

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington 25, D.C.

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE October 24, 1961

TEXAS EASTERN TRANSMISSION PROPOSES BOND OFFERING. Texas Eastern Transmission Corporation, Texas Eastern Bldg., Houston, filed a registration statement (File 2-19178) with the SEC on October 23d seeking registration of \$35,000,000 of First Mortgage Pipe Line Bonds, due 1981, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc. The interest rate, offering price and underwriting terms are to be supplied by amendment. The company's principal business is the transmission of natural gas; and it also is engaged in the transportation of petroleum products and in the production of oil and gas. Net proceeds of the sale of the new bonds will be used to retire outstanding Revolving Credit Notes (of which \$10,000,000 were outstanding September 30th) incurred for general corporate purposes including construction; and the balance will be used in connection with the company's construction program, which involves expenditures of about \$138,000,000 in 1961 and 1962.

STRUTHERS SCIENTIFIC FILES FOR OFFERING. Struthers Scientific and International Corporation, New York, filed a registration statement (File 2-19179) with the SEC on October 23d seeking registration of 150,000 shares of Class A common stock, to be offered for public sale through underwriters headed by Hirsch & Co. Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized in August 1961 for the purpose of acquiring from Struthers Wells Corporation in exchange for 850,000 shares of Class B common stock, the latter's interests in (1) Saline water conversion developments, patents, etc., relating to Struthers Wells' program of commercial utilization of its processes for desalting and purifying sea water and converting it to a pure or potable state; (2) a company which utilizes such developments outside of the United States; (3) a Western Hemisphere trade company which acts as sales agent in the Western Hemisphere outside of the United States for certain products manufactured by Struthers Wells; (4) a company engaged in the engineering, sale and leasing of the Petrotherm System for the economic curing of high quality concrete blocks; and (5) a research and development division. According to its prospectus, the new company was formed for the purpose of segregating and coordinating some of the recent developments and scientific advances in phases of Struthers Wells' manufacturing operations, as well as its international engineering and sales activities. Of the net proceeds of the sale of additional stock, \$200,000 together with grants being negotiated with the Interior Department, will be applied towards continued commercial development of the company's saline water conversion process; \$250,000 towards the organization and establishment of engineering and sales agencies and offices in foreign countries; and lesser amounts for other related purposes and for general corporate purposes.

All of the 850,000 Class B shares are owned by Struthers Wells Corp. The book value thereof as of August 31st was about 39¢ per share. The prospectus lists James D. McLean as board chairman and Harry W. Conarro as president.

MARINE CORP. FILES EXCHANGE PLAN. The Marine Corporation, 622 North Water St., Milwaukee, Wisc., filed a registration statement (File 2-19180) with the SEC on October 23d seeking registration of 56,250 shares of common stock. The company proposes to offer this stock in exchange for all the issued and outstanding shares of capital stock of Wisconsin State Bank, Milwaukee, at the rate of 2½ shares of Marine stock for each of the 22,500 outstanding shares of the Bank stock. The proposal is conditioned upon its acceptance by the holders of not less than 80% of the bank stock.

MEDICAL INDUSTRIES FUND PROPOSES OFFERING. Medical Industries Fund, Inc., 677 Lafayette St., Denver, filed a registration statement (File 2-19181) with the SEC on October 23d seeking registration of 25,000 shares of common stock, to be offered for public sale at \$10 per share. The company is a closed-end investment company; but it will become an open-end company upon sale of the 25,000 shares. The prospectus lists Medical Associates, Inc., as underwriter; and it will receive a commission of \$.875 per share on the sale of company shares. The Fund expects to invest at least 50% of its assets in companies engaged directly or indirectly in the medical industry; and the remaining investments will be made in other industries believed to possess opportunities for capital growth. The underwriter also will serve as investment advisor. Dr. William M. Shanahan, president of the Fund, owns all the outstanding stock of the underwriter and advisor.

VALLEY METALLURGICAL PROCESSING FILES FOR OFFERING AND SECONDARY. Valley Metallurgical Processing Company, Essex, Conn., filed a registration statement (File 2-19182) with the SEC on October 23d seeking registration of 70,000 shares of common stock, of which 60,000 shares are to be offered for public sale by the company and 10,000 shares, being outstanding stock, by Percy W. Hudson, company president. The offering is to be made on an all or none basis by McDonnell & Co. Inc. The offering price and underwriting terms are to be supplied by amendment. Also included in the statement are an additional 30,000 shares issuable upon conversion of outstanding notes due 1966.

The company is engaged in the development, production and sale of various spherical aluminum powders, magnesium powders, and other miscellaneous metal powders, for the rocket and missile industry, munitions and pyrotechnics, and industrial purposes. Of the net proceeds of its sale of additional stock, \$142,000 will be used to redeem the 1,200 outstanding shares of \$5 preferred (owned in part by officers and the underwriter); \$105,000 to pay short term indebtedness and \$50,000 to pay expenses in the construction of

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additional production facilities; and the balance for working capital. Hudson owns 18,500 shares (8.1%) of the company's outstanding common stock and, upon redemption of the preferred he will become entitled to receive an additional 30,000 shares now held in a trust. He proposes to sell 10,000 shares.

