

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE February 27, 1961

Statistical Release No. 1735. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 24, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960 - 1961 is as follows:

| | 1957-59 = 100 | | Percent Change | 1960 - 1961 | |
|--------------------------|---------------|---------|-------------------|-------------|-------|
| | 2/24/61 | 2/17/61 | | High | Low |
| Composite | 126.7* | 125.4 | +1.0 | 126.7 | 107.7 |
| Manufacturing | 120.4 | 119.0 | +1.2 | 122.0 | 103.6 |
| Durable Goods | 123.0 | 121.2 | +1.5 | 129.5 | 107.7 |
| Non-Durable Goods | 118.0* | 117.0 | +0.9 | 118.0 | 99.5 |
| Transportation | 103.5 | 103.5 | 0.0 | 108.3 | 87.1 |
| Utility | 157.7* | 156.2 | +1.0 | 157.7 | 118.4 |
| Trade, Finance & Service | 143.0* | 141.3 | +1.2 | 143.0 | 120.5 |
| Mining | 88.2 | 89.7 | -1.7 | 89.7 | 67.0 |

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 23, 1961, 32 registration statements were filed, 21 became effective, and 327 were pending at the week end.

MODERN FURNITURE, INC. 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 proposed public offering of stock by Modern Furniture, Inc., 518 Farmers Union Building, Denver, Colorado.

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 January 12, 1961 Modern Furniture proposed the public offering of 300,000 common shares at \$1 per share. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with, that the company's offering circular is false and misleading in that it fails to disclose certain material facts, and that the stock offering would violate the anti-fraud provision of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

In its order, the Commission challenges the adequacy of disclosures in the Modern Furniture offering circular with respect to the terms of an option to acquire Crowley Furniture Co. and concerning that company's financial condition, capitalization, sales volume and results of operation as well as the names of its principals, and with respect to the purposes for which the net cash proceeds of the sale of stock by Modern Furniture are to be used. There was also an asserted failure to disclose the name and address of the promoter and a controlling person of Modern Furniture and the interests of such persons in the company and in past and proposed transactions to which it was or is to be a party; to disclose the material relationship between Modern Furniture and the underwriter, Equity General Investment Corp.; to disclose adequately the company's proposed business; and to include appropriate financial statements.

According to the Commission's order, Modern Furniture also failed to disclose in its notification that the underwriter is an affiliate and to provide an appropriate response to certain items of the notification form. Moreover, when computed in accordance with the requirements of the Regulation, the stock offering would exceed the \$300,000 limitation prescribed in Regulation A; and a Regulation A exemption is not available in that an officer and director of the underwriter is the subject of a permanent injunction against violating the Securities Act. (NOTE TO PRESS. Copies of foregoing also available in SEC Denver Office).

RIDALL CORP. 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 public offering of stock by Ridall Corporation, of Roxbury, Mass. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

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 in November 1959, Ridall proposed the public offering of 100,000 non-voting common shares at \$1 per share pursuant to such an exemption. In its suspension order, the Commission asserts that Ridall failed to cooperate with the Commission in that it refused to respond to letters from the Commission's staff with respect to its amended offering circular; that the amended offering circular omitted certain material facts; and that the stock offering would violate the anti-fraud provisions of the Act. The said omissions relate among other things to the failure to disclose the use of the proceeds of the stock sold to date and the number of shares remaining unsold; to disclose the relative costs of shares held by management and those to be held by the public and the percentage of stock ownership of management as compared with that of the public; to disclose in the forefront of the offering

OVER

circular the speculative aspects of the offering and whether the company has commenced operations, c. to disclose adequately the current status of the manufacture of the mobile incinerator, the number manufactured to date and the cost thereof to the affiliate, General Automation Corporation, and any profit realized through the sale to the company; to disclose whether any contracts have been entered into by the company for the use of the mobile incinerator; and to submit financial statements of the affiliate.

SEC ORDER CITES GUILD FILMS FILING. The SEC has instituted proceedings under the Securities Act of 1933 to determine whether a stop order should be issued suspending a registration statement filed in May 1960 by Guild Films Company, Inc., 655 Madison Avenue, New York. A hearing therein is scheduled for March 10, 1961, in the Commission's Washington office.

