

NEWS DIGEST

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



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FOR RELEASE May 28, 1962

Statistical Release No. 1829. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended May 25, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 - 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	5/25/62	5/18/62		High	Low
Composite	121.1*	129.9	-6.8	144.3	121.1
Manufacturing	112.4*	119.9	-6.3	135.0	112.4
Durable Goods	110.3*	119.2	-7.5	135.6	110.3
Non-Durable Goods	114.4*	121.3	-5.7	134.4	114.4
Transportation	94.4*	100.0	-5.6	111.0	94.4
Utility	158.7*	169.8	-6.5	185.5	158.7
Trade, Finance & Service	149.7*	165.4	-9.5	178.2	149.7
Mining	92.4*	98.2	-5.9	113.3	92.4

*New Low

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended May 24, 1962, 28 registration statements were filed, 31 became effective, 10 were withdrawn, and 743 were pending at the week-end.

SEC ORDER CITES BEST AND GAREY. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Best and Garey Co., Inc., 1025 Connecticut Avenue, N. W., Washington, D. C.

The said company ("registrant") has been registered with the Commission as a broker-dealer since March 12, 1961. Thomas M. Garey is president and Leonidas W. Best is vice president, and both are beneficial owners of 10% or more of registrant's stock. 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. 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 stock of Visual Dynamics Corporation and Chemionics Engineering Laboratories, Inc., 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) arranged, in concert with members of selected groups, for the allocation and distribution of a substantial portion of the shares to said selected group of persons which included certain promoters, affiliates, counsel of Visual and Chemionics, and their relatives and associates as well as certain other persons who occupied a favored relationship to registrant, (2) in making such allocations and in accommodating such select group, denied and rejected offers to buy such securities from the general public, (3) in making the distribution, knew that certain members of the select group were buying a substantial amount of Visual and Chemionics securities with a view towards a resale to the public at a price in excess of the public offering price of \$3 per share, (4) failed to make a bona fide public offering of Visual and Chemionics stock, (5) in order to conceal the above activities, established and maintained certain nominee accounts which were, in fact, the undisclosed beneficial accounts of certain members of the select group, and destroyed indications of interest and falsified certain cash receipts and stock delivery records relating to the distributions and sales, (6) engaged in the distribution and sale of the unseasoned and speculative securities of both companies without first having made a reasonable and diligent inquiry as to the true nature and worth of the securities, which would have revealed the background of the issuers, the circumstances surrounding their organization, their financial condition and obligations, earnings prospects, stage of development of their products and other similar matters, and (7) distributed and sold the securities without disclosing their failure to have made such inquiries and failure to obtain and disclose such material, adverse information.

The staff further charges that in the offer and sale of said securities registrant and said persons made various false and misleading statements of material fact concerning the activities described above, the financial condition of Visual and Chemionics, the existence and nature of certain stock options granted by the issuers, the existence of and circumstances surrounding certain payments made by the issuers to their promoters, affiliates and certain other persons, the existence of and circumstances surrounding certain loans made to the issuers, the stage of development of Visual's phono-visor product and the existence and nature of Visual's contractual obligations with respect to the manufacture of the phono-visor, the existence and nature of Chemionics' contractual obligations with respect to the manufacture of its products, the existence and nature of Visual's obligations for rent and services rendered by others, the identity and interest of both issuers promoters and controlling persons, and respondents sale of Visual and Chemionics stock to residents of Florida without registration or qualification of such securities with the State of Florida. Violations of the Commission's record-keeping rules and reporting requirements and of Regulation T (credit requirements) also are charged.

A hearing for the purpose of taking evidence on the foregoing will be held at a time and place to be announced later. (See page 3 concerning the suspensions of the Visual & Chemionics stock offerings.)

OVER

CINE-DYNE FILES FOR STOCK OFFERING. Cine-Dyne, Inc., 40 East 49th Street, New York, filed a registration statement (File 2-20409) with the SEC on May 25th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on an agency best efforts basis by R. A. Holman & Co., Inc., 54 Wall Street, New York, which will receive a 48¢ per share selling commission and an expense allowance of 5% of the gross amount received for shares sold. The statement also includes (1) 5,000 shares to be sold to the underwriter and 5,000 shares to Shareholder Consultants, Inc., the finder, all at 10¢ per share, and (2) 20,000 shares underlying 5-year warrants to be sold to the underwriter at 1¢ each, exercisable at \$4 per share.

