SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)

Washington 25, D.C

FOR RELEASE March 7, 1962

SEC FILES ANNUAL REPORT WITH CONGRESS. The SEC today filed with Congress its 27th Annual Report, covering the fiscal year ended June 30, 1961. Copies of the report may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at $1 per copy.

The report reviews Commission activities during the year under the Federal securities laws. It comments upon the high level of activity and changing conditions in the securities markets. For example, the registration of new issues of securities for sale to the public increased from $5.3 billion in 1950 to $10.96 billion in 1955, $14.37 in 1960, and $19.07 in 1961. Registration statements declared effective numbered 487 in 1950, 779 in 1955, 1,398 in 1960, and 1,507 in 1961. The number of new registration statements filed with the Commission during Fiscal 1961 reached a new high of 1,830, or 12% over Fiscal 1960 (as compared with 496 in 1950). Of the 1,830 statements, 52% (amounting to a record number of 958) were filed by companies whose securities had not previously been registered (which compares with 28% in 1958). The increases in the number and change in character of registration statements in recent years, the Commission stated, "has far outstripped increases in examining personnel," and the median time required to process registration statements has increased to 55 days for 1,389 statements cleared in 1961 as compared with 43 days for 1,275 statements in Fiscal 1960 and 28 days for 925 statements in 1959 -- not including statements for mutual fund companies filed as amendments to earlier filings.

A similar increase occurred in the volume of trading on exchanges, which reached a new peak of 1.97 billion shares during Fiscal 1961 with a dollar volume of $57 billion (as contrasted with 1.45 billion shares and $47.8 billion in fiscal 1960). The report cites a New York Stock Exchange Study showing that during the period 1952-59 the number of shareholders doubled, and that the increase was about 1-1/3 million for each year 1957-59. At the end of Fiscal 1961, 5,500 brokers and dealers were registered with the Commission (as compared with 3,930 in 1950); the number of customer's men registered with the New York Stock Exchange increased from 10,608 in 1950 to 27,896 in 1961; and the number so registered with the National Association of Securities Dealers, Inc. increased from 28,794 to 93,351 in the same period. The number of branch offices maintained by New York Stock Exchange member firms increased from 1,661 in 1950 to 3,166 at the end of 1960, and some firms have trebled their retail outlets. This increase in the number of investors, presumably inexperienced, taken together with the influx of new and inexperienced salesmen and the increase in the number of branch offices (which increases the problem of supervision) and other related factors, has made more difficult the task of the Commission and the exchange and securities association disciplinary bodies in attempting to insure fair dealings with investors. The report also notes the growth of registered investment companies from 366 with $4.7 billion of assets in 1950 to 663 with assets of $29 billion at the close of Fiscal 1961. During the year, such companies registered $4.5 billion of new securities for sale to the public.

Another phenomenon is the strong public appeal of new issues of securities, many issues having moved up sharply in price above the initially established offering price almost from the moment of offering. In an effort to detect any manipulative or other fraudulent practices contributing to such price increases, the Commission has conducted more market quizzes during Fiscal 1961 than in any prior year in its history.

The high level of public interest and participation in the securities markets has offered a fertile field for unscrupulous operators and promoters. To counter fraudulent and other illegal practices in the sale and purchase of securities, the Commission is pursuing a vigorous enforcement program. During the fiscal year, 546 antifraud and other regulatory investigations were instituted. Injunction actions were brought in 92 cases, a greater number than in any previous year. In criminal prosecutions 126 convictions were obrained in 45 cases, the largest number of convictions in any fiscal year since the earliest days of the Commission. Inspections were made of 1,627 broker-dealer firms, and the registrations of 55 firms were revoked. Examinations or investigations were initiated in 16 cases to determine whether stop order proceedings should be brought with respect to registration statements filed with respect to new security offerings, and 14 investigations were instituted to determine whether other information filed with the Commission was accurate and adequate. Orders suspending the exemtpion from registration provided for small security issues were issued in 54 instances. Inspections were conducted of 56 registered investment companies.

