

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington, D.C. 20549

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

(Issue No. 66-160)

FOR RELEASE August 22, 1966

**HEARING SCHEDULED ON AMERICAN ELECTRIC POWER PROPOSAL.** The SEC has issued an order under the Holding Company Act (Release 35-15543) scheduling for hearing on September 8 an amended application filed by American Electric Power Company, Inc. (AEP), of New York, proposing the purchase of common shares of Michigan Gas & Electric Company (MG&E). The amendment, joined in by Michigan Gas Utilities Company (MGU), relates principally to (1) the proposed purchase by AEP from MGU of all of MGU's holdings of the common stock of Michigan, including shares acquired by MGU as assignee on July 1, 1966, of AEP's rights under a certain tender offer, and (2) certain commitments of the applicants to the Commission in connection therewith.

On May 17, 1966 AEP published an offer to purchase all of the then outstanding 204,362 shares of MG&E common at \$100 per share, subject to Commission approval; and on the same day AEP applied to the Commission for approval of its purchase of any MG&E shares tendered (see Release 35-15492). The tender offer provided, among other things (1) that if a minimum of 103,000 shares were tendered, AEP was obligated to purchase all tendered shares, and if a smaller number were tendered, AEP, at its opinion, might purchase all or none of the tendered shares, and (2) that the offer would terminate on July 6, 1966, unless extended by AEP. The offer was extended and terminated on July 20, 1966. The application stated AEP's intention, as soon as feasible after it acquired the Michigan common stock, to cause Michigan to dispose of its gas utility properties, and AEP consented to the requested order of the Commission being so conditioned.

On or about June 20, AEP determined, in light of the opposition of MG&E management, that it was unrealistic to expect that the Commission could act upon its application prior to July 22 (the date prior to which acceptances of the offer were irrevocable). Accordingly, AEP commenced negotiations with MGU which terminated in an agreement of July 1, 1966, whereby AEP assigned to MGU all of its interest in the tender offer; MGU agreed to purchase, at \$100 per share, all shares theretofore or thereafter tendered under the AEP offer. The agreement also provided that for three years AEP has the right to purchase, subject to Commission approval, all of the MG&E stock owned by MGU (whether or not acquired by MGU pursuant to the tender offer); and it obligates AEP to purchase the same from MGU, subject to Commission approval, if MGU desires to sell. MGU further agreed that if it should acquire a majority of the outstanding MG&E stock or otherwise acquire a position of controlling influence over MG&E, it would take various steps to cause the sale by MG&E of its electric utility assets to AEP's nominee. AEP also agreed under similar circumstances to take the same steps to cause the sale by MG&E of its gas utility assets to MGU. These mutual agreements for the sale of MG&E properties were subject, among other things, to Commission approval. On July 1, MGU made payment of \$100 per share for the shares then tendered, MGU advising MG&E shareholders that its acquisition of the shares would not require Commission approval under the Holding Company Act. (According to the Commission's public files, MGU held 8,182 shares of MG&E stock prior to the AEP tender offer and purchased an additional 69,823 pursuant to tender).

The three companies have been advised that, based upon information available to it, the Commission has instructed its counsel to take the position that on its face the July 1 agreement between AEP and MGU went beyond normal and permissible preliminaries to a transaction subject to approval of the Commission and constituted a violation of the Holding Company Act by both parties to the agreement.

In the amended application, AEP proposes to exercise its right under its agreement with MGU to purchase from MGU all MG&E shares owned by MGU. The two companies have made various commitments which relate, in the main, to MG&E shares acquired under the tender offer at \$100 per share. Among other things, if it is determined by the Commission that the acquisition by MGU of MG&E shares constitutes a violation of the Holding Company Act or the Securities Exchange Act such as to require, in the public interest, that a right of rescission be afforded the former holders of tendered shares, MGU will offer such right and return the tendered shares upon receipt of \$100 per share. In the event the Commission concludes that acquisition by AEP of the MG&E stock from MGU will not satisfy all standards of the Holding Company Act other than with respect to fairness of price, AEP will not acquire any of such stock from MGU. In such event, and if the Commission concludes that the fair price of the tendered shares is in excess of \$100, MGU will (a) pay the amount of the excess to all former holders of tendered shares, or at its election, will afford them a right of rescission, and (b) will take such further action with respect to any subsequent remaining tendered shares as the Commission shall approve or direct in this proceeding.

