

# 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 November 27, 1962

**REGISTRATIONS OF TWO NEW YORK FIRMS REVOKED.** The SEC has issued orders under the Securities Exchange Act (Releases 34-6953 and 34-6954) revoking the broker-dealer registrations of R. W. Edwards & Co., Inc., 35 West 90th Street, New York, and Joseph Du Bovy, doing business as Du Bovy Associates, 144-45 35th Ave., Flushing, New York. The Commission found that the Edwards firm had failed to file reports of its financial condition for 1960 and 1961, and that Du Bovy had failed to file a report of financial condition as of a date from one to five months after his registration became effective in July 1961.

**SEC ORDER CITES MUTUAL REAL ESTATE INVESTORS.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Mutual Real Estate Investors, Inc., 303 Whitney Ave., New Haven, Conn., engaged in practices which operated as a "fraud and deceit" upon investors or otherwise violated the Federal securities laws and, if so, whether its application for registration as a broker-dealer should be denied.

In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that Mutual and S. Robert Taylor, president and controlling stockholder, in the offer and sale of limited partnership interests in Lima Associates of Lima, Ohio, Jefferson Texas Company and Darien Motor Lodge Associates during the period from December 1961 through October 1962, "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit" upon investors in violation of the anti-fraud provisions of the Federal securities laws. Sale of securities of Lima Associates and Darien Motor Lodge in violation of the Securities Act registration requirement also is charged. The staff also alleges that false and misleading representations were made in the offer and sale of the securities of the three companies, particularly with respect to the true amount of return to be realized from an investment in such securities and the fact that such return was dependent upon certain items such as the amount of competition encountered and changes in traffic and population. The staff also charges (1) that Mutual engaged in the sale of securities while not registered as a broker-dealer; (2) that Mutual and Taylor in the offering and sale of securities of Lima Associates and Darien Motor Lodge distributed certain sales literature in advance of the offering circular and failed to file the required copies thereof with the Commission; and (3) that in the offering and sale of securities of Jefferson Texas they used sales literature which failed to meet the Securities Act prospectus requirements.

A hearing will be on December 3, 1962, in the U. S. Post Office and Courthouse Building, Boston, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether Mutual's registration application should be denied. The hearing will concern itself initially with the question whether to postpone the effective date of registration pending decision on the question of denial.

**ROBIN-PROFITMAKER HEARING TRANSFERRED.** The hearing scheduled for December 6th in Miami, Fla., in administrative proceedings under the Investment Advisers Act involving Anne Caseley Robin, doing business as The Profitmaker, and Ben Robin (of Coral Gables and Miami, Fla., respectively) has been transferred from the SEC Miami Branch Office to Room 201, U. S. Post and Federal Building in Miami. The hearing will commence at 9:00 A.M.

**SPACE TECHNOLOGY AND RESEARCH OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Space Technology and Research Corporation, 520 Midland Savings Bldg., Denver, Colo.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on June 20, 1961, Space Technology proposed the public offering of 300,000 common shares at \$1 per share and named Henry Fricke Company, of New York, as the underwriter. The Commission asserts in its suspension order that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with, that the company's offering circular was false and misleading in respect of certain material facts, and that the offering was made in violation of the Securities Act anti-fraud provisions. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

According to the order, the company (a) did not comply with the Regulation in that the aggregate offering price exceeded the \$300,000 limitation imposed by the Act; and (b) filed a false report of stock sales. The alleged misrepresentations relate to (1) the failure to disclose properly the method of the offering, the offering price, and the underwriting discounts and profits to the underwriter, and the failure to name certain undisclosed underwriters, including Preferred Securities, Inc., (2) the uses to be made of the proceeds of the stock sale, (3) the company's intent to make patent applications for certain processes or inventions, (4) its proposal to secure and provide facilities for personnel to complete feasibility studies that define systems which may be found practical in providing control, guidance and power in space systems, and (5) the failure to disclose properly the aims and purposes of the business enterprise.

