

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 September 18, 1959

PHILADELPHIA ELECTRIC PROPOSES BOND OFFERING

Philadelphia Electric Company, 1000 Chestnut St., Philadelphia, filed a registration statement (File 2-15609) with the SEC on September 17, 1959, seeking registration of \$50,000,000 of First and Refunding Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding.

The company is engaged in an expansion program which is expected to require expenditures for the expansion of plants and facilities approximating \$52 million in the last 5 months of 1959, \$88 million in 1960, \$71 million in 1961, \$70 million in 1962 and \$90 million in 1963, or a total of \$371 million through 1963. About 40% of the required funds is expected to be obtained from the sale of new securities (including the bonds the subject of this proposed offering), with the remaining 60% being provided from internal sources.

PATHE NEWS PROPOSES STOCK OFFERING

Pathe News, Inc., 245 West 55th St., New York, filed a registration statement (File 2-15610) with the SEC on September 17, 1959, seeking registration of 400,000 shares of common stock with warrants to purchase an additional 100,000 common shares. The company proposes to offer this stock (with warrants) for public sale at \$3.75 per share. The offering is to be made by Chauncey, Walden, Harris & Freed, Inc., on a best efforts basis, for which it will receive a selling commission of \$.625 per share.

According to the prospectus, the underwriter, in addition to the selling commission, is entitled to receive a commission of 50¢ for each warrant exercised during the first six months, and to receive \$35,000 for expenses. Barnett Glassman, company president, and Samuel A. Costello, a vice president, have sold 50,005 common shares to the underwriter at its 10¢ par value. The company and the underwriter each have agreed to pay \$10,000 to one Jerry Gale as a finder's fee. Furthermore, the company has granted the underwriter a two-year option to purchase from the company 50,000 additional common shares at a price of \$2.50 per share.

The company was organized in August 1958 under Delaware law to succeed to the title of certain film assets acquired and to be acquired by Pathe News Library, Inc., a New York corporation (now dissolved) which was affiliated with the company. Pathe Library is said to have acquired its film assets in a series of transactions commencing in May 1958 from the bankrupt estate of Pathe Pictures, Inc., an unaffiliated Ohio corporation. In June 1959 Pathe Library conveyed all its assets to the company in return for shares of the company's common stock.

The company is engaged in the business of leasing certain of its film properties for exhibition to television stations, theaters and non-theatrical exhibitors. Licenses for exhibition are negotiated in some cases directly with exhibitors and in other cases through franchised distributors. The company is also engaged in the sale of prints of certain of its film properties.

Of the net proceeds of the stock sale, the first \$25,000 will be added to general funds of the company for working capital. The next \$30,000 will be used to pay 6% notes payable to Leon Lennar Epstein; \$60,000 to pay off the balance of certain other notes; and the next \$50,000 for working capital. Thereupon an additional \$64,000 will be applied to the payment of notes and the next

OVER

For further details, call ST. 3-7600, ext. 5625

\$250,000 used for working capital, whereupon \$173,000 will be used to make a cash payment required upon the exercise of an option to purchase the building at 245-249 West 55th St., New York City, with the balance of the proceeds available for general corporate purposes.

The company now has outstanding 1,206,820 common shares, most of which were issued for properties. Barnett Glassman, president, and Samuel A. Costello, vice president, own 525,052.5 shares each. Trophy Productions, Inc., a company owned by Mrs. Glassman, owns 100,010 shares.

PIK-QUIK PROPOSES STOCK OFFERING

Pik-Quick, Inc., Baker Building, Minneapolis, Minn., filed a registration statement (File 2-15613) with the SEC on September 17, 1959, seeking registration of 500,000 shares of its common stock, to be offered for public sale at \$3.50 per share. The offering is to be made by Craig-Hallum, Inc., on a best-efforts basis, for which it will receive a selling commission of \$.42 per share.

The company was organized in November 1958 for the primary purpose of establishing and operating so-called "bantam markets" or food markets and related sales and services catering primarily to the convenience of customers in areas smaller than those normally served by the so-called "super markets." The promoters purchased 130,000 shares at \$1 per share. In June 1959 it sold an additional 131,625 shares at \$1.25 per share. The company's general plan of operation is to find appropriate locations for stores of the desired type, which would then be leased on a long-term basis. According to the prospectus, it now has operations, commitments, or plans for stores at fifteen different locations, all in Florida.

