

# 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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FOR RELEASE July 30, 1962

Statistical Release No. 1843. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended July 27, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	7/27/62	7/20/62		High	Low
Composite	116.4	115.6	+0.7	144.3	107.0
Manufacturing	107.3	106.5	+0.8	135.0	98.6
Durable Goods	105.4	104.0	+1.3	135.6	95.2
Non-Durable Goods	109.1	108.8	+0.3	134.4	101.8
Transportation	88.9	89.4	-0.6	111.0	85.5
Utility	157.8	156.4	+0.9	185.5	143.0
Trade, Finance & Service	138.5	138.3	+0.1	178.2	131.4
Mining	90.9	91.2	-0.3	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended July 26, 1962, 18 registration statements were filed, 35 became effective, 12 were withdrawn, and 645 were pending at the week-end.

SAN FRANCISCO MINING EXCHANGE CITED. The SEC has ordered proceedings pursuant to Section 19(a)(1) of the Securities Exchange Act of 1934 to determine whether the registration of the San Francisco Mining Exchange should be withdrawn.

The San Francisco Mining Exchange is a very small exchange and is devoted almost exclusively to trading in mining stocks. It lists the securities of only 42 companies most of which are inactive and has only 13 regular members, only 6 of whom are presently active. For the calendar year 1961 the volume of trading on the San Francisco Mining Exchange amounted to less than one-half of 1 percent of the trading on all registered exchanges.

Repeated efforts by the staff of the Commission over a long period of time to persuade the Exchange to take effective action to meet its problems and repeated assurances by Exchange officials that some action would be taken have apparently not resulted in appropriate remedial efforts by the Exchange. No inference should be drawn that the improper practices charged to the San Francisco Mining Exchange are present on any other exchange.

Under Section 19(a)(1) of the Exchange Act the Commission is authorized to withdraw the registration of a national securities exchange if, in its opinion after notice and opportunity for hearing, such action is necessary or appropriate for the protection of investors and it finds that the Exchange has violated the Exchange Act and the rules and regulations thereunder or has failed to enforce compliance therewith by its members or listed issuers.

The order recites charges of the Division of Trading and Exchanges, based upon an examination of the public official files and an investigation, that the Exchange has violated the Act and has failed to enforce compliance therewith and that withdrawal of registration is essential to the protection of investors because: (a) the Exchange, in attempting to change its status from that of a Mining Exchange to one dealing in industrial companies, has permitted its members to participate in the conveyance of dubious industrial assets to dormant listed companies and in attempts to distribute substantially worthless securities to the investing public; (b) the Exchange does not have adequate listing or delisting standards and the majority of companies listed thereon are inactive; (c) the Commission, since 1934, has had to remove from listing and registration 27 securities listed on the Exchange, or more than one-third of the securities removed from listing on all exchanges during the same period; (d) the Exchange is not properly organized to discharge its responsibilities as a national securities exchange, its committees do not perform their assigned functions, it has only 2 paid employees, and for many years failed to retain legal counsel; (e) the Exchange has lent its facilities to planned distributions of securities in violation of the registration requirements of the Securities Act of 1933; and (f) members of the Exchange and of its governing committee and officers have been involved in violations of the Securities Act in connection with sales of unregistered securities and the dissemination of false and misleading information containing material omissions concerning listed securities.

The order further states that the Exchange has failed to enforce compliance with the Exchange Act and the Rules and Regulations thereunder by failing to take appropriate disciplinary action against its members for a number of violations of the reporting requirements of Section 16(a) of said Act and further for violations of the anti-fraud and anti-manipulative provisions of Sections 10(b) and 15(c) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder. The order also charges that the Exchange has failed to enforce compliance with the Exchange Act and the rules and regulations thereunder by companies whose securities are listed on the Exchange in that a number of these companies over a period of years have been delinquent or have failed to file or have filed false and misleading current or annual reports in violation of Section 13(a) of said Act and the applicable rules and regulations thereunder. Exchange officers and members who were officers,

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directors, or substantial stockholders of certain of these companies when the derelictions occurred are charged with aiding and abetting such violations.

Named in the order are George J. Flach, Exchange President; Paul W. Schwarz, Chairman of the Governing Committee and Exchange Vice President; Archie H. Chevrier, former Chairman of the Governing Committee and former Exchange Vice President; Frank J. Carter, Exchange Secretary; and Arnold Toews, Exchange member and brother-in-law of Chevrier.

A public hearing will be held at a time and place to be announced in connection with the above charges.

