

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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FOR RELEASE January 9, 1961

Statistical Release No. 1727. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended January 6, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960 - 1961 is as follows:

	1957-59 = 100		Percent Change	1960 - 1961	
	1/6/61	12/30/60		High	Low
Composite	118.3	117.4	+0.8	121.4	107.7
Manufacturing	113.0	111.6	+1.3	122.0	103.6
Durable Goods	117.0	114.9	+1.8	129.5	107.7
Non-Durable Goods	109.2	108.6	+0.6	115.1	99.5
Transportation	97.8	93.9	+4.2	108.3	87.1
Utility	144.2	146.2	-1.2	146.2	118.4
Trade, Finance & Service	132.5	133.4	-0.7	134.1	120.5
Mining	83.3	80.3	+3.7	86.7	67.0

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended January 5, 1961, 10 registration statements were filed, 12 became effective, and 308 were pending at the week end.

THE SOUTHERN CO. FILES FOR OFFERING. The Southern Company, 1330 W. Peachtree Street, N. W., Atlanta, Georgia, filed a registration statement (File 2-17453) with the SEC on January 6, 1961, seeking registration of 900,000 shares of common stock, to be offered for public sale at competitive bidding.

The net proceeds from the sale of the stock, together with treasury funds to the extent required, will be used for the payment of \$22,000,000 of bank loans outstanding at December 31, 1960, proceeds of which were invested in the common stocks of certain operating affiliates, and for the investment during 1961 of \$6,000,000 in the common stock of Alabama Power Company, \$6,000,000 in the common stock of Georgia Power Company, \$2,000,000 in the common stock of Gulf Power Company, and \$1,000,000 in the common stock of Mississippi Power Company. Alabama and Georgia each proposes to invest \$1,500,000 of the funds in the common stock of Southern Electric Generating Company ("SEGCO") and to use the balance for the construction or acquisition of property. The other two companies and SEGCO propose to use the funds thus received for the construction or acquisition of property. Any excess of the net proceeds will be used for general corporate purposes, including additional investments in operating affiliates.

The total construction expenditures of the operating affiliates for 1961, 1962 and 1963 are estimated at \$515,000,000, of which \$173,000,000 will be expended in 1961. It is estimated that, in addition to the present financing, an aggregate of \$86,500,000 will have to be provided from the sale to the public, before the end of 1961, of \$65,500,000 of first mortgage bonds and \$21,000,000 of preferred stock of operating affiliates.

INVESCO OFFERING SUSPENDED; REVOCATION PROCEEDINGS AUTHORIZED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Invesco, Inc., P. O. Box 6428, Tucson, Arizona.

Concurrently therewith, the Commission ordered administrative proceedings under the Securities Exchange Act of 1934 to determine whether Invesco and its president, Stanley Francis Burk, violated the anti-fraud and other provisions of the 1933 and 1934 laws and, if so, whether Invesco's broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in April 1959, Invesco proposed the public offering of 250,000 common shares at \$1 per share pursuant to such an exemption. The offering was commenced about July 2, 1959, and withdrawn as to unsold shares about April 4, 1959. The Commission's suspension order asserts that the offering circular used in the offering and sale of Invesco stock was false and misleading, in that it failed to disclose that Invesco entered into an option agreement in August 1959 with Life Investors of Iowa, whereby the latter was given options to purchase Invesco stock at 50¢ per share (when the public offering price was \$1 per share); failed to disclose that Life Investors was in a control relationship with Invesco and was to formulate and execute its operating policies pursuant to said option agreement; and failed to disclose that Invesco was in an insolvent condition during the period June 1, 1959, to June 30, 1960. The order further asserts that the offering of Invesco stock violated Section 17 (the anti-fraud provision) of the 1933 Act and that Invesco filed an inaccurate report of stock sales pursuant to Regulation A. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

