

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE August 31, 1960

**MORTGAGE INVESTMENT FOUNDATION FILES FOR OFFERING.** Mortgage Investment Foundation, Inc., 601 N. E. 81st Street, Miami, filed a registration statement (File 2-16984) with the SEC on August 30, 1960, seeking registration of (1) \$4,000,000 of investment contracts including warranty and repurchase agreements relating to mortgage notes secured by first mortgages on improved real estate; and (2) \$250,000 of 8% Subordinated Debenture Bonds. The investment contracts are to be offered for sale in \$2,500 units and the debenture bonds in \$250 units. A 2% commission will be paid company employees on the sale of the investment contracts.

The principal business of the company is the purchase for resale of first mortgage notes secured by mortgages on improved real estate. In connection with such sales the company offers a variety of services to investors, including selection of mortgage notes, establishing regular sources of supply of such notes, arranging for independent investigation of the financial responsibility of each note maker and for a collection service to facilitate prompt payment of amounts due on such notes, securing and maintaining insurance to protect the investor against loss from fire and windstorm, defective title, and default of payment of principal and interest, and providing a program for the investor's continuous reinvestment of the proceeds of mortgage notes in debenture bonds of the company and exchange of such bonds for additional mortgage notes. Net proceeds of the sale of the investment contracts will be added to the company's general funds and used principally for the purchase of additional mortgage notes for resale to the public; and the proceeds of the sale of debenture bonds will be used primarily to acquire first mortgages to be held in the company's investment portfolio, with a view of providing funds for payment of interest on such bonds.

The prospectus lists Lee J. Unger as president and board chairman and owner of all the outstanding common stock of the company.

**SAN DIEGO GAS & ELECTRIC PROPOSES BOND OFFERING.** San Diego Gas & Electric Company, 861 Sixth Avenue, San Diego, California, filed a registration statement (File 2-16981) with the SEC on August 30, 1960, seeking registration of \$30,000,000 of First Mortgage Bonds, Series H, due 1990, to be offered for public sale at competitive bidding. The net proceeds from the sale of bonds will be added to the company's treasury funds and will be applied toward the cost of additions to the company's utility properties. In addition, the company intends to repay short term bank loans obtained for temporary financing of such additions and expected to aggregate \$25,000,000 at the time such proceeds are received. Gross expenditures for construction for the six months ended June 30, 1960 amounted to approximately \$13,508,000, and it is estimated that such expenditures for the year 1960 will amount to approximately \$33,722,000.

**KING-STEVENSON ASSOCIATES PROPOSES OFFERING.** King-Stevenson Associates, Inc., 200 South Michigan Ave., Chicago, filed a registration statement (File 2-16982) with the SEC on August 30, 1960, seeking registration of 500,000 shares of common stock. It is proposed to offer these shares for subscription at \$10 per share only to associates of King-Stevenson Oil Company, Inc., in exchange for their interests in fractional oil and gas leases acquired through the Oil Company, the number of shares to be based upon engineering valuations. Subscribers may purchase additional shares at \$10 per share for not to exceed 10% of the valuation of their fractional interests in oil and gas leases.

The company was organized under Nevada law on July 12, 1960. Its organization was sponsored by a committee of associates of the Oil Company composed of T. V. Houser, Chairman, and 11 other members, all of whom have indicated an intention to subscribe to the securities to be offered (in an amount aggregating not less than 20% of total subscriptions). The prospectus lists Louis E. Beckman of Kankakee as president and Sanford Bowyer as secretary-treasurer. The company has entered into an agreement with the Oil Company to merge as of November 1, 1960, with the company remaining as the surviving corporation. The Oil Company is successor to a partnership of the same name of John M. King and Ben T. Stevenson, and engaged in the business of promoting and managing oil and gas exploration and development programs for its associates and to operate producing oil and gas properties. The merged company will operate producing oil and gas properties for its own account and the accounts of present associates who do not elect to exchange their properties for stock, supervising development drilling on leases to be owned by the company and associates, and managing new oil and gas exploration programs in which management officials, shareholders and others may participate.

