

# 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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**SOUTHEASTERN SECURITIES ENJOINED.** The SEC New York Regional Office announced on December 10 (Release LR-2800) the entry of a Federal court order (USDC SDNY) preliminarily enjoining Southeastern Securities Corporation (broker-dealer) and its president, A. Francis Renaud, New York City, from further violating the net capital and anti-fraud provisions of the Securities Exchange Act. S. Hazard Gillespie, Jr. was appointed receiver.

**MAXFIELD AND CHRISTOPHER INDICTED.** The SEC Denver Regional Office announced December 11 (LR-2801) the return of a Federal court indictment in Salt Lake City against Reed R. Maxfield, Midvale, Utah, and John R. Christopher, Salt Lake City, Utah. The defendants were charged with having engaged in a scheme (in violation of the Securities Act and the Mail Fraud Statute) to defraud investors in the offer and sale of the common stock of Uinta National Insurance Co.

**FRANCIS J. BRENEK GUILTY ON TWO COUNTS.** The Seattle Regional Office announced December 13 (LR-2802) that Francis J. Brenek had been found guilty by a Federal court jury (USDC Seattle) of two counts of indictment charging that defendant filed false financial statements with SEC, but was found not guilty under fraud counts of indictment. Sentencing scheduled for January 13, 1964.

**GENERAL AMERICAN TRANSPORTATION SEEKS ORDER.** General American Transportation Corporation, Chicago, has filed an application with the SEC under the Trust Indenture Act for a negative ruling with respect to the existence of any conflict of interest which would disqualify First National City Bank from serving under indentures with respect to five existing series of equipment trust certificates and under a new indenture pursuant to which \$40,000,000 of equipment trust certificates are to be issued (See News Digest of December 16, 1963). The Commission has issued an order (TI-193) giving interested persons until January 2, 1964, to request a hearing thereon.

**FIRST MIDWEST CAPITAL SEEKS ORDER.** First Midwest Capital Corporation, 704 Northstar Center, 110 South Seventh St., Minneapolis, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed sale of certain securities of Westgate Drug, Inc. to Ewalt, Incorporated, for \$30,000; and the Commission has issued an order (Release IC-3865) giving interested persons until December 30 to request a hearing thereon. Alan K. Ruvelson, president and director of First Midwest, is also a director of Westgate, 39% of which is owned by Murray Ewalt.

**THIRD QUARTER PROFITS UP.** The SEC and Federal Trade Commission announces (for December 18th newspapers) that 1963 third quarter sales of U. S. manufacturing corporations amounted to \$103 billion, 7 percent higher than in the corresponding period of 1962 and profits after taxes were \$4.8 billion, 13 percent above the third quarter of last year. (For details, see Stat. Release 1945).

**UNLISTED TRADING SOUGHT.** The SEC has issued orders under the Securities Exchange Act (Release 34-7195) giving interested persons until December 29th to request a hearing upon applications (a) of the Philadelphia Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of United Financial Corporation of California and Weyerhaeuser Company and (b) of the Pacific Coast Stock Exchange for such privileges in the common stock of Coca Cola Company, Kerr McGee Oil Industries, and American Hospital Supply Corp.

**JEFFERSON LAKE ASBESTOS FILES REFINANCING PROPOSAL.** Jefferson Lake Asbestos Corporation, 1408 Whitney Bldg., New Orleans, La., filed a registration statement (File 2-21950) with the SEC on December 13 seeking registration of \$975,000 of 6 $\frac{1}{2}$ % convertible subordinate income debentures, Series 1973; \$1,275,870 of 6 $\frac{1}{2}$ % convertible subordinate income debentures, Series 1975; 1,025,464 shares of common stock; and 275,116 warrants for the purchase of a like number of such common shares. According to the prospectus, the company proposes to offer present holders of its 6 $\frac{1}{2}$ % Series B subordinate debentures due 1966, in exchange therefor, a 1973 debenture equal in principal amount to 65% of the principal amount of Series B debentures held; that number of common shares which, if valued at a given price (to be supplied by amendment), would be most nearly worth 35% of the principal amount of the Series B debentures held; and warrants to purchase 7 common shares (initially at \$4 per share) for each \$100 of Series B debentures held. For each of its outstanding 6 $\frac{1}{2}$ % Series A subordinate sinking fund debentures due 1972, the company will offer to exchange a 1975 debenture equal in principal amount to 50% of the principal amount of Series A debentures held; common shares (at the assigned valuation) equal to the remaining 50% principal amount of the Series A debentures; and warrants to purchase 2 common shares (initially at \$4 per share) for each \$30 of Series A debentures held. A. G. Edwards & Sons will solicit acceptances of the exchange offer.

Organized in 1959 (under the name Jefferson Mining Company) on the initiative of Jefferson Lake Sulphur Company, the company's principal activity is the production and sale of asbestos, which it mines and mills at the ore site in Calaveras County, Calif. Its mill was completed in December 1962 at a cost of \$5,060,759.

