

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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**CENTRAL AND S.W. CORP. PROPOSES LOANS.** Central and South West Corporation, Wilmington holding company, has filed a proposal with the SEC under the Holding Company Act for loans to subsidiaries during 1964 for construction purposes, as follows: Central Power and Light Company, \$5,000,000; Public Service Company of Oklahoma, \$4,000,000; and Southwestern Electric Power Company, \$4,000,000; and the Commission has issued an order (Release 35-15005) giving interested persons until February 24, 1964, to request a hearing thereon. The borrowings by the subsidiaries will not exceed \$8,000,000 at any one time outstanding; and the subsidiaries will use the funds for 1964 construction expenditures, estimated at \$19,550,000, \$20,277,000 and \$14,864,000, respectively.

**TWO FUNDS EXEMPTED.** The SEC has issued orders under the Investment Company Act (Release IC-3905 and IC-3906) declaring that Midwest Investors Fund, Inc., of Minneapolis, and Logos Options, Ltd., of New York, have ceased to be investment companies.

**SEC COMPLAINT NAMES FUND INVESTMENTS.** The SEC Atlanta Regional Office announced January 24 (LR-2828) the filing of court action (USDC Charlotte, N. Car.) seeking to enjoin Fund Investments, Inc., of Charlotte from violating the SEC net capital rule. Also named as defendants were Sister Perfection, president and Marjorie G. Hugo, secretary of the firm.

**HOOKER CHEMICAL FILES STOCK PLAN.** Hooker Chemical Corporation, 666 Fifth Ave., New York, filed a registration statement (File 2-22034) with the SEC on January 27 seeking registration of 87,956 shares of common stock, to be offered pursuant to its Employees' Stock Purchase Plan.

**CAFE CROWN FILES FOR OFFERING.** The Cafe Crown Company, 157 W. 57th St., New York, filed a registration statement (File 2-22035) with the SEC on January 27th seeking registration of \$350,000 of limited partnership interests, to be offered for public sale in \$7,000 units. No underwriting is involved.

Cafe Crown is a proposed partnership to be formed for the production of the dramatico-musical play tentatively entitled "Cafe Crown." Philip Rose, promoter and general partner, will serve as producer of the play, which is based upon an original dramatic work, entitled "Cafe Crown," written by Hy Kraft. The producer has entered into a Dramatist's Guild Dramatico-Musical Minimum Basic Production Contract with Kraft, Albert Hague (the composer) and Marty Brill, the lyricist. The locale of the play is New York City in the 1930s, and the play deals, in a musical fashion, with the attempt of the last of the great Yiddish actors to stage a production of King Lear in the Yiddish Theatre on Second Avenue at a time when this traditional theatre was moving more and more away from its straight Yiddish character and becoming more like the up-town legitimate stage. Jerome Eskow is under contract to direct the play.

**SEC ORDER CITES CAPITAL GAINS INSTITUTE.** The SEC has ordered administrative proceedings under the Investment Advisers Act of 1940 involving the investment advisory firm of Capital Gains Institute, Inc., 473-34 Havenhurst Drive, Los Angeles.

The proceedings are based upon staff charges that the respondent company ("Institute"), together with certain named individuals, engaged in certain activities violative of the anti-fraud provisions of the said Act and the Federal securities laws as well as other provisions of the Investment Advisers Act. The staff's allegations relate in part to the distribution of market letters and other literature with respect to California Growth Capital, Inc., and Autofab, Ltd.; discontinuance of its "Trends & Signals," a monthly publication relating to securities; and the publication of a market letter entitled "Low-Priced Situations - Developments/Projections." The individuals named as additional respondents are Glen Meyers, president (now known as Karl N. Kaiser), George Russell Barber, Louis R. Kurtin, Louis B. Cherry, James Risser and Patrick Clements.

A hearing will be held at a time and place to be announced, for the purpose of taking evidence on the staff charges to determine whether the alleged violations occurred and, if so, whether any administrative action of a remedial nature is appropriate in the public interest.

**JACOB KAPLAN SEEKS ORDER.** Jacob M. Kaplan, 55 Fifth Ave., New York, has applied to the SEC for an order under the Holding Company Act with respect to his acquisitions of stock of Eastern Gas and Fuel Associates; and the Commission has issued an order (Release 35-15006) giving interested persons until February 24th to request a hearing thereon. According to the application, Kaplan states that in various fiduciary and representative capacities he has acquired, and now owns, controls or holds with power to vote, 105,364 shares of Eastern's common stock, or approximately 6.5% of the 1,634,324 shares of common stock outstanding. Eastern is an exempt holding company which owns all the common stock of Boston Gas Company, (formerly Boston Consolidated Gas Company), a gas public utility company. Kaplan requests Commission approval of such of his stock acquisitions as were subject to Sections 9(a)(2) and 10 of the Holding Company Act.

