

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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REGISTRATION DENIED A J CARADEAN & CO. The SEC today announced the issuance of a decision under the Securities Exchange Act (Release 34-6903) denying an application for broker-dealer registration filed by A. J. Caradean & Co., Inc., 155 A North Franklin Street, Hempstead, New York. Jerome H. Truen and Jack Cohen (also known as Jack Curtis), president and secretary, respectively (and sole stockholders), were found to be a cause of the denial order.

In its decision, the Commission ruled that Truen and Cohen, while employed as salesmen by N. Pinsker & Co., Inc. during 1957-59, made false and misleading statements in the offer and sale of securities of Tyrex Drug & Chemical Corporation and Seaford-Mar Marina, Inc., in violation of the anti-fraud provisions of the Federal securities laws. Pinsker's registration was revoked in 1960 for fraud and boiler-room activities. "It seems clear," the Commission stated "that both salesmen engaged in an intensive high-pressure telephone campaign to sell highly speculative and promotional securities to customers irrespective of their investment needs and objectives. Their sales techniques of highly colored representations and predictions of rapid and substantial market price rises without disclosure of adverse information and the lack of adequate information were calculated not to inform but to mislead. We do not believe that the investing public should be exposed to further risk of fraudulent conduct by individuals such as Truen and Cohen who have demonstrated their gross indifference to the basic duty of fair dealing required of securities salesmen."

MID-AMERICA MINERALS FILES FOR OFFERING. Mid-America Minerals, Inc., 500 First Equity Bldg., Oklahoma City, Okla., filed a registration statement (File 2-20771) with the SEC on September 28th seeking registration of \$2,500,000 of participations in its 1963 Fund (and \$625,000 of maximum assessments for completion of wells), to be offered for public sale in 250 units and at \$10,000 per unit. The offering will be made on a best efforts basis by the company's wholly owned subsidiary, Midamco, Inc., which will receive a \$100 per unit selling commission.

The company is engaged in the general oil and gas exploration and development business. The Fund will consist of an undetermined number of oil and/or gas projects, and each project will consist of working interests under one or more oil and gas leases on lands located within the United States (including Alaska), or Canada (it is expected that operations of the Fund will be located in the Mid-Continent, Rocky Mountain and Gulf Coast areas). The net proceeds from the sale of the units will be used for leasehold costs, for equipment and administrative expenses, and for other costs, including drilling, testing, completing, delay rentals and other services. In addition to participating in commissions and receiving reimbursement for certain expenses connected with the offering, Mid-America will also receive benefits by way of reimbursement of that part of its overhead costs allocated to operations of the 1963 Fund. In addition, Mid-America will retain a 25% "carried" interest, on a lease-by-lease basis, in each project made a part of the Fund, which interest will be acquired by Mid-America at no cash cost.

In addition to preferred stock, the company has outstanding 823,358 shares of common stock, of which John W. Fisher, board chairman, and John W. Nichols, president, own (and hold for members of their families) 19.8% and 16.3%, respectively, and management officials as a group 52.2%.

AUTOMATIC RETAILERS FILES STOCK PLAN. Automatic Retailers of America, Inc., 10889 Wilshire Blvd., Los Angeles, filed a registration statement (File 2-20772) with the SEC on September 28th seeking registration of 150,000 shares of common stock, to be offered pursuant to its Stock Option Plan for Employees.

AMERICAN HARDWARE FILES EXCHANGE PLAN. The American Hardware Corporation, 102 Washington St., New Britain, Conn., filed a registration statement (File 2-20773) with the SEC on September 28th seeking registration of 150,000 shares of common stock. It is proposed to offer such stock in exchange for outstanding stock of Plymouth Cordage Company, of Plymouth, Mass. The rate of exchange is to be supplied by amendment. The company now owns 91,181 shares (33.2%) of the outstanding stock of Plymouth.

