

# 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)



Washington 25, D.C.

FOR RELEASE October 1, 1962

**Statistical Release No. 1856.** The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended September 28, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

|                          | 1957-59 = 100 |         | Percent<br>Change | 1962  |       |
|--------------------------|---------------|---------|-------------------|-------|-------|
|                          | 9/28/62       | 9/21/62 |                   | High  | Low   |
| Composite                | 114.6         | 117.7   | -2.6              | 144.3 | 107.0 |
| Manufacturing            | 106.0         | 108.6   | -2.4              | 135.0 | 98.6  |
| Durable Goods            | 102.5         | 105.4   | -2.8              | 135.6 | 95.2  |
| Non-Durable Goods        | 109.2         | 111.7   | -2.2              | 134.4 | 101.8 |
| Transportation           | 86.2          | 87.2    | -1.1              | 111.0 | 85.5  |
| Utility                  | 154.1         | 158.8   | -3.0              | 185.5 | 143.0 |
| Trade, Finance & Service | 136.8         | 141.6   | -3.4              | 178.2 | 131.4 |
| Mining                   | 90.8          | 91.7    | -1.0              | 113.3 | 83.8  |

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended September 27, 1962, 25 registration statements were filed, 30 became effective, 14 were withdrawn, and 525 were pending at the week-end.

**SEC ACTS RE BROD & CO., BARUCH & CO. ET AL.** The SEC today announced that it had terminated, "without prejudice to the subsequent institution of new proceedings based upon the same or other charges," administrative proceedings under the Securities Exchange Act of 1934 to determine whether provisions of the Federal securities laws were violated by the following in connection with their offering and sale of stock of Agricultural Research Development, Inc. ("AGR"), and, if so, whether it is in the public interest to revoke their broker-dealer registrations or to invoke related sanctions: A. T. Brod & Company and Albert T. Brod, 120 Broadway, New York City, R. Baruch and Company, 1518 K Street, N. W., Washington, D. C., Sutro Bros. & Co. (but only insofar as the proceedings involve Claude V. Warren) 80 Pine Street, New York City, Seraphim & Company, Inc., 533 Woodward Building, Washington, D. C., and Fairfax Investment Corporation, 1841 K Street, N. W., Washington, D. C.

The Commission's action was taken upon its consideration of motions filed or joined in by various respondents in these consolidated proceedings which sought a determination whether any Commissioner, and particularly two Commissioners, should be disqualified, and the proceedings with respect to those respondents dismissed, by reason of the possible participation by such Commissioners, before they became members of the Commission, in the investigation which preceded the institution of the proceedings. In view of the decision in Amos Treat & Co. v. Securities and Exchange Commission (C.A.D.C., May 10, 1962) involving a similar question, and without conceding that any Commissioner is in fact disqualified, the Commission has determined that the proceedings should be terminated as against the named defendants, without prejudice to their renewal, although the Commission respectfully disagrees with that decision.

Prior to such dismissal, the Commission granted a motion of Staff counsel, in which counsel for Sutro Bros. concurred, that the said proceedings be severed as to the following "stipulating respondents:" Sutro Bros. & Co., Irving Rudd, one of its partners, and Stanley Bennett and David Harshtwo of its employees. For the purposes of disposing of the charges against them involving AGR stock, these stipulating respondents executed stipulations of fact, waived a recommended decision, filed briefs and submitted the issues as to them to the Commission on a stipulated record. They have not joined in the motions to dismiss; and Sutro Bros. has requested that the Commission consider the AGR case against it and the issues raised in another proceeding relating to its operations in New York (the so-called "factoring" case) and issue its decisions at the same time in both cases.

**AUSTRAL OIL AND GAS FILES FOR OFFERING.** Austral Oil and Gas Exploration Corporation, 630 Fifth Ave., New York, filed a registration statement (File 2-20760) with the SEC on September 28th seeking registration of \$7,500,000 of interests in a program of oil and gas exploration. Exploration Agreements will not be entered into except with a selected person who shall make a commitment for aggregate exploration budget advances in amounts aggregating not less than \$60,000 for the period of twelve months commencing as of the effective date of his agreement and for each period of twelve months thereafter. The Agreements will give each participant contractual rights to acquire direct ownership interests (or contractual rights thereto) in oil or gas exploration prospects, properties or leases and to explore for oil or gas by engaging in the drilling of exploratory wells thereon and to engage in development or further exploration activity having as its objective the disclosure and production of reserves of oil, gas or other hydrocarbons from any such prospect, property or lease in which direct ownership interests (or contractual rights thereto) shall have been acquired through the company by such participant. The proceeds from the sale of the interests will be applied to the costs of selecting and acquiring property interests, drilling and testing exploratory wells, and completing or plugging and abandoning such wells. The company expects to concentrate its principal exploration activities in the Gulf Coast regions of Texas and Louisiana. It is wholly owned by Austral Oil Company, Incorporated, of Houston, R. McLean Stewart, is board chairman (and principal organizer of the parent) and C. Wardell Leisk is president.

