

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)



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METROPOLITAN EDISON PROPOSES STOCK SALE. Metropolitan Edison Company, subsidiary of General Public Utilities Corporation, has joined with its parent in the filing of a proposal with the SEC for the issuance of additional stock to the parent; and the Commission has issued an order (Release 35-14154) giving interested persons until February 19, 1960, to request a hearing thereon. Under the proposal, Meted contemplates the sale to GPU of an additional 53,000 common shares at \$100 per share, or \$5,300,000 in the aggregate. The funds will be used to reimburse the Meted treasury for \$2,800,000 of expenditures for construction purposes prior to January 1, 1960, and to pay off \$2,500,000 of outstanding short-term notes.

PENNSYLVANIA ELECTRIC PROPOSES STOCK SALE. Pennsylvania Electric Company, Johnstown, Pa., subsidiary of General Public Utilities, has joined with its parent in the filing of a proposal with the SEC for the issuance of additional stock to the parent; and the Commission has issued an order (Release 35-15155) giving interested persons until February 19, 1960, to request a hearing thereon. Under the proposal, Penelec proposes the sale to GPU of an additional 350,000 common shares at \$20 per share, or an aggregate of \$7,000,000. The funds will be applied by Penelec to the cost of property additions subsequent to December 31, 1959, or to reimburse its treasury, in part, for construction expenditures.

HEFT KAHN & INFANTE ENJOINED. The SEC New York Regional Office announced February 1, 1960, the entry of a federal court order (USDC, EDNY) permanently enjoining Heft, Kahn & Infante, Inc., Rockville Centre, New York, and certain individuals from further violations of the Commission's net capital rule. Defendants consented to entry of the judgment.

INTEX OIL STOCK REACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-2969) with respect to the repurchase in July 1958 by Intex Oil Company of shares of its capital stock then held by Madison Fund, Inc.

PURCHASE OF BARTRAM BROTHERS CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-2970) permitting Broad Street Investing Corporation, New York investment company, to issue its shares at their net asset value for substantially all of the cash and securities of Bartram Brothers Corporation, having a value of \$38,816,224 as of November 30, 1959.

ADRs FOR SAINT-GOBAIN FILED. Morgan Guaranty Trust Company of New York filed a registration statement (File 2-16083) with the SEC on February 1, 1960, seeking registration of American Depositary Receipts for 60,000 Bearer Shares of Compagnie de Saint-Gobain, of France.

REALTY EQUITIES FILES FOR STOCK OFFERING. Realty Equities Corporation of New York, 666 Fifth Avenue, New York, filed a registration statement (File 2-16084) with the SEC on February 2, 1960, seeking registration of 150,000 shares of common stock to be offered for public sale at \$5.25 per share by Sutro Bros. & Co, on an all or none basis. In addition to a selling commission of \$.75 per share, plus \$10,000 for expenses, the company has agreed to sell 12,000 shares of additional common stock to the underwriter at \$1 per share.

The company was incorporated in New York in 1958 and is engaged in the purchase and sale, management and development of, and the making of investments in, real estate. It owns or has contracted to purchase various buildings and other properties in New York City, Westchester and Nassau Counties, and New Jersey. Proceeds from the sale of stock will be added to general funds and used for general corporate purposes including the contemplated construction of two supermarkets and two 14-story apartment buildings.

In addition to certain indebtedness, the company has outstanding 153,947 shares of common stock, not including 33,000 shares issuable upon conversion of its Series A Debentures and 18,733 shares issuable under stock options granted to officers of the company. At present officers and directors of the company own 127,964 shares of common stock (85.3%) including 46,590 shares (31.1%) owned by Morris Karp, president, and 42,512 shares (28.4%) owned by Bernard I. Sandford, Executive vice president and secretary.

