

# 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 September 24, 1962

Statistical Release No. 1855. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended September 21, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

|                          | <u>1957-59 = 100</u> |                | <u>Percent<br/>Change</u> | <u>1962</u> |            |
|--------------------------|----------------------|----------------|---------------------------|-------------|------------|
|                          | <u>9/21/62</u>       | <u>9/14/62</u> |                           | <u>High</u> | <u>Low</u> |
| Composite                | 117.7                | 120.1          | -2.0                      | 144.3       | 107.0      |
| Manufacturing            | 108.6                | 111.3          | -2.4                      | 135.0       | 98.6       |
| Durable Goods            | 105.4                | 109.0          | -3.3                      | 135.6       | 95.2       |
| Non-Durable Goods        | 111.7                | 113.6          | -1.7                      | 134.4       | 101.8      |
| Transportation           | 87.2                 | 89.8           | -2.9                      | 111.0       | 85.5       |
| Utility                  | 158.8                | 160.1          | -0.8                      | 185.5       | 143.0      |
| Trade, Finance & Service | 141.6                | 143.8          | -1.5                      | 178.2       | 131.4      |
| Mining                   | 91.7                 | 93.9           | -2.3                      | 113.3       | 83.8       |

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended September 20, 1962, 23 registration statements were filed, 30 became effective, 7 were withdrawn, and 544 were pending at the week-end.

SEC ISSUES RULING IN RE & RE CASE. In a decision announced today in support of its May 1961 order revoking the broker-dealer registration of Re, Re & Sagarese and expelling its principal partners, Gerard A. and Gerard F. Re, from membership in the American Stock Exchange, the Commission held that the record disclosed "gross and deliberate violations of the registration requirements of the Securities Act and the anti-fraud and anti-manipulative provisions of the Securities Act and the Securities Exchange Act." (Rel 34-6900)

The "essential gravity" of their derelictions, the Commission observed, lay "in the abandonment of their duties and responsibilities toward the investing public as specialists" on the said Exchange. Their activities were said by the Commission to have been "conceived and executed in defiance and repudiation of the fiduciary obligation to confine specialist activities to their proper function of maintaining a fair and orderly market. Respondents took advantage of their pivotal position as specialists to rig the markets for securities in which they were effecting massive illegal distributions on the Exchange."

With respect to their illegal distributions of large blocks of securities over the Exchange, the Commission observed that often the unmarketability of these securities through normal channels stemmed from the fact that the financial condition of the companies would not tolerate the disclosure which Securities Act registration would have required; that respondents used their status as specialists to lend authenticity to numerous false and misleading statements circulated in the course of their extensive touting activities; that they were able to conduct their illicit activities without detection over an extended period of time by utilizing dummy accounts and failing to make and keep proper records and reports; that when mere touting failed to generate sufficient interest at the retail level for their massive distributions, respondents attempted to bribe customers men for the purpose of enlisting their aid in these illicit schemes; and that "loyalty, disclosure and fair dealing were concepts alien to their operations." It is impossible, the Commission stated, to calculate in dollars and cents the extent to which the unsuspecting public was defrauded by reason of respondents' manipulative activities. A full recitation of their "sordid activities" was considered unnecessary, however, in view of the wide public attention they have already received and of the recent reorganization of the Exchange generated in substantial part by this case.

The Commission rejected a plea that it recognize a distinction in culpability in the activities of the elder Re and those of his son because of the fact that the son may have been dominated by and acted under the direction of the father. The magnitude of the "illicit activities" engaged in by both respondents and their "defiance" of their responsibilities as specialists "make it clear that the public interest and the protection of investors required the imposition of the most severe sanctions available," the Commission stated.