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**DENVER U.S. BANCORPORATION FILES EXCHANGE PLAN.** Denver U.S. Bancorporation, Inc., 1740 Broadway, Denver, Colo., filed a registration statement (File 2-20762) with the SEC on September 28th seeking registration of 2,065,628 shares of common stock. It is proposed to offer such stock as follows: 2,029,748 shares in exchange for the outstanding stock of Denver United States National Bank (on a 2-for-1 basis); 24,276 shares for the outstanding stock of Bank of Aurora (on a 51-for-1 basis); 11,504 shares for the outstanding stock of Arapahoe County Bank (on a 2.66-for-1 basis); and 100 shares to be sold for cash in order to round out fractional interest which might otherwise be issuable to shareholders of Arapahoe County Bank.

Organized under Colorado law in May 1962, the company has applied to the Federal Reserve Board for permission to make the said exchanges. If completed, these will result in its becoming a bank holding company under The Bank Holding Company Act of 1956. According to the prospectus, each bank will keep its own name, directors and officers, and will be provided by the company with management and other services. Upon consummation of the exchanges, management officials of the company as a group will own about 9.2% of its outstanding stock (based upon their present holdings in the three banks). Roger D. Knight, Jr., present board chairman of Denver United States Bank, will be president of the company; and other officials of the banks will become officials of the company.

**NORTON FILES FOR SECONDARY.** Norton Company, One New Bond St., Worcester, Mass., filed a registration statement (File 2-20763) with the SEC on September 28th seeking registration of 425,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Paine, Webber, Jackson & Curtis, 24 Federal St., Boston, and Goldman, Sachs & Co., 20 Broad St., New York. The public offering price (maximum \$36 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 50,000 shares to be offered pursuant to the company's Stock Purchase Plan for Employees.

The company produces all types of abrasive products, including a full line of grinding wheels and other bonded abrasives, coated abrasives, abrasive grain and sharpening stones. Other major product lines are specialized refractories, machine tools and pressure-sensitive tapes. In addition to certain indebtedness, the company has outstanding 5,292,037 shares of common stock, of which management officials as a group (including their spouses) own 4.7%. In addition, George I. Alden Trust, Ruth H. Tucker (as trustee of 36 trusts) and Fiduciary Trust Company, hold of record 15.9%, 17.5% and 18.8%, respectively. The Alden Trust is for the benefit of family members of the late George I. Alden and certain others; and a major portion of the shares held by Ruth H. Tucker are for the benefit of Milton P. Higgins, board chairman, and certain members of his family. Fiduciary Trust is co-trustee with Ruth H. Tucker in some of the trusts. The list of selling stockholders is to be supplied by amendment. In August, the company's stockholders authorized a plan whereby B-M Holding Corporation became merged into the company. The only asset of B-M Holding (other than cash to pay liabilities) was an investment in 1,004,183 company shares. The result of such merger was the elimination of B-M Holding whose stockholders then became direct stockholders of the company.

**AMERICAN RE-INSURANCE PROPOSES RIGHTS OFFERING.** American Re-Insurance Company, 99 John St., New York, filed a registration statement (File 2-20764) with the SEC on September 28th seeking registration of 175,862 shares of capital stock. It is proposed to offer such shares for subscription by stockholders at the rate of one new share for each eight shares held of record on October 16, 1962. Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York, heads the list of underwriters. The subscription price (maximum \$55 per share\*) and underwriting terms are to be supplied by amendment.

The company reinsures fire, marine and casualty insurers (but not life or title insurance). The net proceeds from the stock sale will be added to general funds to provide additional capital which the company believes to be desirable in view of the continuing expansion of its premium volume. The company has outstanding 1,406,653 shares of capital stock, of which management officials as a group own 10.88%. Marl L. Rouse is president.

