

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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Washington 25, D.C.

FOR RELEASE February 2, 1961

LEFCOURT REALTY SHARES IN REGISTRATION. Lefcourt Realty Corporation, 1000 16th Street, N. W., Washington, D. C., filed a registration statement (File 2-17549) with the SEC on January 30, 1961, seeking registration of (1) 1,523,800 shares of common stock of which 400,000 have been, and 1,123,800 will be delivered to A. Smith Bowman Distillery, Inc., a wholly owned subsidiary of the company, in exchange for shares of its stock, and will be delivered by such subsidiary to A. Smith Bowman, Jr. and E. DeLong Bowman in whole or in part in accordance with certain agreements between the company, Distillery and the Bowmans, (2) 99,100 shares of common stock to be issued to Distillery in exchange for shares of its stock, and will be delivered to J. J. Harrington and Co. in whole or in part in partial payment of brokers' commission in connection with the Bowman acquisition, and (3) \$2,000,000 of six year 6% subordinated debentures due January 15, 1966 and 300,000 warrants to purchase at \$2.50 per share one and one-third common shares per warrant until May 1, 1963 and \$5 per share thereafter, such debentures and warrants resulting from the modification of the debentures and warrants previously issued by the company as of January 15, 1960 to a certain limited number of persons. The holders of the debentures and warrants are Distillery, the Bowmans and J. J. Harrington and Co. who may sell such securities from time to time to the public.

The company is engaged in a general real estate business. By agreement in July 1960 between the Bowmans, the company and Interim Distilling Corporation (a Lefcourt Realty subsidiary), Interim Distilling agreed to purchase and has purchased the outstanding stock of A. Smith Bowman and Sons, Inc. from the Bowmans for \$18,400,000 represented by four notes of the company. In August 1960 Bowman & Sons was liquidated into Interim Distilling and the latter's name was changed to A. Smith Bowman Distillery, Inc. The first, third and fourth notes are for \$4,000,000, \$2,000,000 and \$8,400,000, respectively. The second note for \$4,000,000 originally payable on January 15, 1961 was extended to be payable in two installments, one of \$900,000 on March 15, 1961 without interest and the other of \$3,100,000 on or before January 15, 1962 with 6% interest per annum until paid. At Distillery's option, the installment payments may be paid in whole or in part in the company's common stock. The Bowman property thus acquired, known as "Sunset Hills Farm", is a tract of 6,440 acres in Fairfax County, Virginia, said to be adaptable to residential construction. Also included is the distilling plant and equipment which produces and distributes whiskey under the names "Virginia Gentlemen" and Fairfax County".

In addition to certain indebtedness, the company has outstanding 6,055,733 shares of common stock, of which Arthur A. Desser, president, and Harold B. Garfield, board chairman, own of record and/or beneficially an aggregate of 770,506 and 498,799 shares, respectively. According to the prospectus, Max C. Fink, secretary, became entitled to \$150,000 for services rendered in negotiation of the Bowman acquisition.

RULE RESCISSIONS PROPOSED. The SEC has proposed the rescission of Rule U-3D-15 (Release 35-14362) and Rule 13 (Release 35-14363) under the Holding Company Act; and it has invited the submission of views and comments thereon on or before March 15, 1961.

Rule U-3D-15, adopted in January 1941, is no longer applicable to any company which is a subsidiary of a registered holding company. It provided an exemption from certain provisions of the Holding Company Act for any such subsidiary which was substantially engaged in any branch of the petroleum business or in any business accessory thereto, in the real estate business, or in the production and transportation of natural gas.

Rule 13 exempts from the Act every subsidiary or affiliate of a registered holding company which is neither a holding company, utility company, investment company or service company, provided such company became a subsidiary or affiliate by reason of the acquisition of its stock after October 1953 by a holding company as part of an investment program permitted by an order of the Commission in connection with the conversion of the holding company into an investment company in compliance with Section 11 of the Act. When the rule was adopted in December 1953, two holding companies were in the process of converting into investment companies under Commission-approved, Section 11 plans; and two additional holding companies had indicated an intention to convert themselves into investment companies, if authorized. No such companies are now in the process of converting into investment companies or have indicated such an intention.

