

NEWS DIGEST

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



Washington 25, D.C.

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

FOR RELEASE March 23, 1962

SEC CHAIRMAN DISCUSSES REGISTRATION PROBLEM. SEC Chairman William L. Cary, in a speech in San Francisco today, discussed the high and increasing rate of filings of registration statements under the Securities Act of 1933, mentioned steps taken by the Commission to deal with this problem, and requested the cooperation of the industry and the bar:

"Fiscal year 1962 will clearly result in a record number of registration statements being filed with the Commission. For the eight month period ending February 28, 1962, 1,550 statements were filed, a 60% increase over the previous record number of 968 filed for the same period last year. These eight month periods should be compared with the yearly totals of 496 and 849 filed in fiscal years 1950 and 1955. The most significant factor is that approximately 2/3 of the filings are by companies that have never before been subject to the registration process and to the concomitant analysis of internal and financial affairs which is a prerequisite to that process. It is these filings that most often entail lengthy review by the staff because: (1) inexperienced counsel and accountants may assist in their preparation; (2) the filings frequently reflect a complex reorganization necessary to prepare a company for the public market; (3) little public financial information is available; and (4) accounting procedures and records are often incomplete. The great increase in volume of filings, and the high percentage of new filings, have resulted in a lengthening of the period between the filing and effective dates of registration statements.

"The Commission has already taken a number of steps, and is considering others, to reduce this delay in access to the capital markets. Earlier releases have announced rule changes to facilitate the handling of materials received. Processing procedures have been streamlined and, where appropriate, have been restricted to a limited review of the materials filed. The staff has accorded, and will continue to apply, this treatment generally to registration statements filed on Form S-9 (for certain high grade debt securities) and on Form S-8 (for employee securities plans); to most registration statements of public utility companies; and to certain others filed by established companies which have filed financial information with the Commission within recent periods.

"The March backlog has now reached an unprecedented high (801 as of March 15, 1962) because of the unprecedented number of filings. We appreciate that further practical measures had to be taken to reduce that backlog. Under these circumstances we have recently decided upon three more steps: (1) To give summary treatment to a larger number of cases, including not only repeat filings, but other companies with a history of earnings where the registration statement is meticulously prepared and the financial statements are unexceptionable. After initial review of a registration statement, the staff will inform the interested parties when it is to receive limited examination and will request receipt of satisfactory representations from the issuer and underwriter, and, where appropriate, selling shareholders that the registration statement conforms with all applicable requirements. (2) To reduce the amount of review, except in those cases having extraordinary problems. (3) To consider separately a large group of cases, roughly a 100 in number, which have been on our docket for a long time and have been most unsatisfactorily prepared, and where the registrant has not filed any corrective amendments. They are for practical purposes dead, but they refuse proper burial.

"As to a majority of registration statements now filed with the Commission, the Commission continues to be concerned about their sufficiency when viewed in the light of the requirements of the Securities Act of 1933. Many present such problems as to require insistence by the staff that registration statements, which do not in substantial respects conform to the statutory requirements, not be received for filing or, if filed, not be examined unless materially amended. In certain cases, the staff reviews the same statement 2 or 3 times because of a series of amendments. In others, the staff must write lengthy letters of comment that often could be avoided if counsel first had obtained greater familiarity with the operations of the client and then had prepared the registration statement in light of the disclosure requirements and the facts.

"The staff of the Commission is making a concerted effort at this time to reduce the record backlog of filings and the length of the pre-effective period of future filings. We are hopeful of achieving these goals, but only in a manner consistent with the tradition of high standards of disclosure. In this endeavor, we need the full cooperation of the bar and the financial community: (1) Do not file a statement with the Commission unless you are completely satisfied it meets the statutory standards. Filing a piece of paper to 'get in line' is a practice the Commission cannot tolerate. (2) Do not file registration statements piecemeal. Filing the registration statement in complete form prevents the necessity for re-examining the statement as a whole when amendments come in. (3) By reason of the period elapsing between the filing date and the effective date, it is frequently necessary to request that financial statements be updated. Registrants should anticipate such requests and be prepared to furnish financial data to the latest practicable date. (4) Cooperate with the staff in pinpointing to them in your letter of transmittal possible trouble spots and in explaining to them your financial time schedule. The registration process of the S.E.C. is not and was not designed to be an adversary proceeding. We are trying to assist you in your efforts to comply with the disclosure requirements of the statute so that prospective investors can exercise sound and informed judgments as to the merits of securities. (5) Exercise great restraint in considering whether to inquire of members of the staff, in person or by telephone, as to the status of a pending filing. It is estimated that these calls are presently occupying as much as one-fifth of the normal working week of our branch chiefs. (6) Fundamentally, remember that the statutory burden of full disclosure is on the underwriter, the issuer and its affiliates, and experts. As a matter of law, you cannot shift this burden to our staff. As a matter of conscience and grace, you should not try to do so. It is only with the cooperation of all concerned that a satisfactory solution to this registration problem can be met."

