

# 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 November 27, 1961

Statistical Release No. 1791. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended November 24, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 is as follows:

	1957-59 = 100		Percent Change	1961	
	11/24/61	11/17/61		High	Low
Composite	145.9*	145.3	+0.4	145.9	118.3
Manufacturing	135.0*	134.7	+0.2	135.0	113.0
Durable Goods	136.6	136.3	+0.2	137.1	117.0
Non-Durable	133.6*	133.3	+0.2	133.6	109.2
Transportation	109.2	110.9	-1.5	111.0	97.8
Utility	190.3*	187.3	+1.6	190.3	144.4
Trade, Finance & Service	191.4	193.0	-0.8	193.0	132.5
Mining	98.3	94.2	+4.4	99.5	83.3

\*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended November 22, 1961, 34 registration statements were filed, 34 became effective, 4 were withdrawn, and 678 were pending at the week end.

PACIFIC COAST TRANSPORT FILES EXCHANGE PLAN. Pacific Coast Transport Co., 2510 Russ Building, San Francisco, filed a registration statement (File 2-19336) with the SEC on November 22nd seeking registration of 2,500 shares of common stock. It is proposed to offer such "Transport" stock in exchange for 52,500 shares of the 6% cumulative second preferred stock, series A, or the common stock (or any combination thereof) of The Pacific Coast Company, at the rate of one share of Transport common for 21 shares of either common or preferred of Pacific Coast or any combination thereof. The 37,987 shares of 5% cumulative preferred stock of Pacific Coast may be converted into common stock to be exchanged for the Transport common. All of the outstanding common stock of Transport, now owned by Pacific Coast, will be distributed to stockholders of Pacific Coast.

Transport is engaged in the business of managing, operating and provisioning ocean steamships. Pacific Coast and its subsidiaries are engaged in the business of manufacturing plywood, shipping, coal mining, retail lumber sales, and investments in real estate and iron ore mining. Pacific Coast owns all of the outstanding stock of Transport and of Western Ocean Transport Co., which is engaged in the business of owning, refitting and chartering ocean steamships. The prospectus states that in 1962, Pacific Coast will contribute to the capital of Transport all of the capital shares of Western. In September 1961, Pacific Coast entered into an exchange agreement with Hugh J. Jacks, president of Transport and director of the three companies, and Philip W. Farley, president of Western and director of Transport, under which Pacific Coast agreed to offer Pacific Coast stockholders an opportunity to exchange 52,500 shares of Pacific Coast common or Series A preferred for 2,500 shares of Transport common. Jacks and Farley have agreed to tender at least 52,500 common and preferred shares of Transport for exchange. Other Pacific Coast stockholders may accept the offer. If more than 52,500 shares of the Pacific Coast common or Series A preferred are tendered for exchange, the 2,500 shares of the common stock of Transport will be pro-rated among the stockholders of Pacific Coast. The prospectus states that the reason for the exchange is to enable Pacific Coast to divest itself of its interests in Transport and Western because of the large investments required for maintenance of the few producing properties of said companies, even when they are not operating and producing earnings. Transport and Western are indebted to Pacific Coast, some of which indebtedness is to be paid upon consummation of this exchange.

NATIONAL ROLLING MILLS FILES FOR OFFERING AND SECONDARY. National Rolling Mills Company, Morehall Road, Malvern, Pa., filed a registration statement (File 2-19337) with the SEC on November 22nd seeking registration of 200,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company and 80,000 shares, being outstanding stock, by the holders thereof. Drexel & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the manufacture of steel suspension systems used in the installation of acoustical ceiling tile; and it also produces other specialized roll formed metal products. Net proceeds from the company's sale of additional stock will be used to repay a demand bank loan incurred for plant additions, machinery and equipment and for furniture and fixtures, and the balance will be added to general funds and used for additional machinery and tooling equipment, for equipment to increase the capacity of its electro-galvanizing line, for acquisition of land located adjacent to its present property, for construction of additional facilities on such land, and for working capital.

In addition to certain indebtedness, the company has outstanding 320,000 shares of common stock (after giving effect to a recent 32-for-1 stock split), of which John H. McCoy, president, and Albert H. Charlton, vice president, own 182,080 and 48,320 shares, respectively. They propose to sell 45,520 and 12,080 shares, respectively. Nine others propose to sell amounts ranging from 800 to 4,000 shares.

