

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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TRADING IN VOLKSWAGENWERK SHARES DRAWS SEC WARNING. The SEC today cautioned persons effecting transactions in the shares of Volkswagenwerk A. G. (V.W.), and particularly brokers and dealers, to bear in mind the applicability of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, including Section 17(a) of the Securities Act, Sections 10(b) and 15(c)(1) of the Securities Exchange Act, and Rules 10b-5 and 15c1-2 thereunder. In substance, these provisions prohibit any fraudulent or deceptive practice, or any misstatement or misleading omission of any material fact, in connection with the purchase or sale of any security.

The Commission was made aware that transactions may be effected in V.W. shares in this country by a notice circulated by the Foreign Securities Committee of the National Association of Securities Dealers, Inc., which indicates, among other things, that V.W. shares were eligible for trading in the over-the-counter market in Germany starting Friday, April 7, 1961, that persons who purchase such shares in Germany will have no proof of ownership other than the advice "from a German counter party" that these shares have been purchased, and that the actual share certificates will probably not be available for several months.

In addition to the above, the Commission understands that information generally available for most securities traded in this country is unavailable as to V.W. shares. Statistical manuals of ordinary usage contain no mention of the company or of the shares; there is no material on file with the Commission, nor, as far as is known, with any other agency; and balance sheets, profit and loss statements, earnings reports, etc., are all lacking.

Persons effecting transactions in these securities, particularly brokers and dealers, should be careful to avoid misstatements with respect to the securities and the company, and if, as appears, there is an unusual lack of pertinent information necessary to reach an informed judgment as to the value of the securities, this fact would be a material fact within the meaning of the anti-fraud provisions mentioned.

MAGNEFAX CORP. PROPOSES STOCK OFFERING. Magnefax Corporation, 1228 Commercial Trust Bldg., Philadelphia, filed a registration statement (File 2-17943) with the SEC on April 10th seeking registration of 200,000 shares of common stock, to be offered for public sale at \$5 per share through underwriters headed by Stroud & Co., Inc. In addition to a commission of 50¢ per share, the underwriters will be entitled to purchase 40,000 shares of Class B common at \$1 per share on the settlement date, of which 10,000 shares will be resold at the same price to Singer, Deane & Scribner for services rendered in introducing the parties. The Class B shares, which also are included in the registration statement, are convertible share for share into common stock after May 1, 1963.

Organized under Pennsylvania law in November 1960, the company proposes to distribute desk-top, electrostatic dry copy machines of its own design, and sensitized paper and other supplies for these machines. The present shareholders, and its promoters, are American Business Systems, Inc. and J. H. Weil Co. of Philadelphia, and Copymation, Inc., of Chicago. They transferred to the company assets acquired by them in October 1960 at a cost of \$100,000 in cash, an additional \$20,000 in cash, and the services of certain key personnel, for which they received stock now represented by 300,000 shares of Class B stock in the amounts of 51%, 24.5% and 24.5%, respectively. Net proceeds of the sale of the 200,000 shares of common and 40,000 shares of Class B common will approximate \$900,000. The company expects to spend about \$200,000 for an initial run of some 285 copy machines, of which the first 10 will be test models made by the company. The remaining 275 machines will be manufactured for the company by Copymation. Of the machines made by Copymation, 10 will be reserved for field test and display purposes and the balance will be offered for sale. An additional \$200,000 will be applied to salaries for sales personnel and managerial staff, other than present officers and directors; \$75,000 for leasing for one year and equipping combination sales offices and show rooms in New York, Chicago and Philadelphia; and \$175,000 will be spent for advertising and promotional purposes. The balance of the net proceeds will be added to the general funds of the company for general corporate purposes.

The prospectus lists Ernest S. Alexander as president and Robert J. Weinstock as executive vice president; and they are president and vice president, respectively, of H. H. Weil Co. (in which they have a stock interest). Weinstock is board chairman of American Business Systems; and Simon Gaynor, treasurer, is president of that company. Weinstock and Gaynor also are stockholders of the latter company.

CAPITAL FOR TECHNICAL INDUSTRIES FILES FOR OFFERING. Capital For Technical Industries, Inc., 1281 Westwood Blvd., Los Angeles, filed a registration statement (File 2-17932) with the SEC on April 10th seeking registration of 500,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made on an all or none basis through underwriters headed by Dempsey-Tegeler & Co., which will receive a \$1 per share commission.