ALLIED NEW HAMPSHIRE GAS FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14701) authorizing the sale by Allied New Hampshire Gas Company, Portsmouth subsidiary of Colonial Utilities Corporation, a registered holding company, of \$400,000 of 5-5/8% first mortgage bonds due 1982 to Monarch Life Insurance Company, and a \$225,000 20-year 6 1/2% unsecured promissory note to The Lincoln National Life Insurance Company. The net proceeds from the sale of the bonds and note will be used to pay at maturity (October 1962) an outstanding \$56,000 bank note; to retire 2,000 outstanding shares of \$100 par series A 6 1/2% preferred (including a \$12,000 premium); to pay all then outstanding short term bank notes (aggregating \$30,000 at May 1962); to reimburse treasury for expenditures for purchase and construction of additional utility assets; and for other corporate purposes.

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**NEW ENGLAND ELECTRIC SYSTEM SEEKS ORDER.** New England Electric System, Boston holding company, has applied to the SEC for an order under the Holding Company Act for a limited exemption from the competitive bidding requirements thereunder; and the Commission has issued an order (Release 35-14702) giving interested persons until October 15th to request a hearing thereon. According to the application, NEES seeks the exemption in order to conduct negotiations with Connecticut Light and Power Company and Hartford Electric Company with respect to the disposition by NEES of its holdings of all the outstanding common stock of its electric utility subsidiary company, Mystic Power Company (alternatively, such disposition may take the form of a sale by Mystic of its assets to either of said potential purchasers). Mystic constitutes NEES's only utility interest in Connecticut and the growth of its area is said to present problems of future power supply. The application states that it may be more economical for Mystic's customers to be served directly by or through a Connecticut utility company (a Rhode Island subsidiary of NEES now furnishes its electric energy requirements).

**COLUMBIA GAS SYSTEM SEEKS ORDER.** Columbia Gas System, New York holding company, has applied to the SEC for an order under the Holding Company Act authorizing its sale of up to an aggregate of \$20,000,000 face amount of unsecured notes to banks; and the Commission has issued an order (Release 35-14703) giving interested persons until October 8th to request a hearing thereon. The proceeds from the sale of notes will be added to Columbia's treasury funds and will be made available to certain of its subsidiaries for construction and rate refunds to retail and wholesale customers.

**THORNTON COMPANY ENJOINED.** The SEC San Francisco Regional Office announced September 19th (Lit-2376) the entry of a Federal court order (USDC, Los Angeles) permanently enjoining B.E. Thornton Company, Inc., doing business as Republic Securities Co., and Bruce E. Thornton, from further violations of the SEC net capital rule and from engaging in business while insolvent. The defendants consented to entry of the injunction.

**BLACK BEAR INDUSTRIES TRADING BAN CONTINUED.** The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Black Bear Industries, Inc., on the San Francisco Mining Exchange and over-the-counter market for the further period September 25 to 30, 1962, inclusive.

**BIRTCHER CORP. PROPOSES RIGHTS OFFERING.** The Birtcher Corporation, 4371 Valley Blvd., Los Angeles, filed a registration statement (File 2-20736) with the SEC on September 21st seeking registration of 288,476 shares of capital stock. It is proposed to offer such stock for subscription by stockholders (or holders of outstanding 6% convertible debentures upon conversion thereof) at the rate of one new share for each three shares held. No underwriting is involved. The subscription price (maximum \$5 per share\*) and record date are to be supplied by amendment.

The company is engaged primarily in the manufacture and sale of electrotherapeutic instruments, electronic surgical instruments, electronic diagnostic and electronic monitoring equipment and various accessories thereto, and in the sale of locking, heat dissipating clamps used to hold in place and cool electronic tubes, semi-conductors, diodes, and other critical components incorporated in military electronic equipment. It has recently designed and is beginning to manufacture an electronic testing instrument for use by other manufacturers for testing electronic devices and circuitry. A subsidiary is engaged in the manufacture of pepper mills and other gourmet accessories. Of the net proceeds from the stock sale, \$450,000 will be used to retire short-term bank loans and \$275,000 to repay short-term loans from a number of officers and shareholders obtained for working capital purposes. About \$100,000 will be used for additional production machinery and the balance to increase working capital to permit carrying of increased inventories.

