

# 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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**ADVISER REGISTRATION OF DYNAMICS LETTER REVOKED.** In a decision announced today (Release IA-148), the SEC revoked the investment adviser registration of The Dynamics Letter, Inc., 507 Fifth Avenue, New York, for violations of the anti-fraud and other provisions of the Investment Advisers Act of 1940. Grant Jeffery, president and a principal stockholder of the firm, as well as Peter Jeffery, said to be a controlling person, consented to the revocation order.

In its decision, the Commission found that during the period December 1959 to February 1963, the firm, aided and abetted by the Jefferys, violated the anti-fraud provisions of the said Act in that they made false and misleading representations concerning The Dynamics Letter, an advisory service published and sold by the company. The misrepresentations included statements with respect to the services offered and research performed by the company's staff, the right of subscribers to the Letter to obtain a refund at any time, the short-term gains in the market prices of certain securities recommended in the Letter, and the earnings, business activities and prospects of the issuers of such securities. The Commission also found that the respondents failed to disclose that since October 1962 the company had no paid employees or staff; that it was insolvent and could not meet current obligations (including claims for refunds as they arose); and that it failed to furnish, as required, a list of all recommendations during the preceding year, including those which would have been unprofitable. Moreover, the Commission found that while favorably discussing and recommending certain securities, they failed to disclose material adverse information concerning the issuers of such securities. Violations of certain reporting and recordkeeping requirements were also found.

**UNIMED FILES FINANCING PLAN AND SECONDARY.** Unimed, Inc., Route 202, Morristown, N. J., filed a registration statement (File 2-21680) with the SEC on September 3 seeking registration of \$300,000 of 5½% convertible subordinated notes due 1973, to be offered for public sale at 100% of principal amount. No underwriting is involved. The statement also includes 209,826 outstanding shares of common stock, which may be offered by the holders thereof from time to time in the over-the-counter market or otherwise (maximum \$6 per share\*).

The company (formerly Wynlit Pharmaceuticals Inc.) is engaged in the development, manufacture and distribution of ethical drugs and pharmaceutical preparations. According to the prospectus, it also has rights with respect to several products and devices intended for use by hospitals, physicians and the general public and pays for research designed to lead to new products in those fields and to new techniques of patient care. The prospectus reflects a net loss of \$135,065 for the year ended September 30, 1962 and of \$133,295 for the nine months ended June 30, 1963; and an accumulated deficit of \$498,711 is reflected at the June 30th date. Of the net proceeds from the note sale, \$200,000 will be used to introduce and market existing products of the company which are not yet marketed commercially, and the balance will be used for research and development of new products. In addition to certain indebtedness, the company has outstanding 658,194 shares of common stock (with a book value of \$.643 per share), of which management officials as a group own 22.6%. Spencer M. Fossel is president and chairman of the executive committee. In July 1962 the company acquired substantially all of the assets of United Medical Products Co., Inc. and Spencer Laboratories, Inc. in exchange for an aggregate of 517,194 common shares, and the 209,826 outstanding shares included in the prospectus are a portion of such stock.

**ROCKWELL-STANDARD FILES EXCHANGE OFFER.** Rockwell-Standard Corporation, 843 Fourth Ave., Coraopolis, Pa., filed a registration statement (File 2-21681) with the SEC on September 4 seeking registration of 324,648 shares of common stock. It is proposed to offer such stock in exchange for up to 75% of the outstanding common stock of Ontario Steel Products Company, Limited, a Canadian company, at the rate of 54/100 of a share for each share of Ontario Steel. Ontario Steel has outstanding 778,500 common shares and options to purchase an additional 23,100 shares. Members of the Toronto or Montreal Stock Exchanges will receive 17½¢ for each Ontario Steel share exchanged through their efforts and Jones Heward & Company, of Montreal, will also receive 17½¢ per share for such shares exchanged otherwise than through the efforts of other members of the said exchanges. The company is not obligated to accept any shares of Ontario Steel unless 70% of the shares are deposited for exchange.

The company is engaged principally in the manufacture and sale of component parts for the automotive industry, including both commercial and passenger vehicles; and it also manufactures and sells aircraft, filters, components for farm, road building and material handling equipment, and other products. Ontario Steel is engaged in the manufacture and sale of steel and plastic products, particularly for use in the automotive industry. The company has outstanding 5,387,104 shares of common stock, of which management officials as a group own 3.9%. Willard F. Rockwell is board chairman and Willard F. Rockwell, Jr. is president.

**BOLT BERANEK AND NEWMAN FILES STOCK PLAN.** Bolt Beranek and Newman Inc., 50 Moulton St., Cambridge, Mass., filed a registration statement (File 2-21683) with the SEC on September 3 seeking registration of common stock to be offered pursuant to its Restricted Stock Option Plan.

