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 September 22, 1961

FOUR DELISTINGS PROPOSED. The SEC has issued orders under the Securities Exchange Act (Release 34-6637) giving interested persons until October 6, 1961, to request hearings upon applications (1) of the New York Stock Exchange to delist the common stock of Pacific Finance Corporation, (2) of the Pacific Coast Stock Exchange to delist the common stock of Prince Consolidated Mining Company and the $4.50 Series cumulative preferred stock of Spiegel, Inc. and (3) of the American Stock Exchange to delist the capital stock of Richwell Petroleums Ltd. According to the applications, the Pacific Finance stock is closely held, operations of Prince Consolidated Mining have long been dormant, Richwell Petroleums has failed to file or distribute reports to shareholders, and the volume of trading in Spiegel preferred as been small.

THREE DELISTINGS GRANTED. The SEC also has issued orders (Release 34-6637) granting applications of the American Stock Exchange to delist the common stocks of Canadian Northwest Mines & Oils Ltd. and United Cuban Oil, Inc., and an application of the New York Stock Exchange to delist the American share certificates for capital stock of Patino Mines & Enterprises Consolidated (Inc.), effective at the close of the trading session on October 6, 1961.

28 INDICTED IN CANADIAN STOCK FRAUD. The SEC announced September 21st (Lit-2107) the return of an indictment (USDC, Littleton, N.H.) charging fraud in the sale of St. Stephen Nickel Mines, Ltd. during the years 1956-60 to numerous residents of the United States. The defendants included two Canadian companies, Canam Investments, Ltd., and Rock Holdings, Ltd., both of New Brunswick, and Global Investments, Ltd. of Nassau, Bahamas. The individual defendants were Kenneth H. Gregory; Aristide Duille Sante Gerra, also known as Aristide John Gerra; Joseph Allan Champagne; Peter Dwight Jackman; John Adaskin; Paul Corbin; Hugh G. Ross; Clarence Gross; Harold C. Ansel; Hugh Caradog Jones, also known as Hugh Charles Jones, Red Jones, Hugh Charles, Mike Phelan; Vaughn Garfield Ralston, also known as Victor Garfield Regan and Victor Rabe; Saul Kohn; Joseph Oliver Moss; Wesley Larry Woodson; Walter Harvey Link, also known as John Link, Walter Harvey, George Johnstone, John Pat Lincoln and John Walter Wilson; Charles Bellamy, also known as Robert Louis Harrison; Percy Irwin Pasternick; Maurice B. Standell; Albert Goldenberg; Vincent M. O'Byrne, also known as O'Brien; James Koenig; Allen Roberts; Irving Lutsky, also known as Lewis; Robert Harris; and Norman Foster. All were Canadian residents except Ansell and Roberts.

CAP & GOWN CO. FILES FOR OFFERING AND SECONDARY. Cap & Gown Company, 100 North Market St., Champaign, Ill., filed a registration statement (File 2-18932) with the SEC on September 21st seeking registration of 192,400 shares of Class A common stock, to be offered for public sale on an all or none basis by underwriters headed by Kidder, Peabody & Co. Inc. The offering price and underwriting terms are to be supplied by amendment. Of the 192,400 shares, 125,500 are to be offered for sale by the company and 66,000, being outstanding stock, by the present holders thereof. The underwriters will offer 21,500 initially to employees and the general counsel of the company and to the company's Profit Sharing Trust.

The company is engaged in the manufacture, rental, and sale of graduation caps, gowns and related academic apparel and choir robes and related religious apparel. According to the prospectus, the stock offering is proposed for the purpose of financing anticipated growth of the company's business and to create a market for the Class A stock. Of the net proceeds, some $220,000 will be applied to the construction of a two-floor addition to the company's main plant to provide increased office and manufacturing space and $75,000 for additional parking space. The balance of the proceeds will be added to general corporate funds for general corporate purposes, including the use of $600,000 for reduction of bank loans. In addition to indebtedness, the company has outstanding 180,000 Class A and 420,000 Class B shares. The selling stockholders own all of both classes of stock. H. I. Gelvin, president, owns 37,434 Class A and 90,475 Class B shares and his wife 43,173 and 72,449 shares, respectively. They propose to sell an aggregate of 31,477 Class A shares. Ivan W. Davis, an officer, proposes to sell 17,452 of his holdings of 40,584 Class B shares; the Philip D. Gelvin family 10,638 shares; and Rosann Gelvin Noel 7,333 shares.