JUSTIN STONE HEARING SCHEDULED. The SEC has scheduled a hearing for March 14, 1962, in its Los Angeles Branch Office, in proceedings under the Investment Advisers Act of 1940 to determine whether the investment adviser registrations of the following should be revoked: Justin Federman Stone, doing business as Justin Stone & Associates, 1150 South Beverly Drive, Los Angeles; and Justin Stone Associates, Inc., 275 South Beverly Drive, Beverly Hills, Calif. The proceedings were authorized in July 1961 (Release IA-115) and are based upon allegations that the two respondent firms engaged in transactions and a course of business which operatec as a fraud or deceit upon clients and prospective clients in that, through advertisements, circulars, letters and other communications, they solicited and induced clients and prospective clients to subscribe to their advisory service "Stock Diagnosis," and in connection therewith made false and misleading statements of material facts.

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SEC ORDER CITES INVESTMENT BROKERS OF N.J. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Investment Brokers of New Jersey, Inc., 744 Broad St., Newark, N. J., should be revoked.

The respondent has been registered with the Commission as a broker-dealer since July 1958. Robert G. Dabler is secretary-treasurer. According to the Commission's order, respondent and Dabler were temporarily enjoined by a March 30, 1960 decree of the U. S. District Court (N.J.) from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities. The Commission's complaint in that action alleged violations of its net capital rule and the anti-fraud provisions of the said Act. According to the Commission's order authorizing these proceedings, its staff charges that information developed in its investigation "tends, if true, to show" (a) that the respondent failed to file promptly an amendment to its registration application to report the said temporary injunction; (b) that during the period February 15 to March 2, 1960, it engaged in the conduct of a securities business in violation of the Commission's net capital rule; (c) that during such period the respondent induced others to purchase securities from it and to sell securities to it, and in connection therewith solicited and accepted the deposit of money and securities upon the representation that it was able to meet all liabilities arising in connection therewith, when in fact its liabilities exceeded its assets and it was unable to meet its current liabilities, thereby violating the anti-fraud provisions of the Act; and (d) that respondent also violated the Commission's record-keeping requirements by failure to make and keep current certain required books and records during the period December 31, 1959, to March 2, 1960. Dabler is alleged to have caused these violations by the respondent.

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

UNIVERSAL SECURITIES ACTION DISMISSED. The Commission has dismissed proceedings to determine whether the broker-dealer registration of Herman A. Safion, doing business as Universal Securities Co., 303 West 42nd Street, New York, should be revoked, Safion having died on February 6, 1962.

HARWYN SECURITIES HEARING POSTPONED. Due to a conflicting assignment of the Hearing Examiner, the hearing in the Commission's New York Regional Office in proceedings on the question whether to revoke the broker-dealer registration of Harwyn Securities, Inc., of 580 Fifth Ave., New York, has been postponed from March 12 to April 9, 1962.

CISCO-VALLEY HEARING POSTPONED. Because of a conflicting engagement of the Hearing Examiner, the hearing scheduled for March 7th in the Commission's Seattle Regional Office on the question whether to vacate or make permanent an order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of securities by Cisco-Valley Corporation, Auburn, Wash., has been postponed to March 19, 1962.

STOCKING NAMED DENVER ADMINISTRATOR. Donald J. Stocking of Seattle, who has served as Acting Administrator of the SEC Denver Regional Office since October 2, 1961, has now been named Administrator by Chairman Cary (Release U-323).

TURBODYNE FILES FOR STOCK OFFERING. The Turbodyne Corporation, 1346 Connecticut Avenue, N. W., Washington, D. C., filed a registration statement (File 2-19889) with the SEC on March 2nd seeking registration of 127,500 shares of common stock, to be offered for public sale at $5 per share. The offering will be made on an all or none basis by Sandkuhl & Company, Inc. (39 Broadway, New York), which will receive a 62½¢ per share commission and $25,000 for expenses. The statement also includes 11,000 outstanding shares to be offered later by four stockholders, subject to the filing of a post-effective amendment to this statement. The company has agreed to pay to Max Wohlberg, as a finder's fee, 1,000 common shares and $5,000. Upon completion of this offering the company has also agreed to sell to the underwriter 25,000 shares at 10¢ per share.

