

**NEWS DIGEST**

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



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(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE June 18, 1962

Statistical Release No. 1834. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended June 15, 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<br>Change | 1962  |       |
|--------------------------|---------------|--------|-------------------|-------|-------|
|                          | 6/15/62       | 6/8/62 |                   | High  | Low   |
| Composite                | 113.3*        | 118.1  | -4.1              | 144.3 | 113.3 |
| Manufacturing            | 104.6*        | 109.1  | -4.1              | 135.0 | 104.6 |
| Durable Goods            | 102.9*        | 107.8  | -4.5              | 135.6 | 102.9 |
| Non-Durable Goods        | 106.2*        | 110.3  | -3.7              | 134.4 | 106.2 |
| Transportation           | 90.2*         | 92.7   | -2.7              | 111.0 | 90.2  |
| Utility                  | 150.3*        | 156.0  | -3.7              | 185.5 | 150.3 |
| Trade, Finance & Service | 141.1*        | 148.6  | -5.0              | 178.2 | 141.1 |
| Mining                   | 87.1*         | 91.1   | -4.4              | 113.3 | 87.1  |

\*New Low

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended June 14, 1962, 11 registration statements were filed, 19 became effective, 14 were withdrawn, and 700 were pending at the week-end.

GLAS FOAM STOCK 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 Glas Foam Corporation, 1071 East 52nd Street, Hialeah, Florida.

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 September 28, 1960, Glas Foam proposed the public offering of 100,000 common shares at \$3 per share, the offering to be made on a best efforts basis by Martinelli & Company, Inc., of New York. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with in that the offering circular failed to disclose certain direct and indirect interests of officers, directors and persons occupying a control relationship with the company, and failed to disclose the amount of the proceeds from the sale of said stock to be paid to officers and directors. The order also asserts that the company's offering circular was false and misleading in respect of certain material facts, particularly with respect to (1) the cost of real estate (without disclosing the mark-up in the value of such land acquired by the company from an agent of an insider in a non-arms-length transaction), (2) a statement that all material interests of officers, directors, controlling persons and affiliates of the company have been disclosed, when in fact, there were undisclosed loans to and from officers and directors, an obligation arising from a sale to the company's president, and undisclosed transactions between the company and its General Manager whose controlling relationship with the issuer and his active role in the management during the absence of its non-resident president, was not disclosed, and (3) the company's ability to fulfill a contract for the company's sale of boats to a distributor, without disclosing that the company had received notice of cancellation of said contract because of non-fulfillment on its part. The order further states that the exemption under Regulation A was unavailable in that the aggregate offering price of the securities of the company and those securities sold to persons falsely listed as promoters, exceeded the \$300,000 limitation.

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. (NOTE TO PRESS. Copies of foregoing also available at SEC Miami Branch Office)

FORREST ELECTRONICS STOCK 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 proposed public offering of stock by Forrest Electronics Corporation, 425 Las Vegas Blvd., South Las Vegas, Nevada.

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 21, 1961, Forrest Electronics proposed the public offering of 130,000 common shares for an aggregate amount of \$260,000. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with and that the company's offering circular was false and misleading in respect of certain material facts. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the order, the company did not comply with the Regulation in that the company declined to file financial statements containing receipts and disbursements covering its operations and those of its predecessor for the two-year period preceding the filing of the notification. The alleged misrepresentations relate to (1) the omission of various facts concerning the company's predecessor, namely the nature and extent of the predecessor's business operations, including work done in the development of the predecessor's

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prototypes acquired by the company and the participation by certain of the company's officers, directors and promoters in such operations, the nature and reasons for the transaction in which the assets of the predecessor were acquired by the company, the cash cost to the predecessor of each of the six prototypes acquired by the company, and the worth and utility of such prototypes to the company and how it proposes to use these assets in light of the representation by company counsel that it is not continuing the business of the predecessor, (2) the company's proposed participation in defense and space exploration activities on a commercial basis, (3) the authorization in the articles of incorporation that the company may engage in the manufacture of defense weapons and missiles, and (4) the nature and coverage of the licensing agreement which the company was specifically incorporated to acquire. (NOTE TO PRESS. Copies of foregoing also available at SEC Los Angeles Branch Office)

**BRISTOL SECURITIES - CREATIVE VENTURES CITED.** The SEC has ordered consolidated proceedings under the Securities Exchange Act of 1934 to determine whether Bristol Securities, Inc., 60 East 42nd Street, and Creative Ventures Corporation (its parent), 733 Third Avenue, both of New York, violated certain provisions of the said Act and rules of the Commission thereunder and, if so, whether the broker-dealer registration of Bristol should be revoked and whether an application for registration as a broker-dealer filed by Creative Ventures should be denied.

