

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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VIOLATIONS CHARGED TO WRIGHT, MYERS & BESSELL. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Wright, Myers & Bessell, Inc., 1616 Eye Street, N. W., Washington, D. C.

The said company ("registrant") has been registered with the Commission as a broker-dealer since June 2, 1961. Jack Clifford Wright is president, Gerald Leon Bessell vice president, Jimmy Clark Myers secretary-treasurer, and Lawrence Betzler office manager. Charles E. Redden was listed as secretary in the registration application but was not so listed in subsequent amendments. B. Russell Atwood and Paul M. Wakeman served as registered representatives or salesmen. Registrant also 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. According to the Commission's order, Wakeman was enjoined on December 11, 1961 by the United States District Court for the District of Columbia from further violations of certain provisions of the Exchange Act and the rules thereunder, but the registration application was not amended to reflect this fact.

In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that during the period from about June 2, 1961 to date, in the offer and sale of common stocks of Physio-Chem Corporation ("Physio-Chem"), Custom Shell Homes, Inc. ("Custom"), and Space-Tone Electronics Corporation ("Space-Tone"), registrant and said individuals engaged in transactions, practices and a course of business 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 (1) distributed and sold the unseasoned and speculative securities of said companies without having made such reasonable and diligent inquiry as would have revealed their operations, earnings, current financial conditions and other similar matters and failed to disclose the absence of such an inquiry to purchasers; (2) sold such stock to customers with whom they were unacquainted, and by means of an intensive telephone campaign without knowledge of the individual needs and circumstances of such customers or the suitability of these securities to their needs; and (3) endeavored to place customers in a position where they were asked to make hasty decisions to buy such securities upon the basis of unsubstantiated representations and without disclosing to them material facts concerning the true nature and worth of the securities.

The staff further charges that in the offer and sale of said securities registrant and one or more of said individuals made various false and misleading statements of material fact concerning the issuing companies and their respective stocks and, with respect to the sale of Physio-Chem stock, employed manipulative or deceptive devices, including a scheme to obtain unreasonable and excessive profits involving the purchase of such stock from customers at \$4 per share when registrant had an agreement with Fontana Securities, Inc., whereby the latter would purchase the stock from registrant at \$6 per share. Violations of the Commission's record-keeping rules and of Regulation T (the margin requirements) also are charged.

SELECTED SECURITIES HEARING SCHEDULED. The Commission has scheduled a hearing for June 4, 1962, in its Washington Office in proceedings authorized by order of May 3, 1962, to determine whether the broker-dealer registration of Selected Securities, Incorporated, of 1025 Connecticut Avenue, Washington, D. C. should be revoked.

MICHAEL J. BOGAN REGISTRATION REVOKED. The SEC has issued an order under the Securities Exchange Act (Release 34-6810) revoking the broker-dealer registration of Michael J. Bogan, Jr., doing business as M. J. Bogan, Jr. & Co., of Bristol, W. Va. The revocation order was based on Commission findings that Bogan, who failed to appear at the hearing, offered and sold common shares of F & F Finance Company, Inc. in violation of the Securities Act registration requirement. The Commission also ruled that Bogan in the offer and sale of F & F stock, violated the anti-fraud provisions of the Federal securities laws, in that he (1) made false and misleading representations regarding future increases in the price of the stock and the earnings and net worth of the issuer, (2) sold F & F shares at prices in excess of the current market prices, the mark-ups ranging up to 53% over contemporaneous cost, (3) issued confirmations showing stock purchases by customers who had not authorized such purchases and (4) made and caused others to make purchases of the stock for his own account while he was engaged in its distribution. In addition, Bogan violated the record-keeping and margin requirements under the Exchange Act.

SELF-SERVICE SHOES 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 Self-Service Shoes, Inc., 504 North Grand, Pueblo, Colo.

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 offering circular filed on September 19, 1961, Self-Service proposed the public offering of 100,000 common shares at \$3 per share, the offering to be made on a "best-efforts" basis by Amos C. Sudler & Company, of Denver. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were

not complied with and that the company's offering circular was false and misleading in respect of certain material facts. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the order, the company did not comply with the Regulation in that it failed to cooperate with the Commission in furnishing pertinent information in connection with the offering. The alleged misrepresentations relate to the company's failure to disclose adequately and accurately its failing financial condition, the necessity for closing its retail units and the intended use of the proceeds of the offering.

