

NEWS DIGEST

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



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FOR RELEASE March 15, 1962

SEC ORDER CITES JOHNSTON & CO. INC. The SEC has ordered proceedings (announced by the Cleveland Branch Office on March 12th) under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Johnston & Company, Inc., (Johnston & Company), 1330 Hanna Building, Cleveland, Ohio, should be revoked for alleged violations of the anti-fraud and other provisions of the federal securities laws. A public hearing for the purpose of taking evidence with respect to the alleged violations is scheduled for March 19, 1962* at Room 348, Engineers Building, Ontario Street and St. Clair Avenue, Cleveland, Ohio. The proceedings also concern the question of whether Johnson & Company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. and whether its broker-dealer registration should be suspended pending final determination of the question of revocation. The Commission's order recites allegations of its staff that information developed in an investigation tends to show that Johnston & Company made fraudulent representations in the offer and sale to its customers and other members of the public of the Class A common stock of Johnston & Company, and Johnston & Company's 6½% subordinated convertible debentures during the period from approximately January 1, 1961 to approximately January 31, 1962, and in the offer and sale of certain limited partnership interests from approximately August 15, 1961 to approximately February 28, 1962. (For further details, see Release 34-6755). *Postponed until March 21, 1962.

G.P.U. BANK BORROWINGS CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14599) authorizing General Public Utilities Corporation, New York holding company, to make bank borrowings during 1962 in amounts not exceeding \$50,000,000 outstanding at any one time. Proceeds will be used to pay the tax liability arising from GPU's sale of its investment in Manila Electric Company, for investment in subsidiary companies, and to reimburse its treasury for such investments theretofore made.

STARRETT CORP. SEEKS ORDER. Starrett Corporation, Los Angeles, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3449) giving interested persons until March 30th to request a hearing thereon. At the time of its registration in October 1960, Starrett's investment in Pacific Coast Properties, Inc. and Food Giant Markets, Inc. totalled \$9,952,416 at December 31, 1960 and by reason thereof, approximately 79% of the company's total assets were invested in investment securities as defined in Section 3(a)(3) of the Act. Subsequent to registration the company acquired as of May 1, 1961 all of the outstanding stock of Albert Parvin & Co., a contract and decoration furniture company, and Pargold Enterprises, which operates three retail furniture stores. On or about July 1, 1961 Starrett formed a wholly-owned subsidiary, Kal-Star Furniture Corporation to engage in the furniture and appliance business. During the eight months ended August 31, 1961, Starrett sold its investments in Pacific Coast Properties and Food Giant Markets, Inc. Proceeds from the sale amounted to \$10,920,000 cash which was received in September 1961. At the time stockholders of Starrett approved the sale of these securities they were advised that such sale would result in Starrett being no longer an investment company, but an operating company. After the sale of these securities was completed, Starrett acquired 100% ownership of Dohrmann Hotel Supply Co., a wholesale hotel supply company, and 100% ownership of Starrett Pacific Distributors which operates a wholesale distributorship for various lines of hotel supply equipment.

Section 3(a)(3) of the Act, in pertinent part, defines an investment company as any issuer which is engaged in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of government securities and cash items) on an unconsolidated basis. Investment securities includes all securities except (A) Government securities, (B) securities issued by employees' securities companies, and (C) securities issued by majority-owned subsidiaries of the owner which are not investment companies. Applicant now represents that as of December 31, 1961 it had total assets of \$23,495,328, of which \$14,415,351 represented ownership of and advances to five wholly-owned operating companies, \$276,739 represented ownership in investment securities, \$8,417,136 represented cash and cash items and \$386,102 represented receivables and prepaid expenses. On the foregoing basis approximately 2% of the total assets represents investment securities under Section 3(a)(3) of the Act. The cash and cash items will be utilized for the retirement of liabilities, for the acquisition and development of certain real property, in the operation of its presently owned subsidiaries, and possibly in the acquisition of additional wholly-owned or substantially wholly-owned subsidiaries.

HOME AND FOREIGN SECURITIES WITHDRAWS APPLICATION. Applications filed by Home and Foreign Securities Corporation and Oil & Industries under the Investment Company Act for an exemption order with respect to the proposed exchange by Oils & Industries of shares of common stock of Intercoast Petroleum Corporation for all of the 12,822 shares of stock of Colonial Trust Company held by Home and Foreign Securities, have been withdrawn by America Corporation (formerly Chesapeake Industries, Inc.), successor to the business and assets of these applicants (including Intercontinental Holdings, Ltd.)

