

NEWS DIGEST

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



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FOR RELEASE March 12, 1962

Statistical Release No. 1811. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended March 9, 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:

| | <u>1957-59 = 100</u> | | <u>Percent Change</u> | <u>1961 - 1962</u> | |
|--------------------------|----------------------|---------------|-----------------------|--------------------|------------|
| | <u>3/9/62</u> | <u>3/2/62</u> | | <u>High</u> | <u>Low</u> |
| Composite | 143.1 | 142.4 | +0.5 | 146.5 | 118.3 |
| Manufacturing | 133.8 | 132.9 | +0.7 | 136.0 | 113.0 |
| Durable Goods | 134.9 | 132.7 | +1.7 | 138.9 | 117.0 |
| Non-Durable Goods | 132.9 | 133.0 | -0.1 | 133.7 | 109.2 |
| Transportation | 107.5 | 108.7 | -1.1 | 111.0 | 97.8 |
| Utility | 184.9 | 184.5 | +0.2 | 190.8 | 144.4 |
| Trade, Finance & Service | 173.4 | 173.9 | -0.3 | 193.0 | 132.5 |
| Mining | 108.4 | 110.2 | -1.6 | 113.3 | 83.3 |

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended March 8, 1962, 34 registration statements were filed, 34 became effective, 2 were withdrawn, and 791 were pending at the week-end.

"AFTER-HOUR" FILINGS DISCOURAGED. The Commission wishes to remind registrants, attorneys and the general public that the official working hours of the Commission's headquarters office in Washington, D. C., are from 9:00 A.M. to 5:30 P.M., Washington time. Persons wishing to hand-deliver registration statements, proxy material and other reports of documents for filing with the Commission should deliver same directly to the particular person or office responsible for their receipt, and within the official working hours.

On occasion, company representatives have arrived at the Commission's Washington office after the closing hour of 5:30 P.M. to make an official filing of a registration statement or other document, and they have left the documents with the receptionist or building guard in the main lobby. It should be understood by those who make a deposit of material for filing in this manner, that the papers will be officially "docketed" as of the later date they they arrive in the office responsible for their receipt (not the date of deposit with the receptionist or guard), and that the person making such a filing assumes the risk of possible delay in forwarding the material to the proper office and that it may not be received intact by that office.

GEMCO-WARE FILES FOR STOCK OFFERING. Gemco-Ware Corporation, 134-01 Atlantic Avenue, Jamaica, New York, filed a registration statement (File 2-19915) with the SEC on March 9th seeking registration of 146,000 shares of common stock, to be offered for public sale through underwriters headed by J. R. Williston & Beane, 2 Broadway, New York. The public offering price (maximum \$8 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 7,300 shares underlying 3-year warrants to be sold to the principal underwriter at 10¢ per warrant, exercisable at 110% of the public offering price.

The company was organized under Delaware law in November 1961 and is a holding company owning all of the outstanding stock of (1) Gessler Products Corporation, which produces and sells hotel and restaurant supplies and equipment, (2) Halmar Distributors, Inc., a wholesale distributor of houseware products, and (3) Andrea Sales, Inc., which operates leased departments in eight discount department stores in New England in which it sells housewares, hardware, sporting goods, toys and similar products. Of the net proceeds from the stock sale, \$200,000 will be used to repay notes payable to present and former stockholders, \$250,000 to expand the product lines of a subsidiary of Gessler Products, \$300,000 to finance new leased discount departments, \$100,000 for new warehouse facilities, \$100,000 to expand the number of products in the hotel and restaurant equipment and supply line, and the balance for working capital.

In addition to certain indebtedness, the company has outstanding 292,000 shares of common stock, of which Murray Jay, board chairman, and Marvin Nadler and Harold E. Rubin, vice presidents, own 25% each, and Walter Schlessel, president, and his wife, 12.5% each. Sale of new stock to the public will result in an increase in the book value of stock now outstanding from \$1.40 to \$3.17 per share and a corresponding dilution in the book equity of stock purchased by the public.

