

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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Washington 25, D.C.

FOR RELEASE April 26, 1960

SEC OPPOSES PARKER PETROLEUM PLAN AMENDMENTS. The Securities and Exchange Commission today filed objections to certain amendments to the court-approved plan for reorganization of Parker Petroleum Co., Inc., Debtor in corporate reorganization proceedings pursuant to Chapter X of the Bankruptcy Act pending in the U. S. District Court, Oklahoma City, Okla. The Commission also moved to vacate the court order approving the amendments, which was entered on April 11, 1960, without prior notice to the parties.

The reorganization plan had been approved by the Court on February 26, 1960, over the Commission's objections that it was unfair and inequitable in its treatment of preferred and common shareholders and that it was not feasible. The amendments approved on April 11th had been proposed by the trustee and a major creditor of the Debtor.

In its objections filed today, the Commission urges that the amendments to the plan materially and adversely affect the interests of creditors and all stockholders. It is contended by the Commission that the amendments "raise serious questions as to the feasibility" of the reorganization plan, since the increase of the initial payment of cash to creditors would leave the reorganized company with a deficit with which to commence operations.

The Commission also urges that the amendments are detrimental to shareholders in that borrowing power of the reorganized company is severely limited and the events of default on the new debentures are made more stringent. In addition, it requests the Court to refer the amendments to the plan to the Commission for a further advisory report on the fairness and feasibility of the plan, as amended, and to submit the amendments to a vote of all creditors and stockholders, accompanied by the Commission's supplemental report.

SEC SUSPENDS HERMETIC SEAL OFFERING. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Hermetic Seal Corporation, South Sixth Street, Newark, N. J.

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 March 19, 1959, Hermetic Seal proposed the public offering of 100,000 common shares at \$3 per share pursuant to such an exemption. The Commission's order asserts that certain terms and conditions of the Regulation were not complied with; that the company's offering circular is false and misleading in respect of certain material facts; that certain sales literature used by the company falsely represented that the stock was registered; and that the aggregate amount at which the issue was offered exceeded the \$300,000 limitation prescribed by Regulation A. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The misrepresentations alleged in the Commission's order related to the following: (1) the statement that the Hermetic Seal stock was being offered at \$3 per share when numerous shares were sold at prices in excess thereof; (2) failure to disclose that the stock distribution would be made in part through persons related to and associated with the underwriters, other members of the selling group, broker-dealers and the issuer's management; (3) failure to disclose that Henry Sandkuhl's shares were issued to him at a discount for services; (4) failure to disclose material facts relating to the prospective acquisition of O. K. Electronics Corp. and Thermal Relay Corp.; and (5) failure to disclose accurately the proposed use of the proceeds of the stock sale.

SEC ORDER CITES ANGELUS & DALY. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Angelus & Daly, Inc., 22 Castleton Street, Jamaica Plain, Mass., should be revoked.

Angelus & Daly has been registered with the Commission as a broker-dealer since August 21, 1959, and it also is a member of the National Association of Securities Dealers, Inc. Harry M. Angelus is listed as president and owner of more than 10% of its outstanding stock. The company has applied for withdrawal of its registration, which has not become effective by reason of the institution of these proceedings.

In its order, the Commission asserts that during the period November 1, 1959, to March 25, 1960, Angelus & Daly and Angelus offered and sold Camdale Corporation stock when no registration statement under the Securities Act of 1933 had been filed or was in effect as to said stock, thereby violating the Securities Act registration requirement.

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A hearing will be held at a time and place later to be specified, to take evidence with respect to the foregoing for the purpose of determining whether the Securities Act registration requirement was violated in the offer and sale of Camdale Corporation stock and, if so, whether the broker-dealer registration of Angelus & Daly should be revoked and whether it should be suspended or expelled from NASD membership.

SEC ORDER CITES BARNETT & CO., INC. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Barnett & Co. Inc., 40 Exchange Place, New York, defrauded investors in the sale of stock of Steuben Electronics Corporation, Inc., and if so whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The broker-dealer registration of Barnett & Co. became effective January 22, 1958. Stanley Barnett is president, treasurer, and owner of all its outstanding common stock. From about May 1959 to August 1959, Maurice Lieber and Murray Libman were employed as salesmen.

