

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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STRAZA INDUSTRIES PROPOSES STOCK OFFERING. Straza Industries, 790 Greenfield Drive, El Cajon, Calif., filed a registration statement (File 2-16246) with the SEC on March 14, 1960, seeking registration of 230,000 shares of capital stock, to be offered for public sale by J. A. Hogle & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in manufacturing component parts and assemblies for missiles and jet engines; and it also performs chemical milling services on a variety of raw materials and parts. It now has outstanding 480,077 shares of stock in addition to certain indebtedness. Of the net proceeds of the sale of additional stock, \$213,000 will be applied to the discharge of sundry and short-term indebtedness and \$345,000 to discharge long-term indebtedness. Of the balance, \$150,000 will be used to provide facilities and initial operating funds for an electronics operation; \$125,000 to consolidate production facilities by transferring machinery and equipment from a leased plant to the company's main plant and by providing a building therefor; \$45,000 for expansion of the chemical milling facilities and to cover initial expenses of establishing a separate research and development department; and the remainder for working capital.

The prospectus lists John Straza as board chairman and president and owner of 465,000 shares of the outstanding stock.

TRANSCONTINENTAL GAS PIPE LINE FILES FOR OFFERING. Transcontinental Gas Pipe Line Corporation, 3100 Travis St., Houston, filed a registration statement (File 2-16247) with the SEC on March 14, 1960, seeking registration of \$35,000,000 of First Mortgage Pipe Line Bonds due 1980 and 800,000 shares of common stock, to be offered for public sale through an underwriting group headed by White, Weld & Co. and Stone & Webster Securities Corp. The interest rate on the bonds, and the public offering price and underwriting terms for both issues, are to be supplied by amendment.

The company owns and operates an interstate pipeline system for the transportation and sale of natural gas. It is engaged in a construction program involving expenditures estimated at \$129,700,000. It may borrow up to \$60,000,000 for such program under a revolving credit agreement with six banks. Net proceeds of this financing will be applied in part to the prepayment of notes issued or to be issued under said agreement, and the balance will be used for construction expenditures.

Of the outstanding common stock, Stone & Webster, Inc., owns 1,402,500 shares (12%). E. Clyde McGraw is listed as president.

NAFI PROPOSES STOCK OFFERING. NAFI Corporation, 527 23d Ave., Oakland, Calif., filed a registration statement (File 2-16248) with the SEC on March 14, 1960, seeking registration of 200,000 shares of capital stock, to be offered for public sale through an underwriting group headed by Shields & Company. The public offering price and underwriting terms are to be supplied by amendment.

NAFI is engaged in automotive and carpet, oil and gas, and the television and radio businesses. It has arranged to purchase all the outstanding common stock of Chris-Craft Corporation for \$40,000,000, of which \$11,990,000 is to be paid in cash and \$28,010,000 by a 6% note. In order to provide a portion of the cash purchase price of the Chris-Craft shares, NAFI has borrowed \$6,000,000 from a bank. Of the proceeds of the sale of NAFI stock, \$6,000,000 will be used to repay the bank loan and the balance will be added to the company's general funds.

In addition to certain indebtedness, NAFI now has outstanding 1,029,155 shares of capital stock. The prospectus lists Paul V. Shields as board chairman and John G. Bannister as president. The principal stockholder is Nafco, Inc., which holds 149,386 shares (14.5%). Two directors of NAFI are shareholders of Nafco. Eugene H. Catron, H. V. Sherrill and Paul V. Shields, are also directors of Nafco and, as general partners of Shields & Company, which controls Nafco, they, together with other partners of Shields & Company, have indirect interests in Nafco. Partners of Shields & Company own 37,500 shares (3.6%) of stock of NAFI, whose officers and directors own 62,537 shares (6.1%).

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

INSURED MORTGAGES OF AMERICA PROPOSES BOND OFFERING. Insured Mortgages of America, Inc., 575 Colman Building, Seattle, filed a registration statement (File 2-16249) with the SEC on March 14, 1960, seeking registration of \$1,000,000 of 5½% Collateral Trust Bonds, to be offered for public sale (without underwriting) at 100% of principal amount.

