

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 18, 1960

SURINAM STOP ORDER PROCEEDINGS DISMISSED. In a decision announced today (Release 33-4187), the SEC permitted withdrawal of a registration statement covering a proposed stock offering by The Surinam Corporation, of Houston, Texas, now dissolved, and dismissed "stop order" proceedings on the question whether the registration statement should be suspended. The statement, filed in October 1957, had proposed the public offering of 10,000,000 common shares at \$1.00 per share.

Upon the basis of the evidence in the stop order proceedings, the Commission ruled that the registration statement was materially deficient by reason of its failure to name an important promoter (Dudley P. South, now deceased), and to disclose an agreement between him and Surinam's controlling shareholders, failure to disclose that named officials were controlled by such promoter, the inclusion of false statements regarding the business experience of such officials, and the failure to disclose that the firm named as principal underwriter lacked the capacity and experience to handle a stock offering of the size proposed. The Commission also was critical of the failure to disclose, in respect of a geological report included in the prospectus, that no oil had ever been produced in the area in question (Surinam, South America) and that another company, after drilling test wells, had abandoned its concession in the same area.

However, the Commission concluded that South was largely responsible for the deficiencies in the registration statement. In view thereof and the further fact that South's connection with the company was terminated prior to Surinam's dissolution, that the company had only a very small number of stockholders, that no public offering was undertaken, and that Surinam has been dissolved and all its shares cancelled, the Commission concluded that no useful purpose would be served by issuance of a stop order and that withdrawal of the registration statement would be appropriate.

PHOENIX SECURITIES REGISTRATION SUSPENDED. In an interim decision announced today (Release 34-6186), the SEC suspended the broker-dealer registration of Phoenix Securities Corp., 39 Broadway, New York, pending final determination on the question whether Phoenix's registration should be revoked. The company filed a stipulation and consent to the suspension of its registration pending decision on the question of revocation.

In its initial order authorizing the proceedings, the Commission charged that Phoenix, together with or aided and abetted by Jacob Yaffe, president, and Lillian R. Berg, a director and former secretary, had violated the registration and anti-fraud provisions of the Securities Act in the offering and sale of stock of General Oil Industries Co., Inc. In today's decision, the Commission ruled that, during the period July to December, 1959, Phoenix sold General stock in violation of the registration requirement and made "materially false and misleading statements concerning . . . General's properties, assets, management and prospects." Among the latter were statements that General held an option on certain producing wells, when in fact General owned no such option; that General owned oil and gas wells with substantial production, whereas General owned no wells with substantial production; that General had substantial cash assets, whereas General had no cash assets and did not have the capital or means to expand production, acquire additional properties or exercise options; that General was to merge with a prominent oil company, whereas no such merger was contemplated; that the price of General's stock would increase, although no reasonable basis existed for any increase; and that General's stock would be listed on a national securities exchange, whereas no application for such listing had been made or was contemplated. Phoenix also failed to disclose that General had no full time management and that the proceeds from the sales of General's stock were not going to General, but to various individuals.

GENERAL PUBLIC UTILITIES FILES PROPOSAL. General Public Utilities Corporation, New York holding company, has filed a proposal with the SEC under the Holding Company Act for cash capital contributions during 1960 to one of its subsidiaries, New Jersey Power & Light Company, in amounts not exceeding \$4,300,000 in the aggregate; and the Commission has issued an order (Release 35-14168) giving interested persons until March 3, 1960, to request a hearing thereon. The subsidiary will use the funds to prepay its outstanding unsecured notes and for partial reimbursement of its treasury for expenditures for construction purposes.

"PEOPLES SECURITIES" NAME CONFUSION CLARIFIED. The SEC News Digest of February 12, 1960, contained a discussion of a Commission decision (Release 34-6176) denying an application for broker-dealer registration filed by Peoples Securities Company, 5615 Morningside Drive, Houston, Texas. This company is not to be confused with Peoples Securities Corporation, a registered investment company, of 20 East 46th Street, New York.

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

OVER

SIEGEL & CO. ENJOINED. The SEC New York Regional Office announced February 11, 1960, entry of a Federal court order (USDC, SDNY) permanently enjoining Sidney A. Siegel & Company, Inc., from further violation of the Securities Act registration requirement in the offer and sale of American Dryer Corp. stock (Lit. Release 1583).

BRYAN KYGER SENTENCED. The SEC Fort Worth Regional Office announced February 12, 1960, that Judge Allen B. Hannay (USDC, Houston) had sentenced Bryan H. Kyger to 18 months imprisonment following jury verdict of guilty on charges of defrauding customers in the purchase and sale of securities (Lit. Release 1584).

