

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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RIVER ROAD PUBLISHING CO., INC. 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 proposed public offering of stock by River Road Publishing Company, Inc., of 1004 South 18th St., Baton Rouge, La.

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 July 21, 1960, the said Publishing Company proposed the public offering of 100,000 common shares at \$2 per share. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with, that the company's offering circular is false and misleading in that it failed to disclose certain material facts and that, accordingly, the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act; and that the company failed to cooperate with the Commission in that it failed to respond to a communication with respect to the proposed offering.

More particularly, the Commission's order asserts that (A) the Publishing Company's offering circular failed to disclose (1) whether the \$2 per share offering price represents the market price or reflects an arbitrary determination by the company, (2) the name and address of the underwriter and the amount of expenses to be paid in connection with the offering, (3) a reasonably itemized statement of the intended use of the cash proceeds of the sale of stock, (4) all material transactions with management officials and controlling persons, as well as remuneration payable to each of the three highest-paid officers and to all officers and directors in the aggregate, and (5) the percentage of outstanding securities held by promoters and management officials and to be held by public investors if the 100,000 shares are sold, and the respective amounts of cash paid therefor; and (B) the offering circular failed to include appropriate financial statements of the company and included projections and conclusions based on conjecture. (NOTE TO PRESS. Copies of foregoing also available in SEC Fort Worth Office)

GAR-WOOD AMERITRONICS FILES FOR OFFERING. Gar-wood Ameritronics, Inc., Kensington and Sedgley Avenues, Philadelphia, Pa., filed a registration statement (File 2-17236) with the SEC on October 26, 1960, seeking registration of 80,000 shares of common stock and 160,000 common stock purchase warrants, to be offered for public sale in units consisting of one share of common stock at \$2.00 per share, and two warrants at \$1.00 each. Such warrants will entitle the holder thereof to purchase one share of common at \$2.00 per share from November 15, 1960 to April 15, 1962, and one share of common at \$3.00 per share from April 16, 1962 to November 15, 1963. The offer is to be made on a best efforts basis through Fraser & Company, Inc., which will receive a selling commission of \$.625 per unit plus \$12,500 for expenses. In addition, the underwriter will receive, for \$200, warrants to purchase 20,000 common shares under the same conditions as the warrants offered to the public.

The company was organized under Pennsylvania law in February 1960 by Albert Hurwitz, president, and principal stockholder, under the name of Gar Wood Philadelphia Truck Equipment, Inc. On September 20, 1960, the name was changed to Gar-Wood Ameritronics, Inc. The company succeeded to all of the assets, equipment and business of the Philadelphia branch of Gar Wood Industries, manufactures of auto and truck bodies, parts and trailers. It organized the Gar-Wood Philadelphia Truck Equipment division to conduct the truck equipment business and created the Ameritronics Power Brake Division to engage in the rebuilding and sale of air and vacuum power-brakes. The net proceeds from the stock sale will be used to enhance the exclusive franchise held by the company for Gar Wood products in Philadelphia and certain counties of Pennsylvania, Delaware and New Jersey, and to enhance the company's distributorship for the same areas for American Steel Foundries, Marshall Eclipse, and Gunitite Foundries. Of the estimated \$242,500 net proceeds, \$182,500 will be used for inventory, expansion of Philadelphia facilities, and the establishment of building and warehouse facilities for the New Jersey area, including the stocking of inventory, and \$60,000 for the development of the power-brake division. It is said that the company is negotiating for other franchises in geographical areas adjacent to the areas in which it now operates. If successful, funds received from the exercise of the warrants will be allocated towards that purpose.

The company has outstanding 255,000 shares of common stock, of which Hurwitz owns 204,000 shares (80%), and Milton Shecter, treasurer, owns 51,000 shares (20%). The company has agreed to sell to Hurwitz, 15,000 warrants at 1¢ per unit for entering into an Employment Contract with the company for a minimum of five years.

