

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)



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KENNER PRODUCTS FILES FOR OFFERING AND SECONDARY. Kenner Products Company, 912 Sycamore St., Cincinnati, filed a registration statement (File 2-20118) with the SEC on March 30th seeking registration of 542,000 shares of common stock, of which 205,000 shares are to be offered for public sale by the company and 317,000 shares, being outstanding stock, by the holders thereof. The public offering price (maximum \$24 per share*) and underwriting terms are to be supplied by amendment. Kuhn, Loeb & Co., 30 Wall St., New York, heads the list of underwriters. Also included in the statement are 40,000 shares underlying a five-year option sold to Kuhn, Loeb for 25¢ per share and 10,000 shares underlying a similar option sold to Arthur Goldsmith, the exercise price of which options is to be supplied by amendment. A \$27,500 fee for services has been paid Goldsmith.

The company creates, designs, manufactures, assembles and distributes throughout the United States and Canada a variety of individual toys and toy lines constructed principally of plastic materials. The company also operates in Canada as a toy wholesaler and manufacturers' representative, distributing toys of other manufacturers as well as its own. In addition, the company manufactures and sells novelty items and extracts and concentrates for soft drink beverages. Net proceeds of the company's sale of additional stock will be used for general corporate purposes, including working capital and to improve materials handling facilities. In addition to indebtedness, the company has outstanding 1,350,000 common shares. Certain management officials and members of their families own about 94.6% of the outstanding stock. Slightly in excess of 267,000 shares each are owned by Albert M. Steiner, president, and Philip G. and Joseph L. Steiner, vice presidents; and they propose to sell 67,518, 64,267 and 64,267 shares, respectively. Trustees for members of the Steiner families own 225,450 shares and propose to sell 50,420 shares. Others propose to sell amounts ranging from 6,248 to 20,544 shares.

PAK-WELL PAPER FILES FOR SECONDARY. Pak-Well Paper Industries, Inc., 198 W. Alameda, Denver, filed a registration statement (File 2-20119) with the SEC on March 30th seeking registration of 150,000 outstanding shares of Class A common stock, to be offered for public sale by the holders thereof through underwriters headed by Francis I. duPont & Co., of One Wall Street, New York. The public offering price (maximum \$13 per share*) and underwriting terms are to be supplied by amendment.

The company manufactures business and personal envelopes, specialty boxes and bags, packaging materials of various kinds, wrapping and gift-wrap paper, stationery, and school supplies including tablets. In addition to certain indebtedness, it has outstanding 500,000 Class A and 250,000 Class B common shares. Carl L. Tucker is president and Willett R. Lake, Sr., is vice president; the principal executive officers are members of the Lake and Tucker families; and these two families (including Theodora R. Lake Trust) own about 49% of the Class A and 100% of the Class B stock. Upon completion of this offering, the two families will own about 35% of the Class A and all the shares entitled to vote. Tucker proposes to sell 5,392 of 26,960 shares held, and Lake 1,884 of 9,422. The Estate of Dora L. Fielding proposes to sell 24,725 of 61,812 shares held; Ralph L. Burgess 16,480 of 41,206; Carl E. Best 16,277 of 40,698; and Isobel E. Best 15,866 of 39,667. Others will sell amounts ranging from 100 shares to 40,475 (by the Theodora R. Lake Trust, which holds 103,031 shares).

UNITED TELEPHONE SERVICES PROPOSES OFFERING. United Telephone Services, Inc., 645 First Ave., New York, filed a registration statement (File 2-20120) with the SEC on March 30th seeking registration of 150,000 Class A common shares, to be offered for public sale through underwriters headed by J. R. Williston & Beane, 2 Broadway, New York. The public offering price (maximum \$5 per share*) and underwriting terms are to be supplied by amendment. Also included in the statement are 6,000 Class A shares underlying warrants to be sold to the managing underwriter at 10¢ per warrant, exercisable within three years at 110% of the offering price. The underwriters will receive \$12,000 for expenses; and \$15,000 will be paid to David J. Greene & Co., financial advisor.

The company owns all the outstanding stock of twelve corporations engaged in the telephone answering business providing telephone answering services to various subscribers; and it also manages three nonaffiliated telephone answering service companies on a fee basis. Of the \$614,338 estimated net proceeds of the stock sale, \$90,000 will be used to repay a bank loan and \$50,000 for installation of new "Console Call Distributor" equipment on order from the New York Telephone Company, and the balance for working capital (including the purchase of existing telephone answering businesses). The company now has outstanding 245,000 Class B common shares, all owned by management officials and their families and having a book value at January 1st of \$2.74 per share. Sale of the Class A stock will raise the book value to \$3.50 per share.

