

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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STOP ORDER SUSPENDS GUILD FILMS FILING. The SEC today announced the issuance of a Stop Order under the Securities Act (Release 33-4406) suspending a registration statement filed by Guild Films Company, Inc., of 655 Madison Avenue, New York City, because of various deficiencies in the disclosures contained in the company's statement and prospectus. The statement was filed in May 1960 and sought registration of 17,664,891 shares of Guild Films stock. The stop order proceedings were commenced in February 1961, at which time the company was in bankruptcy. Notice of the proceedings and of opportunity for hearing was given to the respondent company, but it failed to file an answer to the allegations within the prescribed ten-day period.

The Commission found that the Guild Films registration statement and prospectus contained untrue and misleading statements of material facts and omitted to state required material facts, as alleged. These deficiencies related to the company's financial statements, the inclusion of uncertified financial statements and the omission of required schedules, as well as the following: (1) The failure to disclose adequately and accurately facts regarding the securities proposed to be issued, including the facts that it was proposed to register more shares than were authorized for issuance under the issuer's articles of incorporation, that a special meeting of stockholders scheduled to increase the number of authorized shares was not held, that the shares proposed to be registered may not lawfully be sold, and that contrary to the statement that all 17,664,891 shares proposed to be registered had been issued only 2,749,891 had in fact been issued; the omission to disclose the reasons for the proposed registration of the 2,749,891 shares already sold and outstanding; the omission to disclose the basis for determining that 12,515,000 shares would be offered to a group of corporations comprising the Vic Tanny Gymnasium System and 2,400,000 shares to registrant's creditors; and the omission to disclose the expenses to be incurred in connection with the offering and by whom they will be borne; and (2) failure to disclose adequately and accurately facts regarding the business and property of the registrant, including the omission to disclose that registrant had become a bankrupt, the effect thereof upon the proposed offering and that the agreement for sale of the 12,515,000 shares had been voided.

DETROIT EXCHANGE GRANTED UNLISTED TRADING. The SEC has issued an order under the Securities Exchange Act (Release 34-6617) granting applications of the Detroit Stock Exchange for unlisted trading privileges in the common stocks of Aeroquip Corp., American Machine & Foundry Co., Ampex Corp., Brunswick Corp., Burlington Industries, Inc., Chock Full O'Nuts Corp., Deere & Co., The General Tire & Rubber Co., The Great Atlantic & Pacific Tea Co., Inc., Helene Curtis Industries, Inc., Highway Trailer Industries, Inc., Lockheed Aircraft Corp., P. Lorillard Co., Minnesota Mining & Manufacturing Co., North American Aviation, Inc., The Ohio Oil Co., Raytheon Co., Standard Oil Co. of Calif., United Air Lines, Inc., Universal Match Corp., The Vendo Co.

CALIF. REAL ESTATE INVESTORS FILES FOR OFFERING. California Real Estate Investors, 12014 Wilshire Blvd., Los Angeles, filed a registration statement (File 2-18704) with the SEC on August 17th seeking registration of 1,000,000 shares of beneficial interest, to be offered for public sale at \$10 per share. The offering will be made on a best efforts basis through underwriters headed by Harnack, Gardner & Co., which will receive a selling commission of 95¢ per share (graduated downward on large purchases).

The Trust is a business trust organized under California law in July 1961. The objective of the Trust is "to provide a broad and selective diversification of investments in the field of real estate, and competent and continuous supervision of such investments," to which the proceeds of this financing will be applied. Fred E. Case is listed as chairman of trustees, and Aubrey E. Austin, Jr., as vice chairman.

