

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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FREEMAN ELECTRIC CONSTRUCTION OFFERING SUSPENDED. The Securities and Exchange Commission 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 Freeman Electric Construction Co., Inc., of 45 West 45th St., New York.

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 November 1957, Freeman Electric proposed the public offering of 100,000 common shares at \$3 per share. The Commission's order asserts (1) that certain terms and conditions of Regulation A were not complied with by Freeman Electric; (2) that its offering circular is false and misleading in respect of certain material facts; and (3) that the stock offering is being and would be made in violation of 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.

The alleged misrepresentations in Freeman Electric's offering circular relate to the reference to Harris Securities as underwriter whereas such firm withdrew as underwriter in July 1958; the failure to disclose a \$36,944 Federal Tax lien against the company recorded in New York City in June 1959; the failure to disclose a \$1,397 judgment filed against the company in New York County in March 1959, and in favor of 45 West 45th St. Corp.; and the failure to disclose a \$1,852 judgment filed against the company in New York County in May 1959 and in favor of the State Tax Commission. Non-compliance with Regulation A involved the failure to file semi-annual reports of stock sales and failure to file a revised offering circular.

SOUTHERN COUNTIES GAS (CAL.) FILES FOR BOND OFFERING. Southern Counties Gas Company of California, 720 West Eighth Street, Los Angeles, filed a registration statement (File 2-16734) with the SEC on June 23, 1960, seeking registration of \$23,000,000 of First Mortgage Bonds due 1985, to be offered for public sale at competitive bidding. The net proceeds of the bond sale will be used to repay in full the company's short term indebtedness to its parent, Pacific Lighting Corporation, which is expected to approximate \$14,000,000 as of August 1, 1960. Said indebtedness represents advances made to the company to provide temporary funds for construction and expansion. The balance of the net proceeds will be used to finance in part the costs incurred, or to be incurred, in connection with such program and to reimburse money actually expended from income or from other money in the treasury of the company for similar purposes in 1960 or any prior year. The company's 1960 construction expenditures are estimated at \$23,560,000.

PUERTO RICO TELEPHONE FILES FOR RIGHTS OFFERING. Puerto Rico Telephone Company, 261 Tanca Street, San Juan, Puerto Rico, filed a registration statement (File 2-16735) with the SEC on June 23, 1960, seeking registration of 100,000 shares of common stock, to be offered for subscription of holders of outstanding common stock on the basis of one new share for each five shares held. The offering price and record date will be supplied by amendment.

International Telephone and Telegraph Corp., holder of 399,495 outstanding common shares (79.899%), has agreed to exercise its right to subscribe for 79,899 of the new shares. In addition, it has agreed to purchase at the subscription price any shares offered to other stockholders and not purchased on exercise of their subscription rights.

Certain institutional investors have agreed to purchase \$8,000,000 principal amount of debentures and 40,000 shares of \$100 par 6-3/4% preferred stock. The net proceeds of said financing, together with the net proceeds of the sale of the additional common stock, will be added to the general funds of the company, which will be used in furtherance of a five year expansion and improvement program initiated in 1959 and to repay indebtedness to banks and ITT incurred for the purchase of materials and equipment used or to be used for said program. The construction and improvement program calls for expenditures of approximately \$70,600,000 during the six years 1959-1964. Approximately \$7,600,000 had been expended as of April 30, 1960.

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

SEABOARD FINANCE PROPOSES DEBENTURE OFFERING. Seaboard Finance Company, 818 W. Seventh St., Los Angeles, filed a registration statement (File 2-16736) with the SEC on June 23, 1960, seeking registration of \$40,000,000 of Sinking Fund Debentures due 1980, to be offered for public sale through an underwriting group headed by Lehman Brothers and Blyth & Co. Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in two major areas of the consumer finance business, namely personal loans and sales finance; and, in addition, through subsidiaries, it conducts an insurance business, which in part is related directly to the finance activities. Net proceeds of the sale of the debentures will be added to the general funds of the company and will be available to pay current indebtedness and carry additional receivables, including receivables involved in the arrangements for taking over credit operations of Barker Bros. Corporation and W & J Sloane, Inc. The company recently arranged to purchase the receivables and take over the continuing credit operations of Barker Bros. Corporation and W & J Sloane, Inc., retail home furnishing outlets, and to issue International Charge credit cards to their customers.

