

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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Washington 25, D.C.

FOR RELEASE October 10, 1960

Statistical Release No. 1709. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended October 7, 1960, for the composite and by major industry groups compared with the preceding week and with the high and lows for 1960, is as follows:

	1939 - 100		Percent Change	1960	
	10/7/60	9/30/60		High	Low
Composite	384.6	380.8	+1.0	432.5	380.8
Manufacturing	452.9	447.8	+1.1	538.9	447.8
Durable Goods	420.2	417.4	+0.7	521.6	417.4
Non-Durable Goods	473.8	466.6	+1.5	544.4	466.3
Transportation	267.7*	268.2	-0.2	329.3	267.7
Utility	239.1	237.1	+0.8	252.6	216.1
Trade, Finance & Service	423.2	422.1	+0.3	471.8	414.7
Mining	267.7	257.8	+3.8	299.7	240.7

*New Low

SECURITIES ACT REGISTRATION STATEMENTS. During the four-day period ended October 6th, 17 registration statements were filed, 27 became effective, one was withdrawn, one was suspended by stop order, and 354 were pending at the end of the period.

SECURITIES VIOLATION CHARGED TO LAWRENCE RAPPEE & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Lawrence Rappee, a sole proprietor doing business as Lawrence Rappee & Co., 324 North Camden Drive, Beverly Hills, California, defrauded investors in the sale of common stock of Star Chemical Laboratories, Inc., and, if so, whether his broker-dealer registration should be revoked and/or whether he should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Rappee has been registered with the Commission as a broker-dealer since January 13, 1960. According to the Commission's order, information developed in an investigation conducted by its staff tends to show that Rappee "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon his customers in that he published bids for Star Chemical stock for his own account; induced customers to purchase such stock upon representations that the stock was being offered and sold "at the market" or at a price related to the market price when, in fact, no market existed for the stock other than that which was made, created and controlled by him; and induced customers to purchase the Star Chemical stock at prices far in excess of his contemporaneous cost, thereby obtaining unreasonable and excessive profits, while withholding information as to said cost. These activities are said to have violated the anti-fraud provisions of the Federal securities laws.

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

VIOLATIONS CHARGED TO ROSS SECURITIES, INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Ross Securities, Inc., New York broker-dealer firm located at 99 Wall Street, defrauded investors in the offer and sale of common capital stock of Tamarac Gas & Oil Company, Inc., and, if so, whether its broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Ross Securities has been registered with the Commission as a broker-dealer since January 1957. Eugene Ross is its president and sole stockholder. The Commission's order asserts that the said company and Ross, together with six of the company's salesmen, engaged in acts, practices and a course of business in connection with their offer and sale of Tamarac stock during the period June 1958 to January 1960 which operated as a "fraud and deceit" upon the purchasers, in that they made false and misleading representations with respect to the future

OVER

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price of Tamarac stock, the earnings and financial position of Tamarac and its future earning possibilities, and a proposed merger of Tamarac. The salesmen were Samuel Balinsky (aka Sam Balin), Stanley Mindel, Walter Aurell, Herbert Weiser, Sidney Drayer and Erwin Schnall. These activities, the Commission asserts, violated the anti-fraud provisions of the Federal securities laws.

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

NASD SUSPENSION OF E F BORUSKI JR. AFFIRMED. In a decision announced today (Release 34-6376) the SEC dismissed an appeal by Ernest F. Boruski, Jr., 290 Riverside Drive, New York, from a 60-day suspension order issued by the National Association of Securities Dealers, Inc., thereby sustaining disciplinary action by the NASD which also included censure and an assessment of costs in the amount of \$612.60.

The suspension of Boruski was based upon a finding by the NASD that he had violated certain NASD rules in that in 1957 he used sales literature with respect to investment company shares which contained statements considered misleading under the SEC Statement of Policy relating to such literature and failed to file copies of such literature with the NASD; and that between September 1956 and July 1957 he failed to maintain certain books and records and to disclose in confirmations of certain securities transactions the capacity in which he was acting.

The Commission sustained the NASD findings that its rules had been violated and held that the penalty was not excessive.

SEC RULING PERMITS EMPLOYMENT OF K E GOODMAN. In a decision announced today (Release 34-6382), the SEC granted an application of the National Association of Securities Dealers, Inc., for the continuance in NASD membership of Gottsacker Investment Company, Inc., of 607 N. 8th St., Sheboygan, Wisc., with Kenneth E. Goodman in its employ as registered representative. Goodman had been the sole stockholder of Kenneth E. Goodman & Co., whose broker-dealer registration was revoked by the Commission in April 1958 because of violating its net capital and record-keeping rules; and Goodman was found to be a cause of such revocation. In December 1958 he was employed by another firm with the approval of the Commission, it then appearing that his activities would be closely supervised, that the prior misconduct had caused no loss to any customer, and that, while the misconduct was serious, it should not constitute a permanent bar from the securities business. In the present case, the Commission also was satisfied that, in view of the arrangements for supervision of Goodman's activities by his new employer, Gottsacker Investment, it would be appropriate to continue that firm in NASD membership with Goodman in its employ.

