

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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

FOR RELEASE May 7, 1962

Statistical Release No. 1825. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended May 4, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 - 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	5/4/62	4/27/62		High	Low
Composite	134.8	134.7	+0.1	144.3	134.7
Manufacturing	125.2	124.9	+0.2	135.0	124.9
Durable Goods	123.7	123.1	+0.5	135.6	123.1
Non-Durable Goods	126.7	126.7	0.0	134.4	126.2
Transportation	101.4	100.5	+0.9	111.0	100.5
Utility	175.4*	176.8	-0.8	185.5	175.4
Trade, Finance & Service	169.4*	169.4	0.0	178.2	169.4
Mining	102.0	102.2	-0.2	113.3	99.7

*New Low

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended May 3, 1962, 52 registration statements were filed, 54 became effective, 8 were withdrawn, and 787 were pending at the week-end.

NASD CASE REMANDED. The SEC today announced a decision (Release 34-6798) remanding to the National Association of Securities Dealers, Inc., for further consideration, an application of the NASD for approval of the employment of N. Sims Organ, of Long Beach (L.I.) N.Y., by a member firm (or, more specifically, for approval of the continuance of such firm in membership with Organ in its employ).

Such an application, the Commission stated (in an opinion written by Chairman Cary), "must be weighed in the light of our basic objective of raising standards in the securities industry . . . Under the circumstances here, we believe the application should be remanded for reconsideration by the NASD."

In March 1961 the Commission revoked the broker-dealer registration of a firm of which Organ was president, because of "fraudulent conduct" by Organ in the sale of Continental Mining Exploration stock in 1958 while he was employed by J. H. Lederer Co., Inc., whose registration had been revoked in December 1958. Organ had represented among other things that the Continental stock would be a "tremendous money-maker" without disclosing that it had suffered some \$584,000 of losses. In addition to this prior violation of the Federal securities laws, the Commission took official notice of the fact that the Ontario Securities Commission in March 1952 cancelled Organ's registration as a securities salesman in Canada. Contrary to the evidence in that action, Organ testified under oath before the Ontario Commission that he did not make sales across the border to U. S. investors; and this conduct, the Chairman of that Commission stated, "fairly indicates the type of representations he would resort to over the telephone, when there is little risk, if any, of being held accountable for his actions."

In applying for approval of Organ's employment by the member firm in question, the NASD took into consideration the fact (among others) that he would be subject to effective supervisory controls by the new employer. In view of the basic objective of improving standards, the Commission asked: "Would approval now give proper recognition to the nature of his violations? If standards are to be raised, can fraud once painfully established through extended proceedings be so swiftly ignored?" In remanding this case, the Commission stated that there should be a "penetrating review" of the employee's history by the prospective employer, the NASD and the Commission, and that the nature and activities of the firms with which he was associated can properly be taken into account in evaluating his training, experience and character.

MEDICAL SECURITIES FUND SEEKS ORDER. Medical Securities Fund, Inc., New York investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain corporate actions; and the Commission has issued an order (Release IC-3477) giving interested persons until May 19th to request a hearing thereon. The Fund presently has no stockholders. It intends to issue initially up to 2,000,000 common shares when a pending Securities Act registration statement becomes effective. Prior thereto, the Fund proposes to enter into an investment advisory contract with Medical Funds Management Company, Inc.; and it seeks a temporary exemption from the requirement that such contract be approved by shareholders. A similar exemption is sought with respect to the election of directors and the selection of an independent public accountant.

TRUST INDENTURE FORM REVISED. The SEC today announced the adoption of an amendment to its Form T-E under the Trust Indenture Act of 1939, (Release TI-170), which is the form used for applications for the qualification of indentures in cases where the indenture securities are not required to be registered under the Securities Act of 1933. The amendment requires that there be filed as an exhibit to such applications a cross reference sheet showing the location in the indenture of the provisions which the Trust Indenture Act requires to

OVER

be included in all qualified indentures. The purpose of the amendment is to facilitate the examination of indentures to determine whether they meet the requirements of the Act.

AMERICAN NATURAL GAS SERVICE FILES PROPOSAL. The SEC has issued an order under the Holding Company Act (Release 35-14622) giving interested persons until May 28th to request a hearing upon a proposal of American Natural Gas Service Company, Detroit subsidiary of American Natural Gas Company, Detroit holding company, for modifications in the organization and conduct of business of the Service Company. Under the proposal, the Service Company would be permitted to charge to all associate companies, including American Natural, on the basis of time actually spent, the salaries and related expenses of officers of Service Company, who also are officers of American Natural, and their secretaries, and the overhead expenses attributable to such officers and secretaries; provided, however, that at least 25 percent of the salaries and related expenses and overheads of the President of Service Company and his secretary will be charged to American Natural each month. The declaration also states that, with the possible exception of the election of one additional officer, no other changes are presently contemplated in the organization of American Natural.

