

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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**Statistical Release No. 1958.** The SEC Index of Stock Prices, based on the closing prices of 300 common stocks for the week ended February 28, 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	
	2/28/64	2/20/64		High	Low
Composite	158.8*	158.6	0.1	158.8	130.6
Manufacturing	149.9*	149.4	0.3	149.9	121.1
Durable Goods	146.4*	145.4	0.7	146.4	116.2
Non-Durable Goods	153.3*	153.2	0.1	153.3	125.8
Transportation	148.6*	145.8	1.9	148.6	106.4
Utility	195.9	196.8	-0.5	199.2	170.3
Trade, Finance & Service	182.6	183.7	-0.6	183.7	153.8
Mining	141.2	144.2	-2.1	145.4	104.2

\*New High

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended February 27, 1964, 13 registration statements were filed, 20 became effective, 2 were withdrawn, and 243 were pending at the week-end.

**ACTION DISMISSED AGAINST ACCOUNTING FIRM.** The SEC today announced the issuance of an order dismissing proceedings involving the question whether the accounting firm of Roberts & Morrow, of 953 S.W. First St., Miami, Fla., should be denied the privilege of practicing before the Commission (Release A-99). The charges against the firm and certain of its partners arose from its certification of financial statements included in a registration statement filed in February 1959 by Miami Window Corporation. The firm represented in its certificate that the summary of earnings and financial statements included therein fairly presented the financial position and the results of operations of Miami Window and that its audit had been made in accordance with generally accepted auditing standards. The registration statement was the subject of stop order proceedings (Release 33-4503).

The respondents filed a motion to discontinue the proceeding on the ground, inter alia, that the Commission lacks a quorum of Commissioners qualified to act. While not conceding that any of the grounds urged for dismissal are valid, the Commission considered the representations of respondents (1) that from the time of the institution on August 21, 1959 of the public stop-order proceeding in regard to Miami Window Corporation, and to some extent before that time during which a private investigation by staff of the Commission was being conducted, the respondents suffered the loss of a substantial portion of their practice before the Commission; (2) that the publication of the Commission's opinion on June 21, 1962 had a further adverse effect on the respondents' practice, which effect has continued, and (3) that improved auditing procedures have been put into effect by the partnership.

In view of these circumstances and the fact that the discrepancies were called to the Commission's attention by respondents and company officials, and also because of the possibility of extensive and time-consuming litigation on procedural matters not relating to the merits of the case and resulting delay in these already protracted proceedings, the Commission determined to dismiss the action.

**TRADING IN R. C. WILLIAMS SUSPENDED.** The SEC today announced the issuance of an order under the Securities Exchange Act of 1934 temporarily suspending exchange and over-the-counter trading in the common stock of R. C. Williams & Company, Inc., of Pelham Manor, N. Y., which stock is listed on the American Stock Exchange.

The company on Friday, February 28, 1964, announced that its parent, Shaffer Stores Co., is 100% owned or controlled by Arthur R. Lorch, president of R. C. Williams & Co., and that substantial amounts (exceeding \$2,000,000) are owed R. C. Williams & Co. by Shaffer Stores. The only material asset of Shaffer Stores is 41,055 shares of common stock of R. C. Williams & Co. According to the company's announcement, Shaffer Stores is not engaged in business operations and has no other source of income. Its announcement had been argued by the Commission upon the basis of facts developed in a private investigation.

The period of the suspension ordered by the Commission runs from March 2 to March 11, 1964. The Commission will consider lifting the trading ban as soon as it appears that the information published by the company has received adequate dissemination among shareholders and other public investors.

R. C. Williams & Co. has an outstanding issue of preferred stock traded over-the-counter. In view of the foregoing, broker-dealer firms trading in the preferred shares should exercise caution to avoid any misstatements or omission of facts which might be violative of the anti-fraud provisions of the Federal Securities laws.

OVER

**TEXAS UTILITIES PROPOSES OFFERING.** Texas Utilities Company, 1506 Commerce St., Dallas, filed a statement (File 2-22111) with the SEC on February 28 seeking registration of 300,000 shares of common stock, to be offered for public sale at competitive bidding (\$58.125 per share maximum\*). A holding company, the issuer owns 98.77% of the common stock of Dallas Power & Light Company and all the common stocks of Texas Electric Service Company and Texas Power & Light Company. The company recently has invested \$6,000,000 in the common stock equity of Texas Power; and it proposes to use the net proceeds of its proposed sale of additional stock, together with its remaining available treasury cash approximating \$4,500,000, to make further investments in the common stocks of the subsidiary operating companies, to supply short-term capital requirements thereof, as the need therefor may develop in connection with the construction programs. System expenditures for property additions and improvements are estimated at \$101,960,000 for 1964 and \$111,318,000 for 1965. In addition to indebtedness and preferred stock, the company has outstanding 25,100,000 shares of common stock, of which management officials, their families and affiliated interests own some 240,000 shares. G. L. MacGregor is president.

