

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE October 28, 1958

REVOCATION PROCEEDINGS INSTITUTED AGAINST SILLS AND CO.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Sills and Company, Ingraham Building, Miami, Fla. (34-5808).

The Commission charges that Sills and Company, Robert Bernard Sills, president, and Arthur Green, sales manager, "engaged in acts, practices and a course of business which operated as a fraud and deceit upon customers" and otherwise violated provisions of the Federal Securities Laws and rules of the Commission thereunder.

More particularly, the Commission alleges in its order that Sills and Company, Sills and Green, diverted to their own use and benefit the payment of (1) funds received in payment for securities which they had induced customers to buy upon the false representation that the monies would be used in payment for such securities; and (2) securities obtained from customers pursuant to solicitations to buy made by the company and the two individuals under false promises that payment therefor to the customers would be made in the regular course of business. Moreover, according to the order, the company solicited and induced customers to purchase from and sell securities to it, and solicited and accepted the deposit of monies and securities upon representations that the firm was ready and able to execute and to fill such orders and to meet all liabilities arising in connection therewith; when, as the company and Sills knew but did not disclose, the liabilities of the company exceed its assets and it was unable to meet its current liabilities.

Furthermore, the Commission's order charges that Sills and Company violated its net capital rule by engaging in a securities business when its aggregated indebtedness to all other persons exceeded 2,000% of its net capital; filed a report of financial condition which was false and misleading with respect to "cash in bank" and "paid-in surplus;" failed to amend its registration to disclose (a) a change of address, (b) that Sills had become a 10% owner by purchase of 99 of the 100 outstanding shares of the company's stock, and (c) the resignation of the secretary-treasurer and election of Mrs. Sills to such position; and failed to comply with the Commission's bookkeeping rules.

NOTE: Foregoing also released by SEC Miami Branch Office)

ATLANTA REGIONAL OFFICE IN NEW QUARTERS

The Securities and Exchange Commission's Atlanta Regional Office has moved to Suite 138, 1371 Peachtree Street, N. E., Atlanta 9, Georgia, Telephone TRinity 3-3714. (U-271)

* * * * *

Northeast Investors Trust, Boston, Mass. investment company, filed an amendment on October 1, 1958, to its registration statement (File 2-11318) seeking registration of an additional 100,000 shares of beneficial interest \$1 par value.

* * * * *

OVER

For further details, call ST. 3-7600, ext. 5526

Keystone Custodian Funds, Inc., Boston, Mass. investment company, filed an amendment on October 27, 1958 to its registration statement (File 2-10527) seeking registration of an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation, \$1 par value, Series K 1.

INJUNCTION BARS ILLEGAL SALES OF VARI-PAC STOCK

The SEC has obtained a consent judgment in the USDC-SDNY (LR-1352) enjoining Edythe Kendall and Vari-Pac Corporation from violating anti-fraud provisions of the Securities Act in offer and sale of Vari-Pac stock.

The Commission also has obtained a consent judgment in the USDC-NJ (LR-1351) enjoining Arnold D. Naidich, Eli Albert and Albert & Company, Inc., from further violating the said anti-fraud provisions of the law in the offer and sale of Vari-Pac Corporation stock. Naidich was similarly enjoined by the USDC-SDNY.

WILMINGTON COUNTRY CLUB FILES FINANCING PROPOSAL

Wilmington Country Club, Wilmington, Del., filed a registration statement (File 2-14462) with the SEC on October 27, 1958, seeking registration of \$500,000 of Debentures due 1991 (non interest bearing) and 800 shares of \$25 par Common Stock.

The Club had a membership of 2,446 at July 31, 1958, including 357 limited members of Concord Country Club, which is owned and operated by the Club. It proposes to offer to its members and to Concord limited members the right to subscribe for and purchase the debentures, at the price of \$1,000 per debenture; and it also proposes to offer to each of the 200 Concord limited senior members the right to subscribe for 4 shares of common stock at the price of \$375 per share as an initiation fee for Club membership. The offerings are not underwritten.

Net proceeds of the sale of the securities will be applied toward the cost of developing property which the Club acquired in 1957 from Mr. and Mrs. Henry F. du Pont (new site) and of building a recreation room and snack bar and swimming facilities at the present site at the Wilmington city line.

STATE LOAN AND FINANCE FILES FOR DEBENTURE OFFERING

State Loan and Finance Corporation, Washington, D. C., filed a registration statement (File 14461) with the SEC on October 27, 1958, seeking registration of \$10,000,000 of Sinking Fund Subordinated Debentures due 1978, with 1958 Series Warrants to purchase Class A Common Stock. Public offering of the debentures (with warrants) will be made through an underwriting group headed by Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co. The interest rate on the debentures, the terms of the warrants, and the public offering price and underwriting terms are to be supplied by amendment.

Approximately \$3,849,000 of the net proceeds to be received from the sale of the debentures (with warrants) will be used to redeem and retire all of the outstanding 5% Ten Year Sinking Fund Subordinated Debentures, due April 1, 1960, and all of the outstanding 5% Seven Year Sinking Fund Subordinated Debentures, due April 1, 1960. The remaining net proceeds are to be placed in the company's general fund and initially used to reduce bank loans and short term notes of the company. As the volume of the company's business requires, it may incur additional short or long term indebtedness to increase its working capital, which is used primarily to provide its subsidiaries with funds to carry on their respective businesses of making loans to individuals.

OHIO POWER TO ACQUIRE SENECA L & P ASSETS

The SEC has issued an order (35-13852) authorizing Ohio Power Company, Canton, to purchase the assets of The Seneca Light and Power Company, whereupon Seneca will liquidate and dissolve.