EXCHEQUER INC. FILES EXCHANGE PROPOSAL. Exchequer Incorporated, 100 W. 10th St., Wilmington, Del., filed a registration statement (File 2-20121) with the SEC* seeking registration of 618,120 shares of 80¢ cumulative convertible preferred stock and 2,663,196 shares of common stock. This stock is to be offered in exchange for capital stock of (1) Agricultural Insurance Company (N.Y.), which is engaged in writing fire, extended coverage, automobile, casualty, aircraft, and ocean and inland marine insurance; (2) Channing Corporation (Del.), which owns a 36.61% interest in Agricultural and offers numerous financial services, including

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the managing and marketing of mutual funds and investment counselling; (3) Federal Life and Casualty Company (Mich.), which is engaged in writing life, accident and sickness insurance and granting annuity contracts; (4) Secured Insurance Company (Ind.), 59.37% of whose stock is owned by Wolverine Insurance Company and which in 1961 reinsured all its premium writings with Wolverine and contemplates re-entry into the primary market offering lines not now available from Wolverine and Secured; and (5) Wolverine (Mich.), which writes multiple lines of insurance in Michigan and eight other states. (*Filed on March 30th)

Under the exchange plan, Exchequer will exchange shares of its stock as follows: (a) 2 preferred shares for each share of Agricultural capital stock (other than those owned by Channing); (b) 1.7 common shares for each share of Channing common (other than those owned by Agricultural); (c) 7.8 common shares for each share of Federal capital stock (other than shares owned by Channing); (d) 1.3 common shares for each share of Secured capital stock (other than those owned by Wolverine), and 3.7 common shares of Wolverine common (other than those owned by Channing). Thus, all of the 618,120 preferred shares would be issued in exchange for Agricultural stock; and 1,994,954 shares of common stock would be issued for Channing stock, 341,094 for Federal stock, 60,748 for Secured stock, and 266,400 for Wolverine stock. According to the prospectus, the proposed combination of Channing's financial service operations and insuring facilities of Agricultural, Federal, Secured and Wolverine "should permit the larger combined sales organization to offer full facilities for financial security and planning to both individual and corporate prospects. Having available Life, Health, Property and Casualty insurance and mutual funds permits representatives of the affiliated companies to offer one-stop merchandising of insurance and mutual funds tailored to the needs of the buyers thus serving the public better and more objectively."

Exchequer was organized under Delaware law on March 21, 1962, following the approval of the directors, of Agricultural, Channing, Federal and Wolverine of the basis of the exchange offers. Channing purchased 50 common shares at \$20 per share and agreed to lend up to \$410,000 to pay expenses incurred in connection with its organization and this financing. Kenneth S. Van Strum, board chairman of Channing, will serve as president. Robert G. Horr and John H. Carton, vice presidents, were presidents, respectively, of Agricultural and Federal-Wolverine.

RIDGEWOOD FINANCIAL FILES FOR OFFERING AND SECONDARY. Ridgewood Financial Corporation, 1717 East Ninth St., Cleveland, filed a registration statement (File 2-20122) with the SEC on March 30th seeking registration of 60,000 shares of common stock, of which 11,250 shares are to be offered for public sale by the company and 48,750 shares, being outstanding stock, by the holders thereof. The offering will be made by Fulton, Reid & Co., Inc., 2100 East Ohio Bldg., Cleveland. The public offering price (maximum \$9.75 per share*) and underwriting terms are to be supplied by amendment.

The company was organized under Ohio law in March 1962 and its business consists of the ownership of all the outstanding stock of The Ridgewood Savings and Loan Company of Parma, a Cleveland suburb. The net proceeds from the company's sale of additional stock will be used to pay organizational expenses and the balance will be deposited in an account with the Association. The company has outstanding 288,750 shares of common stock (issued for the stock of the Association), of which Mary E. Bernardi, Anne M. Maher and James C. Maher, president, own 41,000, 23,400 and 29,250 shares, respectively. They propose to sell 9,000, 4,400 and 600 shares, respectively. In addition, Layce Investment Co. (40% owned by the Mahers) owns 20,700 shares and proposes to sell 6,700 shares. The prospectus lists 19 other selling stockholders who propose to sell amounts ranging from 50 to 5,200 shares.