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For further details, call ST. 3-7600, ext. 5526

GLASS-TITE INDUSTRIES FILES FINANCING PROPOSAL. Glass-Tite Industries, Inc., 725 Branch Ave., Providence, R. I., filed a registration statement (File 2-16085) with the SEC on February 2, 1960, seeking registration of \$500,000 of 6½% Convertible Subordinated Debentures and 25,000 shares of common stock, to be offered for public sale through an underwriting group headed by Stanley Heller & Co. The offering price of the debentures is to be 100% of principal amount, with a 9% commission to the underwriters; and the offering price and underwriting terms on the stock are to be supplied by amendment. In addition to \$20,000 for expenses, the underwriter also will be entitled to purchase, for \$3,750, two-year options on an additional 7,500 common shares (the exercise price on the options to be supplied by amendment).

Organized in 1956, the company is engaged primarily in the manufacture of glass-to-metal (hermetic) seals used in transistors, diodes, condensers, capacitors, gyroscopes, connectors and switches and transformers. It now has outstanding 712,440 common shares. Of the net proceeds of this financing, \$50,000 are to be applied to reconditioning additional space to be leased at its Providence plant; \$250,000 will be used for acceleration and expansion of production of new product lines; \$150,000 will be earmarked for additional inventories; \$125,000 will be expended in equipping and installing machinery in a new plant to be located in lower California; and the balance will be added to working capital and used for general corporate purposes.

Of the outstanding stock, management officials own 392,720 shares (including 212,450 shares held by Ralph R. Papitto, president, and 171,250 by John A. Dodenhoff, executive vice-president). The registration statement includes an additional 25,000 shares which may be sold by Papitto and 20,000 by Dodenhoff. Also included are 20,000 shares issuable under a restricted stock option plan, 5,000 reserved to certain employees pursuant to stock options, the 7,500 reserved for issuance of the options to the underwriter, and 50,000 issuable upon conversion of the debentures.

MINALASKA 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 stock offering by Minalaska, Inc., of Ophir, Alaska.

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 December 21, 1959, Minalaska proposed the public offering of 200,000 common shares at \$1.50 per share pursuant to such an exemption. The Commission's suspension order asserts that a Regulation A exemption is not available by reason of the fact that the 200,000-share offering at \$1.50 per share, taken together with a prior offering of 351,000 shares, exceeds the \$300,000 limitation, and that certain other terms and conditions of the Regulation have not been complied with. The order also charges that the company's offering circular and related material are false and misleading in respect of certain material facts and that the stock offering by means thereof 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.

Minalaska was organized in July 1959 under Alaska law for the purpose of acquiring, holding, leasing, exploring and dredging gold and other mineral properties. The prospectus lists Albert O. Nelson of Duluth, Minn., as president and Warren E. Magnuson of Ophir as vice president. The prospectus further indicates that Nelson and Magnuson received 230,000 common shares and \$16,385 to be paid from the proceeds of the proposed stock sale for transfer of their interests in the Ganes Creek properties to be dredged by Minalaska.

According to the Commission's suspension order, Minalaska's offering circular appears false and misleading in respect of various informational disclosures, including the failure to state the percentage of outstanding securities of Minalaska held by promoters and management officials as a group and the cash paid therefor; the inclusion of financial statements reflecting no liabilities when the company has liabilities in excess of \$100,000; the reference to the acquisition of property and equipment from Ganes Mining Company upon payment of \$45,064 when, in fact, most or all of the property is being purchased from others for \$120,000, of which only a nominal amount has been paid; the failure to disclose adequately the nature and extent of the minerals and ores on Minalaska's properties, the exploration and development work performed on the properties and the results thereof, and the type and nature of the operations to be conducted on such properties; the failure to disclose the results of prior operations and available reports on the properties; the failure to disclose adequately that the greater part of the funds to be raised are to be used to pay costs of the offering and to repay obligations already incurred; and the failure to disclose adequately the dilution of the value of the stock offered for public sale because of large amounts of stock issued or to be issued to promoters, associates and underwriters for assets of questionable value and for prices substantially less than the offering price.