

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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ALCAR INSTRUMENTS OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Alcar Instruments, Inc., Little Ferry, New Jersey.

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 on March 19, 1959, Alcar proposed the public offering of 100,000 common shares at \$1 per share pursuant to such an exemption. An additional 5,000 outstanding shares were included for offering by a selling stockholder. The Commission asserts in its suspension order that certain terms and conditions of Regulation A were not complied with, that Alcar's offering circular is false and misleading in respect of certain material facts, and that the stock offering was made in violation of Section 17 (the anti-fraud provision) of the Securities Act.

The misrepresentations alleged in the Commission's order relate to a failure to disclose adequately and accurately in Alcar's offering circular (1) material interests of management officials in Alcar and its affiliates; (2) material transactions between management officials and Alcar and its affiliates; (3) the name and address of every underwriter and their relationship to Alcar and the respective amounts of their participation in the offering; and (4) the holdings of the selling stockholder. Furthermore, according to the order, there was a failure to provide financial statements prepared in accordance with generally accepted accounting principles, as well as a failure to disclose the true offering price of the stock, the proposed methods of distribution, and the underwriting commissions.

INTERNATIONAL MINING PROPOSES ACQUISITION. International Mining Corporation and Madison Fund, Inc., have joined in the filing of an application with the SEC for an exemption under the Investment Company Act with respect to a proposal for merger of two affiliates; and the Commission has issued an order (Release 40-3012) giving interested persons until April 27, 1960, to request a hearing thereon.

Madison and International are affiliates. It is proposed that a wholly-owned subsidiary of International will acquire, through merger, all of the assets of Canton Company of Baltimore, a majority-owned subsidiary of Madison, for cash and notes of International in the total amount of \$10,829,875, equivalent to \$25 per share for the presently outstanding stock of Canton. Canton is to be merged into Northside Warehouse Corporation, all of whose common stock will be owned by International. The merged or surviving company will change its name to Canton Company of Baltimore. Canton operates an integrated marine terminal in the Port of Baltimore, Md.

Madison owns 342,500 shares (about 79%) of the outstanding common stock of Canton; Alex. Brown & Sons, investment bankers, owns 57,780 shares (13%); and the remaining 32,915 shares are owned by public investors and employees of Canton. At December 31, 1959, Canton also had outstanding \$3,697,000 of 4% promissory notes.

Under the merger proposal, the stock of Canton will be converted into shares of preferred stock of the surviving corporation on the basis of one share of preferred for each of the 433,195 common shares outstanding. Immediately after the merger, the surviving corporation will make an offer to all holders of its new preferred to purchase all of the outstanding shares of preferred stock tendered within a 60-day period at a cash price of \$25 per share plus accrued dividends. Such purchase will require total payments of about \$10,830,000.

ADRS FOR PLESSEY CO. FILED. Morgan Guaranty Trust Company of New York filed a registration statement (File 2-16455) with the SEC on April 11, 1960, seeking registration of American Depositary Receipts for 60,000 Ordinary Registered Shares of The Plessey Company Limited, of England.

MIDDLE SOUTH STOCK OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14210) authorizing Middle South Utilities, Inc., New York holding company, to offer and sell at competitive bidding 650,000 shares of common stock. Net proceeds will be used to prepay \$6,000,000 of bank notes, for a \$7,500,000 investment during 1960 in additional stock of Arkansas Power & Light Company, and for further investments in other subsidiaries and other corporate purposes.

OVER

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

STRATFORD SECURITIES REGISTRATION REVOKED. In a decision announced today (Release 34-6229), the SEC revoked the broker-dealer registration of Stratford Securities Co., Inc., 135 Broadway, New York, for sale of common stock of General Oil and Industries Co., Inc., in violation of the Securities Act registration requirement and by means of fraudulent representations.

According to the decision, during the period July through September 1958 about 32,000 shares of General stock were sold by Stratford to public investors at prices ranging from 1-1/4 to 1-3/4. The stock had not been registered and no exemption from registration was available.

Moreover, misleading representations were made in connection with the offer and sale of General stock, including statements that steady and increasing income from General's five producing oil wells was indicated, that it was the company's policy to undertake the aggressive acquisition of new leases, and that General was a growth company with strong capital gains possibilities. In fact, according to the Commission's decision, the gross annual income from General's five producing oil wells, which were then its sole assets, had never exceeded \$40,000, which was very small in relation to the more than 1,000,000 common shares outstanding; and there was no reasonable basis for the representations that an increase in the value of the stock could be expected or for implications that the purchase of General stock would result in large profits.

