

# 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 May 21, 1962

**Statistical Release No. 1827.** The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended May 18, 1962, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 - 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	5/18/62	5/11/62		High	Low
Composite	129.9	127.2	+2.1	144.3	127.2
Manufacturing	119.9	118.1	+1.5	135.0	118.1
Durable Goods	119.2	116.4	+2.4	135.6	116.4
Non-Durable Goods	121.3	119.8	+1.3	134.4	119.8
Transportation	100.0	98.1	+1.9	111.0	98.1
Utility	169.8	164.6	+3.2	185.5	164.6
Trade, Finance & Service	165.4	162.0	+2.1	178.2	162.0
Mining	98.2	97.4	+0.8	113.3	97.4

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended May 17, 1962, 28 registration statements were filed, 37 became effective, 10 were withdrawn, and 756 were pending at the week-end.

**THREE OFFERINGS SUSPENDED.** The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to proposed public offerings of stock by the following: (a) National Capital Acceptance Corporation, 1925 K Street, N. W., Washington, D. C.; (b) General Design Corporation, 1252 West Peachtree Street, N. W., Atlanta, Georgia; and (c) Transmount Mining Venture, Inc., 219 Independence Building, Colorado Springs, Colorado.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. Each of the above companies, in notifications filed October 20, 1961, April 25, 1962, and October 25, 1960, respectively, proposed the public offering of common stock as follows: National, 150,000 Class A shares at \$2 per share; General 65,000 shares at \$3 per share; and Transmount, 68,187 shares at \$1 per share. The Commission asserts in its orders that it has reasonable cause to believe that each of the companies failed to comply with certain terms and conditions of Regulation A, and that the offering circular of each is false and misleading in respect of certain material facts. Each order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations with respect to National involve the failure to name Guardian Investment Corporation as an affiliate and to disclose that Guardian and Earl J. Lombard, a promoter, were enjoined by Federal court order in January 1962 from certain conduct and practices in connection with the purchase and sale of securities; the failure to identify certain individuals who may be deemed underwriters under the Securities Act; and the failure to disclose the ownership interests of management officials in Guardian. It is further alleged that a Regulation A exemption is not available to National by reason of the said injunction and that National failed to file the required consent and certification of individuals who may be deemed underwriters.

With respect to General, the order asserts that its offering circular is false and misleading with respect to a mark-up in the value of assets acquired from the insiders over the cash cost thereof to the insiders, which mark-up tends to conceal an insolvent condition; the dilution in the interest represented by shares being offered for public sale due to such insolvency and the issuance of shares to promoters and affiliates; the interlocking interests of officials and promoters in the company and affiliates; and the extent to which insiders will profit at the expense of public investors, through gratuities, salaries, fees and bonuses. It is further alleged that the company's Regulation A notification fails to name all management officials, promoters and affiliates; all interests of officials and promoters in General and the cost to them of assets transferred to the company in exchange for securities; the aggregate remuneration of management officials; and the amount of proceeds from the public offering to be paid officers and promoters.

Transmount's offering circular is alleged to be false and misleading by reason of the inclusion of misleading financial statements and the failure to disclose certain information accurately and adequately, including the company's relationship to Trans-Mountain Uranium Company, Inc., compensation to management officials, use of proceeds, shares distributed to original investors and the dilution in the interest represented by shares being offered for public sale, speculative aspects of the offering and the risks attendant upon an investment in Transmount stock, the terms of a lease under which the company claims the right to conduct its mining operations and the insufficiency of the company's milling equipment.

(NOTE TO PRESS. Copies of foregoing also available at the SEC Atlanta and Denver Regional Offices).

**BONNEVILLE RESOURCES SUSPENSION PERMANENT.** The Commission's order of March 9, 1962, temporarily suspending a Regulation F exemption from registration with respect to assessments upon outstanding shares of  
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Bonneville Resources, Inc., of Salt Lake City, has become permanent following withdrawal by the company of its request for a hearing to determine whether the suspension order should be vacated or made permanent.

**HAWAII REAL ESTATE INVESTMENT TRUST FILES FOR OFFERING.** Hawaii Real Estate Investment Trust, Honolulu, Hawaii, filed a registration statement (File 2-20383) with the SEC on May 18th seeking registration of 1,000,000 shares of beneficial interest in the Trust and 8-year warrants to purchase an additional 1,000,000 shares at \$10 per share. Such securities are to be offered for public sale in units consisting of one share and one warrant, and at \$10 per unit. White, Weld & Co., Incorporated, 20 Broad Street, New York, heads the list of underwriters; and the underwriting terms are to be supplied by amendment.

