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 May 31, 1962

BEATON CO. FILES FOR STOCK OFFERING. John J. Beaton Company, Inc., 367 Main Street, Wareham, Mass., filed a registration statement (File 2-20423) with the SEC on May 28th seeking registration of 150,000 shares of common stock, to be offered for public sale at $5 per share. The offering will be made on a best efforts all or none basis by Baruch Brothers & Co., Inc., 44 Wall Street, New York, which will receive a 50¢ per share commission and $22,500 for expenses. The statement also includes 30,000 shares underlying 5-year warrants to be sold to the underwriter for $300, exercisable at the public offering price.

The company was organized under Delaware law in March 1962 to acquire that portion of the business and properties of the family of the late John J. Beaton related to the growing and marketing of cranberries. The company proposes to undertake solely for its own account the processing and canning of cranberries, the distribution of frozen cranberries, and canned cranberry sauce. Of the $619,500 estimated net proceeds from the stock sale, $100,000 will be used for alterations to the present screening and packing plant and for construction of an addition thereto, $200,000 for insulation of a portion of the building and installation of cold storage and refrigeration facilities and equipment, $175,000 to acquire and install canning equipment, and the balance for working capital and general corporate purposes.

In addition to preferred stock, the company has outstanding 155,000 shares of common stock, of which Melville C. Beaton, board chairman, Edith L. Beaton, a director, and John J. Beaton, Jr. own 48%, 14% and 21%, respectively, and management officials as a group 66.4%. John M. Kellie is president. The 9 present stockholders received their holdings in exchange for all of the outstanding stock of the predecessor companies whose aggregate assets had a consolidated net book value of $1,032,186.60. According to the prospectus, the company's consolidated net income for 1959 and 1960 was insufficient to meet the dividend requirements of the outstanding 6% preferred stock, while its 1961 consolidated operations resulted in a net loss for that year.

TOVARICH COMPANY FILES FOR OFFERING. Tovarich Company, 101 West 57th Street, New York, filed a registration statement (File 2-20424) with the SEC on May 28th seeking registration of $496,100 of limited partnership shares (including a 10% overcall), to be offered for public sale in $10,000 units (subject to an additional $1,000 per unit overcall). No underwriting is involved.

Tovarich Company is a limited partnership which will be organized under New York law when the aggregate contributions amounting to $451,000 have been raised as a result of the efforts of Abel Farbman and Sylvia Harris, general partners and producers, on behalf of the partnership. The partnership will be formed for the purpose of managing and producing a musical comedy tentatively titled "Tovarich," based in part upon a dramatic play in the French language written by Jacques Deval, and an English adaptation thereof by Robert E. Sherwood. A motion picture based upon these plays was produced by Warner Brothers Pictures, Inc., and the rights thereto were subsequently assigned to United Artists Associated, Inc. The producers believe that the total cost of offering a first-class production of the musical in the United States, including all production expenses, will not exceed $451,000, and the proceeds from this offering will be so applied. It is anticipated that Delbert Mann will direct the musical and Vivien Leigh will star in it. Vivien Leigh will receive a guaranteed weekly compensation of $3,000 against a royalty of 6% of the gross weekly box-office receipts, plus certain expenses, and it is expected that she will contribute $1,000 to the partnership, for which she will become a limited partner entitled to receive 10% of the net profits of the partnership. The general partners will receive 45% of the net profits of the partnership, for which they will make no cash contribution, and they will receive $400 per week for furnishing certain office facilities.

TRANSCONTINENTAL GAS PIPE LINE FILES FINANCING PLAN. Transcontinental Gas Pipe Line Corporation, 3100 Travis St., Houston, Tex., filed a registration statement (File 2-20425) with the SEC on May 28th seeking registration of $30,000,000 of debentures due 1982 and 150,000 shares of no par cumulative preferred stock, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad Street, and Stone & Webster Securities Corp., 90 Broad Street, both of New York. The interest rate of the debentures, dividend rate of the preferred shares, and public offering price and underwriting terms for both issues are to be supplied by amendment.

The company owns and operates an interstate pipeline system for the transportation and sale of natural gas, such system extending from the Texas and Louisiana Gulf Coast to the New York-New Jersey-Philadelphia metropolitan area. The net proceeds from this financing will be used to repay some $6,000,000 of notes incurred for construction purposes and the balance will also be used for construction purposes. The company estimates it will spend about $99,600,000 after May 1, 1962 in completing construction work scheduled at that date. In addition to various indebtedness and preferred stock, the company has outstanding 12,778,922 shares of common stock, of which Stone & Webster, Incorporated owns 11% and management officials as a group 2.6%. E. Clyde McGraw is president.