**DECORATIVE INTERIORS HEARING TRANSFERRED.** The hearing scheduled for December 5th in Miami, Fla., in proceedings on the question whether to vacate or make permanent an order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Decorative Interiors, Inc., of Miami, has been transferred from the SEC Miami Branch Office to the U. S. Post Office and Federal Building, in Miami.

OVER

**NORTH GERMAN LLOYD REQUEST GRANTED.** The SEC has issued an order under the Trust Indenture Act of 1939 granting an application of Norddeutscher Lloyd (North German Lloyd) for an exemption from the provisions of Section 314(b)(2) of the Act with respect to a proposed Supplemental Indenture relating to its 4½% Debt Adjustment Debentures due 1970, insofar as that Section calls for an annual opinion of counsel with regard to the re-recording and re-filing of the indenture to maintain the lien of the indenture (in the opinion of counsel subsequent re-recording or re-filing will not be necessary).

**WHITNEY APOLLO EXEMPTED.** The SEC has issued an order under the Investment Company Act (Release IC-3579) declaring that Whitney Apollo Corporation, of New York, has ceased to be an investment company. According to the order, the company was liquidated in 1957 and all of its property and assets were distributed to the sole stockholder, Madison Square Garden Corporation, in payment of indebtedness and the complete cancellation of the company's outstanding capital stock; and in 1959 a Certificate of Dissolution was issued by the Pennsylvania Department of State.

**JOSIAH M. KIRBY GUILTY.** The SEC Chicago Regional Office announced November 20th (LR-2437) that Josiah M. Kirby pleaded guilty (USDC, ND, Ohio) in criminal contempt proceedings charging disobedience and defiance of a 1949 permanent injunction entered against him from acting as an over-the-counter broker or dealer in securities without registration under the Securities Exchange Act of 1934.

**ALLAN L. LEVINE ENJOINED.** The SEC San Francisco Regional Office announced November 23rd (LR-2438) the entry of a Federal court order (USDC, Las Vegas) permanently enjoining Allan L. Levine, Tarzana, Calif., former president and principal stockholder of Marshal Manufacturing Co., Inc., of Nevada, from further violations of the Securities Act anti-fraud provisions in the offer and sale of capital stock of Marshal Mfg. The Court also entered a default judgment formally enjoining Sidney Brustin, Santa Monica, former vice president of that company, from similar violations.

**BELOCK INSTRUMENT CORP. PROPOSES DEBENTURE AND RIGHTS OFFERING.** Belock Instrument Corporation, 112-03 Fourteenth Ave., College Point, N. Y. filed a registration statement (File 2-20905) with the SEC on November 23rd seeking registration of \$1,400,000 of 6% convertible subordinate debentures due 1975 (series A), to be offered for public sale through underwriters headed by Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes \$752,400 of 6% convertible subordinate debentures due 1975 (series B) and an unspecified number of common shares. It is proposed to offer the series B debentures and common shares in 7,524 units (consisting of \$100 of debentures and an unspecified number of shares) for subscription by common stockholders on the basis of one unit for each 130 common shares held. No underwriting is involved. The record date and subscription price (maximum \$210 per unit\*) are to be supplied by amendment.

The company is engaged in designing, developing and manufacturing mechanical, electromechanical and electronic precision instruments, equipment and systems, principally for the Armed Forces. Of the net proceeds from the public debenture sale, \$250,000 will be used to repay a 5% promissory note incurred to redeem in December 1962 \$224,000 of 5-3/4% convertible subordinate debentures due 1973, and the balance will be added to general funds for working capital. The net proceeds of the rights offering will be applied toward prepayment of a \$1,200,000 6% note due 1963 and a \$300,000 non-interest bearing note due 1963 incurred for working capital. According to the prospectus, the owners of such indebtedness have agreed to accept, at the subscription price, unsubscribed units in replacement of the unredeemed portion of the principal amount of such indebtedness. In addition to certain indebtedness and preferred stock, the company has outstanding 978,120 shares of common stock, of which Harry D. Belock owns 12.8%, the executors of the estate of Helen Neuschaefer 14.3%, and management officials as a group 3.1%. In addition, Carl M. Loeb, Rhoades & Co. owns of record 22.9%. Walter V. Tyminski is president and Edward H. Weitzen is board chairman.

