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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SEC ADOPTS ADDITIONAL INVESTMENT COMPANY PROXY RULES. The SEC today announced the adoption of certain additional rules (Release 40-2978) relating to the solicitation of proxies from shareholders of registered investment companies. Previously, only the provisions of the Commission's general proxy rules applicable to industrial and other companies listed on exchanges applied to investment companies.

Under the new rules applicable to investment companies, where a solicitation is made by or on behalf of the management of an investment company, the investment adviser or any prospective investment adviser and its affiliated persons must furnish the investment company the necessary information to enable it to comply with the applicable requirements. Where a solicitation is made on behalf of an investment adviser or prospective investment adviser with its consent, by some person other than the management of the investment company, then the investment adviser or prospective investment adviser and its affiliated persons must furnish to the person making the solicitation the information necessary to enable such person to comply with the applicable requirements.

In addition, a proxy statement relating to a registered investment company now must contain certain information in addition to that required under the general proxy rules. Where the solicitation relates to the election of directors of the investment company, information is required in regard to matters such as the investment advisory contract, ownership and control of the investment adviser, interests of the management of the investment company in the investment adviser or persons in a control relationship with it and transactions by certain persons in securities of the investment adviser or its parents. Except where the investment adviser is a bank, a balance sheet of the investment adviser must also be included, unless the Commission, for good cause shown, permits the omission of such balance sheet. Certain information is also required with respect to interests and relationships between the investment company or the investment adviser and the underwriter of the investment company's securities. Where action is to be taken with respect to an investment advisory contract, information must also be included with respect to such contract and with respect to certain collateral arrangements or understandings made in connection therewith.

The new rules also call for disclosure in a proxy statement relating to an investment company of information with respect to the material interests of officers, directors and nominees for election as a director of the investment company in material transactions or material proposed transactions to which the investment adviser or any of its parents or subsidiaries was or is to be a party. However, instructions to this requirement permit the omission of information in regard to interests of security holders as such and affiliated persons of the investment adviser in transactions which are not related to the business or operations of the investment company and to which neither the investment company nor any of its parents or subsidiaries is a party. The instructions further provide that the proportionate interest of a partner in transactions with the partnership need not be disclosed.

In the draft of the proposed rules originally published for comment, provisions were included which would have required with respect to the management and affiliated persons of an investment adviser information as to remuneration and related matters similar to that now required with respect to an investment company by Item 7 of the general proxy rules. One of the new rules requires additional information only as to certain transactions in which certain persons associated with the investment company or with the investment adviser or its parents or subsidiaries have an interest. The Commission deferred action on the adoption of additional provisions comparable to those now contained in Item 7 pending further study.

UNLISTED TRADING IN ZENITH RADIO COMMON GRANTED. The SEC has issued an order under the Securities Exchange Act of 1934 granting an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stock of Zenith Radio Corporation, which is listed and registered on one or more other national securities exchanges.

MANDATORY INJUNCTION NAMES J. GRANT DONAHUE. The SEC New York Regional Office announced February 23, 1960, (Lit. Release No. 1596) that a Federal court order of mandatory injunction had been issued (USDC, SDNY) directing J. Grant Donahue, doing business as, J. Grant Donahue & Co., 250 East 50th Street, New York, to make its books and records available for SEC inspection as required by the Securities Exchange Act of 1934. The injunction was granted by default.

OVER

HILL'S SUPERMARKETS PROPOSES STOCK OFFERING. Hill's Supermarkets, Inc., 55 Motor Avenue, Farmingdale, Long Island, N. Y., filed a registration statement (File 2-16169) with the SEC on February 25, 1960, seeking registration of 100,000 shares of class A stock, to be offered for public sale by a group of underwriters headed by Kidder, Peabody & Co. The public offering price and underwriting terms will be supplied by amendment. The company has agreed to issue to the underwriter three-year warrants for the purchase of 10,000 shares of class A stock at the public offering price.

The company, a New York corporation, was formed in August 1954 through the consolidation of Montauk Wholesale Grocery Co., Inc. and Mid-Island Markets, Inc. It is engaged in the operation of 19 self-service supermarkets in Nassau and Suffolk counties on Long Island, and presently has under construction three additional supermarkets which will be in operation during the summer and fall of 1960. The company plans to enter into sale and leaseback arrangements with respect to these new units. Of the proceeds from the sale of the stock, $700,000 will be used to purchase fixtures, equipment and inventory for the new supermarkets and the balance will be available for further expansion and additional working capital.