The company is now in bankruptcy. The principal deficiencies cited by the Commission in its registration statement involve the failure to disclose the bankruptcy proceedings, the failure to disclose that an agreement for an exchange of stock for the assets of various corporations comprising the Vic Tanny Gymnasium System had been voided, and the inclusion of financial statements which were not certified, as required, and which were not prepared in accordance with generally accepted accounting principles and practices.

The registration statement covered 17,664,891 shares of Guild Films common stock, of which 2,749,891 shares were said to be issued and outstanding. An additional 2,400,000 shares were to be issued to creditors of Guild Films in satisfaction of their claims and the remaining 12,515,000 shares were to be issued in exchange for the Vic Tanny properties. In October 1960 the company filed a petition for reorganization pursuant to Chapter X of the Bankruptcy Act, which was approved by the court; but the approval order was vacated by the court on December 28, 1960, on the ground that the petition did not comply with Chapter X. Thereupon, the company went into bankruptcy. Daniel Glass is now serving as trustee.

BORROWINGS BY NEES SUBSIDIARIES APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14376) authorizing borrowings by sixteen subsidiaries of New England Electric System, Boston holding company, from time to time during the period ending December 31, 1961, and in amounts not to exceed an aggregate of \$64,225,000 to be outstanding at any one time. Of said amount, \$44,130,000 will be borrowed from banks, \$7,785,000 from NEES, and \$12,310,000 from banks or NEES. The funds are to be used to pay then outstanding notes due to banks and/or to NEES (outstanding in the amount of \$37,905,000 at January 1, 1961) and to provide new money for construction expenditures or to reimburse the treasuries of the individual companies therefor.

PUBLIC SERVICE OF OKLA. STOCK SALE APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14377) authorizing Public Service Company of Oklahoma, Tulsa, to issue and sell to its parent, Central and South West Corporation, of Chicago, an additional 200,000 common shares for \$2,000,000 in cash. The funds will be used by the subsidiary to finance in part the cost of property additions in 1961.

CENTRAL AND SOUTH WEST SUBSIDIARIES PROPOSE BORROWINGS. Central and South West Corporation, Chicago holding company, has joined with three of its subsidiaries in the filing of a proposal of the parent to loan \$7,100,000 to the subsidiaries on their notes; and the Commission has issued an order (Release 35-14378) giving interested persons until March 15, 1961, to request a hearing thereon. The subsidiaries and the amount of their proposed borrowings are: Central Power and Light Company, \$2,600,000; Public Service Company of Oklahoma, \$1,000,000; and Southwestern Electric Power Company, \$3,500,000. The subsidiaries will use the funds to finance temporarily a portion of their respective construction programs.

OHIO EDISON PROPOSES STOCK OPTION PLAN. Ohio Edison Company, Akron, has filed an application under the Holding Company Act for approval of a Restricted Stock Option Plan; and the Commission has issued an order (Release 35-14379) giving interested persons until March 15, 1961, to request a hearing thereon. Under the plan, Ohio Edison proposes to grant options to its key executive employees and to those of its subsidiary, Pennsylvania Power Company, for the purchase of up to 125,000 shares of Ohio Edison common stock, equivalent to .98% of the 12,773,498 shares now outstanding. Among the provisions of the plan are the following: not more than 25% of the shares reserved under the plan may be optioned to employees who are officers of either company, the purchase price of optioned shares shall be the fair market value thereof when the option is granted, and the aggregate price of stock optioned to any one person must be paid in cash upon exercise of the option and may not exceed 150% of his regular annual cash compensation.

MISSISSIPPI POWER & LIGHT PROPOSES ACCOUNTING ADJUSTMENT. Mississippi Power & Light Company, Jackson, has filed a proposal with the SEC under the Holding Company Act for the transfer of \$2,850,000 from its earned surplus account to its common stock capital account; and the Commission has issued an order (Release 35-14380) giving interested persons until March 16, 1961, to request a hearing thereon. The surplus transfer is equivalent to \$1 per share on the company's outstanding stock, and will increase the common stock capital account to \$39,900,000. Earned surplus as of December 31, 1961, amounted to \$7,919,370.

