

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 May 15, 1961

Statistical Release No. 1753. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended May 12, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 is as follows:

	1957-59 = 100		Percent Change	1961	
	5/12/61	5/5/61		High	Low
Composite	134.5	134.5	0.0	134.5	118.3
Manufacturing	127.0	127.5	-0.4	127.5	113.0
Durable Goods	129.8	130.5	-0.5	130.5	117.0
Non-Durable Goods	124.4	124.8	-0.3	124.8	109.2
Transportation	*107.0	105.8	+1.1	107.0	97.8
Utility	*171.5	168.7	+1.7	171.5	144.4
Trade, Finance & Service	151.5	152.3	-0.5	152.3	132.5
Mining	* 95.4	93.8	+1.7	95.4	83.3

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended May 11, 1961, 28 registration statements were filed, 31 became effective, 3 were withdrawn, and 444 were pending at the week end.

VIOLATIONS CHARGED TO FRANCIS J. BRENEK & CO., INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Francis J. Brenek and Co., Inc., Securities Bldg., 1904 3rd Avenue, Seattle, made fraudulent representations in the offer and sale of its stock to customers or otherwise violated provisions of the Federal securities laws and, if so, whether its registration as a broker-dealer should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Brenek and Co. has been registered as a broker-dealer since February 4, 1960. Francis J. Brenek is listed as president and Patrick L. Calligan and Clinton F. Crow as vice presidents. The Commission's order asserts that in the offer and sale of stock of Brenek and Co. during the period February 4, 1960, to date, Brenek and Co. and the three named individuals engaged in acts, practices and a course of business "which operated as a fraud and deceit upon certain persons," in that they made false and misleading representations and omitted material facts with respect to the business activities of Brenek and Co., its financial condition and operating losses, the source and class of its stock, dividend payments on the stock, the safety of and return on an investment in the stock, and the company's proposed membership in the New York Stock Exchange.

The Commission's order further asserts (a) that Brenek purportedly sold shares of his personally-owned stock of Brenek and Co. to a customer and caused Brenek and Co. to issue its check payable to such customer for a portion of the free credit balance in the customer's account, forged the customer's endorsement to the check and deposited it in his own bank account; and (b) that Brenek & Co. repurchased shares of its stock from a customer and issued its check payable to such customer in payment therefor, and Brenek forged the customer's signature to the check and deposited same in his own bank account. Moreover, the order asserts, Brenek & Co. engaged in the conduct of a securities business in violation of the Commission's net capital rule; effected purchase and sale transactions in securities with or for certain of its customers but failed to give or send confirmations disclosing the capacity in which the company was acting and other necessary information; and failed to make and keep current certain books and records as required by Commission rules.

A hearing will be held on June 5, 1961, in the Commission's Seattle Regional Office for the purpose of taking evidence on the foregoing matters. (NOTE TO PRESS. Copies of foregoing are also available in SEC Seattle Office).

VIOLATIONS CHARGED TO ROBERT EDELSTEIN CO., INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Robert Edelstein Co., Inc., of 15 William St., New York City, made fraudulent misrepresentations in the offer and sale of Isthmus Steamship Salvage Co., Inc. (Isthmus), of Miami, Fla., and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Edelstein Co. has been registered as a broker-dealer since August 1959. Robert Edelstein is president and owner of more than 10% of its common stock. Since June 1959, Morris Estreicher has been employed as a salesman. In its order, the Commission asserts that, in the offer and sale of Isthmus stock during the period June 1959 to date, Edelstein Co., Edelstein and Estreicher "engaged in acts, practices, and a course of business which operated as a fraud and deceit" upon the purchasers of such stock, in that they made false and misleading representations with respect to the business activities of Isthmus and the length of time it has been in business; salvage rights owned by, and contracts entered into, to be entered into, and being

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negotiated by Isthmus; cargo salvaged and in the process of being recovered by Isthmus; and earnings and profits of Isthmus and anticipated increases in the price of Isthmus stock.

