

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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)



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FOR RELEASE April 29, 1959

HEARING SCHEDULED ON ARKANSAS SECURITIES

The Securities and Exchange Commission has scheduled a hearing for May 18, 1959, at 10:00 A. M., in its Fort Worth Regional Office in the proceedings under the Securities Exchange Act of 1934 to determine whether Arkansas Securities Corporation, 233 Central Avenue, Hot Springs, Arkansas, violated provisions of the Federal Securities Laws and, if so, whether the Corporation's broker-dealer registration should be revoked.

In its order of February 13, 1959, instituting the proceedings (Release 34-5885) the Commission charged that the company and two of its officers sold Creswell-Keith Mining Trust stock in violation of the registration requirement of the Securities Act of 1933, and that they had solicited and induced certain persons to purchase securities by means of false representations and "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon such persons in violation of the anti-fraud provisions of the Laws. At the hearing, inquiry will be conducted into these and related matters for the purpose of determining whether it is in the public interest to revoke the Corporation's registration as a broker-dealer.

WITHDRAWAL OF SURINAM REGISTRATION DENIED

In a decision announced today (Release 33-4051), the Commission denied a request of The Surinam Corporation, Houston, Texas, for withdrawal of a registration statement filed in October 1957 proposing the public offering of 10,000,000 shares of common stock at \$1 per share.

The Company was organized in May 1957 to finance exploration for and exploitation of oil, gas and sulphur in a large area of Surinam, S. A. In January 1958, the Commission instituted proceedings which challenged the accuracy and adequacy of information in the registration statement concerning, among other things, the designation of the principal underwriter, the use of proceeds, transactions with promoters, the nominal status of officers and directors, the claimed exemption from registration for 13,000,000 shares previously issued, and the geological survey report and financial statements included therein.

On February 4, 1958, the opening day of the hearing, Surinam filed a request for withdrawal of its registration statement. The Commission deferred action until completion of the development of the factual record, whereupon it proceeded to consider initially whether, under the facts developed, Surinam is entitled to withdrawal as a matter of right (under the Jones decision).

The Commission concluded that this case could properly be differentiated from the Jones case because of an investor interest in Surinam which was absent in that case. These investors would have an interest in its findings addressed to the issues in the Surinam proceedings, the Commission stated, including particularly the adequacy and accuracy of the geological survey report which would be relevant in appraising the value of the concession to the properties in Surinam. Further bases for differentiation is to be found in the 1954 amendment of the Securities Act under which Surinam was entitled to commence its stock offering immediately upon the filing of its registration statement; and the fact that issuance of a stop order would render unavailable to Surinam for 5 years the Regulation 4 exemption from registration for offerings not exceeding \$300,000 in amount.

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Accordingly, the Commission denied the withdrawal request. A decision on the merits in the stop order proceedings will follow the filing (unless waived) of proposed findings, a recommended decision by the Hearing Examiner, exception and briefs, and oral argument.

LAMBERT & CO. HEARING POSTPONED

The SEC has authorized an indefinite postponement of the hearing scheduled for April 30, 1959, in its New York Regional Office, on the question whether to revoke the broker-dealer registration of Dominick J. Lambert, doing business as D. J. Lambert & Co., 721 $\frac{1}{2}$ Broadway, Saratoga Springs, N. Y. The Commission's action is based on charges that Lambert engaged in a course of conduct which operated as a fraud upon his customers, in that he induced their purchase of securities at prices not bearing a reasonable relationship to the current, prevailing market prices of said securities. Postponement was requested both by Lambert and the SEC Division of Trading and Exchanges, in order to allow the parties additional time to negotiate a stipulation of facts which would avoid an evidentiary hearing.

SOUTHWESTERN ELECTRIC BOND FINANCING CLEARED

The SEC has issued an order under the Holding Company Act (Release 35-13994) authorizing Southwestern Electric Power Company, Shreveport, La., to issue and sell, at competitive bidding \$16,000,000 of First Mortgage Bonds, Series H, due May 1, 1989. Net proceeds are to be used to finance a part of the company's construction expenditures and to pay or prepay bank loans incurred or to be incurred in connection therewith (which may approximate \$12,000,000).

AMERICAN NATURAL GAS STOCK DIVIDEND CLEARED

The SEC has issued an order under the Holding Company Act (Release 35-13993) authorizing American Natural Gas Company, New York, to pay a dividend on the 5,349,571 outstanding shares of common stock, payable in shares of common stock at the rate of one additional share for each ten shares outstanding and held of record on May 15, 1959. Distribution of the stock dividend is to be made on or about June 10, 1959.

