

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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FOR RELEASE February 13, 1961

Statistical Release No. 1733. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 10, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960 - 1961 is as follows:

	1957-59 = 100		Percent Change	1960 - 1961	
	2/10/61	2/3/61		High	Low
Composite	124.0	125.5	-1.2	125.5	107.7
Manufacturing	117.8	119.8	-1.7	122.0	103.6
Durable Goods	119.1	122.7	-2.5	129.5	107.7
Non-Durable Goods	116.7	117.6	-0.8	117.6	99.5
Transportation	101.3	102.2	-0.9	108.3	87.1
Utility	154.8	155.2	-0.3	155.2	118.4
Trade, Finance & Service	138.1*	137.0	+0.8	138.1	120.5
Mining	88.6	89.7	-1.2	89.7	67.0

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 9, 1961, 20 registration statements were filed, 28 became effective, 3 were withdrawn, and 317 were pending at the week end.

READ, EVANS & CO. REGISTRATION REVOKED. The SEC today announced a decision (Release 34-6467) revoking the broker-dealer registration of Read, Evans & Company, 1722 Westwood Blvd., Los Angeles, for violations of the Federal securities laws, including stock sales in violation of the Securities Act registration requirements and "fictitious" quotations on stock being offered for sale. The company also was expelled from membership in the National Association of Securities Dealers, Inc.; and Benjamin Franklin Evans, Jr., president, was found to be a cause of the revocation and expulsion. Both the company and Evans consented to the Commission's order.

In a unanimous decision written by Commissioner McCauley, the Commission ruled that during the period October 1959 to January 1960 Evans & Co. and Evans offered and sold stock of International Petroleum Holding Company, Texas Building Corporation and Basic Resources Corporation in violation of the Securities Act registration requirement. Furthermore, two other persons entered simultaneous buy and sell orders for Texas Building stock and Evans & Co. submitted quotations on the basis thereof for publication in the daily quotation sheets. In view of the known relationship between the two individuals and the matching of their orders, the Commission stated, "it must have been apparent to Evans and registrant that the quotations entered by registrant were fictitious and were intended to give the appearance of market activity in the stock," thus violating the securities laws.

The Commission also held that Evans & Co. engaged in the conduct of a securities business in violation of its net capital rule and recording requirements, in that it had a net capital deficiency at various periods between March 1959 and June 1960 ranging from \$1,528 to \$11,830, made false and misleading entries in its cash disbursement and general ledger records, and recorded fictitious payments in various accounts when checks purporting to represent such payments either were not sent to the payees or were drawn on bank accounts in which registrant had insufficient funds to pay such checks.

In additions, Evans & Co. violated the credit restrictions of Regulation T in that, in at least 25 instances during the period January to June 1960, it failed promptly to cancel or liquidate purchases by customers in cash accounts notwithstanding the failure of such customers to make cash payment within seven business days. A substantial number of these transactions were in Evans' own account.

In March 1960 registrant and Evans, with their consent, were permanently enjoined in a Federal court action initiated by the Commission from violations of the net capital and record-keeping rules and Regulation T.

DIVERSIFIED COLLATERAL OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock of Diversified Collateral Corporation ("DCC"), 420 Lincoln Road, Miami Beach, Fla.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in February 1960, DCC proposed the public offering of 75,000 common shares at \$4 per share. The offering was commenced in April 1960 without an underwriter; but the filing later was amended to name The Tager Company of New York as principal underwriter and the offering was re-commenced on August 24, 1960.

The Commission's suspension order asserts that two unnamed firms, Neil James & Co., Inc., and Banner Securities, Inc., both of New York, became and in fact were underwriters of the DCC stock offering and that the offering through said firms was not entitled to a Regulation A exemption by reason of the fact that said

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firms had been temporarily restrained or permanently enjoined (US: SDNY) from engaging in or continuing business as a broker-dealer in violation of certain provisions of the Securities Exchange Act of 1934.

Moreover, according to the order, (a) failure to disclose that two underwriting firms violated a provision of Regulation A; (b) the DCC offering circular was false and misleading by reason of such failure to disclose and the omission of pertinent facts with respect to the terms of the underwriting agreement with and any material relationship between DCC and such underwriters; and (c) the sale of shares through Neil James & Co., Inc., operated as a fraud and deceit upon the purchasers. (This latter charge involves the failure to deliver shares to purchasers and the failure to remit the proceeds to the issuer.)

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. (NOTE TO PRESS. Copies of foregoing also available in SEC Miami Office)

BIESEL AND BIESEL-WAY REGISTRATIONS REVOKED. The SEC today announced a decision (Release 34-6469) revoking the broker-dealer registrations of Biesel, Way & Company, a partnership, of 304 Allegheny Avenue, Coudersport, Pa., and William H. Biesel, doing business as William H. Biesel Company, 19 Benwood Ave., Buffalo, N. Y., for violations of Regulation T, the net capital and hypothecation rules, and the record-keeping and reporting requirements under the Securities Exchange Act of 1934. The two firms admitted the violations and consented to the revocation order; and Biesel and Eugene L. Way were each found to be a cause of such order.

