

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.

FOR RELEASE February 28, 1957

Securities Exchange Act Release No. 5454

Coburn and Middlebrook, Inc., Hartford, Conn., has been suspended by the SEC from membership in the National Association of Securities Dealers, Inc., for a period of 30 days, effective at the close of business March 15, 1957, for violations of Regulation T margin requirements.

In its decision, the Commission found that Coburn and Middlebrook extended credit in 450 separate transactions with its customers in wilful violation of Section 7(c) of the Securities Exchange Act of 1934 and Regulation T adopted by the Board of Governors of the Federal Reserve System. Regulation T requires, among other things, that unless purchases made in a customer's special cash account are fully paid for within seven full business days, the broker-dealer shall promptly cancel or otherwise liquidate the transaction. In the transactions in question, the Commission found that Coburn and Middlebrook violated Regulation T because securities sold to customers had not been fully paid for by the customers within the stated period and the transactions had not been cancelled or otherwise liquidated by the company and were not based on an agreement entered into in good faith for prompt payment in full prior to sale of the securities purchased.

In 1951, five years prior to the inspection on which the present proceedings were based, representatives of the Commission called the attention of Coburn and Middlebrook to the fact that it had committed many violations of Regulation T, at which time the company stated that steps had been taken to correct the situation and to prevent future violations.

Holding Company Act Release No. 13399

The Securities and Exchange Commission has issued an order prohibiting the solicitation of proxies from the stockholders of Union Electric Company, St. Louis, Mo., to be voted at the annual meeting of stockholders of that company scheduled for April 20, 1957, except pursuant to a declaration filed with and permitted to become effective by the Commission pursuant to its Rule U-62 under the Holding Company Act.

According to the Commission, Union anticipates a proxy contest and desires prior to the meeting to make several solicitations of its stockholders in order to present the position of its management. Both Union and certain of its common stockholders have filed with the Commission preliminary solicitation material pursuant to the Commission's proxy rules under the Securities Exchange Act of 1934 in anticipation of soliciting Union's security holders in connection with the forthcoming annual meeting.

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Substantial questions of law and fact may be presented by the intended solicitations under Section 12(e) of the Holding Company Act. In view thereof, it appears to the Commission that it is appropriate in the public interest and for the protection of investors and consumers to require Union and all other persons desiring to solicit Union's security holders in connection with the company's next annual meeting to comply with the provisions of Rule U-62. Unless a declaration in respect of any such solicitation is filed with and permitted to become effective by the Commission, it would be unlawful under the Commission's rules to make a solicitation of Union's stockholders.

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American Photocopy Equipment Company, Chicago, filed a registration statement (File 2-13121) with the SEC on February 27, 1957, seeking registration of 200,000 shares of its \$1 par Common Stock, to be offered for public sale through an underwriting group headed by Lehman Brothers. The public offering price and underwriting terms are to be supplied by amendment. Of the 200,000 shares being offered, the company is selling 50,000 shares and will receive the proceeds therefrom. The remaining 150,000 shares are being sold by approximately 30 stockholders, including the following: Samuel G. Rautbord, Chairman of the Board, President and Director, who is selling 31,031 of the 155,154 shares presently owned by him; Robert A. Rautbord, Director, who is selling 20,739 of the 103,697 shares owned by him; Clayton L. Rautbord, Vice President, Treasurer and Director, who is selling 19,124 of his holdings of 95,621 shares; Edward J. Floun, Vice President and Director, who is selling 7,028 of his holdings of 35,139 shares; and Lloyd A. Briggs, who is selling 3,077 of his holdings of 15,387 shares.

The prospectus states that prior to the delivery of the shares being offered, Photo Paper Products, Inc., and Clayton Chemical and Packaging Company (both Illinois corporations) will have been merged into American Photocopy Equipment Company, and the latter company will have acquired all of the outstanding shares of Apeco of Canada, Ltd. These four companies at the present time have substantially the same shareholders and are engaged in different but complementary aspects of the single-copy duplicating industry. In connection with the merger and the acquisition of all the outstanding shares of Apeco of Canada, the authorized 22,500 \$10 par common shares of American Photocopy Equipment Company are to be changed and increased to 1,000,000 common shares, \$10 par value, of which 750,000 shares are to be issued to the shareholders of the four companies in exchange for their shares in their respective companies.

Proceeds from the sale of the 50,000 shares of Common Stock being offered by American Photocopy Equipment Company will be added to the company's working funds and used for general corporate purposes, including, among others, the financing of inventory and accounts receivable and expenditures for development of new products.

