

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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STANDARD SECURITY LIFE FILES FOR STOCK OFFERING. Standard Security Life Insurance Company of New York, 111 Fifth Avenue, New York, filed a registration statement (File 2-20524) with the SEC on June 29th seeking registration of 230,000 shares of common stock, to be offered for public sale through underwriters headed by Ira Haupt & Co., 111 Broadway, New York. The public offering price (maximum \$12 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in the writing of individual and group life insurance and individual and group accident and health insurance primarily in New York. According to the prospectus, the company has operated at a loss since it commenced business (1957). Substantially all of the net proceeds from the stock sale will be invested initially in income producing securities as authorized by the New York Insurance Law and, thereafter, will be used to finance the company's operations, set up proper reserves for business to be written, expand its agency operations and increase its business. The company has outstanding 417,000 common and 150,000 Class A common shares, of which Michael H. Levy, president, owns 20.4% of the Class A shares. In addition, Leonard L. Shankman, chairman of the executive committee and limited partner of the underwriter, owns 15% and 7.8%, respectively, of the Class A and common shares.

TACONIC RACING AND BREEDING ASSOCIATION FILES FINANCING PLAN. Taconic Racing and Breeding Association, Inc., Pownal, Vermont, filed a registration statement (File 2-20525) with the SEC on June 29th seeking registration of \$4,320,000 of 6% first mortgage bonds due 1982 and 1,080,000 shares of capital stock, to be offered for public sale in 4,320 units consisting of \$1,000 of bonds and 250 capital shares. The offering will be made (without underwriting) at \$1,250 per unit. 1,504 of such units are to be offered to the two promoters of the company at the public offering price, and they have agreed to purchase such units; and 50 units are to be offered to company directors. The statement also includes 350,000 capital shares to be purchased by the two promoters (at \$1 per share for 240,000 shares and 100,000 shares as a credit of \$100,000 against a certain construction contract price) to be offered for public sale by said promoters from time to time in the over-the-counter market at prices current at the time of sale.

The company was organized in 1960 for the purpose of carrying on thoroughbred and harness horse race meets, at which parimutuel betting would be conducted if authorized, together with all associated activities. The track will be constructed in Pownal, Vermont by M. DeMatteo Construction Co. (to receive the 100,000 shares to discharge the \$100,000 obligation). Of the \$5,400,000 estimated net proceeds from this financing (together with other funds) \$4,900,000 will be used to construct the track, \$115,000 to pay a note held by the construction company incurred to buy the land, \$187,000 for equipment, furnishings and other items, \$165,000 for engineering fees, and the balance for working capital and pre-opening and other expenses. The company has outstanding 10,000 capital shares, of which Louis Smith, president, and Martin E. DeMatteo, Jr., own an aggregate of 97%. DeMatteo is also a principal stockholder of the construction company.

R.E.D.M. CORP. FILES FOR OFFERING AND SECONDARY. R.E.D.M. Corporation, 22 Route 23, Town of Little Falls, Passaic County, New Jersey, filed a registration statement (File 2-20534) with the SEC on June 29th seeking registration of 125,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 75,000 shares, being outstanding stock, by the holders thereof. The offering will be made by Meade & Co. Inc., 27 William Street, New York. The public offering price (maximum \$6 per share*) and underwriting terms are to be supplied by amendment. The statement also includes warrants to be issued to the underwriter (amount to be supplied by amendment) and \$350,000 of outstanding series A, 6% registered convertible subordinated debentures, and 40,000 common shares reserved for the holders of such outstanding debentures and other outstanding warrants.

The company is primarily engaged in manufacturing, engineering studies and research and development under prime and subcontracts for the Department of Defense for fuzing, arming and warhead systems, timing devices, barometric sensing devices and related electronic and electromechanical devices. Through its recent acquisition of Miro Pen Corp., of New York (for 200,000 shares), the company is also engaged in the production and sale of inexpensive ballpoint pens, pen points, mechanical pencils and desk sets. The net proceeds from the company's sale of additional stock will be used to acquire production machinery and equipment (\$150,000) and for working capital purposes. In addition to certain indebtedness, the company has outstanding 677,250 shares of common stock, of which Irving Rosenblatt, a vice president, owns 11.3% and management officials as a group 42.6%. Seth Harrison is board chairman and Fred S. Kann is president. The list of selling stockholders is to be supplied by amendment.

