

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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Washington 25, D.C.

FOR RELEASE September 8, 1959

Statistical Release No. 1626

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended September 4, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939 = 100		Percent Change	1959	
	9/4/59	8/28/59		High	Low
Composite	427.0	434.0	-1.6	441.3	400.1
Manufacturing	533.2	542.5	-1.7	554.2	490.7
Durable Goods	510.1	520.3	-2.0	527.7	457.8
Non-Durable Goods	544.1	552.3	-1.5	570.1	510.5
Transportation	339.8*	349.3	-2.7	371.5	339.8
Utility	216.0	218.5	-1.1	231.8	208.6
Trade, Finance & Service	427.2	432.2	-1.2	433.0	382.7
Mining	316.6	321.4	-1.5	360.4	315.5

*New Low

VIOLATIONS CHARGED TO GARDEN CITY SECURITIES

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether The Garden City Securities Corporation (now known as Long Island Securities Co., Inc.), 50 Webb Avenue, Hempstead, N. Y., falsified its registration application and/or failed to make and keep current certain of its books and records, in violation of provisions of that Act and Commission rules thereunder and, if so, whether its broker-dealer registration should be revoked.

According to the Commission's order, Garden City Securities ("Respondent") applied for registration as a broker-dealer on April 17, 1959, and registration became effective May 17, 1959; said application represents that Rachael Kissel is president, a director, and owner of 10% or more of its outstanding stock and that no person other than listed officers directly or indirectly controls the company's business, and includes no reference to Jack Kissel; and an amendment filed August 6, 1959, reflected a change of the company's name to Long Island Securities Co., Inc., and a change in its address from 1001 Franklin Avenue, Garden City, N. Y. to 50 Webb Avenue, Hempstead, N. Y.

The order further states (1) that administrative proceedings are also pending with respect to the question whether the broker-dealer registration of K. Medann & Co., Inc., should be revoked, that its address is 1001 Franklin Avenue, Garden City, N. Y. and that Jack Kissel is president; and (2) that in said proceedings Medann & Co. and Jack Kissel have stipulated that Medann & Co. violated a provision of the Exchange Act and a rule of the Commission thereunder by reason of its failure to make and keep current certain of the books and records required by said rule; and (3) that they have consented to the entry of an order revoking Medann & Co.'s broker-dealer registration. The Commission's decision in this proceeding has not yet been issued.

For further details, call ST. 3-7600, ext. 5526

The Commission's order further asserts that information developed in an investigation conducted by its staff tends if true to show that Respondent falsified its registration application by reason of its disclaimer that no person other than those named therein controlled Respondent's business; that it failed to make and keep current certain of the required books and records; that Rachael Kissell and Jack Kissel caused Respondent to make the false statement and to fail to make and keep current its books and records; and that such conduct violated provisions of the Act and rules of the Commission thereunder.

A hearing will be held, at a time and place later to be announced, for the purpose of taking evidence on the foregoing matters.

TRADING IN JACOBS STOCK SUSPENDED

The SEC has issued an order (Release 34-6065) suspending trading in the common stock of F. L. Jacobs Co. on the New York and Detroit Stock Exchanges and in the over-the-counter market for a further ten-day period, September 9 to 18, 1959, inclusive.

The hearing in SEC proceedings to determine whether Jacobs Co. has failed to comply with the disclosure and reporting requirements of the Securities Exchange Act and, if so, whether its stock should be suspended or withdrawn from listing and registration on the New York Stock Exchange, has been further postponed from September 8 to October 12, 1959, on request of the counsel for the Trustees of F. L. Jacobs Co., debtor in Chapter X reorganization proceedings pending in the U. S. District Court in Detroit.

SPORTS ARENAS HEARING POSTPONED

The SEC has postponed from September 8 to September 22, 1959, the hearing in the proceedings under the Securities Act of 1933 to determine whether the registration statement filed by Sports Arenas (Del.), Inc., Great Neck, N. Y., fails to comply with the disclosure requirements of that Act and, if so, whether a stop order should be issued suspending its effectiveness. The hearing was postponed on request of counsel for the registrant in order to allow additional time for the parties to negotiate a stipulation of facts which might obviate the necessity of an evidentiary hearing.