The company was organized under Delaware law in September 1961 for the purpose of engaging in the production of feature length motion pictures for theatrical distribution in the United States and abroad; the production of industrial and educational films; and the production of filmed and video taped television programs and commercials. To date, the company's activities have been in the planning stage, except that it has acquired the rights necessary to the production of a feature length motion picture tentatively titled "Judo," and has leased out the services of its executive vice president, Dennis Kane, to Time-Life, Inc. as the director for the television series, "The March of Time" and has agreed to lend the services of its president, Jac Hein, as the director of the network television program series, "Ted Mack Original Amateur Hour." Of the net proceeds from the stock sale, \$250,000 will be used for the production of "Judo," and the balance to reimburse Kane and Hein for certain pre-production, promotional and other expenses, to acquire properties suitable for television and motion picture exploitation, and for general working capital and contingencies. Pursuant to the contract between the company and Allied Artists Pictures Corporation for distribution of "Judo," Allied will receive 30% of gross receipts in the United States and 32½% in Canada until the company has received \$250,000, and thereafter Allied will receive 35% and 45% respectively. Laurence Savadove, the author of the screen play, is entitled to 5% of the net profits of the company from the picture.

The company has outstanding 33,800 shares of common stock, of which Hein, Kane and Irving Geist, a director, own 30.77%, 29.59% and 20.71%. The company has agreed to sell to them at 1¢ each, warrants to purchase an additional 12,500, 12,500 and 5,000 shares, respectively. Of the outstanding shares, 25,500 were acquired by Hein, Kane and Geist at 10¢ per share and the balance by nine persons (including Hein) at \$2.50 per share. Sale of new stock to the public will result in an increase in the book value of stock now outstanding (including shares sold to the underwriter and finder) from 62¢ to \$2.50 per share with a resulting dilution of \$1.50 per share in the book equity of stock purchased by the public.

THERMOGAS FILES FOR STOCK OFFERING. Thermogas Company, 4509 East 14th Street, Des Moines, Iowa, filed a registration statement (File 2-20408) with the SEC on May 25th seeking registration of 800,000 shares of common stock, to be offered for public sale through underwriters headed by A. C. Allyn & Co., 122 South La Salle Street, Chicago. The public offering price (maximum \$15 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 93,020 shares underlying outstanding 5-3/4% convertible subordinated notes due 1967-76.

The company is a distributor of LP gas, tanks and accessories for the storage and handling of such gas, and household and other appliances using LP gas as a fuel. Simultaneously with this offering, the company intends to acquire for a net cash consideration of about \$10,000,000, (1) a division of Warren Petroleum Company doing business as The Dri-Gas Company which is the owner of 49 LP gas distribution plants, and (2) nine companies now jointly owned by Warren Petroleum and B. T. Harris and his associates, operating eight LP gas distribution plants and selling such gas on a wholesale basis to about 50 additional distribution plants. Of the net proceeds from the stock sale, together with \$6,000,000 from the sale of notes, \$11,700,000 will be paid as the net cash purchase price for said acquisitions and as cash restored to these businesses as working capital, \$1,250,000 to repay short term bank loans, \$750,000 to establish LP gas facilities to be leased to independent LP gas dealers, \$500,000 to purchase, as needed, large bulk storage tanks to be supplied on a rental basis for industrial and commercial users of LP gas, \$600,000 to purchase smaller bulk storage tanks for service of domestic and farm customers, \$75,000 to replenish working capital used to establish Steel Tanks, Inc. (in which the company owns a 1/3 interest), and the balance to purchase additional LP gas distribution plants.

In addition to certain indebtedness, the company has outstanding 930,546 shares of common stock (after giving effect to a proposed 2-for-1 stock split), of which Charles O. Russell, president, owns 11.5% and management officials as a group own 24.4%.

MEASUREMENTS SPECTRUM 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 Measurements Spectrum, Inc., 815 South Fremont Avenue, Alhambra, Calif.

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 October 9, 1961, Measurements proposed the public offering of 60,000 common shares at \$5 per share, the offering to be made on an all or none best efforts basis by Adams & Company, of Los Angeles. The Commission asserts in its suspension order that it has reasonable cause to believe that the offering was made in violation of the anti-fraud provisions of the Securities Act and that its offering circular was false and misleading in respect of certain material facts in that it failed to disclose (1) operating losses of \$33,000 which were incurred subsequent to the August 31, 1961 date of the financial statements but prior to the date of the offering circular, (2) the issuance by Measurements of \$46,000 of promissory notes subsequent to the date of the financial statements but prior to the date of the offering circular, and (3) expenses charged to the company by the underwriter of \$26,000, which is \$17,000 in excess of the \$9,000 estimated in the offering circular as expenses of the underwriter. The alleged misrepresentations also relate to the statement in the offering circular that promotion stock was to be escrowed when in fact the underwriter reallocated promotion stock to members of the selling group, to salesmen employed by the underwriter and to directors of the company,

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and the president of the company reallocated promotion stock to the underwriter and to the lenders and finder as bonuses for loans to the company.

