

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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FOR RELEASE May 4, 1960

TWO STOCK OFFERINGS SUSPENDED. The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by the following:

(a) Agricultural Marketing Association, Socorro, New Mexico

Offering of 300,000 common shares at \$1 per share pursuant to a notification filed December 3, 1957

(b) Border Farms, Inc., Portales, New Mexico

Offering of 5,000 shares of 6% preferred at \$10 per share pursuant to a notification filed April 8, 1959

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. In its suspension orders, the Commission asserts that certain terms and conditions of the Regulation were not complied with by the two said companies and that their offering circulars were false and misleading in respect of certain material facts and their stock offerings have or would violate Section 17 (the anti-fraud provision) of the Securities Act. Each order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

With respect to the Marketing Association, the Commission's order asserts that its offering circular failed to disclose various information, including changes in management officials, the interests of a director in land on which the company has an option, the acquisition of certain machinery and equipment from certain officers and directors, reclassification of the shares from \$1 par to 33-1/3¢ par, the granting of options in February 1959 to existing shareholders to acquire common stock at par, the intention to pay management fees and salaries from the proceeds of the stock sale, and the issuance of other securities of the issuer.

The order with respect to Border Farms asserts that its offering circular fails to disclose or describe adequately and accurately the type of business to be conducted, the properties held or intended to be acquired and the securities to be offered, fails to include a reasonably itemized statement of the intended use of the proceeds of the stock sale, includes future earnings estimates, and lists an incorrect address for the company.

DELISTING OF TWO STOCKS PROPOSED. The New York Stock Exchange has proposed the delisting of the 6% Non Cumulative Preferred Stock of American Ice Company and the \$3.50 Preferred Stock of United Whelan Corporation; and the Commission has issued orders (Release 34-6255) giving interested persons until April 20, 1960, to request a hearing thereon. Only 6,162 shares of the American Ice preferred, held by 189 holders, were outstanding as of January 14, 1960; and only 11,950 shares of the United Whelan preferred, held by 224 holders, were outstanding as of April 1, 1960.

HARNISCHFEGER CORP. FILES FOR OFFERING. Harnischfeger Corporation, 4400 W. National Ave., Milwaukee, filed a registration statement (File 2-16543) with the SEC on May 3, 1960, seeking registration of 60,000 shares of Convertible Preferred Stock, \$100 par, to be offered for public sale through an underwriting group headed by The First Boston Corporation. The dividend rate, public offering price and underwriting terms will be supplied by amendment.

The company manufactures and sells a diversified line of heavy machinery and equipment, including power cranes and shovels and other construction equipment and diesel engines. A subsidiary manufactures and sells prefabricated houses. Net proceeds of the preferred stock sale will be applied to the repayment of a portion of the company's short-term bank borrowings. The company contemplates additional long-term debt financing in the future in order to provide funds with which to pay off \$4,768,000 of 4.5% promissory notes and to further reduce, by about \$1,000,000, its unsecured short-term bank borrowings.

According to the prospectus, the company has outstanding 783,544 common shares in addition to certain indebtedness. Walter Harnischfeger is listed as board chairman and Henry Harnischfeger as president. Harnischfeger Investment Company, of the same Milwaukee address, owns 465,700 shares (59.4%) of the outstanding stock. Stockholders of the latter are Walter Harnischfeger and members of his family, his sister Frieda von Schleinitz and members of her family, and Harnischfeger Foundation, Inc.

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

CAPITAL SHARES INC. PROPOSES STOCK OFFERING. Capital Shares, Incorporated, 351 California Street, San Francisco, Calif., filed a registration statement (File 2-16545) with the SEC on May 3, 1960 seeking registration of 1,100,000 shares of common stock, to be offered for public sale at \$1.00 per share. No underwriting is involved.

The company was organized in January 1960 for the purpose of establishing a life insurance business. Initially, the company intends to acquire and hold shares of Heritage Life Insurance Company of California, which was organized on the same date as Capital Shares, for the purpose of transacting a life and disability insurance business in the State of California. The company proposes to use \$1,000,000 of the proceeds of the offering to provide Heritage Life with the minimum capital and three times the minimum paid-in surplus required by California law, and proposes to retain the balance of \$100,000 as working capital.

If and when the sale of the stock is completed and Heritage Life obtains a certificate of authority, the company will issue warrants to certain officers and directors of the company and of Heritage Life to purchase 240,000 shares of stock at \$1.00 per share the first year, \$1.05 per share the second year and \$1.10 per share the third year. The company now has outstanding 100,000 shares of common stock held by nine individuals, including 25,000 shares, each, held by Tom Fizdale, president, and Robert P. Branch, vice president. Goodwin J. Knight is president of Heritage Life.

AMERICAN ENKA FILES FOR EMPLOYEE STOCK OPTION PLAN. American Enka Corporation, Enka, North Carolina, filed a registration statement (File 2-16546) with the SEC on May 3, 1960, seeking registration of 75,000 shares of common stock to be issued pursuant to its stock option plan for key employees. The shares in registration include 8,554 shares which have been delivered on the exercise of options, 45,571 shares subject to outstanding or authorized options and 20,875 shares available for the grant of additional options.

WITCO CHEMICAL PROPOSES DEBENTURE OFFERING. Witco Chemical Company, Inc., 122 East 42nd Street, New York, today filed a registration statement (File 2-16547) with the SEC seeking registration of \$8,000,000 of sinking fund debentures due 1980, to be offered for public sale through a group of underwriters headed by Smith, Barney & Co., Inc., and Goldman, Sachs & Co. The interest rate, public offering price, and underwriting terms will be supplied by amendment.

The company was incorporated under Dealware law in 1958 and succeeded by merger to the business of Witco Chemical Company, an Illinois corporation, formed in 1920. Witco produces and markets a diversified line of organic chemicals, detergents and detergent chemicals, asphalt and asphalt compounds, and, commencing in 1960, tar products. The company also sells products manufactured by others, including substantial quantities of carbon black as exclusive distributor for an associated company. Net proceeds from the sale of the debentures will be added to general funds and used for general corporate purposes. The company is engaged in a construction and expansion program for which expenditures of up to \$10,000,000 have been currently authorized. Proceeds from the debenture sale will be supplemented by other cash sources in financing this program.

In addition to certain indebtedness the company has outstanding 1,209,834 shares of common stock. The prospectus lists Robert I. Wishnick as board chairman and Max A. Minnig as president.

CINCINNATI TELEPHONE FILES STOCK PLAN. The Cincinnati and Suburban Bell Telephone Company, 225 East Fourth St., Cincinnati, Ohio, today filed a registration statement (File 2-16548) with the SEC seeking registration of 100,000 shares of common stock, to be offered pursuant to the company's Employees' Stock Purchase Plan.

COURT ORDER ENJOINS BARNSTABLE BAY & SPROUL. The SEC Boston Regional Office announced April 28th (Lit. Release 1669) entry of a Federal court order (USDC, Mass.) permanently enjoining Barnstable Bay, Inc., of Dennis, Mass., and M. James Sproul, its treasurer, from further violating the Securities Act registration requirement. The defendants consented to the decree.

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