OVER

ROBBINS AND SCHICK APPOINTED TO SEC STUDY GROUP. SEC Chairman Cary today announced the appointment of Dr. Sidney Martin Robbins of New York City as Chief Economist and Herbert G. Schick of Philadelphia as Assistant Director of the Special Study of Securities Markets. Dr. Robbins is Professor of Finance at the Graduate School of Business, Columbia University. He received his BS and MBA degrees from the City College of New York and received his PhD degree from New York University in 1943. Prior to joining the faculty of Columbia University in 1957, Dr. Robbins served as Professor of Finance and Chairman of the Finance Department at the University of Toledo and as an Economist for the U. S. Treasury Department, Federal Public Housing Authority and the U. S. Air Force. During the period 1936 to 1940 Dr. Robbins was a security analyst for Bache & Co. Mr. Schick is a member of the Pennsylvania Bar and has been engaged in the practice of corporate, securities, tax and labor law in Philadelphia. He received an AB degree in 1942 from the University of Pennsylvania and an LLB degree in 1949 from the law school of that university, where he was Case Editor of the University of Pennsylvania Law Review. During 1950 and 1951 Mr. Schick served in the Office of General Counsel of the Securities and Exchange Commission. During World War II he served in the European Theater of Operations as a Captain in the Corps of Military Police.

GARLAND KNITTING MILLS FILES FOR OFFERING AND SECONDARY. Garland Knitting Mills, 117 Bickford Street, Boston, filed a registration statement (File 2-19934) with the SEC on March 14th seeking registration of 200,000 shares of Class A common stock, of which 100,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the holders thereof. The offering will be made through underwriters headed by Paine, Webber, Jackson & Curtis, 24 Federal Street, Boston. The public offering price (maximum \$22 per share*) and underwriting terms are to be supplied by amendment. The statement also includes (1) 10,000 outstanding shares underlying a 30-day option granted to the principal underwriter by one of the selling stockholders and (2) 25,000 shares to be offered pursuant to the company's Stock Option Plan.

The company produces medium priced sweaters, skirts and pants for the "junior" market. The net proceeds from the company's sale of additional stock will be used to meet part of its working capital requirements (\$1,000,000) and the balance for general corporate purposes, including payment of part of the cost of fixtures and equipment that may be installed in any additional manufacturing facilities, warehouse or office buildings which the company may lease or acquire. In addition to certain indebtedness and preferred stock, the company has outstanding 200,000 Class A and 700,000 Class B common shares (after giving effect to a proposed recapitalization whereby such shares will be issued in exchange for the 900 common shares now outstanding). Paul Bernat, board chairman, Edward Bernat, president, and Paula Bernat own 38.23%, 31.60% and 26.84%, respectively, of each class; and Paul and Paula Bernat propose to sell 70,000 and 30,000 Class A shares, respectively.

VITRO CORP. OF AMERICA FILES STOCK OPTIONS. Vitro Corporation of America, 261 Madison Avenue, New York, filed a registration statement (File 2-19935) with the SEC on March 14th seeking registration of 143,619 shares of common stock, to be offered to certain employees pursuant to Restricted Stock Options.

ALBEE HOMES PROPOSES DEBENTURE OFFERING AND SECONDARY. Albee Homes, Inc., 931 Summit Street, Niles, Ohio, filed a registration statement (File 2-19936) with the SEC on March 14th seeking registration (a) of \$5,000,000 of convertible subordinated debentures due 1982, to be offered by the company for public sale at 100% of principal amount, and (b) 150,000 outstanding shares to be offered for public sale by the holders thereof. The offerings will be made through underwriters headed by G. H. Walker & Co., 45 Wall Street, New York. The public offering price of the shares (maximum \$30 per share*) and underwriting terms for both issues are to be supplied by amendment.

The company is engaged in the sale to the public of pre-cut, packaged home building materials, including not only the pre-cut lumber necessary to construct the "shell" of a home and a garage and porches, but also a trim package and packaged components (including wiring, plumbing, heating and interior finishing packages). The net proceeds from the company's sale of debentures will be used by its wholly-owned subsidiary, Approved Bancredit Corporation, to finance a greater portion of future credit sales originating in the sales outlets of the company. In addition to certain indebtedness, the company has outstanding 1,671,076 shares of common stock, of which William Gross, president and board chairman, Alex Gross, executive vice president, and Sam Gross, secretary-treasurer, own 37.82%, 20.75% and 15.56%, respectively. They and one other officer are the selling stockholders; and the amount to be sold by each is to be supplied by amendment.

