

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.

April 25, 1957

FOR RELEASE _____

Investment Company Act Release No. 2514

Israel American Industrial Development Bank Limited, of Tel Aviv, Israel, has applied to the SEC for exemption from the Investment Company Act; and the Commission has issued an order giving interested persons until May 8, 1957, to request a hearing thereon. More particularly, the Bank requests an order under Section 3(b)(2) of the Act declaring that it is primarily engaged in a business other than that of an investment company, as defined in the Act, or, in the alternative, an order under Section 6(c) exempting it from all provisions of the Act. The Bank was organized on April 25, 1956, and commenced business on October 1, 1956. It is conducting and intends to conduct a banking business in Israel, having been licensed by the Governor of the Bank of Israel, which is the duly authorized authority for the licensing of banks in Israel. According to the application, as part of its banking functions in Israel, the Bank "plans to emphasize the extension of medium and long term credits. It plans also to conduct a general banking business, including acceptance of deposits, granting of short term credits and general banking functions."

Investment Company Act Release No. 2516

The SEC has issued an order granting an exemption under the Investment Company Act with respect to various transactions incident to the dissolution and liquidation of Israel Enterprises, Inc., New York investment company. According to the application, the purpose for which Israel Enterprises was organized, i.e., to assist new and existing enterprises in Israel, has been achieved as the result of the investment of its capital in such enterprises. It is therefore proposed to dissolve and liquidate Israel Enterprises by means of a distribution of its portfolio securities in kind to its stockholders. These securities consist principally of holdings in American-Israeli Paper Mills, Mehadrin Ltd., Suliatan, Ltd., and Fertilizers & Chemicals, Ltd.

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The Dayton Rubber Company, Dayton, O., filed a registration statement (File 2-13275) with the SEC on April 24, 1957, seeking registration of \$3,600,000 of Interests in its Employee Stock Purchase Plan, together with 146,341 shares of Dayton Rubber common stock which may be purchased under the Plan.

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Lexington Funds, Inc., New York investment company, filed a registration statement (File 2-13276) with the SEC on April 24, 1957, seeking registration of 500,000 of Lexington Accumulation Plans.

(OVER)

Continental Mines & Metals Corporation, Paterson, N. J., filed a registration statement (File 2-13277) with the SEC on April 24, 1957, seeking registration of 500,000 Common Shares, 10¢ par. 400,000 shares are to be offered for sale at \$1 per share through Leward M. Lister & Co., Boston, underwriter, which will receive a commission of 20%. As additional compensation, the underwriter is to receive 100,000 shares of promoter's stock issued to Maurice Schack, Middletown, N. Y., president of the company, and donated by him for this purpose on a performance basis at the rate of one share for each four shares of stock sold for the account of the company.

Continental Mines was organized under New Jersey law on August, 1954, to engage in the business of exploration, development and mining. It has as yet transacted no business other than the issuance of stock to promoters, officers and directors. It is the owner of 39,995 of the 40,000 shares of capital stock of Tustin Mines Limited, chartered in December 1955 under the laws of the Province of Ontario. Tustin Mines is the owner of twelve unpatented mining claims in the Kenora Mining District. The 39,995 shares of Tustin Mines stock were issued to Schack for these claims; and Schack transferred this stock to Continental Mines in exchange for 600,000 shares of the latter's stock. The company proposes to apply the net proceeds of this offering to its normal administrative expenses and to the program of exploration and development of its properties. According to the prospectus, if all the 500,000 shares are sold, "the public will have furnished virtually all of the company's capital, and will thus bear the entire financial risk of the venture, but will hold only 44.84% of the stock, whereas the promoter and the officers and directors of the company and their associates will own 55.16% of the stock, substantially without risk of their own funds."

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United Utilities, Incorporated, Abilene, Kansas, today filed a registration statement (File 2-13278) with the SEC seeking registration of 105,000 shares of its \$10 par Common Stock. United proposes to offer this stock to holders of shares of Common Stock and 5% Cumulative Preferred Stock of Oregon-Washington Telephone Company, in exchange for their holdings of the Oregon-Washington common and preferred stocks. The basis of exchange is $2\frac{1}{2}$ shares of United common for each share of Oregon-Washington common, and 5 shares of United common for each share of Oregon-Washington preferred. As a condition of the offer, a total of not less than 4,800 preferred shares and 24,000 common shares of Oregon-Washington (i.e., 80% of each class) must be irrevocably tendered for exchange.

