

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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CONSOLIDATED RESOURCES FILES FOR STOCK OFFERING. Consolidated Resources Corporation, 420 Madison Avenue, New York, filed a registration statement (File 2-21247) with the SEC on March 29 seeking registration of 79,700 shares of common stock, to be offered for public sale at \$6 per share. No underwriting is involved. Of such stock, 38,328 shares are to be offered at \$6 per share initially to holders of \$229,972 of outstanding convertible notes, upon conversion thereof.

The company was organized in 1961 for the principal purpose of acquiring control, by stock ownership, of life and other insurance and reinsurance corporations and to operate such companies as wholly or majority-owned subsidiaries. Its present principal asset consists of its \$150,000 investment in all of the outstanding stock of Pilgrim Life Insurance Company of America, a Delaware company, which was organized in 1962. It is anticipated that Pilgrim Life will engage in the business of writing lines of life insurance, limited payment life, term group and endowment policies, and individual and group health and accident policies. The net proceeds from the stock sale will be invested initially in income producing securities and thereafter to finance operations and increase in investments in insurance companies. In addition to certain indebtedness, the company has outstanding 300 common and 20,000 Class A capital shares, of which Bernard A. Stein, president and board chairman, owns 33.3% and 50%, respectively, and Dennis S. Dayan, secretary-treasurer, 33.3% and 25% respectively.

UNION CARBIDE FILES INCENTIVE AND SAVINGS PLANS. Union Carbide Corporation, 270 Park Avenue, New York, filed registration statements (Files 2-21248 and 2-21249) with the SEC on March 29 seeking registration of (1) 159,050 shares of capital stock, to be offered pursuant to its Incentive Plan, and (2) \$31,500,000 of interests in its Savings Plan for Employees, and 60,000 capital shares which may be acquired pursuant thereto.

WESTERN UNION INTERNATIONAL FILES FOR SECONDARY. Western Union International, Inc. ("International"), 60 Hudson St., New York, filed a registration statement (File 2-21250) with the SEC on March 29 seeking registration of \$4,000,000 of 6½% subordinated debentures due 1983 and 400,000 shares of common stock, to be offered for public sale by The Western Union Telegraph Company ("Western Union") pursuant to a plan of divestment by Western Union of its international telegraph operations. Under the plan, the cable system of Western Union will be transferred to International in exchange for the debentures and common stock, and such securities are to be offered for public sale by Western Union at 100% of principal amount of debentures and at \$3.50 per common share through American Securities Corporation, 25 Broad St., and Gore, Forgan & Co., 45 Wall St., both of New York. The underwriters will receive a 4% commission on the debentures and a 14¢ per share commission on the common stock. In connection with the divestment plan, International will sell to American Securities, on behalf of itself and/or clients, 300,000 additional common shares of International for \$1,000,000. Organized in January 1961, International, upon the effectuation of the divestment plan, will engage in the business of furnishing international communications services. E. A. Gallagher is president.

NORTH CENTRAL AIRLINES FILES FOR RIGHTS OFFERING. North Central Airlines, Inc., 6201 Thirty-Fourth Ave. South, Minneapolis, filed a registration statement (File 2-21251) with the SEC on March 29 seeking registration of \$1,500,000 of 5½% subordinated convertible debentures due 1978. It is proposed to offer such debentures for subscription at 100% of principal amount by common stockholders of record on April 15, 1963, without allocation or limitation. Unsubscribed debentures are to be offered for public sale through the company's officers and employees. Securities dealers whom the company may employ will receive a 1% fee for debentures sold to shareholders and 4% for debentures sold to the public.

The company operates a local airline providing scheduled service for passengers, mail and property on a regular basis to 90 cities in ten mid-western states and Ontario, Canada. Of the net proceeds from the debenture sale, \$450,000 will be used for modification and overhauling of recently acquired aircraft and equipment and the balance will be added to general funds to provide additional working capital. In addition to certain indebtedness, the company has outstanding 8,705,883 shares of common stock, of which Arthur E. A. Mueller, board chairman, owns 30% and management officials as a group 36%. H. N. Carr is president.

