

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 13, 1962

CANALE CHEMICAL FILES FINANCING PLAN. Canale Chemical Corporation, 37 Cottage Row, Glen Cove, New York, filed a registration statement (File 2-20460) with the SEC on June 12th seeking registration of \$250,000 of 6% convertible subordinated debentures due 1970 and 2-year warrants to purchase 25,000 shares of common stock (at \$3 per share), to be offered for public sale in units consisting of a \$100 debenture and 10 warrants to purchase one share. The offering will be made at \$100 per unit (without underwriting).

The principal business of the company is the manufacture of industrial chemicals for sale primarily to the graphic arts industry, including chemicals for making long run lithographic plates and for making intermediate and short run plates. The net proceeds from the sale of the units will be used to expand facilities, inventories and sales force, for research and development, and for general corporate purposes. The company has outstanding 151,700 shares of common stock (after giving effect to a recent recapitalization), of which Michael A. Canale, president, owns 89.6% and management officials as a group 94.1%. Book value of stock now outstanding is 21¢ per share.

CORPORATE PROFITS REPORTED. The SEC and Federal Trade Commission reports (for newspapers of Thursday, June 14th) that sales and earnings of U.S. manufacturing corporations declined in the first quarter of 1962. Sales were estimated to be \$92.8 billion during the period, 2 percent less than in the fourth quarter of 1961, while profits after taxes totalled \$4.0 billion, 13 percent below the previous quarter. The decline in sales was largely attributable to seasonal behavior and after allowance for these factors sales actually were maintained at about the level of the latter part of 1961. Profits after taxes declined somewhat more than would have been expected on the basis of the sales drop, reflecting continued pressure on profit margins. Both sales and earnings were up substantially from the first quarter figures a year ago, with sales showing a 12 percent improvement and profits up 38 percent. Profit margins for manufacturing corporations in the first quarter of 1962 fell to 4.3 cents per dollar of sales from 4.8 cents in the fourth quarter of last year. The first quarter profit rate was about equal to the average for 1960 and 1961. The rate of profit on stockholders' equity was 9.0 percent in the first quarter of 1962 compared with 10.5 percent in the fourth quarter and 8.7 percent for the year 1961. (Stat Release 1833)

VALLEY FORGE SECURITIES HEARING SCHEDULED. The SEC has scheduled a hearing for 2 P.M., July 16, 1962, in Philadelphia in the proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Valley Forge Securities Co., Inc., of Philadelphia. The hearing will be held in Room 3018 of the U.S. Court House, 9th and Market Streets, Philadelphia. In its order of April 16, 1962, authorizing the proceedings, the Commission recited charges of its staff that the respondent company and certain individuals engaged in "fraud and deceit" in the offer and sale of stock of Young Development Corporation.

HEARING SET IN GENERAL SECURITIES CASE. The Commission also has scheduled a hearing for June 28, 1962, in its Washington Office in proceedings to determine whether the broker-dealer registration of General Securities Corporation, of Washington, D. C., should be revoked. The Commission's order of December 29, 1962, authorizing these proceedings contains staff charges that General violated the Commission's net capital rule.

SEC COMPLAINT NAMES WOIKE & CO. INC. The SEC New York Regional Office announced June 8th (Lit-2286) the filing of a complaint (USDC SDNY) seeking to enjoin Richard Woike & Company, Inc., of 1775 Broadway, New York, Richard Woike and James McMillan, company officers, from further violating the bookkeeping, filing and registration provisions of the Securities Exchange Act. Complaint also seeks order compelling compliance with bookkeeping provisions.

TRADING BAN CONTINUED IN TWO STOCKS. The SEC has issued orders under the Securities Exchange Act suspending trading in the Class A stock of Automated Procedures Corp. on the National Stock Exchange and in the common assessable stock of Industrial Enterprises, Inc., on the San Francisco Mining Exchange (as well as the over-the-counter market in each case) for a further ten-day period June 14 to 23, 1962, inclusive.

SEC COMPLAINT NAMES LEWARD LISTER. The SEC Boston Regional Office announced June 11th (Lit-2287) the filing of a complaint (USDC, Boston) seeking to enjoin Leward M. Lister, doing business as Leward M. Lister & Co., from further violations of the SEC net capital rule.

GRAY AND SCHIFF SENTENCED. Chester Gray and Alfred Schiff received three-year prison sentences following their conviction (USDC, SD Fla) on charges of violating the anti-fraud provision of the Securities Act in connection with the sale of common stock of Imperial Petroleum Company. (Lit-2288)

OVER

TRADING IN E. L. BRUCE SUSPENDED. The SEC announced today that it had ordered the temporary suspension of trading on the American Stock Exchange and in the over-the-counter market in the common stock of E. L. Bruce Co. (Incorporated) for the 10-day period June 13 to June 22, 1962. Earlier this date, the American Stock Exchange suspended trading in the shares. The suspension is based upon reports of substantial unauthorized withdrawals of money from the company by Edward M. Gilbert, formerly its president, who resigned on June 12th. The exact impact of these matters on the company is not presently determinable with the result that investors are not in a position to make an informed analysis and evaluation of the securities. The price of the stock has recently dropped sharply on the American Stock Exchange and in the over-the-counter market.

SECURITIES ACT REGISTRATIONS. Effective June 13: Armour and Company (File 2-20308); Molybdenum Corporation of America (File 2-20187); National Car Rental System, Inc. (File 2-19978); Texas Gas Transmission (File 2-20397). Withdrawn June 13: American Buyers Credit Co. (File 2-14534); Prestige Capital Corp. (File 2-19168); Tri-Point Industries, Inc. (File 2-19050).

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