

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 July 9, 1962

Statistical Release No. 1839. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended July 6, 1962, 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 Change	1962	
	7/6/62	6/29/62		High	Low
Composite	113.6	110.8	+2.5	144.3	106.5
Manufacturing	104.5	102.3	+2.2	135.0	97.9
Durable Goods	102.0	100.3	+1.7	135.6	95.2
Non-Durable Goods	106.8	104.2	+2.5	134.4	100.5
Transportation	89.9	88.1	+2.0	111.0	85.5
Utility	153.1	148.1	+3.4	185.5	143.0
Trade, Finance & Service	139.7	134.7	+3.7	178.2	131.4
Mining	88.9	86.9	+2.3	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended July 5, 1962, 49 registration statements were filed, 18 became effective, 13 were withdrawn, and 722 were pending at the week-end.

POTOMAC REAL ESTATE INVESTMENT FILES FOR OFFERING. Potomac Real Estate Investment Trust, 880 Bonifant St., Silver Spring, Md., filed a registration statement (File 2-20567) with the SEC on July 6th seeking registration of 1,000,000 shares of beneficial interest in the Trust, to be offered for public sale (without underwriting) at a price to be supplied by amendment (maximum \$5 per share*).

The Trust was organized under Maryland law in June 1961 for the purpose of providing investors with an opportunity to own, through transferable shares of the Trust, an interest in diversified income-producing properties consisting principally of real estate interests. It is designed to qualify as a "real estate investment trust" under the Internal Revenue Code. The Trust is presently in the organizational stage, and the net proceeds from this offering will be used to acquire suitable real estate investments principally located in Maryland, Virginia and Washington, D. C. The Trust now has outstanding 2,200 shares of beneficial interest, of which the Trustees as a group own 45%. Such shares were sold in units consisting of 200 shares and options expiring in 1969 to purchase 400 additional shares (at \$5 and \$7.50 per share). Formation of the Trust was initiated by Henry J. Revane, William E. Richardson and Melvin C. Dodson. Revane is president and principal stockholder, and Richardson and Dodson vice presidents and stockholders, of Revane-Richardson, Inc., which will serve as the Trust's real estate manager. Robert C. Gilmore is a Trustee.

TWO OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by (a) Colorado General Life Insurance Company, 4710 West Colfax, Denver, and (b) National Industries, Incorporated, 1622 Chestnut Street, Philadelphia.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The two companies, in notifications filed on July 11, 1960 and August 28, 1961, respectively, proposed the public offering of common stock as follows: Colorado General, 300,000 shares at \$1 per share; and National 50,000 shares at \$6 per share. The Commission asserts in its suspension orders that it has reasonable cause to believe that both companies failed to comply with certain terms and conditions of Regulation A and that the offering circular of National is false and misleading in respect of certain material facts. Each order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The order with respect to Colorado General asserts that the company failed to comply with Regulation A in that it filed a report of stock sales with the Commission which was false and misleading, that it failed to file further reports of stock sales, and that it failed to respond to several requests from the Commission's staff with respect to the filing of revised reports of sales. With respect to National, the order asserts that the company did not comply with Regulation A in that it filed a report of sales which was not true, complete and accurate. The alleged misrepresentations with respect to National concern (1) its failure to disclose that part of the offering proceeds was to be used for advances to officers, directors and other persons and part for payment of salaries to officers and directors and (2) its failure to disclose that it intended to acquire a subsidiary.

OVER

BEST AND GAREY REGISTRATION REVOKED. The SEC has issued an order under the Securities Exchange Act (Release 34-6841) revoking the broker-dealer registration of Best and Garey Co., Inc., Washington, D. C., for "fraud and deceit" in the offer and sale of two stock issues during 1961. The Commission also expelled the firm from membership in the National Association of Securities Dealers, Inc.; and Thomas M. Garey and Leonidas W. Best, principal officers and stockholders, were each found to be a cause of the revocation order.

According to the Commission's order, the firm, Garey and Best (respondents) violated the anti-fraud provisions of the Federal securities laws in the offer and sale of the common stocks of Visual Dynamics Corporation and Chemionics Engineering Laboratories, in that they arranged to allocate and distribute a substantial portion of the shares to a favored and select group of persons which included promoters and affiliates of Visual and Chemionics and relatives and associates of Best and Garey, while denying and rejecting offers to buy such securities from the general public and with the knowledge that certain members of the favored group were buying substantial amounts of Visual and Chemionics securities with a view toward resales to the public at prices in excess of the public offering price of \$3 per share. The Commission ruled that, in order to conceal these activities and the fact that the respondents were not making a bona fide public offering, the respondents established and maintained nominee accounts which were in fact the undisclosed beneficial accounts of members of the favored group, and the respondents in addition destroyed indications of interest and falsified cash receipts and stock delivery records relating to the distributions and sales. The Commission's order also found that the respondents engaged in the distribution and sale of the unseasoned and speculative shares of Visual and Chemionics without first having made a reasonable and diligent inquiry as to the true nature and worth of the securities, which would have revealed the backgrounds of the issuers, the circumstances surrounding their organization, their financial conditions and obligations, earning prospects, stages of development of their products, and similar matters, and that, in the offer and sale of Visual and Chemionics securities, the respondents made materially false and misleading statements concerning the activities described above, the financial conditions of Visual and Chemionics, the existence of and circumstances surrounding payments made by the issuers to promoters and affiliates, the existence of and circumstances surrounding loans made to the issuers, the stage of development of the issuers' products and the identity and interest of the issuers' promoters and controlling persons.

OVER COUNTER STUDY EXTENDED. The SEC's Special Study of Securities Markets has announced the distribution of a new questionnaire (Form OTC-5) to about 180 broker-dealers to obtain additional data regarding their transactions in specific securities traded over-the-counter. The questionnaire is a follow-up to the questionnaire (Form OTC-3) which sought general information about the growth and size of the over-the-counter market and specific data as to transactions of all broker-dealers in approximately 200 over-the-counter securities (selected at random) on a specified date or dates. The purpose of the new questionnaire is to obtain, for 40 of the 200 securities covered by Form OTC-3, and only from broker-dealers who had transactions or made markets in any of the 40 stocks, trading data for certain additional dates, together with related information.

HOUSTON LIGHTING & POWER PROPOSES BOND OFFERING. Houston Lighting & Power Company, 900 Fannin St., Houston, Texas, today filed a registration statement (File 2-20568) with the SEC seeking registration of \$25,000,000 of first mortgage bonds due 1992, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be used to repay outstanding short-term bank loans incurred for construction, and the balance will be applied to its construction program (estimated at \$24,090,000 for the last seven months of 1962).

SECURITIES ACT REGISTRATIONS. Effective July 6: Diplomat Orleans Associates (File 2-20251).
Effective July 9: Hargrove Enterprises, Inc. (File 2-19444); Missouri Power & Light Co. (File 2-20476); New England Telephone & Telegraph Co. (File 2-20483); Oxford Paper Co. (File 2-20333).
Withdrawn July 9: Vapor Corp. (File 2-19742); Virginia Electric & Power Co. (File 2-20338).

*As estimated for purposes of computing the registration fee.

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