

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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FOR RELEASE February 7, 1962

JIFFY STEAK CO. FILES FOR STOCK OFFERING. Jiffy Steak Company, Route 286, Saltsburg, Pa., filed a registration statement (File 2-19748) with the SEC on February 5th seeking registration of 65,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Arthurs, Lestrangle & Co. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes 6,500 shares underlying 5-year warrants to be sold to the underwriters at 25¢ per warrant, exercisable initially at 107% of the public offering price.

The company is engaged in the processing, packaging and sale of frozen meat and frozen meat products. Certain of its products are sold by its wholly-owned subsidiaries, Illinois Jiffy Steak Company, Flash-O-Freeze Meats, Inc. and Patti-Pak Steak Company, under their respective brand names. The company is also developing retail marketing outlets for its products through wholly-owned subsidiaries operating drive-in restaurants under the trade name "Winkys," the first of which will be opened in February 1962. Of the net proceeds from the stock sale, \$146,750 will be used for redemption of 2,910 shares of \$50 par preferred stock, and the balance for plant expansion and working capital.

In addition to certain indebtedness and the preferred stock, the company has outstanding 202,104 shares of common stock (after giving effect to a recent recapitalization whereby such shares were issued in exchange for the 50,526 shares then outstanding). Of such outstanding common stock, Samuel J. Erenstein, president, Bernard J. Erenstein, treasurer, Harold Erenstein, vice president, and Maurice P. Cauff, secretary, own over 22% each. Book value of stock now outstanding is \$3.08 per share.

RECEIVER ASKED FOR LOWELL MURPHY & CO. The SEC Denver Regional Office announced February 2d the filing of an application (USDC Denver) seeking the appointment of a receiver for Lowell, Murphy & Co., Inc., of 460 Denver Club Bldg., Denver, and motions to restrain and enjoin that company, John H. Lowell and Thomas H. Murphy from removing, altering or destroying the books and records of said firm. (Lit-2188)

TRADING IN BLACK BEAR INDUSTRIES SUSPENDED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Black Bear Industries, Inc., on the San Francisco Mining Exchange and over-the-counter market for a further ten-day period February 8-17, 1962, inclusive.

RULE ADOPTED RE CONVERTIBLE SECURITIES. The SEC today announced the adoption of Rule 155 under the Securities Act of 1933 (Release 33-4450) relating to the Section 4(1) exemption from registration for public offerings of convertible securities by or on behalf of any person who purchased such securities directly or indirectly from the issuer in a non-public transaction, or to a public offering of the securities received upon conversion of the securities so placed. Of course, where there is an initial public offering of convertible securities immediate registration is required, in the absence of some exemption, and the rule has no application to such a situation.

The new rule defines the phrase "transactions by an issuer not involving any public offering," in Section 4(1) of the Act as not including within the provisions of that exemption certain public offerings of convertible securities or of securities received upon such a conversion. The rule excludes from the quoted exemption two types of public offerings. The first is a public offering of a security, which is immediately convertible into another security of the same issuer, by or on behalf of any person or persons who purchased the convertible security directly or indirectly from the issuer in a non-public transaction. The other type of offering excluded from the quoted exemption is one by or on behalf of any such person or persons of the security acquired upon conversion, unless the person or persons making the public offering are not underwriters within the meaning of that term as defined in Section 2(11) of the Act. In determining whether any such person is an underwriter, the usual statutory tests are to be applied, as in other situations.

In order that intermediate persons who are not connected with any public offering of such securities may not be treated as underwriters, the rule provides that any such intermediate holder of the convertible security or of the underlying security who has not acquired it with a view to its distribution and is not instrumental in making or arranging a public offering is not to be deemed an underwriter for the purpose of the rule. Of course, even though a person is instrumental in making or arranging a public offering of the underlying security, the rule does not apply if the acquisition, retention and disposition of such security are such that the person is not an underwriter within the meaning of the term as defined in Section 2(11) of the Act.