In addition to certain indebtedness, the company has outstanding 504,400 shares of class B stock of which officers and directors own 84%. This includes 203,200 shares (40.3%) owned by Hilliard J. Coan, president and board chairman, and 184,000 (36.5%) owned by his sister, Edith J. Diamond, secretary.

SYSTRON-DONNER FILES FOR SECONDARY. Systron-Donner Corporation, 950 Galindo St., Concord, Calif., filed a registration statement (File 2-16170) with the SEC on February 25, 1960, seeking registration of 442,700 shares of its capital stock, to be offered for public sale by W. K. Rosenberry through an underwriting group headed by White, Weld & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company engages in the research and development, design, manufacture and sale of electronic and electromechanical instruments and systems. Under an agreement dated January 20, 1960, the company will acquire all of the outstanding capital stock of Donner Scientific Company in exchange for the 442,700 shares of the company's stock. Said shares will be delivered to Rosenberry, present owner of all of Donner's outstanding stock, who will cause the shares to be delivered to the underwriters for public distribution.

The operations of the company conducted prior to the acquisition of Donner involved the manufacture and sale of electronic measuring and timing instruments and the design and production of automatic control and data processing systems. Donner manufactures and sells transducers and transducer-based systems, analog computers and simulators, and electronic test and measurement instruments. The main plants and offices of the two companies are on adjacent properties at Concord.

In addition to certain indebtedness, the company now has outstanding 130,207 shares of stock, of which management officials own about 24.5%. In connection with the company's acquisition of the Donner stock, Rosenberry has agreed to purchase an $800,000 subordinated convertible note of the company, the proceeds of which will be added to the company's working capital. The note is convertible after January 1, 1962, into 100,000 shares of stock of the company at a conversion price of $8 per share.

SERVONICS FILES FOR RIGHTS OFFERING. Servonics, Incorporated, 822 North Henry St., Alexandria, Va., filed a registration statement (File 2-16171) with the SEC on February 25, 1960, seeking registration of 76,600 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each five shares held. The record date and subscription price are to be supplied by amendment.

The registration statement also includes warrants for the purchase of 24,000 common shares, and the shares shares issuable upon exercise of the warrants, which warrants were issued in connection with a stock offering in April 1959.

The company is engaged in the design, development, manufacture and sale of certain electronic and electromechanical systems, instruments and components. It now has outstanding $100,000 of notes and 383,000 common shares. Part of the proceeds of the stock sale will be used to retire the $100,000 bank note indebtedness, the proceeds of which are being used for additional engineering and manufacturing equipment. Of the balance of the proceeds, $75,000 will be used for the purchase of additional machinery, equipment and facilities to expand the company's manufacturing and engineering capability; $200,000 to provide additional working capital needed to finance government and other contracts or orders; $75,000 to finance the initial payments on a tract of land being sought as a site for future plant construction; and the balance for general corporate purposes.

The company's prospectus lists Bernard M. Fagelson as board chairman and Alexander Long as president. Management officials own about 20% of the outstanding shares.

TEXACO FILES EMPLOYEES PLAN. Texaco, Inc., 135 East 42nd St., New York, filed a registration statement (File 2-16173) with the SEC on February 25, 1960, seeking registration of $61,610,000 of participations in the Employees Savings Plan of Texaco, Inc., and 820,782 shares of Texaco stock which may be acquired pursuant to said plan.

AMERICAN BOWLING ENTERPRISES FILES FOR OFFERING. American Bowling Enterprises Inc., 602 Wilder Building, Rochester, N. Y., filed a registration statement (File 2-16172) with the SEC on February 25, 1960, seeking registration of 100,000 shares of common stock and warrants for the purchase of 100,000 Class A common shares.

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The company proposes to offer these securities for public sale in units at $7.50 per unit, each unit consisting of one share of common and a warrant for one Class A share. The warrants will be exercisable at an initial price of $7.50 per share. Offering of the units is to be made by Myron A. Lomasney & Co., for which the underwriter will receive a commission of $1.125 per share. The company also will sell the underwriter for $110, five-year warrants to purchase 11,000 of convertible Class B common shares at an initial exercise price of $7.50 per share. The underwriter has purchased 8,000 common shares and 8,000 Class A warrants for an aggregate of $23,500. William Alpern, an employee of Bache & Co., will receive a finder's fee of $3,500 from the underwriter and $8,250 from the company. The registration statement also includes 88,000 Class A warrants (and underlying common shares) owned by present stockholders of the company, which may be sold from time to time by the said holders.

