

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

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

FOR RELEASE February 17, 1960

PUBLIC SERVICE OF OKLA. BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14167) authorizing Public Service Company of Oklahoma, Tulsa, Okla., to issue and sell \$12,000,000 of First Mortgage Bonds, Series H, due 1990, at competitive bidding. Net proceeds will be used for property additions and improvements, including the prepayment of \$6,000,000 of bank notes.

DOMINICK ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-2976) permitting Dominick & Dominick, New York investment banking firm, to purchase shares of common stock of U. S. Polymeric Chemicals, Inc., from Pallas Corporation, a registered investment company. Dominick is one of a group of underwriters which proposes to purchase from Pallas and either individuals, for public distribution, 71,090 shares (18.1%) of the outstanding Polymeric stock, of which Dominick will acquire 50,590 shares. The price being paid by the underwriters to the selling stockholders is \$38.15 per share; and the stock is to be reoffered for public sale at \$40 per share. Out of \$1.85 per share commission Dominick will receive a management fee of 20 cents a share, and \$1 a share may be allowed to dealers as a selling commission. Because a partner of the Dominick firm is a director of Pallas, Dominick's purchase is prohibited by the Investment Company Act unless exempted by the SEC.

HERCULES POWDER FILES EXCHANGE OFFER. Hercules Powder Company, 900 Market St., Wilmington, Delaware, filed a registration statement (File 2-16130) with the SEC on February 16, 1960, seeking registration of 509,802 shares of \$2 Cumulative Convertible Class A Stock (no par) and 458,822 shares of Common Stock (\$2-1/12 par). According to the prospectus, pursuant to an agreement between Hercules and Imperial Color Chemical & Paper Corporation, Hercules on April 1, 1960, will acquire the assets of Imperial in consideration of the assumption by Hercules of the liabilities of Imperial and the issuance to Imperial of 509,802 shares of the said Class A stock. Each such share of Class A stock will be convertible for 60 days following consummation of the agreement into 9/10 of a share of Hercules common stock, and thereafter into 8/10 of a share of such common stock. The maximum number of common shares required for conversion is 458,822. Organized in 1936, Imperial is engaged primarily in the manufacture and sale of chemical pigment colors, wallpapers, chemicals and paper. It is contemplated that the present executive officers of Imperial will continue to operate Imperial as a department of Hercules after the acquisition. The Hercules Class A stock will be distributed to Imperial's stockholders in complete liquidation of Imperial.

INTERNATIONAL OIL PROPOSES OFFERING. International Oil Participants Corporation, 375 Park Ave., New York, filed a registration statement (File 2-16131) with the SEC on February 16, 1960, seeking registration of 300 Participating Interests in International's 1960 Oil and Gas Exploration Program, to be offered for sale in \$5,000 units. Net proceeds of the sale of the interests will be used to finance exploration for oil and gas by drilling exploratory wells on properties to which International shall acquire leases, in behalf of the purchasers of the interests. The company will acquire for the participants undivided working interests in the properties acquired under the Program which shall aggregate 74% of such property interests, and it will receive undivided working interests aggregating 26% of such property interests, which interest shall be carried by the participants free of cost to the company as to exploratory wells. In addition the company will charge the funds in the Program 5% of all sums expended in direct acquisition of lease lands and drilling of test wells. However, all the proceeds from the sale of oil or gas from any well in which commercial production is obtained shall be distributed to the participants until the entire amount of intangible drilling costs and overhead charges attributable to that well are paid to them, and thereafter, all proceeds shall be distributed pro-rata among all interest holders. In the event commercial production is obtained in any tract, the company may become operator under an operating agreement with respect to the wells on that tract and will receive, out of operating income, costs for services as operator. The participants, who will have furnished 100% of the costs of exploratory wells and 74% of such sums as may be expended for operating and development, will receive 74% interest in the properties acquired, after they have first received 100% of the income from any property on which commercial production is encountered, until the amount of intangible drilling costs and overhead charges allocable to the test well on that property have been paid. If all the interests are sold, the company intends to apply the funds to the drilling of at least ten exploratory test wells on ten different

OVER

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

prospectus, which it will acquire. It will drill for oil and gas anywhere in the United States and Canada, but it is anticipated that drilling will be concentrated within the Rocky Mountain region, and in particular, the State of Wyoming.

The company's prospectus lists Joseph Conrad Twinem of Denver as president and owner of 600 shares (13.33%) of the outstanding International stock. Maria Exploration Corp. of Portland, Ore., owns 1,200 shares (26.67%) and Erich Schmidt, of Jackson Heights, N. Y., 1,500 (33.33%). Clive F. Webster, vice president, also owns 600 shares.

