

# 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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**SEC ORDERS CITE PRECISION MICROWAVE.** The SEC has ordered consolidated proceedings which challenge the adequacy and accuracy of financial information contained in a registration statement filed by Precision Microwave Corporation, of Millis, Mass., under the Securities Act of 1933, and in an application for listing of its shares on the American Stock Exchange (and a subsequent semi-annual report) under the Securities Exchange Act of 1934.

In its registration statement, which became effective in November 1961, Precision Microwave proposed the public offering of 115,000 common shares at \$10 per share. The statement also covered a proposed secondary offering of 50,000 outstanding shares (including 40,000 by Joseph L. Travers, president, who owned 50.9% of the 152,750 shares then outstanding). All such shares were sold. Pursuant to a listing application filed in December 1961, the outstanding shares became registered for public trading on the American Stock Exchange on January 15, 1962. By summary orders of the Commission issued on and after April 4, 1962, trading in the shares on the Exchange and over-the-counter market has been suspended since that date.

Precision Microwave is engaged in the business of manufacturing specialized microwave components for detection and missile guidance systems and communication systems and related facilities. The Commission asserts in its orders that it has "reasonable cause to believe" that the company's registration statement and prospectus used in the public stock offering were false and misleading, particularly with respect to (a) the reported cost of products and services sold, selling, general and administrative expenses, and earnings for the year ended May 31, 1961; (b) the reported results of operations for the four-month periods ended September 30, 1960 and 1961; (c) the disclosures therein with respect to current assets, current liabilities and stockholders' equity as reflected in the balance sheet as at May 31, 1961; and (d) the accountant's certificate, particularly with respect to statements therein concerning the auditing procedures applied to determine the fairness of the presentation of the financial statements. Moreover, earnings statements for the six-month periods ended November 30, 1960 and 1961, included in the semi-annual report filed January 13, 1962 are alleged to be false and misleading with respect to reported sales and net income for the respective periods.

A hearing is scheduled for August 20, 1962, in the Commission's Washington Office for the purpose of taking evidence on the foregoing matters.

**VIOLATIONS CHARGED TO TOWER SECURITIES.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Tower Securities Corporation ("registrant"), 818 17th Street, Denver, Colo., violated certain provisions of that Act and, if so, whether its broker-dealer registration should be revoked.

In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that registrant, aided and abetted by Harvey Landau, its vice president and owner of 10% or more of its common stock, violated the Exchange Act in that it failed to file reports of registrant's financial condition for the calendar years 1959, 1960 and 1961 and failed to make, keep and preserve certain books and records relating to registrant's business. Furthermore, registrant was permanently enjoined in April 1959 by the New York Supreme Court from engaging in securities transactions within that State. A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether registrant's broker-dealer registration should be revoked.

**WALKER-STEVENS REGISTRATION CANCELLED.** The Commission also has issued an order cancelling the broker-dealer registration of Walker-Stevens, Inc., 40 Exchange Place, New York. According to the Commission's order, Walker-Stevens, Inc., and Jerry S. Sperling, an officer and sole stockholder, were permanently enjoined by Federal court order in July 1958 from further violations of the Federal securities laws, at which time a receiver was appointed by the Court for the corporate defendant.

**SEC COMPLAINT NAMES J. B. COLLINS.** The SEC Fort Worth Regional Office announced July 31st (Lit-2336) the filing of a Federal court action (USDC ND, Texas) seeking to enjoin J. B. "Rip" Collins, doing business as General Leasing Company, from further violations of the Securities Act registration requirement in the offer and sale of oil interests in various counties in Texas, Kentucky, Oklahoma and Kansas.

**L. T. PRETTYMAN SENTENCED.** The SEC Fort Worth Regional Office announced July 31st (Lit-2337) that L. Travers Prettyman was convicted and sentenced to five years' imprisonment on charges of violating the Securities Act anti-fraud and registration provisions. Robert L. Beckwith, codefendant pled guilty and was sentenced to two years imprisonment and fined \$1500, the prison sentence being suspended on condition that the fine be paid in 6 months.

