

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)



Washington 25, D.C.

FOR RELEASE May 26, 1959

BROOKRIDGE DEVELOPMENT OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a debenture offering by Brookridge Development Corporation, 901 Seneca Ave., Ridgewood, Queens, New York.

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 December 19, 1958, Brookridge proposed the public offering of \$200,000 of fifteen-year 6% convertible debentures, due January 1, 1974, pursuant to such exemption. The Commission's suspension order asserts that the terms and conditions of Regulation A were not complied with by reason of the failure to include certain information in the Brookridge notification, including the names of each predecessor and affiliate, options to officers, and a reasonably itemized statement of the purposes for which the proceeds of the debenture sale are to be used, and that said notification and accompanying offering circular are false and misleading in respect of various material facts. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Among the misstatements and omissions of fact cited in the Commission's order are the following: (1) failure to disclose the security holdings of management officials; (2) failure to disclose the market position of the underwriter in Brookridge securities and the effect of the underwriter's participation in the market on the market price of such securities; (3) failure to disclose the sale of Brookridge securities by officers, directors, promoters, principal security holders or underwriters in violation of the Securities Act registration requirement; and (4) the inclusion of questionable items in the balance sheet and income statement, including a \$176,478 item in the December 31, 1958, consolidated balance sheet described as "Investment in Subsidiaries."

JERSEY CENTRAL POWER STOCK SALE TO PARENT APPROVED

The SEC has issued an order under the Holding Company Act (Release 35-14012) authorizing Jersey Central Power & Light Company, Denville, N. J., subsidiary of General Public Utilities Corporation, to issue and sell to the parent an additional 600,000 shares of its common stock for \$6,000,000. Jersey Central proposes to apply (a) \$1,400,000 to reimburse its treasury in part for construction expenditures prior to 1959; (b) \$2,600,000 to prepay bank notes issued subsequent to December 31, 1958, the proceeds of which were used for construction; and (c) the balance toward its post-1958 construction program or to reimburse its treasury for expenditures for that purpose.

WEST PENN ELECTRIC INVESTMENT IN SUBSIDIARIES APPROVED

The SEC has issued an order under the Holding Company Act (Release 35-14011) authorizing the Potomac Edison Company, subsidiary of The West Penn Electric Company, New York holding company, to make additional investments in the common stocks of subsidiaries, as follows: Northern Virginia Power Company, \$400,000; Potomac Light and Power Company, \$600,000; and South Penn Power Company, \$200,000. The subsidiaries will use the funds for necessary property additions and improvements.

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

LAZARD FUND WITHDRAWS APPLICATION

The Lazard Fund, Inc., New York investment company, has withdrawn its application for an exemption order under the Investment Company Act permitting its investment of up to \$1,000,000 in the debentures to be issued by General American Oil Company of Texas (Release 40-2884).

GENERAL AMERICAN TRANSPORTATION SEEKS REGISTRATION OF SHARES

General American Transportation Corporation, Chicago, filed a registration statement (File 2-15152) with the SEC on May 25, 1959, seeking registration of 107,491 shares of its common stock. According to the prospectus, the 107,491 shares were issued pursuant to a March 1959 contract pursuant to which the company acquired the issued and outstanding capital stock of Traylor Engineering & Manufacturing Company, which sells mining, milling, smelting and cement manufacturing machinery. The prospectus further indicates that some or all of these shares may be sold by or for the account of the holders thereof, although the company has no information that any such sale will be made, except of 24 shares to be sold to eliminate fractional interests.

VICTORIA RACEWAY PROPOSES STOCK OFFERING

Victoria Raceway, Notre Dame Ave. at King St., Winnipeg, Canada, filed a registration statement (File 2-15153) with the SEC on May 25, 1959, seeking registration of 1,000,000 shares of common stock. The stock is to be offered for public sale at \$4.50 per share. The offering is to be made on a best-efforts basis by G. Everett Parks & Co., Inc., of New York, and is contingent on the sale by the underwriter of at least 328,993 shares. The underwriter will receive a selling commission of \$.78-3/4 per share, plus reimbursement for expenses at the rate of 6-1/2¢ per share sold, not to exceed \$50,000. Effective upon a minimum sale of 328,993 shares, the underwriter will receive warrant subscriptions at 1¢ each to purchase 50,000 shares at \$2 per share, to be prorated to the amount of shares, in excess of the minimum, sold to the public. Sandimar Enterprises Inc. has agreed to sell the underwriter 250,000 shares at 1¢ per share.

The company was organized under Manitoba law in April 1958 to conduct harness horse trotting and pacing races, operate a pari-mutuel system of betting where lawful, establish a horse racing track and related endeavors, and perform other related activities. It has no operating history. It intends to construct and operate a racing plant in the immediate vicinity of Winnipeg, and to conduct, at night, harness horse trotting and pacing race meetings at which betting by use of pari-mutual machines or totalisators will be conducted, and other activities incidental to the operating of a race meeting.