If the Commission determines that acquisition by AEP of MG&E stock from MGU satisfies all standards of the Act, including the fairness of the \$100 tender price, AEP will buy from MGU the tendered shares at such price. If, however, the Commission determines that the fair price of the tendered shares is in excess of \$100 (plus commissions), and AEP deems such price to be reasonable, AEP will pay the \$100 to MGU and pay the excess above \$100 to former holders of tendered shares. If AEP regards such price as unreasonably high (1) it will purchase and MGU will sell tendered shares at \$100 per share plus commissions, and (2) AEP will offer the former holders of the tendered shares the right to rescind upon payment to AEP of \$100 per share, and (3) AEP will take such further action with respect to any subsequent remaining tendered shares, as the Commission shall approve or direct in this proceeding. If, on the other hand, the Commission determines that the fair price of the shares is less than \$100, AEP will not purchase tendered shares unless MGU is willing to sell the same at such lower price. It is further contemplated that, for the stated purpose of affording present MG&E shareholders the opportunity to sell their shares to AEP in light of the Commission's findings on the amended application (including its conclusions as to fairness of the price), AEP also proposes, during the 6-month period following its purchase of MG&E shares from MGU, to acquire additional shares of MG&E common by purchase in the open market, or otherwise, at prices which such limits as the Commission may approve.

OVER

**FOREIGN RESTRICTED LIST.** The SEC has removed the names of the following companies from its Foreign Restricted List: Abbican Mines, Ltd.; Consolidated Exploration & Mining Co., Ltd.; Haitian Copper Mining Corp., Ltd.; Jaylac Mines, Ltd.; Milldale Minerals, Ltd.; Natto Mining Co., Ltd.; and Sudbay Beryllium Mines, Ltd. This decreases to 67 the number of foreign companies whose securities the Commission has reason to believe recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933. Deletions from the list may be made from time to time, if the Commission is satisfied that certain conditions have been met, such as registration of the securities or the lapse of time (at least one year) since the last known offering in violation of the registration requirement. The seven companies referred to above are no longer in existence by reason of their dissolution or the cancellation of their charters.

**HARRY HARDY ENJOINED.** The SEC New York Regional Office announced August 16 (LR-3564) the entry of a Federal court order (USDC, SDNY) enjoining Harry J. Hardy, d/b/a Hardy & Hardy, New York, from further violations of the Commission's net capital, bookkeeping and financial-reporting rules, and the Securities Exchange Act anti-fraud provisions.

**ZAPATA OFF-SHORE FILES EXCHANGE PROPOSAL.** Zapata Off-Shore Company, 2000 Southwest Tower, Houston, Tex. 77002, filed a registration statement (File 2-25420) with the SEC on August 18 seeking registration of \$10,465,546 of 6½% subordinated debentures (due 1976) and warrants to purchase 402,521 shares of common stock. The debentures and warrants are to be offered in exchange for all of the 945,109 outstanding shares of common stock of Williams-McWilliams Industries, Inc. (Williams), on the basis of \$13 principal amount of debentures for each Williams share and a warrant to purchase one Zapata shares for each two Williams shares held. The prospectus states that the exchange offer is conditioned upon the acceptance thereof, by September 30, by the holders of 66-2/3% of the outstanding Williams stock.

The company is principally engaged in the business of drilling offshore oil and gas wells in domestic and foreign waters. Williams, located in New Orleans, is engaged in the dredging business, and in marine engineering and construction work. In addition to indebtedness, Zapata has outstanding 1,096,579 common shares, of which management officials own 176,850 shares (including 140,108 shares owned by D. Doyle Mize, board chairman). William H. Flynn is president of Zapata.

**GENERAL AMERICAN INVESTORS PROPOSES RIGHTS OFFERING.** General American Investors Company, Inc., 60 Broad St., New York 10004, filed a registration statement (File 2-25421) with the SEC on August 19 seeking registration of 419,889 shares of common stock. The stock is to be offered for subscription by common stockholders at the rate of one new share for each five shares held. Any unsubscribed shares are to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 20 Broad St., New York 10005. The offering price (\$34.125 per share maximum\*), record date and underwriting terms are to be supplied by amendment.

The company is a closed-end, diversified investment company whose primary investment objective is "long-term capital appreciation." Net proceeds of its stock sale will be available for investment. In addition to preferred stock, it has outstanding 2,099,443 common shares, of which management officials own 8.25% (including 8.05% owned by Frank Altschul, director). Arthur G. Altschul is board chairman and Malcolm B. Smith is president.

**SOUTH CHICAGO PACKING FILES FOR OFFERING AND SECONDARY.** South Chicago Packing Co., 9229 S. Baltimore Ave., Chicago, Ill. 60617, filed a registration statement (File 2-25423) with the SEC on August 19 seeking registration of \$1,000,000 of 6½% subordinated sinking fund debentures, Series A, due 1986, and warrants to purchase 50,000 shares of common stock. Each \$1,000 debenture is to be accompanied by a warrant to purchase 50 common shares (the exercise price of the warrants is to be supplied by amendment). The registration statement also includes 250,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 150,000 shares (being outstanding stock) by the present holders thereof. The debentures (with warrants) and common shares are to be offered for public sale through underwriters headed by J. Cliff Rahel and Co., 1605 Howard St., Omaha, Nebr. 68102. The public offering prices of the debentures (with warrants) (\$1,000 maximum\*) and of the stock (\$10 per share maximum\*), as well as the underwriting terms, are to be supplied by amendment.

