

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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CANANDAIGUA ENTERPRISES FILES FINANCING PLAN. Canandaigua Enterprises Corporation, 29 Broadway, New York, filed a registration statement (File 2-18065) with the SEC on May 2nd seeking registration of \$4,000,000 of sinking fund debentures due 1976, 240,000 shares of Class A stock, and warrants to purchase 120,000 shares of Class A stock (such underlying shares also being registered). These securities are to be offered for public sale in units, each consisting of \$500 of debentures, 30 Class A shares, and 6-year warrants to purchase 15 Class A shares at \$5 per share. The offering will be made on an all or none basis through underwriters headed by S. D. Fuller & Co. The interest rate of the debentures, public offering price of the units, and the underwriting terms are to be supplied by amendment. The company has issued to the principal underwriter 25,000 Class B shares for \$250, and will issue to it, for \$600, warrants to purchase an additional 60,000 Class A shares at \$5 per share.

The company was organized under New York law in October 1960 to engage in recreational and entertainment activities and related enterprises; such related enterprises may include construction and operation of hotels, motels or restaurants located at or near the recreational facilities constructed, owned or operated by the company. As its first venture in the recreational field, the company acquired 81 $\frac{1}{2}$ % of the capital stock of Finger Lakes Racing Association, Inc. (Association), for which it issued 8,150 Class A shares. The Association has the franchise to conduct thoroughbred horse race meetings on a site approved by the New York State Racing Commission near the City of Canandaigua in the Finger Lakes region of New York State. The company has a race track under construction on this site, which, upon completion, will be operated by the Association under lease from the Company. The company intends to increase its equity in the Association so as to acquire over 99% upon completion of this offering. According to the prospectus, various individuals and groups over a period of years prior to 1959 attempted to establish a flat race track in the Canandaigua area. The efforts of the last group, the Association, to finance and establish the track "failed despite the efforts of its officers and directors, who had not invested any substantial sums in the equity of the Association." The company has received from a new group an aggregate of \$1,504,451.01 pursuant to subscriptions for 250,000 Class A and 445,101 Class B shares. The net proceeds of this financing together with the proceeds from the said subscriptions, will be applied to meet expenses of completing the construction of the race track (\$5,219,000), and for working capital and contingencies (\$281,000). The Association will receive \$950,000 from the sale to the company of 190,000 capital shares of the Association, which will be applied to the purchase and installation of grandstand seats, box chairs, furnishings and certain equipment necessary to conduct and maintain a racing plant; for general corporate purposes and to provide initial working capital of the Association; and to help defray some of the costs of constructing the racing plant.

The company has outstanding 445,101 Class B and 258,150 Class A shares, of which Harry E. Robinson, secretary, owns 10.3% and management officials as a group 31.1% of the Class A shares. Arnold R. Krakower, M. Duke Manacher, and Leonard M. Tuttmann, directors, owns about 22% each of the Class B shares. Luke H. O'Brien is listed as president of the company and Cyrus S. Jullien as president of the Association.

STANDARD BRANDS PAINT FILES FOR STOCK OFFERING. Standard Brands Paint Company, 4300 West 190th St., Torrance, Calif., filed a registration statement (File 2-18066) with the SEC on May 2nd seeking registration of 265,000 shares of common stock, to be offered for public sale through underwriters headed by Sutro Bros. & Co. and Allen & Company. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes (1) 30,000 common shares issuable upon exercise of employees stock options, (2) 71,428 common shares into which 5 $\frac{1}{2}$ % convertible notes and 5 $\frac{1}{2}$ % escrowed convertible notes are convertible (at \$21 per share), and (3) 85,000 common shares to be sold to certain individuals at the public offering price less underwriting commissions.

Standard Brands Paint Company (the "purchasing corporation") was organized under Maryland law in March 1961 by the two principal underwriters and Harold S. Caplin (who is associated with Sutro Bros.), under the name Satal Corporation. They purchased an aggregate of 127,500 shares of the purchasing corporation stock for \$191,250. Shortly thereafter it entered into a contract with the owners of 96% of the stock of Standard Brands Paint Co., Inc., a California corporation, (the "company"), providing for the purchase of all their stock (12,000 shares) in that company for an aggregate of \$3,648,700 in cash and \$600,000 of 5 $\frac{1}{2}$ % escrowed notes and \$900,000 of 5 $\frac{1}{2}$ % convertible notes. In connection with such acquisition the sellers and Irwin R. Buchalter bought 42,500 shares of the Purchasing Corporation stock for \$63,750. The purchasing corporation also intends to purchase the remaining 4% (500 shares) of the company for \$200,000 in cash, thus making it a 100% owned subsidiary of the purchasing corporation. The company is engaged in the manufacture and direct retail distribution through its own stores of paints, enamels, varnishes and allied products in the Southern California area. The net proceeds from the stock sale and a \$1,500,000 bank loan, will be used as follows: \$3,648,700 to pay the present owners of the 96% of the stock of the company; \$1,067,015 to pay remaining outstanding balance of the debt owed to Universal Enterprises; \$455,000 for the retirement of the company's outstanding 8% debentures; \$364,343 to retire other debt; \$200,000 for the purchase of the 4% of the stock of the company; and the balance will be added to general funds, of which \$170,000 will be used for the construction of two new stores.