HARLEYSVILLE LIFE INS. PROPOSES OFFERING. Harleysville Life Insurance Company, Harleysville, Pa., filed a registration statement (File 2-18933) with the SEC on September 21st seeking registration of 40,000 shares of common stock, to be offered for public sale at $15 per share. The offering will first be made to agents, management officials, employees, associates and others. No underwriting is involved.

The company was organized in November 1960 and received authority from the Insurance Commissioner of Pennsylvania in June 1961 to engage in the business of writing all types of life insurance and annuities, and accident and health insurance. It now has outstanding 60,000 common shares, also sold at $15 per share. The purpose of the sale of the additional stock is to provide additional capital funds to finance its operations. All but twelve shares of the 60,000 outstanding shares are owned in equal amounts by Harleysville Mutual Casualty Company and Harleysville Mutual Insurance Company. The prospectus lists Ezra Markley as board chairman and Arthur A. Alderfer as president.

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BARRY CORP. PROPOSES OFFERING. R. G. Barry Corporation, 78 East Chestnut Street, Columbus, Ohio, filed a registration statement (File 2-18934) with the SEC on September 21st seeking registration of 100,000 common shares, to be offered for public sale at $5 per share. The offering is to be made by Arnold Malkan & Co., Inc., on an agency, all or none basis, for which it will receive a selling commission of $.625 per share plus $9,000 for expenses. Two principal shareholders have agreed to sell 15,000 shares of their holdings to Arnold Malkan at $5 per share. An additional 40,000 shares included in the statement are reserved for issuance upon the exercise of employee stock options.

The company is engaged in the manufacture and sale of slippers, robes, cushions, pillows, auto seat covers, terry cloth items, and other specialty items, the sale being principally to department stores. Net proceeds of its sale of additional stock, estimated at $414,500 will be used in part ($250,000) to pay current bank loans incurred to finance inventory. The balance will be used to increase inventory to expand certain segments of its department store business and for other corporate purposes. The company now has outstanding 168,960 common shares (after given effect to a recent stock split), of which 40,000 shares each are owned by Harry Streim, president, Edith Streim, a director, Aaron Zacks, secretary, and Florence Zacks.

LOUIS SHERRY PRESERVES PROPOSES OFFERING. Louis Sherry Preserves, Inc., 30-30 Northern Blvd., Long Island City, N. Y., filed a registration statement (File 2-18935) with the SEC on September 21st seeking registration of 200,000 shares of common stock, to be offered for public sale at $4 per share. The offering is to be made on an all or none basis by Stanley Heller & Co., which will receive a commission of 44¢ per share plus $9,000 for expenses. Also included in the statement are an additional 10,000 shares underlying three-year options to be sold to the underwriter for $500, exercisable at $4 per share.

The company is engaged in the manufacture and distribution of fresh fruit preserves and jellies, and dietetic preserves and jellies. Net proceeds of its sale of additional stock will be used for plant expansion, additional advertising and promotion, repayment of a loan, and for additional working capital. The company now has outstanding 400,000 common shares (after giving effect to a recent recapitalization), of which management officials as a group own 61.62%. Ira Paris is board chairman and Harold Lutrin is president. Lutrin owns 28.29% of the outstanding stock and Ralph M. Lutrin, secretary-treasurer, 33.34%.

WESTLAND CAPITAL PROPOSES OFFERING. Westland Capital Corporation, 9229 Sunset Blvd., Los Angeles, filed a registration statement (File 2-18936) with the SEC on September 21st seeking registration of 985,500 shares of common stock, to be offered for public sale at $11 per share. The offering is to be made on an all or none basis by underwriters headed by Bear, Stearns & Co., which will receive a commission of 95¢ per share. The prospectus states that 400,000 shares will be reserved for sale at $11 to officials and employees of the company and of City National Bank of Beverly Hills, and to certain other persons the company may designate.

Organized on September 8th, the company expects to obtain a license from the Small Business Administration to operate as a small business investment company; and it is registered under the Investment Company Act. Net proceeds of the stock sale will be used to provide capital and advisory services to small business concerns. The company now has outstanding 14,500 common shares, of which 62.69% is owned by the City National Bank. The prospectus lists Stanley Gewirtz as president and William Goetz as board chairman.

