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 June 29, 1960

CHESTER KOZA REGISTRATION DENIED. In a decision announced today (Release 34-6298), the SEC denied an application for broker-dealer registration filed by Chester Richard Koza, doing business as Chester R. Koza & Co., 120 East Market St., Indianapolis, Ind. The decision was based upon a Federal court order enjoining violations by Koza of the registration requirements of the Securities Act and upon his conduct of a securities business without prior registration as a broker-dealer.

According to the Commission's decision, Koza has engaged in the securities business as a sole proprietor since January 1958. On April 16, 1958, a permanent injunction was entered by the U. S. District Court for the Southern District of Indiana against Farm and Home Agency, Inc., Koza, and three other individuals, which enjoined further offers and sales of Agency stock in violation of the Securities Act registration requirement. Koza and the other defendants consented to the injunction without admitting the violations.

Koza was registered as a securities dealer by the Indiana Securities Commission in January 1958, which gave him a license to deal in intrastate securities transactions in Indiana. His books and records show $21,000 of intrastate securities transactions from date of registration until May 1959. During the same period, however, Koza entered into transactions of a much larger dollar amount which were not entered in his broker-dealer books but rather in the books of a food brokerage business, also a sole proprietorship, from which Koza derived most of his income. These books showed over $100,000 of purchase from 12 broker-dealers; a $7,500 purchase from an individual in Texas; and sales aggregating more than $90,000 to broker-dealers and $40,000 to individuals. Of the 12 broker-dealers, 5 were located outside Indiana. Koza considered these transactions to be personal ones made by him as an individual investor and not in connection with his broker-dealer business, but the Commission ruled that there was no valid basis for making such distinction. Thus, Koza's securities business was not exclusively intrastate and he violated the requirement for registration with the SEC as a broker-dealer prior to engaging in an interstate securities business.

In denying the application for registration, the Commission rejected certain claims of mitigating circumstances advanced by Koza.

HELICOPTER CORP. FILES EXCHANGE PLAN. Helicopter Corporation of America, 815 - 15th St., N. W., Washington, D. C., filed a registration statement (File 2-16762) with the SEC on June 28, 1960, seeking registration of 79,644 shares of common stock. The company proposes to offer this stock in exchange for the outstanding common stock of Hoppi-Copters, Inc., on the basis of one share of Helicopter stock for each ten shares of Hoppi-Copters stock.

Helicopter was organized under Maryland law in February 1956. It has no offices, manufacturing facilities, and no employees. Its general counsel, Robert Sheriffs Moss, furnishes the company with office space and meeting room at the Bowen Building in Washington. It proposes to engage in the further development, manufacture and sale of a one-man coaxial helicopter, known as the Hoppi-Copter, the original prototypes of which were developed by Hoppi-Copters, Inc., of Seattle. The company holds an exclusive license dated February 1956 to use, manufacture and sell the Hoppi-Copter and to make use of and sell certain patented inventions applicable thereto. Hoppi-Copters, Inc., was organized in December 1945 under sponsorship of Horace T. Pentecost, its promoter, primarily for the purpose of completing the development work of, and the manufacture and sale of the Hoppi-Copter.

In the event that all the holders of the outstanding stock of Hoppi-Copters, Inc., accept the exchange offer, they will have acquired 32.98% of the then oustanding stock of Helicopter in exchange for 796,431 shares of Hoppi-Copters stock which was originally issued in exchange for patents property and services and $80,882 in cash. Present stockholders of Helicopter stock will own 67.02% of the outstanding stock originally issued in exchange for services and contracts to acquire a license to manufacture and sell the Hoppi-Copter and for $24,332 in cash. If the required number of stockholders of Hoppi-Copters accept the offer, Helicopter proposes to file a further registration statement for a public offering of 222,000 common shares at $2.25 per share, the net proceeds of which would be used to re-engineer and re-design the Hoppi-Copter, to construct prototypes thereof for test flights, and to manufacture and sell the Hoppi-Copter.