COLONIAL FUND PURCHASE OF BOND INVESTMENT TRUST ASSETS CLEARED

The SEC has issued an exemption order under the Investment Company Act (Release 40-2871) permitting The Colonial Fund, Inc., to acquire the assets and assume the liabilities of its affiliate, The Bond Investment Trust of America in accordance with an agreement and plan of reorganization which will be submitted to and will be subject to the approval of a majority of the shares of Bond Investment. In exchange for such assets, Colonial Fund will issue shares of its stock on the basis of the respective net asset values of the shares of the two companies on the effective date of the exchange, which is expected to be April 30, 1959. On January 31, 1959, net assets of Colonial Fund amounted to \$65,745,947, or \$10.82 per share; and on December 31, 1958, the net assets of Bond Investment amounted to \$4,463,967, or \$20.48 per share.

SEC SUES TO COMPEL REPORTING BY GUILD FILMS AND INTERWORLD TV FILMS

The SEC today announced the filing of an action in the U. S. District Court for the Southern District of New York, seeking a court order compelling compliance by Guild Films Company, Inc. (Lit. Release 1431) and Interworld T. V. Films, Inc. (Lit. Release 1432), both of 460 Park Ave., New York, with the disclosure and reporting requirements of the Federal Securities Laws.

In its complaint against Guild Films, the Commission also names as defendants John J. Cole, George J. De Martini, Irving Feld, Arthur R. Lerner, Irvin Margulies, Harry McDonald, Kenyon Brown, C. W. Alden, Jr., and Gerald Dickler, as officers, directors and persons controlling and dominating defendant Guild Films. The complaint seeks a court order directing the correction of deficiencies in Guild Films' annual reports on Form 10-K for its fiscal years ended November 30, 1955, and November 30, 1957, as well as the filing of an annual report on Form 10-K for defendant Guild Films' fiscal year ended November 30, 1958; a report on Form 9-K for defendant Guild Films for the period ended May 31, 1958; and reports on Form 8-K for defendant Guild Films relating to: (a) certain agreements dated August 21 and August 28, 1957, whereby Guild Films agreed to sell to The Bon Ami Company television time spots for a consideration of \$3,600,000; (b) contracts for the sale of approximately \$8,000,000 worth of television time to Nestle LeMur and Glamorene; (c) an agreement made in October 1957 to acquire 173,000 shares of stock of Guild Films from Robin International Corp. for \$519,000; (d) the transfer to Standard Sulphur Co., now Interworld T. V. Films, Inc., of foreign residual

erty and distribution rights to Guild Films' film library in exchange for stock of that company; (c) the annual meeting of stockholders on May 18, 1957; (f) the annual meeting of stockholders on July 21, 1958; (g) the sale on June 20, 1957 to Chatham Corporation of television time spots aggregating \$1,250,000; (h) the acquisition from Reynard International of the "Minutes of Prayer" series. The obligation to file reports arises under Section 13 of the Securities Exchange Act of 1934 and Regulation 13A adopted thereunder, by reason of the fact that the Guild Films' common stock is listed and registered on the American Stock Exchange (with which the Guild Films reports also must be filed).

The complaint against Interworld also names as defendants Guild Films Company, Inc., John J. Cole, George J. De Martini, Irving Feld, Arthur R. Lerner, Irvin Margulies, Harry McDonald, Kenyon Brown, C. W. Alden, Jr., and Gerald Dickler, as persons controlling and dominating defendant Interworld. In this action, the Commission seeks a court order compelling the filing of annual reports on Form 10-K for defendant Interworld's fiscal years ended July 31, 1957 and July 31, 1958, reports on Form 9-K for defendant Interworld for the periods ended January 31, 1957 and January 31, 1958, and reports on Form 8-K for defendant Interworld relating to: (a) the filing by Interworld under its former name, Standard Sulphur Company, of a voluntary petition in bankruptcy and its adjudication a bankrupt; (b) the release of Interworld, under its former name, Standard Sulphur, from bankruptcy under an arrangement with creditors and the sale of a substantial portion of its assets to Texas International Sulphur Company; and (c) the annual meeting of shareholders in June 1958.

The obligation of Interworld to file reports arises pursuant to an undertaking contained in a Securities Act registration statement filed by Interworld under its former name, Standard Sulphur Company, which became effective on January 28, 1953, and which proposed a public offering of stock.

(NOTE TO PRESS: Foregoing also released by the SEC New York Regional Office.)

