

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 January 21, 1963

Statistical Release No. 1877. The SEC Index of Stock Prices, based on the closing price of 300 common stocks, for the week ended January 18, 1963, 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	
	1/18/63	1/11/63		High	Low
Composite	133.0	132.2	+0.6	144.3	107.0
Manufacturing	123.8	123.3	+0.4	135.0	98.6
Durable Goods	119.4	118.9	+0.4	135.6	95.2
Non-Durable Goods	127.9	127.4	+0.4	134.4	101.8
Transportation	106.9	107.2	-0.3	111.0	85.5
Utility	174.5	171.8	+1.6	185.5	143.0
Trade, Finance & Service	155.8	156.3	-0.3	178.2	129.8
Mining	107.3	106.0	+1.2	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended January 17, 1963, 22 registration statements were filed, 14 became effective, 7 were withdrawn, and 391 were pending at the week-end.

VIOLATIONS CHARGED TO LOUIS B. CHERRY. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Louis B. Cherry, a sole proprietor doing business as Kennedy, Levy & Co., 5716 Comanche, Woodland Hills, Calif., engaged in practices which operated as a "fraud and deceit" upon customers or otherwise violated the Federal securities laws and, if so, whether his broker-dealer registration should be revoked.

Cherry has been registered with the Commission as a broker-dealer since April 18, 1962. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the sale of stock of American Laboratories, Inc. and California Growth Capital, Inc. from October 1962 to date, Cherry "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit" upon customers in violation of the anti-fraud and anti-manipulative provisions of the Federal securities laws. With respect to American Labs, it is alleged that Cherry purchased such stock for a customer on an agency basis and charged a commission thereon while omitting to disclose a secret profit taken by him in the transactions in violation of Cherry's fiduciary duty as an agent; and with respect to Calif. Growth Capital, that Cherry purchased such stock for a customer at a price wholly unrelated to the fair and reasonable market price for such stock. Moreover, the staff asserts that Cherry effected with and for the account of a customer a certain transaction wherein, acting as agent for both the buyer and seller, he failed to disclose that fact to his customer and the source and amount of commission or other remuneration received (or to be received) in connection therewith.

The staff also charges (1) that Cherry made false and misleading statements in his application for broker-dealer registration, and failed to file amendments to such application to disclose that he had previous associations with brokers and dealers and to disclose his change of address, and (2) that he violated the Commission's record keeping and financial reporting requirements.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether Cherry's broker-dealer registration should be revoked. Cherry is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether he also should be suspended or expelled from NASD membership. (NOTE TO PRESS. Copies of foregoing also available in SEC Los Angeles Branch Office.)

AMERICAN CAPITAL OF D.C. ENJOINED. The SEC Washington Regional Office announced January 17 (LR-2484) the entry of a Federal court order (USDC, DC) permanently enjoining (by default) American Capital Corporation of Washington, D. C., from further violations of the Securities Act anti-fraud provisions. The order will not effect or alter the rights and duties of a Receiver previously appointed in this matter in June 1962.

GUY W. GULLY SENTENCED. The SEC Washington Regional Office announced January 17 (LR-2485) that Guy W. Gully, of Farrell, Pa., received a \$5,000 fine (USDC, WD, Pa.) following his plea of nolo contendere to charges of violating the Securities Act registration provisions in the offer and sale of common stock of Universal Fuel and Chemical Corporation. Trial of remaining defendants scheduled for February 18, 1963.

DU PONT DE NEMOURS RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3619) exempting from the Act transactions incident to the acquisition by E. I. du Pont de Nemours and Company, Wilmington, Delaware (29% owned by Christiana Securities Company, a registered closed-end investment company), of real property owned by certain du Pont employees and to be used for the purpose of preserving a reservoir site in the White Clay Creek Basis near Newark, Delaware.

OVER

INVESTORS TRADING FILES FOR STOCK OFFERING. Investors Trading Company, 460 Denver Club Bldg., Denver, filed a registration statement (File 2-21025) with the SEC on January 17 seeking registration of 200,000 shares of capital stock, to be offered for public sale at net asset value (maximum \$5 per share*) plus a maximum sales charge of 8%. The offering will be made by Nemrava & Company, 460 Denver Club Bldg., Denver, the Fund's distributor and investment adviser.

The Fund is a non-diversified open-end investment company organized under Maryland law in October 1962. The Fund's objective will be capital appreciation; and, according to the prospectus, in seeking such objective it expects to rely principally on active short-term trading. The Fund expects to invest at least 20% of its assets in convertible debentures of a small number of companies (although this proportion may be as high as 80% in some cases), and a substantial part of its remaining assets will normally be invested in a small number of common stocks listed on the New York Stock Exchange, with a less substantial part to be invested in a small number of common stocks traded over-the-counter. The Fund has outstanding 30,890 shares of capital stock (purchased at \$4.25 per share without sales charge) of which management officials as a group own 75.7%. Fred G. Goldren is president and Steve Z. Nemrava is vice president (and executive vice president and 20% owner of the distributor). Two other officers of the Fund are also 10% stockholders of the underwriter.

WESTERN POWER & GAS PROPOSES DEBENTURE OFFERING. Western Power & Gas Company, 144 South 12th St., Lincoln, Nebraska, today filed a registration statement (File 2-21026) with the SEC seeking registration of \$9,000,000 of convertible subordinated debentures due 1978, to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York, and two other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the debenture sale will be used to prepay (without premium) \$7,500,000 of 4-3/4% notes to banks due 1964, for future construction expenditures of the company, to make temporary advances to subsidiaries for construction purposes, for further investment in common stock of subsidiaries, and for other corporate purposes. Construction expenditures of the company and its subsidiaries for the 12 months ending September 1963 are estimated at \$3,300,000 (company) and \$36,300,000 (consolidated). In addition to various indebtedness and preferred stock, the company has outstanding 2,806,633 shares of common stock, of which management officials as a group own 1.8%. Max McGraw is board chairman and Judson Large is president.

SECURITIES ACT REGISTRATIONS. Effective January 18: Bobbie Brooks, Inc. (File 2-20929). Effective January 21: Bank "Adanim" Mortgages and Loans, Ltd. (File 2-19567); Dennis Real Estate Investment Trust (File 2-18549); Universal Capital Corp. (File 2-20684); American Motors Corp. (File 2-20915). Withdrawn January 18: American Telemail Service, Inc. (formerly U. S. Telemail Service, Inc.) (File 2-13912).

*As estimated for purposes of computing the registration fee.

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