

NEWS DIGEST

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

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FOR RELEASE April 21, 1961

AGRICULTURAL RESEARCH DEVELOPMENT STOCK OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Agricultural Research Development, Inc., of Wiggins, Colorado. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in May 1960, Agricultural Research Development ("ARD") proposed the public offering of 120,000 common shares at \$2.50 per share pursuant to such an exemption. The Commission asserts in its suspension order that it has reasonable cause to believe that the ARD offering circular was false and misleading in respect of certain material facts, by reason of its failure (a) to disclose the activities of a principal stockholder and officer in connection with the stock offering and the benefits derived therefrom by such person and (b) to disclose adequately proposed payments to be made to ARD officers and directors from the proceeds of the stock offering; that ARD filed a report of stock sales containing false statements; and that its stock offering was made in violation of Section 17(a) (the anti-fraud provision) of the Securities Act.

VIOLATIONS CHARGED TO CARROLL & CO., & COOPER & CO., OFFICERS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether fraudulent misrepresentations were made in the offer and sale of Century Control Corp. stock by officials of R.C. Carroll & Co., Inc., 150 Broadway, New York, and by H.N. Cooper & Company, Inc., 88-29 155 Avenue, New York, and, if so, whether applications filed by the two companies for broker-dealer registration should be denied.

The Commission has scheduled an initial consolidation hearing for May 1, 1961, in its New York Regional Office on the question whether the effective date of registration of the respective companies should be deferred pending decision on the ultimate question of denial of registration.

The Carroll & Co. registration application was filed April 3 and the Cooper & Company application on March 16, 1961. In the Carroll & Co. application, Maxwell W. Schren and Allan Rich (formerly known as Benjamin N. Schultz) are listed as vice presidents and directors and as beneficial owners of 10% or more each of the applicant's outstanding stock. The Cooper & Company application lists Myron A. Cooper as president and Herbert Zeller as vice president; and each is listed as a director and owner of 10% or more of the company's outstanding stock.

The Commission's orders assert that information developed in an investigation conducted by its staff tends to show that the four named individuals, in the offer and sale of Century Controls stock, engaged in acts and practices and a course of business which would and did operate as a fraud and deceit upon the purchasers thereof, in that they made false and misleading representations and omitted material facts concerning Century Controls and its stock. The alleged misrepresentations by Schren and Rich, covering the period September 1955 to March 1958, related to the financial condition of Century Products, the backlog of orders for its products, Government contracts entered into by the company, and new equipment being developed by it, as well as the amount of stock available for public sale, listing of the stock on an exchange, a proposed split of the stock, and an expected rise in the price of the stock. The asserted misrepresentations by Cooper and Zeller, covering the last nine months of 1956, related to the financial condition and future prospects of Century Products, as well as possible dividend payments on an advance in the price of the stock.

McCLANE & CO., HEARING POSTPONED. On request of McClane & Co., Inc., 25 Broadway, New York, the Commission has authorized postponement from April 21 to April 28, 1961, of the hearing to be held in its New York Regional Office on the question whether the broker-dealer registration of McClane & Co. should be suspended pending decision on the ultimate question of revocation for alleged fraudulent representations in the offer and sale of stock of American Fidelity Building and Loan Association, Inc.

C.H. ABRAHAM & CO., HEARING SCHEDULED. The Commission has scheduled a hearing for May 8, 1961, in its New York Regional Office in the proceedings authorized September 22, 1960, to determine whether C.H. Abraham & Co., Inc., of New York, made fraudulent representations in the offer and sale of its own preferred and common stocks and of other securities and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

NYSE DELISTINGS APPROVED. The SEC has issued orders under the Securities Exchange Act (Rel 34-6534) granting applications of the New York Stock Exchange to delist the 1st Mtge. Bonds Series 1942, 4% due 1970, of Cuba Northern Railways Company, and the First Mortgage Bonds, Improvement & Equipment Bonds, 1st Lien & Refunding Series A Bonds, and 1st Lien & Refunding Series B Bonds of The Cuba Railroad

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Company, all bearing 4% interest and due 1970, effective at the close of trading session on May 4, 1961, due to the failure of the issuing companies to publish financial statements within three months of fiscal years ending June 30, 1960.

SEC COMPLAINT NAMES SHIELS SECURITIES, GUARANTEE MTGE., OTHERS. The SEC Seattle Regional Office announced April 18th (LR 1986) the filing of Federal court action (USDC, Portland, Ore.) seeking to enjoin Shiels Securities, Inc., Guarantee Mortgage, Inc., Lawrence W. Shiels, Jr., and Donald L. Tindall, from further violations of the Securities Act anti-fraud provisions in the sale of Guarantee Mortgage securities.

TELECTRO INDUSTRIES TRADING BAN CONTINUED. The SEC has ordered the further suspension of trading on the American Stock Exchange and the over-the-counter market in the common stock of Telectro Industries Corp. of Long Island City, N.Y., for the ten-day period April 24 to May 3, 1961, inclusive.

PENELEC PROPOSES BOND OFFERING. The SEC has issued an order under the Holding Company Act (Rel 35-14414) giving interested persons until May 8, 1961, to request a hearing upon a proposal of Pennsylvania Electric Company (Johnstown) to issue and sell at competitive bidding \$10,000,000 of First Mortgage Bonds due 1991. As previously reported (SEC News Digest of March 28th), the company will apply the net proceeds of the bond sale to its construction program, including the payment of promissory notes issued for such purpose.

PENELEC PROPOSES DEBENTURE OFFERING. In a separate application, Pennsylvania Electric Company has proposed the issuance and sale at competitive bidding of \$12,000,000 of debentures due 1986; and the Commission has issued an order (Rel 35-14415) giving interested persons until May 24th to request a hearing thereon. Proceeds of the debenture sale will be used for construction expenditures and for payment of promissory notes issued for such purposes.

