

# 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 April 27, 1959

## Statistical Release No. 1599

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended April 24, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	<u>1939 = 100</u>		<u>Percent Change</u>	<u>1959</u>	
	<u>4/24/59</u>	<u>4/17/59</u>		<u>High</u>	<u>Low</u>
Composite	424.9	425.4	-0.1	425.4	400.1
Manufacturing	523.2*	520.7	+0.5	523.2	490.7
Durable Goods	490.8*	482.8	+1.7	490.8	457.8
Non-Durable Goods	543.0	545.5	-0.5	545.5	510.5
Transportation	362.5	366.0	-1.0	366.0	340.7
Utility	226.5	231.8	-2.3	231.8	208.6
Trade, Finance & Service	408.5	408.4	0.0	409.5	382.7
Mining	334.2	344.6	-3.0	360.4	338.3

\*New High

### HEARING ORDERED ON KOZA FILING

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 Chester Richard Koza, doing business as Chester R. Koza & Co., 120 East Market St., Indianapolis, should be denied. A hearing for the purpose of taking testimony has been scheduled for May 1, 1959, at 11:00 A. M., in the Commission's Chicago Regional Office.

Koza's application was filed March 13, 1959. According to the Commission's order, Koza was permanently enjoined by a final judgment of the U. S. District Court for the Southern District of Indiana, Indianapolis Division, entered on April 16, 1958, from engaging in or continuing certain conduct or practices in connection with the purchase and sale of securities. (The Commission's complaint in this action alleged that Koza and others were offering and selling stock of Farm and Home Agency, Inc., in violation of the Securities Act registration requirements. The defendants consented to the injunction.)

At the May 1st hearing, inquiry will be conducted into the question whether, in view of the said injunction, it is in the public interest to deny registration to Koza.

### STOP ORDER SUSPENDS FUNERAL DIRECTORS MFG. REGISTRATION

The SEC today announced the issuance of a "stop order" decision (Release 33-4071) suspending a registration statement filed by Funeral Directors Manufacturing and Supply Company, of Louisville, Ky., because of misstatements and omissions of material facts in the statement.

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For further details, call ST. 3-7600, ext. 5526

The company was organized in October 1954 to manufacture, distribute and sell plastic grave vaults and plastic and aluminum caskets. The statement, which became effective in March 1955, proposed the public offering of 199,907 shares of common stock at \$100 per share. An amendment was filed October 11, 1955. The company owns no property, but proposed to purchase or construct warehouse and plants and facilities to manufacture its proposed products, depending on the success of the stock offering. It admitted the existence of inadequate disclosures in the registration statement and amendment and the omission to state certain facts, and consented to issuance of a stop order.

In its decision, the Commission ruled that the registration statement misstates and omits material facts concerning the development work necessary to effect volume production of the company's products, the time required to effect full production, the indebtedness of the company to its officers, and the identity of certain officers of the company. Furthermore, the amendment to the statement failed to cure such deficiencies and to reflect material changes subsequent to the original effective date concerning the identity of the company's officers and directors, its financial condition, and the liquidation of a company with which it had contracted for engineering and development work.

For example, the prospectus stated: "The development work on the plastic vault has progressed to the completion of designs and molds for an adult size vault. Plans for tooling and equipment have been completed. Further development and testing will be required." The record facts showed that, in order to effect volume production of the vault, several sets of matched molds, each set consisting of six precision molds suitable for use in high pressure steam pressing machines, would have to be created and that the company does not have such sets of molds. The statement is silent as to the time required to achieve volume production; but the record indicates that, assuming the availability of adequate capital, from 1-1/4 to 1-1/2 years might be required.

The registration statement as amended also failed to disclose various information concerning the identity of certain officers and concerning indebtedness owing to officers in the amount of \$41,165 and to discharged employees in the amount of \$48,498 which the company is without funds to pay.