CARINTHIA SKI SUSPENSION PERMANENT. The SEC today announced an order under the Securities Act (Release 33-4492) making permanent its February 1962 order temporarily suspending a Regulation A exemption from registration with respect to a public stock offering by Carinthia Ski Area, Inc., of West Dover, Vt., pursuant to a notification filed in July 1960. The issuer consented to the issuance of the order. The Commission ruled that the issuer failed to comply with a requirement of Regulation A in its failure to deliver an offering circular to certain purchasers of its stock; that its offering circular was materially misleading in its failure to disclose that the real estate owned by the company was encumbered by a first mortgage; and that the offering violated the anti-fraud provisions of the Act by reason of the issuer's failure to disclose to certain purchasers the true capitalization of the company and the number of shares outstanding.

INDICTMENT NAMES FRED HALEY AND MENNO HAAN. The SEC Chicago Regional Office announced May 22d (Lit-2268) the return of an indictment (USDC Grand Rapids, Mich.) charging Fred T. Haley and Menno Frank Haan with violations of the Securities Act registration and anti-fraud provisions in the offer and sale of oil interests (Haley Oil Company) on properties in Ohio County, Ky.

SEC COMPLAINT NAMES C.I.A. Inc. The SEC Chicago Regional Office announced May 22d (Lit-2269) the filing of a complaint (USDC Chicago) seeking to enjoin C.I.A., Inc., a Delaware corporation, and Patrick Wagner, from further sale of C.I.A. stock in violation of the Securities Act registration requirement.

UTAH POWER FINANCING NOTICED. The SEC has issued an order under the Holding Company Act (Release 35-14641) giving interested persons until June 11th to request a hearing upon an application filed by Utah Power & Light Company and its subsidiary, Telluride Power Company, both of Salt Lake City. According to the application, Telluride proposes to sell to Utah Power, during the period June 1, 1962 to March 1, 1963, up to \$1,000,000 of 4-7/8% unsecured promissory notes (which notes are to be forgiven in connection with the proposed consolidation of the assets of Telluride and Utah Power). The proceeds from the sale of the notes, together with other funds, will be used by Telluride to prepay \$200,000 of non-interest bearing notes held by Utah Power and to carry forward its construction program during 1962, or until the proposed consolidation is completed.

ALABAMA POWER FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14642) authorizing Alabama Power Company (Birmingham) to issue and sell at competitive bidding \$17,000,000 of first mortgage bonds due 1992 and to issue and sell to its parent, The Southern Company, 80,000 common shares at \$100 per share. The proceeds from this financing will be used by Alabama for construction purposes and to pay \$20,500,000 of short-term bank loans incurred therefor. Construction expenditures for 1962 are estimated at \$55,051,000.

CHILD GUIDANCE TOYS FILES FOR OFFERING AND SECONDARY. Child Guidance Toys, Inc., 1125 Close Avenue, Bronx, N. Y., filed a registration statement (File 2-20391) with the SEC on May 23rd seeking registration of 100,000 shares of common stock, of which 70,000 shares are to be offered for public sale by the company and 30,000 shares, being outstanding stock, by the holders thereof. J. R. Williston & Beane, 2 Broadway, New York, heads the list of underwriters. The public offering price (maximum \$12.50 per share*) and underwriting terms are to be supplied by amendment.

The company designs, manufactures and sells plastic educational toys under the trademark "Child Guidance Toys" for children of pre-school, kindergarten and elementary school ages. The net proceeds from the company's sale of additional stock will be added to working capital and used for general corporate purposes, including carrying increased inventories and developing new products. About \$175,000 will be applied to payment for recently acquired additional machinery and equipment. The company has outstanding 400,000 shares of common stock (after giving effect to a recent recapitalization), of which Robert Genin, president, and Nathan Wirch, vice president, own 200,000 shares each. They propose to sell 15,000 shares each.

