

# 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 October 31, 1963

**MACCO REALTY FILES FINANCING PROPOSAL.** Macco Realty Company, 7844 East Rosecrans Ave., Paramount, Calif., filed a registration statement (File 2-21842) with the SEC on October 30 seeking registration of \$4,000,000 of Convertible Subordinated Debentures due 1978, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Place, New York, and Mitchum, Jones & Templeton Inc., 510 South Spring St., Los Angeles. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company engages in residential real estate development. Net proceeds of this financing will be applied to the repayment of all outstanding loans made by Macco Corporation, which owns 90.4% of the outstanding stock of the company; and the balance will be applied to the repayment of short-term bank loans. Such loans were incurred primarily in connection with the acquisition of land by the company. The prospectus lists John MacLeod as board chairman, F. E. Cornwall as vice chairman and John B. Parker as president of the company. MacLeod was one of the principal organizers of Macco Corporation and now serves as its board chairman and Cornwall as its president.

**FIRST WESTERN REAL ESTATE TRUST FILES FOR OFFERING.** First Western Real Estate Investment Trust, 2037 Thirteenth St., Boulder, Colo., filed a registration statement (File 2-21843) with the SEC on October 25 seeking registration of 200,000 shares of beneficial interest in the Trust, to be offered for public sale at \$5 per share. The offering is to be made on a best efforts basis by Gondrexick Securities Corporation, of 2590 Arapahoe Ave., Boulder, Colo., for which it will receive a selling commission of 60¢ per share.

The Trust was organized under Colorado law on October 12, 1963, to afford individual investors an opportunity to participate jointly in diversified real estate investments consisting principally of income-producing real estate located primarily (but not exclusively) in Boulder. It is designed to and intends to qualify as a "real estate investment trust" eligible for special federal tax treatment under the 1961 amendments to the Internal Revenue Code. The Trust has no operating history and now has no interest in any real estate or options to acquire such interests. Net proceeds of this financing will be applied toward the purchase of vacant ground for the purpose of development into income producing properties, including office buildings, apartment houses, hotels, store buildings, warehouses, motels, etc.

The prospectus lists Jack T. Thompson, James M. George and E. Gregory Martin as trustees.

**BURCH EXPLORATION PROPOSES OFFERING.** Burch Exploration, Ltd., Union Center Bldg., Wichita, Kansas, filed a registration statement (File 2-21844) with the SEC on October 30 seeking registration of \$1,000,000 of Participating Interests in the Burch 1964 Oil and Gas Program, \$100,000 to cover additional funds which may be requested for exploration on leases acquired by the Program but not explored before its termination, and \$1,500,000 which may be requested of participants for equipment, operating expenses and development costs under terms of the Operating Agreement on leases which are productive of oil or gas in payment quantities. Offering of these securities will be made on a best-efforts basis by Burch Exploration at 100% of their principal amount; and the latter will pay a commission (unspecified) from its own funds to employees and dealers who assist in the sale thereof.

Investors who purchase participating interests in the Program will be participants in a joint venture (the Program) with the purpose of acquiring and exploring a number of oil and gas leases and thereafter equipping, operating and developing the producing leases under terms of the operating agreement. Participants in the aggregate shall own an undivided three-fourths of the interest in the leases acquired by the Program. The funds will be used for lease acquisitions, geological services, drilling and testing and other related activities of the Program. Burch Exploration will manage the Program and conduct the operations for the Program. The acquisition and exploration will be conducted generally in Kansas and Nebraska. Burch Exploration is a limited partnership whose general partners are Earl M. Burch and A. L. Abercrombie.

**UNLISTED TRADING GRANTED.** The SEC has issued an order granting an application of the Detroit Stock Exchange (Release 34-7162) for unlisted trading privileges in the common stock of Eltra Corporation.

**TWO ISSUES DELISTED.** The SEC has issued orders (Release 34-7162) granting an application of the American Stock Exchange to strike the common stock of Drilling and Exploration Co., Inc., from listing and registration, effective at the opening of business November 4, 1963; and granting a similar application of the New York Stock Exchange to delist the 5% Hukuang Railways Sinking Fund Gold Loan of 1911 of the Imperial Chinese Government, effective at the opening of business November 6, 1963.

**WORLD WIDE ARCHERY ENJOINED.** The SEC Seattle Regional Office announced October 28 (LR-2773) the entry of a Federal court order (USDC Seattle) permanently enjoining the sale of securities of World Wide Automatic Archery, Inc., in violation of the Securities Act registration requirements, by the defendant corporation and Samuel T. Mendenhall and Gerald B. Hegg. The defendants consent to the injunction without admitting or denying the charges.

OVER

**MELVYN KEVIN SENTENCED.** The SEC New York Regional Office announced October 29 (LR-2774) that Melvyn Kevin, of 508 Lincoln Blvd., Long Beach, N. Y., had been found guilty by Judge Harold Tyler, Jr. (USDC SD NY) of violations of the terms of his probation and sentenced to serve 18 months in prison. Judge Tyler previously had imposed a two-year suspended sentence and placed Kevin on probation for four years for violating a court order enjoining him from violating the anti-fraud provisions of the Federal securities laws.