ZECKENDORF PROPERTY PROPOSES OFFERING. Zeckendorf Property Corporation, 383 Madison Ave., New York, filed a registration statement (File 2-20123) with the SEC on March 30th seeking registration of 100,000 shares of Class B stock, to be offered for public sale through underwriters headed by Harriman Ripley & Co. Inc., of 63 Wall St., New York. The public offering price (maximum \$16 per share*) and underwriting terms are to be supplied by amendment.

The company was organized under New York law in November 1961 by Webb & Knapp, Inc., which owns 100% of the 2,500,000 shares of outstanding Class A stock. The company also has outstanding 1,381,580 Class B shares, of which Second Covent Garden Property Company Limited owns 1,250,000, or 90.5%. The business of the company consists of the ownership, development and supervision of operations of various interests in improved and unimproved real estate. The company has interests in 13 properties, eight of which are located in Metropolitan New York area and one each in Philadelphia, Pittsburgh, Washington, San Francisco and Los Angeles. Only a relatively small portion of the Properties is presently fully developed and in operation, and development of some of them has not commenced. Future development will require substantial additional financing. The company's interest in the Properties include fee, leasehold and joint venture interests and contractual rights to acquire property interests. All of the Properties are held indirectly through one or more subsidiaries and have been acquired since December 10, 1961 from Webb & Knapp or its subsidiaries. The company is developing, and intends to develop, most of the Properties principally for residential purposes, but also for office, retail and other purposes. The development of the Properties is customarily financed primarily by construction loans to subsidiaries of the company from banks and other commercial lenders secured by long-term mortgages. Net proceeds of the company's sale of the additional Class B stock will be added to the general funds of the company and will be available for general corporate purposes, including working capital. Although such proceeds will be useful for such purposes, the primary purpose of the sale of the shares is to create a public market for the company's Class B stock. In addition to the Class A and B stock, the company has outstanding some \$123,800,000 of mortgage and other indebtedness.

FUNDED SECURITY CORP. FILES EXCHANGE PLAN. Funded Security Corporation, 222 West Adams St., Chicago, filed a registration statement (File 2-20124) with the SEC on March 30th seeking registration of 209,320 Class A shares. It is proposed to offer this stock in exchange for shares of stock of Trans-American Life Insurance Company, Inc., a Puerto Rico company, at the rate of 10 company shares for 1 share of Trans-American stock. Funded Security is a holding company which owns virtually all (99.47%) of the stock of

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Pilgrim National Life Insurance Company of America (Ill.) and 88.86% of the stock of International Life Insurance Company of the Americas, a Puerto Rico corporation. By making the acquisition under the Exchange Offer, the company expects to be able to effect various economies of operation between its present Puerto Rico subsidiary, International, and Trans-American, and also among all of its life insurance company subsidiaries. It is contemplated that the operations of Trans-American and International will be combined as soon as possible. The company now has outstanding 822,232 Class A shares at 500,000 Class B shares, of which management officials own about 40¢ in the aggregate (including 310,000 Class B shares owned by J. Milton Edelstein, president).

CHENANGO TELEPHONE PROPOSES RIGHTS OFFERING. Chenango & Unadilla Telephone Corporation, Norwich, N.Y., filed a registration statement (File 2-20125) with the SEC on March 30th seeking registration of 52,362 shares of common stock. It is proposed to offer this stock for subscription (at \$33 per share maximum*) by common stockholders of record April 30, 1962, at the rate of two new shares for each five shares held. W.E. Hutton & Co., 14 Wall Street, and Laird, Bissell & Meeds, 120 Broadway, both of New York are the principal underwriters; and the underwriting terms are to be supplied by amendment.

The company is engaged in the telephone business in substantially all of Chenango County and in portions of 10 adjacent counties in Central New York. Net proceeds of the stock sale will be used for the payment of \$770,000 of bank loans incurred for construction purposes, and to provide funds for future expenditure required under the construction program. The company estimates that some \$5,500,000 will be required for the period 1962-66 for the program, to be financed in part from the proceeds of this stock offering, in part by the sale of additional securities in the future, and in part from operations.