The company is engaged in the meat business. Net proceeds of its sale of additional securities will be applied to the retirement of \$100,000 of debt and to the cost of its new plant facility. In addition to indebtedness, the company has outstanding 600,000 common shares, of which management officials own 98.24%. The prospectus lists three selling stockholders, each offering 50,000 shares; Sidney A. Alexander (board chairman), who presently owns 377,184 shares; and Michael R. Alexander (president) and Robert S. Alexander (executive vice president), who own 106,128 shares each.

**CAMERON IRON WORKS PROPOSES OFFERING.** Cameron Iron Works, Inc., P. O. Box 1212, Houston, Tex. 77001, filed a registration statement (File 2-25424) with the SEC on August 19 seeking registration of \$25,000,000 of convertible subordinated debentures (due 1986). The debentures are to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., and Lehman Brothers, One William St., both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company manufactures equipment used in drilling for and producing oil and gas, in refining and transporting petroleum products, and in the process industries. Net proceeds of its debenture sale (together with funds from a \$35,000,000 note sale) will be used in connection with its plant-expansion program. In addition to indebtedness, the company has outstanding 2,353,600 common shares, of which management officials own 67.93% (including 51.03% owned by J. S. Abercrombie, board chairman). Herbert Allen is president.

**NATIONAL INVESTORS LIFE OF ALABAMA PROPOSES OFFERING.** The National Investors Life Insurance Company of Alabama, Bank for Savings Bldg., Birmingham, Ala., filed a registration statement (File 2-25425) with the SEC on August 19 seeking registration of 150,000 shares of common stock. The stock is to be offered for public sale on a "best efforts" basis at \$10 per share through Royal W. Carson & Co., Inc., 415 Mercantile Bldg., Oklahoma City, Okla., which will receive a \$1.20-per-share selling commission.

Organized under Alabama law in August 1965, the company plans to engage in the life insurance business. Net proceeds of its stock sale will be used to finance the recruitment and training of an insurance agency force and in the conduct of the company's insurance activities. The company has outstanding 350,000 common shares, of which management officials own 8.57% and Investors Equity Corp. 74.57%. All of the outstanding stock was sold for \$2 per share. Jess P. Odom is board chairman and Charles G. Abel is president.

**R F COMMUNICATIONS FILES FOR OFFERING AND SECONDARY.** R F Communications, Inc., 1680 University Ave., Rochester, N. Y. 14610, filed a registration statement (File 2-25426) with the SEC on August 19 seeking registration of 120,000 shares of common stock. Of this stock, 80,000 shares are to be offered for public sale by the company and 40,000 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Shields & Co. Inc., 44 Wall St., New York 10005. The public offering price (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized under New York law in 1961, the company is engaged in the design, production and sale of electronic communications equipment. Net proceeds of its sale of additional stock will be used to retire short-term loans and to purchase additional laboratory test equipment and fixtures, and added to working capital. In addition to indebtedness, the company has outstanding 647,585 common shares, of which management officials own 52.8%. The prospectus lists four selling stockholders, including William J. Stolze (president), who is offering 13,500 of 104,750 shares held, and Elmer W. Schwittek (executive vice president), 11,000 of 96,000.

**THREE STOCK PLANS FILED.** Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

Consolidated Oil & Gas, Inc., 4150 E. Mexico Ave., Denver, Colo. 80222 (File 2-25419) (152,133 shares)  
The Montana Power Company, 40 E. Broadway, Butte, Mont. (File 2-25422) (20,000 shares)  
Florida Gas Transmission Company, P. O. Box 44, Winter Park, Fla. (File 2-25427) (15,395 shares)

**SANCTIONS IMPOSED ON TWO.** The SEC has issued bar orders against two individual respondents in proceedings under the Securities Exchange Act of 1934 involving Commonwealth Securities Corporation, of Columbus, Ohio. The orders were issued upon the basis of stipulations and consents of the two respondents, Ralph H. Smith, Commonwealth's president, and Richard E. Donovan, its treasurer. The order as to Smith bars him from further association with a broker-dealer firm, while the other order bars Donovan from such association for six months, "with his return to the securities business being subject to an appropriate showing that he will be adequately supervised."