**VORNADO SHARES IN REGISTRATION.** Vornado, Inc., 174 Passaic Street, Garfield, N. J., filed a registration statement (File 2-22112) with the SEC on February 28 seeking registration of 50,000 outstanding shares of common stock. According to the prospectus, Herbert Hubschman, Vornado board chairman, has agreed to sell on or before April 15, 1964, an aggregate of 50,000 shares of Vornado common to National Investors Corporation, a registered investment company. The prospectus states that the latter "is unwilling to represent to the company and Mr. Hubschman that it is acquiring the Stock for investment." Accordingly, the shares are being registered.

The principal activities of the company are operating a chain of twenty retail "discount" department stores and producing and merchandising nationally, in its own stores at the wholesale level, an extensive line of electric household appliances. In addition to indebtedness, it has outstanding 1,310,593 common shares, of which management officials own some 20.55%. Hubschman owns 223,259 shares (17.03%).

**SIERRA SECURITIES DENIED REGISTRATION.** In a decision under the Securities Exchange Act announced today (Release 34-7257), the SEC denied an application for broker-dealer registration filed by Sierra Securities, Inc., of 16 North Marengo Ave., Pasadena, Calif. Lewis Arthur Ray, president and principal (97.5%) stockholder, was found to be a cause of the denial order.

According to the Commission's decision, Sierra Securities, aided and abetted by Ray, violated SEC Rule 17 by filing a materially false and misleading statement of its financial condition as a supplement to its registration application. The financial statement showed cash on hand and in bank as of December 6, 1963, in the amount of \$5,100, listed as an asset an alleged \$5,000 cash deposit for a surety bond, and stated that the company owned office furniture and equipment valued at \$3,400. Ray's own testimony showed that it had no cash in its possession and no bank account on the date in question, and that the company still was without any funds at the time of the later Commission hearing. Ray also admitted that the company had never made a cash deposit for a surety bond.

**CONTINENTAL VENDING & TASTEE FREEZ TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Continental Vending Machine Corporation and Tastee Freez Industries, Inc., for an additional ten-day period, March 3-12, 1964, inclusive.

**MAX FACTOR FILES FOR SECONDARY.** Max Factor & Co., 1655 North McCadden Place, Hollywood, Calif., today filed a registration statement (File 2-22113) with the SEC seeking registration of 500,000 outstanding shares of its Class A stock, to be offered for public sale by the present holders thereof through underwriters headed by Blyth & Co., Inc., 629 South Spring St., Los Angeles. The offering price (\$41 per share maximum\*) will be a fixed price related to the current market for the shares on the New York Stock Exchange immediately prior to commencement of the offering; and the underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged principally in the development, manufacture and sale of a general line of cosmetics. In addition to indebtedness, it has outstanding 2,923,019 shares of Class A stock and 1,011,386 shares of common stock, of which management officials as a group own 13.08% and 57.29%, respectively. The prospectus lists 12 selling stockholders. Max Factor, Jr., president, proposes to sell 90,000 of 105,773 Class A shares held; Sidney Factor, senior vice president, 65,000 of 74,963; Freda Factor Shore, 75,000 of 82,557; and the wife of Davis Factor, board chairman, 50,000 of 64,835. Mrs. Sidney Factor proposes to sell 25,000 of 45,823 Class A shares held; Max Firestein, vice chairman, 45,000 of 51,206; Mrs. Max Firestein, 25,000 of 39,779; Davis Factor, 10,000 (all); Louis Factor, vice president, 40,000 of 56,598; Mrs. Louis Factor, 20,000 of 40,808; Chester Firestein, vice president, 30,000 of 37,532; and Alfred Firestein, executive vice president, 25,000 of 30,272.

**SECURITIES ACT REGISTRATIONS.** Effective February 27: Perfect Photo, Inc. (File 2-22001). Effective February 28: Houdaille Industries, Inc. (File 2-21979). Effective February 29: Mutual Petroleum Company, Inc. (File 2-22017). Effective March 2: Roseville-Detroit Limited Partnership (File 2-21977).

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