

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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TOP DOLLAR STORES FILES FOR OFFERING AND SECONDARY. Top Dollar Stores, Inc., 2220 Florida Avenue, Jasper, Ala., filed a registration statement (File 2-20319) with the SEC on May 1st seeking registration of 200,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the holders thereof. The offering will be made at \$5 per share through underwriters headed by Philips, Rosen, Appel & Walden, 115 Broadway, New York, which will receive a 46 $\frac{1}{2}$ ¢ per share commission and \$12,000 for expenses. The statement also includes 18,000 outstanding common shares underlying 5-year warrants to be sold to the principal underwriter by certain stockholders at 18¢ per warrant, exercisable at \$5.15 per share. A \$5,000 finder's fee is payable by the underwriter to Walter Yohalem.

The company and its wholly-owned subsidiaries are engaged in the operation of a chain of 28 self-service retail stores through which they sell clothing, dry goods, shoes and housewares at discount and bargain prices. All but one are located in Alabama and operated under the name "Top Dollar Store." Of the net proceeds from the company's sale of additional stock, \$280,000 will be used to open three new stores and to defray the major part of costs (\$165,000) already incurred in 1962 for such purpose; and the balance will be used to improve warehouse operations by adding mechanized handling equipment and for working capital. In addition to certain indebtedness, the company has outstanding 630,000 shares of common stock, of which Joseph H. Engel, board chairman, and J. George Mitnick, president, own 283,500 shares each. They propose to sell 45,000 shares each. In addition, Reva L. Engel and Willine E. Mitnick own 31,500 shares each and propose to sell 5,000 shares each.

IDEAL TOY FILES FOR OFFERING AND SECONDARY. Ideal Toy Corporation, 184-10 Jamaica Avenue, Hollis, N. Y., filed a registration statement (File 2-20321) with the SEC on May 1st seeking registration of 490,000 shares of common stock, of which 250,000 shares are to be offered for public sale by the company and 240,000 shares, being outstanding stock, by the holders thereof. White, Weld & Co., 20 Broad Street, New York, heads the list of underwriters. The public offering price (maximum \$20 per share*) and underwriting terms are to be supplied by amendment.

The company manufactures a broad line of toys and related products including dolls and plastic mechanical toys. The net proceeds from the company's sale of additional stock will be used in part to repay \$750,000 of long-term loans made by three officers (each of whom is a selling stockholder), and \$2,000,000 of short-term bank loans incurred to finance accounts receivable and inventories. The balance will be used for general corporate purposes including working capital. In addition to certain indebtedness, the company has outstanding 993,439 shares of common stock, of which David Rosenstein, chairman of the executive committee, Benjamin F. Michtom, board chairman, Mark F. Michtom, a vice president and secretary, and Abraham M. Katz, chairman of the finance committee and treasurer, own 31.03%, 11.55%, 17.38% and 10.31%, respectively. Leonel A. Weintraub, president, owns 3.98% and management officials as a group (including their families) 100%. The prospectus lists 16 selling stockholders including Rosenstein and B. F. Michtom who propose to sell 77,396 shares each and Katz who proposes to sell 38,698 shares. Others propose to sell amounts ranging from 500 to 11,320 shares.

MEMORIAL SERVICES FILES FOR STOCK OFFERING. Memorial Services, Inc., 315 East Sixth Avenue, Helena, Montana, filed a registration statement (File 2-20320) with the SEC on April 30th seeking registration of 1,200,000 shares of common stock, to be offered for public sale at \$1 per share. The offering will be made on a best efforts basis by Memorial Securities, Inc., 308 Union Bank Building, Helena, which will receive a 20¢ per share selling commission. The company and the underwriter are under common control. If, after the expiration of 180 days after the effective date of this statement, \$85,000 in proceeds have not been realized, such proceeds (excluding a 15¢ per share commission to be paid to the underwriter on such shares) will be refunded to purchasers. Each capital share of the company is redeemable in merchandise or funeral services of a worth not less than \$1.20 per share on the basis of prevailing prices of such services and merchandise at such time.