In addition to certain indebtedness, the company has outstanding 1,144,036 shares of capital stock, of which Cecil J. Birtcher, president, owns 14% and management officials as a group 29%.

**JEWELL, INC. FILES FOR STOCK OFFERING.** J. D. Jewell, Inc., 322 Maple St., S.W., Gainesville, Ga., filed a registration statement (File 2-20737) with the SEC on September 21st seeking registration of 60,000 shares of common stock, to be offered for public sale at \$9 per share. The offering will be made through underwriters headed by Crow, Brouman & Chatkin, Inc., 115 Broadway, and Pistell, Inc., 50 Broadway, both of New York, which will receive a 90¢ per share commission.

The company is engaged in the raising, preparation, packaging and distribution of poultry and processed frozen specialty foods. The \$432,500 estimated net proceeds from the stock sale will be used to pay notes secured by deeds on real property, to prepay equipment contracts, to purchase equipment to increase production and efficiency of operations at its poultry processing plant and feed mixing plant, and the balance for working capital. In addition to certain indebtedness and preferred stock, the company has outstanding 517,163 shares of common stock, of which Jesse D. Jewell, honorary board chairman, owns 20.54% and management officials as a group 33.93%. R. Carl Chandler is board chairman and Charles J. Thurmond is president.

**HIGHVIEW LIMITED PARTNERSHIP FILES FOR OFFERING.** Highview Limited Partnership, 1411 K St., N. W., Washington, D. C., filed a registration statement (File 2-20738) with the SEC on September 21st seeking registration of \$1,650,000 of limited partnership interests in Highview, to be offered for public sale in 1,000 units and at \$1,650 per unit. The offering will be made on a best efforts basis by Swesnik, Blum & Potter Securities Corp. (of the same address), which will receive a \$165 per unit selling commission and \$25,000 for expenses.

The partnership was organized under Maryland law in August 1962 with Richard H. Swesnik and Herbert Blum as the general partners and Paul I. Bauman as the original limited partner. The partnership proposes to acquire the Highview and Parkway Apartment projects located in Prince Georges County, Maryland at a total cost of \$4,900,000. Of the \$1,460,000 estimated net proceeds from this offering, \$1,375,000 will be applied to the purchase price (including reimbursement of a \$150,000 deposit paid by the general partners). The

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balance of the purchase price will be financed through loans secured by first deeds of trust on the properties. Swesnik and Blum, Inc., a company wholly-owned by the general partners, will act as management and leasing agent for the projects for a fee of 4% of the annual gross rentals (they also own all of the stock of the underwriter). They have received 54 partnership units in exchange for their assignment to the partnership of the contract to purchase the projects.

**WALGREEN FILES STOCK PLANS.** Walgreen Co., 4300 Peterson Ave., Chicago, filed a registration statement (File 2-20739) with the SEC on September 21st seeking registration of 100,000 shares of common stock, to be offered pursuant to its Key Employees, General Employees, and Store Managers Bonus Stock Purchase Plans.

**NORTHERN ILLINOIS GAS FILES EXCHANGE OFFER.** Northern Illinois Gas Company, 50 Fox St., Aurora, Ill., filed a registration statement (File 2-20740) with the SEC on September 21st seeking registration of 45,000 shares of 5% convertible preferred stock (\$100 par). It is proposed to offer such stock to common stockholders of Allied Gas Company, an Illinois company, at the rate of 1 preferred share for each 4 shares of Allied Gas common.

The company is a public utility engaged principally in the purchase, distribution and sale of natural gas in 22 counties in northern Illinois, including areas generally outside Chicago. Allied Gas is engaged in the same business serving areas in the east central part of Illinois and an area some 75 miles west of Chicago. The territories of both companies are contiguous. In addition to various indebtedness and preferred stock, the company has outstanding 7,661,860 shares of common stock. Marvin Chandler is president.