CONSOLIDATED NATURAL GAS PROPOSES RIGHTS OFFERING

Consolidated Natural Gas Company, 30 Rockefeller Plaza, New York, filed a registration statement (File 2-15038) with the SEC on April 28, 1959, seeking registration of 821,256 shares of capital stock. It is proposed to offer this stock for subscription by stockholders of record May 21, 1959, at the rate of one new share for each ten shares then held. The subscription price is to be supplied by amendment. No underwriting is involved.

Net proceeds of the stock sale will be added to the treasury funds of the company and used to finance in part the 1959 construction program of the Consolidated System. Plant expenditures are estimated at \$70,300,000 in 1959, including approximately \$800,000 for the purchase of the Painesville, Ohio, municipal gas distribution system. Present plans contemplate that the balance of the funds required for the construction program will be obtained from the sale by the company later in 1959 of \$20,000,000 of twenty-five year sinking fund debentures and from internal cash sources of the System.

WADE DRUG FILES FOR OFFERING

The Wade Drug Corporation, 411-413 Lake St., Shreveport, La., filed a registration statement (File 2-15039) with the SEC on April 28, 1959, seeking registration of 157,250 shares of Class B common stock. The company proposes to offer this stock for sale at \$10 per share primarily to retail druggists through its principal officer and stockholder, James D. Wade, Jr., who will receive a commission of \$1.50 per share.

Wade Drug was organized in March 1958 to manufacture, market and distribute ethical and proprietary drug products; also, to develop through research new medicinal aids in the battle against disease. The planned objectives of the company include the purchase of other established drug manufacturing companies, trademarks, formulae, and to develop and market new products of its own manufacture. In May 1958 it acquired the assets of Jim Wade & Company (and the trademark "Jim Wade"), the company being a manufacturer and distributor of Jim Wade Foot Medicine and other drug products. A companion product, Jim Wade Deodorant Foot Powder, was introduced in September 1958. The company also has contracted for the exclusive distribution of "Lens Brite," an eye glass cleaner.

Net proceeds of the stock sale are to be used as follows: \$190,000 for additional machinery and equipment and to purchase permanent plant facilities; \$70,000 for research and experimentation; \$350,000 for initial contracts and purchase of additional companies; \$500,000 for proposed national

advertising program; and \$196,000 for current working capital.

The company now has outstanding 42,750 Class B and 87,936 Class A shares. James D. Wade, Jr., principal promoter and president, received 57,250 Class A and 42,750 Class B shares in exchange for the "Jim Wade" trademark.

BUCKEYE CORP. SEEKS REGISTRATION OF SHARES

The Buckeye Corporation, 16 East 34th St., New York, filed a registration statement (File 2-15040) with the SEC on April 28, 1959, seeking registration of 192,039 shares of 5% Convertible Preferred Stock, Series A, \$10 par, and 164,299 shares of \$1 par Common Stock.

The 192,039 preferred shares and 99,299 shares of the common stock have been, or subject to certain conditions will be, issued in connection with certain acquisitions of businesses and assets; and the remaining 65,000 common shares are reserved for issuance under Employee Restricted Stock Options.

Of the common shares, 46,667 were issued in October 1958 to 20 private investors at \$3 per share, the proceeds being advanced to a subsidiary to be applied to the reduction of indebtedness incurred in the purchase of certain properties. An additional 52,632 common shares and 167,039 preferred shares were issued within the past few months in connection with the purchase of the outstanding stock of Flamingo Telefilm Sales, Inc., and certain rights and interests with respect to a group of films, and the purchase of the outstanding stock and certain obligations of Transfilm Incorporated. An additional 25,000 preferred shares will be issued in connection with such acquisitions. 83,099 of the preferred shares have been surrendered for conversion into 110,798 common shares.

HIRSCH & CO. FILES FOR SECONDARY

P. N. Hirsch & Co., 1019 North Jefferson Ave., St. Louis, today filed a registration statement (File 2-15041) with the SEC seeking registration of 132,500 outstanding shares of its common stock, to be offered for public sale by the holders thereof through an underwriting group headed by Newhard, Cook & Co. The public offering price and underwriting terms will be supplied by amendment. None of the proceeds will be received by the company.

