

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 January 25, 1960

Statistical Release No. 1657. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended January 22, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959 - 1960, is as follows:

	1939 = 100		Percent Change	1959 - 1960	
	1/22/60	1/15/60		High	Low
Composite	416.9	423.6	-1.6	441.3	400.1
Manufacturing	514.6	523.8	-1.8	554.2	490.7
Durable Goods	495.6	504.7	-1.8	527.7	457.8
Non-Durable Goods	522.1	531.2	-1.7	570.1	510.5
Transportation	321.2	327.6	-2.0	371.6	318.7
Utility	219.8	221.3	-0.7	231.8	207.1
Trade, Finance & Service	434.2	440.7	-1.5	447.3	382.7
Mining	287.1	295.0	-2.7	360.4	283.8

SECURITIES VIOLATIONS CHARGED TO HENSLEY & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether D. Earle Hensley Co., Inc., 1711 Smith Tower, Seattle, Washington, and three of its officers violated the anti-fraud and other provisions of the Federal securities laws, and if so, whether its broker-dealer registration should be revoked. A hearing for the purpose of taking evidence therein will be held at a time and place later to be announced.

The registration-application of Hensley Co. ("Registrant") was filed August 5, 1959, and became effective September 4, 1959. It lists David Earle Hensley as president, Bernice Kathleen Hensley as vice president, and Jack Roy Clement as vice president.

In its order, the Commission asserts that information developed in an investigation conducted by its staff tends to show that Registrant, together with the Hensleys and Clement, engaged in transactions which operated as a fraud and deceit upon certain persons, in that -

- a) during the period April to August, 1959, they offered and sold preferred and common stock of Registrant by means of false and misleading representations of material facts, including statements with respect to the company's operations, guaranteed return on the preferred and dividends on the common, use of proceeds, investments by promoters and officials, and increase in the market value of the common;
- b) during the period April to July, 1959, they induced various persons to purchase various securities at prices far in excess of the prevailing market prices therefor, while withholding information as to the market prices and thereby obtaining unreasonable and excessive profits;
- c) during the period July to August 1959, they induced customers to purchase Registrant's preferred and common stock by representing that such securities were being offered "at the market" without disclosing that the market for such securities was made, created or controlled by them;
- d) during the period July to August 1959, they induced the purchase of securities by customers and accepted the deposit of monies and securities upon the representation that Registrant was ready and able to execute and fill such orders and to meet all liabilities arising in connection therewith, when in fact its liabilities then exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business;
- e) during the period November 1958 to August 1959, they induced certain persons to effect transactions of purchase and sale of securities with and through and to deposit funds and securities with Registrant, representing that the monies so deposited would be used in payment for securities purchased and that the proceeds of securities deposited for sale would be remitted to such customers, when in fact they intended to and did appropriate the monies so deposited and the securities so deposited or the proceeds thereof to their own use and benefit; and

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f) entered into underwriting agreements with and sold securities for certain issuers and obtained monies in payment for such securities, and appropriated same to their own use and benefit.

The Commission's order further asserts, among other things, that Registrant engaged in the conduct of a securities business during the period April 1959 to September 4, 1959, while not registered with the Commission and in violation of the registration requirement; that it falsified its liabilities as reflected in a statement of financial condition filed with its registration application; that during the period April 1959 to September 18, 1959, it failed to make and keep current various books and records relating to its business; and that it refused to permit inspection of its books and records by representatives of the Commission.

(NOTE TO PRESS: Foregoing also released in SEC Seattle Office.)

SEC ORDER SUSPENDS COMINOL STOCK OFFERING. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by Cominol Industries, Inc. (Formerly Continental Mining and Oil Corporation), of 1500 Massachusetts Ave., N. W., Washington, D. C.

Regulation A provides a conditional exemption from Securities Act registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed December 9, 1957, Cominol proposed the public offering of 250,000 common shares at \$1 per share pursuant to such an exemption. The Commission's suspension order charges that there was a failure to comply with certain terms and conditions of Regulation A and that false and misleading representations were made in the offering and sale of Cominol stock which "operated as a fraud and deceit upon purchasers." The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The Commission's order challenges the adequacy and accuracy of various representations in Cominol's notification and offering circular, including information under the headings "Operating Plan" and "Use of Proceeds" which described a proposed mining operation in Arkansas when it appears that a substantial portion of the proceeds were used to acquire a company known as Shielding, Inc., through an intermediary company, Shielding Corporation, in which certain Cominol officers and directors held a 49% stock interest acquired at little or no cost to them. Cominol initially received only 51% of the stock interest in Shielding Corp. (which acquired all the shares of Shielding, Inc.) despite the fact that Cominol paid or became obligated to pay the entire purchase price of the investment in Shielding, Inc. Subsequently, Cominol acquired the remaining 49% interest from its owners, through the issuance in exchange therefor of 130,000 shares of Cominol common, together with options to purchase an additional 40,000 shares at \$3 per share.