PARK ROYAL PROPOSES PARTICIPATION OFFERING. Park Royal Associates, 11 West 42nd St., New York, filed a registration statement (File 2-16132) with the SEC on February 16, 1960, seeking registration of \$2,235,000 of Limited Partnership Interests to be offered to the public at \$5,000 per unit through Warren Securities Corp. The commissions and expenses of the offering will be paid by two of the general partners and not by Associates.

Associates was organized in February, 1959, as a limited partnership for the purpose of purchasing for investment nine apartment buildings in St. Louis, Mo. In December, 1959, two of the general partners, Benjamin Schaffer and Sidney Schwartz, contracted to purchase the apartment buildings for \$8,150,000, of which \$75,000 was paid upon contract and \$1,675,000 is payable at the closing date, April 15, 1960. The balance is payable by taking title subject to various mortgages totalling \$6,400,000. In addition Mr. Schaffer and Mr. Schwartz assumed liability for a real estate broker's commission of \$250,000. The brokers agreed to remit one-third of the commission (\$83,333) to a real estate firm owned by Schwartz in consideration of its services in bringing about the sale.

Schaffer and Schwartz have agreed to assign the apartment building contract to Associates for \$300,000 in subordinated partnership interests. The two partners will pay all costs and expenses connected with the acquisition of the buildings and the organization of Associates including expenses of the proposed offering and \$175,000, on commissions to brokers and dealers. They will receive \$250,000 in cash for assuming these expenses.

The general partners will contribute \$15,000 in cash to the capital of the partnership; and an original limited partner has agreed to make a capital contribution of \$5,000 prior to this offering. The \$2,250,000 to be received from the general partners' cash contributions and from the sale of the limited partnership interests will be applied to the acquisition of title to the apartment buildings, the payment of a brokerage commission of \$250,000, the reimbursement of deposits and other payments. In addition to the said partnership interests, Schaffer and Schwartz will hold the \$300,000 in subordinated partnership interests.

MAYFAIR INDUSTRIES PROPOSES STOCK OFFERING. Mayfair Industries, Inc., Lafayette, La., today filed a registration statement (File 2-16133) with the SEC seeking registration of 300,000 shares of common stock, to be offered for public sale through an underwriting group headed by Emanuel, Deetjen & Co. The public offering price and underwriting terms are to be supplied by amendment. In addition to the underwriting commission, the company has agreed to pay Floyd D. Cerf, Jr. Company of Chicago a fee of 2% of the initial public offering price of the stock in consideration for advice and financial services.

The company is engaged in the business of producing and selling single-hung aluminum windows for residential use, and other related aluminum products. It now has outstanding 1,000 shares of 8% preferred (\$100 par) and 200,000 shares of Class B common stock. Of the net proceeds of the sale of the common stock, \$675,000 will be used to repay James Talcott, Inc., for funds borrowed on assignment of accounts receivable and of loans secured by warehouse receipts on inventory; \$300,000 in reduction of accounts payable; \$75,000 to repay bank loans; and the balance for general corporate purposes.

According to the prospectus, management officials and members of their families own 148,645 shares (74.3%) of the outstanding Class B common. Morris C. Davidson is listed as board chairman and William H. Goff as president.

AMERICAN LIFE FUND PROPOSES STOCK OFFERING. American Life Fund, Inc., 2030 Franklin St., Oakland, Calif., today filed a registration statement (File 2-16134) with the SEC seeking registration of 1,250,000 shares of capital stock to be offered for public sale at \$20 per share through underwriters headed by The First Boston Corporation. The underwriting commission will be \$1.50 per share.

American Life is a closed-end investment company organized in December, 1959, for the purpose of investing in equity securities of life insurance companies. The prospectus lists Insurance Securities Incorporated as investment adviser and Leland M. Kaiser as president. He is also president of Insurance Securities.

COLLINS RADIO FILES FOR DEBENTURE OFFERING. Collins Radio Company, 855 35th St., Cedar Rapids, Iowa, today filed a registration statement (File 2-16135) with the SEC seeking registration of \$12,000,000 of convertible subordinated debentures due 1980, to be offered for public sale through underwriters headed by Kidder, Peabody & Co. and White, Weld & Co. The interest and conversion rates, public offering price and underwriting terms will be supplied by amendment.

The company is engaged in the design, development, manufacture and sale of specialized radio communication equipment principally for use by the Air Force, Navy and Army Signal Corps. Net proceeds from the sale will be added to general funds and will be used as needed. Initially, a portion of the proceeds will be

CONTINUED

used to reduce bank loans incurred for working capital purposes, including payment of \$4,500,000 5-3/4% demand notes and payment of other notes issued under the company's Regulation V-loan. Recent expenditures include a \$1,600,000 investment in Textifacal, Inc., a real estate subsidiary, to finance in part new construction; and \$4,500,000 has been budgeted for machine tools, test and other equipment. In addition to certain indebtedness the company has outstanding 18,796 shares of 4% cumulative preferred stock (\$50 par) and 1,935,749 shares of common stock. Arthur A. Collins, president and board chairman, and his family own 527,522 shares of common stock (27.57%).