SEC TO PARTICIPATE IN HUGHES HOMES REORGANIZATION. The SEC has filed notice of appearance in the Chapter X proceedings for the reorganization of Hughes Homes, Inc., Butte, Mont., and four wholly-owned subsidiaries (USDC, Mont.) (Release CR-156). The court has named John N. Newland as Trustee. Hughes Homes builds and sells prefabricated homes on the basis of a small down payment and a mortgage or sales contract for the balance. The four subsidiaries, each incorporated in a different state, sold debentures to the public and applied the proceeds to the purchase of mortgages or sales contracts from the parent. The balance sheets for the five corporations dated July 31, 1961 show total assets of \$1,214,110 and total liabilities of \$1,917,480, including debentures with a face amount of \$1,480,820 which are held by 990 public investors. The voting stock of the parent is held by approximately 200 investors, with 80% held by 2 persons.

LaFORCE INC. ENJOINED. The SEC Boston Regional Office announced October 19th (Lit-2126) the entry of a Federal court order (USDC, Vt.) permanently enjoining LaForce, Inc., and Edward P. LaForce from further violations of the Securities Act registration requirements in the sale of LaForce stock.

COURT HEARING SET ON NEW ORLEANS P.S. PLAN. Judge J. Skelly Wright of the U.S. District Court in New Orleans, La., has scheduled a hearing for December 1, 1961, at 9:30 A.M. upon the plan of Middle South Utilities, Inc., approved by the Commission on October 19th (35-14533), to offer its stock (124,300 shares) in exchange for the 3.18% minority interest (45,199.78 shares) in its subsidiary, New Orleans Public Service Inc.

LOWELL MURPHY CO. ENJOINED. The SEC Denver Regional Office announced October 20th (Lit-2127) the entry of a Federal court order (USDC, Colo.) preliminarily enjoining Lowell, Murphy & Co., Inc., Thomas H. Murphy and John H. Lowell from further violations of Rule 15c1-2 under the Securities Exchange Act through the continued conduct of a securities business while unable to meet its current obligations.

BLACKSTONE VALLEY GAS BORROWINGS CLEARED. Blackstone Valley Gas and Electric Company, Pawtucket, R. I., has received SEC authorization under the Holding Company Act (Release 35-14535) to borrow \$1,000,000 from its parent, Eastern Utilities Associates, of Boston, and to apply the funds to the reduction of short-term bank notes.

COASTAL STATES GAS RECEIVES ORDER. The SEC has issued an order under the Trust Indenture Act (Release 39-161) finding that the trusteeship of Empire Trust Company of New York under a 1957 indenture, a March 1960 indenture, and a new July 1961 indenture, each relating to debt securities of Coastal States Gas Producing Company, is not so likely to involve a material conflict of interest as to make it necessary to disqualify Empire Trust from acting under any of such indentures.

GENERAL ACCEPTANCE SEEKS ORDER. General Acceptance Corporation has applied to the SEC for an order under the Trust Indenture Act declaring that the trusteeship of Manufacturers Hanover Trust Company under two certain indentures is not so likely to involve a material conflict of interest as to require disqualification of the Trust Company from acting under both indentures; and the Commission has issued an order (Release 39-162) giving interested persons until November 14th to request a hearing thereon. According to the application, the said Trust Company resulted from a merger in September 1961 of Hanover Bank and Manufacturers Trust Company. Hanover Bank has served as trustee under an indenture securing \$10,000,000 of 4-3/4% Senior Debentures of General Acceptance due 1971, and Manufacturers Trust as trustee under an indenture securing \$15,000,000 of 6% Senior Debentures due 1980. As a result of the merger of the two banks, the successor has succeeded to the trusteeship under both indentures.

PACIFIC NORTHWEST BELL TELEPHONE PROPOSES DEBENTURE OFFERING. Pacific Northwest Bell Telephone Company, 1200 Third Avenue, Seattle, Wash., today filed a registration statement (File 2-19183) with the SEC seeking registration of \$50,000,000 of debentures due 1994, to be offered for public sale at competitive bidding. The company was organized under Washington law in March 1961 as a subsidiary of American Telephone and Telegraph Company, which owns 51% of its stock. A portion of its common stock is also owned by The Pacific Telephone and Telegraph Company (also a subsidiary of American) whose stockholders, in March 1961, approved a plan to divide its business and properties so that the new company, to be organized for that purpose, would own and operate the business of Pacific Telephone in Washington, Oregon and Idaho. The cost on the books of Pacific Telephone of the assets transferred to the company, less the amount of liabilities assumed by the company, was \$576,936,477. At the time of transfer, the company issued to Pacific Telephone 30,450,000 common shares and its 4 1/2% demand note in the amount of \$200,000,000. Net proceeds from the debenture sale will be used to reduce the principal amount of such note. The plan for transfer of properties to the new company contemplated that Pacific Telephone within about three years would offer for sale to its shareholders all the stock of the company held by it. An initial offering of 17,459,490 shares (about 57%) was made at \$16 per share in September, of which A T & T acquired 15,548,140 shares, or 51% of the outstanding stock. The plan also contemplated that within about three years the company would sell publicly several issues of debentures for the purpose of refunding the \$200,000,000 demand note; and the present offering is the first of such offerings.

SECURITIES ACT REGISTRATIONS. Effective October 23: Long Falls Realty Co. (File 2-18545).
Effective October 24: Beam-Matic Hospital Supply, Inc. (File 2-18542); Cle-Ware Industries, Inc. (File 2-18555); Cowles Magazines & Broadcasting, Inc. (File 2-18810); Deem & Co. (File 2-19119); Glenmore Distilleries Co. (File 2-18756); Government of New Zealand (File 2-18975); International Flavors & Fragrances, Inc. (File 2-18712); Lortogs Inc. (File 2-18565); Miner Industries, Inc. (File 2-18668); Miss Pat (File 2-18827).