DAISY MFG. FILES FOR SECONDARY. Daisy Manufacturing Company, Rogers, Ark., filed a registration statement (File 2-19916) with the SEC on March 9th seeking registration of 135,000 outstanding shares of common stock to be offered for public sale by D & E Corporation, the company's parent. The offering will be made by Eppler, Guerin, & Turner, Inc., 1507 Bryan Street, Dallas. The public offering price (maximum \$8.50 per share*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries design, manufacture and market air rifles, air pistols, BB shot, toy rifles, pop guns, cap pistols and holster sets under the trade name "Daisy"; fishing lures, rods and reels under the name "Haddon"; and waterproof-soled outdoor boots under the name "Sta Dri." In addition to certain indebtedness, the company has outstanding 690,500 shares of common stock (exclusive of 60,000 shares recently

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purchased by the company from D & H at \$7 per share and held as treasury stock), all of which are owned by D & H. As indicated, D & H proposes to sell 135,000 shares. Management officials of the company as a group own 25.4% of the outstanding stock of D & H (including 16.9% owned by Cass S. Hough, president of the company), and Sun Investment Company owns 61.9% of D & H. Sun Investment is controlled by Murchison Brothers, a partnership composed of C. W. Murchison, Jr. and John D. Murchison (a company director). Management officials of the company as a group also own 40.3% of the outstanding stock of Sun Investment.

FIRST CONNECTICUT SBIC FILES FOR STOCK OFFERING. The First Connecticut Small Business Investment Company, 955 Main Street, Bridgeport, Conn., filed a registration statement (File 2-19917) with the SEC on March 9th seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by P. W. Brooks & Co., 120 Broadway, New York. The public offering price (maximum \$15 per share*) and underwriting terms are to be supplied by amendment.

Organized in 1960, the company is licensed as a small business investment company under the SBIA of 1958 and is also registered under the Investment Company Act of 1940 as a closed-end non-diversified management investment company. The net proceeds from the stock sale will be added to general funds for investment in small business concerns. A portion of such funds may be used to repay a \$600,000 note held by the SBA. In addition to certain indebtedness, the company has outstanding 126,006 shares of common stock, of which management officials as a group own 14.2%. James M. Breiner is board chairman and David Engelson is president.

DREVER FILES FOR OFFERING AND SECONDARY. Drever Company, Red Lion Road and Philmont Avenue, Bethayres, Pa., filed a registration statement (File 2-19918) with the SEC on March 9th seeking registration of 122,700 shares of common stock, of which 42,500 shares are to be offered for public sale by the company and 80,200 shares, being outstanding stock, by the holders thereof. Janney, Battles & E. W. Clark, Inc., 1401 Walnut Street, and Stroud & Company, 123 South Broad Street, both of Philadelphia, head the list of underwriters. The public offering price (maximum \$12 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in designing and manufacturing industrial metallurgical furnaces, and in performing commercial heat treating services for the steel industry, the non-ferrous metal industry, the electronics industry and other metal working industries. Of the net proceeds from the company's sale of additional stock, \$135,600 will be used to pay 3% notes now outstanding, \$100,000 to pay a bank loan now outstanding, \$131,000 to purchase equipment for and to enlarge facilities for heat treating operations, and any balance for general corporate purposes. In addition to certain indebtedness, the company has outstanding 82,607 common and 150,195 B common shares (equally divided into three series). Of the outstanding common stock, Horace Drever, president, and Ida C. Drever, own 68,615 and 11,616 shares, respectively, and propose to sell all such shares (except 31 shares to be retained by the former). In addition, they also own 124,755 and 21,120 B common shares, respectively. After the stock sale, they will own an aggregate of 53% of all the outstanding stock of the company. Book value of all stock now outstanding is \$3.67 per share.

INDUSTRIAL INSTRUMENTS FILES FOR OFFERING AND SECONDARY. Industrial Instruments, Inc., 89 Commerce Road, Cedar Grove, N. J., filed a registration statement (File 2-19919) with the SEC on March 9th seeking registration of 120,000 shares of common stock, of which 30,000 shares are to be offered for public sale by the company and 90,000 shares, being outstanding stock, by the holders thereof. Hayden, Stone & Co., Inc., 25 Broad Street, New York, heads the list of underwriters. The public offering price (maximum \$10 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 10,000 outstanding shares underlying 5-year option warrants to be sold to the principal underwriter by the selling stockholders, exercisable at a price to be supplied by amendment.