NYSE MEMBERS' TRADING STUDIED. Milton H. Cohen, Director of the SEC Special Study of Securities Markets, announced (For THURSDAY papers) that forms designated EX-2 and EX-3 are being mailed to all member organizations of the New York Stock Exchange, numbering about 600, and to about 400 members of the Exchange who are not affiliated with member organizations. The purpose of these forms is to obtain information about members' trading for their own account, initiated off the floor but executed on the floor of the Exchange. This trading accounts for approximately ten percent of the trading on the Exchange. The completed forms are to be submitted by April 28, 1962.

The questionnaire requests data as to total trading initiated off the floor, for members' own accounts, in all stocks listed on the Exchange for the three one-week periods ending respectively, January 27, March 24 and June 16, 1961. For the same weeks the Special Study is currently analyzing trading information of all floor traders on the New York Stock Exchange. As part of another questionnaire all specialists on the Exchange have already been requested to supply all of their specialist trading for the same weeks. The two major odd-lot houses on the Exchange have been requested to submit totals of their transactions in all stocks for both odd-lots and off-setting round-lot transactions for the same weeks. The information now requested will complete the picture of all members' trading for the selected weeks, which amounted to about 25% of all trading for these weeks. For a single day, March 23, 1961, members and member organizations have been requested to supply data as to off-floor trading for their own accounts, by time of execution rather than merely daily totals. The same day is being used for intensive study in connection with some of the other categories of members' transactions mentioned above.

TRADING IN INDUSTRIAL ENTERPRISES SUSPENDED. The SEC has issued an order under the Securities Exchange Act suspending trading in the common stock of Industrial Enterprises, Inc., on the San Francisco Mining Exchange and over-the-counter market for a further ten-day period April 5 to 14, 1962, inclusive.

TRADING IN AUTOMATED PROCEDURES SUSPENDED. The SEC has issued an order under the Securities Exchange Act suspending trading in the Class A stock of Automated Procedures Corp. on the National Stock Exchange and over-the-counter market for a further ten-day period April 5 to 14, 1962, inclusive.

APPALACHIAN POWER FINANCING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14616) authorizing the issuance and sale by Appalachian Power Company (Roanoke, Va.) at competitive bidding of \$25,000,000 of bonds due 1992 and \$20,000,000 of debentures due 1992. Net proceeds of this financing will be applied to the payment of some \$30,000,000 of bank notes and to the cost of the company's construction program for 1962, estimated at \$54,200,000.

CENTRAL & SOUTH WEST PROPOSES STOCK PLAN. Central and South West Corporation, Chicago holding company, has filed a proposal with the SEC under the Holding Company Act for the adoption of a restricted stock option plan for regular full-time key employees of Central and its subsidiaries; and the Commission has issued an order (Release 35-14617) giving interested persons until April 17th to request a hearing thereon. According to the application, a total of 175,000 shares of the authorized but unissued common stock of Central is to be reserved for issue upon the exercise of options granted under the Plan. This amounts to 0.82% of the 21,284,134 shares of Central's common stock presently outstanding.

CORPORATE EARNINGS UP IN 1961 4TH QUARTER. The SEC and FTC today announced (For THURSDAY papers) that sales and profits after taxes of U. S. manufacturing corporations rose sharply in the fourth quarter of last year according to the Quarterly Financial Report made public jointly today by the SEC and FTC. The more-than-seasonal increase in manufacturing activity resulted in sales of \$95.2 billion, a new quarterly record, and profits after taxes of \$4.6 billion, the most favorable quarterly profit level since the second quarter of 1959. The high level of after-tax profits in the fourth quarter brought the total for the year to \$15.3 billion compared with \$15.2 billion in 1960. However, with the volume of sales at \$356.4 billion, three percent above 1960, profit margins were down slightly for the year 1961. (For details, see Release Stat. 1818).

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SEC COMPLAINT NAMES MACINAR INC. The SEC Washington Regional Office announced March 30th (Lit-2224) the filing of court action (USDC DC) seeking to enjoin Macinar, Incorporated, of Washington, D. C., from further violations of the Securities Act registration requirements in the offer and sale of its stock. Also named as defendants were Paul S. Gaston, president, Orin de Motte Walker, secretary-treasurer and counsel, and Judith G. Moltzau, Philip P. Friedlander, Sr., Kenneth Friedlander, Howard F. Hansell, Jr., Ralph H. Whitmore and Herman Singer.