ATLANTIC CITY ELECTRIC PROPOSES COMMON STOCK OFFERING. Atlantic City Electric Company, 1600 Pacific Avenue, Atlantic City, N. J., today filed a registration statement (File 2-18937) with the SEC seeking registration of 200,000 shares of common stock, $4.50 par value, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. The net proceeds from the stock sale will be applied to the prepayment, without premium, of all outstanding notes payable to banks ($1,700,000 principal amount being outstanding at the present time) issued for construction purposes and to provide additional funds for the costs of construction which will be incurred during the remainder of 1961, and the balance will be used to provide part of the funds needed for the 1962 construction program. It is estimated that to complete the 1962 program the company may need approximately $12,500,000 in addition to the amount available from such proceeds and the company's cash reserves. It is the present intention that such additional funds will be obtained through short-term bank borrowings when and as required and/or through the issuance and sale of first mortgage bonds in 1962.

SUSPENSION OF EDSCO MFG. OFFERING MADE PERMANENT. The SEC today announced a decision (Release 33-4413) making permanent its September 1960 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Edsco Manufacturing Co. Inc., Vancouver, Wash The company was organized in March 1960 to manufacture electrical equipment. In a notification filed in August 1960 it proposed the public offering of 24,500 common shares at $10 per share.

In its decision (written by Commissioner Frear), the Commission ruled that Edsco's offering circular omitted required information and that a brochure used in the offering of stock was false and misleading; that the company failed to file certain sales material and to furnish the required offering circular to offerees; and that the offering exceeded the $300,000 limitation prescribed for exempt offerings under Regulation A. The Commission's Seattle Regional Office notified Edsco's attorney that the material filed should not be used in the form presented and suggested numerous changes; but no amendments were filed and no answer to the letter was received. Instead, Edgar Wesley Swan, president and principal stockholder, thereafter mailed out some 1,000 letters together with a brochure offering the stock for sale. The Commission thereupon ordered the temporary suspension of the Regulation A exemption.

According to the Commission's decision, the company's notification failed to list Swan as an affiliate despite his 91% interest in and control of the company; the offering circular did not furnish a reasonably itemized statement of the intended use of the proceeds of the stock sale, nor did it state the aggregate annual remuneration of management officials as a group; and the circular improperly listed Swan Manufacturing

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Company as a predecessor, was inaccurate and inconsistent in listing the amount due on the purchase of real estate at $47,017 on one page and $9,817 on another, and was misleading in stating that the efficiency of new equipment and plant layout "ensures a low manufacturing cost" without pointing out that other factors such as costs of labor and raw materials and volume of sales can effect manufacturing cost. The financial statements included in the circular also listed assets acquired in exchange for stock at the par value of the stock rather than at an amount not in excess of the identifiable cash cost of such assets to the transferors, and failed to include a statement of cash receipts and disbursements of Edsco and its predecessor (a sole proprietorship operated by Swan) for the full period required.

Moreover, no provision was made for the escrow of 19,150 Edsco shares held by Swan together with an option to acquire 6,350 more shares, noran additional 500 shares held by another director. Accordingly, under Regulation A, these shares should have been included in the computation of the $300,000 maximum offering permitted under Regulation where, as here, the company was organized within one year and has not had a net income from operations. The addition of these shares at the $10 per share offering price resulted in the aggregate offering price exceeding the limitation by $205,000. In addition, the brochure used in the offering by Swan was materially misleading. It represented that those desiring to buy shares "must act now at once," although there was no market for the shares and no indications that all or any part of the 24,500 shares would be sold quickly; it stated that Edsco was rapidly "becoming a standard name in the electrical industry"without disclosing that the company's sales were relatively small and that Edsco and Swan had lost more than $30,000 during the period January 1959 through April 1960; and it failed to disclose that Swan, when he sold his interest in and left Swan Manufacturing Company, had entered into an agreement which prohibited him and Edsco until December 28, 1961, from manufacturing the electric baseboard heater which had been the primary source of Swan Manufacturing Company's profits, or any competing products.

LAMBERT M. W. INC. REGISTRATION REVOKED. In a decision announced today (Release 34-6633), the SEC revoked the broker-dealer registration of Lambert, M. W., Inc., of 216 Gold Avenue, S. W. Alburquerque, N. Mex. Milford W. Lambert, president and controlling stockholder, was found to be a cause of the revocation order.

