

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE January 16, 1959

STOP ORDER PROCEEDINGS INSTITUTED AGAINST INDUSTRO TRANSISTOR

The Securities and Exchange Commission today announced the institution of "stop order" proceedings under the Securities Act of 1933 to determine whether a registration statement proposing a public offering of stock by Industro Transistor Corporation ("Industro"), Long Island City, New York, contains false and misleading statements of material fact and, if so, whether the effectiveness of the registration statement should be suspended.

Industro was organized in December 1953 and in July 1957 it commenced the manufacture and sale of transistors in a pilot plant at Elmhurst, L. I. Manufacture of transistors on a production basis is said to have commenced in December 1957, when the company put into operation its present plant in Long Island City. In its registration statement, filed February 28, 1958 (and not yet effective), the company proposed the public offering of 150,000 common shares at a price related to the over-the-counter market price at the time of the offering. The proposed public offering was reduced to 135,000 shares of common stock in an amendment to the registration statement filed on December 19, 1958. The amended prospectus discloses that the net proceeds of the stock sale are to be used for the purchase of additional raw material, for enlarging the company's research and development department, and for additional working capital.

Public offering of the stock was to be made by S. D. Fuller & Co., of New York, on a best efforts basis, for which an underwriting commission of 10% would be paid. The underwriter also was to receive not in excess of \$10,000 for expenses plus council fees; and it would be entitled to purchase, at 1¢ per warrant, warrants for the purchase of 36,000 common shares within five years. Warrants also at 1¢ for the purchase of an additional 4,500 shares were to be issued to Morris Zigman and Solomon Zigman as a finder's fee. The exercise price of the warrants was to be supplied by amendment. The company now has outstanding 398,332 common shares, of which 184,732 are owned by management officials (132,700 shares having been purchased by them for an investment of \$24,000). The prospectus lists Charles A. Tepper as president.

In its order authorizing the proceedings, the Commission challenges the adequacy and accuracy of various informational disclosures contained in Industro's registration statement and prospectus, including the failure to include in the introductory section of the prospectus a statement summarizing the speculative factors applicable to the company and its securities; the failure to disclose that Industro used brochures and press releases which were misleading; the failure to make adequate disclosure of information with respect to the compensation to be received by the underwriter, the warrants issuable to the underwriter and finders and the effect of their exercise upon public investors, and the market price of outstanding shares as of the latest practicable date; and the failure to disclose adequately the facts with respect to Industro's financial condition and operating results.

Moreover, the order questions the adequacy and accuracy of information with respect to Industro's business, its research and development program, and the proposed use of the proceeds of the stock sale, including particularly the failure to disclose information concerning the need for, and use of \$212,000 allocated to working capital from the proceeds of the offering and the need for \$50,000 allocated for additional raw material; information concerning the current uses of transistors being manufactured by Industro, the competitive situation in the production of transistors, the

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omission of information with respect to the distribution of Industro transistors in the United States and Canada, and the failure to show the amount of sales to certain customers listed in the prospectus.

At a hearing to be held January 27, 1959, in the Commission's Washington Office, inquiry will be conducted into the foregoing matters for the purpose of determining whether Industro's registration statement is inaccurate and incomplete in the respects indicated and, if so, whether a stop order should be issued suspending its effectiveness.

BOBBIE BROOKS FILES FOR OFFERING AND SECONDARY

Bobbie Brooks, Incorporated, 3830 Kelley Avenue, Cleveland, O., today filed a registration statement (File 2-14686) with the SEC seeking registration of 250,000 shares of Capital Stock. The company proposes to make a public offering of 100,000 shares; and the remaining 150,000 shares are now outstanding and are to be offered for public sale by Maurice Saltzman (115,000 shares), president, and his wife, Shirley Saltzman (35,000 shares). Bache & Co. is listed as the principal underwriter; and the public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the stock sale by the company will be added to its working capital. A manufacturer of fashion apparel designed for girls and women, the company has plans (which have not become final) for the consolidation and modernization of its Cleveland manufacturing, distribution and office facilities. Such plans contemplate that another company, owned by persons affiliated with the company, will erect an additional building adjacent to the company's Cleveland headquarters and will lease the addition to the company. The company is to bear all costs of moving into the expanded headquarters and of equipping it. It may also be necessary for the company to lend the owner of the building part of the cost of construction. Because these plans are not final, no close estimate of the costs to be borne by the company or of the loan which may be necessary is possible. However, the company presently believes that such costs will be approximately \$300,000, and such loan, if made, will be approximately \$500,000. Such sums as are required will be made available from working capital. The remainder of the proceeds will be available for general corporate purposes.

The company now has outstanding 509,664 common shares, of which 387,235 are owned by Saltzman and 119,771 by his wife.

UNLISTED TRADING GRANTED BOSTON EXCHANGE

The SEC has issued an order (Release 34-5857) granting applications of the Boston Stock Exchange for unlisted trading privileges in the common stocks of American Bosch Arma Corp., Corn Products Co., and Outboard Marine Corp.

ALGOM URANIUM MINES SEEKS REGISTRATION OF SHARES

Algom Uranium Mines Limited, 335 Bay Street, Toronto, Ont., Canada, filed a registration statement (File 2-14687) with the SEC on January 15, 1959, seeking registration of 822,010 Common Shares. These shares are issuable upon the exercise of outstanding Stock Purchase Warrants of Algom which entitle the holders to purchase common shares of Algom at \$11 (Canadian) per share at any time to and including March 2, 1959. The purchase price is payable in cash and/or by the tender of outstanding 5% General Mortgage Debentures of Algom. On January 5, 1959, there were outstanding 822,010 warrants entitling the holders thereof to purchase common shares of Algom. In addition, a similar warrant to purchase 500,000 shares was held by The Rio Tinto Mining Company of Canada Limited (which also owns warrants to purchase 92,150 of the 822,010 shares).

