

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 August 15, 1960

Statistical Release No. 1697. The SEC Index of Stock Prices, based on the closing price of 265 common stocks for the week ended August 12, 1960, for the composite and by major industry groups compared with the preceding week and with the high and low for 1960, is as follows:

	1939 - 100		Percent Change	1960	
	8/12/60	8/5/60		High	Low
Composite	402.0	392.9	+2.3	432.5	388.8
Manufacturing	477.1	465.4	+2.5	538.9	458.2
Durable Goods	453.0	446.0	+1.6	521.6	438.8
Non-Durable Goods	489.9	474.2	+3.3	544.4	467.1
Transportation	292.2	279.4	+4.6	329.3	279.4
Utility	240.3	237.4	+1.2	242.3	216.1
Trade, Finance & Service	459.9	448.4	+2.6	471.8	414.7
Mining	259.4	251.8	+3.0	299.7	240.7

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended August 11, 1960, 17 registration statements were filed, 22 became effective, and 300 were pending at the week end.

TIME FOR COMMENT ON RULE PROPOSAL EXTENDED. The SEC has authorized a 30-day extension to October 1, 1960, for the submission of comments upon its proposed Rule 155 under the Securities Act of 1933. The purpose of the proposed rule is to make clear that a public offering of convertible securities which, at the time, are immediately convertible into another security of the same issuer, by persons who purchased the convertible securities from the issuer in a private placement, or a public offering of the securities received by such persons in the conversion, may be subject to the registration provisions of the Securities Act. The extension was granted at the request of persons who desire additional time to study the proposed rule and submit comments thereon.

SEC ADOPTS RULE ON SMALL BUSINESS INVESTMENT COMPANIES. The SEC today announced the adoption of an amendment to its Rule 151 under the Securities Act of 1933 and Rule 3c-1 under the Investment Company Act of 1940 (Release 33-4264) defining the term "public offering" to exclude under certain conditions the offering of stock of small business investment companies to small business concerns pursuant to the Small Business Investment Act of 1958. Under an amendment of the latter law, the purchase of stock by a small business concern from a small business investment company which provides it with capital was made optional rather than mandatory; and the purpose of the amendment of the two SEC rules is to conform the provisions thereof to the amended provisions of the Small Business Investment Act.

TWO NEW YORK FIRMS REVOKED. The SEC today announced the issuance of decisions (Release Nos. 34-6342 and 34-6345) revoking the broker-dealer registrations of the following for violations of the Securities Exchange Act of 1934 and Commission rules thereunder: R. G. Worth & Co., Inc., 160 Broadway, New York, and Empire State Mutual Sales, Inc., 165 Broadway, New York.

The Commission ruled that Worth & Co. violated its record-keeping requirements, engaged in the conduct of a securities business in violation of its net capital rule, and extended credit in violation of Regulation T. Worth & Co.'s net capital deficiency ranged from \$5,796 to \$10,726 in 1956; it was enjoined by Federal court order in February 1957 from further violations of the net capital and record-keeping rules; and it continued to engage in business thereafter in violation of rules, its net capital deficiency being \$3,386, \$2,790, \$5,388, respectively, in February, March and September, 1957, and \$616 in April 1958. In 1959, also, its record-keeping was deficient in several particulars and on July 31st its trial balance was out of balance by over \$250,000 and on August 25th by \$1,380. The Regulation T violations resulted from the failure of Worth & Co. to cancel or liquidate purchase transactions in cash accounts following failure of the customers to make full cash payment
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For further details, call Worth 3-5526

within seven business days, the transactions in some instances have been carried for periods up to four months.

The Commission also ruled that Empire violated its record-keeping rules. Furthermore, Empire was enjoined by decree of the Supreme Court of the State of New York, County of New York, on February 15, 1959, for engaging in the securities business in that state. The decree was issued with Empire's consent on the basis of a complaint which alleged that Empire made false and fraudulent entries in its books concerning customers' accounts and other matters, issued false confirmations of securities transactions to customers, was unable to account for large transfers of cash on behalf of customers, exhibited false financial statements of registrant to customers, and issued checks to customers which were returned for insufficient funds. Empire while consenting to the decree, denied the allegations of fraud.

On February 24, 1959, a Federal court order of permanent injunction was entered against Empire, on complaint of the Commission, enjoining it from further violation of its net capital and record-keeping rules and from conducting a securities business when its liabilities exceed its assets or while it is unable to meet its current liabilities and by means of any false or misleading statement regarding its financial condition.

The Commission's order also expelled Worth & Co. from the National Association of Securities Dealers, Inc., and it held that Robert Grocoff, president, treasurer and sole stockholder, was a cause of the revocation and expulsion. Lowell Messer, president and sole stockholder of Empire, was held to be a cause of the revocation of that firm's registration.

