

NEWS DIGEST

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

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ALAN ASSOCIATES SECURITIES REGISTRATION REVOKED. In a decision announced today (Release 34-6434), the SEC revoked the broker-dealer registration of Alan Associates Securities, Corp., 99 Wall St., New York, for fraud in the sale of securities and other violations of the Federal securities laws. Alan I. Segal, also known as Irving Alan Segal, president and 99% stock owner, was found to be cause of such revocation.

According to the Commission's decision, the company and Segal offered and sold stock of North American Petroleum Corporation between September 1958 and October 1959 in violation of the Securities Act registration requirement. Moreover, the Commission ruled, they made false and misleading representations in the sale of such stock, including predictions, without any reasonable basis, that the stock would triple in value within 6 to 12 weeks and would sell at a price between \$6 and \$15 per share within a month, and representations that the issuer had acquired leases in South America, would merge with Standard Oil Company, and was aggressive, progressive and a guaranteed investment when in fact the issuer had no leases, contemplated no merger and was nothing but a corporate shell. They also failed to reveal that on April 25, 1958, North American had merged with Lucky Star Petroleum Corporation and that both companies had been but recently incorporated and neither had any tangible assets. Respondents also failed to disclose that the person who was directing the sale and distribution of North American stock had been convicted in 1958 of using the mails to defraud, was a fugitive from justice at the time of the distribution of North American stock and had caused the transfer agent to issue duplicate certificates of North American shares and to effect the transfer of shares illegally and without proper documentation.

The Commission also ruled that the respondent company engaged in the securities business in violation of the SEC net capital rule and without disclosing to customers that its liabilities exceeded its assets and it was unable to meet its current liabilities in the ordinary course of business. In October 1959 both the company and Segal were permanently enjoined by Federal court order from violating the anti-fraud provisions and net capital requirements of the Federal securities laws and by state court order from engaging in the securities business in New York.

AMERICAN RESEARCH LOANS CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-3158) authorizing American Research and Development Corporation, Boston investment company, to make loans to Intercontinental Electronics Corporation, in amounts not to exceed \$50,000 outstanding at any one time. American owns about 17% of the outstanding stock of Intercontinental.

DELAWARE REALTY - CHRISTIANA SECURITIES MERGER PROPOSED. Delaware Realty and Investment Company and Christiana Securities Company, Wilmington, Del., investment companies, have applied to the SEC for an exemption order under the Investment Company Act with respect to certain transactions incident to the proposed merger of Delaware Realty into Christiana; and the Commission has issued an order (Release 40-3159) giving interested persons until January 12, 1961, to request a hearing thereon.

According to the application, Delaware owns 49,000 shares (32.7%) of the 150,000 outstanding shares of common (voting) stock of Christiana. The latter's assets consist of cash and securities, of which the most important holding is 12,199,200 shares (26.6%) of the outstanding common stock of E. E. du Pont de Nemours and Company. The value of the total net assets of Christiana as of September 30, 1960, with investments reflected at market value on November 11, 1960, was \$2,418,263,000, of which 98.6% was represented by its holdings of common stock of du Pont. The remaining security holdings of Christiana consist primarily of common stock of General Motors Corporation which represents approximately 1% of the value of the assets of Christiana. Christiana has outstanding 150,000 shares of 7% cumulative preferred stock, having a liquidation value of \$100 per share and a redemption price of \$120 per share, and 150,000 shares of common stock. The net asset value of the common stock of Christiana, based on the market value of its portfolio as of November 11, 1960, and after deducting its outstanding preferred stock at the redemption price, was \$16,001.75 per share. The bid price of the common stock in the over-the-counter market on November 11, 1960 was \$13,900 per share. There are approximately 3,800 holders of Christiana common stock.

Delaware's assets are represented by cash and security holdings consisting primarily of the above common stock interest in Christiana and 1,217,920 shares (2.7%) of the outstanding common stock of du Pont. Its remaining assets consist of 43,500 shares (29%) of the cumulative preferred stock of Christiana, 300,000 shares

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(3.56%) of the common stock of Hercules Powder Company ("Hercules"), and 16,256 shares of \$4.50 cumulative preferred stock of du Pont. The value of the total net assets of Delaware as of September 30, 1960, based on the net asset value of its common stock interest in Christiana, the redemption price of its holdings of Christiana preferred stock, and the market value of its other security holdings on November 11, 1960, was \$1,052,225,000. Of this amount, 74.5% was represented by its holdings of Christiana common stock and 22.6% by its holdings of du Pont common stock. Delaware's indirect (through Christiana) and direct holdings in du Pont represented more than 97% of the value of the net assets of Delaware. The outstanding securities of Delaware consist of 785,000 shares of common stock, held by approximately 220 stockholders. The underlying net asset value of such stock as of November 11, 1960, determined as above indicated, was \$1,340.41 per share. There is no quoted market for such common stock.