#### INDUSTRO TRANSISTOR CONSENTS TO STOP ORDER

Industro Transistor Corporation, Long Island City, N. Y., has agreed to a stipulation of facts in the stop order proceedings under the Securities Act of 1933 to determine whether its registration statement is false and misleading and, if so, whether a stop order should be issued suspending its effectiveness. The stipulation also contains a consent to the issuance of a stop order; and the hearing scheduled for April 27, 1959, for the purpose of taking evidence in such proceedings has been cancelled, the underlying facts having been agreed to in the stipulation. (For details, see Release 33-4018 or News Digest of 1/16/59).

#### ANGELIQUE CO. AND GRANVILLE ENJOINED

The SEC Boston Regional Office announced April 22, 1959, that a final judgment has been issued (USDC, Conn.) permanently enjoining The Angelique and Company, Inc., of Wilton, Conn., and Charles N. Granville, its president, from further violation of registration and anti-fraud provisions of the Securities Act in the offer and sale of Angelique stock. Defendants consented to the injunction.

#### SENTENCES IMPOSED ON CARROLL AND OTHERS

The SEC Fort Worth Regional Office announced April 23, 1959, that Judge Ross Rizley (USDC, Oklahoma City) had sentenced Hugh A. Carroll to seven years imprisonment for fraud in the sale of pre-certificate-bonds of Selected Investments Trust Fund (Lit. Release 1426). J. Phil Burns was sentenced to five years; Julia Moore Carroll and William A. Rigg received five-year suspended sentences and were placed on probation for five years; and Selected Investments Corporation and United Securities Agency were each fined \$1,500.

#### SHORT SELLING RULE VIOLATIONS CHARGED TO MORTON BROWNE

The SEC New York Regional Office announced April 23, 1959, the filing of a complaint (USDC, <sup>SDNY</sup>) seeking to enjoin Morton Browne from further violation of the Commission's short selling and related rules. Browne is charged with causing a broker to sell 3,000 shares of Hazel Bishop common for his account by falsely representing that he owned the stock. Court hearing will be held April 28, 1959,

CONTINUED

in the SEC motion for preliminary injunction.

### CONSOLIDATED EDISON (NY) PROPOSES BOND OFFERING

Consolidated Edison Company of New York, 4 Irving Place, New York, filed a registration statement (File 2-15028) with the SEC on April 24, 1959, seeking registration of \$75,000,000 of First and Refunding Mortgage Bonds, Series P, due June 1, 1989, to be offered for public sale at competitive bidding. Net proceeds from the sale of the bonds will become a part of the treasury funds of the company and will be applied (1) to retire short term bank loans of \$27,000,000 and (2) toward the cost of its construction program. The company and its subsidiary are engaged in a construction program expected to involve expenditures for the years 1959 through 1963 of approximately \$1,000,000,000, of which \$914,000,000 is for electric, \$38,000,000 for gas, \$18,000,000 for steam and \$30,000,000 for common plant. These figures include provision for the company's proposal to the City of New York to acquire, at an estimated cost of \$126,000,000 payable over a three year period, the three power plants owned by the City which supply electricity to the "BMT" and "IRT" divisions of its transit system.

### LEVINE'S FILES FOR OFFERING AND SECONDARY

Levine's, Inc., 8908 Ambassador Row, Dallas, filed a registration statement (File 2-15029) with the SEC on April 24, 1959, seeking registration of 110,000 shares of Common Stock. Of this stock, 60,000 shares are to be offered for public sale by the issuing company and the remaining 50,000, representing outstanding shares, by the present holders thereof. Public offering price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. is listed as the principal underwriter. Kidder, Peabody has acquired from the company common stock purchase warrants, exercisable on or before May 31, 1961, to purchase 11,000 common shares at the public offering price, which shares also are included in the registration statement.

Levine's operates a chain of 61 stores in the retail clothing and dry goods business in six states of the Southwest. Net proceeds of its proposed stock sale will be added to general funds. Approximately \$300,000 will be spent for inventory, equipment, fixtures and other initial costs of three new stores which the company expects to begin operating between July and October 1959. It is expected that all or most of the remaining proceeds will be used to acquire additional stores, and to establish new stores, thereby continuing the expansion of its operations.

The company now has outstanding 522,770 common shares, of which William Levine, board chairman, and Morris Levine, president, own 129,750 and 125,000 shares, respectively. They propose to sell 25,000 shares each.