Notice of the proceedings was served upon the respondent company and upon Lambert individually, including notice that respondent was required to file an answer to the allegations contained in the order for proceedings. No such answer was filed and no notice of appearance was received from Lambert. The Commission ruled that during April, May and June 1960 respondent engaged in the conduct of a securities business in violation of its net capital rule. The Commission also noted that both the respondent and Lambert were permanently enjoined by the U. S. District Court (N.Mex.) on July 1, 1960, from violating the said rule. Lambert was found to be a cause of the violations and of the revocation order.

HEARING SCHEDULED ON SOUTHWESTERN RESEARCH APPLICATION. The SEC has scheduled for hearing on October 9 an application for an exemption order under the Investment Company Act filed by Southwestern Research and Development Company, Phoenix investment company, and Pacific Southwest Small Business Investment Company of Phoenix, Ariz. The application seeks an exemption from certain prohibitions of the Act with respect to the proposed sale by The Fourth Avenue Development Company to Southwestern of a shopping center located at Yuma, Ariz., for a total price of $1,600,000 payable by the assumption by Southwestern of a first mortgage of approximately $700,000 and a cash payment to Fourth Avenue of the balance of $900,000. The application also seeks an exemption from certain limitations of the Act with respect to the proposed acquisition by Southwestern from Pacific of all of the capital stock proposed to be issued by Pacific for a cash consideration of $1,000,000.

The directors and executive officers of Southwestern include Lewis W. Douglas, chairman, Sam P. Applewhite, Jr., president and director, and Sam F. Applewhite, III, director. Southwestern, which incorporated on May 17, 1961, has not engaged in the business of investing or holding securities or in any other business at any time prior to the date the instant application was filed with the Commission. Messrs. Douglas, Applewhite, Jr., and Applewhite, III, and members of their immediate families, own 55% of the outstanding capital stock of Fourth Avenue. Pacific was organized on December 13, 1960, in anticipation of the organization of Southwestern and for the purpose of operating as a small business investment company and as a wholly-owned subsidiary of Southwestern.

As defined in Section 2(a)(3) of the Investment Company Act, Lewis W. Douglas, Sam P. Applewhite, Jr., and Sam P. Applewhite, III, are affiliated persons of Southwestern, and Fourth Avenue is an affiliated person of those affiliated persons of Southwestern. Section 17(a) of the Act prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, from selling to, or purchasing from, such registered investment company, or any company controlled by such registered company, any securities or other property, subject to certain exceptions. Since Fourth Avenue is an affiliated person of affiliated persons of Southwestern, the proposed sale by Fourth Avenue of the Yuma Mesa Shopping Center to Southwestern is prohibited under Section 17(a). The Commission may grant an exemption if it finds that the terms of the proposed transactions, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, that the proposed transactions are consistent with the policy of any registered investment company concerned, and are consistent with the general purposes of the Act. In addition, the provisions of Section 12(d) of the Act operate to prohibit Southwestern from acquiring more than limited percentages of the voting stock of Pacific, unless an exemption is granted by the Commission. At the hearing, evidence will be taken on the question whether the proposed transactions meet the exemptive provisions of the Act. (For additional details, see Release IC-3328).

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SECURITIES ACT REGISTRATIONS. Effective September 21: The Buckeye Corp. (File 2-18208); Cosmo Book Distributing Co. (File 2-18470); First Mortgage Investors (File 2-18283); Gilbert Youth Research, Inc. (File 2-18219); Gulf States Utilities Co. (File 2-18719); The Harn Corp. (File 2-18337); Industrial Electronic Hardware Corp. (File 2-18428); MITE Corp. (File 2-18360); Pargas, Inc. (File 2-18628); Ross Products, Inc. (File 2-18501); Second Financial, Inc. (File 2-18329); Universal Moulded Fiber Glass Corp. (File 2-18311); Zion Foods Corp. (File 2-18578). Withdrawn September 21: Producing Properties, Inc. (File 2-18701). Effective September 22: Allied Stores Corp. (File 2-18642); Chemical Bank New York Trust Co., ADR's of Cox Brothers (Australia) Limited (File 2-18866); Gerber Scientific Instrument Co. (File 2-18497); Terry Industries, Inc. (File 2-17658). Withdrawn September 22: Citation Industries, Inc. (File 2-18780).

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