AMERICAN DATA MACHINES FILES FOR STOCK OFFERING. American Data Machines, Inc., 7 Commercial Street, Hicksville, N. Y., filed a registration statement (File 2-18705) with the SEC on August 17th seeking registration of 150,000 shares of common stock, to be offered for public sale at \$4.50 per share. The offering will be made through underwriters headed by Amos Treat & Co., Inc. and Golkin, Bomback & Co., which will receive \$.5625 per share commission and \$15,000 for expenses. The registration statement also includes 6,000 shares which underlie five-year options, exercisable at \$4.50 per share, paid to Robert Kauzlaric and Stuart D. Wechsler, a director, as a finder's fee.

The company (formerly American Datamatic, Inc.) was organized under Delaware law in April 1961 for the purpose of purchasing the assets (including machinery, inventory, patent applications, trade marks and customer lists) used by American Electronics, Inc. at its Brooklyn plant, for the production and sale of peripheral data processing equipment. Such equipment consists of machines designed to supplement centrally located business machines, tabulators, computers and punch card systems by expediting the production, accumulation, conversion and transmission of data from the field, or periphery, to the central system. Net proceeds from the stock sale, estimated at \$560,125, will be used as follows: \$100,000 for payment of a \$100,000 note issued in connection with the acquisition; \$150,000 for repayment of a loan obtained for working capital purposes; \$50,000 for research and development costs to develop new items; \$25,000 for promotion and advertisement of products; \$70,000 for engineering and new machine tools; and the balance for working capital and other general corporate purposes.

In addition to certain indebtedness, the company has outstanding 177,500 shares of common stock which were issued as follows: 75,000 shares for \$5,000 in cash and certain laboratory equipment having a cost to the owners thereof of about \$12,000; 80,000 shares for \$100,000 in cash; and 22,500 shares as part payment (plus \$400,000) for the assets acquired from American Electronics. Of such stock, Irving Brand, president, and Irwin D. Baumel, vice president, own 21.1% each, American Electronics 12.7%, Golkin, Bombeck & Co. 14.7%, and Amos Treat & Co. 11.3%.

N.C. NATURAL GAS PROPOSES BOND OFFERING. North Carolina Natural Gas Corporation, Grace Pittman Bldg., Fayetteville, N. C., filed a registration statement (File 2-18706) with the SEC on August 17th seeking registration of \$3,000,000 of Convertible Second Mortgage Pipeline Bonds due 1981 of which \$2,250,000 are to be offered for public sale. The list of underwriters, interest rate, public offering price and underwriting terms are to be supplied by amendment. The remaining \$750,000 principal amount of bonds will be issued in exchange for an equal amount of second mortgage bonds due 1981 and warrants for the purchase of 30,000 shares of common stock.

The prospectus states that since commencement of commercial operations in 1959, the revenues of the company from sales of gas have been substantially less than originally contemplated. During the period from October 1, 1959 to June 30, 1961, the company suffered a net loss from operations of \$2,038,713 and the working capital provided by a prior financing has been exhausted. The company's current liabilities are said to substantially exceed its current assets and it has practically no cash. In addition, the company will be required to pay interest on its outstanding first mortgage bonds in the amount of \$369,531 in December 1961 and on its outstanding second mortgage bonds in the amount of \$22,500 in January 1962. Current liabilities as of June 30, 1961 included \$841,842 of short term bank loans and \$428,349 due to Transcontinental Gas Pipe Line Corporation and in arrears for gas supplied the company. Also, the company may be required to satisfy the judgment rendered against it in the amount of \$123,493.88 in action instituted by McJunkin Corporation. Net proceeds from the bond sale will be added to general funds and will be applied toward payment of \$500,000 short term notes due banks, the \$428,349 due Transcontinental, \$392,031 for the payment of interest on outstanding bonds and debentures due on or before January 1, 1962 and, to the extent needed, the judgment in the McJunkin action. The balance will be available for working capital and other corporate purposes.

In addition to certain indebtedness, the company has outstanding 655,680 shares of common stock, of which management officials as a group own 20,870 shares. V. H. Kyle, Jr. is listed as president.

