

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE January 8, 1960

**UNLISTED TRADING IN FIVE STOCKS SOUGHT.** The SEC has issued orders under the Securities Exchange Act of 1934 giving interested persons until January 22, 1960, to request a hearing upon applications of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks or other shares of the following companies:

Aerojet-General Corporation  
American Marc, Inc.  
Electric & Musical Industries, Ltd. (American Shares)  
General Development Corporation  
E. J. Korvette, Inc.

The Aerojet, American Marc and General Development stocks are listed and registered on the American Stock Exchange; and the Electric & Musical Industries shares and Korvette stock are listed and registered on the New York Stock Exchange.

**PHILADELPHIA CO. TO SELL REAL ESTATE.** The SEC has issued an order under the Holding Company Act (Release 35-14133) authorizing Philadelphia Company, of Pittsburgh, to purchase vacant land adjacent to the garage building and premises at 214 North Lexington, Pittsburgh, which it now owns, and to sell both properties to a non-affiliated purchaser for an aggregate of \$435,000, which will be applied in reduction of a \$2,500,000 outstanding note of Philadelphia.

**CENTRAL AND SOUTH WEST PROPOSES FURTHER INVESTMENTS IN SUBSIDIARIES.** Central and South West Corporation, Chicago, has joined with three of its operating subsidiaries, in the filing of an application proposing additional equity investments by Central in the subsidiaries; and the Commission has issued an order (Release 35-14134) giving interested persons until January 27, 1960, to request a hearing thereon. Under the proposal, Central would invest an additional \$5,000,000 in shares of the subsidiaries, as follows: Public Service Company of Oklahoma, \$2,000,000; Southwestern Electric Power Company, \$2,000,000; and West Texas Utilities Company, \$1,000,000. The subsidiaries would use the additional funds to finance a part of the cost of their construction programs.

**HARUNDALE MALL ASSOCIATES PROPOSES OFFERING.** Harundale Mall Associates, 14 West Saratoga St., Baltimore, filed a registration statement (File 2-16006) with the SEC on January 7, 1960, seeking registration of \$1,190,000 of partnership interests in Associates, to be offered for sale in units of \$10,000.

Associates, a partnership consisting of James W. Rouse and Jack Meyerhoff, has acquired an option to purchase from Harundale Mall, Inc., a one-half interest in Harundale Mall, a regional shopping center in Anne Arundel County, Md. The purchase price for the one-half interest is \$1,200,000, payable in cash, and title will be conveyed subject to an existing ground lease of \$16,800 per year and an existing mortgage with an unpaid balance at January 1, 1960, of \$4,383,572.30. Each of the two partners will himself contribute at least \$5,000 of partnership capital and is offering participations of \$595,000 in his partnership interest. The property will be acquired subject to a 30-year lease (renewable); the lessee will be Harundale Mall, Inc., the seller, which will operate the center (along with its one-half interest) and will enter into a contract with its parent, Community Research and Development, Inc., to manage the center.

**CORRECTION.** The due date of the Beacon Hotel bonds referred to in the SEC News Digest of January 4, 1960 (page 3), is June 30, 1969, not 1960.

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For further details, call ST. 3-7600, ext. 5526

**TAMPA ELECTRIC PROPOSES STOCK OFFERING.** Tampa Electric Company, 111 North Dale Mabry Highway, Tampa, Fla., filed a registration statement (File 2-16007) with the SEC on January 7, 1960, seeking registration of 240,000 shares of common stock, to be offered for public sale through an underwriting group headed by Stone & Webster Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment.

The company now has outstanding 4,780,282 common shares in addition to various other securities. Net proceeds of the sale of additional stock will be used in connection with its 1960 construction program, said to involve expenditures of about \$25,000,000.

**NEW BRUNSWICK FILES FOR DEBENTURE OFFERING.** The Province of New Brunswick, Canada, filed a registration statement (File 2-16008) with the SEC on January 7, 1960, seeking registration of \$15,000,000 of Twenty-five Year Sinking Fund Debentures, due February 1, 1985, to be offered for public sale through an underwriting group headed by Halsey, Stuart & Co., Inc., Kuhn, Loeb & Co. and W. C. Pitfield & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the debentures will be advanced to The New Brunswick Electric Power Commission, which will require \$26,103,000 during the period November 1, 1959, to March 31, 1961, for capital expenditures for its construction and development program amounting to \$19,293,000, and for installment payments, aggregating \$6,810,000, on the loan made by the Government of Canada to provide funds for the Commission's beechwood hydro-electric project. In addition, funds will be required to meet the cost of properties acquired from Gatineau Power Company. The net proceeds of this financing will be applied towards the foregoing purposes. According to the prospectus, the proceeds of a short-term loan of 20,000,000 Swiss francs (about \$4,300,000) obtained from a group of Swiss banks in November 1959 were advanced by the Province to the Power Commission; and in the near future the Province expects to obtain about \$8,600,000 through the sale in Switzerland of a long-term issue for 40,000,000 Swiss francs. It is anticipated that part of the proceeds thereof will be applied to the repayment of the short-term loan and the balance advanced to the Power Commission for the foregoing purposes.

**INTERNATIONAL HARVESTER FILES FOR EXCHANGE OFFER.** International Harvester Company, 180 North Michigan Ave., Chicago, filed a registration statement (File 2-16009) with the SEC on January 7, 1960, seeking registration of 266,064 shares of common stock. Harvester proposes to offer shares of its stock in exchange for outstanding common shares of Solar Aircraft Company at the rate of one share of Harvester stock for 2-1/4 shares of Solar stock. The offer is conditioned upon its acceptance by the holders of at least 80% of the outstanding Solar shares. On December 31, 1959, Solar had outstanding 576,752 shares, plus options covering 26,767 additional shares.