ANNANDALE TERRACE FILES FOR OFFERING. Annandale Terrace Limited Partnership, 1722 L Street, N. W., Washington, D. C., filed a registration statement (File 2-17560) with the SEC on February 1, 1961, seeking registration of 306 Limited Partnership Interests in the partnership, to be offered for sale at \$1,000 per unit, or an aggregate of \$306,000. The offering is to be made by Berens Securities Corporation, which will receive a commission of \$90 per unit.

The partnership was formed on January 27, 1961, by George W. DeFranceaux and Eugene F. Ford, as general partners, and John Mergner as the initial limited partner. Each has contributed \$1,000 for one partnership unit. The partnership proposes to purchase an undivided one-half interest as tenant in common in the Annandale Terrace Apartments in Annandale, Fairfax County, Va., and, together with the other tenant in common, to

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operate the apartments. Frederick W. Berens Sales, Inc., has entered into a contract with L. G. Meltzer Associates, Inc., as seller, for the purchase by Berens Sales of a one-half interest in the apartments. The purchase price for such one-half interest is to be \$265,000; and, in addition, the purchaser is to take such one-half interest subject to one-half of the \$1,340,500 trust deed. Berens Sales has agreed to assign its interest in the contract to the partnership. Meltzer Associates and the partnership will enter into a joint operating agreement on the settlement date. The purpose of this offering by the partnership is to acquire funds to purchase a one-half interest in the Annandale Terrace Apartments. The net proceeds of this offering will amount to approximately \$267,460 after deduction of approximately \$11,000 for expenses. The Partnership has received contributions from the General Partners and the initial Limited Partner in the total amount of \$3,000, so that upon completion of this offering it will have approximately \$270,460 of capital. Of such amount, \$265,000 will be used to purchase the one-half interest in the Annandale Terrace Apartments and the balance will be used to defray settlement costs arising with respect to such purchase.

PECOS LAND AND DEVELOPMENT SHARES IN REGISTRATION. Pecos Land and Development Company, Inc., 207 Shelby Street, Santa Fe, New Mexico, filed a registration statement (File 2-17557) with the SEC on January 31, 1961, seeking registration of 4,000,000 shares of common stock, of which 500,000 shares are to be offered for public sale at \$1 per share through officers of the company; 1,897,661 shares are to be exchanged for various assets and businesses, and may be offered for sale by the recipients; 687,765 are outstanding shares issued upon organization of the company which may be offered for sale by the holders; and 914,574 shares may be issued by the company from time to time in the acquisition of additional properties.

The company was organized under Delaware law in April 1960 for the primary purpose of acquiring, holding, developing and selling improved and unimproved urban and farm and ranch lands and other types of real estate, and oil, gas and mining properties, all located principally in the Southwestern and Rocky Mountain regions of the United States. Of the net proceeds from the cash sale of the 500,000 common shares, \$130,000 will be used for interest on the purchase price, advertising and development costs of the El Poso Ranch acquisition; \$107,250 for part of the purchase price, interest, and development costs of the Katson-Hogan property acquisition; and \$94,000 for administrative and overhead expenses.

The company has outstanding 687,765 shares of common stock. Various officers, directors and promoters have assigned properties to the company, acquired within two years, in exchange for stock, both as a part of transactions concluded in August 1960 and will do so again when this statement becomes effective. Of 2,503,426 shares issued in August 1960 and to be issued in exchange for properties, officers, directors and management officials will receive 12.68% of such stock in exchange for properties acquired by them in the past two years in which their aggregate cost was \$6,139.93. In addition, they purchased 35,000 shares at \$1 per share. After the consummation of the expected transactions but prior to the sale of the 500,000 shares, Alva A. Simpson, Jr., president, will own 299,540 shares, Western Consolidated Oil Corp. will own 500,000 shares, St. Jude Mining Corporation will own 260,000 shares, and management officials as a group will own 550,914 shares.

