

# 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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**NORTH ATLANTIC INDUSTRIES FILES FOR OFFERING AND SECONDARY.** North Atlantic Industries, Inc., 603 Main St., Westbury, N. Y., filed a registration statement (File 2-15881) with the SEC on November 30, 1959, seeking registration of 70,625 shares of common stock. The company proposes to offer 25,000 shares for public sale at \$4 per share. No underwriting is indicated. In addition, the five holders of the 455,000 outstanding shares may offer the remaining 35,625 shares, at the current market at the time of sale.

The company is engaged principally in the manufacture of proprietary precision electronic instrumentation and electromechanical devices. Net proceeds of the stock sale will be used for the repayment of \$33,324 of loans, the payment of \$2,500 of accrued officers salaries, \$30,000 for new product research and development, and \$31,675 for working capital.

All of the company's outstanding stock is held by management officials, including 108,375 shares each by Malcolm D. Widenor, president, and three other officers.

**COMMERCE DRUG FILES FOR SECONDARY.** Commerce Drug Co., Inc., 505 Court St., Brooklyn, N. Y., a Delaware corporation, filed a registration statement (File 2-15882) with the SEC on November 30, 1959, seeking registration of 90,000 shares of common stock, to be offered for public sale at \$6.50 per share with a \$.715 commission to underwriters headed by Marron, Edens, Sloss & Co., Inc.

Organized November 30, 1959, the company is engaged in manufacturing, packaging and selling a line of proprietary drugs, as successor to Commerce Drug Co., Inc., a New York corporation organized in 1954. In acquiring the assets of the predecessor, the company issued 155,700 shares of its stock, which was distributed to Max I. Kern, president (36,330 shares), B. Ephriam Glass, vice president (30,102 shares), David M. Kern, secretary (37,887 shares), and three other individuals. An additional 114,300 shares were issued to the three principal stockholders of the company, their wives and certain trusts for their children, in exchange for 100% of the outstanding common stock of six other companies.

The underwriters are purchasing, for public distribution, 64,987 shares from David M. Kern, 14,013 shares from his wife, and 11,000 shares from Kern and wife as trustees under separate trusts for their three children. Upon completion of this offering, the David M. Kern family will own no securities of the company.

**CARDINAL PETROLEUM PROPOSES STOCK OFFERING.** Cardinal Petroleum Company, 420 North Fourth St., Bismarck, N. Dak., filed a registration statement (File 2-15883) with the SEC on November 30, 1959, seeking registration of 200,000 shares of its common capital stock, to be offered for public sale at \$4 per share. The offering is to be made on a best efforts basis by J. M. Dain & Co., Inc., of Minneapolis, for which a selling commission of 20¢ per share is to be paid. The company also has granted the underwriter an option to purchase 10,000 common shares at \$5 per share during the period 1962-64.

The company is engaged in the acquisition of leaseholds and other interests in oil and gas properties, exploration and development thereof and production and sale of crude oil and natural gas produced therefrom, together with drilling oil and gas wells on a contract basis for others. It has outstanding 983,796 common shares, of which about 66% are owned by management officials. Of the net proceeds of the sale of additional stock, \$400,000 is to be applied on current liabilities; \$200,000 for drilling (and completion if warranted) of additional development wells; \$50,000 for drilling of additional wildcat wells; and \$79,700 for working capital.

**CREST INVESTMENT FILES FOR OFFERING.** Crest Investment Trust, Inc., 41 W. Preston St., Baltimore, Md., filed a registration statement (File 2-15884) with the SEC on November 30, 1959, seeking registration of 1172 shares of Type "A" and 7400 shares of Type "B" common stock, together with \$42,500 of 6% debenture notes. The shares are to be offered for sale at \$110 per share and the debenture notes in units of \$500.

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Net proceeds of the sale of these securities are to be used to finance the company's expansion program. It is engaged in making loans to small and medium sized businesses.