STANDARD SCREW FILES FOR SECONDARY. Standard Screw Company, 2701 Washington Boulevard, Bellwood, Ill., filed a registration statement (File 2-16136) with the SEC on February 17, 1960, seeking registration of 210,000 shares of outstanding common stock, to be offered to the public through underwriters headed by Hornblower & Weeks. The offering price and underwriting terms will be supplied by amendment.

The stock is being offered for the estate of Helen S. Pearson and constitutes 24.4% of the outstanding stock. After the sale the estate will hold 102,870 (12%) of the outstanding shares. Beatrice P. DeLany, of Miami Beach, Fla., is Executor of the Estate; and she is a life income beneficiary under the will of Helen S. Pearson. Beatrice P. DeLany also owns an additional 191,085 shares of stock.

The company is engaged in the manufacture and sale of fasteners, automotive valve train products, cold drawn steel bars and coils and proprietary products.

KING & HEYNE FILES FOR OIL OFFERING. King & Heyne Fifth Oil, a Partnership, Bankers Mortgage, Houston, Texas, filed a registration statement (File 2-16137) with the SEC on February 17, 1960, seeking registration of \$1,500,000 of Limited Partnership Interests in the Partnership. The interests are to be offered for sale in \$75,000 units; and the offering is to be made on a best efforts basis by William Blair & Company, of Chicago, which will receive a selling commission of 2½% of the total capital contributions of each limited partner. In addition, the underwriter will receive from the Partnership in consideration of its services rendered the Partnership, an overriding royalty interest equal to 5% of the net profits from the Partnership's interest in each drilling block.

The partnership was organized in February 1960 with A. P. King, Jr. and Fred J. Heyne, Jr., as general partners and Henry R. King as a limited partner. Net proceeds of the sale of partnership interests will be applied to property acquisitions, drilling and completion of exploratory wells, drilling and completion of development wells, and other related purposes. Activities of the Partnership will be concentrated in the Upper Gulf Coast of Texas and southern Louisiana. King and Heyne, as general partners, will contribute a sum equal to 1% of the aggregate of the commitments of all limited and general partners, and receive 1% interest in the Partnership. They will receive no salary but will each receive as compensation an overriding royalty interest equal to 10% of the net profits from the Partnership's interest in each drilling block.

TORONTO FILES FINANCING PROPOSAL. The Municipality of Metropolitan Toronto (Canada) filed a registration statement (File 2-16139) with the SEC on February 17, 1960, seeking registration of \$6,864,000 of Instalment Debentures (due 1961-1980) and \$34,454,000 of Sinking Fund Debentures, (due 1965 through 1990), to be offered for public sale through an underwriting group headed by Harriman Ripley & Co., Inc., The Dominion Securities Corporation, and five other firms. The interest rate on the debentures, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the debentures will be applied to various purposes, including schools (\$14,297,000), roads and sewers (\$12,118,000), local improvements (\$6,461,000), waterworks (\$1,797,000), parks and recreation (\$1,352,000), and miscellaneous other projects.

CENTRAL COOPERATIVES FILES FINANCING PROPOSAL. Central Cooperatives, Inc., 1901 Winter St., Superior, Wis., filed a registration statement (File 2-16140) with the SEC on February 17, 1960, seeking registration of \$1,500,000 of Fifteen Year 5½% Series A Debenture Bonds, \$500,000 of Ten Year 5% Series A Debenture Bonds, and 10,000 shares of 4% Cumulative Preferred Stock. The debenture bonds are to be offered for public sale at 100% of principal amount and the preferred stock at \$25 per share. No underwriting is involved.

A cooperative association, the company is engaged primarily in the purchasing, processing, packaging and distribution on a wholesale basis of consumer products to its members, which are local cooperative associations operating as retail stores, supermarkets, service stations, bulk plants and feed mills. It also sells to some independent grocery and hardware dealers. All of the company's common stock is owned by its member cooperatives. Net proceeds of the sale of the new securities will be added to its general funds, and the major portion thereof will be applied to the construction of a new warehouse and central office building on a tract owned by the company in Superior, at a probable cost of from \$1,850,000 to \$2,130,000. A portion of the proceeds will be applied to retirement of maturing promissory notes and for working capital.

TENDERLOIN CO. FILES FOR OFFERING. Tenderloin Company, a limited partnership of 630 Fifth Ave., New York, filed a registration statement (File 2-16141) with the SEC on February 17, 1960, seeking registration of \$350,000 of Limited Partnership shares. The general partners, Robert E. Griffith and Harold S. Prince, of Rowayton, Conn. (and 12 E. 69th St., New York), propose to offer the said shares for public sale in units of \$7,000 (or 50 units). No underwriting is involved.

