

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE September 6, 1960

Statistical Release No. 1700. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended September 2, 1960, for the composite and by major industry groups compared with the preceding week and with the high and lows for 1960, is as follows:

|                          | 1939 - 100 |         | Percent<br>Change | 1960  |       |
|--------------------------|------------|---------|-------------------|-------|-------|
|                          | 9/2/60     | 8/26/60 |                   | High  | Low   |
| Composite                | 404.4      | 409.1   | -1.1              | 432.5 | 388.8 |
| Manufacturing            | 474.0      | 482.6   | -1.8              | 538.9 | 458.2 |
| Durable Goods            | 450.1      | 461.4   | -2.4              | 521.6 | 438.8 |
| Non-Durable Goods        | 486.6      | 492.7   | -1.2              | 544.4 | 467.1 |
| Transportation           | 285.3      | 293.9   | -2.9              | 329.3 | 279.4 |
| Utility                  | 252.6*     | 250.0   | +1.0              | 252.6 | 216.1 |
| Trade, Finance & Service | 462.7      | 467.7   | -1.1              | 471.8 | 414.7 |
| Mining                   | 264.0      | 262.8R  | +0.5              | 299.7 | 240.7 |

\*New High

R - Revised

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended September 1, 1960, 31 registration statements were filed, 28 became effective, two were withdrawn, and 326 were pending at the week end.

PHILADELPHIA ELECTRIC FILES STOCK PLAN. Philadelphia Electric Company, 1000 Chestnut St., Philadelphia, Pa., filed a registration statement (File 2-17001) with the SEC on September 2, 1960, seeking registration of 62,620 shares of common stock, to be offered pursuant to the company's 1960 Employee Stock Purchase Plan.

LIONEL CORP. FILES FOR DEBENTURE OFFERING. The Lionel Corporation, 28 Sager Place, Irvington, N.J., filed a registration statement (File 2-17002) with the SEC on September 2, 1960, seeking registration of \$4,500,000 of Convertible Subordinated Debentures due October 1, 1980. The company proposes to offer the debentures for subscription by common stockholders. The record date, subscription price, interest rate and underwriting terms are to be supplied by amendment. Granbery, Marache & Co. is listed as the principal underwriter.

The Company is engaged in the business of manufacturing of model or toy electric trains and accessories; and it also manufactures electronic and electro-mechanical devices for government and industry. Through a subsidiary it designs and distributes fishing tackle and sells other sporting goods items. It has a 50% interest in two companies engaged in the general exporting business, including the products of Lionel and Essex Wire Corporation, which owns the other 50% interest in each company. In addition, the company has contracted to purchase the net assets of Anton-Imco Electronics Corp. for 278,455 shares of its common stock. Anton-Imco's principal assets consist of all the stock of Anton Electronics Laboratories, Inc., which makes electronic and nuclear detecting instruments at Brooklyn, N.Y., and Intercontinental Manufacturing Company, Inc., which manufactures missile parts and air fran sections at Garland, Texas. Prior to execution of the purchase agreement, the company purchased 40,000 shares, or about 16% of the outstanding stock of Anton-Imco for \$1,300,000. Upon consumation of the transaction, the 278,455 common shares issued to Anton-Imco are to be distributed on a pro-rata basis to the latter's stockholders other than Lionel.

The net proceeds of the sale of the debentures will, to the extent of \$2,500,000, be used to reduce existing bank loans (which at August 31st aggregated \$8,300,000 and included the \$1,300,000 paid for Anton-Imco stock). About \$500,000 will be used to expand the company's research and development program, and the balance of the net proceeds will provide the company with additional working capital.

The Company now has outstanding 720,000 shares of common stock (not including the 278,455 to be issued for the Anton-Imco assets). Of the outstanding stock, management officials own 118,375 shares (16.4%) and members of their families an additional 5.6%. The prospectus lists John B. Medaris as president and Roy M. Cohn as board chairman.

For further details, call WOrth 3-5526

**GULF RESOURCES PROPOSES OFFERING.** Gulf Resources, Incorporated, 20 Broad St., New York, filed a registration statement (File 2-17003) with the SEC on September 2, 1960, seeking registration of 140,000 shares of common stock, to be offered for public sale at \$8 per share through underwriters headed by Amos Treat & Co., Inc., who will receive a 75¢ per share commission. Amos Treat, president of the underwriter, has received an option from a company officer to purchase 3,500 common shares owned by said officer at 10¢ per share.