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ORBIT STORES FILES FOR STOCK OFFERING. Orbit Stores, Inc., 725 William T. Morrissey Blvd., Boston, filed a registration statement (File 2-20426) with the SEC on May 28th seeking registration of 100,000 shares of common stock, to be offered for public sale without underwriting. The public offering price (maximum $6 per share*) is to be supplied by amendment.

Organized under Delaware law in February 1962, the company is engaged in the operation of two discount type department stores, one in Boston and the other in Groton, Conn. In both stores certain departments are operated by the company, and the remaining departments are operated by unaffiliated individuals and companies pursuant to license agreements with the company. At organization, the company issued 400,000 common shares to some 16 persons in exchange for all of the outstanding stock of its three predecessor companies, now operated as subsidiaries. Of the net proceeds from the stock sale, $125,000 will be used to purchase equipment and the opening inventory for departments which the company intends to operate itself, $65,000 to expand departments now operated by the company, and the balance to return security deposits of licensees whose licenses will expire shortly, and for working capital.

In addition to certain indebtedness, the company has outstanding the 400,000 shares of common stock, of which Benjamin P. Swartz, president, owns 26% and management officials as a group 73%. Book value of stock now outstanding is $1.26 per share.

U. S. SHELL HOMES FILES FOR SECONDARY. United States Shell Homes, Inc., 3947 Boulevard Center Drive, Jacksonville, Fla., filed a registration statement (File 2-20427) with the SEC on May 29th seeking registration of 10,000 outstanding shares of common stock, to be offered for public sale by James H. McDougall, a director, from time to time at prevailing prices in the over-the-counter market, or in isolated transactions, at negotiated prices, with institutional or other investors. The company is principally engaged in financing receivables arising out of credit sales of shell homes constructed and sold by the company. In addition to certain indebtedness and preferred stock, the company has outstanding 298,954 shares of common stock, of which management officials as a group own 17.8%. Carl W. Knobloch, Jr. is president and F. James Toney, Sr. is board chairman.

HERLIN FILES FOR OFFERING AND SECONDARY. Herlin & Co., Inc., 2046 Bell Avenue, St. Louis, Mo., filed a registration statement (File 2-20428) with the SEC on May 29th seeking registration of 100,000 shares of common stock, of which 80,000 shares are to be offered for public sale by the company and 20,000 shares, being outstanding stock, by the holders thereof. Newhard, Cook & Co., 400 Olive Street, St. Louis, heads the list of underwriters. The public offering price (maximum $12.50 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of selling wrist watches by means of sales development programs for the food chain industry. Under the program, a food store customer is entitled to purchase a Herlin watch upon presentation of a required dollar amount of cash register tapes. The net proceeds from the company's sale of additional stock will be added to working capital to enable the company to cease the factoring of its accounts receivable and inventory. In addition to certain indebtedness, the company has outstanding 150,000 shares of common stock, of which Herbert M. Milster, president, Jack H. McLean, executive vice president, and Eugene Evans, Jr., vice president, own 25.70% each, and management officials as a group 90.56%. They propose to sell 3,726 shares each and three others propose to sell the remaining 8,822 shares.

FOXBORO CO. PROPOSES RIGHTS OFFERING. The Foxboro Company, 38 Neponset Avenue, Foxboro, Mass., filed a registration statement (File 2-20429) with the SEC on May 29th seeking registration of $12,209,000 of convertible subordinated debentures due 1982. It is proposed to offer such debentures for subscription at 100% of principal amount by common stockholders at the rate of $100 of debentures for each 20 shares held. Paine, Webber, Jackson & Curtis, 24 Federal Street, Boston, heads the list of underwriters. The interest rate, record date and underwriting terms are to be supplied by amendment.

The company is a manufacturer of industrial instruments for indicating, recording and controlling temperature, pressure, flow, humidity, liquid level and other process variables. Its products are primarily used in the process industries in the manufacture or conversion of raw materials into finished or semi-finished goods. Of the net proceeds from the debenture sale, $1,000,000 will be used to construct and equip a new research and development building and associated facilities at Foxboro, $400,000 to construct new facilities for warehousing, servicing and sales support for products at several branch locations, $1,400,000 to expand the plant facilities of the company's British and Dutch subsidiaries, $150,000 to construct and equip plant facilities for its new French subsidiary, $2,000,000 to repay short-term bank loans, and the balance for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 2,441,806 shares of common stock, of which Benjamin H. Bristol, board chairman, and Rexford A. Bristol, president, own 21.7% and 17.6%, respectively, and management officials as a group 47%.