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For further details, call WORTH 3-5526

PENN FUEL GAS PROPOSES ACQUISITION. Penn Fuel Gas, Inc., Oxford, Pa., and John H. Ware, 3d, an affiliate, have joined in the filing of a proposal with the SEC for the purchase by Penn Fuel of the stock of a newly-organized company, Avis Gas Company; and the Commission has issued an order under the Holding Company Act (Release 35-14300) giving interested persons until November 15, 1960, to request a hearing thereon.

Avis is being organized to serve natural gas in the Borough of Avis, Pa. Its service area will be adjacent to the service area of Jersey Shore Gas & Heating Company, which is 100% owned by Ware, and about four miles from the service area of Lock Haven Gas Company, a subsidiary of Penn Fuel. Avis' capitalization will consist initially of 200 shares of \$100 par capital stock, which is to be issued at par to Ware and four other officers of Penn Fuel as organizers of Avis. Penn Fuel will purchase the 200 shares from such persons at the same price. Avis will use the proceeds of the stock sale, together with funds to be advanced by Penn Fuel, to construct the necessary transmissions and distribution facilities to obtain a natural gas supply from the Leidy Line of Transcontinental Gas Pipe Line Company, a non-affiliate; and it will distribute such gas to about 115 customers in the Borough of Avis and environs, including Jersey Shore Steel Company. The cost of the facilities to be constructed is estimated at \$205,500.

GEORGIA POWER BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14301) authorizing Georgia Power and Company to issue and sell \$12,000,000 of first mortgage bonds, due 1990, at competitive bidding. Net proceeds of such sale will be used, in part, to finance the company's 1960 construction program, which it is estimated will require expenditures aggregating \$47,090,000.

RE, RE & SAGARESE HEARING POSTPONED. At the request of counsel for Re, Re, & Sagarese, based on conflicting court engagements, the SEC has authorized a further postponement to January 9, 1961, of the hearing in proceedings under the Securities Exchange Act of 1934 pending in respect of Re, Re & Sagarese which previously was scheduled for November 21, 1960.

NORTHERN STATES POWER PROPOSES BOND OFFERING. Northern States Power Company, 15 South Fifth Street, Minneapolis, Minn., today filed a registration statement (File 2-17238) with the SEC seeking registration of \$35,000,000 of First Mortgage Bonds, series due December 1, 1990, to be offered for public sale at competitive bidding. Net proceeds from the sale of the bonds will be applied to the payment of the presently outstanding \$35,863,800 principal amount of its promissory notes evidencing short-term bank loans, of which \$1,500,000 were issued in January 1960 to provide part of the funds required in connection with the acquisition of the Minnesota properties of Mississippi Valley Public Service Co.; \$9,000,000 in September 1960 to provide part of the consideration paid for the Minnesota properties of Northern States Power Company; and the balance \$25,363,800, were issued in 1960 to temporarily finance the company's 1960 construction program. The company's construction expenditures during 1960 are estimated at \$46 million.

PALL CORP. FILES FOR OFFERING AND SECONDARY. Pall Corporation, 30 Sea Cliff Avenue, Glen Cove, L. I., New York, today filed a registration statement (File 2-17239) with the SEC seeking registration of 80,000 shares of Class A stock, of which 30,000 shares are to be offered for public sale by the company and 50,000 shares, being outstanding stock, by the present holders thereof. L. F. Rothschild & Co. is listed as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries produce metal filters for fluids, chemicals and gases. It also produces porous plastic filters and other materials capable of meeting comparable requirements. Its products are used primarily in the aircraft, missile, atomic energy, chemical, petrochemical, pharmaceutical, electronic, distilling and metallurgical industries. The company's subsidiary, Fibrous Glass Products, Inc., is in the business of molding fibrous glass insulation for use in marine, appliance, construction, electronic and packaging industries. This subsidiary proposes to enter into the manufacture of glass fibers and the production of finished products therefrom in a new plant to be constructed. Of the net proceeds from the company's sale of additional stock, \$50,000 will be applied to planned expansion of the company's existing plant to perform manufacturing operations which are now being subcontracted. The balance of such proceeds will be temporarily added to working capital and applied to the company's proposed entry into fibre glass manufacture. If such plans for fibre glass manufacture are not carried out, that part of the proceeds will be invested in short-term government securities or interest-bearing deposits.

