

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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FOR RELEASE August 10, 1959

Statistical Release No. 1622

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended August 7, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939 = 100		Percent Change	1959	
	7/31/59	8/7/59		High	Low
Composite	441.3	437.5	-0.9	441.3	400.1
Manufacturing	554.2	548.3	-1.1	554.2	490.7
Durable Goods	525.2	520.1	-1.0	527.7	457.8
Non-Durable Goods	570.1	563.6	-1.1	570.1	510.5
Transportation	362.4	352.9	-2.6	371.5	340.7
Utility	217.9	219.3	+0.6	231.8	208.6
Trade, Finance & Service	431.1	424.2	-1.6	433.0	382.7
Mining	332.6	328.6	-1.2	360.4	315.5

TWO ST. LOUIS FIRMS CHARGED WITH SECURITIES VIOLATIONS

The Securities and Exchange Commission today announced the institution of proceedings under the Securities Exchange Act of 1934 to determine whether the following, together with Hilton H. Slayton and Hovey E. Slayton, "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons," in connection with their offering and sale to such persons of shares of Managed Funds, Inc., a St. Louis mutual fund, and, if so, whether the broker-dealer registrations of such firms should be revoked and/or whether they should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.:

Mutual Fund Distributors, Inc. ("Distributors")
408 Olive Street
St. Louis, Missouri

T. C. A. Associates, Inc. (formerly Slayton & Company, Inc.) ("Associates")
408 Olive Street
St. Louis, Missouri

The proceedings also concern the question whether the Slaytons should be found to be a cause of any revocation, suspension or expulsion order which may be issued.

According to the Commission's order, Distributors has been registered as a broker-dealer since May 1954 and Associates since January 1936. The Slaytons are listed as the owners of 51% and 49%, respectively, of the common stock of Distributors; and during the period December 1, 1953, and April 24, 1959, they were officers, directors and owners, respectively, of 49% and 51% of the common stock of Associates.

Over

For further details, call ST. 3-7600, ext. 5526

It is further asserted in the Commission's order that information developed in an investigation conducted by its staff tends if true to show that, in the offering and sale of Managed Funds shares, Distributors, Associates, and the Slaytons made false and misleading statements of material facts and omitted to state material facts with respect to the following, which operated as a fraud and deceit upon the purchasers:

- (1) the investment objectives, dividend policy and portfolio turnover of Managed Funds;
- (2) the failure of the board of directors of Managed Funds to supervise the operations of Managed Funds and to determine whether the policies enunciated in the prospectus of Managed Funds were being followed;
- (3) the direction of the operations of Managed Funds by H. H. Slayton and H. E. Slayton, officers and directors of Managed Funds, independently of the board of directors;
- (4) the actual functions performed by Slayton Associates under its investment advisory contract with Managed Funds;
- (5) the contract entered into between Slayton Associates and Stephen M. Jaquith, then a registered representative in the employ of Model, Roland and Stone, whereby Slayton Association employed Jaquith as an "Investment Counselor and Manager of the Securities Portfolios" held by Managed Funds, and the terms of such contract;
- (6) the arrangements made for Model, Roland and Stone to credit Harold W. Smith and James S. Stubbs with brokerage commissions on portfolio transactions effected by that firm on behalf of Managed Funds; and
- (7) the reciprocal business directed by Managed Funds to brokers and dealers who sold shares of Managed Funds and rendered services to Slayton & Company, Inc., Mutual Fund Distributors, Inc. and Slayton Associates.

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

INTERNATIONAL INVESTMENTS REGISTRATION SUSPENDED

In a decision announced today (Release 34-6036), the SEC suspended the broker-dealer registration of International Investments, Inc., 1160 21st Street, N. W., Washington, D. C., pending final determination by the Commission whether International's registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

International and John K. Gibbs, president and controlling stockholder, filed a stipulation admitting certain facts and consenting to the issuance of the suspension order.