VIOLATIONS CHARGED TO RALEIGH SECURITIES. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether W. Allen Raleigh, doing business as Raleigh Securities Company, 2 East Read Street, Baltimore, Md., engaged in practices which operated as a "fraud and deceit" upon certain persons and, if so, whether its broker-dealer registration should be revoked.

Raleigh has been registered with the Commission as a broker-dealer since December 19, 1960, and John A. Malloy, of Washington, D. C., and John M. Adams, Jr., of Baltimore, are registered representatives. According to the order, on March 9, 1962, Raleigh was temporarily enjoined from further violations of the anti-fraud

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provisions of the Securities Act in the offer and sale in interstate commerce of unregistered securities of Ampet Corporation and Petron Corporation; and he was also temporarily enjoined on December 13, 1961 from similar violations in the offer and sale of unregistered securities of Hydramotive Corporation.

In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of the common stock of Hydramotive, Ampet and Petron during the period from about May 1, 1961 to February 28, 1962, Forrest Parrott, a control person of Raleigh Securities and the three corporations, together with Raleigh, Malloy and Adams, "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons," in that they (1) permitted and arranged for the opening of several accounts with Raleigh in the names of nominees (or in the names of persons or corporations subject to the domination and control) of Parrott for the purpose of disguising and concealing from other brokers, the investing public, and the SEC, the source of Ampet, Petron and Hydramotive stock being sold to the public and for the further purpose of disguising and concealing the fact that Parrott was a controlling person of Raleigh and a control person and promoter of Ampet, Petron and Hydramotive, (2) distributed large blocks of stock of the three corporations on the over-the-counter market to the public and to broker-dealers through the nominee and controlled accounts for the benefit of Parrott, (3) issued confirmations of sale and purchase of stock as principal when in fact Raleigh was acting as agent for Parrott in the purchase and sale of said securities, (4) issued confirmations of sale of Hydramotive stock when in fact Raleigh's customers had been granted options to purchase Hydramotive stock (which options could be exercised at any time up to and including the date of delivery of the Hydramotive securities), (5) executed and issued false confirmations of orders for the purchase of Hydramotive stock and of sale of such stock to customers when in fact such stock had not been ordered to be either purchased or sold by the customers, and (6) made false and misleading statements of fact with regard to the stocks of Hydramotive, Ampet and Petron.

The alleged misrepresentations with respect to Hydramotive, Ampet and Petron relate to the source of such stocks; the fact that Raleigh purchased substantially all of such stocks from Parrott or his nominees; the profit potential, earnings and financial condition of the three corporations; the fact that the stocks of the three corporations were not registered under the Securities Act and sold in violation thereof; and the fact that Raleigh was participating in a distribution of the Hydramotive, Ampet and Petron securities and at the same time bid for and purchased such securities for an account in which Raleigh had a beneficial interest and before Raleigh had completed his participation in such distributions. The staff also charges violations of the Commission's record-keeping rules.

A hearing will be held at 10:00 A.M. on August 8, 1962 at the SEC, 425 2nd Street, N. W., Washington, D. C., for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether Raleigh's broker-dealer registration should be revoked. Raleigh is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether he also should be suspended or expelled from NASD membership.