SEC COMPLAINT CITES HAYDON SECURITIES, INC.

The SEC announced September 4, 1959, (Lit. Release 1487) that it had filed an action (USDC, Wilmington, Del.) seeking to enjoin Haydon Securities, Inc., of Wilmington, from violating the Securities Act registration requirements in the offer and sale of common stock of C & F Electronics, Inc., and from violating certain provisions of the Securities Exchange Act and Commission rules thereunder. The court issued a temporary restraining order and scheduled a hearing for September 11, 1959, on the Commission's motion for a preliminary injunction and for appointment of a receiver for Haydon Securities.

NORTH CAROLINA TELEPHONE PROPOSES RIGHTS OFFERING

North Carolina Telephone Company, Matthews, N. Car., filed a registration statement (File 2-15555) with the SEC on September 4, 1959, seeking registration of 576,405 shares of its common capital stock. The company proposes to offer the stock for subscription at \$2.00 per share by holders of outstanding stock in the ratio of two new shares for each five shares (the record date to be supplied by amendment.) Unsubscribed shares will be offered to one or more security dealers at \$2.00 per share, less 20¢ per share commission.

The company, which now has outstanding 1,441,011 shares of stock and certain indebtedness, has been engaged in a construction and conversion program whereby exchanges have been converted from manual to dial telephones, and in extending its service and constructing related facilities. In order to finance this program, the company has made, and intends in the future to make, arrangements for short-term bank loans. Such loans have been repaid or will be repaid by the sale of bonds or long-term notes, secured by mortgage, and the sale of the company's common stock. Net proceeds of the stock sale will be used as follows: (a) to pay off certain bank notes

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representing borrowings for telephone plant construction, for buildings and central office dial system; (b) to pay off obligations for all types of equipment utilized in the construction of the telephone plants; (c) to the extent available \$500,000 for payment of Note #3 owed to Stromberg Carlson, a Division of General Dynamics Corporation, said note being one of three notes aggregating \$1,500,000 which was secured by a deed of trust on properties; and (d) any balance for working capital.

N. A. BUILDING ASSOCIATES FILES FINANCING PROPOSAL

N. A. Building Associates, 60 East 42nd St., New York, filed a registration statement (File 2-15556) with the SEC on September 4, 1959, seeking registration of \$2,120,000 of Participations In Partnership Interests In Associates. Such participations are to be offered for public sale in \$10,000 units.

Associates is a partnership consisting of Lawrence A. Wien and Harold L. Strudler; and it proposes to purchase the 21-story office building, known as the National Association Building, located at 25 West 43rd Street, Fifth and Sixth Avenue, New York City. The purchase price is \$4,500,000, of which \$1,850,000 will be paid in cash and the balance represented by a first mortgage on the property. In addition to the purchase price, Associates will make disbursements of \$275,000 in connection with the acquisition, and will incur \$25,000 for this offering, for a total cash outlay of \$2,150,000.

Each of the two partners will contribute \$15,000 to the partnership capital; and each is offering \$1,060,000 of participations in his partnership interest. The total partnership capital thus will be \$2,150,000, which will be used to make the \$1,850,000 cash payment for the property and the \$300,000 of disbursements and offering expenses.

Associates will not operate the building, but will execute a 21 year net lease (renewable) under which 25 West 43rd Company, a partnership comprised of Lawrence A. Wien and Harry B. Helmsley, will operate the property.

ZALE JEWELRY FILES FOR SECONDARY

Zale Jewelry Company, Inc., 512 South Akard St., Dallas, filed a registration statement (File 2-15557) with the SEC on September 4, 1959, seeking registration of 108,989 shares of its common stock. The prospectus indicates that 20,000 shares are to be offered by the company directly to its employees, at the market price for outstanding shares at the time of sale.

The remaining 88,989 shares, representing outstanding stock, is to be offered for public sale by the present holders thereof through an underwriting group headed by Goldman, Sachs & Co. and Eppler, Guarin & Turner, Inc. The initial offering price will be a fixed price related to the current market for outstanding shares at the time of the offering. Underwriting terms are to be supplied by amendment.

