

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE April 19, 1962

SEC ORDER CITES R. J. CUNNINGHAM & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration filed by R. J. Cunningham & Company, Inc., 24 Commerce St., Newark, N. J., should be revoked.

The broker-dealer registration of Cunningham & Company was filed December 21, 1961, and became effective January 20, 1962. It lists Robert J. Cuneo as president and treasurer, Jack S. Geraldo, Jr., as vice-president and secretary, and Barbara Ann Wittemann as a director. A report of financial condition supplemental to the registration application also was filed December 21, 1961.

The Commission's order recites charges of its staff that the registration and disclosure requirements of the Act were violated by Cunningham & Company, in that its registration application is assertedly false and misleading with respect to the owners of 10% or more of registrant's outstanding stock and the nature of Geraldo's previous connection with another broker-dealer firm; the report of financial condition, particularly the current assets item; the reference to Wittemann as a director when she was replaced as a director by Mrs. Robert J. Cuneo on or about January 8, 1962; and the failure to report such change in the board of directors or to correct the other inaccuracies.

A hearing will be held later, at a time and place to be announced, for the purpose of taking evidence on the foregoing matters.

SEC ORDER CITES PACIFIC UNDERWRITERS. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by Pacific Underwriters, Inc., of 44 East Indian School Road, Scottsdale, Arizona, should be denied. A hearing for the purpose of taking evidence therein is scheduled for April 25, 1962, in the Commission's San Francisco Regional Office.

Pacific Underwriters filed its registration application on March 19, 1962. Doyce Earl Winn is president and owner of 10% or more of its outstanding stock. The Commission's order recites charges of its staff that information developed in an investigation tends if true to show that during 1958, 1959 and 1960 Winn offered and sold stock of Capital Funds, Inc., in violation of the Securities Act registration requirement. On March 29, 1962, an indictment was returned (USDC, Anchorage, Alaska) charging Winn and others with violations of the Securities Act registration and anti-fraud provisions, mail fraud and conspiracy, in the offer and sale of Capital Funds stock.

The effective date of the registration application of Pacific Underwriters has been postponed until May 3, 1962. The April 25th hearing will first concern itself with the question whether the Commission should order the further postponement of the effective date until final determination of the question of denial of broker-dealer registration.

CAPITAL MANAGEMENT OFFERING SUSPENDED. The Commission also has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of stock by Capital Management Corporation, 44 East Indian School Road, Scottsdale, Arizona.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on December 27, 1961, Capital Management proposed the public offering of 60,000 common shares at \$5 per share. In its suspension order, the Commission asserts that it has reason to believe that a person who is an officer, director, promoter and controlling person of Capital Management (namely, Doyce Earl Winn), as well as owner of all the stock and an officer of the underwriter, is under indictment involving the sale of securities, thus making a Regulation A exemption unavailable to Capital Management under the provisions of Regulation A.

A hearing will be held, upon request, on the question whether the suspension should be vacated or made permanent.

WISCONSIN TELEPHONE PROPOSES DEBENTURE OFFERING. Wisconsin Telephone Company, 722 North Broadway, Milwaukee, Wisc., filed a registration statement (File 2-20254) with the SEC on April 18th seeking registration of \$20,000,000 of debentures due 2002, to be offered for public sale at competitive bidding. The net proceeds from the debenture sale will be used to repay advances (estimated at \$26,500,000) from the company's parent, American Telephone and Telegraph Company, incurred for general corporate purposes, including extension, additions and improvements to its telephone plant. Construction expenditures were about \$44,700,000 for 1961, and it is anticipated that such expenditures for 1962 will be higher.

ALLEGHENY LUDLUM STEEL FILES THRIFT PLAN. Allegheny Ludlum Steel Corporation, 2000 Oliver Building, Pittsburgh, filed a registration statement (File 2-20255) with the SEC on April 16th seeking registration of 80,000 shares of common stock, to be offered to eligible salaried employees pursuant to its Thrift Plan.

GULF STATES UTILITIES PROPOSES BOND OFFERING. Gulf States Utilities Company, 285 Liberty Avenue, Beaumont, Texas, filed a registration statement (File 2-20256) with the SEC on April 18th seeking registration of \$17,000,000 of first mortgage bonds due 1992, to be offered for public sale at competitive bidding.

OVER

The net proceeds from the bond sale will be used to pay short-term notes due December 1962 (estimated at \$16,000,000) incurred for construction purposes, and the balance will be used to carry forward the company's construction program and for other corporate purposes. It is presently estimated that construction expenditures for the years 1962-63 will total about \$78,000,000.

FORD FILES STOCK PLAN. Ford Motor Company, The American Road, Dearborn, Mich., filed a registration statement (File 2-20257) with the SEC on April 18th seeking registration of 700,000 shares of common stock, to be offered pursuant to its 1960 Stock Option Plan.