OLYMPIA RECORD INDUSTRIES FILES FOR STOCK OFFERING. Olympia Record Industries, Inc., 614 West 51st St., New York, filed a registration statement (File 2-20430) with the SEC on May 29th seeking registration of 66,000 shares of Class A stock, to be offered for public sale at $4 per share. The offering will be made by Gianis & Co., Inc., 44 Wall St., and Jed L. Hamburg Co., 11 Broadway, both of New York, which will receive a 50¢ per share commission and $5,000 for expenses The statement also includes (1) 3,000 Class A shares to be sold to Gianis & Co. and 1,000 shares to Jed L. Hamburg Co., the finder, all at 50¢ per share, and (2) 15,000 Class A shares underlying 5-year warrants to be sold to Gianis & Co. for $150, exercisable at $4 per share.

The company (formerly Olympia Distributing Corporation) is engaged in the business of wholesale distribution of phonograph records and albums of all types to mail order houses, variety chains, and department stores chains throughout the United States and locally in New York to department stores and other retail outlets. The $212,000 estimated net proceeds from the stock sale (including stock and warrants sold to the

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underwriters) will be used to repay short-term bank loans and loans from officers, to finance additional inventory, to produce international and educational recordings, to purchase new products and expand orders for existing products for the record accessory line, and for working capital to be used for general corporate purposes. In addition to certain indebtedness, the company has outstanding 84,000 common shares (pursuant to a proposed recapitalization such shares will be reclassified as Class B shares, and Class A shares will be authorized), of which Ervin Litkei, president, and Oscar Kelemen and David Weg, vice presidents, own 33-1/3% each. Sale of new stock to the public at $4 per share will result in an increase in the book value of stock now outstanding from $1.27 to $2.07 per share with a resulting dilution of $1.93 per share in the book equity of stock purchased by the public.

PET MILK PROPOSES DEBENTURE OFFERING. Pet Milk Company, Arcade Bldg., St. Louis, Mo., filed a registration statement (File 2-20431) with the SEC on May 29th seeking registration of $20,000,000 of sinking fund debentures due 1982, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Place, New York, and two other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Of the net proceeds from the debenture sale, $12,500,000 will be applied to the acquisition of Laura Scudder's, which is engaged in the manufacture and sale of potato chips, corn chips and other snack items principally in California. The purchase price also includes an amount equal to its earnings (before income taxes) for the period from January 1, 1962 through May 18, 1963. The balance of the proceeds will be applied toward repayment of short-term indebtedness to banks incurred to carry inventories.

HART SCHAFFNER & MARX FILES STOCK PLANS. Hart Schaffner & Marx, 36 South Franklin Street, Chicago, filed a registration statement (File 2-20432) with the SEC on May 29th seeking registration of 124,450 shares of common stock, previously offered or to be offered pursuant to its 1956 and 1960 Restricted Stock Option Plans.

UNITED NATIONAL INSURANCE FILES FOR STOCK OFFERING. United National Insurance Company, 225 South 15th St., Philadelphia, filed a registration statement (File 2-20433) with the SEC on May 29th seeking registration of 77,000 shares of common stock, to be offered for public sale at $15 per share. The offering will be made through underwriters headed by Suplee, Yeatman, Mosley Co., Inc., 1500 Walnut St., Philadelphia, which will receive a $1.50 per share commission and $20,000 for expenses. The statement also includes (1) 7,500 shares underlying 5-year warrants to be sold to the underwriter at 10¢ each, exercisable at $15 per share, and (2) 42,700 shares to be offered in exchange for 14,000 outstanding preferred shares held by 14 persons.

Organized in 1960, the company is primarily engaged in the business of selling automobile liability and physical damage insurance; and it also writes fire and extended coverage insurance. The net proceeds from the stock sale will be used as additional capital and surplus with which to support the company's proposed expansion program and to meet the statutory requirements to enable it to write all lines of insurance available to fire and casualty insurance companies in Pennsylvania. In addition to the preferred stock, the company has outstanding 31,000 shares of common stock, of which United News Transportation Company and Madison Agency, Inc., both of Philadelphia, own 75.3% and 24.7%, respectively. Raymond L. Fruedberg, president, and two other officers own a controlling interest in Madison Agency, Inc.

