

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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SPRAYFOIL CORP. FILES FOR OFFERING. Sprayfoil Corporation, 2635 Louisiana Avenue South, Minneapolis, Minn., filed a registration statement (File 2-16727) with the SEC on June 22, 1960, seeking registration of 250,000 shares of common stock, to be offered for public sale at \$2.00 per share. No underwriting is involved.

The company was organized under Minnesota law in April, 1959. It engages in and proposes to engage in the development, engineering and exploitation of products and uses applying the principles incorporated in patents covering the so-called "Coanda airfoil technique" of atomizing liquids. To date, the company has been principally occupied with the development and engineering of a domestic multi-purpose portable sprayer. Of the net proceeds of the stock offering, approximately \$250,000 will be used in the development, engineering and design of new products, approximately \$150,000 will be used in the manufacture of the products of the company and for the purchase of necessary tools and equipment, and approximately \$93,443 will be added to the company's working capital.

The company has outstanding 152,500 shares of common stock, of which, 20,833 are owned by Orin B. Johnston, president, and 67,500 by the company's officers and directors as a group.

EMERY AIR FREIGHT CORPORATION FILES STOCK OPTION PLAN. Emery Air Freight Corp., 801 Second Avenue, New York, filed a registration statement (File 2-16728) with the SEC on June 22, 1960, seeking registration of 18,000 shares of common stock, to be offered to certain selected key employees under the company's Restricted Stock Option Plan.

TRANS-COAST INVESTMENT FILES FOR OFFERING AND SECONDARY. Trans-Coast Investment Co., 210 W. Seventh St., Los Angeles, filed a registration statement (File 2-16732) with the SEC on June 22, 1960, seeking registration of 400,000 shares of common stock. An unspecified portion of these shares is now outstanding and is to be offered for public sale by the present holders thereof, while the balance will be offered for sale by the issuing company. The prospectus lists Lehman Brothers as the principal underwriter; and the public offering price and underwriting terms are to be supplied by amendment.

Organized in December 1958, the company commenced operations in August 1959 with the acquisition of 100% of the guarantee stock of Van Nuys Savings and Loan Association, 99.5% of the guarantee stock of Oxnard Savings and Loan Association and 92.8% of the guarantee stock of Santa Maria Savings & Loan Association, in exchange for 1,507,048 shares (100%) of its outstanding common stock. Its principal business is that of owning the stocks of the three associations. Net proceeds to the company from its sale of additional stock will be deposited with one or more of the said subsidiaries at their current rate of interest; and, according to the prospectus, it is estimated that the income on such deposits, together with the income expected to be derived from the operation of its insurance agency, will be sufficient to cover operating expenses of the company. The company, under the name of Trans-Coast Insurance Agency, has been or will be licensed in June 1960 to act as an insurance agent.

The prospectus lists Clay Robbins as president. Management officials own 14.4% of the outstanding stock; and 34.5% is owned by Western Valley Mortgage Corporation, of Van Nuys. Gayle E. Post, vice president and a director, and other members of the Post family own all but three of the 2,259 shares of Western Valley Mortgage stock.

SATELLITE TIME OFFERING SUSPENDED. The Securities and Exchange Commission 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 Satellite Time Corporation, of New York City.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed August 11, 1958, Satellite Time proposed the public offering of 4,950,000 common shares at 1¢ per share, 50,000 warrants to purchase 100 common shares at 1¢ per warrant, and 5,000,000 common shares to be issued at 1¢ per share upon the exercise of warrants. The

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Commission's suspension order states that a Regulation A exemption is not available by reason of a court order enjoining an undisclosed affiliate and promoter of the company from violating the registration and anti-fraud provisions of the Securities Act. It is further asserted that certain terms and conditions of the Regulation were not complied with; that the company's offering circular is misleading by reason of its failure to include certain material facts; and that the stock offering was made in violation of Section 17 (the anti-fraud provision) of the Securities Act.

According to the Commission's order, the company's notification failed to set forth the full name and complete address of each affiliate of the company and of each of its promoters, as required by Regulation A; and its offering circular failed to disclose the name and address of a promoter and controlling stockholder as well as the direct and indirect interests of each officer, director, affiliate and promoter of the company and material transactions between such persons and the company. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

"LOVE ME LITTLE" SUSPENSION VACATED. The Commission has vacated its order of May 13, 1960, temporarily suspending a Regulation A notification covering the proposed offering of \$180,000 of preformation limited partnership interests by Alexander H. Cohen as "Love Me Little Company," of 40 W. 55th Street, New York.

The suspension order was based upon the issuer's failure to file a definitive offering circular as required by the Regulation, failure to cooperate with the Commission in its conduct of an investigation into the offering, and sales in jurisdictions not listed in the notification. Subsequently, copies of definitive offering circulars were filed together with an accurate report of sales pursuant to the offering; and no further offering is being made. Under the circumstances, the Commission concluded that it was appropriate to vacate the suspension order.