Furthermore, according to the Commission's order, the Cominol offering circular was false and misleading in its reference to the public offering of shares at \$1 per share when, in fact, the stock was offered and sold at higher prices by persons purchasing from the principal underwriter (E. L. Wolf Associates) for redistribution to the public, which resulted in undisclosed profits to such persons. Thus, an exemption from registration pursuant to Regulation A was not available since the aggregate public offering price exceeded the \$300,000 limitation; and, accordingly, the stock offering was made in violation of the registration requirement.

The Commission's order charges other violations of Regulation A, including the dissemination in connection with the Cominol stock offering of materially misleading information regarding the company, its plans, its properties and the stock offering, as well as the failure to file with the Commission copies of certain written communications used in connection with the offering and that 25,000 shares of Cominol stock were distributed to persons who sold securities on behalf of Cominol and/or the underwriter.

SEC COMPLAINT NAMES QUINN & CO. The SEC New York Regional Office announced the filing on January 21, 1960, of court action (USDC, SDNY) to enjoin E. J. Quinn & Co., Inc., 135 Broadway, New York, from further violating the Commission's record-keeping requirements. Filing of the complaint followed investigation of trading in Oneclome Concentrating stock (Lit. Release 1560).

NET CAPITAL VIOLATIONS CHARGED TO MUTUAL FUNDS SERVICE. The SEC Washington Regional Office announced on January 22, 1960, the filing of a complaint (USDC, Norfolk) seeking to enjoin John P. Angelson and Charles S. Perrino, doing business as Mutual Fund Service, of Norfolk, Va., from engaging in the securities business in violation of the Commission's net capital rule (Lit. Release 1561).

S. D. COMPLAINT NAMES HAROLD GERSTEN. The SEC San Francisco Regional Office announced January 19, 1960, the filing of a complaint (USDC, Los Angeles) seeking to enjoin Harold Gersten, doing business as H. Gersten & Co., 639 South Spring St., Los Angeles, from violating the Commission's record-keeping requirements (Lit. Release 1562).

INDICTMENT AGAINST TWO DISMISSED, SENTENCE SUSPENDED ON THIRD. The SEC San Francisco Regional Office announced January 18, 1960, that counts charging Leo J. Pucinelli and George Tayler with violation of the Securities Act registration requirements in the sale of Comstock Uranium-Tungsten Co. stock were dismissed by the court. Clement G. Caffarelli received a suspended sentence and was placed on probation on plea of guilty to a similar charge (Lit. Release 1563).

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UNION ELECTRIC HEARING POSTPONED. The SEC has issued an order (Release 35-14145) postponing from January 26 to February 10, 1960, the hearing on an application of Union Electric Company for exemption from the Holding Company Act and for release of jurisdiction with respect to the retainability of the gas properties in the Union Electric system.

J. Raymond Dyer, a stockholder of Union Electric, had requested that he be granted leave to intervene as a party or, in the alternative, that he be given leave to be heard, and that the hearing be postponed and transferred to St. Louis. The latter request was denied. The request to intervene or to be heard will be considered by the Hearing Officer upon the convening of the hearing.

CULLIGAN INC. FILES FOR OFFERING AND SECONDARY. Culligan, Inc., 1657 South Shermer Rd., Northbrook, Ill., filed a registration statement (File 2-16039) with the SEC on January 22, 1960, seeking registration of 152,241 shares of Common Stock. Of this stock, 71,500 shares are to be offered for public sale by the issuing company and 64,000 shares (outstanding stock) by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Cruttenden, Podesta & Co. is listed as the principal underwriter. The remaining 16,741 shares are reserved for issuance upon conversion of an equivalent number of Class B common shares.