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Colorado Central Power Company (Englewood) filed a registration statement (File 2-13122) with the SEC on February 27, 1957, seeking registration of 74,175 shares of its \$5 par Common Stock. The company proposes to offer this stock for subscription by its stockholders of record March 4, 1957, at the rate of 1 additional

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share for each 3-1/3 shares then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation is named as the principal underwriter.

Net proceeds of the sale of the additional stock will be applied to the financing of the company's construction program which contemplates a total expenditure of approximately \$7,119,000 for the years 1957, 1958 and 1959. The company presently estimates that the balance of the funds to finance the construction program will be provided as follows: \$600,000 from funds on hand at the beginning of the year; \$1,600,000 from operating sources; and the balance from the sale of additional securities in the future.

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Herold Radio & Electronics Corporation, Mount Vernon, N. Y., filed a registration statement (File 2-13123) with the SEC on February 27, 1957, seeking registration of 160,000 shares of Cumulative Convertible 6%, \$5 par Preferred Stock and 25,000 shares of Common Stock. The preferred shares are to be offered for public sale at \$5 per share, with a \$.50 selling commission to the underwriter, Amos Treat & Co. Inc. The underwriter also is entitled to receive \$12,000 for expenses; and upon the successful sale of all of the preferred stock, it shall be entitled to purchase 12,500 of the common shares at a price of \$.25 per share and may sell said shares to the public at the then prevailing market price for such stock. The additional 12,500 common shares are to be issued to Alton Blauner as a finder's fee, payable at \$.25 per share.

Net proceeds of this financing are to be devoted to additional working capital, which is expected to "enable the company to schedule its production and purchases favorably. In addition, this capital will enable the company to take greater advantage of trade discounts, advantageous purchases of material, and to minimize and reduce the cost of borrowed capital."

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The American Laundry Machinery Company, Cincinnati, O., filed a registration statement (File 2-13124) with the SEC seeking registration of 110,244 shares of its \$20 par Common Stock. The company proposes to offer this stock for subscription by holders of its outstanding stock at the rate of one additional share for each five shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Goldman, Sachs & Co. is named as the principal underwriter.

Net proceeds are to be added to the general funds of the company and will be available for general corporate purposes including seasonal cash requirements. It is the company's present intention to apply all or a major part of such proceeds to the reduction of its short-term loans. These loans were incurred primarily to finance instalment notes receivable and, in part, for the acquisition of the assets of Western Laundry Press Company, Inc. and certain other acquisitions and to augment working capital. The company is planning to borrow \$3,000,000 for 15 years from an insurance company and, concurrently therewith, to enter into a three-year revolving credit arrangement for \$6,000,000 with several banks. The funds therefrom, as avail-

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able, will be used to reduce or eliminate the short-term loans and for general corporate purposes.

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The Hawaiian Electric Company, Limited, Honolulu, filed a registration statement (File 2-13125) with the SEC on February 27, 1957, seeking registration of \$7,000,000 of First Mortgage Bonds, Series J, due March 15, 1987, to be offered for public sale through an underwriting group headed by Dillon, Read & Co. Inc. and Dean Witter & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the bond sale will become part of the general funds of the company and will be applied toward the cost of its construction program. The company's planned expansion program for the period 1957-1961 calls for total estimated expenditures of \$53,898,000.

Holding Company Act Release No. 13398

The Commission has approved the acquisition by Georgia Power Company ("Power") of all the assets, properties and business of Georgia Power & Light Company "Light", together with an auxiliary transmission line owned by Light's parent, Florida Power Company. The aggregate consideration is approximately \$18,500,000, of which \$7,705,000 will be represented by the assumption of Light's first mortgage bonds and the balance will be paid in cash. Power is a subsidiary of The Southern Company, a registered holding company, and the Commission's order was entered pursuant to Sections 6(b) and 10 of the Holding Company Act.

Light has operated in the southern part of the State of Georgia. With the acquisition of Light's properties, Power will now serve substantially the entire State. At the hearing before the Commission it was testified that the industrial development of south Georgia has been retarded by Light's high electric rates, and it is expected that Power's lower rate schedules will be extended to that part of the State upon the completion by the Southern system of its large Coosa River generating station in 1960.

Approval of the acquisition was urged upon the Commission by the regulatory commissions of Georgia and Florida and by other interested persons.

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