SEC COMPLAINT NAMES MOUNTAIN STATES PETROLEUM. The SEC Denver Regional Office announced April 2nd (Lit-2225) the filing of court action (USDC, Utah) seeking to enjoin further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of securities of Mountain States Petroleum Corporation by the issuing company and the following additional defendants: John W. Taylor, David E. Halford, Wayne B. Garff of Salt Lake City, Arthur J. Bandy, Joseph M. Landino, Frank C. Holman of Los Angeles, Ben C. Henderson of Montreal also known as C. Joseph Tritt.

AMERICAN PLAN CORP. FILES FOR FINANCING AND SECONDARY. The American Plan Corporation, American Plan Building, Westbury, L. I., N. Y., filed a registration statement (File 2-20126) with the SEC on March 30th seeking registration of \$2,480,000 of convertible debentures due 1982, to be offered for public sale by the company and 248,000 shares of common stock, of which 218,000 shares are to be offered for public sale by the company and 30,000 shares, being outstanding stock, by Mark M. Hart, president and sole stockholder. Such securities are to be offered in units consisting of \$10 of debentures and one share. Bear, Stearns & Co. heads the list of underwriters. The public offering price (maximum \$22.50 per unit*) and underwriting terms are to be supplied by amendment. The statement also includes 20,000 shares underlying 5-year options to be sold to the principal underwriter at 10¢ each, exercisable at a price to be supplied by amendment. The company is primarily engaged in the production and servicing of physical damage insurance (fire, theft and collision) on passenger automobiles, mobile homes and trucks, the purchases of which have been financed through banks and instalment finance companies. In each year since 1957 over 85% of all automobile physical damage insurance developed by the company has been placed with American Fidelity Fire Insurance Company ("AFF") or its parent, American Fidelity & Casualty Company, Inc. ("Casualty"). The net proceeds from the company's sale of debentures and additional stock will be used, together with other funds, to purchase from Casualty and other stockholders of AFF, the outstanding common stock of AFF. Part of such purchase price (to be supplied by amendment) will be raised by the company's sale to Casualty of its stock interest in its subsidiary, American Consumer Insurance Company, and a portion will be raised by a collateral bank loan.

In addition to certain indebtedness, the company has outstanding 200,000 shares of common stock, all of which are owned by Hart. As indicated, he proposes to sell 30,000 shares.

PEARL BREWING FILES FOR SECONDARY. Pearl Brewing Company, 312 Pearl Parkway, San Antonio, Texas, filed a registration statement (File 2-20127) with the SEC on March 30th seeking registration of 148,300 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by A. C. Allyn & Co., 122 South LaSalle Street, Chicago, and Dewar, Robertson & Pancoast, 1100 Milam Building, San Antonio, Texas. The public offering price (maximum \$26 per share*) and underwriting terms are to be supplied by amendment.

The company owns and operates a brewery in San Antonio where "Pearl" beer is produced, and it also owns and operates a brewery in St. Joseph, Mo., where "Pearl" and "Goetz" beers, Country Club Malt Liquor and "Goetz Pale" near beer are produced. The company has outstanding 1,477,000 shares of common stock, of which J. M. Ford, II, and John J. Cox, directors, and Francis R. Dury, as voting trustees of three trusts for the benefit of members of the Goetz family and certain trusts for their benefit, hold 18.57%. Management officials as a group own beneficially (including shares in said voting trust) 282,576 shares (19.13%). The prospectus lists 8 selling stockholders holding an aggregate of 214,539 shares, including The First Trust Company, of St. Joseph, the trustee for three of the selling stockholders, which proposes to sell an aggregate of 105,600 of 111,278 shares held. Others propose to sell amounts ranging from 2,700 to 15,000 shares. All of said outstanding shares are a portion of an aggregate of 215,000 shares of the company stock issued to members of the Goetz family and trusts for their benefit in 1960 pursuant to the merger of M. K. Goetz Brewing Company with and into the company. Otto A. Koehler is president and board chairman.

SECURITIES ACT REGISTRATIONS. Effective April 4: Appalachian Power Co. (File 2-19884); Besco Enterprises, Inc. (File 2-19214); Dialight Corp. (File 2-19505); Maul Bros. Inc. (File 2-19634); Mississippi Power Co. (File 2-19969); The Ohio Oil Co. (File 2-19900); Pneumodynamics Corp. (File 2-19511); The Ridge Tool Co. (File 2-19547); Sunset House Distributing Corp. (File 2-19781); Weinkles Liquor Stores, Inc. (File 2-19532). Withdrawn April 4: Southern Growth Industries, Inc. (File 2-18395); Burros Corporation (File 2-19246).

*As estimated for purposes of computing the registration fee.

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