Organized in 1957, the company maintains offices in San Antonio and Dallas. It and Natural Gas Gathering Company Inc., a subsidiary of Delhi-Taylor Oil Corporation, have entered into an agreement dated February 5, 1960, under which they have agreed jointly to participate in the construction and operation of a natural gas gathering system in Zapata and Starr Counties, Texas. The Federal Power Commission is said to have granted a temporary authorization to construct and operate such system. Tennessee Gas Transmission Company has contracted with five producers in Zapata County for the purchase of their gas at central lease delivery points; and the company and the said Gathering Company have contracted with Tennessee Gas Transmission to gather such gas at such points and deliver the gas to Tennessee Gas Transmission at a point in the Zim Field in Starr County. The company has entered into a contract with Jonnell Gas Co. under which the company has the right to purchase the gas which Jonnell Gas presently owns or controls in Zapata and Starr Counties. Part of such gas is included in the gas contracted to Tennessee Gas Transmission. Net proceeds of this financing, estimated at \$980,000, will be used in part (\$850,000) as the company's one-half share of the money requirements for construction of the initial gathering system; and the balance of the funds will be used as additional working capital.

The company now has outstanding 140,000 common shares and 2,000 shares of \$100 par preferred. Another 2,000 preferred shares are to be issued. Of the outstanding common stock, 23.2% is owned by Jonnell Gas; 22.9% by John R. Less, vice president; 8.6% by C. Leslie Rice, president; and 6.4% by William I. Less.

**METCOM FILES FOR OFFERING.** Metcom, Inc., 76 Lafayette St., Salem, Mass., filed a registration statement (File 2-17004) with the SEC on September 2, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale through Hayden, Stone & Co. The public offering price and underwriting terms are to be supplied by amendment. The underwriter will obtain a two-year option from the company for the purchase of 10,000 additional shares at the public offering price. The registration statement includes an additional 550,998 common shares, referred to below.

The company was organized under Delaware law in April 1959 for the purpose of engaging in the production of existing types of microwave tubes and devices, the improvement of existing tube types and of the methods of producing tubes and devices, the development of new types of tubes and electronic devices and the undertaking of research and development programs for others. Of the net proceeds of the proposed stock sale, \$41,600 will be used to retire a mortgage loan and \$50,000 to purchase certain machinery and capital equipment now rented; \$60,000 will be used for the purchase of additional machinery and equipment, \$100,000 for independent prototype development of a radiation detector, and \$150,000 for independent research and development in connection with the company's program for commercial production of Klystrons, magnetrons and microwave devices for use in products for the civilian consumer market. The balance of the proceeds will be used for working capital.

As indicated, the registration statement includes an additional 550,998 common shares which were issued on conversion of debentures or notes, or otherwise, and which may be offered for sale from time to time in the over-the-counter market by the holders thereof at the current market then prevailing. The prospectus lists H.M. Byllesby & Co., Inc., as the owner of 300,000 shares of outstanding stock (26.03%) and Cominol Industries, Inc., as the owner of 135,000 shares. Management officials have a full or partial beneficial interest in 393,666 shares (not including the shares owned by Byllesby & Co., whose board chairman is a director of the company). Richard J. Broderick is president of the company. The prospectus further indicates that Broderick and other officers, organizers and employees of the company acquired 420,000 shares shortly after organization of the company at \$0.01 per share.

**INDICTMENT NAMES NORMAN E. BOWDEN.** The SEC Atlanta Regional Administrator announced September 1st (LR-1769) the return of an indictment (USDC, Atlanta) charging Norman E. Bowden with violations of the registration and anti-fraud provisions of the Securities Act of 1933 in the sale of S.D.C. Distributors and Sales Company securities.

*Gibbs*  
**GIBBS & COMPANY HEARING POSTPONED.** Upon request of counsel for Gibbs & Company, Worcester, Mass., the SEC has authorized a postponement from September 7 to 19, 1960, of the hearing in its Boston Regional Office to determine whether that company's broker-dealer registration should be revoked.

