

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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HEARING IN MARKET STUDY ANNOUNCED. SEC Chairman Cary announced today (For FRIDAY Newspapers) that a public hearing would be held May 7th in the current Special Study of Securities Markets, the hearing to involve the qualifications, training, supervision and selling practices of persons engaged in the securities business. The hearing will be held in the Hearing Room of the U. S. Tarriff Commission Building, 7th and E Streets, N. W., Washington, D. C. Milton H. Cohen, Director of the Special Study, will preside and Richard H. Paul, Chief Counsel of the Special Study, will conduct the examination of witnesses. The following are included in the subjects for inquiry at the hearing: standards of character, training and competence of salesmen and other persons engaged in the securities business; financial responsibility of broker-dealers; practices and techniques employed in the selling of securities, including mutual fund shares, to the investing public; and the supervision of activities of persons engaged in the sale of securities to the public. The hearings will develop facts and opinions relating to current industry practices and programs and also relating to problem areas revealed by preliminary investigations. Among the witnesses at the hearings will be persons associated with the national securities exchanges and the National Association of Securities Dealers, as well as persons connected with private firms active in the securities industry.

At the same time, the Special Study announced that in the near future it will send questionnaires to approximately 300 broker-dealer firms asking for information on their practices in hiring, training, compensating and supervising persons engaged in selling securities to the public. The proposed questionnaires on the subject of hiring, training, compensating and supervising securities salesmen will provide the Study with an organized body of statistical information drawn from the entire industry. One questionnaire, STS-1, will be sent to a substantial number of large and medium-sized broker-dealer firms and mutual fund distributing organizations, on the basis of the number of salesmen employed and number of branch offices. The other questionnaire, STS-2, is similar to STS-1, but adapted for the use of smaller firms, and will be sent to a random sample of such firms. A total of approximately 300 firms employing over 50,000 salesmen in the aggregate will be asked to supply information through the two forms of questionnaire.

FIRST WEST TEXAS CAPITAL FILES FOR STOCK OFFERING. First West Texas Capital Corporation, 700 North Grant Street, Odessa, Texas, filed a registration statement (File 2-20227) with the SEC on April 11th seeking registration of 200,000 shares of common stock, to be offered for public sale (without underwriting) at \$5.50 per share. The company will pay a 50c per share selling commission to any dealers who submit purchase orders to the company.

Organized under Texas law in November 1961, the company is licensed under the Small Business Investment Act of 1958 and is also registered under the Investment Company Act of 1940 as a non-diversified closed-end management investment company. It was organized by and obtained its initial operating capital from a group comprising 30 investors, of whom four were banks located in the Permian Basin area of West Texas and all but one of the remainder were members of the board of directors or shareholders of one or more of such banks. Each of the shareholder banks has invested about 1% of its capital and surplus in the stock of the company. The prospectus states that one of the primary motivations of the founders in organizing the company was their belief that the company could fill the gap in the financing needs of various small business enterprises in the West Texas and New Mexico area (such as oil and gas, real estate, ranching and farming) created by the inherent restrictions in bank financing due to the nature of responsibilities and manner of operation of such concerns. Thus far the company has made no equity investments or loans. The \$1,075,000 estimated (maximum) net proceeds from the stock sale, together with uncommitted paid-in capital and surplus (from \$1,285,000 to \$1,385,000) will be used in furtherance of the company's investment program. The management has approved loans to three small business concerns in the aggregate amount of \$140,000, which loans are to be accompanied by stock warrants, which, if fully exercised, would give the company equity ownership in the concerns of 25%, 33.4% and 35%, respectively.

The company has outstanding 65,000 shares of common stock (purchased at \$5 per share), of which First National Bank of Odessa, Texas, owns 6.8% and management officials as a group 35.4%. G. C. Hardwick is president.

INTERNATIONAL PAPER FILES STOCK PLAN. International Paper Company, 220 East 42nd Street, New York, filed a registration statement (File 2-20229) with the SEC on April 11th seeking registration of 188,802 shares of common stock, to be offered pursuant to its Incentive Stock Option Plan for Key Employees.

MILWAUKEE GAS LIGHT PROPOSES BOND OFFERING. Milwaukee Gas Light Company, 626 East Wisconsin Ave., Milwaukee, filed a registration statement (File 2-20230) with the SEC on April 11th seeking registration of \$15,000,000 of first mortgage bonds due 1987, to be offered for public sale at competitive bidding. The net proceeds from the bond sale, together with \$6,000,000 to be received from the sale of common stock to its parent, American Natural Gas Company, will be used to pay \$20,000,000 of short-term bank loans incurred by the company as temporary financing in connection with its 1961 construction program. The balance will be added to treasury funds. Gross utility plant additions during the five years ended December 31, 1961 amounted to \$75,920,592.