UTAH POWER FINANCING PROPOSAL. The SEC has issued an order under the Holding Company Act (Release 35-14267) giving interested persons until September 1, 1960, to request a hearing upon the financing proposal of Utah Power & Light Company. As previously reported (News Digest of 7/29/60), Utah Power proposed to issue and sell, at competitive bidding, \$16,000,000 of first mortgage bonds due 1990 and 400,000 shares of \$25 par preferred stock. Part of the proceeds thereof will be used to pay \$19,000,000 of bank notes and the balance, together with cash generated in the business, will be applied to the payment of the cost of the company's construction program for 1960, estimated at \$16,600,000.

FIRST CONNECTICUT SBIC PROPOSES OFFERING. The First Connecticut Small Business Investment Company, 955 Main St., Bridgeport, Conn., filed a registration statement (File 2-16903) with the SEC on August 12, 1960, seeking registration of 225,000 shares of common stock, to be offered for public sale at \$10 per share. The prospectus lists Grimm & Co. as the principal underwriter; and the underwriting commission will be \$1 per share.

The company was organized under Connecticut Law in March 1960 and was granted a license on May 12, 1960 to operate as a small business investment company under the Small Business Investment Act of 1958. Its purpose is to provide equity capital or long-term loans to small business concerns, its operations to date being limited to the making of long-term loans. In addition to investments in and loans to small business concerns, the company will provide such concerns with consulting and advisory services in the fields of finance, management and marketing.

The prospectus lists Max Fried as board chairman and James M. Breiner as president, both of Fairfield, Conn. The company now has outstanding 32,000 shares of common stock, of which Fried, Breiner and Edward G. Burstein, Secretary and general counsel, own 6,200 shares each, David Engelson, treasurer, 9,200, and Edward Ardolino, vice president, 4,200. The company also has outstanding \$150,000 of debentures held by the Small Business Administration, which are to be retired out of the proceeds of the stock sale.

COURT ORDER ENJOINS STRAND INVESTMENT CO. The SEC Denver Regional Office announced August 10th (LR-1754) the entry of a Federal court order (USDC, U.) preliminarily enjoining Strand Investment Company of Salt Lake City from further violations of the SEC net capital rule.

SEVEN MOUNTAIN CORP. PROPOSES OFFERING. Seven Mountain Corporation, 240 East Center St., Provo, U., filed a registration statement (File 2-16904) with the SEC on August 12, 1960, seeking registration of 3,500,000 shares of common stock, to be offered for public sale at \$1 per share. The offering is to be made on a best efforts basis by Whitney and Company of Salt Lake City, which will receive a selling commission of 15¢ per share. If 1,100,000 shares are sold, the underwriter will receive a 7-year option to purchase 100,000 shares at \$1 per share.

The company was organized under Utah law in December 1959 and proposes to construct and develop an all around summer and winter resort area, including a major gondola type aerial cableway to carry passengers from a valley terminal located adjacent to U. S. Highway No. 89-91 between Provo and Springville, U., to the top of a 9,200 foot mountain peak and down to the site of a proposed mountain village. The cost of constructing the gondola lift is estimated at \$1,000,000. From the mountain peak and from the proposed mountain village a series of double chair and T-Bar lifts will open the surrounding area for tourists and for skiers. The proposed development also includes provision for terminal, restaurant, lodging, and recreational facilities. The properties include 8,000 acres of forest land situated east and southeast of Provo, U., in the Wasatch Mountains, held under permit from the U. S. Forest Service. Additional land has been or is being acquired by a subsidiary at the base of Mount Buckley adjacent to U. S. Highway No. 89-91 near Springville, U., some of which will be leased by the parent for the valley terminal of the gondola lift. The subsidiary will lease or sell portions of its land to individuals and corporations for the purpose of constructing restaurants, lodgings and shops. The company does not intend to own or operate restaurant, lodging and other facilities, said facilities to be constructed by others on properties leased from the company.

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Of the net proceeds of the stock sale, \$1,000,000 will be utilized for the purchase and installation of the gondola lift; \$765,000 for construction of the three terminal buildings; \$730,000 for six planned chair lifts; \$200,000 for payments under present agreements for purchase of real property and for real property acquisition; \$103,000 to pay principal and interest to retire outstanding notes executed in connection with the purchase of the stock of the subsidiary, and the balance will be used for working capital.

The prospectus lists Robert Russell of East Aurora, N. Y., as president and Clinton L. Oaks of Provo as vice president, treasurer and secretary. The company now has outstanding 486,000 shares of common stock, of which management officials own 164,000 shares (including 50,000 shares by Russell).

