

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Summary of SEC Releases, Monday, July 30, 1956
Prepared for Press Use - Not for Quotation

Statistical Release No. 1395

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended July 27, 1956 for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956, is as follows:

	<u>(1939 = 100)</u>		Percent Change	<u>1956</u>	
	<u>7/27/56</u>	<u>7/20/56</u>		<u>High</u>	<u>Low</u>
Composite	362.1	362.8	- 0.2	362.8	319.0
Manufacturing	462.6	464.7R	- 0.5	464.7R	398.6
Durable Goods	424.9	425.7	- 0.2	425.7	369.4
Non-Durable Goods	497.1	500.5R	- 0.7	500.8	425.2
Transportation	336.3	334.7	+ 0.5	353.0	312.8
Utility	160.9*	158.9	+ 1.3	160.9	152.4
Trade, Finance & Service	316.1	317.9	- 0.6	325.5	294.7
Mining	371.6	376.7	- 1.4	382.5	326.8

*New High

Securities Exchange Act Release No. 5343

The SEC today announced the issuance of a decision revoking the broker-dealer registration of Justin Stepler, Inc. ("Respondent"), of New York, for violations of the registration and anti-fraud provisions of the Securities Act of 1933 and the bookkeeping, net capital, and financial reporting requirements of Commission rules under the Securities Exchange Act of 1934.

The Commission found that activities of Respondent and Beverly I. Stepler in connection with the sale in 1955 of stock of Contact Uranium Mines, Inc., "operated as a fraud and deceit" on the purchasers of stock sold by them. Stepler was Respondent's secretary and a director and its only active official. The violations resulted from "highly irregular" practices on the part of Stepler, who made disbursements to Robert J. Morman of some \$32,000 of the proceeds of the sale of \$45,650 of Contact stock, most of which was misappropriated by him. Morman has been indicted for grand larceny and forgery and his whereabouts are unknown.

The disbursements were made by Stepler pursuant to oral instructions, received in one instance from an officer of Contact and in the others from Morman, one of the incorporators of Contact who was closely associated with its management and who Stepler was told was a director and in charge of Contact's affairs,

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although he did not in fact have any official connection with it. According to the Commission, Respondent and Stepler "knew that the amounts disbursed were not being properly used for Contact's corporate purposes;" the disbursements were made "without prior written authorization or concurrent receipts;" and they "materially increased risk that the funds would not be properly applied to Contact's corporate purposes and actually facilitated the misappropriation which took place." Under the circumstances, the Commission held that Respondent and Stepler were under a duty to disclose to the purchasers of Contact stock, to whom it was represented that the proceeds would be turned over to Contact for use in its mining business, the unusual method of making disbursements.

The Commission also found that, in the sale of 15,000 shares of Contact stock for \$1500 in November, 1954, before a Regulation A Notification seeking exemption from registration was filed with the Commission by that company Respondent and Stepler violated the registration requirements of the Securities Act. A similar violation was found in their sale in the Spring of 1955 of 45,000 shares of Silver Pick Uranium, Inc., stock at prices in excess of the public offering price, thereby causing the offering of Silver Pick stock to exceed the \$300,000 limitation for exempt offerings prescribed by Regulation A under which the offering was being made.

The Commission further found that Respondent's books showed a net capital deficit ranging from \$5,515 to \$16,278 as of five specified dates in 1955, thereby violating the Commission's net capital rules; that it made "false and fictitious" entries in its books and records by recording transactions as of the dates customers' checks were received instead of on the dates they were effected; that transactions which were later cancelled were never recorded; that a loan to Respondent of \$2,000 and a sale of stock were not recorded; that a check for \$5,000 received by Respondent as an advance for expenses in an underwriting was not entered on its books; and that a fictitious sale and repurchase of Silver Pick stock was recorded. In addition, the Commission found that Respondent's financial report for 1954 was not certified, although certification was required because Respondent carried credit balances of customers, and that the report was false in omitting an indebtedness due on a promissory note in the amount of \$1,790, thus overstating its capital by such amount. Finally, the Commission found that Respondent and Stepler were permanently enjoined on October 27, 1955, by the Supreme Court of New York from effecting further securities transactions in that State or engaging in fraudulent misrepresentations in the sale of securities as alleged in the complaint in that action; and that a receiver was appointed to take over Respondent's assets and wind up and liquidate its affairs.

The Commission's order also expels Respondent from membership in the National Association of Securities Dealers, Inc.

Securities Act Release No. 3666

The Securities and Exchange Commission has instituted proceedings under the Securities Act of 1933 to determine whether a "stop order" should be issued suspending the effectiveness of a registration statement filed by Beta Frozen Food Storage Inc., of Baltimore, Md.