Continued

Both companies are subsidiaries of American Electric Power Company, Inc. In connection with the transfer of properties, Ohio will issue to Seneca 6,236 shares of its common stock and assume all of Seneca's liabilities. These shares will be distributed to American upon Seneca's dissolution.

LING ELECTRONICS PROPOSES DEBENTURE OFFERING

Ling Electronics, Inc., Culver City, California, today filed a registration statement (File 2-14463) with the SEC seeking registration of \$922,500 of 5-3/4% Subordinated Convertible Debentures due December 1, 1970.

The company proposes to offer these debentures in exchange on the basis of equal principal amounts for the outstanding 3% Convertible Subordinated Income Notes due 1967 of The Calidyne Company, Inc., a subsidiary. It also will offer to purchase at face value Calidyne notes from those noteholders who desire to sell their notes for cash, at a price equal to 100% of their principal amount.

Ling on August 1, 1958, purchased all of the then outstanding common stock of Calidyne, consisting of 33,334 shares, from the two holders thereof or a consideration of \$320,000, paid \$150,000 in cash and \$170,000 in unsecured 5-3/4% 6 months promissory notes.

Ling will receive no cash proceeds from the sale of the new debentures in exchange for Calidyne notes; and it does not presently intend to convert in the immediate future any of the Calidyne notes acquired pursuant to the exchange offer into common stock of Calidyne. Net proceeds from the private sale on October 22, 1958, of \$2,200,000 of 5 1/2% Subordinated Convertible Debentures due 1970 have been and will be used to retire bank loans, for the purchase of capital equipment and for additional working capital.

* * * * *

(Following is ADDENDUM to News Digest of Monday, October 27, 1958)

ARVIDA FILES FOR STOCK OFFERING

Arvida Corporation, Miami, Fla., today filed a registration statement (File 2-14460) with the SEC seeking registration of 2,500,000 shares of its \$1 par Class A Common Stock, to be offered for public sale through an underwriting group headed by Carl M. Loeb, Rhoades & Co. and Dominick & Dominick. The public offering price and underwriting terms are to be supplied by amendment.

Arvida was organized under Delaware law on July 30, 1958. On July 31, 1958, it acquired approximately 100,650 acres of real property, principally unimproved, assembled by Arthur Vining Davis and located in Palm Beach, Broward and Dade Counties, Fla., acquired by him during the years 1947 to 1958. Such properties were acquired by Arvida either directly from Mr. Davis or through the acquisition of all the stock and other investments (by way of advances) of Mr. Davis in the corporations having title thereto. Arvida issued to Mr. Davis in exchange therefor 3,447,928 shares of Arvida's Class B Common Stock, \$1 par, and a 5% Collateral Debenture, due July 31, 1973, in the amount of \$6,900,000.

The determination by the Board of Directors of Arvida of the amount of the Debenture and the number of shares of Class B Common Stock issued in exchange for the securities and properties acquired by Arvida was based on the sum of the following at July 31, 1958: (1) the net equity of the corporations whose stock was acquired (\$14,995,858), (2) the liability of those corporations for advances (non-interest bearing) made to them by Mr. Davis (\$6,935,187), and (3) the cost to Mr. Davis of the properties acquired directly from Mr. Davis, less related mortgages and notes payable thereon, (\$22,896,159), totaling \$44,827,204. For the purposes of the exchange, the Debenture issued to Mr. Davis was valued at its face amount and each share of Class B Common Stock issued to Mr. Davis valued at \$11.

The cost to Mr. Davis of his investment in the stocks of the corporations acquired by Arvida was \$1,335,120 in excess of the net equity of those corporations at July 31, 1958 (excluding the cost to Mr. Davis of 35,000 shares of Class B Common Stock to be delivered by Mr. Davis to a person from whom Mr. Davis acquired minority interests in two of those corporations immediately prior to their transfer to Arvida).

Continued

The shares of the stock of Arvida now owned beneficially, and to be owned beneficially after the completion of this financing, by Mr. Davis consist of 3,412,928 (99%) of the outstanding shares of Class B Common Stock. There are no shares of Class A Common Stock presently outstanding. Giving effect to the sale of the shares of Class A Common Stock offered hereby, Mr. Davis will own beneficially 57.4% of the total number of shares of all classes of Common Stock outstanding.

Arvida proposes to engage as a principal in holding real estate for investment and, through subsidiaries, in substantially all phases of real estate activity including the development, subdividing, operating, leasing, and selling of real property. Such activities will apply not only to properties presently owned but also to any properties hereafter acquired. The company may in the future deem it economically desirable to expand its activities into utility and commercial ventures in areas in which its properties are located. All but a small number of the acreage now held is undeveloped and non-income producing except for relatively small income derived from farm leases.

Net proceeds of the public sale of the Class A shares will be added to Arvida's general fund and will be available, together with funds from operations and from the sale of properties, and for the development of the company's properties and for use as working capital. It is presently anticipated that during the fiscal year ending July 31, 1959, approximately \$6,127,000 (exclusive of contingent amortization on the 5% Collateral Debenture and possible optional prepayments of mortgage notes) will be expended for debt service and approximately \$2,800,000 will be expended in connection with the Company's development program, principally for the development of residential communities at Boca Raton, development and construction on the Delray Beach properties, improvements on and development of the rural property in Palm Beach County and a residential development in south Dade County.

The prospectus lists Mr. Davis as board chairman, Milton N. Weir as president, and John H. Weir as vice president and general manager. In addition to the \$6,900,000 5% Collateral Debenture and 3,447,928 Class B shares issued to Mr. Davis, the Company on July 31, 1958, had outstanding \$30,833,326 of Mortgage Notes.

---000000---