

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.

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

FOR RELEASE March 15, 1961

SENATOR FREAR JOINS SEC. Former Senator Joseph Allen Frear, Jr., today took the oath of office and assumed his duties as a Member of the Securities and Exchange Commission. He succeeds to the vacancy created by the death of former Commissioner Harold C. Patterson, in November 1960, for the balance of a term ending June 5, 1965. Before joining the Commission, Senator Frear had served two terms as a United States Senator from Delaware, during the twelve-year period 1949-1960. He was a member of the Senate Committee on Banking and Currency, which has jurisdiction over legislative and other matters affecting the Commission. Born on March 7, 1903, Senator Frear received a B.S. Degree from the University of Delaware in 1924 and holds an Honorary LL.D. Degree from Bethany College, is a member of the Board of Trustees of the University of Delaware, and is a World War II Veteran. He is married to the former Esther Viola Schauer of Hartford, Wisconsin, and they have a son and daughter. (Release U-302)

N SIMS ORGAN & CO, REGISTRATION REVOKED. The SEC today announced the revocation of the broker-dealer registration of N. Sims Organ & Co., Inc., 460 East Park St., Long Beach, L. I., New York, for fraud in the offer and sale of securities.

In a unanimous decision written by Commissioner Woodside (Release 34-6495), the Commission ruled that N. Sims Organ, company president and stockholder, had made fraudulent representations in the offer and sale of stock of Continental Mining Explorations Ltd. during March and April 1958, while employed as salesman of J. H. Lederer Co., Inc. The misrepresentations were made over the long-distance telephone to a customer who purchased 300 shares at \$3.45 in March (later cancelled) and 1,000 shares at \$3.65 in April. They included statements that the Continental stock, then selling for about \$3.50 per share, was a "fabulous" stock, was going to be a "tremendous money-maker," was going up "steadily," and should reach \$6 "shortly" or within 60 days, and that Lederer & Co. had been in business 27 or 28 years. These optimistic statements concerning the prospects of the stock had no reasonable basis in fact and were materially false and misleading, the Commission held. According to the decision, Continental had suffered net losses of \$82,664 in 1956 and \$584,102 in 1957, which information was available to Organ but he apparently made no effort to obtain it; and Lederer & Co. had been registered as a broker-dealer for less than three years.

In reaching its decision, the Commission rejected arguments that the evidence failed to establish that the salesman who made the fraudulent representations was N. Sims Organ. The company did not deny that Organ was the salesman involved, but argued that the testimony concerning the salesman's statements over the telephone was hearsay and should have been excluded. The Commission concluded that such failure to deny, together with other circumstances bearing on the question of identity, was convincing proof that Organ was the salesman in question.

ORANGE AND ROCKLAND UTILITIES PROPOSES BOND OFFERING. Orange and Rockland Utilities, Inc., 10 North Broadway, Nyack, New York, filed a registration statement (File 2-17712) with the SEC on March 14, 1961, seeking registration of \$12,000,000 of First Mortgage Bonds, Series G due 1991, to be offered for public sale at competitive bidding.

Of the net proceeds from the bond sale, \$6,442,000 will be used to retire Series B Bonds maturing May 1, 1961 and about \$2,000,000 to pay bank loans incurred in connection with the company's construction program. The balance will be applied to construction expenditures of the company and its subsidiaries which are expected to approximate \$30,000,000 for the period 1961 through 1963 (\$8,100,000 in 1961, \$7,900,000 in 1962 and \$14,000,000 in 1963).

CROWELL-COLLIER PUBLISHING PROPOSES RIGHTS OFFERING. The Crowell-Collier Publishing Company, 640 Fifth Avenue, New York, filed a registration statement (File 2-17719) with the SEC on March 14, 1961, seeking registration of \$12,000,000 of Convertible Subordinated Debentures due 1981. The company proposes to offer the debentures for subscription by holders of its common stock on the basis of \$100 principal amount of debentures for each 25 common shares held. The interest rate, record date and subscription price are to be supplied by amendment. Any debentures not subscribed for by stockholders may be offered for public sale through a group of underwriters headed by Carl M. Loeb, Rhoades & Co. The underwriting terms are to be supplied by amendment.

