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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FOR RELEASE March 10, 1960

AMBROSIA MINERALS STOCK DELISTED. In a decision announced today (Release 34-6202), the SEC ordered the withdrawal of the common stock of Ambrosia Minerals, Inc., Phoenix, Arizona, from listing and registration on the San Francisco Mining Exchange.

Delisting of the Ambrosia stock was ordered by reason of the company's non-compliance with the disclosure requirements of the Securities Exchange Act of 1934, including the filing of financial statements which were found by the Commission to be "false and misleading in that they overstated income and earned surplus and misrepresented the financial condition and operating results of the company."

According to the Commission's decision, Ambrosia's 1957 income statement, filed as part of its annual report for that fiscal year, should have shown a deficit of over $537,396 instead of an earned surplus of $7,604, as reported. Ambrosia had included as "other income" for the fiscal year ending June 30, 1957, profits totalling about $545,000 resulting from sales in March and April 1957 of certain properties acquired beginning in June 1956. The properties, which in part were either undeveloped or had been operated at a loss, were sold to George A. Mellen and Paul E. McDaniel, Inc. and no basis was shown for any enhancement in value during the period of their ownership by Ambrosia. The purchasers were principal stockholders of Ambrosia, and Mellen also was its president and a director; and the Commission ruled that it was improper to represent that Ambrosia realized profits on the sale of its assets to major stockholders, that the excess of $545,000 should have been recorded as a capital contribution, and that the inclusion thereof as income overstated the company's income by that amount.

The income statement also showed as income $270,000 representing the value assigned to 900,000 shares of stock of U. S. Consolidated Mines, Inc., received as consideration for exploring and developing certain mining claims owned by Consolidated. However, no costs incurred in connection with such work were reflected in the income statement or charged against the consideration received, and the company's income statement was further overstated by the amount of such costs.

During the 1957 fiscal year Ambrosia paid dividends of $1,064,932, consisting of two cash dividends of 25¢ per share aggregating $950,230 and a dividend consisting of 381,873 shares of Consolidated stock at 30¢ per share, or $114,702. Although there was no disclosure to that effect in connection with the dividend announcement, the balance sheet shows that the dividends were deducted from the total of paid-in capital of $1,867,201 and earned surplus of $7,604 and thus were in the nature of liquidating dividends. By not so specifying, Ambrosia gave stockholders the impression that the dividends were distributions of earnings payable out of earned surplus.

The Commission further held that the financial statements in Ambrosia's application for registration of its stock on the Exchange falsely purported to be certified by an independent accountant as required. The certifying accountant was found to have a managerial interest in Ambrosia, and therefor was not independent, by reason of the fact that Ambrosia's board assigned him various functions, including the signing of checks, the borrowing of money, and the pledging of property as security for loans.

In addition, according to the decision, Ambrosia's registration application, filed in May 1956, disclaimed the existence of any parents or persons in control, and no changes therein were made in amendments filed the same month. In a report for June 1956, Ambrosia stated that it "has no parents . . . with the exception of its officers and directors," and that Mellen, a director, "also became a 10% stockholder" between the filing of the application and the June 10, 1956, effective date, owning as of the latter date 150,000 of the 1,271,719 shares outstanding. However, throughout May 1956 Mellen owned 1,106,000 shares, or more than 78% of the 1,415,000 shares then outstanding, his holdings having been reduced on June 11, 1956, to 150,000 shares through transfers to other persons. Thus, the Commission stated, it was clear that Mellen was a parent of Ambrosia when the registration application was filed and that he continued as such at least through June 10,1956.

With respect to various sales of Ambrosia stock between June 1956 and December 1957, the registration application represented that the sales were private offerings exempt from the Securities Act registration requirement. The record shows, however, that of a total of 1,182,777 shares sold to 40 persons in 57 transactions, about 281,085 shares were transferred by about 26 of such persons, including Mellen and other insiders, to at least 58 other persons, including 11 brokers and dealers, who in turn effected transfers to others. The Commission held that at least the 26 persons purchased shares from Ambrosia with a view to their redistribution and that no private offering was involved and registration of the shares was required. Thus, the statements in the company's filings that the stock sales were exempt from registration were false.

(NOTE TO PRESS: Foregoing also available in the SEC San Francisco Regional Office.)

OVER

PIERCE AND STEVENS FILES FOR SECONDARY. Pierce and Stevens Chemical Corp., 710 Ohio Street, Buffalo, New York, filed a registration statement (File 2-16224) with the SEC on March 9, 1960, seeking registration of 175,000 shares of outstanding common stock to be offered for public sale by the present holders thereof through a group of underwriters headed by Doolittle & Co. The offering price and underwriting terms will be supplied by amendment.

Together with its two wholly-owned subsidiaries, Cataract Chemical Company, Inc., and Pierce and Stevens Canada, Ltd., the company is engaged in the formulation, manufacture and sale of protective coatings, adhesives and solvent blends. The capitalization of the company includes 648,000 shares of outstanding common stock, of which 456,784 shares, or 70.49%, is owned by members of the Stevens family and various trusts for their benefit. Raymond D. Stevens is board chairman, Arthur L. Stevens is president and Raymond D. Stevens, Jr. is executive vice president. Selling members of the Stevens family and trusts for their benefit hold 392,384 shares, or 60.55% of the outstanding stock. They are proposing the sale of 156,450 of such shares, which will reduce their holdings to 235,934 shares. Two other stockholders are selling 18,550 of their holdings of 54,240 shares.

