

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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Washington 25, D.C.

FOR RELEASE October 16, 1961

Statistical Release No. 1784. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended October 13, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 is as follows:

	1957-59 = 100		Percent Change	1961	
	10/13/61	10/6/61		High	Low
Composite	137.5	137.4	+0.1	138.2	118.3
Manufacturing	128.8	129.2	-0.3	131.0	113.0
Durable Goods	132.3	132.7	-0.3	132.8	117.0
Non-Durable Goods	125.5	126.0	-0.4	130.5	109.2
Transportation	111.0*	110.9	+0.1	110.0	97.8
Utility	173.3*	171.8	+0.9	173.3	144.4
Trade, Finance & Service	174.8*	171.4	+2.0	174.8	132.5
Mining	89.0	87.0	+2.3	99.5	83.3

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended October 12, 1961, 31 registration statements were filed, 33 became effective, 3 were withdrawn, and 696 were pending at the week end.

ADVISER RECORD KEEPING RULE PROPOSED. The SEC today announced a proposal (Release IA-120) to amend its record-keeping requirements (Rule 204-2) under the Investment Advisers Act to require investment advisers to maintain a record of securities transactions in which they or their key personnel have any beneficial interest; and it invited the submission of views and comments thereon not later than November 20, 1961. The Act prohibits investment advisers from engaging in any act, practice or course of business which is fraudulent, deceptive or manipulative; and it empowers the Commission by rules and regulations to define and prescribe means reasonably designed to prevent such conduct. In view of the fiduciary obligations of an investment adviser, he must refrain from effecting securities transactions on his own behalf which are in conflict with the interest of any client; and he must be certain that persons associated with him are not improperly utilizing information obtained in the conduct of the investment advisory business in such manner as to adversely affect the clients' interests. The proposed rule amendment would require an investment adviser to maintain records of all transactions in which the adviser, or any "advisory representative" (including employees), has any direct or indirect beneficial interest; and an advisory representative would ordinarily have an indirect beneficial interest in the securities transactions of at least his wife and his minor children. The proposed amendment should have a salutary prophylactic effect, in that a person associated with an investment adviser who knows that he will have to report his transactions to the investment adviser may hesitate to effect a transaction inconsistent with the adviser's fiduciary obligations to clients; and it will implement the Commission's enforcement activities and responsibilities under the statute. Many responsible investment advisers already require their key personnel to submit reports of their securities transactions to the investment adviser; and the proposed amendment to the rule would in effect make it necessary for all other advisers to institute similar requirements in order that they may have the records required to be maintained under the rule.

ASSET TRANSFER IN COLUMBIA GAS SYSTEM PROPOSED. The Columbia Gas System, Inc., has joined with two subsidiaries in the filing of a proposal with the SEC under the Holding Company Act for the transfer of certain assets of The Manufacturers Light and Heat Company to a newly-created subsidiary, Columbia Gas of Pennsylvania, Inc., both of Pittsburgh; and the Commission has issued an order (Release 35-14531) giving interested persons until November 16th to request a hearing thereon. The proposal is part of the parent company's program of realigning the system's natural gas properties in such manner that all natural gas production, storage and transmission properties will be owned and operated by one corporation subject to jurisdiction of the Federal Power Commission, and the retail gas distribution facilities owned and operated in each State will be owned by a single company subject to the jurisdiction of the appropriate State commission. Manufacturers proposes to sell to the new company all of its assets and properties in Pennsylvania used in the distribution at retail of natural gas, together with cash and other current assets related to such distribution. At June 30th the stated book value of the utility plant to be sold, less reserves, was \$62,154,124; and the total assets allocable to the distribution operations (less reserves, current liabilities, and deferred creditors) was \$63,731,950.

CAMBRIDGE GROWTH FUND PURCHASE CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3334) permitting Cambridge Growth Fund, Inc., New York investment company to purchase 1,500 shares of Valve Corporation of America stock, which is a portion of an offering of 145,000 Valve Corp. stock expected to be offered for public sale at about \$7 per share.

OVER

INVESTMENT COMPANY DEPOSIT AGREEMENT APPROVED. The SEC has issued an order under the Investment Company Act (Release IC-3332) approving an Amended Depositary Agreement between Principal Certificate Series, Inc., of Seattle, Wash., and Bankers Trust Company, wherein the investment company undertakes to deposit and maintain with the Trust Company qualified investments and reserves as required by Section 28 of the Act.