**NATIONAL BANKERS LIFE FILES FOR SECONDARY.** National Bankers Life Insurance Company, National Bankers Life Building, Dallas, filed a registration statement (File 2-20765) with the SEC on September 28th seeking registration of 222,276 outstanding shares of common stock, to be offered for public sale by the company's parent, Insurance and Industrial Enterprises, Inc. (wholly-owned subsidiary of Defiance Industries, Inc., of Defiance, Ohio), from time to time in the over-the-counter market or in private transactions, at prices related to the market price at the time of sale (maximum \$40 per share\*).

The company is an old line legal reserve insurance company, selling life, accident and health, and hospitalization insurance. In addition to certain indebtedness and preferred stock, it has outstanding 286,080 shares of common stock, of which Insurance and Industrial owns the 222,276 shares (77.7%). As indicated, it proposes to sell all such shares. Robert L. Huffines, Jr. is board chairman and Victor Muscat is president (and they hold similar positions with Defiance Industries).

**DATA-VEND FILES FOR STOCK OFFERING.** Data-Vend Corporation, 369 East 149th St., New York, filed a registration statement (File 2-20766) with the SEC on September 28th seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts basis by Dynamic Planning Corporation, 51 Broadway, New York, which will receive a 60¢ per share selling commission and \$15,000 for expenses. The statement also includes (1) 9,750 shares to be sold to the underwriter at 1¢ per share, and (2) 11,030 shares to be delivered to The Yonkers Record Corporation and Bradarm Realty Corporation in part payment for the sale of certain of the assets of these companies.

The company was organized in April 1962 for the purpose of acquiring and operating enterprises in the publishing, communications and related fields. By an agreement dated May 21, 1962 the company obtained for \$500 the exclusive option to purchase the business and certain of the assets, but not to assume the liabilities, of The Yonkers Record, a weekly newspaper published in Yonkers, N. Y., and the real estate owned by Bradarm Realty Corporation, on which premises is carried on the business of publishing The Yonkers Record.

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Apart from obtaining the option the company has been inactive. The company will purchase Yonkers for \$22,500 in cash and 7,353 shares and the real estate owned by Bradarm for \$12,500 in cash and 3,677 shares. The net proceeds from the stock sale will be applied to these purchases and the balance for working capital and to acquire businesses in the publishing, communications and related fields. The company has outstanding 184,800 shares of common stock, all of which (except 700 shares) are owned by E. E. Schiller, president (and acquired at 1¢ per share). After the stock sale and said acquisitions, present stockholders (excluding Yonkers and Bradarm) will own 56% of the company's outstanding stock for which they paid \$1,848, and the public will own 38% for an investment of \$500,000.

**TENNA CORP. FILES FOR STOCK OFFERING.** Tenna Corporation, 19201 Cranwood Parkway, Warrensville Heights, Ohio, filed a registration statement (File 2-20767) with the SEC on September 28th seeking registration of 122,000 shares of common stock, to be offered for public sale through underwriters headed by Westheimer & Company, 326 Walnut St., Cincinnati, and Hartzmark & Company, Inc., 1710 E. Ohio Bldg., Cleveland. The public offering price (maximum \$11 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture of automobile antennas for use on passenger cars and trucks and of automobile radios. Of the net proceeds from the stock sale, \$900,000 will be used to repay bank loans incurred to pay a portion of the purchase price due General Dynamics Corporation when the company (in December 1961) acquired substantially all of the assets of that company's Stromberg-Carlson auto radio product line. The balance of the proceeds will be added to working capital. In addition to certain indebtedness, the company has outstanding 491,737 shares of common stock (after giving effect to a recent 25-for-1 stock split), of which Sidney Ludwig, president, owns 64.46%, and Harvey A. Ludwig, vice president, and Morton R. Mendes, executive vice president, 17.77% each. Such shares were issued pursuant to a reorganization in July 1962 whereby the company acquired all of the stock of four companies then owned by the company's stockholders.

**MALONE & HYDE FILES STOCK PLAN.** Malone & Hyde, Inc., 1700 Dunn Avenue, Memphis, Tenn., filed a registration statement (File 2-20768) with the SEC on September 28th seeking registration of 27,500 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan.