LOCKWOOD GRADER PROPOSES OFFERING. Lockwood Grader Corporation, Gering, Nebr., today filed a registration statement (File 2-17561) with the SEC seeking registration of \$500,000 of 6% Sinking Fund Debentures, Series A (with warrants for the purchase of 15,000 shares of Class A common stock), and 30,000 shares of Class A common stock. These securities are to be offered for public sale through The First Trust Company of Lincoln, Nebr. The public offering price and underwriting terms, as well as the exercise price of the warrants, are to be supplied by amendment.

The company is engaged in the business of manufacturing and selling field agricultural machinery and grading, sorting and handling machinery, primarily for use in the potato industry. It has eight subsidiaries which manufacture and sell various lines of such machinery and act as distribution and servicing and repair points. It also owns all the stock of Equipment Finance Company, which finances the sale of a portion of the equipment sold by the company and its other subsidiaries. A Dutch company which manufactures and distributes potato field and handling machinery in Europe is jointly owned by a subsidiary and certain persons controlling the company. Net proceeds of the company's sale of debentures and stock will be added to its working capital, the increase being deemed necessary by management in order to finance inventories required by the growth of the business as well as by seasonal selling which is characteristic of the business.

The company now has outstanding 228,943 shares of Class B common stock. The prospectus lists Margaret K. Lockwood as board chairman and president and owner of 127,929 shares (55.9%) of the outstanding Class B stock.

TOTTS PHARMACAL FILES FOR OFFERING. Totts Pharmacal Corp., 3757 Mahoning Avenue, Youngstown, Ohio, filed a registration statement (File 2-17558) with the SEC on February 1, 1961, seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made on a best efforts basis through International Services Corp., which will receive a 60¢ per share selling commission and up to \$32,000 for expenses. The company has issued to the underwriter an additional 12,500 common shares at 10¢ per share and three-year warrants for the purchase of an additional 12,500 shares at \$4 per share. The company will pay a fee of \$10,000 to Marvin Hayutin and Calvin J. Kohler, as finders, and has issued 6,250 warrants to each.

The company was organized under Delaware law in September 1960 to acquire the assets and liabilities of Lucente Enterprises, Inc., an Ohio corporation. Lucente had been engaged in the business of manufacturing, selling and distributing a dentifrice under the name of "Orbit Dental Cream" in a novel plastic container with primary appeal to the children's market for such product. Upon evaluation of the results of test-marketing, the company decided to promote and advertise the product on a nation-wide basis. To implement its program, the company has acquired from National Telefilm Associates, Inc. 26 episodes (and an option for an additional 13) of the television program entitled "This is Alice," for which the company issued to NTA a two

year \$200,000 non-interest bearing debenture convertible into common stock at \$4 per share. The company has also entered into contract with Tele-Net Corp. for television time and facilities and for the rights to use a "commercial" film at a total cost of \$102,500. \$90,000 being paid in 22,500 common shares and the balance being payable in cash. The net proceeds from the stock sale will be used as follows: \$15,000 for repayment of the balance of a bank loan; \$100,000 to pay accounts and notes payable and current obligations due to trade creditors; \$12,500 to pay T-NC; \$10,000 to be added to \$15,000 on deposit to purchase additional molds to increase production of the tooth paste tubes; \$20,000 to purchase additional machinery and equipment; \$60,000 for a program of test marketing of various new items; \$35,000 to purchase and install facilities; \$25,000 to recruit and develop a sales force; and the balance will be added to general funds for use as working capital and for general corporate purposes including business expansion if warranted.

In addition to certain indebtedness the company has outstanding 100,000 shares of common stock, of which Paul R. Lucente, president, owns 5,425 shares, Tele-Net Corp., 22,500 shares, International Services Corp., 12,500 shares, and Albert Lucente, a director, 11,100 shares. The former stockholders of Lucente Enterprises, Inc. own an aggregate of 16,400 shares of the company which were issued to them upon its merger into the company.