At a hearing scheduled for August 9, 1956, in the Commission's Washington Office, inquiry will be conducted into the question whether the company's registration statement and prospectus include untrue statements of material facts and omit to state material facts required to be stated therein and material facts necessary to make the statements therein not misleading.

Organized under Maryland law on April 27, 1956, the company proposes to construct and operate, in Baltimore, a frozen food storage warehouse. Its registration statement, filed May 14, 1956, proposed the public offering of 15,000 shares of \$50 par Preferred Stock and \$1,000,000 principal amount of Convertible Debenture Bonds, to be offered at \$50 per preferred share and \$100 per bond. Proceeds were to be used to complete the storage warehouse, to purchase fixtures and other equipment, and for other related purposes. William H. Burton is listed as President, Ralph E. Burton as Treasurer, and William J. Henning, Jr., as Secretary, all of Baltimore.

Various items of information contained in the registration statement and prospectus are challenged by the Commission as to accuracy and completeness. Among these are the plan for distribution of the securities, the purposes to which the proceeds are to be applied, the description of the business proposed to be conducted, the company's financial statements, and the remuneration to be paid its officers and directors. With respect to the use of proceeds, the Commission asserts that there is a failure to disclose, among other things, the amounts to be allocated to cost of land, building, equipment, and landscaping; the order of application to such purposes; the application of proceeds in the event that less than all the securities being registered are sold; and that there is no firm commitment by any person to purchase any part of the securities, and the effect on investors in the event that sufficient funds are not received to accomplish the proposed program. Similarly, concerning the company's description of its business, the Commission asserts that there is a failure to state the extent of the existing frozen food storage or warehousing facilities which would be competing with the company, the nature of facilities proposed to be installed for the "quick freezing" of foods, and the stage of development of the processes for the preservation of foods by "high frequency radio waves" and "high energy ionized radiation" and the company's plans with respect thereto.

Securities Exchange Act Release No. 5345

The Securities and Exchange Commission has granted a request of Ralph L. LaQuey, New York, N. Y., for withdrawal from registration as a broker-dealer under the Securities Exchange Act of 1934; and it has discontinued proceedings, previously authorized, on the question whether LaQuey's broker-dealer registration should be revoked.

Institution of such proceedings was based upon the failure of LaQuey to file the required financial report for 1955. In his response thereto, LaQuey advised that he was no longer engaged in business as a broker-dealer and sought withdrawal of his registration. The request was granted and the proceedings discontinued by the Commission.

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Douglas Corporation, Fort Collins, Colo., filed a registration statement (File 2-12678) with the SEC on July 27, 1956, seeking registration of 4,000,000 shares of its 1¢ par Common Stock, to be offered for public sale at 10¢ per share. The offering is to be made on a "best efforts" basis by Columbia Securities Company, Denver, for which it will receive a selling commission of 1½¢ per share, plus expenses of \$2,000. The company also has agreed to issue and sell to Columbia, for \$100, warrants to purchase not more than 250,000 common shares at 10¢ per share. Similar warrants for the purchase of an additional 350,000 common shares have been issued to officers and directors (except the president) for \$140. The warrants are not exercisable or transferable until June 1, 1957, and expire and become void after January 2, 1958.

Organized under Colorado law on March 12, 1956, the company proposes to engage in the business of exploration, development and operation of uranium and other mining properties. It is in the exploratory stage. Sam Day of Ft. Collins is listed as President. Day is owner of all of the 950,000 outstanding shares of the company's common stock. These shares were received by Day in exchange for mining properties and assignment of leasehold interests obtained at a cost to him of approximately \$30,200. Assuming the public sale of the 4,000,000 shares, and without giving effect to any exercise of warrants, Day will own approximately 19.2% of the then outstanding stock; and the public investors will own 80.8% for which they will have paid \$400,000. In addition, Mr. Day will receive \$20,000 cash from the proceeds of the public offering as consideration in addition to stock issued, for reimbursement of expenses, etc.

The company's properties consist of twenty unpatented lode mining claims in Fremont County, Wyoming. Of the proceeds of the financing, \$30,000 are to be used for exploration and geological survey, \$50,000 for possible development of properties as recommended by geologists, \$50,000 for possible acquisition of additional properties, and \$70,000 for working capital.