Hirsch & Co. operates through its consolidated subsidiaries, 72 junior department stores in Missouri, Illinois, Texas, Indiana, Alabama and Kentucky. It has outstanding (among other securities) 408,975 shares of common stock. The prospectus lists six selling stockholders, who own in the aggregate 280,050 shares. Philip N. Hirsch, president, proposes to sell 40,280 of his holdings of 79,530 shares; Ralph Hirsch, secretary, 26,875 of 61,125; Oliver A. Goralnik, treasurer, 26,431 of 60,681; Irwin Gittelman, vice president, 26,924 of 63,124; Isadore Hirsch, a director, 1,431 of 5,031; and 1019 North Jefferson Corp., all of 10,559 shares. The prospectus indicates that 1019 North Jefferson Corp. owns the company's St. Louis office and warehouse; and four-sevenths of its stock is owned by the two Hirsches, Goralnik and Gittelman.

CONSOLIDATED ELECTRODYNAMICS PROPOSES DEBENTURE OFFERING

Consolidated Electrodynamics Corporation, 360 Sierra Madre Villa, Pasadena, Calif., today filed a registration statement (File 2-15042) with the SEC seeking registration of \$7,616,500 of Convertible Subordinated Debentures due June 1, 1984. The company proposes to offer the debentures for subscription by common stockholders in the ratio of \$100 of debentures for each 14 common shares held. The record date, interest rate, subscription price and underwriting terms are to be supplied by amendment. Blyth & Co., Inc., is listed as the principal underwriter.

The company is engaged primarily in the design, development, manufacture and sale of specialized analytical, measuring, recording and data processing instruments, electronic systems and vacuum equipment for defense, scientific and industrial uses. Net proceeds of the debenture sale will be used to pay in full a \$2,000,000 secured bank loan and the balance to reduce unsecured short-term bank loans (which aggregated \$8,000,000 at April 20, 1959). The proceeds of the bank loans were used to finance inventories and receivables and to provide necessary working capital, and also for retirement in March of \$1,475,000 of notes.

HYCON EASTERN FILES FOR OFFERING AND SECONDARY

Hycon Eastern, Inc., 75 Cambridge Parkway, Cambridge, Mass., (whose name will be changed about May 1, 1959, to Hermes Electronics Co.), today filed a registration statement (File 2-15043) with the SEC seeking registration of 150,000 shares of common stock, to be offered for public sale through an underwriting group headed by C. E. Unterberg, Towbin Co. The public offering price and underwriting terms are to be supplied by amendment.

The registration statement also includes 36,755 shares issuable upon the exercise of options; 147,564 shares issuable upon the exercise of rights of holders of \$5 Cumulative Convertible Preferred Stock to convert such stock; 20,000 shares issuable upon the exercise of the right of holders of 5% Ten Year Sinking Fund Debentures due 1965 to convert such debentures; and 734,374 of presently outstanding shares which may be offered by the holders thereof.

The company is engaged in research and development work in certain areas of electronics and physics and does specialized engineering in the field of communications systems. It also manufactures crystal filters, digital units and stable frequency sources. Net proceeds of its sale of the 150,000 shares will be applied to the prepayment of a 5-3/4% note in the amount of \$135,000 and to the payment of bank notes now outstanding in the amount of \$350,000, which indebtedness was incurred for working capital. The balance of the proceeds will be used for general corporate purposes, including working capital and the acquisition of additional equipment and machinery.

The company has outstanding 734,374 common shares of which officers and directors (including Malcolm M. Hubbard, president and one of the organizers of the company in 1955) own 272,666 shares. An additional 64,000 shares are owned by two directors who are partners and associates of Kuhn, Loeb & Co.; 60,000 shares by The Western Union Telegraph Company, one of whose officers is a director of Hycon; and 164,255 shares are held of record but not beneficially.

ALBERTA MUNICIPAL FINANCING FILES FINANCING PROPOSAL

Alberta Municipal Financing Corporation (Canada) today filed a registration statement (File 2-15044) with the SEC seeking registration of \$50,000,000 of Sinking Fund Debentures due May 15, 1984, guaranteed by the Province of Alberta. The debentures are to be offered for public sale through an underwriting group headed by The First Boston Corporation, Wood, Gundy & Co., Inc., and five other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The corporation intends to apply the net proceeds, after conversion into Canadian funds, to the purchase of securities of municipalities, cities, towns and villages within Alberta as loan applications are approved. The principal purpose of the Corporation, created in 1956, is to assist municipalities (including school districts, school divisions, municipal hospital districts and irrigation districts), cities, towns and villages to obtain capital funds.

ROHR AIRCRAFT FILES STOCK OPTION PLAN

Rohr Aircraft Corporation, Chula Vista, Calif., today filed a registration statement (File 2-15045) seeking registration of 240,614 shares of its common stock, reserved for issuance upon exercise of Restricted Stock Options which may be granted to officers and key employees of the company under its Restricted Stock Option Plan.

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