The company is engaged directly and through subsidiaries in the publication and sale of encyclopedias and reference works, elementary, high school and college text books and related educational material, trade and technical books and in the operation of radio broadcasting stations. In November 1960 the company entered into an agreement with Loew's Theatres Broadcasting Corp. to purchase Radio Station WGMG operating in New York for \$11,100,000. Of this amount \$8,100,000 is to be paid in cash and \$3,000,000 in 18-month 5% notes of the company, which if prepaid within 6 months bear no interest. Of the net proceeds from the debenture sale, \$3,000,000 will be used to prepay the said 5% notes; \$1,000,000 will be applied in reduction of a subsidiary's bank loan, the proceeds of which were deposited against payment of the purchase price for WGMG; and the balance may be applied toward payment of the remainder of such purchase price or, in the alternative,

OVER

the company may avail itself of commitments for bank loans against the balance of the WMGM purchase price and, in such case, apply the proceeds in reduction of bank loans and in furthering its announced plan to continue expansion of its activities in the educational publishing field.

In addition to certain indebtedness, the company has outstanding 2,957,019 shares of common stock, of which management officials as a group own 124,615 shares. Raymond C. Hagel is listed as president and W. D. Cole as board chairman.

ELFUN TRUSTS FILES FOR OFFERING. Elfun Trusts, 570 Lexington Avenue, New York, filed a registration statement (File 2-17714) with the SEC on March 13, 1961, seeking registration of an additional 175,000 units of participation in Trusts which, according to the prospectus, will be limited to a list of executives, officials, leading employees, persons on retainer and former employees of the General Electric Company and/or its subsidiary controlled companies, the families of such eligible persons, and certain trustees of certain trusts which have been or will be created by G. E.

DUKE POWER CO. PROPOSES RIGHTS OFFERING. Duke Power Company, 422 South Church Street, Charlotte, N. C., filed a registration statement (File 2-17715) with the SEC on March 14, 1961, seeking registration of 368,000 shares of common stock. The company proposes to offer such stock for subscription by stockholders of record on April 24, 1961, on the basis of one new share for each 30 shares held. The subscription price is to be supplied by amendment. No underwriting is involved.

The net proceeds from the sale of new stock will be used to pay (in whole or in part) short-term borrowings made or to be made for the purpose of providing necessary funds for construction costs of additions to the company's electric generating, transmission and distribution facilities. Such borrowings have been made from The Duke Endowment, principal stockholder of the company. Construction expenditures from August 1960 to January 1961 amounted to \$29,935,000, which was financed in part from short-term borrowings.

In addition to various indebtedness and two series of preferred stock, the company has outstanding 11,019,009 shares of common stock (as of December 31, 1960), of which The Duke Endowment owns 6,306,991 share. Miss Doris Duke, 639,810 shares, and management officials as a group 55,781 shares. Doris Duke has a life interest in a trust owning 91,155 common shares and is one of the life beneficiaries of The Doris Duke Trust, which Trust owns 1,006,536 shares.

AMERICAN RESEARCH - TRACERLAB TRANSACTIONS CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3213) permitting American Research and Development Corporation, Boston investment company, to make a refunding loan to a wholly-owned subsidiary of Tracerlab, Incorporated, Waltham, Mass., manufacturing company. The order also permits Tracerlab to grant stock options to American Research. The subsidiary is Tracerlab Realty, Inc. ("TRI"), Tracerlab, 12% of whose stock is owned by American Research, holds a \$324,780 note of TRI in which American Research has a 25% participation. TRI desires to refund and extend the maturity of this mortgage indebtedness for six years to September 30, 1966, and to reduce the interest from 6% to 5%. The proposed refunding will involve an increased investment of \$243,584 by American Research over the amount of its present participation in such indebtedness. Tracerlab will realize about \$243,584 of the net proceeds through its receipt of payment of the present note. As further consideration and as an inducement for American Research to undertake such refunding, Tracerlab proposes to grant American Research an option on 25,000 additional shares of its stock at an option price of \$11.48 per share, exercisable during the period the note is outstanding.

CLARK L. FRY RECEIVES PRISON SENTENCE. The SEC Chicago Regional Office announced March 9th (LR-1939) that Clark L. Fry received a ten-year prison sentence (suspended as to four years) and a \$5,000 fine on his conviction in January (USDC, Madison, Wisc.) of fraud in the sale of securities relating to the development and promotion of a machine for generating energy and other products.

INDICTMENT NAMES TWO. The SEC Fort Worth Regional Office announced March 10th (LR-1940) the return of a Federal court indictment (USDC, Muskogee, Okla.) charging violations of the Securities Act registration and anti-fraud provisions by George J. Dwire and Albert Johnston in the offer and sale of securities of Southwestern Productions Investment Company, which was to produce a motion picture depicting the life of "Pretty Boy" Floyd.

