

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

FOR RELEASE August 18, 1958

Statistical Release No. 1548

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks, the week ended August 15, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	8/15/58	8/8/58		High	Low
Composite	350.0	354.1	-1.2	354.1	299.0
Manufacturing	439.9	446.1	-1.4	446.1	373.3
Durable Goods	397.0	401.6	-1.1	401.6	332.2
Non-Durable Goods	471.0	478.6	-1.6	478.6	402.2
Transportation	279.0	285.6	-2.3	285.6	219.7
Utility	173.2	173.8	-0.3	174.8	155.5
Trade, Finance & Service	323.0*	320.5	+0.8	323.0	263.2
Mining	341.4	346.2	-1.4	346.2	261.3

\*New High

## MISSISSIPPI RIVER FUEL FILES STOCK PLAN

Mississippi River Fuel Corporation, St. Louis, Mo., filed a registration statement (File 2-14301) with the SEC on August 15, 1958, seeking registration of 337,052 shares of its \$10 par Common Stock, to be offered pursuant to the company's Restricted Stock Option Plan to certain officers and key employees of the company and its subsidiaries.

## NATIONAL STEEL FILES STOCK PLAN

National Steel Corporation, Pittsburgh, filed a registration statement (File 2-14302) with the SEC on August 15, 1958, seeking registration of 93,000 shares of its Capital Stock, to be offered pursuant to the company's Stock Investment Plan for Salaried Employees to eligible employees of the company and subsidiaries.

## SIMPLICITY PATTERN FILES FOR SECONDARY

Simplicity Pattern Co. Inc., New York, filed a registration statement (File 2-14303) with the SEC on August 15, 1958, seeking registration of 42,500 outstanding shares of its \$1 par Common Stock. These shares constitute part of the present holdings (70,610 shares, or 9.5%) of Joseph Shapiro. Shapiro proposes to offer the 42,500 shares for sale from time to time to specific persons, firms and corporations in off-the-floor sales either at the market or at a price within

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a range not less than the bid price and not higher than the asking price quoted on the New York Stock Exchange at the time of such offering. The shares will also be offered from time to time on such Exchange at a price within the foregoing range. No part of the proceeds of sale will be received by the company.

#### SEC WITHDRAWS EXCHANGE REGISTRATION OF VERDI DEVELOPMENT STOCK

In a decision announced today, the Securities and Exchange Commission ordered withdrawal of the common stock of Verdi Development Company, Los Angeles, from listing and registration on the San Francisco Mining Exchange for failure to comply with the reporting requirements of the Securities Exchange Act of 1934.

According to the Commission's decision, during the period July 1956 to February 1957, Verdi disposed of various assets, was involved in material legal proceedings, defaulted upon senior securities, and granted options to purchase significant amounts of securities. No current reports were filed as to any of the 1956 events and Verdi did not report them until May 2, 1957, after institution of the Commission's proceedings, when it filed its annual report for 1956. Furthermore, Verdi did not file current reports for January and February 1957 until May 8, 1957. Under the Commission's rules, current reports are due within ten days after close of the month during which significant events occurred. (Trading in Verdi's stock was suspended by the Exchange on April 22, 1957, following the institution of the Commission's proceedings three days earlier.)

Among the events for which timely current reports should have been filed were three dispositions of admittedly significant amounts of assets. In September 1955 Verdi leased its tungsten properties for a minimum monthly rental of \$750, which constituted one of its few items of income at that time. In October 1956 Verdi entered into a ten-year joint venture agreement with Nuclear Industries, Inc., under which Nuclear Industries would operate Verdi's uranium mill and pay Verdi half of the net operating proceeds. Neither event was reported until May 2, 1957. In February 1957 Verdi sold for \$40,000 its reserved royalty interest resulting from its sale of an oil leasehold, on which the unpaid balance receivable was approximately \$85,000. At that time the company was in urgent need of cash, and the sale of the royalty interest, the Commission observed, assumed particular importance under the circumstances. But the sale was not reported until May 8, 1957.

Verdi also failed to make timely filings with respect to (a) a suit filed against it in July 1956 by an engineering company claiming \$21,000 for services rendered (which was not reported until May 2, 1957, by which time the suit had been settled for \$7,000); (b) two 1956 defaults in interest payments on outstanding debentures, which defaults were not reported until May 2, 1957, and have not been cured; and (c) action of Verdi's board of directors in October 1956 authorizing and directing the issuance of options for 160,000 shares each to Mitcheli G. Kovaleski, president, and two other individuals, an option for 10,000 shares to a fourth individual, and an option for 500,000 shares to Nuclear Industries in connection with the joint venture agreement with that company. Although the option agreements with others than Kovaleski were later cancelled or the claims thereunder relinquished, this did not excuse the failure to report them, the Commission stated.