CRYOGENIC ENGINEERING COMPANY 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 Cryogenic Engineering Company, 200 W. 48th Ave., Denver, Colo.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on September 22, 1958, Cryogenic Engineering proposed the public offering of 150,000 shares at \$2 per share pursuant to such exemption. The Commission's suspension order asserts that certain terms and conditions of the Regulation were not complied with, that the company's notification and offering circular are false and misleading with respect to certain material facts, and that the offering was made in violation of Section 17 (the anti-fraud provision) of the Securities Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the order, (1) Cryogenic Engineering offered and sold substantial amounts of its securities in states other than those named in its notification, contrary to the requirements of Regulation A; and (2) the company's offering circular failed to disclose that its securities were being sold in California in violation of California law or to disclose the contingent liability arising from such sales.

R D FRENCH & CO. REGISTRATION APPLICATION WITHDRAWN, PROCEEDINGS DISMISSED. In a decision announced today (Release 34-6295), the SEC permitted R. D. French & Co., 625 Bank of the Southwest Building, Houston, to withdraw its application for broker-dealer registration; and the Commission dismissed proceedings on the question whether the registration application should be denied.

The registration application listed Robert Dermot French as president, treasurer and a director of French & Co., all of whose stock was held by another individual. Proceedings on the question of denial were based upon a 1955 decision of the Commission denying an application for registration as a sole proprietorship filed by French in which the Commission found that French had sold unregistered stock of Loma Uranium Corporation, was enjoined by Federal court order from further sale of Loma stock or any other securities in violation of the Securities Act registration requirement, had engaged in business in his individual capacity without registration following termination of a partnership of which he was a member, and had violated the Commission's net capital and bookkeeping rules.

However, observing that French's prior misconduct does not necessarily constitute a permanent or absolute bar to engaging in the securities business and that the request for withdrawal represents an abandonment of the proposal to have French engage in securities activities in a managerial or supervisory role, and in view of the absence of any evidence of misconduct in connection with the sale of securities since the 1955 denial order, the Commission concluded that it would be appropriate to permit withdrawal of the present registration application of French & Co.

SEC PROPOSES RULE ON NON-COOPERATION BY LISTED COMPANIES. The SEC today announced a proposal for adoption of a new Rule 19a2-1 under the Securities Exchange Act of 1934 under which the Commission might order the suspension or withdrawal of a security from listing and registration on a national securities exchange if the company or its officials or controlling persons fail to cooperate in an inquiry being conducted by the Commission. It has invited the submission of views and comments thereon not later than July 25, 1960.

Under Section 19(a)(2) of the Act, the Commission may deny, suspend or withdrawal the registration of a security on a national securities exchange if it finds that the issuer thereof has failed to comply with any

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provision of the Act or the rules and regulations thereunder. It is further authorized by Section 21 of the Act to make such investigations as it deems necessary to determine whether any person has violated or is about to violate any provision of the Act or any rule or regulation thereunder.

From time to time the Commission has encountered difficulty in proceedings under Section 19(a)(2) in obtaining information or documents which would facilitate a determination whether an issuer has failed to comply with the provisions of the Act or the rules and regulations thereunder with respect to disclosure. This difficulty has stemmed from the failure or refusal of certain persons, particularly nonresident persons, to accept service of subpoenas to testify or to produce needed documents or from other efforts designed to obstruct the Commission. Similar difficulties have been encountered in connection with investigations under section 21 of the Act.

Section 23(a) authorizes the Commission to make such rules or regulations as may be necessary for the execution of the functions vested in it. Accordingly, in order that the purposes of the Act may not be thwarted in such cases the Commission is considering the proposed rule which would provide a basis for the issuance of an order under section 19(a)(2) of the Act denying, suspending or withdrawing the registration of a security in any case in which the issuer, its officers, directors, employees or controlling persons fail or refuse to cooperate with the Commission in the proceeding or investigation.

VIOLATIONS CHARGED TO IRA ARMAND & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Ira Armand & Co., Inc., defrauded investors in the offer and sale of stock of Steuben Electronics Corporation and, if so, whether its broker-dealer registration should be revoked.

According to the Commission's order, Armand & Co. has been registered with the Commission as a broker-dealer since September 9, 1959. Mactin Racer is president, a director, and its sole stockholder. The Commission's order asserts that, in the offer and sale of Steuben Electronics stock during the period from about December 15 to 29, 1959, Armand & Co. and Racer "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon purchasers of the stock, in that they made false and misleading representations concerning, among other things: (1) the anticipated increase in market price of the common stock of Steuben; (2) the reasons why the common stock of Steuben was not listed on a national securities exchange; (3) the existence of large business contracts to which Steuben was purportedly a party; and (4) the interests of Steuben in another corporation.