OVER

20,000th REGISTRATION STATEMENT FILED. From September 1, 1934, when the SEC assumed the administration of the Securities Act of 1933, until March 22, 1962, a total of 20,000 registration statements have been filed with the Commission under the Securities Act of 1933 for the public offering of securities to the investing public. (Previously, during the period July 1, 1933 through August 31, 1934, 1,093 statements had been filed with Federal Trade Commission proposing the public offering of \$1.382 billion of securities). The 20,000 statements were filed with the SEC by about 10,000 different issuers, and proposed the public offering of securities aggregating \$217.3 billion in amount (including securities added, by way of amendment, to statements previously filed by investment companies). As indicated in the following tabulation, over 30% of the filings with the Commission were made during the last 3-3/4 years of the 27 1/2-year period. Through February 1962, securities effectively registered with the Commission for sale to public investors exceeded \$204 billion.

<u>Filings, Five Years Ended June 30th</u>	<u>No.</u>	<u>Amount (In Billions)</u>	<u>Filings, Fiscal Year</u>	<u>No.</u>	<u>Amount (In Billions)</u>
1940 ^{1/}	3,360	\$18.8	1956	981	\$13.1
1945	1,367	12.2	1957	943	14.7
1950	2,719	30.8	1958	913	16.9
1955	3,328	42.8	1959	1,226	16.6
			1960	1,628	15.8
			1961	1,830	20.1
			1962 ^{2/}	<u>1,689</u>	<u>13.5</u>
			TOTAL	21,077 ^{3/}	217.3

^{1/} Includes prior period from 9/1/34 to 6/30/35.

^{2/} Through registration statement #20,000, filed 3/22/62.

^{3/} The total number of filings exceeds 20,000 by reason of the inclusion in the computation of amendments to prior registration statements of investment companies which increased the amount of securities covered by the prior statement.

TRADING BAN CONTINUED ON TWO ISSUES. The SEC has issued orders suspending trading in the Class A stock of Automated Procedures Corporation on the National Stock Exchange and the common stock of Industrial Enterprises, Inc. on the San Francisco Mining Exchange (and in the over-the-counter market with respect to both issues) for a further ten-day period March 26 to April 4, 1962, inclusive.

DELISTINGS APPROVED. The SEC has granted applications of the New York Stock Exchange to delist certain bonds and debentures of United Steel Works Corporation and certain bonds of Rheinelbe Union said to be residues of exchange offers; and an application of the Pacific Coast Stock Exchange to delist the common stock of Aeco Corporation, which does not fulfill the Exchange's listing standards. (Release 34-6762) Both delistings are effective close of business April 6, 1962.

PETROLEUM DEVELOP. SERVICES ENJOINED. The SEC Chicago Regional Office announced March 21st (Lit-2216) the entry of a Federal court order (USDC, Detroit) permanently enjoining Petroleum Development Services, Inc., B. Anderson-Smith, Charles R. Losey and B. J. Vander Wall from further violations of the Securities Act registration and anti-fraud provisions in the sale of oil interests.

WORTH FINANCIAL CORP. FILES FOR STOCK OFFERING. Worth Financial Corporation, 114 East 40th Street, New York, filed a registration statement (File 2-19998) with the SEC on March 22nd seeking registration of 61,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on a best efforts all or none basis by D. A. Bruce & Co., 11 Broadway, New York, which will receive a 75¢ per share commission and \$10,500 for expenses. The statement also includes (1) 15,000 shares underlying 5-year warrants to be sold to the underwriter for \$150, exercisable at \$5 per share, and (2) 4,000 shares to be sold at 1¢ each to Industrial Holding Corporation as a finder's fee.