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NEEDHAM PACKING FILES FOR OFFERING. Needham Packing Company, Inc., 1911 Warrington Road, Sioux City, Iowa, filed a registration statement (File 2-16758) with the SEC on June 28, 1960, seeking registration of 200,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Cruttenden, Podesta & Co. The public offering price and underwriting terms are to be supplied by amendment. The company was organized under Delaware law in March,1960. In June, 1960, the company paid $3,240,500 in cash and 19,443 shares of its 6% cumulative convertible preferred stock for the assets of Sioux City Dressed Beef, Inc., an Iowa corporation, and assumed, in general, all of the liabilities, obligations and commitments. Since such acquisition, Needham has continued that company's business of processing beef in slaughtering facilities located in Sioux City. Funds for said cash payment were obtained by (a) the borrowing of $2,000,000 from two banks, (b) the sale, at par, of $1,000,000 principal amount of 6% subordinated debentures due 1970, and (c) the sale, at $2 per share, of 120,250 shares of common stock. Such debentures and common stock were sold to eleven persons including Blair & Co., Inc., New York investment bankers, which purchased $100,000 principal amount of debentures and 75,250 shares of common. In addition, upon organization, the company issued 100,000 shares of common to Lloyd L. Needham, president, in exchange for 344 shares of Sioux City common. During July, 1960, after the said transactions, the outstanding common shares of the company aggregating 220,250 were reclassified into twice such number of shares. The net proceeds of the company's sale of the additional 200,000 common shares will be applied to the payment of the $2,000,000 bank loan referred to above. In addition to various indebtedness, the company has outstanding 19,443 shares of 6% cumulative convertible preferred stock and 440,500 shares of common, of which, 200,000 shares (45.4%) are owned by Needham; 124,000 shares (28.2%) by Blair & Co.; and 220,984 shares (50.2%) by the company's directors and officers as a group.

ASSOCIATED OIL & GAS FILES EXCHANGE PLAN. Associated Oil & Gas Co., 1410 Bank of the Southwest Building, Houston, Texas, filed a registration statement (File 2-16759) with the SEC on June 28, 1960, seeking registration of 658,434 shares of capital stock. The company proposes to offer this stock to stockholders of Gulf States Development Corp., a Texas corporation, on the basis of (a) one share of associated stock for two shares of Gulf States class A common, (b) one such share for two shares of Gulf States class B common, and (c) five shares for eight shares of Gulf States preferred. Said offer is subject to the conditions that the company's stockholders shall have approved the increase of authorized capital stock from 4,000,000 to 8,000,000 shares; a majority of the company's common stockholders, other than officers and directors, shall have voted in favor of such exchange; and more than 90% of the outstanding shares of each class of common stock of Gulf States shall have been tendered for exchange. In addition, the company proposes to offer shares of its capital stock in exchange for the interest of Allan P. and Fred M. Kirby in oil and gas properties owned by them as non-operators under a 1958 drilling program of Gulf States.

According to the prospectus, the purpose of the exchange offers is to facilitate the expansion of the operations of the company as a producer of hydrocarbons. It is said that the acquisition and integration of the said properties into the operations of the company will afford opportunity for increased exploration, development and production on an economic and profitable basis.

The company is also registering 62,500 shares of capital stock owned by L. M. Fischer, being part of 162,500 shares issued to Fischer and H. J. Mosser, in exchange for all the outstanding capital stock of South-Tex Corporation, and 40,000 shares of capital stock to be issued to H. G. Sutton in exchange for $400,000 face amount of demand notes of Timberland Exploration Company. At the time of this South-Tex exchange in December 1959, Mosser and Fischer were directors of Associated and Mosser was board chairman. Fischer has since resigned and Mosser still serves as board chairman. Mosser owns about 25% of the outstanding stock; Walter N. Maguire, vice-chairman, about 15.5%; and officers and directors as a group 48.58%.

FISCHBACH AND MOORE FILE FOR SECONDARY. Fischbach and Moore, Incorporated, 545 Madison Avenue, New York, filed a registration statement (File 2-16763) with the SEC on June 28, 1960, seeking registration of 300,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof through a group of underwriters headed by Allen & Company. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged principally in conventional electrical contracting, primarily on office buildings and industrial plants. It also installs electrical facilities in power plants, generating stations, transmission lines and substations, and installs control systems and electric power systems used at rocket and missile launching facilities and radar installations. In addition to certain indebtedness, the company has outstanding 726,300 shares of common stock, of which 212,900 shares (29%) are owned by H. F. Fischbach, board chairman and president; 137,600 shares (19%) by Allen D. Fischbach, executive vice-president, and 265,000 shares (36.5%) by Bayou Interests, Inc., a Delaware corporation. The prospectus lists 31 selling stockholders, whose present holdings aggregate 650,500 shares. H. F. and Allen D. Fischbach propose to sell 100,000 and 50,000 shares, respectively, of their holdings. Other amounts being sold range from 500 shares to 25,000 shares.