DECKER-THOMPSON BROKERS ENJOINED. The SEC Fort Worth Regional Office announced March 10th (LR-1941) the entry of a Federal court order (USDC, Shreveport, La.) permanently enjoining (on consent of defendants) Decker-Thompson Brokers, Inc., Arthur C. Decker, Jr., its president, Harold Bernard Thompson, vice president, and Arthur C. Decker, Jr., Trustee, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of stock of Life Underwriters Insurance Company.

NATIONAL BAGASSE PRODUCTS FILES FINANCING PROPOSAL. National Bagasse Products Corporation, 821 Gravier Street, New Orleans, Louisiana, filed a registration statement (File 2-17718) with the SEC on March 14, 1961, seeking registration of \$1,620,000 of 15-year 7% subordinated debentures, 486,000 shares of Class A common stock and 162,000 fifteen-year warrants to purchase a like amount of Class A shares at \$5 per share. The securities are to be offered for public sale in units consisting of one \$100 debenture, 30 Class A shares and 10 warrants. The units will be offered at \$163.85 per unit through underwriters headed by S. D. Fuller & Co. and Howard, Weil, Labouisse, Friedrichs & Co., which will receive a \$17.65 per unit commission. The underwriting agreement provides for the issuance by the company to the principal underwriters of 90,000 additional such warrants at 1¢ each. The company has also issued 68,580 warrants to the holders of Class B common stock. The company was organized in October 1959 to manufacture composition board, insulation board and hardboard.

from bagasse, a fibrous waste material left after extracting the sugar from sugar cane. It has contracted for its plant site in Vacherie, Louisiana, for its production equipment. The \$2,303,440 net proceeds from the sale of the units will be used as follows: \$187,800 for factory buildings, foundations and site preparation and for the installation of natural gas, electric and water supplies at Vacherie, Louisiana; \$937,550 to complete the payment to Soderhamn Machine Manufacturing Co. of the contract price of \$1,103,000 for the purchase and installation of machinery and equipment; \$350,000 for auxiliary machinery and equipment such as conveyors, bale-breakers, transformers; \$220,000 for bagasse baling and handling facilities; \$60,000 for engineering other than that furnished under the Soderhamn contract; \$6,300 for the payment of one year's base rent for the plant site at Vacherie; and the balance for contingencies, working capital including administrative overhead, expansion of production and for the payment of interest on the debentures until the company's earnings are sufficient for that purpose.

In addition to certain indebtedness, the company has outstanding 528,066 shares of Class B common stock, of which John R. Shattuck, president, owns 254,122 shares, Harold d'O. Baker, treasurer, 75,264 shares and management officials as a group 362,443 shares.

SPIEGEL PROPOSES DEBENTURE OFFERING. Spiegel, Inc., 2511 West 23d St., Chicago, today filed a registration statement (File 2-17720) with the SEC seeking registration of \$40,000,000 of Debentures due 1983, to be offered for public sale through underwriters headed by Wertheim & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the sale of merchandise by mail. Net proceeds of the debenture sale will be added to its general funds to finance increasing accounts receivable. In addition to various indebtedness, preferred stock, it has outstanding 3,114,892³⁰ shares (after giving effect to a 5% stock dividend payable April 20, 1961). Management officials own 8.4% of the outstanding stock. Modie J. Spiegel is listed as board chairman and president and Robert S. Engelman and Frederick W. Spiegel as executive vice presidents.

MILLIKEN CO. FILES FINANCING PROPOSAL. D. B. Milliken Company, 131 North Fifth Ave., Arcadia, Calif., today filed a registration statement (File 2-17721) with the SEC seeking registration of \$240,000 of 6% Subordinated Sinking Fund Debentures due 1971 (with stock purchase warrants attached), and 75,000 shares of capital stock. The debentures are to be offered for public sale at 100% of principal amount with a 7½% commission to the underwriter, Lester, Ryons & Co. The purchaser of each \$500 debenture will receive a warrant to purchase 60 shares of capital stock at \$4 per share. The 75,000 shares will be offered for sale at \$3 per share with a 30¢ per share commission to the underwriter.

The company is engaged in the design, development and manufacture of high speed motion picture cameras primarily for sale for use in the photo-instrumentation field and is also engaged in precision machine and subassembly work. Net proceeds of this financing will be used to pay in full unsecured short term bank notes amounting to \$177,000; to repay in full loans in the amount of \$112,702 from the two holders of outstanding capital stock; and the balance will be added to working capital. According to the prospectus, the company now has outstanding 250,000 shares of stock held in equal amounts by D. B. Milliken, president, and Frank G. Goble, vice president and general manager.