The company is a producer of builders' hardware, its principal products including a substantially complete line of builders' hardware for residential, commercial and institutional use, including locks, door closers, exist fixtures, miscellaneous sash hardware, and other types of door and window fittings. The company also manufactures padlocks, cabinet locks, industrial locking devices, appliance and automotive hose clamps, and United States Post Office and institutional lock boxes, furniture and screen-line partitions. In addition to certain indebtedness, the company has outstanding 1,046,373 shares of common stock, of which B. S. F. Company, of Wilmington, owns 33% and management officials as a group 4.7% (and 3% of B.S.F.). David Muirhead is president. Plymouth Cordage is engaged in the manufacture and sale of rope; tying, baler and binder twine; eyelets; tacks; nails and paper yarns; and, through a subsidiary, the manufacture of certain feed products for poultry, and pesticides.

GATESIDE-BRYN MAWR FILES FOR OFFERING. Gateside-Bryn Mawr Company, 130 West 42nd St., New York, filed a registration statement (File 2-20774) with the SEC on September 28th seeking registration of \$720,000 of limited partnership interests, to be offered for public sale at \$5,000 per interest. No underwriting is involved.

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Gateside-Bryn Mawr is a limited partnership organized under New York law in 1962 with George Israel, Gilbert Gold, Ronald Altman and David Dolgenos as the general partners and Ida Israel as the original limited partners. It was formed for the purpose of acquiring title and operating a group of garden apartments in Bryn Mawr, Pa. The partnership has an agreement to purchase Broadlawn Apartments from Broadlawn, Inc., a corporation wholly owned by Rittenhouse Foundation. The purchase price is \$550,000 in cash over the balance (approximately \$2,120,000) of a conventional self-liquidating first mortgage in the original principal amount of \$2,200,000 held by the Central Savings Bank of New York City. The proceeds of this offering, together with \$5,000 contribution of the original limited partner, will be used for the following purposes, among others: \$523,750 will be paid as the balance of the cash portion of the purchase price of Broadlawn Apartments and laundry equipment; \$50,000 will be held as working capital by the partnership to be used as a reserve for improvements or repairs; and \$79,250 will be paid to the promoters, who will pay all expenses in connection with the acquisition of Broadlawn Apartments and the offering of interests.

RUSSELL MFG. FILES FOR STOCK OFFERING. The Russell Manufacturing Company, Alexander City, Ala., filed a registration statement (File 2-20776) with the SEC on September 28th seeking registration of 312,500 shares of common stock, to be offered for public sale through underwriters headed by Hornblower & Weeks, 1 Chase Manhattan Plaza, New York. The public offering price (maximum \$12 per share*) and underwriting terms are to be supplied by amendment.

The company is a manufacturer of athletic clothing and a supplier of knitted underwear for men, women and children, sleepwear for children, and cotton cloth. The net proceeds from the stock sale will be used to retire first mortgage 6% serial bonds (\$3,050,000 outstanding as of June 30, 1962) held by Jefferson Standard Life Insurance Company of Greensboro, N.C. (and its subsidiary); and the balance will be used for modernization and further expansion of manufacturing facilities. In addition to certain indebtedness, the company has outstanding 1,350,000 shares of common stock (after giving effect to a recent reorganization and recapitalization), of which the Roberta and Benjamin Russell Foundation, the Estate of Ben C. Russell (for the benefit of Edith L. Russell), Robert A. Russell, vice president, E. R. Alison, vice president, and Thomas D. Russell, president, own 18.87%, 15.22%, 15%, 15.16% and 11.14%, respectively. Management officials as a group own 45.45%. The two Russells and Alison have the right to vote the shares held in the Estate of Ben C. Russell and the shares in said foundation (of which they are directors). In October, the company's name will be changed to Russell Mills, Inc.

DYNAPOWER SYSTEMS FILES FOR STOCK OFFERING. Dynapower Systems Corporation, 2222 South Centinela Ave., Los Angeles, filed a registration statement (File 2-20777) with the SEC on September 28th seeking registration of 750,000 shares of common stock, to be offered for public sale at \$1 per share. No underwriting is presently involved.

The company was organized in 1961 to engage in the manufacture and sale of electro-mechanical vehicles as well as electronic devices for medical and marine purposes. It presently produces an electric golf cart (the "Dyna Mite"), a "senior citizen's car" (the "Dyna Deluxe"), an electric utility vehicle (the "Dyna Truck"), and a radio frequency pulse therapy machine (the "Theramatic"). The \$650,000 estimated net proceeds from the stock sale will be used as working capital, to finance the purchase and development of additional machinery and equipment, and to repay existing obligations. In addition to certain indebtedness, the company has outstanding 714,200 shares of common stock, of which W. Denis Kendall, president, owns 32.48% and management officials as a group 51.24%. Sale of new stock to the public at \$1 per share will result in an increase in the book value of stock now outstanding from 25¢ to 54¢ per share with a resulting dilution of 46¢ per share in the book equity of stock purchased by the public.