ADDITIONAL SHARES OF THREE FUNDS IN REGISTRATION. Amendments were filed February 16, 1960, to the registration statements of California Fund, Inc., Los Angeles (File 2-10559), General Securities, Inc., Minneapolis (File 2-11388), and Institutional Shares Ltd. (File 2-13945), seeking registration, respectively, of the following additional securities: 400,000 shares of capital stock of California Fund, 170,000 shares of common stock of General Securities, and 599,900 Institutional Foundation Fund shares.

TWO STOCK OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Cemex of Arizona, Inc., Yuma, Arizona

Regulation A notification, filed November 17, 1958, proposed the public offering of 300,000 common shares at \$1 per share

Continental Mineral Resources, Inc., Reno, Nevada

Regulation A notification, filed June 11, 1957, proposed the public offering of 300,000 common shares at \$1 per share

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The Commission's suspension orders assert that the offering circulars of the respective companies contain untrue statements of material facts and omit to state material facts. In addition, the order with respect to Continental asserts that that company failed to file the required semi-annual report of stock sales. The orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

According to the Commission's orders, (a) the Cemex offering circular failed to disclose the pendency of litigation against the principal officer of the company for fraud and abuse of trust; and (b) Continental's offering circular failed to reflect prior offers and sales of its securities.

MID-AMERICAN PIPELINE FILES FINANCING PROPOSAL. Mid-American Pipeline Company, Tulsa, Okla., today filed a registration statement (File 2-16138) with the SEC seeking registration of \$20,500,000 of 6 1/2% Subordinated Debentures, due 1980, and 1,230,000 shares of common stock. The company proposes to offer these securities for public sale only in units, each unit to consist of \$50 principal amount of debentures and 3 common shares. The offering price and underwriting terms are to be supplied by amendment. Bear, Stearns & Co. and White, Weld & Co., Inc., are listed as the principal underwriters.

The company was organized under Delaware law in October 1958; and it proposes to construct and operate a common carrier pipeline for the transportation of propane, butane and natural gasoline. The pipeline as initially planned is intended to accept propane, butane and natural gasoline from sources in New Mexico, Texas and Oklahoma and to deliver butane and natural gasoline to refiners in the McPherson, Kansas, area and propane to delivery points in the upper Middle West for marketing by shippers or their consignees. The company expects the pipeline system to be completed and in operation in December 1960. The cost of construction and other expenditures to said date of completion is estimated at \$71,742,500, part of which will be provided through this financing proposal. The company also has entered into arrangements for the sale to an institutional investor of \$42,000,000 of First Mortgage Pipe Line Bonds, 6% Series due 1975, and a \$3,000,000 6% Convertible Promissory Note due 1975.

The company now has outstanding \$480,000 of 6% Promissory Notes (which are to be converted into 480,000 common shares) and 120,000 shares of common stock. The 120,000 shares are owned in equal amounts by Bear-Stearns, White-Weld, and Southern Management Company. Missouri-Kansas-Texas Railroad Company had initiated studies in October 1957 of the possibilities of going into the pipeline business; and in the Spring of 1959 engineering and economic studies were started through various subsidiaries and affiliates of MKT, including Southern Management, as to a pipeline system running from New Mexico and West Texas to the upper Middle West. In January 1960, Southern Management made an initial investment of \$40,000 in cash for 40,000 shares of the Mid-American common stock and advanced to the company \$215,000 in cash and sold and transferred to the company all of its rights and title in the preliminary studies, reports, surveys, etc. Under the agreement Mid-American assumed and agreed to pay certain obligations of Southern respecting the pipe-line project. In consideration of such cash advance and transfer of property and rights by Southern Management, the latter was issued the \$480,000 of 6% promissory notes, which are to be converted into 480,000 common shares upon the sale of the units of debentures and common stock now being registered.

The prospectus lists William N. Deramus III as board chairman and Robert E. Thomas as president. Deramus is president of MKT and of its affiliate, Southern Management.

SEC ORDER REVOKES GULF STATES UNDERWRITERS. The SEC today announced the issuance of a decision (34-6183) revoking the broker-dealer registration of Gulf States Underwriters, Inc., of Gulf States Life Building, Birmingham, Ala., for failure to file the required report of financial condition within 5 months after its registration became effective on Sept. 20, 1958. Notice of proceedings and opportunity for hearing on the question of revocation was served upon the company, but no request for hearing was made.