COLUMBIA GAS SYSTEM PROPOSES FINANCING. The Columbia Gas System, Inc., New York holding company, has joined with various of its subsidiaries in the filing of a financing proposal with the Commission under the Holding Company Act; and the Commission has issued an order giving interested persons until May 21st to request a hearing thereon. According to the application, sixteen Columbia Gas subsidiaries plan to finance partially their construction requirements for 1962, estimated at \$103,769,000, with funds available from internal sources. The balance will be financed through the issuance and sale to Columbia Gas of installment notes in amounts ranging from \$275,000 to \$22,000,000 and aggregating \$58,675,000. In addition, one subsidiary will sell an additional \$1,000,000 of stock to the parent.

Furthermore, to provide funds for five subsidiaries to purchase inventory gas for storage, Columbia Gas proposes to make bank borrowings aggregating \$75,000,000, the proceeds of such borrowings to be advanced to the five subsidiaries from time to time as needed during 1962.

SINGER MFG. FILES STOCK PLAN. The Singer Manufacturing Company, 149 Broadway, New York, filed a registration statement (File 2-20260) with the SEC on April 18th (inadvertently omitted from News Digest of that date) seeking registration of 225,000 shares of capital stock, to be offered pursuant to its 1962 Stock Purchase Plan.

OXFORD PAPER FILES STOCK PLAN. Oxford Paper Company, 230 Park Avenue, New York, filed a registration statement (File 2-20333) with the SEC on May 4th seeking registration of 50,000 shares of common stock, to be offered pursuant to its 1962 Salaried Employees' Stock Plan.

PACKARD-BELL ELECTRONICS PROPOSES DEBENTURE RIGHTS OFFERING. Packard-Bell Electronics Corporation, 12333 West Olympic Blvd., Los Angeles, filed a registration statement (File 2-20334) with the SEC on May 4th seeking registration of \$5,023,800 of convertible subordinated debentures due 1977. It is proposed to offer such debentures for subscription at 100% of principal amount by stockholders at the rate of \$100 of debentures for each 17 shares held. Kidder, Peabody & Co., Incorporated, 20 Exchange Place, New York, heads the list of underwriters. The interest rate, record date and underwriting terms are to be supplied by amendment.

The company is principally engaged in the design, development, manufacture and sale of electronic products, including both black and white and color television receivers, radios, and stereophonic high fidelity units for home use; electronic products produced under prime and sub-contracts for the government; and, for scientific and industrial uses, computers, computer components and data systems. It also installs and services its TV receivers and stereophonic units, and manufactures various types of plywood doors for the building trades industry. Substantially all of the net proceeds from the debenture sale will be used to reduce short-term bank borrowings incurred for working capital purposes, including the financing of accounts receivable and inventories. In addition to certain indebtedness, the company has outstanding 854,043 shares of capital stock, of which management officials as a group own about 6%. Robert S. Bell is president and board chairman.

VALU-RACK FILES FOR OFFERING AND SECONDARY. Valu-Rack, Inc., 2925 South San Pedro Street, Los Angeles, filed a registration statement (File 2-20335) with the SEC on May 4th seeking registration of 200,000 shares of 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 at \$5 per share through underwriters headed by Garat & Polonitza, Inc., 9229 Sunset Blvd., Los Angeles, which will receive a 50¢ per share commission and \$10,500 for expenses. The statement also includes 10,000 outstanding shares underlying a 5-year option sold to the principal underwriter by the selling stockholders for \$100, exercisable at the public offering price.

The company (formerly Valu-Rack Service, Inc.) is engaged in the wholesale distribution and retail merchandising of health and beauty aids, housewares, kitchenwares, wearing apparel and other goods. The company's service merchandising, sometimes called "rack jobbing," consists, among other things, of designing and furnishing, without charge, custom designed wooden racks, metal displays and metal display stands and, to a more limited extent, pegboards and corrugated displays. Of the \$415,000 estimated net proceeds from the company's sale of additional stock, \$405,000 will be used to reduce bank loans incurred for working capital, and \$10,000 to repay a loan from a relative of an officer of the company. The prospectus states that in May the company will issue 210,936 common shares in exchange for the outstanding stock of three affiliated companies and operate them as subsidiaries.

In addition to certain indebtedness, the company has outstanding 471,300 shares of common stock (after giving effect to a recent 8,677.8-for-1 stock split and said acquisitions), of which Herman Rosen, president, and Mark Segel, secretary, own 191,080 shares each. They propose to sell 50,000 shares each. Book value of stock now outstanding is \$2.44 per share.

