

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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Statistical Release No. 1885. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended March 8, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

	1957-59 = 100		Percent Change	1962-63	
	3/8/63	3/1/63		High	Low
Composite	133.2	130.6	+2.0	144.3	107.0
Manufacturing	123.9	121.1	+2.3	135.0	98.6
Durable Goods	118.4	116.2	+1.9	135.6	95.2
Non-Durable Goods	129.1	125.8	+2.6	134.4	101.8
Transportation	108.3	107.5	+0.7	112.0	85.5
Utility	173.9	172.0	+1.1	185.5	143.0
Trade, Finance & Service	158.7	156.0	+1.7	178.2	129.8
Mining	109.8	106.3	+3.3	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended March 7, 1963, 19 registration statements were filed, 16 became effective, 8 were withdrawn, and 338 were pending at the week-end.

THREE OFFERINGS SUSPENDED. The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public stock offerings (or proposed offerings) by the following: (a) Western Steel, Inc., Suite 412-413 Hynds Bldg., Cheyenne, Wyoming; (b) Realsite, Inc., 3121 N.W. 43rd Avenue, Lauderdale Lakes, Florida (and five named selling stockholders); and (c) Geographic Educationals Incorporated, P. O. Box 3658, North Las Vegas, Nevada.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. Each of the above companies, in notifications filed on January 17, 1963, October 4, 1962, and August 11, 1960, respectively, proposed the public offering of stock as follows: Western Steel, 245,000 common shares at \$1 per share (plus 12,250 shares to be issued to the underwriter); Realsite (together with selling stockholders Ray Tunkel, William Jonas, Gilbert Ehrenkranz, Elizabeth Goodman and Hank Meyer Associates, Inc.), 14,034 common shares at \$3 per share; and Geographic 30,000 preferred (\$5 par) and 30,000 common shares for an aggregate of \$180,000. According to the orders, the Realsite secondary offering has not commenced and the Geographic offering commenced in September 1960 and has not been completed. The Commission asserts in its orders that it has reasonable cause to believe that each of the three companies failed to comply with certain terms and conditions of Regulation A and that the offering circular of each is false and misleading in respect of certain material facts. Each order provides an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent.

The Commission asserts that Western Steel did not comply with the Regulation in that the issuer failed to furnish certain required information and exhibits and the total amount of the offering exceeds the \$300,000 limitation under the Regulation. The order recites numerous alleged misrepresentations including the issuer's failure to discuss properly its past, present and proposed business and the risks incident thereto as well as its use of inaccurate, inapplicable, misleading, conjectural and over-optimistic statements relating to its proposed business; and the issuer's failure to set forth the speculative features of the offering in a clear and prominent manner or to properly disclose the possible contingent liability from past sales of its securities. Other misrepresentations relate to inadequate and inaccurate statements concerning certain problems associated with issuer's business, use of the proceeds from the offering, and experience of the underwriter.

With respect to Realsite, the order asserts that its offering circular fails to disclose (1) the names of all affiliates of the issuer and the manner by which its interests in these affiliates were acquired (and consideration paid), as well as the relationship to or interest in any affiliate (or subsidiary) of the issuer's management officials or principal stockholders at the time of acquisition of such interests, (2) present and proposed material transactions between the issuer and its insiders and the cost to them of property and other assets acquired from them by the issuer, and (3) information with respect to outstanding options and warrants and the sale of 3,000 shares of issuer's stock by its president and 171,250 shares by its vice president, as well as the consideration paid (or to be paid) for 252,040 common shares issued to the company's vice president and others (and the basis for computing the value assigned to such shares). Moreover, it is alleged that the offering circular fails to describe the present condition of issuer's Arizona land or to disclose its suitability for the purposes for which it is to be sold; that the offering circular contained incomplete financial statements and did not contain written consent of issuer's accountants to use their name and financial statements prepared by them in the offering circular; and that the issuer and selling stockholders failed to cooperate with the Commission by not properly amending its notification and offering circular (or to withdraw it) despite numerous requests by the staff.

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With respect to Geographic, it is alleged that the company did not comply with the Regulation in that it did not file a revised offering circular and a report of stock sales as required; and it is also alleged that the offering circular contained untrue statements with respect to one of its officers and directors.

GLAS FOAM SUSPENSION MADE PERMANENT. The underwriter for a proposed public offering of stock by Glas Foam Corporation, 1071 East 52nd St., Hialeah, Fla., has withdrawn its request for a hearing upon the Commission's order of September 28, 1960, temporarily suspending a Regulation A exemption from Securities Act registration with respect to that offering. Accordingly, the suspension order has become permanent.

