

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 June 9, 1959

SEC ORDER CITES HILDEBRAND - ATLAS SECURITIES

The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether George H. Hildebrand, Atlas Securities, Inc., 6505 Wilshire Blvd., Los Angeles, and Murray J. Ross, an officer of Atlas, violated the anti-fraud and other provisions of the Federal Securities Laws and, if so, whether it is in the public interest that the broker-dealer registrations of Hildebrand and Atlas should be revoked.

According to the Commission's order, Hildebrand, doing business as Hildebrand & Co., has been registered as a broker-dealer since May 1957; Hildebrand is president and owner of more than 10% of the stock of Atlas (successor to Hildebrand & Co.), which has been registered since November 22, 1958; and Ross, an officer and director of Atlas, was formerly registered as M. J. Ross & Co., which was succeeded by M. J. Ross & Co., Inc., both of which latter registrations were withdrawn in 1958. Hildebrand also was an officer, director and 10% stock owner of Ross & Co., Inc.

The Commission asserts in its order that information developed in an investigation conducted by its staff, if true, tends to show that Hildebrand, Atlas and Ross "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers" of securities offered and sold by them. Specifically, it is alleged that they made fraudulent misrepresentations in the sale of common stock of Aetna Corporation (formerly Western Rentals, Inc.) during the period February to October, 1958, including misrepresentations with respect to the current value of the Aetna stock, its future value, and the need of Aetna for additional capital to continue its business. Moreover, according to the order, (1) Hildebrand and Atlas are said to have induced various persons to purchase the Aetna stock at prices far in excess of the cost to them of such securities, thereby obtaining "unreasonable and excessive profits" on such sales; (2) Hildebrand, while distributing the Aetna stock, caused certain dealers in securities to quote and publish bids and offers for said stock at successively higher prices determined by Hildebrand, and Ross and Hildebrand caused Ross & Co., Inc., and Atlas, both of whom were distributing the Aetna stock, to quote and publish bids and offers of the Aetna stock at successively higher prices determined by them, "for the purposes of creating an apparent market in, and raising the price of, said common stock of Aetna and inducing the purchase of said common stock of Aetna by others;" and (3) Hildebrand and Atlas, while participating in the distribution of Aetna stock, induced the purchase of said stock by customers by representing that the stock was being offered "at the market" or at a price related to the market price of the stock, when no market existed for said stock other than that made, created or controlled by them, or by persons associated with them in the distribution.

It is also alleged in the Commission's order that Hildebrand engaged in the conduct of a securities business in violation of its net capital rule, and in connection therewith induced certain persons to buy and sell securities from and to him and accepted monies and securities from them, representing that he was solvent and ready and able to discharge his liabilities to such persons when, in fact, his liabilities exceeded his assets and he was unable to meet his current liabilities in the ordinary course of business; that he falsified his books and records; and that he failed to make and/or preserve certain records.

Furthermore, the order charges, Hildebrand, Atlas and Ross offered and sold the Aetna stock in violation of the Securities Act registration requirements; Ross also offered and sold stock of U. S. Electronics Development Corporation in violation of such requirements; and Hildebrand induced customers to purchase Aetna stock at a time when he occupied a control relationship to that company without disclosing the existence of such relationship.

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A hearing for the purpose of taking evidence with respect to the foregoing matters will be held at a time and place later to be announced. Hildebrand has requested withdrawal of his broker-dealer registration, and such request also will be considered at such hearing.

REVISIONS IN CURRENT REPORTING REQUIREMENTS PROPOSED

The SEC today invited public comments on certain proposed amendments to Form 8-K, the Commission's form for current reports under the Securities Exchange Act of 1934. It is requested that comments on these proposals be submitted not later than July 15, 1959.

Form 8-K reports must be filed by companies having securities listed on national securities exchanges and by certain companies which have registered securities under the Securities Act of 1933. The form calls for the reporting on a monthly basis of certain specified events which are deemed of such importance to security holders and investors that they should be reported as promptly as practicable.

The proposed amendments deal with items of the form relating to changes in the management or control of the issuer, the acquisition or disposition of substantial amounts of assets, important legal proceedings and increases in the amount of securities or indebtedness outstanding. A new item calling for information regarding material transactions with insiders also is proposed and the filing of certain additional exhibits would also be required.

