

# 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 June 13, 1960

Statistical Release No. 1685. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended June 10, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960, is as follows:

	1939 = 100		Percent Change	1960	
	6/10/60	6/3/60		High	Low
Composite	411.3	398.5	+3.2	432.5	388.8
Manufacturing	492.4	473.8	+3.9	538.9	464.5
Durable Goods	477.3	461.3	+3.5	521.6	446.5
Non-Durable Goods	496.9	476.2	+4.3	544.4	472.1
Transportation	298.5	284.0	+5.1	329.3	284.0
Utility	240.4*	238.7	+0.7	240.4	216.1
Trade, Finance & Service	462.6*	449.8	+2.8	462.6	414.7
Mining	252.2	249.6	+1.0	299.7	243.5

\*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended June 9, 1960, 19 registration statements were filed, 2 were withdrawn, 32 became effective, and 354 were pending at the week end.

HEARING ORDERED IN ALLAN ASSOCIATES SECURITIES CASE. The Commission has scheduled for hearing on June 22, 1960, in its New York Regional Office, the proceedings authorized April 20, 1960 (Release 34-6245) to determine whether Alan Associates Securities Corporation, 99 Wall Street, defrauded investors in the offer and sale of common stock of North American Petroleum Corporation and, if so, whether its broker-dealer registration should be revoked.

SEC ORDER CHARGES VIOLATIONS TO D.F. BERNHEIMER CO. The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether investors were defrauded by D.F. Bernheimer & Co., Inc., 42 Broadway, New York, in connection with the offer and sale by Bernheimer & Co. of common stock of Continental Sulphur & Phosphate Corp. and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

According to the Commission's order, Bernheimer & Co. has been registered as a broker-dealer since December 1936. Kermit L. Bernheimer is a director, vice-president and owner of more than 10% of its outstanding stock. The Commission's order asserts that, in the offer and sale of Continental stock during the period 1955 to May 1959, Bernheimer & Co. and Bernheimer made false and misleading representations of material fact and "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers" of such stock. The alleged misrepresentations related, among other things, to the assets of Continental, its profits, per share earnings, and dividends to be paid, the merger of Continental with a chemical company, increase in the price of and the safety of an investment in said stock.

Moreover, according to the order, the stock of Continental, as well as its 6% convertible debentures, were offered and sold by Bernheimer & Co. and Bernheimer in violation of the registration requirements of the Securities Act of 1933.

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

HEARINGS ORDERED IN TWO SUSPENSION CASES. At the request of Aluminum Top Shingle Corporation, Beaverton, Ore., and Hermetic Seal Corporation, Newark, N. J., the Commission has scheduled hearings for June 20, 1960, OVER

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in the Washington Building in Portland, Ore., and for August 8, 1960, in the SEC New York Regional Office, respectively, to determine whether to vacate or make permanent prior orders suspending Regulation A exemptions from Securities Act registration with respect to public stock offerings by the two companies.

**STANDARD PACKAGING SHARES IN REGISTRATION.** Standard Packaging Corporation, 200 East 42nd St., New York, filed a registration statement (File 2-16689) with the SEC seeking registration of 346,096 shares of \$1 par common stock and 65,894 shares of \$20 par 6% convertible preferred stock.

According to the prospectus, the company has offered or is offering 195,000 common shares to present and future officers and key employees pursuant to its Incentive Stock Option Plan; and it has offered 105,000 shares under two stock option agreements with, respectively, its board chairman and president.

In addition, certain stockholders who acquired on September 1, 1959, 46,096 shares of common stock pursuant to a plan of reorganization dated May 15, 1956, between the former stockholders of Modern Packages, Inc., and Standard, and certain other stockholders who acquired, on April 5, 1960, 65,894 shares of the 6% convertible preferred pursuant to a merger between Brown & Bigelow and Standard, may from time to time sell or otherwise dispose of some or all of the said shares; and, accordingly, these shares are also being registered.

**DRUG FAIR FILES FOR OFFERING.** Drug Fair-Community Drug Co., Inc., 1200 South Eads St., Arlington, Va., operator of Drug Fair Stores, filed a registration statement (File 2-16690) with the SEC on June 10, 1960, seeking registration of \$500,000 of Subordinated Sinking Fund Debentures, due September 15, 1975 (with attached warrants to purchase 25,000 shares of Common Stock A, \$1 par), together with 150,000 additional shares of the Common Stock A. The company proposes to issue the debentures and warrants in units consisting of a \$500 debenture with a warrant for the purchase of 25 shares, at \$500 per unit. The exercise price of the warrants will be supplied by amendment. The public offering price of the Common Stock A shares, and the underwriting terms for both issues, are to be supplied by amendment. Of the Common Stock A shares, 100,000 are to be offered for the account of the issuing company and 50,000 by the present holders thereof. Auchincloss, Parker & Redpath is listed as the principal underwriter.