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Similarly, the order authorizing administrative proceedings on the question of revocation, suspension or expulsion charges that Invesco and Burk engaged in "acts, practices and a course of business which would and did operate as a fraud and deceit" upon purchasers of Invesco stock by reason of false and misleading statements or omissions of material facts in the offer and sale of the stock, as related above. The order further alleges (a) that Invesco stock was offered and sold in violation of the Securities Act registration requirement (by reason or non-compliance with Regulation A); (b) that Invesco engaged in the conduct of a securities business while insolvent and in violation of the Commission's net capital rule, and that failure to disclose such insolvency violated the anti-fraud provisions of the 1934 Act; (c) that Invesco failed to file the required report of financial condition for 1959; (d) that it failed to make and keep current certain books and records as required by rules of the Commission; and (e) that Invesco failed to amend its registration application to reflect changes in its management officials and controlling persons and the address of its principal place of business. Moreover, according to the order, in connection with a public offering of stock of Anchorage Gas & Oil Development, Inc., during the period June 27 to August 8, 1960, Invesco transmitted printed market letters which constitute prospectuses and which did not meet the prospectus requirements of Section 10 of the 1933 Act.

A hearing will be held, at a time and place later to be announced, with respect to the foregoing administrative proceedings.

JEFFERSON LAKE ASBESTOS FILES FOR OFFERING. Jefferson Lake Asbestos Corporation, 1408 Whitney Bldg., New Orleans, today filed a registration statement (File 2-17454) with the SEC seeking registration of \$2,625,000 of 6½% Series A Subordinate Sinking Fund Debentures due 1972 (with Series A warrants to purchase 262,500 common shares), and 175,000 shares of common stock. The debentures (with warrants) and common shares are to be offered for public sale in units, each consisting of four common shares and debentures in the principal amount of \$60 (with a warrant to purchase 6 common shares initially at \$5 per share). The units will be offered at \$80 per unit, and the offering is to be made by underwriters headed by A. G. Edwards & Sons, who will receive a commission of \$7 per unit. The company has sold the underwriters, for \$1,500, Series B warrants to purchase 30,000 common shares at \$6 per share. Also included in the registration statement are \$1,500,000 of 6½% Series B Subordinate Debentures due 1966, referred to below.

Organized in October 1959 under Nevada law by Jefferson Lake Sulphur Company, the company's principal activity will be the production and sale of asbestos, which it will mine and mill at the ore site in Calaveras County, Calif. Its mill will be constructed at an estimated cost of \$5,273,000. The Sulphur Company assigned to the company an option to purchase the so-called Copperopolis asbestos tract in Calaveras County, Calif.; and it advanced to the company \$293,720 in cash and Sulphur Company stock worth \$206,280, for use in making the down payment of the purchase price of the tract. The Sulphur Company previously had spent some \$290,000 for exploration work on the tract, and has since advanced an additional \$295,500 (through June 30, 1960) for development work, acquisition of millsite, and other costs. In consideration therefore, the Sulphur Company has or will receive 600,000 common shares of the company (against which it had a net cost of about \$1,085,500). The company remains indebted to the Sulphur Company for post-June 1960 advances, and the latter will receive reimbursement out of the proceeds of this financing in the amount of \$491,000, representing capital, exploration, development and management expenditures since June 1960 for the company's benefit. In addition to the cost of the mill, the company will need \$700,000 as initial working capital and other pre-production expenses, and in December 1961 it will be required to make a \$400,000 payment on the purchase price of the asbestos tract. These expenditures will be defrayed in part from the proceeds of the sale of the shares, warrants and debentures; in part by the issuance of the Series B debentures from time to time to Tellepson Construction Company in partial payment of the contract price of constructing the mill, (which Series B debentures may be transferred in part to suppliers); and in part from the proceeds of bank loans of \$2,000,000 secured by a first mortgage on the mill and millsite and a second mortgage on the asbestos tract. The Sulphur Company has agreed to advance up to an additional \$250,000 if needed.

The prospectus lists Eugene H. Walet, Jr., of New Orleans as president and F. E. Lewis of Houston as senior vice-president. Walet is president and Lewis a vice-president of the Sulphur Company.

HEARING GRANTED NATIONAL SECURITY LIFE INS. At the request of National Security Life Insurance Company, Indianapolis, Ind., the SEC has scheduled a hearing for January 24, 1961, in its Chicago Regional Office to determine whether to vacate or make permanent the December 20, 1960, order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed stock offering by the Insurance Company. The suspension order charged that the Insurance Company's offering circular was false and misleading in respect of various material facts.

