

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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HILDEBRAND - ATLAS SECURITIES SUSPENDED. In a decision announced today (Release 34-6150), the SEC suspended the broker-dealer registrations of George H. Hildebrand, doing business as Hildebrand & Co., 8230 Beverly Blvd., Los Angeles, and Atlas Securities, Inc., 6505 Wilshire Blvd., Los Angeles, pending the Commission's decision on the ultimate question whether their registrations should be revoked and whether Atlas should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

According to the Commission's decision, Atlas on October 1, 1958, succeeded to the business of Hildebrand, who is president and a controlling stockholder of Atlas. The Commission ruled (as admitted by Hildebrand and Atlas for the purpose of this proceeding) that, during the period June 1 through July 9, 1959, Atlas engaged in the conduct of a securities business while it was insolvent and unable to meet its liabilities and when its aggregate indebtedness to all other persons exceeded 2000% of its net capital. By reason thereof Atlas acted contrary to the anti-fraud provisions of the Federal securities laws and the Commission's net capital rule. Upon the basis of such a finding, the Commission held that it is necessary and appropriate in the public interest to suspend the registrations of Hildebrand and Atlas pending decision on the question of revocation.

Other issues involved in the proceedings include the question whether Hildebrand, Atlas and Murray J. Ross (an officer of Atlas) offered and sold stocks of Aetna Corporation and U. S. Electronics Development Corporation in violation of the Securities Act registration requirement, and whether, in the offer and sale of Aetna stock, the anti-fraud provisions of the laws were violated.

TWO OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

- (1) William H. Ladley, 611 S. Catalina St., Los Angeles
- (2) Victory Uranium Corporation, 425 Fremont Street, Las Vegas, Nev.

Regulation A provides a conditional exemption from registration under the Securities Act with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed May 22, 1958, Ladley proposed the offering of pre-incorporation conditional subscription agreements for the sale of 24,000 shares of Class B common stock of Produce Marketers at \$2.50 per share pursuant to such an exemption. Victory Uranium's notification, filed May 19, 1955, proposed the public offering of 14,350,000 common shares at 2¢ per share. The Commission's suspension order with respect to each asserts that there was a failure to file the required semi-annual reports of sales of securities pursuant to the exemption.

The order with respect to Victory Uranium also asserts that its offering circular is false and misleading by reason of its failure to reflect the current status of exploration work on the issuer's unpatented lode mining claims, and that its stock offering would violate Section 17 of the Securities Act.

Each of the Commission's orders provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. The files with respect to Ladley indicate that the proposed new corporation would engage in the purchase and sale of vegetables and fruit to regional chain stores throughout the country. Victory Uranium's offering circular indicates that it proposed to explore claims in Wayne and Emery Counties, Utah.

SENTENCE IMPOSED IN STRATORAY OIL CASE. The SEC Fort Worth Regional Office announced December 18, 1959, that Stratoray Oil Corporation was fined \$5,000 upon conviction of violating registration and anti-fraud provisions of Securities Act in sale of its stock, and D. H. Roe sentenced to five years imprisonment for violation registration provision in sale of Stratoray Oil stock. Vivian W. Buie was acquitted. (Lit. Release 1548)

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

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GUILTY VERDICTS RETURNED IN FARM AND HOME AGENCY CASE. The SEC Chicago Regional Office announced December 18, 1959, that Philip H. Meade of Indianapolis, Ind., E. Bernie Shelton of Evansville, Ind., and W. Harold Hilbert of Mt. Carmel, Ill., were found guilty of violating and conspiring to violate the Securities Act registration requirement in the sale of stock of Farm and Home Agency, Inc., of Indianapolis. (Lit. Release 1549)

SEC COMPLAINT NAMES MUTUAL FUNDS SERVICE. The SEC Washington Regional Office announced December 23, 1959, the filing of court action (USDC, ED VA.) seeking to enjoin John P. Angelson and Charles S. Perrino, partners doing business as Mutual Funds Service, from further violations of the SEC net capital rule. (Lit. Release 1550)

KINGSPORT UTILITIES BORROWINGS APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14127) authorizing Kingsport Utilities, Incorporated, of Roanoke, Va., to issue \$600,000 of unsecured notes to two banks. The proceeds will be used to finance in part the company's 1959-60 construction program, estimated at \$1,580,000.