**CROWN ALUMINUM FILES FINANCING PROPOSAL.** Crown Aluminum Industries Corp., 202 Reynolds Arcade Bldg., Rochester, N. Y., filed a registration statement (File 2-15885) with the SEC on November 30, 1959, seeking registration of \$1,500,000 of 17 year 7½% Debentures, due January 15, 1977, and 180,000 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of \$100 of debentures and 12 common shares, at \$160 per unit. An additional 100,000 common shares are included in the registration statement, to be offered for public sale at \$6.50 per share. Adams & Peck is listed as the principal underwriter; and the underwriting commission is to be \$16 per unit of debentures and common shares, and \$.65 per common share. Adams & Peck will be entitled to purchase 25,000 common stock purchase warrants at 1¢ per warrant, exercisable within five years at \$6.50 per share. Two directors, Saul and Bernard Birnbaum, will be entitled to acquire 12,500 similar warrants, at 1¢ per warrant, for financial advice.

The company was organized under Delaware law on November 2, 1959, and is successor by merger in November 1959, to the business and property of Crown Manufacturing Company and Crown Aluminum, Inc. Concurrently with the merger the company acquired all the outstanding stock of Crown Aluminum of New Jersey, Inc., and Crown Aluminum Sales of Pennsylvania. In addition to the distribution of various other accessory products, the principal operations of the company including the manufacture of enameled aluminum clapboard and vertical paneling, component products such as starter strip, backers, louvers and flat stock, and accessories such as corners and door and window channels. It is said to be engaged in an expansion of existing facilities and the construction of new ones. Of the net proceeds of this financing, \$100,000 will be used for construction of buildings to house additional manufacturing area, new paint line and a hot rolling mill; \$189,000 for installation of the paint line; \$29,500 to purchase a roll former; \$200,000 to repay certain current indebtedness; \$1,200,000 for installation and equipping of the hot rolling mill; and the balance for working capital.

Of the 500,000 outstanding common shares, about 64% is held by management officials, including 79,885 shares held by Samuel Brouman, board chairman, and 59,501 by Edward Braverman, president. Louis Hirsch of Pittsburgh is listed as the owner of 78,554 shares. The prospectus further indicates that the shares of stock of the predecessor companies exchanged for the 500,000 outstanding shares of company stock had a combined net worth at August 31, 1959, of \$526,878 before adjustment of \$21,353 representing elimination of intercompany profit in inventory.

**NU-ERA CORP. PROPOSES STOCK OFFERING.** Nu-Era Corporation, 342 South St., Rochester, Mich., filed a registration statement (File 2-15886) with the SEC on November 30, 1959, seeking registration of 275,000 shares of common stock. Of this stock, 200,000 shares are to be offered for public sale at \$3.75 per share by Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis, for which a 75¢ per share selling commission is to be paid. The underwriter also will receive \$15,000 for expenses; and it will be entitled to purchase 37,500 common shares at 10¢ per share. An additional 37,500 shares are to be sold by a present stockholder to John L. Appelbaum at 10¢ per share in consideration of certain services rendered.

Nu-Era was organized on June 8, 1959, by Phillip S. Chapnick and his wife, to succeed to the business of Nu-Era Gear Company (a Michigan corporation formed in 1945) and Nu-Era Muffler Corporation (an Illinois corporation formed in 1956) in which they had the sole interest. The predecessors had been conducting a business of manufacturing and selling automobile gears for the replacement or "after-market" since 1945, and had entered into the business of selling automotive mufflers and tail pipes, also primarily for the "after-market," in 1956. The company has outstanding 262,500 common shares, issued to the Chapnicks for the properties of the predecessor companies. Of the net proceeds of its sale of additional stock, \$300,000 will be used to reduce loans secured by assigned accounts receivable and \$150,000 for increased inventories of gears and mufflers. Subject to SBA approval, the company also intends to pay \$33,000 debenture notes at their July 31, 1960, maturity, and to use the remaining balance of the proceeds for manufacturing facilities including machinery and equipment to expand the company's product lines.

**RUSSEKS FIFTH AVENUE SHARES IN REGISTRATION.** Russeks Fifth Avenue, Inc., 909 Diversey Parkway, Chicago, filed a registration statement (File 2-15887) with the SEC on November 30, 1959, seeking registration of 480,100 shares of its 50¢ par common stock. According to the prospectus, Russeks is to be merged with Oregon Veneer Company on December 22, 1959, pursuant to which the outstanding shares of Oregon Veneer stock are to be converted into an aggregate of 749,800 shares of Russeks

stock. Of this stock, 480,100 shares are being registered for possible future sale by the holders thereof, including Clear Fir Sales Co. (235,000 shares), Umpqua Plywood Corporation (237,800 shares), and eight other stockholders of Oregon Veneer who will receive such stock in exchange for their present holdings of Oregon Veneer stock.

