

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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**NARRAGANSETT ELECTRIC FINANCING CLEARED.** The SEC has issued an order (Release 35-14991) authorizing The Narragansett Electric Company, Boston subsidiary of New England Electric System, to issue and sell (a) 100,000 additional common shares to the parent for \$5,000,000; and (b) \$5,000,000 of first mortgage bonds, due 1994, at competitive bidding. Net proceeds of the financing will be applied to the payment in part of bank notes issued for construction purposes.

**FIRST MIDWEST CAPITAL ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-3882) with respect to the proposed sale by First Midwest Capital Corporation, Minneapolis, of certain securities of Westgate Drug, Inc., to Ewalt, Inc., for \$30,000.

**du PONT RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-3883) with respect to the proposed sale by Adastra A.G., a Swiss subsidiary of E. I. du Pont de Nemours and Company, Wilmington, Del., of its 35% interest in Focima-Material Fotografico e Cinematografico S.A., a Brazilian corporation, to the three other stockholders of Focima for a consideration of 31,000 Swiss francs (about \$7,200).

**BROAD STREET INVESTING PROPOSES PURCHASE.** The SEC has issued an order under the Investment Company Act (Release IC-3884) giving interested persons until January 17 to request a hearing upon an application of Broad Street Investment Corporation, 65 Broadway, New York, for an exemption with respect to its proposed acquisition of the assets of Berjo Corporation. Berjo is an investment company having three stockholders. All of its assets, consisting of securities with a November 27, 1963, valuation of \$1,102,808, are to be transferred to Broad Street Investing in exchange for shares of the latter, which seeks an exemption order permitting the issuance of its shares at their net asset value in exchange for the Berjo assets.

**SALE OF VISUTRONICS CORP. STOCK ENJOINED.** The SEC San Francisco Regional Office announced December 30 (LR-2810) the issuance of a Federal court order (USDC Las Vegas) permanently enjoining violations of the Securities Act registration and anti-fraud provisions in the sale of stock of Visutronics Corporation of America by that company, M. E. Parobek and Associates, Inc., Michael E. Parobek, Frank Lord and Morris Earle. The defendants consented to the injunction but without admitting the allegations in the SEC complaint.

**HUNT CHEMICAL FILES FOR SECONDARY.** Philip A. Hunt Chemical Corporation, Roosevelt Place, Palisades Park, N. J., filed a registration statement (File 2-21993) with the SEC on December 30 seeking registration of 225,000 outstanding shares of its Class A common stock, to be offered for public sale by the holders thereof through an underwriting group headed by C. E. Unterberg, Towbin Co., of 61 Broadway, New York. The public offering price (\$7 per share maximum\*) and underwriting terms are to be supplied by amendment. The company is engaged in the photographic chemical business. In addition to certain indebtedness and preferred stock, it has outstanding 225,000 Class A and 575,000 Class B common shares. All of the outstanding stock is now owned by Jerome S. Coles, president, and members of his family. After the sale of the 225,000 Class A shares by the Coles family, they will continue to own all the Class B stock and the 12,000 outstanding shares of \$100 par preferred stock.

**APL CORP. SHARES IN REGISTRATION.** APL Corporation, 557 Wortman Ave., Brooklyn, N. Y., filed a registration statement (File 2-21995) with the SEC on December 30 seeking registration of 35,667 outstanding shares of common stock. According to the prospectus, these shares are owned by certain individuals who may sell part or all of their holdings from time to time on the American Stock Exchange at prices prevailing at the time of sale (\$4 per share maximum\*). The shares are part of 235,000 shares issued in August 1961 in exchange for stock of Akorn Housewares Corporation and Supermarc, Inc. The present holdings of the seven selling stockholders range from 530 to 41,000 shares, the latter held by Aaron Korenvaes, who proposes to sell 12,667 shares (the largest block to be sold).

The company's business consists of rack jobbing (the sale and servicing of non-food merchandise to supermarkets) and the design and production of plastic houseware products and advertising and promotional specialties. In addition to certain indebtedness, it has outstanding 1,100,942 common shares, of which management officials own 34.8%. Harold L. Schwartz, Jr., board chairman, owns 148,035 shares (13.4%) and A. Harry Fishman, president, 150,060 (13.6%).