**SEALANDER 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 The Sealander, Inc., 2228 McElderry Street, Baltimore, Md.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on December 19, 1960, Sealander proposed the public offering of 150,000 Class A common shares at \$2 per share. Robinette & Company and Conrad A. Lippman (doing business as Investment Securities Co. of Maryland) initially agreed to underwrite the offering on a best efforts basis. R. Baruch & Company, Inc. was later substituted as an underwriter for Lippman. The Commission asserts in its suspension order that it has reasonable cause to believe that the company's offering circular was false and misleading in respect of certain material facts and that the stock offering was made in violation of Section 17 (the anti-fraud provision) of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations in the Sealander offering circular relate to (1) the company's designation (a) of certain persons as officers and directors when such persons, at the time the notification was filed, were no longer connected or associated with the company in such capacities, and (b) of certain persons as serving the company in specified capacities, when in fact such persons had severed all relations with the company (except for ownership of Class B stock) prior to the time the notification was filed; and (2) the representation that Miles E. McCord was working on the design of a new-type compact boat which implied that the company would have rights to same, when in fact McCord and the company had severed relations and had executed mutual releases which included releases of rights to future inventions and patent applications. It is further alleged that the underwriters made false representations to investors to induce their purchase of the Sealander stock, particularly with respect to the company's backlog of orders; a contract with the government; an increase in the price of the shares to a specific price; the quality of the company's management; the sale of its boats by Sears, Roebuck & Company; and the listing of its securities on a national securities exchange.

**UNDERWRITING RULE PROPOSED.** The SEC today announced a proposal to adopt a new Rule 10b-9 under the Securities Exchange Act to proscribe certain practices relating to "all-or-none" underwritings; and it invited the submission of views and comments thereon not later than August 31, 1962. The rule would make it unlawful to represent that a security is offered or sold on an "all-or-none" basis unless the offering is made on the condition that unless a definite number of units of the security are sold at a specified price within a specified time and the total amount due is received by the seller the amount due to the purchaser will be promptly refunded to him.

It has come to the attention of the Commission that some persons distributing securities have been representing that securities are being offered on an "all-or-none" basis when, because of ambiguities in the contractual arrangement, it is not clear whether the conditions have been met if the underwriter finds persons who agree to purchase all of the securities within the specified time, but he is unsuccessful in collecting payment for all of the securities. It is the purpose of the proposed rule to prohibit any person from making any representation to the effect that the security is being offered on an "all-or-none" basis unless it is clear that the amount due to the purchaser is to be refunded to him unless all of the securities being offered are sold and the seller receives the total amount due to him in connection with the distribution.

**NATIONAL SECURITY LIFE HEARING POSTPONED.** The SEC has authorized a further postponement from August 1 to September 12, 1962, of the hearing scheduled for Indianapolis in proceedings under the Securities Act to determine whether a stop order should be issued suspending the registration statement filed by National Security Life Insurance Company. Counsel requested the further postponement to allow additional time to negotiate a factual stipulation which would avoid the necessity of an evidentiary hearing.

**ECONO-CAR FILES FOR STOCK OFFERING.** Econo-Car International, Inc., 520 Westfield Ave., Elizabeth, N.J., filed a registration statement (File 2-20601) with the SEC on July 27th seeking registration of 100,000 shares of Class A common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts all or none basis through underwriters headed by Crosse & Company Inc., which will receive a 50¢ per share commission and \$16,000 for expenses. The statement also includes (1) 16,000 outstanding shares sold to the underwriter and others by the holders thereof at 50¢ per share, (2) 10,000 shares underlying 5-year warrants sold to the underwriter at 1¢ each, exercisable at \$4 per share, and (3) 3,000 shares underlying 7-year warrants sold to The Hanover Capital Corporation, a small business investment company (in connection with a 5-year \$125,000 loan to the company), exercisable at \$.514 per share. The investment company also purchased like warrants to purchase an additional 15,000 shares at \$.514 per share (not registered). Gordon & Co. will receive a \$7,500 fee for services as a financial consultant to the company.

Organized in October 1961, the company is engaged in the rental of compact American automobiles, station wagons and trucks through franchised distributors and dealers and also in the long-term leasing of compact and full-sized automobiles. In May 1962 it acquired for 28,250 Class B shares all of the outstanding stock of Great American Auto Leasing Company, Inc., a New Jersey company, now operated as a subsidiary. The net proceeds from the stock sale will be used as down payment to purchase 300 American compact cars; for insurance, maintenance and upkeep of leased cars for the subsidiary; for setting up new franchises; for advertising and promotion; and for working capital. The company has outstanding 16,000 Class A and 112,000 Class B shares (after giving effect to a recent recapitalization), of which latter stock Lawrence G. Dixon, president, and Gloria Lauter, a director, own 53,958 and 33,874 shares, respectively. The underwriter owns 14,500 of the outstanding Class A shares. Book value of all stock now outstanding is \$.514 per share.