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

LEE-NORSE FILES FOR SECONDARY. Lee-Norse Company, 751 Lincoln Avenue, Charleroi, Pa., filed a registration statement (File 2-20407) with the SEC on May 25th seeking registration of 272,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Moore, Leonard & Lynch, 1003 Union Trust Building, Pittsburgh. The public offering price (maximum \$20 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the commercial production of a continuous miner, known as the Lee-Norse Miner, which is essentially a modern coal loading machine equipped with a cutting device consisting of oscillating groups of rotating cutters. In addition to certain indebtedness, the company has outstanding 571,072 shares of common stock (after giving effect to a proposed 700% stock dividend), of which E. M. Arentzen, president, and Consolidation Coal Company, of Pittsburgh, own 17.3% and 21%, respectively, and management officials as a group 28.9%. The prospectus lists 37 selling stockholders owning an aggregate of 439,056 shares, including Arentzen and Consolidation Coal who propose to sell 74,888 and 120,000 shares, respectively. Others propose to sell amounts ranging from 320 to 7,200 shares.

TWO OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to the distribution of stock by Visual Dynamics Corp., 505 Park Ave., New York City, and Chemionics Engineering Laboratories, Inc., 6138 Germantown Road, Philadelphia, Pa.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. Each of the above companies, in notifications filed January 12, 1961 and January 20, 1961, respectively, proposed the public offering of common stock as follows: Visual, 100,000 shares of common stock at \$3.00 per share, and Chemionics, 100,000 shares of common stock at \$3.00 per share. The Commission asserts in its orders that it has reasonable cause to believe that the offering circular of each is false and misleading in respect of certain material facts. Both issues were underwritten by Best and Garey, Co. Inc. of Washington, D. C. Each order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. The alleged misrepresentations with respect to Visual involve its failure to disclose the true plan of distribution of its stock and the true price at which the stock was to be sold; the failure to disclose (a) the proper business address of Visual, (b) the property leased by Visual and the amount of rental paid, (c) the stage of development of Phono-Visor production models, (d) that formal contracts with certain celebrities had not been made at the time of the offering, (e) the identity of issuer's manufacturing source, its contractual commitment and the existence of a common director, (f) the existence of an additional officer and his compensation, as well as fees paid to another officer and director, (g) fees paid to others including Arthur Tuchinsky and Tuchinsky's true relationship to Visual, (h) the full consideration to be paid counsel for the issuer and the extent of their obligation with Visual, (i) that counsel for the issuer was also counsel for the underwriter, (j) additional loans to the issuer and the identity of the lenders, (k) stock options granted by the issuer, and (l) the true cash position of the issuer at the time the offering commenced.

The alleged misrepresentations with respect to Chemionics involve its failure to disclose the true plan of distribution of its stock and the true price at which the stock was to be sold; the failure to disclose (a) the financial condition of Chemionics at the time the offering began, (b) the existence of certain loans, the identity of the lenders and the relationship of issuer's counsel to certain lenders, (c) the complete compensation, fees and salary to be paid certain promoters, directors and counsel of the issuer, (d) certain stock option agreements, (e) the existence, role and interrelationship of certain managing and controlling parties, (f) Chemionics' plan to locate in Pennsylvania, and (g) contractual arrangements for the manufacture of Chemionics' products.

SECURITIES ACT REGISTRATIONS. Effective May 25: Spartan International, Inc. (File 2-19515). Effective May 28: Copenhagen Telephone Co., Inc. (File 2-20318); Flower City Industries, Inc. (File 2-19398); The General Tire & Rubber Co. (File 2-20361); Georgia Pacific Corp. (File Nos. 2-20346 and 2-20349); Government Employees Financial Corp. (File 2-20253); Industrial Nucleonics Corp. (File 2-19844); Quaker States Oil Refining Corp. (File 2-20222). Withdrawn May 28: Bell and Howell Co. (File 2-20139).

GEORGIA POWER FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14644) authorizing Georgia Power Company, Atlanta subsidiary of The Southern Company, to issue and sell to Southern 60,000 additional shares of Georgia Power common stock for a cash consideration of \$100 per share. The subsidiary will use the proceeds of the stock sale for construction purposes.

INDICTMENT NAMES ROBERT EICHLER, ET AL. The SEC New York Regional Office announced today (Lit-2272) the return of a Federal court indictment (USDC SDNY) charging Robert Eichler, William Mulligan, Arthur Katz, David Siegel, and Leo Sinsheimer with conspiracy and transporting in interstate commerce securities which were obtained by fraud and converted. Additionally, Eichler and Mulligan were charged with conspiracy to embezzle securities deposited with a New Jersey bank and to make false entries in the bank's records. Three corporations, First Discount Corp., Arlee Associates, Inc., and First Industries Corp. were also indicted.

*As estimated for purposes of computing the registration fee.