OVER

LOGOS FINANCIAL FILES FOR STOCK OFFERING. Logos Financial, Ltd., 26 Broadway, New York, filed a registration statement (File 2-20232) with the SEC on April 11th seeking registration of 250,000 shares of capital stock, to be offered for public sale through underwriters headed by Filor, Bullard & Smyth, 26 Broadway, New York. The public offering price (maximum \$10 per share*) and underwriting terms are to be supplied by amendment.

The company was organized under Maryland law in April 1962 and is registered under the Investment Company Act of 1940 as a non-diversified closed-end investment company. It was organized under the sponsorship of the principal underwriter; and its primary activity will be the writing of puts and calls, either as individual options or in combinations known as straddles, strips, straps and spreads. According to the prospectus, a "call" confers upon the purchaser the right to buy from the writer, and a "put" the right to sell to the writer, a specified number of shares (usually 100) of a particular security at a fixed price within a designated period of time. A "straddle" is a combination of a put and a call, while a "strip" combines two puts and a call and a "strap" two calls and a put, written on the same security exercisable at the same price within the same time period. A "spread" is a variation of the straddle in which the put is exercisable a number of points below, and the call is exercisable the same number of points above, the market price of the optioned security when the option is written. The prospectus further states that the company intends to provide a vehicle through which "the non-professional investor, who may have limited capital, may avail himself of experienced investment management in seeking the opportunities for income and profit which option writing may provide." Proceeds of the stock will be applied to these objectives; and pending such use they will be invested in government securities and high grade corporate bonds. The investment advisor to the company is FBS Management Company, Inc., of the Broadway address. All of its voting stock is owned by the principal underwriter, and all of its directors and officers (except one) are general partners of the underwriter. Louis J. Pugliese is board chairman and Charles de Trenck is president; and they are both general partners of the underwriter and directors of the advisor.

GENERAL ECONOMICS SYNDICATE FILES FOR STOCK OFFERING. General Economics Syndicate, Inc., 625 Madison Avenue, New York, filed a registration statement (File 2-20231) with the SEC on April 11th seeking registration of 400,000 shares of Class A common stock, to be offered for public sale at \$10 per share. The offering will be made on a best efforts basis (all or none as to first 120,000 shares) by G.E.C. Securities, Inc., of the Madison Avenue address, which will receive a \$1.10 per share selling commission and \$30,000 for expenses. The statement also includes 50,000 shares underlying 4-year warrants sold to the underwriter at 10¢ each, exercisable at \$10 per share.

The company was organized under Delaware law in February 1962 by General Economics Corporation (parent of the underwriter) to do business in the field of insurance primarily as a holding company. It has not engaged in activity to date other than its own organization and the activities relating to the formation of two wholly owned subsidiaries, General Economics Life Insurance Company of New York and General Economics Life Insurance Company of California. In consideration for 500,000 Class B shares of the company, the promoter paid \$95,000 in cash and transferred its subscription rights to all of the stock of said two newly formed life insurance companies. Of the \$3,500,000 estimated net proceeds from the stock sale, \$1,000,000 will be invested in each of the two subsidiaries, and the balance will be added to working capital of the company and used from time to time to form or acquire other insurance companies, or for additional contributions to working capital of wholly owned subsidiaries.

The company has outstanding 534,400 Class B shares, of which General Economics Corporation owns 500,000 shares. The balance was sold to certain investors (not including management officials) at 19¢ per share. Leonard I. Axelrad is board chairman and president of the company (and president of the promoter) and Nelson Axerad is a vice president and secretary-treasurer (and holds similar positions with the promoter). They own an aggregate of 66% of the outstanding stock of General Economics Corp.

GOVT. OF NEW ZEALAND PROPOSES BOND OFFERING. The Government of New Zealand today filed a registration statement (File 2-20234) with the SEC seeking registration of \$25,000,000 of bonds due 1977, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., 20 Exchange Place, New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the bond sale will be applied toward New Zealand's program of capital works and expenditures which are estimated at 99.8 million pounds for fiscal 1963. Such expenditures for fiscal 1961 amounted to 76.2 million pounds.

SECURITIES ACT REGISTRATIONS. Effective April 8: The Buckeye Pipe Line Company (File 2-19980). Effective April 12: American Pioneer Life Insurance Co. (File 2-19481); Briggs Leasing Corp. (File 2-19760); Delford Industries, Inc. (File 2-19058); Global Steel Products Corp. (File 2-19264); The Japan Fund, Inc. (File 2-19166); Ozalid Company Ltd. (File 2-20189); Precision Automotive Components Co. (File 2-19540); Producers Cotton Oil Co. (File 2-19647); Shaver Food Marts, Inc. (File 2-19477); Van Der Hout Associates Ltd. (File 2-19391); Warlick Press, Inc. (File 2-19675); John Wiley & Sons, Inc. (File 2-19814). Withdrawn April 12: Midwestern Investment Corp. (File 2-19145); United Nuclear Corp. (File 2-18777).

*As estimated for purposes of computing the registration fee.