ECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

brief summary of financial proposals filed with and actions by the S.E.C.

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Statistical Release No. 1883. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 21, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

	1957-59 = 100		Percent	1962-63	
	2/21/63	2/15/63	Change	High	Low
Composite	134.3	135.4	- .8	144.3	107.0
Manufacturing	124.7	125.9	-1.0	135.0	98.6
Durable Goods	120.2	121.7	-1.2	135.6	95.2
Non-Durable Goods	128.9	129.8	- .7	134.4	101.8
Transportation	110.4	112.0	-1.4	112.0	85.5
Utility	177.3	178.1	- .4	185.5	143.0
Trade, Finance & Service	158.1	159.1	- .6	178.2	129.8
Mining	109.1	109.0	+ .1	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 21, 1963, 25 registration statements were filed, 21 became effective, 9 were withdrawn, and 339 were pending at the week-end.

VIOLATIONS CHARGED TO DYNAMICS LETTER. The SEC has ordered proceedings under the Investment Advisers Act of 1940 to determine whether The Dynamics Letter,Inc., 507 Fifth Avenue, New York, engaged in practices which operated as a "fraud and deceit" upon clients and if so, whether its registration as an investment adviser should be revoked.

The said company ("Dynamics") has been registered with the Commission as an investment adviser since April 29, 1959; and it is engaged in the publication and sale of "The Dynamics Letter," "The Product Demand Letter," and "Trading Briefs." Grant Jeffery is listed as owner of all of Dynamics' stock. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that since December 1959 Dynamics, Grant Jeffery and Peter Jeffery (alleged by the staff to have a non-disclosed 50% interest in registrant's profits and to have participated in determining the content of "The Dynamics Letter") "employed devices, schemes and artifices to defraud clients . . ./and/engaged in transactions, practices and a course of business which operated as a fraud and deceit . . . and which are fraudulent, deceptive and manipulative." The staff charges that although Dynamics and the Jefferys followed a practice of recommending unseasoned and speculative securities without having knowledge of (or disregarding) material information relating to the financial structure, condition and earnings of the respective issuers, they have by means of advertisements appearing in respected periodicals of national circulation made false and misleading representations concerning the reputation, operation and nature of Dynamics' business. Included among such alleged misrepresentations were the following: that "The Dynamics Letter" provided a specialized brand of service to investors through timely research data concerning scientific and technological developments in growing industries; that Dynamics' engineers and analysts uncovered fields they "considered as exciting and potentially productive of spiraling gains as any technological revolutions of the past century;" and that by following the Letter's advice clients would find themselves in growth situations "as promising as the earliest transistor leaders of half a dozen years ago."

It is further contended by the Staff that, whereas the Letter purports to cover on a weekly basis all facets of today's finance, industry and society where technology is the motivator of change and that "dozens of fast-rising over-the-counter issues" yet to complete their first major advances are reviewed consistently by Dynamics' staff members, Dynamics since October 1962 has employed no paid employees or staff and at no time employed more than four paid employees and that its office is maintained not at the Fifth Avenue address in New York but in a portion of Grant Jeffery's apartment at 337 East 33d Street in New York. The staff also charges that in recommending unseasoned and speculative securities, particularly of eight specified corporations, Dynamics and the Jefferys made false and misleading representations with respect to immediate short term gains in the market price of such securities, the earnings of the issuers of such securities, and the business activities and prospects of such companies. Moreover, in continuing to recommend and discuss favorably such unseasoned and speculative securities following their original recommendations in "The Dynamics Letter," they assertedly omitted to state certain material facts and adverse information concerning the business and earnings of such issuers and the market performance of their securities, which facts were known to them. The staff further asserts that Dynamics represented that subscribers to the Letter were entitled at any time, on request, to a pro rata rebate of their subscription price; but it failed to disclose that Dynamics has suffered continuous and ever-increasing losses and is insolvent (with an alleged deficit of $135,000 at October 1962). Other violations of the Investment Advisers Act are also charged, including Dynamics' failure to keep certain required records.

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A hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the investment adviser registration of The Dynamics Letter, Inc. should be revoked.

SEC FILES IN AMERICAN TRAILER RENTALS CASE. The SEC today announced that it has filed a motion in the Federal Court in Denver to dismiss the arrangement proceeding under Chapter XI of the Bankruptcy Act with respect to American Trailer Rentals Company (ATR) on the grounds that the proceedings should have been brought under the corporate reorganization provision of Chapter X of the Act.

