

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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AELUS WING 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 Aelus Wing Company, Incorporated ("Aelus"), 346 South Broad Street, Trenton, N. J.

Aelus was organized under New Jersey law in October 1948 and is engaged principally in the development, manufacture and sale of "Sky-Clone" blocks used in building construction and "Hydro-Thermal Heaters" for commercial and residential heating. The heater is sold under the name "Atom-Sublimator." In a Regulation A notification filed in June 1958, the company proposed the public offering of 35,000 shares of common stock and 17,500 shares of preferred stock, to be offered in units of 10 common and 5 preferred shares each and at \$15 per unit. In its order, the Commission asserts (1) that Aelus failed to comply with certain terms and conditions of Regulation A; (2) that the offering circular and sales literature used in connection with the offering and sale of its securities were false and misleading in respect of certain material facts; and (3) that by reason thereof the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act.

According to the order, the offering circular and sales literature are false and misleading by reason of the failure to disclose in the offering circular Aelus' contingent liability under the Securities Act for previous sales of securities without registration and with respect to the Wattage and B.T.U. of the Atom-Sublimator included in reprints of a newspaper advertisement used as sales literature. Moreover, the notification fails to set forth fully information concerning the previous sale of unregistered securities; Aelus published an advertisement used in connection with the stock offering without its prior filing with the Commission; written communications were sent to more than 10 persons in connection with the offering without filing such material with the Commission prior to such use; Aelus made written offers of its securities without giving or sending each person to whom such offers were made an offering circular; and the company failed to file a revised offering circular.

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

WESTERN RESERVE LIFE PROPOSES RIGHTS OFFERING

Western Reserve Life Assurance Co. of Ohio, One Union Commerce Building Annex, Cleveland, O., filed a registration statement (File 2-15693) with the SEC on October 6, 1959, seeking registration of 100,000 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each share held. The record date, subscription price and underwriting terms are to be supplied by amendment. McDonald & Company and Ball, Burge & Kraus are listed as the principal underwriters.

The company began writing insurance on January 1, 1959. It sells a special Charter Policy, an ordinary life policy, and a term policy, and confines its operations to Ohio. Net proceeds of the sale of additional stock (100,000 shares are now outstanding) will be added to the company's general funds. Initially, the net proceeds will be invested in income-producing securities and mortgages authorized by law as investments for life insurance companies and thereafter they will be used as needed to absorb the cost of writing new insurance business and to enable the company to expand its business through the enlargement of its agency force.

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For further details, call ST. 3-7600, ext. 5526

ADDITIONAL COLUMBIA FINANCIAL DEVELOPMENT PLANS IN REGISTRATION

Columbia Financial Development Co., Inc., New York, filed an amendment on October 6, 1959, to its registration statement (File 2-13861), seeking registration of an additional \$10,000,000 Systematic Investment Plans.

ISRAEL-AMERICAN OIL FILES EXCHANGE OFFER

Israel-American Oil Corporation, Cody, Wyoming, filed a registration statement (File 2-15694) with the SEC on October 6, 1959, seeking registration of 13,550,000 shares of its common stock. This stock is to be offered to the holders of the Israeli Joint Venture in exchange for up to a 25% interest in such venture. The remaining 116,500 shares to be offered are owned by Husky International Ltd., a Wyoming limited partnership, which shares are part of the 750,000 common shares offered for public sale in 1954 by Israel-American. It is anticipated that the 116,500 shares will be sold through Bear, Stearns & Co. as broker on the American Stock Exchange.

The exchange offer will be made to participants in the Federmann Venture, the Friedland Venture and the Orovitz Venture, shares of Israel-American to be offered in exchange for the interests of said participants in the Israeli Joint Venture. The latter owns interests in licenses and leases in Israel. It discovered an oil field in October 1955 said to be capable of commercial production; and there are now 22 producing wells on these properties.

CAPITAL GROWTH SECURITIES FILES FOR OFFERING

Capital Growth Securities, Inc., Harmony Hollow, Harbourton, N. J., filed a registration statement (File 2-15695) with the SEC on October 6, 1959, seeking registration of 1,000,000 shares of its capital stock. The company was organized on August 5, 1959, and is registered as a diversified open-end management investment company. Capital Growth Management Corporation is investment adviser, Capital Growth Distributors, Inc., of New York is principal underwriter, and Richard Coplon Jacobs serves as president of each of the three companies.

