

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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ALLIED DEVELOPMENT REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7973) revoking the broker-dealer registration of Allied Development Companies, Ltd., 220 E. State St., Jacksonville, Ill., and barring Joe E. Foster, Jr., Maurice D. Edwards and Carl K. Evans (officers) from future association with any broker-dealer firm. Allied and the two individual respondents consented to the imposition of such sanctions.

The respondents were charged with violations of the anti-fraud provisions of the Federal securities laws in the sale of securities of Allied, Key Life Insurance Company, Reinsurance Investment Company, Key Life Insurance Company of Wyoming, and Wide West Investments, Inc. Based upon certain stipulated facts contained in a settlement proposal which they submitted, the Commission found that Allied, Foster and Edwards made false and misleading statements concerning the market prices of stocks of Allied, Key Life and Reinsurance and future increases in the prices of those securities and future increases in the prices of stocks of Key of Wyoming and Wide West; that they engaged in manipulative acts and practices in connection with the sale of stocks of Allied, Key Life and Reinsurance and made untrue and misleading statements concerning their ability to dominate, control and manipulate the market prices of such stocks; and that they sold stocks of Reinsurance, Key Life Insurance Company of Iowa and Wide West in violation of the Securities Act registration requirement.

STATE CREDIT CORP., OTHERS ENJOINED. The SEC Seattle Regional Office announced October 10 (LR-3597) the entry of a Federal court order (USDC, Mont.) enjoining State Credit Corporation, State Brokerage Company, and Ben D. Shennum of Missoula, Mont., from further violations of the Securities Act anti-fraud provisions in the sale of common stock of State Credit Corp. The defendants consented to the entry of the decree.

SEC JOINS TOWER CREDIT PROCEEDING. The SEC has filed notice of appearance in Chapter X proceedings for the reorganization of Tower Credit Corporation ("Tower") and one of its subsidiaries, Consumer Credit Corporation ("Consumer"), pending in the Federal Court in Tampa, Florida. An involuntary petition for reorganization was filed by creditors on August 4, 1966 and, after hearing, Judge Joseph P. Lieb approved the petition on September 14, 1966 and appointed G. H. Alexander as Trustee. (Corp. Reorg. Release 252)

As at September 30, 1965, a consolidated balance sheet for Tower showed total assets of approximately \$4.8 million and total liabilities of \$3.1 million. Tower has outstanding 1,131,143 shares of common stock listed and traded on the American Stock Exchange, and held by over 1,100 persons. As at September 30, 1965 Consumer's financial statement showed total assets of approximately \$461,000, including an investment in 9% of the outstanding stock of Tower carried at \$100,000. Liabilities totalled approximately \$848,000. A substantial portion of the other assets are pledged to secure notes payable, and First Mortgage, which has been adjudicated a bankrupt, holds an assignment of all of Consumer's assets to secure an open line of credit. Consumer has outstanding 1,099,834 shares of Class A (non-voting) stock, of which about 23% is held by Tower, with the balance in the hands of the public, and 100,000 shares of Class B (voting) stock, almost entirely controlled by Tower.

SOUTHERN CO. SUBSIDIARIES SEEK ORDER. Alabama Power Company, Georgia Power Company (public-utility subsidiaries of The Southern Company) and Southern Electric Generating Company (a public-utility subsidiary of Alabama and Georgia) have applied to the SEC for an order under the Holding Company Act authorizing Southern Electric to reduce the par value of its outstanding common stock from \$100 to \$1 (instead of to \$4.50 as authorized by a 1961 commission order). The Commission has issued an order (Release 35-15579) giving interested persons until November 3 to request a hearing thereon. By said prior order, the Commission authorized Southern Electric to reacquire limited amounts of its common stock from Alabama and Georgia, commencing in 1967; and to create capital surplus against which to charge the resultant decrease in capital. Southern Electric also was authorized to reduce the par value of its common stock to \$4.50. It is stated that the further reduction in the par value will enable Southern Electric to effectuate substantial savings in state taxes.