A hearing for the purpose of taking evidence on the foregoing will be held at a time and place later to be announced. (NOTE TO PRESS. Copies of foregoing also available in SEC New York and Miami Office).

ISTHMUS STEAMSHIP & SALVAGE HEARING SCHEDULED. At the request of Robert Edelstein Co., Inc., of New York, the Commission has scheduled a hearing for June 19, 1961, in its Atlanta Regional Office on the question whether the Commission should vacate, or make permanent, its order of April 13, 1961, which temporarily suspended a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering at \$2 per share of 150,000 shares of common stock of Isthmus Steamship & Salvage Co., Inc., Miami, which offering was underwritten by Edelstein Co. In its suspension order (Release 33-4353), the Commission asserted that the Isthmus stock was offered and sold by means of false and misleading representations of material fact.

UNITED INDUSTRIAL TRADING BAN CONTINUED. The SEC has ordered the suspension of trading in various securities of United Industrial Corporation (Del.) on the American, Detroit, New York and Pacific Coast Stock Exchanges and over-the-counter market for a further ten-day period May 16 to 25, 1961, inclusive.

STATE ST. INVESTMENT SEEKS ORDER. State Street Investment Corporation, Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its purchase of McLain Inc.; and the Commission has issued an order (Release IC-3248) giving interested persons until May 29th to request a hearing thereon. A personal holding company, McLain is a Pennsylvania corporation with two shareholders. It has contracted to sell substantially all of its cash and securities, with a total value of \$2,037,795 as of March 31, 1961, to State Street Investment in exchange for shares of the latter at their net asset value.

MICHIGAN CONSOLIDATED GAS BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14438) authorizing Michigan Consolidated Gas Company, Detroit, to issue and sell at competitive bidding \$30,000,000 of first mortgage bonds due 1986. Net proceeds will be used by the company to retire any notes which may be outstanding under a line of credit established to finance part of its 1960 construction program, to pay construction costs, and to reimburse the company's treasury in part for construction expenditures.

CONSOLIDATED NATURAL GAS BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14439) authorizing Consolidated Natural Gas Company, New York, to issue and sell at competitive bidding \$40,000,000 of debentures due 1986. Net proceeds will be used in part to prepay \$30,000,000 of bank notes; and the remaining \$10,000,000, together with \$20,000,000 from the sale of \$45,000,000 of debentures in February 1961, will provide the long-term financing required for the 1960 construction expenditures of subsidiary companies, estimated at \$70,000,000.

PENNSYLVANIA POWER PROPOSES STOCK SALE. Pennsylvania Power Company (Newcastle) has joined with its parent, Ohio Edison Company (Akron), in the filing of a proposal with the SEC under the Holding Company Act for the sale by Pennsylvania Power of 80,000 additional common shares to its parent for \$2,400,000; and the Commission has issued an order (Release 35-14440) giving interested persons until May 26th to request a hearing thereon. Net proceeds of the stock sale will be used by the subsidiary for construction expenditures during 1961, estimated at \$5,825,000.

HAVEG INDUSTRIES SHARES IN REGISTRATION. Haveg Industries, Inc., 900 Greenbank Rd., Wilmington, Del., filed a registration statement (File 2-18102) with the SEC on May 12th seeking registration of 119,762 shares of common stock. Of this stock, (a) 107,012 shares have been or may be issued upon the exercise of restricted stock options granted or to be granted to employees; (b) 7,125 were or may be issued upon exercise of options granted in connection with the acquisition of certain assets now owned and operated as a subsidiary; and (c) 5,625 are to be issued as the balance of the purchase price of certain real estate acquired by the company.

Since 1955 the company has engaged in a program of product development and diversification in the plastics field. It now has outstanding 1,004,977 common shares. The prospectus lists John H. Lux as president.

