

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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SOUTHWESTERN GROWTH FUND FILES FOR STOCK OFFERING. Southwestern Growth Fund, Inc., 402 University Towers, El Paso, Texas, filed a registration statement (File 2-18546) with the SEC on July 21st seeking registration of 200,000 shares of common stock, to be offered for public sale at net asset value plus a sales commission of a maximum of 8½%. Southwestern Fund Sales, Inc. is listed as the Fund's distributor.

Organized under Texas law in April 1961, the Fund is a diversified investment company which expects to become an open-end investment company. Southwestern Fund Management Corp. furnishes the Fund with advice with regard to its investment activities and the purchase and sale of securities. Robert B. Blum is listed as president of the Fund and its distributor and investment adviser.

BENJAMIN BROWN GILBERT REGISTRATION REVOKED. The Commission has revoked the broker-dealer registration of Benjamin Brown Gilbert, doing business as Gilbert & Co., 923 West Third Street, Little Rock, Ark. This action was based upon Gilbert's failure to file an annual financial report and to amend his registration application to report a change of business address, resulting in violations of the applicable provisions of the Securities Exchange Act and Commission rules thereunder.

INTERNATIONAL BANK GRANTED TEMPORARY EXEMPTION. The SEC has issued an order under the Investment Company Act (Release IC-3297) granting an application of International Bank, Washington, D. C., for temporary exemption from various provisions of the said Act pending Commission decision on its application (on which a hearing is now in progress) for an order declaring that it is exempt from the Act by reason of the fact that it is primarily engaged in business other than that of an investment company.

SEC CLEARS VALLEY GAS FINANCING. The SEC today announced a decision under the Holding Company Act (Release 35-14485) approving the terms of bonds and notes to be issued by Valley Gas Company, of Pawtucket, R. I., for the gas utility properties of Blackstone Valley Gas and Electric Company, a subsidiary of Eastern Utilities Associates, Boston holding company.

In August 1960 the Commission approved a plan for transfer of such properties by Blackstone to Valley Gas, and the U. S. District Court in Boston later ordered enforcement of such plan. The plan provided among other things for the issuance by Valley Gas to Blackstone of \$4,500,000 of bonds and \$1,500,000 of promissory notes, to be sold by Blackstone through private placement to institutional investors. The Commission reserved jurisdiction over the prices to be received for, the interest rates on, and the terms and provisions of the said bonds and notes. After negotiations conducted through Kidder, Peabody & Co., Inc., Blackstone has contracted to sell the bonds and notes, bearing interest rates of 6% and 6½%, respectively, to the New York Life Insurance Co. and five other institutions at 100% of their principal amount. The bonds will mature on December 1, 1985, and will be subject to a cash sinking fund designed to retire about 82% of the entire issue before maturity. They will be redeemable at the option of the company in whole or in part at an initial redemption price of 106% of principal amount. The notes will mature December 1, 1975, and will be subject to a cash sinking fund of \$100,000 per annum, which will retire all but \$200,000 thereof before maturity. They will be redeemable at the option of the company in whole or in part at a redemption price of 106½% of face amount if redeemed in the first year, and at prices declining annually thereafter to par in the last year.

Upon consideration of these and other terms of the bonds and notes, the Commission released its jurisdiction over their issuance. In connection with the foregoing, Blackstone will issue \$2,500,000 of short-term promissory notes, bearing interest at the prime rate in effect on the date of issuance, to a commercial bank.

STERLING ELECTRONICS FILES FOR OFFERING AND SECONDARY. Sterling Electronics, Inc., 1616 McKinney, Houston, Texas, filed a registration statement (File 2-18548) with the SEC on July 24th seeking registration of 125,200 shares of common stock, of which 82,000 shares are to be offered for public sale by the company and 43,200 shares, being outstanding stock, by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by S. D. Fuller & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 30,000 common shares which underlie 5-year warrants to be sold to the principal underwriter for \$300, exercisable at a price to be supplied by amendment.

The company distributes an extensive line of electronic parts and equipment, television replacement parts and accessories, and high fidelity sound reproduction equipment and components, all of which are manufactured by others. Of the net proceeds from the company's sale of additional stock, \$85,000 will be used to retire short-term bank loans incurred to provide additional inventory, \$10,500 to retire a loan made by a stockholder, and the balance of \$265,000 will provide additional working capital to permit expansion of inventories, including new product lines, and the possible opening of additional sales offices and warehouses in new locations in the company's present trade area.

In addition to certain indebtedness, the company has outstanding 177,960 shares of common stock (after giving effect to a 2-for-1 stock split in April 1961), of which Henry M. Spolane, board chairman, and Michael S. Spolane, president, own 85,880 and 81,880 shares, respectively, and propose to sell 38,200 and 5,000 shares, respectively. The outstanding shares had an April 30th book value of \$2.84 per share.

OVER

DENNIS REAL ESTATE INVESTMENT TRUST FILES FOR OFFERING. Dennis Real Estate Investment Trust, 90 State St., Albany, N. Y., filed a registration statement (File 2-18549) with the SEC on July 24th seeking registration of 100,000 shares of beneficial interest in the Trust, to be offered for public sale (without underwriting) at \$100 per share.

