

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 June 12, 1961

Statistical Release No. 1758. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended June 9, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 is as follows:

	1957-59		Percent Change	1961	
	6/9/61	100 6/2/61		High	Low
Composite	134.8	134.9	-0.1	136.3	118.3
Manufacturing	128.1	128.0	+0.1	128.8	113.0
Durable Goods	130.6	130.9	-0.2	132.1	117.0
Non-Durable Goods	125.9*	125.4	+0.4	125.9	109.2
Transportation	107.1	106.9	+0.2	109.4	97.8
Utility	166.3	167.1	-0.5	173.0	144.4
Trade, Finance & Service	155.7	156.0	-0.2	156.0	132.5
Mining	98.1	99.5	-1.4	99.5	83.3

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended June 8, 1961, 54 registration statements were filed, 50 became effective, and 455 were pending at the week end.

ADR's FOR FEDERAL REPUBLIC OF GERMANY FILED. Chemical Bank New York Trust Company, 30 Broad Street, New York, filed registration statements (Files 2-18273 and 2-18274) with the SEC on June 9th seeking registration, respectively, of (1) 5,000 American Depositary Receipts for \$50,000 of bonds, 6% Loan of 1960, and (2) 3,000 American Depositary Receipts for \$30,000 of bonds, 5½% of 1959, all of the Federal Republic of Germany.

AUSTRAL OIL AND GAS EXPLORATION FILES FOR OFFERING. Austral Oil and Gas Exploration Corporation, 630 Fifth Avenue, New York, filed a registration statement (File 2-18272) with the SEC on June 9th seeking registration of \$7,500,000 of interests under Exploration Agreements pertaining to a general program of exploration for oil and gas. As a general practice an Exploration Agreement will not be entered into except with a selected person who shall make a commitment for aggregate exploration budget advances in amounts aggregating not less than \$60,000 for the period of twelve months commencing as of the effective date of his Agreement and for each period of twelve months thereafter, subject to adjustment or termination.

The company was organized under Delaware law in May 1961 and all of its capital stock is owned by Austral Oil Company Incorporated (Austral Oil). The capital stock of Austral Oil and of Oil Participations Incorporated is owned 60% by William A. M. Burden & Co. and 40% by Fix, Wells and Rogers. The latter two acting through Austral Oil took the initiative in founding and organizing the company which proposes to provide facilities for investment by selected individuals in the direct ownership of property interests in oil and gas prospects, properties and leases and in the exploration and development of such properties by engaging in the drilling of wells. Its exploration activities will be conducted within the United States including its tidelands or within Canada. Similar facilities were provided for 1961 and earlier years beginning with 1952 by Austral Oil or a subsidiary. Austral Oil is chiefly engaged in the business of managing productive oil and gas properties. The net proceeds from the sale of interests will be applied against all costs of selecting and acquiring property interests, drilling and testing exploratory wells, development costs and other expenses. Participants pay all of such costs and severally receive interests aggregating 66.667% of all of the property interests and an additional 33.333% of the property interests in exploratory wells. R. McLean Stewart is listed as president and board chairman, a principal organizer of Austral Oil and general partner of William A. M. Burden & Co.

STAY GRANTED IRWIN BERKO. On request of Irwin Berko, the SEC has issued an order under the Securities Exchange Act granting a conditional stay, pending Circuit Court review, of the effectiveness as to Berko of the Commission's order of February 6, 1961, revoking the broker-dealer registration of Mac Robbins & Co., Inc. Berko was found to be a cause of such revocation. The stay pending court review was subject to the condition that Berko not engage in any activities in the securities business except under the supervision of responsible and experienced officials of a registered broker-dealer after approval of such employment by the Commission.