**ASSOCIATES INVESTMENT PROPOSES DEBENTURE OFFERING.** Associates Investment Company, 320 Associates Bldg., South Bend, Ind., filed a registration statement (File 2-20770) with the SEC on September 28th seeking registration of \$50,000,000 of debentures due 1983, to be offered for public sale through underwriters headed by Lehman Brothers, One William St., and Salomon Brothers & Hutzler, 60 Wall St., both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in time sales financing of consumer and industrial products, in wholesale financing, in direct and personal loans and in industrial and commercial financing (and in providing the insurance incident thereto). The net proceeds from the debenture sale will be added to general funds and initially applied to reduce short-term notes. In addition to certain indebtedness and preferred stock, the company has outstanding 3,603,380 shares of common stock, of which management officials as a group own 5.72%. In addition, First Bank and Trust Company of South Bend holds of record (with right to vote), as trustee of various estates and trusts, an aggregate of 12.88%. O. C. Carmichael, Jr. is board chairman and E. Douglas Campbell is president.

**ESTEY ELECTRONICS FILES FOR SECONDARY.** Estey Electronics, Inc., 59 Hempstead Gardens Drive, West Hempstead, L.I., N.Y., filed a registration statement (File 2-20769) with the SEC on September 28th seeking registration of the following outstanding securities, which may be offered for public sale by the holders thereof at prices related to the prevailing market prices at the time of sale: (1) \$450,000 of 6% convertible subordinated notes due 1971 (convertible into 60,000 common shares at \$7.50 per share), and warrants expiring 1964 to purchase 15,000 common shares at \$10 per share (which notes and warrants were sold to various investors in October 1961), (2) warrants to purchase an additional 14,000 shares issued to two firms in connection with that offering, (3) 40,000 common shares which were issued in exchange for a like amount of Class B shares of Organ Corporation of America when it merged with the company in May 1961 (and subsequently sold by certain stockholders of Organ to officers of three underwriters in connection with a public offering by Organ), (4) 6,323 shares issued by the company in certain transactions said not to have involved any public offering, (5) 60,000 common shares owned by certain stockholders of Organ, and (6) warrants to purchase 11,000 shares at \$10 per share owned by company counsel.

The company is engaged primarily in the manufacture and distribution of electronic organs, amplifiers and tape recorders, and in the distribution of imported reed organs. In addition to certain indebtedness, it has outstanding 591,123 shares of common stock, of which Arnold Bernhard & Co., Inc. (wholly owned by Arnold Bernhard, a director) owns 12% and management officials as a group 55.5%. Stanley Green is president. Bernhard & Co. proposes to sell 10,000 shares and management officials as a group 65,000 shares. The prospectus lists some 33 holders of stock warrants, and/or notes.

**COLUMBIA GAS OF PA. ACQUISITION CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14707) authorizing the purchase by Columbia Gas of Pennsylvania, Inc., wholly-owned public-utility subsidiary of The Columbia Gas System, Inc., a registered holding company, of 5,800 capital shares of RIDC Industrial Development Fund at a total cost of \$58,000. RIDC was organized by Regional Industrial Development Corporation of Southwestern Pennsylvania for the purpose of promoting, stimulating, developing, and advancing the business prosperity and economic welfare of southwestern Pennsylvania and of its citizens by encouraging the location of new business and industry and rehabilitating existing business and industry through the making of loans, investments, other business transactions, and promotional activities.

**WEST PENN POWER ACQUISITION CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14708) authorizing the purchase by West Penn Power Company, Pennsylvania electric utility subsidiary of Allegheny Power System, Inc., a registered holding company, of 8,400 shares of RIDC Industrial Development Fund at a total cost of \$84,000.

**PEOPLES NATURAL GAS ACQUISITION CLEARED.** The SEC also has issued an order under the Holding Company Act (Release 35-14709) authorizing the purchase by The Peoples Natural Gas Company, Pittsburgh subsidiary of Consolidated Natural Gas Company, a registered holding company, of 5,000 shares of RIDC Industrial Development Fund at a total cost of \$50,000.

**COLUMBIA GAS PROPOSES DEBENTURE OFFERING.** The Columbia Gas System, Inc., New York registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing its sale at competitive bidding of \$30,000,000 of debentures due 1987; and the Commission has issued an order (Release 35-14710) giving interested persons until October 24th to request a hearing thereon. As previously reported (News Digest of September 24th), Columbia Gas proposes to use the net proceeds from the debenture sale, together with other funds, to finance the completion of the 1962 construction program of the company's subsidiaries (estimated at \$100,000,000), and to pay certain subsidiaries amounts as may be required by them for refunds upon settlement of pending rate cases.

