

# 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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**FAMOUS ARTISTS SCHOOLS FILES FOR SECONDARY.** Famous Artists Schools, Inc., 680 Fifth Avenue, New York, filed a registration statement (File 2-19780) with the SEC on February 14th seeking registration of 71,114 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time in the over-the-counter market at market prices then obtainable or at private sale at negotiated prices (maximum \$18\*).

The company is in the business of providing home study courses by correspondence in the fields of art and writing. A recently organized subsidiary, Famous Photographers School (Delaware), Inc., proposes to offer a home study course or courses in the art and usages of photography. In addition to certain indebtedness, the company has outstanding 1,046,500 shares of common stock, of which management officials as a group own 19.5%. Milton K. Breslauer (a consultant and former vice president), Grace Breslauer, and Barney Tobey own 66,832, 2,344 and 938 shares, respectively, and propose to sell all such shares; and Thomas R. George proposes to sell 1,000 of 7,969 shares owned. Albert Dorne is president.

**SUNSET HOUSE DISTRIBUTING FILES FOR SECONDARY.** Sunset House Distributing Corporation, 3485 South La Cienega Blvd., Los Angeles, filed a registration statement (File 2-19781) with the SEC on February 14th seeking registration of 120,000 outstanding shares of common stock, to be offered for public sale by the holders thereof on an all or none basis through underwriters headed by Crowell, Weedon & Co., 629 South Spring St., Los Angeles. The public offering price (maximum \$20 per share\*) and underwriting terms are to be supplied by amendment.

The company operates a retail mail order business distributing selected general merchandise to customers located through the United States, and operates two retail stores in California selling the same merchandise. The company has outstanding 277,667 shares of common stock and 222,333 shares of Class B common stock. Leonard P. Carlson, president, and Milton Eisenberg, vice president, own 36% and 9%, respectively, of the common and 90% and 10%, respectively, of the Class B stock. Carlson proposes to sell 100,000 common shares and Eisenberg 20,000. After the stock sale, Carlson will own 40% of the outstanding stock of the company.

**URETHANE OF TEXAS FILES FOR STOCK OFFERING.** Urethane of Texas, Inc., 2300 Republic National Bank Bldg., Dallas, filed a registration statement (File 2-19778) with the SEC on February 14th seeking registration of 250,000 shares of \$5 par Class A stock and 250,000 shares of 5¢ par common stock, to be offered for public sale in units consisting of one share of each class, and at \$5.05 per unit. The offering will be made on an all or none basis through underwriters headed by Rowles, Winston & Co. (1330 Bank of the Southwest Bldg., Houston), which will receive a 50¢ per unit commission. The company has sold to the principal underwriter 25,000 common shares at 5¢ per share.

The company was organized under Delaware law in December 1961 and plans, initially, to manufacture urethane foams in a Dallas plant (for which arrangements have not yet been consummated), under licenses from Mobay Chemical Company and Urethane Corporation of California, and to market its products in the trade area within about 400 miles from Dallas. The company intends, initially, to produce urethane foams of the polyether types for furniture and other consumer products similar to those now produced by Urethane of California. The agreement between the company and Urethane of California is for an initial term of 20 years and provides for the issuance to Urethane of California of 300,000 common shares of the company for \$15,000. Of the net proceeds from the sale of the units, \$130,000 will be used for manufacturing equipment, \$145,000 for processing and fabricating equipment, and the balance for unloading, storage and handling facilities for raw materials, for conveyor lines and handling equipment for work in process and finished products, for laboratory equipment, furniture and fixtures, for trucks and automobiles, and for working capital, leasehold expenses and general corporate purposes.

The company has outstanding 325,000 shares of common stock, of which Urethane of California and the principal underwriter own 300,000 and 25,000 shares, respectively. In March, 25,000 units (one share of each class) will be sold to five purchasers (four management officials and the underwriter) at \$5.05 per unit, including George D. Besler, a director (10,000 units). John G. O'Grady, president, and Frank P. Adams, board chairman, also hold similar positions with Urethane of California and own 21% and 23%, respectively, of its outstanding stock.