According to the Commission's decision, Gibbs was permanently enjoined by U. S. District Court order on July 11, 1959, from engaging in certain securities transactions in violation of the registration and anti-fraud provisions of the Securities Act of 1933. The Commission's complaint in that action alleged that Gibbs had offered and sold International Corporation stock without prior registration with the Commission, and that in the offer and sale of the stock he made false representations with respect to the legal status, corporate or otherwise, of International Corporation, and false representations with respect to filings made with the Commission in connection therewith.

Under the circumstances, the Commission concluded that it is necessary and appropriate in the public interest and for the protection of investors that the broker-dealer registration of International Investments be suspended pending final decision on the question of revocation.

UNION ELECTRIC FILES FOR RIGHTS OFFERING

Union Electric Company, 315 North 12th Blvd., St. Louis, Mo., filed a registration statement (File 2-15437) with the SEC on August 7, 1959, seeking registration of 1,057,725 shares of common stock, to be offered for subscription by stockholders of record September 10, 1959, on the basis of one new share for each ten shares then held. The company also will offer to its employees and those of its subsidiaries shares not deliverable under the offering to stockholders and 21,123 shares now held in the treasury. The company will specify the subscription price; and the underwriting of the offering will be by means of competitive bidding.

Net proceeds of the stock sale will initially become part of the general funds of the company, through reimbursement of its treasury for capital expenditures heretofore made. Such funds will be used (a) to retire \$28,000,000 of bank loans incurred to meet in part the company's 1958 and 1959 construction costs; (b) to finance the cost of continuing additions to its property and plant; and (c) for other corporate purposes. Approximately \$49,115,000 of construction expenditures are budgeted for the year 1959, of which \$20,839,000 had been expended to June 30, 1959; and for the two years 1959 and 1960 construction expenditures are expected to approximate \$116,555,000.

COMMUNITY PUBLIC SERVICE PROPOSES PREFERRED STOCK OFFERING

Community Public Service Company, 408 West 7th St., Fort Worth, filed a registration statement (File 2-15438) with the SEC on August 7, 1959, seeking registration of 30,000 shares of Cumulative Preferred Stock Series A, \$100 par, to be offered for public sale at competitive bidding. Net proceeds will be used to pay bank loans of \$2,500,000 incurred for property additions and improvements made in 1959 and for construction in progress. Construction expenditures are estimated at \$4,200,000 in 1959.

DESERT INN ASSOCIATES FILES FOR OFFERING

Desert Inn Associates, 60 East 42nd St., New York, filed a registration statement (File 2-15439) with the SEC on August 7, 1959, seeking registration of \$3,025,000 of Participations in Partnership Interests in Associates, to be offered for public sale in units of \$25,000 each.

Associates is a partnership consisting of Lawrence A. Wien and William F. Purcell which has contracted to purchase the resort hotel, Wilbur Clark's Desert Inn, in Las Vegas, Nev. The purchase price is \$9,875,000, of which \$2,875,000 is payable in cash, and the balance will be represented by mortgages. A deposit of \$300,000 has been made under the purchase contract. In addition to the purchase price, Associates will make disbursements of \$200,000 in connection with the transactions.

Each of the two partners will contribute \$25,000 to the partnership capital and is offering Participations of \$1,512,500 in his partnership interest. The total partnership capital will thus be \$3,075,000. This will be used to reimburse the partners for the \$300,000 deposit, to pay the \$2,575,000 cash balance due under the purchase contract, and to defray the disbursements incident to the acquisition and pay the expenses of the offering.

Associates will not operate the property. The purchase will be subject to a 20 year renewable net lease. The Lessee will be a corporation affiliated with the seller of the property, and the premises will be operated, under sublease, by a corporation controlled by the principal owners of the seller (United Resort Hotels, Inc.).

STA-RITE PRODUCTS FILES FOR OFFERING AND SECONDARY

Sta-Rite Products, Inc., Delavan, Wisc., filed a registration statement (File 2-15440) with the SEC on August 7, 1959, seeking registration of 118,270 shares of Common Stock, of which 52,100 shares are to be offered for public sale for the account of the issuing company and 66,170 shares, representing outstanding stock, by the present holder thereof. The public offering price and underwriting terms are to be supplied by amendment. Loewl & Co., Inc., is listed as the principal underwriter.

