

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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AMERICAN NATURAL GAS SEEKS ORDER. American Natural Gas Company, New York holding company, has joined with its newly-organized subsidiary, American Natural Gas Corporation, in the filing of a proposal under the Holding Company Act for the merger of the two companies; and the Commission has issued an order (Release 35-15029) giving interested persons until April 1st to request a hearing thereon. The parent company, which is organized under New Jersey laws, has determined to reincorporate under the laws of Delaware. The first step under this proposal was approved by Commission order of February 18, 1964, namely, the parent's purchase of 100 shares of the \$10 par stock of the new, Delaware subsidiary. (The SEC News Digest of February 18th incorrectly referred to Commission approval of the reincorporation). Step 2, the subject of this application, provides for the merger of the parent into the new Delaware subsidiary; and this merger proposal is to be voted upon by the parent's shareholders at their April 29th meeting. Under the proposal, the Delaware subsidiary, as surviving company, will succeed to all of the rights and properties of the parent. Upon the effective date of the merger, each issued an outstanding share of the parent's outstanding \$10 par common stock will be converted into one share of the surviving company's stock. The parent estimates that the saving in State taxes resulting from such reincorporation will approximate \$170,000 annually.

RIVAL MFG. PROPOSES OFFERING. Rival Manufacturing Company, 36th Street and Bennington Ave., Kansas City, Mo., filed a registration statement (File 2-22131) with the SEC on March 10 seeking registration of 260,000 shares of common stock, to be offered for public sale through underwriters headed by Harriman Ripley & Co., Inc., of 60 Broad St., New York, and Stern Brothers & Co., 1009 Baltimore Ave., Kansas City, Mo. The public offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment.

The company's principal business is the manufacture and distribution of housewares for kitchen use. It was organized under Missouri law in July 1963 for the purpose of acquiring, and it did acquire directly or through wholly-owned subsidiaries, the business and operating assets of the predecessor Rival Manufacturing Company and of its affiliated corporations, Magic Hostess Corporation and The Steam-O-Matic Corporation, and of its affiliated partnership, General Diecasting Company. The predecessor Rival Manufacturing Company, Magic Hostess Corporation and General Diecasting Company were all controlled by Henry J. Talge and Foster L. Talge.

The total of \$6,300,593 in cash paid by the company for these acquisitions (including \$1,000,000 for certain patents held by trusts created by Henry and Foster Talge) was supplied by Stern Brothers & Co., which also negotiated the transactions for the company. The funds were provided through the sale to Stern Brothers of (i) the company's 5% subordinated note at its principal amount of \$3,250,000, (ii) 30,000 shares of the company's preferred stock for \$3,000,000 and (iii) 100,000 shares of the company's common stock for \$100,000. On December 19, 1963, the 5% subordinated note was prepaid to Stern Brothers & Co. out of the proceeds of long term loans to the company aggregating \$4,000,000 which were obtained from two life insurance companies. About \$582,665 of the loan proceeds was added to working capital. With the net proceeds of the company's public sale of stock, \$3,000,000 will be applied to the purchase of the preferred stock held by Stern Brothers (plus unpaid dividends). The balance of the net proceeds will be added to the general funds of the company to restore in part working capital used to defray the cost (estimated at \$400,000) of a 45,000 square foot addition to the company's Kansas City plant. In addition to indebtedness, and preferred stock, the company now has outstanding 150,000 common shares, all owned by Stern Brothers (which in turn is 62% owned by Stern & Stern Land Company). The prospectus lists I. H. Miller as president.

SEABOARD FINANCE FILES EXCHANGE PLAN. Seaboard Finance Company, 818 West Seventh St., Los Angeles, Calif., 90017, filed a registration statement (File 2-22130) with the SEC on March 10 seeking registration of 149,355 shares of \$2.75 Convertible Preferred Stock (\$55 stated value), 9,861 shares of \$5 Preferred Stock (stated value \$100 per share), and 70,104 shares of common stock. Seaboard proposes to offer its preferred stock in exchange for all the outstanding capital stock of Union Finance Corporation, as follows: One share of the \$2.75 preferred for each two shares of either Class A common stock or common stock of Union; and one share of the \$5 preferred for each five shares of Union's 6% preferred stock. Of the common stock, 50,000 shares are to be offered for subscription by company employees; and the remaining 20,104 common shares were previously issued to sixteen former stockholders of Thrift Finance Company in exchange for all the outstanding common shares of Thrift, which holders may wish to sell the common shares from time to time.

Seaboard conducts a consumer financing business in 617 cities in 46 states and 8 Canadian provinces; and a subsidiary conducts an insurance business. Union, a Florida company with offices in Tampa, also is engaged in the consumer loan business. In addition to various indebtedness and preferred stock, Seaboard has outstanding 201,044 shares of Class A common and 93,820 shares of common stock. Management officials own some 4% of the outstanding common. Frederick W. Ackerman is board chairman, Paul A. Appleby vice chairman, and A. E. Weidman president.