**PUBLIC SERVICE OF OKLA. RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-14961) authorizing Public Service Company of Oklahoma (Tulsa) has joined with its parent, Central and South West Corporation, to increase the number of its authorized common shares from 6 to 8 million, to pay to the parent a special cash dividend on its common stock out of earned surplus in the amount of \$7,500,000, and to issue and sell to the parent 750,000 additional common shares for \$7,500,000. The purpose of these transactions is to satisfy a commitment made by the subsidiary to transfer in 1963 an amount not less than \$6,000,000 from its unrestricted earned surplus account to its common stock capital account.

**NATIONAL SALESMEN'S ORGANIZATION PROPOSES OFFERING.** National Council of Salesmen's Organizations, Inc., 347 Fifth Ave., New York, filed a registration statement (File 2-21845) with the SEC on October 30 seeking registration of \$2,000,000 of participating Trust units under its Self-employed Retirement Plan for Individual Members of the Council. The Self-Retirement Plan for members of the Council has been established by the Council under the Self-Employed Individuals Retirement Act of 1962 "in order to provide retirement benefits for individual self-employed salesmen who are members of the Council and their employees." Every individual self-employed salesman who is a member of the Council is eligible to participate in the plan; and each participating member will contribute to the Trust Fund and pay to the Trustee in each year such amount as he determines up to 10% of his earned income derived from his business as a salesman for such year or \$2,500, whichever is less. Each participating member will contribute each year on behalf of each of his participating employees an amount equal to 10% of such employee's compensation for such year; and each such employee may contribute for himself an amount (as he shall determine) up to 10% of his compensation for such year. The Trustee (Chemical Bank New York Trust Company) will invest and reinvest the Trust Fund and will collect and invest the income therefrom.

The prospectus lists 22 organizations the members of which constitute the membership of the Council. Marvin Leffler is president.

**LONDONTOWN MFG. DECISION ISSUED.** The SEC today announced its decision in proceedings under the Securities Act with respect to an understatement of inventories by The Londontown Manufacturing Company (Londontown), of Baltimore, in financial statements included in a registration statement filed by Londontown which became effective on October 4, 1961. The statement covered a secondary offering of 150,000 shares of Londontown common at \$14 per share by Israel Myers, who was then Londontown's sole stockholder.

The Commission's proceedings were instituted in May 1962. Earlier, on January 31, 1962, Londontown had amended its registration statement to correct the inventory figures in its October 1961 prospectus, as well as to adjust the earnings figures which also had been understated by reason of the understatement of inventories for several years prior to March 1, 1960. Previously, Londontown had announced publicly that it planned to amend its registration statement to correct errors appearing therein and that the amendment would show that inventories had been substantially understated for all periods prior to February 28, 1961, and that as a result, earnings per share must be adjusted for periods to and including February 28, 1961. Moreover, on February 5, 1962, Londontown sent a letter to stockholders (with copies sent to the press, brokerage firms and financial publications) which included corrected figures for inventories, net earnings, and earnings per share as disclosed in the October 1961 prospectus; and it also included up-to-date earnings figures. In this letter, Myers stated: "As chief executive officer, and chief financial officer of the company, the inclusion of the incorrect figures was my sole responsibility;" and he also referred therein to his agreement to hold the company harmless as to any and all liabilities which the company may incur predicated upon inclusion of the incorrect figures in the registration statement.

At the same time, Londontown made a disclosure to the Internal Revenue Service concerning its income tax liability; and in March 1962 a settlement was made with IRS in which adjustments were agreed upon for the fiscal years ended February 29, 1956, through February 28, 1961, resulting in a penalty assessment by reason of understatements of taxable income in some of those years. This was paid by Londontown, which was immediately reimbursed by Myers under his agreement to indemnify and hold Londontown harmless.

Although Londontown's original prospectus was admittedly defective, since it contained erroneous earnings figures resulting from the understatement of inventory position, the Commission concluded that, under the circumstances, it would not issue a stop order suspending the effectiveness of the statement, provided a copy of its decision is distributed promptly to each person who has been a stockholder of Londontown since the October 1961 stock offering. In this connection, the Commission noted (in addition to the foregoing) Londontown's current affairs since the public offering as they relate to earnings, as well as the quotations of its stock in the over-the-counter market. The price of the stock has not gone below the initial \$14 offering price; a high bid of about \$41 was reached on December 14, 1961; and the lowest bid of \$15 occurred on June 22, 1962. On Monday, January 15, 1962, the first day of trading after issuance of the press release referred to, the stock was quoted at a range of 35-3/4 - 25 bid, and 36-3/4 - 28 asked. On the next day the stock was quoted at 25 high bid and 27 low asked. Recent market quotations are in the range of 36 1/2 bid and 39-1/8 asked.