The company operates 50 drug stores located in the District of Columbia, northern Virginia and south-central Maryland. Net proceeds of its sales of the debentures, warrants and 100,000 shares, together with an estimated \$860,000 from additional long term institutional borrowing, will be added to the working capital of the company. These funds, supplemented by retained earnings will be used to repay current bank indebtedness of \$1,200,000 and to provide funds for the opening of eight new Drug Fair stores in 1960 and seven stores in 1961. Management estimates that \$130,000 is required for each additional store, including inventory requirements. To the extent necessary, the funds provided by this financing, institutional borrowing, and retained earnings may be supplemented by short term bank loans.

The company now has outstanding 466,452 shares of Class A and 611,648 shares of Class B common stock. Milton L. Elsberg is listed as president and Robert Gerber as board chairman. Management officials own 64.24% of the voting shares.

**SEARS ROEBUCK STOCK PLAN FILED.** Sears, Roebuck and Co., 925 South Homan Ave., Chicago, filed a registration statement (File 2-16691) with the SEC on June 10, 1960, seeking registration of 25,000 memberships in its Savings and Profit Sharing Pension Fund for Sears, Roebuck employees, together with 2,000,000 shares of Sears common.

**STANDARD GAS PLAN AMENDMENT FILED.** Standard Gas and Electric Company has filed an amended Step V of its pending plan for compliance with the Holding Company Act; and the Commission has issued an order (Release 35-14239) giving interested persons until June 28, 1960, to request a hearing thereon. The plan relates in part to the substitution of a new tax agreement with a former subsidiary, Wisconsin Public Service Corporation, arising in connection with a 1952 tax agreement entered into between the two companies. The amendment provides, among other things, that Duquesne Light Company, also a former subsidiary, in consideration of \$50,000, will assume any and all of the liabilities of Standard Gas relating to the claims asserted by Wisconsin Public Service.

**INCOME FUND OF BOSTON RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release 40-3043) permitting Income Fund of Boston, Inc., to make borrowings from time to time from foreign banking firms under certain conditions.

**AMERICAN ELECTRONICS PROPOSES OFFERING.** American Electronics, Inc., 1725 West Sixth St., Los Angeles, today filed a registration statement (File 2-16692) with the SEC seeking registration of 300,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Shields & Company. The initial public offering price will be related to the current market for outstanding shares at the time of offering; and underwriting terms are to be supplied by amendment.

The business of the company consists principally of the manufacture and sale of certain ground support equipment for use in the aircraft and missile industry; the manufacture and sale of certain electro-mechanical components for use in various electronic systems related to the aircraft and missile industry; the

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manufacture and sale of toll and fee computing, collecting and accounting systems for use on toll roads and in parking lots and garages; specialized environmental testing services; and the manufacture and sale of nuclear testing equipment. The company now has outstanding 877,344 shares of common stock in addition to convertible debentures and other indebtedness. Of the net proceeds of the sale of additional stock, \$200,000 will be used to acquire leasehold improvements for the plant and facilities being constructed by the company at Fullerton, Calif., and the remainder will be added to working capital, including the repayment of \$1,500,000 of short term bank loans and the payment of \$1,500,000 of current accounts payable.

The prospectus lists Phillip W. Zonne as president and board chairman. Management officials as a group own about 7.5% of the outstanding common shares. About 12% is held of record but not beneficially by Merrill, Lynch, Pierce, Fenner & Smith.

SEC COMPLAINT NAMES YORK SECURITIES INC. The SEC NYRO announced June 6th (Litigation Release No. 1701) the filing of court action (USDC SDNY) seeking to enjoin York Securities, Inc., of 80 Wall Street, New York, from further violating the anti-fraud provisions of the Securities Exchange Act and the SEC Net Capital Rule thereunder. Also named as defendants are Charles F. Herbertz, president, and Edyth Herbertz, secretary-treasurer and sole stockholder. Temporary restraining order issued by court.

VANDERSEE CONVICTION SUSTAINED. The U. S. Court of Appeals in Philadelphia on May 27th affirmed a judgment of conviction of Arnold E. Vandersee previously rendered in the U. S. District Court for New Jersey. Vandersee had been found guilty by a jury on eleven counts of an indictment charging fraud in the sale of securities (Litigation Release 1702).

SEC COMPLAINT NAMES MON O CO OIL. The SEC Seattle Regional Office announced June 8th (Litigation Release 1703) the filing of court action (USDC, Seattle) seeking to enjoin Mon-O-Co Oil Corporation, Ben Haugner and Frank LeCocq from further violations of the registration and anti-fraud provisions of the Securities Act in the sale of oil interests in properties located in Fallon County, Mont.

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