

NEWS DIGEST

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

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Washington 25, D.C.

FOR RELEASE June 7, 1962

VIOLATIONS CHARGED TO SMYTHE, BOWERS, HILLIARD & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Smythe, Bowers, Hilliard & Co., Inc., 166 West Washington, Chicago.

The said company ("registrant") has been registered with the Commission as a broker-dealer since August 13, 1960. George A. Smythe is president and Charles E. Robinson is vice president. 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.

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 April 13 to May 17, 1962, registrant and said individuals "engaged in transactions, acts, 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) accepted orders for the purchase of securities as agent for customers and received payment therefor, and advised customers that they had, as agents, purchased such securities for their accounts, when in fact they had not executed the orders, (2) accepted orders for the sale, as agents, of the same securities and for the accounts of the same customers, and advised said customers that they had sold said securities for their accounts, when in fact they had not executed the orders, (3) delayed the execution of orders for the purchase of securities as agent for customers, which the customers were advised had been executed, in the expectation of purchasing such securities at prices lower than the prices confirmed to such customers, thereby obtaining secret profits, (4) falsely confirmed to customers that they had as agents for the customers executed their orders for the purchase and sale of securities, when no such orders had been executed; and (5) obtained unearned compensation by charging commissions on unexecuted transactions. Violations of other rules under the Exchange Act are also charged, including the Commission's net capital and bookkeeping rules and reporting requirements.

A hearing for the purpose of taking evidence on the foregoing will be held on June 12th at the Commission's Chicago Regional Office.

(NOTE TO PRESS. Copies of foregoing are also available at the Chicago Regional Office).

S. J. DODGE REGISTRATION CANCELLED. The Commission has cancelled the broker-dealer registration of S. J. Dodge, doing business as S. J. Dodge Co., 126 So. Main St., Shavano, Wisconsin. In October 1959 Dodge was enjoined by Federal court order from violating the anti-fraud provisions of the Federal securities laws; and in June 1961 he was convicted of violations of Wisconsin's securities and embezzlement laws.

FEDERAL REALTY INVESTMENT TRUST FILES FOR OFFERING. Federal Realty Investment Trust, 729 15th Street, N. W., Washington, D. C., filed a registration statement (File 2-20452) with the SEC on June 5th seeking registration of 500,000 shares of beneficial interest in the Trust and 3-year warrants to purchase an additional 250,000 shares (at \$5.50 per share), to be offered for public sale in units consisting of 100 shares and 50 warrants. The offering will be made at \$500 per unit on a best efforts basis by Investor Service Securities Inc., of the 15th Street address, which will receive a \$50 per unit selling commission and \$10,000 for expenses. At least 400 units must be sold by November 1962 or the entire purchase price paid by investors will be refunded by the Trust.

The Trust was organized under District of Columbia law in May 1961 for the general purpose of investing in commercial real estate such as shopping centers, apartment developments, office buildings, and in mortgages secured by real estate. It intends to qualify as a real estate investment trust under the Internal Revenue Code. As its initial investment, the Trust intends to acquire for \$189,750 a 60% ownership interest in Prince George Towers, an apartment building to be constructed in Hyattsville, Md.; and the net proceeds from the sale of the first 40,000 shares is intended to be used principally for such purchase. The balance of the net proceeds will be used for other investments principally in Washington, D.C. and the surrounding Maryland and Virginia area. Investor Service Inc., which is the Trust's investment manager and advisor, previously entered into a joint venture agreement with Sidney Poretsky, owner of the land on which the apartment is to be constructed, whereby the joint venture will acquire the land; and the Trust, which has the option to acquire the interest in the joint venture from Investor Service, will own a 60% interest for a contribution of \$189,750, and Poretsky will own the remaining 40% for his contribution of the land. Investor Service will receive, in consideration for its assignment of the option to the Trust, reimbursement for its \$10,000 initial cash payment to the joint venture. Poretsky is to construct the apartment building using mortgage funds (\$735,000) available to the joint venture and the cash capital contributions by the Trust, including any additional contributions which he is obligated to make if needed to complete the building.

The Trust will be managed by its Trustees who will consult with its Advisory Board concerning Trust business. The Trustees (Henry J. Fox, Wales H. Jack and John R. Steelman) have each agreed to purchase 200 shares at \$5 per share, and they and the five members of the Advisory Board will each receive warrants to purchase 2,000 shares at \$5.50 per share until 1972. None of the Trustee have any proprietary interest in the underwriter or the management company.

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FAIRCHILD CAMERA FILES STOCK PLANS. Fairchild Camera and Instrument Corporation, 300 Robbins Lane, Syosset, L. I., N. Y., filed a registration statement (File 2-20453) with the SEC on June 6th seeking registration of 222,648 shares of common stock, to be offered pursuant to its Incentive Stock Option Plan and its Employee Stock Option Plan.

BLACK BEAR INDUSTRIES TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Black Bear Industries, Inc., on the San Francisco Mining Exchange and over-the-counter market for a further ten-day period June 8 to 17, 1962, inclusive.

SEC COMPLAINT NAMES HAL NEWMAN. The SEC Fort Worth Regional Office announced June 5th (Lit-2281) the filing of a Federal court complaint seeking to enjoin violations of the Securities Act registration requirements by Hal C. Newman of Dallas, in connection with his sale of investment contracts involving interest in Inland Fisheries Unit No. 1. Newman consented to a final judgment of permanent injunction.

SEC COMPLAINT NAMES TWO MINING COMPANIES. The SEC San Francisco Regional Office announced June 5th (Lit-2282) the filing of a Federal court complaint (USDC, San Francisco) seeking to enjoin further sales of common stock of White Caps Gold Mining Company and Hercules Mines Company of Nevada by the two issuing companies and by Fred Vollmar and William R. Noack.

SECURITIES ACT REGISTRATIONS. Effective June 7: Beacon Investing Corp. (File 2-19518); Bell & Howell Co. (File 2-20378); Boston Edison Co. (File 2-20384); Florida Towers Associates (File 2-19438); Transcontinental Gas Pipe Line Corp. (File 2-20425). Withdrawn June 7: Blane Chemical Corp. (File 2-19711); Mandrel Industries, Inc. (File 2-19849).

MAGARIL CO. INC. ENJOINED. The SEC New York Regional Office announced June 6th (Lit-2283) the entry of a Federal court order (USDC SDNY) enjoining J. I. Magaril Co., Inc., 37 Wall St., New York, Jacob Irwin Magaril, (a/k/a Jack I. Magaril) and Alyce Magaril, company officers, from further violations of the SEC net capital and bookkeeping rules and the anti-fraud provisions of the Securities Exchange Act. Magaril Co. also ordered to file a certified financial report and account to the court for monies received from public in sale of common stock of PP, Inc., and Central Coil Corp.

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