

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 December 29, 1960

VIOLATIONS CHARGED TO EMPIRE UNDERWRITERS CORP., INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Empire Underwriters Corporation, Inc., 141 Carnegie Way, N. W., Atlanta, Ga., offered and sold its securities in violation of the registration and anti-fraud provisions of the Securities Act of 1933 and, if so, whether its broker-dealer registration should be revoked.

Empire Underwriters has been registered with the Commission as a broker-dealer since February 21, 1958. Thomas Thompson, Sr., is listed as president and board chairman, Thomas Thompson, Jr., as vice president, and Reginald J. Witalis as secretary. The Commission's order asserts that Empire Underwriters and the three named individuals "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit" upon purchasers of securities of Empire Underwriters, in that, in connection with the offer and sale of such securities during the period from late in 1957 to about December 1959, they made false and misleading statements of material fact and omitted material facts concerning (1) Commission approval of the securities; (2) the offering price and future price of, the future market for, and dividends to be paid on such securities; (3) the source of stock being sold and the use of the proceeds from the sale of the securities; (4) the way in which the company would deal with certain promissory notes given in payment for its securities; (5) the business activities of the company and the property owned and sold by it; (6) members of the company's board of directors and monies obtained from its officers; and (7) options for additional shares of company stock.

It also is asserted in the Commission's order that securities of Empire Underwriters were sold by the company and Thompson Sr. during the period November 1957 until February 1958 in violation of the Securities Act registration requirement; that Empire Underwriters failed to amend its registration application to disclose certain changes in its management officials; that the said company failed to file a report of financial condition for 1959; and that it engaged in the conduct of a securities business in December 1959 in violation of the Commission's net capital rule and during the period July 1959 to date in violation of Commission record-keeping requirements.

A hearing will be held, at a time and place later to be announced, to take evidence on the foregoing matters.

NICHOLAS JAMIESON REGISTRATION DENIED. In a decision announced today (Release 34-6440), the SEC denied an application for broker-dealer registration filed by Nicholas Jamieson, doing business as First Houston Investment Brokers, 1420 Melrose Bldg., Houston, Texas, because of "false and misleading" statements in the registration application. Jamieson consented to such denial; and George T. Argeros was found, with his consent, to be a cause of the denial order. The Commission's decision was based upon a factual stipulation agreed to by the parties.

According to the decision, Jamieson represented in his application that no one else controlled his business and that he employed Argeros as a salesman. This was false and misleading the Commission ruled, by reason of the failure to disclose that Argeros directly or indirectly controlled Jamieson. Jamieson, who lived and had his place of business in Miami, Fla., and who admittedly has had no prior experience or financial interest in the securities business, filed the application at the suggestion of Argeros, who undertook to make all the arrangements to engage in the securities business in Houston, Texas where Argeros then resided, the Commission stated.

There also was a failure to disclose that Argeros, as a partner of the firm of Universal Securities of Buffalo, was enjoined by Federal court order in June 1958 (USDC WD NY) from effecting transactions in securities while that firm's liabilities exceeded its assets, in violation of the anti-fraud provisions of the Securities Exchange Act and the SEC net capital rule thereunder, and in violation of the Commission's record-keeping requirements. Its registration was revoked by the Commission on September 1, 1959. Argeros also was permanently enjoined in August 1958 by the Supreme Court of Erie County, N. Y., from engaging in and continuing certain conduct and practices in connection with the sale of securities which also was not disclosed.

Moreover, the Commission ruled, a statement of financial condition filed as a supplement to Jamieson's registration application also was false and misleading. Jamieson failed to list his liabilities; and he represented that his assets included cash in a specified bank in the amount of \$2,000; furniture valued at \$1,000; phone, rent and teletype deposits totalling \$525; and 50,000 shares of stock of Camdale Corp. Jamieson admittedly did not have \$2,000 in the named bank (although he purportedly planned to make a deposit in that amount);

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he relied on Argeros' representations that Argeros had the furniture and the Camdale stock but admits he did not know whether Argeros owned the furniture and stock and never received title to any furniture or stock from Argeros or anyone else; Jamieson sought to make arrangements to rent office space and obtain telephone service, and subsequent to the date of the financial statements he issued checks for deposits in connection therewith, but such checks were not paid because of insufficient funds and the closing of Argeros' bank account; the office lease on the premises listed as the principal place of business in the registration application was cancelled and the telephone service was discontinued; and no deposit had ever been made for teletype services.

In view of these wilful violations of the registration disclosure requirements, as well as the Federal and State injunctions, the Commission concluded that it was in the public interest to deny Jamieson's application for registration as a broker-dealer.

ASSOCIATED DRY GOODS SHARES IN REGISTRATION. Associated Dry Goods Corporation, 417 Fifth Avenue, New York, filed a registration statement (File 2-17427) with the SEC on December 28, 1960, seeking registration of 141,150 shares of common stock. Such shares include (1) 35,140 outstanding shares acquired by optionees pursuant to the exercise of options under the company's 1956 Stock Option Plan between July 1957 and November 1960, (2) 60,710 shares reserved for issuance to key employees upon the exercise of options outstanding on November 30, 1960 under the company's 1956 Stock Option Plan and 1960 Stock Option Plan, and (3) 45,300 shares reserved as of November 30, 1960, for issuance to key employees upon the exercise of options not yet allocated under the 1960 Stock Option Plan.