The Commission's order asserts that, during said period, Barnett & Co., Barnett, Lieber and Libman made false and misleading representations in the offer and sale of Steuben Electronics stock and "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon the purchasers thereof. The misrepresentations related to the amount of Steuben Electronics stock available, its future price, its listing on an exchange, contracts with the United States government, and contracts for pay TV antennas.

A preliminary hearing will be held on May 2, 1960, in the Commission's New York Regional Office to determine whether it is in the public interest to suspend the broker-dealer registration of Barnett & Co. pending determination of the ultimate question of revocation.

SOUTHERN ELECTRIC GENERATING PROPOSES BOND OFFERING. Southern Electric Generating Company, 600 North 18th Street, Birmingham, Alabama, filed a registration statement (File 2-16503) with the SEC on April 25, 1960, seeking registration of \$40,000,000 of first mortgage bonds, series of 1960 due 1992, to be offered for public sale at competitive bidding.

The company was organized in May, 1956, for the purpose of constructing and operating a large, modern steam-electric generating plant near the Alabama coal fields, transmission lines between the generating plant and the Alabama-Georgia State line and coal mines to supply fuel for the plant. All the common stock of the company is owned equally by Alabama Power Company and Georgia Power Company, whose stock is, in turn, owned by The Southern Company. A basic reason for the creation of Southern Electric was to make available to Alabama Power and Georgia Power the benefit of low cost fuel in a major steam plant capable of serving both companies. Southern Electric's construction program, including a four-unit generating station, three transmission lines and two coal mines is estimated to cost \$164,000,000, of which \$69,019,075 had been incurred prior to January 1, 1960. The net proceeds from the sale of the bonds, together with other financing, will be used in connection with this program.

FRANKLIN CORP. FILES FOR STOCK OFFERING. The Franklin Corporation, 925 Hempstead Turnpike, Franklin Square, Long Island, N. Y., today filed a registration statement (File 2-16504) with the SEC seeking registration of 1,000,000 shares of common stock, to be offered for public sale at \$10 per share through a group of underwriters headed by Blair & Co., Inc. The underwriting commission will be \$1.00 per share.

The company was organized in July, 1959, as a small business investment company. It has not engaged in any business activities to date but it is expected that its business will consist of providing capital to certain selected companies principally through the purchase of convertible debentures, and in providing specialized technical assistance, advisory and counselling services relating in general to product development, manufacturing techniques and processes, sales and marketing research and methods, and finance and administration to such companies. The net proceeds from the sale of the stock will be used for these purposes.

The company now has outstanding 35,000 shares of common stock, all of which is held by The Franklin National Bank of Long Island. The bank will purchase an additional 6,000 shares so that it will own an amount equivalent to 1% of Franklin's capital, the maximum amount which it will invest in the company. The Employee Profit Sharing and Benefit Plan of the Bank intends to purchase 5,000 shares and Herman E. Goodman, president of the company, intends to purchase 25,000 shares. All such shares will be purchased at a price equal to the public offering price, less the amount of the underwriting commission.

The prospectus lists Arthur T. Roth as board chairman. He also serves as the bank's board chairman; and Goodman is a vice president of Textron, Inc.

CONTINENTAL FUND DISTRIBUTORS FILES FOR OFFERING. Continental Fund Distributors, Inc., 366 Fifth Ave., New York, filed a registration statement (File 2-16505) with the SEC on April 25, 1960, seeking registration of \$1,000,000 of Plans for the Accumulation of Shares of Continental Growth Fund, Inc.

COURT ORDER ENJOINS SALE OF KEN-LAB STOCK. The SEC Chicago Regional Office announced April 21st (Lit. Release 1659) entry of a Federal court order (USDC, ND Ill.) preliminarily enjoining Ken-Lab, Inc., and certain individuals from further offering and sale of Ken-Lab stock in violation of the Securities Act registration requirement.