

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 27, 1962

Statistical Release No. 1847. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended August 24, 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	
	8/24/62	8/17/62		High	Low
Composite	121.5	120.2	+1.1	144.3	107.0
Manufacturing	112.2	110.9	+1.2	135.0	98.6
Durable Goods	111.3	109.9	+1.3	135.6	95.2
Non-Durable Goods	113.1	111.9	+1.1	134.4	101.8
Transportation	92.2	90.2	+2.2	111.0	85.5
Utility	163.1	161.8	+0.8	185.5	143.0
Trade, Finance & Service	147.3	145.4	+1.3	178.2	131.4
Mining	93.2	92.1	+1.2	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 23, 1962, 28 registration statements were filed, 22 became effective, 10 were withdrawn, and 589 were pending at the week-end.

VIOLATIONS CHARGED TO JAY MORTON & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Jay Morton & Company, Inc., 1242 North Palm Avenue, Sarasota, Fla., engaged in practices which operated as a "fraud and deceit" upon its customers and, if so, whether its broker-dealer registration should be revoked.

Jay Morton & Co. ("registrant") has been registered with the Commission as a broker-dealer since August 14, 1960. Jerome Morton Schechtman is president. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that from June 30 through July 18, 1962, registrant and Schechtman "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons," in violation of the anti-fraud provisions of the Federal securities laws, in that they accepted deposits of money and securities from customers and intended to and did thereafter appropriate such funds and securities to their own use and benefit. Other violations charged by the staff include the conduct of a securities business while insolvent and without disclosing its insolvent condition to customers, and violation of the Commission's net capital rule. (Registrant and Schechtman were permanently enjoined in July 1962 by Federal court order from violations of the Commission's net capital rule.)

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence on the foregoing to determine whether the staff charges are true and, if so, whether the broker-dealer registration of Jay Morton & Co. should be revoked. The firm is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether it should be suspended or expelled from NASD membership.

WYNNCO INVESTMENT 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 Wynnco Investment Company, 233 West Venice Ave., P. O. Box 1282, Venice, Fla.

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 February 27, 1961, Wynnco proposed the public offering of 2,050 Class B common shares at \$100 per share (of which 1,050 were initially reserved for issue pursuant to exercise of outstanding options held by promoters). The offering was commenced on May 1, 1961 and completed on April 24, 1961. 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 offering was made in violation of the anti-fraud provisions of the Securities Act. 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 it (1) failed to file a revised offering circular after nine months, as required, (2) is an investment company and accordingly no exemption under the Regulation is available, and (3) failed to disclose adequately and accurately in a report to the Commission the number of shares sold pursuant to the offering and the amount of proceeds received therefrom. The Commission also asserts that the company's offering circular contains misrepresentations of material fact in that the proceeds from the offering were not used for the purposes set out in the circular and that the company failed to cooperate with the Commission.

KAY & CO. ENJOINED. The SEC Fort Worth Regional Office announced August 20th (Lit-2355) the entry of a Federal court order (USDC Houston) permanently enjoining Kay & Company, Maurice R. Karkowski, Edith S. Karkowski and Joseph L. Karkowski, all of Houston, from further violations of the anti-fraud and record-keeping requirements of Securities Exchange Act. The court previously had appointed a receiver to take custody of the assets of Kay & Company.

RAPP-WEBSTER SECURITIES ENJOINED. The SEC New York Regional Office announced August 23d (Lit-2356) the entry of a Federal court order (USDC NY) permanently enjoining Herbert Rapp, doing business as Webster Securities Company, and Murray Libman, from further violations of the Securities Act anti-fraud provisions in the sale of Taylorcraft common stock.

ARIZONA PUBLIC SERVICE FILES FOR STOCK OFFERING. Arizona Public Service Company, 501 South 3rd Avenue, Phoenix, filed a registration statement (File 2-20672) with the SEC on August 24th seeking registration of 676,220 shares of common stock, to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, and Blyth & Co., Inc., 14 Wall St., both of New York. The public offering price (maximum \$30 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the generation, purchase and sale of electricity and the purchase and sale of natural gas. The net proceeds from the stock sale will be used for payment of loans incurred for construction purposes. Expansion of facilities will cost an estimated \$170,000,000 for 1962-64. In addition to certain indebtedness and preferred stock, the company has outstanding 7,823,780 shares of common stock, of which management officials as a group own 77,935 shares. John M. Jacobs is board chairman and Walter T. Lucking is president.

HAVEN INDUSTRIES FILES FOR SECONDARY. Haven Industries, Inc., 11 West 42nd Street, New York, filed a registration statement (File 2-20673) with the SEC on August 24th seeking registration of 2,075,715 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time on the American Stock Exchange, or otherwise, at prices current at the time of sale (maximum \$1 per share*). The statement also includes 780,300 common shares reserved for issuance by the company upon exercise of outstanding options or conversion of outstanding debentures.

The company was organized in November 1961 and in April 1962 succeeded by merger to the assets (and obligations) of its parent The New Haven Clock and Watch Company, a Connecticut corporation. The outstanding shares of the parent were converted automatically into the same number of company shares. The company has agreed to issue 1,197,350 shares for all the assets of Bowling and Construction Corporation, a holding company with three wholly owned subsidiaries and a 50% interest in each of two others. In addition, it has agreed to issue 300,000 shares for the remaining 50% interest in one of the latter subsidiaries, West Highlands Realty Co., which owns undeveloped property in Jacksonville, Fla. The other subsidiaries are engaged in the ownership or operation of bowling centers. Through its Condenser Products Division, the company is also engaged in the manufacture of capacitors, power supplies and pulse-forming networks. The prospectus reflects a net loss for the year ended December 31, 1961 of \$365,586 and for the five months ended May 31, 1962 of \$181,637. According to the prospectus, due to the change in par value of the common stock from \$1 to 10¢, the accumulated deficit of the company of slightly less than four million dollars was eliminated and a capital surplus resulted.