Organized under Montana law in January 1962, the company has not yet commenced business. It proposes to acquire ownership of 64% of the capital stock of Chapel of Chimes, Inc. and 51% of the capital stock and certain other securities of Billings Funeral Service, which operate funeral homes in Great Falls and Billings, Montana, respectively, and ownership of the Retz Funeral Home in Helena. The \$938,707 estimated net proceeds from the stock sale will be used to make said acquisitions, to redeem outstanding mortgage bonds of Retz Funeral Home, as a reserve for payments to funeral homes accepting the company's stock certificates in exchange for funeral services and merchandise, and for general overhead and administrative expenses and working capital. In the purchase of the Billings Funeral Home, \$100,500 will represent an option exercise price to be paid to J. Howard Retz, a promoter and director; and in the purchase of Retz Funeral Home, \$125,000 will represent an option exercise price to J. Howard and C. Ernst Retz, promoters. Both establishments have sustained operating losses aggregating over \$42,500.

The company has outstanding 50,000 shares of common stock (purchased at 50¢ per share), of which Alden S. Payne, a director, Harold Roe, president, and J. Howard Retz own 20% each, and management officials as a group 75%. Roe is president of the underwriter and owns 51% of its outstanding securities, and Richard D.

Ray, vice president of the company, is a director of the underwriter and owns 10% of its outstanding securities. The remaining securities of the underwriter are owned by associates or affiliates of Roe.

JERLEE PRODUCTS FILES FOR STOCK OFFERING. Jerlee Products Corporation, 596-612 Berriman Street, Brooklyn, N. Y., filed a registration statement (File 2-20322) with the SEC on May 1st seeking registration of 75,000 shares of common stock, to be offered for public sale at \$4.25 per share. The offering will be made on an all or none basis through underwriters headed by R. P. Raymond & Co., Inc., 107-61 92nd Street, Ozone Park, New York, which will receive a 53¢ per share commission and \$15,000 for expenses. The statement also includes 15,000 shares underlying 5-year warrants to be sold to the principal underwriter for \$150, exercisable at \$4.25 per share.

The company is engaged primarily in the processing and distribution of vinyl roll plastic for use as furniture covering, the manufacture of fabric and vinyl tablecloths, and the processing and distribution of various foam rubber items. The net proceeds from the stock sale will be used to purchase new machinery and rollers, to purchase raw material used in the manufacture of pressure sensitive backing, for advertising and sales promotion, and to reduce trade accounts payable and to increase working capital. In addition to certain indebtedness, the company has outstanding 99,000 shares of common stock (after giving effect to a recent 4,750-for-1 stock split), of which Leon Sanders, president, owns 76.8% and management officials as a group 88.4%.

LINK-BELT SHARES IN REGISTRATION. Link-Belt Company, Prudential Plaza, Chicago, filed a registration statement (File 2-20328) with the SEC on May 2nd seeking registration of 26,337 shares of common stock, to be offered to certain officers and key employees who are entitled to participate in the company's Additional Provisional Compensation Plans (or management bonus plan for 1961 of certain subsidiaries).

SEC ORDER CITES HARRY GEORGE AMES. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Harry George Ames, 6906 Jamison Ave., St. Louis, Mo., should be revoked. Ames has been registered with the Commission as a broker-dealer since July 1936. The Commission's staff asserts that he failed to file a report of financial condition for the years 1956 through 1961. Moreover, according to the Staff, Ames was indicted in July 1956 by the U. S. District Court in Chicago, for violating the Mail Fraud Statute and the Securities Act registration and anti-fraud provisions in the sale of oil interests relating to properties in Oklahoma and Illinois. He pleaded guilty to one count of the indictment charging violation of said anti-fraud provision, was convicted in November 1960, and was sentenced to 3 years in prison and a \$5,000 fine. The prison sentence was suspended and Ames was placed on probation for two years on condition that he pay the fine in quarterly installments.