GIBCO SEEKS ORDER. Gibco, Inc., Greenville, Mich., investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to an extension of the maturity date of a note issued to it by Hupp Corporation; and the Commission has issued an order (Release IC-3333) giving interested persons until October 30th to request a hearing thereon. Hupp is an affiliate primarily engaged in the manufacture of air conditioning, refrigeration, heating and household appliances. It holds 359,200 of the 368,434 outstanding shares of Gibco common stock. In April 1956 Gibco sold substantially all its assets to Hupp in exchange for cash and securities of Hupp. Gibco's assets include Hupp's 5% subordinated promissory note due August 31, 1961, in the amount of \$1,200,000 and convertible into Hupp common. It is proposed to extend the maturity date of the note to October 31, 1961.

VILLA CAPRI ASSOCIATES PROPOSES OFFERING. Villa Capri Associates, Austin, Texas, filed a registration statement (File 2-19131) with the SEC on October 13th seeking registration of \$1,825,000 of Limited Partnership "A" Units, to be offered for public sale in units of \$5,000. Associates was organized in July 1961 as a limited partnership by Allan S. Feldman and Gilbert Gertner. Robert L. Hatchet, Jr., is a limited "B" partner. Feldman and Gertner and Gulf Interstate Company acquired title to Villa Capri Motor Hotel in Austin. The purchase price was \$3,650,000 of which \$750,000 was paid in cash, and Gulf, Feldman and Gertner issued their note for \$475,000, payable December 30, 1962, on which Gulf is liable, and a note secured by a purchase money mortgage of \$2,425,000 was executed by the three, none of whom is personally liable. Feldman and Gertner each purchased an undivided 1/51 interest in Villa Capri for \$25,000, borrowed from a bank. Gulf granted Feldman and Gertner an option to acquire its 49/51 interest in Villa Capri, the option providing for the payment of \$1,050,000 to Gulf and \$475,000 to L. L. McCandless, from whom the 49/51 interest was acquired. The option has been assigned to the partnership. The \$3,650,000 purchase price (over and above the trust deed) is payable as follows: \$1,050,000 to Gulf, \$475,000 to McCandless; and \$50,000 to the bank in repayment of the moneys borrowed by Gertner and Feldman, who will convey their 2/51 interest to the partnership.

NEW CAMPBELL ISLAND MINES FILES FOR OFFERING AND SECONDARY. New Campbell Island Mines Limited, 90 Industry St., Toronto, Ontario, Canada, filed a registration statement (File 2-19132) with the SEC on October 13th seeking registration of 475,000 shares of common stock, of which 400,000 shares are to be offered for public sale by the company at 50c per share and 75,000, being outstanding stock, by Charles Davey. The offering is to be made on agency basis by A. C. MacPherson and Company, of Toronto, which will receive a 25% selling commission plus 15% for expenses. Davey acquired his shares for \$10,500.

The company was organized in 1945 to engage in the business of exploration, development and mining. Supplementary "letters Patent" were issued in May 1958 which resulted in a recapitalization. The \$120,000 estimated net proceeds of the stock sale will be used for exploration, drilling and other related purposes. The prospectus lists Arthur George Smith of Toronto as president. The company has outstanding 1,722,584 common shares.

STANDARD INDUSTRIES FILES FOR OFFERING AND SECONDARY. Standard Industries, Inc., 731 Mayo Bldg., Tulsa, Okla., filed a registration statement (File 2-19133) with the SEC on October 13th seeking registration of 210,000 shares of common stock, of which 183,000 shares are to be offered for public sale by the company and 27,000 shares, being outstanding stock, by A. Ray Smith, president. The offering price and underwriting terms are to be supplied by amendment. Allen & Company heads the list of underwriters.

The company is engaged in the business of production and sale of crushed limestone, gravel, sand and ready-mix concrete and the paving and construction of highways, roads, streets and airfields. Net proceeds of its sale of additional stock will be added to corporate funds of the company and used as working capital for general corporate purposes. The company now has outstanding 732,500 common shares, of which Smith owns 677,563 shares and proposes to sell 27,000 shares. He recently sold 36,625 common shares at \$1.68 per share to partners and associates of Allen & Company.

PERSONAL PROPERTY LEASING PROPOSES DEBENTURE OFFERING. Personal Property Leasing Company, 6381 Hollywood Blvd., Los Angeles, filed a registration statement (File 2-19135) with the SEC on October 13th seeking registration of \$2,000,000 of convertible subordinated debentures due 1976, to be offered for public sale at 100% of principal amount. The offering will be made through underwriters headed by Dempsey-Tegeler & Co., Inc., which will receive an 8% commission. The interest rate is to be supplied by amendment.