**OFFERING OF ARIZONA CONSOLIDATED INDUSTRIES STOCK 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 proposed public offering of stock of Arizona Consolidated Industries, Inc., ("Arizona") of Phoenix, in part by the issuer and in part by Arthur Spitz, a selling stockholder.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The notification filed by Arizona Consolidated proposed the public offering of 100,000 common shares at \$3 per share. The Commission's order asserts that a Regulation A exemption is not available due to the fact that Milton Mende, an affiliate and promoter of the issuer, was

(CONTINUED)

convicted of Mail Fraud in April 1959 by a Los Angeles Federal District Court; that certain terms and conditions of Regulation A were not complied with by reason of the failure to disclose in the notification the interest of Mende; that the company's offering circular is false and misleading in not disclosing the identity, background and interest of Mende; and that the stock offering would violate 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.

HEARING GRANTED GREAT WESTERN OIL. At the request of Great Western Oil Co., of Las Vegas, Nev., the Commission has scheduled a hearing for September 21, 1960, in the United States Attorney's Office in Las Vegas, for the purpose of taking evidence on the question whether the Commission's June 29, 1960, order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by that company. The suspension order asserted, among other things, that the company's offering circular is false and misleading in respect of certain material facts.

BRIDGEPORT GAS FILES FOR RIGHTS OFFERING. The Bridgeport Gas Company, 815 Main St., Bridgeport Conn., filed a registration statement (File 2-17005) with the SEC on September 2, 1960, seeking registration of 50,000 shares of common stock, to be offered for subscription at \$27.50 per share by common stockholders at the rate of one new share for each six shares held. The record date is to be supplied by amendment. No underwriting is involved.

Net proceeds of the stock sale will be applied to the payment of bank loans incurred for property additions, which are expected to approximate \$1,800,000 in 1960.

RADIO SHACK SHARES IN REGISTRATION. Radio Shack Corporation, 730 Commonwealth Ave., Boston, filed a registration statement (File 2-17006) with the SEC on September 2, 1960, seeking registration of 110,062 shares of common stock and warrants for 44,400 shares. Of this stock, 57,142 shares are issuable upon conversion of the company's 6½% Convertible Subordinated Notes due 1974; and 44,400 and 8,520 shares, respectively, are issuable upon exercise of an outstanding stock subscription warrant and an outstanding option, expiring in 1971 and 1974. The said subordinated notes are outstanding in the amount of \$350,000. The warrant was issued to the purchaser of a \$450,000 senior note and the option to Granbery, Marache & Co. in connection with its placement of the senior note and the subordinated notes; and the shares are purchasable upon exercise of the warrant and option at \$6.75 per share. The company now has outstanding 434,651 common shares. It distributes a wide line of electronic products.

CHEMTRONIC CORP. PROPOSES OFFERING. Chemtronic Corporation, 309 Eleventh Ave., South, Nashville, Tenn., filed a registration statement (File 2-17007) with the SEC on September 2, 1960, seeking registration of 200,000 shares of common stock, to be offered for public sale at \$2 per share. The offering is to be made on a best efforts, all or none basis by Jay W. Kaufmann & Co., for which it will receive a selling commission of 30¢ per share. If all 200,000 shares are sold, the company will issue to the underwriter as additional compensation 40,000 five year warrants to purchase common shares at an initial exercise price of \$2.50 per share. The underwriter has acquired 50,000 shares at 1¢ per share from four stockholders.

The company was organized under the name Electronic Components, Inc., in February 1958, and changed its name to The Chemtronic Corporation in September 1958 and to Chemtronic Corporation on August 12, 1960. It is engaged in the business of developing, manufacturing and selling miniature electrolytic capacitors. Of the net proceeds of the stock sale, \$52,225 will be used to repay bank loans and \$70,000 over a two year period to add two engineers and one technician to the present research staff of the company. The balance will be used for general corporate purposes.

The company now has outstanding 300,000 common shares and warrants for 50,000 shares, all owned by management officials. The largest block of stock, 160,000 shares, is owned by Fred D. Wright, president. The prospectus states that the 300,000 outstanding shares were acquired originally for the sum of \$25,000.