The company was organized under New York law in November 1959. Through subsidiaries it operates a bowling center at Pittsfield and one at Agawam, Mass. (a suburb of Springfield, Mass.) and is constructing another center at Chicopee, Mass., scheduled to open on April 1, 1960. Net proceeds of the stock sale will be applied, together with other funds, principally to the cost of constructing or otherwise acquiring bowling centers. Prior to the time when all the net proceeds are applied to the expansion of its business, the company may loan some $75,000 to subsidiaries for prepayment of certain obligations under conditional sales contracts.

The company now has outstanding 88,000 common shares and Class A warrants to purchase an additional 88,000 common shares. Except for the 8,000 shares and 8,000 warrants issued to the underwriter, the other present stockholders received their shares in exchange for all of the stock, or interest in stock, of the subsidiary companies now owned by the company. 31,000 shares and 31,000 Class A warrants were issued to David H. Goldman, president, Harold M. Yanowitch, Bernard A. Frank, and Theodore Ellenoff, officers (who have an aggregate cash investment in the subsidiaries of $33,333) in exchange for stock of subsidiaries which had been issued in consideration for services rendered. Present stockholders have an aggregate cash investment in the subsidiaries and in the company of $258,500.

MENSH INVESTMENT PROPOSES OFFERING. Mensh Investment & Development Associates, Inc., 1613 Eye St., N.W., Washington, D. C., filed a registration statement (File 2-16174) with the SEC on February 25, 1960, seeking registration of $893,550 of 8% Convertible Subordinated Debentures, 40,785 shares of capital stock, and 40,000 warrants.

The company proposes to offer (1) to exchange the $893,550 of debentures and 29,785 shares of stock for all of the interests in three limited partnerships, namely, the Bonifant Limited Partnership, the Metropolitan Limited Partnership, and the Mensh Limited Partnership, and (2) to exchange 11,000 shares for all the capital stock of Mentor Investments, Inc. The warrants will be sold to management officials.

Mensh Investment was organized under Delaware law in July 1959. Sidney Z. Mensh is the primary promoter; and he is listed as the owner of 27,000 shares (68.44%) of the outstanding stock. Roy F. Williams owns 8,250 shares, or 20.91%. Mensh also is the promoter of each of the three limited partnerships and of Mentor Investments. The three named partnerships own, respectively, the Aspen Court Apartments, the property located at 1910 K St., N. W., and the McAlburt Apartments. Mentor Investments owns the John Caroll Apartments; and it also is the owner of 500 shares of A. E. Landvoigt, Inc., stock.

Mensh Investment was formed to engage in the business of real estate investment and development. It acquired one-half of the stock of A. E. Landvoigt, Inc., in exchange for stock of the company, and certain commissions receivable in exchange for shares of its stock. It now proposes the acquisition of controlling interests in the partnerships and Mentor Investments. The final stage of its business operation will be to make a public offering of debentures and stock for cash sale.

PENNSYLVANIA ELECTRIC STOCK SALE APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14175) authorizing Pennsylvania Electric Company, Johnstown, Pa., subsidiary of General Public Utilities Corporation, to issue and sell 350,000 additional shares of its common stock to GPU for $7,000,000. The funds will be applied to property additions and improvements of the subsidiary.

BOND OFFERING PROPOSED BY MISSISSIPPI POWER. Mississippi Power Company, Gulfport, Miss., has applied to the SEC for an order under the Holding Company Act authorizing its issuance and sale at competitive bidding of $4,000,000 of First Mortgage Bonds due 1990; and the Commission has issued an order (Release 35-14176) giving interested persons until March 8, 1960, to request a hearing thereon. The funds will be used by the Power Company for property additions and improvements.

ADDITIONAL SELECTED AMERICAN SHARES IN REGISTRATION. Selected American Shares, Inc., Chicago investment company, filed an amendment on February 25, 1960, to its registration statement (File 2-10699) seeking registration of an additional 1,500,000 shares of its common capital stock.