VIOLATIONS CHARGED TO PROFESSIONAL INSURERS & INVESTORS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Professional Insurers & Investors, Ltd., 123 Cook St., Denver, Colo., engaged in practices which operated as a "fraud and deceit" upon certain persons and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") is registered with the Commission as a broker-dealer, and Charles A. Sampley is president and beneficial owner of 10% or more of its outstanding common stock. On November 4, 1960, registrant filed a notification for a Regulation A exemption from registration under the Securities Act of 1933 with respect to 215,000 common shares. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of registrant's stock from about May 4 to October 5, 1961, registrant and Sampley "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons" in that they used an offering circular which was false and misleading with respect to the disposition of the proceeds of the offering, the financial condition of registrant, the financial records of registrant, and the compensation of its officers and directors. The staff also charges that registrant and Sampley violated the Securities Act in that they sold and delivered stock when no registration statement had been filed or was in effect under said Act. Violations of the Commission's record-keeping rules and reporting requirements are also charged.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether registrant's broker-dealer registration should be revoked.

CHEMICAL COATINGS FILES FOR STOCK OFFERING. Chemical Coatings Corporation, Santurce, Puerto Rico, filed a registration statement (File 2-20530) with the SEC on June 29th seeking registration of 70,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on an all or none basis by Arnold Malkan Investment Growth of Puerto Rico, Inc., of Santurce, which will receive a 70¢ per share commission and \$6,000 for expenses. The statement also includes (1) 7,000 shares underlying 2-year options granted to the underwriter, exercisable at \$1.50 per share, and (2) 15,000 shares to be offered pursuant to the company's Restricted Stock Option Plan.

Organized under Puerto Rico law in October 1961, the company is presently in the promotion and development stage. The company operates a painting contracting business, but the major portion of the \$280,000 estimated net proceeds from the stock sale will be used to commence the manufacture of paints and coatings. The company has outstanding 77,000 shares of common stock, of which Arnold Marcus, president, and Albert M. Stein, board chairman, own 30% each, and Manuel Nieto, vice president, 40%. Sale of new stock to the public at \$5 per share will result in an increase in the book value of stock now outstanding from 77¢ to \$2.78 per share with a resulting dilution of \$2.22 per share in the book equity of stock purchased by the public.

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FIRST COLORADO BANKSHARES FILES FOR STOCK OFFERING. First Colorado Bankshares, Inc., 3311 South Broadway, Englewood, Calif., filed a registration statement (File 2-20535) with the SEC on June 29th seeking registration of 37,000 shares of common stock, to be offered for public sale by Bosworth, Sullivan & Company, Inc., 660 17th Street, Denver, and three other firms. The public offering price (maximum \$15 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged in a general bank holding company business, owning 97.60% of the outstanding stock of The First National Bank of Englewood, 94% of the outstanding stock of University Hills Bank, and 94.36% of the outstanding stock of Lakeside National Bank located in the metropolitan area of Denver. Of the net proceeds from the stock sale, \$150,000 will be used to establish a reserve of readily marketable securities other than bank stocks in order to satisfy the requirements of the Federal Banking Act of 1933, \$200,000 to increase the capitalization of the Lakeside National and University Hills Banks, and the balance for working capital. The company has outstanding 407,222 shares of common stock, of which J. Kernan Weckbaugh, president, owns 42.63% and management officials as a group 55.01%.

SHIN MITSUBISHI PROPOSES DEBENTURE OFFERING. Shin Mitsubishi Jukogyo Kabushiki Kaisha, Tokyo, Japan, filed registration statements (Files 2-20536 and 2-20537) with the SEC on June 29th seeking registration of (1) \$10,000,000 of convertible debentures due 1977, to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Place, and The Nomura Securities Co., Ltd., 61 Broadway, both of New York, and (2) 100,000 American Depositary Receipts (each representing 100 common shares of the company) into which the debentures are convertible. The interest rate of the debentures, public offering price, and underwriting terms are to be supplied by amendment.

The company is engaged in diverse manufacturing operations in Japan, including shipbuilding and ship repair, the manufacture of pulp and paper equipment, the production of jeeps, aircraft, four-wheel trucks and small passenger cars and the manufacture of construction and industrial machinery. The net proceeds from the debenture sale will be added to general funds and applied to the financing of capital expenditures (estimated at \$46,200,000 for 1963 and \$19,800,000 for 1964). The company has outstanding 400,000,000 shares of common stock (without giving effect to a proposed 200,000,000-share rights offering). Shinzo Fujii is president.

