

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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COLUMBUS PLASTIC PRODUCTS FILES FOR OFFERING AND SECONDARY. Columbus Plastic Products, Inc., 1625 West Mound Street, Columbus, Ohio, filed a registration statement (File 2-19330) with the SEC on November 22nd seeking registration of 163,600 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 63,600 shares, being outstanding stock, by the holders thereof. The offering will be made on an all or none basis through underwriters headed by W. E. Hutton & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company designs and manufactures injection and blow molded plastic housewares. Through manufacturers' representatives, it sells such items mainly under the trademark "Lustro-Ware," to wholesalers or retailers. Of the net proceeds from the company's sale of additional stock, \$700,000 will be used for the purchase of new injection molding presses, blow molding machinery and machinery for finishing, decorating and packaging, \$275,000 for an addition to the company's plant, \$25,000 for an addition to its offices to house automatic data processing and billing equipment, \$300,000 to repay the outstanding balance of short term bank loans, and the balance for working capital and general corporate purposes such as expansion of the consumer promotion program and the program for the design and development of new products.

In addition to certain indebtedness, the company has outstanding 530,000 shares of common stock (after giving effect to a recent 20-for-1 stock split), of which Gebhard W. Keny, president, and Emma L. Keny, own 199,760 and 152,040 shares, respectively, and propose to sell 23,971 and 18,245 shares, respectively. The prospectus lists 17 other selling stockholders who propose to sell amounts ranging from 230 to 4,322 shares.

CAROLINAS CAPITAL FILES FOR STOCK OFFERING. Carolinas Capital Corporation, 1200 North Carolina National Bank Building, Charlotte, N. C., filed a registration statement (File 2-19331) with the SEC on November 22nd seeking registration of 500,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made through underwriters headed by R. S. Dickson & Company, which will receive a \$1 per share commission.

Organized under North Carolina law in September 1961, the company is licensed as a small business investment company under the Small Business Investment Act of 1958, and it is also registered under the Investment Company Act of 1940 as a closed-end non-diversified management investment company. It proposes to provide capital to small business concerns by purchasing their equity securities and by making long-term loans to such concerns, and to furnish consulting and advisory services to the concerns on a fee basis. It intends initially to concentrate its investments in the southeastern United States, particularly North Carolina and South Carolina. Net proceeds from the stock sale will be used for the purposes indicated.

In October the company issued 14,000 shares at \$11.25 per share to management officials and certain others. Subsequently, one additional share was issued for each four shares outstanding so that the company now has outstanding 17,500 shares at an adjusted price of \$9 per share. Of such outstanding shares, James J. Harris, board chairman, and six other officials own 10% each. Herman B. McManaway, Jr. is president.

ZENITH LABS FILES FOR STOCK OFFERING. Zenith Laboratories, Inc., 150 South Dean Street, Englewood, N. J., filed a registration statement (File 2-19332) with the SEC on November 22nd seeking registration of 120,000 shares of common stock, to be offered for public sale at \$4.50 per share. The offering will be made on a best efforts "all or none" basis by Sulco Securities Inc., which will receive a 45¢ per share commission and \$15,000 for expenses. The statement also includes (1) 18,500 shares underlying 5-year warrants sold to the underwriter for \$185, exercisable at 50¢ per share, (2) 5,000 outstanding shares underlying 3-year warrants sold to the underwriter by principal stockholders for \$50, exercisable at \$5 per share, (3) 15,000 outstanding shares sold by principal stockholders to Weinger Associates for 50¢ per share (in consideration of a \$75,000 loan to the company), (4) 5,000 outstanding shares sold by principal stockholders to Unterberg and Unterberg, underwriter's counsel, and (5) 1,500 shares underlying 5-year warrants sold by the company to Martin Hertz, a partner of company counsel, for \$15, exercisable at 50¢ per share.