UNIVERSAL FINANCE FILES FINANCING PLAN AND SECONDARY. Universal Finance Corporation, 700 Gibraltar Bldg., Dallas, Texas, filed a registration statement (File 2-21252) with the SEC on March 29 seeking registration of (1) \$1,026,000 of 7% junior subordinated convertible capital notes (series A) due 1978, to be offered for public sale at 100% of principal amount, and (2) 12,328 outstanding shares of common stock, to be offered by the holders thereof from time to time at the then current market price. The offerings will be made on a best efforts basis by Midland Securities Company, Inc., 15 W. 10th St., Kansas City, Mo., and Texas National Corporation, 2001 Tower Life Bldg., San Antonio, which will receive a 10% selling commission on the notes sold and a 5% selling commission on the shares sold. The statement also includes \$224,000 of like notes to be offered in exchange for a like amount of outstanding stockholder debentures.

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The company and its 30 active finance subsidiaries are primarily engaged in the consumer finance (small loan) business, most subsidiaries operating under the name of Timeplan-Loans. The net proceeds from the company sale of the notes will be used initially to retire certain higher-cost short-term debt and a minor portion may be used ultimately for limited expansion purposes. In addition to various indebtedness and preferred stock, the company has outstanding 184,344 shares of common stock, of which Don B. Rowe (honorary board chairman) and Virginia Crenshaw own 14.7% and 10.3%, respectively, and management officials as a group 32.9%. William C. Rowe is president. The prospectus lists five selling stockholders, including Gus Nelson who proposes to sell 4,878 of 12,728 shares owned. Others propose to sell amounts ranging from 444 to 4,877 shares.

LEEDS SHOES FILES FOR STOCK OFFERING. Leeds Shoes, Inc., 1310 North 22nd St., Tampa, Fla., filed a registration statement (File 2-21253) with the SEC on March 29 seeking registration of 90,000 shares of common stock, to be offered for public sale at \$3.50 per share. The offering will be made on a best efforts all or none basis by Strathmore Securities, Inc., 605 Park Bldg., Pittsburgh, which will receive a 38 $\frac{1}{2}$ ¢ per share commission and \$15,000 for expenses. The statement also includes (1) 20,000 shares underlying 3-year warrants to be sold to the underwriter for \$100, exercisable at \$3.50 per share, and (2) 20,000 shares underlying warrants issued by the company to New Industry Capital Corp., in connection with a loan, exercisable at \$2.50 per share. The company owns and operates 25 retail shoe stores in various locations in Florida. The net proceeds from the stock sale will be used to liquidate certain obligations, to provide additional working capital, and to finance certain planned expansion. In addition to certain indebtedness, the company has outstanding 120,000 shares of common stock, of which Frank Garcia, president, owns 81.26%.

EL PASO NATURAL GAS FILES SAVINGS PLAN. El Paso Natural Gas Company, El Paso Natural Gas Building, El Paso, Texas, filed a registration statement (File 2-21254) with the SEC on March 29 seeking registration of \$7,743,458 of interests in its Employees Savings Plan, and 421,412 shares of common stock, 74,997 shares of \$5 convertible second preferred stock series of 1957, 76,668 shares of \$4.875 convertible second preferred stock series of 1958, and \$7,249,600 of 5 $\frac{1}{4}$ % convertible debentures due 1977, which securities may be acquired pursuant to the Plan.

TOURIST INDUSTRY DEVELOPMENT PROPOSES DEBENTURE OFFERING. Tourist Industry Development Corporation Ltd., Jerusalem, Israel, filed a registration statement (File 2-21255) with the SEC on March 29 seeking registration of \$5,000,000 of 7% senior debentures due 1983 (6% fixed interest guaranteed by Israel plus an additional 1% if earned), to be offered for public sale at 100% of principal amount by American-Israel Basic Economy Corp., 30 Rockefeller Plaza, N. Y. The price is payable in cash or certain State of Israel bonds. The underwriter will receive a 7% commission plus \$50,000 for expenses.

The company was organized by the State of Israel in 1957 for the purpose of financing tourist enterprises in Israel, which supplied the company's original capital and has acquired all its outstanding shares. The \$4,425,500 estimated net proceeds from the debenture sale will be used for loans to tourist enterprises, of which about \$3,950,000 will be allocated to hotels, restaurants and similar enterprises, and the balance to transport, souvenir shops and miscellaneous enterprises connected with tourism. Theodore Kollek is board chairman.

