

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D.C. 20549

(In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 66-175)

FOR RELEASE September 14, 1966

**MASD SANCTIONS UPHELD.** The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-7950) dismissing proceedings to review MASD disciplinary action against the broker-dealer firm of Armstrong, Jones and Company, Detroit, Mich., and its president, Thomas W. Itin; its former sales manager and vice president, Rene F. Campeau; and a vice president, George A. Reuter. The MASD found that the said firm and individuals had violated its Rules of Fair Practice, and it censured them and fined the firm \$1,700. Based on the record, the Commission sustained MASD findings that in 1963 and 1964 the firm had violated the SEC net-capital and record-keeping requirements. It was further held that the firm had violated Regulation T and that it acted for both buyer and seller in 1964 without making required disclosures to customers.

**SEC ORDER CITES HUGH C. WATSON CO.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940, respectively, involving (1) the broker-dealer firm of Hugh C. Watson Co., Inc., 5801 E. Washington Blvd., City of Commerce, Calif., and (2) the investment adviser firm of La Jolla Management Co., 5166 Soledad Rd., San Diego, Calif. Charles Arthur Watson, president, and Hugh Charles Watson and Robert James Watson, officers of both firms, as well as William Marshall, salesman for the Watson firm, also are named as individual respondents.

The proceedings are based upon staff charges that in 1965 the two firms and said individuals engaged in activities violative of the Federal securities laws including the sale of Video Corp. stock by the Watson firm in alleged violation of registration and anti-fraud provisions of those laws. A hearing will be held, at a time and place to be announced, to take evidence on the staff charges and afford the respondents an opportunity to establish any defenses thereto, all for the purpose of determining whether the alleged violations occurred and, if so, whether any action of a remedial nature is appropriate in the public interest.

**CORPORATE EARNINGS REPORTED.** The SEC and Federal Trade Commission announce (for September 15 newspapers) that sales of U. S. manufacturing corporations in the second quarter of 1966 totaled \$141.0 billion, 14 percent higher than in the second quarter of 1965. Profits after taxes amounted to \$8.4 billion, 16 percent above the corresponding quarter of last year. The volume of sales in the second quarter was 9 percent above the preceding quarter, an increase associated partly with seasonal patterns in the durable goods industries. If allowance is made for seasonal influences, sales showed a moderate rise over the first quarter of 1966. Profits after taxes of manufacturers in the second quarter were 16 percent higher than in the January-March quarter. After-tax earnings per dollar of sales amounted to 5.9 cents in the second quarter of 1966 compared with 5.8 cents in the comparable period of 1965 and the rate of profit on stockholders' equity was 14.7 percent as against 13.8 percent in the year earlier period. When seasonal influences are taken into consideration, second quarter earnings appear to have declined slightly from the exceptionally high first quarter volume; on this basis profit margins would be somewhat lower than in the preceding quarter, with most of the drop in the durable goods group. During the second quarter of this year, manufacturing corporations paid out \$3.2 billion of dividends, about \$200 million more than in the comparable period of 1965. Internal funds -- earnings retained for use in the business and depreciation charges -- totaled \$9.5 billion, \$1.4 billion higher than in the second quarter of last year. (For further details see Stat. Release No. 2151)

**ARKANSAS P&L SEEKS ORDER.** Arkansas Power & Light Company, an electric utility subsidiary of Middle South Utilities, Inc., has applied to the SEC for an order under the Holding Company Act authorizing it to sell at competitive bidding 100,000 shares of its cumulative preferred stock, \$100 par, and to sell to the parent an additional 800,000 shares of common stock for \$10,000,000. The Commission has issued an order (Release 35-15557) giving interested persons until October 13 to request a hearing thereon. As reported in the September 1 News Digest, the subsidiary will use the net proceeds of this financing for its 1966 construction program (estimated at \$72,300,000) and other corporate purposes.

**PENN ELECTRIC SEEKS ORDER.** Pennsylvania Electric Company, Johnstown, Pa., has applied to the SEC for an order under the Holding Company Act authorizing it to sell at competitive bidding \$25,000,000 of first mortgage bonds (due 1996); and the Commission has issued an order (Release 35-15558) giving interested persons until October 9 to request a hearing thereon. As reported in the September 1 News Digest, the company will use the net proceeds of its bond sale in connection with its construction program (estimated to cost \$53,000,000 in 1966).

**MISSISSIPPI POWER PROPOSES BOND OFFERING.** Mississippi Power & Light Company, P. O. Box 1640, Jackson, Miss. 39205, filed a registration statement (File 2-25502) with the SEC on September 13 seeking registration of \$7,000,000 of first mortgage bonds, due 1996, to be offered for public sale at competitive bidding. A subsidiary of Middle South Utilities, Inc., the company will use the net proceeds of its bond sale in connection with its current construction program (estimated to cost \$51,900,000 in 1966) and for other corporate purposes.