GENERAL BANCSHARES FILES EXCHANGE PLAN. General Bancshares Corporation, 901 Washington Avenue, St. Louis filed a registration statement (File 2-20392) with the SEC on May 23rd seeking registration of 75,000 shares of 4 1/2% cumulative convertible preferred stock (\$10 par). It is proposed to offer such stock in exchange for all but the 275 qualifying shares of 10,000 outstanding shares of common stock of Lindbergh Bank, located in St. Louis County, Mo.

The company's business consists of owning controlling stock interests in four commercial banks in St. Louis, three in Illinois and one in Tennessee. In addition to certain indebtedness, the company has outstanding 2,343,244.3 shares of common stock, of which management officials as a group own directly and indirectly 88,453 shares. Jack G. Butler is president of the company and Preston Estep is board chairman of the company and of Lindbergh Bank. Estep owns 55% of the stock of said bank (and an additional 3.3% indirectly) and will receive 36,993 preferred shares of the company pursuant to the exchange.

CONTAINER CORP. PROPOSES DEBENTURE OFFERING. Container Corporation of America, 38 South Dearborn St., Chicago, filed a registration statement (File 2-20393) with the SEC on May 23rd seeking registration of \$25,000,000 of sinking fund debentures due 1987, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., 17 Wall Street, New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The company is engaged in the manufacture and sale of corrugated and solid fibre shipping containers, folding cartons, fibre cans, other paperboard products in the form of container board and boxboard, and plastic products consisting principally of packaging components. The net proceeds from the debenture sale will be used to expand and modernize facilities for the production of paperboard. About \$20,000,000 will be used to expand and diversify operations in Brewton, Alabama, and the balance to modernize a mill in Circleville, Ohio.

AMERICAN SAFETY TABLE FILES FOR STOCK OFFERING. American Safety Table Company, Inc., Mohnton, Pa., filed a registration statement (File 2-20394) with the SEC on May 23rd seeking registration of 100,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Reuben Rose & Co., Inc., 115 Broadway, New York. The public offering price (maximum \$7 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 17,500 shares underlying 5-year warrants to be issued to the underwriter, exercisable at 110% of the public offering price. The company has sold to Otterbourg, Steindler, Houston & Rosen, general counsel for the company, for \$500, 5-year warrants to purchase 10,000 shares at the public offering price.

The company is engaged in the design, manufacture, fabrication and marketing of a line of specialized equipment utilized in the sewing industry, consisting of motors, tables, cost-saving devices and material handling equipment. According to the prospectus, the company is forming a European subsidiary which intends to enter into a joint venture for the establishment of a plant in Holland for the manufacture and sale of its motors and related equipment, the subsidiary to have a 50% interest in the joint venture. Of the net proceeds from the stock sale, \$75,000 will be used as an initial contribution to this venture and up to an additional \$100,000 to provide additional funds to consummate the joint venture. In addition, \$135,475.20 will be used to repay notes to the Berks County Trust Company and certain management officials and principal stockholders (incurred to complete the payment due on the purchase in 1961 of 1,993.85 common shares for \$233,304 from a stockholder); \$200,000 to repay another note to Berks; and the balance for working capital.

In addition to certain indebtedness, the company has outstanding 190,000 shares of common stock, of which Louis Frankel, board chairman, David Frankel, president, and Sadie Steinberg own 24.9% each and management officials as a group 49.8%. Executors for two certain estates hold an additional 25%.

AUTOMATIC RETAILERS SHARES IN REGISTRATION. Automatic Retailers of America, Inc., 5950 West Jefferson Blvd., Los Angeles, filed a registration statement (File 2-20395) with the SEC on May 23rd seeking registration of 300,000 shares of common stock, to be issued by the company from time to time in acquisition of other businesses or properties. Such shares when issued will be valued at prices related to the market prices current either at the time the terms of the acquisition are agreed upon or at the time of consummation of the acquisition (maximum \$50 per share*).