MISSISSIPPI POWER BOND FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14187) authorizing Mississippi Power Company, Gulf Port, Mississippi subsidiary of The Southern Company, to issue and sell at competitive bidding $4,000,000 of First Mortgage Bonds, due 1990. Net proceeds of the bond sale will be applied to the company's construction program. An additional $421,000 of bonds will be issued for sinking fund purposes.

UNITED INTERNATIONAL FUND REGISTRATION CLEARED. The SEC has issued an order under the Investment Company Act (Release 40-2981) authorizing United International Fund, Ltd., an investment company incorporated by a special act of the Bermuda Parliament, to register as an investment company and to offer its securities for sale in the United States upon compliance with the Securities Act registration requirement. United proposes a public offering of common stock, through an underwriting group managed by Kidder, Peabody & Co., to obtain at least $22,000,000 for its investment purposes. It contemplates purchasing securities traded on the stock exchanges of Toronto, Montreal, London, Johannesburg, Amsterdam, Frankfurt and Paris.

SIRE PLAN OF NORMANDY FILES. Sire Plan of Normandy Isle, Inc., Ingraham Building, Miami, Fla., filed a registration statement (File 2-16225) with the SEC on March 9, 1960, seeking registration of $225,000 of Ten-Year 7% Debentures and 4,500 shares of $3.50 Cumulative, Non-callable, Participating Preferred Stock, $5 par. The company proposes to offer these securities for public sale in 4,500 units, each unit consisting of one $50 debenture and one preferred share (@ $50), at $100 per unit. The offering is to be made by Sire Plan Portfolios, Inc., which will receive a commission of $15 per unit.

The purpose of this offering is to finance the acquisition of a 99-year leasehold on a 7-story apartment house (with swimming pool) on Normandy Isle, Miami Beach, known as 1919 Bay Drive. Since July 1959 the leasehold has been owned by an affiliate, The Sire Plan, Inc., which acquired it from the original builders at a cost of about $657,000, of which $330,000 represented equity and acquisition costs above the balance of about $327,000 on an existing first mortgage held by Prudential Insurance Company in the original principal amount of $335,000. The affiliated has agreed to sell its interest in said leasehold to the issuing company for $382,500 cash above the said first mortgage (as reduced to about $312,500 at the time of closing on August 1, 1960). Net proceeds of this financing, estimated at $382,500, will be paid to the affiliated as the cash purchase price of the leasehold subject to the mortgage.

The prospectus lists Albert Mintzer of New York as board chairman and Robert M. Thomson of Coral Gables as president. Mintzer is the founder and promoter and controls the issuing company by virtue of his ownership of all the common stock of The Sire Plan, Inc., which owns the majority of the stock of the issuer.

COMMONWEALTH EDISON PROPOSES BOND OFFERING. Commonwealth Edison Company, 72 West Adams St., Chicago, today filed a registration statement (File 2-16226) with the SEC seeking registration of $30,000,000 of First Mortgage Bonds, Series U, due March 1, 1960, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds will be added to working capital for ultimate application toward the cost of property additions and improvements. The construction program of the company and its subsidiary, Commonwealth Edison Company of Indiana, Inc., for the four-year period 1960-63 calls for expenditures of about $700,000,000 for property additions.

METROPOLITAN BROADCASTING PROPOSES DEBENTURE OFFERING. Metropolitan Broadcasting Corporation, 205 East 67th St., New York, today filed a registration statement (File 2-16227) with the SEC seeking registration of $6,000,000 of Convertible Subordinated Debentures due 1975, to be offered for public sale through an underwriting group headed by Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

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The company is engaged in the radio and television broadcasting business and the outdoor advertising business. Net proceeds of the debenture sale, to the extent of $5,000,000, will be used to repay a temporary bank loan incurred to provide a portion of the funds for its recent and pending acquisitions. The balance of the proceeds, after payment of interest on the bank loan, will be added to the general funds of the company. In addition to the $5,000,000 bank loan, the company has borrowed $12,000,000 under a term loan agreement with five banks to provide the funds for its acquisitions and for additional working capital. Metropolitan's recent acquisitions included television station WTVH, Peoria, Ill.; radio stations WIP-AM and FM, Philadelphia; Television Diablo, Inc., owner and operator of television station KOVR, Stockton-Sacramento, Calif.; and the business and properties of the Foster and Kleiser Division of W. R. Grace & Co., through which the outdoor advertising business is conducted.

The company's capitalization includes 1,699,012 common shares in addition to various indebtedness. John W. Kluge is president and board chairman. Principal stockholders are King & Co., of New York (308,000 shares) and Kluge (186,193).

SOUTHWESTERN INVESTMENT COMPANY PROPOSES NOTE OFFERING. Southwestern Investment Company, 205 East Tenth St., Amarillo, Texas, today filed a registration statement (File 2-16228) with the SEC seeking registration of $10,000,000 Senior Notes due March 1, 1975, $3,000,000 of Capital Notes, due March 1, 1975 (with attached Warrants for the purchase of 75,000 common shares), and the 75,000 shares issuable upon exercise of the warrants. The Senior Notes and the Capital Notes are to be offered for public sale through an underwriting group headed by White, Weld & Co., Schneider, Bernet & Hickman, Inc., and The First Trust Company of Lincoln. The interest rate, offering price and underwriting terms will be supplied by amendment. With each $1,000 of Capital Notes the purchaser will receive warrants to purchase 25 common shares.

The company is engaged in the finance business and also, through two of its subsidiaries, in the insurance business. Net proceeds of this financing will be added to its general funds and will be available for general corporate purposes. The sale of the capital notes is said to be desirable in order to increase the capital funds of the company and consequently its borrowing power. In addition to certain indebtedness and preferred stock, the company has outstanding 1,072,150 common shares, of which management officials own 26.6%.