

# 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 July 1, 1959

## MID-STATES SHOE EXEMPTED FROM REPORTING RULE

The Securities and Exchange Commission has issued an order under the SEA of 1934 granting an application of Mid-States Shoe Company, of Milwaukee, for exemption from the requirement for filing annual and other periodic reports.

Of the 80,000 outstanding shares of Mid-States common stock, 79,879 shares are owned by Shoe Corporation of America and the remaining 121 shares are owned by two individuals. The parent company also owns 15,499 of the 17,013 outstanding shares of 6% preferred stock. An additional 946 shares of the preferred are owned by the trustee of the parent company's Retirement Plan, and the remaining 568 shares are owned by 21 individuals.

Mid-States has agreed that information comparable to that required to be included in reports filed with the Commission will be available to its stockholders at the company's office in Milwaukee. Under the circumstances, the Commission concluded that the continued filing of reports with the Commission is not necessary. The obligation to file reports arose in connection with a 1940 public offering of securities for which a Securities Act registration statement was filed.

## SUSPENSION OF BROOKRIDGE DEVELOPMENT OFFERING PERMANENT

Following withdrawal of the company's request therefor, the Securities and Exchange Commission has cancelled the hearing, scheduled for July 28, 1959, in its New York Regional Office, on the question whether to vacate or make permanent a prior order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Brookridge Development Corporation, Ridgewood, Queens, New York. The suspension thus becomes permanent.

In a notification filed December 19, 1958, Brookridge proposed the public offering of \$200,000 of debentures pursuant to the conditional exemption from registration provided by Regulation A. The exemption was temporarily suspended by Commission order of May 22, 1959, which asserted among other things that the company's notification and offering circular were false and misleading in respect of material facts.

## HEARING ON KIMBALL SECURITIES SCHEDULED

The Securities and Exchange Commission has scheduled for hearing on July 27, 1959, in its New York Regional Office, the proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Kimball Securities, Inc., 40 Exchange Place, New York.

The proceedings were authorized by order dated March 5, 1959 (Release 34-5901); and they also concern the question whether Kimball Securities should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. They are based upon a February 6, 1959, Federal Court decree enjoining Kimball Securities, Frank S. Kimball, president, Joseph C. Kimball,

OVER

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

secretary-treasurer, and Michael M. Ackman, sales manager, from engaging in or continuing certain conduct or practice in connection with the purchase or sale of securities. The Commission's complaint in that action charged violations of the anti-fraud provisions of the Securities Act of 1933 in the offer and sale of common stock of Perry Oil Company, Inc., formerly Mark, Inc. The defendants consented to the injunction.

#### VIOLETIONS CHARGED TO EARL ROBBINS

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the anti-fraud and other provisions of the Federal Securities Laws have been violated by Earl L. Robbins, doing business as Robbins & Company, 1331 Esperson Building, Houston, Texas, and, if so, whether its broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

According to the Commission's order, information developed in an investigation conducted by its staff tends if true to show that Robbins "engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon certain persons." It is asserted in this connection that while withholding information concerning the current market prices thereof, Robbins "induced such persons to purchase securities from him at prices far in excess of the prevailing market prices, and to sell securities to him at prices far below the prevailing market prices, thereby obtaining "unreasonable and excessive profits."

Furthermore, according to the order, Robbins offered and sold common stock of Delta Oil Company of Utah during the period July 1958 to May 1959 in violation of the registration requirement of the Securities Act of 1933.

It is also alleged by the Commission that Robbins extended credit on securities in violation of Regulation T, by reason of the fact that he did not receive payment on securities sold within the prescribed 7-day period and did not cancel or liquidate the transaction; that he engaged in the conduct of a securities business when his liabilities exceeded his assets and he was unable to meet his current liabilities in the ordinary course of business, and in violation of the Commission's net capital rule; and that he failed to make and keep current various books and records as required by Commission rules.

A hearing for the purpose of taking evidence on the foregoing matters will be held at a time and place later to be announced.

(NOTE TO PRESS: Foregoing also released by SEC Houston Branch Office)

#### EASTERN UTILITIES SYSTEM BORROWINGS APPROVED

Eastern Utilities Associates, Boston holding company, and three of its subsidiaries have received SEC authorization (Release 35-14035) to issue and sell notes to banks during the last half of 1959, in amounts not exceeding an aggregate of \$19,475,000 outstanding at any one time, the proceeds to be used by the respective borrowers to retire outstanding bank notes, to make additional investments in Montaup Electric Company, and/or to pay in part the cost of new construction. Individual borrowings are as follows: EUA, \$2,775,000; Blackstone Valley Gas and Electric Company, \$2,500,000; Fall River Electric Light Company, \$3,200,000; and Montaup Electric Company, \$11,000,000.

