

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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FOR RELEASE November 7, 1961

FEDERATED FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3348) declaring that Federated Fund, of Boston, has ceased to be an investment company.

ROSENDALE FUND GRANTED EXEMPTION. The SEC has issued an order under the Investment Company Act (Release IC-3349) granting a conditional exemption from certain provisions of that act to Rosendale Fund, Inc., a closed-end investment company of Ulster County, N. Y.

INTERNATIONAL AFRICAN AMERICAN PURCHASE CLEARED. The SEC has issued an order under the Investment Company Act (Release IC-3350) granting an exemption application of International African American Corporation, of New York, with respect to (1) the exercise by IAAC of options to purchase securities of Liberian Iron Ore Limited ("LIO") and The Liberian American-Swedish Minerals Company ("LAMCO") from LIO and the Swedish Lamco Syndicate, and (2) the purchase by stockholders of IAAC who are affiliated persons of IAAC, of the LIO and LAMCO securities which IAAC will receive upon the exercise of the options. (For details of transactions, see Release IC-3350)

I. B. T. INC. SEEKS ORDER. I. B. T., Inc., of Winston-Salem, N. Car., has applied to the SEC for an order exempting it from the Investment Company Act; and the Commission has issued an order (Release IC-3351) giving interested persons until November 20th to request a hearing thereon. I. B. T. is a closed-end, non-diversified management company as defined in the Act and was organized on July 13, 1961. Its authorized capital consists of 100,000 shares of \$1 par value common stock. Applicant has issued no shares and has no securities outstanding. It proposes to offer 20,000 shares of capital stock solely to residents of the State of North Carolina at an offering price of \$4 per share, or an aggregate of \$80,000, less an underwriting discount of 10% to net applicant \$72,000.

SEC PARTICIPATES IN CHARLOTTE MOTOR SPEEDWAY CASE. The SEC is participating in Chapter X proceedings for the reorganization of Charlotte Motor Speedway, Inc., of Charlotte, N. Car. (USDC WD N.Car.). Robert N. Robinson has been appointed trustee. Public investor interest in the debtor is represented by 702,698 shares of common stock held by more than 2,000 North Carolina residents. Approximately 400,000 of these shares were sold by pre-incorporation subscriptions without having been registered with the Commission. Upon being advised to the illegality of said sales, an offer of rescission was made by the debtor. However, none of the stockholders took advantage of the offer. The debtor subsequently offered 304,280 shares of its common stock pursuant to a prospectus filed with the Commission which became effective on April 12, 1960. The principal assets of the debtor consist of 553 acres of land having an appraised value of \$415,000, the race track and improvements situated thereon valued at \$1,336,776; \$8,000 cash and approximately \$10,000 in accounts receivable. The debtor's principal liabilities consist of notes, mortgages and judgments of \$755,997.95 and accounts payable of \$111,119.57.

DIVERSIFIED AUTOMATED SALES CORP. ENJOINED. The SEC Atlanta Regional Office announced November 3d (Lit-2136) the entry of a Federal court order (USDC, Nashville) permanently enjoining Diversified Automated Sales Corporation, Frazier N. Jones, Sr., and James A. Bulleit, all of Nashville, with their consent, from further violating the Securities Act registration and anti-fraud provisions in the sale of stock of the corporate defendants.

INTERNATIONAL COFFEE CORP. FILES FOR OFFERING. International Coffee Corporation, 1702 First National Bank Bldg., Fort Worth, Texas, filed a registration statement (File 2-19265) with the SEC on November 6th seeking registration of \$3,675,000 of beneficial interests in Panamanian properties to be developed as coffee plantations, to be offered for public sale in 2,450 units at \$1,500 per unit. The offering will be made without underwriting by salesmen whom the company will hire. Selling commissions are estimated at \$225 per unit. Two officers will each receive a 1½% commission on all sales.