The company designs, develops and manufactures three principal types of products; electrolytic and thermal conductivity equipment; general purpose electronic and electrical testing equipment; and automated production and test equipment used to manufacture and test electronic components such as resistors, capacitors, diodes and transistors. Of the net proceeds from the company's sale of additional stock, \$143,000 will be applied to retire a bank loan incurred to finance a long-term obligation to former stockholders whose interests in the company were purchased in 1956, and the balance will be added to general funds and used for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 600,000 shares of common stock (after giving effect to a recent 60-for-1 stock split), of which Bernard Dreskin, president, Leo C. Cunniff, vice president, and Robert Rosenthal own 233,454, 165,974 and 67,738 shares, respectively. They propose to sell 35,957, 25,564 and 10,433 shares, respectively. The prospectus lists 15 other selling stockholders who propose to sell amounts ranging from 255 to 3,478 shares.

CONSOLIDATION COAL FILES INVESTMENT PLAN. Consolidation Coal Company, 436 Seventh Avenue, Pittsburgh, Pa., filed a registration statement (File 2-19920) with the SEC on March 9th seeking registration of \$3,000,000 of participations in the company's Investment Plan for Salaried Employees, and 100,000 shares of common stock which may be acquired pursuant thereto.

BONNEVILLE RESOURCES ASSESSMENT SUSPENDED. The SEC has issued an order temporarily suspending a Regulation F exemption from registration under the Securities Act of 1933 with respect to a proposed assessment of 5¢ per share on 6,000,000 shares of outstanding stock of Bonneville Resources, Inc., 17 East Oakland Avenue., Salt Lake City, Utah. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation F provides a conditional exemption from registration with respect to certain assessments upon outstanding assessable stock. Bonneville Resources (the "issuer") proposed its 5¢ per share assessment in a notification filed October 24, 1961. In its suspension order, the Commission asserts that it

has "reasonable cause to believe" the certain terms and conditions of Regulation F were not complied with, in that use has been made of sales material without its first having been filed with the Commission, as required, and which failed to comply with the applicable disclosure requirements of the Regulation. It is alleged that the sales material was false and misleading and that the offering (assessment) would violate the anti-fraud provisions of the Act. The alleged misrepresentations related to (1) the forecast of profits based on conjecture; (2) the failure to disclose that monies advanced by officers to Jonlee Mfg. Co., the liabilities on which were assumed by the issuer, are evidenced by 8% notes payable to the officers and due January 1963; (3) the representation that after the assessment there will be a definite value to the issuer's stock; (4) the price at which the stock "is being listed;" and (5) the representation that "a market is now being developed" in the issuer's stock.

NATIONAL MERCANTILE CLEARING HOUSE SUSPENSION PERMANENT. National Mercantile Clearing House, Inc., 4539 Ponce de Leon Blvd., Miami, Fla., has withdrawn its request for a hearing upon the Commission's order of January 15, 1962, temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public stock offering by that company. Accordingly, the suspension order has become permanent; and the hearing scheduled for March 27, 1962, in Miami has been cancelled.

AIRCRAFT MARINE ENGINEERING HEARING SCHEDULED. On request of Air Craft Marine Engineering Corp., 7850 Van Nuys, Calif., the Commission has scheduled a hearing for March 16, 1962, in its Los Angeles Branch Office to take evidence on the question whether an order of the Commission dated January 26, 1962, temporarily suspending a Regulation A exemption from registration with respect to a public offering of 300,000 common shares at \$1 per share should be vacated or made permanent.

TWO REGULATION A HEARINGS POSTPONED. By reason of conflicting engagements of the Hearing Examiner, the Commission has authorized postponement from March 12 to March 22, 1962, of the hearings in its Denver Regional Office on the question whether to vacate or make permanent prior orders temporarily suspending Regulation A exemptions from registration with respect to public offerings of securities by (1) Allied Metals Company, of Albuquerque, N. Mex. and (2) Uran Mining Corporation of Rochester, N. Y.