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In addition to certain indebtedness, the company has outstanding 170,000 shares of common stock, of which the principal underwriters own 67.5% and management officials as a group 27.7%. Other principal stockholders include the sellers of company stock to the purchasing corporation, who have agreed to purchase the additional 85,000 common shares.

SONY KABUSHKI KAISHA PROPOSES RIGHTS OFFERING. Sony Kabushki Kaisha (Sony Corporation), of Tokyo, Japan, filed a registration statement (File 2-18067) with the SEC on May 3rd seeking registration of 798,200 shares of common stock. The company proposes to offer such stock to shareholders of record on March 1, 1961 with registered addresses in the United States or its territories or possessions on a share for share basis at a subscription price equal to the par value of 50 Yen per share. Such shares are part of an offering of 18,000,000 shares being made generally to the company's shareholders. The net proceeds from the rights offering (together with funds to be received from other financing by the company as reported in the SEC News Digest of May 1st) will be added to general corporate funds and used for such corporate purposes as the management may determine.

PARAMOUNT PICTURES FILES STOCK PLAN. Paramount Pictures Corporation, 1501 Broadway, New York, filed a registration statement (File 2-18069) with the SEC on May 2nd seeking registration of 155,000 shares of common stock, to be offered to management and key employees pursuant to the company's Stock Option Plan.

BLOOMFIELD INDUSTRIES FILES FOR OFFERING AND SECONDARY. Bloomfield Industries, Inc., 4546 West 47th St., Chicago, Ill., filed a registration statement (File 2-18070) with the SEC on May 1st seeking registration of 140,000 shares of common stock, of which 40,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the present holders thereof. Westheimer & Company and Divine & Fishman, Inc. head the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 45,000 common shares which underlie 5-year options sold to the principal underwriters for an aggregate of \$450.

The company is engaged in the business of manufacturing and selling a complete line of food service equipment used by restaurants, hotels, hospitals, soda fountains, and other institutions, and in manufacturing and selling a line of houseware and hospital products. The net proceeds from the company's sale of additional stock will be used primarily to expand and introduce new products into the company's hospital supply and equipment line. It contemplates that the cost of tools, dies, equipment and inventory necessary to accomplish this program will approximate \$200,000. The balance will be added to working capital and used for general corporate purposes.

The company has outstanding 410,052 shares of common stock, of which Daniel Bloomfield, president, and Harold Bloomfield, secretary and treasurer, own 107,218 and 111,093 shares, respectively, and propose to sell 50,000 shares each. The estate of Samuel Bloomfield holds 165,616 shares, of which Ida Bloomfield is the beneficial owner.

AIR REDUCTION FILES STOCK PLAN. Air Reduction Company, Incorporated, 150 East 42nd Street, New York, filed a registration statement (File 2-18071) with the SEC on May 2nd seeking registration of 100,000 shares of common stock, to be offered to officers and other executive employees of the company pursuant to its 1957 Stock Option Plan.

LINK-BELT FILES FOR STOCK OFFERING. Link-Belt Company, Prudential Plaza, Chicago, Ill., filed a registration statement (File 2-18072) with the SEC on May 2nd seeking registration of 25,614 shares of common stock to be offered for sale at \$49 per share to a selected group of officers and employees of the company and its subsidiaries.

CORRECTION RE SICA SKIFFS OFFERING. In the SEC News Digest of April 20th, it was reported in connection with the proposed stock offering by Sica Skiffs, Inc., of Tom Rivers, N. J., that the company's president and secretary and its principal underwriter would own, after the offering, 50.5%, 21.5% and 1.9% of the then outstanding stock. These represent holdings prior to the offering, not after.

EASTERN SHORE PUBLIC SERVICE FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14428) authorizing Eastern Shore Public Service Company of Virginia (Salisbury, Md.) to issue and sell to its parent, Delaware Power & Light Company, Wilmington holding company, up to \$1,000,000 of 4½% promissory notes due 1973 and 10,000 shares of its \$100 par common stock. The subsidiary will use the proceeds to reimburse its treasury for moneys previously expended for construction requirements and to provide funds for future construction expenditures. Its construction program is estimated at \$593,125 for 1961 and \$1,656,500 for 1962.

COLUMBIA GAS SYSTEM FINANCING. The SEC has issued an order under the Holding Company Act (Release 35-14429) giving interested persons until May 24, 1961, to request a hearing upon the debenture financing proposal of The Columbia Gas System, Inc., New York holding company. As previously reported (SEC News Digest of 5/1/61), Columbia Gas proposes to issue and sell \$30,000,000 of debentures due 1986 at competitive bidding the proceeds of which will be used to aid its subsidiaries in financing their 1961 construction programs, the cost of which is presently estimated at \$100,000,000, and for other corporate purposes.

EQUITY ANNUITY LIFE RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-3241) authorizing loans by Equity Annuity Life Insurance Company, Washington, D. C., to its general agents who are its principal underwriters. The loans are to be made to the general agents to permit them to annualize first year sales commissions to their special agents, and to allow draws to their special agents.