U S FIDELITY AND GUARANTY FILES EXCHANGE PLAN. United States Fidelity and Guaranty Company, Calvert & Redwood Sts., Baltimore, filed a registration statement (File 2-20778) with the SEC on September 28th seeking registration of 1,112,625 shares of capital stock. It is proposed to offer such stock in exchange for the outstanding common stock of Merchants Fire Assurance Corporation of New York at the rate of 9/10 of a share for each share of Merchants. A group of soliciting dealers headed by The First Boston Corp., 75 Federal St., Boston, will receive fees ranging from 45¢ to 60¢ per Merchants share tendered for exchange (depending on amount of such shares tendered).

The company is engaged in writing multiple lines of insurance. Merchants is engaged in writing fire and allied lines, marine and casualty insurance; and it also invests and reinvests its available funds and derives a substantial portion of its earnings therefrom. According to the prospectus, the combined operation of the two companies will produce a better balanced portfolio of business with a wider diversification of risks and types of insurance. In addition to certain indebtedness, the company has outstanding 6,119,554 shares of common stock, of which management officials as a group own 1.3%. William E. Pullen is board chairman and president.

AMERICAN EDUCATIONAL LIFE FILES FOR STOCK OFFERING. American Educational Life Insurance Company, 1808 West End Bldg., Nashville, Tenn., filed a registration statement (File 2-20779) with the SEC on September 28th seeking registration of 60,000 shares of Class A common stock (voting), to be offered for public sale at \$7.50 per share. The offering will be made on a best efforts basis by Standard American Securities, Inc. (under common control with the company), which will receive a \$1 per share selling commission. The statement also includes 20,000 shares underlying 1-year warrants (exercisable at \$7.50 per share) to be granted without charge to purchasers of the 60,000 shares on the basis of 1 warrant for each 3 shares purchased.

The company is engaged in the business of writing life insurance policies and allied lines. The net proceeds from the stock sale will be invested in securities and property which are legal investments for life insurance companies under Tennessee law and used as working capital to meet expenses necessary to the operation of the company. In addition to Class B non voting shares, the company has outstanding 248,082 Class A voting shares, of which management officials as a group own 18%. E. Ridley Derryberry is board chairman and Wendell V. Clipp is president.

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INSTR-O-MATICS FILES FOR STOCK OFFERING. Instr-O-Matics, Inc., 3181 North Elston Avenue, Chicago, filed a registration statement (File 2-20780) with the SEC on September 28th seeking registration of 32,000 shares of Class A common stock, to be offered for public sale on an agency best efforts basis by R. A. Holman & Co., Inc., 54 Wall St., New York. The public offering price (maximum \$10 per share*) is to be supplied by amendment. The underwriter will receive a commission of 14% of the gross sales price of the shares sold, plus an expense allowance equal to 6% of the gross sales price of the shares sold. The statement also includes 6,400 Class A shares underlying 5-year warrants to be issued to the underwriter at the rate of one share for each five shares sold, and exercisable at the public offering price.

The company succeeded to the business of Allen-Bradford, Inc., an Illinois company, as a result of a merger in May 1962. It develops, manufactures and sells electronic equipment for use in the marine field, principally in pleasure boating. The prospectus states that the company's business is dependent upon and generally fluctuates with sales of boats and other marine products and that it has suffered in the past from a lack of capital with which to promote its products. As of June 30, 1962, the company had a deficit in retained earnings amounting to over \$29,000. The net proceeds from the stock sale will be used to retire outstanding indebtedness (including \$25,000 due the company's president), for advertising and sales promotion, to purchase inventories, employ additional personnel and for other costs in connection with beginning production of new products, and for working capital. In addition to certain indebtedness, the company has outstanding 4,050 Class A and 5,000 Class B common shares, of which Benjamin I. Coven, president, owns 5.27% and 100%, respectively. Class A shares do not presently possess voting power.

