

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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Statistical Release No. 1950. The SEC Index of Stock Prices, based on the closing prices of 300 common stocks for the week ended January 10, 1964, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1963-1964 is as follows:

	1957-59 = 100		Percent Change	1963-1964	
	1/10/64	1/3/64		High	Low
Composite	155.2*	153.6	1.0	155.2	130.6
Manufacturing	145.9*	144.6	0.9	145.9	121.1
Durable Goods	142.9*	141.5	1.0	142.9	116.2
Non-Durable Goods	148.8*	147.7	0.7	148.8	125.8
Transportation	139.8*	138.3	1.1	139.8	106.4
Utility	195.1*	192.1	1.6	195.1	170.3
Trade, Finance & Service	177.7	176.6	0.6	180.9	153.8
Mining	139.5	139.8	-0.2	139.8	104.2

\*New High

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended January 9, 1964, 20 registration statements were filed, 10 became effective, 3 were withdrawn, and 266 were pending at the week-end.

**CASPER ROGERS SUSPENDED, ENJOINED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7216) suspending Casper Rogers & Co., Inc., 80 Pine Street, New York, from NASD membership, for a 60-day period (commencing January 10th), for violations of the registration, anti-fraud and other provisions of the Federal securities laws. The said firm and its president, Casper A. Rogers, consented to the suspension order, but without admitting the violations charged. Rogers was named a cause of the suspension order.

As part of the settlement proposal on which the suspension order was based, the firm and Rogers also consented to a Federal court order, entered on December 9, 1963 (USDC, SDNY - LR-2815), permanently enjoining the firm and Rogers from further violations of the registration, anti-fraud, anti-manipulative, net capital, bookkeeping and margin provisions of the Federal securities laws. The settlement offer was conditioned upon the understanding that the suspension order and injunction would not form the basis of any further proceedings pursuant to Section 15 of the Securities Exchange Act against the firm, Rogers, or any future employer of Rogers. The respondents asserted that any violations by them were unintentional; they resulted from lack of experience or inadequate physical facilities or personnel, both of which conditions have been corrected, and the violations will not be repeated; that a negligible amount of their business has been with public customers; and that they have an otherwise unblemished record.

The violations related to the 1958 sale by Rogers, doing business as Casper Rogers Co., a sole proprietorship and predecessor of the present firm, of stock of Associated Bowling Centers, Inc., in violation of the registration and anti-fraud provisions of the Federal securities laws, as well as similar violations by the present firm and Rogers in the sale of securities of Solitron Devices, Inc., during the period December 1960 to April 1961. Neither of the two issuing companies was involved in the violations charged to the respondents. Moreover, both the present firm and its predecessor violated the Commission's net capital and record-keeping rules, and the predecessor also violated the provisions of Regulation T.

**CHRISTOPHER CORP. REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7215) revoking the broker-dealer registration of Christopher Corporation, 620 First National Bank Bldg., Miami, Fla., for violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of notes and stock of said Corporation. George J. Langley, president, and John K. Coffroth, Jr., office manager and salesman, were each found to be a cause of the revocation order.

According to the Commission's decision, the Corporation, Langley and Coffroth, in the 1959-60 offering of such securities, made false and misleading statements concerning the financial condition and the prospective earnings of Precision, the relationship of the price of Precision stock to its book value, registrant's participation and other financial interest in the sales of the notes, and the price which Langley paid for his personally-owned shares of Precision stock. Moreover, the Commission ruled that the Corporation had violated its record-keeping, reporting and net-capital rules.

Furthermore, in April 1962 the Corporation was suspended from NASD membership for one year and fined \$3,000 and costs; and the NASD also suspended for one year the registrations of Langley and Coffroth as registered representatives. Subsequently, the Corporation was expelled by the NASD for failure to pay the fine and costs.

OVER

**KORNBLUTH-ALAN KAYE WITHDRAWAL PERMITTED.** In a decision announced today (Release 34-7214), the Commission dismissed proceedings under the Securities Exchange Act to determine whether to revoke the broker-dealer registration of Alan Kornbluth, dba Alan Kaye Enterprises, 1531 W. 11th St., Brooklyn, N. Y., and permitted withdrawal of such registration.

In proceedings announced in May 1963, Kornbluth was charged (along with Albion Securities Company, of 52 Broadway, N. Y., with whom Kornbluth was then employed as a salesman), with violations of the anti-fraud provisions of the Federal securities laws in the 1961 underwriting and sale of stock of Edlund Engineered Products, Inc. The Commission's dismissal order was based upon Kornbluth's offer of settlement whereby he agrees to forego any future employment in the securities business and to return to customers commissions earned in the sale of Edlund stock. Kornbluth further agrees that this action shall not affect the right of staff counsel to call him or his customers as witnesses in the proceedings involving Albion (which are not affected by this action).