TRI-CONTINENTAL PROPOSES DEBENTURE OFFERING. Tri-Continental Corporation, 65 Broadway, New York, filed a registration statement (File 2-17559) with the SEC on February 1, 1961, seeking registration of \$20,000,000 of debentures, Series A, due March 1, 1966, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is registered under the Investment Company Act of 1940 as a diversified, management investment company of the closed-end type. The net proceeds from the sale of debentures will be used primarily for the purpose of refunding at maturity (1) its 2 7/8% debentures, due March 1, 1961, in the principal amount of \$7,360,000, (2) the 2 7/8% debentures, due April 1, 1961, of Selected Industries Inc., in the principal amount of \$6,900,000 assumed by the company when Selected Industries was merged into the company in 1951, and (3) a 3 3/4% promissory note maturing March 31, 1961, in the principal amount of \$3,800,000. The balance of such proceeds will be used for additional investment and for general corporate purposes.

In addition to the debentures and note and preferred stock, the company has outstanding 7,197,936 shares of common stock. Francis F. Randolph is listed as board chairman and Fred E. Brown as president.

MEREDITH PUBLISHING FILES STOCK PLAN. Meredith Publishing Company, 1716 Locust Street, Des Moines, Iowa, today filed a registration statement (File 2-17562) with the SEC seeking registration of 77,064 shares of common stock, to be offered to key employees of the company pursuant to its Amended Restricted Stock Option Plan.

AVIONICS INVESTING SEEKS EXEMPTION. Avionics Investing Corporation, Washington, D.C., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined in that Act; and the Commission has issued an order (Release 40-3183) giving interested persons until February 15, 1961, to request a hearing thereon. Avionics Investing is also a small business investment company licensed under the Small Business Investment Act of 1958. It has eight shareholders, including seven individuals and Sutro Bros. & Company, an investment banking firm, which recently acquired from existing shareholders a majority of the outstanding shares and intends to participate in the management of the company and to make further investments in or procure additional funds for the company by means of a private offering of its securities. Avionics has requested withdrawal of its Securities Act registration statement which proposed the public offering of 250,000 shares.

SOUTHERN INDEMNITY UNDERWRITERS EXEMPTED. The SEC has issued an order under the Investment Company Act (Release 40-3182) declaring that Southern Indemnity Underwriters, Inc., of Louisville, Ky., has ceased to be an investment company as defined in that Act.

CONSOLIDATED DEVELOPMENT HEARING POSTPONED. The SEC has granted a request of counsel for Consolidated Development Corporation, of Havana, Cuba, for a postponement from February 2 to February 27, 1961, of the hearing in proceedings under the Securities Exchange Act to determine whether Consolidated Development stock should be suspended or withdrawn from listing and registration on the American Stock Exchange. The postponement was requested in order to allow additional time for the parties to prepare a factual stipulation which might avoid the necessity for an evidentiary hearing.

SEC COMPLAINT NAMES CECIL RHODES ET AL. The SEC New York Regional Office announced January 31st (LR-1902) the filing of a complaint (USDC SDNY) seeking to enjoin Cecil Rhodes, Marshall Feld and Eugene Szemzo from further violations of the anti-fraud and anti-manipulative provisions of the Securities Exchange Act (in relation to their transactions in stock of International Business Machine and Polaroid Corp.)

INDICTMENT NAMES JOHN JOSEPH CRANE ET AL. The SEC Atlanta Regional Office announced January 31st (LR-1903) the return of an indictment (USDC, Macon, Ga.) charging violations of Securities Act anti-fraud provisions of John Joseph Crane, alias John M. Franklin, Joseph A. Peel, Jr. alias Joseph Morello, James Donald Miles alias Don Miller, and John L. Peel in connection with the sale of notes of Southern Investment and Finance Corporation.

EFFECTIVE SECURITIES ACT REGISTRATIONS: February 2: Midland Capital Corporation (File 2-17386).