

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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Statistical Release No. 1918. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended August 2, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1963 is as follows:

	1957-59 = 100		Percent Change	1963	
	8/2/63	7/26/63		High	Low
Composite	140.9	139.4	1.1	144.1	130.6
Manufacturing	132.2	130.5	1.3	135.4	121.1
Durable Goods	126.4	124.9	1.2	133.3	116.2
Non-Durable Goods	137.6	135.8	1.3	138.6	125.8
Transportation	125.0	121.6	2.8	129.0	106.4
Utility	176.8	175.8	0.6	181.4	170.3
Trade, Finance & Service	167.7	167.0	0.4	171.6	153.8
Mining	126.9	124.3	2.1	130.1	104.2

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 1, 1963, 26 registration statements were filed, 19 became effective, 1 was withdrawn, and 290 were pending at the week-end.

REGISTRATIONS OF THREE BROKERS REVOKED. In decisions announced today (Releases 34-7107, 34-7108 and 34-7109), the SEC revoked the broker-dealer registrations of (1) Market Securities, Inc., 1201 Walker Bank Bldg., Salt Lake City, Utah, (2) Professional Insurers & Investors, Ltd., 123 Cook St., Denver, Colo., and (3) Mitchell & Company, Inc. Securities, doing business as Mitchell & Company, Inc., 3033 North Central, Phoenix, Ariz. E. William Coombs, Jr., president and a principal stockholder of Market Securities, Charles A. Sampley, president and principal stockholder of Professional Insurers, and Jerry J. Mitchell, president and a principal stockholder of Mitchell & Company as well as William M. Liddon, another principal stockholder of Mitchell, were each found a cause of the respective revocation orders.

In its decision with respect to Market Securities, the Commission found that during the period June to December 1962, the firm, aided and abetted by Coombs, violated the anti-fraud provisions of the Federal securities laws and the Commission's net capital rule in that, in the conduct of securities transactions while in violation of that rule, they did not disclose that the firm was in fact insolvent and unable to meet its current liabilities. The Commission also found that they failed to amend the firm's registration application to correct certain information which had become inaccurate; violated the Commission's record keeping rules; and violated the credit requirements of Regulation T. The Commission also noted that in 1962 a Federal court in Utah entered orders permanently enjoining the firm from violating the Commission's net capital and record-keeping rules and appointing a receiver for the firm's assets.

With respect to Professional Insurers, the Commission found that in the offer and sale of that firm's stock pursuant to a claimed Regulation A exemption from Securities Act registration, the firm, aided and abetted by Sampley, violated the anti-fraud provisions of the Federal securities laws in that they used an offering circular which contained false and misleading statements with respect to the firm's financial condition, the intended use of proceeds of the offering, the compensation of management officials, and the firm's financial records. The Commission also found that they failed to file a report of stock sales as required by the Regulation, and held that because of such fraudulent activities and failure to comply with Regulation A, the exemption was unavailable with respect to the offering. Accordingly, since no registration statement had been filed, the firm and Sampley also violated the Securities Act registration provisions. Violations of the Commission's record-keeping and financial reporting requirements were also found.

With respect to Mitchell & Company, the Commission found that in the purchase and offer to purchase stock of General Trust Corporation during July-November 1962, the firm, aided and abetted by Mitchell and Liddon, violated the Exchange Act anti-fraud provisions in that they made false and misleading statements to the effect that General Trust was not doing well, the price of such stock would decline, various proposed mergers had fallen through, and no cash dividends would be paid by General. The Commission also ruled that the firm effected securities transactions in which it acted as agent for both buyer and seller without disclosing the source and amount of commissions it received (or would receive) in connection with such transactions; made false statements in amendments to the firm's application for registration to the effect that in January 1962 Liddon ceased to be president of another broker (Preferred Securities, Inc.) and that from August to November 1962 Mitchell was the only 10% stockholder; and that the firm violated the Commission's net capital rule.

WHITESTONE PETROLEUM SEEKS ORDER. Whitestone Petroleum Corporation, a Delaware company, has applied to the SEC for an order under the Securities Exchange Act of 1934 exempting it from the duty to file annual and other periodic reports; and the Commission has issued an order giving interested persons until August 2, 1963, to request a hearing thereon. The company's undertaking to file such reports resulted from its filing of a registration statement covering an offering of \$7,500,000 of participations in its 1962 Whitestone Program for exploration and development of oil, gas and other mineral properties, which statement became effective in March 1962. Participating agreements were entered into with 26 participants, in the amount of \$2,455,996. According to the application, all of the issued and outstanding common stock of the company is owned by its president, George F. Clements, Jr., and all of its preferred stock by Empire Resources Corporation. Moreover, an accounting firm prepares an annual audit of the company's oil and gas exploration program which is to be distributed to the Program participants after the end of each calendar year.

PENN FUEL GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14920) authorizing Penn Fuel Gas, Inc., Oxford, Pa. holding company (83% owned by John H. Ware, 3rd, its president) to acquire all of the capital stock (150 shares) of Valley Gas Company (a proposed Pennsylvania company) at their \$100 per share par value. Penn Fuel has 20 Pennsylvania gas utility subsidiaries all operating entirely within that State. Valley Gas proposed to furnish natural gas service in certain borough in Blair County, Pa., in which areas no gas service (other than bottled gas) is now available; and it intends to apply \$133,780 of the proceeds received from the stock sale to Penn Fuel, together with advances from Penn Fuel, toward construction of initial facilities.

MICHIGAN CONSOLIDATED GAS PROPOSES BORROWINGS. Michigan Consolidated Gas Company, Detroit utility subsidiary of American Natural Gas Company, a registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing it to borrow from time to time up to \$20,000,000 from four banks; and the Commission has issued an order (Release 35-14921) giving interested persons until August 26, 1963 to request a hearing thereon. The proceeds will be used to finance in part the company's 1963 construction program (estimated at \$34,533,000).

NUVEEN & CO. FILES FOR OFFERING. John Nuveen & Co., 135 S. LaSalle St., Chicago, depositor for Nuveen Tax-Exempt Bond Fund, Series 5, filed a registration statement (File 2-21617) with the SEC on August 2 seeking registration of \$16,500,000 of units of interest in the Fund.

ELECTRONIC ASSOCIATES FILES FOR STOCK OFFERING. Electronic Associates, Inc., Long Branch, N. J., filed a registration statement (File 2-21621) with the SEC on August 1 seeking registration of 100,000 shares of capital stock, to be offered for public sale through underwriters headed by W. C. Langley & Co., 115 Broadway New York. The public offering price (maximum \$70 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, production and sale of electronic analog computers and related equipment, integrated hybrid analog-digital computers, precision electronic plotting equipment and laboratory instruments. It also furnishes computer engineering services involving problem analysis and solution. The net proceeds from the stock sale will be used initially to pay short term borrowings incurred to finance increases in inventories and accounts receivable, and the balance will be added to working capital for capital expenditures, including additional plant facilities and purchase of machinery and equipment. In addition to certain indebtedness, the company has outstanding 919,025 shares of capital stock, of which management officials as a group own 8.5%. Lloyd F. Christianson is president.

SECURITIES ACT REGISTRATIONS. Effective August 2: Szabo Food Service, Inc. (File 2-21394).

*As estimated for purposes of computing the registration fee.

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