

# 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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**SEC ENTERS GENERAL ECONOMICS PROCEEDING.** The SEC announced today that it has entered an appearance in the proceedings under Chapter X of the Bankruptcy Act for the reorganization of General Economics Corp. and its subsidiaries, pending in the United States District Court, New York City. James B. Kilsheimer, III, and Alexander Halpern were appointed as Trustees.

The principal business of the parent Debtor is the holding of the stock of its subsidiaries. The Chapter X petition listed the parent company's total assets and liabilities, as at June 30, 1963, at \$148,000 and \$798,000, respectively. In addition, it is contingently liable for \$287,000 as a guarantor on a contract of a wholly-owned subsidiary. Approximately 1,000 to 1,500 public investors hold a portion of the 1,170,000 shares of its outstanding common stock.

One of the subsidiaries, General Economics Syndicate, Inc., holds stock in various insurance companies. The Chapter X petition listed this subsidiary's total assets and liabilities, as at July 3, 1963, at \$1,777,000 and \$17,000 respectively. Approximately 1,000 to 1,500 public investors hold a portion of each of the two classes of common stock and warrants of the subsidiary. One subsidiary owns an apartment building, the mortgages on which exceed the book value of the property. The other subsidiaries are presently inactive.

**FAIRFAX INVESTMENT ENJOINED.** The SEC Washington Regional Office announced August 9 (LR-2708) the entry of a Federal court order (USDC, DC) permanently enjoining (on default) Fairfax Investment Corporation, formerly of Washington, D. C., from further violations of the Commission's net capital rule.

**SAMUEL J. SMILEY SENTENCED.** The SEC announced today (LR-2709) that Samuel J. Smiley, a Canadian attorney, was sentenced to one year and one day in prison and fined \$20,000 following his plea of guilty (USDC, SDNY) to charges of violating the Securities Act anti-fraud provisions in the offer and sale of stock of Doeskin Products, Inc.

**NINE GUILTY IN GULF COAST LEASEHOLDS CASE.** The SEC announced today (LR-2710) that Roy B. Kelly, Cecil V. Hagen, Milton J. Shuck and Gulf Coast Leaseholds, Inc. were convicted by a jury (USDC, SDNY) of violating the Securities Act registration and anti-fraud provisions in the offer and sale of unregistered stock of Gulf Coast Leaseholds. During or prior to the trial, Irving H. Hertzberg, Michael Ackman, Martin Teller and Jules Bean pleaded guilty to similar violations and John Van Allen pleaded guilty to all counts of the indictment.

**GARY CAPITAL FILES FOR STOCK OFFERING.** Gary Capital Corporation, 450 Seventh Ave., New York, filed a registration statement (File 2-21629) with the SEC on August 8 seeking registration of 60,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made on a 50%-or-none basis by Kordan & Co., Inc., 50 Broadway, New York, and another firm, which will receive a \$1.50 per share commission and \$30,000 for expenses. The statement also includes 8,000 shares underlying 5-year warrants to be sold to the underwriter at one mill each, exercisable at \$12 per share.

Organized under New York law in July 1963, the company intends to engage in various phases of the finance business (but not in investing, reinvesting or trading in securities). The initial transaction of the company (assuming 30,000 shares are sold) will be the purchase from The Palisades Company (a company to be owned solely by Stanley Marvin, a brother-in-law of Daniel Kroll, the company's president) of certificates of indebtedness of Palisades in the face amount of \$700,000. The company will pay \$160,000 for the certificates from the net proceeds from this stock sale, and Marvin has agreed to use the \$160,000 to acquire title to certain cemetery land located in Rockland County, New York, and to finance promotion of sales of graves. According to the prospectus, payment of said \$700,000 of certificates will be completely dependent upon sales of graves since under the terms of the certificates, Marvin is in no way indebted to the company. Palisades will sell the graves for \$200 with a \$6 down payment and the balance, plus interest, payable in 36 monthly installments. The down payment plus the account receivable to Palisades are to be assigned immediately to the company in order to pay off the certificates. Of the balance of the net proceeds, \$40,000 will be used to pay executive salaries for the first business year, and \$263,000 will be added to working capital. The company has outstanding 62,000 shares of common stock, all of which are owned by Kroll. Sale of new stock to the public at \$10 per share will result in an increase in the book value of stock now outstanding from 24¢ to \$3.92 per share with a resulting dilution of \$6.08 in the book equity of stock purchased by the public.