BROAD STREET INVESTING ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3198) permitting Broad Street Investing Corporation, New York investment company, to issue its shares at their net asset value for substantially all of the cash and securities of Western Railway Equipment Company, amounting to \$1,570,735 as of September 30, 1960.

E B CLARK EMPLOYMENT CLEARED. The SEC has authorized the employment of Edward B. Clark of Idaho Falls, Idaho, by a member of the National Association of Securities Dealers, Inc. (Release 34-6481). In a unanimous decision written by Chairman Gadsby, the Commission ruled that, despite its revocation of the Edward B. Clark

& Co. broker-dealer registration in April 1957, Clark's employment by Harrison S. Brothers & Co. of Salt Lake City, as a securities salesman under close supervision by a partner of the firm was permissible and that continuance of the firm in NASD membership with Clark in its employ is appropriate in the public interest. The 1957 revocation, which also included expulsion from the NASD, was based on Clark's failure to give customers written notifications disclosing the capacity in which he was acting, failure to reveal his insolvency to customers, and failure to make prompt delivery of securities and the proceeds of stock sales, as well as improper hypothecation of customers' securities, violation of the SEC net capital and bookkeeping rules, and the filing of a false financial statement. While not "minimizing or condoning Clark's prior misconduct," the Commission observed that, under all the circumstances, it should not bar him permanently from the securities business and that, considering the favorable recommendation of the NASD and the fact that Clark's activities will be closely supervised and will be largely confined to the sale of mutual fund shares, the NASD application for approval of Clark's employment by Brothers & Co. could be approved.

WHITE SHIELD CORP. FILES FOR OFFERING. White Shield Corporation, 317 East 34th Street, New York, filed a registration statement (File 2-17636) with the SEC on February 23, 1961, seeking registration of 50,000 shares of common stock, to be offered for public sale on an all or none basis through Adams & Peck. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the sale of health aids, beauty aids, vitamins and drug sundries to department stores, variety chains, supermarkets, drugstores, post exchanges and wholesale jobbers which distribute to various types of retail outlets. The net proceeds from the stock sale will be added to working capital, to be available for the carrying of larger inventories and accounts receivable and for payment of the company's operating expenses, including the cost of merchandising and promotional activities.

The company has outstanding 662,620 shares of common stock, of which Calvin L. Fox, president, and Richard Krauss, vice president, own 80,100 shares each and management officials as a group 188,650 shares. Organized in 1957, the company in May 1959 had outstanding 100 common shares for which Fox had paid \$1,500 in cash. This stock was reclassified into 19,800 shares and was later split on a 10 for 1 basis, following which Fox and Krauss owned 176,000 shares and two others 22,000 shares (the difference between the cash paid and the par value of shares issued being considered payment for services). The company in October 1959 sold warrants for 15,000 shares to three directors, and in December 1959, it sold warrants for 9,000 shares to Adams & Peck, which latter warrants were exercised and the shares also are included in the registration statement. An investor group purchased 22,000 shares in May 1959, at a cost of \$7.272 per share, and as a result of the stock split they received 220,000 shares at a cost per share of \$.727 per share.

SOUTHERN BELL T & T PROPOSES DEBENTURE OFFERING. Southern Bell Telephone and Telegraph Company, 67 Edgewood Avenue, S. E., Atlanta, Ga., filed a registration statement (File 2-17637) with the SEC on February 24, 1961, seeking registration of \$70,000,000 of Thirty-Seven Year Debentures, due March 1, 1998, to be offered for public sale at competitive bidding. A portion of the net proceeds of the debenture sale will be used by Southern Bell to repay some \$39,000,000 of advances from its parent, American Telephone and Telegraph Company; and the balance will be used for general corporate purposes. The company intends to call for redemption in April 1961 its \$70,000,000 of Thirty-Five Year 5½% Debentures, due October 1, 1994, at 108.36% of their principal amount, the payment therefor to be made from advances from AT&T and from general funds of the company. According to the prospectus, large construction expenditures have made it necessary to obtain large amounts of new capital through the sale of securities. Construction expenditures for 1960 amounted to \$320,000,000, and those for 1961 are estimated at \$266,000,000.