ATR, a Colorado corporation, is engaged in the business of renting automobile utility trailers through trailer and gasoline service station operators located in various cities. The trailers were sold by ATR, under a lease-back agreement, to 1,300 investors for an amount in excess of $1,500,000. The schedules in the Chapter XI proceeding list assets of $685,608 and liabilities of $1,336,217. (Release CR-195)

SEC FILES IN UNITED STAR CASE. The SEC announced today that it has filed a motion in the Federal Court in Tampa (Florida) to dismiss the Chapter XI arrangement proceedings with respect to United Star Companies, Inc., and three of its subsidiaries, on the grounds that these proceedings should have been brought under the corporate reorganization provisions of Chapter X. A hearing on the Commission's motion is scheduled for March 1; and the Chapter XI proceedings have been stayed pending a decision on such motion. United Star, a holding company, has in the past two years acquired in excess of 24 companies engaged in diverse businesses but primarily in the retail field, including supermarket grocery stores. Its indebtedness is approximately $2,200,000 of which $495,000 is due secured creditors. United Star is also guarantor on $640,000 of debts of two companies formerly under its control. A judgment has been entered against United Star on one of the guarantees for about $14,000, and there are 25 actions pending in various courts on the guarantees. There are approximately 1,300,000 shares of Class A common shares outstanding, held by some 4,500 investors. All of the Class B common stock is owned by Caribbean & Southeastern Development Corporation, which is controlled by Myron Goldgar. The Class B common stock has the right to elect 4/7 of the United Star Board of Directors. (Release CR-196)

NEW WORLD FUND FILES FOR STOCK OFFERING. New World Fund, Inc., 4680 Wilshire Blvd., Los Angeles, filed a registration statement (File 2-21090) with the SEC on February 21 seeking registration of 250,000 shares of common stock, to be offered for public sale at their net asset value plus a sales commission of 8½% to the underwriter, New World Distributing Company, of the Wilshire Blvd. address.

Organized under California law in November 1962, the Fund is a diversified, open-end management company whose objectives are to seek growth, profit and income through investments in common stock. Lodestar Management Company will serve as the Fund's investment advisor. John C. Tyler, president of the Fund, and Thomas E. Leavey, vice president, are directors of Farmers Underwriters Association, which is the sole owner of the investment adviser and the underwriter. The Fund has outstanding 11,000 common shares issued to 11 persons in a private offering, some of whom are management officials of Farmers Underwriters Association.

MARYLAND CASUALTY FILES EXCHANGE PLAN. Maryland Casualty Company, 701 West Fortieth St., Baltimore, filed a registration statement (File 2-21091) with the SEC on February 21 seeking registration of 781,655 shares of common stock. It is proposed to offer such stock to stockholders of Northern Insurance Company of New York on a share for share basis. Middendorf, Colgate & Co., 51 Broad St., New York, and two other firms, will form and manage a group of soliciting dealers to solicit tenders of Northern stock, and the company will pay the managers a fee of $35,000 or $40,000 and pay the dealers a fee of 40¢ or 45¢ per share (such amounts depending on the number of shares tendered).

The issuing company and Northern are both multiple line insurance companies. According to the prospectus, it is believed that the proposed affiliation will benefit both companies in that the combined operations will produce a better balanced portfolio of business with a wider diversification of risks and types of insurance. The company has outstanding 2,102,527 shares of common stock (and 108,807 shares are issuable pursuant to a proposed stock dividend), of which management officials as a group own 3.7%. H. Ellsworth Miller is president and William T. Harper is board chairman.

CITIES SERVICE FILES FOR SECONDARY. Cities Service Company, Sixty Wall Tower, New York, filed a registration statement (File 2-21092) with the SEC on February 21 seeking registration of 495,638 outstanding shares of $2.25 cumulative convertible preferred stock (no par), to be offered for public sale (or if converted the underlying common shares) by the holders thereof from time to time on the New York Stock Exchange or otherwise at prices current at the time of sale (maximum $55.45 per share*). As of March 31, 1963, substantially all of the properties and assets of Tennessee Corporation, a New York company, will be transferred to a wholly-owned subsidiary of the company in exchange for the assumption of the subsidiary of the liabilities of Tennessee (and guarantee by the company of payment thereof by the subsidiary) and issuance of an aggregate of 3,616,305 preferred shares by the company to Tennessee (of which the 495,638 shares are a portion). Upon consummation of the exchange, Tennessee (to be liquidated) will become the holder of about 23% of the total number of shares of the company having voting rights; and such preferred shares will be distributed to the holders of Tennessee's capital stock in the ratio of 9/10 of a preferred share for each capital share of Tennessee.

Cities Service is engaged principally in the oil, natural gas and petrochemical businesses. According the prospectus, the company believes that the transfer of the assets and business of Tennessee, which produces agricultural and industrial chemicals, as well as copper, iron sinter and zinc concentrates, will provide a broader and more diversified base for the operations of Cities Service. In addition to certain indebtedness and preferred stock, the company has outstanding 10,853,889 shares of common stock. J. Ed. Warren is president and Burl S. Watson is board chairman. The selling stockholders are the present

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directors of Tennessee and their affiliates. E. H. Westlake is board chairman and president of Tennessee, and owns 32,405 of its common shares. In addition, David M. Heyman, a director, owns 45,031 Tennessee common shares.

