

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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)

FOR RELEASE December 16, 1958

O. K. RUBBER WELDERS FILES FOR OFFERING AND EXCHANGE

O. K. Rubber Welders, Inc., 551 Rio Grande Ave., Littleton, Colo., filed a registration statement (File 2-14603) with the SEC on December 15, 1958, seeking registration of 60,600 shares of common stock, \$43,333.33 of 3 $\frac{1}{2}$ % Debentures maturing on or before May 6, 1965, \$692,000 of 6% Debentures maturing on or before December 31, 1974, and \$123,000 of 7% Debentures maturing on or before May 6, 1965.

The Company proposes to make a public offering of 25,000 common shares at \$10 per share. The remaining shares and the debentures are subject to an exchange offer.

Rubber Welders was organized in June 1958 for the primary purpose of acquiring, taking over and operating the businesses of two predecessor companies, the O. K. Ko-Op Rubber Welding System, a common law trust, and O. K. Rubber, Inc., a Colorado corporation, both of Littleton. The System has outstanding 3 $\frac{1}{2}$ % debentures, 7% debentures, and Patrons equity reserve certificates; and Rubber Welders proposes to offer its debentures and/or shares of its common stock in exchange for these outstanding securities of System, on alternative bases.

Proceeds of the public sale of the 25,000 common shares, less commissions and expenses, will be used for additional working capital and/or to service part of the company's debt.

SPUR OIL PROPOSES STOCK OFFERING

Spur Oil Company, Eighth Avenue South and Bradford Ave., Nashville, Tenn., filed a registration statement (File 2-14604) with the SEC on December 15, 1958, seeking registration of 1,000,000 shares of its common stock, to be offered for public sale through an underwriting group headed by Equitable Securities Corp. The public offering price and underwriting terms are to be supplied by amendment.

Spur Oil was organized under Delaware law on December 2, 1958, by Equitable Securities primarily to acquire and hold the securities of subsidiaries which will acquire and operate the properties, principally gasoline filling stations, owned by Spur Distributing Co., Inc." It will also hold title to the real estate where its principal offices are located (in Berryhill, Tenn.). The company's 76 subsidiaries, 21 of which are to acquire and hold title to realty, including lease interests, and 55 of which are to operate one or more filling stations each, will be provided by the company with cash required to purchase from Spur Distributing the real and personal properties which they are to acquire and/or operate, and with necessary initial working capital, amounting in the aggregate to some \$15,000,000.

The company will also acquire title to the Berryhill office, and will acquire all remaining assets of Spur Distributing except cash and cash items, which at October 31, 1958 amounted to \$4,011,994. The cost to the company of these assets is estimated at \$1,900,000, which amount will be paid to Spur Distributing by the assumption by the company of its liabilities at the closing, with any balance to be settled in cash. The company also will pay Spur Distributing an amount

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equivalent to Federal and State income tax liability of Spur Distributing, estimated at \$840,000, but will not assume such liability.

The net proceeds of the sale of the 1,000,000 common shares together with the proceeds of \$6,500,000 of borrowings will be used for purposes of the program outlined, and for general corporate purposes. Equitable Securities is to receive an unspecified sum for the origination and negotiation of the transactions, assumption of financial responsibility for expenses, and advice in connection with the financing.

The subsidiaries will conduct the business of operating a chain of retail gasoline filling stations. J. Mason Houghland is listed as president. Of the 131,600 outstanding common shares of Spur Distributing, 73,039 were vested in June 1942 in the Alien Property Custodian (later transferred to the Attorney General) and were the subject of a suit by Uebersee Finanz Korporation, A. under the Trading with the Enemy Act, which was terminated by a judgment favorable to the Attorney General. Such 73,039 shares were offered by the Attorney General for sale in 1958 and were purchased by J. M. Houghland for \$5,038,103, or \$68.98 per share. Houghland is listed as the present owner of 103,705 shares. It is estimated, according to the prospectus, that stockholders of Spur Distributing will receive, upon its liquidation, approximately \$137 per share in cash.

KAMAN AIRCRAFT PROPOSES DEBENTURE OFFERING

The Kaman Aircraft Corporation, Bloomfield, Conn., filed a registration statement (File 2-14605) with the SEC on December 15, 1958, seeking registration of \$1,250,000 of 6% Convertible Subordinated Debentures, due 1974, to be offered for public sale through an underwriting group headed by Paine, Webber, Jackson & Curtis. The public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the debentures will be added initially to working capital of the company. No specific allocations of the funds have been made, but the company proposes to use the funds to meet increased cash requirements resulting from increasing volume of business and increasing investment in inventories, to keep the company in a position to accept orders or undertake projects for the U. S. Government (in addition to current orders or projects) and for additions and improvements to its properties and facilities.

U. S. PLYWOOD FILES STOCK PLAN

United States Plywood Corporation, 55 West 44th St., New York, filed a registration statement (File 2-14606) with the SEC on December 15, 1958, seeking registration of participations in its Employees' Stock Purchase Plan, together with 28,000 common shares which may be purchased pursuant thereto.

