

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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INVESTMENT COMPANY RULE PROPOSED. The SEC has issued a proposal for the adoption of a new rule under the Investment Company Act of 1940 relating to borrowings by officials or employees of a bank which is controlled by a registered investment company; and it invited the submission of views and comments thereon not later than September 13, 1960 (Release 40-3102).

Section 17(a)(3) of the Act prohibits an affiliated person of an affiliate of a registered investment company from borrowing money from such company or any company controlled by it. Therefore, absent an exemptive rule, the borrowing of money from a bank controlled by a registered investment company, by an officer, employee or director of such bank, is prohibited unless, upon application to the Commission, an order is issued granting an exemption from such prohibition.

The proposed rule (Rule 17a-1) would exempt such borrowings from a bank controlled by a registered investment company, provided the transaction meets specified conditions designed to effectuate the purposes of the Act. To qualify for such exemption, any such borrowing would be required, among other things, to involve a borrower who is not an affiliated person of the registered investment company and to comply with any applicable State or Federal banking law or rules thereunder. In addition, the loan and the terms thereof would be required to be in accordance with the normal lending policy of the bank and not inconsistent with any policy of the registered investment company.

G. C. DEWEY CORP. FILES FOR SECONDARY. The G. C. Dewey Corporation, 202 East 44th St., New York City, filed a registration statement (File 2-16959) with the SEC on August 25, 1960, seeking registration of 64,500 outstanding shares of common stock, to be offered for public sale by the present holders thereof, without underwriting, the subscriptions to be received by Empire Trust Company of New York City, as agent. The offering price is to be supplied by amendment.

The company is engaged in missile and electronics systems research and development work for the United States Government. It has outstanding 480,000 shares of common stock, of which the nine selling stockholders own 420,000 shares. The principal stockholder is Gordon C. Dewey, president, who owns 232,000 shares and proposes to sell 34,800 shares. Four other officers also are among the selling stockholders, as well as two Dewey trusts, the offerings by the other selling stockholders ranging from 900 shares to 7,125 shares.

TECHNICAL MATERIEL FILES FOR OFFERING AND SECONDARY. The Technical Materiel Corporation, 700 Fenimore Road, Mamaroneck, N. Y., filed a registration statement (File 2-16960) with the SEC on August 25, 1960, seeking registration of 120,000 shares of common stock, of which 50,000 shares are to be offered for sale for the account of the issuing company and 70,000 shares, being outstanding stock, by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co., Inc., is listed as the principal underwriter.

The company designs, manufactures and sells components and complete systems for high-frequency radio communication, its equipment being used primarily in long-range, high-frequency radio communication. In addition to certain indebtedness, the company now has outstanding 548,289 common shares. Net proceeds of its sale of the additional 50,000 shares, approximating \$750,000, will be used in part to construct a new plant on a site to be determined but probably in Westchester County, N. Y., the remainder of the proceeds to be added to working capital to carry additional inventories and accounts receivable.

Of the outstanding stock, Ray H. dePasquale, president, owns 405,000 shares (73.6%) and William J. Galione, executive vice president, 60,000. They propose to sell 50,000 and 20,000 shares, respectively.

COMMONWEALTH TELEPHONE PROPOSES RIGHTS OFFERING. Commonwealth Telephone Company, 100 Lake St., Dallas, Pa., filed a registration statement (File 2-16961) with the SEC on August 25, 1960, seeking registration of 42,960 shares of common stock, to be offered for subscription by common stockholders at the rate of one share for each 10 shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Eastman Dillon, Union Securities & Co. is listed as the principal underwriter.

Net proceeds of the stock sale will be applied in reduction of bank loans approximating \$2,500,000 representing borrowings for property additions and improvements.

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For further details, call WOrth 3-5526

CARCO INDUSTRIES FILES STOCK OFFERING PROPOSAL. Carco Industries, Inc., 7341 Tulip St., Philadelphia, filed a registration statement (File 2-16966) with the SEC on August 25, 1960, seeking registration of 150,000 shares of common stock, to be offered for public sale at \$5 per share by Myron A. Lomasney & Co. In addition to a 75¢ per share commission, the underwriter will be entitled to purchase five-year warrants for 15,000 common shares exercisable initially at \$5 per share. The underwriter has purchased \$25,000 of the company's 6% convertible debentures due 1965 which are convertible into 10,000 common shares at a conversion rate of \$2.50 per share. A finder's fee of \$12,750 is to be paid to Robert M. Bernstein, who will also receive from the underwriter the greater of 15% of the net underwriting profit or \$7,500.

