

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 February 12, 1962

Statistical Release No. 1807. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 9, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 - 1962 is as follows:

	1957-59 = 100		Percent Change	1961 - 1962	
	2/9/62	2/2/62		High	Low
Composite	143.3	141.9	+1.0	146.5	118.3
Manufacturing	133.9	132.9	+0.8	136.0	113.0
Durable Goods	135.4	134.5	+0.7	138.9	117.0
Non-Durable Goods	132.6	131.5	+0.8	133.7	109.2
Transportation	111.0	110.9	+0.1	111.0	97.8
Utility	183.2	180.3	+1.6	190.8	144.4
Trade, Finance & Service	177.4	175.0	+1.4	193.0	132.5
Mining	112.1*	105.9	+5.9	112.1	83.3

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 8, 1962, 25 registration statements were filed, 24 became effective, and 758 were pending at the week-end.

SEC ORDER CITES RALPH MINEO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether it is in the public interest to revoke the broker-dealer registration of Ralph Mineo, 615 Myrtle Avenue, Brooklyn, N. Y.

According to the Commission's order, Mineo has been registered with the Commission since November 1959. On October 28, 1960, he was permanently enjoined by the United States District Court (SDNY) from further violations of the Commission's net capital rule and the anti-fraud provisions of the said Exchange Act. In an amendment to his registration application filed June 9, 1961, Mineo reported that he was convicted (pleaded guilty) on April 15, 1961, in the Court of Special Sessions, New York County, of a felony or misdemeanor involving the purchase or sale of a security or arising out of the conduct of his business as a broker-dealer, and that he was enjoined by a May 16, 1961, order of the Supreme Court, New York County, from engaging in or continuing certain practices and conduct in connection with the purchase or sale of any security. The Commission's staff also charges that Mineo violated the Commission's reporting requirements by failure to amend his registration application to disclose a change in business address and of the name under which he is conducting his business. A hearing is scheduled for February 16, 1962, at 10:00 A. M., in the Commission's Washington office.

VIOLATIONS CHARGED TO LAWRENCE SECURITIES. The Commission has ordered proceedings under the Securities Exchange Act to determine whether Lawrence Securities, Inc., 32 Broadway, New York, made fraudulent representations in the offer and sale of common stock of Acorn Industries, Inc., and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from National Association of Securities Dealers membership.

Lawrence Securities has been registered with the Commission as a broker-dealer since July 1959 and Robert B. Dattrell is president. It was the underwriter for a public offering at \$1.00 per share of 200,000 common shares of Acorn Industries (of Jersey City, N.J. and Brooklyn, N.Y.) which was commenced in August 1959 and completed in July 1960. Subsequently, in October 1960, Acorn Industries filed a petition in bankruptcy. The Commission's order recites charges of its staff that information developed in an investigation "tends, if true, to show" that, in the offer and sale of Acorn Industries stock, Lawrence Securities, Dattrell, and William N. Portnoy, a salesman, engaged in acts, practices and a course of business "which would and did operate as a fraud and deceit" upon the purchasers, in that they made false and misleading representations with respect to certain material facts. The alleged misrepresentations concerned, among other things, (1) the financial condition of Acorn Industries and the prospects for dividends on and appreciation in the value of its stock; (2) the backlog of orders for and prospects for sales of Acorn Industries' products, as well as orders received by that company from a major distributor; and (3) the plans of Acorn Industries to merge with another corporation. Moreover, according to the staff, Portnoy was enjoined in May 1939 by the Supreme Court of New York, Kings County, from engaging in certain conduct relating to the purchase and sale of securities; and Lawrence Securities failed to report such injunction in its registration application.

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

BANKERS SECURITIES INC. HEARING SCHEDULED. A hearing has been scheduled for 9:30 A.M., February 28, 1962, in the Commission's Chicago Regional Office in proceedings to determine whether to revoke the broker-dealer registration of Bankers Securities, Incorporated, Central Bank Building, Lexington, Ky. In its order of December 18, 1961, authorizing the proceedings (Release 34-6690), the Commission recited information furnished by its staff with respect to the conviction on July 24, 1961, of John C. Buckley, Jr., its president

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and sole stockholder, of a felony involving the sale of securities, as well as his indictment on March 22, 1961, on charges of conspiracy to violate the anti-fraud provisions of the Securities Act of 1933. He entered a plea of nolo contendere to the said indictment and on July 24, 1961, received a \$15,000 fine.

HARWYN SECURITIES HEARING POSTPONED. Because of a conflicting engagement of the Hearing Examiner, the Commission has ordered the postponement from February 14 to March 12, 1962, of the hearing in the Commission's New York Regional Office in proceedings to determine whether to revoke the broker-dealer registration of Harwyn Securities, Inc., 580 Fifth Ave., New York City. The order of May 19, 1961, authorizing such proceedings (Release 34-6563) contains allegations by the Commission's staff that Harwyn Securities and three individuals (including Harry Weintraub, president) offered and sold stock of Chase Savings & Loan Association Inc., by means of fraudulent representations.