HYDRO-SPACE TECHNOLOGY FILES FOR OFFERING AND SECONDARY. Hydro-Space Technology Inc., West Caldwell, N. J., filed a registration statement (File 2-18103) with the SEC on May 12th seeking registration of 300,000 shares of common stock, of which 155,000 shares are to be offered for public sale by the issuing company and 145,000, being outstanding stock, by the present holder thereof. The stock is to be offered for sale at \$3 per share, the offering to be made on an all or none basis by Michael G. Kletz & Co., Inc., and John H. Kaplan & Co., which will receive a commission of 30¢ per share. Michael G. Kletz, president of the managing underwriter, will receive four-year options, exercisable initially at \$3 per share, on an additional 15,500 shares from the issuer and 14,500 shares from the selling stockholder. The selling stockholder later may offer an additional 20,000 shares for sale from time to time in the over-the-counter market.

The company was organized under Delaware law in April 1961 for the purpose of acquiring the Fulton-Irgon Division of Lithium Corporation of America, Inc. The said Division's assets were transferred to Hydro-Space on May 2nd. The principal activities include the design, engineering, testing, production and sale of cartridge actuated devices, the evaluation of propulsion systems and propellants, and the design, production and sale of buoyancy devices for underwater research and defense. In addition the company, in association with Lithium Corporation, has conducted research in specialized uses of lithium and lithium chemicals. Net proceeds of the sale of additional stock by the company will be used for various purposes, including additional

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laboratory testing equipment, quality control facilities, additional research, repayment of borrowings, and for working capital and other corporate purposes.

All of the 550,000 outstanding shares of stock are owned by Lithium Corp., received by it in exchange for the assets of the Fulton-Irgon Division. It proposes to sell 145,000 shares of its holdings to the underwriters. The prospectus indicates that the April 1st book value of the 550,000 shares was \$1.08 per share. The prospectus lists Harry D. Feltenstein, Jr., as board chairman and David Fulton as president. Fulton and Joseph Irgon, senior vice president, were founders in 1956 of The Fulton-Irgon Corp., whose assets were sold in December 1959 to Lithium Corp. upon payment of \$252,665, including \$251,550 of debentures due 1969. Fulton received \$39,100 and Irgon \$39,000 of such debentures, representing their proportionate stock interests in the seller.

ARKANSAS VALLEY INDUSTRIES PROPOSES DEBENTURE OFFERING. Arkansas Valley Industries, Inc., Dardenelle, Ark., filed a registration statement (File 2-18104) with the SEC on May 12th seeking registration of \$1,500,000 of Convertible Subordinated Sinking Fund Debentures due 1976, to be offered for public sale at 100% of principal amount through underwriters headed by A. G. Edwards & Sons. The underwriting is on an all or none basis, and the underwriting terms are to be supplied by amendment (the principal underwriter will receive a management fee of \$15,000).

The company was organized in December 1958 for the purpose of acquiring other companies and thus creating an integrated poultry business including hatching, growing, feeding and processing and marketing operations. It now has eighteen subsidiaries. Its primary business is the producing of chicken feed, hatching chicks, and processing and distributing both fresh and frozen frying size chickens and frozen cooked poultry products. Net proceeds of the sale of the debentures will be used as follows: \$200,000 for physical improvements and new facilities, \$100,000 to improve marketing operations, and the balance for increased working capital.

In addition to certain indebtedness, the company now has outstanding 179,523 shares of capital stock, of which R. Harold Snyder, president, owns 34.4% and management officials as a group 39%.

CATERPILLAR TRACTOR FILES STOCK OPTION PLAN. Caterpillar Tractor Co., Peoria, Ill., filed a registration statement (File 2-18107) with the SEC on May 12th seeking registration of an additional 54,468 common shares which may be purchased pursuant to its 1959 Stock Option Plan.

I.B.M. FILES STOCK PLAN. International Business Machines Corporation, 590 Madison Ave., New York, filed a registration statement (File 2-18108) with the SEC on May 12th seeking registration of 400,000 shares of capital stock, which may be purchased by employees under the IBM Employees 1961 Stock Purchase Plan.

VIRGINIA ELECTRIC PROPOSES BOND OFFERING. Virginia Electric and Power Company, 700 East Franklin St., Richmond, filed a registration statement (File 2-18109) with the SEC on May 12th seeking registration of \$30,000,000 of First and Refunding Mortgage Bonds, Series Q, due 1991, to be offered for public sale at competitive bidding. Net proceeds will be used to provide for construction expenditures or to reimburse the company's treasury therefor. Construction expenditures for 1961 are estimated at \$85,000,000.