### SEC PARTICIPATES IN SCRANTON CORP. - HAL ROACH STUDIOS REORGANIZATION

The SEC has filed notice of appearance in proceedings for the reorganization of Scranton Corporation and its wholly-owned subsidiary, Hal Roach Studios, Inc., pending in the U. S. District Court for the Middle District of Pennsylvania (at Scranton) pursuant to Chapter X of the Bankruptcy Act. Voluntary petitions for reorganization were filed April 3, 1959 and approved by the Court; J. Julius Levy was appointed trustee for both companies; and a hearing has been scheduled for June 3, 1959, on the question of retention of the trustee in office. The petitions indicate that the affairs of Scranton were dominated and controlled by Alexander L. Guterma and associates through F. L. Jacobs Co., which is also undergoing reorganization in the U. S. District Court in Detroit.

An unaudited balance sheet for Scranton Corporation as of January 31, 1959 shows total assets of \$9,971,892 with total liabilities of \$2,900,776 and a common stock equity of \$7,071,116. A balance sheet for Hal Roach Studios, Inc. as of February 14, 1959 shows total assets of \$7,125,310, total liabilities of \$7,067,892, and a deficit of common equity of \$339,263. There are approximately 700 to 800 holders of the common stock of Scranton.

### IRANDO OIL FILES FOR STOCK OFFERING

Irando Oil and Exploration, Ltd., 1950 Broad St., Regina, Canada, filed a registration statement (File 2-15030) with the SEC on April 24, 1959, seeking registration of 225,000 shares of common stock to be offered for public sale at an initial offering price of 90¢ per share. The 225,000 shares are under option to the underwriters, Laird & Rumball (Sask.) Ltd., who will make the offering of stock on a best efforts basis, for which it will receive commissions equivalent to one-half of the public offering price.

Organized in May 1958, the company commenced primary distribution of its shares to the public in July 1958, and since that time some 510,000 shares have been sold by the underwriters. However, delay in making payment for shares has resulted in only 374,000 shares being issued for cash to yielding \$75,602 net to the treasury. The company initially issued 900,000 shares to promoters for property. The 225,000 shares slated for public offering will approximate one-eighth of the then-issued shares.

The company has been and is engaged in exploration and development of oil and mining properties. It is said to have two producing oil wells, but exploration conducted on other properties has not yet established the existence of any substantial oil or ore reserves. Net proceeds of the sale of stock under this offering, estimated at \$129,000, will be used to defray the costs of exploration and development of the properties and for the acquisition of other properties, and may be expended on such expenses incidental to these items as the management may determine.

The prospectus lists H. D. Beckwith of Denver and Irando Oils Ltd., of Regina as promoters; and they own 405,000 and 367,000 shares, respectively. Edward A. Miller of Regina is president.

#### NATIONWIDE SMALL BUSINESS CORP. FILES FOR OFFERING

Nationwide Small Business Capital Investing Corporation, Hartsdale, N. Y., filed a registration statement (File 2-15031) with the SEC on April 24, 1959, seeking registration of 500,000 shares of 50¢ par capital stock, to be offered for public sale at \$1 per share. The company was organized under Delaware law in 1958 for the purpose of providing equity capital to small businesses. The management has decided at least temporarily not to apply for a license under the Small Business Administration Act of 1958. This stock offering is made in order to obtain funds to be used in financing those selected small businesses which will be able to meet the high standards which the management plans to require be met in order to qualify for financing by the company. Through banks, business associates and through advertising, the company will seek desirable small business financing throughout the nation.

The prospectus lists Charles M. Carpenter of Hartsdale as board chairman and George Vincent Grace of Long Island as president. They own, respectively, approximately, 70% and 30% of the 9,000 outstanding shares, acquired at par. Grace has, in addition, subscribed, and agreed to pay, at par, for an additional 21,000 shares.