Organized in December 1960, the company proposes to engage in the business of researching, developing and producing gas turbine engines, overhauling engines, and manufacturing certain other products. Its activities to date have been primarily organizational. Its sole plant facility is a machine tool shop in Kensington, Md. equipped to produce precision tooling and dies. However, the company is presently negotiating with a development group of businessmen and other citizens of Horry County, S. C., concerning the locating of the company in the area of Myrtle Beach and Conway. Such plant will cost approximately $125,000, and the necessary machinery and equipment will cost approximately $345,000. The total cost of the project including land acquisition cost, is expected to be approximately $500,000. Of the $508,870.58 estimated net proceeds from the stock sale, $200,000 will be used for engine research and development, and the balance for repayment of stockholders' loans, investment in the new plant, for production of proprietary products, and for working capital and reserve for patent acquisitions. The company has outstanding 145,600 shares of common stock, of which Lawrence A. Atwell, president, owns 54.77% and management officials as a group 65.76%. Atwell acquired 75,000 shares in exchange for 25½% of the stock of Turbo Space, Inc., prior owner of the patent applications covering the Turbodyne X-160 gas turbine engine. The company subsequently acquired all of the remaining shares of Turbo Space. After the stock sale, present stockholders (including the underwriter) will own 170,600 shares for which they will have paid $27,608.59, and the public will own 127,500 shares for an investment of $637,500. Sale of new stock to the public at $5 per share will result in an increase in the book value of stock now outstanding from their present no value to $1.70 per share and a corresponding dilution of $3.30 per share in the book equity of stock purchased by the public.

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MARINE CORP. FILES EXCHANGE PLAN. The Marine Corporation, 111 East Wisconsin Avenue, Milwaukee, Wisc., filed a registration statement (File 2-19890) with the SEC on March 2nd seeking registration of 45,000 shares of common stock. It is proposed to offer such shares in exchange for all of the outstanding common capital stock of Security State Bank (Madison, Wisc.), at the rate of 1.8 shares of Marine common for each of the 25,000 outstanding shares of the bank. The record date is to be supplied by amendment. The proposal is conditioned, among other things, upon exchanges being made with the holders of not less than 22,400 shares of Security Bank. The company is a bank holding company which presently is the principal stockholder of seven banks located in the Milwaukee metropolitan area, one in Green Bay, Wisconsin, and one in Neenah, Wisc. In addition to certain indebtedness, the company has outstanding 649,056 shares of common stock, of which management officials as a group own 12.52%. Eliot G. Fitch is president.

BARTON INSTRUMENT FILES FOR OFFERING AND SECONDARY. Barton Instrument Corporation, 580 Monterey Pass Road, Monterey Park, Calif., filed a registration statement (File 2-19891) with the SEC on March 5th seeking registration of 120,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 70,000 shares, being outstanding stock, by the holders thereof. The offering will be made by E. F. Hutton & Co., 623 South Spring Street, Los Angeles. The public offering price (maximum $11 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in research, design, development, manufacture and sale of differential pressure measuring devices and related instrumentation for industrial and military use where accurate and reliable measurement and control of liquid and gas flow and liquid level are required. The net proceeds from the company's sale of additional stock will be added to general funds and will be available for working capital needs and possible future acquisitions. The company has outstanding 600,000 shares of common stock, of which Barton Jones, president, owns 61% and management officials as a group 77%. The prospectus lists 15 selling stockholders including Jones. The amount to be sold by each is to be supplied by amendment.

HOWARD JOHNSON FILES FOR SECONDARY. Howard Johnson Company, 89 Beale Street, Wollaston, Mass., filed a registration statement (File 2-19892) with the SEC on March 5th seeking registration of 370,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Blyth & Co. (14 Wall Street, N. Y.) and two other firms. The public offering price (maximum $55 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in operating and supplying a chain of 616 "Howard Johnson's" restaurants, of which 279 are operated by the company and 337 by licensees. An additional 11 restaurants are also operated by the company under the name "Red Coach Grill." As an adjunct to its restaurants, the company has licensed the establishment of 111 "Howard Johnson's Motor Lodges" operated entirely by independent licensees. It also processes and distributes frozen and packaged foods for home consumption through the restaurants, chain stores and wholesale distributors. In addition to certain indebtedness, the company has outstanding 1,073,000 shares of common stock and 1,127,000 shares of common stock B, of which Howard D. Johnson, board chairman, Howard B. Johnson, president, Dorothy J. Weeks, and Tower Grill of Pennsylvania, Inc. (owned by Howard B. Johnson and Dorothy Weeks), own over 47%, 31%, 29% and 8%, respectively of both series in the aggregate. Prior to this offering, Tower Grill will distribute all of its shares of both series to Howard B. Johnson and Dorothy J. Weeks in equal amounts. The three selling stockholders will convert a total of 273,000 common B shares into common for purposes of this offering; and they (Howard D. Johnson, Howard B. Johnson and Dorothy J. Weeks) propose to sell 166,000, 102,000 and 102,000 common shares, respectively. After the stock sale, the selling stockholders as a group will own 53.2% of the outstanding stock of the company.

