

# 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)



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FOR RELEASE October 11, 1962

**TWO OFFERINGS SUSPENDED.** The SEC has issued an order temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of common stock by Capitol Leasing Corporation, 1123 Delaware Street, Denver, Colo., and Raindor Gold Mines, Limited, 200 Bay St., Toronto, Ontario, Canada. Each order provides an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The two named companies, in notifications filed on May 7, 1962 and January 28, 1959, respectively, proposed the public offering of stock as follows: Capital Leasing, 150,000 shares at \$2 per share (or, in the alternative, in exchange for the assignment to the company of automobile-type utility trailers on the basis of one share for each \$2 of the cost of the trailer assigned to the company); and Raindor, \$290,000 of common stock.

With respect to the offering by Capitol Leasing, the Commission asserts in its suspension order that it has reasonable cause to believe (1) that certain terms and conditions of Regulation A have not been complied with in that the company failed to disclose that American Trailer Rentals Company ("ATR"), its affiliate, is presently contemplating a public offering of securities (it filed a registration statement in connection therewith on December 11, 1961); (2) that the company's offering circular is false and misleading in respect of certain material facts, and (3) that the stock offering has been and is being made in violation of the Securities Act anti-fraud provisions. The alleged misrepresentations with respect to the Capitol Leasing offering relate to its failure to disclose (a) all direct and indirect interests of two company directors in ATR, (b) that the major portion (if not all) of the offering has been made solely to ATR trailer owners in exchange for trailers, (c) that the present offering and the contemplated offering by ATR are two steps in an integrated plan of financing which will ultimately result in the reorganization and refinancing of ATR, (d) that ATR trailer owners are merely being offered an opportunity to exchange their interest in ATR for stock in substantially the same enterprise and that ATR's present management has never been able to operate its system at a profit, and (e) that the trailers to be acquired might be defective and were manufactured by a former affiliate of ATR. In addition, it is alleged that the company's offering circular failed to disclose that the directors of ATR formed the company for the purposes of supplying the company with an attractive balance sheet to facilitate the sale of additional stock for cash, eliminating the financial burden on ATR caused by its contractual obligations under trailer management contracts, and relieving present officers and directors of ATR from potential liability under the Act.

With respect to Raindor, the Commission asserts that it has reasonable cause to believe that certain terms and conditions of Regulation A have not been complied with in that the company failed to file a revised offering circular subsequent to January 18, 1961, although the offering had not been completed. The Commission also asserts that the exemption provided by Regulation A is not available to the company because the broker-dealer registration of Quinn, Neu & Co., Inc., underwriter for the offering, was revoked by the Commission (in October 1961) and said firm also was expelled from membership in the National Association of Securities Dealers, Inc. (NOTE TO PRESS. Copies of foregoing also available at SEC Denver Regional Office)

**PRECISION METAL PRODUCTS HEARING SCHEDULED.** On request of Precision Metal Products, Inc., 278 N.W. 27th Street, Miami, Fla., the Commission has scheduled a hearing for November 26, 1962, in its New York 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 proposed public offering of 100,000 common shares at \$3 per share, should be vacated or made permanent. The Commission's suspension order was based upon alleged false and misleading representations in the offering of securities.

**COLONY GROWTH PLANS ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-3556) authorizing the transfer to Colony Growth Plans (the "Trust"), Boston unit investment trust, by its sponsor, Colonial Distributors, Inc. (and five persons affiliated with the sponsor), of \$100,000 of shares of Colonial Growth & Energy Shares, Inc. in exchange for Fully Paid Plans equal in amount to the value of the shares transferred as a means of providing the Trust with the \$100,000 net worth required by the Act. The shares of Colonial will constitute the underlying investment of the plans offered by the Trust's sponsor and will provide the medium in which proceeds from the sale of plans to the public will be invested.