SEC ORDER CITES P. deRENSIS & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether P. deRensis & Co., Inc., of 75 State Street, Boston, violated the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of common stock of Vulcatron Corporation and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. (By order dated October 24, 1961, the Commission suspended a Regulation A exemption from registration with respect to a public offering of 100,000 common shares by Vulcatron, of Farmington, N. H., at \$3 per share, and underwritten by P. deRensis & Co., Inc., on a best efforts basis).

The respondent "deRensis & Co." has been registered with the Commission as a broker-dealer since September 1958 and Pardo deRensis is president, treasurer and principal stockholder. The Commission's order contains charges by its staff that information developed in an investigation "tends, if true, to show" that deRensis & Co. and deRensis offered and sold Vulcatron*of the Securities Act registration requirement. The staff further charges that, in the offering and sale of Vulcatron stock from the September date through March 1961, they engaged in transactions, practices and a course of business "which would and did operate as a fraud and deceit" upon the purchasers of the stock, in that they furnished investors an offering circular which stated: (1) that unless 25,000 shares of Vulcatron stock were sold by October 10, 1960, all funds received from the sale of shares would be returned to subscribers when, in fact, deRensis & Co. and deRensis failed to disclose (a) to investors prior to October 10th that deRensis & Co. did not intend to return said funds in the event 25,000 shares were not sold by that date and (b) to investors after October 10th that 25,000 shares had not been sold and that monies received from purchasers had not been refunded; (2) that funds received from purchasers of the stock would be segregated in a special bank account when, in fact, the funds were not segregated but were commingled with those relating to deRensis's general brokerage business; (3) that William L. Berger and William Waldstein, directors of Vulcatron, owned 52,000 shares each of Vulcatron common (plus 50 and 150 preferred shares, respectively) when, in fact, as deRensis well knew but omitted to disclose, an agreement had been made whereby a portion of such holdings would be transferred to other persons; and (4) that certain persons were officers and directors of Vulcatron when, in fact, as deRensis well knew but failed to disclose, an agreement had been made that two other persons would also become directors. In addition, the staff charges that deRensis & Co. failed to make and keep current certain books and records as required by Commission rules.

A hearing for the purpose of taking evidence on the foregoing will be held later, at a time and place to be announced. (*stock during the period September 28, 1960, to August 16, 1961, in violation)

SOUTHWEST FOREST INDUSTRIES ORDER. The SEC has issued an order under the Trust Indenture Act (Release TI-168) granting an application of Southwest Forest Industries, Inc., of Phoenix, Ariz., for a finding that the trusteeship of Bankers Trust Company of New York under an indenture dated June 1, 1960, securing \$12,000,000 of debentures due 1985, and its trusteeship under an indenture dated August 1, 1961, securing \$3,000,000 of debentures due 1981, are not so likely to involve a material conflict of interest as to make it necessary to disqualify the said Trust Company under such indentures.

DUNHILL INTERNATIONAL - PYRAMID RUBBER MERGER APPROVED. The SEC has issued an order under the Investment Company Act (Release IC-3422) granting an exemption from provisions of that Act with respect to certain transactions involved in the proposed merger into Dunhill International, Inc., New York investment company, of The Pyramid Rubber Company. Also included in the merger are two of Pyramid's subsidiaries, Oil City Glass Company and Crator Manufacturing Company, and two of its affiliates, Harcourt Manufacturing Company and Archer Service Company. The Commission's order also permits Dunhill to have outstanding and to issue certain senior securities representing indebtedness.

In addition to investing in securities, Dunhill is also engaged in retail merchandising of tobacco and allied products, providing terminal railroad services, and owning and renting real estate. The Pyramid group of companies is engaged primarily in the manufacture and wholesale merchandising of infant-feeding equipment, and also holds investment securities. Under the merger agreement, Dunhill, which now has outstanding 1,525,439 common shares, will issue 2,000,000 additional shares in exchange for all the outstanding shares of preferred and common stocks of the Pyramid group. There are 15 shareholders in the Pyramid group, consisting of the members of four families and trusts for several of them.

GRAHAM-NEWMAN ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3420) declaring that Graham-Newman Corporation, of New York, has ceased to be an investment company following its dissolution and the distribution of its assets.

GAULEY MOUNTAIN SEEKS ORDER. The Gauley Mountain Company, 500 Fifth Ave., New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3421) giving interested persons until February 28th to request a hearing thereon. The company was dissolved in December 1958 and its assets have been distributed to shareholders.

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GENERAL MORTGAGE TRUST FILES FOR OFFERING. General Mortgage Trust, 1221 Harney Street, Omaha, Nebr., filed a registration statement (File 2-19762) with the SEC on February 8th seeking registration of 35,000 non-voting shares of beneficial interest in the Trust, to be offered for public sale at \$10 per share. The offering will be made on a best efforts basis by General Investor's Services Corporation (1221 Harney Street, Omaha), which will receive a 20¢ per share selling commission.