SUBURBAN WATER SHARES IN REGISTRATION. Suburban Water Service, Inc., West Main Street, Clinton, Conn., filed registration statements (Files 2-20538 and 2-20539) with the SEC on June 29th seeking registration of (1) 3,398 shares of 90¢ cumulative preferred stock (\$16 par), to be offered to holders of the company's common stock at the rate of one preferred share in exchange for each common share held (the record date to be supplied by amendment), and (2) 30,000 shares of like preferred stock and 30,000 shares of common stock to be offered for public sale through underwriters headed by Putnam & Co., 6 Central Row, Hartford, Conn. The public offering price (maximum \$17 per share for both issues*) and underwriting terms are to be supplied by amendment. According to the prospectus, it is the intention of the company to discontinue cash dividends on common stock (cash dividends to be paid on the preferred shares only) and to consider payment of stock dividends thereon. The purpose of the exchange offer is to permit present common stockholders who prefer to receive cash dividends rather than stock dividends to exchange their common for preferred.

The company is engaged in the business of acquiring and operating water companies through controlling stock ownership, presently controlling five operating companies which supply water to customers in portions of eight towns in Connecticut. The net proceeds from the sale of the preferred and common stock will be used to purchase additional stock of three subsidiaries, for advances to subsidiaries, and to purchase securities of or loan to existing subsidiaries or those acquired or established in the future. In addition to certain indebtedness and preferred stock, the company has outstanding 15,800 common shares, of which Wm. Neal MacKenzie, executive vice president, owns 4,114 shares, and management officials as a group own 10,640 shares. E. P. Williams is president.

TRAILER TRAIN FILES FOR OFFERING. Trailer Train Company, 6 Penn Center Plaza, Philadelphia, filed a registration statement (File 2-20540) with the SEC on June 29th seeking registration of \$4,000,000 of serial equipment trust certificates (series 1) due serially 1963-82, to be offered for public sale at competitive bidding.

The company acquires and supplies to railroads flat cars of standard designs suitable for the transportation by railroad of highway trailers, commonly called "piggyback" equipment. The net proceeds from the sale of the trust certificates will be applied to the payment of not more than 80% of the purchase price (estimated at \$5,000,000) of new railroad flat cars (the 20% to be provided from treasury funds). In addition to certain indebtedness, the company has outstanding 18,500 shares of capital stock owned by 34 railroads and one freight forwarder. J. P. Newell is president.

ATLANTA GAS LIGHT PROPOSES DEBENTURE OFFERING. Atlanta Gas Light Company, 243 Peachtree St., N. E., Atlanta, Ga., filed a registration statement (File 2-20542) with the SEC on June 29th seeking registration of \$7,500,000 of debentures due 1 2, to be offered for public sale at competitive bidding. The net proceeds from the debenture sale will be applied to payment of short-term bank loans (estimated at \$4,300,000) made for construction purposes, and the balance for additional construction and other corporate purposes. The company expended \$8,645,000 for construction in the fiscal year ended September 30, 1961, and estimates such expenditures at \$8,000,000 for 1962.

CAPEHART FILES FOR SECONDARY. Capehart Corporation, 87-46 123rd St., Richmond Hill, N. Y., filed a registration statement (File 2-20543) with the SEC on June 29th seeking registration of \$115,000 of outstanding 6 7/8% subordinated convertible debentures due 1970; 121,250 outstanding shares of common stock (previously issued upon conversion of like debentures); 23,000 shares issuable upon conversion of like debentures; 30,000 outstanding common shares (sold in 1960 with \$600,000 of said debentures); 4,000 outstanding

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shares previously issued upon the exercise of warrants; and 56,000 shares issuable upon the exercise of outstanding warrants. The said warrants were also sold in 1960 with the debentures and 30,000 common shares. The conversion price of the debentures and exercise price of the warrants is \$5 per share. All such securities may be offered for public sale by the holders thereof from time to time on the over-the-counter market at prices not in excess of those prevailing at the time of sale.