SEC ORDER CITES COMMONWEALTH SECURITIES OF COLUMBUS. The SEC has ordered proceedings under the Securities Exchange Act to determine whether Commonwealth Securities Corporation, 21 East State Street, Columbus, Ohio, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether its broker-dealer registration should be revoked. In its order, the Commission recites charges of its staff that Commonwealth Securities, Ralph H. Smith, its president, Albert E. Voelkel, vice president, Robert N. Savage, secretary, Robert E. S. Young and Daniel E. Armel, directors, Certified Credit Corporation, principal stockholder, and certain other individuals and companies, violated the anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Certified Credit and Thrift Corp., Certified Life Corporation and Certified Mortgage Corporation, including the making of false and misleading misrepresentations in the offer and sale of such securities. A hearing will be held at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether the broker-dealer registration of Commonwealth Securities should be revoked and whether the named individuals and corporations should be found to have aided and abetted in or to have caused the alleged violations. (For further details, see Release 34-7050).

CONN. YANKEE ATOMIC POWER SEEKS ORDER. Connecticut Yankee Atomic Power Company, a Connecticut public service company, and a group of twelve sponsoring New England electric utility companies including The Connecticut Light and Power Company and New England Power Company, both exempt holding companies, have applied to the SEC for an order under the Holding Company Act with respect to certain transactions involved in the organization of Connecticut Yankee; and the Commission has issued an order (Release 35-14841) instituting proceedings for the purpose of determining whether any of the sponsoring companies (other than the two named exempt holding companies) should be deemed to be a holding company in respect of Connecticut Yankee and scheduling a hearing in the matter for April 22, 1963 in its Washington Office.

Connecticut Yankee was recently organized for the purpose of constructing and operating a nuclear-powered electric generating plant on the east bank of the Connecticut River. The entire output of the generating plant (scheduled for completion in 1967) will be sold to the group of twelve New England companies, each of which will be obligated to purchase a fixed percentage (equal to the percentage of its ownership of Connecticut Yankee common stock) of the capacity and power of the proposed plant, at a price based on its cost of service. The cost of the plant is estimated at between \$70 million and \$80 million.

(continued)

Chairman William L. Cary of the Securities and Exchange Commission today announced that he has invited the cooperation of industry representatives in the consideration of legislative proposals to implement the recommendations contained in the Report of the Commission's Special Study of Securities Markets delivered to Congress yesterday.

The invitation was contained in a letter of April 3rd to G. Keith Funston, President of the New York Stock Exchange, Amvas Ames, President, Investment Bankers Association of America, and Hudson B. Lemkau, Acting Board Chairman, National Association of Securities Dealers, Inc. The Special Study Report, he indicated, will involve a legislative program as well as proposals for rule changes, on the part of the Commission, the exchanges, and the NASD. "Conferences with the Committee chairmen in both the House and Senate," Chairman Cary stated, "lead us to the conclusion that our legislative proposals should be available as soon as possible after the Report is filed in order to give the Congress adequate time for their consideration during this session." The Commission is now preparing draft recommendations for legislation and will seek their review by industry representatives as soon as they are ready.

Specifically, Chairman Cary suggests the formation of a separate industry committee by the three named persons, to consult with the Commission and its staff on each of the following:

- (1) Qualification for entry into the business; modification of the sanctions and registration sections dealing with broker-dealers and individuals; broadening the membership subject to self-regulation.
- (2) Registration with the Commission of companies publishing quotations and presently not subject to either federal or self-regulatory controls.
- (3) Extension of Sections 13, 14 and 16 of the Securities Exchange Act of 1934 to companies whose securities are traded in the over-the-counter market.
- (4) Extension of the 40-day prospectus requirement in the case of new issues.

While recognizing that many persons in the industry will properly desire to present their views, Chairman Cary observed: ". . . with our immediate and continuing responsibility to implement the recommendations of the Study, . . . we shall not have time to discuss each of the problems covered with all who are interested. The formation of representative committees appears to us a reasonable way of assuring that we shall have the benefit of the views of the industry. We would hope that the committees will be formed at the earliest possible time in order that they will be in a position to comment on whatever proposals we then have available."