OVER

SEC ORDER CITES LINDER BILOTTI FIRM. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the broker-dealer firm of Linder, Bilotti & Co., Inc., 50 Broadway, New York City, N. Y. Also named as respondents are Armand Bilotti, president, and Hyman S. Linder, vice president.

The proceedings are based upon staff charges that the said firm and individual respondents engaged in activities violative of the Securities Act registration and anti-fraud provisions in connection with their sale of stock of Elite Theatrical Productions Ltd. Other securities are involved, including notes of the Linder, Bilotti firm, as well as alleged violations of the Commission's net capital rule.

The Commission's order provides for a hearing on March 23, 1964, in its New York Regional Office to take evidence on the staff charges and afford respondents an opportunity to establish any defenses thereto, for the purpose of determining whether the alleged violations occurred and, if so, whether any administrative action of a remedial nature is appropriate in the public interest. The first issue to be determined at such hearing is whether the broker-dealer registration of Linder, Bilotti & Co., Inc., should be suspended pending decision on the question of revocation. The Linder, Bilotti firm is a member of the National Association of Securities Dealers, Inc. Elite filed a registration statement with the Commission in September 1963, which is not effective, which proposes the public offering of 400,000 Class A common shares at \$5 per share through the Linder, Bilotti firm as underwriter. Linder and Bilotti are principal stockholders, and president and vice president, respectively, of Elite.

SEC PROPOSES FREE CREDIT BALANCE RULE. The SEC announces (for THURSDAY NEWSPAPERS) a proposal for the adoption of a rule under the Securities Exchange Act applicable to broker-dealer firms which hold customers' free-credit balances (Release 34-7266); and it invited the submission of views and comments thereon not later than April 6, 1964.

The proposed rule would prohibit a broker-dealer who holds customers' free-credit balances from using such funds in his business unless he notifies customers that they may request repayment without prior notice; that such funds will become a part of the assets of the broker-dealer and used in his business; and that interest will (or will not) be paid on such funds, and if so, the rate or other basis of computation. The rule would also require the broker-dealer to send the customer a quarterly statement of the amount due to the customer, and reminding the customer that the funds are a part of the assets of the broker-dealer and may be used in the business. The rule would not preclude any exchange or other self-regulatory organization from imposing a more comprehensive requirement upon its members if it considered that to be appropriate.

Many customers of broker-dealers are not aware (1) that when they leave free-credit balances (funds which the customer has an unrestricted right to withdraw) with a broker-dealer the funds generally are not segregated and held for the customer, but rather are commingled with other assets of the broker-dealer and used in the operation of the business, and (2) that the relationship between the broker-dealer and the customer as a result thereof is that of creditor-debtor. The Report of the Special Study of the Securities Markets recommended that such broker-dealers be required to give such customers notice that their funds are not segregated and may be used in the firm's business; that the customer may request repayment without prior notice; and that interest will (or will not) be paid, and if so, the rate or basis of computation. The proposed rule, which would implement the above recommendation, would be adopted under the provisions of the Exchange Act and particularly Section 15(c)(3) thereof. This section authorizes the Commission to prescribe rules and regulations in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility of brokers and dealers.

SEEBURG CORP. FILES STOCK PLAN. The Seeburg Corporation, 1500 North Dayton St., Chicago, filed a registration statement (File 2-22134) with the SEC on March 9 seeking registration of 152,500 shares of common stock, to be offered pursuant to its Stock Option Plan.

UNITED MEXICAN STATES FILES FOR OFFERING. United Mexican States (Mexico) filed a registration statement (File 2-22135) with the SEC on March 10 seeking registration of \$20,000,000 of External Sinking Fund Bonds due 1979. It is proposed to offer the bonds for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Place, and Kuhn, Loeb & Co. Inc., 30 Wall St., both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the bonds will be applied by the Government to foreign exchange expenditures required for the purchase of capital equipment in connection with certain of its economic development projects, including projects for electric generation or distribution, highways, or irrigation, or to the refunding of outstanding indebtedness held by financial institutions abroad, principally in the United States, which was originally incurred to help finance economic development projects. Additional external or internal borrowings may be undertaken at any time by the Government in order to finance such expenditures. Apart from loans under active discussion with international lending institutions aggregating approximately \$23,000,000, the Government has not made any determination of the types and amounts of additional external borrowings.

SECURITIES ACT REGISTRATIONS. Effective March 10: Anheuser-Busch, Inc. (File 2-22088); Beneficial Finance Co. (File 2-22097); Kinney Service Corp. (File 2-22049); Midland-Guardian Co. (File Nos. 2-22061 and 22062); Pioneer Natural Gas Co. (File 2-22064); United Utilities, Inc. (File 2-22071).

Effective March 11: Dominion Electric Corp. (File 2-22077).

Withdrawn March 9: Lusk Corp. (File 2-21976); Sentinel Petroleum Corp. (File 2-21670).

Withdrawn March 10: Gotham Investment Corp. (File 2-19324).

*As estimated for purposes of computing the registration fee.

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