In addition to various indebtedness, the company has outstanding 7,971,051 shares of common stock, of which management officials as a group own 2.4%. The shares being offered by selling stockholders include shares to be offered by former creditors of the company who accepted stock in lieu of cash payment, shares to be offered by persons who received such shares in exchange for assets and shares to be offered by former holders of convertible debentures of the company who converted such debentures to stock. Martin Stein (owner of the said 50% interest in West Highlands) proposes to sell the 300,000 shares, Credit Industrial Corp. 250,000 shares and John L. Ayers 113,000 shares. Others propose to sell amounts ranging from 1,000 to 105,000 shares. Irving Jacobs is board chairman and M. Michael Meadow is president.

VIOLATIONS CHARGED TO ALLSTATE PETROLEUM. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Allstate Petroleum, Inc., 125 East 50th Street, New York, violated certain provisions of the Exchange Act and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") has been registered with the Commission as a broker-dealer since June 15, 1962. Milton J. Helmke is president, Henry L. Hahn vice president and Joseph Messina secretary-treasurer. Helmke, Messina and George C. Foltz are each owners of 10% or more of the company's stock. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that registrant employed Alfred Shayne as a salesman from April to July 1962 and Donald D. Dunklee from June to July 1962. According to the order, Shayne was named in 1951 as a cause of the Commission's revocation of the broker-dealer registration of Henry P. Rosenfeld & Co. for violations of the Securities Act anti-fraud provisions (at which time it also revoked Shayne's broker-dealer registration as a sole proprietor); and Dunklee was named in 1959 as a cause of the Commission's revocation of the broker-dealer registration of Jefferson Associates, Inc. (and found to have violated certain Exchange Act provisions). The staff charges that registrant filed a misleading application for broker-dealer registration in that its application failed to reflect that the two employee salesmen had been found by the Commission to have violated provisions of the Federal securities laws and failed to file a correcting amendment.

A hearing will be held, at a time and place to be announced, 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.

UNIVERSAL, INC. REGISTRATION CANCELLED. The Commission also has issued an order cancelling the broker-dealer registration of Universal, Incorporated, McConne Hotel Building, Kellogg, Idaho. According to the Commission's order, the company ceased doing business as a broker-dealer in May 1960; and in April 1960 the company, together with C. Harold Easter, its principal officer, was temporarily enjoined from fraudulent activities in the sale of securities, which injunction has been indefinitely extended.

SISSOM REGISTRATION SUSPENDED. In addition, the Commission has issued an order suspending the broker-dealer registration of Joe Bert Sissom, doing business as Sissom Investment Securities, 17 West Avenue A, Temple, Texas, pending final decision by the Commission in proceedings to determine whether to revoke the registration of Sissom (who consented to the suspension order). The proceedings are based upon staff charges that Sissom engaged in practices which operated as a "fraud and deceit" upon his customers.

BALTIMORE GAS AND ELECTRIC FILES STOCK PLAN. Baltimore Gas and Electric Company, Lexington and Liberty Streets, Baltimore, filed a registration statement (File 2-20674) with the SEC on August 24th seeking registration of 325,000 shares of common stock, to be offered pursuant to its Employees' Stock Purchase Plan of 1962.

CANTAB OIL FILES FOR OFFERING. Cantab Oil Company, Liberty Bank Bldg., Oklahoma City, Okla., filed a registration statement (File 2-20675) with the SEC on August 24th seeking registration of \$250,000 of participating units in the company's 1962 Program of oil and gas exploration, to be offered for public sale (without underwriting) at \$10,000 per unit. The statement also includes \$62,500 of additional units for assessments for costs of equipping wells. The funds subscribed to the Program will be used to acquire and test interests in proven, semi-proven and wildcat oil and gas leases within the United States (excluding Alaska and Hawaii), with the intended area of major initial interest being in Oklahoma. The Program will be managed by the company, which will receive for its services: (a) an amount equal to 10% of all amounts subscribed to the Program, as compensation for organizing and conducting the Program; and (b) an overriding royalty of 10% of each subscriber's proportionate fractional interest in the production from each lease in the Program. After such costs are paid, and assuming all units are sold, the net proceeds available for the Program will amount to \$218,000. John M. Cochrane is president and Brooks Hall is a vice president and owner of all of the company's outstanding capital stock (100 shares).

MUTUAL FUND STUDY BRIEFING SESSION. The briefing conference on the report of the Wharton School (University of Pennsylvania) on its STUDY OF MUTUAL FUNDS is scheduled for 2 PM tomorrow (August 28th) in Room 277 of SEC Office (425 Second St. NW). Report is for publication in August 29th newspapers. Copies available to Press at SEC Secretary's Office (Room 285). The report will be available for purchase by the general public on and after August 29th, at \$1.50 per copy, from the Superintendent of Documents, Washington 25, D.C.

SECURITIES ACT REGISTRATIONS. Effective August 27: McKesson & Robbins, Inc. (File 2-20598); Kansas City Southern Industries, Inc. (File 2-20510).

*As estimated for purposes of computing the registration fee.

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