#### SEC ORDER EXEMPTS PUBLIC FINANCE INDENTURE

The SEC has issued an order (Release 39-133) granting an application of Public Finance Service, Inc., Philadelphia, for an order declaring that trusteeship of the First Pennsylvania Banking and Trust Company under three existing trust indentures, and its trusteeship under a proposed indenture, is not so likely to involve a material conflict of interest as to make it necessary to disqualify said trustee from serving as such under the four indentures. The company proposes to issue \$3,900,000 of 6% debentures due 1982 under the new 1959 indenture by exchanging such 1959 debentures for the \$3,900,000 debentures now outstanding under the three earlier indentures.

#### SALE OF FIVE STOCKS ENJOINED

The SEC Denver Regional Office announced June 24, 1959, that Judge A. Sherman Christenson (USDC, U.) had permanently enjoined Del Marva Oil and Gas Corporation, Black Gold and Mines

CONTINUED

Corporation, Liquid Gold and Mines Corporation, Utah Galena Oil Corporation, Syndicate Oil and Mineral Company and certain individuals from further violations of Section 5 and 17 of the Securities Act in the offer and sale of securities of the five corporate defendants.

#### JERSEY CENTRAL POWER BOND SALE CLEARED

The SEC has issued an order (Release 35-14036) authorizing Jersey Central Power & Light Company, Asbury Park, N. J., to issue and sell at competitive bidding \$8,000,000 of First Mortgage Bonds due July 1, 1989. Net proceeds of the sale of the bonds will be used for the company's 1959 construction program, for the reimbursement of its treasury for such expenditures, and for other corporate purposes. Construction expenditures in 1959 are estimated at \$16,158,000.

#### MONTAUP ELECTRIC FINANCING APPROVED

The SEC has issued an order (Release 35-14037) authorizing Montaup Electric Company, Fall River, Mass., to issue and sell an additional \$3,252,100 of common stock and \$3,950,000 of 5% Debenture Bonds. The securities are to be acquired by Montaup's stockholders, as follows: Brockton Edison Company, 16,651 common shares and \$2,014,100 of debenture bonds; Blackstone Valley Gas and Electric Company, 9,070 common shares and \$1,036,600 of debenture bonds; and Fall River Electric Light Company, 6800 common shares and \$899,300 of debenture bonds. The purchasers are subsidiaries of Eastern Utilities Associates. Montaup proposes to use the proceeds of the sale of the securities to repay a portion of its unsecured bank indebtedness incurred in connection with its construction program.

#### AMERICAN PHOTOCOPY FILES EMPLOYEE STOCK PLAN

American Photocopy Equipment Company, 2100 West Dempster, Evanston, Ill., filed a registration statement (File 2-15304) with the SEC on June 29, 1959, seeking registration of 1200 participations in its Employees' Common Share Purchase Plan, together with 200,000 shares of common stock which may be acquired pursuant thereto.

#### VAL VISTA INVESTMENT FILES FOR OFFERING

Val Vista Investment Company, 1802 North Central Ave., Phoenix, Ariz., a general partnership, filed a registration statement (File 2-15305) with the SEC on June 29, 1959, seeking registration of 80 investment contracts (partnership interests), to be offered for public sale at \$5,378.39 per unit. The offering will be made by O'Malley Securities Company. No underwriting commission in the usual sense will be paid; but of the total proceeds, O'Malley Investment & Realty Co., a real estate broker, will receive certain real estate commissions and fees.

The partnership was formed by the two O'Malley companies for the purpose of buying approximately 190 acres of real property in Maricopa County, northeast of Mesa, Arizona. The price per acre is \$1,500; and the property is to be acquired on the installment plan over a 15-year period. The total present and deferred purchase prices of the investment contracts being offered will not be sufficient to provide any funds for the development of the real property. The partnership will continue in existence until its interest in the Val Vista real property has been disposed of. Management will be vested in the majority in interest of the partners, but day-to-day operation of the business is vested in O'Malley Investment as attorney in fact.