MID-STATES SHOE SEEKS REPORTING EXEMPTION

Mid-States Shoe Company, Milwaukee, Wisconsin, has applied to the Securities and Exchange Commission for an order under the Securities Exchange Act of 1934 and Rule 15d-20 thereunder exempting it from the requirement to file annual and other periodic reports; and the Commission has issued an order giving interested persons until June 22, 1959, to request a hearing thereon.

The obligation to file reports arose in connection with a 1940 public offering of securities for which a Securities Act registration statement was filed. According to the exemption application, Mid-States Shoe now has outstanding 80,000 shares of common stock and 17,013 shares of 6% preferred stock. Of the common stock, all but 121 shares, held by two individuals, is owned by Shoe Corporation of America, an Ohio corporation; and Shoe Corporation also owns 15,499 shares of the preferred stock, the balance (except for 946 shares held by the trustee under Shoe Corporation's retirement plan) being held by 21 individuals.

The application further states that information comparable to that required to be included in reports filed with the Commission will be available at the company's office in Milwaukee to the holders of the preferred and common shares and that the continued filing of reports with the Commission is not necessary in the public interest or for the protection of investors.

NARRAGANSETT ELECTRIC PROPOSES SALE OF GAS PROPERTIES

The Narragansett Electric Company, Providence, R. I., subsidiary of New England Electric System, has applied to the SEC for an order authorizing its sale to Bristol and Warren Gas Company of its gas properties and related assets in the Towns of Warren and Bristol, Rhode Island; and the Commission has issued an order (Release 35-14021) giving interested persons until June 22, 1959, to request a hearing thereon. The base price is to be \$460,000, subject to adjustments to reflect net changes in the properties subsequent to December 31, 1958, \$115,000 of which consideration may be paid by a promissory note of the purchaser, whose stock is owned by R. A. Sullivan.

COLUMBIA GAS PROPOSES TRANSACTION WITH SUBSIDIARY

The Columbia Gas System, Inc., New York holding company, has joined with one of its subsidiaries, Columbia Gulf Transmission Company, in the filing with the SEC of a proposal whereby Columbia Gas will exchange its debentures for bonds assumed by Columbia Gulf; and the Commission has issued an order (Release 35-14022) giving interested persons until June 22, 1959, to request a hearing thereon.

In connection with its recent acquisition of substantially all of the assets of Gulf Interstate Gas Company, Columbia Gulf assumed liabilities of Gulf Interstate, including \$81,400,000 of First Mortgage Pipe Line Bonds, 4-1/8% Series due October 1, 1974, and \$60,000,000 of First Mortgage Pipe

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Line Bonds, 5% Series due October 31, 1978. As a result of negotiations with the holders of these bonds (16 insurance companies, a university, and a bank, as agent and trustee,) it is expected that an agreement will be entered into pursuant to which Columbia Gas will exchange its debentures for the bonds assumed by Columbia Gulf. Columbia Gas further proposes to sell to Columbia Gulf, for cash, \$10,000,000 of the 5% bonds received pursuant to the proposed exchange, which bonds will be cancelled. Columbia Gas also will deliver the balance of the bonds to Columbia Gulf for cancellation; and it will acquire in exchange therefor \$93,720,000 of Installment Notes and 1,383,000 shares of \$25 par common stock of Columbia Gulf.

JERSEY CENTRAL POWER PROPOSES BOND OFFERING

Jersey Central Power & Light Company, Denville, N. J., has filed a proposal with the SEC for the issuance and sale at competitive bidding of \$8,000,000 of First Mortgage Bonds, due July 1, 1989; and the Commission has issued an order giving interested persons until June 26, 1959, to request a hearing thereon. Net proceeds of the sale of the bonds will be used for the company's 1959 construction program, the expenditures for which are estimated at \$16,158,000.

SALE OF O.T.C. ENTERPRISES STOCK ENJOINED

The SEC Fort Worth and Washington Regional Offices announced June 5, 1959, that Judge Ross Rizley (USDC, Oklahoma City) had entered a permanent injunction enjoining O.T.C. Enterprises, Inc., Otis T. Carr, Lari Kendrick, and Charles O. Rhoades, from further offering and sale of O.T.C. Enterprises stock in violation of the Securities Act registration requirements.