TECHNICAL OPERATIONS FILES FOR SECONDARY. Technical Operations, Incorporated, South Avenue, Burlington, Mass., filed a registration statement (File 2-20258) with the SEC on April 18th seeking registration of 94,312 outstanding shares of common stock, which may be offered for public sale by the holders thereof from time to time at current market prices (maximum \$46 per share*) through normal brokerage channels. Such shares are a portion of an aggregate of 148,500 shares issued by the company on April 11, 1962 in exchange for the assets and business of Beckman and Whitley, Inc., a California company.

The company is engaged in research and development services in the fields of physics, chemistry, electronics, nucleonics, applied mechanics, operations research and computer applications and research, under contracts with the United States Government and others. It also manufactures radiographic equipment and transistorized power supplies and processes Kokachrome film. Beckman and Whitley produces and sells high speed cameras and related photoinstrumentation, explosive devices and meteorological instruments and systems. The company has outstanding 554,338 shares of common stock (prior to said acquisition), of which The Western Union Telegraph Company and American Broadcasting - Paramount Theatres, Inc. own 24% each. Frederick C. Henriques is president. The prospectus lists nine selling stockholders including John C. Beckman, Don Petty and Reid W. Dennis who propose to sell 47,716, 14,640 and 14,193 shares, respectively. Others propose to sell amounts ranging from 1,625 to 6,556 shares.

CASCADE NATURAL GAS FILES FINANCING PLAN. Cascade Natural Gas Corporation, 222 Fairview Avenue North, Seattle, Wash., filed a registration statement (File 2-20259) with the SEC on April 18th seeking registration of \$6,000,000 of subordinated debentures due 1983 and 5-year warrants to purchase 90,000 shares of common stock, to be offered for public sale in units consisting of a \$1,000 debenture and a warrant to purchase 15 common shares. White, Weld & Co., 20 Broad Street, New York, heads the list of underwriters. The interest rate on the debentures, exercise price of the warrants, public offering price of the units and underwriting terms are to be supplied by amendment.

The company and its subsidiaries (Pacific Natural Gas Co. and Cascade Building Co.) presently distribute natural gas in 45 communities and manufactured gas in two communities, in Washington and Oregon. The prospectus states that subject to approval by the shareholders of the company and of its subsidiary, Pacific Natural Gas, Pacific will be merged into the company and the stockholders thereof (other than the company) will receive, on a share for share basis, an aggregate of 2,442 shares of the company. Of the net proceeds from this financing, \$3,500,000 will be used to retire 5½% notes due June 1963 and a 5% note due July 15, 1962, incurred to finance a part of the company's expenditures for plant construction; \$1,425,000 will be used to retire 6½% interim notes due July 1963 and a 5½% note due September 1962 of Pacific which will be assumed by the company on the contemplated merger; and the balance will be used, together with the proceeds from the sale to institutional purchasers of \$2,500,000 of 5½% bonds due 1982 and additional funds generated internally, to cover the cost of the company's capital expenditure program for 1962, estimated at \$4,850,000. In addition to various indebtedness and preferred stock, the company has outstanding 1,103,327 shares of common stock. C. Spencer Clark is board chairman and O. Marshall Jones is president.

UTAH POWER FINANCING NOTICED. The SEC has issued an order under the Holding Company Act (Release 35-14626) giving interested persons until May 11th to request a hearing upon the bond financing proposal of Utah Power & Light Company, Salt Lake City. As previously reported (SEC News Digest of April 6, 1962), Utah Power proposes to issue and sell \$22,000,000 of bonds due 1992 and 480,000 shares of \$25 par preferred stock at competitive bidding. A part of the proceeds of this financing will be used to pay \$22,000,000 of bank notes and the balance, together with cash generated in the business, will be applied to the company's construction program.

CENTRAL AND SOUTH WEST STOCK PLAN APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14627) approving a restricted stock option plan filed by Central and South West Corporation, Chicago holding company. Under the plan, 175,000 shares of Central's common stock is reserved for issuance upon the exercise of options to be granted under the plan to regular full-time key employees of Central and its subsidiaries. This amounts to .82% of the 21,284,134 outstanding shares.

BROAD STREET INVESTING PURCHASE CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release IC-3472) permitting Broad Street Investing Corporation, New York investment company, to issue its shares at their net asset value for substantially all the cash and securities of Inland Investors, Inc.

