

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 July 26, 1957

Holding Company Act Release No. 13520

The SEC has issued an order authorizing borrowings by 25 subsidiaries of New England Electric System, Boston holding company, in the aggregate amount of \$66,979,000. Of this amount, \$50,664,000 would be borrowed from banks and \$16,315,000 from NEES. Proceeds would be used to pay outstanding notes due to banks or NEES and to provide new money for construction expenditures or to reimburse the treasury therefor.

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Iowa Southern Utilities Company, Centerville, Iowa, today filed a registration statement (File 2-13496) with the SEC seeking registration of \$5,000,000 of First Mortgage Bonds, Series due August 1, 1987. The bonds are to be offered for public sale at competitive bidding. Net proceeds from the sale of the bonds will be added to the general funds of the company and will be applied to retire bank loans, presently outstanding in the amount of \$3,500,000, through which the company has financed its construction program since 1953. The remaining proceeds from the sale of the new bonds, in addition to the funds to become available from internal sources, are expected to finance the company's construction program until the fall of 1958. The company presently estimates that its property additions for improvements for 1957-1958 will cost approximately \$7,400,000.

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General Motors Acceptance Corporation, New York, filed a registration statement (File 2-13495) with the SEC on July 25, 1957 seeking registration of \$100,000,000 of Twenty-Year Debentures due 1977. The debentures are to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the sale of the debentures will be added to the general funds of the company and will be available for maturing debt or for the purchase of receivables. Such proceeds may be applied initially to the reduction of short-term borrowings.

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The Pacific Telephone and Telegraph Company, San Francisco, today filed a registration statement (File 2-13497) with the SEC seeking registration of \$90,000,000 of Twenty-three Year Debentures, due August 1, 1980, to be offered for public sale at competitive bidding.

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

Pacific also filed a registration statement (File 2-13498) seeking registration of 1,822,523 common shares (\$100 par), to be offered for subscription by holders of outstanding common shares at the ratio of one share for each six shares held on the record date.

American Telephone and Telegraph Company, which owns 90.54% of the company's common shares has informed the issuer that it intends to subscribe for the 1,633,128 shares which represent its pro rata portion of the offering.

Upon receipt of the proceeds from the sale of the debentures, Pacific will apply an equivalent amount toward the repayment of advances by American Telephone and Telegraph, which are expected to approximate \$227,000,000. Following sale of the common shares, Pacific expects to repay the total then outstanding of the parent company advances, which are expected then to approximate \$173,000,000. It is expected that within a short time thereafter, the company will make expenditures for extensions, additions and improvements to its telephone plant in an amount exceeding the anticipated sale of the proceeds from the sale of the common shares.

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Holiday Inns of America, Inc., Memphis, Tenn., today filed a registration statement (File 2-13499) with the SEC seeking registration of 120,000 shares of common stock, \$1.50 par. The company proposes to offer these shares for public sale through an underwriting group headed by Equitable Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment.

The company, its wholly owned subsidiaries and its licensees, constitute the Holiday Inn motel system. Net proceeds from the sale of the stock will be added to the general funds of the company. Such funds, together with the funds generated by operations, will enable the company to finance new Holiday Inns and to increase its working capital. The company plans to begin construction in 1957, on sites already selected, of four new Holiday Inns (one of which will include new general offices for the company), to have a total of approximately 390 rental units. The cost of these four Inns is estimated at approximately \$2,000,000, and the company believes it can obtain approximately \$1,200,000 of this amount through mortgage financing. Present plans also contemplate the construction during the first six months of 1958 of two more company-owned Holiday Inns, to have a total of approximately 200 rental units, on sites not yet selected. While construction costs will depend upon location, it is believed that such Inns will cost approximately \$5,000 per rental unit, or a total of \$1,000,000, and that a portion of the cost can be similarly financed by mortgage borrowing.

The four Inns which the company plans to construct during 1957 will be located at Ocala, Florida, Florence, Alabama, Nashville, Tennessee, and Memphis, Tennessee. The sites in Florence and Memphis have been purchased and the company has a contract for the purchase of the site in Nashville.

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Axe-Houghton Fund A, Inc., Tarrytown, N. Y., investment company, filed a registration statement (File 2-13494) with the SEC on July 25, 1957, seeking registration of 1,000,000 shares of its capital stock, \$1 par.

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Syntex Corporation, Panama, Republic of Panama, filed a registration statement (File 2-13491) with the SEC on July 24, 1957, seeking registration of 1,165,750 shares of its Common Stock, \$2 par. Syntex proposes to offer this stock to the holders of the common stock of Ogden Corporation, and to the holders of options to purchase common stock of Ogden, on the basis of one share of Syntex common for each four shares of Ogden common, and one share of Syntex common for each option to purchase four shares of Ogden common. The record date is to be supplied by amendment; and the subscription price is \$2 per share.