INTEX OIL SEEKS ORDER ON STOCK REACQUISITION. Intex Oil Company, Los Angeles, Calif., has applied to the SEC for an order of exemption under the Investment Company Act with respect to its repurchase in July 1958 of 136,000 shares of its capital stock at \$11 per share; and the Commission has issued an order (Release 40-2955) giving interested persons until January 14, 1960, to request a hearing thereon. Intex is engaged in the exploration and development of oil and gas properties in California and Texas. It previously had outstanding 928,800 shares of capital stock, of which 166,200 shares (17.89%) were owned by Madison Fund, Inc., a registered investment company. On July 29, 1959, Madison Fund sold 136,000 shares of such stock to Intex at \$11 per share; and of the 136,000 shares, 16,700 were sold by Madison Fund for the account of Gas Industries Fund, Inc. (now Colonial Energy Shares, Inc.). Because of the intercompany affiliation resulting from Madison Fund's holdings of Intex stock, the transaction was prohibited by provisions of the Investment Company Act in the absence of the issuance of an exemption order by the Commission.

INVESTORS DIVERSIFIED PENSION PLAN CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-2956) permitting Investors Diversified Services, Inc., of Minneapolis, to effect a pension plan for the benefit of its sales representatives and its district managers in their capacity as sales representatives.

AMERICAN-SOUTH AFRICAN INVESTMENT AMENDS ADVISORY CONTRACT. The SEC has issued an exemption order under the Investment Company Act (Release 40-2957) authorizing American-South African Investment Company, Limited, of the Union of South Africa, to amend an investment advisory agreement without stockholder approval, to increase by \$10,000 the compensation payable for the year 1959 by the company's investment adviser to its sub-adviser, such increase not involving any additional payment by the company.

AFCO LAND FILES FOR OFFERING. Afco Land Co., 1501 Fourth Avenue South, Seattle, filed a registration statement (File 2-15980) with the SEC seeking registration of 12,000 shares of 6% Cumulative Preferred Stock, to be offered for public sale at \$25 per share. No underwriting is involved. The statement was filed December 29, 1959.

According to the prospectus, Afco was organized by Arden Farms Co., a Delaware corporation, for the purpose of providing a corporation to deal in real and personal property through ownership and lease arrangements, it being contemplated that initially Afco will hold title to the property and lease same to Arden or its subsidiaries. The preferred stock is to be sold for the purpose of raising money to acquire and develop certain real property and to pay a substantial part of Afco's present indebtedness. The first funds to be received will be used in acquiring the so-called Moses Lake property. Pursuant to an understanding with Arden, the present owners of such property acquired same for the purpose of constructing thereon a milk processing and distributing plant to be leased to Arden. The owners have agreed to construct such a plant. Arden and/or Afco have agreed to advance the cost of the necessary cold rooms in the building, the cost of which is estimated at \$35,000; and Afco has the first right and option to purchase land and improvements at any time up to November 30, 1962. Afco intends to exercise said option and will require an estimated cash outlay of \$156,000 under its agreement and will assume the mortgage indebtedness placed against the property by the owners in connection with the construction. The next proceeds will be used to repay a \$108,086 loan from Arden, the funds having been used to

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acquire about 4½ acres of commercial real estate in Richland, Wash. Any remaining proceeds will be used for the development of the Richland property or the development of property in Honolulu owned by Afco. This property, comprising about 2½ acres in the Lagoon-Commercial-Industrial Park in Honolulu, was acquired from Arden in exchange for 313,784 shares of Afco stock. Arden distributes ice cream and frozen food products in Honolulu and it is contemplated that Afco will construct a milk processing and distributing plant for lease to Arden.

Arden, whose offices are located in Los Angeles, owns all the issued and outstanding stock of Afco, namely, 314,284 common shares. James D. Marshall is listed as Afco's president.