TAPE CABLE ELECTRONICS PROPOSES STOCK OFFERING

Tape Cable Electronics Co., Inc., 790 Linden Ave., Rochester, N. Y., filed a registration statement (File 2-15212) with the SEC on June 8, 1959, seeking registration of 110,000 shares of common stock, to be offered for public sale at \$3.75 per share. The offering is to be made on an "all-or-nothing best efforts" basis by an underwriting group headed by Charles Flohn & Co. and Netherlands Securities Company, Inc., which will receive a selling commission of \$.62½ per share plus \$12,500 for expenses. Charles Flohn & Co., one of the underwriters, has acquired from a principal stockholder of the company 37,500 shares at 1¢ per share, or \$375.

The company was organized in 1956 by William Richter, Charles V. Hinxman and Ellsworth S. Deuel for the purpose of developing, manufacturing and selling "Tape Cable," an electrical cable which is said to possess certain unique characteristics and important uses. Net proceeds of the stock sale will be used for the purchase and construction of necessary machinery and equipment, the promotion and sale of Tape Cable, and for working capital.

Of the 192,500 outstanding common shares, president Richter owns 56,340 shares, Bernard P. Birnbaum, 22,920 and Saul I. Birnbaum, 22,500. These shares were issued for \$86,680 in cash, plus certain other consideration including services rendered and the assignment of inventions and patent rights to the company.

HUDSON RADIO FILES FOR OFFERING AND SECONDARY

Hudson Radio & Television Corp., 37 West 65th St., New York, filed a registration statement (File 2-15213) with the SEC on June 8, 1959, seeking registration of 200,000 shares of capital stock. Of this stock, 125,000 shares are to be offered for public sale for the account of the issuing company; and the remaining 75,000 shares, constituting outstanding stock, is to be offered for sale for the account of the present holder thereof, David H. Ormont, president.

The company is engaged in a business consisting primarily of the wholesale and retail sale of electronic components and the retail sale of high-fidelity equipment. Net proceeds of its proposed sale of the 125,000 shares of stock will be utilized in the reduction of obligations, the acquisition and/or development of additional inventory lines, warehousing facilities and sales outlets; the adoption of various sales promotional programs, and as additional working capital.

Of the 374,970 outstanding shares of capital stock, 340,490 shares are owned by Ormont. Provided the entire 200,000 shares are sold, the underwriters will receive from Ormont an option to purchase an additional 45,000 shares at \$2.25 per share exercisable through June 30, 1962. The underwriters have agreed to pay a finder's fee to Harold Goodman of 10% of the difference between the gross cash
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commission received by them and the concession allowed to dealers, and to permit him to acquire at their cost 4,500 of the 45,000 shares they may purchase from Ormont.

SEARS, ROEBUCK FILES EMPLOYEE PLAN

Sears, Roebuck and Co. 925 South Homan Ave., Chicago, filed a registration statement (File 2-15214) with the SEC on June 8, 1959, seeking registration of 25,000 memberships in The Savings and Profit Sharing Pension Fund of Sears, Roebuck and Co. Employees, together with 2,000,000 shares of Sears common stock which may be purchased by the Fund.

MUTUAL INCOME FOUNDATION SHARES IN REGISTRATION

Mutual Income Foundation, Columbus, Ohio, investment company, filed an amendment on June 8, 1959, to its registration statement (File 2-12920) seeking registration of an additional 900,000 shares of beneficial interest in the Foundation.

RUSSELL McCONNELL PROPOSES OFFERING

Russell McConnell, Dorset, Ohio, filed a registration statement (File 2-15215) with the SEC on June 8, 1959, seeking registration of \$140,000 of participating interests in the "Charles Brydle Well #1" and "Frederick C. Borst Well #1," the proceeds of which will be used to finance the drilling of two wells for oil and/or gas, one in Monroe Township, Ashtabula County, Ohio, and one in Conneaut Township, Erie County, Pennsylvania.

ADRS FOR FAIREY COMPANY FILED

Morgan Guaranty Trust Company of New York filed a registration statement (File 2-15217) with the SEC on June 8, 1959, seeking registration of American Depositary Receipts for 80,000 Ordinary Registered Shares of The Fairey Company Limited, of England.

MOBILE CREDIT PROPOSES STOCK OFFERING

Mobile Credit Corporation, 11746 Appleton Ave., Detroit, filed a registration statement (File 2-15216) with the SEC on June 8, 1959, seeking registration of 15,000 shares of common stock, to be offered for public sale at \$10 per share. No underwriting is involved.