The company is engaged in the development, manufacture, compounding, packaging, distribution and sale of ethical pharmaceuticals, proprietary (non-prescription) drugs, vitamins, veterinary products and time disintegration capsules. In April 1961 the company acquired all of the outstanding stock of Continental Vitamins, Inc. from Bernard Bedrick, company vice president, in exchange for 100 shares of the company stock (subsequently recapitalized into 57,000 shares). Of the \$444,000 estimated net proceeds from the stock sale, \$70,000 will be used to repay a loan from City Industrial Corp. and Certified Capital Corp., incurred for working capital, \$75,000 to repay said loan from Weinger Associates, and the balance will be added to working capital for general corporate purposes including the financing of possible increases in inventory and accounts receivable.

In addition to certain indebtedness, the company has outstanding 160,000 shares of common stock, of which Bedrich, Benjamin Wiener, president, and Harry Wiener, secretary-treasurer, own 46,667 shares each. The August 31st book value of the outstanding shares, \$1 per share, will be increased to \$2.16 per share upon sale of the 120,000 shares.

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GATEWAY CHEMICALS FILES FOR OFFERING AND SECONDARY. Gateway Chemicals, Inc., 8136 South Dobson Avenue, Chicago, filed a registration statement (File 2-19333) with the SEC on November 22nd seeking registration of 100,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 50,000 shares, being outstanding stock, by Jerry Gans, president. The offering will be made on an all or none basis through underwriters headed by Federman, Stonehill & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the compounding and packaging of chemical products, primarily detergents, under private brand names, for sale directly or through Lakeside Products, Inc., a wholly-owned subsidiary, to automotive and food chain stores, wholesalers and others. Through another subsidiary, Pontonier, Inc., it is also engaged in the manufacture and sale at wholesale of automobile safety seat belts and automotive battery booster cables. The net proceeds from the company's sale of additional stock will be used as working capital to eliminate the need of future short-term borrowings and possibly to acquire manufacturing facilities in other regions of the United States.

In October (prior to a recapitalization in November whereby the 80 shares then outstanding were reclassified into 275,000 shares), the company acquired from Gans all of the outstanding stock of Lakeside in exchange for 26 shares of company common (subsequently exchanged for new shares), and in November it acquired all of the outstanding shares of Pontonier in exchange for 95,000 new shares which were issued to Pontonier shareholders. The company has outstanding 370,000 shares of common stock (after giving effect to said recapitalization), of which Gans owns 275,000 shares and as indicated, proposes to sell 50,000 shares. He also holds as guardian for his children an aggregate of 47,500 shares.

LITHOID FILES FOR STOCK OFFERING. Lithoid, Inc., 232 Cleveland Avenue, Highland Park, N. J., filed a registration statement (File 2-19334) with the SEC on November 22nd seeking registration of 120,000 shares of common stock, to be offered for public sale at \$3 per share. The offering will be made on an all or none basis through underwriters headed by Godfrey, Hamilton, Taylor & Co., Inc., which will receive a 36¢ per share commission and \$18,000 for expenses. The statement also includes 12,000 outstanding shares sold to the principal underwriter by certain stockholders at 50¢ per share.

The company is engaged in the development, manufacture and sale of equipment and systems for the photographic data processing industry; and through its wholly owned New Jersey subsidiary, Compos-O-List Systems, Inc., it is engaged in the operation of service bureaus in Washington, D. C. and Highland Park which, utilizing Lithoid equipment, provide an information retrieval and photographic data processing service on a contractual basis for government agencies and to private industry. The net proceeds from the stock sale will be allocated toward the purchase, improvement and furnishing of a building in Highland Park, for the retirement of \$42,777 of indebtedness owed to officer-stockholders, for retirement of a bank loan, for expansion of sales force, for expansion of camera and film processing facilities, for purchase of additional machine shop equipment, and for working capital to carry an anticipated expansion of inventories and accounts receivable.

In addition to certain indebtedness, the company has outstanding 200,000 shares of common stock, of which Douglas S. Dougan, president, and Richard I. Menzel and Joseph F. Richardson, vice presidents, own 25%, 25% and 8.75%, respectively.