The Trust was organized under New York law in June 1961 as a real estate investment trust for the purpose of holding, investing, and reinvesting in real property, interests in real property, and interests in mortgages on real property. According to the prospectus, the objective of the Trust is to provide a broad and selective diversification of investments in the field of real estate, and competent and continuous supervision of such investments. Net proceeds from the sale of shares will be used toward the purchase of real estate assets. George J. Dennis is listed as chairman of the trustees, John F. Campbell as a trustee, and Harry D. Yates as trustee and secretary.

WATER INDUSTRIES CAPITAL FILES FOR STOCK OFFERING. Water Industries Capital Corporation, 122 East 42nd Street, New York, filed a registration statement (File 2-18539) with the SEC on July 21st seeking registration of 964,100 shares of common stock, to be offered for public sale at \$11 per share. The offering will be made through underwriters headed by Hornblower & Weeks, which will receive a \$1 per share commission. The registration statement also includes 5,000 outstanding common shares sold to Manhattan Eastern Corporation, one of the underwriters, at \$10 per share.

Organized under New York law in April 1961, the company is licensed as a small business investment company under the Small Business Investment Act of 1958, and is registered under the Investment Company Act of 1940 as a closed-end, non-diversified, management investment company. The company expects to emphasize, and the net proceeds of this financing will be used for, investments in businesses concerned with water, its supply, transportation, distribution, use, purification, conservation and demineralization, including manufacturers and suppliers of products required by such businesses. Water Industries Survey Corporation is listed as the company's investment manager.

The company has outstanding 35,900 shares of common stock, of which partners of Hornblower & Weeks own 40.95%, Manhattan Eastern Corp. 13.93%, and Robert Roy Dann, board chairman and president, 4.46%. Management officials as a group own 20.9%. Dann is also listed as board chairman of Manhattan Eastern Corp. Certain management officials own a majority of the stock of the investment manager; and the stockholders of the investment manager own 90.8% of the outstanding stock of Manhattan Eastern.

TELECREDIT FILES FOR STOCK OFFERING. Telecredit, Inc., 100 West 10th Street, Wilmington, Del., filed a registration statement (File 2-18550) with the SEC on July 24th seeking registration of 155,000 shares of common stock, to be offered for public sale at \$1 per share. The offering will be made on an all or none basis through underwriters headed by Globus, Inc., which will receive a 10¢ per share commission and \$5,000 for expenses. In addition, Globus and its officials and associates acquired, for \$50,500, a \$50,000 note convertible into 50,000 common shares and 5-year warrants to purchase an additional 50,000 shares at \$1 per share. The said notes are to be converted, and the underlying shares and the warrants may be sold by the holders thereof at prices prevailing in the over-the-counter market at the time of such sale.

The company was organized under Delaware law in May 1961 to develop and commercially license high-speed electronic data processing systems and equipment capable of furnishing, on request by retail business and other subscribers, immediate reports concerning persons who present checks, bank drafts and other negotiable instruments in payment for goods and services. The company proposes to establish computer-equipped information centers in various locations to provide such services. Its only source of income will be monthly charges made for providing such services. According to the prospectus, the company is still in a promotional and developmental stage and presently has no subscribers for its services. The net proceeds from the stock sale, together with proceeds from prior private sales of securities, estimated to aggregate \$202,000, will be used to organize and operate the company, to finance the establishment of the first contemplated information center in Los Angeles, and for reserve, to meet contingencies or to finance additional centers.

The company has outstanding 142,000 shares of common stock and 4,500 shares of Class B capital stock. Robert N. Goldman, president, and Ronald A. Katz, vice president, own 37% each of the common stock and 50% each of the Class B stock. The outstanding common stock (including the 50,000 shares to be issued upon conversion of said notes) have a present book value of about 41¢ per share. After the sale of new shares, such stock will have a book value of about 58¢ per share. The 142,500 common shares, 4,500 Class B shares, and warrants to purchase an additional 20,000 common shares at \$1 per share were initially issued to Goldman and Katz for \$30,000 paid to the company by them, in cash, and the transfer by them of all their right, title and interest in and to the electronic verification system previously developed by them.

SECURITIES ACT REGISTRATIONS. Effective July 25: Capital Properties, Inc. (File 2-17993); Devonbrook Inc. and Siegfried S. Alper (File 2-18257); International Cablevision Corporation (File 2-18161); Metropolis Bowling Centers, Inc. (File 2-18045); Northern Natural Gas Company (File 2-18389); Servonic Instruments, Inc. (File 2-18010); Spellman Engineering, Inc. (File 2-18251); The Washington Water Power Company (File 2-18330).

VIOLATIONS CHARGED HINKLEY & CO. IN SALE OF DOMINION GRANITE STOCK. The SEC Denver Regional Office announced July 20th (LR-2070) the filing of a complaint (USDC, Denver) seeking to enjoin Donald J. Hinkley & Company, Inc., and Donald J. Hinkley from further violations of the registration requirements of the Securities Act and the anti-fraud provisions of that Act and the Securities Exchange Act in the sale of common stock of Dominion Granite & Marble Co., Ltd. The complaint, which also charged net capital rule violations, seeks appointment of a receiver for the defendant corporation.

In a further announcement on July 21st (LR-2071), the Denver Office reported that a preliminary injunction had been issued against Hinkley & Co. and Hinkley from further violations of the Commission's net capital rule, and that the court had appointed William G. Berge as a receiver to take charge of the assets of the defendant corporation. A hearing on the other charges is scheduled for July 20th.