**WELLINGTON MANAGEMENT FILES FOR OFFERING AND SECONDARY.** Wellington Management Company, 1630 Locust St., Philadelphia, filed a registration statement (File 2-15888) with the SEC on November 30, 1959, seeking registration of 450,000 shares of Class A common stock (non-voting). Of this stock, 58,000 shares are newly-issued stock to be acquired by the underwriters from the issuing company and the remaining 392,000 shares are outstanding shares to be acquired from the present holders thereof. The shares are to be offered for public sale through an underwriting group headed by Bachs & Co. and Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

Wellington Management and its affiliate, The Wellington Company, Ltd., are investment advisers of Wellington Fund and Wellington Equity Fund, respectively. Wellington Management owns all the common stock of Wellington Company, Inc., national distributor of shares of both Funds. Net proceeds of the company's sale of the additional 58,000 Class A shares will be used to reduce outstanding bank indebtedness from \$1,650,000 to \$600,000, and the balance will be used for working capital.

The company will have outstanding 837,840 Class A and 10,000 Class B (voting) shares in January 1959, after giving effect to payment of a 900% stock dividend. The selling stockholders are Wellington Research and Development Company (selling 368,000 of 680,000 Class A shares held), Joseph E. Welch (16,000 of 40,000) and Andrew B. Young (8,000 of 16,000). The 680,000 shares indicated are not held by Wellington Research and Development Company, this company holding instead options to purchase the shares. These options cover all the 620,000 shares of Class A Common Stock held by Walter L. Morgan and all the 60,000 shares held by his wife, and are exercisable currently at an aggregate price of \$6,800. Wellington Research and Development Company thus, in substance, is the beneficial owner of such 680,000 shares. All the common stock of Wellington Research and Development Company is owned by Mr. Morgan. Morgan is listed as president, Welch as executive vice president, and Young a director.

**NEES PROPOSES TRANSFER OF LYNN GAS PROPERTIES.** New England Electric System, Boston holding company, has joined with two of its subsidiaries in the filing of a proposal with the SEC for the transfer of the gas properties and related business of Lynn Gas and Electric Company to a newly-created subsidiary, Lynn Gas Corporation; and the Commission has issued an order (Release 35-14104) giving interested persons until December 14, 1959, to request a hearing thereon.

Lynn Gas and Electric will retain its electric properties and related business and will change its name to Lynn Electric Company. Lynn Gas Company will assume and take over all the duties and liabilities of Lynn Gas and Electric related to the gas business. The stated purpose of the proposed transfer is to facilitate mergers of operations within the NEES system so as to obtain economies, efficiencies and corporate simplification.

Lynn Gas and Electric has outstanding 409,500 common shares, of which 383,955 shares are held by NEES and the balance of 25,545 shares by the public. Under the proposal, NEES will receive 115,186 shares of Lynn Gas and 268,768 shares of Lynn Electric and the public holders 7,633 shares of Lynn Gas and 17,881 shares of Lynn Electric. As an integral part of the program, Lynn Gas and Electric proposes to prepay its 7½-year installment note outstanding in the amount of \$144,000 and to redeem its outstanding \$3,763,000 of 3-1/8% notes due 1971 and held by institutional investors, and to issue and sell to NEES an equal face amount of notes.

**ARKANSAS POWER BOND FINANCING CLEARED.** The SEC has issued an order (Release 35-14105) authorizing Arkansas Power & Light Company, Little Rock, to issue and sell \$15,000,000 of first mortgage bonds due 1989 at competitive bidding. Net proceeds will be used to pay about \$6,500,000 of short-term notes, to reimburse the company's treasury for money expended for construction to further the company's construction program and for other purposes.

**SOUTHERN SERVICES STOCK SALE CLEARED.** The SEC has issued an order (Release 35-14106) authorizing Southern Services, Inc., the mutual service company for the holding company system of The Southern Company, to issue and sell, at the par value thereof, an additional 2,500 shares of its \$50 par capital stock to the four operating subsidiaries of Southern. Net proceeds will be used to supplement Services' working capital.