In addition to certain indebtedness, the company has outstanding 188,078 shares of Class A stock and 293,100 shares of Class B stock. Of the latter, David B. Pall, president and board chairman, and Canmont Investment Corp., of Montreal, Canada, own 133,696 shares (45.6%) each; Pall and Abraham Krasnoff, as voting trustees, hold 272,900 shares (93.1%); and management officials as a group own 159,404 shares (54.4%). Of the Class A shares, Madison Fund, Inc., of Wilmington, Delaware, owns 30,000 shares and proposes to sell all of such holdings. Pall and Canmont Investment Corp. propose to sell 10,000 Class A shares each which they will obtain by converting a like number of their Class B shares into Class A shares. After completion of this financing, Pall and Canmont Investment Corp. will each own 123,696 shares (45.6%) of Class B stock.

APACHE CORP. PROPOSES DEBENTURE OFFERING. Apache Corporation, 523 Marquette Avenue, Minneapolis, Minn., filed a registration statement (File 2-17237) with the SEC on October 26, 1960, seeking registration of \$4,000,000 of 6% Convertible Subordinated Debentures, due December 1, 1975, to be offered for public sale at 100% of principal amount. In addition to an amount not to exceed \$12,500 for expenses, the underwriters (names to be supplied by amendment) will receive a 3% commission.

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STOP ORDER SUSPENDS CONSOLIDATED DEVELOPMENT (CUBA) REGISTRATION: DELISTING PROCEEDINGS ANNOUNCED. The SEC, in a "stop order" decision announced today (Release 33-4287), suspended a Securities Act registration statement which proposed the issuance and sale of 448,000 shares of common stock by Consolidated Development Corporation, a Delaware company with offices in Havana, Cuba, because the company's statement and prospectus made false and misleading representations of material facts essential to a realistic evaluation of the shares by public investors. (As indicated below, the company is not to be confused with a Florida company of the same name.)

At the same time, the Commission announced proceedings under the Securities Exchange Act of 1934 to determine whether it is in the public interest to suspend or withdraw the company's 3,363,318 outstanding shares from listing and registration on the American Stock Exchange. The hearing in these "delisting" proceedings is scheduled for November 16, 1960. Trading in such stock was suspended by the Exchange on December 14, 1959 shortly after the Commission announced its stop order proceedings; and since February 12, 1960, trading on the Exchange and in the over-the-counter market has been banned by orders of the Commission.

According to its registration statement, filed in August 1959, Consolidated was organized under Delaware law in June 1956 by Clarence W. Moore, its president, Peter H. Bergson, vice-president, and Dr. Alberto Masvidal, Moore's brother, Carl, is also a vice president. In 1956 Consolidated issued 1,390,000 common shares in exchange for stock of Cuban Land Oil Company, S.A.; 250,000 shares in exchange for stock of Petroleo Cruz Verde, S.A.; 100,000 to Bergson and Masvidal for organization expenses; and 260,000 to Bergson for resale to provide operating capital. Cuban Land was organized in 1956 by the Moores, Masvidal and Bergson, who received all its stock for services and for various oil interests; and they received all but 110,000 of the 1,390,000 Consolidated shares issued in exchange therefor. Of the 250,000 shares issued for Petroleo stock, 150,375 were received by Masvidal, the Moores, a law associate of Moore, and the chief clerk of both Consolidated and Petroleo.

The Commission ruled that Consolidated's prospectus failed to describe adequately and accurately the properties held by Consolidated and its subsidiaries, the cost to promoters and management officials of such properties, and the shares issued in exchange therefor by Consolidated. Moreover, according to the decision, most of the outstanding shares were distributed to public investors in violation of the Securities Act registration requirement, including 675,950 shares received by Bergson, Masvidal and the Moores in exchange for Cuban Land stock and 149,500 shares received by Masvidal, the Moores and others in exchange for Petroleo stock.

