

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.

FOR RELEASE November 15, 1957

SUBURBAN ELECTRIC PROPOSES BOND OFFERING

Suburban Electric Company, Malden, Mass., has applied to the SEC for authorization to issue and sell, at competitive bidding, \$4,500,000 of First Mortgage Bonds, Series B, due December 1, 1987; and the Commission has issued an order (Holding Company Act Release No. 13593) giving interested persons until November 27, 1957, to request a hearing thereon. Suburban proposes to apply the net proceeds of the sale of the new bonds to the payment of \$4,500,000 of short-term note indebtedness incurred for capitalizable expenditures.

MARTINIQUE ASSOCIATES FILES PARTNERSHIP INTERESTS

The Martinique Associates, a partnership which will have a net fee ownership of premises located at 80 Passaic Avenue, Passaic, N. J., filed a registration statement (File 2-13746) with the SEC on November 14, 1957, seeking registration of 38 participations in Partnership Interests in Associates, to be offered for sale at \$10,000 per participation by the four partners of Associates. No underwriting is involved.

Associates is a partnership formed September 30, 1957, consisting of Jerome Dansker, Raphael M. Dansker, Norman Dansker and Irving J. Katz, individual partners. According to the prospectus, Cambrian Estates, Inc., entered into a contract on July 16, 1957, for the purchase of an apartment house under construction at the Passaic address, from The Martinique, Inc., the builder, at the price of \$1,025,000. The sum of \$37,500 has already been paid. Simultaneously with the purchase, Cambrian will execute a net lease between itself, as lessor, and Martinique, the seller, as lessee. Under a contract dated September 30, 1957, Cambrian agreed to sell the said premises, subject to the net lease, to Associates at the same price paid by Cambrian. The lessee will operate and manage the premises. Proceeds from the sale of the participations and the capital contributions of the partners will be used to pay the purchase price of the property and to meet the costs incidental to the purchase and to this offer. Associates will take title to the premises, subject to a first mortgage in the amount of \$650,000 to be held by John Hancock Mutual Life Insurance Company.

MAYFLOWER ASSOCIATES GRANTED BROKER-DEALER REGISTRATION

The Securities and Exchange Commission today announced the issuance of a decision granting an application of Mayflower Associates, Inc., New York City, for registration as a broker-dealer under the Securities Exchange Act of 1934.

Mayflower's application for broker-dealer registration was filed on March 13, 1957. It listed Dennis Larkin Francis as president, a director and controlling stockholder. Item 7 of the application calling for information as to prior

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connections of any such person with any other broker or dealer, was left blank. In fact, according to the decision, Francis had been associated with other broker-dealer firms, including the firm of Rutledge Irvine & Co., Inc., which had been enjoined from engaging in certain securities transactions while he was its vice president. The application also listed an incorrect address as Mayflower's principal place of business and as the address to which notices should be sent.

These facts were not disputed by Mayflower. However, it contended that the failure to supply the correct information was the result of carelessness and inadvertence and was not willful. In fact, it was pointed out that when these matters were brought to Francis' attention on March 29th he readily admitted his association with Rutledge Irvine & Co. and that the stated address was wrong; and he immediately prepared an amendment to the application dated the same day setting forth the correct address and his prior associations with Rutledge Irvine & Co. and one other broker-dealer firm. Furthermore, Francis subsequently resigned as president and disposed of his stock interest in Mayflower.

"Carelessness and negligence in the preparation of the application for registration," the Commission stated, "may frustrate the objectives of the Act and thus constitute willfulness within the meaning of the Act. However, under all the circumstances here present, particularly the fact that applicant immediately upon being advised filed an amendment correcting the inaccurate information, and that Francis is no longer associated with applicant, we do not find it necessary or appropriate in the public interest that applicant's application for registration as a broker and dealer be denied." (See Securities Exchange Act Release No. 5600.)

NICHOLS INC. FILES FOR STOCK OFFERING

Nichols Incorporated, Exeter, N. H., filed a registration statement (File 2-13747) with the SEC on November 14, 1957, seeking registration of 25,000 shares of its no par common stock, to be offered for public sale at \$27 per share. No underwriting is involved.