CONSOLIDATED EDISON PROPOSES RIGHTS OFFERING. Consolidated Edison Company of New York, Inc., 4 Irving Place, New York, filed a registration statement (File 2-19893) with the SEC on March 5th seeking registration of 947,924 shares of cumulative preference stock Series A ($100 par). It is proposed to offer such stock for subscription by common stockholders at the rate of one preferred share for each 17 common shares held of record on March 29, 1962. Morgan Stanley & Co., 2 Wall Street, and The First Boston Corp., 15 Broad Street, both of New York, head the list of underwriters. The dividend rate, subscription price (maximum $110 per share*) and underwriting terms are to be supplied by amendment. Net proceeds from the stock sale will be applied to retire short term bank loans (estimated at $27,000,000) incurred in connection with the company's construction program, and toward the additional cost of such program or for other corporate purposes. The company's construction program for the years 1962-66 is estimated at $1.16 billion. In addition to various indebtedness and preferred stock, the company has outstanding 16,089,019 shares of common stock. Charles E. Eble is president and Harland C. Forbes is board chairman.

ALLEGHENY PEPSI FILES FINANCING PLAN. Allegheny Pepsi Cola Bottling Company, 1601 Guilford Avenue, Baltimore, Md., filed a registration statement (File 2-19894) with the SEC on March 5th seeking registration of $1,250,000 of 6½% subordinated sinking fund debentures due 1977 (with attached 6-year warrants to purchase an aggregate of 75,000 common shares) and 312,500 shares of common stock. The shares and debentures (with warrants to purchase 30 shares per $500 of debentures) are to be offered for public sale through underwriters headed by Suplee, Yeatman, Mosley Co., 1500 Walnut Street, Philadelphia. The exercise price of the warrants, public offering price for the debentures and shares (maximum $8 per share*) and underwriting terms are to be supplied by amendment. The statement also includes $750,000 of like debentures (with warrants) which Morton M. Lapides, president, board chairman and principal stockholder, and Gilbert B. Redmond, executive vice president, have agreed to purchase.

The company is engaged in the business of manufacturing and distributing Pepsi-Cola and Pepsi-Cola syrup in certain counties in Pennsylvania, Maryland, Virginia and West Virginia, and in manufacturing and distributing a complete flavor line of soft drinks in the same area. The company recently entered into agreement to acquire for $5,000,000 all of the outstanding stock of Pepsi-Cola Bottling Company of Norfolk, Incorporated,

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and its affiliate, Melchor's Incorporated, which have held the Pepsi-Cola franchise and conducted a business similar to the company's in Norfolk, Va. and the surrounding Tidewater area. All of the net proceeds from this financing, together with other funds to be derived from the sale of the debentures to said officers and by mortgaging certain real estate ($1,000,000), will be used to acquire the Norfolk company. In addition to certain indebtedness, the company has outstanding 294,100 shares of common stock, of which Lapides and his wife own 21.1% and 11.7%, respectively.

NORTHERN INDIANA PUBLIC SERVICE PROPOSES BOND OFFERING. Northern Indiana Public Service Company, 5265 Hohman Avenue, Hammond, Ind., filed a registration statement (File 2-19895) with the SEC on March 6th seeking registration of $20,000,000 of first mortgage bonds, Series L, due 1992, to be offered for public sale at competitive bidding. The net proceeds from the debenture sale will be added to working capital for ultimate application to the cost of gross additions to utility properties, including prepayment of bank loans (estimated at $12,000,000) to provide funds for purposes of the construction program. The company estimates its construction program will require aggregate expenditures of $79,000,000 for 1962 and 1963.