REVOCATION PROCEEDINGS INSTITUTED AGAINST UNIVERSAL SECURITIES

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Universal Securities of Buffalo, 215 Delaware Ave., Buffalo, N. Y., and whether the firm should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. (Release 34-58). George T. Argeros, James Kahris, Christ P. Argeros and Frank P. Aronica are listed as general partners.

According to the Commission's order, Universal Securities and the four partners were enjoined on June 30, 1958, by the United States District Court for the Western District of New York from engaging in or continuing certain conduct and practices in connection with the purchase or sale of securities. The Commission's complaint in that action charged violations by the defendants of the Commission's record-keeping and net capital rules, and failure to disclose to customers that the firm's liabilities substantially exceeded its assets. The Commission's order further asserts that Universal Securities did not promptly file an amendment to its broker-dealer registration reflecting the issuance of the court injunction.

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

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SOUTHWEST SECURITIES ENJOINED

The SEC Fort Worth Regional Office announced December 9, 1958, that Southwest Securities, Inc., Allen Goldsmith and Faye Goldsmith had been permanently enjoined by the USDC at Little Rock, Ark., from further violations of the registration and anti-fraud provisions of the Securities Act of 1933 and the broker-dealer registration requirements of the Securities Exchange Act of 1934 (Lit. Release 1374).

PRELIMINARY INJUNCTION IN HILLSBOROUGH INVESTMENT CASE

The SEC Boston Regional Office announced December 12, 1958, that the USDC, NH, has issued a preliminary injunction enjoining Hillsborough Investment Corporation and Roger M. Mara from violating the Securities Act registration requirements in the offering and sale of Hillsborough securities. (Lit. Release 1375).

PETITION FOR CONTEMPT ORDER FILED AGAINST EAST BOSTON

The SEC has petitioned the USDC in Boston to hold East Boston Company, Bernard Goldfine, Alwyne Jealous, Mildred Paperman and Horace M. Goldfine in contempt of a 1955 court order directing East Boston to file timely and proper reports with the Commission and the Boston Stock Exchange, as required by the Securities Exchange Act of 1934. The petition alleges that East Boston failed to file its semi-annual report for the six months' ended September 30, 1958, due November 14, 1958. (Lit. Release 1376).

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Keystone Custodian Funds, Inc., Boston investment company, filed an amendment on December 5, 1958 to its registration statement (File 2-10663) seeking registration of an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation Series S 3.

C.I.T. FINANCIAL PROPOSES DEBENTURE OFFERING

C.I.T. Financial Corporation, 650 Madison Ave., New York, today filed a registration statement (File 2-14607) with the SEC seeking registration of \$75,000,000 of Debentures, due January 1, 1979, to be offered for public sale through an underwriting group headed by Dillon, Read & Co., Inc., Kuhn, Loeb & Co. and Lehman Brothers. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds from the sale of the debentures will provide additional working funds for the company and its subsidiaries, to be used in the ordinary course of business to reduce short-term borrowings incurred for the purpose of purchasing receivables and for other corporate purposes.

SEC REJECTS EUA BOND PROPOSAL

In a decision announced today, the Securities and Exchange Commission held that a proposed issuance by Eastern Utilities Associates of \$3,750,000 of 25-year collateral trust bonds could not be permitted under the standards of the Public Utility Holding Company Act of 1935.

Eastern Utilities Associates is a holding company registered with the Commission under the Act and having as subsidiaries Brockton Edison Company and Fall River Electric Light Company, which supply electricity in Massachusetts, and Blackstone Valley Gas and Electric Company, which supplied electricity and gas in Rhode Island. The Commission held that under the Holding Company debt or other senior securities may be issued by a holding company only under certain limited circumstances, which were not present in the instant case, and that the bonds were not necessary or appropriate to the economical or efficient operation of EUA.

EUA had proposed to use the proceeds from the sale of the bonds to make a temporary advance to Blackstone for use in the divestment from the EUA system of the gas properties of

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Blackstone as required by a Commission order entered in 1950. Upon the return of the advance over a period of two years, EUA proposed to invest the funds in the common stock of its subsidiaries. EUA argued that it proposes to issue common stock in 1959 to raise \$2,530,000 and that it would be an unreasonable financial burden for it to make an additional common stock offering in 1960, which would be required if the proposed bonds were not authorized by the Commission.

The Commission found that the collateral proposed for the bonds, (the common stock of EUA's three direct subsidiaries), was not appropriate since the subsidiaries themselves have substantial amounts of long-term debt and preferred stock outstanding which would rank ahead of the holding company's proposed bonds. The Commission further found that the bonds did not come within the provision of the Act permitting securities issued solely to effect a reorganization.

The Commission considered that to the extent debt securities could be authorized to permit EUA to make the proposed temporary advance to Blackstone, short term bank loans were more appropriate than 25-year bonds, and that the investment by EUA in the common stock of its subsidiaries, a large part of which will not be needed until 1960, if then, could more appropriately be financed at the time the need for such funds arises and by such means as is justified by the facts existing at that time.

(The text of the Commission's decision, Release No. 13886, may be obtained upon request).

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