TWO DELISTINGS PROPOSED. The Midwest Stock Exchange has applied to the SEC for permission to delist the capital stock Great Lakes Chemical Company (the stock remains listed on 3 other exchanges) and the American Stock Exchange has applied to delist the common stock of Buffalo-Eclipse Corporation (due to the limited holdings of others than Houdaille Industries, Inc.); and the Commission has issued an order giving interested persons until June 23, 1961, to request a hearing thereon (Release 34-6575).

OVER

PRINCIPAL INVESTORS CORP. SEEKS ORDER. Principal Investors Corporation, Seattle broker-dealer firm, has applied to the SEC for an exemption order under the ICA with respect to a statutory disqualification which otherwise would bar its serving as principal underwriter for a registered investment company; and the Commission has issued an order (Rel. IC-3271) giving interested persons until June 22d to request a hearing thereon. According to the application, Donald M. Cormie, of Edmonton, Alberta, Canada, owns 64% of the stock of the applicant. Cormie also holds 64% of the voting securities of Collective Securities Ltd. (an Alberta corporation), which holds 96.93% of the voting securities of First Investors Corporation Ltd. (an Alberta corporation), which holds 100% of the voting securities of Athabasca Holdings Ltd. (an Alberta corporation), which, in turn, holds 100% of the voting securities of Alberta Mortgage Exchange Ltd. ("Mortgage Exchange") (an Alberta corporation). Mortgage Exchange is, therefore, an affiliated person of Applicant under Section 2(a)(3)(C) of the Act, which defines an affiliated person of another person as including any person directly or indirectly under common control with such other person. The disqualification arises by reason of the fact that on June 19th Mortgage Exchange expects to plead guilty before a Magistrate of the Province of Alberta, Canada, to a charge that it violated the Securities Act, 1955 of the Province of Alberta ("Alberta Act") by selling Mortgage Exchange debentures to the public without complying with the registration requirements of the Alberta Act.

According to the application, Mortgage Exchange sold \$156,300 of the debentures to 25 persons; one salesman and one officer knew about the sales; and the violation was due to a mistake of law. Both individuals believed that a public offering was not involved where the purchaser was affiliated or associated with Mortgage Exchange or other affiliates. Upon inquiry, it was learned that not all of the purchasers had "common bonds of interest or association" with Mortgage Exchange. Mortgage Exchange has redeemed all of the debentures which had been issued except \$24,300 principal amount of debentures, of which \$15,300 principal amount are held by the father-in-law of the salesman involved and the balance of \$9,000 principal amount are held by a sister of the officer of Mortgage Exchange referred to above and by three other persons similarly affiliated with Mortgage Exchange. The Applicant states that the salesman is no longer connected with Mortgage Exchange or with any affiliated company and that he has been convicted of violation of the Alberta Act and has been fined the minimum amount of \$25 and costs. The Crown Prosecutor has told counsel for Mortgage Exchange that the Crown is of the opinion that Mortgage Exchange has committed a technical offense and that the Crown will request the Magistrate to impose the minimum fine of \$100 and costs since no one has been harmed and the offense was based on a mistake of law.

GUILTY PLEA ENTERED BY HAROLD KISTNER, JR. The SEC Chicago Regional Office announced June 2d (LR-2041) that Harold E. Kistner, Jr., had plead guilty to two counts of an indictment, which counts charged violations of the Securities Act anti-fraud provisions in the sale of Northern Biochemical Corp. stock and aiding and abetting Mrs. Bernice I. Geiger in the embezzlement of funds of the Sheldon National Bank, Sheldon, Iowa. Sentencing deferred.

TRADING BAN IN BLACK BEAR INDUSTRIES CONTINUED. The SEC has issued an order under the SEA suspending trading in the common stock of Black Bear Industries, Inc. (formerly Black Bear Consolidated Mining Co.), on the San Francisco Mining Exchange and the over-the-counter market for a further ten-day period June 13 to 22, 1961, inclusive.