A hearing for the purpose of taking evidence on the foregoing will be held later, at a time and place to be announced.

AMERICAN QUICKSILVER, OTHERS ENJOINED. The SEC San Francisco Regional Office announced April 30th (Lit-2258) the issuance of a Federal court order (USDC Los Angeles) preliminarily enjoining further violations of the Securities Act anti-fraud provisions in the offer and sale of stock of American Quicksilver Corporation by that company, Thomas Craig, George P. Barton, and Brown, Barton and Engel of Newark, N. J. The action was continued until June 18th as to defendant Nick Comereski.

JOHN BROWNLIE ENJOINED. The SEC New York Regional Office announced May 2d the entry of a Federal court order (USDC SDNY) permanently enjoining John Brownlie of Garden City, L. I., from further sales of Champion Industries, Inc., stock in violation of the Securities Act registration requirement.

ATLAS CORP. SEEKS ORDER. Atlas Corporation, New York investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed sale of its interest in Northeast Airlines, Inc., to Hughes Tool Company; and the Commission has issued an order (Release IC-3475) giving interested persons until May 16, 1962, to request a hearing thereon. According to the application, Atlas owns 996,226 (56%) of the outstanding shares of Northeast common, and \$16,251,744 principal amount of Northeast's 5½% subordinated promissory note payable on demand. Atlas has agreed to sell the stock and note to Hughes Tool for \$5,000,000 in cash, subject to certain terms and conditions. All of the outstanding stock of Hughes Tool is owned by Howard R. Hughes, who is also the beneficial owner of 1,060,179 shares (about 10%) of Atlas common, which is deposited with a bank under a voting trust agreement.

PRECISION MICROWAVE SUSPENSION. The SEC has issued an order under the Securities Exchange Act continuing the ban on trading in the common stock of Precision Microwave Corp. on the American Stock Exchange and over-the-counter market for a further ten-day period May 4 to 13, 1962, inclusive.

CORRECTION RE SIMPLEX LOCK. In the News Digest of April 23rd, reference was made to the proposed rights offering by Simplex Lock Corporation of New York. The item incorrectly stated that the shares would be offered in part to stockholders of Associated Development & Research Corp. (principal stockholder) at the rate of one Simplex share for each 10 shares of Associated, whereas the offering to Associated shareholders is to be on the basis of one share for 30 shares of Associated.

D. C. TRANSIT PROPOSES DEBENTURE RIGHTS OFFERING. D. C. Transit Systems, Inc., 3600 M Street, N. W., Washington, D. C., filed a registration statement (File 2-20323) with the SEC on April 30th seeking registration of \$3,150,000 of 6½% convertible subordinated debentures due 1977 and 5-year warrants to purchase an aggregate of 94,500 Class A shares, at \$15 per share. It is proposed to offer such securities in units consisting of \$100 of debentures and three warrants, for subscription at \$100 per unit by holders of Class A and Class B common stock. The record date and rate of subscription are to be supplied by amendment. Transportation Corporation of America (Trans Corp) owns 163,252 shares (32.6%) of the outstanding Class A and 2,000,000 shares (100%) of the outstanding Class B stock of the company; and it intends to redistribute subscription rights received by it to its share holders (and holders of certain convertible debentures).

