

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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FOR RELEASE December 24, 1958

VEDITZ & CO. BROKER-DEALER REGISTRATION SUSPENDED

The Securities and Exchange Commission today announced the issuance of an order suspending the broker-dealer registration of Jean R. Veditz Co., Inc., 160 Broadway, New York City, pending final determination whether its registration should be revoked. Veditz Co. consented to the issuance of the order.

In its order of December 10, 1958, instituting the proceedings, the Commission charged, among other things, that Veditz Co., Jean R. Veditz, its president and sole stockholder, and Ben Goldstein, its sales manager, "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons" in connection with their offering and sale of the Class A common stock of Universal Drilling Company, Inc., in violation of the anti-fraud provisions of the Federal Securities Laws. The order also stated that Veditz Co. and Veditz had been permanently enjoined by a November 25, 1958, decree of the Supreme Court of New York, County of New York, from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

The Commission had ordered a hearing before it at 2:30 P.M. this date on the question of suspension of the Veditz Co. broker-dealer registration pending final decision on the question of revocation. The hearing was waived and Veditz Co. consented to the suspension of its registration. The Commission ruled that such suspension was appropriate in the public interest and for the protection of investors.

GENERAL TELEPHONE (FLA.) PROPOSES PREFERRED STOCK OFFERING

General Telephone Company of Florida, 610 Morgan St., Tampa, Fla., filed a registration statement (File 2-14633) with the SEC on December 23, 1958, seeking registration of 480,000 shares of \$1.30 Cumulative Preferred Stock, Series B. \$25 par. The stock is to be offered for public sale at par through an underwriting group headed by Paine, Webber, Jackson & Curtis, Stone & Webster Securities Corporation, and Mitchum, Jones & Templeton. The underwriting commissions are to be supplied by amendment; there is no firm commitment by the underwriters to acquire the stock.

Net proceeds of the sale of the Series B preferred stock will be applied by the company to the payment of bank loans incurred for 1958 construction. Gross construction during 1958, of which \$18,200,000 was completed at October 31, 1958, totalled approximately \$22,750,000. As of October 31st, such bank loans amounted to \$10,700,000. Additional bank loans required to complete the 1958 construction amounted to \$2,000,000, of which \$700,000 will remain outstanding after the proceeds of the sale of the new preferred have been applied thereto. Additional new capital required for construction during 1959 is presently estimated at \$18,300,000 which will be obtained initially through bank loans.

MILLSAP OIL PROPOSES STOCK OFFERING

Millsap Oil & Gas Company, Siloam Springs, Ark., filed a registration statement (File 2-30) with the SEC on December 23, 1958, seeking registration of 602,786 shares of Common Stock,

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For further details, call ST. 3-7600, ext. 5526

to be offered for public sale at \$1 per share. The stock will be offered by employees, who will receive commissions of 15%.

The company's business is said to fall into three major areas: land plays, exploration and drilling, and production of oil and gas. One of its purposes is to find, develop, produce and market oil and gas. Net proceeds of this stock sale will be added to the general funds of the company and will be available for such corporate uses as the management may determine. The proceeds will be used as additional working capital for acquisition of properties and drilling and development, including possible wildcat drilling.

According to the prospectus, the company has issued 2,515,379 common shares. The largest single block of stock (798,600 shares) is owned by Kan-A-Tex-Oil and Gas Inc., all of whose stock is owned by Hal Millsap, Sr., and Hal Millsap, Jr., who are, respectively, board chairman and president of Millsap Oil.

CONSOLIDATED EDISON FILES FOR DEBENTURE OFFERING

Consolidated Edison Company of New York, Inc., 4 Irving Place, New York, filed a registration statement (File 2-14631) with the SEC on December 23, 1958, seeking registration of \$59,778,600 of Convertible Debentures due 1973. The company proposes to offer the debentures for subscription by common stockholders of record January 26, 1959, at the rate of \$100 of debentures for each 25 shares then held. The subscription price is to be 100% of principal amount of the debentures. Morgan Stanley & Co. and The First Boston Corporation are listed as the principal underwriters; and the underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the debentures will be applied (1) to the payment of short term bank notes of approximately \$51,000,000 issued in connection with the interim financing of the company's construction program and (2) the balance, together with cash to be received on conversions, toward payment for additions to utility plant on and after November 1, 1958. The current construction program of the company and its subsidiaries (including the proposed acquisition of the New York City power plants) will involve expenditures estimated at approximately \$1,000,000,000 for the years 1959 through 1963.

