

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 June 24, 1959

RAPID-AMERICAN SEEKS REGISTRATION OF COMMON STOCK

Rapid-American Corporation, 711 Fifth Avenue, New York, filed a registration statement (File 2-15256) with the SEC on June 23, 1959, seeking registration of 66,311 shares of Common Stock, \$1 par value, issuable to officers or employees upon the exercise of options. Of the shares being registered, 51,215 shares are issuable upon the exercise of options granted or to be granted to officers or key employees pursuant to the company's supplemental restricted stock option plan approved by the shareholders on May 12, 1959, and 15,096 shares are issuable to employees pursuant to a supplemental employees' stock purchase plan also approved by the shareholders on May 12, 1959.

FARADYNE ELECTRONICS PROPOSES COMMON STOCK OFFERING

Faradyne Electronics Corp., 744 Broad Street, Newark, N. J., filed a registration statement (File 2-15257) with the SEC on June 23, 1959, seeking registration of 220,000 shares of Common Stock, 5 cents par value, to be offered for public sale at a price of \$6.00 per share by Charles Plohn & Co. and Netherlands Securities Company, Inc., on an "all-or-nothing best efforts" basis, with underwriting commissions of 90 cents per share and \$20,000 for expenses. (The prospectus states that, in addition, other expenses of the company in connection with the registration and distribution of the stock have been estimated at about \$25,000. These expenses will be paid by the company.) The underwriting agreement provides that if the underwriters fail to sell the 220,000 shares within 60 days after the effective date of the registration statement, which period may be extended for another 60 days, the public offering will be withdrawn, the underwriters will refund payments without interest, and the underwriters will be entitled to no commissions or payment of expenses. In addition to the 220,000 shares to be offered for public sale, the registration statement covers 80,000 shares purchased from the company during June, 1959, by Charles Plohn & Co. at a price of 5¢ a share, or \$4,000. Plohn has agreed that none of these 80,000 shares will be sold or transferred until after eighteen months from the initial offering date of the shares covered by the registration statement.

The company was incorporated under the laws of the State of New Jersey on June 8, 1959, to serve the electronic industry as a supplier of components, including such electronic components as dielectric, electrolytic, and ceramic capacitors, high alumina ceramics, and precision tungsten wire forms. It was organized by Manny Brucker, Sol Feldman, Bernard P. Birnbaum, and Saul I. Birnbaum. Mr. Bernard P. Birnbaum is Chairman of the Board of Directors of the company, Mr. Brucker is president and a director, Mr. Feldman is treasurer and a director, and Mr. Saul I. Birnbaum is secretary and a director. The company has an authorized capitalization of 2,060,000 shares, of which 60,000 are issuable upon the exercise of options. Of the company's 380,000 shares of common stock outstanding as of June 15, 1959, Messrs. Brucker, Feldman, Bernard P. Birnbaum, and Saul I. Birnbaum each own 75,000 shares, and each has received from the company an option to purchase 10,000 additional shares at the price of \$6.60 per share. The options are exercisable to the extent of 1,000 shares following the expiration of each full year of employment with the company and are cumulative throughout the option period with respect to any shares not purchased in any year, provided that the optionee shall continue in the employment of the company throughout the ten-year period.

Net proceeds of the offering, assuming all the shares are sold, will be used for the purchase and construction of necessary machinery and equipment, for plant expansion and improvements, and for working capital. The prospectus states that it is impossible at this time to predict the precise machinery and equipment needs of the company for the future, because much will depend upon the results of the company's research, development, operations, and sales, as well as market requirements and specific needs of customers. However, it is estimated that the allocation of proceeds for all

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

OVER

purposes for the company's several divisions will be approximately as follows: \$400,000 for the capacitor division, \$400,000 for the ceramic division, and \$75,000 for the micro-wire division. Additional expenditure of about \$50,000 for plant expansion and improvements is contemplated, and the balance of approximately \$152,000 is unallocated and will provide working capital for appropriate corporate purposes.