The company was organized under Delaware law in July 1960 for the purpose of acquiring all the capital stock of Carco Industries, Inc., a Pennsylvania corporation, which was organized in December 1954. All the outstanding shares of the Pennsylvania corporation are being acquired in exchange for 200,000 shares of the new company which, through the Pennsylvania subsidiary, will engage in the manufacture, assembly, sale and installation of a variety of metal products including assembly and production line equipment, ground-support and missile and aircraft handling equipment and pipe fittings.

Of the net proceeds of the stock sale, \$10,000 is to be used to purchase additional property adjacent to the present plant in Northeast Philadelphia, \$85,000 for the erection of a building thereon, \$105,000 for additions to and improvements in the company's plant, machinery and equipment, and \$100,000 for payment of income taxes for the fiscal year ended August 31, 1960. The balance of about \$299,750 of the proceeds will be added to working capital for carrying of increased inventories and accounts receivable.

Of the outstanding 200,000 shares of common stock, 127,400 shares are owned by Charles A. Russo, president, and 43,000 shares by John Bello, executive vice president. As of May 31, 1960, each of the 200,000 shares had a book value of \$1.73 per share. They were acquired by the management officials at an aggregate cost of \$139,800; and after completion of this public offering they will have an aggregate book value of \$540,036. Purchasers of the 150,000 shares will own about 43% of the outstanding common stock at an aggregate cost of \$750,000 and having an aggregate book value of \$405,027.

PERFECT PHOTO PROPOSES DEBENTURE OFFERING. Perfect Photo, Inc., 4747 North Broad Street, Philadelphia, filed a registration statement (File 2-16962) with the SEC on August 25, 1960, seeking registration of \$4,500,000 of convertible subordinated debentures due October, 1980, to be offered for public sale through a group of underwriters headed by Harriman Ripley & Co. Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the business of photofinishing, which consists of the processing of photographic film and the making of prints from film. The major part of the business is the finishing of color films, both motion picture and still. It also distributes photographic equipment and supplies. Of the net proceeds from the debenture sale, \$3,600,000 will be used to acquire all or substantially all of the common stock of Consolidated Photographic Industries, Inc., at a price of \$9.74 per share. Consolidated Photographic Industries conducts a photofinishing business in Arizona, California, Oregon and Washington. The balance of such proceeds will be used for working capital.

In addition to certain indebtedness, the company has outstanding 385,000 shares of common stock. On July 27, 1960, Karl Hope, then president and now board chairman, sold all of his holdings of 206,400 shares to a group of investors, including Harriman Ripley & Co. Inc., for \$4,000,032. These investors have optioned 77,400 shares to Henry Hope, executive vice president, and 38,700 shares each to Warren G. Grabb and Harry J. Sentiff, president and vice president, respectively, at cost to such investors. One of the purchasers, Tri-Continental Financial Corporation, is the owner of 51,600 shares; and it has granted options to purchase 39,976 of these shares to Grabb, Henry Hope and Sentiff.

UTAH GAS SERVICE PROPOSES BOND OFFERING. Utah Gas Service Company, 511-512 Deseret Building, Salt Lake City, filed a registration statement (File 2-16965) with the SEC on August 25, 1960, seeking registration of \$800,000 of 6% First Mortgage Sinking Fund Bonds, due October 1, 1975. The company presently has outstanding \$300,000 of 5½% Series A Debentures due 1971, all of which it plans to refund and retire, with \$300,000 of said bonds. The additional \$500,000 of bonds are to be offered for public sale at 100% of the principal amount through The First Trust Company of Lincoln, Nebraska, which will receive a selling commission of \$65 for each \$1,000 of bonds publicly sold and \$25 for each \$1,000 of bonds exchanged for debentures.

Of the net proceeds from the public sale of the bonds, \$390,000 will be used to retire all of the company's existing first mortgage indebtedness due September 1961, and \$50,000 will be used to retire a bank loan which was used partially to finance a gas pipeline and other related facilities in order to furnish natural gas service to the San Francisco Chemical Company near Vernal, Utah, which costs are estimated at \$125,000. The balance of such construction costs will be paid out of the company's working capital.