Verdi urged certain mitigating circumstances, including the difficulties faced by the new management which assumed office in September 1956 in acquainting itself with the company's affairs and the absence of a secretary or attorney whom the company could not afford to engage, as a basis for its plea that the suspension or withdrawal of its stock from exchange registration is not necessary. The Commission observed, however, that as a result of Verdi's violations of the reporting requirements, "investors were deprived of current information on material transactions, including, and other things, the disposition of Verdi's most significant assets. The pressures which the management may have been subject to at the time it came into office did not absolve it of the obligation to file current reports; in fact, the transition into a non-operating company which Verdi was undergoing made it particularly important that information regarding material events be made currently available to present and prospective investors." The Commission also noted that the financial statements included in its 1956 annual report were not certified, as required, and that no financial statements were included in its 1957 annual report. "Thus," the Commission concluded, "there is little basis for believing that the pattern of failure to comply fully with our reporting requirements will be corrected. Under all the circumstances, the Commission ruled that 'the protection of investors requires that the registration of the Verdi common stock on the Exchange be withdrawn.'"

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## GREAT AMERICAN REALTY FILES FOR OFFERING

Great American Realty Corporation, New York, today filed a registration statement (File 14304) with the SEC seeking registration of 484,000 shares of its 10¢ par Class A Stock. Of this stock, the company proposes to offer 400,000 shares and certain selling stockholders 40,000 shares, the remaining 44,000 shares being subject to option to be offered for the account of the underwriters. Public offering of the shares is to be made on a best efforts by an underwriting group headed by Joseph Mandell Company and Louis L. Rogers Company. The public offering price and underwriting terms are to be supplied by amendment.

The company and its predecessor have been engaged, through wholly-owned subsidiaries, in the ownership and management of rental-income real estate in New York. They now own seven apartment buildings in New York. Net proceeds to the company from its stock offering will be added initially to the company's working capital and, as opportunities present themselves from time to time, are intended to be used for the acquisition of additional rental-income properties.

The prospectus lists Arthur H. Baum as president and treasurer and Leonard Baum as vice president and secretary. The selling stockholders are their wives, each of whom is selling 20,000 Class A shares (13.1%). Mrs. Arthur H. Baum will continue to own 522,500 Class B shares (47.5%); and Mrs. Leonard Baum will continue to own 150 Class A and 425,000 Class B shares (38.9%). The underwriters have an option to purchase 40,000 Class A shares from the issuer and 4,000 shares from the selling stockholders at 10¢ per share.

## SUBURBAN GAS SERVICE FILES FOR OFFERINGS

Suburban Gas Service, Inc., Upland, Calif., today filed a registration statement (File 2-4305) with the SEC seeking registration of 100,000 shares of its \$1 par Common Stock. Of this stock, 50,000 shares are to be offered for public sale by the issuing company and 50,000 shares by certain selling stockholders. Kidder, Peabody & Co. is listed as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment.

Net proceeds to the company from its sale of 50,000 shares, together with an additional \$3,300,000 which the company has arranged to borrow from three insurance companies, are expected to be used for the retirement of a \$1,375,000 term bank loan, for the retirement of \$110,815 of obligations incurred in connection with minor acquisitions, and for the purchase of fixed assets of Redi-Gas Co. at a cost of \$1,750,000. The balance of the proceeds will be added to working capital to be available for general corporate purposes. The proceeds of the term bank loan were used to purchase the assets of Gas Heat, Inc., of Oregon. Redi-Gas operates in Washington.

## WASHINGTON REGIONAL OFFICE RELOCATED

The Securities and Exchange Commission today announced that its Washington Regional Office has moved to the Courts Building, 310 - 6th Street, N. W., Washington 25, D. C., telephone - Berling 3-7600, Extension 3151.

The Regional Office formerly was housed at the Headquarters Office of the Commission at 425 Second Street, N. W. Serious overcrowding in the Headquarters Office necessitates the removal of the Regional Office as part of an over-all plan of major reconditioning to improve the working conditions of the Commission's staff.

The Regional Office is composed of 18 employees headed by W. J. Crow, Regional Administrator. In its investigation and enforcement activities, the Regional Office has jurisdiction over the States of Virginia, West Virginia, Maryland, Delaware and Pennsylvania as well as the District of Columbia.