The Trust is an unincorporated association in business trust form organized under Massachusetts law in November 1961 and is designed to qualify as a "real estate investment trust" under the Internal Revenue Code as amended January 1, 1961. Its purpose is to provide investors with an opportunity to own, through transferable shares, an interest in the Trust which in turn will own mortgages on diversified properties. The \$343,000 estimated net proceeds from the stock sale will be used for the acquisition of Federal Housing Administration insured and Veterans Administration guaranteed first mortgages on dwellings and development and construction first mortgages and first mortgages on commercial properties. The sponsors and promoters of the Trust are the General Real Estate Investment Corporation, General Fiduciary Corporation (a subsidiary of General Real Estate and trustee of the Trust), and David S. Allen, president of the Trust, as well as the underwriter and General Real Estate. Management is vested in General Fiduciary Corp., the Trustee. The underwriter is also a wholly owned subsidiary of General Real Estate. Chester A. Kallstrom and Mary B. V. Field are vice president and treasurer, respectively, of the Trust, and hold similar positions with General Real Estate and the underwriter. The Trust has outstanding 20 shares, all of which are owned by General Real Estate, which also holds an option good until April 15, 1982 to purchase a number of shares equal to 5% of the number of shares outstanding at the time the option is taken up at a price of \$12.50 per share.

COMMERCE DRUG FILES FOR SECONDARY. Commerce Drug Co., Inc., 505 Court Street, Brooklyn, N. Y., filed a registration statement (File 2-19763) with the SEC on February 9th seeking registration of 100,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Shearson, Hammill & Co., 14 Wall Street, New York. The public offering price (maximum \$22 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture, packaging and distribution of a line of proprietary (non prescription) drugs, including "Ora-Jel," and "Staze Denture Adhesive Cream." In addition to certain indebtedness, the company has outstanding 270,000 shares of common stock, of which Max I. Kern, president, and B. Ephriam Glass, vice president, own 20.2% and 19.1%, respectively, and management officials as a group 42.1%. Kern and Glass propose to sell 29,880 and 27,000 shares, respectively, and their wives, who own an aggregate of 43,068 shares, propose to sell an aggregate of 26,120 shares. In addition, Kern and Glass (and their wives) own, as trustees for the benefit of their children, 11,000 shares each; and they propose to sell 8,000 and 9,000 of such shares, respectively.

MASTAN CO. FILES FINANCING PLAN. The Mastan Company, Incorporated, 350 Fifth Avenue, New York, filed a registration statement (File 2-19764) with the SEC on February 9th seeking registration of \$5,000,000 of 5½% senior notes due 1977 and 170,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by F. Eberstadt & Co., 65 Broadway, New York. The public offering price (maximum 105% per note and \$12 per share*) and underwriting terms are to be supplied by amendment. An additional 17,000 common shares will be offered to certain company employees and Michael Schimmel, formerly senior partner of Michael Schimmel & Co., the company's auditors, at the offering price less underwriting discount.

The company (formerly The Mastan Co., Inc.) is engaged in the business of commercial and industrial finance. It makes loans for terms of up to three years secured by first or second mortgages on real estate and by liens on chattels, assignments of contracts and various other collateral; and it also provides working funds to clients by advances made on a revolving basis against the security of current trade accounts receivable, inventory held for sale and other assets. The net proceeds from this financing will be added to general funds and will be available for general corporate purposes. Part of such proceeds may be used temporarily to reduce bank borrowings.

In addition to certain indebtedness, the company has outstanding 1,700,000 shares of Class B common stock, all of which are owned by Master Properties, Inc., of New York. Master Properties is 35% owned by Nathan Schulman, board chairman and president of the company, 35-2/3% by his wife, and 20% by Ph. Wechaler & Son, Inc.

FRANKLIN DISCOUNT PROPOSES DEBENTURE AND NOTES OFFERING. Franklin Discount Company, 105 North Sage St., Toccoa, Ga., filed a registration statement (File 2-19765) with the SEC on February 9th seeking registration of \$500,000 of 8% subordinated debentures due serially 1969-73 and \$500,000 of 8% subordinated capital notes due about 1970. Such securities are to be offered for public sale at 100% of principal amount (without underwriting).

The company is engaged in the consumer finance or small loan business and, to a smaller extent, in the business of purchasing instalment sales contracts on automobiles, boats and appliances from dealers. The \$985,000 estimated net proceeds from this financing will be used to pay maturing funded indebtedness, to increase the notes receivable outstanding in the company's present offices, and to open or purchase additional offices. In addition to various indebtedness, the company has outstanding 1,500 shares of common stock, of which Ben F. Cheek, Jr., president and board chairman, owns 1,000 shares, and Ben F. Cheek, III, general counsel, and John Russell Cheek, own 250 shares each.

SECURITIES ACT REGISTRATIONS. Effective February 9: American International Bowling Corp. (File 2-19074); American Telephone and Telegraph Co. (File 2-19650); Anaconda Real Estate Investment Trust (File 2-19094); Deer Park Baking Co. (File 2-19220); Union Title Co. (File 2-18781). Effective February 12: Pacific Nutrient and Chemical Co. (File 2-18900).

*As estimated for purposes of computing the registration fee.