VINCENT ASSOCIATES ENJOINED. The SEC New York Regional Office announced March 8th (Lit-2211) the entry of a Federal court order (USDC SDNY) permanently enjoining Vincent Associates, Ltd., of New York, from further violations of the Commission's record-keeping requirements. The firm also was directed to make its books and records available for SEC inspection; and Vincent Agostino, an officer, was restrained from aiding and abetting further violations by the firm.

ROCKWELL SECURITIES REGISTRATION REVOKED; BROWN BARTON ENGEL SUSPENDED. In a decision announced today (Release 34-6751), the SEC revoked the broker-dealer registration of Rockwell Securities Corporation, Huntington, N. Y., and found Garland L. Culpepper, its president and controlling stockholder, a cause of the revocation order. Brown, Barton & Engel, of Newark, N. J., was suspended from NASD membership for a period of 30 days, beginning March 19th; and George P. Barton, its president and controlling stockholder, was found to be a cause of the suspension order.

The Commission's action was an outgrowth of the sale in 1956 and 1957 of stock of Micro-Moisture Controls, Inc., in violation of the Securities Act registration requirement. In April 1958, on SEC complaint, the U. S. District Court (SDNY) permanently enjoined the respondent firms and two individuals (together with 12 other individuals and firms) from further offer and sale of Micro-Moisture stock in violation of the said requirement. The court ruled that the defendants in that action had participated in the illegal distribution of at least 710,623 shares of such stock to numerous public investors in the United States. The court also ruled that Rockwell Securities and Culpepper, who had been president of Micro-Moisture from 1954 until April 1956, had distributed 50,000 shares unlawfully, and the Brown-Barton firm and Barton 66,945 shares. The District Court injunction was affirmed on appeal by the Court of Appeals for the Second Circuit, which concluded that the District Court had "quite properly" found that the two firms and their presidents knew or should have known that they were acting as underwriters, and in addition found it to be a "reasonable inference that at least one other appellant and Culpepper, because of their close connections with the control group, knew the totality of circumstances surrounding the offering." Rockwell Securities and Culpepper by stipulation admitted the facts with respect to their sales of Micro-Moisture stock and the injunction decree, waived a hearing and consented to the Commission's revocation order.

The Brown-Barton firm and Barton, while not denying the sales and the injunction, contended that the staff had not made the necessary showing that it is in the public interest to take disciplinary action against the firm and urged dismissal of the proceeding. Various considerations were urged in mitigation, including reliance upon the advice of counsel and the finding by the Court of Appeals that "Barton, of the several appellants, presents the strongest, but we think inadequate case for reversing the District Court's action as arbitrary." The Court further stated, however, that Barton apparently closed his eyes to the obvious danger signals and "red flags warning him to go slowly." Under all these circumstances, the Commission stated, a sanction is both necessary and appropriate in the public interest. It was further urged by the firm and Barton that there have been no other complaints against the firm before the Micro-Moisture transactions or in the four years since, that they did not know or have any connection with most of the other participants in the distribution, that they discontinued offers and sale of the stock immediately upon becoming aware that such activities were being questioned, and that they have good personal and business reputations. Under the circumstances and in view of the mitigative factors, the Commission concluded that revocation of registration or expulsion from the NASD was not necessary but that the 30-day suspension from the NASD was appropriate.

ALEX. BROWN NAMED ACTING ADMINISTRATOR. SEC Chairman Cary has designated Alexander J. Brown, Jr., as Acting Administrator of the Commission's Washington (D.C.) Regional Office. Mr. Brown has served as an Assistant Regional Administrator since November 1958. For seventeen years prior thereto he was employed in the Commission's Chicago Regional Office, where he became Chief Trial Attorney in 1949.

CAPITAL EXPENDITURES UP. The SEC and the Department of Commerce announced (for release in TUESDAY papers), that businessmen have programmed expenditures on new plant and equipment at \$37.2 billion in 1962, 8% above last year. This investment compares with \$34.4 billion in 1961 and the 1957 record of \$37 billion.