**WARNER BROTHERS SHARES IN REGISTRATION.** The Warner Brothers Company, 325 Lafayette St., Bridgeport, Conn., filed a registration statement (File 2-21996) with the SEC on December 30 seeking registration of 245,300 shares of \$1.22½ cumulative convertible preferred stock (stated value \$3.75 per share). According to the prospectus, in January 1964, The Puritan Sportswear Corp. will be merged into Warner Brothers pursuant to a plan of merger dated October 10, 1963. The outstanding shares of 6% cumulative preferred stock and the common stock of Puritan were converted into shares of \$6 cumulative preferred stock and \$1.22½ cumulative convertible preferred stock (convertible preferred stock) of Warner, respectively. The prospectus relates to an aggregate of 195,300 shares of convertible preferred stock issued upon the merger (and the

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shares of Warner common stock into which such convertible preferred stock is convertible) to the following former holders of common stock of Puritan: (1) an aggregate of 162,800 shares to Frank M., J. Richard and James W. Titelman, which include 6,250 shares subject to transferable option warrants, (2) 27,500 shares to The Putnam Growth Fund, and (3) 5,000 shares to Fidelity Trend Fund. In addition the prospectus relates to 50,000 shares of convertible preferred stock acquired by Massachusetts Mutual Life Insurance Company from Frank M., J. Richard, James W. and Rosa K. Titelman for investment and not for distribution, and option warrants to purchase 5,000 and 1,250 shares of convertible preferred stock held by HSPS Corporation, a corporation owned by substantially all of the officers of Hayden, Stone & Co., Inc. and by the partners of the firm of Singer, Levine & Petta, respectively. The preferred shares are being registered (along with the underlying common shares) to permit the holders thereof to sell or pledge such securities, from time to time, should they desire to do so.

The merger proposal is to be voted on by shareholders of the two companies on January 24, 1964. Warner Brothers is engaged principally in the design, manufacture and sale of a comprehensive line of foundation garments, lingerie, sleepwear and other wearing apparel through its Slimwear-Lingerie Division which accounted for approximately 63% of 1962 sales and of men's and women's shirts through its Hathaway Division which accounted for approximately 23% of 1962 sales. Warner is also engaged in paperboard and plastic packaging operations through its Packaging Division which accounted for approximately 10% of 1962 sales. Sales through its International Division accounted for approximately 4% of 1962 sales. Puritan is engaged principally in the design, manufacture and sale of medium and higher priced men's sportswear.

**ISRAEL HOTELS INTERNATIONAL FILES FINANCING PROPOSAL.** Israel Hotels International, Inc., 229 South State St., Dover, Del., filed a registration statement (File 2-21997) with the SEC on December 30 seeking registration of \$2,877,000 of 6½% sinking fund dollar debentures, due 1980-86, and 28,770 shares of common stock (with attached option warrants to purchase 57,540 common shares). The company proposes to offer these securities in units consisting of one \$1,000 debenture and 10 common shares (with five-year warrants to purchase 20 shares at \$5 per share), and at a price of \$1,050 per unit (payable in cash or State of Israel Bonds). Also included in the statement are \$3,105,000 of 6½% dollar debentures, due 1980, to be offered for sale at 100% of principal amount (also payable in cash or State of Israel Bonds). The Government of Israel has agreed to purchase under certain circumstances \$1,400,000 of these 1980 debentures. The securities will be offered for public sale on a best efforts basis by Amibec International, Ltd., and American-Israel Basic Economy Corporation.