AMERICAN FINANCE STOP ORDER LIFTED. The SEC today announced that it had lifted its "stop order" of March 19, 1962, under the Securities Act of 1933, which suspended the registration statement filed by American Finance Company, Inc., of New York. The statement proposed the public offering of \$500,000 of debentures due 1971, 75,000 common shares and 25,000 warrants to purchase a like number of shares at \$15 per share.

The stop order was based on a decision (Release 33-4465) in which the Commission ruled that the statement contained misleading statements and omitted required facts with respect to the speculative risks of the business, the purpose of the financing, the nature of the operations of a subsidiary, the independence of the certifying accountant, the use of proceeds of the offering, and the proposed offering of shares on behalf of shareholders.

The registration statement having been amended so as to make appropriate disclosures in accordance with the Commission's decision, the Commission lifted the stop order. A further amendment will be required following this order to disclose the facts concerning the terms of the underwriting arrangements to be entered into and other matters before the statement may be declared effective.

SEC COMPLAINT NAMES UNITED BENEFIT LIFE. The SEC has filed a complaint (USDC DC) seeking to enjoin the offering and sale by United Benefit Life Insurance Company of Omaha of contracts (described as Flexible Fund Annuity policies) in violation of the Securities Act registration requirement and further to enjoin the sale of such securities until the company defendant registers with the Commission as an investment company under the Investment Company Act. (LR-2380)

ELLIO DOROTHY BLACK SENTENCED. The SEC Seattle Regional Office announced September 26th (LR-2383) that Ellio Dorothy Black received a three-year imprisonment sentence following a plea of guilty (USDC, Havre-Glasgow Division, Montana) to charges of violating the anti-fraud provisions of the Federal securities laws while serving as managing partner of E. D. Black & Co. of Havre.

CHAMBERLAIN-DALLAS ASSOCIATES FILES FOR OFFERING. Chamberlain-Dallas Associates, 17 East 48th St., New York, filed a registration statement (File 2-20781) with the SEC on September 28th seeking registration of \$565,000 of limited partnership interests in Associates, to be offered for public sale in 113 units and at \$5,000 per unit. The offering will be made on a best efforts basis by Chamberlain Securities Corp., of the same address, which will receive a \$450 per unit selling commission and \$5,000 for expenses.

Associates is a limited partnership organized under New York law in September 1962 with Stephen Birnbaum and Bertram Lewis as general partners (and eight others as subordinated limited partners). The partnership holds separate agreements to acquire title to four apartment houses in Dallas (known as Kona Kai, Bahia, Orchard Hills and The Outrigger). The total purchase price is \$1,520,623, of which \$430,500 is to be paid in cash and the balance by taking title subject to four first mortgages. \$71,600 was paid as a deposit. The net proceeds from the sale of the limited partnership interests will be applied to the purchase price, to reimburse the partners for the deposit, and to pay the general partners for certain expenses (\$78,650). After the acquisition, the properties will be operated by Dalbert Development Corporation, a non-affiliated company. The general partners control the underwriter.

ADR'S FOR NEW ZEALAND PETROLEUM EXPLORATION FILED. First National Bank in Dallas, Dallas, Texas, filed a registration statement (File 2-20782) with the SEC on September 28th seeking registration of American Depository Receipts for 399,500 ordinary shares of New Zealand Petroleum Exploration Company, Limited.

TWO OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of stock by Datamation, Inc., 1500 West Tryon Ave., West Englewood, N. J., and Transportation Equipment Development Corp., 1625 Eye Street, N. W., Washington, D. C.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The said companies, in notifications filed on November 30, 1960 and August 19, 1959, respectively, proposed the public offering of common stock as follows: Datamation, 80,000 common shares at \$2 per share; and Transportation Equipment, 30,000 common shares at \$3 per share. The latter offering was to be made on a best efforts basis by Lloyd, Miller and Company of Washington, D.C.

The Commission asserts in its orders that it has reasonable cause to believe that the offering circular of each of the two companies is false and misleading in respect of certain material facts and that the stock offering by each company violated the Securities Act anti-fraud provisions. Each order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations with respect to Datamation related to the failure to disclose an outstanding loan made to the issuer by an underwriter and an intention to and the subsequent use of part of the proceeds of the stock sale to repay such indebtedness, as well as the educational and professional background of the company's president. It also is alleged that Datamation failed to amend its notification and offering circular to reflect subsequent loans to it by the underwriter (Bertner Bros., of 63 Wall St., New York) and filed a false report which failed to disclose that a portion of the proceeds of the stock sale was used to repay such loans.

