

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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INVESTORS SYNDICATE SEEKS ORDER. Investors Syndicate of America, Inc., Minneapolis face-amount certificate company, has applied to the SEC for an order under the Investment Company Act approving an amendment to a depositary agreement with The Marquette National Bank, which amendment is proposed to be executed in connection with the proposed issuance and sale by ISA of single payment certificates (to be designated Series D Fully Paid Face-Amount Certificates); and the Commission has issued an order (Release IC-3540) giving interested persons until October 4th to request a hearing thereon. According to the application, the Series D certificates are being registered under the Securities Act. Under the amended depositary agreement, ISA intends to deposit and maintain with the Bank qualified investments and reserves as required by the Investment Company Act with respect to the new Series D certificates.

TRADING BAN IN TWO STOCKS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending trading in the common stocks of E. L. Bruce Co. (Inc.) and Precision Microwave Corp. on the American Stock Exchange and over-the-counter market for a further ten-day period September 21-30, 1962, inclusive.

SOUTH BAY INDUSTRIES HEARING POSTPONED. The SEC has authorized a further postponement from September 24 to November 1, 1962, of the hearing in stop order proceedings under the Securities Act pending in respect of South Bay Industries, Inc., of Gardena, Calif.

ARNOLD E. EDENS ENJOINED. On September 4th Arnold E. Edens, of Knoxville and Atlanta, was enjoined by Federal court order (USDC Atlanta, Ga.) from further violating the Securities Act anti-fraud provisions in the offer and sale of certificates or counterfeit certificates of Investors Diversified Services, Inc., or its affiliates, the common stock of McDougal Warehouse Co., Inc., and other securities. Edens also directed to deposit with court all certificates or counterfeit certificates of IDS or its affiliates. (Lit-2373)

SEC COMPLAINT NAMES B E THORNTON CO. INC. The SEC San Francisco Regional Office announced September 17th (Lit-2374) the filing of Federal court action (USDC Los Angeles) seeking to enjoin B. E. Thornton Company, Inc., doing business as Republic Securities Co., and Bruce E. Thornton, from the conduct of a securities business while insolvent and in violation of the SEC net capital rule. Appointment of receiver for Republic Securities also requested.

DURO-TEST PROPOSES DEBENTURE OFFERING. Duro-Test Corporation, 2321-2401 Hudson Blvd., North Bergen, N.J., filed a registration statement (File 2-20731) with the SEC on September 19th seeking registration of \$3,500,000 of subordinated debentures (series A) due 1982 and 15-year warrants to purchase an aggregate of 210,000 shares of common stock, to be offered for public sale in units consisting of \$1,000 of debentures with an attached warrant to purchase 60 shares. Auchincloss, Parker & Redpath, Two Broadway, New York, heads the list of underwriters. The interest rate on the debentures, exercise price of the warrants, public offering price of the units, and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of incandescent, florescent and mercury vapor lamps designed for commercial and industrial use and for longer life to help reduce lighting maintenance costs. It also sells ballasts, sockets, starters, fixtures and allied products which it purchases from others. The net proceeds from the sale of the units will be added to working capital and will be available for general corporate purposes, including expansion and development of the company's business and facilities, the purchase of additional equipment and the development of new products. The company estimates it will spend about \$1,081,000 during the next year on research, development and new equipment. In addition to certain indebtedness and preferred stock, the company has outstanding 2,275,880 shares of common stock (after giving effect to a recent 7-for-1 stock split), of which Walter H. Simson, president, owns 26.2%, and management officials as a group 35.4%.

GENERAL AEROMATION SUSPENSION MADE PERMANENT. In a decision announced today (Release 33-4536) the SEC made permanent its prior order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock of General Aeromation, Inc., of Cincinnati. The Commission held (1) that the company's offering circular contained false and misleading statements of material facts, particularly with respect to the market for the company's product, the cost of property transferred to the company, the dilution and speculative factors of the offering, transactions with an officer, and the interest of the underwriter of the offering; and (2) that the company failed to comply with certain terms and conditions of the Regulation.

The company filed a Regulation A notification in March 1960 proposing the public offering of 84,450 common shares at \$3 per share. The order temporarily suspending the exemption was issued on May 6, 1960, following which a hearing was held on the question whether the suspension order should be vacated or made permanent. The company was organized in 1958 by Henry J. Wiebe, its president and principal stockholder, primarily to develop and market a device, invented by Weibe, for moving heavy airplanes on the ground (and called the "Romatt"). The Commission held that the offering circular made material misrepresentations with

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respect to unqualified statements regarding the "desperate" need of the Air Force and commercial airlines for ground handling equipment; the lack of adequate and satisfactory ground moving equipment; the superiority of a Romatt vehicle over competing vehicles or methods and the large potential markets for the company's vehicles. The Commission ruled that the offering circular presented an optimistic picture of the issuer's prospects, though qualified by general concessions that no market had yet been established and that success was not "assured," but without disclosing significant adverse information, thus creating "a picture in the reader's mind which as a whole is materially misleading."

The Commission also ruled that the company failed to comply with the Regulation in that the amount of securities proposed to be offered, when added to securities and options issued to management officials and others and not effectively escrowed, resulted in an aggregate offering price in excess of the \$300,000 limitation. It was also held that Wiebe mailed copies of the offering circular to about 50 existing stockholders less than 10 business days after the date on which the notification was filed with the Commission, contrary to the Regulation.

COLONY GROWTH PLANS SEEKS ORDER. Colony Growth Plans (the "Trust") Boston unit investment trust, has applied to the SEC for an order under the Investment Company Act authorizing the transfer to the Trust by its sponsor, Colonial Distributors, Inc. (and five persons affiliated with the sponsor), of \$100,000 of shares of Colonial Growth & Energy Shares, Inc.; and the Commission has issued an order (Release IC-3541) giving interested persons until October 9th to request a hearing thereon. According to the application, the Trust proposes to offer to the public Single Payment and Monthly Payment Plans which will accumulate the shares of Colonial Growth & Energy Shares, Inc. The said transfer will provide the Trust with the \$100,000 net worth required by the Act. Such shares would constitute the underlying investment of the Plans offered by the sponsor and would provide the medium in which proceeds from the sale to the public of Plans will be invested. The sponsor and its affiliates will receive in exchange Fully Paid Plans equal in amount to the value of the shares transferred.

JERSEY CENTRAL POWER & LIGHT PROPOSES BOND OFFERING. Jersey Central Power & Light Company, Madison Avenue at Punch Bowl Road, Morristown, N. J., today filed a registration statement (File 2-20732) with the SEC seeking registration of \$11,000,000 of first mortgage bonds due 1992, to be offered for public sale at competitive bidding. The net proceeds from the bond sale, together with other funds, will be applied to the company's 1962 construction program, estimated at \$23,600,000.

SECURITIES ACT REGISTRATIONS. Effective September 20: Ames Department Stores, Inc. (File 2-20299); Gateway Sporting Goods Co. (File 2-20658); Papert, Koenig, Lois, Inc. (File 2-20357); Welsh Panel Co. (File 2-20165). Withdrawn September 19: Mobile Estates, Inc. (File 2-18377); Southeastern Real Estate Trust (File 2-20182). Correction. Maxwell Industries, Inc. statement effective August 22, carries File 2-20456, not File 2-20629.

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