The prospectus stated that Consolidated and its subsidiaries held petroleum exploration and exploitation licenses on lands in Cuba and had produced crude oil from shallow wells which it sold to local refineries in Cuba; that in November 1959 the Cuban government published a decree for petroleum the effect of which could be regarded as confiscatory; and that it was doubtful whether Consolidated would continue its petroleum operations in Cuba. The prospectus failed to disclose, however, that the petroleum operations were unsuccessful and had resulted in an accumulated operating deficit of \$346,764 as of May 31, 1959, placing the company in a serious financial condition; that by reason of the Cuban decree and the lack of success of the oil business, Consolidated had indefinitely suspended its oil exploration activities in Cuba; and that, as a consequence, it might be necessary to write off all Consolidated's properties and equipment in Cuba, leaving it with practically none of the assets shown on its balance sheet.

The Commission also held that Consolidated's prospectus was misleading with respect to disclosures concerning the plan of distribution of the 448,000 new shares and the use of the proceeds thereof. The prospectus named as underwriter H. Kook & Co., Inc., of which Bergson is president and principal stockholder. Of the 448,000 shares, 100,000 would first be offered to the underwriter at \$1 per share in payment of a \$100,000 loan and 198,000 shares would be offered to holders of \$148,500 of convertible debentures at \$.75 per share. The underwriter would use its best efforts to sell up to 250,000 shares at a price equal to the market price on the Exchange but not less than \$1.25 per share; and it would receive therefor an underwriting concession of 20% and up to \$15,000 for expenses. On the basis of an estimated offering price of \$1.625 per share, and assuming the underwriter elected to purchase 100,000 shares in satisfaction of its loan and the debenture holders exchanged their debentures for 198,000 shares, net proceeds to Consolidated for the cash sale of the remaining shares were estimated at \$163,000, which was to be added to general funds and be available for corporate business or to reduce current liabilities. The \$1.625 estimated offering price was misleading in view of the then current market price for the stock ranging from 69¢ to 75¢ per share; and there was also a failure to disclose, among other things, that the \$100,000 loan by the underwriter was for the purpose of enabling Consolidated to meet current obligations, that \$100,000 of the net proceeds of the stock sale would be used to satisfy this indebtedness unless the underwriter elected to accept 100,000 shares in payment therefor, and that the underwriter would not elect to accept shares if the stock were sold for less than \$1 per share and, in such event and if only \$100,000 were raised from the public sale of stock, the financing would be solely for the benefit of the underwriter.

The prospectus further stated that in October 1959 Consolidated entered into an agreement to acquire about 9,300 acres of land in Lee County near Ft. Myers, Florida, for a price of \$3,301,500, payable by the issuance of 800,000 common shares, \$150,000 cash, and a mortgage for \$2,051,500, and that Consolidated intended to acquire other properties and to engage in substantially all phases of real estate operations including the development, operating, leasing and sale of properties. The Commission ruled that the disclosures with respect to the company's proposed real estate operations "were materially inadequate, inaccurate and misleading in many respects." Among other things, there was a failure to disclose that the proposed financing would not provide any funds to acquire or develop Florida real estate and that no other funds were available for such purpose; that Consolidated had not completed any detailed plans for development of its Lee County property; that it did not know the number of acres, if any, available for home sites without prior drainage and development; that development of the entire

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tract would require a main drainage canal costing about \$850,000 served by lateral extensions to be built at additional cost; and that another adjacent and extensively developed residential project would present "a serious competitive disadvantage."

In the order authorizing the proceedings on the question of suspending or withdrawing Consolidated's stock from listing and registration on the American Stock Exchange, the Commission challenges the accuracy and adequacy of disclosures in the company's annual and other periodic reports under the Securities Exchange Act, particularly with respect to various of the matters discussed in the Commission's stop order decision and outlined above; and it further asserts that Consolidated failed to file current reports disclosing numerous transactions referred to therein.

The Commission also announced that it will continue its ban on trading in Consolidated stock on the American Stock Exchange and the over-the-counter market through November 7, 1960. During the intervening period the information concerning the company and its operations, as supplemented by the Commission's "stop order" decision, can be publicly disseminated. In this connection the Commission pointed out that the financial statements for 1959 filed by Consolidated in August 1960 were uncertified, the accountants having indicated that they were unable to express an opinion regarding such statements because of the effect on Consolidated's holdings in Cuba of the new petroleum laws of Cuba, the decline in the value of Consolidated's investment in Bolivian American Oil Co., and the uncertain status of Consolidated's commitment to purchase land in Florida. The balance sheet discloses that as of December 31, 1959, Consolidated had total current assets of \$51,883, of which only \$1,406 was in cash and \$46,898 represented inventory supplies located in Cuba. Total current liabilities on that date amounted to \$196,632; and the accumulated operating deficit then amounted to \$912,374.

