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 February 29, 1960

Statistical Release No. 1662. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended February 26, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959 - 1960, is as follows:

	1939 = 100		Percent	1959 - 1960	
	2/26/60	2/19/60	Change	High	Low
Composite	405.3	407.6	-0.6	441.3	400.1
Manufacturing	491.8	496.4	-0.9	554.2	490.1
Durable Goods	474.0	475.6	-0.3	527.7	457.8
Non-Durable Goods	498.7	506.0	-1.4	570.1	498.4
Transportation	309.3*	313.3	-1.3	371.6	309.3
Utility	227.8	226.9	↑0.4	231.8	207.1
Trade, Finance & Service	426.7	419.5	↑1.7	447.3	382.7
Mining	272.9*	277.9	-1.8	360.4	272.9

*New Low

PEERLESS-NEW YORK REGISTRATION SUSPENDED. In an interim decision announced today (Release 34-6193), the SEC suspended the broker-dealer registration of Peerless-New York, Incorporated, 350 Fifth Avenue, New York, pending decision by the Commission on the ultimate question whether the Respondent's registration should be revoked.

The suspension order was based on Federal court orders which held that the Respondent had engaged in fraudulent and other conduct in violation of the Federal securities laws and enjoined it from effecting securities transactions in violation of the registration and anti-fraud provisions of the laws and the Commission's net capital rule.

Three court injunctions were introduced in evidence in the Commission's administrative proceedings. Two were issued on December 11, 1959, and both concerned the sale by Respondent and others of stock of Belmont Oil Corporation. In one, the court found that Respondent and others had made false and frauduient representations through the use of long distance telephone and the mails in the course of the sale of Belmont stock. The false and misleading representations concerned the history, assets, net worth, production, receipts and operating deficit of Belmont, the disposition of the proceeds of the sale of its shares, the existence of negotiations for a merger or consolidation of Belmont with a major oil company, the listing of Belmont shares on a national securities exchange, and transactions by promoters in connection with the acquisition and sale of Belmont shares.

In the other injunction of December 11th, the court preliminarily enjoined Respondent and two of its officers, Edward S. Cantor and Michael Canter, together with other named defendants, from selling Belmont stock in violation of the Securities Act registration requirement, the court finding that the said defendants had violated the said registration requirement in their sale of such stock. An earlier 1958 injunction temporarily restrained Respondent from effecting transactions in violation of the Commission's net capital rule.

MAGNASYNC PROPOSES STOCK OFFERING. Magnasync Corporation, 5546 Satsuma Ave., North Hollywood, Calif., filed a registration statement (File 2-16177) with the SEC on February 26, 1960, seeking registration of 200,000 shares of capital stock, to be offered for public sale at $5 per share by Taylor and Company. The underwriting commission will be 87½¢ per share.

The company was organized as a California corporation in November, 1959 and effected a merger after acquiring all the outstanding stock (102 shares) of Magnasync Manufacturing Co., Ltd. It is engaged in the manufacture and sale of electronic equipment and related precision products. Net proceeds from the sale of the stock will be used to repay interim loans up to $100,000 to Taylor and Company; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling for production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. The company has outstanding 200,000 shares of capital stock, of which 46,666 shares each are held by D. J. White, president, and two other officers.

OVER

CONSOLIDATED VIRGINIA MINING STOCK DELISTED. In a decision announced today (Release 34-6192), the SEC ordered the withdrawal of the common stock of Consolidated Virginia Mining Company, Armonk, N. Y., from listing and registration on the San Francisco Mining Exchange because of its failure to file a report of the issuance of stock and its filing of a false and misleading proxy statement.

Consolidated is a Nevada corporation whose stock is listed on the Mining Exchange. In 1955 the par value of its stock was reduced from $1 to 10¢ per share and the authorized capital increased from 5,000,000 to 7,500,000 shares. The Mining Exchange suspended trading in the stock in February 1957 following the institution of these proceedings by the Commission.