WILLIAM SPILLER FILES GUILTY PLEA. The SEC New York Regional Office announced June 7th (LR 2043) that William Spiller, Budget Funding Corp. and Inter-City Securities Corp. had pleaded guilty to one count of indictment charging fraud in the sale of Budget Funding preferred stock. Spiller received 18-month suspended sentence; Budget Funding \$1,000 fine, 60-day stay; and Inter-City \$1,000 fine, 60-day stay.

ARNOLD D. NAIDICH DISBARRED. The SEC has issued an order (Rel. 33-4372) permanently denying to Arnold D. Naidich the privilege of appearing or practicing before the Commission. Naidich, an attorney, was convicted on a plea of *nolo contendere* (USDC NH) of violating Section 5 (the registration requirement) of the Securities Act of 1933. In lieu of an administrative proceeding to determine whether he should be disbarred because of such conviction and other conduct violative of Rule 2(a) of the Commission's Rules of Practice, Naidich stipulated to waive such proceedings and to agree to a Commission order permanently denying him the privilege of appearing or practicing before the Commission.

VIOLATIONS CHARGED TO KAY BRUNELL SECURITIES CO. The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by Kay Brunell, a sole proprietor proposing to engage in business as Kay Brunell Securities Company, 277 Park Avenue, New York City, should be denied. An initial hearing has been scheduled for June 16, 1961, in the Commission's New York Regional Office to determine whether the effective date of registration should be postponed pending decision on the ultimate question of denial.

Kay Brunell's registration application was filed April 18, 1961. In its order authorizing these proceedings, the Commission charges that, during the period February through December 1960 while employed by another broker-dealer firm, applicant made false and misleading representations in the offer and sale of common stock of Ponce de Leon Trotting Association which operated as a fraud and deceit upon purchasers of the stock. The alleged misrepresentations related to the financial condition of the issuing company; its operations and prospectus; the acquisition of property by and an increase in the business operations of the issuer; comparison of the issuer with other racing or trotting associations and raceways, the inclusion of other sports in its operations, and the racial aspects of its track; and the investment quality of the stock, the payment of dividends thereon, and an increase in the price of the stock.

S. A. E. CORP. REGISTRATION POSTPONED. The SEC today announced a decision under the SEA (Rel. 34-6577) postponing the effective date of an application for broker-dealer registration filed by S. A. E. Corporation, 60 Remsen St., Brooklyn, N. Y., pending further hearing and decision on the question whether the registration application should be denied.

SAE's application was filed April 27th. It listed Samuel E. Stone as president. In its order authorizing administrative proceedings on the question of denial, the Commission alleged that the application included false and misleading statements concerning ownership of SAE stock and Stone's connections within the past ten years with other broker-dealer firms, and that applicant's financial statement included as a supplement to its application contained false and misleading statements with respect to its assets and paid in capital.

The Commission ruled that a sufficient showing had been made at a hearing on May 31st that the application and supporting financial statement were false and misleading to warrant a postponement of the effective date of the SAE's registration application pending decision on the ultimate question whether the registration application should be denied. According to the decision, the application failed to list Stone's employment by three broker-dealer firms at various times during the period 1957-1960, and it misstated the period of his employment by a fourth firm during 1960-61. Conflicting testimony was offered as to the availability of capital from Stone and two other officers; but the record established the Commission stated, that SAE had not received \$10,000 of paid in capital (as represented in the financial statement) and in fact had no assets, and that no stock had been issued to Stone and the other two officers.

DEVONBROOK FILES FOR SECONDARY. Devonbrook, Inc., 1400 Broadway, New York, filed a registration statement (File 2-18275) with the SEC on June 9th seeking registration of 120,000 outstanding shares of common stock, to be offered for public sale at \$5 per share by Sigfried S. Alper, president. The offering will be made on an all or none basis through Globus, Inc., which will receive a 50¢ per share selling commission and \$10,000 for expenses. The registration statement also includes 20,000 outstanding common shares which underlie 5-year options to be sold to the underwriter by the selling stockholder for \$200, exercisable at \$5 per share.