The prospectus further indicates that the proceeds of the stock sales heretofore made, plus small incidental income received, will permit the initiation of operations at these locations. The entire proceeds of the public offering will be used to finance the securing of additional locations and the initiation of operations at additional stores, except that part of the funds which may be used for working capital.

Of the outstanding 294,125 shares of common stock, 75% is owned by promoters, officers and directors. Henry C. Stephenson of Minneapolis is listed as president and one of the promoters.

ALASKA CONSOLIDATED OIL PROPOSES STOCK OFFERING

Alaska Consolidated Oil Co. Inc., 80 Wall St., New York, filed a registration statement (File 2-15612) with the SEC seeking registration of 3,000,000 shares of common stock and warrants for an additional 300,000 shares. The stock is to be offered for public sale at \$2.50 per share and the warrants at 1¢ per warrant share. The commission to be paid on the sale of stock is to be 35¢ per share (the name of the underwriter will be supplied by amendment); and the underwriter will be entitled to purchase at 1¢ per warrant for each 10 shares of stock he distributes, one stock purchase warrant entitling the holder to purchase after January 1, 1960, one share of stock at a graduated purchase price beginning at \$2.50 per share.

The company was organized under Delaware law in March 1958 and is engaged primarily in exploration and drilling for oil and gas in Alaska. It has been engaged in drilling a deep test well on the Iniskin Peninsula about 150 miles southwest of Anchorage to determine whether or not oil and gas "known to be present there" can be recovered commercially. The company intends to use the proceeds of the proposed offering primarily for the further development and exploration of the oil and gas potential of the company's Alaska properties, including \$2,250,000 for additional drilling on Iniskin Peninsula, \$1,000,000 for exploring and drilling Copper River Basin, and \$1,263,000 for contingencies and further development.

According to the prospectus, the company now has outstanding 6,453,034 common shares and options for the purchase of an additional 645,000 shares. Promoters, officers and directors presently own a total of 1,037,500; and one officer-promoter owns options for the 645,000 shares, exercisable at prices graduating from \$2.75 to \$4.50. The company received in cash \$415,000 for these shares and \$645 for the option. Glenallen Corporation of New York, the largest of the company's nine stockholders, owns 2,890,000 shares representing about 44.79% at a cost of \$1,435,000. The prospectus lists John V. Zappa of Brooklyn as president. Two other major stockholders are Azalea Oil & Gas Corporation (1,100,000 shares) and Investoil Company (1,066,000). Zappa is owner of the option to purchase the 645,000 shares.

CONTINUED

ONE WM. ST. FUND PROPOSES ACQUISITION OF FEDERATED HOLDING

One William Street Fund, Inc., New York investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting its acquisition of substantially all of the cash and securities of Federated Holding Corporation; and the Commission has issued an order (Release 40-2910) giving interested persons until September 28, 1959, to request a hearing thereon.

Under an agreement between the two companies, the Fund proposes to acquire substantially all of the cash and securities of Federated, with a total value of \$1,854,000 as of June 30, 1959, in exchange for shares of the Fund's stock. The number of shares to be delivered to Federated will be determined by dividing the net asset value per share of the Fund stock into the value of the Federated assets to be exchanged. The Fund seeks an exemption order permitting the issuance of its shares, for such assets, at the net asset value of the shares.

FUNDAMENTAL INVESTORS PROPOSES PURCHASE OF I.H.L. CORP.

Fundamental Investors, Inc., Elizabeth, N. J., investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting its acquisition of substantially all of the cash and securities of I.H.L. Corporation; and the Commission has issued an order (Release 40-2911) giving interested persons until September 28, 1959, to request a hearing thereon.

Under an agreement between the two companies, Fundamental proposes to issue shares of its stock in exchange for substantially all of the cash and securities of IHL, which amounted to \$1,194,072 at June 30, 1959. The number of shares of Fundamental to be delivered to IHL will be determined by dividing the net asset value per share of Fundamental into the value of the IHL assets to be acquired. Fundamental seeks an exemption order permitting the issuance of its shares, for such assets, at their net asset value per share.