The company was organized under Washington law in January 1960 to provide a wider market for mortgages insured by FHA and to enable individual and other investors to participate in the ownership thereof. It has issued 1,000 shares of stock for cash at \$100 per share to sponsors and others. It proposes to use the net proceeds of the bond sale to repay such temporary bank loans as may be received to purchase insured mortgage loans which have been or will be pledged and delivered to the trustee to secure the bonds, and also to purchase additional insured mortgage loans which will also be pledged to the trustee. Some \$970,000 of the proceeds will be used to repay temporary bank loans and to purchase mortgage collateral for deposit with the trustee. The balance of the proceeds will be used for other corporate purposes.

The prospectus lists E. W. Lutz of Longview, Wash., as president and P. B. Lutz as vice-president and treasurer. Each owns 400 shares (40%) of the outstanding stock.

DETROIT STEEL FILES EXCHANGE OFFER. Detroit Steel Corporation, 1025 South Oakwood Ave., Detroit, filed a registration statement (File 2-16250) with the SEC on March 14, 1960, seeking registration of 1,680,844 shares of common stock. The company proposes to offer this stock in exchange for outstanding shares of the common stock of Portsmouth Corporation on the basis of 1.55 shares of Detroit Steel common for each share of Portsmouth common. Shareholders of Detroit Steel will be asked to approve on April 11, 1960, a plan of reorganization providing for the purchase of Portsmouth stock pursuant to said exchange offer. The offer will be declared effective if accepted by the holders of 90% of the outstanding Portsmouth stock, but may be declared effective if 80% or more of the stock is tendered in exchange. According to the prospectus, officers and directors of Portsmouth owning 172,440 shares of Portsmouth stock have agreed to accept the exchange offer. In the event all of the 1,084,416 shares of Portsmouth stock should be surrendered for exchange, Detroit Steel would issue 1,680,844 shares, increasing its outstanding shares to 4,715,073 shares (including 741,751 shares, or 24.5%, held by Portsmouth Corporation).

Portsmouth is a registered investment company. In January 1950 it sold its steel production facilities to Detroit Steel in exchange for stock of the latter company. In addition to U. S. Treasury Notes and Detroit Steel stock, it now owns stock interests in other companies, including The Cleveland-Cliffs Iron Company and Steep Rock Iron Mines Limited. The management of Detroit Steel has no present plans for operating Portsmouth in any manner different from that in which it has been operated in the past. However, under the Investment Company Act of 1940 it may be necessary to bring about the elimination of Portsmouth's stockholdings in Detroit Steel.

CUTTER LABORATORIES FILES STOCK PLAN. Robert K. Cutter Company, Fourth and Parker Streets, Berkeley, Calif., filed a registration statement (File 2-16251) with the SEC on March 14, 1960, seeking registration of 80,910 shares of Class A and 3,820 shares of Class B common stock. According to the prospectus, Cutter Laboratories, a Calif. company, in May 1960 will be merged with and into Robert K. Cutter Co., a Delaware company, the name of which will be changed to Cutter Laboratories, Inc. Under the merger agreement, the latter will assume the Cutter Laboratories Stock Purchase Plan and Selected Employees' Stock Option Plan, which will then relate to shares of the Class A and Class B common stocks of Cutter Laboratories, Inc., now sought to be registered.

LOOMIS-SAYLES STOCK FUND FILES FOR OFFERING. Loomis-Sayles Common Stock Fund, Inc., Boston investment company, filed a registration statement (File 2-16252) with the SEC on March 14, 1960, seeking registration of 1,000,000 common shares. The Fund was organized under Massachusetts law in February 1960 by the investment counsel firm of Loomis, Sayles & Company, Inc., which will act as its manager and investment adviser. It will hold a diversified portfolio of common stocks, selected primarily for long-term growth possibilities. The prospectus lists Maurice T. Freeman as president.

ELFUN TRUSTS FILES FOR OFFERING. Elfum Trusts, 570 Lexington Ave., New York investment company, filed a registration statement (File 2-16253) with the SEC on March 14, 1960, seeking registration of 175,000 units of Trustees' Certificates (in addition to 92,359 units remaining to be issued under a March 1959 registration statement). Participation in the Elfum Trusts are generally limited to officials, leading employees, persons on retainer and former employees of General Electric Company and/or its subsidiaries.

FLICK-REEDY FILES FINANCING PROPOSAL. Flick-Reedy Corporation, 7015 York Road, Bensenville, Ill., filed a registration statement (File 2-16254) with the SEC on March 14, 1960, seeking registration of \$691,800 of Registered Subordinated Debentures, 6%, due February 1972, and 69,180 shares of common stock. The company proposes to offer these securities (without underwriting) in units, each consisting of a \$100 debenture and ten common shares, at \$115 per unit.