In December 1958 the Commission obtained a Federal court order (USDC, SDNY) preliminarily enjoining Stratford and its officers from the offer and sale of General stock in violation of the registration requirement and from making false and misleading statements with respect to General's properties, income and management, its financial ability to acquire additional properties, its merger with a leading oil company, the listing of its stock on an exchange, and the market for and prospective market price of such stock.

ROCK HOULE - DENURF REGISTRATION REVOKED. The SEC today announced the issuance of a decision (Release 34-6231) revoking the broker-dealer registration of Rock Frederick Houle, doing business as Denurf & Co., 905 North Orange Drive, Los Angeles, for sale of International Copper Development Corporation stock in violation of the Securities Act registration requirement and by means of fraudulent representations.

According to the decision, International was organized under Arizona law in July 1957 and had its principal place of business in Phoenix. W. L. Mast, its president and one of its organizers, together with two other officers, received 25,831 of its 35,831 outstanding shares. During the period October 1957 to April 1958, Mast transferred 1900 of his shares to Houle's brother, who resold 1100 shares to three purchasers in California at \$20 per share. Houle sold 700 of these shares to one of the purchasers for \$14,000. In view of Mast's control relationship to International and the purchase of the shares by Houle and his brother for purpose of resale, the Commission ruled that the Houles were underwriters and that Houle's sale of the stock violated the Securities Act registration requirement.

The Commission also held that representations made by Houle in connection with the sale of International stock were "materially false and misleading." He represented, among other things, that International had mining claims in Arizona on which test drilling indicated a "very high percentage of ore;" that the claims would be proven and converted into leases which would be sold at a very substantial price in the near future; that the stock had large potential growth, was worth \$37 and would be worth about \$50 per share when the leases were sold; that Houle and his brother had themselves invested \$20,000 in International stock; that Houle's brother was an officer and director of International; that no risk was involved because International would repurchase the shares at the prices paid by stockholders; and that Houle would indemnify the investor against any loss on the transaction.

The record shows, the Commission stated that no valuable mineral deposits had been discovered on International's claims; that test drilling results had been unfavorable; and that the Arizona State Land Department did not grant International's applications for leases and notified the company that the evidence presented by it did not prove discovery of any valuable mineral deposit. There was no market for the International stock. Houle never had acquired any stock for himself, and his brother was not an officer or director of International. While Houle's brother had obtained 1900 shares from Mast, he resold 1100 of them very shortly after he acquired them. International's bank accounts were overdrawn, and neither it nor Houle had resources with which to satisfy a guarantee against loss on the part of the purchaser. None of these facts were disclosed to the purchaser.

UTAH OIL (NY) OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Utah Oil Company of New York, Inc., 25 North Street, Rochester, N. Y.

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 in May 1958, Utah Oil proposed the public offering of 300,000 shares of common stock at \$1 per share pursuant to such an exemption. In its suspension order, the Commission asserts that certain terms and conditions of Regulation A were not complied with, that Utah Oil's offering circular is false and misleading in respect of certain material facts, and that the offering and sale of Utah Oil shares by means thereof would violate Section 17 (the anti-fraud provision) of the Securities Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

CONT INUED

The alleged misrepresentations relate primarily to Utah Oil's failure to disclose in its offering circular (1) the cost to the company's president of oil and gas leases (in Utah) transferred to the company; (2) the dates, terms and material provisions of such leases, which are the company's only properties; (3) the distances of the properties from production and dry holes, the fact that the company's acreage was chosen at random without benefit of favorable geological data or information, and the fact that the leases alone are too small in area to justify the cost of geophysical work or expenditures for a wildcat test; (4) a reasonably itemized statement of the purposes for which the proceeds of the stock offering are to be used, as well as the provisions for refunding amounts paid by purchasers if all of the shares are not sold; and (5) the method by which the securities are to be offered and the fact that the named underwriter has withdrawn from the offering. It is also asserted that the company failed to furnish appropriate financial statements.