HUGH BRADFORD EMPLOYMENT CLEARED. The SEC has issued an order under the Securities Exchange Act (Release 34-6783) granting an application of the NASD for approval if its continuance of Dempsey-Tegeler & Co., Inc., in membership while employing Hugh Bradford as a controlled person, notwithstanding a disqualification resulting in the NASD's revocation in January 1957 of Bradford's registration as a registered representative of Southwestern Securities Company, expulsion of that firm from NASD membership and the naming of Bradford as a cause of that expulsion. The 1957 action resulted from an NASD finding that Southwestern violated the SEC net capital rule and while in violation had actively engaged in the securities business.

CONTINUED

Bradford's proposed activities with Dempsey-Tegeler will be in the field of new business, including underwriting, mergers and acquisitions; and he will be connected with that firm's main office and his activities will be supervised by the firm's president or vice-president. One of the mitigating circumstances supporting the present application was the assertion that all customers and dealers accounts of Bradford's former firm were settled and that there was no litigation against Bradford or that firm arising out of the net capital rule violations.

LOUISIANA GAS SERVICE PROPOSES BOND OFFERING. Louisiana Gas Service Company, 1233 West Bank Expressway, Harvey, La., today filed a registration statement (File 2-20261) with the SEC seeking registration of \$10,000,000 of first mortgage bonds due 1987, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be used to retire \$7,341,000 of 5-7/8% first mortgage bonds due 1985 presently outstanding, and in connection therewith to pay interest of about \$181,000 and a redemption premium of \$505,795; to pay a \$750,000 bank loan incurred for construction purposes; and for property additions and improvement and other corporate purposes. The company's construction expenditures for 1962 are expected to total \$1,900,000. In addition to certain indebtedness, it has outstanding 670,000 shares of common stock. A. B. Paterson is president.

ARLAN'S DEPT. STORES FILES FOR FINANCING AND SECONDARY. Arlan's Dept. Stores, Inc., 350 Fifth Avenue, New York, today filed a registration statement (File 2-20262) with the SEC seeking registration of \$3,000,000 of convertible subordinated debentures due 1982, to be offered for public sale by the company and 250,000 outstanding shares of common stock, to be offered by the holders thereof. Eastman Dillon, Union Securities & Co., 15 Broad Street, New York, heads the list of underwriters. The interest rate of the debentures, public offering price for both issues (maximum \$40 per common share*) and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in selling popular-priced merchandise at retail through 18 self-service discount stores located in leased premises in 8 states. Such stores operate under the names "Arlan's" and "Arlan's Discount Department Store." The prospectus states that 10 new stores are now under construction and are expected to be in operation by December 31, 1962. Of the net proceeds from the company's sale of debentures, \$600,000 will be used to repay certain indebtedness of Arlan's Dept. Store Equipment Corp., and the balance will be added to working capital to finance current and future expansion of business. The company estimates that stores now under construction and stores for which leases have been signed will require additional working capital of about \$2,000,000 over the next year. The stock of said Equipment Corp. is to be contributed to the company by three principal officers and stockholders of the company; and the company intends to liquidate said company, transfer its assets to appropriate operating companies, and repay the \$600,000 of indebtedness to a corporation owned by said persons.

In addition to certain indebtedness, the company has outstanding 1,000,000 shares of common stock, of which Lester Palestine, board chairman, Hyman Feinstein, president, and Herbert Palestine, treasurer, own 20.2%, 12.3% and 17.4%, respectively. They and two other members of the Palestine family are the selling stockholders; and the amounts to be sold by each are to be supplied by amendment.

SEC COMPLAINT NAMES STOCKS & BONDS INC. The SEC Atlanta Regional Office announced April 17th (Lit-2242) the filing of a complaint (USDC, SD Miss.) seeking to enjoin Stocks and Bonds, Inc., and George M. Mitchell of Vicksburg, Miss., from further violations of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and the anti-fraud provisions of the Securities Act of 1933.

RED HILL URANIUM DELISTED. The SEC has issued an order under the Securities Exchange Act (Release 34-6784) granting an application of the San Francisco Mining Exchange to delist the common stock of Red Hill Uranium Company, effective close of business May 14th, due to the inadequacy of information with respect to recent corporate changes.

UNLISTED TRADING SOUGHT. The SEC has also issued an order under the Securities Exchange Act (Release 34-6784) giving interested persons until May 14th to request a hearing upon an application of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Sunshine Mining Company and Vulcan Materials Company.

SECURITIES ACT REGISTRATIONS. Effective April 19: Anchor Coupling Co., Inc. (File 2-19680); Custom Metal Products, Inc. (File 2-19318); Northwestern Glass Co. (File 2-19669); Republic-Franklin Life Insurance Co. (File 2-19787). Withdrawn April 19: Diversified Collateral Corp. (File 2-19562); Operations Research, Inc. (File 2-19786).

*As estimated for purposes of computing the registration fee.

---oooOooo---