POWER INDUSTRIAL PRODUCTS FILES FOR OFFERING AND SECONDARY. Power Industrial Products Co., 352 Harrison Street, Passaic, N. J., filed a registration statement (File 2-19335) with the SEC on November 22nd seeking registration of 160,000 shares of Class A common stock, of which 133,333 shares are to be offered for public sale by the company and 26,667 shares, being outstanding stock, by the holders thereof. The offering will be made on an all or none basis through underwriters headed by S. D. Fuller & Co. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes 40,000 shares underlying 6-year warrants to be sold to the principal underwriter for \$400, exercisable at a price to be supplied by amendment. The underwriter will issue warrants to purchase 3,000 of such shares to Reich & Co. as a finder's fee.

The company was organized under Delaware law in September 1961 to succeed to the business of six companies and two partnerships. As a warehouse distributor, it will be engaged in selling a line of components for process flow systems, industrial fasteners, and production equipment, replacement parts, supplies and hardware for industrial use. It intends to specialize in the distribution of corrosion resistant stainless steel pipe, tubing, valves and fittings to the chemical, pharmaceutical, petrochemical, food and other corrosive process industries. The \$820,000 estimated net proceeds from the company's sale of additional stock will be used as follows: \$160,000 to reduce outstanding debt; \$225,000 to expand the company's warehouse in Charleston, W. Va., and to lease and stock with inventory warehouses in Atlanta and Boston; and \$435,000 to meet increased inventory requirements and for general working capital. The company will issue 26,667 Class A and 245,547 Class B common shares to the selling stockholders and three other persons in exchange for the stock of said six companies and the assets of the partnerships having an aggregate book value of \$423,132. Of such stock, Philip Rosenthal, board chairman, Edmund Entin, president, and Raymond Rosenthal and Horace Entin, vice presidents, will each own 25% of the Class A and 22.45% of the Class B shares. The former three holders propose to sell 6,667 shares each and Entin 6,666 shares.

SEC ORDER CITES NEW YORK FIRM. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by Union Securities Corporation, a newly-organized company with offices at 60 Wall Street, New York, N. Y., should be denied.

Robert K. Berry is president and sole shareholder of the new company. Berry was formerly president and principal stockholder of Berry & Company of Plainfield, N. J., whose broker-dealer registration was revoked by the Commission on August 17, 1960. In its decision in that case, the Commission found that Berry wilfully violated the anti-fraud provisions of the Federal securities laws in connection with the offer and sale of Great Western Oil & Gas Company stock in 1958; and it found Berry to be a cause of the revocation of the firm's registration.

Accordingly, the Commission has scheduled a hearing for November 29, 1961, in its New York Regional Office to determine whether the registration application of Union Securities should be denied. The hearing will concern itself initially with the question whether the effective date of registration should be postponed pending decision on the question of denial.

LEONARD & CO. HEARING SCHEDULED. The Commission has scheduled a hearing for December 11, 1961, in its New York Regional Office in proceedings to determine whether the broker-dealer registration of W. E. Leonard & Company, Inc., 15 William Street, New York, should be revoked. At issue in these proceedings (see Release 34-6596) is the question whether Leonard & Company, its president and certain salesmen made fraudulent representations in the sale of Trans Central Industries, Inc., stock during the period September 1960 to July 1961.

UNLISTED TRADING GRANTED TWO EXCHANGES. The SEC has issued orders under the Securities Exchange Act (Release 34-6674) granting applications (1) of the Detroit Stock Exchange for unlisted trading privileges in the common and convertible preferred stocks of Baldwin-Montrose Chemical Co., Inc., and (2) of the Midwest Stock Exchange Exchange for such privileges in the common stocks of the following: American Metal Climax, Inc., Ampex Corp., Caterpillar Tractor Co., Colgate-Palmolive Co., Continental Oil Co. (Del), Johns-Manville Corp., Lockheed Aircraft Corp., P. Lorillard Co., Procter & Gamble Co., Standard Kollsman Industries, Inc., Texas Gulf Sulphur Co., and Upjohn Co.

GUARANTEE MORTGAGE 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 securities by Guarantee Mortgage, Inc., of Portland, Oregon.