BZURA CHEMICAL FILES FOR OFFERING AND SECONDARY. Bzura Chemical Company Inc., Broadway and Clark Streets, Keyport, N. J., filed a registration statement (File 2-16963) with the SEC on August 25, 1960, seeking registration of 450,000 shares of common stock. The amount of such shares to be offered for public sale by the company, and the amount representing outstanding shares to be offered by the present holders thereof, are to be supplied by amendment. The public offering price and underwriting terms are to be supplied by amendment. The prospectus lists the principal underwriters as P. W. Brooks & Co., Inc and Lee Higginson Corp. Brooks & Co. will purchase 6 year warrants for an aggregate of 80,000 common shares, and has agreed to sell at its cost

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10,000 of such warrants to a person or persons to be designated by the company and additional warrants to Lee Higginson Corp. Brooks & Co. also will pay a finders fee to George L. Bradshaw and City Industrial Company and sell them 3,500 warrants at its cost.

Organized in Delaware in March 1959, the company is engaged in the manufacture and sale of Citric Acid using a process involving the fermentation of blackstrap molasses developed by Bzura, Inc. It was incorporated by Bzura, Inc. a New Jersey corporation engaged in the manufacture and sale of Fumaric Acid and related chemicals and in organic chemical research. Of the estimated \$2,850,000 net proceeds from the sale of stock by the company, \$1,350,000 will be used to expand Bzura, Inc.'s capacity for Fumaric Acid production, including reimbursement for expenditures and repayment of bank loans incurred for this purpose, \$500,000 to expand the company's research and pilot plant facilities to enable pilot plant and semi-plant production of Itaconic Acid and other new products, and \$1,000,000 to be added to working capital.

In addition to certain indebtedness, the company has outstanding 1,117,000 shares of common stock, of which Bzura, Inc. owns 600,000 shares. Pursuant to a plan of acquisition, Bzura, Inc. is to become a subsidiary of the company upon the transfer to the company of all the outstanding stock of Bzura, Inc. by Hyman Bzura, president of the company, Albert A. Bzura, vice president and Irving Weiss (vice president) and his wife, in exchange for 2,100,000 shares of the common stock of the company. The 600,000 shares of company stock owned by Bzura, Inc., are to be retired shortly after January 1, 1961. In this exchange, Hyman Bzura will receive 1,118,804 shares of the company's stock, Albert A. Bzura 743,517, and Mr. and Mrs. Weiss 237,679. They have agreed to waive for a period of three years from the date of acquisition cash dividends on those shares so long as they are held by them. Total holdings of Hyman and Albert Bzura and Irving Weiss (including the issue of 2,100,000 shares and the retirement of the 600,000 shares) amount to 44.3%, 30.1% and 5%, respectively, of the outstanding stock. The number of shares to be sold by each of these three holders is to be supplied by amendment.

CORAL AGGREGATES FILES FOR OFFERING. Coral Aggregates Corp., 7200 Coral Way, Miami, Florida, filed a registration statement (File 2-16964) with the SEC on August 25, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4.00 per share through Peter Morgan & Company and Robinson & Company, Inc., on an all or none basis. The underwriter will receive a 50¢ commission per share, and upon completion of the stock sale will be entitled to purchase from the controlling stockholders 10,000 common shares at \$4.00 per share.

Organized under Florida law in August 1959, the company intends to engage in the extraction and sale of crushed rock ("aggregates") to the concrete industry and the concrete block and brick industry, "fill" (rock and sand) for raising construction sites above sea level and filling site declivities, and larger sizes of rock for road and highway construction and for use in providing a bed of rock for the foundation of buildings. Its only asset is a 160-acre tract in Dade County four miles west of Miami. The net proceeds from the stock sale will be used to purchase equipment and working capital for the extraction of the rock from this tract, which was acquired from the founders, subject to a \$35,608 mortgage, in exchange for 200,000 shares of common stock (the original purchase price to the founders was \$170,000). Of such proceeds, \$240,000 will be used for the purchase of equipment, machinery and production facilities, \$35,608 to retire the outstanding mortgage, and the remainder for general corporate purposes.