DETROIT EXCHANGE RECORDS DISPOSAL PLAN APPROVED. The SEC has declared effective a plan filed by the Detroit Stock Exchange under the Securities Exchange Act of 1934 with respect to the disposal of applications, reports and documents filed with that Exchange prior to January 1957 pursuant to Sections 12, 13, 14 and 16 of the Act. Thereafter, regular disposition will be made of similar material on file more than five years. Original listing and supplemental listing applications will be retained.

AMERICAN NATURAL GAS PROXY SOLICITATION CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14596) permitting American Natural Gas Company, New York holding company, to solicit stockholder approval of its proposed restricted stock option plan. The Commission reserved jurisdiction over the company's declaration which proposes the issuance of shares pursuant to said plan and related matters.

NOTE FINANCING BY NEES SUBSIDIARIES APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14597) authorizing subsidiaries of New England Electric System, Boston holding company, to make borrowings during the remainder of 1962 from banks and/or NEES in the maximum aggregate amount of \$71,175,000 to be outstanding at any one time. The funds will be used to pay then outstanding notes due to banks and/or NEES (amounting to \$36,477,000 on January 1st) and to provide new money for construction expenditures or reimburse treasuries therefor.

G.P.U. PROPOSES CONTRIBUTION TO SUBSIDIARY. General Public Utilities Corporation, New York holding company, has filed a proposal with the SEC under the Holding Company Act to make cash capital contributions during 1962 in amounts not exceeding \$15,000,000 in the aggregate to Metropolitan Edison Company, a subsidiary; and the Commission has issued an order (Release 35-14598) giving interested persons until March 27th to request a hearing thereon. The funds will be used by Meted to reimburse its treasury in part for construction expenditures and to pay off \$12,900,000 of notes.

SALE BY AVIATION GROWTH INVESTMENTS CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3446) permitting Aviation Growth Investments, Inc., Silver Spring, Md., investment company (and SBIC licensee) to sell eleven notes to Avemco Financing Corporation at a price equal to their unamortized cost. At October 31, 1961, the eleven notes had unpaid balances of \$237,137 (including unearned discounts of \$47,869).

ATLAS-HIDDEN SPLENDOR MINING FILE FOR ORDER. Atlas Corporation, New York investment company, has joined with its affiliate, The Hidden Splendor Mining Co., of Salt Lake City, in the filing of an application with the SEC for an exemption order under the Investment Company Act with respect to certain inter-company transactions; and the Commission has issued an order (Release IC-3447) giving interested persons until March 29th to request a hearing thereon. Under the proposal, Atlas will sell all the outstanding common stock of Petro-Atlas, Inc., to Hidden Splendor for a consideration of 258,594 shares of Hidden Splendor common stock. Atlas owns 4,275,768 shares (about 92%) of the outstanding stock of Hidden Splendor, which is engaged in the operation of mining and oil interests in certain western states. Petro was organized under Delaware law in April 1958. Atlas paid \$25,000 in cash to Petro for the 1,000 shares of Petro common stock outstanding. Thereafter, Atlas contributed certain oil and gas properties to Petro having a cost to Atlas of \$3,756,648. Atlas' cost of its investment in Petro, adjusted for distributions received from Petro and treated by Atlas as a return of capital, was \$1,984,228 on November 1, 1961. In 1960 Petro sold substantially all of its developed oil and gas properties to Hidden Splendor. Subsequently, the major assets of Petro have consisted primarily of undeveloped oil and gas interests in Alaska, Ariz., Kansas, Louisiana, Nebraska, New Mexico, Texas and Utah. Petro's net assets as of November 1, 1961, were valued by its management at \$1,551,565, as compared to the historical cost of \$1,452,180 of these assets as of the same date.

SECURITIES ACT REGISTRATIONS. Effective March 9: Developers Small Business Investment Corporation (File 2-19004). Effective March 12: Acro Electronics Products Co. (File 2-18508); Calumet Industries, Inc. (File 2-19619); Delaware Management Co., Inc. (File 2-18332); The Griesedieck Co. (File 2-18872); Paramount Foam Industries (File 2-18954); Roberts & Porter, Inc. (File 2-19321). Withdrawn March 12: T. Roy Wadkins and Edward M. Obele (File 2-16573); American Space Exploration, Inc. (File 2-19655).

*As estimated for purposes of computing the registration fee.

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