HAZEL BISHOP FILES FOR SECONDARY. Hazel Bishop Inc., 445 Park Ave., New York, filed a registration statement (File 2-16761) with the SEC on June 28, 1960, seeking registration of 1,157,200 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The shares may be offered

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from time to time by the holders thereof through brokers on the American Stock Exchange, in the open market, or otherwise, at prices current at the time of sale. No underwriting is involved.

The company distributes, under the advertised name "Hazel Bishop," nine principal cosmetic products. In addition to certain indebtedness, it has outstanding 1,894,775 shares of common stock, of which 611,350 shares (32%) are owned by management officials as a group. Of the outstanding shares, 489,200 shares (25%) are owned by Raymond Spector, a director and former board chairman. Of Spector's holdings, 463,000 shares are under option to others at $4 to $6 per share, including 300,000 under option to Dovan Enterprises, Inc., which is owned by Daniel Van Dyk, board chairman, and 100,000 shares which are held by Banque de Depots in its name as collateral for a loan of Spector in the amount of $450,000 (Banque de Depots also has an option to purchase such shares). In connection with his employment by the company, Van Dyk also received from certain stockholders proxies (irrevocable until July 1, 1961) with respect to an aggregate of 775,000 common shares. Accordingly, Van Dyk has the right to vote 789,000 shares, including 75,000 shares owned indirectly by him, or about 41% of the outstanding stock. However, Van Dyk in March 1960 granted to David B. Charnay and Julius Epstein, who were then directors, each the right to vote one third of the shares with respect to which he had proxies. Among the shares to be offered for sale by the selling stockholders are 714,000 shares subject to such irrevocable proxies. Consent to the release of such irrevocable proxies will be required prior to any sale by the holder of such shares. Of the 611,350 shares held by management officials, 587,500 are subject to this voting agreement.

The prospectus lists some 70 selling stockholders, the largest blocks being 443,376 held by Spector; 75,000 shares held by Dovan Enterprises, Inc.; 45,824 shares held by Raymond Enterprises, whose stock is owned by Spector; 40,000 shares by Banque de Depots (in the profits of which Charnay and three others have an interest); 30,600 shares held by Charney; 35,000 shares held by Hayden, Stone & Co.; 53,500 shares held by A. Mitchell Liftig; and 25,000 shares held by Karl W. Mueller.

WARNER ELECTRIC BRAKE FILES FOR SECONDARY. Warner Electric Brake & Clutch Company, 449 Gardner Street, South Beloit, Illinois, filed a registration statement (File 2-16764) with the SEC on June 28, 1960, seeking registration of 154,916 outstanding shares of common stock, to be offered for public sale by the present holders thereof through a group of underwriters headed by Blunt Ellis & Simmons and Bacon, Whipple & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is a manufacture of electric brakes and clutches. Its three principal product categories are electric brakes and clutches used in industrial equipment and machinery, electric wheel brakes, and electric compressor and fan clutches used in automotive air conditioning and cooling systems. In addition to certain indebtedness, the company has outstanding 427,048.50 shares of common stock, of which, 76,623 shares (18%) are owned by Steven P. J. Wood, president, and 56,955 shares (13.33%) by Helen J. Wood of Sarasota, Fla. The selling stockholders are Alonzo A. Neese, Elbert H. Neese, Jr., and Elizabeth Neese Teague, who propose to sell 100% of their holdings of 62,418, and 30,080 shares respectively.

HAWAIIAN PACIFIC INDUSTRIES FILES FINANCING PROPOSAL. Hawaiian Pacific Industries, Inc., 912 Ala Moana Blvd., Honolulu, Hawaii, today filed a registration statement (File 2-16767) with the SEC seeking registration of $1,350,000 of 6½% Convertible Subordinated Debentures due September 1970 and 100,000 shares of common stock, to be offered for public sale through an underwriting group headed by Bosworth, Sullivan & Company, Inc., and Lowell, Murphy & Co., Inc. The debentures are to be offered for sale at 100% of principal amount; and the offering price of the common stock and underwriting terms for both issues are to be supplied by amendment.

The company was organized in December 1958 under the name Seaside Estates, Inc., and adopted its present name in April 1960. It became an active corporation on May 1, 1960, when the assets and business of 17 corporations were transferred to the company in exchange for 400,000 shares of its common stock. The assets of 12 of these corporations were transferred to another subsidiary, Island Construction Co., Inc. The 17 companies had been engaged in various phases of the construction and real estate business; and they had constructed and sold homes in tract developments and had built, owned and operated apartments and hotels. The successor company, Hawaiian Pacific, is engaged primarily in such activities, with its present operatings being conducted in five general areas on Oahu.