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 on August 14, 1959, Guarantee Mortgage proposed the public offering of 100 \$1,000 subordinated debentures, 10,000 warrants to purchase 10,000 Class A common shares, and the 10,000 shares underlying such warrants, all for an aggregate offering price of \$200,000. In its suspension order, the Commission asserts that it has "reasonable cause to believe" (A) that Regulation A was not complied with by reason of the company's failure to deliver an offering circular to certain purchasers of its securities; (B) that the company's notification and offering circular were false and misleading in respect of certain material facts; and (C) that the offering violated the anti-fraud provision of the Act. The alleged misrepresentations related to the company's failure to disclose all public offerings proposed by it, to disclose accurately and adequately the circumstances under which dividends would be paid on the Class A stock, to disclose the price and circumstances under which the Class A stock was to be offered, and to disclose accurately and adequately the compensation to be realized by the underwriter in offering the securities.

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

ARCADY CORP. SEEKS EXEMPTION. The Arcady Corporation, of Chicago, Ill., has applied to the SEC for an order pursuant to Rule 15d-20 under the Securities Exchange Act of 1934 exempting it from the requirement for the filing of annual and other periodic reports pursuant to Section 15(d) of the Act; and the Commission has issued an order giving interested persons until December 8, 1961, to request a hearing thereon.

In connection with a public offering of securities under a Securities Act registration statement which became effective in July 1947, Arcady undertook to file annual and other periodic reports to keep current the information therein. In support of its present application, Arcady represents that all of its 86,676 outstanding shares of common stock are owned of record by 45 holders, and that all but 1,021 shares are owned by management officials, their families and business associates. If the exemption is granted, Arcady undertakes that it will supply annual financial statements to its shareholders on request.

DYNAMIC METALS ENJOINED. The SEC Fort Worth Regional Office announced November 16th (Lit-2143) the entry of a Federal court order (USDC, Houston) enjoining Dynamic Metals, Inc., of Houston, its president, Norval Schneringer, and Jack McCordic, from further violations of the Securities Act registration and anti-fraud provisions.

TRADING IN APEX MINERALS SUSPENDED. The SEC has issued an order under the Securities Exchange Act temporarily suspending trading in the common stock of Apex Minerals Corporation on the San Francisco Mining Exchange and over-the-counter market, for another ten-day period November 27 to December 6, 1961, inclusive.

MIDWESTERN INSTRUMENTS LOAN EXTENSION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3365) permitting American Research and Development Corporation to extend the maturity date of a \$125,000 promissory note of Midwestern Instruments, Inc., of Tulsa, held by it.

BOSTON EQUITY EXCHANGE FUND EXEMPT. The SEC has issued an order under the Investment Company Act (Release IC-3366) declaring that Boston Equity Exchange Fund, Inc., of Boston, has ceased to be an investment company.

HARBOR PLYWOOD - HUNT FOODS MERGER PROPOSED. Harbor Plywood Corporation, Aberdeen, Wash., and Hunt Foods and Industries, Inc., Fullerton, Calif., have applied to the SEC for an exemption order under the Investment Company Act with respect to the exchange of securities incident to a proposed merger of the two companies; and the Commission has issued an order (Release IC-3367) scheduling the application for hearing on December 18, 1961, in its Washington office.

Harbor is a registered investment company. Hunt Foods is primarily engaged in the processing, packaging

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and distribution of food and grocery products. Hunt owns 749,088 shares (73.14%) of the 1,024,216 outstanding shares of Harbor common stock. Harbor, in turn, owns 22,906 shares (4.79%) of the 4,655,930 outstanding shares of Hunt Foods common. Of such holdings of Hunt Foods common by Harbor, 212,292 shares were acquired as a result of the merger of Hunt Foods and Wesson Oil and Snowdrift Company, Inc., and the remaining 10,614 shares were received through a 5% stock dividend by Hunt Foods on March 24, 1961. Harbor's holdings of Hunt Food stock constituted 32% of the market value of Harbor's assets as of September 30, 1961.