OVER

**SILVER PICK MINES PROPOSES OFFERING.** Silver Pick Mines, Inc., 2509 N. 38th St., Phoenix, Ariz. 85008, filed a registration statement (File 2-25503) with the SEC on September 13 seeking registration of 40,000 shares of common stock. The stock is to be offered for public sale at \$3 per share, on a "best efforts, all or none" basis, through Willis E. Burnside and Co., Inc., 40 Exchange Pl., New York 10005, which will receive a \$0.45-per-share selling commission. In addition, the company has agreed to reimburse the underwriter for expenses not to exceed \$2,000 and to grant the underwriter 3-year options to purchase 40,000 common shares at \$3.05 per share.

The company was organized under Nevada law in February 1966 for the purpose of acquiring and selling mineral properties, and engaging in exploration, mining, and related pursuits. According to the prospectus, a mining property located in Pinal County, Ariz., has been acquired by a lease agreement with option to purchase. Net proceeds of the company's stock sale will be used for geological mapping, exploratory drilling and other developmental purposes, and added to working capital. The company has outstanding 262,500 common shares, of which 250,000 were issued for property (including 180,000 shares issued to Norman M. Locatis, president) and 12,500 shares at \$2 per share.

**WOODS CORP. FILES EXCHANGE PROPOSAL.** Woods Corporation, 4900 N. Santa Fe, Oklahoma City, Okla., filed a registration statement (File 2-25509) with the SEC on September 13 seeking registration of 962,259 shares of common stock. The stock is to be offered in exchange for all of the outstanding stock of Wood Industries, Inc. (Industries), of Oklahoma City, on a share-for-share basis. The offer is conditioned upon, among other things, the acceptance thereof by the holders of at least 80% of the outstanding stock of Industries. The prospectus also states that subject to the offer being declared effective, the company has agreed with stockholders of Star Manufacturing Company of Oklahoma and the stockholders of W. B. Voss, Inc. (which owns all of the outstanding voting common stock of Star), to issue a maximum of 400,000 shares of common stock for all of the outstanding shares of common stock of Star Manufacturing.

Organized under Delaware law in 1966, the company intends to engage in the businesses of its predecessors as a common and contract carrier by motor vehicle and a manufacturer of pre-engineered steel buildings suitable for commercial, industrial and agricultural uses. Roy G. Woods is board chairman and president.

**SANDERS ASSOCIATES PROPOSES OFFERING.** Sanders Associates, Inc., 95 Canal St., Nashua, N. H. 03060, filed a registration statement (File 2-25507) with the SEC on September 13 seeking registration of \$17,500,000 of convertible subordinated debentures (due 1986). The debentures are to be offered for public sale through underwriters headed by Lehman Brothers, 1 William St., and Kidder, Peabody & Co., Inc. 20 Exchange Place, both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the development, manufacture and sale of electronic systems and products, and is active in other fields of advanced technology. Of the net proceeds of its debenture sale, approximately \$10,500,000 will be used to repay bank loans incurred to finance increases during fiscal 1966 in accounts receivable and work in process and its fiscal 1966 construction program (it expects to spend an additional \$5,000,000 on construction during the current fiscal year). The balance of the proceeds will be added to working capital and used for construction purposes. In addition to indebtedness, the company has outstanding 1,872,868 common shares, of which management officials own 12.2%. Royden C. Sanders, Jr., is president.

**JACKSON'S MINIT MARKETS PROPOSES DEBENTURE OFFERING.** Jackson's Minit Markets, Inc., 5165 Beach Blvd., Jacksonville, Fla. 32207, filed a registration statement (File 2-25506) with the SEC on September 13 seeking registration of \$2,553,800 of convertible subordinated debentures (due 1981). The debentures are to be offered for subscription by stockholders at the rate of \$100 principal amount of debentures for each 30 common shares held. Any unsubscribed debentures are to be offered for public sale through underwriters headed by New York Hanseatic Corp., 60 Broad St., New York 10004. The record date, interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company operates a chain of drive-in grocery stores in Florida, Georgia and South Carolina, under the names "Jackson's Minit Markets," "Minit Saver Food Stores," or "Johnny Reb Food Stores." Net proceeds of its debenture sale will be used in connection with the opening of new stores (18 stores are to be opened by the end of this year and an additional 40 stores within the next 12 months), to repay certain indebtedness, and added to working capital. In addition to indebtedness, the company has outstanding 766,150 common shares, of which management officials own 20.81% (including 10.19% owned by Julian E. Jackson, president and board chairman).

**SECURITIES ACT REGISTRATIONS.** Effective September 13: Aluminum Company of America, 2-25411 (40 days); Burlington Industries, Inc., 2-25394 (Oct 23); Southern Indiana Gas and Electric Co., 2-25442. Effective September 14: The Bunker-Ramo Corp., 2-25341 (Oct 25); C-E-I-R, Inc., 2-25137; Quebec Hydro-Electric Commission, 2-25441.

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.