office supplies. It also owns a 57.8% stock interest in Wilson Jones Company (Mass.), which manufactures and distributes record-keeping and other commercial stationery supplies. The company now has outstanding 200,000 shares of Class A and 800,000 shares of Class B stock, all owned by the Linskys. To the extent necessary to satisfy the underwriters' option and to provide Class A stock for sale to employees, the Linskys will convert up to 35,000 shares of their Class B stock. After this offering is completed they will own 765,000 Class B shares, constituting 72.9% of the outstanding stock.

Net proceeds to the company from its sale of additional Class A stock will be used in part for the acquisition of new enlarged plant facilities for Ace Fastener in Chicago. Any excess of proceeds will be used for general corporate purposes or to acquire additional facilities for Ace Fastener.

**SEC PROCEEDS AGAINST HAZEL BISHOP FILING.** The SEC announced October 24th the institution of proceedings under the Securities Act of 1933 which challenge the accuracy and adequacy of various informational disclosures contained in a registration statement filed by Hazel Bishop, Inc., 445 Park Ave., New York, N. Y. A hearing has been scheduled for November 1, 1960 in the Commission's Washington Office to determine whether the registration statement fails in material respects to comply with the Securities Act disclosure requirements and, if so, whether a stop order should be issued suspending the statement.

The company is a distributor of cosmetic products. It has outstanding 1,919,535 shares of common stock. According to the registration statement, as amended, 1,274,823 shares of the outstanding stock were to be offered for public sale by more than 110 persons and firms, including 449,323 shares by Raymond Spector, a director and former board chairman, 75,000 shares by Dovan Enterprises, Inc., 40,000 by Banque de Depots (in the profits of which David B. Charnay, a director, and two others have an interest), 30,600 by Charnay, and 33,500 by A. Mitchell Liftig.

According to its order the Commission has reasonable grounds for believing that Hazel Bishop's prospectus is false and misleading in respect of various material facts, including the following: (a) the inclusion in the statement of shares which had been sold to the public prior to the filing of the statement, and the omission to disclose contingent liabilities in respect of shares sold in violation of the Securities Act registration requirement; (b) the omission to disclose the identities of persons who own shares included in the statement, the number of shares owned by each and the facts concerning their acquisition; (c) the market price of outstanding Hazel Bishop stock and the factors which may have affected the price; (d) the statements with respect to the use by the company of the proceeds of its sale of 562,500 shares included among those to be offered; (e) the expenditures for advertising and the advertising media used; (f) the financial statements and the earnings summary, including the \$102,258 reported net income for the fiscal year ended October 31, 1959, which reflects an improper reduction of advertising charges in the amount of \$900,000; (g) the disclosures concerning the company's business done and to be done and the general development of the business during the past five years; (h) the business risks and costs attendant upon the introduction of new products, new packaging, or new styling, including returns and cancellations of merchandise.