

NEWS DIGEST

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



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FOR RELEASE January 22, 1962

Statistical Release No. 1804. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended January 19, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 - 1962 is as follows:

	1957-59 = 100		Percent Change	1961 - 1962	
	1/19/62	1/12/62		High	Low
Composite	139.8	141.6	-1.3	146.5	118.3
Manufacturing	130.1	131.9	-1.4	136.0	113.0
Durable Goods	133.0	134.9	-1.4	138.9	117.0
Non-Durable Goods	127.4	129.1	-1.3	133.7	109.2
Transportation	109.1	109.6	-0.5	111.0	97.8
Utility	180.7	182.6	-1.0	190.8	144.4
Trade, Finance & Service	174.8	178.2	-1.9	193.0	132.5
Mining	106.4*	105.2	+1.1	106.4	83.3

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended January 18, 1962, 28 registration statements were filed, 26 became effective, 2 were withdrawn, and 732 were pending at the week-end.

VIOLATIONS CHARGED TO MINEO & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Mineo & Co., of 99 Wall Street, New York, made fraudulent misrepresentations in the offer and sale of stock of Colorplate Engraving Co., Inc., and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Mineo & Co., a partnership, has been registered as a broker-dealer since January 26, 1961. According to the Commission's order, Richard Mineo and John Mineo are partners of said firm and Sidney Allison, a salesman, participated in and gave direction to its activities. The order recites charges by the Commission's staff that information developed in its investigation "tends, if true, to show" that, during the period July 3 to 12, 1961, the firm and said three individuals, in the offer and sale of Colorplate stock, made false and misleading representations of material fact and "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon the purchasers, in that they represented that the stock was being sold for Colorplate and that the proceeds (less commission) would accrue to the use and benefit of Colorplate, whereas in fact (a) the Colorplate offering on behalf of the issuer had been terminated; (b) the proceeds from the sales would not accrue to the use and benefit of Colorplate; and (c) the shares of Colorplate sold would not be obtained from said issuer but would be bought in the open market. The staff further charges (1) that on July 3, 1961, prior to termination of the Colorplate offering, the firm, as agent of Colorplate, accepted orders to purchase Colorplate stock and solicited and accepted payment therefor but failed to remit the proceeds to Colorplate; and (2) since July 2, 1961, failed to make and keep current certain books and records as required by Commission rules.

A hearing for the purpose of taking evidence on the foregoing will be held later, at a time and place to be announced.

SEC ORDER CITES CARLETON SECURITIES. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Carleton Securities Corp., 1025 Connecticut Ave., N. W., Washington, D. C., failed to permit an examination of its books and records in violation of Section 17(a) of the said Act and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Carleton Securities has been registered with the Commission as a broker-dealer since September 1959 and Paul R. Smaldone is president. The Commission's order recites charges by its staff that on several occasions since November 8, 1961, the said company and Smaldone failed to make available for inspection by Commission representatives the books and records relating to the conduct of the company's business required by Commission rules to be made and preserved and to be available for Commission inspection.

A hearing for the purpose of taking evidence on the foregoing will be held later, at a time and place to be determined. Carleton Securities on December 20, 1961, requested withdrawal of its registration, but withdrawal has not become effective.

VIOLATIONS CHARGED TO WARREN & CO. The Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether N. Warren & Company, 1411 Pennsylvania Ave., N. W., Washington, D. C., violated the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of common stock of American International Savings & Loan Association, Inc., and, if so, whether its broker-dealer registration should be revoked.

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Warren & Company's broker-dealer registration became effective on May 31, 1961. Warren N. Ritholtz is president. The Commission's order recites charges by its staff that information developed in its investigation "tends, if true, to show" that during the period June 2 to September 25, 1961, Warren & Company and Ritholtz offered and sold the Association's stock in violation of the Securities Act registration requirements. The staff also charges that Warren and Company and Ritholtz, in the offer and sale of such stock, engaged in acts and practices "which would and did operate as a fraud and deceit" upon the purchasers, in that, for the purpose of inducing the purchase of such stock at prices far in excess of prevailing market prices for the stock as indicated by the contemporaneous cost thereof to Warren and Company, withheld information as to the prevailing market prices and induced the purchase of the stock "far in excess of and having no reasonable relationship" to the contemporaneous cost of such stock to Warren and Company.