OVER

**COMMONWEALTH REALTY TRUST FILES FOR OFFERING.** Commonwealth Realty Trust, 8201 Fenton Road, Philadelphia, filed a registration statement (File 2-19338) with the SEC on November 22nd seeking registration of 430,556 shares (certificates of beneficial interest) in the Trust, to be offered for public sale at \$10 per share. The offering will be made on an all or none basis through underwriters headed by Woodcock, Moyer, Fricke & French, Inc., and Gerstley, Sunstein & Co., which will receive a \$1 per share commission. The statement also includes 15,000 shares underlying five-year warrants to be sold to the underwriters for \$1,500, exercisable at \$11 per share.

Organized through the efforts of the two principal underwriters and George P. Scurria, president, the Trust is an unincorporated business Trust created by Declaration of Trust in Philadelphia in May 1961. Its purpose is to conduct the business of a "real estate investment trust." Investors in the Trust's shares will have the opportunity to participate as holders of such shares in the acquisition and ownership by the Trust of real estate interests. Of the \$3,800,000 estimated net proceeds from the sale of the shares, \$2,025,000 will be used to acquire a 75% interest in the ownership of two shopping centers to be constructed near Baltimore, Maryland upon their completion and occupancy no later than May 1963 by the principal tenants, E. J. Korvette, Inc. and H. L. Klion, Inc. During the period of construction it is expected that, subject to approval of the Pennsylvania Banking Department, \$2,025,000 will be invested in 6% construction mortgages on these properties in participation with a banking institution. The balance of the proceeds will provide an additional source of funds from which other real estate investments, as yet undetermined, may be made. The centers are being developed by Columbia Shopping Center, Inc., which will sell them to Harry Pressman, a real estate investor, acting for himself as to 25%, and for a group of investors as to 75%, for an aggregate purchase price of \$2,750,000, subject to mortgages totaling \$5,000,000. The latter group has agreed to assign their interest to the Trust for a nominal consideration, and such investors will be designated by the Trust to purchase 30,556 of the 430,556 shares without underwriting commissions, or \$9 per share. The centers will be leased back to and operated by Columbia. Harold W. Scott is chairman of the board of trustees.

**ANCHOR INDUSTRIES FILES FOR STOCK OFFERING.** Anchor Industries Corp., 26 Essex Street, Hackensack, N.J., filed a registration statement (File 2-19339) with the SEC on November 24th seeking registration of 38,500 shares of common stock, to be offered for public sale at \$8 per share. The offering will be made on a "best efforts, all or nothing" basis by Amber, Burstein & Co., Inc., which will receive an 80¢ per share selling commission and \$7,200 for expenses. The statement also includes 6,500 shares purchased by Milton B. Burstein, controlling person of the underwriter, and by an attorney for the company, at 10¢ per share. The company has issued five year options to Burstein to purchase 9,000 additional shares at \$8 per share.

The company was organized under Delaware law in October 1961. Its subsidiary, Anchor Precision Products Corp., succeeded to the business conducted by Anchor Precision Products, Inc., a New Jersey company founded by present management in April 1960. The subsidiary, which conducts all of the company's business, is engaged in the design and fabrication of precision sheet metal products to house electrical, electronic, radar and computer equipment; in direct government contracts for specialized products; and in the rendering of engineering services. The \$250,000 estimated net proceeds from the stock sale will be used to purchase additional machinery and equipment, for research and development, for the modernization and improvement of present plant facilities, for sales promotion, and for additional materials, inventory and working capital.

In addition to certain indebtedness, the company has outstanding 96,500 shares of common stock, of which Walter W. Bronster, board chairman, and Lee M. Bronster, president, own 44.3% each. Sale of the new shares will increase the present book value of outstanding stock from 68¢ to \$2.63 per share.