HURLETRON FILES FOR OFFERING. Hurtletron Incorporated, 135 South LaSalle Street, Chicago, today filed a registration statement (File 2-17723) with the SEC seeking registration of 150,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by F. S. Moseley & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 16,011 common shares reserved for issuance pursuant to two separate warrants issued to Central Life Assurance Company, of Iowa, and Continental Assurance Company, of Chicago, which shares may be sold from time to time by the holders thereof.

The company, through its Electric Eye Equipment Division, Danville, Ill., manufactures automatic web control systems which is said enables both printers and paper manufacturers to secure a better quality product in greater volume with less waste; and through its Wheaton Engineering Division, Wheaton, Ill., acquired in October 1960, manufactures timing devices including time relays, mechanical timers, switches, and sensors, and performs research and development work for other manufacturers in the fields of commercial and military timers, motors, and ordnance systems. Of the net proceeds from the stock sale, \$143,874 will be used to repay short term bank loans and \$40,500 to discharge a first mortgage note on the facilities at Wheaton, Illinois. The balance will be added to general funds and used as additional working capital, including the carrying of inventories and accounts receivable.

In addition to certain indebtedness, the company has outstanding 495,666 shares of common stock, of which The First Electronics Fund owns 84,000 shares and management officials as a group 170,613 shares. Thomas N. McGowen, Jr., treasurer, is a general partner of First Electronics. Thomas N. McGowen is listed as board chairman of the company and Carl M. Nobel as president.

ARKANSAS WESTERN GAS RECEIVES ORDER. The SEC has issued an order under the Trust Indenture Act (Release TI-150) permitting The First National Bank of Chicago to serve as trustee under three indentures of trust for debt securities of Arkansas Western Gas Company, the Commission concluding that a material conflict of interest would not result therefrom.

CENTURY PROPERTIES PROPOSES RIGHTS OFFERING. Century Properties, 1758 South La Cienega Blvd., Los Angeles, Calif., today filed a registration statement (File 2-17722) with the SEC seeking registration of 134,116 shares of common stock, to be offered for subscription by stockholders on the basis of one new share for each four shares held. The record^{date} and subscription price are to be supplied by amendment. No underwriting is involved. Any shares not subscribed for by stockholders may be purchased at the subscription price by certain

management officials and may be reoffered for public sale in whole or in part at prices current at the time of such reoffering.

The company engages in the development and holding of real estate for investment. Of the net proceeds from the stock sale, \$200,000 will be used to purchase land in Los Angeles upon which the company will construct, in two years, a building to be leased to a new bank to be known as Century Bank, and \$450,000 to purchase up to 22,500 shares (45%) of the outstanding stock of said bank.

In addition to certain indebtedness, the company has outstanding 536,464 shares of common stock, of which Bley Stein, president, owns 111,186 shares and management officials as a group 245,022 shares.

GENERAL TELEPHONE CO. OF CALIF. FILES FOR OFFERING. General Telephone Company of California, 2020 Santa Monica Blvd., Santa Monica, Calif., today filed a registration statement (File 2-17724) with the SEC seeking registration of 500,000 shares of 5% cumulative preferred stock, to be offered for public sale through Paine, Webber, Jackson & Curtis and Mitchum, Jones & Templeton. The public offering price and underwriting terms are to be supplied by amendment.

The net proceeds from the stock sale will become a part of the treasury funds of the company and will be used by the company for the construction, completion, extension and/or improvement of its facilities and/or to discharge in part short term bank loans, used to reimburse the treasury for funds previously used for said purposes, owing by the company. Gross additions to and retirements of the company's properties for the years 1956 through 1960, inclusive, were \$316,227,889 and \$55,860,329, respectively. The company estimates that gross property additions for the year ending December 31, 1961, will amount to \$52,800,000.

SECURITIES ACT REGISTRATIONS. Effective March 14: Lafayette Radio Electronics Corporation (File 2-17525). Effective March 15: The Citizens and Southern Capital Corporation (File 2-17397); Leader-Durst Safede Company (File 2-17405); Fund of America, Inc. (File 2-17452); Eastern Can Co., Inc. (File 2-17511); Alabama Power Company (File 2-17591); Southern Bell Telephone and Telegraph Company (File 2-17637).

---0000000---