**LAYMEN LIFE FILES FOR STOCK OFFERING.** Laymen Life Insurance Company, 1047 Broadway, Anderson, Indiana, filed a registration statement (File 2-20602) with the SEC on July 27th seeking registration of 50,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made on a best efforts basis by the company's officers, directors and certain regularly employed insurance salesmen, who will receive a \$1 per share selling commission.

The company writes the usual forms of individual life, endowment and term insurance contracts, both participating and non-participating. The net proceeds from the stock sale will be used to increase capital and surplus funds in order to replenish working capital which has been reduced as a result of the increase in the amount of insurance said to have been written by the company and in order that it may qualify to do business in states where its present capital and surplus are not sufficient for the purpose of qualification. A portion of the proceeds will be invested in common stock of its wholly owned subsidiary, Laymen Securities Corporation, which has been recently organized to engage in the sale of shares of mutual funds. The company has outstanding 200,000 shares of common stock, of which Everett A. Hartung, president, owns 10.4% and management officials as a group 17%.

**HAMILTON MANAGEMENT FILES FOR OFFERING.** Hamilton Management Corporation, 777 Grant Street, Denver, depositor for Hamilton Fund, filed a registration statement (File 2-20603) with the SEC on July 26th seeking registration of \$75,000,000 of Hamilton Fund Periodic Investment Certificates, for the accumulation of shares of Hamilton Funds, Inc.

**FURMAN-WOLFSON FILES EXCHANGE OFFERING.** Furman-Wolfson Corporation, 1440 Broadway, New York, filed a registration statement (File 2-20604) with the SEC on July 27th seeking registration of 3,620,000 shares of common stock. It is proposed to offer such stock in exchange for assignments of interests (including debentures and unsecured debt) in certain corporations, partnerships, trusts and joint ventures, and for certain interests in real estate. No underwriting is involved.

The company was organized in December 1961 for the purpose of owning and operating real estate and engaging generally in the real estate investment business. At organization, it issued 1,029,251 shares to Morris Furman, president, Herman Wolfson, executive vice president, Bertie Wolfson, treasurer, and four others, in exchange for assignments of certain of their interests in a number of corporations, partnerships and joint ventures which own or operate real property. The company is now offering the 3,620,000 additional shares in exchange for the balance of the interests in these entities, for assignments of interests in certain additional entities and for interests in certain real estate. Assuming all interests are acquired, the company will own all or a substantial part of the fee title to or leasehold of 23 office building properties, a refinery and storage plant for edible oils, an industrial loft building, a retail store property and an apartment house property.

In addition to certain indebtedness, the company has outstanding 1,029,251 shares of common stock, of which Furman and Herman Wolfson and Bertie Wolfson own 54%, 24% and 20.7%, respectively. After the exchange offer, they will own 1,398,626 shares or 30% of the total to be outstanding.

**TELEPROMPTER FILES STOCK PLAN.** Teleprompter Corporation, 50 West 44th Street, New York, filed a registration statement (File 2-20605) with the SEC on July 27th seeking registration of 22,500 shares of common stock, to be offered pursuant to its Second Employee Stock Purchase Plan.

**SPENCER CHEMICAL FILES FOR SECONDARY.** Spencer Chemical Company, 610 Dwight Bldg., Kansas City, Mo., filed a registration statement (File 2-20606) with the SEC on July 27th seeking registration of 65,813 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Morgan Stanley & Co., 2 Wall Street, New York. The public offering price (maximum \$35 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the production of polyethylene and in the mining and marketing of bituminous coal. It has recently entered the flexible packaging, adhesives and mixed fertilizer fields. In addition to certain indebtedness and preferred stock, the company has outstanding 3,004,635 shares of common stock, of which management officials as a group own 3.8%. Arthur Mag, a director, and The First National Bank of Kansas City, executors of the estate of Kenneth A. Spencer, hold 421,884 shares (14.1%) and propose to sell 20,000 shares. Under said will, the shares held by the estate are to be distributed in two trusts primarily for the benefit of Helen F. Spencer, widow of Kenneth A. Spencer. In addition, The American National Bank of Denver, as trustee for John Galen Spencer, proposes to sell 20,000 of 88,702 shares held. The prospectus lists six other selling stockholders who propose to sell amounts ranging from 500 to 10,000 shares. C. Y. Thomas is board chairman and John C. Denton is president.

**SECURITIES ACT REGISTRATIONS.** Effective July 30: Ling-Temco-Vought, Inc. (File 2-20583); Thompson Manufacturing Co. (File 2-19507); The Crowell-Collier Publishing Co. (File 2-20508).

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