FLINTKOTE FILES EXCHANGE OFFER. The Flintkote Company, 30 Rockefeller Plaza, New York, filed a registration statement (File 2-17163) with the SEC on October 7, 1960, seeking registration of \$2,935,000 of 4½% Debentures due 1980, together with 65,222 shares of Flintkote common into which the debentures are convertible.

According to the prospectus, Flintkote on December 15, 1960, will acquire certain assets of Bellrock Gypsum Industries Ltd., an English corporation, in exchange for the \$2,935,000 of debentures, \$325,000 in cash, and six-month non-interest bearing notes in the amount of \$3,040,000. Registration of the Flintkote debentures (as well as the common shares into which they are convertible) is being effected in view of the possibility that stockholders of Bellrock who receive the debentures in exchange for their holdings of Bellrock stock may offer the debentures for sale from time to time on the New York Stock Exchange. All of the shareholders of Bellrock are residents of or domiciled in England. Recipients of the largest amounts of Flintkote debentures under the exchange offer are Norman G. W. Loudon (\$1,755,755) and John Lawrence (\$813,992).

ALLIED STORES FILES EXCHANGE OFFER. Allied Stores Corporation, 401 Fifth Ave., New York, filed a registration statement (File 2-17164) with the SEC on October 7, 1960, seeking registration of 36,000 shares of its common stock. According to the prospectus, Allied Stores proposes to offer such stock in exchange for common stock of The Mabley and Carew Company, of Cincinnati, on the basis of two shares of Allied Stores common for each three shares of Mabley and Carew common. The exchange offer is being made in accordance with an agreement between Allied Stores and the principal stockholders of Mabley and Carew, who own an aggregate of 81% of the outstanding common stock of Mabley and Carew, including president and board chairman Roy R. Whitely and secretary-treasurer Ray J. Tehunfeld. Mabley and Carew are engaged in selling men's, women's and children's clothing at retail.

GEORGIA POWER PROPOSES BOND OFFERING. Georgia Power Company, Atlanta, subsidiary of The Southern Company, has applied to the SEC for an order under the Holding Company Act authorizing it to issue and sell at competitive bidding \$12,000,000 of first mortgage bonds due 1990; and the Commission has issued an order (Release 35-14295) giving interested persons until October 24, 1960, to request a hearing thereon. Net proceeds of the sale of the bonds will be used, in part, to finance Georgia Power's 1960 construction program, which is estimated to require expenditures aggregating \$47,090,000.

BOND FUND OF BOSTON SEEKS EXEMPTION. The SEC has issued an order under the Investment Company Act (Release 40-3121) giving interested persons until October 26th to request a hearing upon an application of The Bond Fund of Boston, Inc., for an order declaring that it has ceased to be an investment company. Under a November 1948 agreement with Boston Fund, Inc., assets of Bond Fund of Boston were delivered to Boston Fund, Inc., in exchange for shares of the latter to be delivered to shareholders of Boston Fund of Boston.

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HOWE PLAN FUND SEEKS EXEMPTION. The SEC has issued an order under the Investment Company Act (Release 40-3122) giving interested persons until October 26th to request a hearing upon an application of Howe Plan Fund, Inc., of Rochester, N. Y., for an order declaring that it has ceased to be an investment company. In 1953, stockholders of Howe Plan Fund approved a plan to sell the assets of the company to Whitehall Fund, Inc., in exchange for stock of Whitehall Fund, the Whitehall Fund stock to be distributed to stockholders of Howe Plan Fund and the latter to be dissolved. On June 29, 1959, Irving Trust Company held 507,092 shares of Whitehall Fund shares to be exchanged for 1,071 shares of Howe Plan Fund stock held by 14 persons who had not presented their certificates for exchange. Irving Trust states that it has no authorization with respect to these shares other than their distribution to Howe Plan Fund shareholders.

LONG ISLAND SECURITIES SEEKS ORDER. Long Island Securities Corp., Hempstead, N. Y., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release 40-3123) giving interested persons until October 26, 1960, to request a hearing thereon. Pursuant to a vote of stockholders, a proposal for dissolution of the company was filed with and approved by the Secretary of State of New York in 1955. At that time the assets available for distribution to the 20 holders of 9,948 Class A shares and 1,000 Class B shares aggregated \$25,180; and liabilities then amounted to \$25,180. The payment of these liabilities has been made and the assets available for distribution have been so distributed.