Algom owns and operates two uranium mining properties in the Blind River-Algoma area of the north shore of Lake Huron in Ontario. It is controlled, through Preson East Dome Mines, Limited, by Rio Tinto of Canada; and the latter in turn is controlled by Tinto Holdings Limited, a wholly owned subsidiary of The Rio Tinto Company, Limited, a United Kingdom corporation. As of September 30, 1958, the latter and its parents owned or controlled, directly or indirectly,

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2,258,505 common shares of Algom, representing 76.34% of all of Algom's outstanding shares. As of the same date, the United Kingdom company beneficially owned, directly or indirectly, 54.74% of the outstanding common shares of Rio Tinto of Canada.

Net cash proceeds to Algom from the sale of common shares upon exercise of the warrants will be used for general corporate purposes and may be applied to the redemption or repurchase of the mortgage debentures. According to the prospectus, Algom issued in March 1955, together with its mortgage debentures, warrants entitling the holders to purchase an aggregate of 1,000,000 common shares of Algom at \$11 per share until March 2, 1959, of which warrants to purchase the 822,010 shares remained outstanding on January 5, 1959.

CONSTITUTION LIFE INSURANCE EXEMPTED FROM REPORTING REQUIREMENTS

The Securities and Exchange Commission has issued an order granting an application of Constitution Life Insurance Company, of Chicago, for an exemption from the annual and other periodic reporting requirements of the Securities Exchange Act of 1934.

According to the application, the only outstanding securities of Constitution Life are 400,000 shares of capital stock, of which 399,907 shares are owned by Bankers Life & Casualty Company. The remaining 93 shares are held by 13 stockholders, of whom 9 are directors owning one qualifying share each. Under the circumstances, the continued filing of annual and other periodic reports by the company is not deemed necessary in the public interest or for the protection of investors.

The obligation to file reports originated in 1958 when 25,000 outstanding shares of Constitution Life stock were registered for public sale by three selling stockholders.

HOULE-DeNURF HEARING DATE SET

The SEC has scheduled a hearing for February 4, 1959, in its Los Angeles Branch Office in the proceedings under the Securities Exchange Act of 1934 to determine whether Rock Frederick Houle, doing business as DeNurf & Co., of Los Angeles, violated the registration and anti-fraud provisions of the Federal securities laws and, if so, whether his registration as a broker-dealer should be revoked. (For details, see Securities Exchange Act Release No. 5792).

CONNECTICUT L & P PROPOSES RIGHTS OFFERING

Connecticut Light and Power Company, Selden St., Berlin, Conn., today filed a registration statement (File 2-14688) with the SEC seeking registration of 795,000 shares of Common Stock. The company proposes to offer this stock for subscription by common stockholders of record February 5, 1959, at the rate of one new share for each unit of ten shares or less then held. Certain officers and employees of the company and its subsidiaries will be entitled to purchase shares not subscribed for by stockholders. The subscription price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co., Putnam & Co., Chas. W. Scranton & Co., and Estabrook & Co. are listed as the principal underwriters.

Net proceeds of the stock sale will be added to the funds available from internal sources and used to repay certain outstanding bank loans, to finance in part the company's 1959 construction program, and for other corporate purposes. 1959 construction expenditures are estimated at \$38,972,000.

ROCHESTER G & E FILES FOR RIGHTS OFFERING

Rochester Gas and Electric Corporation, 89 East Avenue, Rochester, N.Y., today filed a registration statement (File 2-14689) with the SEC seeking registration of 280,000 shares of Common Stock. The company proposes to offer this stock for subscription by stockholders of record

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February 5, 1959, at the rate of one new share for each nine shares, or portion thereof, then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation is listed as the principal underwriter.

Net proceeds of the stock sale will be used in connection with the company's construction program, including the discharge of short term obligations the proceeds of which were so used. Construction expenditures are estimated at \$25,200,000 in 1959 and \$16,900,000 in 1960.

DENMARK PROPOSES BOND OFFERING

The Kingdom of Denmark today filed a registration statement (File 2-14690) with the SEC seeking registration of \$15,000,000 of Fifteen Year External Loan Bonds of 1959, to be offered for public sale through an underwriting group headed by Kuhn, Loeb & Co., Smith, Barney & Co., Harriman Ripley & Co., Inc., and Lazard Freres & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Concurrently with the offering of the bonds, the International Bank for Reconstruction and Development is agreeing to lend to the Kingdom of Denmark up to an amount, in various currencies, equivalent to \$20,000,000. Net proceeds to be received from the sale of the bonds will be added initially to Denmark's foreign exchange reserves. While no specific allocations of the proceeds has been made, it is the Kingdom's intention that the proceeds be applied to the acquisition of capital equipment required for the development of the Danish economy. The proceeds of the World Bank loan will be applied to the financing of a part of the cost of electric power projects being carried out in Denmark by two municipalities and four public utility enterprises.

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Keystone Custodian Funds, Inc., Boston, Mass. investment company, filed an amendment on January 15, 1959 to its registration statement (File 2-10662) seeking registration of an additional 1,000,000 of Keystone Custodian Fund Certificates of Participation Series S2.

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Affiliated Fund Inc., New York investment company, filed an amendment on January 15, 1959 to its registration statement (File 2-10638) seeking registration of an additional 11,000,000 shares of Capital Stock, \$1.25 par value.

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Axe-Houghton Fund B, Inc., Terrytown, N.Y. investment company, filed an amendment on January 15, 1959 to its registration statement (File 2-13001) seeking registration of an additional 3,000,000 shares of Common Stock, \$1 par value.

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