A hearing for the purpose of taking evidence on the foregoing will be held later, at a time and place to be announced. The Association on December 20, 1961, requested withdrawal of its registration, but withdrawal has not become effective. The Association on October 31, 1961, was enjoined by the U. S. District Court in Baltimore from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

EMPIRE FUND SEEKS ORDER. Empire Fund, Inc., Boston investment company, has applied to the SEC for an exemption order under Section 14(a) of the Investment Company Act; and the Commission has issued an order (Release IC-3407) giving interested persons until February 5th to request a hearing thereon. Empire Fund has filed a registration statement (now pending) proposing the offering of 1,250,000 common shares to be offered to investors in exchange for such investors' securities. It seeks an exemption from the \$100,000 minimum net worth requirement of Sec 14(a).

GRAHAM-NEWMAN SEEKS EXEMPTION. Graham-Newman Corporation, New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3408) giving interested persons until February 5th to request a hearing thereon. The company has been dissolved and all its assets available after satisfying its liabilities distributed to shareholders.

BORROWINGS PROPOSED BY APPALACHIAN POWER. Appalachian Power Company, Roanoke, Va., subsidiary of American Electric Power Company Inc., has filed a proposal with the SEC under the Holding Company Act to issue notes to banks during 1962 in amounts aggregating \$42,000,000; and the Commission has issued an order (Release 35-14564) giving interested persons until February 5th to request a hearing thereon. The funds will be used to pay part of the cost of the company's construction program, estimated at \$55,000,000 in 1962.

TUCSON GREEN VALLEY DEV. SECURITIES IN REGISTRATION. Tucson Green Valley Development Co., 2644 East Speedway Blvd., Tucson, Ariz., filed a registration statement (File 2-19649) with the SEC on January 18th seeking registration of 16,333 shares of common stock and \$326,667 of 5% debentures due 1968 (underlying certain options). Such securities are to be optioned to some 36 purchasers pursuant to written agreements entered into between Maxon Construction Co., the company's organizer and parent, and said purchasers. The company was organized by Maxon in June 1961 to acquire and develop certain real estate located south of Tucson, Ariz. The parent entered into a real estate option agreement with Farmers Investment Co. whereby for \$100,000 in cash it was granted an option to purchase said land which is a portion of the San Ignacio de la Canoa Private Land Grant and known as the Continental Ranch. The option permits the purchase of 2,898.18 acres at \$750 per acre, or a total of \$2,173,635, payable \$400,000 in cash upon exercise of the option (includes a credit of the \$100,000) and the balance in installments. The parent has subscribed to 17,000 shares for which it paid the company \$170,000 and for \$340,000 in 5% debentures for which it shall have paid \$340,000 in cash. It assigned the option to the company for which it will receive a \$100,000 credit toward purchase of the stock. The persons to whom the options are to be granted include (a) Casa Grande Warehouse Co., Los Angeles, Calif., (b) R. Keith and Barbara Walden, Amado, Ariz., and (c) Fred G. Sherrill, San Marino, Calif.

ROCKOWER BROTHERS FILES FOR OFFERING AND SECONDARY. Rockower Brothers, Inc., 160 West Lehigh Avenue, Philadelphia, filed a registration statement (File 2-19651) with the SEC on January 19th seeking registration of 150,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the present holders thereof. Drexel & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in selling at retail men's and boys' furnishings, sportswear, clothing, and work clothes principally through the operation of leased departments in discount department stores. The net proceeds from the company's sale of additional stock will initially be added to general funds and used toward the carrying of increased inventories and the meeting of other demands on working capital said to result from an increasing number of leased departments and expanded sales volume. In addition to certain indebtedness, the company has outstanding 680,000 shares of common stock (after giving effect to a proposed 2-for-1 stock split) of which Harry E. Rockower, board chairman, I. Budd Rockower, president, Jacob R. Rockower, secretary, and Manuel Rockower, executive vice president, own 100,850, 163,860, 45,560 and 66,530 shares, respectively, and propose to sell 26,500, 44,000, 12,000 and 17,500 shares, respectively. The four Rockower brothers received their initial holdings of 340,000 shares (prior to the stock split) as a result of (1) a recent recapitalization whereby they received a total of 257,500 shares in exchange for shares previously held by them, and (2) the issuance at that time of a total of 82,500 shares for all of the outstanding stock of seven affiliated companies (the aggregate cost of which was \$25,000). The prospectus states that they intend to make gifts of a total of 10,940 shares to certain employees, friends, and members of their families.

SECURITIES ACT REGISTRATIONS. Effective January 22: Browning Arms Co. (File 2-19358); Grafco Industries, Inc. (File 2-18990); Mobile Estates, Inc. (File 2-18377); Preston Moss Fund, Inc. (File 2-19476); Southern California Edison Co. (File 2-19443). Withdrawn January 22: Arkwin Industries, Inc. (File 2-19363); Star Home and Shelter Corp. (File 2-18400).