#### FIDELITY INVESTMENT PROPOSES STOCK OFFERING

Fidelity Investment Corporation, 3500 North Central Ave., Phoenix, Ariz., filed a registration statement (File 2-15306) with the SEC on June 29, 1959, seeking registration of 1,799,186 shares of Class A common stock. The company proposes to offer 1,700,000 shares of the Class A stock for public sale at \$3 per share. The offering is to be made by company officers and directors and salesmen, for which a commission of 45¢ per share is to be paid. The 99,186 shares have been issued or subscribed for. In consideration for services rendered in organizing the company and as an incentive to management, the company has agreed to issue to the organizers 200,000 shares of Class B common stock; and 100,000 Class B shares have been set aside for issuance to key personnel other than the organizers. The company was organized in April 1958 and is engaged in purchasing real property and interests therein for investment purposes. Net proceeds of the

CONTINUED

stock sale will be available for the payment of principal and interest due on properties heretofore acquired, for the purchase of new properties, for the development of properties and for working capital. It has acquired undeveloped land, commercial property (improved and unimproved) and property located in residential and resort areas, the properties being located in Phoenix, Maricopa County, Gila County, and Yavapai County, Arizona.

The prospectus lists Bert Cavanaugh as president. He and George F. Tyson, vice president and treasurer, will each receive 100,000 Class B shares.

#### ADDITIONAL PENN SQUARE MUTUAL FUND SHARES IN REGISTRATION

Penn Square Mutual Fund, Reading, Pa., investment company, filed an amendment on June 29, 1959, to its registration statement (File 2-13943), seeking registration of 500,000 additional shares of beneficial interest in the Fund.

#### GEORGIA INTERNATIONAL LIFE PROPOSES STOCK OFFERING

Georgia International Life Insurance Company, 850 Hurt Building, Atlanta, filed a registration statement (File 2-15307) with the SEC on June 30, 1959, seeking registration of 1,665,000 shares of common stock, to be offered for public sale at \$5 per share through an underwriting group headed by The Robinson-Humphren Company, Inc. and The Johnson, Lane, Space Corporation. The underwriting commission is to be 50¢ per share. The underwriters have agreed to contribute \$67,500 toward the organizational and other expenses of the company.

The company was organized under Georgia law in May 1959 and has received a license to do business in that state. Hughes Spalding (board chairman), Furman Smith, Hughes Spalding, Jr., Griffin B. Bell and David H. Gambrell were the organizers. G. Albert Lawton, who will serve as president, together with officials of the managing underwriters, also were active in organizing the company. The directors of the company, together with the incorporators, subscribed to the initial stock of the company, purchasing 115,000 shares at \$4.50 per share. Options covering 76,500 shares have been granted to Lawton and six other officials of the company. The company expects to engage in the sale of life insurance and annuities of all types on the lives of individuals and accident and sickness insurance of all types on the lives of individuals. As the company develops it intends to qualify and do business in such other states as the directors may determine.

#### AMERICAN & FOREIGN POWER PROPOSES DEBENTURE OFFERING

American & Foreign Power Company, Inc., 100 Church St., New York, filed a registration statement (File 2-15308) with the SEC on June 30, 1959, seeking registration of \$22,500,000 of Convertible Junior Debentures due 1982, to be offered for public sale through an underwriting group headed by The First Boston Corporation and Lazard Freres & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a utility holding company with subsidiaries operating in 10 Latin-American countries. Of the net proceeds of the sale of the debentures, \$10,000,000 will be used to repay bank loans outstanding under a credit agreement. The balance of the proceeds will be available for general corporate purposes, including investments in subsidiary companies to aid in financing their construction programs. The bank loans to be retired are being used for the same general corporate purposes.

#### NEW YORK CAPITAL FUND FILES FOR OFFERING

New York Capital Fund of Canada, Ltd., Excelsior Life Building, Toronto, Ontario, Canada, filed a registration statement (File 2-15309) with the SEC on June 30, 1959, seeking registration of 1,000,000 common shares, to be offered for public sale at net asset value plus underwriting discounts and commissions. The principal underwriter is Carl M. Loeb, Rhoades & Co.; and the underwriting commission is 7½% of the offering price. Organized in 1954, the Fund's basic policy is to invest in securities of companies deriving their income from sources outside of the United States, with not less than 50% of assets invested in securities of companies which, in the opinion of management, will provide investors with a long-term participation in the growth and expansion of Canadian industries and natural resources.