The Commission has been informed that the American Stock Exchange expects to continue its suspension of Exchange trading in Consolidated stock. Beginning November 8, however, trading therein can be resumed in the over-the-counter market. In this connection, the Commission called attention to the fact that the corporate name of Consolidated, a Delaware corporation (formerly known as Consolidated Cuban Petroleum Corporation), is identical to that of Consolidated Development Corporation, a Florida corporation now engaged in the real estate business in Florida and whose shares are currently being traded in the over-the-counter market. The Commission cautioned investors who may purchase the shares of Consolidated Development Corporation, the Florida corporation, to be sure that they are acquiring such shares and not those of the Delaware corporation. It also reminded brokers, dealers and others that the anti-fraud provisions of the Federal securities laws would be violated if they should make any misstatements or omissions of material facts which might confuse or mislead an investor into believing that he is acquiring the shares of Consolidated Development Corporation, the Florida corporation, when, in fact, he is acquiring shares of the Delaware corporation.

APACHE CORP. PROPOSES DEBENTURE OFFERING (Con't).

The company is principally engaged in providing specialized management of long-range risk capital investments by others in gas and oil drilling and production ventures, real estate ventures, and mutual funds. It also has interests in gas and oil leaseholds and reserves and, through its subsidiaries, in businesses ancillary to the production of gas and oil. The company's principal source of income is derived from management fees and the sale of overriding royalty interests. Of the net proceeds from the debenture sale, \$1,200,000 will be used to fund the company's short-term bank debt, \$605,000 to retire debt assumed upon a merger with Apache Properties, Inc. (a small oil producing company managed by Apache and to be merged into the company in December 1960), \$500,000 to finance the purchase of leasehold equipment to be leased to program investors; \$400,000 to purchase common stock of the company in connection with the said merger; \$458,333 to retire the balance due on a first mortgage note secured by an undivided one-half interest in a gas processing plant at Kendrick, Oklahoma; and \$640,000 to working capital.

The company has outstanding 949,054 shares of common stock, of which 14 management officials own 206,072 shares (22%). The prospectus lists Truman E. Anderson as board chairman and Raymond Plank as president.

WESTERN UTILITIES PROPOSES DEBENTURE OFFERING. Western Utilities Corporation, 300 Montgomery Street, San Francisco, today filed a registration statement (File 2-17240) with the SEC seeking registration of \$2,750,000 of 5½% Convertible Debentures, due October 1, 1975, to be offered for public sale through a group of underwriters headed by Dean Witter & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company owns substantial amounts of common stock in three operating public utility companies; California Water & Telephone Company, West Coast Telephone Company and The Southwestern States Telephone Company. It also owns and operates a telephone directory publishing business known as Thornhill Publishing Company. The net proceeds of the sale of debentures will be used to retire \$117,000 principal amount of 4½% secured sinking fund debentures due March 1, 1965 and \$449,000 of 4% secured debentures due March 1, 1965 (plus a premium of \$4,490 for the retirement of the latter issue); to repay outstanding bank loans totalling \$925,000, obtained to provide working capital (\$246,875) and to provide funds (\$678,125) for the purchase of 25,000 additional common shares of West Coast Telephone Co.; and the balance to finance the future purchase of additional securities of the companies in which Western Utilities already holds interests or of securities of other operating utility companies and to provide working capital.

In addition to certain indebtedness, the company has outstanding 1,145,920 shares of common stock, of which Argonaut Investment Co., of San Francisco holds 382,605 shares of record and 382,605 shares beneficially. Chester H. Loveland, company president and principal stockholders of Argonaut, is the beneficial owner of 231,782 shares, his interest deriving out of his holdings of Argonaut stock.