COLORADO BOWLING ALLEYS OF ISRAEL PROPOSES OFFERING. Colorado Bowling Alleys of Israel, Inc., 520 Eudora St., Denver, filed a registration statement (File 2-16908) with the SEC on August 12, 1960, seeking registration of 1,000 shares of Class A and 48,000 shares of Class B common stock. The Class B shares are to be offered for public sale at \$10 per share. The Class A shares are to be sold to promoters only.

The company was recently organized for the purpose of installing modern bowling alleys in the major cities of Israel; and it is now negotiating for its first building site with an Israeli Corporation which is now engaged in constructing fair ground and park facilities in Tel-Aviv. Bids for construction of the first alley will be requested of Israeli contractors. The company expects to expand into other major cities, notably Haifa and Jerusalem.

The prospectus lists Joan Raisie Rifkin as president, Zev (Jeff) I. Kamin as vice president, Max Rifkin as treasurer and Ruth Kamin as secretary. Each of the officers will own 250 Class A shares.

UNION ELECTRIC FILES FOR BOND OFFERING. Union Electric Company, 315 North Twelfth Boulevard, St. Louis, Mo., filed a registration statement (File 2-16907) with the SEC on August 12, 1960, seeking registration of \$50,000,000 of First Mortgage Bonds, due 1990, to be offered for public sale at competitive bidding. The net proceeds from the sale of the bonds will be used to retire short-term bank loans, expected to aggregate \$31,000,000, incurred to meet in part the company's 1959 and 1960 construction costs; to finance the cost of continuing additions to its property and plant; and for other corporate purposes. Approximately \$71,600,000 of construction expenditures are budgeted for 1960, of which \$34,892,000 had been expended to June 30, 1960; and for 1960 and 1961, construction expenditures are expected to aggregate \$124,900,000.

CANAVERAL INTERNATIONAL FILES FOR OFFERING. Canaveral International Corp., 1766 Bay Road, Miami Beach, Florida, filed a registration statement (File 2-16906) with the SEC on August 12, 1960, seeking registration of 300,000 shares of common stock, to be offered for public sale through S. Schramm & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. In addition, the company has or will sell to the underwriter 22,500 shares of common stock at \$1 per share and 30,000 4-year warrants at 1¢ per warrant, entitling the holder to purchase an aggregate of 30,000 shares of common stock at \$5 per share.

The company was organized under Delaware law in March, 1960. In April 1960 it acquired all of the outstanding capital stock of Amcol Lines, Inc. (which has two wholly-owned subsidiaries, Inter Island Shipping Company and Island Shipping Company) and Western Ventures, Inc. in consideration of 450,000 shares of the company's common stock. Said "Ship Lines" were owned by Henry Dubbin and Daniel S. Dubbin, respectively board chairman and president of Canaveral, and their wives. In June 1960 the company acquired from Able Land & Minerals Limited (34.6% of its outstanding shares owned by the Dubbins) all of the outstanding capital stock of Canaveral Groves, Inc. and Canaveral Groves Development Co., Inc., in consideration of the issuance by the company of 100,000 common shares and the assumption by the company of certain liabilities. At the time of this transaction, the Dubbins owned all the outstanding shares of the company and, directly or indirectly, about 34.6% of the outstanding shares of Able. The ship lines, operating under contracts with the Military Sea Transportation Service, have transported general cargo, bulk fuel, refrigerated products and other items needed for the logistical support of the Down Range Missile Bases in the Caribbean. The two Canaveral Groves companies, since their organization in the summer of 1959, have been engaged in the development, subdivision and sale to the public of a tract of land containing 8,861 acres located in Brevard County, five miles from Cocoa, Florida, and twelve miles from Cape Canaveral.

Of the \$1,275,000 estimated net proceeds from the stock sale, \$150,000 will be used for the payment of accounts payable; \$335,000 for the payment of current installments of mortgage principal and interest; \$250,000 for advertising and promotional expenses; \$250,000 for anticipated development costs; and \$290,000 for general working capital.

In addition to certain indebtedness, the company has outstanding 572,500 shares of common stock, of which Daniel S. Dubbin and his wife own 25.8%, Henry Dubbin and his wife 25.8%, and Able Land & Minerals Limited 11.4%.

LAWDALE INDUSTRIES FILES FOR OFFERING. Lawdale Industries, Inc., Haven and Russell Avenues, Aurora, Ill., today filed a registration statement (File 2-16910) with the SEC seeking registration of 100,000 shares of Class A stock, to be offered for public sale at \$5.00 per share through a group of underwriters headed by Paul C. Kimball & Co. on an all or none basis. The underwriters will receive a \$.62½ commission for each share sold.