THREE ENJOINED IN AMERICAN DRYER STOCK SALES. The SEC New York Regional Office announced February 24, 1960, entry of Federal court orders (USDC, SDNY) permanently enjoining Myron Freudberg (Lit. Release 1597) and preliminarily enjoining William F. Kane and Jack Corson (Lit. Release 1598) from further offering and sale of American Dryer Corporation stock in violation of the Securities Act registration requirements. Each of the defendants consented to entry of the court orders.

OVER

SEC TO PARTICIPATE IN REYNOLDS ENGINEERING REORGANIZATION. The SEC has filed a notice of appearance in the proceedings under Chapter X of The Bankruptcy Act for the reorganization of Reynolds Engineering & Supply, Inc., pending in the United States District Court for the District of Maryland.

On January 28, 1960, Reynolds Engineering & Supply, Inc. filed a voluntary petition for reorganization which was approved on February 1, 1960. Chief Judge Roszel C. Thomsen appointed John H. Somerville as Trustee.

The Debtor, whose offices are located in Baltimore, was incorporated under the laws of the State of Maryland in 1956 for the purpose of engaging in the construction business, specializing in the improvement and remodeling of both residential dwellings and commercial buildings.

The Debtor's liabilities amount to approximately $800,000. There are 100,000 shares of common stock outstanding which are owned by about 400 shareholders residing in ten states.

GENERAL INSTRUMENT PROPOSES STOCK OFFERING. General Instrument Corporation, 65 Gouverneur Street, Newark, New Jersey, today filed a registration statement (File 2-16175) with the SEC seeking registration of 200,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Carl M. Loeb, Rhoades & Co. The offering price and underwriting terms will be supplied by amendment.

The company is engaged in the manufacture of electronic components and end products which are directed to three markets, entertainment electronics (radio, television and phonograph), military electronics and industrial electronics. Proceeds from the sale of the stock will be used to repay $3,000,000 of bank borrowings. The balance will be added to working capital.

In addition to certain indebtedness, the company has outstanding 1,530,973 shares of common stock. Officers and directors of the company hold 478,333 shares.

SUN RUBBER FILES FOR DEBENTURE AND STOCK OFFERING. The Sun Rubber Company, 366 Fairview Ave., Barberton, Ohio, today filed a registration statement*with the SEC seeking registration of $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock, to be offered for public sale through underwriters headed by McDonald & Company. The offering will be made in units of $100 of debentures and 10 shares of common stock at an offering price of $100 per unit. The underwriting commission will be $7.50 per unit ($75,000). In addition the company will pay McDonald $25,000 for its services in arranging for certain other financing. *(File 2-16176)

In June, 1958, the company filed a petition for arrangement pursuant to Chapter XI of the National Bankruptcy Act. It has submitted to the Court a plan providing for payment in full of present creditors and all costs incident to the proceedings. It expects that the plan will be confirmed prior to the completion of the financing program. Under the program the company will (1) change its authorized capitalization from 4,000 common shares to 400,000 shares and exchange the 3,153 shares now outstanding to 200,000 new shares; (2) replace its present $552,500 mortgage note held by a bank with a new mortgage loan of $750,000; (3) issue and sell the debentures and stock aforementioned, for an estimated net proceed, before expenses, of $925,000; (4) issue $1,000,000 of 6% subordinated promissory notes and 100,000 shares of common stock to The McNeil Machine & Engineering Company, Akron, Ohio, for a total consideration of $1,000,000, and (5) sell for an estimated $750,000 its rubber machinery, which will not be needed in the contemplated operations.

The company attributes its operating losses which resulted in the Chapter XI proceedings largely to the costs of developing the rotation vinyl casting process and machines, and the necessity of accelerating the vinyl program to maintain its position in the toy industry. These losses were accentuated by the reduction of the scope of rubber manufacturing operations and the transition from rubber to vinyl, which necessitated the rebuilding of its main finishing department and called for a new layout and considerable dislocation of factory processing procedure.

Of the presently outstanding shares of common stock, 80,302 shares (40.15%) are held by Thomas W. Smith, Jr., president and treasurer, and 24,103 shares (12.05%) are held by Martha Richey Smith. After the financing their holdings will be reduced to 20.08% and 6.03%, respectively.

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