WESTERN RESERVE LIFE ASSURANCE FILES STOCK PLANS. Western Reserve Life Assurance Co. of Ohio, 335 Euclid Avenue, Cleveland, Ohio, filed a registration statement (File 2-21093) with the SEC on February 21 seeking registration of 96,600 shares of capital stock, to be offered pursuant to its Incentive Stock Option Plan and its General Agents' Stock Option Plan.

UNDERWRITERS NATIONAL ASSURANCE FILES FOR OFFERING AND SECONDARY. Underwriters National Assurance Company, 1939 North Meridian St., Indianapolis, Ind., filed a registration statement (File 2-21094) with the SEC on February 21 seeking registration of 50,000 shares of common capital stock, of which 31,176 shares are to be offered for public sale by the company and 18,824 shares, being outstanding stock, by W. Foster Montgomery, a director and principal stockholder. The offering will be made at $7.50 per share on a best efforts basis by K. J. Brown & Co., Inc., 118 South Mulberry St., Muncie, Ind., which will receive a $1.125 per share selling commission.

Organized in 1960, the company is engaged in writing health insurance. The net proceeds from the company's sale of additional stock will be used to increase capital and paid-in surplus in order to assure continued compliance with Indiana Insurance Law (which requires maintenance at all time of paid-in surplus of not less than $50,000), and to provide funds for expansion and growth of operations. The proceeds will be invested in legal investments of life insurance companies prescribed by Indiana insurance law. The company has outstanding 86,684 shares of capital stock, of which Montgomery owns 23.5% and management officials as a group 39.1%. As indicated, Montgomery proposes to sell 18,824 shares (acquired in 1961 for an aggregate of $120,000). Robert W. Osler is president.

SUNSET INTERNATIONAL PETROLEUM FILES FOR DEBENTURE SECONDARY. Sunset International Petroleum Corp., 100 West Tenth St., Wilmington, Del., filed a registration statement (File 2-21095) with the SEC on February 21 seeking registration of $3,500,000 of outstanding 6¼% convertible subordinated debentures due 1974, to be offered for public sale by the holders thereof from time to time in the over-the-counter market at then prevailing prices (or, if converted, the common shares may be offered from time to time on the American and Pacific Coast Stock Exchanges at then prevailing prices). The statement also includes 166,208 shares of common stock, to be offered pursuant to the company's Key Personnel Restricted Stock Option Plan.

The company is an independent oil and gas producer and is also engaged in real estate development. In addition to various indebtedness and preferred stock, the company has outstanding 5,805,851 shares of common stock, of which American Eagle Corporation owns 18% and management officials as a group 7.8%. American Eagle is 42.9% owned by management officials of the company as a group, including J. D. Sterling, board chairman, and Barry H. Sterling, a director (and their families), who own an aggregate of 37%. Morton A. Sterling is president. The prospectus lists 20 selling debenture holders, including D. Emerman who proposes to sell $1,000,000 principal amount thereof. Others propose to sell amounts ranging from $40,000 to $810,000 (the latter by Greenborough Corporation). In addition, the participants in the company's stock option plan may sell the shares acquired thereunder on the American and Pacific Coast Stock Exchanges at then prevailing prices, and the list of 21 such selling stockholders includes Morton A. Sterling (38,633 shares) and Robert H. Walter, a vice president (26,923 shares).

REPUBLIC OF FINLAND FILES BOND OFFERING. The Republic of Finland filed a registration statement (File 2-21096) with the SEC on February 21 seeking registration of $10,000,000 of external loan bonds, due 1973, to be offered for public sale through underwriters headed by Harriman Ripley & Co., Inc., 63 Wall St., New York, and three other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the bond sale will be included in the capital revenues of the Republic and used to cover in part contemplated capital expenditures during 1963.

THREE SENTENCED IN AMERICAN ORBITRONICS CASE. The SEC announced today (LR-2513) that Richard Candelaria, president of American Orbitronics Corporation, of Washington, D. C. and Hawthorne, Calif., Samuel L. Todd, secretary-treasurer, and Leonard A. Nikoloric, counsel, were sentenced (USDC, DC) to a fine of $2,500 each following their guilty plea to violations of the Securities Act registration requirements in the offer and sale of common stock of American Orbitronics.

SECURITIES ACT REGISTRATIONS. Effective February 25: Clinton Oil Co. (File 2-21030); Madison Life Insurance Co. (File 2-20975); MSL Industries, Inc. (File 2-20973). Withdrawn February 21: Diversified Real Estate Trust (File 2-19911); John W. McGrath Corp. (File 2-20515).

*As estimated for purposes of computing the registration fee.

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