CONSOLIDATED NATURAL GAS SYSTEM TRANSACTIONS NOTICED. The SEC has issued an order under the Holding Company Act (Release 35-14646) giving interested persons until June 13, 1962, to request a hearing upon a proposal of Consolidated Natural Gas Company (New York holding company) to issue and sell to commercial banks an aggregate of $40,000,000 face amount of unsecured promissory notes having a maturity of not more than twelve months from the date of the first issuance. Proceeds of the notes will be used to provide funds for the following wholly-owned subsidiary companies of Consolidated to purchase inventory gas for storage: The East Ohio Gas Company (Cleveland), Hope Natural Gas Company (Clarksburg, W.Va.), New York State Natural Gas Corporation (Pittsburgh), and The Peoples Natural Gas Company (Pittsburgh). In addition, East Ohio, Hope, New York State, and Peoples propose to issue and sell, and Consolidated proposes to acquire, short-term notes, maturing not more than twelve months from the date of the first borrowing by each subsidiary, in the following respective amounts: $11,000,000, $7,000,000, $21,000,000, and $1,000,000. The notes of the subsidiary companies and, in turn, the related notes of Consolidated will be paid as gas is withdrawn from storage and sold during the 1962-1963 heating season.

East Ohio, Hope, and Peoples also propose, in order to provide part of the funds for financing their 1962 construction programs, to issue and sell, and Consolidated proposes to acquire, non-negotiable long-term notes from time to time during 1962 in amounts of $10,000,000, $8,000,000, and $5,000,000, respectively.

In addition, Lake Shore Pipe Line Company (Cleveland), a wholly-owned subsidiary of Consolidated, proposes to increase its authorized capital stock, $10 par value, from 62,000 to 82,000 shares and to issue and sell such additional 20,000 shares to Consolidated, from time to time during 1962. Such shares will be sold for cash equal to their aggregate par value of $200,000, and the proceeds thereof will be used for the purpose of financing Lake Shore's 1962 construction program.

AMERICAN NATURAL GAS SERVICE COMPANY ORDER ENTERED. The SEC has issued an order under the Holding Company Act (Release 35-14647) approving for a period of eighteen months proposed modifications in the organization and conduct of business of American Natural Gas Service Company, a subsidiary service company wholly-owned by American Natural Gas Company, a registered holding company. (For details of the proposed modifications, see Holding Company Act Release No. 35-14632).

T. B. ALLEN HEARING SCHEDULED. The SEC has scheduled a hearing for June 12, 1962, at 10:00 A.M., in its Washington Office, in the proceedings announced on May 11, 1962, to determine whether the broker-dealer registration of Thomas Bennett Allen, doing business as Jordan, Marc and Company, Washington, D. C., should be revoked.

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RESOURCE FUND, INC. EXEMPTED. The SEC has issued an order under the Investment Company Act (Release IC-3483) declaring that Resource Fund, Inc. (New York City) has ceased to be an investment company.

CHESTER GRAY CONVICTED. The SEC Atlanta Regional Office announced the conviction on May 24, 1962, of Chester Gray (also known as Walter Malinowski and Chester Joseph Zochowski) on charges of violating the anti-fraud provisions of the Securities Act of 1933 and of conspiring to violate these provisions and the Mail Fraud Statute in connection with the sale and pledge of shares of Imperial Petroleum Company common stock with banks and brokers in the Miami, Florida area. Alfred Melvin Schiff was also convicted of the Securities fraud charges. Stanley Brown, another defendant, pleaded guilty on May 15, 1962, to the Securities fraud charge. The charges against A. Henry Fricke, Jr., a broker-dealer doing business as Executive Securities Company and later as Henry Fricke Company, were dismissed by the Court. (Lit-2273).

PRELIMINARY INJUNCTION AGAINST EAST COAST INVESTORS CO., INC. The SEC New York Regional Office announced on May 24, 1962, the entry of a court order (USDC, SDNY) preliminarily enjoining East Coast Investors Co., Inc., a New York City broker-dealer, and Georgette B. Murray and Miriam Victorson, officers of the firm, and Clifford A. Murray, the cashier and trader of the firm, from violating the bookkeeping, net capital, filing and registration provisions of the Securities Exchange Act of 1934 and the rules promulated thereunder. (Lit-2274)

THE COLORADO COMPANY ENJOINED. The SEC Denver Regional Office announced on May 25, 1962, the entry of a court order (USDC, Colorado) permanently enjoining and restraining The Colorado Company, Inc., and Raymond P. Sweeney, also known as Philip J. Sweeney, from further violations of the Commission's net capital rule, the bookkeeping rule, and the anti-fraud rule under the Securities Exchange Act of 1934. The defendants consented to the entry of the permanent injunction. (Lit-2275)