The company and its subsidiaries are engaged in the business of selling a variety of products through coin operated vending machines and in supplying food service to hospitals, colleges and industrial plants in the United States and Puerto Rico. In addition to various indebtedness and preferred stock, the company has outstanding 2,927,782 shares of common stock, of which management officials as a group own 19.88%. Davre J. Davidson is board chairman and president.

ARDEN FARMS FILES FINANCING PLAN. Arden Farms Co., 1900 West Slauson Avenue, Los Angeles, filed a registration statement (File 2-20396) with the SEC on May 23rd seeking registration of \$6,000,000 of 6% subordinate debentures due 1990 (convertible until 1970), to be offered for public sale in \$100 units at 100% of principal amount. The statement also includes 49,993 shares of \$3 cumulative preferred stock (no par) and 205,105 shares of common stock. It is proposed to offer such preferred stock for subscription by holders of outstanding preferred stock at the rate of one new share for each ten shares held, and such common stock for subscription by common stockholders at the same rate. The record dates and subscription prices are to be supplied by amendment. In addition, the statement includes (1) 28,590 common shares to be issued by the company as part of the purchase price (\$807,313.50, of which \$358,806 is payable in cash) for all of the outstanding stock of Buy and Save Market, a company engaged in the operation of 13 supermarkets in San Diego County, and (2) 17,063 outstanding common shares to be offered for public sale by the holders thereof from time to time through normal brokerage channels at prices related to the market prices at the time of sale (maximum \$16.32 per share*). No underwriting is involved.

The company is engaged in manufacturing, buying and selling ice cream, ice cream mix, ice milk mix and cheese, the processing of milk, and the general business of buying and selling various dairy and related products at wholesale and retail, and buying and selling groceries, meats, market merchandise and related products at wholesale and retail. The net proceeds from this financing will be used to pay an equivalent portion of the company's current bank loans amounting to \$8,225,000 as of May 1, 1962, incurred partly to finance the procurement of materials and supplies, partly to carry notes and accounts receivable and partly to finance the expansion and growth of business. In addition to various indebtedness and preferred stock, the company has outstanding 1,708,648 shares of common stock, of which management officials as a group own 3.29%. J. Frank Holt is president. The prospectus lists five selling stockholders including Fred G. Campbell and Kitchell T. Campbell who propose to sell 11,500 and 15,000 shares, respectively. The other three propose to sell all of their holdings aggregating 5,563 shares.

TEXAS GAS TRANSMISSION PROPOSES DEBENTURE OFFERING. Texas Gas Transmission Corporation, 3800 Frederica St., Owensboro, Ky., today filed a registration statement (File 2-20397) with the SEC seeking registration of \$40,000,000 of debentures due 1982, to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc., 46 William Street, New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company owns and operates an interstate pipeline system for the transportation and sale of natural gas at delivery points in Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio. The net proceeds from the debenture sale will be used to construct new facilities in 1962 (about \$29,000,000), to retire short term bank loans incurred primarily to construct new facilities (\$8,000,000) and for general corporate purposes. In addition to various indebtedness and preferred stock, the company has outstanding 3,299,648 shares of common stock, of which J. H. Hillman & Sons Company, of Pittsburgh, owns 22.5% and management officials as a group 1.1%. Hillman & Sons is controlled directly or indirectly by Henry L. Hillman, board chairman, and other members of the Hillman family. W. M. Elmer is president.

TRADING BAN IN TWO STOCKS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending trading on the National Stock and San Francisco Mining Exchanges, respectively (as well as the over-the-counter market), for the additional ten-day period May 25 to June 3, 1962, inclusive, in the Class A stock of Automated Procedures Corp. and the common assessable stock of Industrial Enterprises, Inc.

SECURITIES ACT REGISTRATIONS. Effective May 24: Burton Mount Corp. (File 2-18960); Edge, Ltd. (File 2-20046); Standard Brands Paint Co. (File 2-20341); Technical Operations, Inc. (File 2-20258). Withdrawn May 24: American Biltrite Rubber Co. (File 2-20080); Cine-Dyne Inc. (File 2-20223); Kiddie Rides, Inc. (File 2-18876); New Hope Academy of the Arts, Inc. (File 2-19643).

*As estimated for purposes of computing the registration fee.

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