**RED OWL STORES FILES FOR SECONDARY.** Red Owl Stores, Inc., 215 East Excelsior Ave., Hopkins, Minn., filed a registration statement (File 2-20906) with the SEC on November 23rd seeking registration of 32,500 outstanding shares of common stock, to be offered for public sale by the holders thereof on the New York Stock Exchange at prevailing market prices at the time of sale (maximum \$39.50 per share\*). The statement also includes 42,430 common shares, to be offered pursuant to the company's Restricted Stock Option Plan.

The company is engaged in the wholesale and retail food business in a ten state area, primarily in the Upper Middle West. Subsidiaries operate a retail drug store chain and radio broadcasting station, sell and redeem trading stamps, and own and lease real estate. The selling stockholders acquired stock of the company pursuant to its acquisition in April 1962 of all the outstanding common stock of Snyder's Drug Stores, Inc., a Minnesota corporation. In addition to various indebtedness, the company has outstanding 2,112,069 shares of common stock, of which management officials as a group own 7.26%. Ford Bell is board chairman and Alf. Bergerud is president. The prospectus lists 34 selling stockholders, including John E. White who proposes to sell 5,057 shares. Others propose to sell amounts ranging from 32½ to 3,250 shares.

**KING-STEVENSON GAS AND OIL PROPOSES DEBENTURE RIGHTS OFFERING.** King-Stevenson Gas and Oil Company, 2200 First National Bank Bldg., Denver, Colo., filed a registration statement (File 2-20907) with the SEC on November 26th seeking registration of \$1,526,200 of 6½% convertible subordinated debentures due 1977. It is proposed to offer such debentures for subscription by common stockholders at 100% of principal amount, at the rate of \$100 of debentures for each 30 shares held on November 15, 1962. No underwriting is involved.

The company is engaged in operating gas and oil properties for its own account and for others; supervising drilling on leases owned by the company, its co-owner associates individually and industry partners; and offering to its shareholders and others individual participations in a continuing series of oil and gas exploration programs and managing such programs. The \$1,506,200 estimated net proceeds from the debenture

CONTINUED

sale will be added to general funds and used for general corporate purposes and to enable the company to carry its share of the costs of drilling and completing wells on a number of locations located near Kingfisher and Dewey Counties, Oklahoma, and Alberta, Canada, until the cost of such wells may be refinanced on a long term basis. In addition to certain indebtedness, the company has outstanding 579,962 shares of common stock, of which John M. King, president, and Ben T. Stevenson, vice president, own an aggregate of 43.51% and management officials as a group 66.13%.

**TEXACO - AMERICAN CYANAMID FILE STOCK PLAN.** Texaco Inc., 135 East 42nd St., New York, and American Cyanamid Company, 859 Berdan Avenue, Wayne, N. J., filed a registration statement (File 2-20908) with the SEC on November 23rd seeking registration of \$2,109,177 of participations in the Employees Savings Plan of Jefferson Chemical Company, Inc. (which is 50% owned by each), and 41,255 capital shares of Texaco and 53,141 common shares of American Cyanamid, which may be acquired pursuant thereto.

**BIG TOP STORES FILES FOR STOCK OFFERING.** Big Top Stores, Inc., 832 Scarsdale Ave., Scarsdale, N. Y., filed a registration statement (File 2-20911) with the SEC on November 26th seeking registration of 86,000 shares of common stock, to be offered for public sale at \$3.50 per share. The offering will be made on an agency best efforts basis by P. J. Gruber & Co., Inc., 5 Hanover Square, New York, which will receive a 42¢ per share selling commission and \$8,000 for expenses. The statement also includes 8,600 outstanding shares sold to the underwriter by principal stockholders at 10¢ per share.