The company operates a chain of 134 retail jewelry stores. It now has outstanding 831,954 shares of common stock and 709,803 shares of Class B common stock (which are convertible into common on a share for share basis). The prospectus lists 25 selling stockholders, who own an aggregate of 529,527 shares of common stock. They include Morris B. Zale, board chairman, who proposes to sell 8,614 of his holdings of 56,506 shares; William Zale, Director, 7,279 of 51,927; Dorothy Viner Gimp, 6,200 of 43,922; and Donald Zale, 5,542 of 20,860. The prospectus states that no person is known to own more than 10% of any class of outstanding stock. However, Morris B. Zale, William Zale, Ben A. Lipshy, Abe Zale, Leo Fields and Sidney Lipshy and their respective wives, children and grandchildren, as a family group, own 461,140 shares (55%) of the common stock and 495,717 shares (70%) of the Class B common stock.

RADIANT LAMP & ELECTRONICS FILES FINANCING PROPOSAL

Radiant Lamp & Electronics Corp., 40 Washington Place, Kearney, N. J., filed a registration statement (File 2-15558) with the SEC on September 4, 1959, seeking registration of \$250,000 of 6% Ten-Year Subordinated Convertible Sinking Fund Debentures, Series II, due October 15, 1969, and

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120,000 shares of Class A Stock. The Debentures are to be offered for public sale at 100% of principal amount, and the stock at \$5 per share. The offering is to be made on an "all or nothing" basis by an underwriting group headed by Amos Treat & Co., Inc., which will receive a commission of 7 1/2% on the debentures and \$.625 per share on the stock (plus \$5,000 for expenses). The company also will pay a finder's fee of \$5,000 in cash and 5,000 Class A shares to Irving B. Coe.

The prospectus lists Amos Treat, president of the underwriter, as promoter of the company, which was organized July 24, 1959, for the purpose of acquiring the business and certain of the assets of Radiant Lamp Corporation, a New Jersey corporation. Upon such acquisition, the permanent offices and main plant of the company will be located at 300 Jelliff Ave., Newark, N. J., the present location of the New Jersey corporation. Treat entered into an agreement with the New Jersey corporation to purchase certain of its assets, including its business and goodwill (but excluding the land and building used as its place of business, two automobiles and \$500,000 in cash or U. S. Treasury Bills). The purchase price is \$1,000,000, of which \$600,000 is payable in cash at the closing and \$400,000 is payable at the closing by delivery of \$400,000 of 5% debentures to be issued by the new company. The prospectus states that all the cash and treasury bills of the New Jersey corporation will be left in that corporation and the amount thereof in excess of \$500,000 will be applied in reduction of the purchase price, and that present indications are that over \$300,000 will be thus applied. The purchaser agrees to assume all liabilities of the seller.

The agreement provides that it shall be assigned to the successor company by Treat for 200,000 shares of Class B stock and 15,000 shares of Class A stock (of Radiant Lamp & Electronics). As part of the agreement, the new company will be permitted to occupy the premises now owned and occupied by the seller, pursuant to a 10-year lease at a rental of \$20,000 per year, plus certain expenses. The agreement has been assigned by Treat to the new company, and received therefor 194,000 shares of Class B stock and 10,000 shares of Class A stock. 5,000 Class A shares were issued to the finder; and 6,000 Class B shares were sold to four individuals (including three directors) for \$15,000, used to cover organization and other expenses. Treat has sold 30,500 shares of his Class B stock to directors and company counsel at one mill per share.

Of the net proceeds of the proposed financing, \$35,000 will be used to cover the cost of acquiring the assets of the New Jersey corporation, including the \$5,000 finder's fee; about \$300,000 will be paid on account of the purchase price (which assumes the \$300,000 offset above mentioned); and the balance of about \$380,000 will be added to the general funds of the corporation to be used as working capital.

The predecessor company manufactures special purpose electric lamps. For the past 20 years it has been under the control and management of Leo Weil and M. William Weil, with whom the purchase agreement was negotiated by Treat. The prospectus lists David Foxman as president of the new company and Harry C. Cronan as secretary-treasurer.

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