OVER

For further details, call WOrth 3-5526

**URBAN DEVELOPMENT CORP. FILES FOR OFFERING.** Urban Development Corporation, 3742 Lamar Avenue, Memphis, Tenn., filed a registration statement (File 2-16983) with the SEC on August 30, 1960, seeking registration of 300,000 shares of no par common stock, of which 200,000 shares are to be offered for public sale at \$10.00 per share through Union Securities Investment Company on a best efforts basis. In addition to a 10% commission, the company has agreed to pay the underwriter an additional commission of one-half of one percent if 100,000 shares are sold within six months or to pay an additional one percent commission if 200,000 shares are sold within six months. The additional 100,000 shares are to be reserved by the company for possible issuance in payment of indebtedness, for property purchased, services rendered to the company, or sale to First Mississippi Corporation (FMC), First DeSoto Corporation (FDC), Walkem Development Co., Inc. (Walkem) and American Provident Investors Corp. (APIC).

Organized under Mississippi law in June 1960, the company plans to engage in the development of land, its first project being the planning and development of a model city in Northwest Mississippi, approximately 8 mile south of the city limits of Memphis. The company presently owns approximately 3,150 acres of unimproved real estate, which it proposes to develop in planned stages. It proposes to sell and/or lease industrial, commercial, residential and other sites and to operate certain facilities in connection therewith. Of the estimated \$1,775,700 net proceeds from the public stock sale, \$125,000 will be used to pay current maturities on land purchase installment obligations; \$12,000 to pay open accounts to FMC, APIC, and Walkem, \$135,000 may be used to repay amounts advanced as needed or to be advanced by the three said corporations for installment payments on land purchases prior to receipt of the proceeds. The balance of the net proceeds will be added to the company's general funds to be available for the initial development of its properties, for possible acquisition of additional properties, and for working capital and other corporate purposes.

In addition to certain indebtedness, the company has outstanding 600,000 shares of 10¢ par common stock, and 149,175 shares of no par common, of which FMC, APIC, and Walkem each own 33-1/3% of each class. The prospectus lists Owen Cooper as board chairman and Kemmons Wilson as president. Wilson and Wallace E. Johnson, vice president, are sole stockholders of Walkem. According to the prospectus, if all the 300,000 shares of no par common are sold, public investors will then own 66.79% of the outstanding no par common stock for which they will have paid an aggregate of \$3,000,000 or about 89.9% of the aggregate cash invested. The remaining 33.21% of the no par common will be owned by FMC, APIC and Walkem at a cash cost to them of about \$303,000; and they will own all the ten-cent par stock for which they will have paid \$60,000.

**UNLISTED TRADING ORDERS ISSUED.** The SEC has issued orders (Release 34-6359) giving interested persons until September 16, 1960, to request a hearing upon an application of the Midwest Stock Exchange for unlisted trading privileges in the common stock of Union Bag-Camp Paper Corporation; and granting an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stock of General Mills, Inc.

**DELISTING PROPOSED.** The SEC has issued an order (Release 34-6359) giving interested persons until September 16, 1960, to request a hearing upon an application of the New York Stock Exchange to delist the 6% cumulative preferred stock of General American Industries, Inc., due to the fact that less than 10,000 shares remain outstanding, with only 107 record holders.

**DELISTINGS GRANTED.** The SEC has issued orders (Release 34-6359) granting an application of Gulf Coast Leaseholds, Inc., to withdraw its common stock from listing and registration on the American Stock Exchange, and granting applications of the New York and Midwest Stock Exchanges, respectively, to delist the \$2.50 cumulative preferred stock of McCord Corporation and the common stock of F. E. Myers & Bro. Company, all effective at the close of the trading session on September 14, 1960.

**AMERICAN OPTICAL PROPOSES DEBENTURE OFFERING.** American Optical Company, 14 Mechanic Street, Southbridge, Mass., today filed a registration statement (File 2-16985) with the SEC, seeking registration of \$8,000,000 of convertible subordinated debentures due 1980, to be offered for public sale through a group of underwriters headed by Kuhn, Loeb & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company manufactures and distributes ophthalmic lenses, frames and mountings and instruments used by members of the ophthalmic professions in rendering eye care to the public, and a wide variety of scientific instruments, industrial safety products, sunglasses and miscellaneous products. The net proceeds from the debenture sale will initially be used for working capital and other general business purposes. Although no specific allocation of such funds has been determined, the company has under consideration various projects expected to require substantial expenditures over the next one to three years, including the expansion and improvement of the facilities of the company's instrument division and new machinery and equipment to improve manufacturing processes of instrument and ophthalmic products.