Syntex was organized under Panama law on June 25, 1957. It intends to enter into an agreement with Syntex International, S. A. to acquire substantially all of the assets of Syntex International, S. A. on or about September 20, 1957, in consideration for issuing to Syntex International, S. A. 10,000 shares of its Preferred Stock of the par value of \$100 per share and assuming all of the liabilities of Syntex International, S. A. The assets which the Corporation will thus acquire consist principally of all of the outstanding stock of the following corporations: (i) Syntex, S. A., a corporation organized under the laws of the Republic of Mexico, (ii) American Steroids, Inc. and Pharmaceutical Products Co., Inc., both corporations organized under the laws of the Commonwealth of Puerto Rico, and (iii) Pronat, S. A., a corporation organized under the laws of the Republic of Mexico, which is now substantially inactive. The liabilities which the Corporation will assume pursuant to said agreement will consist primarily of (i) \$2,000,000 indebtedness to Ogden plus unpaid interest of approximately \$141,000, and (ii) promissory notes aggregating \$1,176,127.

The corporation also intends to purchase from Ogden all of the outstanding stock of Chemical Specialties Co., Inc., a New Jersey corporation, which has one wholly owned subsidiary, Foundation Laboratories, Inc., a New York corporation. In consideration of such purchase, the corporation will issue to Ogden 500 shares of its Preferred Stock of the par value of \$100 per share.

The corporation intends to use the proceeds of this offering to retire the aforesaid \$2,000,000 obligation to Ogden and to pay interest on said obligation to the date of retirement (which interest will be approximately \$141,000 if such retirement occurs on or about September 20, 1957).

Ogden acquired control of the Syntex companies on May 2, 1956 for an aggregate consideration of approximately \$4,176,127 in the following series of transactions:

- (1) Ogden acquired from Dr. Emeric Somlo, Dr. George Rosenkranz and Dr. Federico A. Lehmann for \$1,000,000 all of the outstanding stock of Syntex International, S. A. (formerly known as Caribbean Chemicals, S. A.) the assets of which then consisted solely of all of the stock of American Steroids, Inc. and Pharmaceutical Products Co., Inc. and 30% of the outstanding stock of Chemical Specialties Co., Inc. For said consideration Ogden also acquired the remaining 70% of the outstanding stock of Chemical Specialties Co., Inc.
- (2) Ogden then caused Syntex International, S. A. to acquire all of the outstanding stock of Syntex, S. A. and Pronat, S. A. from Drs. Somlo, Rosenkranz and Lehmann for considerations consisting of (i) \$2,000,000 in cash (which Syntex International, S. A. borrowed from Ogden); (ii)

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\$800,000 in non-interest bearing promissory notes, payable \$400,000 on August 2, 1957, and \$400,000 on November 2, 1958, and (iii) \$376,127 in a promissory note bearing interest at the rate of 3½% annually, due February 2, 1960.

On November 5, 1956, Ogden purchased from Syntex International, S. A. 30% of the outstanding stock of Chemical Specialties Co., Inc. for \$5,622.

After the transfer of its assets to the corporation as aforesaid, Syntex International, S. A. plans to liquidate and distribute to its stockholder, Ogden, the Preferred Stock of the corporation which it will receive in the transactions described hereinabove. Accordingly, upon completion of all contemplated transactions, Ogden will have received from the corporation in cash and Preferred Stock (taken at its par value) an amount approximately equivalent to the amount which it expended (including certain expenses) in the acquisition of Syntex International, S. A. and its subsidiaries.

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Two Guys From Harrison, Inc., Newark, N. J., filed a registration statement (File 2-13493) with the SEC on July 25, 1957 seeking registration of 200,000 shares of Class A Common Stock, 10¢ par. The company proposes to offer this stock for public sale at \$9 per share through an underwriting group headed by Bache & Co. The underwriting commission is to be 90¢ per share.

The company's principal business is the selling of merchandise at retail and it now operates a group of 15 stores. Two additional stores are now under construction. Net proceeds from the sale of the Class A stock will be added to the company's funds. The company expects to apply a portion of its general funds, including funds generated through operations, to the providing of inventories and initial capital for its new stores, near Allentown, Pa., and near Baltimore, Md., at an expected cost of approximately \$500,000 and for the further expansion of existing stores.

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Bridgeview Towers Associates, New York, filed a registration statement (File 2-13492) with the SEC seeking registration of \$360,000 of Participations in Partnership Interests in Bridgeview Towers Associates, a partnership.

The partnership was formed July 12, 1957, and consists of Jerome Dansker, Norman Dansker and Raphael Dansker. Participations are to be offered in minimum amounts of \$10,000.

Guardian Estates, Inc., entered into a contract on May 7, 1957, for the purchase of 326 Cross Street, Fort Lee, N. J., at the price of \$1,313,951.82. Guardian has agreed to sell said premises to Bridgeview Towers Associates.

The proceeds from the sale of the Participations and the capital contributions of the partners will be used to pay the purchase price of the property and to meet the costs incidental to the purchase and to this offering.