The company performs field engineering services for certain agencies of the U. S. Government, such services consisting of technical engineering support in the fields of missile systems, air defense, communications, and radar and ground support equipment for operational systems. Beginning in 1962, the company began a complete overhaul of the commercial side of its business, now offering portable television sets, radio phonograph combinations, portable phonographs and radio stereophonic phonograph combinations, under the trade name "Capehart." According to the prospectus, the company has sustained substantial losses over the past several years. In addition to certain indebtedness, the company has outstanding 1,490,850 shares of common stock, of which the estate of Jack M. Winer owns 17% and management officials as a group 5%. Julius D. Winer is president. The list of selling security holders is to be supplied by amendment.

MARSH & McLENNAN FILES STOCK PLAN. Marsh & McLennan, Incorporated, 231 South LaSalle St., Chicago, filed a registration statement (File 2-20544) with the SEC on June 29th seeking registration of 150,000 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan.

HOME FINANCE GROUP SHARES IN REGISTRATION. Home Finance Group, Inc., 119 West 8th St., Charlotte, N. C., filed a registration statement (File 2-20545) with the SEC on June 29th seeking registration of 81,403 shares of common stock. Such shares will be issued by the company in exchange for all of the assets (subject to liabilities) of J. N. Rawleigh Company, a Delaware corporation. The company, as the parent company, renders management advice and financial and accounting service to its 123 wholly-owned subsidiaries which are engaged in the automobile financing, consumer loan, life insurance, and advertising agency businesses. Through its acquisition of Rawleigh and its subsidiaries, the company will enter the factoring business. In addition to various indebtedness and preferred stock, the company has outstanding 1,783,337 shares of common stock, of which Harry Lee Dalton, a director, owns 11.93% and management officials as a group 53.61%. John Edward Burnside is board chairman and John Edward Burnside, Jr., is president.

COLUMBIA GAS PROPOSES DEBENTURE OFFERING. The Columbia Gas System, Inc., New York holding company, has filed a proposal with the SEC under the Holding Company Act to issue and sell \$20,000,000 of debentures due August 1987, to be offered for public sale at competitive bidding, and the Commission has issued an order (Release 35-14662) giving interested persons until July 20, 1962, to request a hearing thereon. Of the net proceeds realized from the sale of the new debentures, Columbia will redeem on or about September 10, 1962, \$17,560,000 of debentures due 1962. In connection with this redemption, Columbia will pay a redemption premium of \$957,020. The balance of the net proceeds of the offering will be added to the general funds of the corporation, as were the net proceeds of approximately \$24,682,000 realized from the sale in June 1962 of debentures due June 1987, and will be available for financing in part the system's 1962 construction program.

TRADING BAN IN THREE STOCKS CONTINUED. The SEC has issued orders further suspending exchange and over-the-counter trading in the Class A stock of Automated Procedures Corp. and the common assessable stock of Industrial Enterprises, Inc., for the ten-day period July 4 to July 13, 1962, and in the common stock of Apex Minerals Corporation for the ten-day period July 5 to July 14, 1962.

McCRORY CORP. FILES STOCK PLANS. McCrory Corporation, 711 Fifth Avenue, New York, filed a registration statement (File 2-20546) with the SEC on June 29th seeking registration of 1,113,870 shares of common stock, to be offered pursuant to its June 1961 Key Employees Stock Purchase Plan and four Restricted Stock Option Plans.

SECURITIES ACT REGISTRATIONS. Effective July 3: Apache Corp. (File 2-19993); Hampden Fund, Inc. (File 2-19665); Hart Schaffner & Marx (File 2-20432); Ling-Temco-Vought, Inc. (File 2-20512); J. J. Newberry Co. (File 2-20466). Withdrawn July 3: Solid States Products, Inc. (File 2-19739).

*As estimated for purposes of computing the registration fee.

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