AMOSKEAG SEEKS ORDER. Amoskeag Company, Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the loan of funds to a subsidiary; and the Commission has issued an order (Rel 40-3234) giving interested persons until May 5th to request a hearing thereon. Amoskeag owns about 75% of the outstanding voting securities of Fieldcrest Mills, a textile manufacturing company. About 26.8% of the outstanding voting securities of Amoskeag is owned by Dumaines, a private New Hampshire trust. In July 1960 Amoskeag loaned \$1,200,000 to Fieldcrest evidenced by the latter's notes, which loan is the subject of this application.

MCGRAW-EDISON FILES PROFIT SHARING PLAN. McGraw-Edison Company, Elgin, Illinois, filed a registration statement (File 2-17983) with the SEC on April 20th seeking registration of 15,000 participations (aggregate contributions estimated not to exceed \$3,500,000) in the company's Profit Sharing Plan, and 166,938 shares of common stock which may be acquired pursuant thereto.

INDIANA & MICHIGAN ELECTRIC PROPOSES DEBENTURE OFFERING. Indiana & Michigan Electric Company, 2101 Spy Run Ave., Fort Wayne, Ind., filed a registration statement (File 2-17984) with the SEC on April 20th seeking registration of \$20,000,000 of Sinking Fund Debentures due 1986, to be offered for public sale at competitive bidding. Net proceeds of the debenture sale will be applied, to the extent necessary, to the prepayment of bank notes (which aggregated \$25,000,000 at December 31, 1960, and of which \$5,000,000 have since been prepaid). Any balance of proceeds will be added to the company's general funds. The company estimates its construction expenditures at \$14,500,000 for 1961 and \$35,300,000 for 1962.

HOLIDAY SPORTSWEAR PROPOSES STOCK OFFERING. Holiday Sportswear, Inc., 311 West Eighth Street, Kansas City, Mo., today filed a registration statement (File 2-17986) with the SEC seeking registration of 86,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by George K. Baum & Company. The public offering price and underwriting terms are to be supplied by amendment.

The company is a manufacturer and supplier of sport shirts and other apparel marketed under the trade-names "King Louie," "Ten-Strike," and "Holiday," its operations being devoted principally to the manufacture and sale of specialized bowling apparel worn by men, women and children participating in organized bowling leagues. Net proceeds of the stock sale will be added to the company's general funds; and it is expected that the proceeds will be used primarily to carry increased accounts receivable and larger inventories.

The company now has outstanding 257,014 shares of Restricted Common Stock, convertible share for share into common stock on certain dates. This stock is held in approximately equal amounts by Morris Lerner, secretary, Harry Lerner, vice president, Victor Lerner, president, and Jack H. Glenn, board chairman.

ALDENS FILES FOR DEBENTURE OFFERING. Aldens, Inc., 5000 W. Roosevelt Rd., Chicago, filed a registration statement (File 2-17985) with the SEC today, seeking registration of \$15,000,000 of Sinking Fund Debentures due 1981, to be offered for public sale through underwriters headed by Lehman Brothers. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in the general retail business, selling merchandise throughout the United States and its possessions by mail order and in retail stores. The net proceeds of the sale of the debentures will be added to its general funds and will be available for any proper corporate purpose, primarily to finance increased customer installment accounts receivable.

In addition to various indebtedness and preferred stock, the company has outstanding 936,314 shares of common stock, of which management officials own 3.1%. The prospectus lists Robert W. Jackson as president.

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COLUMBIA GAS SYSTEM PROPOSES DEBENTURE OFFERING. The Columbia Gas System, Inc., 120 East 41st Street, New York, today filed a registration statement (File 2-17987) with the SEC seeking registration of \$30,000,000 of Debentures due June 1986, to be offered for public sale at competitive bidding. Net proceeds of the sale of the debentures will be added to the general funds of the company and, together with other available funds and those generated from operations and to be obtained from additional financing later in 1961, will be used to satisfy the demands in 1961 upon such general funds. Principal among these is the financing of the 1961 construction program of the company's subsidiaries, presently estimated to require expenditures of about \$100,000,000.

CLARK EQUIPMENT CREDIT PROPOSES DEBENTURE OFFERING. Clark Equipment Credit Corporation, 324 East Dewey Ave., Buchanan, Mich., today filed a registration statement (File 2-17988) seeking registration of \$20,000,000 of Debentures Series A due 1981, to be offered for public sale through underwriters headed by Lehman Brothers and Blyth & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a wholly-owned subsidiary of Clark Equipment Company; and its principal business is the financing in the United States and Canada of retail time sales of new Clark Equipment products to ultimate consumers through Clark Equipment's independent dealers and its own retail branches, and the financing at wholesale of these products for such dealers and branches. It also finances new and used Clark Equipment products acquired or held by such dealers and branches for use in connection with the Clark Rental System. Net proceeds of this financing will be applied to the reduction of short term borrowings incurred in connection with the company's financing operations. The prospectus lists George Spatta as board chairman and John R. Wood, Jr., as president.

SECURITIES ACT REGISTRATIONS. Effective April 21: Palm Developers Limited (File 2-17019); "Taro-Vit" Chemical Industries, Ltd. (File 2-17332); Duke Power Company (File 2-17715); Haloid Xerox Inc. (File 2-17751); General American Transportation Corporation (File 2-17762); National Fuel Gas Company (File 2-17766); Haloid Xerox Inc. (File 2-17808); Westinghouse Electric Corporation (File 2-17674). Withdrawn April 21: Time Finance Corporation (File 2-17443).

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