HERCULES POWDER CO. FILES STOCK PLAN. Hercules Powder Company, 910 Market Street, Wilmington, Del., filed a registration statement (File 2-17638) with the SEC on February 24, 1961, seeking registration of \$5,000,000 of interests in its Employee Savings Plan, together with 17,500 shares of common stock which may be acquired pursuant thereto.

PHOTRONICS CORP. PROPOSES RIGHTS OFFERING. Photronics Corporation, 134-08 36th Road, Flushing, N. Y., filed a registration statement (File 2-17639) with the SEC on February 24, 1961, seeking registration of 150,000 shares of common stock. The company proposes to offer this stock for subscription by stockholders at the rate of three new shares for each four shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. The offering is to be made by L. D. Sherman & Co. on a best-efforts basis. Principal stockholders have agreed to sell Lee D. Sherman, out of their personal holdings of options, options for the purchase of up to 25,000 common shares exercisable at 1¢ per share; and the company has agreed to pay \$23,750 of expenses of the underwriter and to pay a \$12,500 finder's fee to M. W. Woodhill, Inc. An additional 40,000 shares also included in the registration were issued upon the exercise of an option granted to the underwriter of a prior offering.

The company was organized in March 1959 to engage in the business of engineering and manufacturing photo-optical and electro-optical systems and components. Since October 1959 it has designed, developed and manufactured equipment said to have been used in areas such as aerial reconnaissance, photo-interpretation, photogrammetry and optical scanning devices. Net proceeds of the sale of additional stock will be added to working capital, and it is expected that \$40,000 will be used for the company's research and development program and \$30,000 for new equipment, principally laboratory instruments and glass working machinery.

The prospectus lists Hugh T. McGovern as president. Of the 480,335 common shares outstanding, Paul H. Fidelman, an officer and director, owns 67,534 shares (14%) and management officials as a group 216,335 shares (45%). An additional 129,665 shares are reserved for exercise of options to management and key personnel, exercisable at 1¢ per share.

CORRECTION RE FORM 10-K AMENDMENT. In the SEC News Digest of February 20, 1961, it was inadvertently stated that the Form 10-K reporting requirement has been amended to call for the submission to the Commission for its information of proxy soliciting material by companies "subject to the Commission's proxy rules," whereas the amendment calls for such filing by companies "not subject to the Commission's proxy rules." OVER

GREAT LAKES BOWLING CORP. PROPOSES DEBENTURE OFFERING. Great Lakes Bowling Corporation, 6366 Woodward Ave., Detroit, Mich., filed a registration statement (File 2-17640) with the SEC on February 24, 1961, seeking registration of \$1,250,000 of 6% convertible subordinated debentures due 1976 (convertible into common stock at \$13.33 per share), to be offered for public sale at \$1,000 per debenture through company officers. Tucker, Anthony and R. L. Day, will receive 3½% of the gross proceeds of the offering for financial advisory services, plus a 3-year option to purchase 16,666 common shares (at prices to be supplied by amendment).

The company is engaged principally in the operation of tenpin bowling alleys with adjoining bars and restaurants in Michigan. Of the net proceeds from the debenture sale, \$150,000 will be applied toward the construction of a building at Strike N'Spare Lanes, in Bloomfield Township, Michigan; \$100,000 toward the construction of 24 additional lanes at an existing establishment (if and when acquired); \$675,000 toward the acquisition of existing and/or the construction of new bowling establishments in the Great Lakes area, and the equipping thereof, to provide about 250 additional lanes; and the balance will be added to working capital for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 545,000 shares of common stock, of which John L. Brown, president, owns 330,771 shares (60.6%); and Brown and members of his family as a group 394,540 shares (72.3%).

OHIO OIL CO. FILES EXCHANGE OFFER AND STOCK PLAN. The Ohio Oil Company, 539 South Main Street, Findlay, Ohio, filed registration statements (Files 2-17641 and 2-17642) with the SEC on February 24, 1961, seeking registration of 71,692 shares of common stock, to be offered in exchange for stock of Auto City Oil Company, and 255,000 shares of common stock, to be offered employees of the company and its subsidiaries pursuant to the company's Key Employee Restricted Stock Option Plan. According to the prospectus, 62,730 shares of Ohio Oil Stock will be exchanged for Auto City stock owned by four principal stockholders of that company; and 8,962 shares will be exchanged for a portion of Auto City stock owned by Speedway Petroleum Corporation, which is wholly-owned by a subsidiary of Ohio Oil.

