

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE August 10, 1962

VIOLATIONS CHARGED TO WOODS & COMPANY. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Woods & Company, Inc., 201 N. St. Mary's Street, San Antonio, Texas, engaged in practices which operated as a "fraud and deceit" upon investors or otherwise violated the Federal securities laws and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") has been registered with the Commission as a broker-dealer since August 24, 1959. Donald Thomas Woods is president. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of stock of Dynamic Metals, Inc. from July 1961 to February 1962, registrant and Woods "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon certain persons," in violation of the anti-fraud provision of the securities laws, in that they engaged in distribution and sale of Dynamic stock to investors with whom they were unacquainted, by means of an intensive direct mail and newspaper advertising campaign, including flamboyant and misleading brochures and advertisements, and without any knowledge of the individual needs and circumstances of such investors or of the suitability of these securities to their needs and, in connection therewith, made false and misleading statements of material facts. The alleged misrepresentations related to registrant's control of the market price of Dynamic stock, the identity of persons making a market in the stock and the cost of stock to registrant; the identity of persons who prepared literature relating to the products of Dynamic, the amount and type of acoustical tile manufactured by Dynamic and the manner in which such tile was produced, and the feasibility of using foamed aluminum as impression blocks in seeking lost tools in oil wells and the marketability of such products as well as the ownership of the patents on the foamed aluminum manufactured by Dynamic and the nature of the license granted to Dynamic under such patents; and the earnings and financial condition of Dynamic and its issuance of options to management officials and other persons.

In addition, the staff alleges that registrant and Wood violated the Securities Act registration requirement in the offer and sale of Dynamic stock. Other alleged violations include staff charges that registrant made false entries on registrant's books relating to the price paid for 27,450 shares of Dynamic stock and failed to record rebates received as part of such transactions; bid for and purchased Dynamic shares for accounts in which registrant had an interest while engaged in the distribution of Dynamic stock; induced the purchase of Dynamic shares by investors at a time when registrant was financially interested in the Dynamic distribution and failed to give written notice of the existence of such interest; and offered and sold Dynamic stock on the representation that the shares were being offered "at the market" without disclosing that the market was controlled by registrant or by persons with whom it was associated in the said distribution. Violations of the Commission's net capital, record-keeping and financial reporting rules also are charged. Woods & Company was enjoined by Federal court order in February 1962, in an action filed by the Commission, from further violating the Securities Act registration and anti-fraud provisions and the Commission's net capital and bookkeeping rules.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registration of Woods & Company should be revoked. (NOTE TO PRESS. Copies of foregoing also available in SEC Fort Worth Regional Office)

AUTOMOTIVE VACUUM CONTROL OFFERING SUSPENDED. The Commission has issued an order temporarily suspending a Regulation A exemption from registration*with respect to a stock offering by Automotive Vacuum Control Corporation, 2901 F. 42nd St., Denver, Colo. In a notification filed on September 27, 1960, Automotive proposed the public offering of 60,000 common shares at \$5 per share. The Commission asserts in its suspension order that it has reasonable cause to believe that certain events occurred after the filing of the notification which renders the exemption unavailable and that the company and its president, Joseph M. Tucker, Jr. have failed to co-operate with the processing of the notification in that they failed to respond to repeated requests for amendments of the notification and offering circular. The order asserts that after the filing of the notification, a Federal court order was entered enjoining the underwriter (Donald J. Hinkley & Co., Inc. of Denver) from engaging in or continuing certain conduct and practices in connection with the purchase and sale of a security; the broker-dealer registration of the underwriter was cancelled by the Commission; and the underwriter was expelled from membership in the National Association of Securities Dealers, Inc. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. *under the Securities Act of 1933

FOUR INDICTED. The SEC Atlanta Regional Office announced August 6th (Lit-2344) the return of a 14-count indictment (USDC Miami, Fla.) charging Robert Grene, Leonard Glaser, Orin F. Rogers and Leo Bromberg with violations of the Securities Act anti-fraud provisions in the offer and sale of 8½% first mortgage certificates of Security Guaranty Company, Incorporated, of Florida, and the common stock of Palm Springs Air Parks, Inc., of Nevada.

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TRADING BAN IN FOUR STOCKS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading for an additional ten-day period August 12-21, 1962, in the common stocks of E. L. Bruce Co. (Inc.) and Precision Microwave Corp. and the period August 13-22, 1962, in the Class A stock of Automated Procedures Corp. and Industrial Enterprises, Inc.

TIME FOR COMMENT ON FOREIGN ISSUER RULE CONTINUED. The SEC has extended from August 17 to September 17, 1962, the due date for comments upon proposed Rules 402A and 440 under the Securities Act. The proposals relate to the signing of registration statements of foreign issuers by its duly authorized representative in this country.

ATLAS CORP. ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3514) authorizing withdrawal of an application filed on March 9, 1962 by Atlas Corporation and The Hidden Splendor Mining Company with respect to the proposed sale by Atlas Corp. of all the outstanding common shares of Petro-Atlas, Inc. to Hidden Splendor for a consideration of 258,594 Hidden Splendor common shares. On July 16, 1962, the Commission issued an order declaring that Atlas Corp. had ceased to be an investment company, and the application previously filed by Atlas Corp. and Hidden Splendor thus became moot.

MASS. INVESTORS FUND PURCHASE CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3515) authorizing Massachusetts Investors Growth Stock Fund, Boston investment company, to issue its shares at net asset value for substantially all the investment securities and cash of the Spruce Company.

UNLISTED TRADING SOUGHT. The SEC has issued an order (Release 34-6880) giving interested persons until August 24th to request a hearing upon an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Beckman Instruments, Incorporated, Texas Instruments, Incorporated and Fairchild Camera & Instruments Corp.

DELISTING APPROVED. The SEC has granted an application of the New York Stock Exchange to delist the common stock of American European Securities Company, effective close of business August 24, 1962. (Release 34-6880)

ARGUMENTS, COMING WEEK. August 15th - 2:30 P.M. - William H. Biesel

SECURITIES ACT REGISTRATIONS. Effective August 9: Florida Water & Utilities Co. (File 2-20439). Effective August 10: Tovarich Co. (File 2-20424). Withdrawn August 9: Paragon Pre-Cut Homes, Inc. (File 2-18750). Withdrawn August 10: United Components, Inc. (File 2-20058).

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