**VOLUME DISTRIBUTORS FILES FOR STOCK OFFERING.** Volume Distributors, Inc., 115 West Crane Street, Topeka, Kansas, filed a registration statement (File 2-19340) with the SEC on November 24th seeking registration of 90,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Stern Brothers & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Missouri law in October 1961 to acquire all the assets of a Kansas company of the same name. The company and its subsidiaries operate a chain of 26 self-service family shoe stores, and self-service shoe departments in 2 closed-door membership department stores and in 3 open-door discount department stores, all in Kansas, Texas, Oklahoma, Nebraska, Iowa, Missouri and South Dakota. In addition, it operates a closed-door membership department store in Topeka, Kansas, under the name of "Shopper's City", in which it also merchandises the shoe and soft goods departments. A portion of the net proceeds from the stock sale will be applied in part to pay bank borrowings incurred to finance the purchase of the assets of the Topeka closed-door membership department store and to provide working capital, fixtures and equipment for 14 new units opened since August 1960; and the balance will be used to finance an expansion program and to increase warehouse inventories.

In addition to certain indebtedness, the company has outstanding 60,120 common and 240,480 Class B common shares. Louis Pozez, president, and S. Lee Pozez and Lawrence E. Kornbleet, vice presidents, own 22%, 29.5% and 30%, respectively, of each class.

**PATENT MERCHANDISING CORP. FILES FOR OFFERING.** The Patent Merchandising Corporation, 521 Fifth Avenue, New York, filed a registration statement (File 2-19341) with the SEC on November 22nd seeking registration of 100,000 shares of common stock (with attached five-year warrants to purchase an additional 100,000 shares at from \$3.50 to \$5.50 per share), to be offered for public sale in units of one share and one warrant and at \$3.50 per unit. The offering will be made on a best efforts "all or none" basis through underwriters headed by Hampstead Investing Corporation, which will receive a 42¢ per share selling commission and \$15,000 for expenses. The statement also includes (1) 35,000 shares underlying like warrants to be sold to the underwriters for \$5,833.33 (if all the units are sold), and (2) 60,000 shares underlying like warrants previously sold to 22 persons (along with 20,000 common shares) for an aggregate of \$70,000.

The company was organized under Delaware law in August 1961 for the purpose of marketing and merchandising patented products, or products which it considers to be patentable. The prospectus states that the company presently possesses the exclusive right to sell three products, namely, a caulking and sealing

compound known as "Expanda-Joint," a fuel oil additive, and a patented electrical fixture known as "Ajust-a-lite." The \$268,000 estimated net proceeds from the stock sale will be used for advertising, publicity and sales promotion, for merchandising and display expenses, a payment to A. K. Electric Corp. (from which it acquired the exclusive license to manufacture and sell the Ajust-a-lite and to which it agreed to pay, in addition to certain royalties, \$39,000 before 1966 or 13,000 common shares), and the balance for working capital.

The company has outstanding 25,000 shares of common stock (and 75,000 warrants), of which stock Martin A. Pokrass, president, owns 20%. Pokrass owns 15,000 warrants and options for an additional 20,000.

**NAFI FILES FOR SECONDARY.** NAFI Corporation, 1091 Calcot Place, Oakland, Calif., filed a registration statement (File 2-19342) with the SEC on November 24th seeking registration of 180,679 outstanding shares of capital stock, to be offered for public sale by the holders thereof on the New York Stock Exchange or otherwise from time to time at prices current at the time of sale.

The company and its subsidiaries are engaged in the businesses of manufacturing automotive textiles, foam rubber products for automotive and other uses and carpets; producing oil and gas; operating television stations; and manufacturing motor boats and marine engines. Of the shares being registered, (1) 98,361 shares were issued in October in consideration of the cancellation of \$3,000,000 of the indebtedness incurred by the company in connection with its acquisition in April 1960 of all the capital stock of Chris-Craft Corporation (for a total purchase price of \$40,000,000), and (2) 82,318 shares may be issued pursuant to an exchange plan whereby Nafco, Inc., record holder of 149,386 company shares, offered to exchange such company shares for shares of Nafco. Such exchange will occur only if the plan is declared effective by the board of directors of Nafco on or prior to February 28, 1962. Nafco shareholders who elect to exchange their shares for NAFI stock will receive as a result an aggregate of 82,318 shares of NAFI stock and may offer for sale all or part of such shares.

In addition to certain indebtedness, the company has outstanding 1,314,116 shares of capital stock, of which Merrill Lynch, Pierce, Fenner & Smith holds of record 15.21%, Nafco, Inc. owns 11.37%, and management officials as a group own 3.63%. Paul V. Shields is board chairman and John G. Bannister is president.