BOND & SHARE PROPOSES SALE OF FOREIGN POWER STOCK

American & Foreign Power Company, Inc., 100 Church St., New York, today filed a registration statement (File 2-15696) with the SEC seeking registration of 225,000 outstanding shares of common stock. This stock is part of the holdings of 4,043,985 shares of Foreign Power stock owned by Electric Bond and Share Company, which proposes to offer the 225,000 shares for public sale through an underwriting group headed by Lazard Freres & Co. and The First Boston Corporation. The initial public offering price of the shares will be related to the current market for the Foreign Power stock immediately prior to the offering; and the underwriting terms are to be supplied by amendment. After such sale, Bond and Share will own 3,823,985 shares (52.3%) of the outstanding Foreign Power common.

DEBENTURE SALE PROPOSED BY TWO NEES SUBSIDIARIES

Quincy Electric Company and Weymouth Light and Power Company, subsidiaries of New England Electric System, have applied to the SEC for an order authorizing the issuance and sale of debenture bonds to The First National Bank of Boston in the respective principal amounts of \$2,600,000 and \$3,500,000; and the Commission has issued an order (Release 35-14071) giving interested persons until October 19, 1959, to request a hearing thereon. Each of the borrowing companies proposes to apply the proceeds of the sale of the securities to the payment of outstanding notes in the respective amounts of \$2,600,000 and \$3,750,000 and which may be increased by \$250,000 and \$400,000, respectively.

BORROWINGS PROPOSED BY TWO NEES SUBSIDIARIES

Lynn Gas and Electric Company and Weymouth Light and Power Company, subsidiaries of New England Electric System, have applied to the SEC for an order authorizing certain borrowings; and the Commission has issued an order (Release 35-14070) giving interested persons until October 19, 1959, to request a hearing thereon. According to the application, Lynn, which on September 30, 1959, had outstanding a short-term note payable to The First National Bank of Boston in the amount of \$1,800,000 proposes to issue to said Bank from time to time prior to January 1, 1960, additional short-term notes in the amount of \$1,300,000. Weymouth expects to have outstanding on September 30, 1959, short-term

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notes payable to NEES in the amount of \$3,850,000; and it proposes to issue to NEES from time to time before January 1, 1960, additional short-term notes up to an aggregate amount of \$300,000. The proceeds of the sale of additional notes by the two subsidiaries will be used to provide new money for construction expenditures or to reimburse the treasuries of the respective companies therefor and thus meet their cash requirements through 1959 pending permanent financing.

SEC COMPLAINT CITES ARKANSAS BUSINESS DEVELOPMENT

The SEC Fort Worth Regional Office announced October 5, 1959 (Lit. Release 1502) that a complaint had been filed (USDC, Little Rock, Ark.) seeking to enjoin Arkansas Business Development Corporation, Financial Security Corporation, Alan C. Springer, Ed Worth Millwee, and Hubert J. Crouch from further violations of the anti-fraud provisions of the Federal securities laws in the offering and sale of Development Corporation stock and other securities.

SAN DIEGO GAS PROPOSES RIGHTS OFFERING

San Diego Gas & Electric Company, 861 Sixth Ave., San Diego, Calif., today filed a registration statement (File 2-15697) with the SEC seeking registration of 500,000 shares of common stock, to be offered for subscription by common stockholders on the basis of one new share for each eight shares held of record November 4, 1959. The subscription price and underwriting terms are to be supplied by amendment. Blyth & Co., Inc., is listed as the principal underwriter.

Net proceeds of the stock sale will become a part of the treasury funds of the company and will be applied toward the cost of additions to the utility properties of the company. Following such sale, the company proposes to reduce its short term bank loans obtained for temporary financing of such additions by approximately the amount of such net proceeds. Such loans are expected to approximate \$15,000,000 at the time such net proceeds are received. The company estimates its 1959 construction program at \$33,042,000.

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