The company was organized under Texas law in May 1961 for the purpose of developing and operating coffee plantations on 2,500 acres located in the Cerro Azul mountain range in the Province of Panama, Republic of Panama, and selling interests representing land in the plantations. After the plantations reach the commercial bearing stage (the prospectus states that under the most ideal conditions the typical coffee tree does not begin production until the third year and becomes active in the fifth year), the company proposes to care for the trees and sell the crop therefrom for the benefit of the landowner. The units being offered represent eight plantations, the first seven consisting of 300 acres each, and the eighth consisting of 350 acres (50 acres are set aside for buildings, etc.). The prospectus states that although the landowner's interests represent specific acres in one of the eight plantations, the returns are under a pooling arrangement for each plantation and as a result they are received as a pro rata basis and not from the landowners' acres. The lands were purchased from Pantar Land Company, Inc., of Panama, for a total purchase price of \$375,000, of which payments of \$90,000 have been made and 4½% promissory vendor's lien notes have been executed covering the unpaid balance of \$285,000. The company will clear and plant each

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acre with approximately 800 coffee trees for the sum of \$900.00 per acre. For an additional sum of \$600,000 per acre, the company further agrees to extend due diligence in providing the necessary further development, upkeep, hand cultivation, tending and care until such coffee trees are ready to bear their first salable crop. The \$1,500 per acre is payable in cash. The net proceeds from the sale of the units, (together with \$100,000 proceeds from the recent sale of \$10 par preferred stock to nine persons) will be used, during the first year, for organization and land acquisition expense, construction of headquarters, irrigation systems and access roads, machinery and equipment, and for development and maintenance costs including clearing land and establishing nursery and transplanting trees. The balance will be used during the next three years for such development and maintenance costs including nursery maintenance and replacement of trees and cultivation, tending and caring for trees and expenses of plantation management. Beginning with the first salable crop year, the company in consideration for cultivating, harvesting and selling the coffee, will receive 20¢ per pound with the balance of 80% of the sales price to the landowner and 20% to the company.

In addition to certain indebtedness and the preferred stock, the company has outstanding 50,000 shares of common stock (recently sold to 16 persons at \$1 per share), of which Ewell J. Robinett, president, J. Russell Hannon, executive vice president, and John G. Kemmerer, a director, own 20% each. Thomas A. McCann is listed as board chairman.

PACIFIC LIGHTING FILES FOR STOCK OFFERING. Pacific Lighting Corporation, 600 California Street, San Francisco, Calif., filed a registration statement (File 2-19266) with the SEC on November 6th seeking registration of 600,000 shares of common stock, to be offered for public sale through underwriters headed by Blyth & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is a holding company whose subsidiaries are engaged in the natural gas business in southern California. Net proceeds from the stock sale will be used, in part, to repay short-term bank loans which are expected to approximate \$9,000,000, incurred for the temporary financing of the subsidiaries' construction and expansion programs. Such programs for the fifteen months ending December 31, 1962 will amount to about \$57,770,000. The remaining proceeds will be used to finance these programs and for other corporate purposes of the subsidiaries, by loaning funds to them or buying new issues of their common stocks.

In addition to certain indebtedness and series of preferred stock, the company has outstanding 7,411,017 shares of common stock, of which management officials as a group own 1%. Robert W. Miller is listed as board chairman and Robert A. Hornby as president.

CRYOGENIC ENGINEERING FILES FOR SECONDARY. Cryogenic Engineering Company, 200 West 48th Avenue, Denver, Colo., filed a registration statement (File 2-19267) with the SEC on November 6th seeking registration of \$200,000 of outstanding 5% debentures due 1971 (convertible) and 21,000 outstanding shares of Class A common stock. The debentures (or the 10,000 Class A shares into which they are convertible) and the 21,000 Class A shares may be offered for sale by the holders thereof from time to time at the market price prevailing at the time of sale. The debenture holders also hold five-year warrants to purchase 4,000 Class A shares at \$20 per share, and Dempsey Tegeler and Company holds four-year warrants to purchase 800 Class A shares at \$2 per share. Such warrants and underlying shares may also be offered from time to time at prevailing prices.

The company is engaged in the manufacture of cryogenic equipment and the engineering of equipment and processes to produce or function within the range of cryogenic temperatures of just above absolute zero of -450°F to -200°F. In addition to certain indebtedness, the company has outstanding 155,200 Class A shares and 67,331 Class B shares, of which latter stock Glen E. McIntosh, president, Gerald D. Mordhorst, vice president, Kenneth R. Leonard, secretary-treasurer, and Contract Electronics Corporation, own 19.18%, 15.85%, 13.02% and 44.58%, respectively. The prospectus lists the selling stockholders as Ladet and Company, Inc. (15,000 shares), Bull and Low (4,000 shares), and Morgan Davis and Company (2,000 shares). The prospectus also lists 19 holders of the debentures and 4,000 warrants, including William G. Moran and Pearl River Land & Investment Co. who own and propose to sell \$20,000 of debentures and 400 warrants each. The warrants to purchase the 21,000 shares at \$2 per share were issued to the three named firms in connection with the company's prior sale of 148,500 shares of Class A stock, and the warrants to purchase shares at \$20 per share in connection with the sale of the \$200,000 of debentures.