The company is a manufacturer and distributor of water conditioning equipment and supplies and has plants in Northbrook and San Bernardino, Calif. It now has outstanding 64,000 shares of common stock and 445,460 shares of Class B common. Of the net proceeds to the company from its sale of the additional 71,500 common shares, \$350,000 will be applied to erecting and equipping the company's plant in Northbrook; \$250,000 for investment or advances to its subsidiary, CWC Finance Corp. to permit expansion of its Culligan dealer financing activities; and the balance will be used for general corporate purposes.

The prospectus lists E. J. Culligan as board chairman and H. F. Werhane as president. Company officials own 251,404 shares of the Class B stock. Werhane, Donald L. Porth, John A. Gavin, and Samuel R. Marotta, all company officials, together with Anna Werhane, Arline F. Porth, Mary A. Gavin, and Alice G. Marotta, are listed as holders of the 64,000 common shares to be sold. They own an aggregate of 262,298 shares of Class B stock.

SONAR RADIO FILES FOR OFFERING. Sonar Radio Corporation, 3050 W. 21st St., Brooklyn, filed a registration statement (File 2-16040) with the SEC on January 22, 1960, seeking registration of 195,000 shares of common stock. The company proposes to make a public offering of 180,000 shares through an underwriting group headed by George, O'Neill & Co., Inc., the offering to be made at \$3 per share and the underwriting commission to be 30¢ per share (plus \$25,000 for expenses). O'Neill & Co. has purchased from three company officials at \$.001 per warrant share, five-year warrants for the purchase of 15,000 common shares at \$3 per share.

The company is engaged in the development, manufacture and sale of marine electronic equipment. It now has outstanding 230,940 common shares. Net proceeds of the sale of additional stock is to be used as follows: \$50,000 to move to new plant facilities; \$225,000 to acquire additional working capital to expand production facilities and for operations; \$100,000 for research and development; \$50,000 for test equipment, etc.; and \$16,000 for advertising and sales promotion.

The prospectus lists Jack Babkes as president, Daniel Klein as vice president, and James Liebman as secretary-treasurer. Babkes and Klein each own 33.33% of the outstanding common and Liebman 30.55%.

CAPTAINS CLUB PROPOSES STOCK OFFERING. Captains Club, Inc., 381 Fifth Ave., New York, filed a registration statement (File 2-16041) with the SEC on January 22, 1960, seeking registration of 500,000 shares of its common stock, to be offered for public sale at \$2 per share. The offering is to be made on a best efforts basis by G. Everett Parks & Co., Inc., and Sulco Securities Inc., for which they will receive a 40¢ per share selling commission. The underwriters also may acquire, at 1¢ per warrant share, five-year warrants for the purchase at \$2 per share of 1 share for every four shares sold to the public, or a total of 125,000 shares.

Organized in March 1958, the company's business, in the development stage, is to service and inform pleasure boat owners who are members of Captains Club in the use and enjoyment of their craft. For a \$25 annual membership fee, the company renders various services, including a service guide, cruise planning, chart procurement service, group insurance service, credit services, weather service, etc. Its policy is to issue exclusive franchises in each port or locality to one major marina or boatyard facility. The company now has outstanding 426,825 common shares. Of the net proceeds of the sale of additional stock, the company plans to retire \$52,860 of 6% notes and the balance will constitute operating funds to be used for advertising, salaries and expenses of regional field men and managers, publications, and other expenditures and for working capital.

The prospectus lists Arthur J. Pegler of Darien, Conn., as president, Nicola J. Gargano of New York as vice president, and Edward J. Bernstein of New Rochelle as board chairman. Officers and directors as a group own an aggregate of 164,925 (38%) of the outstanding common shares. Purchasers of the 500,000 shares will own 54% of the then outstanding common stock for \$1,000,000, while management officials and promoters will hold 22% for which they paid \$92,340 in cash and property consisting of the assets of the predecessor co-partnership, Marine Facts Company, which had been organized by Bernstein, Gargano and Venan J. Alessandrini.

BROOKLYN UNION GAS PROPOSES PREFERRED STOCK OFFERING. The Brooklyn Union Gas Company, 176 Remsen St., Brooklyn, N. Y., filed a registration statement (File 2-16042) with the SEC seeking registration of 150,000 shares of Cumulative Preferred Stock, Series A, \$100 par, to be offered for public sale through an underwriting group headed by Blyth & Co., Inc., and Eastman Dillon, Union Securities & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the stock sale will be applied, with other company funds, to the repayment of bank loans, outstanding at January 1, 1960, in the amount of \$15,250,000. Of these loans, \$13,000,000 were incurred for construction purposes and \$2,250,000 in connection with the retirement of the preferred stock of Brooklyn Borough Gas Company prior to its consolidation with the company. The company anticipates construction expenditures of about \$19,000,000 in 1960 and \$23,000,000 in 1961.