**WORLD TOY HOUSE FILES FOR STOCK OFFERING.** World Toy House, Inc., 408 Saint Peter Street, St. Paul, Minn., filed a registration statement (File 2-19344) with the SEC on November 24th seeking registration of 150,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Laren Company. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes 13,000 shares underlying a 5-year option granted to the principal underwriter, exercisable initially at the public offering price.

The company is a sales organization acting as a manufacturers' broker specializing in the sale of toys, hobby goods and selected "play tested," "age grouped" toys and related items of the type generally sold in self-service retail stores. It has no products, as such, nor merchandise inventory, but selects toys from the lines produced by the several manufacturers it represents as a broker. Net proceeds from the stock sale will be used to increase the company's "Guaranteed Sales Contract" program, under which, among other things, it agrees to sell, as broker for manufacturers, a specific quantity of selected items within a specified period of time, advancing to the manufacturers a varying percentage of the total sales price in anticipation of sales. Proceeds not used in such program will be used for the company's general purposes.

The company has outstanding 100,000 shares of 10¢ par preferred stock (recently purchased by Warren Gochenour, president, for an aggregate of \$10,000) and 146,805 shares of common stock (after giving effect to a recent recapitalization whereby the 48,935 shares then outstanding were changed into 146,805 shares). Gochenour and George L. Townsend, vice president, own 59.5% and 12.2%, respectively, and management officials as a group 82.5% of the common stock.

**CONSOLIDATED DEVELOPMENT (CUBAN PETROLEUM) STOCK DELISTED.** The SEC on November 24, 1961, issued an order under the Securities Exchange Act of 1934 (Release 34-6672) withdrawing the common stock of Consolidated Development Corporation (formerly Consolidated Cuban Petroleum Corporation), of Miami Beach, Fla., from listing and registration on the American Stock Exchange. Trading in the stock was suspended by action of the Exchange in December 1959. In October 1960, the Commission suspended the effectiveness of a Securities Act registration statement filed by the company which proposed the public offering of 448,000 common shares.

The Commission's delisting order was based upon violations by Consolidated of the reporting and disclosure requirements of Section 13 of the Act and SEC rules thereunder, in connection with its annual reports for the years 1956-59 and current reports filed or required to be filed for various months in 1957, 1958 and 1959. These reports, the Commission ruled, failed to disclose, adequately or accurately, various material facts, including an accurate description of transactions by which Consolidated ("registrant") issued its stocks and debentures in exchange for shares of subsidiary corporations, cash, other assets and services; the nature and value of the consideration received by registrant in such transactions; the control of subsidiary corporations by individuals who also controlled registrant; the consideration given by those individuals for their interests in such corporations; the amounts of stock issued to those persons by registrant in exchange for such interests; and the subsequent sale of a large portion of registrant's securities so issued in the United States without registration. Included among such transactions was the organization in June 1956 of Cuban Land Oil Corporation by Clarence W. Moore, Alberto Diaz Masvidal and Peter H. Bergson, officers and directors of Consolidated; the issuance to them and two other promoters of 1,000,000 shares of Cuban Land stock in exchange for \$1,000 cash, properties acquired for an unknown consideration and services; and the issuance immediately thereafter of 1,390,000 shares of Consolidated stock for the outstanding stock of Cuban Land; also, the disposition of Bergson, Masvidal, Moore and Moore's brother of more than 800,000 shares of Consolidated's stock in the years 1956 through 1959, mostly to residents of and broker-dealer firms in the United States, without registration under the Securities Act.

**SEC SUSPENDS SILTRONICS EXEMPTION; CITES EIGHT FIRMS.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a recent public stock offering by Siltronics, Inc., of Pittsburgh, Pa. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The Commission also has authorized proceedings under the Securities Exchange Act of 1934 to determine whether the two named underwriters of the Siltronics stock offering, Atlantic Equities Company of Washington, D. C., and Blair F. Claybaugh & Company of Harrisburg, Pa., together with certain other firms, violated the registration and/or anti-fraud provisions of the Federal securities laws in the offer and sale of Siltronics stock, and, if so, whether their broker-dealer registrations should be revoked. The other firms are First Pennington Company, Lenchner, Covato & Co., Inc. (formerly Bruno-Lenchner, Inc.), and Strathmore Securities, Inc., of Pittsburgh, and John R. Wilson, Jr., Co., Shawe & Co., Inc., as well as two officers of Klein, Runner and Company, Inc., all of Washington. The orders with respect to three of the firms, Lenchner, Covato & Co., Inc., John R. Wilson, Jr., Co., and Shawe & Co., Inc., involve only the question whether the Securities Act registration requirements were violated. The orders with respect to the following also involve the question whether the firms should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.: Blair F. Claybaugh & Company, First Pennington Company, John R. Wilson, Jr., Co., Lenchner, Covato & Co., Inc., and Strathmore Securities, Inc.