In addition to certain indebtedness, the company has outstanding 813,556 shares of common stock. The prospectus lists E. Weldon Schumacher as president and Victor D. Kniss as executive vice president.

**ISA DEPOSITARY AGREEMENT MODIFIED.** The SEC has issued an order under the Investment Company Act (Release 40-3105) granting an application of Investors Syndicate of America, Inc., Minneapolis investment company, for approval of an amendment to a depositary agreement, which amendment is to be executed in connection with the proposed issuance and sale by ISA of Single Payment Certificates, Series C. Under the amended agreement, ISA undertakes to deposit and maintain with The Marquette National Bank qualified investments and reserves as required by Section 28 of the Act with respect to the new Series C certificates.

CONTINUED

HEARTLAND DEVELOPMENT SEEKS EXEMPTION. Heartland Development Corp., Albany, N.Y., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company under the Act; and the Commission has issued an order (Release 40-3106) giving interested persons until September 14, 1960, to request a hearing thereon. The company's stockholders at their annual meeting on February 11, 1960, approved changing the business of the company to one of acquiring, developing and operating real estate.

COLUMBIA GAS SURETY BOND APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14276) authorizing The Columbia Gas System, Inc., to act as surety on a \$100,000 bond for such refunds, if any, as its subsidiary, Amere Gas Utilities Company, may be required to pay as a result of collecting increased rates pursuant to a new rate schedule filed with the Public Service Commission of West Virginia.

CANADIAN RESTRICTED LIST. The SEC has added Blue Springs Explorations Limited to its Canadian Restricted List. The list now comprises the names of 224 Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

INDUSTRIAL HOSE AND RUBBER FILES FOR OFFERING. Industrial Hose and Rubber Co., Inc., 3925 North Miami Avenue, Miami, Fla., today filed a registration statement (File 2-16986) with the SEC, seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4.00 per share. The offering is to be made on a best efforts basis by a group of underwriters headed by Schrijver & Co., for which they will receive a 40¢ per share commission plus \$12,500 for expenses. The underwriters will also purchase from certain stockholders for \$350, 3-year options to purchase an aggregate of 25,000 common shares and 10,000 Class B common shares at \$4.00 per share.

The company is a distributor for manufacturers of various products related to the industrial hose and plastic pipe industries. In February, 1960, it acquired from Louis Sorosky, president, all of the outstanding capital stock of Perma Spray Manufacturing Co., Inc., of Miami, in exchange for capital stock. Perma Spray manufactures and sells 100% virgin non-toxic and other polyethylene plastic pipe and other plastic pipe products. Of the estimated \$400,000 net proceeds from the stock sale, \$39,669 will be applied toward the repayment of notes; \$23,957.50 toward the repayment of long-term notes; \$50,000 toward the purchase of new machinery; \$150,000 toward the purchase of additional inventory which will be allocated to local and out-of-state warehouse operations to be established; and \$136,373.50 will be added to working capital.

In addition to certain indebtedness, the company has outstanding 25,000 shares of common stock and 150,000 shares of Class B common stock, of which, Sorosky owns 14,760 common and 87,560 Class B shares, and Mollie Sorosky, his wife and company vice president, owns 7,440 common and 44,640 Class B shares.

SEC ORDER CITES MORTGAGE CLUBS OF AMERICA. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Mortgage Clubs of America, Inc., 145 State Street, Springfield, Mass., should be revoked.

The respondent company became registered as a broker-dealer in January 1958. Charles Hershman is listed as president and sole stockholder. According to the Commission's order, Hershman was permanently enjoined by a Federal court order in April 1957 (USDC, Mass) from engaging in or continuing certain conduct and practices in connection with the purchase and sale of securities and was convicted in November 1959 (USDC, Conn.) for a felony or misdemeanor involving the purchase and sale of a security arising out of the conduct of a securities business. Moreover, the order asserts that the respondent failed to amend its registration application to correct the disclaimer therein of any such injunction or conviction and failed to file reports of financial condition for 1958 and 1959.

A hearing will be held, at a time and place later to be determined, for the purpose of taking evidence on the foregoing.

---ooo0ooo---