LOOMIS-SAYLES OF CANADA SEEKS ORDER. Loomis-Sayles Fund of Canada, Ltd., Toronto, Ontario, Canada, has applied to the SEC for an order under the Investment Company Act authorizing it to amend its by-laws and through its custodian to consummate in Canada purchases of obligations issued or guaranteed by any federal, provincial or municipal authority in Canada; and the Commission has issued an order (Release 40-3013) giving interested persons until April 26, 1960, to request a hearing thereon.

SEC REOPENS SECURITIES CORP. GENERAL CASE. The SEC today announced (Release 40-3014) that a hearing would be held on May 5, 1960, to determine whether to revoke a prior exemption order under the Investment Company Act with respect to the sale by Securities Corporation General ("SCG"), New York investment company, of 77,395 shares of common stock of Anemostat Corporation of America to Dynamics Corporation of America.

The application, filed December 11, 1959, also requested permission for SCG to purchase 4,757 shares of its preferred stock from Dynamics Corp. A conditional order of exemption was issued by the Commission on December 30, 1959.

In its order for hearing, the Commission states that as a result of an investigation conducted by its staff it now appears (1) that the persons serving as directors of SCG at the time of the sale of Anemostat stock and of the filing of the exemption application with the Commission, were not elected in accordance with the requirements of Section 16(a) of the Investment Company Act; and (2) that the said application filed on behalf of SCG by its purported president and pursuant to a December 2, 1959, resolution of the purported board of directors violated Rule 0-2 under the Investment Company Act, in that said president was elected by a board of directors the members of which had not been elected in accordance with the requirements of the said Section 16(a).

NATIONAL OLD LINE INS. FILES FOR OFFERING AND SECONDARY. National Old Line Life Insurance Company, 501 Wood Lane, Little Rock, Ark., filed a registration statement (File 2-16458) with the SEC on April 12, 1960, seeking registration of 128,329 shares of Class BB (non-voting) Common Stock, of which 48,329 shares are to be offered for public sale on behalf of the issuing company and 80,000, representing outstanding stock, by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Equitable Securities Corporation is listed as the principal underwriter.

The company had outstanding as of April 1, 1960, 500,000 Class AA common shares and 1,937,500 Class BB common shares. The 48,329 Class BB shares were acquired in exchange for certain shares of common stock of National Equity Life Insurance Company, of Little Rock, as a result of a merger, effective March 31, 1960, of National Old Line and National Equity, and are held as treasury stock. In connection with the merger, National Old Line delivered to a disbursing agent, for the account of National Equity stockholders, certificates representing 187,500 shares of Class BB stock to be distributed to such stockholders. Of this total, 48,329 shares were issued to National Old Line as treasury stock in exchange for shares of National Equity held by National Old Line. Net proceeds of the company's sale of the 48,329 shares will be added to the general funds of the company and will be available for general corporate purposes.

The remaining 80,000 Class BB shares represent part of the holdings of W. E. Darby, board chairman, and of three trusts for the benefit of members of the Darby family. Darby holds 62,022 shares and is selling 43,000 shares; and the three trusts are selling 37,000 shares of their holdings of about 119,500 shares. Darby also is listed as the owner of 194,879 shares (39%) of the Class AA stock, and ESC Investment Company, a subsidiary of Equitable Securities, 56,763 shares (11.35%).

PHILIP MORRIS FILES EXCHANGE OFFER. Philip Morris Incorporated, 100 Park Ave., New York, filed a registration statement (File 2-16459) with the SEC on April 12, 1960, seeking registration of 76,011 shares of common stock.

According to the prospectus, Philip Morris stockholders were to vote April 12, 1960, upon a proposal to acquire substantially all of the properties, assets, good will and business of A.S.R. Products Corporation in exchange for not more than 366,314 shares of Philip Morris common (and the assumption by Philip Morris of A.S.R. Products liabilities), at the rate of one share of Philip Morris stock for each four and one-third shares of A.S.R. Products stock. Of such shares, 76,011 have or will be distributed to persons who may control, may be controlled by or may be under common control with A.S.R. Products. In view thereof, the said shares are being registered for possible resale by the holders. The largest block of Philip Morris stock, 22,047 shares, is being acquired by Reta W. Dammann; 5,968 shares by Richard W. Dammann; and 6,024 by Margaret D. Eisner.