**MERCURY BOOKS FILES FOR STOCK OFFERING.** Mercury Books, Inc., 1512 Walnut Street, Philadelphia, filed a registration statement (File 2-19782) with the SEC on February 14th seeking registration of 55,000 shares of common stock, to be offered for public sale at \$4.50 per share. The offering will be made by Meade & Co., 27 William St., New York, which will receive a 45¢ per share commission and \$10,000 for expenses. The statement also includes 5,500 shares underlying one-year warrants to be granted to the underwriter, exercisable at \$4.50 per share.

Organized under Pennsylvania law in March 1961, the company's primary business is to publish newly written popular biographies of great historical or contemporary personages which works are usually commissioned

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by the company to various authors. It does not do its own printing but arranges for the printing of each book that it publishes on individual contract basis. The bulk of its present business is in the paperback book field; but it has published in 1961 a book in hard cover form entitled "The Life of Adolf Hitler," and for release in February 1962 "Stalin: Red Lord of Russia." Net proceeds from the stock sale will be used for working capital, primarily for the payment of printing bills. The company has outstanding 32,500 shares of common stock, of which Sidney Halpern, president, owns 36% and management officials as a group 76.9%.

**JOHN'S BARGAIN STORES FILES FOR STOCK OFFERING.** John's Bargain Stores Corp., 1200 Zerega Avenue, New York, filed a registration statement (File 2-19784) with the SEC on February 14th seeking registration of 160,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Hayden, Stone & Co., Incorporated, 25 Broad St., New York. The public offering price (maximum \$10 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 15,000 outstanding shares underlying 5-year option warrants to be sold to the principal underwriter exercisable at the public offering price. Like options for an additional 4,000 outstanding shares were sold to company counsel.

The company is engaged in retailing merchandise, consisting primarily of wearing apparel, housewares, white goods and toys selling for the most part at prices under \$1.00, through its chain of 182 company-operated "John's Bargain Stores." Of the net proceeds from the stock sale, \$577,533 will be used to redeem all of the 55,532 outstanding shares of the company's \$10 par 6% preferred stock, and the balance, will initially be added to working capital and used, together with \$290,000 of additional borrowings and funds generated through operations, to finance increased inventories and fixed asset additions required by expanding operations and for other corporate purposes.

In addition to certain indebtedness and the preferred stock, the company has outstanding 1,210,000 shares of common stock, of which David Cohen, board chairman, Ben Cohen, president, James Cohen, vice president, and Stella Tobin, secretary, own over 24% each. Members of the families of the principal stockholders own the remaining common shares; and the principal stockholders and their families also own 9% of the outstanding preferred stock.

**MINEO HEARING POSTPONED.** The SEC has granted a request of Ralph Mineo, of Brooklyn, N.Y. (and Washington, D.C.) for a postponement from February 16 to 23, 1962, of the hearing to determine whether Mineo's broker-dealer registration should be revoked.

**MUTUAL FUNDS OF AMERICA DISMISSAL DENIED.** The SEC has issued a decision under the Securities Exchange Act (Release 34-6734) declining to vacate its prior order suspending the broker-dealer registration of Mutual Funds of America, Inc., of 1835 K Street, N. W., Washington, D. C., or to dismiss proceedings on the question whether Mutual Funds' registration should be revoked. The proceedings had been consolidated with proceedings on the question whether to revoke the broker-dealer registration of Batten & Co., Inc., of the same K Street address, controlled by Frank L. Batten. The proceedings were based upon alleged violations of the Federal securities laws by Batten. In May 1961 Batten sold the stock of Mutual Funds to Alfred W. Reiter. Reiter had been employed by Mutual Funds as a part-time salesman and is now its president. Following such sale, a motion was made to dismiss the action as to Mutual Funds, which the Commission has now denied. Thus, proceedings on the question whether the broker-dealer registrations of Mutual Funds and of Batten & Co. are still pending, and oral argument before the Commission thereon is scheduled for March 8th.