**ARMFIELD PLAN EXEMPTED.** The SEC has issued an order under the Investment Company Act (Release IC-3544) granting an application of Armrey Company, sponsor of The Armfield Plan, a North Carolina unit investment trust, for an order declaring that the Trust has ceased to be an investment company. According to the order, sales of Armfield Plans were voluntarily discontinued by Armrey Company in 1953, and since that date no offering of such plans has been made. There are no active plans in existence now and all underlying securities accumulated under the plans have been distributed to the planholders and the plans have terminated.

**WHITNEY APOLLO SEEKS ORDER.** Whitney Apollo Corporation, New York, 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-3545) giving interested persons until October 18th to request a hearing thereon. According to the application, in 1957 the company was liquidated and all of its property and assets were distributed to the sole stockholder, Madison Square Garden Corporation.

**ATLANTIC CAPITAL EXEMPTED.** The SEC has issued an order under the Investment Company Act (Release IC-3546) granting an application of Atlantic Capital Corporation for an order declaring that it has ceased to be an investment company. According to the order, the company has withdrawn its registration statement and does not intend to make a public offering of its securities; and its outstanding securities are beneficially owned by 18 persons.

**AXE HOUGHTON FUNDS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-3547) granting an application of Axe-Houghton Fund A, Inc., Axe-Houghton Fund B, Inc., Axe-Houghton Stock Fund, Inc., and Axe-Science & Electronics Corporation for an exemption order with respect to the exercise of warrants presently held by them to purchase common shares of Helio Aircraft Corporation. According to the order, the Funds acquired an aggregate of 500 units from Helio (each consisting of a \$1,000 6% income debenture due 1965, and warrants to purchase 200 common shares at \$5 per share); and a separate option to purchase 600 shares at \$5 per share was granted to each purchaser of each unit. The Funds exercised one-half of the warrants held by them in April 1962 (by the surrender at par of \$250,000 of income debentures). Each Fund intends to exercise half of the warrants it presently holds prior to September 30, 1962 (paying for the stock by surrender of one-half its remaining income debentures); and each Fund intends to exercise the balance of its warrants prior to January 1, 1963 (by surrendering the balance of the debentures).

**MAYO & CO. HEARING SCHEDULED.** The Commission has scheduled a hearing for Monday, October 29, 1962, in the U. S. Courthouse in Philadelphia, in proceedings to determine whether provisions of the Federal securities laws were violated by Mayo & Co., Inc., of 1518 Walnut Street in Philadelphia in connection with its offering and sale of stock of National Industries, Inc., and, if so, whether its broker-dealer registration should be revoked.

**GLORY HOLE ENJOINED.** The SEC Chicago Regional Office announced September 26th (Lit-2381) the entry of a Federal court order (USDC, ND Ill.) permanently enjoining Glory Hole, Incorporated and William Mark Muchow from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of various securities of Glory Hole. The defendants consented to the entry of the permanent injunction.

**DONALD R. ELBEL INDICTED.** The SEC Chicago Regional Office announced September 24th (Lit-2382) the return of a 23-count indictment (USDC Kansas) charging Donald R. Elbel, president of The Coffeyville Loan and Investment Company, Inc., with violations of the Securities Act registration and anti-fraud provisions in connection with the sale of Investment Certificates issued by Coffeyville Loan.

**BROWN, BARTON & ENGEL ENJOINED.** The SEC San Francisco Regional Office announced September 24th (Lit-2383) the entry of a Federal court order (USDC Los Angeles) permanently enjoining Brown, Barton & Engel, Newark broker-dealer, and George P. Barton, from violating the Securities Act anti-fraud provisions in the offer and sale of the stock of American Quicksilver Corporation.

**SECURITIES ACT REGISTRATIONS.** Effective September 28: Electronic Communications Inc. (File 2-20403); Federal-Mogul Bower Bearings, Inc. (File 2-20679). Effective October 1: Morgan Guaranty Trust Company of New York, ADR's of De La Rue Co. Ltd. (File 2-20730).

\*As estimated for purposes of computing the registration fee.