In connection with the exchange offer, United has entered into an agreement with Wade H. Dean and Earl R. Dean, respectively, board chairman and president, and vice-president, manager and a director of Oregon-Washington. Said persons and their families hold more than 13,000 shares of the Oregon-Washington common; and the Messrs. Dean for themselves and family members agree to exchange their holdings of preferred and common for United common. It is also agreed that Wade H. Dean may remain as Board Chairman of Oregon-Washington until he has attained the age of 75 and that Earl R. Dean will become president and general manager of Oregon-Washington. The management of the latter intends to retain all of the present personnel that it considers worthy and dependable in order that there may be a continuation of experienced personnel and management.

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Sears, Roebuck & Co., and The Savings and Profit Sharing Pension Fund of Sears, Roebuck and Co. Employees, today filed a registration statement (File 2-13279) with the SEC seeking registration of 25,000 memberships in the Fund together with 2,000,000 shares of the Sears common stock which may be acquired by the Fund.

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Public Service Company of New Mexico (Albuquerque) today filed a registration statement (File 2-13280) with the SEC seeking registration of 181,997 shares of its \$5 par Common Stock. The company proposes to offer holders of its outstanding common the right to subscribe for 166,997 additional shares of stock at the rate of one new share for each ten shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Allen & Company is listed as the principal underwriter. The remaining 15,000 shares are to be offered to company employees, without underwriting.

Net proceeds of the sale of the additional common stock are to be applied to the costs of new construction in 1957. Property additions and improvements for the years 1957 through 1960 are estimated at \$34,800,000.

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National Alfalfa Dehydrating and Milling Company, Lamar, Colorado, today filed an application (File 22-2091) under the Trust Indenture Act of 1939 for qualification of a trust indenture pursuant to which \$2,352,950 of 5% Debenture Bonds due July 1, 1975, are to be issued. The debentures are to be issued in exchange for the company's 5% Cumulative Preferred Stock, subject to stockholder approval, on the basis of one \$50 debenture for each share of preferred.

Securities Exchange Act Release No. 5502

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether the 10¢ par Common Stock of Eureka Company, of Los Angeles, California, should be suspended for not more than twelve months, or withdrawn, from listing and registration on the San Francisco Mining Exchange, for alleged violations of the disclosure and reporting requirements of that Act. The hearing for the purpose of taking evidence therein is scheduled for May 29, 1957, in the Commission's San Francisco Regional Office.

According to the Commission's order, Eureka violated Section 13 of the Act by reason of its failure to file, with the Exchange and the Commission, current reports on Form 8-K for the months of January through June, 1956, August, 1956, and February, 1957, within ten days after the close of the respective months, as required by the Commission's rules. The reports for the months in 1956 referred to were not filed until November 19, 1956; and the report for February, 1957, was not filed until March 20, 1957. Furthermore, according to the order, each of these reports failed to furnish information with respect to the acquisition of various oil, gas and mining properties and other physical assets in exchange for Eureka stock, as required, and each such report falsely claimed an exemption from the registration requirements of the Securities Act of 1933 for each such exchange transaction.

In addition, the order asserts, Eureka failed to file a current report for November, 1956, furnishing information with respect to the issuance of 1,020,000 shares of its stock to two individuals in exchange for oil and gas leases in Morgan County, Colorado; failed to furnish information in its current report for February, 1957, as to a 515,000-share decrease in the amount of outstanding common; and failed to file an annual report for the year 1955 and a semi-annual report for the fiscal periods ending June 30, 1955 and June 30, 1956.

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The Commission's order also alleges that information contained in a proxy statement filed by Eureka with the Commission on October 10, 1955, was false and misleading, (1) in representing to stockholders in connection with its solicitation of authorization to increase the number of authorized shares from 1,500,000 to 5,000,000 that there was no present intention with respect to the issuance of such shares; and (2) in omitting to state that negotiations were pending for the acquisition of five quicksilver claims from West End Optica Mines in exchange for 100,000 shares of Eureka's common stock and for legal, resident, and transfer fees in exchange for 130,000 shares.

Addendum to SEC News Digest of Wednesday, April 24, 1957

(1) The SEC has instituted proceedings under the Securities Exchange Act of 1934 to determine whether the \$1 par Common Stock of Bellanca Corporation (formerly Bellanca Aircraft Corporation), of New Castle, Delaware, should be suspended for not more than twelve months, or withdrawn, from listing and registration on the American Stock Exchange, for alleged violations of the disclosure and reporting requirements of that Act. The hearing for the purpose of taking evidence therein is scheduled for 10:00 A.M., May 8, 1957, in the Commission's Washington Office. (For details, see Securities Exchange Act Release No. 5500.)

(2) The Commission also issued an order temporarily suspending trading in the Bellanca common on the American Stock Exchange for a period of ten days, April 25, 1957, through May 4, 1957, "in order to prevent fraudulent, deceptive or manipulative acts or practices" in such stock. The suspension also applies to trading in the stock in the over-the-counter markets by brokers and dealers. (For details, see Securities Exchange Act Release No. 5501.)

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