CHESTER LITHO PROPOSES STOCK OFFERING. Chester Litho Inc., Chester, N. Y., filed a registration statement (File 2-18110) with the SEC on May 12th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made on an all-or-nothing best efforts basis by S. Schramm & Co., Inc., for which a 48¢ per share selling commission is to be paid plus \$12,000 for expenses. If all shares are sold, the underwriter also will receive two-year warrants to purchase an additional 22,000 shares at \$1 per share, which shares also are included in the registration statement. The statement also includes an additional 1,000 shares sold to six key employees of the company at 44¢ per share, representing the book value per share of the company's common stock on March 31st.

The company was organized in 1958 for the purpose of engaging in the business of commercial printing and commercial art, the promoters being Harry Weintraub, president, Morris B. Weintraub and Harold Weingarten, officers. They invested and advanced by way of capital stock contribution an aggregate of \$24,076 (including cancellation of \$23,076 of officers' loans), for which they received all the 200,000 outstanding shares of capital stock. Since January 1959 the company has specialized in commercial offset color lithography in connection with the preparation of multicolor brochures and postcards. The purpose of the proposed stock offering is to obtain funds to improve the company's working capital position and provide working capital of about \$170,000. The prospectus indicates that current liabilities of \$230,189 at March 31st exceeded current assets by \$8,548, but that the working capital position is expected to improve by May 31st.

MADISON FUND PROPOSES EXCHANGE. Madison Fund, Inc., 660 Madison Ave., New York, filed a registration statement (File 2-18111) with the SEC on May 12th seeking registration of 44,140 shares of common stock. These shares are to be delivered to S. & B. Investment Corporation, a Kentucky corporation, in exchange for its assets, consisting entirely of marketable securities and cash and amounting to \$1,000,124. Thereafter, the shares will be distributed by S & B Investment to its nine stockholders in liquidation. The principal stockholder of S & B Investment is Wilburn J. Simpson, of Owensboro, Ky., who owns just over 50% of its outstanding stock.

COMPUDYNE FILES FOR OFFERING AND SECONDARY. CompuDyne Corporation, 404 South Warminster Road, Hatboro, Pa., filed a registration statement (File 2-18112) with the SEC on May 12, 1961, seeking registration of 168,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company and 48,000 shares, being outstanding stock, by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by Hayden, Stone & Co. The public offering price and underwriting

terms are to be supplied by amendment. The registration statement also includes 18,182 common shares which may be issued on conversion of the company's 5% convertible subordinated sinking fund debentures due June 15, 1970, and 8,000 common shares which were purchased at \$3 per share by the principal underwriter upon exercise of an option granted in 1959.

The company and its subsidiaries are engaged in furnishing instruments and systems for missile sites and in the design, development, assembly and manufacture of electronic and other devices and systems used in the automatic control of aeronautical and missile test facilities and used in the production processes employed in the chemical, petroleum, and metal industries. Of the net proceeds from the company's sale of additional stock, \$200,000 will be applied to expand inventories, \$200,000 for research and development, and \$101,000 to redeem 6% debentures due December 1, 1961. The balance will be added to working capital for general corporate purposes, a portion of which may be used to acquire additional electronic testing and manufacturing equipment and about \$400,000 in connection with possible acquisitions of other companies or interests therein.

In addition to certain indebtedness, the company has outstanding 860,310 shares of common stock, of which Charles D. Close, president and board chairman, J. Lawrence Tecosky, executive vice president, Donald G. O'Brien and Stanley D. Hartshorn, directors, and Thomas L. Mell, own 215,468, 68,494, 30,721, 17,000 and 13,500 shares, respectively, and propose to sell 20,000, 14,000, 6,000, 5,000 and 3,000 shares, respectively.