JARRELL-ASH FILES FOR OFFERING AND SECONDARY. Jarrell-Ash Company, 7 Farwell Street, Newtonville, Mass., filed a registration statement (File 2-18707) with the SEC on August 17th seeking registration of 60,000 shares of Class A common stock, to be offered for public sale by the company, and 9,000 outstanding voting trust certificates representing beneficial interest in 9,000 Class B common shares, to be offered by the present holders thereof. The offering will be made through Stearns & Co. and Clayton Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes (1) 6,000 Class A shares which underlie three-year warrants to be sold to the underwriters at 10¢ each, exercisable at a price to be supplied by amendment, (2) 32,370 Class A shares issued or subject to issue upon exercise of options under the company's Restricted Stock Option Plan, (3) 14,100 Class A shares previously issued to certain investors, and (4) 25,053 Class B shares issued or subject to issue upon the exercise of certain outstanding options.

The company manufactures and sells optical instrumentation used in scientific research and production control, specializing in instrumentation in the field of emission spectroscopy. It also either manufactures or distributes x-ray diffraction instruments, flurometers, gas and other chromatographs, polarographic instruments, a dissolved oxygen determinator and other instruments. Of the net proceeds from the company's sale of new stock, \$150,000 will be used to retire bank loans incurred to finance accounts receivable and inventories, and the balance to meet current cash requirements and provide a reserve for future needs.

In addition to certain indebtedness and preferred stock, the company will have outstanding 335,292 Class A and 201,588 Class B common shares (after giving effect to a proposed 3-for-1 stock split in September 1961), of which the Trustees under a Voting Trust Agreement will hold of record 104,577 Class B shares, represented by Voting Trust Certificates. Of such certificates, Richard F. Jarrell, president and board chairman, Oscar W. Jarrell, treasurer, Clara W. Jarrell, assistant treasurer, and Porter Jarrell, will own 47,067.3, 16,389.6, 27,146.25 and 2,198.7 respectively, and propose to sell 3,300, 900, 3,000 and 300 respectively. The wives of Richard F. and Oscar W. Jarrell will sell 900 and 600 Voting Trust Certificates, respectively. In addition, C. Comstock Clayton, a director, will own 29,652 Class B and 35,628 Class A shares.

APEX MINERALS TRADING BAN CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Apex Minerals Corporation, Reno, Nev., on the San Francisco Mining Exchange and the over-the-counter market for a further ten-day period, August 19, to 28, 1961, inclusive.

VOTING TRUSTEES OF JERRELL-ASH FILE. The Voting Trustees of Jarrell-Ash Company (see above) filed a registration statement (File 2-18708) with the SEC on August 17th seeking registration of voting trust certificates representing 18,000 shares of Class B common stock. The trustees include Richard F., Oscar W., Porter and Clara W. Jarrell.

BLUE RIDGE LIMITED PARTNERSHIP FILES FOR OFFERING. Blue Ridge Limited Partnership, 1411 K Street, N. W., Washington, D. C., filed a registration statement (File 2-18709) with the SEC on August 17th seeking registration of 210 limited partnership units, to be offered for public sale at \$2,500 per unit. The offering

will be made on a best efforts basis by Swesnik, Blum and Potter Securities Corporation, which will receive \$225 per unit selling commission and \$25,000 for expenses. The underwriter is to receive as additional compensation \$25 for each unit sold to two original limited partners and \$75 for each unit sold to other limited partners prior to this offering, such additional compensation to be \$8,925.