Organized under Delaware law in May 1961, the company is engaged in the production and distribution of popularly-priced items of wearing apparel, principally suits, for women who wear "junior" sizes 5 to 15. The company's apparel is styled primarily for women in the college and post-college group, and is sold principally under the nationally-advertised "Devonbrook" label. The company is successor to six corporations, all the outstanding shares of which were acquired in exchange for 600,000 common shares of the company. Of such shares, 93.4% were issued to Alper and his wife, and the balance to William and Owen Alper, vice presidents.

CUSTER CHANNEL WING SUSPENSION BECOMES PERMANENT. Custer Channel Wing Corporation, of Hagerstown, Md., has withdrawn its request for a hearing to determine whether the SEC should vacate, or make permanent, its order of December 29, 1960, temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed stock offering by the said company. Accordingly, the suspension order has become permanent. In its suspension order, the Commission asserted that the company's offering circular was false and misleading in respect of certain material facts. (Rel. 33-4374).

CANADIAN RESTRICTED LIST. The SEC today announced the addition of Wingdam & Lightning Creek Mining Co. Ltd. to its Canadian Restricted List (Rel. 33-4373). The action was based upon mailings from Vancouver (BC) by Argus Securities Ltd. soliciting the purchase of the said Mining Co.'s stock. This brings to 253 the total number of such companies now included in this list, which is comprised of the names of Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

TWO DELISTINGS PROPOSED. The Midwest Stock Exchange has applied to the SEC for permission to delist the capital stock of Great Lakes Chemical Company (the stock remains listed on 3 other exchanges) and the American Stock Exchange has applied to delist the common stock of Buffalo-Eclipse Corporation (due to the limited holdings of others than Houdaille Industries, Inc.); and the Commission has issued an order giving interested persons until June 23, 1961, to request a hearing thereon (Rel. 34-6575).

(Announcement in News Digest of June 9, 1961 with respect to Philadelphia-Baltimore Stock Exchange application for unlisted trading privileges in Magnavox common carries Release No. 34-6575.)

ADR's FOR VOLKSWAGEN FILED. Morgan Guaranty Trust Company of New York, 140 Broadway, New York, filed a registration statement (File 2-18276) with the SEC on June 9th seeking registration of American Depositary Receipts for 50,000 Bearer Shares of Volkswagenwerk Aktiengesellschaft (Federal Republic of Germany).

HOUSTON CORP. PROPOSES RIGHTS OFFERING. The Houston Corporation, First Federal Building, St. Petersburg, Florida, filed a registration statement (File 2-18277) with the SEC on June 9th seeking registration of 583,334 shares of common stock. It is proposed to offer such stock for subscription by holders of the company's common and Class A stock. Blyth & Co., Inc., Lehman Brothers and Allen & Company head the list of underwriters. The rate of subscription, record date, subscription price and underwriting terms are to be supplied by amendment.

The company was organized in 1957, and in 1959 its pipeline subsidiaries, Coastal Transmission Corp. and Houston Texas Gas and Oil Corp. owned and began to operate a pipeline system for the transmission of

natural gas from the Gulf Coast producing areas of Texas and Louisiana to markets in Florida. The net proceeds from the stock sale, together with proceeds from the sale of certain other securities, will be applied to the payment of the cost, estimated at \$31,100,000, of the company's expansion program, and any balance to the extension of distribution facilities, working capital and other general corporate purposes.

In addition to various indebtedness, the company has outstanding 4,074,101 common shares and 485,369 Class A shares. The prospectus lists W. J. Bowen as president.