Organized in April 1962, the company operates five modern retail toy, stationery and variety stores, selects locations and supplies fixtures and merchandise for "Big Top" stores which are sold to independent franchised owners, and supplies its own retail stores and services the franchised stores, as well as other retailers, supermarkets and others. The \$222,000 estimated net proceeds from the stock sale will be used to acquire and equip additional locations, for inventory requirements of new units, and for general working capital. The company has outstanding 123,500 shares of common stock, of which Martin Rotker, president, and William Langus, secretary-treasurer, own 38.5% each. Sale of new stock to the public at \$3.50 per share will result in an increase in the book value of stock now outstanding from \$1.77 to \$2.10 per share, with a resulting dilution of \$1.40 per share in the book equity of stock purchased by the public.

**CENTRAL AND SOUTH WEST SEEKS ORDER.** Central and South West Corporation, Wilmington registered holding company, and three of its subsidiaries, Central Power and Light Company, Southwestern Electric Power Company, and West Texas Utilities Company, have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to borrow from Central and South West an aggregate of \$7,500,000; and the Commission has issued an order (Release 35-14752) giving interested persons until December 13, 1962 to request a hearing thereon. According to the application, the parent intends to lend the subsidiaries the \$7,500,000 and, upon repayments thereof, relend to them up to an aggregate of \$13,000,000 for the purpose of financing, in part, their construction programs. Accordingly, Central Power, Southwestern and West Texas, respectively, propose to issue up to \$5,000,000, \$5,000,000 and \$3,000,000 of unsecured notes to Central, provided that the aggregate amount of such notes outstanding at any one time not exceed \$7,500,000.

**HALLICRAFTERS FILES FOR SECONDARY.** The Hallicrafters Co., 4401 W. Fifth Ave., Chicago, today filed a registration statement (File 2-20913) with the SEC seeking registration of 108,144 outstanding shares of capital stock, to be offered for public sale by the holders thereof through underwriters headed by Paine, Webber, Jackson & Curtis, 209 S. LaSalle St., Chicago. The public offering price (maximum \$15 per share\*) and underwriting terms are to be supplied by amendment.

The company manufactures and sells, under the "Hallicrafters" name, short-wave radio transmitting and receiving equipment designed primarily for amateur, commercial and industrial communications use; and it also engages in certain long-range engineering projects for the Armed Forces including aircraft antenna and transmission systems and communications transmitters and receivers. In addition to certain indebtedness, the company has outstanding 2,461,185 shares of capital stock, of which William J. Halligan, board chairman, Katherine M. Halligan, a director, and John R. Halligan, a vice president, own about 10% each. Management officials as a group own 52.25%. Robert F. Halligan is president. The prospectus lists 7 selling stockholders owning an aggregate of 200,000 shares which they received from the company in 1961 pursuant to its acquisition of Manson Laboratories, Inc. (now a subsidiary). Herbert B. Feldman, Jonas M. Shapiro and Sandford Jacobson own 63,952 shares each and propose to sell 33,333 shares each. The others propose to sell all of their holdings.

**COLUMBIA GAS SYSTEM PROPOSES DEBENTURE OFFERING.** The Columbia Gas System, Inc., 120 East 41st St., New York, today filed a registration statement (File 2-20914) with the SEC seeking registration of \$25,000,000 of debentures due 1988, to be offered for public sale at competitive bidding. The net proceeds from the debenture sale will be used to redeem in February 1963 \$23,480,000 of 5-3/8% debentures due 1984 (series N) at a redemption premium of \$1,115,300 plus accrued interest. Any balance will be added to general funds.

**SECURITIES ACT REGISTRATIONS.** Effective November 26: American Investment Co. of Illinois (File 2-20825); Falcon National Life Insurance Co. (File 2-20503). Effective November 27: International Data Systems, Inc. (File 2-20759); Montana-Dakota Utilities Co. (File 2-20856). Withdrawn November 26: U. S. Cold Storage of Hawaii, Inc. (File 2-20719).

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