Bristol Securities ("registrant") has been registered with the Commission as a broker-dealer since December 2, 1961, and Max Block, Jr. is its board chairman. Creative Ventures ("applicant"), which is the beneficial owner of all of the stock of registrant, filed an application for registration as a broker-dealer on May 1, 1962. Freeman Koo is applicant's president and Block is board chairman; and each owns 10% or more of applicant's stock. In its order, the Commission recites charges of its staff that information developed in an investigation tends, if true, to show (1) that applicant and Koo, in said broker-dealer application, made false and misleading statements with respect to certain material facts, namely, applicant's directors and the connections of its officers and directors (and the nature and duration thereof) with other broker-dealers during the past ten years, and (2) that applicant and Koo filed an incomplete financial statement in said application. The staff also asserts that during the period from February 16, 1962 to date, changes occurred with respect to ownership in registrant's equity securities, its officers and directors, and the association of its officers and directors with other broker-dealers, and that registrant, applicant, Block and Koo violated the provisions of said Act by failing to amend registrant's registration application to reflect such changes.

According to the Commission's order, Koo was vice president of Reed, Hutchinson and Co., Inc. ("Reed"), which was permanently enjoined in March 1961 from engaging in interstate securities transactions while failing to make its records available for Commission inspection. The staff charges that Reed and Koo violated provisions of the Exchange Act in that during August 1960, Reed failed and Koo caused it to fail to make its books and records available for inspection by the Commission, and that Reed and Koo in June 1960 made misrepresentations in an amendment to Reed's registration application with respect to Koo's connections with broker-dealers during the previous 10 years.

A hearing will be held on June 20, 1962, at the Commission's New York Regional Office 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 and whether applicant's registration application should be denied. The hearing will concern itself initially with the question whether to postpone the effective date of applicant's registration pending decision on the question of denial. 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.

**MARKET STUDY TRANSCRIPT.** In response to numerous inquiries, the SEC announced in SMS Release #12 that the transcript of any portion or all of the 1842-page transcript of the Special Study hearings conducted in May 1962 may be purchased from the official reporter, C.S.A. Reporting Corp., 939 D Street, N.W., Washington 4, D. C., at 60¢ per page (the charge for any SEC hearings conducted in Fiscal 1963 will be 65¢ per page, regular copy).

**ALCOA FILES SAVINGS PLAN.** Aluminum Company of America, 1501 Alcoa Bldg., Mellon Square, Pittsburgh, filed a registration statement (File 2-20467) with the SEC on June 15th seeking registration of \$30,000,000 of interests in its Alcoa Savings Plan for Salaried Employees, and 514,000 shares of common stock which may be acquired pursuant thereto.

**EASTERN PROPERTIES FILES FINANCING PLAN.** Eastern Properties Improvement Corporation, 261 Madison Ave., New York, filed a registration statement (File 2-20468) with the SEC on June 15th seeking registration of \$1,400,000 of 6½% subordinated convertible debentures due 1977 and 70,000 shares of common stock, to be offered for public sale in units consisting of \$100 of debentures and 5 common shares. The offering will be made at \$150 per unit on a best efforts basis by Fleetwood Securities Corporation of America, 44 Wall St., New York, which will receive a \$15 per unit selling commission and \$52,500 for expenses. The statement also includes 1,188 like units to be offered to certain shareholders in exchange for up to 17,822 common shares which were subscribed for by them to provide working capital.

The company was organized in April 1961 for the purpose of dealing in and engaging in the development of lands, the sale of lots and home sites, and the owning, leasing and syndication of commercial and industrial buildings and supplementary activities. It has acquired, in exchange for 250,000 shares, all of the stock of nine subsidiary companies owning a housing and industrial park development near Venice, Fla., and lands in Atlantic County, N. J., which it believes suitable for similar development. The company has an option to acquire up to eight locations for Giant Stores, Inc. discount department stores which may be constructed in the Southwestern United States, and has agreed to issue 40,000 shares in that transaction.