PIONEER FINANCE FILES EXCHANGE PROPOSAL. Pioneer Finance Company, 1400 First National Bldg., Detroit, filed a registration statement (File 2-18114) with the SEC on May 12th seeking registration of 89,081 shares of \$10 par cumulative preferred stock and 28,076 shares of common stock. The company proposes to offer these shares in exchange for the capital stock of Home Loan Company, Inc., on the following basis: 10 shares of Pioneer preferred for each share of Home Loan cumulative preference stock; 1 share of Pioneer preferred and 1/2 share of its common for each share of Home Loan Class A common; and 1 share of Pioneer common for each 200 shares of Home Loan Class B common. It is the present intention of Pioneer to operate Home Loan as a subsidiary, retaining the identity and corporate structure of Home Loan and continuing its present directors, officers and employees.

In addition to various indebtedness and four series of preferred stock, Pioneer has outstanding 937,102 shares of common stock, of which Allstate Insurance Company owns 16.4% and management officials 15.45%. One of the principal stockholders of Home Loan is Garrett P. Eckwall, its president (who is to become a director of Pioneer), who owns 5,232 shares of Class A common (10.8%) and 10,000 shares of Class B common (25%). Management officials as a group own 2.7% of the cumulative preference stock, 41% of the Class A common and 100% (40,000 shares) of the Class B common.

SEC TO PARTICIPATE IN MUSKEGON MOTOR SPECIALTIES CASE. The SEC today announced that it had filed a notice of appearance in Chapter X proceedings for the reorganization of Muskegon Motor Specialties Company, of Jackson, Mich., pending in the U. S. District Court in Detroit (Release CR-148). There are about 1700 holders of preferred stock of Muskegon Motor. All of the common stock of Muskegon Motor is owned by Jefferson Corporation which, in turn, is owned principally by members of the Board of Directors of Muskegon Motor. Its Class A preferred stock is listed on the Midwest Stock Exchange. According to its petition, Muskegon Motor has secured and unsecured liabilities of nearly \$3,250,000, and it listed assets as having a value of approximately \$4,000,000.

ADVANCE. Following for Release at 3:30 P.M. Today.

SEC TO EXAMINE AMERICAN STOCK EXCHANGE RULES AND PROCEDURES. The SEC announced today that it had directed its staff to conduct a private investigation into the rules, policies, practices and procedures of the American Stock Exchange concerning the regulation and conduct of specialists and other members, and the participation by exchange members in distributions of registered securities both on and off that Exchange.

The Commission directed such inquiry in view of conduct shown by the record in the matter of Re, Re & Sagarese. The Commission on May 4, 1961 revoked the broker-dealer registration of Re, Re & Sagarese and expelled Gerard A. Re and Gerard F. Re from the American Stock Exchange. See Securities Exchange Act Release No. 6551.

The Securities Act of 1933 and the Securities Exchange Act of 1934 authorize the Commission to make such an inquiry to aid in their enforcement, in the prescribing of rules and regulations under them, and in securing information to determine whether to recommend further legislation.

At a meeting in Washington today officials of the American Stock Exchange were informed of the order which had been entered by the Commission.

FIRST REINVESTING PLAN, OTHERS ENJOINED. The SEC New York Regional Office announced May 10th (LR-2014) the entry of a court order (USDC SDNY) preliminarily enjoining Carl H. Abraham, C. Berkeley Cooke, Jr., First Reinvesting Plan, Inc., and U. S. Island Corp. from further violating the anti-fraud provisions of the Securities Exchange Act in the sale of various securities without intending to make delivery thereof.

SECURITIES ACT REGISTRATIONS. Effective May 15: Greschner Investment Corp. (File 2-17198); The M. Blatt Co. (File 2-17664); Burgmaster Corp. (File 2-17776); Leader-Durst Center Co. (File 2-17824); Stein, Hall & Co., Inc. (File 2-17841); Work Wear Corp. (File 2-17886); Aerojet-General Corp. (File 2-17944); Tennessee Gas Transmission Co. (File 2-17964); ADR's of Volkswagenwerk, A.G. (File 2-17980); International Business Machines Corp. (File 2-18026).