GENERAL INVESTMENT OF CONN. FILES FOR STOCK OFFERING. General Investment Company of Connecticut, Inc., 348 Orange Street, New Haven, Conn., filed a registration statement (File 2-19937) with the SEC on March 14th seeking registration of 200,000 shares of capital stock, to be offered for public sale at \$7.50 per share. The offering will be made on a best efforts all or none basis by Ingram, Lambert & Stephen, Inc., 50 Broad Street, and Reuben Rose & Co., Inc., 115 Broadway, both of New York. The underwriters will receive a 90¢ per share commission and \$18,000 for expenses.

The company (formerly General Small Business Investment Company of Connecticut, Inc.) is licensed as a small business investment company under the Small Business Investment Act of 1958 and is registered under the Investment Company Act of 1940 as a closed-end non-diversified management investment company. The net proceeds from the stock sale will be used in part to pay off S.B.A. borrowings and, together with other available funds, to invest in small business concerns. The prospectus states that the company suffered a net loss of \$17,398.21 for the nine months ended December 31, 1961. In addition to certain indebtedness, it has outstanding 51,650 shares of common stock (after giving effect to a recent 19.33-for-1 stock split), of which management officials as a group own 35.3%. Sidney S. Heiberger is president.

KINGDOM OF BELGIUM PROPOSES BOND OFFERING. The Kingdom of Belgium filed a registration statement (File 2-19938) with the SEC on March 14th seeking registration of \$30,000,000 of external loan sinking fund bonds due 1977, to be offered for public sale through underwriters headed by Morgan Stanley & Co., 2 Wall Street, and Smith, Barney & Co., 20 Broad Street, both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net dollar proceeds from the bond sale will be added to Belgium's foreign currency reserves which, to the extent required, will be applied on or about April 11, 1962 to the repayment of a \$30,000,000 3-year 5½% loan obtained in December 1961 from a group of banks in the United States. Additional borrowings will be required from time to time to finance public expenditures and to meet maturing obligations.

LONE STAR GAS PROPOSES DEBENTURE OFFERING. Lone Star Gas Company, 301 South Harwood Street, Dallas, Texas, filed a registration statement (File 2-19939) with the SEC on March 14th seeking registration of \$35,000,000 of sinking fund debentures due 1987, to be offered for public sale through underwriters headed by The First Boston Corp., 15 Broad Street, New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Of the net proceeds from the debenture sale, \$15,000,000 will be used to prepay in part existing long-term bank borrowings (incurred in 1961 to provide funds for construction purposes) and the balance, together with other funds, to complete the company's 1962 construction program (estimated at \$35,400,000).

TENNESSEE GAS TRANSMISSION PROPOSES DEBENTURE OFFERING. Tennessee Gas Transmission Company, Tennessee Building, Houston, Texas, filed a registration statement (File 2-19940) with the SEC on March 14th seeking registration of \$75,000,000 of debentures due 1982, to be offered for public sale through underwriters headed by Stone & Webster Securities Corp., 90 Broad Street, New York, and two other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company and two of its subsidiaries own and operate pipe line systems for the transmission and sale or delivery of natural gas for resale. Tenneco Corporation, a subsidiary, is engaged directly and through subsidiaries in the production, refining and marketing of petroleum and petroleum products and in certain other non-utility businesses. The net proceeds from the debenture sale will be added to general funds and will be expended in connection with the expansion of the natural gas pipeline systems and oil and gas production properties of the company and its subsidiaries, including repayment of \$10,000,000 of notes incurred for such purposes. In addition to certain indebtedness and preferred stock, the company has outstanding 39,799,333 shares of common stock, of which management officials as a group own 1.25%. Gardiner Symonds is board chairman and Harold Burrow is president.

VOTING TRUST CERTIFICATES FOR DISTRICT WHOLESALE DRUG FILED. Samuel Lichtenstein, sole voting trustee of District Wholesale Drug Corporation of Washington, 52 "O" Street, N. W., Washington, D. C., filed a registration statement (File 2-19941) with the SEC on March 14th seeking registration of Voting Trust Certificates for a maximum of 136,553 shares of Class A and a maximum of 370,950 shares of Class B common stock. Lichtenstein, who is also board chairman, owns 17.6% of the combined voting power, and the Lichtenstein family as a group 43.8%. The prospectus states that it is anticipated that members of the Lichtenstein family (other than Lichtenstein and his wife) will deposit their shares in the voting trust, and that Lichtenstein does not intend to solicit the deposit of additional shares in the trust.