**ALLSTATE SECURITIES REGISTRATION REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-6733) revoking the broker-dealer registration of Allstate Securities, Inc., 80 Wall Street, New York, for violations of the Securities Act registration and anti-fraud provisions in the offer and sale of stock of Dwain Records, Inc. Allstate also was expelled from National Association of Securities Dealers, Inc. membership; and Vincent J. Sbarbati, its president and sole stockholder, was found to be a cause of the revocation and expulsion. In addition to the registration violations, the Commission ruled that Allstate, in the offer and sale of Dwain stock, made false and misleading statements concerning the market price and future price of the stock, listing of the stock on an exchange, Dwain's business prospects, and the artists it had under contract; failed to disclose to customers in writing that registrant controlled Dwain; and, while distributing Dwain stock, purchased such stock for its own account and published bids for it in the National Daily Quotation Sheets, and represented that such stock was being offered "at the market" or at a price reasonably related to the market price when it knew or had reasonable grounds to believe that no market existed for Dwain stock other than that made, created or controlled by registrant.

**ANDERSON NEW ENGLAND CAPITAL SEEKS ORDER.** Anderson New England Capital Corporation, Boston small business investment company, has joined with Anderson-Nichols & Company, Inc., in the filing of an application with the SEC under the Investment Company Act for an exemption order with respect to an arrangement whereby Anderson-Nichols will render consulting and advisory services, as agent of Anderson New England Services Corporation, a subsidiary of the said Capital Corporation, to small business concerns in which the latter intends to invest or has invested capital; and the Commission has issued an order (Release IC-3427) giving interested persons until March 6th to request a hearing thereon.

**AVIATION GROWTH INVESTMENTS SEEKS ORDER.** Aviation Growth Investments, Inc., Silver Spring, Md., investment company and a licensee under the Small Business Investment Act of 1958, has applied to the SEC for an exemption order under the Investment Company Act permitting the purchase from said company by Avemco Finance Corporation of eleven notes, at a price equal to their unamortized cost (i.e., the unpaid balances less unearned discounts or financing charges at the date of closing); and the Commission has issued an order (Release IC-3424) giving interested persons until March 7th to request a hearing thereon. Aviation Employees

Corporation owns all the outstanding stock of Aviation Growth Investments and 20% of the stock of Avemco Finance. In its December 1961 public offering of stock, Avemco stated that about \$189,000 of the proceeds would be used to purchase notes from Aviation Growth Investments. At October 31, 1961, the eleven notes to be sold had unpaid balances aggregating \$237,138.88, including aggregate unearned discounts of \$47,869.61.

**CLARIFICATION RE ALLIED CHEMICAL OFFERING.** The News Digest issue of February 6th included a report on the filing of a registration statement by Allied Chemical Corporation (New York) seeking registration of 2,789,578 common shares, representing a portion of 6,352,795 shares to be issued to stockholders of Union Texas Natural Gas Corporation under a merger of the two companies to be effected February 19, 1962. The News Digest item stated that the 95 holders of the 2,789,578 shares proposed to sell all of their holdings. The prospectus states, however, that "they have no intention of making a public offering of such shares, but they are unwilling to represent that they are acquiring the same for investment." Accordingly, registration of the shares is being sought.

**PERFECT PHOTO FILES FOR SECONDARY.** Perfect Photo, Inc. 4747 North Broad Street, Philadelphia, filed a registration statement (File 2-19783) with the SEC on February 14th seeking registration of 154,800 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Bear, Stearns & Co., One Wall Street, New York. The public offering price (maximum \$20 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 18,000 shares underlying a warrant recently issued to Utilities & Industries Management Corp. as additional consideration in connection with a \$500,000 loan from Utilities, which warrant is exercisable until February 1964 at \$17.25 per share.