INDIANA & MICHIGAN ELECTRIC BORROWINGS PROPOSED

Indiana & Michigan Electric Company, Ft. Wayne, Ind., has applied to the SEC for an order authorizing it to make borrowings from ten banks from time to time prior to September 30, 1960, and in amounts aggregating \$25,000,000; and the Commission has issued an order (Release 35-14059) giving interested persons until October 2, 1959, to request a hearing thereon. The funds are to be used by the company to pay in part the costs of construction during the last six months of 1959 and all of 1960, estimated at \$12,000,000 and \$23,000,000, respectively.

NEES PROPOSES ADDITIONAL EQUITY INVESTMENT IN SUBSIDIARIES

New England Electric System, Boston Holding company, has joined with two of its subsidiaries in the filing of an application with the SEC for an order authorizing the subsidiaries to issue and sell additional stock to the parent; and the Commission has issued an order (Release 35-14060) giving interested persons until October 6, 1959, to request a hearing. The proposal contemplates the sale to NEES of an additional 14,000 shares of capital stock of Central Massachusetts Gas Company for \$350,000, and of an additional 5,455 shares of the capital stock of Northampton Gas Light Company for \$300,025. Central will apply the proceeds to the reduction of outstanding bank notes from \$1,100,000 to \$750,000; and Northampton will apply the proceeds to the reduction of its notes payable to NEES from \$690,000 to \$389,975.

CENPUC MERGER PERIOD EXTENDED

The SEC has issued an order (Release 35-14085) extending for a one-month period from October 3, 1959, the time within which Central Public Utility Corporation might effectuate its proposed merger with Consolidated Electronics Industries Corp. and Philips Industries, Inc. The Commission's order of April 3, 1959, granting CENPUC'S application for exemption from the Holding Company Act was conditional upon its being merged or consolidated with one or more companies within six months. However, it has not been possible for CENPUC to mail the necessary solicitation material and obtain the requisite consents of its shareholders within the six-months period.

CONTINUED

TRUST SECURITIES FILES FOR OFFERING

Trust Securities Corporation, Depositor and Sponsor for Trust Securities Programs for Shares of Investment Trust of Boston, filed a registration statement (File 2-15611) with the SEC on September 17, 1959, seeking registration of three series of Programs aggregating \$9,000,000 in amount.

TRADING IN JACOBS CO. STOCK SUSPENDED

The SEC today announced the issuance of an order (Release 34-6074) under the Securities Exchange Act suspending trading in the common stock of F. L. Jacobs Co. on the New York and Detroit Stock Exchanges and the over-the-counter market for a further ten-day period September 19, to September 28, 1959.

CANADIAN RESTRICTED LIST

The SEC today announced (Release 33-4143) the addition of LAKE EXPLORATIONS LIMITED and the removal of WESTORE MINES LIMITED from its Canadian Restricted List. This list comprises the names of Canadian companies whose securities recently have been, or currently are being distributed, in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

PROMOTIVE SINGING STOCK OFFERING SUSPENDED

The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Promotive Singing, Inc., of 720 Glen Forrest Road, N. E., Atlanta, Ga.

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 September 3, 1958, Promotive Singing proposed the public offering of 7,000 shares of 12% non-cumulative preferred stock at \$10 per share pursuant to such an exemption.

The Commission's suspension order asserts that the company has not complied with certain terms and conditions of Regulation A by reason of its failure to file the required semi-annual reports reflecting the amount of stock sold and the use of the proceeds thereof, and its failure to file a revised offering circular, as required. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

REVISED AUDIT REQUIREMENTS ON M.I.P. ACCOUNTS PROPOSED

The SEC today announced a proposal (Release 34-6072) for modification of its minimum audit requirements with respect to the auditing of books and records of member firms of national securities exchanges who originate Monthly Investment Plan accounts; and it has invited the submission of views and comments thereon not later than October 12, 1959.