Smith had been charged with violations of the anti-fraud provisions of the Federal securities laws in the 1960-61 sale of stock of Certified Credit and Thrift Corporation ("Certified"), as well as violations of the Commission's reporting rules and with aiding and abetting alleged violations of the net capital and record-keeping rules. The alleged misrepresentations related, among other things, to the identity of Certified as the issuer of the securities being offered, its interrelationship with other companies including registrant, the business and financial history and experience of Certified and its management and of another credit company, the merger of Certified with that company, the comparison of Certified with established and highly successful finance companies, the use of the proceeds of the offering, the market for and growth potential of Certified stock and its listing on a national securities exchange, assurances as to dividends and resale of the stock without a loss, and the lapse and renegotiation of an option on certain real estate. Without admitting or denying the allegations, Smith consented to the bar order.

With respect to Donovan, he was charged with aiding and abetting Commonwealth in alleged violations of the Commission's record-keeping rules and of its Rule 15c3-1 (by inducing the purchase and sale of securities in 1962 while Commonwealth's net capital was deficient). Donovan consented to the six-month bar order, also without admitting or denying the allegations.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the August 1 News Digest.

Consumer's Cooperative Assoc	
Jul 66 (8)	2-7250-2
El Paso Natural Gas Co	
Jul 66 (7,12,13)	1-2700-2
Callery-Judge Grove May 66 (7,13)	2-23954-2
Commercial Solvents Corp	
Jul 66 (3,7,13)	1-55-2
Dan River Mills Inc	
Jul 66 (3,4,13)	1-3912-2
1600 West Slauson Corp Jul 66 (12)	2-21432-2
Southern Calif Gas Co Jul 66 (8,11)	1-1402-2

Richmond Homes Inc Apr 66 (11)	2-11993-2	D1 Giorgio Corp Jul 66 (12,13)	1-1790-2
United Western Life Insur Co Jul 66 (9)	2-23316-2	Spector Inds Inc Jul 66 (11,13)	1-5206-2
Potomac Elec Power Co Jul 66 (3)	1-1072-2	Systems Eng Laboratories Inc Jul 66 (8)	2-24040-2
Trans-Canada Pipe Lines Ltd Jul 66 (7)	2-12927-2	Eaton Yale & Towne Inc Jul 66 (4,7,11,13)	1-1396-2
American Public Life Insur Co Apr 66 (7,11,13)	2-23768-2	Racine Hydraulics & Mach Inc Jul 66 (7,13)	0-1891-2
Educator & Executive Co Jul 66 (13)	0-1161-2	Seatrains Lines Inc Jun 66 (12,13)	0-1157-2
Ritter Pfaudler Corp Jul 66 (7)	1-5178-2	Jul 66 (12,13)	0-1157-2
Sunset House Jul 66 (7)	0-220-2	Texstar Corp Jul 66 (1,3,12,13)	1-4229-2
Whiting Corp Jul 66 (11,13)	0-1633-2	Waddell & Reed Inc Jul 66 (3)	0-42-2
Collins Radio Co Jul 66 (4,7)	1-4248-2	May 66 (1)	0-42-2
Texota Oil Co Jan 66 (7)	0-892-2	Weil-Mc Lain Co Inc Jul 66 (4,7,11,13)	0-1213-2
Perfect Fit Inds Inc Jul 66 (11)	0-1486-2	Tex Gulf Sulphur Co Jul 66 (3,7)	1-1065-2
Pioneer Finance Co Jul 66 (6)	0-1564-2	Xtra Inc Jul 66 (7,8,10)	1-4940-2
Fiedmont Aviation Inc Jul 66 (12,13)	0-1483-2	Central Charge Service Inc Jul 66 (4,7,12,13)	1-4755-2
United Republic Life Invt Co May 66 (11,13)	2-23677-2	New Power Co Jul 66 (7,13)	1-4698-2
Stouffer Foods Corp Jul 66 (11,13)	1-4562-2	Prudential Equities Corp (Formerly Prudential Oil Corp) Jul 66 (11)	2-20716-2
United States Gypsum Co (Del) (Formerly USG Corp (Del) Jul 66 (12,13)	1-5247-2	Prudential Real Estate Trust Apr 66 (2,4,7,11,13)	0-1061-2
Philips Inds Inc Jul 66 (12)	1-5146-2	Publishers Co Inc Jun 66 (7,11,13)	0-1359-2

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended August 18, 1966, 25 registration statements were filed, 28 became effective, 5 were withdrawn, and 373 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS.** Effective August 19: Bache & Co. Inc., Hornblower & Weeks-Hemphill, Noyes & Goodbody & Co., 2-24792; Milo Electronics Corp., 2-25016; John Nuveen & Co., Inc. Sponsor of Nuveen Tax-Exempt Bond Fund, Series 12, 2-25116; The Tokio Marine and Fire Insurance Co., Ltd., 2-25289 (Sep 28). Effective August 22: G. D. Searle & Co., 2-25366.

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

\*As estimated for purposes of computing the registration fee.

---0000000---