The company is engaged in the business of photofinishing, primarily color film, both motion picture and still. It also distributes photographic equipment and supplies. The company has recently acquired various photofinishing businesses for an aggregate of \$4,429,000 and 366,184 common shares. In addition to certain indebtedness, the company has outstanding 1,447,981 shares of common stock, of which Karl Hope, president and board chairman, owns 32.1% and Harriman Ripley & Co., as principal and as agent for a group of investors, 10.8%. The prospectus lists 19 selling stockholders who (with two exceptions) propose to sell all of their holdings including Tri-Continental Financial Corp., Philip Hill, Higginson, Erlangers Limited, and Harriman Ripley & Co., which propose to sell 34,872, 25,023 and 17,433 shares, respectively. Others propose to sell amounts ranging from 624 to 13,947 shares.

**CAMEO LINGERIE FILES FOR OFFERING AND SECONDARY.** Cameo Lingerie, Inc., Fajardo, Puerto Rico, filed a registration statement (File 2-19785) with the SEC on February 12th seeking registration of 190,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company and 70,000 shares, being outstanding stock, by the holders thereof. The offering will be made at \$5 per share through underwriters headed by Schweickart & Co. (29 Broadway, N.Y.), which will receive a 50¢ per share commission and \$15,000 for expenses. The statement also includes 10,000 shares sold to the principal underwriter at \$2.25 per share.

The company manufactures popular priced women's and children's tailored panties which it sells at wholesale primarily in the United States. Of the \$490,000 estimated net proceeds from the company's sale of additional stock, \$75,000 will be used to pay a bank loan incurred for working capital, \$100,000 to increase finished goods inventory, and the balance for working capital. In addition to certain indebtedness, the company has outstanding 330,000 shares of common stock, of which Lewis Camhi, president, and Rachel Zacharia, his sister, own 114,700 and 40,000 shares, respectively, and propose to sell 30,000 and 40,000 shares, respectively. Rachael Zacharia recently conveyed 141,150 shares to The Chase Manhattan Bank, as trustee for the benefit of the children of Isaac C. Zacharia (her grandchildren).

**OPERATIONS RESEARCH FILES FOR STOCK OFFERING.** Operations Research, Inc., 8605 Cameron St., Silver Spring, Md., filed a registration statement (File 2-19786) with the SEC on February 14th seeking registration of 100,000 shares of common stock, to be offered for public sale through underwriters headed by Auchincloss, Parker & Redpath, 1705 H Street, N. W., Washington, D. C. The public offering price (maximum \$9 per share\*) and underwriting terms are to be supplied by amendment.

The company's business consists of furnishing research and development services in the field of operations research to government and industry. These services involve application of the techniques of various scientific and engineering disciplines to the analysis of operational problems in order to provide executives with quantitative data as a basis for decision-making. Of the net proceeds from the stock sale, \$550,000 will be applied to the repayment of existing short-term bank loans incurred to provide working capital, and the balance will be added to general funds for working capital. The company has outstanding 283,800 shares of common stock (after giving effect to a proposed 30-for-1 stock split), of which Emory Cook, president, and Donald G. Malcolm and Harvey D. Kushner, executive vice presidents, own 41.68%, 18.95% and 10%, respectively.

**SECURITIES ACT REGISTRATIONS. Effective February 14:** Carteret Associates (File 2-19033); General Acceptance Corp. (File 2-19581); Joyce Leslie, Inc. (File 2-19044); Maust Coal and Coke Corp. (File 2-19281); National Video Corp. & Rico Electronics, Inc. (File 2-18993); Vornado, Inc. (File 2-19431).  
**Effective February 15:** Ausco, Inc. (File 2-19130); McCulloch Oil Management Co. of Calif., Inc. (File 2-19315); Stardust Motel Associates (File 2-19151); Western California Telephone Co. (File 2-19475).

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