RICHARD D. BREW FILES FOR OFFERING AND SECONDARY

Richard D. Brew and Company, Incorporated, Concord, N. H., filed a registration statement (File 2-15258) with the SEC on June 23, 1959, seeking registration of 110,000 shares of Common Stock, \$1 par value, to be offered for public sale through an underwriting group headed by Lee Higginson Corporation. The public offering price and underwriting terms are to be supplied by amendment. Of the 110,000 shares covered by the registration statement, 40,000 shares are to be purchased by the underwriters from two stockholders, W. Arnold Hosmer, Chairman of the Board of Directors, and Mrs. Eleanor N. Brew. In connection with the sale of shares to the underwriters, the company's presently authorized 10,000 shares of common stock, without par value, will be changed into 500,000 shares of common stock, \$1 par value, and the presently outstanding 9,300 shares of common stock, without par value, will be increased to 310,000 shares of common stock, \$1 par value, by means of a stock split. The underwriters will purchase from Mr. Hosmer 36,500 of the 70,000 shares to be held by him following the stock split and from Mrs. Brew 3,500 of the 100,000 shares to be held by her following the stock split.

The company is engaged in research, design, development and manufacture in the general area of applying advanced physics to military and civilian needs. Of the proceeds from the sale by the company of the 70,000 shares of its common stock, approximately \$106,000 will be used to discharge the company's outstanding short term bank notes, second and third mortgage notes, and land mortgage. The \$150,000 of borrowings evidenced by the bank notes were made to reimburse the company's treasury for part of the funds spent for additions to the company's plant facilities, substantially completed as of June 1, 1959, and for additional machinery and equipment related thereto, and to provide working capital. It is contemplated that out of the balance of the proceeds approximately \$25,000 will be expended for further equipment in connection with current expansion and for costs of re-arrangement and moving of machinery and equipment; an amount not yet definite (but currently estimated at not less than \$75,000) will be applied to defray the cost of additional plant and equipment for expansion of the company's vacuum furnace division; and the remainder will be used for an expanded program of research, for working capital required by expansion, and for other corporate purposes.

CONSOLIDATED CIGAR FILES FOR SECONDARY OFFERING

Consolidated Cigar Corporation, 67 West 44th Street, New York, filed a registration statement (File 2-15259) with the SEC on June 23, 1959, seeking registration of 75,000 shares of its outstanding Common Stock, \$1 par value, to be offered for public sale by the present holders thereof, eight trusts, through an underwriting group headed by Eastman Dillon, Union Securities & Co. The public offering price and underwriting terms are to be supplied by amendment. The company will receive no part of the proceeds.

PUBLIC SERVICE OF NEW HAMPSHIRE FILES FINANCING PROPOSAL

Public Service Company of New Hampshire, 1087 Elm Street, Manchester, N. H., today filed registration statements (Files 2-15260 and 2-15261) with the SEC seeking registration of \$8,000,000 of First Mortgage Bonds, Series K, due 1989, to be offered for sale at competitive bidding, and 396,000 shares of Common Stock, \$5 par value, to be offered for public sale through an underwriting group headed by Kidder, Peabody & Co. and Blyth & Co., Inc. The public offering prices and underwriting terms are to be supplied by amendment.

Net proceeds to be received from the sale of the common stock will be applied to the reduction of the company's short-term bank borrowings incurred for interim financing of construction. Such borrowings will amount to approximately \$10,000,000 just before the sale of the common stock. The net proceeds to be received from the sale of the Series K bonds will be applied to the payment of the remaining short-term bank borrowings and the balance will be used for the construction of additional facilities and for other corporate purposes. Approximately \$2,000,000 of the proceeds of the Series K bonds will be deposited initially with the trustee under the company's first mortgage and subsequently withdrawn against the certification of property.