NOTE REFERENCE IN OPINION MODIFIED. In a supplemental opinion announced today (Release 33-4313), the Commission denied a motion of Morris Mac Schwebel of New York to delete a footnote reference in the SEC decision of November 17, 1960, denying said attorney the privilege of appearing or practicing before the Commission. However, the footnote was amplified in accordance with an alternative suggestion of the respondent.

SALE OF TRUST DEED CONTRACTS REQUIRE REGISTRATION. The SEC today released a further statement with respect to the applicability of the Federal securities laws to public offerings of investment contracts providing for the acquisition, sale or servicing of mortgages or deeds of trust. The release discusses the May 20, 1960, decision of the United States District Court for the Southern District of California in an SEC injunction action against Los Angeles Trust Deed & Mortgage Exchange and related companies (186 F. Supp. 830), in which the court enjoined violations of the registration and anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 in the sale of discounted trust deed notes, designated as the Secured 10% Earnings Program. In a decision of the United States Court of Appeals for the Ninth Circuit,

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on November 23, 1960, that Court affirmed the lower court holding that the instruments offered were "investment contracts" and therefore "securities" subject to the Commission's jurisdiction; and it stated, in part: ". . . We find that the economic welfare of the purchasers is inextricably woven with the ability of LATD to locate by the exercise of its independent judgment a sufficient number of discounted trust deeds, and the ability of LATD to subsequently meet its commitments, to check, evaluate, supervise, and supersede. * * * "The terms of the offer, the plan of distribution, the economic inducements held out to the prospects, the results dependent on one other than the purchaser, the common enterprise, all combine herein to make the second trust deed notes 'securities,' as that term has been defined by the Supreme Court."

The Commission's release also discusses the Commission's injunction action against Insured Mortgage & Title Corporation, et al (USDC SD Fla.); and it concludes: "The necessity for strict compliance with the federal securities laws in this investment area is underlined by the growing number of insolvencies and bankruptcies of organizations engaged in offering such plans. The Commission intends vigorously to apply and enforce the federal securities laws in this relatively new area of investment programs based on the sale of discounted trust deed or mortgage notes. Organizations and individuals engaged in offering such plans to the public are again cautioned to reexamine their offerings to make certain that they are not in violation of the applicable provisions of these laws."

SEC ISSUES DEVONSHIRE STREET FUND ORDER. The SEC has issued an exemption order under the Investment Company Act (Release 40-3175) permitting Devonshire Street Fund, Inc., Boston, to offer its shares in exchange for securities without first obtaining the initial net worth of at least \$100,000 required by Section 14(a) of the Act.

RENWELL ELECTRONICS PROPOSES OFFERING. Renwell Electronics Corporation of Delaware, 129 South State St. Dover, today filed a registration statement (File 2-17455) with the SEC seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made by William, David & Motti, Inc., on a best efforts basis, for which a 48¢ per share selling commission is to be paid. If all the shares are sold, the company has agreed to pay some \$19,500 of expenses of the underwriter and to issue three-year warrants at \$.001 each to officers of the underwriter to purchase 15,500 common shares at \$1 per share. Warrants for 5,000 shares are issuable to Granger & Company as a finder's fee.

The company was organized under Delaware law in December 1960 to acquire all the outstanding stock of Renwell Electronic Corporation, which is in the business of manufacturing electronic assemblies and wiring harnesses and various other component assemblies for the electronics industry. In exchange therefore, the company issued 200,000 shares of its common stock. Net proceeds of the sale of additional stock to the public will be applied as follows: \$100,000 for new equipment; a like amount to maintain a larger inventory; \$80,000 for improvement and expansion of plant facilities; and the balance for working capital and other purposes.

The prospectus lists Francis J. Renkowicz as president, Edwin R. Podgorski first vice-president, and Stephen Paul Piusz second vice president. They own, respectively, 39.7%, 39.7% and 15.8% of the 200,000 outstanding shares.

EFFECTIVE SECURITIES ACT REGISTRATIONS: January 9: Mortgage Investment Foundation, Inc. (File 2-16984); R. E. D. M. Corporation (File 2-17114); The Hartford Company (File 2-17126).

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