LEWISTON-GORHAM RACEWAYS FILES FINANCING PLAN. Lewiston-Gorham Raceways, Inc., 33 Court Street, Auburn, Maine, filed a registration statement (File 2-19942) with the SEC on March 14th seeking registration of \$1,000,000 of 6½% first mortgage bonds due 1977 and 200,000 shares of common stock, to be offered for public sale in units consisting of a \$500 bond and 100 shares. The offering will be made at \$500 per unit through underwriters headed by P. W. Brooks & Co., 120 Broadway, New York, which will receive a \$50 per unit commission. The company has issued 3,500 shares and paid \$7,500 to Frank W. Horne, for services rendered in connection with this financing; and Horne has purchased 15,000 additional shares at \$1 per share.

The company (formerly Central Maine Raceways, Inc.) was organized under Maine law in April 1961 and proposes to engage in the business of conducting commercial pari-mutual harness racing meets at Lewiston Raceway in Lewiston, Maine and at Gorham Raceway in Gorham, Maine. The company has acquired (or will acquire) all of the real property of Lewiston Raceway (which was previously owned and operated by various non-profit corporations) for \$16,000 in cash and a 6% \$264,000 note secured by a mortgage on the property. In February 1962, the company acquired the Gorham Raceway (which in 1961 was sold in bankruptcy proceedings of the then owner to a group of Pittsburgh investors for \$375,000 in cash) for \$16,875 in cash, 25,000 common shares and a 6% \$326,125 note secured by a mortgage on the property. Of the net proceeds from this financing, \$590,125 will be used to retire the notes incurred in connection with the purchase to the two raceways, and the balance to make extensive improvements in the Lewiston facilities, to improve the paddock and stable areas at Gorham racetrack, and for working capital.

In addition to certain indebtedness, the company has outstanding 184,603 shares of common stock, of which Howard L. Sanborn, second vice president, Frank W. Horne, and Gorham Raceways (former owner of Gorham track) own 13.5%, 10% and 13.5%, respectively, and management officials as a group 50.9%. Samuel A. Aceto is president.

UNITED MARKETS FILES FOR STOCK OFFERING. United Markets, Inc., 531 Ferry Street, Newark, N. J., today filed a registration statement (File 2-19943) with the SEC seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on a best efforts all or none basis by Moran & Co., 10 Commerce Court, Newark, which will receive a 42½¢ per share commission and \$17,000 for expenses. The statement also includes 13,000 shares underlying 90-day warrants to be sold to the principal underwriter at 1 mil each, exercisable at \$1 per share, and 2,000 shares underlying like warrants to be sold to Bernard Sobel, the finder. A \$2,500 fee is also payable to Sobel.

The company is engaged in the retail sale of groceries, meat, produce and other miscellaneous merchandise. It operates five supermarkets under the franchised name of "Foodtown," four of which are located in Newark and one in Edison, New Jersey. The net proceeds from the stock sale will be used for general corporate purposes, including expenses which may be incurred in the acquisition, development and equipment of additional stores when desirable locations for supermarket operations are found. The company has outstanding 175,000 shares of common stock, of which Meyer Burgstein, president, owns 50% and three other management officials, together with their respective wives, own an aggregate of 45%. Samuel Burgstein is board chairman.

LAWRENCE SECURITIES HEARING SCHEDULED. The SEC has scheduled a hearing for March 26, 1962, in its New York Regional Office in proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Lawrence Securities, Inc., 32 Broadway, New York, should be revoked and whether said company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The February 9th order authorizing the proceedings contained charges of the Commission's staff that Lawrence Securities and certain individuals offered and sold stock of Acorn Industries, Inc., in violation of the Securities Act anti-fraud provisions. In an amended order scheduling the hearing, the staff charges that the Acorn Industries stock also was sold in violation of the registration requirements of that Act.

TRADING IN INDUSTRIAL ENTERPRISES SUSPENDED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Industrial Enterprises, Inc., on the San Francisco Mining Exchange and over-the-counter market for a further ten-day period March 16, to 25, 1962, inclusive.

MATRALIN CO. ENJOINED. The SEC Chicago Regional Office announced March 12th (Lit-2213) the entry of a Federal court order (USDC, Chicago) permanently enjoining Matralin Co., Inc., Ralph P. Betts and William A. Thalín from further sale of Matralin stock in violation of the Securities Act registration requirements.

SECURITIES ACT REGISTRATIONS. Withdrawn March 15: Duralite Corp. (File 2-19375); The Turbodyne Corp. (File 2-18092); Vahlsing, Inc. (File 2-19698).

*As estimated for purposes of computing the registration fee.

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