In addition to the mortgage, the company has outstanding 200,000 shares of common stock, of which 50% each is owned by Murray Levine, president, and Sam Levine, vice president, the founders.

SOUTHERN NEVADA POWER FILES FINANCING PROPOSAL. Southern Nevada Power Co., P. O. Box 230, Las Vegas, today filed a registration statement (File 2-16968) with the SEC seeking registration of 100,000 shares of \$20 par cumulative preferred stock and \$5,000,000 of first mortgage bonds, Series E, due 1990. These securities are to be offered for public sale through a group of underwriters headed by White, Weld & Co. The dividend rate on the preferred stock, the interest rate on the bonds, and the public offering price and underwriting terms of both issues are to be supplied by amendment. The net proceeds from the sale of the securities will be applied toward the company's 1960 construction program, estimated to approximate \$9,063,000, and to the payment of short-term bank loans incurred to temporarily finance such construction program. The company expects to finance the balance of its 1960 cash requirements for construction from internal sources including provisions for depreciation (expected to be \$1,080,000 for the year) and other reserves and earnings. The company contemplates selling additional securities during 1961 to finance its 1961 construction program, estimated at \$5,890,000.

COLUMBIA GAS PROPOSES DEBENTURE OFFERING. The Columbia Gas System, Inc., 120 East 41st Street, New York, today filed a registration statement (File 2-16967) with the SEC, seeking registration of \$30,000,000 of debentures, Series O, due 1985, to be offered for public sale at competitive bidding. The net proceeds of the debenture sale will be added to the company's general funds and, together with funds available at the beginning of 1960, cash to be generated from operations during 1960, and the net proceeds from the sale of common stock early in 1960 (amounting to approximately \$15,870,000 after the repayment of \$10,000,000 of construction bank loans), will be used to finance the System's 1960 construction program, such program expected to approximate \$90,000,000. According to the prospectus, the company has borrowed \$55,000,000 from banks to finance the cost of gas purchased and stored for current inventory purposes.

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WILLIAMSBURG GREETINGS CORP. PROPOSES OFFERING. Williamsburg Greetings Corp., 3280 Broadway, New York, today filed a registration statement (File 2-16969) with the SEC seeking registration of 190,000 shares of common stock, to be offered for public sale on a best efforts basis by underwriters headed by Standard Securities Corporation and Bruno-Lenchner, Inc. The public offering price and underwriting terms are to be supplied by amendment. In addition to the selling commission plus \$15,000 for expenses, the underwriters will be entitled to purchase 20,000 five-year warrants, at 1¢ per warrant, for the purchase of 20,000 common shares at \$6 per share. Standard Securities recently acquired 10,000 shares for \$1,000 from several stockholders of the company.

The company and subsidiaries are engaged principally in the design, production and sale of greeting cards. In 1956 it organized a subsidiary which conducts its manufacturing operations at the company's principal plant in Webster, Mass. Friendship Greetings, Inc., will soon become a subsidiary through a donation of its outstanding stock owned by Moe Becker, board chairman, Abe Sheldon, president, and Harold Baker, vice president; and at about the same time the company will acquire from the members of the families of the said officer the outstanding stock of Midland Publishing Co., Inc., which also engages in the sale of greeting cards. Of the net proceeds of the stock sale, about \$400,000 will be applied to the reduction of factoring advances obtained principally to carry accounts receivable from Friendship (before it became a subsidiary); and the balance will be added to working capital to be used principally to carry inventories and accounts receivable.

Of the outstanding stock of the company, Becker and Sheldon own 62,775 shares each (33% each) and Baker 40,450 shares (21%).

CARLTON SECURITIES HEARING POSTPONED. At the request of counsel for Carlton Securities, Inc., One Exchange Place, Jersey City, N. J., the SEC has authorized a postponement from August 29, 1960, to September 12, 1960, of the hearing under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Carlton Securities should be revoked.

HOWARD W. MCKINNEY ENJOINED. The SEC Chicago Regional Office announced August 23 (LR-1765) the entry of a Federal court order (USDC, ND Ind.) permanently enjoining Howard W. McKinney from the further conduct of a securities business in violation of the broker-dealer registration requirements of the Securities Exchange Act.

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