The company was organized under California law in July 1960. It is licensed under the Small Business Investment Act of 1958 and registered under the Investment Company Act of 1940 as a closed-end non-diversified management investment company. It has engaged only in limited activities to date. In general the company's business will consist of providing capital, principally through the purchase of convertible debentures, but

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also through the purchase of common and preferred stock and the making of long term loans, to selected small business concerns, primarily in the fields of technical industry. A portion of the net proceeds from the stock sale will be used to retire not to exceed \$150,000 of subordinated debentures issued to the Small Business Administration, and the balance to provide long term capital to small business concerns. The prospectus lists E. H. Plesset Associates, Inc. as the company's technical, economic and statistical consultant and investment adviser. Dr. Ernst H. Plesset is president and board chairman of the company and president of the adviser.

ST. LOUIS CAPITAL FILES FOR OFFERING. St. Louis Capital, Inc., 611 Olive Street, St. Louis, Mo., filed a registration statement (File 2-17946) with the SEC on April 11th seeking registration of 750,000 shares of common stock, to be offered for public sale at \$10 per share. A \$1 per share commission will be paid the underwriters, headed by Hornblower & Weeks and I. M. Simon & Co.

The company was organized under Missouri law in January 1961. It is licensed under the Small Business Investment Act of 1958 and is also registered under the Investment Company Act of 1940 as a closed-end, non-diversified, management investment company. According to the prospectus, the company will furnish equity capital and make long-term loans to selected small business concerns, and provide supervisory and management counselling services to such concerns. The net proceeds from the stock sale will be used to provide such investment capital and advisory and management counselling services.

The company has outstanding 56,000 shares of common stock, of which Mercantile Trust Company owns 20,000 shares and Arnold G. Stifel, board chairman, 7,500 shares. William B. Dunaway is listed as president.

SUN OIL FILES STOCK PLAN AND SECONDARY. Sun Oil Company, 1608 Walnut St., Philadelphia, Pa., filed a registration statement (File 2-17947) with the SEC on April 11th seeking registration of (1) 13,000 Memberships in the company's Stock Purchase Plan for Employees, and 231,000 shares of common stock which may be acquired pursuant thereto, and (2) 245,615 outstanding shares of common stock, to be offered for public sale from time to time by the holders thereof at prices related to the then current market prices on the New York and Philadelphia-Baltimore Stock Exchanges. The company has outstanding 13,046,739 shares of common stock, of which management officials as a group own 1,946,800 shares, and The Glenmede Trust Company, as Trustee, holds 3,854,632 shares. The prospectus lists 20 selling stockholders who own an aggregate of 3,021,876 shares, including Joseph N. Pew, Jr., board chairman (and certain members of his family), who owns 884,051 shares and proposes to sell 80,000 shares. Others propose to sell from 200 to 50,000 shares each.

COLUMBIA GAS SYSTEM FILES THRIFT PLAN. The Columbia Gas System, Inc., 120 East 41st Street, New York, filed a registration statement (File 2-17949) with the SEC on April 10th seeking registration of \$12,125,000 of participations in the company's Employees' Thrift Plan, and 500,000 shares of common stock which may be acquired pursuant thereto.

E. F. MACDONALD FILES FOR SECONDARY. The E. F. MacDonald Company, 129 South Ludlow Street, Dayton, Ohio, filed a registration statement (File 2-17950) with the SEC on April 11th seeking registration of 275,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Smith, Barney & Co. and Merrill, Turben & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized in April 1961 under Delaware law and in May 1961 will succeed by merger to the business and properties of an Ohio company of the same name organized in 1947. As a result, each outstanding Class A share of the Ohio company will be converted into 10 Class A shares of the Delaware company and each Class B share (non-voting) of the Ohio company will be converted into 10 common shares of the Delaware company. The company's business has and will consist primarily of creating and administering incentive programs for its customers. The programs are designed to stimulate customers' personnel to increased efforts in meeting sales and other objectives of the customers. Such programs utilize the special appeal of merchandise and travel awards rather than cash incentives.

The company (giving effect to the reincorporation) will have outstanding 100,000 shares of Class A common stock and 965,100 shares of common stock. The prospectus lists 76 selling stockholders including Elton F. MacDonald, board chairman and president, who owns 58,000 common shares and proposes to sell all such shares, and Robert S. Bare, executive vice president, and A. W. Clemens and S. H. Lebensburger, vice presidents, who own 39,000 shares each and propose to sell 19,000 shares each. Others propose to sell from 200 to 10,000 shares each. The MacDonald family owns all of the outstanding Class A shares and will own, after the sale of the outstanding common shares, 52% of the total general voting power of the company.