**U. S. CONTROLS FILES FINANCING PLAN.** U. S. Controls, Inc., 410 Fourth Ave., Brooklyn, N. Y., filed a registration statement (File 2-21630) with the SEC on August 8 seeking registration of \$210,000 of 6-3/4% debentures due 1973 and 2-year warrants to purchase 31,500 shares (at \$5 per share), to be offered for public sale in units consisting of \$100 of debentures and 15 warrants. The offering will be made at \$100 per unit on a best-efforts all or none basis by M. H. Meyerson & Co., Inc., 15 William St., New York, which will receive a \$10 per unit commission and \$4,200 for expenses. The statement also includes (1) 20,000 shares underlying similar warrants to be sold to the underwriter for \$200, (2) 20,000 shares underlying similar

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warrants to be sold to the finder, Richard O. Bertoli, for \$200, and (3) 10,343 warrants issuable in exchange for 41,375 warrants now outstanding (in connection with a 1-for-4 reverse stock split of outstanding shares).

The company is engaged in developing and manufacturing induction and dielectric heating equipment and automatic control systems. The \$176,420 estimated net proceeds from this financing will be used to purchase raw materials to fill orders on hand and to build up inventory, for sales and advertising, to prepay outstanding monthly promissory notes, and for working capital. In addition to certain indebtedness, the company has outstanding 54,062 shares of common stock (after giving effect to the proposed reverse split), of which Stanley Zinn, president, owns 49.3% and management officials as a group 51.6%. Book value of stock now outstanding is \$3.48 per share.

**AILEEN FILES FOR OFFERING AND SECONDARY.** Aileen, Inc., 29 West 38th St., New York, filed a registration statement (File 2-21632) with the SEC on August 9 seeking registration of 200,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 100,000 shares, being outstanding stock, by the holders thereof. Goodbody & Co., 2 Broadway, New York, heads the list of underwriters. The public offering price (maximum \$25 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, manufacture and distribution of popular priced sports and casual wear coordinates for women and girls wearing "junior" and "misses" sizes and for younger girls. Of the net proceeds from the company's sale of additional stock, \$550,000 will be used to build a manufacturing plant near Monterey, Va. and to purchase and build an addition to its existing plant in Edinburgh, Va. The balance will be added to working capital. In addition to certain indebtedness, the company has outstanding 1,019,574 shares of common stock, of which Meyer Osofsky, board chairman, and Abe Oberlin, president, own 407,136 and 406,472 shares, respectively. They propose to sell 50,000 shares each.

**SUMMIT NATIONAL HOLDING FILES FOR STOCK OFFERING.** Summit National Holding Company, 2003 West Market St., Akron, Ohio, filed a registration statement (File 2-21633) with the SEC on August 9 seeking registration of 150,000 shares of common stock, to be offered for public sale at \$12 per share. The offering will be made through underwriters headed by Fulton, Reid & Co., Inc., 2100 East Ohio Bldg., Cleveland, which will receive a \$1.20 per share commission.

Organized in October 1962, the company's initial business will be the investment in all of the outstanding stock of Summit National Life Insurance Company (2,000 shares for an aggregate of \$300,000), which was organized in February 1963 in Ohio as a legal reserve life insurance company. It intends to sell the customary forms of life insurance policies and annuities. Of the \$1,590,000 estimated net proceeds from the stock sale, \$900,000 will be used to purchase 6,000 additional shares of the insurance subsidiary at \$150 per share, and the \$690,000 balance will be added to working capital. The company has outstanding 32,000 shares of common stock (acquired at \$12 per share), of which Investors, Inc. (of which Karl H. Schmidt and Oscar Hunsicker, Jr. directors and promoters, own 22.5% and 12.5%, respectively), owns 10,000 shares and management officials as a group 7,210 shares. Guy Gundaker, Jr. is president of the company and of the insurance subsidiary.

**SPRAGUE ELECTRIC PROPOSES DEBENTURE OFFERING.** Sprague Electric Company, 87 Marshall St., North Adams, Mass., filed a registration statement (File 2-21634) with the SEC on August 9 seeking registration of \$15,000,000 of sinking fund debentures due 1988, to be offered for public sale through underwriters headed by The First Boston Corporation, 20 Exchange Pl. and F. S. Moseley & Co., 120 Broadway, both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Of the net proceeds from the debenture sale, \$13,000,000 will be used to pay outstanding indebtedness incurred from time to time to provide part of the cash requirements resulting from the expansion of business activities, and the balance will be added to working capital.

**SEC ORDER CITES GEISLER & CO.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Harvey N. Geisler, doing business as Harvey N. Geisler & Co., 591 N.E. 5th St., Pompano Beach, Fla., failed to file a report of his financial condition, as required by the Act, for the calendar year 1962 and, if so, whether his broker-dealer registration should be revoked and whether he should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. A hearing will be held at a time and place to be announced later.

**SECURITIES ACT REGISTRATIONS.** Effective August 13: Apache Corp. (File Nos. 2-20984 and 20986); Roadcraft Manufacturing & Leasing Corp. (File 2-21517).  
Withdrawn August 12: The San Diego Western Corp. (File 2-21246).

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

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