CONT INUED

Expenditures by the company for construction during 1959 are expected to aggregate \$15,800,000 and the construction plans of the company as presently estimated call for expenditures of \$17,900,000 in 1960 and \$9,500,000 in 1961. It is estimated that the amount of cash available for this purpose from internal sources will average approximately \$4,500,000 per year. The company's principal project is the first unit (with a rated capacity of 100,000 KW) of a new steam generating station in Bow, New Hampshire, scheduled for completion in the fall of 1960, together with related substation and transmission facilities. Expenditures for this project in 1957 and 1958 totaled \$4,285,000 and are estimated to be \$9,460,000 in 1959 and \$10,100,000 in 1960. The remaining estimated expenditures included in the construction plans for 1959 through 1961 are for normal additions to the company's transmission and distribution system and for other facilities to take care of increasing customer demands. Estimated construction expenditures of the company's subsidiaries for 1959 are \$920,000, all of which will be provided from their internal sources. Based on the company's plans, further permanent financing by the company will be required in 1960 and 1961. Additional funds required for construction, to the extent not obtained from internal sources or from permanent financing, including the Series K bonds, are expected to be obtained by short-term bank borrowings.

MONTAUP ELECTRIC REVISION OF DEBENTURE BOND PROVISIONS APPROVED

The SEC has issued an order under the Holding Company Act (Release 35-14032) authorizing Montaup Electric Company, Fall River, Mass., to revise certain provisions of its \$9,900,000 outstanding 3-3/8% debenture bonds maturing December 30, 1982, which are owned by Blackstone Valley Gas and Electric Company, Brockton Edison Company, and Fall River Electric Light Company, which three companies own all of the outstanding securities of Montaup and joined in the application to the SEC for revision of the debenture bond provisions. Montaup, Blackstone, Brockton, and Fall River are all subsidiaries of Eastern Utilities Associates.

One of the former provisions of Montaup's debenture bonds contained a covenant that the company would not create, assume, incur, or guarantee, or in any manner become or remain liable in respect of, any obligations other than those therein specified. Pursuant to the Commission's order Montaup proposes, with the consent of Blackstone, Brockton, and Fall River, to amend such terms and provisions so as to provide that Montaup may become or remain liable in respect of the following additional obligations: "Obligations, incurred while a stockholder of a corporation which is to furnish power to the Company, to furnish funds to or assume or guarantee the obligations of such corporation." Montaup's application to the SEC stated that the purpose of the amendment was to make the provisions of the 3-3/8% debenture bonds consistent with the provisions of the other outstanding series of debenture bonds of Montaup and to afford Montaup flexibility in its relations with Yankee Atomic Electric Company, a nuclear power company of which Montaup is one of the sponsoring companies which are to be furnished with electric energy upon completion of Yankee Atomic's plant.

AMERICAN TELEPHONE AND TELEGRAPH SEEKS ORDER

American Telephone and Telegraph Company, New York, has applied to the SEC for an order under the Trust Indenture Act declaring that trusteeship of Morgan Guaranty Trust Company of New York under three existing trust indentures relating to three issues of debentures of American Telephone and Telegraph is not so likely to involve a material conflict of interest as to make it necessary to disqualify Morgan Guaranty from acting as such under the three indentures. The Commission has issued an order (Release 39-132) giving interested persons until July 7, 1959, to request a hearing upon the application.

SUSPENSION OF UNIVERSAL OIL OFFERING MADE PERMANENT

Universal Oil Recovery Corporation, Chicago, has withdrawn its request for hearing upon the November 13, 1957, order of the Securities and Exchange Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of 12,500 shares of Universal Oil common stock at \$10 per share.

Consequently, the Commission has discontinued proceedings commenced at the request of the company on the question whether the order of temporary suspension should be vacated, and the suspension has become permanent.

Universal Oil proposed a public offering of 12,500 shares of common stock at \$10 per share, under an exemption from registration pursuant to a notification filed under Regulation A. The Commission asserted in its order of November 13, 1957, which temporarily suspended the exemption from



registration, that Universal Oil's offering circular contained various misstatements and omission of material fact and that no exemption appeared available in view of the absence of appropriate escrow arrangements for 50,000 shares of its stock held by officers, directors, and promoters which, when computed at the \$10 per share public offering price, would exceed the \$300,000 limitation for exempt offerings under Regulation A.

---0000000---