MASS. INVESTORS GROWTH STOCK FUND SEEKS ORDER. Massachusetts Investors Growth Stock Fund, Inc. (Del.), of Boston, has applied to the SEC for an order declaring that it has ceased to be an investment company; and the Commission has issued an order (Release 40-3124) giving interested persons until October 26, 1960, to request a hearing thereon. In February 1959, holders of more than the requisite two-thirds of the capital stock of the applicant company approved a proposal for its merger into a corporation of the same name domiciled under Massachusetts law, shareholders of the Delaware corporation becoming shareholders of the Massachusetts corporation.

RAILWAY & UTILITIES INVESTING SEEKS ORDER. Railway and Utilities Investing Corp., Newark, N. J., has applied to the SEC for an order declaring that it has ceased to be an investment company; and the Commission has issued an order (Release 40-3125) giving interested persons until October 26, 1960, to request a hearing thereon. Shareholders of the company voted its dissolution in 1956.

WASATCH CORP. SEEKS ORDER. Wasatch Corporation, New York City, has applied to the SEC for an order declaring that it has ceased to be an investment company; and the Commission has issued an order (Release 40-3126) giving interested persons until October 26, 1960, to request a hearing thereon. According to the application, Wasatch and certain other corporations were merged in 1956 with and into Atlas Corporation. As of June 19, 1959, certificates representing 2,927 shares of Atlas common remained to be distributed to 331 holders of securities of Wasatch.

PACIFIC GAS FILES FOR BOND OFFERING. Pacific Gas and Electric Company, 245 Market St., San Francisco, today filed a registration statement (File 2-17165) with the SEC seeking registration of \$60,000,000 of First and Refunding Mortgage Bonds, Series FF, due 1992, to be offered for public sale at competitive bidding. Net proceeds of the bond sale will become a part of the treasury funds of the company and will be applied toward the cost of property additions and improvements (including the payment of \$10,000,000 of bank borrowings for such purposes). Gross expenditures for construction during the seven months ended July 31, 1960, amounted to about \$96,183,000; and it is estimated that such expenditures for the full year 1960 will approximate \$172,548,000 and for the year 1960 \$217,750,000.

GINN AND CO. FILES FOR OFFERING AND SECONDARY. Ginn and Company, Statler Office Building, Boston, Mass., today filed a registration statement (File 2-17166) with the SEC seeking registration of 817,391 shares of common stock, of which 173,300 shares are to be offered for public sale by the company and 644,091 shares, being outstanding stock, by the present holders thereof. White, Weld & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the publication and distribution of textbooks and related educational materials for elementary schools, high schools, colleges and graduate schools. As a result of the company's recapitalization effective October 10, 1960 the holders of its 75,820 outstanding shares of common stock now hold 35 new shares in place of each such old share, and the company now has outstanding 2,635,700 shares of common stock. Of the net proceeds from the company's sale of additional stock, \$2,180,000 will be used to reimburse its treasury for the cost of the redemption as a whole of both classes of its preferred stock pursuant to said recapitalization, and the balance will be added to working capital.

The prospectus lists Lee H. Griffin as board chairman and Homer C. Lucas as president. Management officials own an aggregate of 391,590 shares (33.60%) and propose to sell an aggregate of 222,875 shares, thus reducing their aggregate holdings to 23.65%. Griffin owns 182,700 shares and proposes to sell 45,675 shares, and Lucas owns 157,675 shares and proposes to sell 39,418 shares. The 143 selling stockholders, including management officials, own an aggregate of 2,584,155 shares (97.38%) and propose to sell 644,091 shares, thus reducing their holdings to 68.62%. The selling stockholders include 109 persons none of whom is an officer or director and each of whom owns less than 0.5% of the outstanding stock.

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SEC ADMINISTRATORS CONFER. Chairman Edward N. Gadsby of the SEC announced a week-long conference, commencing today, between Members of the Commission and top staff officials in its Headquarters Office, and the following Administrators of the nine SEC Regional Offices (together with certain of their assistants):

Atlanta	-	William Green
Boston	-	Philip E. Kendrick
Chicago	-	Thomas B. Hart
Denver	-	Milton J. Blake
Fort Worth	-	O. H. Allred
New York	-	Paul Windels, Jr.
San Francisco	-	Arthur E. Pennekamp
Seattle	-	James E. Newton
Washington	-	William J. Crow

The program includes nine work sessions covering many important phases of the Commission's activities in behalf of the investing public, with primary emphasis upon the various law enforcement activities of the Commission, including particularly the development of improved techniques of detection and prosecution of fraud and other unlawful activities in the sale of securities. In view of the unprecedented demands upon the Commission and its staff in the various areas of its responsibilities, including new financings, investigations and enforcement work, Chairman Gadsby observed that the conference is of critical importance in promoting the most efficient and effective use of available personnel in seeking to advance the cause of investor protection under the Federal securities laws.

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