In a unanimous decision written by Commissioner Hastings, the Commission ruled that the partnership violated the credit restrictions of Regulation T on numerous occasions during the period January to December 1957, by reason of its failure to cancel or liquidate purchase transactions when full cash payment therefor was not made within seven business days. During most of this period Biesel and Way were partners, although Biesel withdrew from membership in the firm in November 1957. Furthermore, during the period September to December 1957, the partnership engaged in the conduct of a securities business in violation of the Commission's net capital rule. Its net capital deficiency amounted to \$25,161 on September 23, 1957.

The Commission further held that, for nearly two years ending in December 1957, the partnership failed to make and keep current various of the books and records required by Commission rules; and it also failed to file a certified financial report for 1958. Moreover, according to the decision, during the period July 1956 to December 1957 the partnership hypothecated and permitted the hypothecation of securities carried for the accounts of customers under circumstances which permitted such securities to be commingled with securities carried for the partnership under a lien for a loan made to the partnership, in violation of Commission rules. In addition, Biesel included in his registration application a statement of financial condition which listed \$500 of assets and no liabilities as of September 15, 1958; and this report and two subsequent reports filed in December 1958 and February 1959 failed to disclose liabilities of \$17,884 of the partnership for which Biesel was responsible by reason of his former membership therein.

The Commission granted a request of Biesel & Co., Inc., for withdrawal of its application for broker-dealer registration.

ECONOMICS LABORATORY PROPOSES DEBENTURE OFFERING. Economics Laboratory, Inc., 914 Guardian Building, St. Paul, Minnesota, filed a registration statement (File 2-17580) with the SEC on February 10, 1961, seeking registration of \$4,000,000 of convertible debentures due April 1, 1976, to be offered for public sale on an all or none basis through underwriters headed by W. E. Hutton & Co. and Kalman & Company, Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 26,250 shares of common stock which are reserved for issuance upon exercise of options granted or to be granted under the company's Restricted Stock Option Plan.

The company and its domestic and foreign subsidiaries are engaged principally in the business of manufacturing and selling powdered and liquid detergents and cleaning agents for commercial dishwashing and household uses. Of the \$3,800,000 net proceeds from the debenture sale, \$1,580,625 will be used to retire outstanding 5-3/8% promissory notes; \$1,200,000 for new facilities for the company as soon as plans are formulated and completed; and the balance for working capital purposes.

In addition to the notes and two series of preferred stock, the company has outstanding 488,331 shares of common stock, of which Edward B. Osborn, president, owns 13.4% and the estate of M. J. Osborn holds of record 11.8%.

HANOVER SECURITIES - KASTNER HEARING SCHEDULED. The SEC has scheduled a hearing for February 28, 1961, in its New York Regional Office in proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registrations of Hanover Securities Corporation (formerly Webster Securities Corp.) and Irving Kastner, Broker, both of 37 Wall Street, New York.

In its order of June 1959 authorizing these proceedings, the Commission charged that Hanover Securities and Kastner, the president and principal stockholder of Hanover Securities, engaged in practices and a course of business "which operated as a fraud and deceit" upon persons to whom they offered and sold stock of Goldfield Rand Mines Company of Nevada.

FRANCIS A. CALLERY FILES FOR OFFERING. Francis A. Callery, Agent, 375 Park Avenue, New York, filed a registration statement (File 2-17582) with the SEC on February 10, 1961, seeking registration of \$6,000,000 of interests under Exploration Venture Agency Agreements, to be offered for public sale in four quarterly deposits aggregating not less than \$30,000. Solicitation of commitments will be made by the partners and certain employees of Callery.

Agent, a New York partnership organized in 1958, has been operating the Exploration Venture, an arrangement for the exploration for oil and gas on a continuing basis, since January 1959. During the 4th quarter of 1960 there were in effect Agreements under which co-owners were obligated to make deposits to the Exploration Fund applicable to such quarter aggregating \$362,500. The activities of the Exploration Venture are confined

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to South Louisiana and the Texas Gulf Coast and only under exceptional circumstances is exploration undertaken elsewhere. When the first test well on any exploratory prospect has been completed as a producer or plugged and abandoned as a dry hole, the management, supervision and operation of all properties in such prospect will ordinarily be taken over by F. A. Callery, Inc., the Operator. Each co-owner will be charged with his share of expenditures made by the Operator, including general and administrative expense plus 1% of all such expenditures as compensation to the Operator. As compensation for its services to co-owners, Callery will receive a one-third interest in all properties, which interest will be carried by co-owners as to costs through test wells and certain other costs as to each prospect. The deposits in the Fund will be used for screening prospects, acquisition of oil and gas leases, examining title, geological and engineering services, drilling and testing or plugging wells, administrative services, delay rentals and bottom-hole and dry-hole contributions. All Venture Properties will be owned two-thirds by co-owners in the aggregate and one-third by Callery.

