

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE June 22, 1960

INTERNATIONAL TELEPHONE-SUD AMERICA PROPOSES DEBENTURE OFFERING. International Telephone and Telegraph Corporation, Sud America, 67 Broad Street, New York, filed a registration statement (File 2-16725) with the SEC on June 21, 1960, seeking registration of \$10,000,000 of debentures due July 1977, to be offered for public sale at 100% of their principal amount through an underwriting group headed by Bear, Stearns & Co. The underwriting terms are to be supplied by amendment.

A wholly-owned subsidiary of International Telephone and Telegraph Corporation ("ITT"), the company in recent years has been inactive and has had no material assets or liabilities. Its principal office is in New York and it plans to staff an office in South America. As part of a plan for the general revision of the method of directing and financing the operations in South American telephone operating companies, ITT plans to transfer its entire stock interests in the following subsidiaries to the company: Compania de Telefonos de Chile, Compania Peruana de Telefonos Limitada, and Companhia Telefonica Nacional. These subsidiaries (in which ITT's interest amounts to about 92%, 67%, and 99%, respectively) have been engaged for more than 30 years in the business of furnishing local and toll telephone services in Chile and certain parts of Peru and Brazil. In exchange for the stock interests in the subsidiaries, the company will issue its common stock to ITT with an aggregate par value equivalent to the total underlying book values of ITT's investment in the common stock of the subsidiaries, aggregating \$60,793,000 at March 31, 1960. Among other conditions of the purchase agreement, ITT also will transfer to the company \$13,991,818 of receivables payable by the subsidiaries to ITT, in exchange for a like par amount of the company's 7% preferred stock, \$100 par.

Of the net proceeds of the debenture sale, the company will apply a portion to the purchase from ITT of an equal amount of indebtedness of the first-named subsidiary to ITT, representing advances to finance in part property additions and improvements in 1959 (and amounting to \$6,400,000 at June 1, 1960); and the balance will be added to general funds and used to make interest bearing advances to the subsidiaries for additions to and replacement of plant and equipment.

The prospectus lists Harold S. Geneen as president and board chairman.

SENTENCES IMPOSED IN TEXAS-ADAMS OIL CASE. The U.S. District Court (SDNY) on June 17th sentenced Francis Peter Crosby, Leo B. Mittleman, and Robert Eugene Meredith to five years' imprisonment (plus a \$10,000 fine on Crosby), and imposed sentences ranging from 2 to 3½ years plus \$10,000 fines upon five other defendants for fraud in the sale of Texas-Adams Oil Co., Inc., stock (Lit Release 1709).

R T ALEXANDER ARRAIGNED. The SEC Forth Worth Regional Office announced June 16th (Lit Release 1710) that Robert Talley Alexander had been arrested and arraigned on two complaints filed in Eastern District of Oklahoma at Muskogee, charging violations of anti-fraud and registration provisions of Securities Act in sale of preorganization subscriptions and certificates for common stock of American Reserve Life Insurance Company and American Reserve Life and Casualty Insurance Company.

INDICTMENT NAMES L B FENDERSON. The SEC Boston Regional Office announced June 20th (Lit Release 1712) return of an indictment (USDC, NH) charging Lloyd B. Fenderson of Boston and Saco, Maine, with violations of anti-fraud provisions of Securities Act by defrauding a resident of Lanconia, N. H.

COURT ORDER ENJOINS PRUDENTIAL OIL. The SEC Boston Regional Office announced June 20th (Lit Release 1713) issued of a Federal court order (USDC, Conn.) permanently enjoining Prudential Oil Corporation and Edward J. Willey from further violating Securities Act registration requirement in sale of oil interests.

COURT ORDER ENJOINS FINANCIAL FORECASTER. The SEC New York Regional Office announced June 20th (Lit Release 1714) issue of a Federal court order (USDC, SDNY) permanently enjoining Financial Forecaster, Inc., and Walter Rosenbush, its president, from operating as an investment adviser without registration under the Investment Advisers Act.

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For further details, call ST. 3-7600, ext. 5526

SEC COMPLAINT NAMES J P HOWELL & CO. The SEC New York Regional Office announced June 20th (Lit Release 1715) the filing of court action (USDC NJ) seeking to enjoin J. P. Howell & Co., Inc., of Montclair, N. J., and Michael La Marca, its president, from further violating the anti-fraud and net capital provisions of Securities Exchange Act. Temporary restraining order issued by court, and hearing scheduled for June 27th on motion for preliminary injunction.

INDICTMENT NAMES JOHN VAN ALLEN AND ROY B. KELLY. In an indictment returned June 16th (USDC, SDNY), John Van Allen and Roy B. Kelly were charged with violations of the false statement provisions of the U.S. Code in the submission of false statements and a false document to the SEC New York Regional Office in connection with a matter related to the purchase and sale of securities of Gulf Coast Leaseholds, Inc., (Lit Release 1716).

INDICTMENT NAMES A J RAIBLE. The SEC Chicago Regional Office announced June 21st (Lit Release 1717) the return of an indictment (USDC, Cincinnati) charging Arthur J. Raible with violations of anti-fraud provisions of Securities Act in connection with offer and sale of investment contracts and other securities relating to purported options granted by Briggs Manufacturing Co. for the purchase of its stock.

EL PASO NATURAL GAS FILES FOR RIGHTS OFFERING. El Paso Natural Gas Company, 40 Wall Street, New York, N. Y., today filed a registration statement (File 2-16726) with the SEC seeking registration of 1,136,669 shares of common stock. The company proposes to offer the shares for subscription by common stockholders of record July 26, 1960, at the rate of one new share for each fifteen shares then held. The subscription price and underwriting terms are to be supplied by amendment. White, Weld & Co., Inc., heads the list of underwriters.

The company delivers and sells natural gas to distributing companies and municipalities for resale and delivers and sells directly to industrial consumers. The net proceeds of the stock sale will be used in part to repay not less than \$10,000,000 of current bank loans, and the balance will be used largely for investment in the notes and common stock of subsidiary companies -- principally El Paso Natural Gas Products Company.

In addition to various indebtedness, the company has outstanding four series of preferred stock and 17,048,619 shares of common stock. The prospectus lists Paul Kayser as president. Management officials own 3.84% of the outstanding common.

REPORTING BY SMALL BUSINESS INVESTMENT COS. PROPOSED. The SEC today announced a proposal for the adoption of an annual report form to be filed with the Commission by small business investment companies licensed under the Small Business Act of 1958; and it invited the submission of views and comments thereon not later than July 18, 1960.

Small business investment companies registered with the SEC under the Investment Company Act of 1940 are required by that Act to file annual reports with the Commission. Any such company which has securities listed and registered on a national securities exchange or which has registered a certain amount of securities under the Securities Act of 1933 is required to file similar annual reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934. The proposed form is a combination form which would enable a small business investment company to file with the Commission a single annual report which would meet all of the above mentioned annual reporting requirements. This form would permit such companies to meet the Commission's requirements as to financial statements by filing copies of the company's annual financial report to the Small Business Administration pursuant to the Small Business Investment Act of 1958.

CANADIAN RESTRICTED LIST. The SEC has added Elk Lake Mines Limited and Foreign Exploration Corporation Limited to its Canadian Restricted List (Release 33-4238). The list is comprised of the names of Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

R G WORTH & CO. ENJOINED. The SEC New York Regional Office announced June 21st (Lit Release 1718) entry of a Federal court order (USDC SDNY) permanently enjoining R. G. Worth & Co., Inc., of New York, from further violating the SEC net capital and bookkeeping rules. Defendant consented to injunction.

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