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 July 13, 1961

VIOLATIONS CHARGED TO TWO SHREVEPORT FIRMS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Arthur C. Decker, Jr., and Harold Bernard Thompson, both of Shreveport, La., violated the anti-fraud and other provisions of the Federal securities laws and, if so, whether their respective broker-dealer registrations should be revoked.

Decker, of 3109 Alexander St., has been registered with the Commission as a broker-dealer since June 1958 and Thompson, of 834 East River Rd., since September 1958. According to the Commission's order, during the period July 1958 to May 1960, they were general partners in Decker-Thompson Brokers, an unregistered broker-dealer "partnership," and during the period April 1960 to date they were president and vice president, respectively, and controlling stockholders of Decker-Thompson Brokers, Inc., an unregistered broker-dealer "corporation."

The Commission asserts in its order that during the period July 1958 to March 1961, Decker, Thompson, the partnership and the corporation offered and sold stock of Life Underwriters Insurance Corporation in violation of the registration requirements of the Securities Act of 1933. It is further asserted that, in the offer and sale of such stock, they "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon the purchasers, in that they induced the purchase of the insurance company stock at $10 per share upon the representation that the stock could not be sold at a lower price because it was part of an issue which had been registered with the Commission for sale at $10 per share, which was false and misleading; that they failed to disclose that the stock being offered and sold by them was not in fact part of an issue registered with the Commission, that the price of $10 was a price arbitrarily established by them, and that the shares were being sold in competition with an offering of registered shares of which Decker was the underwriter; and that, there was a failure to disclose a control relationship between Decker, the partnership and the corporation on the one hand and the insurance company on the other. The order also asserts that Decker, Thompson, the partnership and the corporation induced investors to purchase stock of the said insurance company from them at prices far in excess of the contemporaneous costs of the stock to them, and withheld information as to their costs, thereby obtaining unreasonable and excessive profits.

Other violations alleged by the Commission included (1) the failure to give or send confirmations to customers disclosing the capacity in which transactions were effected for customers; (2) violation of the Commission record-keeping and net capital rules; (3) the filing of a false and misleading financial statement by Decker; and (4) the conduct of a securities business by the partnership and the corporation while not registered with the Commission as a broker-dealer.

A hearing will be held to take evidence on the foregoing, at a time and place to be determined later.

KING'S DEPARTMENT STORES FILES FOR OFFERING AND SECONDARY. King's Department Stores, Inc., 910 Commonwealth Avenue, Boston, filed a registration statement (File 2-18485) with the SEC seeking registration of 500,000 shares of common stock, of which 250,000 shares are to be offered for public sale by the company and 250,000 shares, being outstanding stock, by the present holders thereof. Shearson, Hammill & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in April 1961 to succeed to the business conducted by a group of affiliated corporations founded by Murray A. Candib, president, in 1949 and Aaron O. Cohen, board chairman, in 1955. Pursuant to a plan of reorganization effectuated in July 1961, Cohen, Candib and William F. Kenney, a vice president, exchanged the outstanding capital shares of the various corporations owned by them (which shares constituted all of the outstanding stock of such corporations) for all of the outstanding common stock of the company, amounting to 800,000 shares. The company presently operates 14 self-service discount department stores in six states offering a broad line of department store merchandise. Of the net proceeds from the company's sale of additional stock, $1,800,000 will be used in connection with the opening of five additional discount department stores this year, and the balance will be added to working capital and used for general corporate purposes, including the expansion and remodelling of certain existing stores this year.

The company has outstanding the 800,000 common shares, of which Candib and Cohen own 395,388 shares each, and propose to sell 125,000 shares each, and Kenney owns 9,224 shares.

WESTERN UNION PROPOSES RIGHTS OFFERING. The Western Union Telegraph Company, 60 Hudson Street, New York, filed a registration statement (File 2-18486) with the SEC on July 12th seeking registration of 1,075,791 shares of common stock. It is proposed to offer such shares for subscription by common stockholders at the rate of one new share for each six shares held of record on September 8, 1961. Kuhn, Loeb & Co. and Lehman Brothers head the list of underwriters. The subscription price and underwriting terms are to be supplied by amendment.