The net proceeds of this financing will be used to meet expenses of construction presently under way in various subdivisions, to purchase additional equipment, to retire indebtedness of the predecessors in acquiring income producing property and construction equipment now owned by the company and to assist the company in financing new undertakings. The largest amount, $765,000, is allotted to the construction of the off-site improvements and the purchase of construction inventory at the Enchanted Lake Subdivision.

In addition to some $2,082,000 of indebtedness, the company has outstanding 400,100 shares of common stock. Principal stockholders are Joseph R. Pao, president, 145,403 shares; Michael T. Scarfone, treasurer, 36,399; James W. Y. Wong, executive vice president, 28,279; and James W. Y. Wong and Michael T. Scarfone, as trustees, 17,748.

FITCHBURG PAPER FILES FOR OFFERING AND SECONDARY. Fitchburg Paper Company, Fitchburg, Mass., filed a registration statement (File 2-16765) with the SEC on June 28, 1960, seeking registration of 325,000 shares of class A common stock, of which 217,000 shares are to be offered for public sale for the account of the

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issuing company and 108,000 shares, being outstanding stock, by the present holder thereof. The public offering price and underwriting terms are to be supplied by amendment. The prospectus lists White, Weld & Co. as the principal underwriter. In addition, the company is registering 30,000 shares of class A common stock for issuance pursuant to its Employee Stock Option Plan.

The company is engaged in the development, manufacture, conversion and sale of fine papers, technical papers and allied products. According to the prospectus, the company has entered into an agreement with the New England Mutual Life Insurance Company for its purchase in November, 1960 of $2,000,000 principal amount of 6% notes of the company due 1974. The net proceeds of the sale of the notes and stock will be used to purchase and retire the outstanding preferred stock of the company at a cost of not in excess of $114,000; to pay in full the outstanding 5-3/4% notes held by New England Mutual, the unpaid principal amount of which at June 1, 1960 was $787,500; $1,400,000 for construction of a new and larger plant for the Decotone Products division and $450,000 for completion of a new office building; and the balance for additional working capital.

In addition to certain indebtedness, the company has outstanding 966 shares of 7% preferred stock, 108,000 shares of class A common and 658,182 shares of class B common. The prospectus lists George R. Wallace as board chairman and owner of 108,000 shares (100%) of class A common and 519,682 shares (79%) of class B common; and George R. Wallace, 3rd as executive vice-president and treasurer and owner of 138,500 shares (21%) of class B common. The senior Wallace is the single selling stockholder, selling 108,000 shares (100%) of class A stock.

UNLISTED TRADING IN FIVE STOCKS GRANTED. The SEC has issued an order (Release 34-6304) granting an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of ABC Vending Corp., General Instruments Corp., NAFI Corp., Siegler Corp., and Universal Match Corp.

DELISTING OF KRUEGER BREWING APPROVED. The SEC has issued an order (Release 34-6305) granting an application of the American Stock Exchange to delist the common stock of G. Krueger Brewing Co., effective at the close of trading session July 8, 1960, due to the reduced holdings of persons other than United Industrial Syndicate, Inc.

MERCANTILE DISCOUNT FILES FOR OFFERING. Mercantile Discount Corporation, 110 South Dearborn Street, Chicago, Illinois, today filed a registration statement (File 2-16768) with the SEC, seeking registration of 128,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Rodman & Renshaw and H. M. Byllesby and Co. The public offering price and underwriting terms are to supplied by amendment.

The company is engaged in purchasing and making loans and in general commercial financing activities, financing and discounting retail installment plans, advancing funds to automobile dealers, and the consumer finance business. The net proceeds from the sale of stock will be added to its capital funds to allow for expansion of its business and to increase its borrowing capacity. Part of the proceeds may be used temporarily to reduce bank borrowings. In addition to various indebtedness, the company has outstanding three series of preferred stock. In addition, in June, 1960 the company's class B stock was redesignated "common stock", the number of authorized shares was increased to 1,000,000 the par value was changed from $10 per share to $2, and each of the 38,273 outstanding shares of such stock was changed into 5 shares of common stock. Of the outstanding common stock, 155,430 shares (81.21%) are held in a voting trust for the family of the late Hyman N. Kohn, and 3,325 shares (1.74%) are owned by LeRoy L. Kohn, president.

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