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Puerto Rican Jai Alai, Inc. (San Juan) filed a registration statement (File 2-12679) with the SEC on July 27, 1956, seeking registration of \$1,100,000 Twelve-Year 6% First Mortgage Bonds, due July 1, 1968, and 220,000 shares of its \$1 par Common Stock. The securities are to be offered for public sale at 100% of principal amount for the bonds and \$1.75 per share for the common. The offering is to be made on a "best efforts" basis by Cerie and Company, of Houston, and Dixon Bretscher Noonan Inc., of Springfield, Ill., for which a 10% selling commission is to be paid.

The company was organized under Delaware law on October 11, 1955, for the principal purpose of constructing and operating, in Puerto Rico, a sports stadium known as a fronton, designed for the playing and public performance of the game of jai alai with pari-mutuel betting. It is licensed to do business in Puerto Rico and has acquired property in San Juan by lease upon which it intends to erect and operate its facilities. Of its 300,000 outstanding common shares, 70,190 shares, or 23.06%, are owned by Frank H. Cerie, of Houston, one of the directors of the company and President of Cerie and Company. Geo. Edw. Day, of Springfield, President, owns 12,000, or 4%.

Net proceeds of the financing, after deducting the underwriters' commission and expenses, and the reserve for bond interest, will amount to \$1,217,500, assuming the sale of all the securities. In addition, the company has received \$175,000 cash from the sale of stock to the promoters. It estimates the cost of construction of the fronton and related facilities at \$1,147,230. Architectural and engineering fees are estimated at \$74,570, legal fees \$12,000, and printing, registration and miscellaneous fees \$5,000. The above expenditures total approximately \$1,228,800. Any balance of net proceeds will constitute working capital and reserve funds of the company.

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Universal-Rundle Corporation, New Castle, Pa., filed a registration statement (File 2-12680) with the SEC on July 27, 1956, seeking registration of 50,000 outstanding shares of its \$10 par Common Stock. These shares are owned by Sears, Roebuck and Co. and are to be offered for sale by it at \$18.50 per share. No underwriting is involved. Universal-Rundle is a manufacturer of vitreous china and enameled cast iron plumbing fixtures. It has outstanding 400,000 common shares, of which Sears owns 390,000 shares. The company has been advised by Sears that, although no plan has as yet been formulated, Sears expects eventually to sell or otherwise dispose of an additional 140,000 shares, retaining indefinitely the remaining 50% interest.

Sears proposes to offer the 50,000 shares to certain of Universal-Rundle's employees and executives.

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The General Tire & Rubber Company, Akron, O., filed a registration statement (File 2-12682) with the SEC on July 27, 1956, seeking registration of 26,068 shares of \$5 Cumulative Preference Stock, \$100 par. General Tire proposes to offer these preference shares in exchange for shares of common stock and 6% promissory notes of Carlon Products Corporation. The basis of the exchange offer is to be supplied by amendment. The obligation of General Tire to make the exchange offer is subject to the condition that holders of all of the presently outstanding 6% promissory notes, aggregating \$1,060,000, and of not less than 39,400 of the 68,837 common shares of Carlon, accept the exchange offer under the terms to be specified. Carlon is engaged in the manufacture and sale of plastic pipe and pipe fittings and certain other extruded plastic products.

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Mack Trucks, Inc., Plainfield, N.J., filed a registration statement (File 2-12681) with the SEC on July 27, 1956, seeking registration of \$19,212,000 Subordinated Debentures due 1968 (with Warrants to purchase 192,120 shares of its \$5 par Common Stock). The company proposes to offer the debentures for subscription by holders of its outstanding common stock at the rate of \$500 of debentures (with warrant) for each 50 common shares. One subscription right is being given for each common share held, and 50 rights are required to subscribe for each \$500 of debentures (with a warrant for the purchase of 5 common

shares). The interest rate on the debentures, subscription price and underwriting terms are to be supplied by amendment. Dominick & Dominick is named as the principal underwriter. Northeast Capital Corporation, owner of 30.02% of the outstanding common stock of the company, has agreed to exercise its rights to subscribe for \$5,660,000 of debentures with attached warrants.

Net proceeds of the financing will provide additional working capital and funds to finance the company's expanding business. A part of the proceeds, presently undetermined, may initially be used to reduce current bank loans, amounting to \$95,000,000 at June 30, 1956, which were borrowed to finance increased volume of business.

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CORRECTION: The SEC Press Summary of Friday, July 27, 1956, at page 2, incorrectly stated, with respect to the common stock financing proposal of The Pacific Telephone and Telegraph Company, that American Telephone and Telegraph Company intends to "offer" 1,399,824 shares of the additional common stock to be issued by Pacific. Instead, these shares, representing American's pro rata portion of the new shares to be offered by Pacific for subscription by its stockholders, are to be acquired by it.

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