Regulation A provides a conditional exemption from registration with respect to the public offering of securities not exceeding \$300,000 in amount. In a notification filed March 23, 1961, Siltronics proposed the public offering of 150,000 common shares at \$2 per share pursuant to such exemption. The Commission asserts in its suspension order that it has "reasonable cause to believe" that (A) certain terms and conditions of Regulation A were not complied with; (B) that Siltronics' offering circular was false and misleading in respect of certain material facts; and (C) that the Siltronics stock offering violated the Securities Act anti-fraud provisions. The alleged misrepresentations related to (1) the failure to disclose that First Pennington, John R. Wilson, Jr., Shawe and Company, Lenchner, Covato & Co., and Strathmore Securities were to act as underwriters, (2) the failure to disclose a prearranged plan for distribution of 25,000 shares of the offering and (3) the failure to disclose that Siltronics had a contingent liability with respect to the sale of certain shares in violation of the registration requirement. There also was an alleged failure to comply with Regulation A with respect to the failure to disclose the foregoing and by reason of the failure to furnish an offering circular to purchasers of about 4,000 shares and the fact that the aggregate amount of the stock offering exceeded the \$300,000 limitation prescribed by Regulation A.

With respect to Atlantic Equities, Claybaugh & Company, First Pennington, Strathmore Securities the two officers of Klein Runner & Co. (namely, Milton Irving Klein, president, and Earle I. Runner, Jr., vice president), and various other individuals, including Howard J. Hansen, the Commission's orders contain charges by its staff that information obtained in an investigation tends if true to show that they sold Siltronics stock in violation of the Securities Act registration requirement and that they engaged in acts and practices "which would and did operate as a fraud and deceit upon certain persons," in violation of the anti-fraud provisions of the Federal securities laws, in that they allegedly made false and misleading representations or omitted material facts with respect to the proposed plan of distribution of Siltronics stock, the underwriters participating in the distribution, the sale of stock in violation of the Securities Act registration requirement, and contingent liabilities arising by reason thereof. With respect to the other three firms, Wilson, Shawe & Co. and Lenchner, Covato & Co., the staff charges that they sold Siltronics stock in violation of the Securities Act registration requirement.

Concerning Atlantic Equities, the Commission also made public proceedings instituted on March 30, 1961, to determine whether it violated the Commission's net capital and record-keeping requirements. Klein, Runner and Hansen were associated with Atlantic Equities when they participated in the offering of Siltronics stock.

With respect to First Pennington, the Commission's staff also charges that Edward L. Batz, its president, and Naomi R. Jezzi, secretary-treasurer, while officers of The First Washington Corporation, offered and sold stock of Lifetime Pools Equipment Corporation in August 1959 in violation of the Securities Act registration and anti-fraud provisions. The alleged misrepresentations in the sale of Lifetime Pools stock related to statements concerning the participation of First Washington as underwriter of the offering.

Moreover, the staff charges (1) that Claybaugh & Company arranged, and Ethel Weber, officer manager of its Pittsburgh Office caused it to arrange, for the extension of credit on a customer's purchase of Siltronics stock (a non-listed security) in violation of Section 7 of the Exchange Act; and (2) that Strathmore Securities, by bidding for Siltronics stock while engaged in its distribution, violated Rule 10b(6) under the said Act.

**SECURITIES ACT REGISTRATIONS.** Effective November 27: Architectural Marble Co. (File 2-18788); Arista Truck Renting Corp. (File 2-18630); Binney & Smith, Inc. (File 2-18857); General Telephone Company of California (File 2-19272); Louis Sherry Preserves, Inc. (File 2-18935); Pioneer Astro Industries, Inc. (File 2-18579); Red Rope Stationery Industries, Inc. (File 2-18731); Thoroughbred Enterprises, Inc. (File 2-18244); Tri-Chem, Inc. (File 2-18696). Withdrawn November 24: Murray Magnetics Corp. (File 2-18686).