Certain claims have been asserted on behalf of minority stockholders of Harbor against Hunt Foods and certain individuals in an action entitled Laufer v. Hunt Foods and Industries, Inc., et al, filed in the Court of Chancery for the State of Delaware, New Castle County. The charges in this suit include allegations of Investment Company Act violations; and the plaintiffs seek the distribution of Harbor's assets and the appointment of a receiver. While the defendants consider the suit to be without merit, they recognize that such an action can involve protracted and expensive litigation and that the outcome cannot be accurately predicted. For purposes of the exchange of shares under the merger proposal, the Harbor stock will carry an adjusted valuation of \$41.55 per share. Shares of Hunt Foods stock will be exchanged for Harbor stock on the basis of valuing the Hunt Foods stock at the average of its closing market prices for the 15 trading days immediately preceding the effective date of the merger and valuing the Harbor stock at \$41.55 per share, except that the portfolio valuation thus stated of Harbor's assets will be further adjusted to reflect the average market valuation thereof for the same 15-day trading period, provided that if the value per share of Harbor stock so determined is greater than \$39.90, the difference shall be added to \$41.55 per share, while if less than \$39.90, the difference shall be subtracted from \$41.55. The shares of Harbor now held by Hunt and the shares of Hunt now held by Harbor are to be extinguished in the merger, and Hunt shares are to be issued at the exchange ratio only to stockholders other than Hunt. The application also requests that the Commission declare that Harbor will cease to be an investment company upon consummation of the merger.

MISS. VALLEY GENERATING SEEKS ORDER. Mississippi Valley Generating Company, an inactive electric-utility subsidiary of Middle South Utilities, Inc., and The Southern Company, has joined with its parent companies in the filing of a proposal with the SEC under the Holding Company Act for the sale of certain of its assets to Arkansas Power & Light Company, of Little Rock, a subsidiary of Middle South; and the Commission has issued an order (Release 35-14538) giving interested persons until December 18th to request a hearing thereon. The assets consist of the following: (a) land (located in Arkansas' service area and stated to be appropriate for the future use by Arkansas as a power plant site) at the stated cost of \$254,102.77 to MVG, (b) pertinent engineering and development work useful to Arkansas in the utilization of the land at the stated cost of \$235,158.31 to MVG, and (c) 100,000 yards of sand, dirt or soil underlying a deed from Jackson Life Insurance Company at \$2,500, the value thereof to the owner of the plant site found by the Court of Claims, or an aggregate cash consideration of \$491,761.08. After consummation of the proposed sale and as soon as the necessary corporate and other actions required by State law to effectuate the dissolution of MVG can be taken, Middle South and Southern will surrender and MVG will acquire for cancellation, as heretofore authorized, the 11,000 outstanding shares of the common stock of MVG, and any MVG assets, which may remain after provision for any tax liabilities and expenses incidental to its dissolution, will be distributed to Middle South and Southern in the respective proportions of 79% and 21%.

WEST TEXAS UTILITIES PROPOSES STOCK SALE. West Texas Utilities Company, Wilmington, Del., has joined with its parent, Central and South West Corporation, in the filing of a proposal with the SEC under the Holding Company Act for an increase in the authorized shares of West Texas Utilities common and the sale of additional stock to the parent; and the Commission has issued an order (Release 35-14539) giving interested persons until December 18th to request a hearing thereon. Under the proposal, West Texas Utilities authorized common shares would be increased from 2,000,000 to 2,800,000; and the additional 800,000 shares would be sold to the parent at \$10 per share, or \$8,000,000. The acquisition of the additional stock by Central will be made, in a simultaneous transaction, using the proceeds of a cash dividend in the amount of \$8,000,000 proposed to be declared and paid by West Texas on its common stock out of its earned surplus.

WILLIAM C. KARAL SENTENCED. The SEC Boston Regional Office announced November 20th (Lit-2144) that William C. Karal had received a six-month prison sentence on his plea of guilty to indictment charging violations of anti-fraud provisions of the Securities Exchange Act (USDC, Boston).

SECURITIES ACT REGISTRATIONS. Effective November 24: Anodyne, Inc. (File 2-18333); Elder Mines and Developments Limited (File 2-18228); Kent Dry Cleaners, Inc. (File 2-18762); Regal Homes, Inc. (File 2-18687).