The alleged misrepresentations with respect to Transportation Equipment involved its failure to disclose (1) the actual method of offering whereby a portion of the stock would be offered to the public at higher and undetermined prices by a small number of persons (Daniel Price and Herman Price of Washington, D. C., Interchange Bank of Chiasso, Switzerland, Jean Durand and Paul DuBois, presumably Swiss Nationals, and Marshall Stewart of Washington), all of whom purchased directly or indirectly from the Lloyd, Miller firm with a view to distribution of the stock, (2) the resultant profit to these persons and bank from such distribution, and (3) the identities of these additional underwriters and the nature and their relationships with the company and the underwriter.

TERRA EQUIPMENT ENGINEERING SUSPENSION PERMANENT. Terra Equipment Engineering, Inc., 496 West San Carlos Street, San Jose, Calif., has withdrawn its request for a hearing upon the Commission's order of June 29, 1962, temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock by that company. Accordingly, the suspension order has become permanent; and the hearing scheduled for October 3, 1962 in San Francisco has been cancelled.

GREATER MIAMI HEARING SCHEDULED. On request of Greater Miami Industrial Park, Inc., 310 S.E. Second Ave., Miami, Fla., the Commission has scheduled a hearing for October 30, 1962, in its Atlanta Regional Office, to take evidence on the question whether an order of the Commission dated September 13, 1962, temporarily suspending a Regulation A exemption from registration with respect to a public offering of 115,000 common shares at \$2.60 per share, should be vacated or made permanent. The Commission's suspension order was based upon alleged false and misleading representations in the issuer's offering circular.

DIOTRON HEARING POSTPONED. On request of the president and board chairman of Diotron, Incorporated, 3650 Richmond St., Philadelphia, the Commission has authorized postponement from October 10 to December 12, 1962, of the hearing in its Washington Office on the question whether to vacate or make permanent its prior order of September 12, 1962, temporarily suspending a Regulation A exemption from registration with respect to a public offering of stock by that company.

POWELL PETROLEUM FILES FOR STOCK OFFERING. Powell Petroleum, Inc., 418 Market St., Shreveport, La., filed a registration statement (File 2-20783) with the SEC on September 28th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. No underwriting is presently involved. Dealers through whom the offering may be made will receive a 15% commission.

The company was organized in 1961 and in March 1962 acquired from Joe A. Powell, its president (and his associates), in exchange for 345,550 common shares, properties located in the Monroe Gas Field, Ouachita and Union Parishes, Louisiana, which include 17 wells plus additional land upon which, according to the prospectus, the company anticipates 29 additional wells may be completed at a cost of \$25,000 each. The \$415,000 estimated net proceeds from the stock sale will be used to drill and operate wells on the proven productive leases now owned by the company. The company has outstanding the 345,550 shares, of which Powell owns 82,000 shares and Douglas H. Broadhead, vice president, 26,640 shares.

SECURITIES ACT REGISTRATIONS. Effective October 1: Graybar Electric Co., Inc. (File 2-20660); W. E. Henges, et al, voting trustees (Graybar Electric Co., Inc.) (File 2-20661); Warner-Lambert Pharmaceutical Co. (File 2-20718). Effective October 2: Electromagnetic Industries, Inc. (File 2-20153). Withdrawn September 27: Herlin & Co., Inc. (File 2-20428). Withdrawn September 28: Aubrey Manufacturing, Inc. (File 2-20066). Withdrawn October 1: Gaslight Club, Inc. (File 2-19878); Lilli Ann Corp. (File 2-20084); Trans-Western Service Industries (File 2-20179).

*As estimated for purposes of computing the registration fee.

CLARIFICATION RE RICHMOND CORP. The SEC News Digest of August 28th incorrectly spelled the first name of Frederic Richmond, board chairman of the Richmond Corporation, of Washington, D. C., who is not to be confused with the president of F. W. Richmond & Company, Inc., of New York.

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