Ohio Oil is engaged in the exploration for, the development and production of, and the purchase and sale of crude oil and natural gas in the United States, Canada and elsewhere, and in the transporting, refining and marketing of crude oil and its products in the United States. In addition to certain indebtedness, it has outstanding 13,927,414 shares of common stock, of which management officials as a group own 99,835 shares. J. C. Donnell II is listed as president and C. Z. Hardwick as executive vice president.

PANACOLOR FILES FOR OFFERING. Panacolor, Inc., 6660 Santa Monica Blvd., Hollywood, Calif., filed a registration statement (File 2-17643) with the SEC on February 24, 1961, seeking registration of 200,000 shares of common stock, to be offered for public sale at \$4 per share through underwriters headed by Federman, Stonehill & Co. on an all or none basis. In addition to a 50¢ per share commission and \$15,000 for expenses, the underwriters will purchase, for \$300, 30,000 five-year warrants to purchase a like amount of common shares at \$4 per share. The registration statement also includes 111,111 common shares which underlie a \$500,000 6% convertible note, due February 1, 1971, at a conversion price of \$4.50 per share, which note was recently sold to National Outlook Corporation, and 45,000 common shares recently sold to National Outlook at \$1 per share.

The company was organized in 1957 for the purpose of engaging in the business of developing and printing color film for the motion picture and television industries and processing, distributing and otherwise disposing of film for photographic and other purposes. It has not yet engaged in commercial production. According to the prospectus, the company has developed and perfected its Panacolor Process and is now constructing machines and ancillary equipment for commercial production of color film. Proceeds from the company's sale of the \$500,000 6% note will be used to cover the cost of building a production machine to accommodate printing color film by the Panacolor Process. Of the net proceeds from the stock sale, \$300,000 will be used for the construction and installation of two additional production machines at the company's plant in Los Angeles; \$150,000 for sales promotion, market development and officers' salaries; \$12,000 for mortgage and interest payments with respect to the company's building; and the balance for working capital.

In addition to certain indebtedness and preferred stock, the company has outstanding 495,500 shares of common stock, of which Harry E. Eller, president, owns 76,250 shares, Nathaniel C. Beeber 55,500 shares, and management officials as a group 149,750 shares. Harry Harris is listed as board chairman.

SIGMA INSTRUMENTS FILES FOR OFFERING AND SECONDARY. Sigma Instruments, Inc., 170 Pearl St., South Braintree, Mass., today filed a registration statement (File 2-17644) with the SEC seeking registration of 200,000 shares of common stock, of which 78,540 shares are to be offered for public sale by the company and 121,460 shares, being outstanding stock, by the present holders thereof. W. C. Langley & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company (formerly The Fisher-Pierce Co.) adopted its present name in December 1960 when its wholly owned subsidiary, Sigma Instruments, Inc., was merged into it. The company is presently engaged in the development, manufacture and sale of sensitive electromagnetic relays, photoelectronic street lighting controls and other electromagnetic and electronic control devices. A portion of the net proceeds from the company's sale of additional stock will be used to discharge certain notes payable to a bank incurred to finance inventory and accounts receivable, and the balance will be added to general funds for working capital.

In addition to the said notes, the company has outstanding 331,643 shares of common stock, of which Richard T. Fisher, president, owns 111,501 shares and proposes to sell 54,021 shares; Charles P. Fisher, a director, and his wife, own an aggregate of 50,842 shares and propose to sell all of such shares; and Robert H. Pierce, a vice president, owns 40,597 shares and proposes to sell 16,597 shares. Management officials as a group own 62.08% of the outstanding common stock and after this offering will own 23.96%.

EFFECTIVE SECURITIES ACT REGISTRATIONS: February 27: Wometco Enterprises, Inc. (File 2-17437); Transiron Electronic Corporation (File 2-17505).