The net proceeds from the stock sale will be used to pay the notes outstanding under the standby credit agreement with banks and for further expansion of plant. According to the prospectus, the company "has embarked upon the largest construction program it has ever undertaken, designed to provide it with new and technologically advanced plant facilities capable of handling the complex and rapidly expanding communications requirements of Government, industry and the public generally." To accomplish this, the company estimates

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that it will require capital through 1964 in the amount of $155,000,000 (including the $15,012,000 already borrowed from banks), in addition to funds generated from operations. Present plans contemplate obtaining the required capital funds by the sale of the new common stock and by debt financing, provided on an interim basis by bank loans. This program of plant expansion and improvement is to reach peak expenditure levels in years 1961-62 for which $218,400,000 has been budgeted for gross additions to physical plant. Capital budgets for years 1963-1964 have not been established, but present plans contemplate gross plant additions in those years of about $132,600,000.

In addition to certain indebtedness, the company has outstanding 6,412,031 shares of common stock, of which management officials as a group own 1.69% both of record and beneficially, and 2.59% beneficially only. W. P. Marshall is listed as president.

AMPHENOL-BORG ELECTRONICS FILES STOCK PLANS. Amphenol-Borg Electronics Corporation, 2801 South 25th Avenue, Broadview, Ill., filed a registration statement (File 2-18487) with the SEC on July 11th seeking registration of 111,959-3/4 shares of common stock, to be offered to officers and key executives pursuant to the company's Restricted Stock Option Plans.

TASTEE FREEZ FILES FOR OFFERING AND SECONDARY. Tastee Freez Industries, Inc., 2518 West Montrose Ave., Chicago, filed a registration statement (File 2-18488) with the SEC on July 12th seeking registration of 350,000 shares of common stock, of which 200,000 shares are to be offered for public sale by the company and 150,000 shares, being outstanding stock, by Leo S. Maranz, president. Bear, Stearns & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in August 1960 to acquire all of the stock of various corporations which previously had conducted the business carried on by the company. The company and its subsidiaries are engaged in franchising and supplying a chain of stores selling a soft ice cream product of low butter fat content (Tastee Freez) and certain selected food products. It also grants franchises for and supplies Carrols Drive-In stores which serve light snacks, featuring fifteen cent hamburgers and manufactures freezers and distributes related equipment used in the preparation and dispensing of soft ice cream. It is anticipated that, as desirable properties for Carrols Drive-Ins become available, about $1,000,000 of the net proceeds from the company's sale of additional stock will be allocated as a revolving fund for the initial financing of the acquisition of such properties; and about $700,000 will be used to increase the company's ability to finance the sale of the mobile units. The remainder will be added initially to working capital.

In addition to various indebtedness, the company has outstanding 1,349,000 shares of common stock (after giving effect to a 3-for-2 stock split in April 1961), of which Maranz owns 526,021 shares and proposes to sell the 150,000 shares; and Esther Maranz, his wife, owns 191,145 shares.

ILLINOIS TOOL WORKS FILES FOR SECONDARY. Illinois Tool Works Inc., 2501 North Keeler Avenue, Chicago, Ill., filed a registration statement (File 2-18489) with the SEC on July 12th seeking registration of 100,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by White, Weld & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in June 1961 as a wholly owned subsidiary of Illinois Tool Works, an Illinois corporation, and will be merged with the latter in August 1961. The company's operations are in the following major product categories - metal fasteners and specialty components, plastic fasteners and specialty components, gear-cutting tools, measuring instruments, specialized gearing, plastic containers and multipackaging products, precision snap action electrical switches, and packaged electronic components.

The company has outstanding 1,094,682 shares of common stock, of which Frank W. England (and his family) owns 159,075 shares and proposes to sell 16,184 shares, and the heirs and family of Carl G. Olson, deceased, own 159,054 shares and propose to sell 16,180 shares. In addition, Solomon A. Smith (and his family and a charitable trust), and the heirs and families of Walter B, Harold C. and Bruce D. Smith, all deceased, own 166,215 shares each and propose to sell 16,999 shares each. Harold Byron Smith is listed as president.

SECURITIES ACT REGISTRATIONS. Effective July 12: The Mead Corporation (File 2-18012). Effective July 13: Income Properties, Inc. (File 2-179[illegible]2); Lithonia Lighting, Inc. (File 2-18162); Pet Milk Company (File 2-18327); Youngwood Electronic Metals, Inc. (File 2-17957).

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