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The company is engaged primarily in the manufacture and sale of hydraulic and pneumatic cylinders. It now has outstanding 2,000 shares of \$100 par preferred stock and 650,490 common shares in addition to various indebtedness. Net proceeds of this financing are estimated at about \$771,570. Of such amount, \$500,000 is to be used to reduce outstanding accounts payable and any balance to reduce the indebtedness to James Talcott, Inc., under a \$1,150,000 installment note. Proceeds of the latter note were used to discharge a \$540,500 indebtedness to James Talcott, Inc., under a mortgage note and the balance for reduction of accounts payable and other current indebtedness.

The prospectus lists Frank Flick as president and William J. Reedy as secretary-treasurer. Management officials own 78.39% of the outstanding common stock.

SMALL BUSINESS INVESTMENT CO. RULE PROPOSED. The SEC announced a proposal (Release 40-2983) for the adoption of a new Rule 14a-1 under the Investment Company Act of 1940 which will allow a small business investment company operating under the Small Business Investment Act of 1958 and registered with the SEC under the Investment Company Act, to comply with the net worth requirements of Section 14(a) of the Investment Company Act by filing a notification as provided in Rule 604 of Regulation E under the Securities Act of 1933.

Section 14(a) provides that no registered investment company may make a public offering of securities unless it has net worth of not less than \$100,000 or unless adequate assurance is given as a condition to the Securities Act registration of such securities that a minimum of \$100,000 of net worth will be forthcoming from not more than 25 responsible persons. At this time an investment company can comply with this provision only in connection with the registration of securities. Regulation E provides a conditional exemption from registration for offerings by small business investment companies not exceeding \$300,000 in amount. The new Rule 14a-1 would provide that, for the purpose of Section 14(a), notification of a proposed offering under Regulation E would be deemed registration under the Securities Act.

Interested persons have until April 5, 1960, to submit views and comments on the rule proposal.

PUGET SOUND P & L FILES FOR BOND OFFERING. Puget Sound Power & Light Company, 860 Stuart Bldg., Seattle, Washington, today filed a registration statement (File 2-16255) with the SEC seeking registration of \$20,000,000 of First Mortgage Bonds due 1990, to be offered for public sale at competitive bidding.

Net proceeds of the sale of the bonds will be applied to the payment of a \$15,000,000 3% promissory note due May 1, 1960, and the balance to the payment of outstanding bank loans incurred for construction purposes, which loans are expected to aggregate \$10,500,000 at the time of the bond sale. New bank loans and cash generated from operations will be used to continue the company's construction, estimated at \$20,500,000 for 1960.

ORDER RESTRAINING SEC INVESTIGATION DISMISSED. The SEC Fort Worth Regional Office announced March 10, 1960 (Lit. Release 1615) that Standard Securities Service Corporation withdrew its motion to quash subpoenas duces tecum issued in an investigation being conducted by the Commission and that a temporary restraining order against the conduct of the investigation (USDC, Houston) had been dismissed.

DYNEX FILES OFFERING PROPOSAL. Dynex, Inc., 123 Eileen Way, Syosset, N. Y., today filed a registration statement (File 2-16256) with the SEC seeking registration of 54,000 common shares and warrants for an additional 5,000 shares. Of this stock, the company proposes to make a public offering of 30,000 shares, the offering to be made on an all or none basis by Myron A. Lomasney & Co. The offering price and underwriting terms are to be supplied by amendment.

Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960, at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corporation. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. The 24,000 shares are being or have been issued in exchange for the outstanding stock and sundry indebtedness of Optics Manufacturing and Matronics; and the 5,000 warrants are issuable in connection with the purchase of Matronics stock. Optics Manufacturing filed a Chapter XI petition for Arrangement in December 1959, and a plan of arrangement was approved by the court in January 1960. It is engaged in the manufacture and sale of photographic equipment. Matronics' business is the design, manufacture and sale of data processing machines.

Net proceeds of the cash sale of additional stock by Dynex will be used, in the amount of \$200,000, to finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of production contracts for other concerns, and to expand the scope of the company's business. In addition to the designing and developing electro-mechanical instrumentation and photographic products under development contracts for major manufacturing concerns, Dynex to a lesser extent has engaged in manufacturing small numbers of such products primarily on a contract basis for other concerns. The prospectus lists Robert Nicolosi as president. He and two other officers own 45,000 shares (48.1%) of the outstanding stock.