RADIO SHACK PROPOSES RIGHTS OFFERING. Radio Shack Corporation, 2727 W. 7th St., Fort Worth, Tex., filed a registration statement (File 2-25610) with the SEC on October 12 seeking registration of 137,328 shares of common stock. The stock is to be offered for subscription by stockholders (other than Tandy Corporation) at the rate of three new shares for each common share held on November 17. Tandy Corp., which presently owns 269,357 shares (85.47%) of outstanding Radio Shack stock, has agreed to exercise its rights for 808,071 additional shares and, in consideration of such commitment, the company has granted to Tandy an option to purchase at the subscription price any of the 137,328 shares not purchased by other shareholders. The subscription price (\$8 per share maximum*) is to be supplied by amendment.

The company is a retail distributor of high fidelity products, phonographs, tape records, television sets, and other home entertainment products. Net proceeds of its stock sale will be used to prepay a \$4,149,155 bank note, to increase working capital by \$350,845, and to meet the company's near-term financial requirements. In addition to indebtedness, the company has outstanding 315,133 common shares, of which management officials own 10.7%. Charles D. Tandy is board chairman and president of the company.

OVER

LESLIE FAY FILES FOR OFFERING AND SECONDARY. Leslie Fay Inc., 1400 Broadway, New York 10018, filed a registration statement (File 2-25611) with the SEC on October 12 seeking registration of \$4,000,000 of convertible subordinated debentures (due 1986), to be offered for public sale by the company, and 100,000 outstanding shares of Class A stock to be offered by the holder thereof. The offerings are to be made through underwriters headed by Shearson, Hammill & Co. Inc., 14 Wall St., New York 10005. The interest rate on the debentures, public offering prices of the debentures and stock (\$13.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design and sale of dresses, sportswear, suits and coats, sold under such brand names as "Leslie Fay," "Leslie Pomer," and "Joan Leslie." Net proceeds of its debenture sale will be added to working capital and applied toward the reduction of some \$11,000,000 of borrowings incurred principally to finance inventories of the company. In addition to indebtedness, the company has outstanding 1,057,860 Class A and 60,000 Class B shares, of which management officials own 54.8% and 85.8%, respectively. Fred P. Pomerantz (board chairman) is the selling stockholder; upon completion of his proposed stock sale, he will own 350,541 Class A and 48,000 Class B shares. Zachary Buchalter is president.

QUINBY & CO. SEEKS ORDER. Quinby & Co., Inc., Rochester, N. Y., the principal underwriter for and sponsor of The Quinby Plan for Accumulation of Common Stock of Xerox Corporation, has applied to the SEC for an exemption order under the Investment Company Act permitting it to offer such plan at reduced public offering prices on group accounts. The Commission has issued an order (Release IC-4720) giving interested persons until October 21 to request a hearing thereon. According to the application, the plan is designed to provide for investment and dividend reinvestment over a period of years in the common stock of the Xerox Corporation.

AMERICAN GAS SEEKS ORDER. American Gas Company of Wisconsin, Inc., public-utility subsidiary of American Gas Company, has applied to the SEC for an order under the Holding Company Act authorizing it to renew or extend \$360,000 of outstanding 6½% promissory notes for 270 days from September 30, 1966, and to sell additional notes to banks in an amount not exceeding \$175,000 to be outstanding at any one time. The application states that the additional notes are to provide funds for property additions, operating expenses, and the payment of interest on outstanding debt. The Commission has issued an order (Release 35-15580) giving interested persons until October 31 to request a hearing thereon.

MISSISSIPPI P&L AMENDS APPLICATION. Mississippi Power & Light Company, Jackson, Miss., has amended its application for an order under the Holding Company Act (Release 35-15581) increasing the principal amount of its proposed public offering of bonds from \$7,000,000 to \$10,000,000. The amendment states that the increase in the amount of bonds to be issued is necessitated by an estimated increase of \$1,100,000 in Mississippi's 1966 construction program and by current conditions regarding short-term bank borrowings for interim financing of the program. As reported in the September 28 News Digest, interested persons may request a hearing on the proposal by October 21.

SECURITIES ACT REGISTRATIONS. Effective October 12: Coburn Corp. of America, 2-25447; Municipal Investment Trust Fund, Series G., 2-24382; Racon Inc., 2-24362 (40 days).

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.

*As estimated for purposes of computing the registration fee.

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