BALTIMORE PAINT FILES FINANCING PROPOSAL. Baltimore Paint and Chemical Corporation, 2325 Annapolis Ave., Baltimore, filed a registration statement (File 2-16043) with the SEC on January 22, 1960, seeking registration of (a) \$750,000 of Sinking Fund Debentures, 6½% Series due 1975, with 8-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each \$1000 of debentures; and (b) 90,000 shares of 6½% Cumulative Convertible First Preferred Stock. The debentures are to be offered for public sale at 100% of their principal amount, with a 10% commission payable to the underwriters, headed by P. W. Brooks & Co.; and the preferred shares are to be offered for sale at \$20 per share, with a \$2 per share commission payable to the underwriters. The company also has agreed to sell the Brooks & Co. five-year warrants to purchase 25,000 additional common shares (at a price to be specified).

The financing also includes the sale of \$750,000 of 6½% First Mortgage Bonds due 1972 to the New York Life Insurance Company; and the company has agreed to issue 12-year warrants to purchase 15,000 common shares (at a price to be specified) to the insurance company as part consideration for its purchase of the bonds. All three series of warrants and underlying shares also are included in the registration statement.

The company was organized in June 1958 by American Dryer Corporation and the following month acquired all the outstanding stock of Baltimore Paint & Color Works, Inc., and four affiliated companies. It is a manufacturer of a wide line of house paints and industrial finishes. In July 1959 it purchased the business and asset of M. J. Merkin Paint Company, Inc. According to the prospectus, the company now has outstanding 460,856 common shares and certain indebtedness. Net proceeds of the sale of the debentures, preferred stock and bonds will be applied as follows: \$230,000 to the repayment of a loan obtained in connection with the acquisition of Merkin Paint; \$1,050,000 to purchase of the land, buildings and plant presently leased by the company together with an adjacent tract; \$500,000 to the construction of additional manufacturing, warehousing and office space; \$100,000 to the purchase of additional machinery and equipment; and the balance to working capital.

The prospectus further reflects that American Dryer owns 255,500 shares (55.4%) of the outstanding stock of Baltimore Paint and its officers and directors as a group own about 3.5%. The said officers and directors own 461,607 shares (31.6%) of the outstanding stock of American Dryer, and William F. Kane, president, owns 268,983 shares or 18.5% of such stock.

ELECTRO INSTRUMENTS FILES FOR OFFERING AND SECONDARY. Electro Instruments, Incorporated, 3540 Aero Court, San Diego, filed a registration statement (File 2-16044) with the SEC on January 22, 1960, seeking registration of 120,135 shares of common stock. Of this stock, 53,000 are now outstanding and are to be offered for sale by the present holders thereof; and 25,000 shares are to be issued and sold by Electro, the issuer. Bear, Stearns & Co. is listed as the principal underwriter; the public offering price and underwriting terms are to be supplied by amendment. The registration statement also covers an additional 42,135 shares issuable under outstanding options granted pursuant to the company's Restricted Stock Option Plan for officers and key employees.

The company was organized in October 1957 as successor to an electronics business started in 1954 by Jonathan Edwards, president, and Walter H. East, executive vice president. It designs, manufactures and sells electronic test equipment consisting primarily of digital measuring instruments, graphic recorders and precision amplifiers. It now has outstanding 577,500 common shares. Proceeds to the company from its sale of the additional 25,000 shares will be used as follows: \$650,000 for construction of a new plant on a newly-acquired tract in San Diego; \$100,000 for fixtures and equipment in the new plant; \$500,000 to retire indebtedness incurred for the purchase of a subsidiary, International Electronics Manufacturing Company and to supplement working capital; and the balance will be added to working capital.

The selling stockholders are Jonathan Edwards (25,000 of 182,044 shares held); Elizabeth D. Edwards (2,050 of 35,349); Walter H. East (25,000 of 99,101); and E I Foundation of San Diego (all of 950). East and his wife are joint owners of an additional 45,187 shares.