MIDDLE SOUTH AND SUBSIDIARY FILE FINANCING PROPOSAL

Middle South Utilities, Inc., New York, and its subsidiary, Arkansas Power & Light Company, Little Rock, have joined in the filing of an application with the SEC for an order authorizing bank borrowings by Middle South and its purchase of additional stock of Arkansas Power and the Commission has issued an order (Release 35-13892) giving interested persons until January 7, 1959, to request a hearing thereon.

Under the proposal, Middle South proposes to borrow \$6,000,000 from The First National City Bank of New York, for which it will issue a promissory note in like amount. It proposes to use the funds to purchase an additional 480,000 shares of Arkansas Power common stock for \$6,000,000. The latter will use the funds for general corporate purposes, for construction purposes, and for the reimbursement of its treasury for moneys expended for construction.

KENTUCKY POWER BORROWINGS EXTENDED INTO 1959

The SEC has issued an order (Release 35-13896) granting a request of Kentucky Power Company, of Ashland, for an extension through 1959 of the period within which it may issue notes evidencing additional borrowings and notes in renewal of maturing notes under its \$5,100,000 aggregate line of credit, previously approved. The \$800,000 not yet borrowed will be required to carry the company's construction program through 1959.

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I. C. P. ISRAEL CITRUS FILES FOR OFFERING

I. C. P. Israel Citrus Plantations, Limited, Tel Aviv, Israel, filed a registration statement (File 2-14632) with the SEC on December 23, 1958, seeking registration of 750,000 shares of its Common Stock, to be offered for public sale at \$1 per share. There are no underwriting agreements. The company reserves the right to pay commissions not exceeding 5% to any person who may assist in the sale or disposition of the stock.

The company proposes to engage in all branches of the citrus industry. The proceeds of the stock sale will be expended as follows: I.L. 550,000 for the purchase of groves; I.L. 130,000 for a citrus packing house; I.L. 150,000 for citrus canning; and I.L. 1,000,000 for planting of new groves 2,000 Dunams (500 acres) for 5 years.

The prospectus lists Jacob D. Ben-Ezer of Tel Aviv as board chairman, Zemach Ben-Ezer as secretary, and Isaac Ben-Ezer as vice-president and treasurer.

HARATINE GAS HEARING REQUEST GRANTED

The SEC has granted a request of The Haratine Gas and Oil Company, Inc., Euclid, O., for a hearing on the question whether to vacate, or make permanent, the prior temporary suspension by the Commission of a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Haratine Gas. The hearing is to be held on February 4, 1959, in the Commission's Chicago Regional Office.

In a notification filed by Haratine Gas on June 23, 1958, that company proposed the public offering of 199,900 common shares at \$1.50 per share pursuant to the conditional exemption from registration provided by Regulation A. The Commission by order dated October 29, 1958, temporarily suspended the exemption from registration. That order charged that certain sales material used in the offering and sale of the Haratine Gas stock, consisting of letters, circulars and other written communications, were not filed with the Commission prior to their use, as required; that certain of the sales material was false and misleading in respect of material facts (including the size and nature of the company's properties and the market price of its shares); and that the stock offering would violate the anti-fraud provisions of the Securities Act. (for further details, see Securities Act Release No. 3987).

At the February 4th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the suspension order should be vacated or made permanent.

SEC ORDER EXEMPTS NEW YORK DOCK - DUNHILL MERGER

The SEC today announced the issuance of a decision granting an application of New York Dock Company, Brooklyn, N. Y., investment company, for an exemption from provisions of the Investment Company Act with respect to certain transactions incident to the merger of Dock Company with and into Dunhill International, Inc. of New York (Release No. 40-2811).

As of June 30, 1958, the market value of Dock Company's securities portfolio was \$10,207,978 which, together with cash of \$2,100,324, constituted about 80% of its total assets. The portfolio included 38,100 shares (12.56%) of Dunhill's outstanding common stock which has since been reduced to 24,000 shares or 8%. The largest holding in Dock Company's portfolio was in common stock of American Bank Note Company. Dunhill, through its subsidiaries, is engaged in the sale of tobacco, tobacco products and accessories, pipes, gift items, cosmetics, toiletries and other merchandise. In addition, a substantial portion of the assets of Dunhill and its subsidiaries consists of investment securities, primarily American Bank Note common stock. The market value of these investments as of June 30, 1958, was \$2,217,107, or approximately 64% of Dunhill's total assets. Dunhill has outstanding 300,000 common shares.