According to the Commission's decision, Consolidated filed a proxy statement which it mailed to stockholders soliciting proxies for a stockholders meeting on July 9, 1956, to vote on a proposal to increase the amount of Consolidated's authorized common stock from 7,500,000 to 30,000,000 shares in order to make available unissued shares which might be used "for the purpose of acquiring new and additional mining properties, or companies." The proxy statement represented that "No particular transactions of such character are pending." The increase in authorized capital was voted by the shareholders on that date. On July 12, 1956, the directors of Hampton Mining Co., a Utah corporation, authorized its president to negotiate the sale of all its assets to Consolidated; and on the next day Consolidated's directors approved the issuance of 12,500,000 shares in exchange for 10,000,000 shares of Hampton stock, the exchange being effected in October 1956. No report of this transaction and the resulting issuance of shares was filed with the Commission, as required by the Securities Exchange Act of 1934.

Moreover, the Commission stated, although no final commitment had been made prior to the use of the proxy statement, it is clear that negotiations had progressed to a point where it was "false and misleading" to represent therein that no particular transactions for the acquisition of new properties were pending. In fact, according to the decision, the evidence shows that substantial negotiations had taken place by June 18, 1956, the date the proxy statement was filed.

The Commission's decision reviews the history of these negotiations. At the end of 1955, Consolidated's principal assets consisted of properties near Virginia City, Nevada, which had been inactive for many years. About this time one H. C. Van Valkenburgh brought Consolidated to the attention of Louis H. Seagrave and Thomas E. Wilson, who in January 1956 became board chairman and secretary-treasurer, respectively, and were designated as the company's executive committee. At the same time, Stanford R. Mahoney, then a controlling stockholder and director of Hampton, was elected a director and first vice president of Consolidated, and the directors authorized the sale of 250,000 shares of Consolidated stock to Van Valkenburgh.

In March 1956, with Van Valkenburgh present, Seagrave, Wilson and Mahoney presented to Consolidated's board of directors the possible acquisition of various mining properties, including those owned by Hampton, and Seagrave and Wilson as Consolidated's executive committee were authorized to continue negotiations to a point where an early subsequent directors' meeting might consider definite commitments. In April 1956 Seagrave and Wilson entered into a joint venture agreement with Van Valkenburgh and others, to acquire mining properties which would be transferred to a corporation in exchange for stock; Hampton's authorized capital was increased from 1,200,000 shares to 10,000,000 shares to provide shares to be used in the acquisition of properties; and Van Valkenburgh was elected a member of Hampton's board of directors.

In May 1956 Consolidated's board voted to submit to stockholders the proposal for an increase in authorized shares to 30,000,000 to provide shares to be used for the acquisition of properties or companies. At a directors' meeting on July 2, 1956, specified properties considered for acquisition, as described in a brochure prepared by Seagrave entitled "Hampton Mining Company," were discussed, with the understanding that the board would defer action thereon and would adjourn until after the stockholders meeting. When it reconvened on July 13, 1956, following stockholder approval of the increase in authorized shares on July 9, 1956, the board approved the issuance of Consolidated stock for Hampton stock upon the acquisition by Hampton of 13 specified mining interests, 12 of which were described in the Seagrave brochure. The members of the joint venture and an affiliate received 6,359,500 shares of Hampton stock and Mahoney 500,000 shares which were exchanged for a total of 8,574,375 shares of Consolidated stock.

According to the decision, one of the reasons why the property interests were not transferred directly to Consolidated but were first acquired by Hampton in exchange for Hampton stock, and then acquired by Consolidated through the exchange of its stock for the Hampton stock, was the belief that thereby the transaction would be within the "no sale" exemption of Rule 133 under the Securities Act of 1933 and that persons receiving Consolidated stock would then be free to redistribute it without registration under that Act. In fact, except for Seagrave and Wilson, the members of the joint venture, including Van Valkenburgh, sold all or substantial amounts of the Consolidated stock they received within several months thereafter, and other persons receiving shares of Consolidated stock in exchange for Hampton stock also made resales within a short time thereafter. While not ruling on the question whether Consolidated was justified in issuing its stock in exchange for Hampton stock in reliance on Rule 133, since that question was not in issue, the Commission stated that in no event would Rule 133 have operated to permit the shares issued in exchange to be thereafter distributed to the public without registration.

HERCULES POWDER FILES EMPLOYEE PLAN. Hercules Powder Company Employe Savings Plan, 900 Market St., Wilmington, Del., filed a registration statement (File 2-16183) with the SEC on February 26, 1960, seeking registration of $5,000,000 of employee participations in the plan, together with 60,979 shares of Hercules Powder common stock which may be acquired pursuant to the Plan.

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