TEXIZE CHEMICALS FILES FOR OFFERING AND SECONDARY. Texize Chemicals, Inc., Greenville, S. Car., filed a registration statement (File 2-16045) with the SEC on January 22, 1960, seeking registration of 174,576 shares of common stock. Of this stock, 88,000 shares are now outstanding and are to be offered for public sale by the present holders thereof. The remaining 86,576 shares are to be offered by the company for subscription by common stockholders at the rate of one additional share for each eight shares held. The record

date, public offering and subscription prices, and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. is listed as the principal underwriter.

The company was organized under Delaware law on January 11, 1960, as successor to a South Carolina company of the same name organized in 1945 by W. J. Greer, president and largest stockholder. It is engaged in the manufacture and sale of liquid detergents, liquid bleaches and other household laundering and cleaning products, specialty chemicals for the textile industry and industrial maintenance and sanitation products. It now has outstanding 692,608 common shares in addition to various indebtedness. Net proceeds to the company from its sale of the additional 86,576 common shares will be used to repay \$500,000 of bank borrowings needed for current cash requirements and to meet anticipated increases in working capital requirements.

The prospectus lists four selling stockholders, W. J. Greer (60,000 of 147,056 shares held), two other officers, W. K. Greer (8,000 of 17,584) and Walter Greer (6,000 of 14,208), and R. Z. Farkas (14,000 of 26,990). The said selling stockholders also are selling their rights to subscribe to their pro rata share (25,730 shares) of the additional 86,576 shares being sold by the company.

FLEMING CO. INC. PROPOSES EXCHANGE OFFER. The Fleming Co., Inc., Garlinghouse Bldg., Topeka, Kansas, today filed a registration statement (File 2-16046) with the SEC seeking registration of \$1,690,000, of 5½% Subordinated Convertible Debentures due 1975. The company proposes to offer the debentures and \$676,000 cash to holders of, and in exchange for, 59,150 of the 84,500 outstanding shares of capital stock of The Schuhmacher Company. The remaining 25,350 shares of Schuhmacher stock is to be surrendered to Schuhmacher for redemption and cancellation against delivery by Schuhmacher, for the account of the depositors, of notes of Bayou Properties Company in the amount of \$1,064,700 heretofore received by Schuhmacher as consideration for the transfer to Bayou Properties of warehouse property in Houston, Texas, previously owned by Schuhmacher.

Both Fleming and Schuhmacher (whose principal offices are located at 3000 Hicks St., Houston) are distributors of food products, principally to "voluntary groups" of independently owned food stores. It is contemplated that, after acquisition by Fleming of stock control of Schuhmacher, Schuhmacher will continue operations under its present name, and largely under its present management and policies, as a subsidiary of Fleming.

CENTURY PROPERTIES FILES FOR STOCK OFFERING. Century Properties, 1738 South La Cienega Blvd., Los Angeles, today filed a registration statement (File 2-16047) with the SEC seeking registration of 150,000 common shares to be offered for public sale through an underwriting group headed by Daniel Reeves & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company commenced business in April 1956 and constructs, develops and holds real estate for investment. It now has outstanding 412,074 common shares together with certain indebtedness. Of the net proceeds of the sale of additional stock, \$90,000 is to be used for repayment of unsecured bank loans; \$87,500 for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; \$158,000 to pay the balance of construction costs on a building in Torrance, Calif.; and the balance for working capital.

According to the prospectus, 51% of the outstanding stock is owned by Bley Stein, President, Sidney M. Weisman, Board Chairman, and other officials of the company.

AMERICAN-MARIETTA SEEKS REGISTRATION OF SHARES. American-Marietta Company, 101 East Ontario St., Chicago, today filed a registration statement (File 2-16048) with the SEC seeking registration of 1,882,718 shares of common stock. These securities are intended to be used in the acquisition of additional businesses and for other corporate purposes. The company now has outstanding 11,328,920 common shares and 3,217,720 Class B common shares as well as preferred stock and various indebtedness.

INDICTMENT NAMES CLARK L. FRY. The SEC Chicago Regional Office announced January 21, 1960, that a Federal Grand Jury in Madison, Wisconsin, had indicted Clark L. Fry January 7, 1960, on charges of violating Securities Act registration and anti-fraud provisions in sale of notes, investment contracts and evidences of indebtedness related to certain products and alleged inventions.

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