GENERAL ELECTRIC FILES SAVINGS PROGRAM. General Electric Company, 1 River Road, Schenectady, New York, filed a registration statement (File 2-19896) with the SEC on March 5th seeking registration of 1,200,000 shares of common stock, to be offered to eligible employees pursuant to the company's Savings and Security Program.

WOLVERINE ALUMINUM FILES FOR STOCK OFFERING. Wolverine Aluminum Corporation, 1650 Howard Street, Lincoln Park, Mich., filed a registration statement (File 2-19897) with the SEC on March 5th seeking registration of 100,000 shares of common stock, to be offered for public sale through F. J. Winckler Co., 1966 Penobscot Bldg., Detroit. The public offering price (maximum $6.50 per share*) and underwriting terms are to be supplied by amendment.

The company (formerly Wolverine Mouldings, Inc.) is engaged principally in the business of processing and manufacturing aluminum building products chiefly for use and consumption in the building industry trades, including the manufacture of painted and unpainted aluminum crain-carrying equipment. The net proceeds from the stock sale will be used to defray in part the $1,150,000 estimated cost of (1) the construction of a new building ($500,000) on land purchased at Lincoln Park to house the present 18-inch wide paint line; (2) the purchase of a 48-inch wide paint line ($600,000), and (3) the moving and installing of present facilities to the new building. The land for the new building was purchased from the City of Lincoln Park (together with a building thereon) for $130,014 and is located contiguous to the company's present main plant. In addition to certain indebtedness, the company has outstanding 310,986 shares of common stock, of which Don Smith, president (and Dolly Smith), owns about 24% and management officials as a group about 35%.

MADWAY MAIN LINE HOMES FILES FOR STOCK OFFERING. Madway Main Line Homes Inc., 315 E. Lancaster Ave., Wayne, Pa., filed a registration statement (File 2-19898) with the SEC on March 6th seeking registration of 50,000 shares of common stock, to be offered for public sale through underwriters headed by Drexel & Co., 1500 Walnut Street, Philadelphia. The public offering price (maximum $10 per share*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged principally in the production, sale, erection and financing of manufactured homes, primarily in New England, the Middle Atlantic region and the Middle West. It is also engaged in the sale cf building materials and kitchen modernization equipment and services. The net proceeds from the stock sale will be used to finance future credit sales of the company's manufactured homes. In addition to certain indebtedness, the company has outstanding 200,000 shares of common stock, of which Harry K. Madway, board chairman, Ralph K. Madway, president, and Sam Madway, vice president, own 29.4% each, and management officials as a group 99%. Book value of stock now outstanding is $4.09 per share.

OHIO OIL PROPOSES DEBENTURE OFFERING. The Ohio Oil Company, 539 South Main Street, Findlay, Ohio, filed a registration statement (File 2-19900) with the SEC on March 6th seeking registration of $90,000,000 of sinking fund debentures due 1987, to be offered for public sale through underwriters headed by The First Boston Corporation, 15 Broad Street, and Lehman Brothers, One William Street, both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company (which anticipates a corporate name change to Marathon Oil Company in August 1962) is engaged in the exploration for, the development and production of, and the purchase and sale of, crude oil and natural gas in the United States, Canada and elsewhere, and in the transporting, refining and marketing of crude oil and its products in the United States. The net proceeds from the debenture sale will be added to general funds to be available for any corporate purposes, including the expenditure of $57,000,000 in connection with the proposed acquisition of assets of Plymouth Oil Company, an integrated oil company. The company estimates that other capital expenditures in 1962 will materially exceed the $58,500,000 expended in 1961, and will involve expenditures for domestic production properties, for modernization and expansion of domestic refining facilities and expansion of domestic marketing facilities, for production and transportation facilities in Libya and for refining facilities in Western Europe.

SECURITIES ACT REGISTRATIONS. Effective March 7: The A. L. Mathias Company (File 2-19407); Mitron Research & Development Corp. (File 2-19327); Oklahoma Gas and Electric Company (File 2-19757); Potomac Electric Power Company (File 2-19790). Withdrawn March 6: Bal Harbour Diagnostic Service, Inc. (File 2-19159).

*As estimated for purposes of computing the registration fee.

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