The company is engaged in the general business of selling hatching eggs and day-old chicks which it hatches for broiler growers and for replacement stock for other hatcheries. Net proceeds of this financing are intended to be used primarily to repay short term bank loans incurred to finance the company's expansion program and for working capital purposes. The company now has outstanding 44,215 common shares, of which 13,120 shares (32%) are owned by George E. Coleman, Jr., president.

KENTUCKY POWER TO MAKE ADDITIONAL BORROWINGS

Kentucky Power Company, Ashland, Ky., has applied to the SEC for authorization to make additional bank borrowings in 1958 in the aggregate amount of \$1,000,000; and the Commission has issued an order (Holding Company Act Release No. 13594) giving interested persons until November 29, 1957, to request a hearing thereon. The fund would be used to finance, in part, the company's 1958 construction program, estimated at \$2,410,000; and the borrowings will be in addition to similar borrowings of \$4,100,000 expected to be outstanding by the end of 1957.

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AMERICAN GAS PROPOSES STOCK DIVIDEND

American Gas and Electric Company, New York, has applied to the SEC for authorization to declare a stock dividend at the rate of one share on each 40 shares of its \$10 par Common Stock outstanding, payable January 10, 1958, to holders of record on December 9, 1957. The Commission has issued an order (Holding Company Act Release No. 13595) giving interested persons until November 29, 1957, to request a hearing thereon.

AMERICAN GAS PROPOSES CONTRIBUTION TO INDIANA & MICHIGAN ELECTRIC

American Gas and Electric Company also has applied to the Commission for authorization to make cash capital contributions aggregating not in excess of \$9,000,000 to its subsidiary, Indiana & Michigan Electric Company, of Ft. Wayne, Ind., in anticipation of the issuance and sale by the subsidiary, in the first quarter of 1958, of \$25,000,000 of First Mortgage Bonds. The contributed funds will be used by the subsidiary to carry on its current construction program until said bonds are sold. The Commission has issued an order (Holding Company Act Release No. 13596) giving interested persons until November 29, 1957, to request a hearing upon the application.

EXEMPT OFFERINGS BY BIG UTE URANIUM AND UNIVERSAL OIL RECOVERY SUSPENDED

The Securities and Exchange Commission today announced the issuance of orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

- a) Big Ute Uranium Corporation, Reno, Nevada
In its Regulation A notification, filed October 28, 1955, Big Ute proposed the public offering of 3,000,000 shares at 10¢ per share
- b) Universal Oil Recovery Corporation, Chicago, Ill.
Universal filed its Regulation A notification on October 3, 1957, proposing the public offering of 12,500 shares at \$10 per share

Each of the orders provides an opportunity for hearing, upon request, on the question whether the respective suspension orders should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In its suspension orders, the Commission asserts, among other things, (1) that the notification and offering circular filed by Big Ute contained untrue statements of material facts, failed to reflect material changes which have occurred in the affairs of the company, and omits to state material facts required to be stated in order to make other statements therein not misleading; and (2) that Universal Oil's offering circular contains various misstatements and omissions of material fact and that no exemption appears available in view of the absence of appropriate escrow arrangements for 50,000 shares of stock held by officers, directors and promoters which, when computed at the \$10 per share public offering price, exceeds the \$300,000 limitation of Regulation A.

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More particularly, in the case of Big Ute, the Commission's order states that there is reason to believe (A) that, whereas it is represented in that company's offering circular that its promoters had converted their interests in certain properties to the issuer in consideration of stock and monies, the promoters failed to make such conveyances and the issuer held no title or interest in any of such properties; (B) that there was a failure to disclose that certain of the properties were lost in a law suit brought against the issuer's president in December 1955; (C) that there was a failure to disclose that new properties obtained for a cash consideration of \$5,000 were subsequently lost when it was discovered that the seller had no title thereto; and (D) that despite representations that no officer would receive compensation in the early stage of operations, the treasurer was and did continue to receive a \$500 monthly salary throughout the offering.