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Sta-Rite Products is engaged principally in the manufacture of residential and commercial pumps and domestic water systems and in their sale at wholesale directly or through subsidiary companies. It has outstanding 228,640 common shares in addition to certain other securities. Net proceeds of the sale of additional stock by the company will be added to its general funds to replenish working capital depleted by payments for the new Delavan plant, and to provide funds to complete equipment at the new plant. A major portion of such proceeds will be applied toward reduction of short-term bank loans incurred to carry seasonal increase in accounts receivable and to temporarily finance a portion of the cost of the new plant (\$1,300,000).

The prospectus lists the W. C. Heath Trust as the selling stockholder. The Trust now holds of record 101,800 shares (44.52%). Beneficiaries under this trust are the wife of H. S. Lauterbach, board chairman, and Mrs. Q. E. Bittle, of Atlanta, Ga.

SPERRY RAND FILES EMPLOYEE STOCK OPTION PLAN

Sperry Rand Corporation, 30 Rockefeller Place, filed a registration statement (File 2-15441) with the SEC on August 7, 1959, seeking registration of 1,500,000 shares of its common stock, to be offered pursuant to the company's Incentive Stock Option Plan for Key Employees.

NATIONAL SECURITIES FILES PLAN

National Securities & Research Corporation, 120 Broadway, New York, filed a registration statement (File 2-15345) with the SEC on August 8, 1959, seeking registration of \$5,000,000 of National Growth Investment Plans for the accumulation of shares of the Growth Stocks Series of National Securities Series, an investment company.

JORGENSEN CO. PROPOSES STOCK OFFERING

Earle M. Jorgensen Company, 10650 South Alameda St., Los Angeles, today filed a registration statement (File 2-15442) with the SEC seeking registration of 150,000 shares of common stock, to be offered for public sale through an underwriting group headed by Blyth & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the warehousing and distribution of steel and aluminum products. It now has outstanding 900,000 shares of common stock (in addition to certain indebtedness). Net proceeds of the sale of the additional stock are expected to be used as follows: (1) \$2,000,000 to expand existing warehouse facilities and to construct new warehouse facilities; and (2) the balance to be added to working capital.

PACIFIC OUTDOOR ADVERTISING FILES FINANCING PROPOSAL

Pacific Outdoor Advertising Company, 995 North Mission Road, Los Angeles, today filed a registration statement (File 2-15443) with the SEC seeking registration of \$850,000 Fifteen-Year 6% Subordinated Debentures, due September 1, 1974, with attached warrants for the purchase of 30,600 shares of common stock, together with 50,000 shares of common stock. The company proposes to offer the debentures (with warrants) and 40,000 common shares for public sale through Lester, Ryons & Co. and Wagenseller & Durst, Inc. The remaining 10,000 common shares are to be offered for public sale by the present holders thereof. The public offering price and underwriting terms of each issue is to be supplied by amendment. Warrants covering 11,988 common shares will be issued to the underwriters without payment of additional consideration.

The company and its subsidiaries are primarily engaged in the ownership and operation of billboards in Southern California. Net proceeds of its sale of debentures and stock will be used for purchase of advertising structures and poster panels, payment of principal installments on purchases of two poster and outdoor advertising companies, the purchase of motor trucks, the payment of certain indebtedness, and the payment of federal and state tax liabilities.

The principal stockholders are American Home Products Corp. (16,584 shares); Hal W. Brown, board chairman (20,493); Hal W. Brown, as trustee for his two children (41,024); and Wagenseller & Durst Securities Corp. (27,040). They propose to offer for public sale 1658, 1536, 4102 and 2704 shares, respectively. Approximately 39% of the stock of Wagenseller & Durst Securities Corp. is owned by minority stockholders of Wagenseller & Durst, Inc.