SEC COMPLAINT NAMES OSCAR R. SHEPPARD. The SEC Washington Regional Office announced on May 28, 1962, the filing of a court action (USDC, DC) seeking to enjoin Oscar R. Sheppard, doing business as O. R. Sheppard and Company, Washington, D. C., a broker-dealer in securities, from further violations of the Commission's net capital and bookkeeping rules under the Securities Exchange Act of 1934. The defendant consented to the entry of a final judgment permanently enjoining him from further violating the said rules. (Lit-2276)

COMPLAINT FILED AGAINST J. I. MAGARIL. The SEC New York Regional Office announced on May 28, 1962, the filing of a court action (USDC, SDNY) seeking a temporary restraining order preliminary injunction, and final injunction against J. I. Magaril Company, Inc., Jacob Irwin Magaril, also known as Jack I. Magaril, and Alyce Magaril, corporate officers and directors. The complaint seeks to enjoin the defendants from further violations of the anti-fraud provisions of the Securities Exchange Act of 1934 and the Commission's net capital rule and bookkeeping rules under that Act. Additionally, the complaint seeks to compel the defendants promptly to file with the Commission a certified report of the corporation's financial condition and promptly to account to the court for all assets, property, and money received from the public in connection with the underwriting by the corporation of the common stock of PP, Inc., and Central Coil Corporation. The defendants have consented to the entry of the temporary restraining order. (Lit-2277)

SUMMIT GEAR CO. FILES FOR STOCK OFFERING. Summit Gear Co., Inc., 5960 Main Street Northeast, Minneapolis, filed a registration statement (File 2-20434) with the SEC on May 29th seeking registration of 167,000 shares of common stock, to be offered for public sale at $3.50 per share. The offering will be made on a best efforts basis (first 100,000 shares must be sold) by Irving J. Rice & Company, Inc., Pioneer Bldg., St. Paul, which will receive a 50¢ per share commission and $9,500 for expenses. The statement also includes (1) 25,000 shares underlying a 5-year warrant sold to the underwriter for $2,000, exercisable initially at $3.85 per share, and (2) 51,000 shares issuable pursuant to a restricted stock option plan.

The company is engaged in the development, design and manufacture of all types of gears and gear assemblies (or speed reducers as they are also called), precision instruments, and electrical and mechanical appliances. Of the $477,000 estimated net proceeds from the stock sale, $120,000 will be used to acquire additional machines, $197,000 for working capital, and the balance to acquire jigs, molds and fixtures and for research and development. In addition to certain indebtedness, the company has outstanding 75,000 shares of common stock, of which Maurice E. DesChaine, president, Harold J. Kohnen, vice president, and Donald E. Webber, secretary-treasurer, own 33-1/3% each. Sale of new stock to the public at $3.50 per share will result in an increase in the book value of stock now outstanding from $1.40 to $2.50 per share with a resulting dilution of $1 per share in the book equity of stock purchased by the public.

SECURITIES ACT REGISTRATIONS. Effective May 29: Electronic Specialty Co. (File 2-19929); Pal - Playwell Inc. (File 2-19365); Philips N.V. and Philips Industries (File 2-20193). Effective May 31: The Columbia Gas System, Inc. (File 2-20283); Great American Insurance Co. (File 2-20011); Illinois Bell Telephone Co. (File 2-20363); Northern States Power Co. (File 2-20282). Withdrawn May 31: Donaldson Co., Inc. (File 2-19834); Spenard Utilities, Inc. (File 2-20173).

CANADIAN RESTRICTED LIST. The SEC has added International Clain Brokers Ltd., of Vancouver, B.C., Canada, to its Canadian Restricted List. The list is now comprised of the names of 258 Canadian companies whose securities, the Commission has reason to believe, recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

*As estimated for purposes of computing the registration fee.

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Chairman William L. Cary of the Securities and Exchange Commission today issued the following statement:

A newspaper story which appeared today stated that the Commission "has ordered an investigation to explore its suspicions that stock market 'professionals' set the stage for the dramatic drop in stock prices Monday -- and profited from it at the expense of the investing public." This article attributed various statements and conclusions to unnamed SEC officials. Not only was there no authorization for any such statements or conclusions, but on the facts available there is absolutely no basis for them or for such "suspicions." The Commission has not ordered an investigation.

The facts are as I described them at a hearing before the House Interstate and Foreign Commerce Committee on Tuesday on an unrelated matter. In response to a question as to whether we have attempted to make any study in the last few weeks as to why the market has dropped at such a rapid rate, I stated as follows:

> "We are at the present time trying to assemble facts and undoubtedly we should be aware of the question, for example, of who or what groups are buying and selling and the status of specialist accounts, and the like. At the moment, we do not have any study that would provide any answer at this time. We are looking into these facts. . . . We will not have a formal report, but we will have some information available, I would assume, over a period of the next few weeks."

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