Francis A. Callery is listed as managing partner of the partnership and board chairman of F. A. Callery, Inc. He has a 67.76% interest in the capital and earnings of the partnership and owns all of the outstanding stock of the Operator. Grant E. Judge and Charles Callery, own 17.84% and 14.4% interests, respectively, in the partnership, and are listed as vice president and president, respectively, of the Operator.

THOMPSON RAMO WOOLDRIDGE FILES EXCHANGE OFFER. Thompson Ramo Wooldridge Inc., 23555 Euclid Avenue, Cleveland, Ohio, filed a registration statement (File 2-17583) with the SEC on February 10, 1961, seeking registration of 206,433 shares of common stock, to be offered in exchange for common stock of Space Technology Laboratories, Inc. (STL) and Class A convertible preferred stock of Pacific Semiconductors, Inc. (PSI). The company proposes to offer its shares for STL stock on a share for share basis and for PSI stock on a ten for one basis. Such STL and PSI shares have been or will be acquired, in most cases, upon the exercise of stock options held by employees of such companies. All of the other outstanding shares of these two subsidiaries are now owned by the company. No underwriting is involved.

The principal business of the company and its subsidiaries is the performance of research, consulting and advisory services and the manufacture and sale of products in the electronics, missile and space fields, and the manufacture and sale of aircraft component parts and auxiliary equipment, largely for aircraft engines, a wide range of engine and other parts for automobiles, trucks and tractors, and miscellaneous other products.

In addition to certain indebtedness and preferred stock, the company has outstanding 3,152,605 shares of common stock, of which management officials as a group own 265,974 shares. J. D. Wright is listed as board chairman and D. E. Wooldridge as president.

KNAPP & TUBBS FILES FOR SECONDARY. Knapp & Tubbs, Inc., Merchandise Mart, Chicago, today filed a registration statement (File 2-17584) with the SEC seeking registration of 150,000 outstanding shares of common stock, to be offered for public sale at \$4 per share by the present holder thereof. The offering is to be made on an all or none basis through underwriters headed by Roman & Johnson, who will receive a 40¢ per share commission and \$6,000 for expenses. The registration statement includes an additional 15,000 shares which were sold in January 1961 to U. Grant Roman, partner of the principal underwriter, by stockholders of the company at \$1 per share. He has sold 5,000 of such shares to Peter B. Atwood at \$1 per share as a finder's fee.

The company was formed in December 1960 under Delaware law for the purpose of facilitating the reincorporation of Knapp and Tubbs, an Illinois corporation, and the corporate name was changed to Knapp & Tubbs, Inc. The reincorporation was accomplished by a plan of merger with the company, and at the same time the 480 outstanding shares of the Illinois company were exchanged on the basis of 500 new share of the company for one share of the Illinois company, so that effective December 31, 1960 there were 240,000 common shares outstanding. The company has been engaged exclusively in the business of selling at wholesale "fine quality, distinctive home furniture" and interior decorative furnishings and art objects.

Of the outstanding 240,000 shares of common stock, First National Trust and Savings Bank of San Diego, as Trustee, holds 150,000 shares (69%) in the Byron H. Knapp, Sr. Trust for the benefit of his four children, three of whom are shareholders of the company. The trustee proposes to sell the shares pursuant to the termination of such Trust by court action in December 1960. Byron H. Knapp, Jr., president, Ruth K. Weirick, and Helen K. Rockwell own 25,000 shares each, and management officials as a group 40,000 shares.

ADRS FOR JAPANESE SECURITIES FILED. The First National City Bank of New York filed registration statements (File 2-17586 through 2-17590) with the SEC on February 10, 1961, seeking registration of American Depository Receipts for 50,000 shares each of the common stocks of The Tokio Marine and Fire Insurance Company, Ltd., The Kansai Electric Power Co., Inc., Japan Steel & Tube Corporation, Mitsui and Company, Ltd., and Kawasaki Steel Corporation.

W R LUTES SENTENCED. The SEC Chicago Regional Office announced February 7th (LR-1911) that Wendell Ralph Lutes received a seven-year prison sentence (USDC, Indianapolis) on his conviction of fraud in the sale of stock of Brown County Mortgage Company in violation of Securities Act and mail fraud statute, and was fined \$1,500 on each of six Securities Act counts and \$1,000 on each of four mail fraud counts.

EFFECTIVE SECURITIES ACT REGISTRATIONS. February 9: Telautograph Corporation (File 2-17308). February 13: Super Market Distributors, Inc. (File 2-17355); International Electronic Research Corporation (File 2-17357); Wings and Wheels Express, Inc. (File 2-17374); Kleer-Vu Industries (File 2-17401).