G. B. MACKE FILES FOR STOCK OFFERING. The G. B. Macke Corporation, 1111 First Street, N. E., Washington, D. C., filed a registration statement (File 2-15981) with the SEC on December 29, 1959, seeking registration of 125,000 shares of class A common stock of which 105,000 shares will be offered to the public through underwriters headed by Auchincloss, Parker & Redpath. The public offering price and underwriting terms are to be supplied by amendment. The remaining 20,000 shares will be offered to employees of the company at \$9.50 per share if full payment is made at the time of the purchase, or at \$9.75 per share if payment is to be made under a payroll deduction plan.

The company is engaged in the retail sale of cigarettes, confectionery, and a variety of food and drink items through coin-operated vending machines in the District of Columbia, Virginia, Maryland, Pennsylvania, North Carolina, and New York. Proceeds from the sale of the stock will be added to working capital and will be available for general corporate purposes including the purchase of new equipment, the development of new outlets, and the acquisition of other concerns. \$150,000 will be used in the payment of a bank loan made in December, 1959.

In addition to long term indebtedness in the amount of \$951,937 the company also has outstanding 482,660 shares of class B common stock, of which 405,726 shares are owned by Aaron Goldman, president and other company officials.

ALLIED BOWLING CENTERS FILES FINANCING PROPOSAL. Allied Bowling Centers, Inc., 1534 Watson Road, Arlington, Texas, filed a registration statement (File 2-15982) with the SEC on December 29, 1959, seeking registration of \$750,000 of sinking fund debentures, due December 31, 1969, and 300,000 shares of capital stock. The debentures and stock are to be offered for public sale in units, each consisting of \$75 principal amount of debentures at par and 30 shares of stock at \$1.10 per share, or an offering price of \$108 per unit. The underwriting group is headed by Rauscher, Pierce & Co., Inc., and the underwriting terms are to be supplied by amendment.

The company presently owns and operates a 32 lane bowling center in Arlington, Texas and is engaged in an expansion program which includes the leasing of a site in Fort Worth, Texas for the construction and operation of a 28 lane bowling center, and the financing of a 32 lane bowling center in Shreveport, Louisiana. The Shreveport center is being constructed by Southgate Bowling Lanes, Inc., of which the company owns 50% of the outstanding common stock. A subsidiary operates two stores in Dallas and Fort Worth for the sale of bowling equipment and supplies.

Part of the proceeds from the sale of the debentures and stock will be applied to the discharging of certain obligations of the company including a \$50,000 bank note, a \$100,000 purchase money note incurred in connection with the acquisition of the Arlington property and \$150,000 in notes held by Bedford S. Wynne, secretary-treasurer of the company and president of Southgate. The latter notes represent advancements by Wynne for purchase of stock of or advances to Southgate. The balance of the proceeds will be used in the amount of \$205,000 to furnish and equip the Fort Worth center, and \$337,000 to finance the Shreveport center. Any remaining proceeds will be used for general corporate purposes.

The company has outstanding 150,000 shares of stock as well as mortgage and other indebtedness. Burwell J. Thompson is listed as president, C. C. Bearden, Jr., as vice president and general manager, and Wynne as secretary-treasurer; and they and T. L. Wynne, Jr., are listed as promoters. Management officials own 100,000 of the outstanding shares of stock. The Arlington properties were acquired from Great Southwest Corporation, which realized a net gain of \$188,000 on the transaction and whose shareholders included members of Allied's management or their families.

PRECISION TRANSFORMER FILES FINANCING PROPOSAL. Precision Transformer Corp., 228 West Lake St., Chicago, filed a registration statement (File 2-15983) with the SEC on December 29, 1959, seeking registration of \$700,000 of 6½% Subordinated Convertible Debentures, due 1970 (with attached warrants to purchase 28,000 shares of common stock), and 150,000 shares of common stock. The company proposes to offer the debentures (with warrants) for public sale at 100% of their principal amount. The offering is to be made on a best efforts basis by John R. Boland & Co., Inc., for which it will receive a selling commission of \$120 per \$1000 debenture sold.

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After all the debentures are sold, certain stockholders may offer for public sale up to 50,000 outstanding shares of common stock for a period of 30 days, after which the company may offer up to 100,000 shares of common stock. The public offering price of the stock and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriter five-year warrants at the price of one mill per warrant to purchase common shares in an amount computed at the rate of one share for each \$15 of debentures and four shares of the company's shares sold (71,666 shares, if all the debentures and company's shares are sold), the exercise price of the warrants being the same as the current public offering price. The registration statement also includes warrants for the purchase of 125,000 common shares which may be issued to officers, directors, employees and sales representatives of the company.

