

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

Washington 25, D.C.

FOR RELEASE

June 25, 1957

The Crowell-Collier Publishing Company, New York, filed a registration statement (File 2-13443) with the SEC on June 24, 1957, seeking registration of the following: \$2,730,000 of 5% Convertible Debentures; 2,500 Common Stock Purchase Warrants (exercisable at \$5 per share); 30,000 Common Stock Purchase Warrants (exercisable at \$10 per share); and 1,032,500 shares of \$1 par Common Stock.

Of these securities, 200,000 shares of common stock were heretofore issued and are now owned by Publication Corporation. The latter owns 396,834 common shares (21.5%); and the 200,000 shares are issuable upon the exercise of options heretofore granted by Publication Corporation to purchase such shares at any time prior to August 10, 1957, at a purchase price of \$8 per share. Such options were granted to Elliott & Company in connection with the sale of \$3,000,000 of Crowell-Collier debentures on August 10, 1955. An additional \$1,000,000 of debentures was sold in May and June 1956, both issues being sold through Elliott & Company. The options for the 200,000 shares are now owned by two other corporations and six individuals; and the said holders have notified Crowell-Collier that they intend to exercise such options prior to August 10, 1957, and thereafter may sell such shares to the general public from time to time on the American Stock Exchange, or otherwise, at prices current at the time of such sale.

The \$2,730,000 of debentures were heretofore issued and are now outstanding. Of the 1,032,500 common shares, 546,000 are issuable upon conversion of the \$2,730,000 of debentures and 254,000 were heretofore issued on conversions of \$1,270,000 of debentures. As indicated, the 32,500 balance of common shares are issuable upon exercise of outstanding common stock purchase warrants.

The circumstances surrounding the issuance of the debentures and common stock purchase warrants are described in the prospectus. The company understands that certain of the purchasers of the debentures may sell such debentures publicly, may convert such debentures and sell publicly the shares of common stock issued upon such conversions, or may sell publicly shares of common stock heretofore issued on conversions of debentures. Certain of such purchasers have advised the company that they may sell such shares of common stock from time to time on the American Stock Exchange, or otherwise, and such debentures from time to time in the over-the-counter market, or otherwise, at prices current at the time of such sales. If the company is informed of any other marketing arrangements with respect to the aforesaid securities an appropriate amendment to this prospectus will be made to reflect such arrangements if any such amendment is required to comply with the Securities Act of 1933.

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The prospectus further states: "The \$4,000,000 principal amount of debentures were sold by the company to an aggregate of 39 persons, all of whom gave a written representation to the company that they were acquiring the debentures for investment and not with a view to the distribution thereof. Relying on this representation, the company did not register the debentures under the Securities Act of 1933, on the basis that no public offering of the debentures was involved within the meaning of Section 4(1) of the Act. Certain of the purchasers subsequently sold debentures purchased by them and/or converted debentures purchased by them into shares of common stock which were then sold publicly. The Securities and Exchange Commission has conducted an investigation of these transactions to determine whether the company, any of the purchasers of the debentures or any other person had violated the Securities Act of 1933. The company is advised that the Securities and Exchange Commission is of the opinion that the sale of the debentures may have constituted a public offering, and, if that is the case, that such debentures should have been registered under the Securities Act of 1933. The company understands that the Securities and Exchange Commission also takes the position that Elliott & Company and certain of such purchasers may be underwriters within the meaning of the Securities Act of 1933. Among the purchasers of the debentures were the following securities brokers or dealers, who purchased the principal amounts indicated:

Dempsey & Co.	\$685,000
Gilligan, Will & Co.	100,000
B. W. Pizzini & Co. Inc.	100,000
Troster, Singer & Co.	100,000
Stamrowe Trading Co., Inc.	20,000 "

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Mount Wilson Mines, Inc., Telluride, Colo., filed a registration statement (File 2-13441) with the SEC on June 24, 1957, seeking registration of 400,000 shares of its Class A Common Stock, 50¢ par. These shares are to be offered for public sale at \$1 per share. The offering is to be made on a "best efforts" basis by Investment Service Company, of Denver, for which it will receive a selling commission of 20¢ per share. In addition, the company has agreed to pay the underwriter \$12,500 as expense moneys; and four organizers and promoters of the company have agreed to transfer 23,750 shares, or 5% of their aggregate holdings of 475,000 shares, to Maurice Barnett, Jr., the controlling person of the underwriter.

The company was organized under Colorado law on October 30, 1956, for the purpose of exploring for and developing metalliferous mineral and ore deposits of all kinds, and mining and processing any such deposits discovered and developed. According to the prospectus, it holds three groups of mining claims located in the vicinity of Telluride, San Miguel County, Colorado, said to be "in the exploratory stage and . . . without proven or probably ore reserves . . ." It has outstanding 205,700 Class A and 475,000 Class B shares. The officers and directors (including the promoters and organizers), the underwriter and certain other individuals, own all of the said outstanding shares, for which they will have paid \$22,350 in cash and property interests having a cash cost basis of \$79,430. Most of the company's properties were acquired from three limited partnerships, each of which had two general partners and about 20 limited partners (the memberships were largely overlapping and actually represented a total of 34 individuals). The two general partners are Thomas B. Allred and E. F. Kraus, president and vice-president, respectively, of the company. They are said to have assembled the groups of claims which were held by the partnerships.