SHARES IN AMERICAN INDUSTRY SEEKS ORDER. Shares in American Industry, Inc., Washington, D. C., investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed purchase of stock of District Wholesale Drug Corporation; and the Commission has issued an order (Release IC-3352) giving interested persons until November 22d to request a hearing thereon. The said Drug Corporation has proposed the public offering of 100,000 Class A common shares; and the applicant proposes to purchase 5,000 shares. Auchincloss, Parker & Redpath is the principal underwriter; and Mack Sullivan, Jr., a partner of that firm, is also a director of the applicant. The price to be paid by applicant will be equal to the public offering price in effect on the first full day of the offering.

MULTNOMAH CANADIAN FUND SEEKS ORDER. Multnomah Canadian Fund, Ltd., Vancouver, B.C., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3353) giving interested persons until November 22d to request a hearing thereon. In an August 17th meeting, stockholders of the company voted for its liquidation and dissolution.

IOWA INTERESTS - INTERNATIONAL BANK MERGER PROPOSED. Iowa Interests Corporation, of Des Moines, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed consolidation and merger with International Bank, of Washington, D. C.; and the Commission has issued an order (Release IC-3354) giving interested persons until 12:00 Noon November 24, 1961, to request a hearing thereon.

Iowa Interests is a holding company whose only significant assets consist of 10,000 shares (100%) of the common stock of Hawkeye Interests Corporation, 10,000 shares (100%) of the common stock of United Interests Corporation, and \$1,400,000 of 5% convertible debentures of International Bank. Hawkeye owns 16,000 shares (36.4%) of the common stock of Hawkeye-Security Insurance Company and United owns 40,000 shares (5%) of the common stock of United Services Life Insurance Company, such holdings constituting the only significant assets of Hawkeye and United, respectively. International Bank owns 28,000 shares of the common stock of Iowa Interests and \$1,120,000 of its 5% debentures, such ownership representing 50% of each class of the latter's issued and outstanding securities. Certain affiliated persons of International Bank own additional beneficial interests in Iowa Interests. International Bank, an Arizona corporation, has applied to the Commission for an exemption from the Investment Company Act on the ground that it is engaged in a business other than that of an investment company, and the proceedings on that application are now pending.

Under the proposal, the two companies would be merged and International Bank would be the surviving corporation. It would cancel its holdings of Iowa Interests common stock and debentures. In return, International Bank would receive 100% of the stock of Hawkeye and of United, together with the \$1,400,000 of International Bank debentures which would be cancelled. International Bank would then issue 647,225 common shares to security-holders of Iowa Interests other than International Bank, in exchange for and in cancellation of their holdings in Iowa Interests, with 16.5712 shares of International Bank stock to be given for each share of Iowa Interests stock, and with 16.36 shares of International Bank stock to be given for each \$100 of Iowa Interests debentures, all computed to the nearest even share.

OHIO FRANKLIN FUND SEEKS ORDER. Ohio Franklin Fund, Inc., Columbus investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain proposed transactions; and the Commission has issued an order (Release IC-3355) giving interested persons until November 22d to request a hearing thereon. Under a Securities Act registration statement, the Fund offered to interested persons ("Depositors") an opportunity to participate in a simultaneous tax-free exchange of securities owned by them having a market value of not less than \$10,000 for shares of the Fund. The offer terminated November 1, 1961. The Fund intends to accept for inclusion in its portfolio, subject to the issuance of the requested order, certain securities deposited by two of its directors and the wife of one of its directors, as follows: Preston Davis, 287 shares of common stock of Stauffer Chemical Co., Inc.; Robert G. Landers, 371 shares of common stock of Interchemical Corporation; and Ruth Landers (wife of Robert) 695 shares of Interchemical Corporation common.

SECURITIES ACT REGISTRATIONS. Effective November 7: Dressen-Barnes Electronics Corp. (File 2-18683); H. R. Weissberg Corp. (File 2-18783). Withdrawn November 7: The New Haven Clock and Watch Company (File 2-18613).

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