**INDUSTRIAL DEVELOPMENT BANK OF ISRAEL FILES FOR STOCK OFFERING.** Industrial Development Bank of Israel Limited, Tel-Aviv, filed a registration statement (File 2-20741) with the SEC on September 21st seeking registration of 1,000,000 shares of 6% preference CC shares and 1,500 Ordinary AA shares. The AA shares may be purchased only as a part of a unit consisting of one AA share and 345 CC shares; and the CC shares may be purchased either as a part of a unit or separately (no purchase less than 10 shares), at \$10.50 per share. The offering price of the units is to be supplied by amendment. United States residents who have previously purchased Preference C shares in the U.S. from the company will be given the right to purchase CC shares at \$10 per share for every Preference C share held by them. The purchase price for the stock is payable in cash or certain State of Israel bonds. The offering will be made on a best efforts basis by Brager & Company, 60 Wall Street, New York, which will receive a selling commission of 8-3/4% on the sales price of all shares sold by it.

The Bank was organized in 1957 to serve as a financial institution to encourage the establishment and expansion in Israel of efficient industrial undertakings needed in the development of the Israel economy. The Bank makes medium and long-term loans out of the capital funds of the Bank and from funds deposited from time to time by the Israel Government. The net proceeds from this stock sale will be used to make such loans. In addition to certain indebtedness and preference stock, the Bank has outstanding 10,590 Ordinary A shares (voting) of which the State of Israel Treasury owns 29.46%. Avraham Neaman is Managing Director of the Bank.

**PANHANDLE EASTERN PIPE LINE FILES FINANCING PLAN.** Panhandle Eastern Pipe Line Company, One Chase Manhattan Plaza, New York, filed a registration statement (File 2-20743) with the SEC on September 21st seeking registration of \$60,000,000 of debentures due 1982 and 200,000 shares of cumulative preferred stock (\$100 par). The preferred shares are to be offered for public sale by Kidder, Peabody & Co., 20 Exchange Place, and Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine Street, both of New York; and the debentures by said two underwriters and Halsey, Stuart & Co., Inc., 123 S. LaSalle St., Chicago. The interest rate on the debentures, dividend rate on the preferred shares, and public offering price and underwriting terms for both issues are to be supplied by amendment.

The company is principally engaged in the production, transmission and sale of natural gas. The net proceeds from this financing will be used to retire \$80,000,000 of outstanding short-term bank loans incurred in connection with the company's expansion program and refunds of certain previous rate increases. The company's 1962 pipeline expansion program is estimated at \$68,000,000 and an additional \$10,000,000 for miscellaneous construction and routine additions. In addition to certain indebtedness and preferred stock, the company has outstanding 6,767,545 shares of common stock, of which Missouri-Kansas Pipe Line Company, a Delaware company, owns 776,984 shares (11.5%) and management officials as a group 40,589 shares. William G. Maguire is board chairman and president; and he is president and a substantial stockholder of Missouri-Kansas Pipe Line.

**COLLINS RADIO PROPOSES RIGHTS OFFERING.** Collins Radio Company, 5225 "C" Avenue N.E., Cedar Rapids, Iowa, filed a registration statement (File 2-20744) with the SEC on September 21st seeking registration of 557,515 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each four shares held. Kidder, Peabody & Co., Inc., 20 Exchange Place, and White, Weld & Co., Inc., 20 Broad St., both of New York, head the list of underwriters. The record date, subscription price and underwriting terms are to be supplied by amendment.

The company is engaged in the design, development, manufacture and sale of specialized radio communication equipment and of aircraft navigation and flight control equipment. The net proceeds from the stock sale will be applied to reduce current bank borrowings incurred to finance receivables and inventories. In addition to various indebtedness, the company has outstanding 2,787,578 shares of common stock, of which Arthur A. Collins, president and board chairman (together with his family as a group) owns 24.4%. Management officials as a group own 18.11%. 1/ (maximum \$26 per share\*)

**CARSON PIRIE SCOTT FILES SAVINGS PLAN.** Carson Pirie Scott & Company, One South State St., Chicago, today filed a registration statement (File 2-20745) with the SEC seeking registration of \$1,000,000 of participations in its Profit Sharing and Savings Plan, and 75,471 common, 12,048 4½% cumulative preferred, and 11,111 convertible junior preferred shares, which may be acquired pursuant thereto.

**COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE FILES FINANCING PLAN.** Cooperative Grange League Federation Exchange, Inc. (G.L.F. Exchange), Terrace Hill, Ithaca, N. Y., filed a registration statement (File 2-20742) with the SEC on September 21st seeking registration of 10,000 shares of 4% cumulative preferred stock (\$100 par) and 300,000 shares of common stock, to be offered for public sale at \$100 and \$5 per share, respectively. No underwriting is involved. The preferred stock may be purchased by both farmer and non-farmer patrons of G.L.F. Exchange and by any other persons; and the offering of common stock will be restricted to present members of G.L.F. Exchange and to farmers interested in becoming members.

G.L.F. Exchange is an incorporated agricultural cooperative association and is the parent cooperative of the G.L.F. system of cooperatives. It functions both as an operating cooperative directly engaged in product manufacturing, processing and distribution, wholesale purchasing, and the marketing of commodities for its members, and as a holding corporation owning all of the outstanding common stock of the following principal subsidiaries: Cooperative G.L.F. Holding Corporation, Grange League Federation Insurance Company and G.L.F. Agency Corporation. As a parent cooperative, it is also the trustee-holder of all of the outstanding common stock of 282 member G.L.F. cooperative associations operating in local communities of New York, Pennsylvania and New Jersey. The net proceeds from this financing, estimated at a maximum of \$2,500,000, will be used principally to provide funds for future redemption of outstanding securities of G.L.F. Exchange. Any excess in proceeds will be added to working capital.

**COLUMBIA GAS SYSTEM PROPOSES DEBENTURE OFFERING.** The Columbia Gas System, Inc., 120 East 41st Street, New York, today filed a registration statement (File 2-20747) with the SEC seeking registration of \$30,000,000 of debentures due 1987, to be offered for public sale at competitive bidding. The net proceeds together with other funds, will be applied principally to finance the completion of the 1962 construction program of the company's subsidiaries (estimated at \$100,000,000), and to pay certain subsidiaries amounts as may be required by them for refunds upon settlement of pending rate cases.

**ADDITIONAL DEFENDANTS ENJOINED IN AMERICAN ORBITRONICS CASE.** The U.S. District Court for the District of Columbia has enjoined the sale of stock of American Orbitronics Corp. in violation of the Securities Act registration requirements by the following additional defendants: Aaron Bassin, William Reynold Brown, Helen Van Zandt, Norman W. Cook, Genevieve M. Kahler, and Aaron Weisman. (Lit-2377). These defendants consented to the court order; and the Commission agreed to dismissal of the fraud charges against them. Defendants Richard Candelaria (president), Joseph G. Rosales, Sam L. Todd and L. A. Nikoloric previously consented to an injunction against violations of the registration and anti-fraud provisions of the Act. The action is still pending as to defendants Ben H. Cooper, Neil Kelly, George Sharigan, George W. Franklin and Harold Derber.

**SECURITIES ACT REGISTRATIONS.** Effective September 24: The Larsen Co. (File 2-20682); Louis Lesser Enterprises, Inc. (File 2-20155); Raymond Oil Co., Inc. (File 2-20646); Stowe-Woodward, Inc. (File 2-20650). Withdrawn September 21: Accurate Parts, Inc. (File 2-20163); Sidney Schwartz Realty Corp. (File 2-20462); United Telephone Services, Inc. (File 2-20120); Voron Electronics Corp. (File 2-18591). Withdrawn September 24: Lordhill Corp. (File 2-20152).

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

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