Under the proposed merger, the outstanding common stock of Delaware will be converted into such number of shares of common stock of Christiana as determined by dividing the net asset value of the Christiana common stock by an amount equal to 98.5% of the underlying net asset value of the Delaware common stock, except that for purposes of determining Delaware's underlying net asset value the market value of its holdings of Hercules common stock will be reduced by an amount equal to one-half of the estimated expenses (approximately 7-1/2% of the market value of the stock) and capital gains taxes that would be incurred if there were a public sale of the Hercules stock.

The conversion ratios under the plan of merger will be determined by the respective boards of directors on the basis of valuations made as of the closest practicable date to the closing date, which will be January 16, 1961, or such later date within sixty days thereafter as may be fixed by the boards of directors. On the basis of market values as of November 11, 1960, and giving effect to the methods of valuation employed in the plan, the 785,000 shares of Delaware common stock would be converted into 64,557 shares of Christiana common stock, with each share of Delaware common stock being converted into 0.08224 shares of Christiana common stock.

ADRS FOR UNION CARBIDE AUSTRALIA FILED. The Morgan Guaranty Trust Company of New York filed a registration statement (File 2-17392) with the SEC on December 19, 1960, seeking registration of American Depositary Receipts for 50,000 Ordinary Registered Stock of Union Carbide Australia Limited.

PRESTON MOSS FUND FILES FOR OFFERING. Preston Moss Fund, Inc., 24 Federal Street, Boston, Mass., filed a registration statement (File 2-17393) with the SEC on December 19, 1960, seeking registration of 20,000 shares of capital stock, to be offered for public sale at the net asset value thereof. No underwriting is involved.

COMMONWEALTH INTERNATIONAL AND GENERAL FUND FILES FOR OFFERING. Commonwealth International and General Fund, Inc., 615 Russ Building, San Francisco, Calif., filed a registration statement (File 2-17394) with the SEC on December 19, 1960, seeking registration of 400,000 shares of common capital stock, to be offered for public sale at \$12.50 per share through North American Securities Company, its investment manager and principal underwriter. The underwriter will receive a \$1.06 per share commission.

Organized under Delaware law in April 1960, the Fund is a diversified, open-end, managed investment company. It has outstanding 8,741 shares of capital stock, all of which is owned by S. Waldo Coleman, chairman of the Fund and of its investment adviser. Robert L. Cody is listed as president of both companies. The investment adviser is a wholly-owned subsidiary of North American Investment Corporation. The officers and certain of the directors of the Fund are also officers and/or directors, and own 16% of the voting securities, of the said parent company.

NATIONAL EQUIPMENT RENTAL PROPOSES RIGHTS OFFERING. National Equipment Rental, Ltd., 1 Plainfield Ave., Elmont, New York, today filed a registration statement (File 2-17395) with the SEC seeking registration of 136,000 shares of common stock, to be offered for subscription by common stockholders. The record date, rate of subscription, public offering price and underwriting terms are to be supplied by amendment. Burnham and Co., is listed as the principal underwriter. The underwriters have agreed to purchase, at the subscription price, up to 30,000 shares which are not purchased pursuant to the rights offering, but only to the extent necessary to provide proceeds of \$1,000,000 to the company. They will receive a stand-by fee of \$15,000 regardless of the number of shares so purchased. Subscription warrants are also issuable to holders of outstanding warrants to exercise them prior to the offering.

The company was organized in Delaware in September 1959. As of November 1959 it acquired in exchange for 598,140 shares of its common stock, all of the outstanding capital stock of a New York corporation of the same name which was thereupon merged into the company. The business of the company is the rental or leasing of equipment to business organizations to meet their specific requirements, including production, processing and packaging equipment of various types for a wide variety of industries, transportation and material handling equipment, air conditioning, refrigeration and electronic testing equipment, office furniture and appliances, and automatic vending machines. The net proceeds from the stock sale will be added to working capital and used to expand the company's business in equipment leasing and related fields. It is expected that such proceeds will provide the basis for increased or additional credit lines, or may be used to discharge outstanding indebtedness carrying relatively high interest rates, thus reducing interest costs.

In addition to certain indebtedness, the company has outstanding 612,845 shares of common stock of which Morris Silverman, president, owns beneficially and/or of record a total of 187,320 shares, Dorothy R. Silverman, vice president, owns 42,780 shares, and Sutro Bros. & Co. owns beneficially and/or of record a total of 211,060 shares. Harold Friedman is listed as board chairman.