SPECTRON FILES FOR STOCK OFFERING. Spectron, Inc., 812 Ainsley Building, Miami, Florida, filed a registration statement (File 2-18278) with the SEC on June 9th seeking registration of 83,750 shares of Class A common stock, to be offered for public sale at \$4.50 per share. The offering will be made on a best efforts "all or none" basis through underwriters headed by Hampstead Investing Corporation, which will receive a 54¢ per share selling commission and \$12,000 for expenses. The registration statement also includes 12,500 Class A shares which the company has agreed to sell the principal underwriter (together with 12,500 Class B shares) for an aggregate of \$2,500, and 16,250 Class A shares sold to 15 persons at \$4 per share.

Organized under Florida law in May 1961, the company proposes to engage in the design, development, manufacture and sale of a line of precision electronic instruments, systems and equipment, such as underwater communication devices, television transmission equipment and industrial automation equipment. In June 1961 the company acquired or will acquire all of the stock of F. Hastings Stephans Laboratories, Inc. from Frank H. Stephans, Jr., president, and Lois L. Stephans, secretary-treasurer, in exchange for 138,500 Class B and 12,500 Class A common shares. The estimated \$300,000 net proceeds from the stock sale will be used to purchase laboratory and production equipment, for leasehold improvements to plant, towards re-purchase of 2/3 of the patent application relating to a Synchronizing Generator, and the balance for general corporate purposes. The company has outstanding 28,750 Class A and 138,500 Class B shares, of which Stephans, Irving J. Bloom, executive vice president, and Lois L. Stephans own 14.8%, 10.9% and 12.6%, respectively, of the Class A shares and 30.9%, 22.8% and 26.4%, respectively, of the Class B. shares.

RAM TOOL FILES FOR STOCK OFFERING. Ram Tool Corporation, 411 North Claremont Avenue, Chicago, Illinois, filed a registration statement (File 2-18279) with the SEC on June 9th seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Aetna Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 20,000 outstanding common shares sold to the principal underwriter by the holders thereof at 25¢ per share.

The company is engaged in the design, manufacture and sale of electrically powered tools. The net proceeds from the stock sale will be added to general funds and used as working capital. The company has outstanding 150,000 shares of common stock, of which John Cutrone, president (and Christine Cutrone), Theodore A. D'Lugosz, vice president (and Anne D'Lugosz), Siegfried Weiss, secretary (and Resi Weiss), John Schaeffer, treasurer (and Ella Schaeffer), Francois Schneider, a director (and Cecil Schneider), and Minnie Handelman own 14.5% each.

BLACKMAN MERCHANDISING FILES FOR STOCK OFFERING. Blackman Merchandising Corporation, 1401 Fairfax Trafficway, Kansas City, Kansas, filed a registration statement (File 2-18280) with the SEC on June 8th seeking registration of 72,500 shares of Class A common stock, to be offered for public sale through underwriters headed by Midland Securities Company, Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Missouri law in 1960 as successor to a business initially formed in 1949. It is engaged, through subsidiaries, in the wholesale distribution of soft goods lines and artificial flowers to super markets. All of the net proceeds from the stock sale will be used for expansion of sales in states in which the company now does business. Additional inventory of artificial flowers will be purchased, and the balance will be held in treasury for use as additional working capital.

The company has outstanding 59,510 Class A shares (after giving effect to a proposed 100% stock dividend) and 11,098 Class B shares, of which Jack Blackman, president, Arthur A. Blackman, board chairman, and David Blackman, executive vice president, own 33%, 34% and 33%, respectively of the Class B shares, and an aggregate of 3.5% of the Class A shares. Voting power rests with the holders of the Class B shares which are convertible into Class A at any time at the rate of 5 Class A shares for each Class B share.

SEC COMPLAINT NAMES BYQUIST, MILES, SWANSON. The SEC Seattle Regional Office announced June 7th (LR 2042) the filing of a complaint (USDC, ED Wash.) seeking to enjoin Richard Byquist, Jr., Cecil L. Miles and Ray M. Swanson from further violations of the Securities Act registration requirement in the offer and sale of pre-incorporation subscriptions and shares of stock in an un-named mining corporation to be formed to conduct mining operations in Pend Oreille County, Wash.