The company has outstanding 4,765,031 shares of common stock, four series of preferred stock, and various indebtedness. The prospectus lists W. A. Thompson as board chairman and Paul A. Appleby as president. Management officials as a group own about 8.7% of the outstanding common and 2.1% of the outstanding preferred.

CENCO INSTRUMENTS PROPOSES DEBENTURE OFFERING. Cenco Instruments Corporation, 1700 West Irving Park Rd., Chicago, filed a registration statement (File 2-16737) with the SEC on June 23, 1960, seeking registration of \$5,000,000 of Convertible Subordinated Debentures due August 1, 1980, to be offered for public sale through an underwriting group headed by Lehman Brothers. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a holding company whose subsidiaries are primarily engaged in the manufacture and sale of scientific instruments, laboratory apparatus and supplies for use in education and industry. They also manufacture and sell scientific instruments and gauges for use in petroleum and petrochemical industries, and engineering equipment for the testing of concrete, asphalt and soil conditions for use in the construction industry. Net proceeds of the sale of debentures will be added to general funds and will be available for any proper corporate purpose, including the payment of some \$500,000 of bank indebtedness. The funds may be used to finance an increasing volume of customers' accounts receivables and inventories and/or to finance desirable acquisitions if opportunities should present themselves in the future.

In addition to certain indebtedness, the company now has outstanding 1,033,504 shares of common stock. The prospectus lists John T. Gossett as board chairman and Alfred A. Strelsin as president. Management officials own 8.4% of the outstanding common.

INSURANCE SECURITIES SEEKS EXEMPTION ORDER. Insurance Securities Incorporated, of Oakland, Calif., sponsor of Insurance Securities Trust Fund, a registered open-end diversified investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain proposed transactions; and the Commission has issued an order (Release 40-3054) giving interested persons until July 7, 1960, to request a hearing thereon.

Among the portfolio securities of the Trust Fund are 309,741 shares of Continental Casualty Insurance Company stock (comprising 5.29% of its outstanding voting securities), 50,000 shares of stock of National Fire Insurance Company of Hartford (10%); and 47,370 shares of Continental Assurance Company stock (2.36%). The Trust Fund portfolio as of April 30, 1960, contained shares of 94 companies and had a net asset value in excess of \$413,000,000. It is proposed that the 50,000 shares of National be sold to Continental Casualty at \$141 per share, and that Continental Casualty sell to the Trust Fund 20,000 shares of Continental Assurance at \$144 per share.

As of December 31, 1959, Continental Casualty owned 351,001 shares (70%) of National and 648,590 shares (32%) of Continental Assurance.

NAESS & THOMAS FUND ORDER ISSUED. The SEC has issued an order under the Investment Company Act (Release 40-3053) granting an application of Naess & Thomas Special Fund, Inc., of Baltimore, for an exemption from provisions of the said Act requiring stockholder approval of an investment advisory contract, the election of directors, and ratification of the selection of an independent public accountant until the February 20, 1961, meeting of stockholders.

TRADING IN SKIATRON ELECTRONICS SUSPENDED. The SEC has issued an order (Release 34-6302) suspending trading on the American Stock Exchange and the over-the-counter market in the common stock of Skiatron Electronics and Television Corporation, of New York, for a further ten-day period June 25 to July 4, 1960, inclusive.

A L DAMON SENTENCED. Arthur L. Damon was sentenced on June 20 by the U. S. District Court in Los Angeles to imprisonment for one year and a day, followed by five years' probation, following his earlier conviction of fraud in the sale of Nev-Tah Oil and Mining Co. stock (LR-1719).