The company is engaged in the business of financing commercial accounts receivable and other secured transactions in the metropolitan New York area. The \$235,000 estimated net proceeds from the stock sale will be added to general funds and used for general corporate purposes. In addition to certain indebtedness, the company has outstanding 81,000 shares of Class B stock, of which Irving Wiener, president, and John C. Hammerslough, secretary, own 27.47% each, and Norman J. Wiener, board chairman, and Alan D. Bressler 22.53% each. Sale of new stock to the public at \$5 per share will result in an increase in the book value of stock now outstanding from \$1.63 to \$2.51 per share and a corresponding dilution of \$2.49 per share in the book equity of stock purchased by the public.

AMERICAN STATES LIFE INSURANCE FILES FOR STOCK OFFERING. American States Life Insurance Company, 542 North Meridian Street, Indianapolis, Ind., filed a registration statement (File 2-20001) with the SEC on March 22nd seeking registration of 300,000 shares of common stock. The company proposes for a period expiring 30 days from the effective date of this registration statement to limit the offering of such shares to

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to owners of its common stock (other than its parent, American States Insurance Company), to certain holders of Restricted Stock Options granted by the company, and to common stockholders of the parent. After the unsold shares are then offered to the agents of the company, the remaining shares are to be offered for public sale. The offering to said agents and to the public will be made by City Securities Corporation, 417 Circle Tower, Indianapolis. The offering price (maximum \$5 per share*) for all the shares is to be supplied by amendment. The underwriter will receive a 25¢ per share commission on shares sold to the agents and the public.

The company is engaged in writing ordinary life and group insurance. Its parent is a multiple line fire and casualty insurance company. The net proceeds from the stock sale will be added to general funds to be held in cash or invested in securities. The prospectus states that the purpose of this financing is to increase capital and surplus of the company to support an expanded volume of business. It has outstanding 1,000,000 shares of common stock, of which American States owns 93%. Dudley R. Gallahue is board chairman and Edward F. Gallahue is president.

CLARK EQUIPMENT FILES FOR SECONDARY. Clark Equipment Company, 324 East Dewey Avenue, Buchanan, Mich., filed a registration statement (File 2-20000) with the SEC on March 22nd seeking registration of 125,000 outstanding shares of common stock, to be offered for public sale by the holder thereof through underwriters headed by Blyth & Co., Inc., 14 Wall Street, New York. The public offering price (maximum \$34 per share*) and underwriting terms are to be supplied by amendment.

The company produces industrial trucks, self-propelled construction machinery and commercial highway trailers; and it also manufactures automotive parts and components and spare parts for all its products. In addition to certain indebtedness, the company has outstanding 4,842,642 shares of common stock, of which management officials as a group own 5.98%. Nellye Newton Archambeault, executor under the will of Luella M. Clark, holds 184,536 shares and proposes to sell the 125,000 shares. George Spatta is president.

LAMINETICS FILES FOR STOCK OFFERING. Laminetics Incorporated, 20 West 27th Street, New York, filed a registration statement (File 2-20006) with the SEC on March 22nd seeking registration of 80,000 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 through underwriters headed by Fabrikant Securities Corp., 125 Maiden Lane, New York, which will receive a 35¢ per share commission and \$14,000 for expenses. The statement also includes (1) 30,000 shares underlying 10-year warrants sold to the underwriter at 1¢ each, exercisable at \$3.50 per share, and (2) 2,600 shares to be sold to Charles R. Harary, as a finder's fee, and to Carl S. Gottlieb, as a financial consultant's fee, at 1¢ each. A \$2,500 fee is also payable to each by the company.

The company was organized under Delaware law in January 1962 to succeed to the business of Monterey Linen Co., the assets of which it acquired for 21,000 common shares. The company presently continues the business of Monterey in the production and sale of gift sets, linens, place mats, table cloths, scarves, and laminated products. The \$213,000 estimated net proceeds from the stock sale will be used to purchase and install machinery and equipment, to move to larger quarters for manufacturing and executive offices, for printing of catalogues, promotion, advertising and general expense in connection with an expanded product line, and for expansion of inventories, to carry expanded accounts receivable and for general working capital.