In his statement proposal, Kornbluth says he worked part-time for Albion for a period of only two months; that he did not conduct his sales from the offices of Albion, and if Albion was a "boiler room," that fact was unknown to him; that he only sold to friends or to those who were recommended to him or sold him out; that he merely repeated information supplied him by Albion and he did not know of Edlund's operating losses; that he stopped selling Edlund stock in June 1961 when Albion's sales manager failed to make available current financial statements which he had been promising since sometime in May. Kornbluth was 25 at the time he sold Edlund stock and he says he has an unblemished record. Under all the circumstances The Commission determined to accept the offer of settlement.

**OAKLEY INVESTMENT REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7219) revoking the broker-dealer registration of Oliver H. Oakley, dba Oakley Investment Securities Company, 722 W. Caley Ave., Littleton, Colo., for failure to file a report of his financial condition within five months after his registration became effective in January 1963. Oakley consented to the revocation order.

**NORTHEASTERN FINANCIAL SEEKS ORDER.** The Trustee of Northeastern Financial Corporation, 1180 Raymond Blvd., Newark, N. J., has applied to the SEC for an exemption order under the Investment Company Act with respect to the Trustee's proposed sale of certain proposed transactions; and the Commission has issued an order (Release IC-3894) giving interested persons until January 28, 1964, to request a hearing thereon.

The Trustee, Morris M. Schnitzer, was named by the U. S. District Court (N.J.) in May 1963, in order to prevent further violation of the said Act and the Securities Act; and on December 9, 1963, the Trustee filed notification of registration of Northeastern as an investment company. Northeastern in May 1963 had 675,000 common shares outstanding, of which 488,370 shares were held by or for Robert K. Berry, president and promoter of the company. Berry has since made an unconditional delivery of his stock to the Trustee. Northeastern's principal asset is its ownership of 150,000 of the 1,008,618 outstanding shares of common stock of Atlantis International Corporation. (110,000 shares acquired from Atlantis for \$110,000 and 40,000 from Berry for 450,000 shares of Northeastern common). Northeastern also has a contract to purchase certain developed real estate from Atlantis.

Atlantis has filed a registration statement proposing the public offering of 100,000 common shares at \$4 per share. It is proposed that Atlantis will increase the proposed offering to 130,000 shares; and if as many as 80,000 shares are sold Atlantis will acquire from the Trustee 30,000 shares of Atlantis stock at \$3 per share as well as the Trustee's rights to purchase lots under the purchase contract above referred to for \$20,000; and the Trustee will rescind whatever rights Northeastern may have to rescind the lot-purchase contract as well as the purchase of the 110,000 Atlantis shares. This agreement is subject to SEC and Court approval.

**E. I. DU PONT SEEKS ORDER.** E. I. Du Pont de Nemours and Company, Wilmington, Del., has filed an application with the SEC seeking an exemption order under the Investment Company Act with respect to certain transactions between affiliated persons; and the Commission has issued an order (Release IC-3893) giving interested persons until January 28 to request a hearing thereon. Du Pont, presumably controlled by Christiana Securities Company, a registered investment company, proposes to sell its 50% interest in Old Hickory Chemical Co. (also presumed to be controlled by Christiana) to Stauffer Chemical Company (an affiliate of Old Hickory) and to acquire from Stauffer or Old Hickory a 66-acre and a 47-acre tract of land. Since formation in 1928 Old Hickory has sold virtually all of its only product, carbon bisulfide, to Du Pont. Du Pont's need for carbon bisulfide, which is used in the manufacture of rayon and cellophane, has declined considerably as a result of applicant's withdrawal from rayon manufacture. Stauffer has made an offer of \$1,110,000 for the 50% interest in Old Hickory. Stauffer has agreed to extend, or to cause Old Hickory to extend, to applicant options to buy the two tracts of land, located in the Village of Old Hickory, Davidson County, Tenn.

**DIVCO-WAYNE FILES FOR OFFERING AND SECONDARY.** Divco-Wayne Corporation, 1500 North F. St., Richmond, Ind., filed a registration statement (File 2-22013) with the SEC on January 9 seeking registration of 47,000 shares of common stock, of which 1,000 are treasury shares to be offered for sale by the company and 46,000 are outstanding shares to be offered by the present holders thereof. The offering is to be made on an "all or none" basis through underwriters headed by Francis I. duPont, A. C. Allyn, Inc., 1 Wall Street, New York; and the public offering price (maximum \$32 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of manufacturing and selling multi-stop delivery vehicles for the dairy, bakery and other industries; fabricating and mounting of school bus bodies on chassis supplied by various manufacturers; producing professional automobiles, such as ambulances and funeral cars; and (through a subsidiary) in the manufacture of mobile homes and trailers. Funds from the company's sale of

additional stock will be added to working capital. In addition to certain indebtedness, the company has outstanding 831,456 common shares, of which management officials own 27.9%. Harold Drimmer is board chairman and Newton Glekel is president. The 46,000 shares constituted part of the consideration paid by the company under a 1962 agreement with Ling-Temco-Vought, Inc., for the purchase of Vought Industries, Inc. (now Divso-Wayne Industries, Inc., the subsidiary above mentioned); and these shares were sold to the selling shareholders by Ling-Temco-Vought in May 1963. The selling shareholders number fourteen, and the amounts being sold by them range from 1 to 9,000 shares.