When the aggregate of contributions amounting to \$350,000 have been raised (through the efforts of Griffith and Prince), the partnership is to be formed "for the purpose of producing the dramatico-musical Play presently entitled 'TENDERLOIN.'" The play is based on a novel written by Samuel Hopkins Adams entitled "The Fanatic." The producers (Griffith and Prince) entered into an agreement in August 1958, as amended November 30, 1959, with The Estate of Samuel Hopkins Adams, under which the producers acquired the exclusive stage production rights to said novel, including the right to cause a dramatico-musical Play based on said novel to be written and produced. The producers have entered into contracts with George Abbott, Jerome Weidman, Sheldon Harnick and Jerry Bock pursuant to which said persons have undertaken to write the book, music and lyrics for the Musical. The contract with the writers provides for a royalty in the aggregate of 4-3/4% of the gross weekly box office receipts and the contract with Samuel Hopkins Adams, as amended, provides for a royalty of 1% of such receipts. It is anticipated that George Abbott will act as Director of the Musical and if he does so that he will receive 2% of the gross weekly box office receipts and 20% of the net profits of the Partnership, computed before any other share of the net profits is payable to any person.

The producers believe the total cost of opening a first-class production of the Musical in New York City, including all production expenses and the cost of an out-of-town try-out, will not exceed \$350,000.

CENTRAL ILLINOIS LIGHT PROPOSES BOND OFFERING. Central Illinois Light Company, 300 Liberty St., Peoria, Ill., today filed a registration statement (File 2-16142) with the SEC seeking registration of \$14,000,000 of first mortgage bonds, due 1990, to be offered for public sale at competitive bidding.

Proceeds from the sale of the bonds will be used to provide part of the funds for the company's construction program, including the repayment of short term bank loans in the amount of \$3,330,000. The company estimates that its construction expenditures will amount to \$17,000,000 in 1960 and \$9,100,000 in 1961.

YUBA CONSOLIDATED FILES FOR DEBENTURE OFFERING. Yuba Consolidated Industries, Inc., 1 Bush Street, San Francisco, Calif., today filed a registration statement (File 2-16143) with the SEC seeking registration of \$6,000,000 of convertible subordinated debentures, due March, 1975, to be offered for public sale through underwriters headed by Blyth & Co., Inc. The interest rate, public offering price and underwriting terms will be supplied by amendment.

The company is the surviving corporation of a three-way merger in 1957 of Yuba Consolidated Gold Fields, Yuba Industries, Inc. and The Portuguese-American Tin Company. The company and its subsidiaries are engaged in the fabrication and field erection of steel; the manufacture of heavy mechanical and heat transfer equipment; the manufacture of home workshop and garden power tools and small electro-mechanical equipment; and mining for gold and other minerals. Proceeds from the sale of the debentures will be added to working capital to enable the company to carry higher inventories and accounts receivable resulting from an anticipated increase in volume of sales.

In addition to certain indebtedness the company has outstanding 3,117,362 shares of common stock, including 45,000 shares issued in connection with the acquisition of the assets of Bedford Foundry & Machine Co., Inc.

CANADIAN RESTRICTED LIST. The SEC today announced the Seventeenth Supplement to its Canadian Restricted List, adding the following Canadian companies to the List: Alaska-Canadian Mining and Exploration Company Limited, Davian Exploration Limited, Mineral Exploration Corporation Limited, Lavant Mines Limited, Pick Mines Limited, Swift Copper Mines Ltd., and Westwind Explorations Limited. The list is comprised of the names of Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the Securities Act registration requirement, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

COURT ORDER NAMES GRANT DONAHUE CO. The SEC New York Regional Office announced February 15, 1960, entry of a Federal Court order (USDC, SDNY) restraining J. Grant Donahue & Co., 250 E. 50th St., New York, restraining defendant from engaging in the securities business while refusing permission to Commission representatives to examine its books and records (Lit. Release 1585).

SEC COMPLAINT NAMES SECURITY ADJUSTMENT CORP. The SEC New York Regional Office announced February 15, 1960, the filing of a complaint (USDC, EDNY) seeking to enjoin Security Adjustment Corporation and two officials from violating the anti-fraud provisions of the Securities Exchange Act and the Commission's Net Capital rule thereunder. Temporary restraining order enjoins defendants from conducting a securities business while their liabilities exceed their current assets; and a hearing on the motion for preliminary injunction was scheduled for February 17 (Lit. Release 1586).

SEC COMPLAINT NAMES PEERLESS-NEW YORK INC. The SEC New York Regional Office announced February 13, 1960, the filing of a complaint, (USDC, SDNY) seeking to enjoin Peerless-New York, Inc., Michael Canter, Edward S. Cantor, Charles Marcus, Casa Trading Co., Inc., and Aritor Corp. from further violations of the registration, anti-fraud and anti-manipulative provisions of the Federal securities laws (Lit. Release 1587).