**AMERICAN NATURAL GAS FILES FOR BORROWING.** American Natural Gas Company, New York registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing its sale to First National City Bank, New York of an installment promissory note in the face amount of \$6,000,000; and the Commission has issued an order (Release 35-14718) giving interested persons until October 29, 1962 to request a hearing thereon. According to the application, the proceeds from the borrowing, together with \$2,000,000 of treasury funds, will be used to retire the \$8,000,000 balance of notes due banks and issued in 1954 to retire collateral trust notes of the company then outstanding.

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**WEST PENN POWER PROPOSES BOND OFFERING.** West Penn Power Company, Greensburg, Pa., filed a registration statement (File 2-20817) with the SEC on October 10th seeking registration of \$14,000,000 of first mortgage bonds (Series T) due 1992, to be offered for public sale at competitive bidding. The net proceeds from the bond sale, together with other funds, will be used to redeem on December 1, 1962 (at 106.33% plus accrued interest), \$14,000,000 of outstanding 5-1/8% first mortgage bonds (Series R). West Penn Power, a public utility subsidiary of Alleghany Power System, Inc., a registered holding company, has also applied to the SEC for an order under the Holding Company Act authorizing its sale of the \$14,000,000 of first mortgage bonds (Series T) at competitive bidding; and the Commission has issued an order (Release 35-14719) giving interested persons until October 29, 1962 to request a hearing thereon.

**FOREIGN ISSUER RULE PROPOSED.** The SEC today announced a proposal to amend its Rule 3a12-3 under the Securities Exchange Act so as to provide that it shall not provide an exemption from the operation of Sections 14(a) and 16 (the proxy and insider-trading provisions) of the Act for certain foreign issuers who apply on Form 18, 19, 20 or 21 for the listing and registration of their securities on a national securities exchange; and the Commission has given interested persons until November 12, 1962, to submit views and comments thereon. Under the current provisions of the rule, securities for which the filing of listing applications on one of the four forms are exempt from the operation of Sections 14(a) and 16 of the Act. It is proposed to amend the rule to provide that it shall not afford such an exemption for voting trust certificates where the voting trustee or, if more than one, at least one-half of the voting trustees are citizens or residents of the United States, or if any person or persons controlling such voting trustee or voting trustees are citizens or residents of the United States. It is also proposed that the Rule be amended so that it will not exempt from Sections 14(a) and 16 of the Act certain issuers organized in a foreign country. These would include (i) companies which have their principal executive offices in the United States and which have a substantial portion of their assets in, or derive a substantial portion of their gross revenues from sources in, the United States; (ii) companies which have the major portion of their assets in, or derive the major portion of their gross revenues from sources in, the United States; (iii) companies the majority of whose directors are citizens or residents of the United States; and (iv) companies more than 50 percent of whose voting securities are owned by residents of the United States.

**COMMONWEALTH EDISON FILES FOR SECONDARY.** Commonwealth Edison Company, 72 West Adams St., Chicago, today filed a registration statement (File 2-20818) with the SEC seeking registration of 5,000 outstanding shares of common stock, to be offered for public sale by the holders thereof (by Continental Illinois National Bank and Trust Company of Chicago, as agent) through underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, and Glore, Forgan & Co., 135 S. La Salle St., Chicago. The public offering price (maximum \$50 per share\*) and underwriting terms are to be supplied by amendment. Such shares are payable by the company pursuant to a 2% stock dividend declared in September 1962 at the rate of one share for each 50 shares held of record on September 24th. The stockholders were given the election of either having their stock dividend delivered to them by the agent bank or sold for their account by the bank. In addition to various indebtedness and preferred stock, the company has outstanding 40,466,456 shares. J. Harris Ward is board chairman and president.

**SECURITIES ACT REGISTRATIONS.** Effective October 11: Drilexco 1963 Corp. (File 2-20635); The Hawaiian Electric Co. Ltd. (File 2-20671); The Peoples Gas Light & Coke Co. (File 2-20680); L. L. Ridgway Enterprises, Inc. (File 2-20507); Solitron Devices, Inc. (File 2-20389).

\*As estimated for purposes of computing the registration fee.

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