The company, through its wholly owned subsidiary D. C. Transit System, Inc., a District of Columbia corporation, is engaged in the operation of the public transit system in Washington, D. C. D. C. Realty and Development Corporation, a wholly-owned subsidiary of D. C. Transit (of Washington) was recently organized for the purpose of constructing housing and other building projects in the metropolitan area of Washington, D. C. Pursuant to the approval of a proposal filed by D. C. Realty with the District of Columbia Redevelopment Land Agency, D. C. Realty is presently negotiating a contract for the redevelopment of a five acre site in the southwest area of Washington, at a total cost of about \$5,500,000, to consist of housing units, elevator apartment buildings, a cooperative apartment and town houses. D. C. Realty intends to apply for mortgage loans of \$4,900,000 to be insured by the Federal Housing Administration. If obtained, it is intended that the balance of the necessary financing (\$600,000) will be supplied from the net proceeds from this debenture sale. The balance of such proceeds will be used by the company or subsidiaries for expansion, diversification or acquisitions and for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 500,000 Class A and 2,000,000 Class B common shares, of which Trans Corp, as indicated, owns 32.6% and 100% respectively. O. Roy Chalk is president and board chairman, and he and his wife own 6.4% of the outstanding Class A stock of the company. In addition, they own an aggregate of 60% of the outstanding stock (Class A and B) of Trans Corp. Chalk is also president and board chairman of D. C. Transit (of Washington) and board chairman of Trans Corp.

AMERICAN FLAG AND BANNER CO. FILES FOR STOCK OFFERING. American Flag and Banner Co. of New Jersey, 1000 Main Avenue, Clifton, N. J., filed a registration statement (File 2-20324) with the SEC on May 1st seeking registration of 100,000 shares of common stock, to be offered for public sale at \$3.25 per share. The offering will be made on a best efforts all or none basis by K-Pac Securities Corp., 80 Wall Street, New York, which will receive a \$.4875 per share commission and \$15,000 for expenses. A \$2,500 fee is payable to Andrew G. Doukas Co., Inc., for services in connection with this offering, and stockholders have agreed to sell to that firm 2,000 shares for \$20. The stockholders will also sell 12,000 shares to the underwriter at 1¢ per share.

The company produces a complete line of flags, banners and accessories for all uses and occasions, for various U. S. Governmental agencies as well as for industry, retailing, hotel chains, steamship lines and foreign governments. The \$252,400 estimated net proceeds from the stock sale will be used to pay taxes, outstanding obligations to a factor, bank and others, and to pay accounts payable. The balance will be added to working capital. The company has outstanding 150,000 shares of common stock, of which Anthony J. Consi, president, and Michael A. Consi, secretary-treasurer, own 50% each. Sale of new stock to the public at \$3.25 per share will result in an increase in the book value of stock now outstanding from 24¢ to \$1.15 per share, with a resulting dilution of \$2.10 per share in the book equity of stock purchased by the public.

FIRST REALTY OF BOSTON FILES FOR STOCK OFFERING. First Realty Company of Boston, 7 Pemberton Square, Boston, filed a registration statement (File 2-20325) with the SEC on May 1st seeking registration of 150,000 shares of common stock to be offered for public sale at \$10 per share. The offering will be made through underwriters headed by R. W. Pressprich & Co., 75 Federal Street, Boston, which will receive a 95¢ per share commission.

The company was organized under Delaware law in April 1962 to own and manage two existing office buildings in Boston, to own and manage other commercial and residential properties, to conduct a real estate management business and to engage in urban renewal. In addition to the two office buildings in Boston, the company manages a number of other office buildings in Boston and owns the Riverview urban renewal project under construction in Cambridge, Mass. All its present properties and business were acquired from Max R. Kargman, president, his affiliates and others in exchange for 151,000 Class B shares and assumption of certain contracts and about \$110,000 of indebtedness incurred in connection with the Riverview Project. The company intends in the near future to enlarge the scope of its operations in the Boston area, in part by the acquisition of additional urban renewal projects from Kargman, for which the company has reserved an additional 180,000 Class B shares for possible issuance to him. Of the net proceeds from the stock sale, \$183,000 will be used to reduce or discharge mortgages, \$130,000 to pay obligations incurred for improvements and for improvement of existing building, \$185,000 to invest in the Riverview Project (including payment of said indebtedness) and \$150,000 to invest in another urban renewal project in Boston, in which the company will acquire from Kargman and his wife a 50% interest now owned by them.

