

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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FOR RELEASE July 5, 1960

Statistical Release No. 1690. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended July 1, 1960, for the composite and by major industry groups compared with the preceding week and with the high and lows for 1960, is as follows:

	1939 - 100		Percent Change	1960	
	7/1/60	6/24/60		High	Low
Composite	404.2	409.2	-1.2	432.5	388.8
Manufacturing	480.9	487.9	-1.4	538.9	464.5
Durable Goods	463.4	471.6	-1.8	521.6	446.5
Non-Durable Goods	487.6	493.5	-1.2	544.4	472.1
Transportation	293.0	299.1	-2.0	329.3	284.0
Utility	240.1	240.8*	-0.3	240.8	216.1
Trade, Finance & Service	463.2	471.8*	-1.8	471.8	414.7
Mining	249.4	250.2	-0.3	299.7	243.5

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended June 30, 1960, 45 registration statements were filed, 42 became effective and 6 were withdrawn, and 335 were pending at the week end. During the fiscal year ended June 30, 1960, 1628 registration statements were filed for an aggregate amount of \$15,816,563,521 in proposed offerings (12 less filings than projected for inclusion in the June 30th announcement).

CONSERVATOR APPOINTED FOR TWO BALTIMORE FIRMS. Judge Roszel C. Thomsen (USDC MD.) on June 30th appointed Walter E. Block, Jr., of Baltimore as conservator of assets of American Seal Savings and Loan Association, Inc., of Riverdale, Md., and First Capitol Savings and Loan Association, Inc., of Baltimore, pending trial of SEC injunction action against them and James G. Sorce, Jr. Trial set for August 22nd on SEC complaint and motion for appointment of receiver. (LR 1723).

FOUR OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by the following:

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| <p>(1) Great Western Oil Co., Las Vegas, Nev.
Offering, pursuant to notification filed in September 1958, of 290,000 common shares at \$1 per share.</p> | <p>(3) Market Improvement Company, Miami, Fla.
Offering, pursuant to notification filed in January 1959, of 222 shares of Class A and 1663 shares of Class B common at \$100 per share.</p> |
| <p>(2) Holiday Mines, Inc., Bremerton, Wash.
Offering, pursuant to notification filed in December 1958, of 100,000 common shares at \$1 per share.</p> | <p>(4) Realty & Theatre Ventures, Inc., New York, N. Y.
Offering, pursuant to notification filed in November 1958, of 200,000 common shares at \$1.50 per share.</p> |

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The Commission's suspension orders with respect to Holiday Mines asserts that it failed to cooperate with the Commission in connection with its proposed offering and refused to respond to letters as to amendment of its notification and offering circular; and to Market Improvement that it failed to file semi-annual reports of stock sales pursuant to the exemption.

Concerning Great Western and Theatre Ventures, the Commission's orders assert that they failed to comply with certain terms and conditions of the Regulation; that each company's offering circular is false and misleading in respect of certain material facts; and that their offerings violate Section 17 (the anti-fraud

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provision) of the Securities Act. The alleged misrepresentations in the Great Western Oil offering circular relate to the intended use of the proceeds of the offering, the company's intended business operations, and the failure to disclose the acquisition of new properties and the abandonment of proposed operations on existing properties. Regulation A was not complied with by reason of the company's failure to file semi-annual reports of stock sales pursuant to the exemption, the failure to file certain sales material, and the failure to file a revised offering circular, as well as the sale of shares without the use of an offering circular. With respect to Theatre Ventures, the alleged misrepresentations, in its notification and sales literature as well as its offering circular, relate to statements that 180,000 Class B shares had been sold to officers, directors and promoters for \$1,800 cash when substantially less cash was in fact paid, and to an untrue statement in sales literature that the Commission approved the filing. Regulation A was not complied with by reason of the failure to file semi-annual reports of stock sales, the sale of securities without the use of an offering circular meeting the requirements of the Regulation, and the use of literature in connection with the offering stating or implying that the Commission has passed upon the merits or given approval to the securities.

Each of the orders provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

DIRECTOMAT HEARING ORDERED. At the request of Directomat, Inc., New York City, the Commission has scheduled a hearing for July 12, 1960, in its Washington Office, on the question whether to vacate, or make permanent, the May 11, 1960, order of the Commission temporarily suspending a Regulation A exemption pursuant to which Directomat made a public offering of 240,000 shares of common stock at \$1 per share. The May 11th suspension order asserted that Directomat's offering circular was false and misleading in respect of certain material facts.

SEC CITES TWO FIRMS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registrations of the following:

- (a) Gibbs & Company, 507 Main St., Worcester, Mass.
- (b) L. J. Mack & Company, Inc., 41 Kathwood Rd., Yonkers, N. Y.