**NASD RULING ON MARK-UP VIOLATIONS SUSTAINED; SANCTION REDUCED.** In a decision under the Securities Exchange Act announced today (Release 34-7220), the SEC sustained findings of the NASD that Naftalin & Co., Inc., of 207 South Sixth St., Minneapolis, charged prices in its sale of stock to customers in 1960 which "were not reasonably related to the market and were unfair," and that the Naftalin firm thus violated the NASD's Rules of Fair Practice. Upon the basis of this and findings of other violations, the NASD had expelled the Naftalin firm from membership, fined it \$4500 (plus costs of \$517.57), fined George E. Clark (a registered representative) \$1000 and revoked his registration as a registered representative, and named Neil T. Naftalin, president and principal stockholder of the firm, as a cause of the firm's revocation. The respondents appealed to the Commission which, while sustaining the NASD findings of violations, reduced the penalty from expulsion to a 20-day suspension of the Naftalin firm from NASD membership, and from revocation to a 20-day suspension of Clark's registration as a registered representative. The suspensions run from January 20 to February 9, inclusive. The NASD's censure, fines and assessment of costs were affirmed by the Commission, which also ruled that Naftalin was a cause of the suspension of the Naftalin firm from NASD membership.

According to the Commission's decision, the NASD found that the Naftalin firm as principal made 85 sales of Durox of Minnesota, Inc., stock in 1960 to customers at prices ranging from 2-5/8 to 3-3/8, and that such prices represented mark-ups of up to 28.5% over same day costs and an average mark-up over cost on all sales of 17.9%. Such prices were found by the NASD to be not reasonably related to the current market, and in contravention of the NASD's mark-up policy and Sections 1 and 4 of Article III of its Rules of Fair Practice. Section 1 states that members "shall observe high standards of commercial honor and just and equitable principals of trade" and Section 4 requires that where a member sells a security for his own account to his customer the price must be fair, taking into consideration all relevant circumstances, including market conditions, the expense involved, and the fact that the member is entitled to a profit. The firm at first admitted the mark-up violations and pleaded lack of understanding and inexperience, but later contended that there were no such violations, that the firm's retail prices were identical with telephone quotations obtained prior to each sale from another dealer who was making a market in the stock.

The Commission found on the record of this case that the other dealer's telephone quotations were regularly subject to negotiation and therefore not reliable as the test of prevailing market price, and that the firm's actual, contemporaneous costs were representative, and the best evidence, of the actual market in the Durox stock. "Accordingly, we conclude," the Commission stated, "as did the NASD, that the firm did charge prices which were not reasonably related to the market and were unfair."

The other violations included a failure to disclose the arrangement under which the firm had effected transactions in Durox stock for Clark's personal account with the firm; a failure to disclose required information in transactions in which the firm acted as agent both for buyer and seller; the performance of duties by Clark and another salesman for brief periods before being registered with the NASD; and the failure of the firm to cancel transactions in accounts, including Clark's account, when payments were not made within the required time.

The respondents had urged various considerations in their defense. They assert, among other things, that they acted in good faith and that any violations of the NASD rules were unintentional and due to lack of experience (the violations occurred in the first few months of the firm's existence and were largely corrected before these proceedings were commenced), that the practices were corrected instantly when called to their attention and have not recurred, and that restitution has been made to customers of the asserted overcharges of about \$500 in commissions, plus interest. Respondents further urge that, while some sanction may be warranted, the firm is now a thoroughly responsible, professional and reputable concern, with qualified and trained personnel, which is worthy of continuing in the securities business and that the public interest does not require or warrant expulsion, and that at most a short suspension will adequately serve the public interest. Because of these and other mitigating circumstances, including the extension efforts of the Naftalin firm to remedy the initial shortcomings of the firm and to develop a qualified organization, equipped with adequate facilities and staffed by well-trained or experienced personnel, the Commission concluded that the reduced sanctions were appropriate in the public interest.

**SECURITIES ACT REGISTRATIONS.** Effective January 13: Calvert - Mid-America, Inc. (File 2-21904); National Bank of Detroit (File 2-21954).  
Withdrawn January 10: Philippine Oil Development Co., Inc. (File 2-21483).

\*As estimated for purposes of computing the registration fee.

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