OVER

**SAVANT INSTRUMENTS 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 stock offering by Savant Instruments, Inc. (formerly Servonuclear Corp.), 221 Park Ave., Hicksville, Long Island, N. Y.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification and a statement in lieu of an offering circular filed on July 5, 1963, Savant Instruments proposed the public offering by selling stockholders of 15,000 common shares at prevailing market prices not to exceed an aggregate offering price of \$50,000. The Commission asserts in its suspension order that it has reasonable cause to believe that the said statement was false and misleading in that it failed to properly disclose that prevailing prices, described as prices in the over-the-counter market for issuer's securities, were in fact not representative of a free and independent market but were affected by false and artificial means. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

**MANUFACTURERS LIGHT AND HEAT RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-14936) authorizing The Manufacturers Light and Heat Company, Pittsburgh subsidiary of The Columbia Gas System, Inc., a registered holding company, to acquire from a nonaffiliated company, Taylors-town Natural Gas Company, two oil and gas leases situated in Donegal and Blaine Townships, Washington County, Pa. (covering about 248 acres) and three producing gas wells situated on the leasehold acreage (including certain equipment) for a total consideration of \$119,000.

**CAPITAL EXPENDITURES UP.** The SEC and the Department of Commerce announce (for September 6 Newspapers) that plant and equipment expenditures were at a seasonally adjusted annual rate of \$38 billion in the second quarter, and are expected to reach record rate of \$40 billion in the third quarter and \$41 billion in the fourth quarter of 1963. For details, see Stat. Release No. 1923.

**SEC ORDER CITES JEROME, RICHARD & CO.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Jerome, Richard & Co., Inc., 50 Broadway, New York, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") has been registered with the Commission as a broker-dealer since September 29, 1962. Richard Venticinque is president and Jerome Perlongo is vice president; and they are principal stockholders. According to the order, in November 1962 registrant commenced a public offering of 50,000 shares of its non-voting common stock pursuant to a claimed Regulation A exemption from Securities Act registration; and in a report of stock sales filed in May 1963 registrant stated that, as of December 1962, 25,025 shares had been sold and the balance was being withdrawn and the offering terminated. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of registrant's stock from November 1962 through August 1963, registrant, Venticinque and Perlongo "engaged in transactions, acts, practices and a course of business which would and did operate as fraud and deceit" upon investors in violation of the anti-fraud provisions of the Federal securities laws. It is alleged by the staff that registrant, Venticinque and Perlongo, engaged in a scheme with certain other persons, principally Laurence H. Ross, Jerome Melvin Grossinger, Frances Ginsburg and Anthony Perotta, all employees of Kamen & Company, as well as George Herman, to induce a number of over-the-counter broker-dealer firms in the United States and Canada to execute their exchange business through Kamen in exchange for which Kamen would provide those firms with reciprocal over-the-counter business in proportion to the business received from them, and to induce a series of consecutive purchases and sales of Jerome, Richard stock by a number of brokers solely for the purpose of permitting each such broker to realize a profit on the transactions in consideration for the exchange business given to Kamen. In furtherance of the scheme, registrant, Venticinque and Perlongo (1) arranged for the transactions in Jerome, Richard stock to be effected at ever-increasing prices arbitrarily determined by, and in a market dominated by, all of said persons, (2) participated in numerous purchases and sales of Jerome, Richard stock for the purpose of sustaining the continuity of the transactions and to create actual or apparent active trading in and raising the price thereof, and (3) set up two companies, Rybyl, Inc. and Fenli & Co., Inc. (which were purported to be engaged in the brokerage business but which were not registered as such under the Exchange Act and were allegedly inoperative) in order to participate in and facilitate transactions in the stock and to create an apparent market therefor.

It is also alleged that registrant, Venticinque and Perlongo made false and misleading statements of material facts concerning, among other things, the existence of an independent market for Jerome, Richard stock; the participation by said persons in the scheme to manipulate the market price of such stock; their control of Rybyl and Fenli and the inability and refusal of such companies to effect transactions in the stock; the financial condition of registrant; and the number of shares being offered to the public and the terms and conditions of the Jerome, Richard stock distribution. It is further alleged that registrant, Venticinque and Perlongo violated the Securities Act registration provisions as well as certain of the Securities Exchange Act anti-manipulative provisions.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether registrant's broker-dealer registration should be revoked. Registrant is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether it also should be suspended or expelled from NASD membership.

**SECURITIES ACT REGISTRATIONS.** Effective September 4: Diamond Alkali Co. (File 2-21595).

\* As estimated for purposes of computing the registration fee.