The company is engaged principally in the manufacture of electrical transformers used primarily for the purpose of increasing or decreasing electrical voltages in the process of transmitting electric power. It now has outstanding 920,224 common shares and certain indebtedness. Net proceeds of this financing are to be used to purchase plant equipment, purchase a location for and construct a new plant, increase inventory, reduce accounts payable, and reduce or discharge any loans or mortgages of the company (including a \$20,000 loan from an officer and director of the company). Of the outstanding common shares 552,207 (60%) are owned by management officials. Melvin S. Adler, president, owns 244,463 shares (27%). John R. Boland of New York is listed as one of the selling stockholders. The number of shares to be sold by him, and the names of and shares to be sold by other selling stockholders are to be supplied by amendment.

GENERAL ACCEPTANCE CORP. PROPOSES DEBENTURE OFFERING. General Acceptance Corporation, 1105 Hamilton St., Allentown, Pa., filed a registration statement (File 2-15984) with the SEC on December 29, 1959, seeking registration of \$25,000,000 of Senior Debentures due 1980, to be offered for public sale through an underwriting group headed by Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company will use part of the proceeds of the debenture sale to reduce short-term borrowings; and the balance will be added to the general working funds of the company and its subsidiaries and may be used for the development of additional instalment loan, retail and wholesale business through the acquisition of the properties of other companies or otherwise.

HI-PRESS AIR CONDITIONING PROPOSES OFFERING. Hi-Press Air Conditioning of America, Inc., 405 Lexington Ave., New York, filed a registration statement (File 2-15985) with the SEC seeking registration of 200,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made by Plymouth Securities Corporation, which will receive a commission of 46¢ per share plus certain additional sums for expenses; and the company has agreed to grant two-year options to the underwriter to purchase up to 24,000 additional common shares at \$3 per share. The underwriter will determine prior to the offering whether it will make a firm offer and subscription for 100,000 shares; and if such a commitment is made, the remaining 100,000 shares will be offered on a best efforts basis.

The company was organized in 1956 at the instance of Seymour W. Brown in order to develop, manufacture and sell an air conditioning system known as "Hi-Press" for use on ships as well as for land application. It acquires from Brown the exclusive license to manufacture and sell in the United States the Hi-Press system which was developed by the Nordisk Ventilator Co. A/S, a Danish corporation, as well as a reciprocal sales commission and cross licensing arrangement with Nordisk. The company also acquired certain related pending patent applications in which Brown owned a three-fourths interest. The company proposes to use the proceeds of this stock offering in connection with the further development, manufacture and sale of the Hi-Press system; to pay off certain existing obligations (including a finder's fee payable in the sum of \$15,000 to Elliot Starke and a \$80,000 note held by Brown and obligations to present factors amounting to \$45,000); to provide working capital for current operations; and to make funds available for the company's own manufacture of certain Hi-Press components, and for expansion and further development in the commercial, industrial and residential fields.

The prospectus lists Brown as president and principal stockholder (381,837 common shares, or 63.6%).

CONNELLY CONTAINERS FILES STOCK PLAN. Connelly Containers, Inc., Pencoyd, Montgomery County, Pa., filed a registration statement (File 2-15986) with the SEC on December 29, 1959, seeking registration of 16,216 shares of common stock, to be offered for purchase by salaried employees pursuant to the company's Salaried Employees' Stock Purchase Plan for 1960.

MONTMARTRE HOTEL PROPOSES OFFERING. Montmartre Hotel Company, 120 East 56th St., New York, filed a registration statement (File 2-15987) with the SEC on December 29, 1959, seeking registration of \$1,234,000 of Limited Partnership Interests, to be offered for sale in \$6,000 units. The company (Montmartre) is a limited partnership consisting of Herbert R. Weissberg as general partner and Herbert R. Weissberg and Nathan L. Baker as limited partners. The general partner has entered into a contract to purchase the ground leases, furniture, fixtures and equipment in the Montmartre Hotel in Miami Beach, Fla., for \$3,168,000. The general partner deposited \$50,000 in cash and \$50,000 by promissory note on this purchase contract. Montmartre has agreed to reimburse him for all moneys advanced including payment of the note. The cash deposit has been assigned to Montmartre for a \$50,000 general partnership interest, and Weissberg also has contributed his purchase contract to Montmartre for which he is receiving \$132,000 in subordinated limited partnership interests.