Gibbs & Co. has been registered with the Commission since December 1958 and G. Wayne Gibbs, Sr., and Richard W. Gibbs are listed as general partners. The firm and the two individuals were permanently enjoined by decree of the U. S. District Court in Boston on June 7, 1960, from engaging in or continuing certain conduct or practices in connection with the purchase and sale of securities. The Commission's complaint in that action alleged violations of the anti-fraud provisions of the said Act and of Regulation T and the record-keeping requirements thereunder. The defendants consented to the injunction. In addition, according to the Commission's order, Riggs & Co. has failed to amend its registration application to correct the disclaimer therein of the existence of any injunction against the company or its partners.

Mack & Company has been registered since June 1955. Lloyd Mack is listed as president. The Commission's order asserts that during the period August 1 to October 4, 1957, Mack & Company and Mack offered and sold common stock of Comstock, Limited, in violation of the registration requirements of the Securities Act of 1933; and it is further asserted that, in connection with the offer and sale of such stock, they made false and misleading representations concerning the operations of Comstock and the listing of its shares on an exchange and "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit upon the purchasers." The company also failed to file reports of financial condition for the years 1958 and 1959; and the company and Mack were enjoined by a March 1958 order of the Supreme Court of New York, New York County, from engaging in the offer and sale of securities within that State.

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

LIFETIME POOLS EQUIPMENT FILES FOR OFFERING. Lifetime Pools Equipment Corp., Renovo, Pennsylvania, filed a registration statement (File 2-16781) with the SEC on July 1, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale through First Pennington Corporation on a best efforts basis. The public offering price and underwriting terms are to be supplied by amendment. In addition to the selling commission, the underwriter will receive an unspecified sum per share of stock sold for expenses. The underwriter may also purchase, for 1¢ each, five-year warrants to purchase one share of common stock for each 10 shares sold.

The company was organized under New York law in August, 1958 by Lancer Industries, Inc., a Florida corporation engaged in the manufacture and selling of fiber glass swimming pools. It was formed for the purpose of furnishing a controlled source of supply for Lancer as well as selling swimming pool equipment to independent pool manufacturers, installers and distributors on a nation-wide scale. The original capitalization of the company consisted of 200 shares of common stock without par value. Between August 4, 1958 and December 15, 1958, Lancer paid \$5,000 cash and transferred to the company title to inventory, equipment and molds having a net book value of \$52,300, and, in return, the company issued the said 200 shares to Lancer. On

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December 22, 1958, Lancer sold all of said shares to Patrick Cherk, for the sum of \$57,300, evidenced by the latter's promissory note. Under a subsequent reorganization in December, 1958, the company's authorized capital of 200 shares of common stock was changed to 500,000 shares. In addition, each share of stock was reclassified into 780 shares or a total of 156,000 shares. In January, 1959, Peter A. Cattano, Sr., president and treasurer of the company, purchased all of the company's outstanding stock from Cherk for \$57,300. In August, 1959, the company publicly offered and sold 150,000 shares of common stock at \$2 per share. It now has outstanding 306,000 shares, of which Cattano owns the 156,000 shares, or 50.98%.

According to the prospectus, the proposed maximum public offering price of the 100,000 additional shares being registered for public sale, (based on the registration fee), is \$4.75 per share. Of the net proceeds from the stock sale, \$125,000 will be used to purchase machinery and equipment; \$200,000 to purchase raw materials, parts and components; \$40,000 for sales and advertising promotion; \$30,000 for engineering and development; and the balance will be added to working capital.

SEC COMPLAINT NAMES COHN, CIANETTI & PHOENIX SECURITIES. The SEC New York Regional Office announced June 30th (LR 1724) the filing of court action (USDC, NJ) seeking to enjoin Charles E. Cohn and Henry S. Cianetti, Sr., a partnership doing business as Phoenix Securities, of Montclair, N. J., from further violations of the anti-fraud provisions of the Securities Exchange Act and the net capital and bookkeeping rules thereunder. Temporary restraining order issued by court, which scheduled July 8th hearing on motion for preliminary injunction.

WACHUSETT GAS STOCK SALE PROPOSED. Wachusett Gas Company, a subsidiary of New England Electric System, Boston holding company, has applied to the SEC for an order authorizing its sale of an additional 3,000 shares of capital stock to NEES for \$300,000; and the Commission has issued an order (Release 35-14253) giving interested persons until July 26, 1960, to request a hearing thereon. Net proceeds of the stock sale will be used by Wachusett Gas for the payment of a like amount of bank indebtedness incurred for property additions and improvements.