The Trust is an unincorporated business trust organized under Hawaii law in May 1962. Its purpose is to provide investors with an opportunity to own, through the purchase of beneficial shares in the Trust, an interest in various types of investments, consisting principally of real estate and interests therein, which would not normally be available to them individually. The Trust is designed to qualify as a "real estate investment trust" under the Internal Revenue Code. The net proceeds from the sale of the units, except for a minor portion thereof which will be used for working capital, will be applied to the purchase and/or development of the Trust's investments, a major portion of which will be located in Hawaii. Charles J. Pietsch, Jr. will advise the trustees of the trust on real estate investments; and Pietsch owns 55% of the outstanding shares of Honolulu Management Company, Inc., which will be the manager of the Trust's properties in Hawaii. The Trust has outstanding, in addition to certain indebtedness, 20,965 beneficial shares which (together with a like amount of warrants) were (or will be) issued to Pietsch and members of his family in exchange for two apartment developments located in midtown Honolulu. Carl E. Hanson is managing trustee.

**BOSTON EDISON PROPOSES BOND OFFERING.** Boston Edison Company, 182 Tremont Street, Boston, filed a registration statement (File 2-20384) with the SEC on May 18th seeking registration of \$15,000,000 of first mortgage bonds due 1992 (series H), to be offered for public sale at competitive bidding. The net proceeds from the bond sale, together with other funds, will be applied to the redemption of \$15,000,000 of 5 1/2% first mortgage bonds (series G), at the redemption price of 106.02% plus accrued interest.

**INCOME PROPERTIES FILES FOR STOCK OFFERING.** Income Properties, Inc., 1801 Dorchester Road, Brooklyn, N. Y., filed a registration statement (File 2-20385) with the SEC on May 18th seeking registration of 200,000 shares of Class A stock and 3-year warrants to purchase an additional 200,000 shares, to be offered for public sale in units consisting of one Class A share and one warrant. The offering will be made on a best efforts all or none basis by Crow, Brouman & Chatkin, Inc., 115 Broadway, New York. The exercise price of the warrants, public offering price of the units (maximum \$12 per Class A share\*) and underwriting terms are to be supplied by amendment. The statement also includes 20,000 shares underlying like warrants to be sold to the underwriter for \$200.

The company owns and operates nine apartment houses in the New York metropolitan area and, through a subsidiary, owns a one story commercial building in Reading, Pa. Through another subsidiary, it has commenced construction of an additional apartment house to be in New York City. The company intends to apply the net proceeds from the sale of the units to the liquidation of all of its unsecured bank loans totalling \$300,000, certain mortgages amounting to \$562,834 on the new apartment, outstanding construction notes totalling \$345,000; and the balance will be used toward cost of completing the construction of the apartment and for working capital. (The prospectus reflects a net loss of \$23,811.59 for the year ended December 31, 1961 and \$8,609.01 for the three months ended March 31, 1962).

In addition to certain indebtedness, the company has outstanding 331,626 Class A and 30,136 Class B shares, of which latter stock Joseph J. Macaluso, president, and Eisle & King, Libaire Stout & Co. own 17.7% and 16.7%, respectively. Management officials as a group own 6.1% of the Class A shares. The Eisle & King firm purchased its shares at \$1 per share in connection with its underwriting of a previous issue by the company. Class B stockholders, voting as a class, have the right to elect 7 of the 11 board members.

**PERMEATOR CORP. PROPOSES RIGHTS OFFERING.** Permeator Corporation, 445 Park Avenue, New York, filed a registration statement (File 2-20386) with the SEC on May 18th seeking registration of 300,000 shares of common stock. It is proposed to offer such stock for subscription at \$5 per share by stockholders of the company's parent, National Petroleum Corporation Limited, of Alberta, Canada, at the rate of one share for each 15 shares of National held. The record date is to be supplied by amendment. Irving Weis & Company, 66 Beaver Street, and Godfrey, Hamilton, Taylor & Co., Inc., 101 Park Avenue, both of New York, head the list of underwriters. For their respective commitments, the underwriters will receive a commission of 25¢ for each share subscribed to by shareholders (with the exception of 50,000 shares to be subscribed for by S. Myron Zandmer, president of both companies and a principal stockholder of the parent) and 40¢ for each unsubscribed share sold to the public. The statement also includes 50,000 shares underlying 30-month warrants sold to the underwriters for \$500, exercisable at \$5.50 per share, and 12,500 shares underlying like warrants sold to Jack Gorham for \$125, as a finder's fee.