UNITED VARIABLE ANNUITIES PROPOSES OFFERING. United Variable Annuities Fund, Inc., and United Variable Annuities Trust, of 20 West 9th St., Kansas City, Mo., filed a registration statement (File 2-17945) with the SEC on April 11th seeking registration of (a) 2,500,000 shares of Fund stock, to be offered for public sale at \$10 per share, and (b) \$25,000,000 of Variable Annuity Trust contracts. Public offering of the fund shares is to be made through underwriters headed by Waddell & Reed, Inc., which will receive an 85¢ per share commission.

The Fund and the Trust were recently created to operate jointly in providing a medium for accumulation and possible growth of capital which will enable investors to receive Annuity Payments intended on a long-range basis to vary in amounts with changes in the cost of living. United Variable Annuities Management Corporation, a subsidiary of Waddell & Reed, is the investment adviser to the Fund and Depositor of the Trust. After this initial offering of Fund shares, investors who own 100 or more shares may acquire a contract, without payment of a sales commission, by transferring at least 100 Fund shares to Commerce Trust Company of Kansas City, Trustee of the Trust. Additional investments in a contract may be made until fifteen days

prior to the day when annuity benefits under the contract begin in any of the following ways: (a) without payment of a sales commission, at any time, by transfer, to the Trustee, of Fund shares having an aggregate net asset value of \$100, or more; or (b) upon payment of a sales commission, by cash payments made directly to the Trustee, (i) at any time, in amounts of \$100, or more, or (ii) at specified periodic intervals, in amounts of not less than \$25 per month. The sales commission on any additional investment made by cash payments ranges from 8½% down to 1%, depending on the amount of investment. A service fee of \$2 is deducted from the initial investment, and 2% of the amount of each subsequent investment, whether in shares or in cash, but not more than \$2 is deducted from each of such subsequent investments. The Trust contracts provide a convenient arrangement whereby an investor, during his more productive years, can accumulate an indirect interest in a portfolio of securities through the Trust and, during his less productive years, have the then value of his accumulated interest used to pay to him an annuity with variable payments made monthly for his life, or at his option, at other regular periods for a fixed number of years.

Chauncey L. Wadell is listed as president of the Fund and of the investment adviser; and he is board chairman of the principal underwriter.

The prospectus states that all annuitants, whether in the accumulation or annuity period, share ratably in the risk of gain or loss arising from fluctuations in (a) the value of Fund shares held in the portfolio of the Trust, (b) earnings on such shares, and (c) expenses of operating the Trust not covered by service fees. As to these risks there is complete mutuality at all times among all annuitants. In addition, annuitants in the annuity period share mutually the risk of gain or loss arising from the combined mortality experience of all such annuitants. Neither the trustee, the depositor or the Fund make any guarantees with respect to any of the risk factors mentioned above nor as to the value at any time of the accumulation units, the annuity units, or the underlying shares of the Fund.

WARNER BROS. PICTURES FILES STOCK PLAN. Warner Bros. Pictures, Inc., 666 Fifth Avenue, New York, today filed a registration statement (File 2-17953) with the SEC seeking registration of 122,700 shares of common stock, which have been or will be issued to certain key employees of the company pursuant to its Stock Option Agreements.

ADDENDUM. On April 5th (Statistical Release 1743), the SEC and FTC announced a study showing a further decline during the fourth 1960 quarter in profits after taxes of manufacturing corporations. Fourth quarter sales were estimated at \$87 billion with profits after taxes amounting to \$3.5 billion, compared with \$84.9 billion of sales and \$3.6 billion of profits for the preceding quarter.

On April 7th (Release 1744) the SEC announced a study reflecting a continued increase during 1960 in the net working capital of U. S. corporations (excluding banks and insurance companies), to a record \$132.5 billion at the year-end.

On April 12th (Release 1746), the SEC announced a study reflecting savings of \$11 billion in financial form during 1960 by individuals in the United States. At the year-end individuals' equity in financial assets, net of liabilities, totalled \$770 billion, a decline of \$5 billion over the year caused by lower market values of stock issues.

SECURITIES ACT REGISTRATIONS. Effective April 12: Campbell Chibougamau Mines, Ltd. (File 2-17183); Bessemer-Birmingham Motel Associates (File 2-17469); Stephen Realty Investment Company (File 2-17476); Personal Property Leasing Company (File 2-17514); Universal Container Corporation (File 2-17661); The Hawaiian Electric Company, Ltd. (File 2-17700); Monsanto Chemical Company (File 2-17709); Kellogg Company (File 2-17716); Spiegel, Inc. (File 2-17720); Jones & Laughlin Steel Corporation (File 2-17796).