CONTINUED

ALABAMA POWER PROPOSES BOND OFFERING. Alabama Power Company, 600 North 18th Street, Birmingham, Ala., filed a registration statement (File 2-20336) with the SEC on May 4th seeking registration of \$17,000,000 of first mortgage bonds due 1992, to be offered for public sale at competitive bidding. As reflected in the SEC News Digest of May 4th, the net proceeds from the bond sale, together with \$8,000,000 from its sale in May of additional common shares to its parent, The Southern Company, will be used for the construction or acquisition of permanent improvements, extensions and additions to its utility plant. The company anticipates expenditures of \$55,051,000 for such purposes in 1962 and an aggregate of \$208,114,000 for 1962-64.

FOUNDERS FINANCIAL FEDERATION FILES FOR STOCK OFFERING. Founders Financial Federation, Inc., 440 West 34th Street, New York, filed a registration statement (File 2-20337) with the SEC on May 4th seeking registration of 135,000 shares of Class A stock, to be offered for public sale at \$6 per share. The offering will be made on a best efforts basis by Edward Lewis Co., Inc., 82 Beaver Street, New York, which will receive a 90¢ per share selling commission and \$40,500 for expenses (or an additional 30¢ per share sold).

The company was organized under Delaware law in April 1962 for the purpose of engaging in the commercial finance business, principally in the fields of general commercial financing, industrial time sales financing and factoring. It may also advance funds for interim financing and special situations requirements. The \$617,500 estimated net proceeds from the stock sale will be added to working capital and used as opportunities permit from time to time in the company's business including participating or directly engaging in advancing funds to finance accounts receivable, inventories, industrial and commercial equipment sold on the installment basis or leased, or other loan and lien transactions. The company may also purchase mortgages on chattels and real estate or other collateral, or loan on the security of such mortgages.

The company has outstanding 150,000 shares of Class B stock, all of which are owned by its parent, Leasing Credit Corporation (which is a subsidiary of Shelbourne Realty & Construction Corp.). Such shares were acquired for an aggregate of \$150,000, consisting of \$25,698 in cash and two notes valued at \$124,302 by the company's board. Burton S. Laden is president, and Florence Laden, his wife, is vice president and secretary. The Ladens hold similar positions with Leasing and Shelbourne; and they own an aggregate of 523,000 shares (1/1%) of the outstanding stock of Shelbourne. Sale of Class A stock to the public at \$6 per share will result in an increase in the book value of stock now outstanding from \$1 to \$2.69 per share, with a resulting dilution of \$3.31 per share in the book equity of stock purchased by the public.

VIRGINIA ELECTRIC AND POWER FILES FOR STOCK OFFERING. Virginia Electric and Power Company, 700 East Franklin Street, Richmond, Va., filed a registration statement (File 2-20338) with the SEC on May 4th seeking registration of 650,000 shares of common stock, to be offered for public sale at competitive bidding. The net proceeds from the stock sale will be used to provide for construction expenditures or to reimburse the treasury therefor. Such expenditures for 1962 are estimated at \$82,500,000 (\$20,200,000 expended through March 31). In addition to certain indebtedness and preferred stock, the company has outstanding 14,910,000 shares of common stock. Erwin H. Will is board chairman and Alfred H. McDowell, Jr. is president.

GENERAL TELEPHONE & ELECTRONICS FILES STOCK PLANS. General Telephone & Electronics Corporation, 730 Third Avenue, New York, filed a registration statement (File 2-20339) with the SEC on May 4th seeking registration of 2,069,085 shares of common stock, to be offered pursuant to its (1) Restricted Stock Option Plan as amended January 5, 1961, (2) Restricted Stock Option Plan Adopted April 18, 1962, and (3) Executive Stock Option Plan.

CORRECTION RE INDUSTRIAL GROWTH FUND OFFERING. The SEC News Digest of April 25th, in the item referring to the proposed public offering of 100,000 shares of common stock by Industrial Growth Fund of North America, Inc. (File 2-20271), stated that the offering would be made at a maximum of \$11.50 per share* plus an 8.5% sales charge. The suggested offering price includes the sales load. The item also referred to Laird, Bissell & Meeds as investment adviser of the Fund, whereas that firm is investment adviser to the Fund's investment manager, Industrial Incomes Incorporated of North America.

SECURITIES ACT REGISTRATIONS. Effective May 7: Coastal Acceptance Corp. (File 2-19441); Florida Power Corp. (File 2-20235); Government of New Zealand (File 2-20234); Ohio Edison Co. (File 2-20192); Torch Rubber Company, Inc. (File 2-19678); Wisconsin Telephone Co. (File 2-20254). **Withdrawn May 7:** Pride Industries, Inc. (File 2-18807); Recreation Associates, Inc. (File 2-18682).

*As estimated for purposes of computing the registration fee.

---0000000---