The Partnership was organized under Maryland law in July 1961 with Richard H. Swesnik and Herbert Blum, principal stockholders of the underwriter, as general partners, for the purpose of acquiring the Blue Ridge Manor Apartments in Wheaton, Md., which is expected to be completed in October 1961. It will consist of 259 apartment units situated on about 12 acres of land. In January 1961 the general partners entered into an agreement with Nick Basiliko, Helen Basiliko, Jerry Wolman and Anne Wolman for purchase of the project at a cost to the Partnership of \$2,960,000, of which \$825,000 will be paid from the proceeds of 179 limited partnership units privately sold, and 210 units to be sold pursuant to this offering. The remaining \$2,135,000 will be financed through loans secured by first mortgages. In July 1961 the purchasers assigned all of their right, title and interest in and to the contract for the purchase of the project to the Partnership in exchange for 24 partnership units and the agreement for reimbursement of a \$50,000 deposit made pursuant to the purchase contract. The Partnership will employ Swesnik and Blum, Inc. (wholly owned by the general partners), as management agent for the project at a commission of 4% of gross annual rentals. Of the 179 limited partnership interests outstanding, A. Smith Bowman, Jr. and E. DeLong Bowman own 45 units each.

TRUE TASTE FILES FOR STOCK OFFERING. True Taste Corporation, 1206 Tower Petroleum Bldg., Dallas, Texas, today filed a registration statement (File 2-18710) with the SEC seeking registration of 200,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on an all or none basis through underwriters headed by Dallas Rupe & Son, Inc., which will receive a commission of 50¢ per share and \$6,000 for expenses.

The company was organized under Texas law in June 1961. It proposes to install and operate a plant for the processing of frozen concentrated citrus juices in bulk form. The processing and sale of frozen concentrated orange juice in bulk will be the primary objective of the company but grapefruit juice concentrate and individually frozen sections will also be processed. The company plans to engage in the processing of chilled grapefruit sections which can be packed in glass containers for sale in retail outlets and to institutional users, such as restaurants, hotels, hospitals and schools. Dehydrated citrus pulp for cattle feed will also be produced. Of the net proceeds from the stock sale, \$700,000 will be used to pay the cost of installation of machinery and equipment and the balance for working capital. The company owns seven tracts of land in the Rio Grande Valley with a total area of about 188 acres containing orange and grapefruit orchards, and the company has entered into an agreement with Rio Farms, Inc., whereby it has been granted an option to lease nine acres of land located in Monte Alto in Hidalgo County, Texas on which is located a building to be used as a plant. In exchange for the properties and lease, the company issued 70,000 common shares (33 1/3% each) to Richard L. Tayloe, president, Milbert W. Held, vice president, and Samuel D. Tayloe.

NARROW FABRIC FILES FOR OFFERING AND SECONDARY. The Narrow Fabric Company, 7th and Reading Avenues, West Reading, Pa., today filed a registration statement (File 2-18711) with the SEC seeking registration of 212,000 shares of common stock, of which 75,000 shares are to be offered for public sale by the company and 137,000 shares, being outstanding stock, by the present holders thereof. Drexel & Co. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture of braided, woven and knitted fabrics and the production of coated and processed papers from base papers purchased from others. Of the net proceeds from the company's sale of additional stock, \$150,000 will be used to pay an outstanding short-term bank note incurred in connection with refinancing and reduction of the company's bank debt effected August 17, 1961. A portion of the remainder of such proceeds will be used in connection with the company's modernization and expansion program under which it plans to expend prior to December 31, 1962, \$350,000 for weaving and other machinery for its Textile Division and an additional \$125,000 for laminating and plastic-forming equipment for its Paper Division. The balance of the net proceeds to be received by the company will be added to working capital.

In addition to certain indebtedness, the company has outstanding 405,237 shares of common stock, of which Samuel R. Fry, president, Margaret T. Fry, and the Henry Janssen Corp. own 99,730, 59,455 and 71,079 shares, respectively, and propose to sell 19,900, 11,852 and 71,079 shares, respectively. The prospectus lists 11 other selling stockholders (including 7 members of the Fry family) who propose to sell amounts ranging from 1,125 to 8,172 shares. The Fry family is selling about 20% of their holdings, and after the sale of all the shares being offered will own 40% of the outstanding shares.

SECURITIES ACT REGISTRATIONS. Effective August 18: Vacronic Lab. Equipment, Inc. (File 2-18222).