The company is engaged in the business of leasing a wide variety of equipment and machinery to industrial and commercial firms to meet their specific requirements. Of the net proceeds from the debenture sale, \$1,000,000 will be used to defray a part of the purchase cost of equipment to be leased, and the balance will be maintained on deposit with various banks to provide a basis for additional bank credit. In addition to certain indebtedness, the company has outstanding 369,730 shares of capital stock, of which Theodore O. McClurg, president, owns 12.1% and management officials as a group 34.8%. In April 1961, the company sold to the principal underwriter and certain associates of the underwriter for \$1,000, five-year warrants to purchase 20,000 shares of capital stock initially at \$7.15 per share.

MOBILE RENTALS FILES FOR OFFERING AND SECONDARY. Mobile Rentals Corporation, 8472 South Figueroa St., Los Angeles, filed a registration statement (File 2-19136) with the SEC on October 13th seeking registration of 215,000 shares of common stock, of which 165,000 shares are to be offered for public sale by the company

and 50,000 shares, being outstanding stock, by M. E. Hersch, president and board chairman. The offering will be made on an all or none basis through underwriters headed by Kleiner, Bell & Co. and Hardy & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes (1) 12,000 outstanding shares sold to Kleiner, Bell & Co. by Hersch at 89¢ per share, and (2) 21,000 shares underlying five-year warrants to be sold to the principal underwriters (at a price to be supplied by amendment), exercisable initially at 110% of the public offering price.

The company engages in the business of leasing and selling trailers to commerce, industry and government. Of the net proceeds from the company's sale of additional stock, \$300,000 will be used to establish several branch offices in various cities throughout the United States, \$230,000 to purchase an initial stock of trailers for these offices, \$28,350 to retire a short-term bank loan incurred to repay an indebtedness to Hersch, and the balance will be added to general funds for additional working capital to be used primarily to acquire additional trailers. In addition to certain indebtedness, the company has outstanding 318,000 shares of common stock, of which Hersch owns 290,400 shares (91.32%) and proposes to sell the 50,000 shares.

CORRECTION RE LYNCH CORP. The SEC News Digest of October 2nd contained an item concerning a registration statement filed by Lynch Corporation of Anderson, Ind., proposing an offer of Lynch stock in exchange for stock of Peninsular Metal Products Corporation. Reference was made therein to the agreement of Lynch to sell warrants for 20,000 shares to "Sol M. Sweifach," a director of Peninsular, whose correct name is Zweifach. Zweifach is also a director of Lynch; and the warrants are to be sold to him, if and when the exchange offer becomes effective, for past and future services.

SEC COMPLAINT NAMES LOWELL MURPHY & CO. INC. The SEC Denver Regional Office announced October 11th (Lit-2121) the filing of a complaint (USDC Colo.) seeking to enjoin Lowell, Murphy & Co., Inc., John H. Lowell, and Thomas H. Murphy from further violations of the anti-fraud provisions of the Securities Exchange Act and requesting appointment of a receiver for the defendant corporation.

HILL STREET PROPOSES RIGHTS OFFERING. Hill Street Co., 760 South Hill Street, Los Angeles, today filed a registration statement (File 2-19137) with the SEC seeking registration of 2,265,138 shares of common stock. It is proposed to offer such stock for subscription at \$3 per share exclusively to common stockholders of Union Bank, a California banking company, on a share for share basis. The record date is to be supplied by amendment. No underwriting is involved.

Organized in October 1961, the company is registered under the Investment Company Act of 1940 as a closed-end, non-diversified management investment company. Its primary purpose will be to seek out and act upon investment opportunities in new or young business concerns or other concerns to which financing may not be readily available from regular commercial channels. The net proceeds from the stock sale, together with initial capitalization, of \$999,000 (from the private sale of common shares at \$3 per share to certain persons), will be used principally in making loans to and purchasing securities of business concerns. Union Bank will provide investment advisory and management services to the company. H. J. Volk is listed as president of the company and of Union Bank, and certain other management officials of the company are also management officials of the Bank.

SECURITIES ACT REGISTRATIONS. Effective October 16: Babcock Electronics Corp. (File 2-18672); Empire State Building Associates (File 2-18741); Israel Investors Corp. (File 2-18567); Kent Washington, Inc. (File 2-18527); New England Power Co. (File 2-18896); Real Properties Corporation of America (File 2-18559).

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