RANDOLPH-WELLS BLDG. SEEKS INDENTURE QUALIFICATION. Randolph-Wells Building Corporation, 130 North Wells St., Chicago, filed an application with the SEC on September 2, 1960, (File 22-2888) for qualification under the Trust Indenture Act of a trust indenture pursuant to which \$2,359,500 of Junior Mortgage Sinking Fund Cumulative Income Bonds are to be issued. The said bonds are to be issued par for par in exchange for existing bonds of the company.

SEC COMPLAINT NAMES AMERICAN DIVERSIFIED SECURITIES. The SEC Washington Regional Administrator today announced the filing of court action (USDC DC) seeking to enjoin American Diversified Securities, Inc., and its subsidiary, Gildar & Company, Inc., Washington broker-dealer firms, from further violation of the Commission's record-keeping requirements under the Securities Exchange Act of 1934. Sidney and Frederick W.C. Haddad and Richard A. Gildar, company officials, are also named defendants (LR 1770).

NEW ENGLAND FUND ACQUISITION PROPOSED. New England Fund, Boston investment company, has applied to SEC for exemption order under the Investment Company Act with respect to its proposed acquisition of Seaboard Transportation Company; and the Commission has issued an order (Release 40-3109) giving interested persons until

(CONTINUED)

September 16, 1960, to request a hearing thereon.

Seaboard is a personal holding company with nine stockholders. Its cash and securities approximated \$2,024,500 as of May 16, 1960. It is proposed to transfer substantially all of these assets to New England Fund in exchange for Fund shares at their net asset value, which will be distributed immediately to Seaboard's shareholders.

UTAH POWER FINANCING APPROVED. The SEC has issued an order under the Public Utility Holding Company Act (Release 35-14278) authorizing Utah Power & Light Company to issue and sell, at competitive bidding, \$16,000,000 of first mortgage bonds due 1990 and 400,000 shares of \$25 par preferred stock. Proceeds of this financing will be used in part to pay \$19,000,000 of bank notes; and the balance, together with cash generated in the business, will be applied to the company's 1960 construction program, estimated at \$16,000,000.

YORK SECURITIES ENJOINED. Through inadvertence, the SEC failed to announce the entry of a Federal court order (USDC, SDNY) on June 28, 1960, permanently enjoining York Securities, Inc., 80 Wall St., New York, and Edythe Herbertz, its treasurer and sole stockholder, from further violations of the SEC net capital and bookkeeping rules as well as the Securities Exchange Act anti-fraud provisions (LR 1721(a)).

STRAND INVESTMENT CO. ENJOINED. The SEC Denver Regional Office announced August 30th (LR 1771) the entry of a Federal court order (USDC, U.) permanently enjoining Strand Investment Company of Salt Lake City from further violations of the Commission's net capital rule.

SEC COMPLAINT NAMES OBELE OIL, WADKINS PRODUCING, ET AL. The SEC Denver Regional Office announced August 31st (LR 1772) the filing of Federal court action (USDC, Colo.) seeking to enjoin Edward M. Obele, Sr., doing business as Obele Oil Company, T. Roy Wadkins, doing business as Wadkins Producing Company, and Warren Hackman from further violating the Securities Act registration and anti-fraud provisions in the sale of mineral interests and other securities.

ROBERT CARTER ALLEN ENJOINED. The SEC Denver Regional Office announced September 1st (LR 1773) the entry of a Federal court order (USDC, Colo.) permanently enjoining Robert Carter Allen from further violations of the Securities Act and Investment Advisers Act.

STANLEY YOUNGER ARRESTED. The SEC New York Regional Office announced September 1st (LR 1774) the arrest of Stanley I. Younger on charges of violating the anti-fraud provisions of the Securities Exchange Act in connection with transactions in a non-existent corporation known as National Photocopy, Inc. Bail fixed in the amount of \$50,000.

COURT APPROVES ARKANSAS FUEL OIL PLAN. The U.S. District Court in Wilmington, Del., issued an order on September 2, 1960, approving the plan for the elimination of the 1,843,346 common shares (48.49%) held by some 20,000 public stockholders of Arkansas Fuel Oil Corporation, a subsidiary of Cities Service Company, a registered holding company, by the cash payment to them of \$41 per share, or a total of \$75,577,186. The court appointed Wilmington Trust Company as trustee to make the cash distribution to the said stockholders. The objections of certain Arkansas Fuel Oil stockholders who claimed the plan was unfair were overruled by the court.

---ooo0ooo---