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According to the prospectus, the company on September 30, 1963, had current liabilities of \$5,871,288 and current assets of \$1,224,613; and during the nine-month period ended that date the company had gross sales of \$670,424 and its operations during that period resulted in a loss of \$1,581,240. The primary purpose of the proposed recapitalization are: (1) to reduce company's present indebtedness by converting a substantial part thereof into its common shares; (2) to postpone payments of principal on a large portion of that part of its present indebtedness not converted into common shares; and (3) to enable the company to borrow additional funds required to continue operations. The conversion of debt into common shares will reduce the interest payable by the company and thereby free some of the company's cash for other uses. Similarly, the postponing of principal payments will temporarily reduce the amount of cash required for debt service. New loans will augment the cash available to the company. The company seeks to accomplish these purposes in part through the proposed exchange of debentures; and it also has obtained various agreements from its affiliates, Jefferson Lake Sulphur Company and Jefferson Lake Petrochemicals of Canada Ltd. (including a \$2,000,000 mortgage loan by the Sulphur Company and certain exchanges of securities). Even if the proposed recapitalization is effected, in order to continue its operations the company must substantially increase its sales and obtain additional financing in 1964.

The prospectus further states that the Sulphur Company now owns 600,000 common shares, or 76% of the 789,942 shares of the issuer outstanding on September 30, 1963. Eugene H. Walet, Jr., is listed as president. A proposed merger of the Sulphur Company into Occidental Petroleum Corporation has been approved by the boards of directors of both corporations. If this merger is consummated, it is contemplated that Occidental Petroleum will name a number (but not majority) of the directors of the issuer.

**AMERICAN CAN FILES STOCK PLAN.** American Can Company, 100 Park Ave., New York, filed a registration statement (File 2-21951) with the SEC on December 16 seeking registration of 524,493 shares of common stock, to be offered pursuant to the company's 1959 Employees' Stock Purchase Plan.

**KENNESAW LIFE FILES EXCHANGE PROPOSAL.** Kennesaw Life and Accident Insurance Company, 165 Luckie St., N.W., Atlanta, Ga., filed a registration statement (File 2-21952) with the SEC on December 16th seeking registration of 263,400 shares of common stock. Of this stock, 237,737 shares are to be offered in exchange for 158,491 shares of common stock of Maryland National Insurance Company at the rate of  $1\frac{1}{2}$  shares of Kennesaw Life stock for each share of Maryland National stock. The remaining 25,663 shares are to be offered in exchange for 76,987 shares of common stock of Bankers Fire and Marine Insurance Company at the rate of one-third share of Kennesaw Life stock for each share of Bankers Fire stock.

Maryland National, whose executive offices are located at 200 North Main St., Bel Air, Md., is licensed in 20 states but is currently writing a substantial volume of new business only in Florida, Illinois, Missouri, Ohio, Oklahoma and Tennessee. There is no present affiliation between the managements of Kennesaw Life and Maryland National, nor does either own stock of the other. Kennesaw Life now owns some 81% of the outstanding common stock of Bankers Fire, whose home office is maintained in Birmingham, Ala. (executive offices are located in Atlanta). Bankers Fire does business in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina and Tennessee.

Kennesaw Life has outstanding 742,304 shares of common stock. Fred W. Lagerquist, Jr., is president and board chairman. American Preferred Corporation owns 20.2% of the outstanding Kennesaw Life common and Peachtree Securities Corporation 13.3%. Certain company officials are also officials of Peachtree Securities.

**NATIONAL BANK OF DETROIT FILES PLAN.** National Bank of Detroit, Woodward at Fort St., Detroit, Mich., filed a registration statement (File 2-21954) with the SEC on December 16 seeking registration of \$2,000,000 of participations in its Retirement Plan and Trust for Self-Employed Individuals. Such Participations are to be offered to self-employed individuals to permit them to establish pension plans for themselves and their employees intended to qualify under Section 401 and related provisions of the U. S. Internal Revenue Code of 1954, as amended by the Self-Employed Individuals Tax Retirement Act of 1962.

**U.S. PLYWOOD FILES STOCK PLAN.** United States Plywood Corporation, 55 West 44th St., New York, N.Y. 10036, filed a registration statement (File 2-21955) with the SEC on December 16 seeking registration of 21,000 shares of common stock, to be offered pursuant to its Employees' Stock Purchase Plan for 1964.

**SECURITIES ACT REGISTRATIONS.** Effective December 16: Midwestern Gas Transmission Co. (File 2-21866); Pan American World Airways, Inc. (File 2-21726). Effective December 17: Consolidated Foods Corp. (2-21869). Withdrawn December 16: Transpacific Group, Inc. (File 2-21604).

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