In addition to certain indebtedness, the company now has outstanding the 151,000 Class B shares, of which Kargman owns 28% (and holds an additional 7% in trust for his children), his wife owns 28% and Carl Devoe 18%. Management officials as a group own 69%. James H. Magee is board chairman.

BARCHRIS CONSTRUCTION FILES FOR SECONDARY. BarChris Construction Corporation, 35 Union Square West, New York, filed a registration statement (File 2-20326) with the SEC on May 1st seeking registration of 20,972 outstanding shares of common stock, to be offered for public sale from time to time by the holders thereof on the American Stock Exchange at current market prices. Such shares (which include shares subsequently issued pursuant to a 4% stock dividend and exclude a small amount previously sold by one of the selling stockholders) were issued by the company in December 1961 in exchange for the outstanding stock of Victor Billard Company, Inc.

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The company is engaged principally in the construction of bowling centers and the manufacture and supply of related equipment. It also operates bowling centers (and in conjunction therewith, restaurants, bars and coffee shops) and manufactures billiard tables and distributes such tables and related equipment. In addition to certain indebtedness, the company has outstanding 1,249,016 shares of common stock, of which Christie F. Vitolo, board chairman, and Leborio Pugliese, vice president, own 20.57% and 21.27%, respectively, and management officials as a group 42.67%. Leonard P. Russo is president. Clara Lanza, Marie Sharbo and Frank Lanza, Jr. proposed to sell the 20,972 shares.

MARKET STUDY WITNESSES ANNOUNCED. Richard H. Paul, Chief Counsel of the SEC Special Study of Securities Markets, announces (For May 4th Newspapers) a list of persons and companies invited to appear as witnesses at the public hearings commencing May 7th on the subject of qualifications, training, supervision and selling practices of persons engaged in the securities business. After introductory testimony from Philip A. Loomis, Jr., Director of the Division of Trading and Exchanges of the Commission, and Allan F. Conwill, Director of the Division of Corporate Regulation, representatives of the following companies are expected to be called to testify in approximately the following order: Investors Planning Corporation of America; King Merritt & Company, Inc.; Hugh W. Long and Company, Incorporated; Kalb, Voorhis & Co.; Templeton, Damroth Corporation; Hamilton Management Company; Hodgdon & Co., Inc.; Nat Berger Securities Corp.; Bache & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Shearson, Hammill & Co.; Stearns & Co.; and Albion Securities Co., Inc. In addition, various other officials who have been requested to testify include: N. J. Kiraly, Supervisor of Securities of Ohio; Bernard G. Lanctot, Securities Administrator of Washington (State); James E. Day, President, Midwest Stock Exchange; Keith Funston, President, New York Stock Exchange; and Avery Rockefeller, Jr., Chairman of the Board of Governors, and Wallace H. Fulton, Executive Director of the National Association of Securities Dealers.

Mr. Paul noted that limitations of time necessarily also limited the number of witnesses who could be invited to testify, and stated that in requesting particular individuals or firms to present testimony, the Study does not mean to suggest that any one of them is an example of good or bad performance as compared with others in the industry, or that particular practices subject to inquiry are necessarily typical of the performance of the firm or industry in other respects. He added that the order of witnesses has been determined by practical considerations, and the fact that mutual fund witnesses are among the first to be called should not be taken to mean that mutual funds are being singled out for particular attention. He noted that nothing that the Study is doing is intended or should be taken as a reflection on the quality or price level of the vast body of securities of all types, or on any particular security or type of securities, that are bought and sold in the public markets.

SECURITIES ACT REGISTRATIONS. Effective May 3: Abbott Laboratories (File 2-20218 and File 2-20219); King Louie Bowling Corp. (File 2-19006); Northrop Corp. (File 2-20036); Spartans Industries, Inc. (File 2-19925). Withdrawn May 3: N.T.W. Missile Engineering, Inc. (File 2-19597); S.M.S. Instruments, Inc. (File 2-19373).

*As estimated for purposes of computing the registration fee.

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