The minimum audit requirements are contained in Rule 17a-5 under the Securities Exchange Act of 1934 and apply to the preparation by independent accountants of Form X-17A-5 reports of financial condition of exchange members and over-the-counter brokers and dealers registered with the Commission. Item 5 thereof provides that the independent accountant shall obtain written confirmation of certain accounts, including customers' accounts, of the member, broker or dealer. The amendment proposal would permit the certifying accountant in auditing the books and records of member firms of national securities exchanges who originate M.I.P. accounts to omit, under specified conditions, written confirmation of the M.I.P. accounts of the originating member firm when in their judgment such procedure is not necessary. The proposal does not relieve the certifying accountant of the responsibility for a satisfactory verification of the M.I.P. accounts of the originating broker, the review of the safeguards of such accounts, or for performing such other auditing procedures as are ordinarily performed in the audit of the customers' accounts of a broker-dealer.

The New York Stock Exchange in its minimum audit requirements specifies that each odd-lot firm which acts as custodian of securities owned by M.I.P. customers have an audit on a surprise basis by

CONTINUED

an independent public accountant made at least once in each calendar year. Audits of the originating member firms must also be made on a surprise basis each calendar year. The Committee on Audits of Securities Brokers and Dealers of the American Institute of Certified Public Accountants feels, and the Exchange agrees, that the duplication of the confirmation procedures has entailed an audit expense which does not appear to be justified and that duplicate confirmation is confusing to the customers. Because of this confusion and in view of the internal control inherent in M.I.P. accounting, the committee recommends that under the following conditions the independent public accountants concerned with the audits of the respective originating member firms (commission houses) be relieved of the procedure for requesting written confirmation of M.I.P. accounts to the extent that, in their judgment, such procedure is not necessary.

1. The independent public accountants who have been retained as auditors for the odd-lot houses will select the same audit date for a surprise examination of the respective odd-lot houses. This will insure that those customers having M.I.P. accounts with both odd-lot houses will receive requests for confirmations of their accounts as of the same date.

2. The odd-lot houses, at the time of the examination by independent public accountants, will prepare listings for each commission house of the M.I.P. accounts that they are maintaining for the commission firms. This will enable the commission houses and the odd-lot houses to establish a procedure whereby not only will confirmations of the customers' accounts be requested as of one audit date but, as of the same audit date, confirmations will be requested from the commission houses as to the positions maintained by the custodians.

3. The independent public accountants who have been retained as auditors for the commission houses will satisfy themselves that the listings prepared by the odd-lot houses of funds and securities held for M.I.P. customers at the time of the examination of the odd-lot houses by independent public accountants have been reconciled with the records of the commission houses.

The Board of Governors of the New York Stock Exchange has approved the modification of its minimum audit requirements to become effective if and when this Commission has adopted the proposed amendment.

SOUTHWEST AIRMOTIVE FILES FOR OFFERING AND SECONDARY

Southwest Airmotive Company, 7515 Lemmon Ave., Dallas, today filed a registration statement (File 2-15614) with the SEC seeking registration of 200,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the issuing company and 100,000, representing outstanding stock, by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Rauscher, Pierce & Co., Inc., and Dallas Rupe & Son, Inc., are listed as the principal underwriters.

The company's business activities consist of the overhaul of jet and piston engines for both military and commercial customers; and repair, overhaul and conversion of airframes; the sale of aircraft engines, instruments, accessories, parts and supplies; the operation of a private air lane terminal; and the sale of executive aircraft. It now has outstanding 905,818 common shares in addition to certain indebtedness. Net proceeds to the company from its sale of additional stock are estimated at \$415,000. The company also has tentatively arranged to sell a new issue of \$1,000,000 of 5-3/4% sinking fund debentures to an insurance company to refund the presently outstanding \$400,000 of debentures owed to such company and to make available \$600,000 of additional funds to the company. Of the funds made available by the sale of bonds and additional stock, the company intends to use about \$500,000 to pay the costs of additions to its jet-engine overhaul facilities being constructed on both the company's property and property leased from Dallas, and some \$200,000 for shop equipment and special tooling to be used in the overhaul of jet aircraft engines. The balance of about \$300,000 will be added to general funds of the company for working capital.

Of the outstanding stock, J. Harlan Ray, president, owns 318,460; George W. Jalonick, III, executive vice president, 199,302; and Winston C. Castlabarry, executive vice president, 193,000. They propose to sell 50,000, 25,000 and 25,000 shares, respectively.

---000000---