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The company now has outstanding certain mortgage and other indebtedness in addition to 277,822 common shares. Benjamin Kaufman is listed as president and board chairman. Of the outstanding stock, Girard A. Colasurdo, vice president, of Hammonton, N. J., owns 10%; John E. Porte, vice president, of Miami Beach, 8.07%; and Claire P. Crisona of New York City 8%.

**BEACON LIFE SHARES IN REGISTRATION.** The Beacon Life Insurance Company, 307 N. Eutaw St., Baltimore, filed a registration statement (File 2-20465) with the SEC on June 15th seeking registration of 660,804 shares of capital stock. The company proposes to offer to all stockholders and parties to stock subscription agreements who purchased stock or executed agreements subsequent to June 10, 1960 at \$3.35 or \$4.00 per share an opportunity to rescind the purchase of their shares or agreements contingent, however, upon the satisfaction of the following conditions: (1) that the company may lawfully redeem all or any shares or agreements tendered for rescission; (2) that in the event the company may not lawfully redeem all or a portion of the shares tendered, the company be able to find purchasers for the shares so tendered. The amount of funds, if any, to be available for the redemption of shares and subscription agreements tendered for rescission will be subject to the approval of the Insurance Department of the State of Maryland. At the conclusion of the 30 day rescission period the company will also permit holders of subscription agreements and options to complete their contracts. Subsequent to the rescission offering period, shares would be offered for public sale at \$4 per share. The rescission offer resulted from an intra-state offering commenced in June 1960 through Benton Richards and Diversified Enterprises of Maryland, Inc. Sales under this offering were terminated in February 1962, as of which date Diversified had received commissions totalling \$381,223. Concurrently with such offering, the company also extended pre-emptive rights to then existing stockholders to purchase additional stock; and certain shareholders made purchases pursuant to such offer. Some of the then shareholders were non-residents of Maryland. According to the prospectus, certain complaints were made to the SEC with respect to oral statements and sales literature employed in connection with the rights offering, resulting in the proposed rescission offer. If all shares conditionally offered for rescission are tendered for cancellation, the commission to Diversified "may represent a total loss to the company."

**STANLEY WORKS FILES STOCK PLAN.** The Stanley Works, 195 Lake Street, New Britain, Conn., filed a registration statement (File 2-20469) with the SEC on June 15th seeking registration of 150,000 shares of common stock, to be offered pursuant to its Employee Stock Purchase Plan.

**SEARS FILES PROFIT SHARING PLAN.** Sears, Roebuck and Co., 925 South Homan Ave., Chicago, filed a registration statement (File 2-20471) with the SEC on June 15th seeking registration of \$38,000,000 of memberships in its Savings and Profit Sharing Pension Fund, and 2,000,000 common shares which may be acquired pursuant thereto.

**FIRST SOUTHERN REALTY FILES FOR OFFERING.** First Southern Realty Trust, Little Rock, Ark., filed a registration statement (File 2-20470) with the SEC on June 15th seeking registration of 600,000 shares of beneficial interest in the Trust, to be offered for public sale at \$5 per share. The offering will be made on a best efforts basis (by underwriters whose names are to be supplied by amendment), which will receive a 50¢ per share selling commission. A \$25,000 fee is payable to James H. Hayes, vice president of the Trust's advisor, for services in organization and for financial advice to the Trust.

The Trust was organized under Arkansas law in March 1962 and intends to invest in income-producing properties of all types. It also intends to qualify as a real estate investment trust under the Internal Revenue Code. The net proceeds from the sale of shares will be used to carry out a program of acquisition of real property, mortgages and interests in real estate. Real Estate Management Associates, Inc., which was organized in October 1961 by the Trust's promoters, will act as investment advisor and manager for the Trust. Wallace G. Marks is chairman of the Trustees.

**SECURITIES ACT REGISTRATIONS.** Effective June 18: Francis A. Callery, Agent (File 2-19986); Pearl Brewing Co. (File 2-20127); Pennsylvania Real Estate Investment Trust (File 2-19813); Shulton, Inc. (File 2-20382); Sierra Pacific Power Co. (File 2-20365). Withdrawn June 18: Computers, Inc. (File 2-20190); First Realty Company of Boston (File 2-20325); The Foxboro Co. (File 2-20429).

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