The company was organized in May 1961 by the latter corporation (AMIBEC) for the purpose of constructing a modern luxury-type hotel in Tel Aviv, Israel (at an estimated cost of \$13,466,000), to be leased to and managed by Hilton Hotels International, Inc. Net proceeds of this financing (and of the earlier sale of similar securities) will approximate \$12,303,239. Proceeds of the present offering will be applied to the cost of the project. To the extent that the proceeds of this offering are insufficient to complete the hotel and meet other costs of the project, the Government of Israel has agreed under certain conditions to make available up to \$7,160,000 to the company for such purposes. The company now has outstanding (in addition to indebtedness) 100,190 common shares (and warrants for 166,810 shares), of which AMIBEC owns 22,500 shares. Maitland Steinkopf is president and Jose Kalach board chairman. Also included in the registration statement are \$2,859,000 debentures, 28,590 shares of common stock and warrants to purchase 57,180 common shares, issued to certain individuals, institutions and groups during the preliminary stage of the financing of the hotel project and for which \$3,001,950 had been paid as of December 30, 1963. In addition, there are included 30,000 common shares purchased by AMIBEC for \$76,950, and warrants to purchase an additional 30,000 shares owned by AMIBEC.

**INVESTORS ACCUMULATION PLAN IN REGISTRATION.** Investors Accumulation Plan, Inc., Investors Bldg., Minneapolis, Sponsor of the Investors Accumulation Plan, filed a registration statement (File 2-21998) with the SEC on December 30 seeking registration of \$10,000,000 of Periodic Payment Plans for the Accumulation of Shares of Investors Stock Fund, Inc., and Units of Investors Syndicate of America, Inc., Fully Paid Face Amount Certificates Series E (\$20,000,000 in terms of total payments possible on plans).

**TRANSPORTATION CORP. OF AMERICA FILES EXCHANGE OFFER.** Transportation Corporation of America, 375 Park Ave., New York, filed a registration statement (File 2-21999) with the SEC on December 30, seeking registration of 196,357½ shares of Class A stock. The said company proposes to offer these Class A shares in exchange for shares of common stock of International Railways of Central America on a share for share basis.

The company and its subsidiaries are engaged principally in the following transportation operations: (1) a regularly scheduled airline between New York City, San Juan, Puerto Rico, and Aruba, Netherlands Antilles; (2) a transit system of buses in Washington, D. C. and adjacent areas; (3) a system of railroads and related port facilities in Guatemala and El Salvador. On August 31, 1963, Trans Corp. had 1,231,837 shares of Class A stock and 1,180,047 shares of Class B stock outstanding. Although the Class A stock is entitled to certain preferential dividends, the Class B stock, approximately 98% of which was owned on August 31, 1963, by O. Roy and Claire Chalk is convertible into Class A stock at any time on a share for share basis except that Mr. and Mrs. Chalk have agreed not to convert 500,000 shares of their Class B stock prior to June 30, 1965. International maintains offices in Guatemala City, San Salvador, and Jersey City, N. J. It operates the largest freight and passenger railroad in Guatemala and El Salvador, which operations have shown losses commencing in 1958. In view of registrant's active participation in the management of International, its directors in November 1963 determined that it would be in the best interests of the company to increase its stock ownership in International. The company then owned 303,642½ shares of International common, purchased at cost of \$2,662,701, and representing ownership of about 60.7% of the outstanding common and 50.6% of the total voting stock of International. The exchange offer relates to a maximum of 196,357½ shares of company Class A stock in exchange for all 196,357½ shares of International common not owned by the company as of November 21, 1963.

The prospectus lists O. Roy Chalk as president and board chairman of Transportation Corporation of America, which has outstanding 1,231,837 shares of Class A and 1,180,047 shares of Class B stock. Mr. and Mrs. Chalk own 98% of the Class B and some 16.1% of the Class A stock.

**SEC WARNS ON OFFERING FROM BAHAMAS.** The SEC today issued a warning to United States investors concerning an offer currently being made from Nassau, Bahamas by Investments and Trust Company, P. O. Box 5780, Nassau, Bahamas. The offer concerns the stock of Consolidated International Mining Corp., of no known address. On December 24, 1963, upon the request of the Commission, the United States Post Office Department issued a postal fraud order against Investments and Trust Company, Limited, in connection with that company's offer to United States residents who are shareholders of several dormant Canadian mining companies. Literature sent to such residents states that they may receive so-called "bonus" shares of Consolidated International Mining Corp. after payment of a \$12.50 transfer fee. Customarily, no transfer fee is charged in such situations and a usual transfer fee, if one were to be charged, would be less than \$1. The literature states that Consolidated International Mining stock is priced at about \$1 per share, but the Commission's staff has been unable to locate any public market for such securities. No filings have been made with the Commission covering a public offering of such securities, and Investments and Trust Company, Limited, is not registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934. Persons solicited by mail or telephone by anyone regarding this offering should immediately communicate with the Securities and Exchange Commission, Washington, D. C., 20549.