**TWO SENTENCED IN FRAUD CASE.** The SEC Fort Worth Regional Office announced August 2nd (Lit-2338) that Vernon Evans Bergman (also known as Soll Evans, Sol Evans and Sonny Evans) and Henry Madison Myrick (also known as Mike Mayer and Mike Myrick) were sentenced on charges of violating the Securities Act anti-fraud provisions in sale of insurance and other securities. Bergman was sentenced to five years on two counts and five years (suspended) on another. He was placed on 5 years' probation to commence following service of sentence. Myrick was sentenced to one year and one day on one count and five years (suspended) on another, and he was also placed on 5 years' probation.

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**SEC COMPLAINT NAMES JACK T. KELLY.** The SEC Denver Regional Office announced August 3rd (Lit-2339) the filing of a Federal court action (USDC Colo.) seeking to enjoin Jack T. Kelly, doing business as Coal Dome Associates, from further violations of the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of oil interests.

**ALEC CROWELL AND OMAR CHEER INDICTED.** The SEC Atlanta Regional Office announced August 3rd (Lit-2340) the return of an indictment (USDC ED, La.) charging Alec M. Crowell and Omar Cheer with violations of Securities Act anti-fraud and registration provisions in connection with the sale of oil interests in Barron County, Ky.

**RADIATION INC. FILES STOCK PLAN.** Radiation Incorporated, Melbourne, Fla., filed a registration statement (File 2-20638) with the SEC on August 6th seeking registration of 100,870 shares of common stock, to be offered pursuant to its Employees Stock Option Plan.

**GEORGETOWN REALTY ASSOCIATES FILES FOR OFFERING.** Georgetown Realty Associates, 673 Fifth Avenue, New York, filed a registration statement (File 2-20639) with the SEC on August 6th seeking registration of \$1,033,000 of limited partnership interests in Associates, to be offered for public sale at \$10,000 per interest. The offering will be made on an all or none basis by Cambridge Syndications Inc., 120 E. 56th Street, New York, which will receive a \$1,383.41 per interest commission.

Associates is a limited partnership organized under New York law on August 3, 1962, with Gordon B. Gershman (officer and 50% stockholder of the underwriter) and Joseph Blau as the general partners and Gershman, Blau and Rita Leibowitz as the original limited partners. Blau and Gershman have contracted to purchase on a leaseback arrangement from The Platt Corporation a contract concerning the leasehold to the Georgetown Inn, a new hotel located in the Georgetown section of Washington, D. C. for \$1,150,000 (including all furniture and fixtures), consisting of \$900,000 in cash and a \$250,000 purchase money mortgage. Platt is presently under contract to purchase the hotel for \$850,000 from a non-affiliated company, which purchase is conditioned upon its purchase from the same company of another property in California. If Platt does not consummate the latter purchase, it will not be able to deliver title to the Georgetown Inn to the partnership and this offering will be terminated. Gershman and Blau assigned their rights under the contract to the partnership (acquired at no cash cost) for which they each received \$3,500 in limited partnership interests. They each contributed \$2,500 in cash to the partnership capital and Rita Leibowitz will contribute \$5,000. This capital together with the proceeds from this offering will be used to pay the \$900,000 purchase price and expenses of this offering, including about \$103,000 for underwriter's commissions and for other expenses.

**PUBLIC SERVICE OF COLORADO FILES RIGHTS OFFERING.** Public Service Company of Colorado, 550 Fifteenth St., Denver, today filed a registration statement (File 2-20640) with the SEC seeking registration of 1,242,822 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of 1 new share for each 10 shares held on September 6, 1962. The First Boston Corporation, 20 Exchange Place, New York, and two other firms head the list of underwriters. The subscription price (maximum \$24 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 124,282 common shares to be offered to employees (without underwriting) at a price also to be supplied by amendment. The net proceeds from the stock sale will be added to general funds and applied to the company's construction program, estimated at \$142,000,000 for the 3 years 1962-64. In addition to certain indebtedness and preferred stock, the company has outstanding 12,428,214 shares of common stock, of which management officials as a group own 93,113 shares. R. T. Person is president and John E. Loiseau is board chairman.

**SECURITIES ACT REGISTRATIONS.** Effective August 7: Briggs Manufacturing Co. (File 2-20529); Duke Power Co. (File 2-20577); Magic Fingers, Inc. (File 2-19563); Thermogas Co. (File 2-20408). Withdrawn August 6: Ascot Textile Corp. (File 2-19819); Automatic Marker Photo Corp. (File 2-19411); Jays Creations Inc. (File 2-20151); Pacific States Steel Corp. (File 2-18342); Universal Industries, Inc. (File 2-18650).

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

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