In addition to certain indebtedness, the company has outstanding 73,000 shares of common stock, of which Moses Shamah, president, Abraham Shamah, vice president, and Ezra Hamway, secretary-treasurer, own 28.8% each. Moses Shamah received his shares for the assets of Monterey, Abraham Shamah for 1¢ per share, and Ezra Hamway for an aggregate of \$20,000. Said persons also purchased an aggregate of 60,000 warrants at 1¢ each. Sale of new stock to the public at \$3.50 per share will result in an increase in the book value of stock now outstanding from about \$1.12 to \$1.88 per share and a corresponding dilution of \$1.62 per share in the book equity of stock purchased by the public.

JOHN MORRELL FILES STOCK PLAN. John Morrell & Co., 208 South LaSalle Street, Chicago, filed a registration statement (File 2-19999) with the SEC on March 21st seeking registration of 52,020 shares of capital stock, to be offered pursuant to its 1960 Restricted Stock Option Plan.

PEERLESS RADIO FILES FOR OFFERING AND SECONDARY. Peerless Radio Corp., 19 Wilbur Street, Lynbrook, N.Y. filed a registration statement (File 2-20002) with the SEC on March 22nd seeking registration of 120,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 20,000 shares, being outstanding stock, by the holders thereof. The offering will be made at \$4 per share on an all or none basis by Kordan & Co., Inc., 50 Broadway, New York, which will receive a 44¢ per share commission and \$10,000 for expenses. The statement also includes 22,000 outstanding shares underlying 4-year warrants to be sold to the underwriter by a selling stockholder at 1¢ each, exercisable at \$4.40 per share.

The company (formerly Peerless Radio Distributors, Inc.) is engaged in the distribution of electronic parts and components principally to industrial customers in the New York metropolitan area. Of the \$325,000 estimated net proceeds from the company's sale of additional stock, \$100,000 will be used to reduce current obligations, \$150,000 to purchase additional inventory, including new inventory lines, and the balance for working capital. In addition to certain indebtedness, the company has outstanding 160,200 shares of common stock, of which Charles Shankman, president, Alvin M. Shankman, vice president, and David Bernstein own 72%, 14% and 10%, respectively. Charles Shankman and Bernstein propose to sell 14,000 and 6,000 shares, respectively. Sale of the new stock to the public at \$4 per share will result in an increase in the book value of stock now outstanding from \$1.49 to \$2.17 per share and a corresponding dilution of \$1.83 per share in the book equity of stock purchased by the public.

REGAL-MEADOWS FILES FOR OFFERING AND SECONDARY. Regal-Meadows, Inc., 11 Stanley Street, New Britain, Conn., filed a registration statement (File 2-20003) with the SEC on March 22nd seeking registration of 145,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 45,000 shares, being outstanding stock, by the holders thereof. Hayden, Stone & Co, 25 Broad St., N.Y. heads the list of underwriters. The public offering price (maximum \$11 per share*) and underwriting terms are to be supplied by amendment. The statement also includes 12,500 outstanding shares underlying 5-year warrants sold to the underwriter by a principal stockholder, exercisable at a price to be supplied by amendment.

The company was organized under Delaware law in March 1962 and proposes to acquire for an aggregate of 550,500 common shares all of the outstanding stock of two organizations which have operated 32 leased departments in discount department stores located in 11 eastern and midwestern states. One group, to be operated as the company's Regal Division, includes 15 such departments selling at retail men's, boys' and junior boys' apparel; and the other, to be operated as its Meadows Division, includes 17 departments selling at retail "hard goods" such as housewares, hardware, paints, automotive equipment and sporting goods. The net proceeds from the company's sale of additional stock will be used to repay short term bank loans incurred to purchase inventory to meet normal seasonal requirements, to purchase inventory in connection with the opening in 1962 of five leased departments, to repay notes due officers, and for general corporate purposes.