#### NEW HAMPSHIRE BALL BEARINGS FILES FOR OFFERING AND SECONDARY

New Hampshire Ball Bearings, Inc., Peterborough, N. H., today filed a registration statement (File 2-15032) with the SEC seeking registration of 126,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the issuing company through an underwriting group headed by Kidder, Peabody & Co., and 6,000 directly to its employees. The remaining 20,000 shares, representing outstanding stock, are to be offered for sale by the holders thereof through said underwriting group. The public offering price and underwriting terms, as well as the offering price to employees, are to be supplied by amendment.

Net proceeds to the company of its stock sale will be used as follows: \$350,000 to pay off in full its 5% Chattel Mortgage Term Loan; \$400,000 to construct an addition to its main plant; and the balance, together with other corporate funds, some of which may be borrowed, to purchase machinery and equipment for the new plant addition, expected to cost approximately \$1,200,000, and for general corporate purposes.

The company has outstanding 341,080 common shares, of which 94,000 shares (27.6%) are held by Arthur N. Daniels, president, and 77,200 shares (22.6%) by Dolores deP. Daniels. They own an additional 10,400 shares for the benefit of their son. The two Daniels propose to sell 10,000 shares e

#### PYROMETER CO. PROPOSES STOCK OFFERING

Pyrometer Company of America, Inc., Penndel, Pa., today filed a registration statement (File 15033) with the SEC seeking registration of 200,000 shares of Common Stock to be offered for public sale at \$3 per share. The offering is to be made by Arnold Malkan & Co., Inc., for which it will receive a commission of 30¢ per share. Arnold Malkan, president of the underwriter, is the largest stockholder of the company and was the sole proprietor of Pyrometer Company prior to its incorporation on March 30, 1959.

One company is engaged in the manufacture and sale of temperature transducers. Net proceeds of its stock offering are estimated at \$517,500. Of such proceeds, the company intends to (1) make available for additional raw material, semi-finished and finished inventory, \$80,000; (2) increase the personnel and physical equipment of the existing research department, for examination into various types of transducers, \$50,000; (3) commence an instrument division to develop, manufacture and sell industrial transmitting and control instruments which will complement the existing industrial measuring and control instrument lines currently manufactured by others, \$100,000; (4) expand manufacturing facilities through the purchase of machinery and the development insofar as possible of special machinery to apply automation, \$75,000; and (5) add to working capital \$212,500. Upon organization of the corporation, 400,000 shares were issued for the properties of its predecessors, of which Malkan owns 90%. Malkan (of Princeton, N. J.) is listed as board chairman and John V. Metzger of Philadelphia as president.

#### ELECTRONICS CAPITAL CORP. PROPOSES STOCK OFFERING

Electronics Capital Corporation, Bank of America Bldg., San Diego, Calif., today filed a registration statement (File 2-15034) with the SEC seeking registration of 1,200,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through an underwriting group headed by Hayden, Stone & Co., for which a \$1 per share commission is to be paid.

The company is a Federal Licensee under the Small Business Investment Act of 1958 and is a closed-end non-diversified management investment company. It has outstanding 33,889 common shares. It proposes to provide capital, principally through the purchase of convertible debentures, to selected electronics companies which in management's opinion possess potential for investment appreciation, to render financial, technical and other services to such companies, to sponsor a group development program enabling client companies with complementary facilities jointly to undertake government and commercial electronics contracts otherwise beyond their individual capabilities, and to obtain for its stockholders the benefits of the special tax provisions adopted by Congress to encourage the investment of venture capital in small businesses.

The prospectus lists Charles E. Salik of San Diego as president.

#### NEWELL-ALLEN-JOHNSON INDICTED

The SEC Denver Regional Office announced April 24, 1959, that Charles F. Newell, Chauncey A. Allen and Charles E. Johnson had been indicted (USDC, Nebr.) for violating registration and anti-fraud provisions of the Securities Act in the sale of stock of Unity Insurance Company.

#### ROSEN AND McDONALD INDICTED

The SEC Boston Regional Office announced April 24, 1959, that Abraham Rosen, doing business as Al Rosen & Company, of Boston, and Paul McDonald of Cambridge were indicted (USDC, Mass.) for violating anti-fraud provisions of the Securities Laws in the conduct of Rosen's securities business (Lit. Release 1429).

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