The company proposes to offer the stock for sale in Michigan and Pennsylvania, the subscription price being payable on terms of not less than 10% in cash upon signing the subscription agreement, with the balance payable in 18 equal monthly installments beginning August 15, 1959.

The company is engaged primarily in the purchase of conditional sales contracts from dealers in property so sold. Presently a majority of such contracts purchased are for mobile homes; however, conditional sales contracts for several other types of property are occasionally purchased, such as commercial ice cube making machines, motor boats and motorcycles. It is planned to increase purchase of the latter types of contracts. There are now outstanding 23,588 common shares (and \$74,652 of note). Net proceeds of the sale of the additional stock are to be used to provide additional working capital for the purchase of vendors' interests in conditional sales contracts and other like evidences of indebtedness.

HIGHWAY TRAILER INDUSTRIES PROPOSES RIGHTS OFFERING

Highway Trailer Industries, Inc., 250 Park Ave., New York, filed a registration statement (File 2-15218) with the SEC on June 9, 1959, seeking registration of 1,105,294 shares of common stock, to be offered for subscription by present stockholders at the rate of one new share for each two shares held. The record date and subscription price are to be supplied by amendment. No underwriting is involved. Allen and Company and Van Alstyne, Noel & Co. will act as the company's agents to advise shareholders and dealers to exercise and forward subscription rights. Dealers will be paid at the rate of 15¢ per share for each share purchased pursuant to their solicitations.

Of the net proceeds of the stock sale, \$250,000 will be used for new equipment and plant improvement; about \$2,000,000 will be used for the inventory and production requirements of the Hazleton, Pa. plant and the increased production at the Edgerton, Wisc., plant; \$750,000 will be used to charge a bank loan; and the balance will be devoted to general corporate purposes.

HATHAWAY INDUSTRIES FILES FOR SECONDARY

Hathaway Industries, Inc., Hathaway St., Syracuse, N. Y., today filed a registration statement (File 2-15219) with the SEC seeking registration of 300,000 outstanding shares of its common stock. These shares are part of the holdings of 672,990 shares (53.43%) held by Seaboard Allied Milling Corporation. Seaboard proposes to offer 100,000 shares for sale to the business associates and employees of Hathaway Industries at \$6 per share. In addition, Seaboard may wish to sell publicly the remaining 200,000 shares, or a portion thereof, on the American Stock Exchange, or otherwise, at prices current at the time of such sales. The company will receive none of the proceeds of sale.

Prior to April 30, 1958, Hathaway carried on a general baking business in the Eastern United States. On that date, three companies were merged into it, as follows: The Western Terminal Elevator Company and The Ismert-Hincke Milling Company, Kansas corporations, and Topeka Terminal Elevators, Inc., a Missouri corporation, as a result of which Hathaway's business activities were expanded to include the operation of a flour mill in Topeka, producing bakery flour and mill feed, the operation of two terminal grain elevators and one sub-terminal grain elevator in Kansas, and the operation of a grain and wheat merchandising business.

On May 22, 1959, Hathaway's directors approved a merger and consolidation agreement with Rodney Milling Company, a Delaware corporation, which will be voted upon by Hathaway stockholders on July 31, 1959, and under which Rodney Milling will be merged into Hathaway, which will thereupon change its name to Seaboard Allied Milling Corp. As a result of the merger, the company will expand considerably its flour milling and grain storage business by the acquisition of five additional operating flour mills in Kansas and Missouri and an additional inactive flour mill in Kansas. It will also acquire ten country elevators used for the storage of wheat for its milling operations as well as two terminal grain elevators available to the public in Kansas.

NORTHERN STATES POWER PROPOSES RIGHTS OFFERING

Northern States Power Company, 15 South Fifth St., Minneapolis, Minn., today filed a registration statement (File 2-15220) with the SEC seeking registration of 952,033 shares of common stock. The company proposes to offer the stock for subscription by holders of outstanding common stock on the basis of one new share for each fifteen shares held. The record date is to be supplied by amendment. The company will invite competitive bids for the underwriting of the offering. Net proceeds will be added to the general funds of the company and used to pay part of the expenditures incurred and to be incurred under its construction program, including the payment of any then existing bank loans (estimated at \$14,000,000).

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