In addition to certain indebtedness, the company has (or will have) outstanding 550,500 shares of common stock, of which Abraham Levin, president, Louis Levin, vice president, Robert L. Zimmerman, board chairman, Ronald Zimmerman, secretary, and Richard L. Sirkin, treasurer, own 27.6%, 22.6%, 15.1%, 16.2% and 12.8%, respectively. Abraham and Louis Levin propose to sell 22,500 shares each.

RONWIN SECURITIES ENJOINED. The SEC New York Regional Office announced March 20th (Lit-2217) the entry of a Federal court order (USDC ED NY) permanently enjoining Ronwin Securities Corporation, of Staten Island, and Ronald H. Guttveg, its president, from further violations of the anti-fraud, net capital and bookkeeping provisions of the Securities Exchange Act.

SWANSON & SPARROW SENTENCED. The SEC Seattle Regional Office announced March 21st (Lit-2218) the imposition of sentence upon Glenn G. Swanson and W. Floyd Sparrow (USDC ED Wash.) for violations of the anti-fraud provisions of the Securities Act in the sale of Treasure State Life Insurance Co. stock. Each received a 30-day imprisonment sentence to be followed by two years' probation.

PENN GAS-NATIONAL FUEL GAS ACCOUNTING APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14607) approving an amendment to the plan for elimination of the 5.95% minority interest in the common stock of Pennsylvania Gas Company, subsidiary of National Fuel Gas Company, heretofore approved by the Commission, which amendment modifies the accounting treatment by National of its investment in Penn stock to be acquired under the plan.

UNION ELECTRIC PURCHASE APPROVED. The SEC has issued an order under the Holding Company Act (Release 34-14608) authorizing Union Electric Company, St. Louis, to subscribe for 12,000 shares of common stock and for \$1,188,000 of income debentures of Civic Center Redevelopment Corporation, for a total consideration of \$1,200,000.

DAGGETT TRUST EXEMPTED. The SEC has issued an order under the Investment Company Act (Release IC-3454) declaring that Daggett Chocolate Company and The Daggett Trust have ceased to be investment companies within the meaning of that Act.

FORD MOTOR FILES FOR SECONDARY. Ford Motor Company, The American Road, Dearborn, Mich., today filed a registration statement (File 2-20012) with the SEC seeking registration of 2,250,000 outstanding shares of common stock (to be converted from Class A shares), to be offered for public sale by The Ford Foundation through underwriters headed by The First Boston Corp. (75 Federal Street, Boston) and seven other firms. The public offering price (maximum \$95.75 per share*) and underwriting terms are to be supplied by amendment. The company is engaged principally in the manufacture, assembly and sale in the United States of passenger cars and trucks, and related parts and accessories. Through its recently acquired subsidiary, Philco Corp., it is also engaged in the manufacture and sale of electronic products and electrical appliances for consumer use and of electronic systems, equipment and components for the United States Government and for industry. In addition to certain indebtedness (and after giving effect to said conversion), it has outstanding 25,682,035 Class A (non-voting), 6,291,865 Class B (voting), and 23,043,899 common shares (voting). Of the outstanding Class A stock, the Ford Foundation owns 27,644,035 shares (50.2% of all the outstanding stock of the company) and proposes to sell the 2,250,000 shares (upon conversion into common stock). Of the outstanding Class B stock, Benson Ford, a vice president, and Henry Ford II, board chairman, own 14.3% and 12.14%, respectively, and members of the Ford Family as a group 100% (40% of the general voting power). Management officials as a group own about 2% and 41%, respectively, of the outstanding common and Class B stock. The prospectus states that the company anticipates a 2-for-1 stock split of all outstanding shares and reduction of par value thereof from \$5 to \$2.50 per share. John Dykstra is president.

SECURITIES ACT REGISTRATIONS. Effective March 22: Hayden Publishing Co., Inc. (File 2-19382). Effective March 23: IMC Magnetics Corp. (File 2-19030); Litton Industries, Inc. (File 2-19617); Olympia Mines Inc. (File 2-18838); Texaco, Inc. (File 2-19907). Withdrawn March 23: Valle's Steak House (File 2-19506).

ARGUMENT, COMING WEEK. March 27th, McClane & Co., Inc., of New York City.

*As estimated for purposes of computing the registration fee.

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