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in return for which they received a profit interest of about 70% in each partnership. They now hold, respectively, 14.6% and 29.2% of the outstanding Class B stock.

Proceeds of the sale of the 400,000 Class A shares will be used for exploration and related purposes, including construction of a mill.

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C.I.T. Financial Corporation, New York, filed a registration statement (File 2-13442) with the SEC on June 24, 1957, seeking registration of \$100,000,000 of Series Debentures, having different interest rates and maturity dates. The interest rates and initial public offering prices are to be supplied by amendment. It is the corporation's intention (1) to offer the Series Debentures by way of a continuing offering over a period of time, (2) to make available maturities suited to the requirements of various types of prospective purchasers and (3) from time to time to vary the Series being offered and the offering prices of the several Series being offered in the light of market conditions and the corporation's requirements for funds. Salomon Bros. & Hutzler is listed as the company's agent for the sale of the debentures; and the selling commission is to be  $\frac{1}{2}$ % of the principal amount of debentures sold. Net proceeds are to be used primarily for refunding other debt and for furnishing additional working funds to subsidiaries, to be used by them in the ordinary course of business for the purpose of purchasing receivables and for other corporate purposes.

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Minneapolis-Honeywell Regulator Company, Minneapolis, filed a registration statement (File 2-13444) with the SEC on June 24, 1957, seeking registration of 333,382 shares of its \$1.50 par Common Stock. The company proposes to offer this stock for subscription by its common stockholders of record July 16, 1957, at the rate of 1 new share for each 20 shares then held. The subscription price and underwriting terms are to be supplied by amendment. Eastman Dillon, Union Securities & Co. is listed as the principal underwriter. Net proceeds of the sale of the additional stock will be added to the working capital of the company and will be applied in the first instance to reduce outstanding bank loans of the company and its consolidated subsidiaries which is expected to amount to \$39,200,000 on June 30, 1957. Such loans were incurred to provide a part of the company's cash requirements resulting from the expansion of its business and activities. The long range purpose of the issue of common stock "is to provide additional permanent equity capital for the company's expanding business," including its activity in the large scale data processing field through its ownership of Datamatic Corporation, of Newton Highlands, Mass.

#### Securities Act Release No. 3803

The Securities and Exchange Commission 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 securities by Rabin Sales Co., of Belle Glade, Florida. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. Rabin filed its Regulation A notification with the Commission on October 19, 1956, proposing the public offering of 100,000 shares of common stock at \$3 per share pursuant to such an exemption.

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In its suspension order, the Commission asserts that it has reasonable cause to believe that the terms and conditions of Regulation <sup>A</sup> have not been complied with by Rabin; that the notification and offering circular fail to contain certain required information; that the offering circular contains false and misleading statements of material fact; and that use of said offering circular in connection with the offering and sale of Rabin stock would violate Section 17 (the fraud prohibitions) of the Securities Act.

More particularly, the Commission's order alleges that the notification fails to contain the required information with respect to predecessors and affiliates of Rabin and that the offering circular fails to contain an adequate description (1) of Rabin's business, particularly in respect of its contracts with affiliates and others, (2) of all direct and indirect interests of officers, directors and controlling persons in Rabin and in material transactions within the past two years and in proposed transactions to which Rabin or its predecessors or affiliates were or are to be parties, and (3) of the purposes for which the net cash proceeds of the sale of Rabin stock are to be used.

In addition, it is alleged in the order that the offering circular is false and misleading in respect of certain material facts, including information with respect to predecessors and affiliates of Rabin; Rabin's contracts with its affiliates and others; the direct and indirect interests of Rabin's officers, directors and controlling persons in affiliates of Rabin and in other persons who have contracts with Rabin; and the purposes for which the proceeds of the stock sales were to be used.

#### Holding Company Act Release No. 13509

The SEC has issued an order exempting International Hydro-Electric System (Boston) and its subsidiaries from provisions of the Holding Company Act.

Previously, the Commission and the United States District Court for the District of Massachusetts had approved a plan for the transformation of IHES into an investment company, to be renamed Abacus Fund. Immediately following the issuance of the exemption order by the Commission, Abacus Fund registered with the Commission as an investment company under the Investment Company Act of 1940.

The Commission's action followed notification by Bartholomew A. Brickley, IHES Trustee, that, pursuant to the plan and the court's order, a Certificate of Amendment to the Declaration of Trustee of IHES so as to effectuate the changes required by the plan with respect to its capitalization and the rights and privileges of its stockholders had been registered with Old Colony Trust Company. The court had previously fixed the consummation date of the plan as the date of registration of such certificate of amendment.

#### Holding Company Act Release No. 13507

The SEC has authorized The Columbia Gas System, Inc., to make three bank borrowings of \$15,000,000 each between now and September 16, 1957. The borrowings are to be made under an agreement with a group of eighteen commercial banks; and the funds are to be advanced by Columbia to five subsidiary companies to enable them to finance the purchase of inventory gas for storage during the off-peak season.