The company (formerly National Instruments Corp.) was organized in 1961 for the specific purpose of acquiring for 600,000 shares of its common stock, an assignment of National Petroleum's exclusive licenses under patents and patents pending to manufacture, use and sell a tool, known under the trademark "Permeator," for use in the completion of oil and gas wells; the exclusive rights to additional tools and equipment designed and developed by National Petroleum for use in conjunction with Permeators; National Petroleum's know-how and engineering data relating to the Permeator method of well completion; and the trademark Permeator together with the good-will connected therewith. Although the Permeator method is said to have been effectively employed in oil and gas wells and has been used by a limited number of oil producers, Permeators and said method have not yet been sold or serviced on a commercial basis; and the company is in the initial stages of commencing operations. Initially it intends to establish only two or three supply

depots in conjunction with engineering offices in major oil centers and to engage in the completion of wells drilled by the company and others or recompletion of wells already drilled by others in new or old oil fields. The company's tools and equipment will be manufactured for it by others according to its specifications. The \$1,325,000 estimated net proceeds from the stock sale will be used to service the completion of wells for oil and gas producing companies and to expand facilities, inventory and advertising. About \$500,000 will be used in connection with the completion of wells drilled by the company and others and the recompletion of wells already drilled by others but left as open hole completions.

The company has outstanding 835,000 shares of common stock, of which National Petroleum owns 77.8%. Zandmer owns 17% of the outstanding stock of National Petroleum.

**CORPORATE PENSION FUNDS UP.** The SEC announces (for Tuesday Newspapers) that the assets of pension funds of United States corporations totalled \$32.4 billion at the end of 1961, an increase of \$3.7 billion during the year. The growth in 1961 compares with increases of \$3.4 billion in 1960 and \$3.2 billion in 1959. Among the significant developments indicated by the 1961 survey were a greater growth in assets than in any previous year, a sharp rise in market value of fund investments, greater trading activity in common stock, and a further increase in investment income. (For details, see Statistical Series Release No. 1828).

**CAPITAL SECURITIES ENJOINED.** The SEC Fort Worth Regional Office announced May 16th (Lit-2267) the entry of a Federal court order (USDC San Antonio) permanently enjoining Capital Securities Co., from further sale of stock of Dynamic Metals, Inc., in violation of the Securities Act registration requirement.

**CAPITAL INVESTMENTS PROPOSES RIGHTS OFFERING.** Capital Investments, Inc., 743 North Fourth Street, Milwaukee, Wisc., today filed a registration statement (File 2-20387) with the SEC seeking registration of 86,370 shares of common stock. It is proposed to offer such stock for subscription by stockholders at the rate of one new share for each two shares held. The Marshall Company, 765 N. Water Street, Milwaukee, heads the list of underwriters. The record date, subscription price (maximum \$10 per share\*) and underwriting terms are to be supplied by amendment.

The company is registered as a closed-end, non-diversified management investment company under the Investment Company Act of 1940 and is also licensed as a small business investment company under the Small Business Investment Act of 1958. Its business is to provide capital for selected small business concerns, particularly those located in Wisconsin, by purchasing their equity securities, by making long-term loans to such concerns, and by furnishing consulting and advisory services to them on a fee basis. The net proceeds from the stock sale will be added to general funds and applied to such business activities, and to the extent necessary, to retire \$142,000 of outstanding subordinated debentures held by the Small Business Administration.

In addition to certain indebtedness, the company has outstanding 172,740 shares of common stock (after giving effect to a recent 2-for-1 stock split), of which Bank Stock Corporation (a Wisconsin bank holding company) owns 11.6% and management officials as a group 7.7%. Frank W. Norris is president.

**SECURITIES ACT REGISTRATIONS.** Effective May 21: Sixty Realty Trust (File 2-19873); North American Real Estate Trust (File 2-19279); Symington Wayne Corporation (File 2-20143). Withdrawn May 21: Folz Vending Co., Inc. (File 2-18982); Hi-Press Air Conditioning of America, Inc. (File 2-20043); Lamb Industries, Inc. (File 2-19552).

\*As estimated for purposes of computing the registration fee.

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