A hearing will be held, at a time and place later to be announced, for the purpose of taking evidence with respect to the foregoing.

STATE LOAN & FINANCE FILES FOR OFFERING. State Loan and Finance Corporation, 1200 Eighteenth St., N. W. Washington, D. C., filed a registration statement (File 2-16729) with the SEC on June 22, 1960, seeking registration of \$20,000,000 of sinking fund debentures due 1980, to be offered for public sale through an underwriting group headed by Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company, through its subsidiaries, is engaged primarily in the consumer finance (small loan) business. Net proceeds of this financing are to be placed in its general funds and applied in reduction of outstanding short-term loans. The loans were used primarily to provide subsidiaries with funds to carry on their businesses.

According to the prospectus, the company has outstanding sundry indebtedness, 289,607 shares of \$25 par preferred stock, 3,526,723 shares of Class A common stock and 315,000 shares of Class B common stock. Davis Weir is listed as president and board chairman; and he and his wife own about 50% of the outstanding Class B stock. Management officials as a group own 43% of the outstanding Class B and 23% of the outstanding Class A stock.

MILES-SAMUELSON INC. FILES FOR OFFERING. Miles-Samuelson, Inc., 21 East 26th Street, New York City, filed a registration statement (File 2-16730) with the SEC on June 22, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Marron, Sloss & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The underwriters also will receive \$15,000 for expenses; and the company is granting to the underwriters five year warrants at 25¢ a share to purchase 12,000 shares of common stock at the offering price, and similar warrants covering 4,000 shares to Edwin Nadel as a finders fee.

The company is engaged in the business of writing, illustrating and producing a variety of technical material, said to be specifically designed for use by industry and the Department of Defense. Of the net proceeds from the stock sale, \$200,000 will be used for the reduction of loans on accounts receivable, \$75,000 will be used for improvements and modifications in connection with its principal offices, \$75,000 will be used for the expansion of the company's business in California, and the remainder will be added to the general funds and used for working capital.

In addition to certain indebtedness, the company has outstanding two series of \$100 par preferred stock and 102,000 shares of common stock. The prospectus lists Joseph Samuelson as board chairman and president, Samuel A. Miles as executive vice-president and secretary, and Samuel M. Freundel as treasurer; and each owns 34,000 (33-1/3%) of the common shares.

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WESTERN KENTUCKY GAS FILES FOR SECONDARY. Western Kentucky Gas Co., 608 Frederica Street, Owensboro, Kentucky, filed a registration statement (File 2-16731) with the SEC on June 22, 1960, seeking registration of 55,000 outstanding shares of common stock, to be offered for public sale by Henry L. Hillman of Pittsburgh, Pa., present owner thereof. The prospectus lists Equitable Securities Corporation as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment.

The company is an operating public utility engaged in the business of purchasing and distributing natural gas to residential, commercial and industrial users. In addition to various indebtedness, it has outstanding 583,979 shares of common stock, of which 146,945 are held by Citizens Fidelity Bank and Trust Co. (executor of the estate of William T. Stevenson), 106,379 are owned by Hillman, and 9,995 by the company's officers and directors as a group. George J. Tankersley is listed as president.

COLORADO REAL ESTATE & DEVELOPMENT FILES FOR OFFERING. Colorado Real Estate & Development, Inc., 704 Midland Savings Building, Denver, Colorado, today filed a registration statement (File 2-16733) with the SEC seeking registration of 150,000 shares of common stock, to be offered for public sale at \$5.00 per share through Adams & Peck. The underwriting commission will be 50¢ per share. In addition, the company will sell to the underwriter for \$2,500, a five year warrant to purchase 10,000 shares of common stock at \$5.00 per share.

The company was organized under Delaware law in December, 1959, to engage in the acquisition of unimproved acreage, the development of that acreage into prepared sites for single-family homes, multiple dwellings and commercial improvements, and the sale of those sites to builders and others. Of the net proceeds from the stock sale, \$56,000 will be used to make principal and interest payments on the outstanding mortgage indebtedness on the company's real properties, \$30,800 will be used to exercise a portion of an option to purchase land, \$24,569 will be used to pay notes and accounts payable to stockholders, and \$90,000 will be used for development activities such as grading, improving streets and installing utilities. The remainder will be added to the company's general funds to be used for working capital and future acquisition and development of real properties.

In addition to certain indebtedness, the company has outstanding 130,292 shares of common stock, of which 127,256 shares were issued in exchange for properties. Of the outstanding stock, 69,659 shares are owned by Thomas J. Carlile, president, and 35,402 by James A. McRae, board chairman.

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