Under the merger agreement, holders of common stock of Dock Company will receive eight shares of Dunhill common for each share of Dock Company common; and the holders of preferred stock

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of Dock Company will receive ten shares of Dunhill common for each share of Dock Company preferred. Dunhill shareholders will continue to hold their shares and Dunhill will continue in existence as the surviving corporation under its present name. Assuming 100% exchange by the Dock Company shareholders, the surviving corporation will have 1,107,752 shares of common stock outstanding upon consummation of the merger. When the merger is effective, Dock Company proposes to seek a Commission order declaring that it has ceased to be an investment company and Dunhill an order declaring that it is primarily engaged in businesses other than that of an investment company.

The Commission concluded that the terms of the proposed merger are reasonable and fair and do not involve overreaching on the part of any person concerned. Accordingly, it granted an exemption of the intercompany transactions from prohibitions of the Act.

GERMAN SAVINGS BANKS EXEMPTION GRANTED

The SEC has issued an order (Release 39-128) granting an application of Deutscher Sparkassen-Und Giroverband (German Savings Banks and Clearing Association) for an exemption from certain provisions of the Trust Indenture Act of 1939 with respect to the debt adjustment debentures, due January 1, 1967, to be issued by it under an Indenture to be dated as of January 1, 1953, between the Association and The First National City Bank of New York, as Trustee and Kreditanstalt fur Wiederaufbau, as co-trustee, in connection with the Association's offer of settlement to be made pursuant to Annex II of the London Agreement on German External Debts of February 27, 1953, between the Government of the Federal Republic of Germany, the United States of America, and other countries. The Commission's order also declares that trusteeship by the trustee and co-trustee under the said 1953 indenture and trusteeship by the co-trustee under the indenture pursuant to which the old dollar bonds were issued by the Association is not likely to involve material conflicts of interest.

SMITH-CORONA MARCHANT PROPOSES DEBENTURE OFFERING

Smith-Corona Marchant Inc., 701 E. Washington St., Syracuse, N. Y., today filed a registration statement (File 2-14636) with the SEC seeking registration of \$7,443,100 of Convertible Subordinated Debentures, due January 1, 1979. The company proposes to offer the debentures for subscription by its common stockholders on the basis of \$100 of debentures for each 25 common shares held. The interest rate, record date, subscription price and underwriting terms are to be supplied by amendment. Lehman Brothers heads the list of underwriters.

All of the net proceeds of the debenture sale will be used to reduce short-term bank loans which as of December 17, 1958, aggregated \$7,350,000. The bank loans provided funds for additional plant facilities and equipment amounting to approximately \$3,000,000, the development and introduction of new products amounting to approximately \$1,000,000, and overseas acquisitions amounting to approximately \$700,000. The remainder of such proceeds were used principally to provide necessary working capital.

RESISTOFLEX FILES FOR STOCK OFFERING AND SECONDARY

Resistoflex Corporation, Roseland, N. J., today filed a registration statement (File 2-14637) with the SEC seeking registration of 100,000 shares of its Common Stock. Of this stock, 50,000 shares are to be offered for public sale for the account of the issuing company and 50,000 for the account of Edgar S. Peierls, company president. Bache & Co. heads the list of underwriters. The initial offering price will be related to the market price of outstanding shares on the American Stock Exchange immediately prior to the offering; and the underwriting terms are to be supplied by amendment.

The company is engaged principally in the design and manufacture of speciality hose, hose fittings and hose assemblies and other products from high resistance resins for use in systems handling corrosive materials. Net proceeds of its sale of the 50,000 shares will be added to general funds of the company and used for various corporate purposes. In addition, the company will receive some \$300,000 proceeds upon the sale early in 1959 of an addition being constructed

the company to its Roseland plant, which addition is to be sold and leased back from the purchaser. Initially, the company plans to repay all of its outstanding \$475,000 of notes due serially to 1960 and \$300,000 of bank loans. The bank loans were incurred principally in connection with the plant addition. The company is also making leasehold improvements in connection with such addition expected to total \$80,000, will incur alteration and relocation expenses of \$70,000 and is planning the expenditure of some \$100,000 for additional machinery and equipment. The balance of the proceeds will be used principally for increased working capital.