MCGRAW-HILL FILES EXCHANGE PLAN. McGraw-Hill Publishing Company, Inc., 330 West 42nd St. New York, filed a registration statement (File 2-17421) with the SEC on December 28, 1960, seeking registration of 408,144 shares of common stock and 156,978 shares of \$5.50 convertible preferred stock, \$10 par. The company proposes to exchange 4-1/3 common shares and 1-2/3 preferred shares for each of the 94,187 common shares of F. W. Dodge Corporation, of New York. The statement also includes 156,978 shares which are issuable upon conversion of the preferred stock.

The company's activities consist of business publications, from which it derives revenues from advertising and subscriptions, and the publishing of books. Such books are principally of an educational and technical nature, but its books business also extends to fields of general interest. The business of F. W. Dodge and its subsidiaries is the development of effective over-all marketing plans for its clients, and the furnishing of specialized and integrated publications and services to implement such plans, in the fields of advertising, catalog services and news services.

WHIPPANY PAPER BOARD FILES FOR OFFERING. Whippany Paper Board Co., Inc., 10 North Jefferson Road, Whippany, New Jersey, filed a registration statement (File 2-17422) with the SEC on December 28, 1960, seeking registration of 250,000 shares of common stock, to be offered for public sale on an all or none basis by a group of underwriters headed by Van Alstyne, Noel & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company's business consists of the manufacture and sale of container liner board, corrugating board, chip board and box board. These paper board products are used principally in the fabrication by others of container, folding and set-up boxes and also for a variety of other paper board uses. Of the net proceeds from the stock sale, \$1,600,000 will be used for certain conversion work on one of the company's paper board machines, and the balance will initially be added to working capital, with which the company intends from time to time to prepay its note payable to a bank.

In addition to certain indebtedness, the company has outstanding 1,686,700 shares of Class B stock and 490,000 shares of common stock. All of such stock is owned by members of the Desiderio family, founders of the business. Anthony Desiderio is listed as president and Dominick Desiderio as vice president.

AEROSOL TECHNIQUES FILES FOR OFFERING. Aerosol Techniques, Inc., 111 Silliman Avenue, Bridgeport, Conn., filed a registration statement (File 2-17423) with the SEC on December 28, 1960, seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4 per share through a group of underwriters headed by Michael G. Kletz & Co., Inc. The underwriters who have agreed to purchase or find purchasers of the shares will receive a 40¢ per share commission plus \$8,500 for expenses. The company has granted an option to the principal underwriter to purchase 10,000 common shares at \$4 per share through January 1964 and \$6 per share through January 1966.

The company manufactures and packages cosmetic, household, industrial, pharmaceutical, medicinal, dental and veterinary aerosol products for other concerns for sale by them under their own brand names. The company does not sell any products under its own name. All of the net proceeds from the stock sale will be added to working capital.

In addition to certain bank loans, the company has outstanding 300,000 shares of common stock all of which is owned by Herman R. Shepherd, president.

DOLomite GLASS FIBRES PROPOSES OFFERING. Dolomite Glass Fibres, Inc., 1037 Jay St., Rochester, N. Y., filed a registration statement (File 2-17418) with the SEC on December 27, 1960, seeking registration of 200,000 shares of 7% preferred stock (cumulative-convertible), 200,000 Class "A" common shares (voting) and 1,000,000 common shares (non-voting). The preferred stock is to be offered for sale at \$10 per share

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MUTUAL FUND - INVESTMENT ADVISER STUDY ANNOUNCED. The SEC today announced (Release 40-3169) that a questionnaire is being distributed among open-end (mutual fund) investment companies to elicit information concerning the relationships between open-end investment companies, their investment advisers, and their principal underwriters.

This project is in furtherance of the study of the size of investment companies being conducted for the Commission by the Securities Research Unit of the Wharton School of Finance and Commerce, University of Pennsylvania, and seeks to develop additional information as part of the fact-finding survey and report on certain aspects and practices of registered investment companies. Section 14(b) of the Investment Company Act of 1940 authorized the Commission "to make a study and investigation of the effects of size on the investment policy of investment companies and on security markets on concentration of control of wealth and industry, and on companies in which investment companies are interested, and from time to time to report the results of its studies and investigations and its recommendations to the Congress."

It is expected that the Wharton School report including material based on this additional questionnaire will be available to the Commission during 1961.

SHOW CAUSE ORDERS NAME ROSS JAMES RIEMER COLLINS & CO. The SEC New York Regional Office announced December 27th (LR-1871) the issuance of a show cause order by the U. S. District Court (SDNY) directing Ross, James Riemer, Collins & Co., Inc., its president, Neil James Shanman, and others, to show cause why the Commission should not be permitted to amend its earlier complaint to allege violations of its bookkeeping rules and why a receiver should not be appointed for the corporate defendants. In a further announcement of December 28th (LR-1872), it was reported that the court had issued an order to show cause why the said corporate defendant and Shanman should not be held in criminal contempt for the continued conduct of a securities business in violation of a temporary restraining order of the court.

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