The company has entered into a contract with a Canadian firm, Fairhill Developments, Ltd., to build the entire plant. When funds are available, that firm will undertake to develop, build and equip the plant at cost plus 10% of cost to cover overhead and a fee of 9% of cost plus overhead. It is estimated that the cost of construction of these facilities will be about \$2,400,000. Land acquisition costs are estimated at \$250,000. Net proceeds of the public sale of the 1,000,000 shares, assuming all shares are sold, will approximate \$3,662,500. In addition, Fairhill Developments has subscribed to 150,000 shares at \$2 per share upon condition that at least 328,993 shares are sold to the public. The balance of the proceeds will be used for working capital and other purposes.

The prospectus lists Fay N. MacKenzie of Winnipeg as president. Principal stockholders are Fairhill Developments, 150,000 shares (conditional subscription), 6%; Sandimar Enterprises, 1,035,750 shares, 41.4%; and Officers and Directors as a group, 264,250 shares, 10.6%. Sandimar Enterprises was the holder and owner of the outstanding stocks of Great Western Association of Manitoba and the Driving Club of Manitoba, which stocks were transferred to the company for 1,035,750 shares of its stock. Each of said companies is said to be entitled to fourteen racing days or nights, as is Victoria Raceway.

TANG INDUSTRIES PROPOSES STOCK OFFERING

Tang Industries, Inc., 49 Jones Rd., Waltham, Mass., filed a registration statement (File 15154) with the SEC on May 25, 1959, seeking registration of 160,000 shares of common stock. Of this stock, the company proposes to offer 110,000 shares for public sale at \$3 per share. The offering is to be made on a best efforts basis by David Barnes & Company, Inc., of New York, for which it will receive a selling commission of 50¢ per share.

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As additional compensation, the underwriter is to receive options, exercisable until December 31, 1960, to purchase five shares of stock at 10¢ per share for every eleven shares sold, or a total of 50,000 shares, which are also included in the registration statement. Similar options are to be issued to Graham N. Shaw, a director of the company, in consideration of his arranging for the present underwriting and for further business and financial services and advice, the options authorizing Shaw to purchase 9 shares for each 11 shares sold to the public. These shares are to be acquired by Shaw for investment.

Organized under Delaware law on May 14, 1959, Tang Industries is engaged in the business of development, manufacturing, processing and distributing semi conductor materials, such as silicon and indium alloys, semi conductor devices such as transistors and diodes, and other electronic and electrical products. It conducts some of these operations through a subsidiary, Tang Industries, Inc., a Massachusetts corporation organized in January 1959, whose stock was acquired from Hsiung Yuan Tang, company president, in exchange for 160,000 shares of the Delaware company stock. Promoters of the two companies are Tang and his son, Arthur Y. C. Tang. Tang had acquired the stock of the Massachusetts corporation for \$40,000 in cash; and he has also acquired 240,000 additional shares of the Delaware company stock for \$60,000. Arthur Y. C. Tang and two other individuals hold the remaining 30,000 outstanding shares, acquired at 10¢ per share.

Net proceeds of the stock sale will be used to purchase machinery and equipment, in the amount of \$124,400 to be used in the processing of semi conductor materials, the production of semi conductor devices, and the development and manufacture of electronic and electrical products; \$35,000 is to be devoted to research and development; and the balance of the proceeds will be used for certain expenses and for working capital.

GENERAL PRECISION EQUIPMENT PROPOSES PREFERRED OFFERING

General Precision Equipment Corporation, 92 Gold St., New York, today filed a registration statement (File 2-15155) with the SEC seeking registration of 105,927 shares of Cumulative Convertible Preference Stock. The company proposes to offer this stock for subscription by holders of common stock and of its \$1.60 Cumulative Convertible Preference Stock (\$1.60 Preference Series), in the ratio of 1 share of new preferred for each 11 shares of common and 1 share of new preferred for each 16½ shares of \$1.60 Preference stock. The dividend rate on the new preferred, the record date for subscriptions, and the subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and Tucker, Anthony & R. L. Day re listed as the principal underwriters.

The company also has made arrangements for additional borrowing of \$10,000,000 on its 5½% promissory note due August 1, 1974 and an increase in its revolving credit from \$25,000,000 to \$30,000,000. Net proceeds of the sale of the new preferred and of these borrowings are to be added to general funds and increase the company's working capital. The growth of the company's business is said to have resulted in an increasing need for funds, principally to finance a larger volume of inventories and receivables, the cost of investments made on a cash basis and the net cost of additions to research, development and production facilities.

AMERICAN INVESTORS FUND FILES FOR ADDITIONAL SHARES

American Investors Fund, Inc., Larchmont, N. Y., investment company, filed an amendment on May 25, 1959, to its registration statement (File 2-14081) seeking registration of an additional 100,000 shares of capital stock.

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