OVER

**HAYES INTERNATIONAL PROPOSES OFFERING.** Hayes International Corporation, Birmingham, Ala., filed a registration statement (File 2-22036) with the SEC on January 28th seeking registration of \$1,280,000 of 5 $\frac{1}{2}$ % Convertible Subordinated Debentures due 1979. It is proposed to offer the debentures for subscription at 100% of principal amount by common stockholders at the rate of \$200 of debentures for each 100 shares held. The record date and underwriting terms are to be supplied by amendment. Harriman Ripley & Co., Inc., 63 Wall St., New York, and Sterne, Agee & Leach, Inc., First National Building, Birmingham, are listed as underwriters. Certain directors have signified an intention to subscribe for at least \$250,000 of the debentures.

The business of the company includes the modification, major overhaul and maintenance of government aircraft, work on certain phases of the Saturn space vehicle, and its components and ground support systems, the manufacture and development of various training and test devices for branches of the U. S. Armed Forces, including the Pershing missile trainer, and the preparation of technical instruction manuals. Almost all its business is for agencies of the government, the major part of which is as a prime contractor. Net proceeds of the debenture sale will be used as follows: To retire a \$500,000 subordinated bank note (guaranteed by certain stockholders) and a \$100,000 note held by United Industrial Corp., a stockholder; and for working capital. In addition to indebtedness, the company has outstanding 640,000 common shares, of which management officials (including Lewis E. Jeffers, president) own some 39.5%. United owns 85,000 shares, or 13.3%.

**DECISION SYSTEMS FILES FOR OFFERING AND SECONDARY.** Decision Systems, Inc., 1490 West Tryon Ave., Teaneck, N. J., filed a registration statement (File 2-22037) with the SEC on January 28 seeking registration of 100,000 shares of common stock. Of this stock, 50,000 shares are to be offered for public sale by the company and 50,000, being outstanding stock, by the present holders thereof. Shields & Company, Inc., 44 Wall St., New York, is listed as the principal underwriter; and the public offering price (\$11 per share maximum\*) and underwriting terms are to be supplied by amendment. Also included in the statement are five-year warrants for the purchase of 20,000 common shares which the company will sell to Shields & Co., the exercise price of which warrants will be supplied by amendment.

The company's business is system analysis and programming for computers and related data processing equipment for government and industry. It was organized in October 1960 by the selling stockholders, Thomas A. Wood, president, and three other officers, George Morgenstern, Arnold Siegel and Sheldon F. Best. Net proceeds of the company's sale of additional stock will be used to increase working capital, and for whatever expenditures management may in the future determine are needed to increase the volume of company business. The company now has outstanding 323,386 common shares. The listed officers own 49,000 shares each and propose to sell 12,500 shares each.

**CONSOLIDATED FOODS FILES STOCK PLANS.** Consolidated Foods Corporation, 135 South LaSalle St., Chicago, filed registration statements (File 2-22038 and 2-22039) with the SEC on January 28 seeking registration of 100,000 common shares to be offered pursuant to its 1963 Employee Stock Purchase Plan, and 150,000 shares to be offered pursuant to its 1963 Stock Option Plan for Key Executive Employees.

**COOPER TINSLEY LAB. SHARES IN REGISTRATION.** Cooper, Tinsley Laboratories, Inc., 229 Cleveland Ave., Harrison, N. J., today filed a registration statement (File 2-22040) seeking registration of 305,299 shares of common stock. The said shares are issuable upon exercise of common stock purchase warrants heretofore issued by the company. Warrants to purchase an aggregate of 301,799 of the shares of common stock offered hereby are exercisable on and after February 28, 1964 and prior to the close of business on April 30, 1968 at a price of \$5 per share. Warrants to purchase an additional 3,500 shares of the company's common stock offered hereby are exercisable on and after February 28, 1964 at prices ranging between \$3 and \$5 per share and expire on various dates in 1966. If all of the 305,299 shares are sold, the company will receive therefor a maximum of \$1,525,495 and a minimum of \$1,521,995.

According to the prospectus, warrants covering 301,799 of the shares provide by their terms that the then outstanding principal amount of the company's Series A, 6% Subordinated Notes due April 30, 1968 and Series B, 6% Subordinated Notes due April 30, 1968 to which they were attached when issued may, at the option of the note holder, be applied in part or in full to the exercise price of the warrants; accordingly, to the extent that such amounts are so applied, the proceeds of sale of stock covered by the warrants will be used directly to retire indebtedness represented by the notes. To the extent that the shares are purchased for cash, the proceeds will be used to retire bank loans and for the maintenance of an improved working capital position.

**LOWELL-MURPHY & CO. INDICTED.** The SEC Denver Regional Office announced January 24 (LR-2829) the return of an indictment (USDC Denver) charging violations of the Securities Act anti-fraud provisions in the sale of stock of The Clute Corporation by Lowell, Murphy & Co., Inc., Thomas H. Murphy, John H. Lowell and Bruce Kistler, all of Denver.

**SECURITIES ACT REGISTRATIONS.** Effective January 27: Burch Exploration, Ltd. (File 2-21844).  
 Effective January 28: Litton Industries, Inc. (File 2-21936); Verner-Ward Leasing Co. (File 2-21885).  
 Effective January 29: APL Corp. (File 2-21995); Supermarkets Operating Co. (File 2-21974); Valvco Corp. (File 2-21966).  
 Withdrawn January 28: Commerce Oil Refining Corp. (File 2-13796).

\*As estimated for purposes of computing the registration fee.