ATLAS CORP. ORDER ISSUED. The SEC has issued an order under the Investment Company Act (Release 40-3063) granting an application filed by Atlas Corporation, together with Petro-Atlas, Inc., its subsidiary, and Hidden Splendor Mining Company, an affiliate with respect to a proposed sale of assets by Petro-Atlas to Hidden Splendor. Under the proposal, Petro-Atlas will sell to Hidden Splendor certain oil, gas and mineral leasehold interests located in Utah, New Mexico and Kansas for \$1,300,000.

NEWMAN ASSOCIATES HEARING SCHEDULED. The SEC has scheduled a hearing for July 12, 1960, in its New York Regional Office on the question whether the broker-dealer registration of Philip Newman Associates, Inc., 671 Broad St., New York City, should be revoked.

The proceedings were instituted by Commission order of December 31, 1958. In a decision and order of January 15, 1959, (Release 34-5856), Associates' registration was suspended pending final decision on the question whether its registration should be revoked.

The December 31, 1958, order charged violations of the Securities Act registration and anti-fraud provisions in the offer and sale of stock of Monarch Asbestos Company, Ltd. The new order of the Commission recites that Associates and certain named individuals are permanently or preliminarily enjoined by a Federal court order of January 19, 1959, from engaging in certain conduct and practices in connection with the purchase and sale of securities; that two additional persons are similarly permanently enjoined by Federal court order of September 1, 1959; and that Associates failed to amend its registration application to correct a disclaimer therein that any such injunction order had been issued.

MASS. INVESTORS TRUST SEEKS ORDER. Massachusetts Investors Trust, Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed acquisition of the assets of Edgemont Securities Corporation; and the Commission has issued an order (Release 40-3064) giving interested persons until July 15, 1960, to request a hearing thereon. Edgemont is a personal holding company with eleven stockholders. MIT proposes to acquire substantially all of its cash and securities, with a total value of about \$10,600,000 as of April 30, 1960, in exchange for MIT shares at their net asset value.

FRITZI OF CALIFORNIA FILES FOR OFFERING AND SECONDARY. Fritzi of California Mfg. Corporation, 167-199 First Street, San Francisco, today filed a registration statement (File 2-16783) with the SEC, seeking registration of 100,000 shares of common stock, of which 30,000 shares are to be offered for public sale for the account of the issuing company, and 70,000 shares, being outstanding stock, by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. The prospectus lists Bear, Stearns & Co. and Schwabacher & Co. as the underwriters. The company has agreed to sell to the underwriter for \$1,500, 5-year options to purchase an aggregate of 15,000 shares of common stock at a price equivalent to 110% to 125% of the public offering price, such percent depending upon the time of exercise of such options.

The company is engaged in the production and sale of popularly priced blouses and sportswear coordinates for girls and women wearing "misses" sizes 8 to 16. The net proceeds from the stock sale, and funds from working capital, totalling \$293,092.75, will be contributed to the capital of Fritzi Realty, a wholly owned

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subsidiary, to purchase for cash from 177-First Street Corporation the building presently used by the company. 177-First Street Corporation is owned by Ernest A. Benesch, president, and Fritzi L. Benesch, his wife and vice-president of the company. In addition to certain indebtedness, the company has outstanding 300,000 shares of common stock, of which, 280,000 shares (93.33%) are owned by Mr. & Mrs. Benesch, and 20,000 shares (6.6%) by Max Lehmann, treasurer and assistant secretary. The selling stockholders are the Benesch and Lehmann, selling 65,300 and 4,700 shares, respectively.

WESTERN LAND CORP. PROPOSES OFFERING. Western Land Corporation, 2205 First National Bank Bldg., Minneapolis, today filed a registration statement (File 2-16782) seeking registration of 1,500,000 common shares, to be offered for public sale at \$2 per share. The offering is to be made on a best efforts basis by First Western Corporation, of Minneapolis, for which it will receive a 30c per share selling commission. The underwriter's president is an officer of the company.

The company was organized under Delaware law in January 1960 and proposes to engage in the real estate business, including the purchase and sale of real property and the purchase or construction and development of industrial and other properties, including shopping centers and apartment and office buildings. Initially, it will concentrate on stores and shopping centers. Net proceeds of the stock sale will be applied to these purposes.

The company now has outstanding 70,000 shares held in equal amounts by Leslie F. Crews, of Edina, Minn., board chairman, Charles N. Schieb of Mt. Prospect, Ill., president, and five other officers and promoters. Each has ten-year warrants to purchase an additional 10,000 shares, exercisable initially at \$2 per share.

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