BORMAN FOOD STORES FILES FOR OFFERING AND SECONDARY

Borman Food Stores, Inc., 12450 Greenfield Rd., Detroit, today filed a registration statement (File 2-14635) with the SEC seeking registration of 404,900 shares of Common Stock. Of this stock, 304,900 shares are to be offered for public sale by the present holders thereof and the remaining 100,000 by the issuing company. The public offering price and underwriting terms are to be supplied by amendment. Shields & Company is listed as the principal underwriter.

According to the prospectus, the company opened seven new super markets in 1958. Six more are under construction for completion during the first half of 1959, and the company's present plans contemplate that an additional six will be opened during the second half of 1959. The company has also leased from American Motors Corporation 15½ acres of land with a building thereon which is being remodeled for use as the offices and warehouse of the company and which is expected to be completed by March 1, 1959. The net proceeds to the company from its sale of the 100,000 common shares will be added to its general funds and will be available for the additional inventory and equipment required by the new stores and warehouse, for additional working capital and other general corporate purposes, including the repayment of short term bank loans the proceeds of which were used for such purposes and which amounted to \$500,000 at November 1, 1958. The company intends to meet the cost of its calendar 1959 store opening program from such net proceeds, from its present working capital funds and from cash generated from operations.

LAURE EXPLORATION PROPOSES STOCK OFFERING

Laure Exploration Company, Inc., Arnett, Okla., filed a registration statement (File 2-14634) with the SEC on December 23, 1958, seeking registration of 400,000 shares of its capital common stock, to be offered for public sale at \$2 per share. The company has not engaged in any business except to acquire control and rights to 10 unpatented mining claims in the pine mining district of Gilpin County, Colorado, and the Laure Tunnel No. 1 and Tunnel Site. These properties were acquired from the company's president and promoter, A. N. Laure, in consideration of the issuance to Laure of 800,000 common shares. Laure is said to have purchased the properties in 1919, since when he has expended \$30,000 in cash in exploration and other work thereon. Proceeds of the stock sale will be used for various expenditures, including machinery and equipment, exploration and other purposes.

SOUTHERN CALIFORNIA EDISON PROPOSES STOCK OFFERING

Southern California Edison Company, 601 West Fifth St., Los Angeles, today filed a registration statement (File 2-14638) with the SEC seeking registration of 500,000 shares of its Common Stock, to be offered for public sale through an underwriting group headed by The First Boston Corporation and Dean Witter & Co. The initial public offering price of the shares will be related to the current market for outstanding shares on the New York Stock Exchange. Underwriting terms are to be supplied by amendment.

Net proceeds from the stock sale will be used by the company in part to retire any short-term bank loans (incurred in connection with the acquisition of funds for the company's (uing construction program) which may be outstanding at the time such proceeds are received, loans, if any, are not expected to exceed \$2,000,000; the balance of such proceeds will become treasury funds. The company proposes to use an amount at least equal to such balance in its continuing construction program. It is presently expected that construction expenditures for the years 1958-1959 will approximate \$273,257,000.

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PHILADELPHIA-BALTIMORE EXCHANGE GRANTED UNLISTED TRADING

The SEC has issued orders granting applications of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Standard Packaging Corporation and Eastern Gas & Fuel Corporation, and in the Warrants for common stocks of Speary Road Corporation and Tri-Continental Corporation. (Release 34-5846).

RAPHAEL WEILL STOCK DELISTED

The SEC has issued an order granting an application of the Pacific Coast Stock Exchange to delist the common stock of Raphael Weill & Company (136,447 of the 147,720 outstanding shares are held by California Centurey Stores, Inc.), effective at close of trading session December 31, 1958 (Release 34-5846).

CINCINNATI EXCHANGE SEEKS UNLISTED TRADING

The Cincinnati Stock Exchange has applied to the SEC for unlisted trading privileges in the common stock of Corn Products Company, which is listed on the New York Stock Exchange; and the Commission has issued an order giving interested persons until January 6, 1959, to request a hearing thereon. (Release 34-5846).

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