The company, previously called Lawdale Enameling Co., Inc., adopted its present name in August 1960 when an affiliated company, New Process D Enameling Corporation, merged with the said company. Lawdale Industries is engaged in the manufacture of porcelain enameled steel plumbing fixtures, including sinks, lavatories, vanities, and bath tubs. Of the \$415,400 net proceeds from the stock sale, \$200,000 will be applied to erecting

and equipping a 20,000 square foot addition to the company's plant in Aurora, to be used for stamping operations; \$150,000 will be used as additional working capital for the company's expected entry into the production and sale of stainless steel sinks and sale of toilets; and \$40,000 will be initially applied to reduce the company's currently outstanding secured bank loans.

In addition to certain indebtedness, the company has outstanding 200,000 shares of common stock, of which Arthur M. Lander, president, owns 74,737 shares, A. J. Holloway, vice president, 41,694 shares, J. R. Waterfield, treasurer, 33,074 shares, and Earl P. Calkins, a director, 50,495 shares.

BUTTREY FOODS FILES FOR OFFERING. Buttrey Foods, Inc., 601 Sixth Street, S. W., Great Falls, Montana, today filed a registration statement (File 2-16909) with the SEC seeking registration of 65,000 shares of common stock, to be offered for public sale through a group of underwriters headed by J. M. Dain & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company operates a chain of 21 retail food stores in Montana. The net proceeds from the stock sale will be used to finance the purchase of equipment, fixtures and inventory to be required in the operation of two stores now in process of construction and of such additional stores as may be opened from time to time in the future. According to the prospectus, the company's average cash requirements in connection with the opening of new stores, including purchase of equipment, fixtures and inventory, are approximately \$350,000.

In addition to indebtedness, the company has outstanding 544,220 shares of common stock, of which Harry E. Buttrey, a director, and members of his family, including Jane Buttrey, his mother, own an aggregate of 177,440 shares; Anna A. Palm and Philip R. Palm, her son and a vice-president, own an aggregate of 96,000 shares; and James C. Peiton, secretary, and members of his family own an aggregate of 76,740 shares. Management officials own 318,580 common shares. Rilling S. Williams is listed as board chairman and president.

AMERICAN RECREATION CENTERS FILES FINANCING PROPOSAL. American Recreation Centers, Inc., 1721 Eastern Ave., Sacramento, Calif., today filed a registration statement (File 2-16911) with the SEC seeking registration of \$600,000 of 7% Sinking Fund Debentures due September 1972 (with attached warrants to purchase 150,000 shares of stock for each \$1,000 debenture purchased), and 60,000 shares of capital stock. The initial exercise price of the warrants is \$6.75 per share. Public offering of the debentures and stock is to be made by an underwriting group headed by York & Co., of San Francisco, the public offering price and underwriting terms to be supplied by amendment.

The company is engaged, through subsidiaries, in the operation of four bowling centers with a total of 127 lanes, and also in the sale therein of bowling accessories, food and beverages. It now has outstanding 155,568 shares of stock in addition to certain indebtedness. Net proceeds of this financing, estimated at \$895,500, are to be used as follows: \$515,000 to be applied to retirement of indebtedness owing to The Brunswick Automatic Pinsetter Corporation; \$140,000 to modernize and expand facilities in one center and \$165,000 to equip two additional centers to be constructed on leased premises; and the balance for general corporate purposes.

The prospectus lists Eliot Jones, Jr., as president and board chairman. Management officials as a group own 26% of the outstanding stock.

PIONEER FINANCE FILES FOR OFFERING. Pioneer Finance Company, 1400 First National Building, Detroit, today filed a registration statement (File 2-16912) with the SEC seeking registration of 125,000 shares of Cumulative Preferred Stock, \$20 par (with attached warrants to purchase 62,500 common shares), to be offered for public sale through an underwriting group headed by White, Weld & Co. and Watling, Lerchen & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment, as are the exercise terms of the warrants.

Since its inception in 1938 the company has been financing sales of new and used mobile homes. Commencing in January 1959 it has also financed sales of "shell housing" and, in addition, it has been expanding, on a limited basis, the small loan operations of a subsidiary in Miami. Net proceeds of the preferred stock sale will be added to general funds of the company and will be available for general corporate purposes. The increase in capital funds is considered desirable in order to expand the capital base and over-all borrowing power of the company because of an increase in its business. In addition to such sale, the company intends to place privately with institutional investors senior long-term obligations of \$7,500,000, but no commitments have been obtained from any such investors.

In addition to various indebtedness, the company now has outstanding three series of preferred stock and 911,947 shares of common stock. The prospectus lists Frank D. Boynton as board chairman and T. Kenneth Haven as president. Management officials own 12.44% of the outstanding common stock and Allstate Insurance Company (a Sears, Roebuck subsidiary) 16.87%.