

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 August 13, 1962

Statistical Release No. 1845. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended August 10, 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	
	8/10/62	8/3/62		High	Low
Composite	117.1	118.3	-1.0	144.3	107.0
Manufacturing	108.2	109.4	-1.1	135.0	98.6
Durable Goods	106.6	107.6	-0.9	135.6	95.2
Non-Durable Goods	109.8	111.0	-1.1	134.4	101.8
Transportation	88.8	90.4	-1.8	111.0	85.5
Utility	157.5	159.3	-1.1	185.5	143.0
Trade, Finance & Service	139.6	139.1	+0.4	178.2	131.4
Mining	91.8	93.2	-1.5	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 9, 1962, 10 registration statements were filed, 39 became effective, 21 were withdrawn, and 616 were pending at the week-end.

FIVE BROKER-DEALER REGISTRATIONS REVOKED. The SEC has issued orders under the Securities Exchange Act (Releases 34-6876-79 and 34-6881) revoking the broker-dealer registrations of (1) Sherwood and Company, 650 El Camino Real, Redwood City, Calif., (2) Edmund S. Reed, doing business as Edmund S. Reed & Co., 5 Colt Street, Paterson, N. J., (3) Bankers Securities, Incorporated, Central Bank Bldg., Lexington, Ky., (4) Frank Lerner, doing business as Frank Lerner Company, 39 Broadway, New York, and (5) Thomas Bennett Allen, doing business as Jordan Marc and Company, 1319 F Street, N. W., Washington, D. C., for violations of various provisions of the Federal securities laws. Cliff Raimond Sherwood (general partner and manager of Sherwood and Company) and Edmund S. Reed consented to the revocation orders against their respective firms; and each was found to be the cause thereof. John C. Buckley, Jr., president and sole stockholder of Bankers Securities, was found to be a cause of the revocation of that firm's broker-dealer registration; and Frank Lerner, Donald R. Stogo and Carl Brandon Scott consented to entry of the revocation order against Frank Lerner Company, and they and Cass Leys were each found to be a cause thereof.

With respect to Sherwood and Company, the Commission found that during the period from May 1957 to June 1958, the Sherwood firm, aided and abetted by Sherwood, violated the anti-fraud provisions of the Federal securities laws in that it received certain securities from two customers and converted them (or the proceeds from their sale) to its own use and benefit. The firm also refused to make its books and records available for examination by the Commission's staff and was found to have violated the SEC net capital and record keeping rules and financial reporting requirement. In June 1958 they were permanently enjoined by Federal court order (on complaint of the Commission) from violating the said record keeping, net capital and anti-fraud provisions.

The Commission ruled that Edmund S. Reed violated the anti-fraud provisions of the Federal securities laws in connection with the offer and sale of stock of U-Bowl Inc. during the period from March to May 1960, by means of false and misleading representations concerning anticipated increases in the market value of U-Bowl stock, earnings prospects of U-Bowl and the availability of its stock. He also falsified his broker-dealer registration application with respect to his connections within the past 10 years with other broker-dealers.

The broker-dealer registration of Bankers Securities was revoked on the basis of the fact that on July 24, 1961, Buckley (upon a plea of nolo contendere) was convicted in a Federal court of violations of the Securities Act anti-fraud provisions (and sentenced to pay a \$15,000 fine) in connection with his offer and sale of common stock of Cardinal Life Insurance Company.

Concerning Frank Lerner Company, the Commission found that Lerner, aided and abetted by Stogo, Scott and Leys, violated the anti-fraud provisions of the Federal securities laws in that during October 1959, in connection with the offer and sale of shares of Magic Mountain, Inc., they made false representations concerning the interest of a prominent New York businessman in Magic Mountain and the possibility of his investing millions of dollars in the company. Violation of the Commission's net capital rule was also found.

In revoking the broker-dealer registration of Thomas Bennett Allen, the Commission found that he violated the record-keeping and reporting provisions of the Exchange Act by making false and fictitious entries; failed to make entries in his records reflecting a bank loan; and failed to file a report of financial condition.

OVER

INVESTORS SYNDICATE STOCK SALE APPROVED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3516) authorizing Investors Syndicate of America, Inc., Minnesota face-amount certificate company, to sell 30,000 Class A common shares of North American Life and Casualty Company to H. P. Skoglund, president and board chairman of North American, for an aggregate of \$8,475,000, payable \$750,000 in cash on the closing date and the balance in its entirety on or before March 1, 1963.