**SEC ORDER CITES IMPERIAL FINANCIAL.** The SEC today made public the record of private administrative proceedings under the Securities Exchange Act of 1934 involving Imperial Financial Services, Inc. ("IFS"), of 10709 Wayzata Blvd., Minneapolis (Release 34-7204). The proceedings were based upon staff charges that, in its offer and sale of securities of Imperial Fund, Inc., and Imperial Capital Fund, Inc., IFS and three of its former officers engaged in activities violative of provisions of the Federal securities laws. The individuals are Albert M. Sheldon, Jr., president, two additional officers, Robert L. Foster and John H. Sarles, Jr. Sheldon also was formerly president of the two Funds.

Publication of the record of the proceedings followed the signing of a stipulation and offer of settlement submitted by IFS in which it was agreed that the Commission may enter an order finding that IFS, Sheldon, Sarles and Foster violated the anti-fraud provisions of the Exchange Act and Securities Act - the settlement offer being made without admission or denial by IFS or the three individuals of the allegations in the order for proceedings. It was further agreed that the Commission at a later date may issue its findings and opinion, which may include findings with respect to these and other violations charged in the order for proceedings; and the parties reserved the right to file briefs with respect thereto.

As part of the settlement offer, it was further agreed by Sheldon that the voting stock of IFS owned by him, his wife and mother, totaling 54,002 shares, or approximately 29% of IFS outstanding common stock, shall be completely disposed of to persons not affiliated with them, and that such disposition shall be made within 10 days after the date of the later of the next annual meeting of shareholders of the two Funds, respectively, and in no event later than April 1, 1964. Sheldon, Sarles and Foster have resigned all positions with IFS and the two Funds.

Based upon the stipulated record, the Commission ruled that IFS, Sheldon, Sarles and Foster violated the anti-fraud provisions of the Exchange Act and the Securities Act but it concluded under the circumstances that it was not necessary in the public interest that IFS' registration as a broker-dealer should be revoked or that it should be suspended or expelled from NASD membership.

The order for proceedings contains allegations by the Commission's staff that the prospectuses of Imperial Fund and Imperial Capital Fund were materially misleading, including allegations that (1) the prospectuses of Imperial Fund conveyed a misleading impression as to the facilities and methods to be used by IFS and Imperial Fund in the management of Imperial Fund's affairs; (2) the prospectuses of Imperial Fund and Imperial Capital Fund failed to disclose the practice of IFS interpositioning itself between the two Funds and the broker-dealers with whom the Funds executed portfolio transactions; (3) the prospectuses of Imperial Fund conveyed a misleading impression as to the type of business in which Imperial Fund was engaged; (4) the prospectuses of Imperial Fund failed to disclose transactions between Imperial Fund and its affiliates, which violated the provisions of Section 17 of the Investment Company Act of 1940 (which prohibits transactions between a registered investment company and its affiliates); (5) the prospectuses of Imperial Fund failed to disclose that Imperial Fund's directors were not adequately informed with respect to transactions involving substantial portions of Imperial Fund's assets; and (6) the prospectuses of Imperial Fund failed to disclose that IFS recommended or caused Imperial Fund to engage in transactions which violated provisions of the Investment Company Act.

The Commission's findings and opinion will be issued later, after receipt and consideration of the briefs to be filed.

**SECURITIES ACT REGISTRATIONS.** Effective December 31: American Can Co. (File 2-21951); Ralston Purina Co. (File 2-21945); Unimed, Inc. (File 2-21680). Effective January 2: The Narragansett Electric Co. (File 2-21900); New York Telephone Co. (File 2-21947).

\*As estimated for purposes of computing the registration fee.