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The initial step in the financing program of Connecticut Yankee is a proposal to sell from time to time, as funds are needed, an aggregate of 50,000 common shares at \$100 per share to the twelve companies in certain stated proportions; and it proposes to raise the balance by sale of additional common stock to the sponsoring companies and by sale of senior securities. Connecticut Yankee seeks Commission authorization to conduct negotiations with investment banking firms and other potential purchasers to determine the type, amount, and method of its permanent financing program; it also seeks an exemption from the Act to issue and sell its common stock and in connection therewith an exemption from the competitive bidding requirements of the Act; each of the twelve companies seeks Commission approval in respect of its proposed acquisition of Connecticut Yankee stock; and the two exempt holding companies, each of which proposes to acquire in excess of 10% of such stock, seek continued exemptions from the Act.

THREE COMPANIES EXEMPT. The SEC has issued orders under the Investment Company Act declaring that Home and Foreign Securities Corporation, (Release IC-3660), Oils and Industries, Inc. (Release IC-3661), and Intercontinental Holdings Ltd. (Release IC-3662), all of New York, have ceased to be investment companies.

M. A. HANNA RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3663) authorizing the proposed sale by the M. A. Hanna Company, Cleveland closed-end investment company, of all of the capital stock of Hanna Fuels, Inc., its wholly-owned subsidiary, to North Western-Hanna Fuel Company, a wholly-owned subsidiary of Consolidation Coal Company, an affiliate of Hanna.

LEWIS SNAVELY ENJOINED. The SEC Fort Worth Regional Office announced April 2 (LR-2569) the entry of a Federal Court order (USDC, Muskogee, Okla.) permanently enjoining Lewis Snavely, of Coweta, Oklahoma, from violation of the Securities Act registration requirements in the offer and sale of fractional undivided interests in oil, gas or other mineral rights on properties situated in Wagoner County, Oklahoma.

COMPLAINT CITES COMMONWEALTH INVESTMENT CORP., OTHERS. The SEC Denver Regional Office announced April 1 (LR-2570) the filing of court action (USDC, S.Dak.) seeking to enjoin Commonwealth Investment Corporation, Midland Security, Inc., Donald P. Sandidge, Lester W. Flake, Phyllis J. Sandidge, William H. Clapper and William Hofeling, all of Sioux Falls, South Dakota, from further violations of the anti-fraud provisions of the Federal securities laws in the offer and sale of common stock of Commonwealth Investment and Midland Security.

TENN. GAS TRANSMISSION FILES FOR PREFERRED STOCK OFFERING. Tennessee Gas Transmission Company, Chamber of Commerce Building, Houston, Texas, filed a registration statement (File 2-21256) with the SEC on March 29 seeking registration of 200,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale through underwriters headed by Stone & Webster Securities Corp., 90 Broad St., and White, Weld & Co., 20 Broad St., both of New York. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

The company and two subsidiaries own and operate pipeline systems for the transmission and sale or delivery of natural gas for resale, and another subsidiary is engaged in the production, refining and marketing of petroleum and petroleum products and in certain other non-utility businesses. The net proceeds from the preferred stock sale will be used to retire short-term notes incurred for the construction of additional pipe line facilities and for the oil and gas production, marketing, chemical and other properties of the company and its subsidiaries. In addition to certain indebtedness and preferred stock, the company has outstanding 40,231,125 shares of common stock, of which management officials as a group own 1.13%. Gardiner Symonds is board chairman and Harold Burrow is president.

SECURITIES ACT REGISTRATIONS. Effective April 2: Commercial Credit Corp. (File 2-21159); Duncan Coffee Co. (File 2-21049); Sony Kabushiki Kaisha (File 2-21161); Texaco Inc. (File 2-21089). Effective April 3: Chesebrough-Ponds, Inc. (File 2-21174); Cities Service Co. (File 2-21147); General Motors (File Nos. 2-21164 and 21165); The Hartford Electric Light Co. (File 2-21154); Mayflower-Illinois Inc. and Mayflower Life Insurance Co. of Illinois (File 2-21011); Ronson Corp. (File 2-20865); Scripts-Howard Broadcasting Co. (File 2-21144); Sony Corp. (File 2-21271). Effective April 4: Antenna Systems, Inc. (File 2-20761); Reading Tube Corp. (File 2-21042); Tally Register Corp. (File 2-21010). Withdrawn April 2: Drilexco 1963 Corp. (File 2-20635); Panam Realty & Development Corp. (File 2-19923).