Solar has two major manufacturing plants, one in San Diego and the other Des Moines, the latter having been closed on October 31, 1959. For many years the largest segment of Solar's business has been the design, development and manufacture of components and assemblies for reciprocating and jet aircraft engines and for other aircraft applications. Harvester seeks to acquire the shares of Solar in the belief that the gas turbine engines produced by Solar may be capable of successful adaptation as motive power for certain uses of many products of Harvester and that its research and development work is potentially useful in Harvester plants. Of particular interest is Solar's development of heat and corrosion resistant materials, its work with industrial coatings and its work in the electronics field. "The association of Solar with Harvester," according to the prospectus "would be expected to contribute to the future development of Solar's research and general growth, to the benefit of both companies."

**ZWANG & CO. HEARING POSTPONED.** At the request of counsel for Benjamin Zwang & Co., Inc., 33 Broadway, New York, and due to the illness of Benjamin Zwang, the SEC has postponed from January 8 to March 28, 1960, in its New York Regional Office, the hearing in proceedings under the Securities Exchange Act to determine whether to revoke the broker-dealer registration of Zwang & Co.

**VIOLATIONS CHARGED TO MICHAELS & CO.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by R. B. Michaels & Co., 24 Commerce Street, Newark, N. J., should be denied. A hearing therein is scheduled for January 14, 1960, in the Commission's New York Regional Office.

The application for registration was filed by Michaels & Co., a partnership, on December 9, 1959. It lists Michael Eckert and Ronald Marozzi as sole partners. The Commission asserts in its order that information developed in an investigation conducted by its staff tends if true to show that, while employed by the firm of Williams & Associates, Eckert and Marozzi offered and sold

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stocks of Doman Helicopters, Inc., and Collier Acres, Inc., by means of false and misleading representations of material fact and "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit" upon purchasers of the stocks. The alleged misrepresentations with respect (a) to Doman stock related to its future price, the ownership by Doman of an exclusive patent on a flight simulator, a considerable increase in the product sales by Doman, and the imminence of a contract between Doman and the U. S. Air Force; and (b) to Collier stock pertained to the future price of and future dividend payments on Collier stock, the limited amount of Collier stock available, the minimum number of Collier shares which could be sold to a customer and the advisability of an investment in Collier.

At the January 14th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether Eckert and Marozzi violated the anti-fraud provisions of the Federal securities laws in their offer and sale of Doman and Collier share and, if so, whether it is in the public interest to deny the application for broker-dealer registration filed by Michaels & Co.

CALIFORNIA WATER PROPOSES STOCK OFFERING. California Water & Telephone Company, 300 Montgomery St., San Francisco, today filed a registration statement (File 2-16010) with the SEC seeking registration of 210,000 shares of common stock, of which 200,000 shares are to be offered for public sale through an underwriting group headed by Blyth & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The remaining 10,000 shares are to be offered to employees of the company.

The company now has outstanding 1,661,214 common shares in addition to various other securities. Net proceeds of the sale of the additional common will be used to finance a portion of its 1960 construction program. 1960 construction expenditures are estimated at \$13,387,000.

HERMETITE CORP. PROPOSES STOCK OFFERING. Hermetite Corp., 702 Beacon St., Boston, today filed a registration statement (File 2-16011) with the SEC seeking registration of 136,000 shares of common stock, of which 125,000 shares are to be offered for public sale at \$5 per share. The offering is to be made on an all or nothing basis by an underwriting group headed by M. L. Lee & Co., Inc., Milton D. Blauner & Co., Inc., and Kesselman & Co., Inc., for which a 50¢ per share commission is to be paid. The remaining 11,000 shares were recently acquired by the president of M. L. Lee & Co., Inc., at \$1 per share, but are not to be offered at this time.

The company is engaged in the manufacture and sale of glass-to-metal hermetic seals for the electronics and electrical industries. It now has outstanding 261,000 common shares. Of the net proceeds of the sale of additional stock, \$100,000 is to be used to move and set up in a new plant; \$20,000 to replace working capital expended as advance payments on four new processing furnaces, and \$40,000 to complete purchase and installation of such furnaces; and \$85,000 for various additional equipment. An additional \$45,000 will be used to repay bank loans in that amount, \$25,000 allocated for research and development, and \$207,500 added to working capital.

The company's prospectus lists Morton Ladge as president and Morris Ladge as executive vice president; and they own 101,500 and 121,500 shares of the outstanding common, respectively.

ACQUITTAL IN AMERICAN BUYERS CASE. Judge Peirson M. Hall of the U. S. District Court in Phoenix acquitted Isaac Lowry, William A. McLeod and W. Trew after their trial under an indictment charging violations of anti-fraud provisions of the Federal securities laws in the sale of American Buyers Insurance Company stock.

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The SEC announced that at the hearing today in proceedings relating to ~~the~~ Cities Service Company and its subsidiary, Arkansas Fuel Oil Corporation, Cities Service and all participants representing the major public holdings<sup>P. 2</sup> of the ~~Arkansas Fuel Oil~~ common stock of Arkansas Fuel Oil agreed to a compromise settlement of all issues in litigation ~~before the~~ before the Commission, subject to favorable Federal tax rulings.

Under the settlement, Cities Service will pay the sum of \$11 per share<sup>plus</sup> to holders of ~~the publicly outstanding~~ <sup>shares</sup> stock of Arkansas Fuel Oil plus dividend accruals at the rate of 25¢ per share per quarter<sub>x</sub> until the date of payment. The number of outstanding shares of Arkansas Fuel Oil stock held by the public amounts to \_\_\_\_\_.

The settlement is subject to approval by the Commission and by ~~the~~ a Federal District Court.

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