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**SEC ORDER EXEMPTS SALE OF GREENWICH WATER BONDS.** The SEC has issued an exemption order (Release 40-2931) under the Investment Company Act permitting the proposed sale by Greenwich Water System, Inc., of Wilmington, Del., of \$3,000,000 of its collateral trust bonds to Investors Mutual Inc., of Minneapolis, Minn. The bond sale is part of a \$4,500,000 bond financing proposal of Greenwich, a subsidiary of American Water Works Company, Inc., whose stock is owned in the approximate amount of 5.5% by Investors Mutual.

**BENJAMIN ZWANG & CO. HEARING POSTPONED.** On request of counsel for Benjamin Zwang & Co., Inc., of New York, the SEC has authorized a further postponement from December 1, 1959, to January 8, 1960, of the hearing in proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Zwang & Co.

**INDICTMENT NAMES HAUX, BELLM AND ADAMSKI.** The SEC Seattle Regional Office announced November 25, 1959, that Clarence Haux of Montana (formerly of Cheney, Wash.), William Bellm and Ben P. Adamski of Yakima, Wash., had been indicted on charges of fraud in the sale of privately-owned stock of American Founders Life Insurance Company of Denver (Lit. Release No. 1527).

**INDICTMENT NAMES KLOS AND KENT.** The SEC Seattle Regional Office announced November 25, 1959, that Lee Klos and William Frank Kent, of Spokane, Wash., had been indicted on charges of fraud in the sale of stock of Columbia Pacific Company, which owns the controlling stock of Columbia Pacific Life Insurance Company. (Lit. Release No. 1528)

**AMERICAN FRONTIER LIFE PROPOSES STOCK OFFERING.** American Frontier Life Insurance Company, 1455 Union Ave., Memphis, Tenn., filed a registration statement (File 2-15889) with the SEC on November 30, 1959, seeking registration of 200,000 shares of capital stock, to be offered for public sale at \$8 per share. The offering is to be made by Union Securities Investment Company, which will receive a selling commission of \$1.20 per share. Union Securities is owned by A. D. McClellan, a director of the Insurance Company. Public offering of this stock is subject to the pre-emptive rights of the holders of the 1,200,000 outstanding shares of Insurance Company stock, of which 1,000,000 shares are owned by American Frontier Corporation.

Net proceeds of the stock sale will be used primarily to increase the capital and surplus of the Insurance Company and thereby put it in a better position to expand its business.

**COOPER TIRE PROPOSES STOCK OFFERING.** Cooper Tire & Rubber Company, Lima and Western Avenues, Findlay, Ohio, today filed a registration statement (File 2-15890) with the SEC seeking registration of 100,000 shares of common stock, to be offered for public sale through an underwriting group headed by Paine, Webber, Jackson & Curtis and Prescott, Shepard & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. Of the net proceeds of the stock sale, \$400,000 will be used to purchase molds, conveyors and other production equipment; \$100,000 to defray the cost of installing and housing certain major production equipment to be leased from others; to meet the cost of initial inventories and increased receivables relating to the expanding West Coast operations, expected to cost about \$1,000,000 by the end of 1960; and to retire \$750,000 of short-term bank loans.

**PROPOSED SEC RULE WOULD EXEMPT CERTAIN HOLDING-INVESTMENT COMPANY TRANSACTIONS.** The SEC today announced a proposal (Release 35-14107) for the adoption of a new Rule 14 under the Holding Company Act which would provide an exemption for holding companies which are converting to investment companies with respect to the issue, sale or acquisition of shares of common stock of which they are the issuer. Interested persons may submit views and comments upon the rule proposal not later than December 15, 1959.

The exemption proposed would be limited to registered holding companies which have applied for an order of exemption pursuant to Section 3(a)(5) of the Holding Company Act and which are permitted to conduct an investment program by order of the Commission in connection with their conversion into an investment company pursuant to Section 11 of the Act. It also would be conditioned upon conformance to the requirements of the Investment Company Act of 1940.

**ADDITIONAL FRANKLIN CUSTODIAN FUNDS SHARES IN REGISTRATION.** Franklin Custodian Funds, Inc., New York investment company, filed an amendment on November 30, 1959, seeking registration of an additional 870,000 Special Series Shares.