SHARES IN AMERICAN INDUSTRY PURCHASE CLEARED. The SEC has issued an order under the Investment Company Act (Release IC-3242) authorizing Shares in American Industry, Inc., Washington, D. C., investment company, to purchase up to 600 shares of the common stock of Central Mutual Telephone Company, Inc., part of an offering of 20,000 shares by the Telephone Company to its stockholders.

FIDELITY CAPITAL FUND PURCHASE PROPOSED. Fidelity Capital Fund, Inc., Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting it to purchase up to 50,000 shares of stock of Welch Scientific Company; and the Commission has issued an order (Release IC-3243) giving interested persons until May 16th to request a hearing thereon. The 50,000 shares are part of a public offering of 545,000 shares expected to be made by Welch during May 1961. Because one of the underwriters of the offering is principal underwriter of the Fund's shares, and an employee of the underwriter is an officer of the Fund, the purchase is prohibited by the Investment Company Act unless the Commission grants the requested exemption.

PETROLEUM ASSOCIATES FILES FOR OFFERING. Petroleum Associates Fund, Inc., 801 Union Center, Wichita, Kansas, filed a registration statement (File 2-18073) with the SEC on May 3rd seeking registration of 1,000 units of participation in the company's 1961 Oil and Gas Exploration and Development Program, to be offered for public sale at \$1,000 per unit. No underwriting is involved.

The company was organized under Kansas law in November 1960 under the name Musgrove Oil Funds, Inc. by Pierce C. Musgrove, a director, R. Thomas Orr, president, and Emil Bowers, assistant secretary-treasurer. The program funds will be managed by the company, which will receive for its services (a) an amount equal to 6% of unit subscriptions and assessments thereon, (b) an overriding royalty interest in each lease which shall bear the same relationship to 6.25% of the total production from such lease as the investor's working interest bears to the total working interest in such lease, and (c) after the investor has recovered his entire investment in any leasehold, the company shall receive 25% of the investor's net profit from such lease. The amount initially subscribed to the program will be used to evaluate, acquire, hold and test oil and gas leaseholds, to pay all reasonable costs necessary to accomplish these purposes, and to pay the company's compensation. Amounts borrowed on behalf of participants will be used to complete and equip test wells believed to have encountered commercial production and for other purposes.

The company has outstanding 25,000 shares of capital stock, of which Orr and Musgrove own 40% and 36% respectively. According to the prospectus, they will reduce their stock ownership in the immediate future to not more than 5% of the total issued stock by selling a portion thereof at cost to other officers and directors of the company.

JOSEPH WEINER APPOINTED SEC CONSULTANT. SEC Chairman Cary announced, for Release in Friday newspapers, the appointment of Joseph L. Weiner of New York City as Special Consultant to the Commission. Mr. Weiner's functions will be to study and make recommendations concerning various programs of the Commission and their operation in the light of current problems. He will devote several days each week to this assignment, which is expected to require approximately six months for its completion. In undertaking this assignment, Mr. Weiner has terminated his connections with all professional matters involving the Commission. He is a graduate of Columbia College (1923) and the Columbia Law School (1926). He was Director of the Commission's Division of Public Utilities from 1939 to 1941, and Special Counsel to its Reorganization Division for 1938-1939. Thereafter he was Assistant Administrator of the Office of Price Administration and Director of Civilian Supply of the War Production Board from 1941 to 1943. Since then he has practiced law in New York and for part of the time was also Adjunct Professor of Finance in the School of Business, Columbia University.

M L SPANO-GARDEN STATE SECURITIES HEARING SCHEDULED. The SEC has scheduled a hearing for June 5, 1961, in its New York Regional Office in proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Michael L. Spano, doing business as Garden State Securities (formerly of Hoboken, N. J., but now 1632 K St., N. W., Washington, D. C.), should be revoked for alleged violations of the Securities Act anti-fraud provisions in the sale of Steuben Electronics Corp. stock.

R. C. CARROLL & CO., INC. REGISTRATION POSTPONED. The Commission also has issued an order postponing the effective date of an application for broker-dealer registration filed by R. C. Carroll & Co., Inc., 150 Broadway, New York City, until final decision in pending proceedings to determine whether said application should be denied by reason of alleged violations of the anti-fraud provisions of the Securities Act in the offer and sale of stock of Century Control Corp. by two of its officers. The applicant consented to such postponement.

ALBERT J. KONDY ENJOINED. The SEC Denver Regional Office announced May 1st (LR-2005) the entry of a Federal court order (USDC Colo.) permanently enjoining Albert J. Kondy, his agents, employees and attorneys from further violation of the Securities Act registration and anti-fraud provisions in the offer and sale of stock of American Founders Life Insurance Company of Denver.

SECURITIES ACT REGISTRATIONS. Effective May 3: Northwestern Public Service Company (File 2-17913). Effective May 4: Interstate Power Company (File Nos. 2-17732 and 2-17733); California Liquid Gas Corp. (File 2-17763).