OHIO EDISON SEEKS ORDER. Ohio Edison Company, Ohio holding company, and its public-utility subsidiary, Pennsylvania Power Company, have applied to the SEC for an order authorizing the latter to issue and sell \$12,000,000 of first mortgage bonds at competitive bidding and \$1,500,000 of additional common stock (50,000 shares) to the parent; and the Commission has issued an order (Release 35-14682) giving interested persons until August 24, 1962 to request a hearing thereon. The subsidiary will use part of the proceeds from the bond sale to redeem \$8,000,000 of outstanding 5% first mortgage bonds due 1987 (at 104.79%); and the balance, together with the proceeds from the sale of additional common stock to Ohio, will be used for property additions and improvements (or to reimburse treasury therefor), estimated at \$20,000,000 for the years 1962-63.

NEW RULE WOULD RESTRICT REDEMPTION CLAIMS. The SEC today announced a proposal to adopt a new Rule 10b-10 under the Securities Exchange Act (Release 34-6874) which would prohibit any representation to the effect that (1) the offering price of such security is based upon and varies with the current value of its proportionate share of the assets of the issuer, or (2) such security is or will be redeemable at the option of the holder at a price which is based upon and varies with the current value of such proportionate share, unless substantially all of the assets of the issuer consist of cash, cash items and securities (other than mortgages and other liens on and interest in real estate) for which market quotations are readily available and which are readily marketable.

This matter has become of particular interest in connection with proposals by certain real estate investment companies to offer redeemable securities. However, the proposed rule as drafted would apply to any company seeking to offer securities in the manner or of the character described in the rule. One purpose of the rule is to prohibit the offering of securities on the basis of the value of their proportionate share of the assets of the company in cases where the nature of the company's assets is such that it is impossible to determine their value with sufficient precision to compute the offering price of the securities on that basis. The rule would also prohibit the offering of securities of a company as "redeemable" securities when the assets of the company are such that their value cannot be precisely determined for the purpose of redemption and are not sufficiently liquid to make possible their conversion into cash for the purpose of redeeming the securities.

The proposed rule would bar the prohibited representations as constituting a manipulative or deceptive device or contrivance within the meaning of Section 10(b) of the Act. Interested persons are invited to submit their views and comments not later than September 28, 1962.

APEX MINERALS TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Apex Minerals Corporation on the San Francisco Mining Exchange and over-the-counter market for an additional ten-day period August 14-23, 1962, inclusive.

BRISTOL-MYERS FILES STOCK PLANS. Bristol-Myers Company, 630 Fifth Avenue, New York, filed a registration statement (File 2-20642) with the SEC on August 10th seeking registration of 412,484 shares of common stock, to be offered pursuant to its 1952 and 1960 Stock Option Plans.

VIRGINIA DARE STORES FILES STOCK PLAN. Virginia Dare Stores Corporation, 111 Eighth Avenue, New York, filed a registration statement (File 2-20643) with the SEC on August 10th seeking registration of 75,000 shares of common stock, to be offered pursuant to its Employees Stock Participation Plan (1962).

ADR'S FOR WALTONS LTD. FILED. Chemical Bank New York Trust Company, 20 Pine Street, New York, filed a registration statement (File 2-20644) with the SEC on August 10th seeking registration of 50,000 American Depositary Receipts for units of ordinary stock of Waltons Limited.

RALSTON PURINA FILES STOCK PLAN. Ralston Purina Company, 835 South Eighth Street, St. Louis, Mo., today filed a registration statement (File 2-20645) with the SEC seeking registration of 60,000 shares of common stock, to be offered pursuant to its Stock Purchase Plan.

SECURITIES ACT REGISTRATIONS. Effective August 13: All Star Insurance Corp. (File 2-20170); First General Real Estate Trust (File 2-20300). ~~Withdrawn August 9: Realtone Electronics Corp. (File 2-18697).~~
Withdrawn August 10: John J. Beaton Company, Inc. (File 2-20423); Hart's Food Stores, Inc. (File 2-20073).
Withdrawn August 13: Electromagnetics Corp. (File 2-19313); Texas Technical Capital, Inc. (File 2-19139).