BORROWINGS BY APPALACHIAN POWER APPROVED. The SEC has issued an order under the Holding Company Act. (Release 35-14574) authorizing Appalachian Power Company, Roanoke, Va., subsidiary of American Electric Power Company, Inc., to issue its promissory notes to banks during 1962 in amounts not exceeding \$42,000,000 in the aggregate. Proceeds thereof will be used to pay part of the cost of Appalachian's construction program, estimated at \$55,000,000.

OVER

WILLIAM STREET FINANCIAL PLANNING FILES INVESTMENT PLANS. William Street Financial Planning, Inc., One William Street, New York, depositor for One William Level Investment Plans, filed a registration statement (File 2-19749) with the SEC on February 6th seeking registration of \$25,000,000 of single and monthly investment plans.

E. J. BRACH & SONS FILES FOR SECONDARY. E. J. Brach & Sons, 4656 West Kinzie Street, Chicago, today filed a registration statement (File 2-19750) with the SEC seeking registration of 210,000 outstanding shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Goldman, Sachs & Co. The public offering price and underwriting terms are to be supplied by amendment. The company is engaged in the manufacture of a variety of popular priced candies. It has outstanding 2,281,320 shares of common stock (after giving effect to a proposed 2-for-1 stock split), of which Edwin J. Brach, board chairman, and Frank V. Brach, president, own 10.33% and 12.02%, respectively, and management officials as a group 27.8%. The Brachs propose to sell 100,000 and 50,000 shares, respectively, and three others propose to sell an aggregate of 60,000 of 227,026 shares owned.

INVESTMENT BANKERS OF AMERICA HEARING SCHEDULED. The hearing in proceedings to determine whether to revoke the broker-dealer registration of Investment Bankers of America, Inc., of 1522 Connecticut Avenue, Washington, D. C., has been scheduled for March 5, 1962, in the Commission's Washington office. The proceedings, authorized in April 1960, involve charges that the respondent company violated the Commission's net capital rule, confirmation rule and record-keeping requirements, and that it engaged in practices violative of the anti-fraud provisions of the Securities Exchange Act by inducing the purchase and sale of securities by certain customers upon representations that it was acting as agent for said customers in effecting such transactions when, in fact, it acted as principal for its own account.

BYQUIST, MILES AND SWANSON ENJOINED. The SEC Seattle Regional Office announced January 29th (Lit-2189) the entry of a Federal court order (USDC Spokane, Wash.) enjoining Richard Byquist, Jr., Cecil L. Miles and Ray M. Swanson from violating the Securities Act registration requirement in the public offering of preincorporation subscriptions and shares in an unnamed mining corporation to be formed to conduct mining operations in Pend Oreille County, Wash.

GLENN SWANSON AND FLOYD SPARROW GUILTY. The SEC Seattle Regional Office announced February 2nd (Lit-2190) the return of verdicts of guilty against Glenn G. Swanson and W. Floyd Sparrow (USDC, Spokane, Wash.) on charges of fraud in the sale of stock of Treasure State Life Insurance Co. of Butte, Montana.

DELTA AIR LINES FILES FOR STOCK OFFERING. Delta Air Lines, Inc., Atlanta Airport, Atlanta, Ga., today filed a registration statement (File 2-19751) with the SEC seeking registration of 203,687 shares of common stock, to be offered for public sale through underwriters headed by Courts & Co. The public offering price (\$45 maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of transporting persons, property and mail by air. It also is engaged in the business of dusting crops by airplane. Net proceeds from the stock sale will be available for general corporate purposes, including the acquisition of aircraft and equipment. In addition to certain indebtedness, the company has outstanding 1,496,313 shares of common stock (after giving effect to a proposed stock split in the form of a 33-1/3% stock dividend), of which management officials as a group own 7.5%. R. W. Freeman is board chairman and C. E. Woolman is president. *As estimated for purposes of computing the registration fee.

SECURITIES ACT REGISTRATIONS. Effective February 7: Atlas Electronics, Inc. (File 2-19065); Burnham & Morrill Co. (File 2-19190); Duke Power Co. (File 2-19613); Eon Corp. (File 2-19086); The Western Union Telegraph Co. (File 2-19621).

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