The Commission's order with respect to Universal Oil charged that there is reason to believe that that company's offering circular failed to disclose various material facts, including (a) expenses of the offering to be borne by the issuer; (b) transactions with a predecessor by which the issuer's properties were to be acquired and the consideration to be paid therefor; (c) the transfer of 15,000 shares of personally owned stock by the promoters to a group of friends and relatives in satisfaction of a \$15,000 loan, whereas public investors were to pay \$10 a share for stock; (d) that the \$10 per share offering price bears no relationship to the company's present operations and properties, or interests in properties; (e) that \$750,000 of oil over and above royalty, development costs and operating and overhead charges must be produced in order for a purchaser of stock to effect the return of his investment; (f) that a very small portion of the 360 acres involved has apparently ever yielded any oil through primary production methods, and indications that the leases involved might not be susceptible to successful waterflooding; and (g) an adequate detailed map showing the location of productive wells and dry holes on Universal's acreage and the area contiguous thereto. (See Securities Act Release No. 3862.)

MONTREAL TO ISSUE DEBENTURES

The City of Montreal (Canada) today filed a registration statement (File 2-13748) with the SEC seeking registration of \$11,000,000 of Sinking Fund Debentures for Public Works, due January 1, 1978, and \$7,000,000 of Sinking Fund Debentures for Local Improvements, due January 15, 1978. The interest rates, public offering prices, underwriting terms, and names of underwriters are to be supplied by amendment.

Net proceeds of the sale of the Public Works Debentures are to be applied toward the cost of various public works, including road and highway construction and grade separation; public garages, parking grounds and markets; trunk sewers; parks; and construction of a civic center and concert hall; water facilities; and other and related projects. Net proceeds of the sale of the Local Improvement Debentures will be applied toward the cost of various condemnations of property in order to open, extend and widen certain streets, and the cost of certain other permanent local improvements, consisting of sewers, pavements and sidewalks.

PITTSBURGH BREWING FILES FINANCING PROPOSAL

Pittsburgh Brewing Company, Pittsburgh, Pa., today filed a registration statement (File 2-13749) with the SEC seeking registration of \$5,646,750 of 5% Sinking

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Fund Income Subordinated Debentures due October 31, 1992; 112,935 shares of \$1 par Common Stock; and 451,740 Warrants to purchase a like number of common shares. The company proposes to offer \$50 principal amount of the debentures, one common share, and warrants to purchase four common shares, in exchange for each outstanding share of Preferred Stock, \$25 par, plus accrued dividends. The purposes of the offer are to eliminate or reduce the present dividend arrearage on the preferred stock which, according to the prospectus, resulted from an industry strike in 1952 and to achieve as nearly as possible a simple common stock capitalization.

SEC QUESTIONS SALE OF LATIN-AMERICAN EXPLORATION (CUBA) STOCK

The Securities and Exchange Commission today announced that information has been reported to it which indicates that shares of the common stock of Latin-American Exploration Co. ("Exploration Co."), of Havana, Cuba, are being offered for sale at \$2 per share to residents of the United States by Anglo-American Investment Corporation ("Investment Corporation"), also of Havana, through the use of the mails and by long-distance telephone calls.

The Exploration Co. stock is not registered with the Commission under the Securities Act of 1933, nor does it appear from the brochures being mailed to American investors by Investment Corporation that an exemption from registration is available for the stock. (Registration under the Securities Act is designed to provide disclosure of pertinent financial and other data concerning securities offered and sold in interstate commerce within, or through foreign commerce into, the United States, so that prospective investors may make an informed appraisal and evaluation of the worth of such securities.)

Furthermore, Investment Corporation is not registered with the Commission as a broker-dealer pursuant to the Securities Exchange Act of 1934, which provides, in substance, that no broker or dealer shall make use of the mails or instruments of interstate commerce to induce the purchase or sale of securities unless such broker-dealer is registered with the Commission. It appears from literature issued by Investment Corporation that that company was organized and/or is controlled by Leonard Gerard Green, formerly president of Leonard Gerard Investments, Inc., of Montreal, Quebec, Canada. The broker-dealer registration of the latter in the Province of Quebec was cancelled in September, 1956, by the Quebec Securities Commission, following the receipt of a complaint from the SEC concerning transactions by Leonard Gerard Investments, Inc., with American investors.

(NOTE TO PRESS: The Exploration Co. stock has been offered in numerous cities throughout the country, including New York, Chicago, San Francisco, Toledo, O. and Hood River, Oregon.)

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