J-F MACHINE HEARING SCHEDULED. Upon the request of J-F Machine, Diesel & Electronics, Inc., South Gulph Road, King of Prussia, Pa., the Commission has scheduled a hearing for March 25, 1963, in Room 825 of the Lafayette Building, 5th and Chestnut Streets, Philadelphia, to take evidence on the question whether an order of the Commission dated January 23, 1963, temporarily suspending a Regulation A exemption from registration with respect to a public offering by J-F Machine of 100,000 Class A common shares at \$3 per share, should be vacated or made permanent. The Commission's suspension order was based upon alleged false and misleading representations in the company's offering circular.

CONSOLIDATED NATURAL GAS SEEKS ORDER. Consolidated Natural Gas Company, New York registered holding company, and seven subsidiaries, have applied to the SEC for an order under the Holding Company Act with regard to the allocation of their 1962 income tax liabilities; and the Commission has issued an order (Release 35-14823) giving interested persons until March 25, 1963 to request a hearing thereon.

MICHIGAN CONSOLIDATED GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14824) authorizing Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, to sell at competitive bidding \$30,000,000 of first mortgage bonds due 1988. The net proceeds from the bond sale (together with treasury funds) will be used by the issuer to redeem (at 107.50%) all its 6½% first mortgage bonds due 1982 outstanding in the principal amount of \$27,750,000. The balance of the proceeds will be used for construction costs or to repay short-term indebtedness incurred for construction.

M. A. HANNA SEEKS ORDER. The M. A. Hanna Company, Cleveland closed-end investment company, has applied to the SEC for an order under the Investment Company Act authorizing the proposed sale of all of the capital stock of Hanna Fuels, Inc., its wholly-owned subsidiary, to North Western-Hanna Fuel Company, a wholly-owned subsidiary of Consolidation Coal Company (21.8% owned by M. A. Hanna); and the Commission has issued an order (Release IC-3650) giving interested persons until March 27, 1963 to request a hearing thereon. M. A. Hanna's investment in Hanna Fuel (at October 1962) was represented by \$10,000 in capital stock, \$472,809 in advances and \$158,719 in earned surplus. Under the terms of the proposed sale, M. A. Hanna will sell such stock to North Western-Hanna for \$10,000 in cash, and the latter company will advance sufficient funds to Hanna Fuels to enable it to repay in full its indebtedness to M. A. Hanna. In addition, Hanna Fuels will pay a \$36,000 dividend to M. A. Hanna.

GENERAL ELECTRIC FILES SAVINGS PROGRAM. General Electric Company, 570 Lexington Ave., New York, filed a registration statement (File 2-21134) with the SEC on March 7 seeking registration of 1,200,000 shares of common stock, to be offered pursuant to its Savings and Security Program.

WILLIAM PENN RACING FILES FINANCING PLAN. William Penn Racing Association, 3 Penn Center Plaza, Philadelphia, filed a registration statement (File 2-21135) with the SEC on March 8 seeking registration of \$1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 shares of Class A non-voting common stock, to be offered for public sale in units consisting of a \$100 debenture and 10 shares. The offering will be made at \$220 per unit through underwriters headed by Stroud & Company, Inc., 123 South Broad St., Philadelphia, which will receive a \$22 per unit commission.

The company (formerly Bucks County Racing Association) was organized in 1960 and has no operating history to date. It has obtained a license to conduct (in Philadelphia) harness horse racing with pari-mutual betting; and it has entered into a long-term contract with Liberty Bell Racing Association to lease Liberty Bell's racing plant and related facilities presently under construction in the northeastern section of Philadelphia. Under the lease, the company has advanced \$2,000,000 to Liberty Bell as a "security deposit," and the company is entitled (on certain conditions) to return of the deposit at the end of the lease term (30 years). The company's rights in the deposit have been assigned under the indenture providing for the issuance of the debentures. The company borrowed \$900,000 from Keystone Raceway Corporation which was paid to Liberty Bell on account of the deposit and Keystone is entitled to the benefit of a present assignment of the company's interest in the deposit. Of the net proceeds from this financing, \$900,000 will be used to repay the loan from Keystone, thus releasing the company's assignment of the deposit to Keystone and making the deposit available for the benefit of the debenture holders; and the balance will be added to working capital.

In addition to certain indebtedness, the company has outstanding 900,000 Class A non voting common shares and 100,000 Class B voting common shares, of which Keystone owns 35% of each class and management officials as a group 19.3% of each class. Keystone, in addition to lending the company \$900,000, paid an additional \$700,000 for its stock interest, and other persons active in the company's organization received shares of both classes at \$1 and \$2 per share. Daniel C. Parish is president and board chairman.

SECURITIES ACT REGISTRATIONS. Effective March 8: McCulloch Oil Management Company of California, Inc. (File 2-21007). Effective March 11: Michigan Consolidated Gas Co. (File 2-21082); Roddy Recreation Products, Inc. (File 2-20990).