The \$3,168,000 purchase price of the Montmartre Hotel properties are payable \$1,150,000 in cash and the balance by taking title subject to two first mortgages aggregating about \$2,017,319. The contract also provides that the hotel will be leased back to Montmartre, Inc., one of the sellers. Title to the ground leases and other assets pertaining to the hotel will be acquired by Montmartre. The hotel will be leased for a period of 21 years with three options to renew for periods of 21 years each to Montmartre, Inc., the annual rental being \$582,780 and the lessee to pay all taxes, operating charges and expenses. The hotel was completed in February 1959.

NATIONAL EQUIPMENT RENTAL FILES FINANCING PROPOSAL. National Equipment Rental, Ltd., 383 Jericho Turnpike, Floral Park, N. Y., today filed a registration statement (File 2-15988) with the SEC seeking registration of \$2,000,000 of 6% Sinking Fund Subordinated Debentures, Series A due February 1, 1970 (with common stock purchase warrants attached), and 207,500 shares of common stock. The debentures (with warrants) and 100,000 common shares are to be offered for public sale only in units, each unit consisting of \$200 principal amount of debentures (with warrants) and 10 shares of common stock, at a total price per unit of \$250. 80,000 common shares are reserved for issuance upon exercise of the warrants. The remaining 127,500 common shares represent outstanding stock which is to be offered for sale by the holders thereof. The prospectus lists Burnham and Company as the principal underwriter; and the underwriting commission on the sale of the units is to be \$20 per unit. Of the proceeds of the sale of the units, the issuing company will receive a net of \$184 and the selling stockholders \$46.

National was organized under Delaware law in September 1959; and on November 1, 1959, it acquired from the selling stockholders and others, in exchange for 598,140 shares of its common stock, all of the outstanding capital stock of a New York corporation of the same name, organized in October 1953 by Morris Silverman and the late Melville Rosen. The New York company was merged into National. The business of the company is the rental or leasing of equipment to business organizations to meet their specific requirements. The major types of equipment so leased include production, processing and packaging equipment of various types for a wide variety of industries, transportation and materials handling equipment, air conditioning, refrigeration and electronic testing equipment and office furniture and machines. Net proceeds to the company from this financing will be added to working capital and used by the company to expand its business in equipment leasing and related fields.

The company has outstanding 598,140 common shares and over \$6,100,000 of sundry indebtedness. Of the outstanding stock, 236,910 shares are owned by Morris Silverman and Dorothy R. Silverman, president and vice-president, respectively; 199,380 by Sutro Bros & Co., one of the underwriters; and 132,370 by the Estate of Melville Rosen. The latter is the principal selling stockholder and proposes the sale of all of its direct holdings of 104,160 shares, the remaining 28,210 shares being held through a 50%-owned company, National Equipment Sales, Inc., which proposes to sell 13,620 of its holdings of 56,420 shares. The remaining 50% interest in National Equipment Sales is owned by Silverman. The balance of 9,720 shares is being sold by three other shareholders, being the full amount of their holdings. In addition to the 100,000 shares being sold with the units, the selling stockholders have agreed to sell the Burnham and Sutro firms 20,000 common shares at \$4.60 per share, some or all of which may be sold after distribution of the units. The selling stockholders also have agreed to sell to business associates and to employees of the company an additional 7,500 shares at \$5 per share.

SKIATRON ELECTRONICS HEARING POSTPONED. At the request of counsel for Skiatron Electronics & Television Corporation, the SEC has postponed from December 30, 1959, to January 13, 1959, the hearing in "stop order" proceedings under the Securities Act of 1933 to determine whether the registration statement filed by Skiatron Electronics in August 1959 contains false and misleading statements of material facts.